

4Q23 highest quarterly sales of the year, which improved 4.8% QoQ but dropped 10.3% YoY, with a healthy gross profit margin at 17.8%

Revenue

Thai Union delivered 4Q23 quarterly sales at THB 35.5bn, decreasing by 10.3% YoY, from a high baseline last year, mainly from lower sales of PetCare (-17.0% YoY), Frozen and chilled seafood (-13.3% YoY), and Ambient seafood (-8.2% YoY) from lower sales volume, partially offset by higher sales growth from Value-added and others (+7.3% YoY).

Gross profit and margin

4Q23 quarterly gross profit stands at THB 6.3bn, increasing by 1.5% QoQ while decreasing by 7.9% YoY, mainly from lower sales volume of Ambient and PetCare, and falling freight revenues. This was partially offset by higher gross profit from frozen and chilled seafood due to the rightsizing strategy in the U.S. Gross profit margin (GPM) was at 17.8% vs. 17.3% in 4Q22.

Operating profit

4Q23 operating profit was at THB 2.1bn, almost flat QoQ but lower by 8.1% YoY, resulting from lower sales across all categories, except for Value-added and others; however, SG&A declined by 7.8% YoY, thanks to a significant freight cost reduction. SG&A/sales ratio was at 11.8% in 4Q23 vs. 11.5% in 4Q22. As a result, 4Q23 operating profit margin improved to 6.0% vs. 5.8% in 4Q22.

Net profit and margin

TU reported a 4Q23 normalized net profit at THB 1.2bn, increasing by 3.1% QoQ and 0.4% YoY, continuously showing signs of improvement. The increase was driven by FX gains of THB 68mn, vs. FX losses of THB 468mn in 4Q22, which was partially offset by higher financial costs and i-Tail dilution impact of THB 95mn. Net profit margin (NPM) stood at 3.5%.

Cash flow and ND/E

Strong positive 4Q23 free cash flow (FCF) of THB 2.8bn, thanks to strong EBITDA and well managed net working capital, partially offset by well-controlled CAPEX spending. FCF for the full year 2023 also improved massively to THB 7.3bn, compared to THB 1.8bn in 2022. TU's end-2023 net D/E ratio stood at 0.78x.

Dividend

The Company announced a dividend of THB 0.24 per share for 2H23 performance, making a 2023 full-year dividend of THB 0.54 per share.

Remark: Normalized operation excluded THB 18.4bn one-time non-cash impairment of RL and IFRS 5 reclassification.

Stock Information

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

Share price (16/02/2024)	THB 15.90
Historical closing price:	
52-week high	THB 16.20
52-week low	THB 12.50
No. of shares:	4,655.13m
Par value:	THB 0.25
Market Cap.	THB 74.0bn
Avg. value trade/day (YTD)	THB 361.7mn

Major shareholders

(28/12/2023)

Chansiri Family	19.62%
Niruttinanon Family	7.10%
Thai NVDR Co., LTD.	6.86%
Mitsubishi UFJ Morgan Stanley	5.13%
Ms. Jarunee Chinwongworakul	3.72%
Social Security Office	2.68%

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	4Q23	4Q22	3Q23	2023	2022
Sales	35,529	39,613	33,915	136,153	155,586
Gross profit	6,327	6,868	6,233	23,225	27,206
EBITDA	3,150	2,846	2,880	11,106	12,885
Net profit	1,243	1,238	1,206	4,499	7,138
EPS (THB)	0.26	0.25	0.25	0.93	1.47
GPM (%)	17.8%	17.3%	18.4%	17.1%	17.5%
NPM (%)	3.5%	3.1%	3.6%	3.3%	4.6%
ND/E (x)	0.78	0.54	0.65	0.78	0.54
ROCE (%)	5.6%	6.8%	5.3%	5.6%	6.8%
ND/EBITDA (x)	4.64	3.67	5.00	4.64	3.67

Remark: *Normalized operation for 4Q23 and 2023

Financial Statements Analysis:

Unit: THB mn	4Q23	4Q22	YoY	2023	YoY
Sales	35,529	39,613	-10.3%	136,153	-12.5%
COGS	(29,201)	(32,744)	-10.8%	(112,928)	-12.0%
GP	6,327	6,868	-7.9%	23,225	-14.6%
SG&A	(4,173)	(4,484)	-6.9%	(16,313)	-14.8%
Bad debts and doubtful account expense	(33)	(77)	-56.7%	(59)	-67.0%
FX gain (loss)	68	(468)	-114.4%	(236)	-129.5%
Other income	288	253	13.9%	838	-8.9%
Share of profit from investments in assoc. & JVs	(400)	(313)	-27.6%	(540)	47.6%
EBIT	2,077	1,779	16.8%	6,915	-19.2%
Finance cost	(630)	(571)	-10.4%	(2,302)	-15.2%
EBT	1,447	1,208	19.8%	4,613	-29.7%
Tax	40	170	76.4%	620	26.2%
Non-controlling interests	(244)	(140)	74.2%	(733)	176.3%
Net income	1,243	1,238	0.4%	4,499	-37.0%
EPS	0.26	0.25	4.8%	0.93	-36.5%
FX: USD/THB	35.65	36.38	-2.0%	34.81	-0.7%
GPM	17.8%	17.3%		17.1%	
%SG&A/Sales	11.8%	11.5%		12.0%	
NPM	3.5%	3.1%		3.3%	

