

2Q23 showed better momentum with sales and operating profit improving from the bottom Q1 with a healthier gross profit margin at 16.9%.

Revenue

Thai Union delivered 2Q23 quarterly sales at THB 34.1bn, decreasing by 12.6% YoY mainly from a high baseline last year, lower sales volume across all categories, and falling freight revenue as a result of normalizing freight costs. This was partially offset by sales growth of Ambient, especially in Europe and the domestic market.

Gross profit and margin

2Q23 quarterly gross profit was at THB 5.7bn, decreasing by 12.7% YoY, mainly from lower sale volumes of PetCare and Value-added, falling freight revenues, negative category mix, and higher cost of raw materials, especially Tuna (+24.4% YoY or +9.9% QoQ). Partially offset by a better margin from Ambient (one-off item from Rügen Fisch restructuring costs last year) & Frozen categories. Gross profit margin (GPM) was at 16.9%, equivalent to 2Q22.

Operating profit

2Q23 operating profit was at THB 1.8bn, increasing by 8.2% YoY, thanks to SG&A declining 19.7% YoY due to a significant freight cost improvement, impact from the Company's profit protection plan measures and no one-off item from Rügen Fisch's restructuring costs (THB 86mn in 2Q22). SG&A/sales ratio decreased to 11.7% in 2Q23 vs. 12.7% in 2Q22.

Net profit and margin

TU reported a 2Q23 net profit at THB 1.0bn, decreasing by 36.7% YoY, mainly impacted by unfavorable non-operating items such as a negative impact from FX loss, lower tax credit, and dilution effect on i-Tail net profit.

This was partially offset by Red Lobster's lower share of losses and higher other income. However, net profit improved from the bottom of Q1, due to a strong improvement in operating profit. Net profit margin (NPM) stands at 3.0%.

Cash flow and ND/E

2Q23 free cash flow (FCF) has improved massively and turned to a positive of THB 3.3bn, mainly from lower net working capital, thanks to operations in Europe and the U.S. TU's end-2Q23 net D/E ratio stands at 0.64x. TU announced a 1H23 interim dividend of THB 0.30 per share.

Stock Information

(Bloomberg/ Reuters)
(TU TB/ TU.BK)

Share price (04/08/2023)	THB 13.30
Historical closing price:	
52-week high	THB 19.10
52-week low	THB 12.40
No. of shares:	4,771.8m
Par value:	THB 0.25
Market Cap.	THB 63.0bn
Avg. value trade/day (YTD)	THB 415.4mn

Major shareholders

(30/06/2023)

Chansiri Family	19.71%
Thai NVDR Co., LTD.	7.87%
Niruttinanon Family	6.93%
Mitsubishi UFJ Morgan Stanley	5.00%
Ms. Jarunee Chinwongworakul	4.75%
Social Security Office	2.59%

Business Overview

Thai Union Group PCL (TU) is one of the world's largest seafood players. TU owns leading brands in key markets and has a global sourcing, production and distributing network. 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	2Q23	2Q22	1Q23
Sales	34,057	38,946	32,652
Gross profit	5,748	6,584	4,917
EBITDA	2,577	2,840	2,499
Net profit	1,029	1,624	1,022
EPS (THB)	0.21	0.33	0.20
GPM (%)	16.9%	16.9%	15.1%
NPM (%)	3.0%	4.2%	3.1%
ND/E (x)	0.64	1.09	0.57
ROCE (%)	6.2%	8.4%	6.3%
ND/EBITDA (x)	4.40	5.17	4.07

Financial Statements Analysis:

Unit: THB mn	2Q23	2Q22	YoY	1Q23	QoQ
Sales	34,057	38,946	-12.6%	32,652	4.3%
COGS	(28,310)	(32,361)	-12.5%	(27,735)	2.1%
GP	5,748	6,584	-12.7%	4,917	16.9%
SG&A	(3,971)	(4,942)	-19.7%	(4,120)	-3.6%
FX gain (loss)	(250)	498	-150.2%	215	-216.5%
Other income	147	(66)	-322.4%	208	-29.5%
Share of profits from investments in assoc. & JVs	(137)	(283)	51.7%	231	159.1%
EBIT	1,537	1,791	-14.2%	1,450	6.0%
Finance cost	(550)	(465)	-18.3%	(532)	-3.3%
EBT	987	1,326	-25.6%	917	7.6%
Tax	198	346	42.8%	242	18.2%
Net income	1,029	1,624	-36.7%	1,022	0.7%
EPS	0.21	0.33	-38.4%	0.20	0.8%
FX: USD/THB	34.48	34.40	0.2%	33.91	1.7%
GPM	16.9%	16.9%	15.1%	15.1%	15.1%
%SG&A/Sales	11.7%	12.7%		12.6%	
NPM	3.0%	4.2%		3.1%	

Sales

Thai Union recorded sales in 2Q23 at THB 34,057mn, declining by 12.6% YoY, mostly from Petcare (-42% YoY), Frozen and chilled seafood (-17% YoY), and value-added and others (-16% YoY), partially offset by ambient seafood (+1% YoY).

