

3Q19: Weak top line from FX hindered an otherwise recovering gross margin

Revenue

3Q19 sales declined by 6.8% YoY to THB 31,838mn. This was driven mainly by Thai Baht appreciation against all key trading currencies (USD -6.9% YoY; EUR -11%; GBP -12%).

Excluding FX impact, sales would reported a slight decline of 1.3%, despite strong sale volume growth of 3.8%, due to key raw material prices decrease (average 3Q19 tuna price at USD1,217/ton, down 17% YoY, and shrimp price at THB143/kg, down 9.5% YoY).

9M19 sales was down 4.0% YoY to THB93,421mn, driven mainly by FX impact (-0.5% YoY excluding FX).

Gross profit

Despite improving gross margin at 15.9%, up 12 bps YoY from gross margin recovery in both frozen and PetCare businesses, gross profit was at THB 5,077mn, down 6.1% YoY from weak sales. OEM export tuna business margin down on volatile tuna price.

9M19 gross profit was THB 14,822mn, up 9.5% YoY.

Operating profit

3Q19 operating profit was at THB 1,516mn, down 18.8% YoY, mostly due to lower gross profit. On absolute basis, 3Q19 SG&A expense increased only 0.6% YoY from higher marketing costs to support innovation and new product launches. However, with decreased sales, SG&A-to-sale ratio was at 11.2%, vs 10.4% during 3Q18.

9M19 operating profit of THB4,105mn, up 29.4% YoY

Net profit

Non-operating items were collectively stable YoY with improved other income and share of profit offset by lower FX gains and higher tax expenses. As a result, TU reported 3Q19 net profit of THB 1,374mn, down 20.6% YoY.

9M19 net profit was at THB 4,160mn up 4.8% YoY.

Remark: Excluding one-time net accrual for US legal-related settlement of THB1,402mn (2Q19) and THB1,359mn (2Q18), EScO business closure-related expenses of THB489mn (2H18) and TMAC investment impairment

Cash flow and ND/E

With efficient inventory management and stable operations, 3Q19 free cash flow (FCF) was at THB 1,085mn, stable over the past three quarters. TU's

Stock Information

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

Share price (04/11/2019)	THB 13.90
Historical price:	
52-week high	THB 17.00
52-week low	THB 16.60
No. of shares:	4,771.8m
Par value:	THB 0.25
Market Cap.	THB 66.3bn
Avg. value trade/day (YTD)	THB 275.9mn

Major shareholders (30/09/2019)

Chansiri Family	19.49%
Thai NVDR Co., LTD.	11.98%
Mitsubishi Corporation	7.29%
Niruttinanon Family	6.87%
Social Security Office	4.40%

Business overview

Thai Union Group PCL (TU) is one of the world's largest seafood player. TU owns leading brands portfolio in key markets and global sourcing, production and distributing networks. TU's key products are canned tuna and frozen shrimp. TU also produces for external customers through its private label business. 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.

Key financial figures*

Unit: THB mn	3Q19	3Q18	2Q19
Sales	31,838	34,169	32,214
Gross profit	5,077	5,407	5,364
EBITDA	3,182	3,253	3,271
Net profit	1,374	1,731	1,513
EPS (THB)	0.29	0.36	0.32
GPM (%)	15.9%	15.8%	16.7%
NPM (%)	4.3%	5.1%	4.7%
ND/E (x)	1.43	1.40	1.38
ROCE (%)	9.6%	9.9%	9.9%
ND/EBITDA (x)	5.06	4.92	4.85

*Remark: *Restated according to financial statement reported as November 2019*

end-3Q19 net debt-to-equity ratio was at 1.43x, still below the net D/E covenant of 2.0x.

