

As expected, soft operating performance due to high baseline in 1Q22, soft demand and logistic normalization

Revenue

Thai Union delivered 1Q23 quarterly sales at THB 32.7bn, decreased by 10.0% YoY from high baseline in 1Q22, demand for our products soften as customers managed their high inventory levels and logistic normalization, high fish price, and lower freight revenue. Partially offset by higher selling prices.

Gross profit and margin

1Q23 quarterly gross profit was at THB 4.9bn, decreased by 22.6% YoY, mainly from lower sales volume across all categories, which results in higher production cost per unit, negative category and product mix, and impact from falling freight prices, while the cost of raw materials is higher, especially Salmon (+32.7% YoY) and Tuna (+6.0% YoY). Gross profit margin (GPM) was at 15.1% vs. 17.5% in 1Q22.

Operating profit

1Q23 operating profit recorded at THB 796mn, decreased by 51.5% YoY, from soft performance across businesses, volume drop and rising key material costs. Partially offset with SG&A 12.1% reduction YoY in 1Q23, thanks to significant freight cost improvement.

Net profit and margin

TU reported 1Q23 net profit at THB 1.0bn, decreased by 41.5% YoY, mainly impacted from lower gross profit and two non-comparable entries last year. This was partially offset by positive impacts from RL's share of profit vs. share of loss in 1Q22, FX gain, and higher tax credit. Net profit margin (NPM) stands at 3.1%.

The two non-comparable items last year were (1) In 1Q23 RL's other income marked at THB 0mn (vs. THB 239mn after tax in 1Q22) and (2) THB 200mn net profit dilution effect in 1Q22 from Thai Union's shares reduction in i-Tail following i-Tail's listing on the SET last December 2022 (base on 22.18% dilution portion of ITC's net profit at THB 908mn in 1Q22). Excluding those two non-comparable items, 1Q23 net profit declined 21.8% YoY.

Cash flow and ND/E

1Q23 free cash flow (FCF) is slightly negative, mainly from net working capital increase from Europe operation. However, FCF has massively improved from 1Q22, thanks to tightening control on inventory management and optimizing net working capital. TU's end-1Q23 net D/E ratio stands at 0.57x.

Stock Information

(Bloomberg/ Reuters)

(TU TB/ TU.BK)

Share price (28/04/2023)	THB 13.80
Historical closing price:	
52-week high	THB 19.10
52-week low	THB 13.10
No. of shares:	4,771.8m
Par value:	THB 0.25
Market Cap.	THB 65.9bn
Avg. value trade/day (YTD)	THB 372.9mn

Major shareholders

(7/03/2023)

Chansiri Family	20.26%
Thai NVDR Co., LTD.	9.74%
Niruttinanon Family	6.91%
Mitsubishi UFJ Morgan Stanley	6.01%
Ms. Jarunee Chinwongworakul	4.51%
Social Security Office	2.89%

Business Overview

Thai Union Group PCL (TU) is one of the world's largest seafood players. TU owns leading brands portfolio in key markets and global sourcing, production and distributing networks. TU's key products are Ambient seafood, Frozen and Chilled seafood and related business, PetCare, and Value-added. On the sustainability front, TU has shown strong commitments and is confident in its positive long-term contribution to socio-economic development, conservation of natural resources and practice of ethical business conduct, supporting our goal of Healthy Living, Healthy Oceans.

Key financial figures

Unit: THB mn	1Q23	1Q22	4Q22
Sales	32,652	36,272	39,613
Gross profit	4,917	6,355	6,868
EBITDA	2,498	3,040	2,846
Net profit	1,022	1,746	1,238
EPS (THB)	0.20	0.36	0.25
GPM (%)	15.1%	17.5%	17.3%
NPM (%)	3.1%	4.8%	3.1%
ND/E (x)	0.57	1.01	0.54
ROCE (%)	6.3%	10.0%	6.8%
ND/EBITDA (x)	4.07	4.50	3.67

Financial Statements Analysis:

Unit: THB mn	1Q23	1Q22	YoY	4Q22	QoQ
Sales	32,652	36,272	-10.0%	39,613	-17.6%
COGS	(27,735)	(29,917)	-7.3%	(32,744)	-15.3%
GP	4,917	6,355	-22.6%	6,868	-28.4%
SG&A	(4,121)	(4,688)	-12.1%	(4,484)	-8.1%
FX gain (loss)	215	(21)	-1114.1%	(468)	-145.9%
Other income	209	576	-63.7%	253	-17.4%
Share of profits from investments in assoc. & JVs	231	(177)	230.3%	(313)	173.7%
Loss from impairment of financial assets, net	(1)	(26)	96.4%	(77)	98.8%
EBIT	1,449	2,019	-28.2%	1,779	-18.5%
Finance cost	(532)	(445)	-19.6%	(571)	6.8%
EBT	917	1,574	-41.7%	1,208	-24.1%
Tax	242	188	-28.7%	170	-42.3%
Net income	1,022	1,746	-41.5%	1,238	-17.5%
EPS	0.20	0.36	-43.3%	0.25	-18.7%
FX: USD/THB	33.91	33.05	2.6%	36.38	-6.8%
GPM	15.1%	17.5%		17.3%	
%SG&A/Sales	12.6%	12.9%		11.3%	
NPM	3.1%	4.8%		3.1%	