Sales

Thai Union recorded sales in 4Q23 of THB 35.5bn, increasing by 4.8% QoQ, mainly driven by PetCare recording highest quarterly sales in this year (+22.5% QoQ), thanks to restocking from key customers especially in the U.S. and Europe, along with higher selling prices and new co-creation products. Frozen and chilled seafood performance also improved (+8.0% QoQ), thanks to strong salmon sales performance during the festive season. However, sales declined by 10.3% YoY, mainly from PetCare (-17.0% YoY) due mainly to demand softness attributed to logistic normalization, Frozen and chilled seafood (-13.3% YoY), due to the U.S. market price deflation and our strategy to rightsizing the U.S. Frozen business, and Ambient seafood (-8.2% YoY), partially offset with Value-added & others (+7.3% YoY).

2023 sales reported at THB 136.2bn, declining by 12.5% YoY, lower sales across all categories: PetCare (-30.6% YoY from an exceptional performance last year), Frozen and chilled seafood (-17.0% YoY), Value-added and others (-5.0% YoY), and Ambient seafood (-3.9% YoY).

During 4Q23, the Thai Baht moved against key currencies as follows; USD/THB (-2.0% YoY), EUR/THB (+3.4% YoY), and GBP/THB (+3.8% YoY).

Sales volume in 4Q23 and 2023 dropped by 11.7% and 12.9% YoY, respectively, resulting from soft demand across all categories and the U.S. Frozen rightsizing strategy.

Gross profit and gross profit margin (GPM)

4Q23 gross profit was THB 6.3bn, rising by 1.5% QoQ, meanwhile falling by 7.9% YoY, with GPM increasing YoY to 17.8%, vs. 17.3% in 4Q22 mainly from:

- Ambient seafood: gross profit was THB 2.7bn and GPM was at 17.4%, declining YoY (21.2% in 4Q22) due mainly to temporary impact from market selling price reduction in relation to down trending Tuna prices.
- Frozen and chilled seafood: gross profit was THB 1.8bn, substantially increasing by 42.4% YoY, along with exceptional GPM at 14.4%, thanks to the U.S. Frozen rightsizing strategy, favorable raw material prices, product mix and improvement of inventory management, despite lower selling prices.
- PetCare: gross profit was THB 1.1bn and GPM grew impressively to 23.4%, slightly higher than last year, thanks to lower logistic costs as well as selling prices uplift.
- Value-added and others: gross profit was THB 0.7bn, increasing by 3.3% YoY. GPM slightly decreased to 26.2%, mainly from lower GPM of value-enhancing business. However, GPM remained in the healthy range, supported by the shift in our strategy to focus on higher margin products.

	GPM (%)		Gross profit (THBmn)		
	4Q23	4Q22	4Q23	4Q22	YoY
Overall	17.8%	17.3%	6,327	6,868	-7.9%
Ambient	17.4%	21.2%	2,737	3,622	-24.4%
Frozen & chilled	14.4%	8.8%	1,801	1,265	42.3%
PetCare	23.4%	23.3%	1,083	1,298	-16.5%
Value-added & others	26.2%	27.3%	706	684	3.3%

2023 gross profit was THB 23.2bn (-14.6% YoY) and GPM was at 17.1%, mainly from:

- Ambient seafood: GPM was at 19.0%, declining YoY due to high fish prices, lower sales volume and reducing freight revenue.
- Frozen and chilled seafood: GPM improved notably to 11.3%, up from 7.7% in 2022, thanks to favorable logistic costs, good inventory management and raw material prices.
- PetCare: GPM was at 20.5%, down YoY mainly from lower sales volume, unfavorable product mix, and higher cost per unit.
- Value-added and others: GPM remained healthy at 27.1%, thanks to lower raw materials prices, production efficiency improvement, and new ranges of product, offset by lower sales volume.

	GPM (%)		Gross profit (THBmn)		
	2023	2022	2023	2022	YoY
Overall	17.1%	17.5%	23,225	27,206	-14.6%
Ambient	19.0%	21.3%	12,129	14,175	-14.4%
Frozen & chilled	11.3%	7.7%	5,330	4,411	20.8%
PetCare	20.5%	26.3%	3,084	5,704	-45.9%
Value-added & others	27.1%	28.0%	2,682	2,915	-8.0%

Selling and administrative expenses

4Q23 SG&A expenses of THB 4.2bn, fell by 7.8% YoY, thanks to significant freight cost reduction of THB 339mn. In 4Q23, SG&A to sales ratio was at 11.8%, rising from 11.5% in 4Q22.

2023 SG&A expenses dropped sharply by 15.3% YoY, impacted from sales reduction, a fall in freight costs and profit protection plan. In 2023, SG&A to sales ratio declined to 12.0% vs. 12.4% in 2022.

FX Gain/Loss

Thai Union reported 4Q23 FX gains of THB 68mn (vs. FX losses of THB 468mn in 4Q22), thanks to prudent FX exposure management. 2023 FX losses of THB 236mn (vs. FX gains of THB 800mn in 2022), mainly from USD/THB exposure.