- Ambient seafood business sales increased 1.3% YoY, thanks to higher selling prices and promotional activities, especially EU market, partially offset by lower freight revenue, and lower volume temporarily impacted by high raw material prices and further price increases mainly in the U.S. and Asia.
- Frozen and chilled seafood business sales dropped by 17.3% YoY, from seafood market prices normalization and a drop in volume mostly due to the rightsizing of our Frozen business in the U.S. This is partially offset by some growth in the salmon and feed businesses.
- PetCare business sales dropped by 41.8% YoY after last year's exceptional performance, continued soft demand from inventory destocking for our customers, especially the U.S. and Europe, negative product mix, and lower freight prices.
- Value-added and others business sales dropped by 16.0% YoY, due to continued soft demand across all categories and product mix. However, we have already seen signs of improvement from last quarter.

During 2Q23, the Thai Baht moved against key currencies as follows; USD/THB (+0.2% YoY), EUR/THB (+2.4% YoY), and GBP/THB (-0.2% YoY). The Thai Baht has been depreciating QoQ against all key currencies which supports the export industry.

Gross profit and gross profit margin (GPM)

2Q23 gross profit was THB 5,748mn, dropping by 12.7% YoY in absolute amount yet stable in GPM at 16.9%, and recovering QoQ mainly from:

- Ambient seafood: gross profit was THB 3.4bn and GPM was at 19.9%, improved mainly from positive selling price adjustment and favorable product mix. This was despite tuna prices rising higher than expected and lower sales volume.
- Frozen and chilled seafood: gross profit was THB 1.1bn and GPM improved impressively to 9.6%, thanks to favorable raw material prices, especially shrimp price which dropped to the lowest in 11 years in June at THB 120/kg, portfolio rationalization and inventory management.
- PetCare: gross profit was THB 641mn and GPM was at 20.2%, declined from an exceptional last year, mainly from lower volumes, higher raw material costs, product mix, and inventory provision.
- Value-added and others: gross profit was THB 581mn and GPM dropped to 25.7% mainly due to negative product mix and lower volume, especially value-added products and packaging. This was partially offset by lower raw material prices.

	GPM (%)		Gross profit (THBmn)		
	2Q23	2Q22	2Q23	2Q22	YoY
Overall	16.9%	16.9%	5,748	6,584	-12.7%
Ambient	19.9%	19.5%	3,418	3,294	3.8%
Frozen & chilled	9.6%	6.6%	1,108	918	20.7%
PetCare	20.2%	30.1%	641	1,637	-60.9%
Value-added & others	25.7%	27.3%	581	736	-21.0%

Selling and administrative expenses

2Q23 SG&A expenses of THB 3,971mn, decreased 19.7% YoY, thanks to significant freight cost improvement of THB -430mn (vs. 2Q22: THB +560mn) and logistic normalization. 2Q23 SG&A to sales ratio was at 11.7%, down from 12.7% in 2Q22.

FX Gain/Loss

Thai Union reported 2Q23 FX losses of THB 250mn (vs. FX gains of THB 498mn in 2Q22), mainly from lower realized FX gains of THB 88mn (vs. THB 664mn in 2Q22), over-hedging loss of THB 96mn and higher loss from financing activities.

Share of income from investment in associates

2Q23 share of loss was at THB 137mn (vs. THB 283mn share of loss in 2Q22). Most of the loss contribution came from:

Red Lobster's operations in 2Q23 were at THB 189mn share of loss (THB 94mn loss from operations and THB 95mn loss from lease accounting adjustment), thanks to price increase, lower COGS, and lower labor cost

from our turnaround strategy. This greatly improved compared to THB 383mn loss contribution in 2Q22 (THB 281mn loss from operations and THB 102mn loss from lease accounting adjustment).

Red Lobster performance

	2Q22	3Q22	4Q22	1Q23	2Q23
Share of profit/loss from operations	-281	-339	-344	121	-94
Share of profit/loss from lease accounting adj.	-102	-117	-112	-101	-95
Other income	-300	0	0	0	0
Interest expense	-112	-113	-115	-138	-138
Income tax	240	66	222	252	134
Net income	-554	-502	-348	134	-193

Hence, we revised Red Lobster's full year performance guidance for share of loss from operations of THB 600mn to share of loss from operations of THB 500mn. Moreover, Red Lobster achieved the required EBITDA performance for their H223, hence, the USD 65mn guarantee provided last year should be lifted by September 2023.