Sales

Thai Union recorded sales in 1Q23 at THB 32,652mn, declined by 10.0% YoY as expected across all categories, mostly from Petcare (-21.9% YoY), Frozen and chilled seafood (-15.3% YoY), value-added and others (-9.5% YoY), and ambient seafood (-1.9% YoY);

- The ambient seafood business sales dropped slightly YoY, mainly from soft customer demand, especially private labels, high baseline last year and freight revenue drop, being partially offset by selling price increase.
- The frozen and chilled seafood business sales dropped by 15.3% YoY, due to soft demand in key markets, especially shrimp and lobster, and seafood market prices normalization.
- The PetCare business sales dropped by 21.9% YoY, mainly from soft demand from inventory destocking for our customers in the U.S. and Europe, negative product mix and lower freight prices. However, we continue price increase in 2H23 to cover rising key material costs.
- The Value-added and others business sales dropped by 9.5% YoY, due mainly from value-added products and packaging, offset with continued demand for new-enhancing businesses, especially ingredients.

During 1Q23, the Thai Baht moved against key currencies as follows; USD/THB (+2.6% YoY), EUR/THB (-1.9% YoY), and GBP/THB (-7.1% YoY). Thai Baht has been appreciating QoQ against all key currencies since the beginning of the year.

Gross profit and gross profit margin (GPM)

1Q23 gross profit was 4,917mn, dropped by 22.6% YoY, with softer GPM at 15.1% vs. 17.5% in 1Q22, mainly from:

- Ambient seafood: gross profit was THB 2.7bn and GPM was at 18.0%, mainly from tuna prices rising higher than expected and higher production cost per unit from lower sales volume.
- Frozen and chilled seafood: gross profit was THB 928mn and GPM was at 7.9%, mainly from market price normalization and pressures from raw material prices remained high in 1Q23.
- PetCare: gross profit was THB 627mn and GPM was at 18.0%, mainly from the increase in raw material costs, especially higher-than-expected prices for tuna, product mix, the minimum wage, and utility costs.
- Value-added and others: gross profit was THB 614mn and GPM was healthy at 27.3% driven by our strategy to focus on higher margin products such as printed can, and value-enhancing businesses, offset with higher raw material prices.

	GPM (%)		Gross profit (THBmn)		
	1Q23	1Q22	1Q23	1Q22	YoY
Overall	15.1%	17.5%	4,917	6,355	-22.6%
Ambient	18.0%	21.7%	2,747	3,377	-18.7%
Frozen & chilled	7.9%	9.3%	928	1,284	-27.7%
PetCare	18.0%	24.3%	627	1,087	-42.3%
Value-added & others	27.3%	24.4%	614	607	1.1%

Selling and administrative expenses

1Q23 SG&A expenses decreased THB 567mn or 12.1% YoY, thanks to significant freight cost improvement of THB -470mn (vs. 1Q22: THB +710mn) and logistic normalization. 1Q23 SG&A to sales ratio was at 12.6%, down from 13.0% in 1Q22.

FX Gain/Loss

Thai Union reported 1Q23 FX gain of THB 215mn (vs. FX losses of THB 21mn in 1Q22) despite THB volatility against key currencies, mainly from efficient FX management.

Share of income from investment in associates

1Q23 share of profit was at THB 231mn (vs. THB 177mn share of loss in 1Q22). The profit contribution came from:

Red Lobster's operations in 1Q23 were at THB 20mn share of profit (THB 121mn profit from operations and THB 101mn loss from lease accounting adjustment), thanks to seasonality and success of Lobsterfest campaign. This greatly improved than THB 335mn loss contribution in 1Q22 (THB 243mn loss from operations and THB 92mn loss from lease accounting adjustment).

Red Lobster performance

	1Q22	2Q22	3Q22	4Q22	1Q23
Share of profit/loss from operations	-243	-281	-339	-344	121
Share of profit/loss from lease accounting adj.	-92	-102	-117	-112	-101
Other income	318	-300	0	0	0
Interest expense	-114	-112	-113	-115	-138
Income tax	206	240	66	222	252
Net income	76	-554	-502	-348	134

The Avanti business contributed a higher share of profit YoY.

Other income

1Q23 other income was at THB 209mn vs. THB 576mn in 1Q22, mostly decreased from RL's preferred share fair value adjustment (RL's other income marked at THB 0mn in 1Q23 vs. THB 318mn in 1Q22).