Financial Statements Analysis:

Unit: THB mn	3Q19	3Q18	YoY	2Q19	QoQ
Sales	31,838	34,169	-6.8%	32,214	-1.2%
COGS	(26,762)	(28,762)	-7.0%	(26,850)	-0.3%
GP	5,077	5,407	-6.1%	5,364	-5.4%
SG&A	(3,561)	(3,540)	0.6%	(3,794)	-6.1%
FX gain (loss)	78	128	-39.3%	164	-52.5%
Other income	473	373	26.8%	498	-5.0%
Share of profits from investments in assoc. & JVs	201	142	41.4%	110	82.5%
EBIT	2,267	2,510	-9.7%	2,342	-3.2%
Finance cost	(508)	(501)	1.4%	(516)	-1.5%
EBT	1,759	2,009	-12.4%	1,826	-3.6%
Tax	(278)	(146)	90.4%	(196)	42.1%
Net income	1,374	1,731	-20.6%	1,513	-9.2%
EPS	0.29	0.36	-20.6%	0.32	-9.2%
FX: USD/THB	30.71	32.97	-6.9%	31.59	-2.8%
GPM	15.9%	15.8%		16.7%	
%SG&A/Sales	11.2%	10.4%		11.8%	
NPM	4.3%	5.1%		4.7%	

In 3Q19, Thai Union reported a challenging sales at THB 31,838mn, down 6.8% YoY. The sales decline was attributable to both a significant appreciation of THB against key currencies and a decline in key raw material prices. Excluding just the foreign currency impact, 3Q19 would have been down by only 1.3% YoY.

Despite to gross margin improvement in frozen, PetCare and branded ambient seafood businesses that support 15.9% gross margin (vs 15.8% during 3Q18), weak sales prompted a gross profit decline YoY.

For the year-to-date operation performance, the Company still delivered a solid improvement with 9M19 normalized operating profit of THB 4,105mn, up 29.4% YoY and net profit of THB 4,160mn, up 4.8% YoY.

Sales

3Q19 sales declined by 6.8% YoY to THB 31,838mn. The sales decline was attributable to both a significant appreciation of THB against all key trading currencies (USD -6.9% YoY; EUR -11%; GBP -12%) and a decline in key raw material prices (average 3Q19 tuna price at USD1,217/ton, down 17% YoY, and shrimp price at THB143/kg, down 9.5% YoY). Excluding just the foreign currency impact, 3Q19 would have been down by only 1.3% YoY. This was a result of increasing overall sales volume (+3.8% YoY) as Frozen and Chilled Seafood and other Businesses segment delivered sales volume growth

15.2% YoY. PetCare, Value-added and Others segment also delivered sales volume growth YoY.

9M19 sales was down 4.0% YoY to THB 93,421mn, driven partly by the THB appreciation against key trading currencies and partly to falling raw material prices. Excluding just the impact of currency, 9M19 sales would have been slightly decline by 0.5% YoY.

Gross profit

The company reported 3Q19 gross profit margin of 15.9%, compared to 15.8% recorded during 3Q18. The margin improvement was mainly attributable to both frozen and PetCare businesses, and to the lesser extend the branded ambient seafood businesses. However, with a negative sales growth, the company reported 3Q19 gross profit of THB 5,077mn, down 6.1% YoY.

9M19 gross profit was at THB 14,822mn, up 9.5% YoY, resulted from key material price decline from the previous year during 9M18 despite FX volatility.

Selling and administrative expenses

3Q19 SG&A expenses increased 0.6% YoY on absolutely basis, partly due to an increased marketing spending to launch new products and stimulate sales. The SG&A-to-sales ratio was at 11.2%, up from 10.4% during 3Q18, which was mostly driven by weak sales during the quarter. As a result, the operating profit was THB 1,516mn, down 18.8% YoY.

9M19 normalized SG&A to sales ratio was at 11.5%, up from 10.7% a year ago. The increase in ratio was partly attributable to an increase in labor provision during 2Q19, increased marketing expenses, and sales decline as a result of foreign exchange volatility.

However, the 9M19 normalized operating profit was THB 4,105mn, up 29.4% YoY, from overall operation improvement.

FX Gain/Loss

During 3Q19, the company recorded FX gains of THB 78mn, compared with the gains of THB 128mn a year ago. FX gains normalized during 3Q19 was partly as a result of hedged accounting practices adopted during early 2019.

Share of income from investment in associates

3Q19 Share of income from investment in associates was at THB 201mn, up from THB 142mn recorded during 3Q18. The improvement was due to the

Remark: Excluding one-time net accrual for US legal-related settlement of THB1,402mn (2Q19) and THB1,359mn (2Q18), ESCO business closure-related expenses of THB489mn (2H18) and TMAC investment impairment of THB 87mn (4Q18).

operational recovery from key investments, namely Avanti Feeds in India.