The Avanti business contributed a lower share of profit YoY.

Other income

2Q23 other income was at THB 147mn vs. THB -66mn in 2Q22, mostly increased from RL's preferred share fair value adjustment (RL's other income marked at THB -300mn in 2Q22 vs. THB 0mn in 2Q23).

Finance cost

2Q23 finance costs were at THB 550mn vs. THB 465mn in 2Q22, mainly due to interest rate increase as our average cost of debt has been increasing a bit from some float rate debt portion (~31% of total debt).

Income tax expense

2Q23 tax credit was at THB 198mn vs. tax credit of THB 346mn in 2Q22, mostly explained by the lower loss from Red Lobster's operations as mentioned above.

Net profit

2Q23 net profit was at THB 1,029mn, down 36.7% YoY, mainly impacted by lower gross profit and unfavorable items, (1) FX losses of THB 250mn (vs. FX gain of THB 498mn), (2) Tax credit of THB 198mn (vs. tax credit of THB 346mn), (3) Finance cost of THB 550mn (vs. finance cost of THB 465mn), and (4) i-Tail dilution impact of THB 289mn.

This was partially offset by an improvement in RL's preferred shares interest and operating profit. NPM was at 3.0% vs. 4.2% in 2Q22.

Financial position analysis:

As of June 30, 2023, Thai Union's total assets were at THB 182,343mn, stable from end-2022 at THB 182,569mn, mostly by lower trade and other receivables following lower sales and lower cash and cash equivalents, partially offset by higher short-term investments due to investment in the fixed deposit at bank of THB 1.0bn.

Total liabilities increased 4.8% to THB 99,003mn from THB 94,438mn at end 2022, mainly from higher short-term debt supporting net working capital, partially offset by a decrease in trade and other payables.

Total equity (including perpetual debentures of THB 6bn) was at THB 83,341mn, decreasing by 5.4% from end-2022 at THB 88,131mn, mostly from treasury share repurchase and dividend payment.

Cash Flow analysis:

In 1H23, net cash receipts for operating activities amount to THB 5,258mn. Free cash flow has improved massively and turned positive at THB 3,125mn, mainly from a decrease in net working capital in operations in Europe and the U.S.

Net cash payments for investing activities were at THB 4,283mn, increasing from THB 1,370mn in the same period of last year, mainly from payments for short-term investments and investments in debt instruments as mentioned above.

Thai Union recorded a net cash payment from financing activities of THB 3,047mn in 1H23, decreasing from THB 4,369mn in the same period of last year, due to cash repayments in 1Q22 for long-term loans from financial institutions and debenture issuance which reached maturity in January 2022 and lower net cash receipts from short-term loans from financial institutions. This was partially offset by cash payments for the repurchase of treasury shares.

Net decrease in cash and cash equivalents was at THB 2,072mn in 1H23, resulting in outstanding cash and cash equivalents of THB 9,938mn as of the end of this quarter (including the impact from the use of Bank Overdraft).

Financial ratio highlights:

	2Q23	2Q22	1Q23
A/R Days	34	35	33
Inventory Days	155	139	145
Current ratio (x)	1.90	1.65	2.14
ROCE (%)	6.2%	8.4%	6.3%
ROE (%)	9.4%	13.8%	9.8%
ROA (%)	4.4%	5.5%	4.6%
ND/E (x)	0.64	1.09	0.57
ND/EBITDA (x)	4.40	5.17	4.07
Interest Coverage (x)	5.57	7.32	5.92
BV (Baht/share)	14.72	11.33	15.63

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

2Q23 profitability ratios dropped YoY compared to the same period last year with ROCE at 6.2% (vs. 8.4% in 2Q22); ROE at 9.4% (vs. 13.8% in 2Q22); and ROA at 4.4% (vs. 5.5% in 2Q22), primarily due to an increase in equity and total assets, and a decrease in current liabilities from lower trade and other payables and short-term debt.

Receivable days in 2Q23 were 34 days, a slight decrease from 35 days in 2Q22. Inventory days in 2Q23 were up to 155 days, from 139 days in 2Q22, due to higher inventory, especially raw materials, ingredients, and packaging.

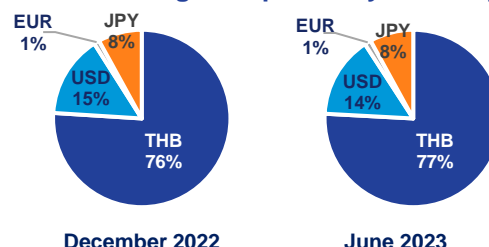
The current ratio at end-2Q23 was at 1.90x, increasing slightly from 1.65x in 2Q22, as a result of current liabilities decreasing (-7.7% YoY) while current assets increased (6.3% YoY).