Finance cost

1Q23 finance costs were at THB 532mn vs. THB 445mn in 1Q22, mainly due to interest rate increase as our average cost of debt has been increasing a bit from some float rate debt portion (~28% of total debt).

Income tax expense

1Q23 tax credit was at THB 242mn vs. tax credit of THB 188mn in 1Q22, mostly explained by no other income from Red Lobster's in 1Q23 as mentioned above and our U.S. operations.

Net profit on report basis

1Q23 net profit was at THB 1,022mn, down 41.5% YoY, mainly impacted by lower gross profit and two non-comparable items last year as follows:

THB mn	Non-comparable items in 1Q22
239	Fair value adjustment on Red Lobster's preferred units (THB 318mn before tax) (in other income)
200	The dilution impact of i-Tail Corporation PCL, based on a 22.18% dilution portion of 1Q22 ITC's net profit at THB 908mn (in non-controlling interests of the subsidiaries)

Partially offset by RL's share of profit, FX gain, and higher tax credit. NPM was at 3.1% vs. 4.8% in 1Q22.

Excluding those two non-comparable items, 1Q23 net profit declined 21.8% YoY (1Q22 comparable net profit was THB 1,307mn).

Financial position analysis:

As of March 31, 2023, Thai Union's total assets were at THB 181,294mn, decreased by 0.7% from end-2022 at THB 182,569mn, mostly by lower cash and cash equivalents and trade and other receivables following lower sales. Lower cash and cash equivalents mainly from investment in the fixed deposit at bank of THB 1.0bn and investment in corporate bonds.

Total liabilities decreased to THB 93,261mn, dropped 1.2% from THB 94,438mn at end-2022, thanks to a decrease in trade and other payables and long-term debt, partially offset by the current portion of long-term loans increased.

Total equity (including perpetual debentures of THB 6bn) were at THB 88,033mn, decreased by 0.1% from end-2022 at THB 88,131mn, mostly from negative changes in ownership interest in subsidiaries.

Cash Flow analysis:

In 1Q23, net cash receipts for operating activities amount to THB 654mn. Free cash flow is slightly negative at THB 194mn, mainly from net working capital increase, however, FCF has massively improved from 1Q22, thanks to tightening control on inventory management and optimizing net working capital.

Net cash payments for investing activities were at THB 4,272mn, decreasing from THB 556mn at the same period of last year, mainly from payments for short-term investments and investments in debt instruments as mentioned above.

Thai Union recorded net cash receipt from financing activities of THB 171mn in 1Q23, increased THB 4,618mn from the same period of last year, due to net cash receipts from short-term loans from financial institutions of THB 1,482mn and cash repayments in 1Q22 for long-term loans from financial institutions and debenture issuance which reached maturity in January 2022.

Net decrease in cash and cash equivalents was at THB 3,473mn in 1Q23, resulting to outstanding cash and cash equivalents of THB 11,662mn as of the end of the year (including the impact from the use of Bank Overdraft).

Financial ratio highlights:

	1Q23	1Q22	4Q22
A/R Days	33	33	31
Inventory Days	145	132	139
Current ratio (x)	2.14	1.83	2.38
ROCE (%)	6.3%	10.0%	6.8%
ROE (%)	9.8%	15.4%	11.1%
ROA (%)	4.6%	6.7%	4.9%
ND/E (x)	0.57	1.01	0.54
ND/EBITDA (x)	4.07	4.50	3.67
Interest Coverage (x)	5.92	8.18	6.45
BV (Baht/share)	15.63	11.68	15.65

Remark:

Current ratio = Total current assets / total current liability

ROCE = 12-month rolling EBIT / Average capital employed

Capital Employed = total assets - total current liabilities (incl. current portion of long-term debt)

ROE = 12-month rolling net profit / average total shareholders' equity

ROA = 12-month rolling EBIT / average total assets

ND/E = Interest-bearing debt – cash & cash equivalents/ total shareholders' equity

Debt/EBITDA = Interest-bearing debt / 12-month rolling EBITDA

Interest coverage = EBITDA / finance costs - 4Q trailing

BV = Total shareholders' equity / outstanding shares

1Q23 profitability ratios dropped YoY compared to the same period last year with ROCE at 6.3% (vs. 10.0% in 1Q22); ROE at 9.8% (vs. 15.4% in 1Q22); and ROA at 4.6% (vs. 6.7% in 1Q22), primarily due to an increase in equity and total assets, and a decrease in current liabilities from ITC's IPO transaction in 4Q22.

Receivable days in 1Q23 were at 33 days stable from 33 days in 1Q22. Inventory days in 1Q23 were up to 145 days, from 132 days in 1Q22, due to higher inventory.