Share of income from investment in associates

4Q23 share of loss was at THB 400mn (vs. THB 313mn share of loss in 4Q22). Most of the loss contribution came from:

Red Lobster's operations in 4Q23 were at THB 552mn share of loss (THB 450mn loss from operations and THB 102mn loss from lease accounting adjustment). This was higher than THB 456mn loss contribution in 4Q22 (THB 344mn loss from operations and THB 112mn loss from lease accounting adjustment), mainly from industry headwinds, including higher material and labor costs and high interest rates.

2023 share of loss from operations was THB 818mn vs. THB 1,207mn in 2022.

Red Lobster performance

	4Q22	1Q23	2Q23	3Q23	4Q23
Share of profit/loss from operations	-344	121	-94	-395	-450
Share of profit/loss from lease accounting adj.	-112	-101	-95	-101	-102
Interest expense	-115	-138	-138	-138	-138
Income tax	222	252	134	360	303
Net income	-348	134	-193	-273	-387

The Avanti businesses contributed a lower share of profit of 76mn in 4Q23 vs. 91mn in 4Q22.

Other income

4Q23 other income was at THB 288mn vs. THB 253mn in 4Q22, mostly from higher interest income.

2023 other income was at THB 838mn vs. THB 919mn in 2022, mainly from unclaimed withholding tax expenses, partially offsetting by increasing of interest income and tax coupon.

Finance cost

4Q23 finance cost was at THB 630mn vs. THB 571mn in 4Q22, due mainly to interest rate increase as our average cost of debt has been increasing from some float rate debt portion (~21% of total debt).

2023 financial cost was at THB 2,302mn vs. THB 1,998mn in 2022.

Income tax expense

4Q23 tax credit was at THB 40mn vs. tax credit of THB 170mn in 4Q22, mostly due to US frozen profit recovery.

2023 tax credit was at THB 620mn vs. tax credit of THB 840mn in 2022.

Normalized net profit

4Q23 normalized net profit was at THB 1.2bn, growing 0.4% YoY, largely due favorable FX gains of THB 68mn in 4Q23 (vs. FX losses of THB 468mn), partially offset by lower operating profit as well as i-Tail dilution impact of THB 95mn.

Net profit margin stood at 3.5% in 4Q23 vs. 3.1% in 4Q22.

2023 normalized net profit was at THB 4.5bn, declining by 37.0% YoY (-28.0% YoY; if excluded i-Tail dilution impact). Net profit margin was at 3.3% vs. 4.6% in 2022. The decrease in net profit was mainly from lower operating profit and unfavorable items as follows: (1) FX losses of THB 236mn (vs. FX gains of THB 800mn in 2022), (2) higher finance costs, largely driven by higher interest rate, and (3) lower tax credit.

The normalized net profit referenced above excluded **one-time non-cash impairment charge from RL investment exit**

As previously disclosed, Thai Union conducted a review of Red Lobster to identify areas for operational and financial improvement. After detailed analysis, we have determined that Red Lobster's ongoing financial requirements no longer align with our capital allocation priorities and therefore pursued an exit from our minority investment.

Following the decision to exit, Thai Union recorded a one-time non-cash impairment amount to THB 18.4bn in 4Q23. In addition, RL-related transactions in 2023, mostly share of losses from operation and lease accounting, were reclassified to present under discontinued operations line under IFRS5 (assets held for sale/discontinued operations), amounting to THB 1.2bn.

Reported net profit, including RL impairment, was a loss of THB 17.2bn in 4Q23 and 13.9bn for 2023.

Financial position analysis:

As of December 31, 2023, Thai Union's total assets were at THB 165.5bn, significantly declined by 9.4% from end-2022 at THB 182.6bn, mostly driven by Red Lobster investment exit which we impaired the whole amount of investment in common shares and preferred shares.

Net inventories decreased to THB 50.5bn, falling by 4.1% from end-2022 at THB 52.6bn, explained by improved inventory management efficiency, plus favorable raw material prices, especially Skipjack tuna (-8.6% YoY), Shrimp (-13.0% YoY), and Aluminum & Steel for cans (-7.2% YoY and 16.7% YoY, respectively).

Net fixed assets were at THB 31.5bn, which was up by 4.5% from end-2022 at THB 30.1bn, driven by new factories and machineries for PetCare, Ingredients and Culinary plants and a new cold storage in Europe.

Total liabilities stood at THB 99.4bn, exhibited an increase of 5.3% from THB 94.4bn at end-2022, due mainly to higher current portion of long-term loans and long-term loans, partially offset by lower trade and other payables as well as short-term loans.

Total equity (including perpetual debentures of THB 6.0bn) was at THB 66.0bn, substantially decreasing from end-2022 at THB 88.1bn, due to Red Lobster investment exit and related one-time non-cash impairment charge recorded in the fourth quarter of 2023.

Cash Flow analysis:

In 2023, net cash receipts for operating activities amounted to THB 11.2bn. Free cash flow improved massively to THB 7.3bn, compared to THB 1.8bn in 2022, mainly come from well managed net working capital and less CAPEX spending, although EBITDA dropped from last year.

Net cash payments for investing activities were at THB 6.6bn, increasing from THB 5.4bn in the same period of last year, mainly from investments in corporate bond and payments for short-term investments.

Thai Union recorded a net cash payment from financing activities of THB 2.4bn in 2023, decreasing from cash receipts of THB 2.7bn in the same period of last year. Financing activities generated cash outflow this year, mainly due to treasury buy back and i-Tail stock

repurchase, while last year activities generated cash inflow due to net proceeds from i-Tail IPO.