Interest-bearing debt increased by THB 4.6bn from end-2022 (+7.7% from end-2022), due to an increase in short-term debt and the current portion of long-term loans. As a result, 2Q23 net debt-to-equity was at 0.64x, a slight increase from 0.54x at end-2022.

The net-debt to EBITDA ratio increased to 4.40x as end-2Q23, from 3.67x as of end-2022, largely from higher net debt, plus lower EBITDA.

The interest coverage ratio during 2Q23 was at 5.57x vs. 7.32x in 2Q22, largely from lower EBITDA (-9.2% YoY) and higher finance costs (+18.3% YoY).

Interest-bearing debt profile by currency:



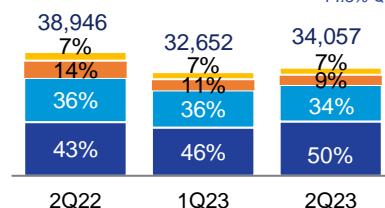
As of end-2Q23, interest-bearing debt amounted to THB 64,996mn, mainly denominated in the local currency. THB debt accounted for 77%, USD at 14%, JPY at 8%, and EUR at 1%. The amount of interest-bearing debt increased from end-2022 mainly due to higher net working capital.

Overview by business category:

Total sales value

Unit: THB mn

-12.6% YoY
+4.3% QoQ



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

Ambient seafood¹:

Ambient seafood: Record quarterly sales over the past 9 years with healthier GPM, despite ongoing economic headwinds.

	2Q22	3Q22	4Q22	1Q23	2Q23	1H23
Value	16,912	16,985	17,086	15,225	17,136	32,361
Brand	57.1%	57.4%	51.2%	55.6%	59.2%	57.5%
PL	42.9%	42.6%	48.8%	44.4%	40.8%	42.5%
Volume	90,347	84,948	87,827	76,988	79,465	156,453

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

Remark: PL stands for Private Label business

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

2Q23 ambient seafood recorded sales at THB 17,136mn, increasing slightly by 1.3% YoY, thanks to higher selling prices and promotional activities. This was partially offset by lower freight revenue, and lower volume temporarily impacted by further price increases mainly in the U.S. and Asia.

2Q23 GPM was at 19.9%, improved YoY and QoQ, thanks to selling price adjustment, favorable product mix, and no one-off item from Rügen Fisch

restructuring costs (THB 164mn in 2Q22). Offset by tuna prices rising higher than expected (+24.4% YoY, +9.9% QoQ) and lower sale volumes.

1H23 sales were stable YoY despite a soft performance in Q1, due to sales recovered in Q2, especially in the Europe market, France, the UK, and Italy, thanks to higher selling prices. GPM was at 19.1%, mainly impacted by high fish prices and lower sale volumes.

Frozen, chilled seafood and related²: Frozen & chilled seafood: huge improvement in gross profit margin, close to 10%

	2Q22	3Q22	4Q22	1Q23	2Q23	1H23
Value	13,900	14,820	14,453	11,684	11,493	23,177
Brand	38.0%	35.5%	38.8%	38.9%	33.3%	36.1%
PL	62.0%	64.5%	61.2%	61.1%	66.7%	63.9%
Volume	71,086	73,704	65,352	60,768	64,034	124,802

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.

2Q23 frozen and chilled seafood sales were THB 11,493mn, dropping by 17.3% YoY, from certain market prices softening (shrimp, lobster, crab) and lower volume due to the rightsizing of our Frozen business in the U.S. This is partially offset by some growth in the salmon and feed businesses.

2Q23 GPM was at 9.6%, an impressive improvement from both branded and private labels, thanks to favorable raw material prices, especially shrimp price dropped to the lowest in 11 years in June 2023 at THB 120/kg, portfolio rationalization and inventory management, despite lower prices and volumes.

1H23 frozen and chilled seafood sales dropped by 16.3% YoY. Frozen & chilled performance remains challenging from inflationary macroeconomics in the U.S. However, we have seen signs of improvement, especially in the restaurant industry from lower customer inventory. GPM improved to 8.8%.