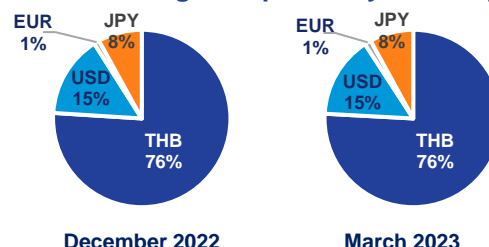
The Current ratio at end-1Q23 was at 2.14x, slightly decreasing from 2.38x in 2022, as a result of higher current liabilities (+6.9% YoY) and lower current assets (-3.7% YoY) as mentioned above.

Interest-bearing debt increased by THB 1.5bn from end-2022 (+2.5% YoY), due to an increase in the current portion of long-term loans for operation. As a result, 1Q23 net debt-to-equity was at 0.57x, slightly increased from 0.54x at end-2022.

The net-debt to EBITDA ratio increased to 4.07x as end-1Q23, from 3.67x as of end-2022, largely from lower EBITDA (-12.2% QoQ).

The interest coverage ratio during 1Q23 was at 5.92x vs. 8.18x in 1Q22, largely from lower EBITDA (-17.8% YoY) and higher finance costs (+19.6% YoY).

Interest-bearing debt profile by currency:



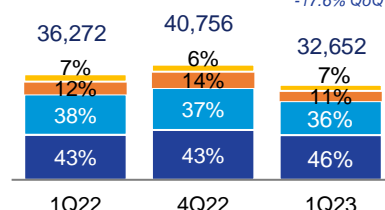
As of end-1Q23, interest-bearing debt amounted to THB 61,847mn, mainly denominated in the local currency. THB debt accounted for 76%, USD at 15%, JPY at 8%, and EUR at 1%. The amount of interest-bearing debt slightly increased from end-2022 mainly due to higher net working capital.

Overview by business category:

Total sales value

Unit: THB mn

-10.0% YoY
-17.6% QoQ



- Ambient seafood
- Frozen, chilled seafood & related
- PetCare
- Value-added and Others

Ambient seafood¹:

Temporary volume drop YoY, explained by customer destocking, offset by price increase

	1Q22	2Q22	3Q22	4Q22	1Q23
Value	15,527	16,912	16,985	17,086	15,225
Brand	52.3%	57.1%	57.4%	51.2%	55.6%
PL	47.7%	42.9%	42.6%	48.8%	44.4%
Volume	91,967	90,347	84,948	87,827	76,988

Value (unit: THB mn), Volume (unit: ton)

Remark: PL stands for Private Label business

¹ Ambient seafood business includes entire tuna, entire sardine & mackerel, ambient & pouch salmon businesses, and other ambient seafood.

1Q23 ambient seafood recorded sales at THB 15,225mn, slightly dropped by 1.9% YoY, mainly from soft customer demand (-16.3% volumes YoY from high level of inventories at our customers, and high fish price triggering "wait and see attitude" from customers), high baseline last year and freight revenue drop, being partially offset by selling price increase. However, ambient seafood sales in branded products increased by 4.1% YoY, offset by private label decreased by 8.6% YoY.

1Q23 GPM was at 18.0%, the decrease mainly from rising tuna prices higher than expected and higher production cost per unit.

We will continue to launch innovative products to serve the strong demand for canned seafood and sustainability globally. Therefore, 2Q23 performance is expected to improve from the softest 1Q and normalize in 2H23.

Frozen, chilled seafood and related²: Remains challenging from the deterioration of the Global Economy

	1Q22	2Q22	3Q22	4Q22	1Q23
Value	13,790	13,900	14,820	14,453	11,684
Brand	41.6%	38.0%	35.5%	38.8%	38.9%
PL	58.4%	62.0%	64.5%	61.2%	61.1%
Volume	64,146	71,086	73,704	65,352	60,768

Value (unit: THB mn), Volume (unit: ton)

² Frozen, chilled seafood and related businesses includes shrimp & related (shrimp, lobster, shrimp feed & value-added shrimp), frozen, chilled & smoked salmon and other seafood (frozen cephalopod, crab, scallop, shellfish and other fish) businesses.

1Q23 frozen and chilled seafood sales were THB 11,684mn, dropping by 15.3% YoY from seafood market prices normalization and soft demand in key markets, especially shrimp and lobster.

1Q23 GPM was at 7.9%, dropped from both branded and private labels, due to seafood market price normalization and pressures from raw material prices remained high, both shrimp and salmon, in 1Q23. However, raw material prices, especially shrimp price start declining in March at THB 156/kg, compared to 1Q23 shrimp price was THB 168/kg (-7.9% YoY and +8.9% QoQ).

PetCare³: Temporary soft demand from inventory destocking at our customers end, mostly in the U.S. and Europe

	1Q22	2Q22	3Q22	4Q22	1Q23
Value	4,472	5,442	6,210	5,568	3,495
Brand	0.8%	1.2%	0.6%	0.2%	0.1%
PL	99.2%	98.8%	99.4%	99.8%	99.9%
Volume	29,645	34,776	38,405	37,485	23,562

Value (unit: THB mn), Volume (unit: ton)

³ PetCare business includes PetCare (wet-based cat and dog foods, cat and dog treats).