Net decrease in cash and cash equivalents was at THB 2.3bn in 2023, resulting in outstanding cash and cash equivalents of THB 14.2bn as of the end of this quarter (including the impact from the use of Bank Overdraft).

Financial ratio highlights:

	4Q23	4Q22	3Q23
A/R Days	37	31	36
Inventory Days	164	139	170
Current ratio (x)	1.70	2.38	1.87
ROCE (%)	5.6%	6.8%	5.3%
ROE (%)	7.1%	11.1%	7.2%
ROA (%)	4.0%	4.9%	3.6%
ND/E (x)	0.78	0.54	0.65
ND/EBITDA (x)	4.64	3.67	5.00
Interest Coverage (x)	4.82	6.45	4.82
BV (Baht/share)	13.16	17.32	16.94

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 / 12-month rolling finance costs

BV = Total shareholders' equity / (outstanding shares – share repurchase)

Profitability ratio are calculated on normalized number, excluding one-time non-cash impairment of RL (THB 18.4bn) in 4Q23 and before IFRS5 reclassification

4Q23 profitability ratios dropped YoY compared to the same period last year with ROCE at 5.6% (vs. 6.8% in 4Q22); ROE at 7.1% (vs. 11.1% in 4Q22); and ROA at 4.0% (vs. 4.9% in 4Q22), primarily due to a decrease in equity after RL impairment.

Receivable days in 4Q23 were at 37 days, increasing from 31 days in 4Q22. Inventory days in 4Q23 were up to 164 days, from 139 days in 4Q22, due to soft sales and high position of raw materials and finished Goods.

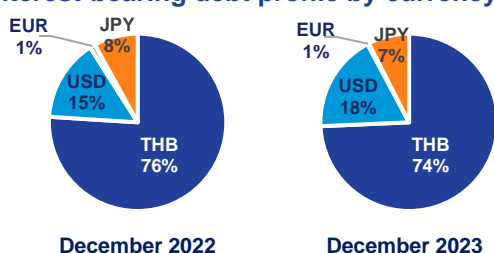
The current ratio at end-4Q23 was at 1.70x, decreasing from 2.38x at end-2022, because of a significant increase in current liabilities (+37.1% from end-2022), mostly due to the increase in current portion of bond while current assets decreased (-2.0% from end-2022).

Interest-bearing debt increased by THB 7.6bn (+12.6% from end-2022), due to an increase in current portion of long-term loans and long-term loans. As a result, 4Q23 net debt-to-equity was at 0.78x, slightly increasing from 0.54x at end-2022 but still at a strong position.

The net-debt to EBITDA ratio rose to 4.64x as of end-4Q23, from 3.67x as of end-4Q22, largely from an increase in current portion of long-term loans and long-term loans, partly offset by a decline in short-term debt.

The interest coverage ratio during 4Q23 was at 4.82x vs. 6.45x in 4Q22, largely from lower EBITDA (-13.8% YoY) and higher finance costs (+15.2% YoY).

Interest-bearing debt profile by currency:

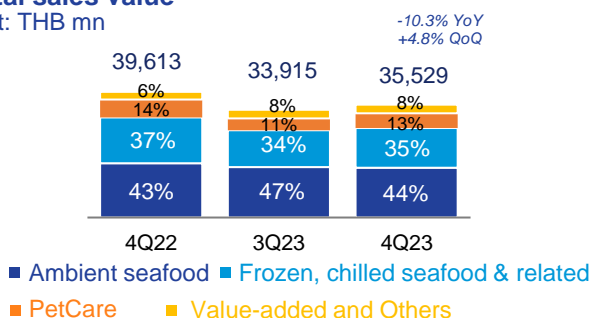


As of end-4Q23, interest-bearing debt amounted to THB 68.0bn, mainly denominated in the local currency. THB debt accounted for 74%, USD at 18%, JPY at 7%, and EUR at 1%. The amount of interest-bearing debt increased from end-2022 mainly due to an issue of Sustainability-Linked loan (SLL) in November 2023.

Overview by business category:

Total sales value

Unit: THB mn



Ambient seafood¹:

Growing demand QoQ, driven by falling tuna prices

	4Q22	1Q23	2Q23	3Q23	4Q23	2023
Value	17,086	15,225	17,136	15,851	15,693	63,905
Brand	51.2%	55.6%	59.2%	60.4%	51.0%	56.6%
PL	48.8%	44.4%	40.8%	39.6%	49.0%	43.4%
Volume	87,827	76,988	79,465	75,414	78,167	310,034

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.

4Q23 ambient seafood sales at THB 15.7bn, declining by 8.2% YoY from high baseline last year,

volume dropped by 11.0% YoY due to soft demand largely from the U.S., Africa, and domestic markets, and falling freight revenues, partially offset by higher selling prices. Demand from the Middle East market was also soft due to a USD shortage situation, which prolonged since the beginning of the year.

4Q23 GPM was at 17.4%, decreasing both YoY and QoQ as expected after a sharp drop of tuna prices.

2023 sales dropped by 3.9% YoY, mainly from 12.7% YoY volume shortfall and persisting high fish prices for nearly 3 quarters, partially offset by higher selling prices. However, OEM customers start restocking due to downtrend of tuna prices in this quarter. GPM was at 19.0%, mainly impacted by high fish prices and lower sales volumes.