PetCare³: Recovering gross profit margin, thanks to net pricing/mix improvement

	2Q22	3Q22	4Q22	1Q23	2Q23	1H23
Value	5,442	6,210	5,568	3,495	3,169	6,663
Brand	1.2%	0.6%	0.2%	0.1%	0.1%	0.1%
PL	98.8%	99.4%	99.8%	99.9%	99.9%	99.9%
Volume	34,776	38,405	37,485	23,562	21,574	45,136

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

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

2Q23 PetCare sales stood at THB 3,169mn, dropping by 41.8% YoY after last year's exceptional performance, continued soft demand from inventory

destocking for our customers, especially the U.S. and Europe, negative product mix, and lower freight prices.

2Q23 GPM was at 20.2%, recovering QoQ, yet declining from exceptional last year, mainly from lower volumes, higher raw material costs, product mix, and inventory provision.

1H23 PetCare dropped by 32.8% YoY, due to destocking issues in the U.S. but has showed a slow recovery, while Europe remains soft. However, we have seen signs of improvement since June 2023 from both global brands and private labels, especially in the U.S. and Japan. GPM was at 19.0%.

Value-added and others⁴: Gross profit margin dropped mainly due to value added products and packaging

	2Q22	3Q22	4Q22	1Q23	2Q23	1H23
Value	2,691	2,741	2,505	2,248	2,260	4,508
Brand	13.8%	13.7%	11.6%	12.7%	18.5%	15.6%
PL	86.2%	86.3%	88.4%	87.3%	81.5%	84.4%
Volume	48,320	52,184	53,313	48,032	45,837	93,869

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.

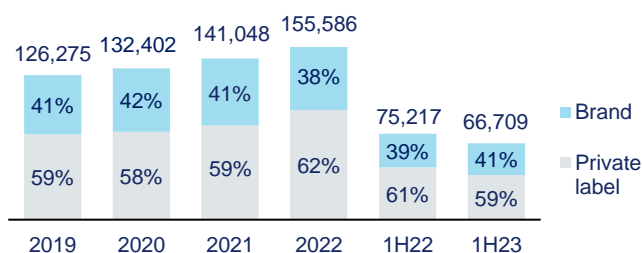
2Q23 value-added and other businesses sales stood at THB 2,260mn, dropping by 16.0% YoY due to continued soft demand across all segments and product mix. However, we have already seen signs of improvement from last quarter.

2Q23 GPM dropped to 25.7%, mainly due to negative product mix and lower volume, especially value-added products and packaging. This was partially offset by lower raw material prices.

1H23 value-added sales dropped by 12.9% YoY, mainly from sales decreasing from a high baseline last year and soft performance across all categories. GPM was healthy at 26.5%.

Sales breakdown by brand vs. private label:

Unit: THB mn



1H23 branded and private-label business sales mix was at 41% and 59% respectively.

Total brand sales decreased by 6.3% YoY, mainly from PetCare and frozen & chilled businesses, partially offset by ambient and value-added businesses sales growth, while total private label sales decreased by 14.6% YoY across all categories.

Business overview by region:

THB mn	2019	2020	2021	2022	1H23
Total sales	126,275	132,402	141,048	155,586	66,709
US&Canada	40.9%	43.4%	44.5%	44.0%	40.1%
Europe	27.9%	29.0%	28.3%	26.3%	29.5%
Japan	5.8%	5.3%	5.1%	5.8%	6.0%
Thailand	11.5%	10.0%	10.3%	10.5%	11.9%
Others	13.9%	12.3%	11.8%	13.4%	12.5%

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

1H23 sales dropped mainly from U.S., Japan, and Emerging markets & rest of the world, partially offset by sales increasing in Europe and Thailand;

Sales in North America (the U.S. and Canada) dropped by 18.6% YoY, mainly due to rightsizing of our U.S. business and slow demand from destocking issue.

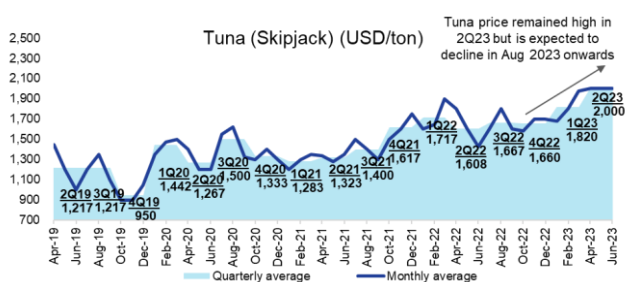
Sales in Europe increased 0.2% YoY, thanks to higher selling prices, offset by lower volume temporally impacted by further price increases.