1Q23 PetCare sales dropped at 21.9% YoY, mainly from soft demand from inventory destocking for our customers in the U.S. and Europe, negative product mix, and lower freight prices. However, we continue to perform some price increase in 2H23 to cover rising key material costs.

1Q23 GPM was at 18.0%, declined from last year mainly from lower volumes, higher raw material costs, product mix, and increased minimum wages.

However, PetCare sales expect recovery in 2Q23 and back to growth in 2H23.

Value-added and others⁴: GPM remained solid above 27%

	1Q22	2Q22	3Q22	4Q22	1Q23
Value	2,483	2,691	2,741	2,505	2,248
Brand	10.8%	13.8%	13.7%	11.6%	12.7%
PL	89.2%	86.2%	86.3%	88.4%	87.3%
Volume	49,169	48,320	52,184	53,313	48,032

Value (unit: THB mn), Volume (unit: ton)

⁴ Value-added & other businesses include value-added businesses, ready-to-eat products (surimi-based fish snacks, dim sum, bakery products, packaged cooking sauce, scrap from fish and shrimp processing lines), packaging, printing service for can labels, ingredients (crude and refined tuna oil and algae oil), supplements, and alternative protein.

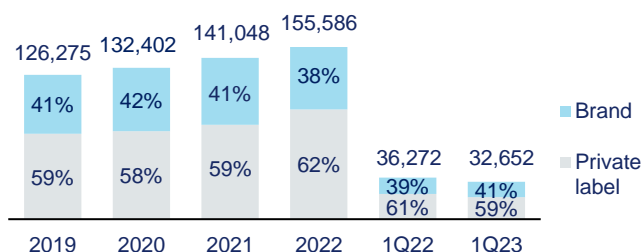
1Q23 value-added and other businesses sales stood at THB 2,248mn, dropped by 9.5% YoY, due to value-added products and packaging, offset by sales increase in new-enhancing businesses, especially the ingredients business.

GPM was healthy at 27.3% in 1Q23, driven by our strategy to focus on higher margin products such as printed can and value-enhancing businesses, offset with higher raw material prices.

We continue to increase portion from innovative products with gross profit margins above 20%.

Sales breakdown by brand vs. private label:

Unit: THB mn



1Q23 branded and private-label business sales mix were at 41% and 59% respectively.

Total branded sales decreased by 6% YoY, mainly from frozen & chilled business, partially offset by ambient and value-added businesses sales growth, while total private label sales decreased by 12% YoY, mainly from PetCare and frozen & chilled businesses.

Business overview by region:

THB mn	2019	2020	2021	2022	1Q23
Total sales	126,275	132,402	141,048	155,586	32,652
USA	39.6%	41.9%	43.1%	42.7%	41.9%
Europe	27.9%	29.0%	28.3%	26.3%	26.2%
Japan	5.8%	5.3%	5.1%	5.8%	5.9%
Thailand	11.5%	10.0%	10.3%	10.5%	11.6%
Others	15.2%	13.8%	13.2%	14.6%	14.4%

Remark: *Others represent Asia, Australia, Middle East, Canada, Africa, South America, and others

1Q23 sales dropped from all key regions when compared to 1Q22, especially the U.S. and Europe, mostly due to high inventories of our customers and logistic normalization.

Sales in North America (the U.S. and Canada) dropped by 14.0% YoY, mainly from frozen and chilled seafood and PetCare businesses as customers carry high inventory, partially offset by ambient seafood and value-added growth, despite THB depreciation against USD (USD/THB +2.6% YoY in 1Q23).

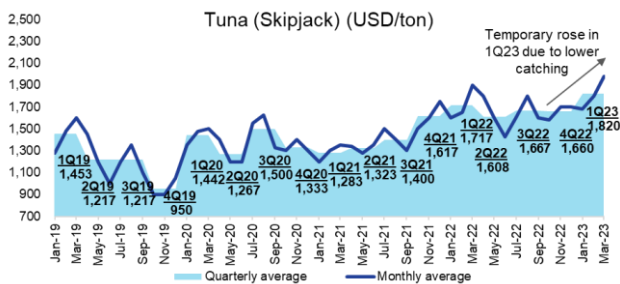
Sales in Europe decreased 4.0% YoY, from lower volume, particularly in Germany and France, temporarily impacted by further price increases, offset by UK and Italy sale growth, as well as negative FX effect from Thai Baht appreciation (EUR/THB -1.9% YoY) (GBP/THB -7.1% YoY).

Sales in Thailand and Japan were also down 3.6% YoY and 8.2% respectively, which in line with decreasing of volume across categories.