Frozen, chilled seafood and related²:

Highest quarterly sales of the year with gross profit margin grew impressively to exceptional 14.4%

	4Q22	1Q23	2Q23	3Q23	4Q23	2023
Value	14,453	11,684	11,493	11,593	12,525	47,295
Brand	38.8%	38.9%	33.3%	32.9%	34.8%	35.0%
PL	61.2%	61.1%	66.7%	67.1%	65.2%	65.0%
Volume	65,352	60,768	64,034	63,231	64,786	252,819

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.

4Q23 frozen and chilled seafood sales were THB 12.5bn,

dropping by 13.3% YoY, mostly from the rightsizing of frozen business in the U.S. which vanished both sales value and volume. Additionally, key categories were also under price deflation YoY. However, sales grew by 8.0% QoQ, due mainly to strong salmon sales performance during the festive season.

4Q23 GPM grew exceptionally to 14.4%, thanks to the U.S. Frozen rightsizing strategy and favorable raw material prices.

2023 frozen and chilled seafood sales dropped by 17.0% YoY,

mainly from rightsizing strategy, softer demand in the U.S. market, and price deflation. Nevertheless, our strategy is to prioritize the U.S. frozen profitability over the size of revenue. GPM improved impressively to double digit at 11.3%.

PetCare³:

Highest quarterly sales of the year with strong margin, thanks to key customers restocking

	4Q22	1Q23	2Q23	3Q23	4Q23	2023
Value	5,568	3,495	3,169	3,773	4,622	15,059
Brand	0.2%	0.1%	0.1%	0.1%	0.7%	0.3%
PL	99.8%	99.9%	99.9%	99.9%	99.3%	99.7%
Volume	37,485	23,562	21,574	24,830	28,609	98,575

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

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

4Q23 PetCare sales reported at THB 4.6bn, dropping by 17.0% YoY, after last year's exceptional performance, volume dropped by 23.7% YoY due to inventory destocking and reduced freight revenue. However, sales show a strong recovery of 22.5% QoQ, driven by restocking from key customers, especially in the U.S. and Europe, along with price adjustment strategy and new co-creation products.

4Q23 GPM was at 23.4%, slightly improving from last year thanks to lower logistic costs as well as selling prices uplift.

2023 PetCare sales dropped by 30.6% YoY from high baseline last year and destocking issue, especially in 1H23. However, 2H23 sales and margin performance started to accelerate, and are anticipated to return to grow in the upcoming quarter (1Q2024). GPM was at 20.5%, declining YoY mainly from lower sale volume, unfavorable product mix, and higher cost per unit.

Value-added and others⁴:

Recovering sales from last year, with solid GPM

	4Q22	1Q23	2Q23	3Q23	4Q23	2023
Value	2,505	2,248	2,260	2,698	2,689	9,895
Brand	11.6%	12.7%	18.5%	19.3%	17.2%	17.0%
PL	88.4%	87.3%	81.5%	80.7%	82.8%	83.0%
Volume	53,313	48,032	45,837	48,009	43,796	185,674

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.

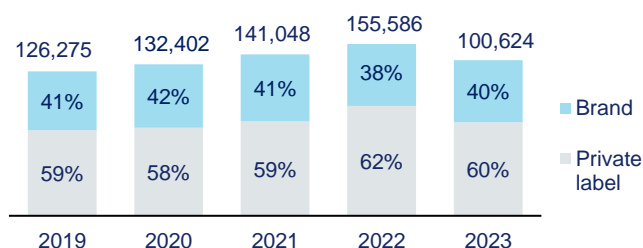
4Q23 value-added and other businesses sales stood at THB 2.7bn, increasing by 7.3% YoY mainly driven by higher selling prices, despite a drop in volume (-17.8% YoY). The drop in sales volume was largely driven by lower by-product volume with small sales value impact, and to much lower extent, packaging volume, partially offset by the growth of value-added products and ingredients as well as portfolio expansion to new customers.

4Q23 GPM dropped slightly to 26.2%, due mainly to lower GPM of value-enhancing business. However, GPM remained at the healthy level, thanks to the shift in our strategy to focus on higher margin products.

2023 value-added and others sales dropped by 5.0% YoY, decreasing from soft performance of packaging, attributed to performance of its downstream canned business, partially offset by value-added and ingredient businesses growth. GPM remained solid at 27.1%.

Sales breakdown by brand vs. private label:

Unit: THB mn



2023 branded and private-label business sales mix was at 40% and 60%, respectively.

2023 total branded sales decreased by 8.7% YoY, primarily driven by branded Frozen in US market, partially offset by growing branded ambient in Europe. While total private label sales decreased by 14.8% YoY across all categories, but largely driven by Petcare and Ambient business.

Business overview by region:

THB mn	2019	2020	2021	2022	2023
Total sales	126,275	132,402	141,048	155,586	136,153
US&Canada	40.9%	43.4%	44.5%	44.0%	40.7%
Europe	27.9%	29.0%	28.3%	26.3%	29.6%
Japan	5.8%	5.3%	5.1%	5.8%	6.0%
Thailand	11.5%	10.0%	10.3%	10.5%	11.5%
Others	13.9%	12.3%	11.8%	13.4%	12.2%

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

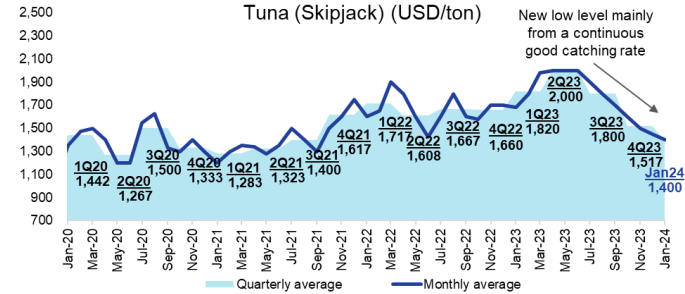
2023 sales dropped across all regions; especially in Emerging markets & the rest of the world detailed below.