Sales in Thailand increased 0.9% YoY, while sales in Emerging markets & rest of the world were down by 19.9% YoY from high base last year and soft demand from destocking issue. Japan also dropped by 9.4% YoY

Key operating factors:

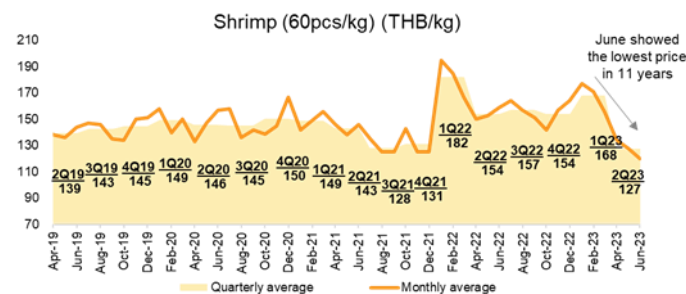
Raw material prices

Skipjack tuna (USD/ton)



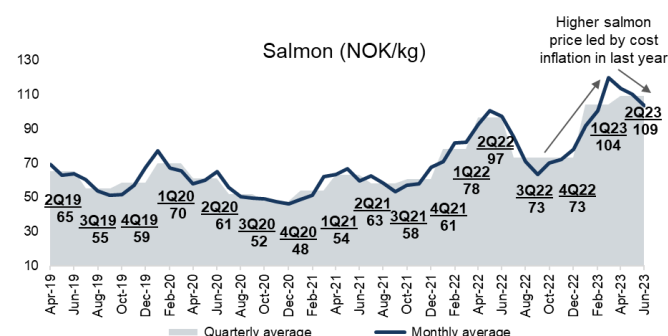
In June 2023, tuna price was USD 2,000/ton. In 2Q23, avg. price was at same USD 2,000/ton level (+24.4% YoY, +9.9% QoQ).

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



In June 2023, shrimp price was THB 120/kg. In 2Q23, avg. price was THB 127/kg (-17.3% YoY, -24.2% QoQ).

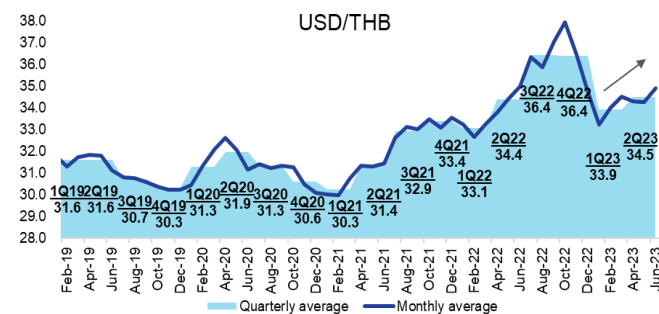
Salmon (NOK/kg)



In June 2023, salmon price was NOK 103/kg. In 2Q23, avg. price was NOK 109/kg (+12.6% YoY, +4.8% QoQ).

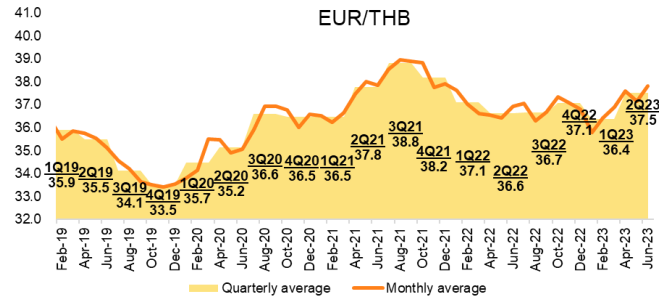
Exchange rates

USD/THB



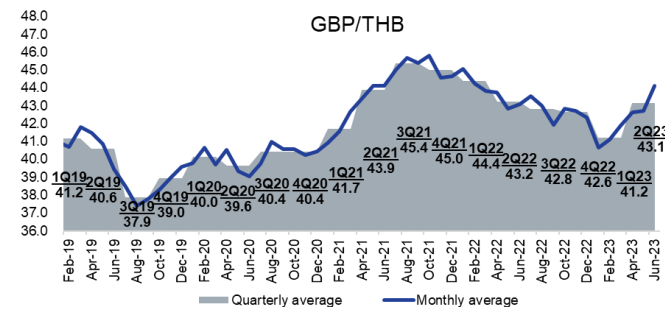
In June 2023, USD/THB was THB 34.91. In 2Q23, avg. was THB 34.48 (+0.2% YoY, +1.7% QoQ).

EUR/THB



In June 2023, EUR/THB was THB 37.84. In 2Q23, avg. was THB 37.51 (+2.4% YoY, +3.1% QoQ).

GBP/THB



In June 2023, GBP/THB closed at THB 44.10. In 2Q23, avg. was THB 43.14 (-0.2% YoY, +4.7% QoQ).