Key operating factors:

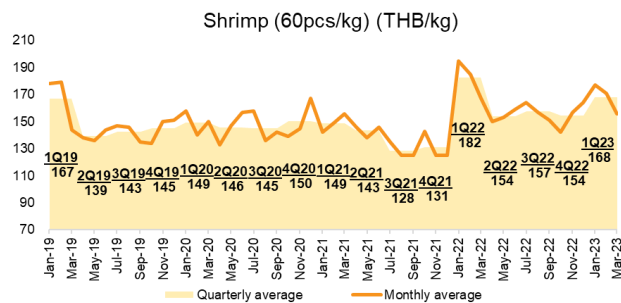
Raw material prices

Skipjack tuna (USD/ton)



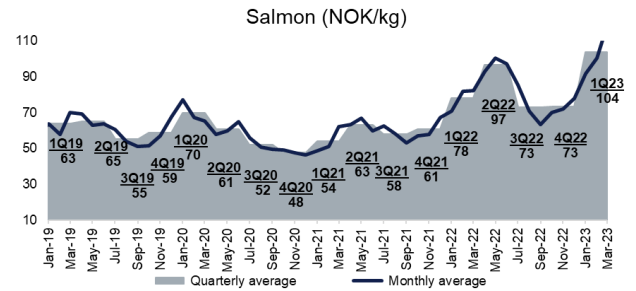
In March 2023, tuna price was USD 1,980/ton. In 1Q23, avg. price was USD 1,820/ton (+6.0% YoY, +9.6% QoQ).

White shrimp (THB/kg of 60 pieces/kg)



In March 2023, shrimp price was THB 156/kg. In 1Q23, avg. price was THB 168/kg (-7.9% YoY, +8.9% QoQ).

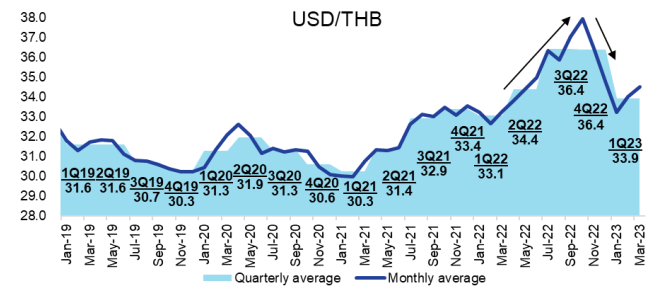
Salmon (NOK/kg)



In March 2023, salmon price was NOK 119/kg. In 1Q23, avg. price was NOK 104/kg (+32.7% YoY, +41.7% QoQ).

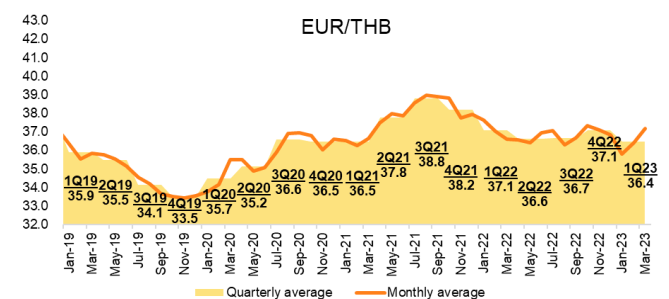
Exchange rates

USD/THB



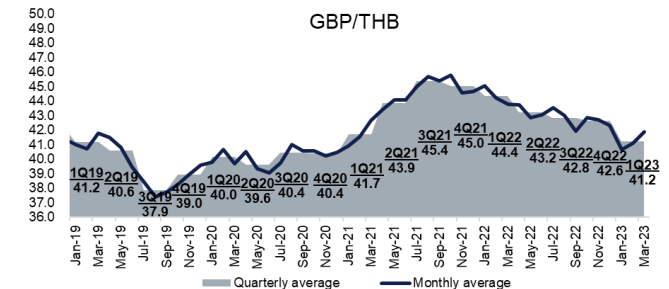
In March 2023, USD/THB was THB 34.50. In 1Q23, avg. was THB 33.91 (+2.6% YoY, -6.8% QoQ).

EUR/THB



In March 2023, EUR/THB was THB 36.93. In 1Q23, avg. was THB 36.38 (-1.9% YoY, -1.9% QoQ).

GBP/THB



In March 2023, GBP/THB closed at THB 41.89. In 1Q23, avg. was THB 41.22 (-7.1% YoY, -3.3% QoQ).

Key Developments

Strategic Corporate Actions in 1Q23

Ongoing CAPEX projects

- **Culinary plant** for ready-to-eat products, a brand-new plant with +38% capacity and more automation, which expected to commercialize in 3Q23 (~THB 1.2bn).
- **Protein hydrolysate and collagen peptide plant** construction is ongoing, with aim to commercialize in 2Q23 to serve fast-growing markets of collagen and protein in Asia, i.e. Japan and China (~THB 1.1bn).
- **Wet pet food and treat plant** for PetCare business with +18.7% capacity and new automated packing line. Expected to commercialize in 2Q23 (~THB 2.1bn).
- **Ambient tuna cold storage** to expand cold storage facility in Ghana with waste-water treatment. Expected to commercialize in 3Q23 (~THB 0.6bn).