Sales in North America (the U.S. and Canada) dropped by 19.0% YoY, mainly due to rightsizing of our U.S. Frozen business and weak demand from destocking issue and economic slowdown.

Sales in Europe were almost flat with last year, mainly from lower volume temporally impacted by further price increases and soft demand for PetCare, mitigated by increasing demand for value-enhancing business.

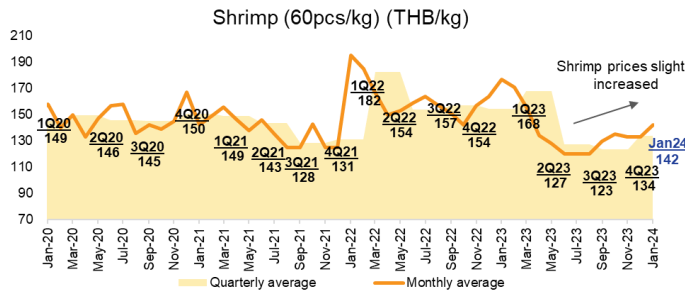
Sales in Thailand contracted by 4.4% YoY, while sales in Emerging markets & rest of the world went down substantially by 16.5% YoY from high base last year, soft demand from destocking issue, and USD currency shortage in the Middle East.

Key operating factors: Raw material prices Skipjack tuna (USD/ton)



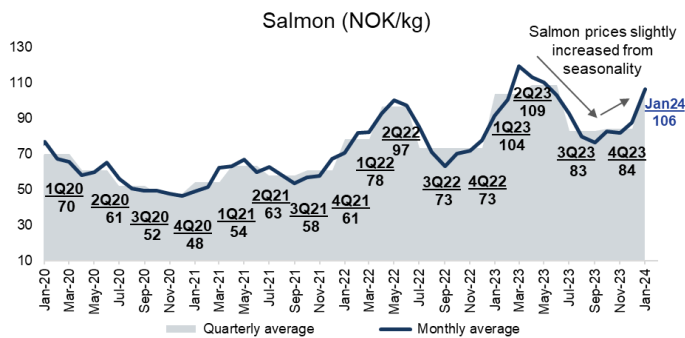
In 4Q23, avg. price was at USD 1,517/ton (-8.6% YoY, -15.7% QoQ). In Jan 2024, tuna price was USD 1,400/ton.

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



In 4Q23, avg. price was THB 134/kg (-13.0% YoY, +8.4% QoQ). In Jan 2024, shrimp price was THB 142/kg.

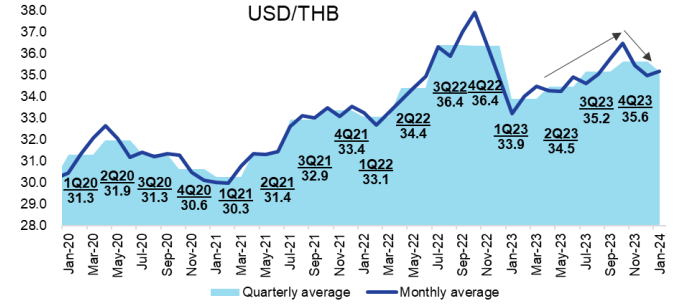
Salmon (NOK/kg)



In 4Q23, avg. price was NOK 84/kg (+14.8% YoY, +1.5% QoQ). In Jan 2024, salmon price was NOK 106/kg.

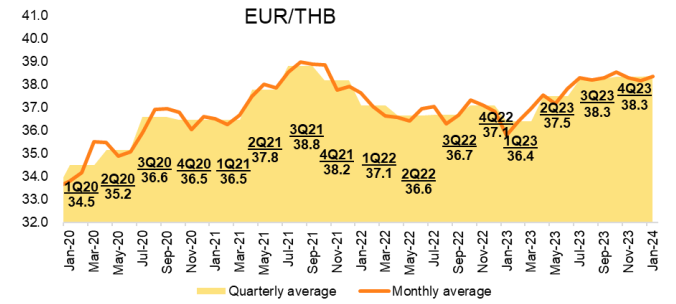
Exchange rates

USD/THB



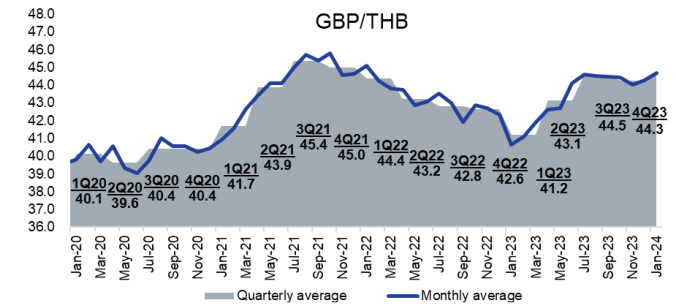
In 4Q23, avg. was THB 35.64 (-2.0% YoY, +1.4% QoQ). In Jan 2024, USD/THB was THB 35.18.