Key Developments

Strategic Corporate Actions in 2Q23

Ongoing CAPEX projects

- **Culinary plant** for ready-to-eat products, a brand-new plant with +38% capacity and more automation, is expected to start commercialization for the non-halal side in 3Q23 (~THB 1.2bn).
- **Protein hydrolysate and collagen peptide plant** construction is ongoing, with aim to commercialize some lines in 3Q23 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 some lines in 3Q23 and 100% full commercialize in early 2024 (~THB 2.1bn).
- **Ambient tuna cold storage** to expand cold storage facility in Ghana with waste-water treatment. Expected to be completed in 3Q23 (~THB 0.6bn).

Completed two Buy Back Programs to increase market Confidence and Trust

- **TU Group share Buyback Program**, as of 26 May 2023, Thai Union completed the Project of Share Repurchase. The total cumulative number of shares repurchased is 2,976m Baht with the average price of 14.88 Baht.
- **An additional investment in ITC Summary**, as of 30 May 2023, Thai Union completed the program, the total cumulative number of shares repurchased is 30 million shares. Hence, the holding percentage increased to 78.82% of total shares in ITC (from 77.82%)

New innovative product launched

John West’s new plant-based tuna salads in the UK

- John West has made its first foray into the UK plant-based market with a new launch in two new flavors: Indian and Harissa, which has 100% recyclable packaging and no artificial ingredients
- These are now available at Asda stores across the UK

MAREBLU launched new product range

- MAREBLU has launched a new product range, Active pro tuna salad in Olive Oil & Brine flavors
- The products are launching to follow “high protein products” trends, in Italy food retailers, as part of a balanced diet and a healthy living lifestyle

Corporate Venture Capital

Continues to support outstanding FoodTech entrepreneurs to build strong and sustainable businesses

- Our CVC investment, Flying Spark, had a grand opening of its new factory in Phetchaburi province. This new factory is currently becoming TU’s new associated company. The food-tech company produces highly sustainable alternative protein powder and oil from fruit fly larvae to serve the world’s most sustainable protein to various industries, including aquaculture and pet-food market.

Sustainability

Thai Union launches SeaChange® 2030, committing THB 7.2bn (USD 200mn) to advance sustainability goals.



- SeaChange® 2030 is our sustainability plan to help reshape the seafood industry with solutions for People and Planet that better sustain a future for all.
- SeaChange® 2030 marks a significant expansion of the Company’s sustainability strategy, first created in 2016, due to its 11 interconnected goals that will drive global impact for our people and our planet. The commitments actively support the delivery of 10 of the United Nations’ Sustainable Development Goals.

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

2023 Financial target: Adjusted guidance

Sales	-5 / -6% YoY decline (from +3 – 4% YoY)
GPM	~ 16.5 – 17.5% (from 17.5 – 18.0%)
SG&A to sales	~ 11.0 - 12.0%
Effective interest rate	Increase 0.5 - 1.0%
CAPEX	~ THB 5.5 - 6.0bn (from 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.

However, Thai Union reinforces its profit protection plan measures to improve profitability during 2H23, which included delaying some projects or marketing activities, selective hiring or workforce optimization, improving yield and operation efficiency, improving category mix, downsizing and closing unprofitable businesses i.e. one shrimp farm (TFM) closure, and frozen business rightsizing.

Key risk factors

Weak global consumer spending, caused by economic weakness and high prices

Despite headline inflation likely softening in June 2023 (US +3.0%, EU +6.1%, TH +0.2% YoY), driven by falling energy prices, core inflation, which excludes volatile food and energy prices, remained high. However, global consumption is showing slight improvements in key regions:

The U.S. – U.S. consumption indicated by retail sales improved slightly by 1.5% YoY, plus SSSG (Same Store Sales Growth) of restaurants rose by 0.8% YoY and the Consumer Confidence Index increased to 109.7 in Jun (vs. 102.5 in May), marking its highest level since Jan 22, which might support the Frozen business in 2H23.

Europe - EU consumption indicated by retail sales dropped by 2.9% YoY, which aligns with the sinking into a technical recession of the continent. Recessions typically doesn’t put pressure on TU businesses as the core business in Europe is Ambient, which is perceived as affordable protein products.

Our solutions to strengthen Group margin expansion are the following:

- Reinforce profit protection plan measures as mentioned above.
- Pursue our conservative policy and always hedge to reduce volatility on FX.
- Continue monitoring macro-environment, ongoing global supply chain challenges, and uncertain global consumer spending in our key markets.