New, innovative product launch

Red Lobster® launched First-Ever frozen retail product line in Feb 2023

- Lineup of new seafood products: Cheddar Bay Biscuit Shrimp, Cheddar Bay Biscuit Cod, Coconut Shrimp Bites, and Parmesan Crusted Garlic & Herb Stuffed Shrimp.
- The products are now available totaling 5,200 stores and [online](#) in the U.S.

SEALECT Tuna reveals its first brand ambassador in 30 years

- SEALECT, the No.1 market leader of canned tuna products in Thailand, announced its first brand ambassador in 30 years, Gypsy Keerati. As part of this brand ambassador program, SEALECT launched a new campaign to highlight the premium tuna range which features Tuna yellowfin combined with the most premium ingredients such as Tuna Steak in olive oil imported from Europe and Tuna plus collagen.

Vegan fish-free Tuna launched under John West brand in the Netherlands.

- John West, the Netherlands' leading canned fish brand, announced the launch of two new Vegan Tuna products: Vegan Fish-Free Tuna with Tomato and Basil and Vegan Fish-Free Tuna with a Dash of Oil.
- The products are now on shelves across 1,400 stores through the two largest supermarket chains and online.

Continued to launch innovative products under our existing leading brands, such as;

Brand	New Innovative Products

Sustainability

Thai Union led a call for restoration of endangered species in longline tuna fisheries

- At Seafood Expo North America, Thai Union highlighted a new 2030 commitment for its fisheries, to ensure that we are sourcing from vessels that are implementing best practices to protect ocean wildlife from bycatch:
 - By 2030, all vessels to implement best practices to protect endangered, threatened and protected (ETP) species; and
 - 100% observer coverage (human or electronic) on vessels through direct work with its suppliers and service providers.

SeaChange® - A vision towards 2030 and beyond

- Thai Union will announce a major update to SeaChange® with new goals and new commitments through to 2030 in June 2023. This will include actions across a wide range of topics to address such as the decline in biodiversity, tackling climate change, ensuring endangered species are protected, restoration of critical ecosystems and that natural resources are managed sustainably.

The sustainability report 2022 will be published at the end of May 2023.

For more information, [refer to Thai Union's sustainability strategy website.](#)

2023 Financial target: Our adjusted guidance

Sales	3 - 4% YoY growth
GPM	~ 17.5 - 18.0%
SG&A to sales	~ 11.0 - 12.0%
Effective interest rate	Increase 0.5 - 1.0%
CAPEX	~ THB 6.0 - 6.5bn
Dividend Policy	At least 50% dividend payout ratio

Thai Union's 2023 financial targets are based on current forecast which may subject to change if key operating factors that affect company's performance vary from the assumptions.

The adjusted sales guidance was revised from 5-6% YoY growth to 3-4% YoY growth, based on 1% from FX rate assumption rate changed from 35 THB/USD to 34 THB/USD and 1% from the beginning of the year performance softer than expected.

Key risk factors

Freight cost and transit time are normalizing at lower level than the pre-covid level, while core inflation remained high in 1Q23

Despite 1Q23 headline inflation likely slowed in March 2023 (US +5.0%, EU +6.9%, TH +2.8% YoY), driven by falling energy prices, however core inflation, which excludes volatile food and energy prices, remained high.

However, the impact of freight prices shows significant improvement, turning positive by THB ~470mn in 1Q23 (vs. negative THB ~710mn in 1Q22), thanks to freight price significantly recovery to 1,813 USD in 1Q23, lower than the pre-covid level (vs. 1Q19 freight price was 2,523 USD) and ocean transit time significantly improvement to 33 days in 1Q23 (vs. 60 days in 1Q22).

Our solutions to strengthen group margin expansion are the following:

- Continue price negotiation and adjust promotion intensity to cover inflation and rising key material costs.
- Very conservative and always hedge to reduce volatility.
- Cost efficiency management and economies of scale to reduce costs, exploring alternative key materials, and automation for productivity improvement.
- Continue monitoring macro-environment, ongoing global supply chain challenges, and utility prices in our key markets.