As a result from such overall operation improvement from affiliate companies, 9M19 share of income was at THB 658mn, up 35.1% YoY, from THB 487mn in 9M18.

Other incomes

3Q19 other incomes were at THB 473mn, up by 26.8% YoY from THB 373mn recorded a year ago. The other income recorded during 3Q19 was relatively stable over the past 4 quarters.

9M19 other incomes was at THB 1,468mn, down from THB 1,543mn in 9M18, due largely to an absence of the insurance claim that occurred during 2Q18. Interest income received from the Red Lobster investment in convertible preferred units portion remained stable from the same period last year.

Finance cost

3Q19 finance cost slightly increased 1.4% YoY to THB 508mn (from THB 501mn during 3Q18). 3Q19 effective interest cost stood at 3.13%, up from 3.07% in 3Q18. 3Q19-end interest bearing debt slightly increased by 0.6% (or THB 397mn) from 3Q18-end debt.

9M19 finance cost was at THB 1,552mn, up 3.3% YoY. The increase was mainly driven by an increase in effective interest rate to 3.19%, from 3.03% during 9M18.

Income tax expense

3Q19 income tax expense was THB 278mn, from the tax expense of THB 146mn during 3Q18. Tax expenses increased in correspondent to improved gross margin. 3Q19 effective tax rate was at 15.8%, versus 7.28% during 3Q18.

9M19 normalized income tax expense increased to THB 502mn (from THB 224mn accrued in 9M18). The increase was mainly contributable to a improved underlying operation during the period. 9M19 effective tax rate was 10.0%, versus 4.8% in 9M18.

Net profit

TU reported 3Q19 net profit of THB 1,374mn, down 20.6% YoY and 9.2% QoQ. The decline was mostly driven by weak sales as a result of FX volatility, despite improve gross margin on consolidated basis.

3Q19 net profit margin was 4.3%, down from 5.1% a year ago.

Excluding the net impact of the accrual for US legal settlement of THB 1,402mn, 9M19 normalized net profit was at THB 4,160mn, up 4.8% YoY, mostly due to the profitability improvement from frozen and PetCare businesses. 9M19 normalized net profit margin was 4.5%, compared to 4.1% in 9M18.

Financial position analysis:

As of 30 September 2019, Thai Union's total assets were THB 139,323mn, down 2.2% from THB 142,474mn at the end of 2018, mainly due to improved net working capital, notably lower inventory and account receivables. Despite decreasing sales by 6.8% YoY, Thai Union's 3Q19 inventory days was at 125 days, which was unchanged from the same period of 2018.

Net inventories fell by 3.7% from 2018-end to THB 36,951mn, partly due to a decrease in raw material price and efficient working capital management.

Trade and other receivables were at THB 15,462mn, down from end-2018 level of THB 15,968mn, due to better collection efficiency and partly due to lower sales.

3Q19-end total non-current assets was at THB 82,868mn, which was quite stable from end-2018 at THB 83,467mn from normal capital expenditure activities.

Total current liabilities recorded an increase of 4.4% from end-2018 to THB 45,734mn as at end-3Q19. The main increase was due to the rising short-term debt.

Total liabilities decreased by 2.2% (THB 2,158mn) to THB 94,144mn at end-3Q19, on account of usual debt repayment despite 3Q19 free cash flow was burdened by anti-trust settlement payments. Also, lower account payable from lower raw material price (-6.8% from end-2018) was the part of declining total liabilities.

Total shareholders' equity excluding minority interest decreased by 2.6% from end-2018 to THB 41,794mn as the company continued to pay cash dividend of THB 1.2bn in September 2019, totaling THB 1.9bn for the year. Moreover, there was THB 770mn of equity loss from FX translation impact.

Remark: Excluding one-time net accrual for US legal-related settlement of THB1,402mn (2Q19) and THB1,359mn (2Q18), ESCo business closure-related expenses of THB489mn (2H18) and TMAC investment impairment of THB 87mn (4Q18).