2Q23 Statement of Income

(Unit: THB mn)	Consolidated							
	2Q23	% to sales	2Q22	% to sales	1Q23	% to sales	2Q23	2Q23
							2Q22	1Q23
							Change	Change
Sales	34,057	100%	38,946	100%	32,652	100%	-12.6%	4.3%
Cost of sales	(28,310)	-83.1%	(32,361)	-83.1%	(27,735)	-84.9%	-12.5%	2.1%
Gross profit	5,748	16.9%	6,584	16.9%	4,917	15.1%	-12.7%	16.9%
SG&A expenses	(3,971)	-11.7%	(4,942)	-12.7%	(4,120)	-12.6%	-19.7%	-3.6%
FX gain (loss)	(250)	-0.7%	498	1.3%	215	0.7%	-150.2%	-216.5%
Other income	147	0.4%	(66)	-0.2%	208	0.6%	-322.4%	-29.5%
Share of profits from investments in assoc. & JVs	(137)	-0.4%	(283)	-0.7%	231	0.7%	51.7%	159.1%
EBIT	1,537	4.5%	1,791	4.6%	1,450	4.4%	-14.2%	6.0%
Finance cost	(550)	-1.6%	(465)	-1.2%	(532)	-1.6%	-18.3%	-3.3%
EBT	987	2.9%	1,326	3.4%	917	2.8%	-25.6%	7.6%
Tax	198	0.6%	346	0.9%	242	0.7%	42.8%	18.2%
Net income	1,184	3.5%	1,672	4.3%	1,159	3.5%	-29.2%	2.2%
Net income (loss) attributable to: Equity holders of the Company	1,029	3.0%	1,624	4.2%	1,022	3.1%	-36.7%	0.7%
Non-controlling interests of the subs	156	0.5%	48	0.1%	137	0.4%	226.4%	13.3%
Earnings per share								
Basic earnings per share	0.21		0.33		0.20		-38.4%	0.8%
Exchange rate								
THB/USD	34.48		34.40		33.91		0.2%	1.7%

Statement of Financial Position

(Unit: THB mn)	2Q23	% to total assets	2022	% to total assets	Change
Cash and cash equivalents*	11,834	6.5%	13,029	7.1%	-9.2%
Trade and other receivables - net	15,972	8.8%	17,525	9.6%	-8.9%
Inventories - net	52,766	28.9%	52,622	28.8%	0.3%
Other current assets	2,298	1.3%	4,449	2.4%	-48.4%
Total current assets	82,869	45.4%	87,625	48.0%	-5.4%
Fixed assets	31,297	17.2%	30,102	16.5%	4.0%
Investments	30,466	16.7%	28,342	15.5%	7.5%
Goodwill and other intangible assets	30,443	16.7%	29,263	16.0%	4.0%
Other non-current assets	7,268	4.0%	7,238	4.0%	0.4%
Total Assets	182,343	100%	182,569	100%	-0.1%
Bank overdrafts and short-term loans	14,242	7.8%	9,711	5.3%	46.7%
Trade and other payables	19,346	10.6%	22,018	12.1%	-12.1%
Current portion of long-term loans	6,116	3.4%	2,521	1.4%	142.6%
Other current liabilities	3,991	2.2%	2,574	1.4%	55.0%
Total current liabilities	43,695	24.0%	36,824	20.2%	18.7%
Long-term loans	44,638	24.5%	48,125	26.4%	-7.2%
Other non-current liabilities	10,669	5.9%	9,489	5.2%	12.4%
Total Liabilities	99,003	54.3%	94,438	51.7%	4.8%
Non-controlling interests of the subsidiaries	7,156	3.9%	7,489	4.1%	-4.5%
Total Shareholders' Equity	83,341	45.7%	88,131	48.3%	-5.4%
Total liabilities and shareholders' equity	182,343	100%	182,569	100%	-0.1%

*Including short-term investment

Cash Flow Statement

(Unit: THB mn)	Consolidated		
	1H23	1H22	Change
Profit before income tax	1,904	2,898	(995)
Adjustments for depreciation & amortisation expenses	2,090	2,071	19
Other adjustments	1,939	1,340	599
Changes in operating assets and liabilities	(393)	(7,336)	6,943
Cash flows receipts from operating activities	5,540	(1,026)	6,566
Net cash receipts (payments) from operating activities	5,258	(1,360)	6,618
Net cash payments for investing activities	(4,283)	(1,370)	(2,913)
Net cash receipts (payments) for financing activities	(3,047)	(4,369)	1,322
Net increase (decrease) in cash and cash equivalent	(2,072)	(7,099)	5,027
Cash and cash equivalents - opening balance	12,022	8,828	3,194
Exchange gain (loss) on cash and cash equivalents	(12)	37	(50)
Cash and cash equivalents (net bank overdraft) - closing balance	9,938	1,767	8,172
CAPEX	2,414	1,846	568
Management Est. Free Cash Flows*	3,125	(2,873)	5,998

*Figures reported in June 2023