For more key risk factors, [refer to 2022 One Report.](#)

1Q23 Statement of Income

(Unit: THB mn)	Consolidated						1Q23	1Q23
	1Q23	% to sales	1Q22	% to sales	4Q22	% to sales	1Q22	4Q22
							Change	Change
Sales	32,652	100%	36,272	100%	39,613	100%	-10.0%	-17.6%
Cost of sales	(27,735)	-84.9%	(29,917)	-82.5%	(32,744)	-82.7%	-7.3%	-15.3%
Gross profit	4,917	15.1%	6,355	17.5%	6,868	17.3%	-22.6%	-28.4%
SG&A expenses	(4,121)	-12.6%	(4,688)	-12.9%	(4,484)	-11.3%	-12.1%	-8.1%
FX gain (loss)	215	0.7%	(21)	-0.1%	(468)	-1.2%	-1114.1%	-145.9%
Other income	209	0.6%	576	1.6%	253	0.6%	-63.7%	-17.4%
Share of profits from investments in assoc. & JVs	231	0.7%	(177)	-0.5%	(313)	-0.8%	230.3%	173.7%
Loss from impairment of financial assets, net	(1)	0.0%	(26)	-0.1%	(77)	-0.2%	96.4%	98.8%
EBIT	1,449	4.4%	2,019	5.6%	1,779	4.5%	-28.2%	-18.5%
Finance cost	(532)	-1.6%	(445)	-1.2%	(571)	-1.4%	-19.6%	6.8%
EBT	917	2.8%	1,574	4.3%	1,208	3.1%	-41.7%	-24.1%
Tax	242	0.7%	188	0.5%	170	0.4%	-28.7%	-42.3%
Profit (Loss) from discontinued operation	-	0.0%	-	0.0%	-	0.0%	-	-
Net income	1,159	3.5%	1,762	4.9%	1,378	3.5%	-34.2%	-15.9%
Net income (loss) attributable to:								
Equity holders of the Company	1,022	3.1%	1,746	4.8%	1,238	3.1%	-41.5%	-17.5%
Non-controlling interests of the subs	137	0.4%	15	0.0%	140	0.4%	815.7%	-1.8%
Earnings per share								
Basic earnings per share	0.20		0.36		0.25		-43.3%	-18.7%
Exchange rate								
THB/USD	33.91		33.05		36.38		2.6%	-6.8%

Statement of Financial Position

(Unit: THB mn)	1Q23	% to total assets	2022	% to total assets	Change
Cash and cash equivalents*	11,662	6.4%	13,029	7.1%	-10.5%
Trade and other receivables - net	16,145	8.9%	17,525	9.6%	-7.9%
Inventories - net	52,948	29.2%	52,622	28.8%	0.6%
Other current assets	3,609	2.0%	4,449	2.4%	-18.9%
Total current assets	84,364	46.5%	87,625	48.0%	-3.7%
Fixed assets	30,607	16.9%	30,102	16.5%	1.7%
Investments	29,856	16.5%	28,342	15.5%	5.3%
Goodwill and other intangible assets	29,397	16.2%	29,263	16.0%	0.5%
Other non-current assets	7,070	3.9%	7,238	4.0%	-2.3%
Total Assets	181,294	100%	182,569	100%	-0.7%
Bank overdrafts and short-term loans	11,270	6.2%	9,711	5.3%	16.1%
Trade and other payables	19,059	10.5%	22,018	12.1%	-13.4%
Current portion of long-term loans	6,098	3.4%	2,521	1.4%	141.9%
Other current liabilities	2,947	1.6%	2,574	1.4%	14.5%
Total current liabilities	39,373	21.7%	36,824	20.2%	6.9%
Long-term loans	44,479	24.5%	48,125	26.4%	-7.6%
Other non-current liabilities	9,409	5.2%	9,489	5.2%	-0.8%
Total Liabilities	93,261	51.4%	94,438	51.7%	-1.2%
Non-controlling interests of the subsidiaries	7,501	4.1%	7,489	4.1%	0.2%
Total Shareholders' Equity	88,033	48.6%	88,131	48.3%	-0.1%
Total liabilities and shareholders' equity	181,294	100%	182,569	100%	-0.7%

*Including short-term investment

Cash Flow Statement

(Unit: THB mn)	Consolidated		
	1Q23	1Q22	Change
Profit before income tax	917	1,573	(655)
Adjustments for depreciation & amortisation expenses	1,049	1,022	27
Other adjustments	930	507	424
Changes in operating assets and liabilities	(2,124)	(5,809)	3,686
Cash flows receipts from operating activities	773	(2,708)	3,481
Net cash receipts (payments) from operating activities	654	(2,860)	3,514
Net cash payments for investing activities	(4,272)	(556)	(3,715)
Net cash receipts (payments) for financing activities	171	(4,447)	4,618
Net increase (decrease) in cash and cash equivalent	(3,447)	(7,863)	4,416
Cash and cash equivalents - opening balance	12,022	8,828	3,194
Exchange gain (loss) on cash and cash equivalents	(26)	(17)	(9)
Cash and cash equivalents (net bank overdraft) - closing balance	8,549	948	7,601
CAPEX	1,553	1,023	530
Management Est. Free Cash Flows*	(194)	(3,732)	3,538

*Figures reported in May 2023