EUR/THB



In 4Q23, avg. was THB 38.34 (+3.4% YoY, +0.2% QoQ). In Jan 2024, EUR/THB was THB 38.37.

GBP/THB



In 4Q23, avg. was THB 44.25 (+3.8% YoY, -0.6% QoQ). In Jan 2024, GBP/THB closed at THB 44.70.

Key Developments

Strategic Corporate Actions in 4Q23

Ongoing CAPEX projects

- **Culinary plant** for ready-to-eat products, a brand-new plant with +38% capacity and more automation. The project was already officially launched for the non-halal side in 3Q23, and halal side is expected to be commercialized in March 2024 (~THB 1.2bn).
- **Protein hydrolysate and collagen peptide plant** construction is ongoing, with the first commercial run-on collagen line in 3Q23 and protein hydrolysate line is expected to commercialization in 2Q24 (~THB 1.1bn).
- **Wet pet food and treat plant** for PetCare business with +18.7% total capacity and new automated packing line. Expected to commercialize in 2Q24 (~THB 2.1bn).
- **Ambient tuna cold storage in Ghana** to save cost on external renting cost and reduces the dependency from supplies, as well as energy savings. Expected to be completed in March 2024 (~THB 0.6bn).

New innovative product launched

- **King Oscar launched a new range of fish pates** available in Poland. Spread on, dip in, or mix through, our easily spreadable pates are versatile and ready for any occasion.
- **Laguna, part of the King Oscar family, is launching a plant-based tuna range** in Poland available in three flavors.

Sustainability

To become the world's leading marine health & nutrition company

- Thai Union committed to [Ocean Breakthroughs and Transforming Food Systems Initiatives](#) at the UN Climate Conference in Dubai, reinforcing the Company's commitments to sustainable practices and responsible stewardship of the planet's resources.

- [Thai Union successfully launched THB 11.5bn Sustainability-Linked loan \(SLL\) #2](#), completed in November 2023, covering sustainable finance issued in 2023 – 2025 with a target of increasing sustainability-linked finance 75% of TU's long-term financing by 2025.

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

2024 Financial target:

Sales	Increase 3-4% YoY growth
GPM	~ 17.0 - 18.0%
SG&A to sales	~ 11.0 - 12.0%
Effective interest rate	Increase 0 - 0.5%
CAPEX	~ THB 4.0 - 4.5bn
Dividend Policy	At least 50% dividend payout ratio

Thai Union's 2024 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.

Key risk factors

External factors, including but not limited to, economic slowdown, geopolitical tensions, tightened monetary policy, and concerns over climate change

Inflation downtrend in the U.S., Europe, and Thailand in December 2023 (US +3.4%, EU +2.9%, TH -0.8% YoY)

Expected positive impact in EU since the purchasing power partially regains. However, for the U.S., inflation increase may negatively effect to us from lower demand, especially in food service business. Nonetheless, demand for ambient tends to increase since it's considered affordable goods.

Our solutions to strengthen Group margin expansion are the followings:

- Reinforce profit protection plan measures to improve profitability.
- 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.

4Q23 Statement of Income

(Unit: THB mn)	Consolidated								
	4Q23	4Q23	% to sales	4Q22	% to sales	3Q23	% to sales	4Q23	4Q23
	Reported number	Normalized number						4Q22	3Q23
Sales	35,529	35,529	100%	39,613	100%	33,915	100%	-10.3%	4.8%
Cost of sales	(29,201)	(29,201)	-82.2%	(32,744)	-82.7%	(27,682)	-81.6%	-10.8%	5.5%
Gross profit	6,327	6,327	17.8%	6,868	17.3%	6,233	18.4%	-7.9%	1.5%
SG&A expenses	(4,173)	(4,173)	-11.7%	(4,484)	-11.3%	(4,044)	-11.9%	-6.9%	3.2%
Bad debts and doubtful account expense	(33)	(33)	-0.1%	(77)	-0.2%	(30)	-0.1%	-56.7%	10.7%
FX gain (loss)	68	68	0.2%	(468)	-1.2%	(268)	-0.8%	-114.4%	-125.2%
Other income	269	288	0.8%	253	0.6%	195	0.6%	13.9%	47.9%
Share of profit from investments in assoc. & JVs	819	(400)	-1.1%	(313)	-0.8%	(234)	-0.7%	-27.6%	-70.7%
EBIT	3,277	2,077	5.8%	1,779	4.5%	1,851	5.5%	16.8%	12.2%
Finance cost	(630)	(630)	-1.8%	(571)	-1.4%	(589)	-1.7%	-10.4%	-6.9%
EBT	2,647	1,447	4.1%	1,208	3.1%	1,261	3.7%	19.8%	14.7%
Tax	40	40	0.1%	170	0.4%	140	0.4%	76.4%	71.5%
Profit (Loss) from discontinued operarion	(19,633)	-	0.0%	-	0.0%	-	0.0%	0.0%	0.0%
Net income	(16,945)	1,487	4.2%	1,378	3.5%	1,402	4.1%	7.9%	6.1%
Net income (loss) attributable to:									
Equity holders of the Company	(17,189)	1,243	3.5%	1,238	3.1%	1,206	3.6%	0.4%	3.1%
Non-controlling interests	244	244	0.7%	140	0.4%	196	0.6%	74.2%	24.5%
Earnings per share									
Basic earnings per share	(3.88)	0.26		0.25		0.25		4.8%	3.3%
Exchange rate									
THB/USD	35.65	35.65		36.38		35.17		-2.0%	1.4%

Remark: Normalized operation excluded THB 18.4bn one-time non-cash impairment of RL and IFRS 5 reclassification.