Cash Flow analysis:

During 3Q19, net cash receipts from operating activities were THB 6,749mn. Positive cash flow was driven mostly by profitable operations (EBITDA: THB 3,182mn in 3Q19). Moreover, efficient working capital management have also eased the pressure on working capital requirement from lower inventory. With decreasing sales (-6.8% YoY), 3Q19 inventory value also declined by 3.7% from 2018-end. 3Q19 net working capital days were at 109 days, remained stable at 109 days during 3Q18.

Net cash payments for investing activities were THB 3,366mn, mainly from the regular capital expenditure during 3Q19.

Thai Union recorded net cash payment for financing activities of THB 3,931mn during 3Q19, largely from dividend payment during the period and usual debt repayment.

Net decrease in cash and cash equivalents, including exchange losses, was at THB 757mn resulting with the end-3Q19 cash and cash equivalents of THB 829mn (including the impact from the use of Bank Overdraft).

Financial ratio highlights:

	3Q19	3Q18	2Q19
A/R Days	35	34	34
Inventory Days	125	125	124
Current Ratio (x)	1.23	1.32	1.24
ROCE (%)	9.6%	9.9%	9.9%
ROE (%)	13.0%	16.2%	14.1%
ROA (%)	6.5%	7.0%	6.7%
ND/E (x)	1.43	1.40	1.38
ND/EBITDA (x)	5.06	4.92	4.85
Interest Coverage (x)	4.46	5.01	4.54
BV (Baht/share)	8.76	8.90	8.91

Remark:

Current ratio = Total current assets / total current liability

ROCE = Annualized EBIT / Average capital employed

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

ROE = Annualized quarterly net profit / average total shareholders' equity

ROA = Annualized quarterly EBIT / average total assets

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

Debt/EBITDA = Interest-bearing debt / EBITDA

Interest coverage = EBIT / interest expense

BV = Total shareholders' equity / outstanding shares

Receivable days as of 3Q19 slightly increased to 35 days, compared to 34 days during 3Q18. As, the company continue showing the consistency on its collection efficiency despite decreasing sales YoY.

Inventory days during 3Q19 remained at 125 days, compared to the previous year, resulted from declined raw material prices and a more efficient inventory management, resulting in inventory value delined 7.6% when compared to end-3Q18.

The current ratio at end-3Q19 was at 1.23 times versus 1.32 times at 3Q18, mainly from falling inventory value as a result of falling raw material price.

3Q19 ROCE was at 9.6%, from 9.9% in 3Q18, attributable to a lower profitability, despite average capital employed as of 3Q19 decreased by 6.9% from 3Q18 level to THB 94,098mn due to long-term debt repayment.

Interest-bearing debt decreased by THB 734mn from end-2018 (down 1.1%). Anywise, due to equity loss from dividend payment and FX translation impact, the reported net debt-to-equity was at 1.43 times, up from the end-2018 level of 1.39x (1.35x prior to an adoption of TFRS 9&16).

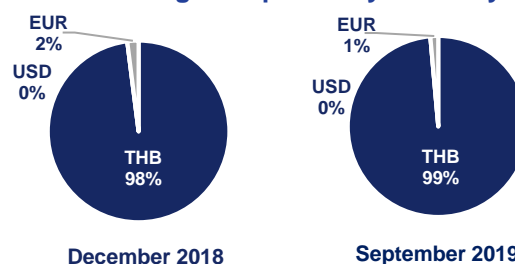
However, the ratio remained well below the debt covenant ratio of 2 times, thus post no near-term risk for our operations.

The company continues maintaining a strong cash flow generation ability, enabling it to repay some debt during the quarter.

3Q19 net debt to EBITDA ratio increased to 5.06 times, from 4.92 times in 3Q18 caused by lower EBITDA of 2.2% amid net debt remained stable from the same period last year.

Interest coverage ratio during 3Q19 was at 4.46 times, down from 5.01 times in 3Q18, mostly due to lower operating profit (-18.8% YoY).