FY2023 Statement of Income

(Unit: THB mn)	Consolidated					
	2023	2023	% to sales	2022	% to sales	2023
Reported number	Normalized number	2022				2022
Sales	136,153	136,153	100%	155,586	100%	-12.5%
Cost of sales	(112,928)	(112,928)	-82.9%	(128,380)	-82.5%	-12.0%
Gross profit	23,225	23,225	17.1%	27,206	17.5%	-14.6%
SG&A expenses	(16,313)	(16,313)	-12.0%	(19,155)	-12.3%	-14.8%
Bad debts and doubtful account expense	(59)	(59)	0.0%	(178)	-0.1%	-67.0%
FX gain (loss)	(236)	(236)	-0.2%	800	0.5%	-129.5%
Other income	819	838	0.6%	919	0.6%	-8.9%
Share of profit from investments in assoc. & Jvs	679	(540)	-0.4%	(1,030)	-0.7%	47.6%
EBIT	8,115	6,915	5.1%	8,561	5.5%	-19.2%
Finance cost	(2,302)	(2,302)	-1.7%	(1,998)	-1.3%	-15.2%
EBT	5,813	4,613	3.4%	6,564	4.2%	-29.7%
Tax	620	620	0.5%	840	0.5%	26.2%
Profit (Loss) from discontinued operarion	(19,633)	-	0.0%	-	0.0%	-
Net income	(13,200)	5,232	3.8%	7,403	4.8%	-29.3%
Net income (loss) attributable to:						
Equity holders of the Company	(13,933)	4,499	3.3%	7,138	4.6%	-37.0%
Non-controlling interests	733	733	0.5%	265	0.2%	176.3%
Earnings per share						
Basic earnings per share	(3.19)	0.93		1.47		-36.5%
Exchange rate						
THB/USD	34.81	34.81		35.06		-0.7%

Remark: Normalized operation excluded THB 18.4bn one-time non-cash impairment of RL and IFRS 5 reclassification.

Statement of Financial Position

(Unit: THB mn)	2023	% to total assets	2022	% to total assets	Change
Cash and cash equivalents*	16,451	9.9%	13,029	7.1%	26.3%
Trade and other receivables - net	16,031	9.7%	17,525	9.6%	-8.5%
Inventories - net	50,482	30.5%	52,622	28.8%	-4.1%
Other current assets	2,866	1.7%	4,449	2.4%	-35.6%
Total current assets	85,829	51.9%	87,625	48.0%	-2.0%
Fixed assets	31,453	19.0%	30,102	16.5%	4.5%
Investments	10,817	6.5%	28,342	15.5%	-61.8%
Goodwill and other intangible assets	29,858	18.0%	29,263	16.0%	2.0%
Other non-current assets	7,493	4.5%	7,238	4.0%	3.5%
Total Assets	165,450	100%	182,569	100%	-9.4%
Bank overdrafts and short-term loans	8,587	5.2%	9,711	5.3%	-11.6%
Trade and other payables	18,798	11.4%	22,018	12.1%	-14.6%
Current portion of long-term loans	20,153	12.2%	2,521	1.4%	699.3%
Other current liabilities	2,935	1.8%	2,574	1.4%	14.0%
Total current liabilities	50,473	30.5%	36,824	20.2%	37.1%
Long-term loans	39,248	23.7%	48,125	26.4%	-18.4%
Other non-current liabilities	9,712	5.9%	9,489	5.2%	2.4%
Total Liabilities	99,433	60.1%	94,438	51.7%	5.3%
Non-controlling interests of the subsidiaries	7,389	4.5%	7,489	4.1%	-1.3%
Total Shareholders' Equity	66,017	39.9%	88,131	48.3%	-25.1%
Total liabilities and shareholders' equity	165,450	100%	182,569	100%	-9.4%

*Including short-term investment

Cash Flow Statement

(Unit: THB mn)	Consolidated		
	2023	2022	Change
Profit before income tax	(13,820)	6,564	(20,384)
Adjustments for depreciation & amortisation expenses	4,191	4,324	(133)
Other adjustments	22,003	3,494	18,509
Changes in operating assets and liabilities	(326)	(7,551)	7,225
Cash flows receipts from operating activities	12,048	6,831	5,217
Net cash receipts (payments) from operating activities	11,241	5,871	5,370
Net cash payments for investing activities	(6,579)	(5,415)	(1,164)
Net cash receipts (payments) for financing activities	(2,405)	2,742	(5,147)
Net increase (decrease) in cash and cash equivalent	2,258	3,198	(940)
Cash and cash equivalents - opening balance	12,022	8,828	3,194
Exchange gain (loss) on cash and cash equivalents	(47)	(4)	(43)
Cash and cash equivalents (net bank overdraft) - closing balance	14,233	12,022	2,211
CAPEX	4,742	5,039	(297)
Free Cash Flows	7,306	1,792	5,514