Interest-bearing debt profile by currency:

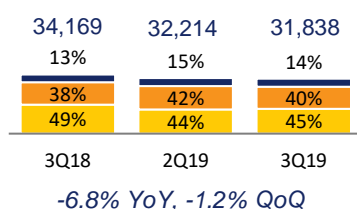


As of end-3Q19, interest-bearing debts were at THB 65,226mn, mainly denominated in the local currency. THB debts accounted for 99%, while EUR debts was 1% of total interest-bearing debt.

Business overview by business unit:

Total sales value

Unit: THB mn



- Ambient seafood
- Frozen, chilled seafood & related
- PetCare, value added & others

Ambient seafood¹:

Weak sales attributed to FX and lower raw material prices

	3Q18	4Q18	1Q19	2Q19	3Q19
Value	16,806	14,994	13,456	14,031	14,466
Brand	56.1%	50.4%	58.2%	59.3%	57.5%
PL	43.9%	49.6%	41.8%	40.7%	42.5%
Volume	93,236	88,841	79,973	78,018	90,353

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

Remark: PL stands for Private Label business

3Q19 ambient sales declined 14% YoY, mostly attributable to Thai Baht appreciation against key currencies and falling raw material price (3Q19 average tuna price of USD1,217/ton, down 17.0% YoY). Gross profit also declined 18% YoY along weak sales.

Weak sales were partly attributed to the depreciating US and EU currencies, which has caused food price inflation and lower consumption in the EU market. However, the branded ambient seafood segment continue to deliver margin improvement YoY.

Lower tuna raw material price (-17% YoY) also contributed to lower sales despite marginal volume sales decline (-3.1% YoY)

While branded ambient seafood business still delivered margin improvement YoY, the segment gross profit margin was at 18.0%, down from 18.9% in 3Q18 due to weak ambient OEM business margin as a result of falling tuna price.

Frozen, chilled seafood and related²:

Solid growth business

	3Q18	4Q18	1Q19	2Q19	3Q19
Value	13,031	15,651	11,529	13,435	12,768
Brand	36.1%	35.2%	34.7%	37.6%	35.6%
PL	63.9%	64.8%	65.3%	62.4%	64.4%
Volume	63,443	67,552	61,862	68,504	73,084

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

3Q19 frozen and chilled seafood sales volume up 15.2% YoY, driven by shrimp and lobster sales volume growth.

However, with USD depreciation and raw material price decline (shrimp -9.5% YoY; salmon -4.1% YoY), the segment reported sale was down 2.0% YoY.

Gross profit margin was at 11.4%, up from 10.3% during 3Q18, mainly attributed to margin recovery in salmon and lobster businesses.

PetCare, value-added and others³:

Steadily growing segment

	3Q18	4Q18	1Q19	2Q19	3Q19
Value	4,332	5,367	4,384	4,747	4,604
Brand	9.4%	7.0%	12.2%	13.5%	7.7%
PL	90.6%	93.0%	87.8%	86.5%	92.3%
Volume	67,126	73,769	67,838	67,508	68,874

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

PetCare and valued added sales increased 6.3% YoY, on the back of sales volume increase 2.6% over the same period.

Pet food business delivered a solid sales growth, driven mainly by sales volume.

Value-added products and others segment delivered sales growth partly attributable to the marine ingredient business.

Gross margin has improved due to strong sales growth and growing value-added product sales mix.

Remark:

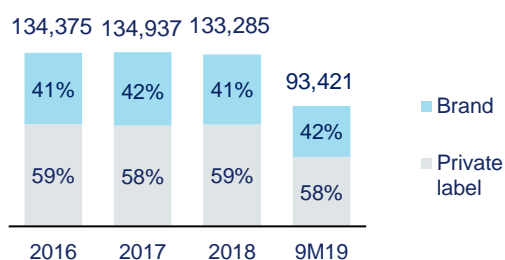
¹ Ambient seafood business includes entire tuna, entire sardine & mackerel and ambient & pouch salmon businesses

² Frozen, chilled seafood and related business 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

³ PetCare, value added & others business includes PetCare, value-added businesses (Ready-to-Eat products, maguro & cephalopod sashimi, local products, bakery products and snack)

Sales breakdown by brand vs. private label:

Unit: THB million



9M19 branded sales mix at 42% (compared to 41% during 2018), private label sales contributing remaining 58% of 9M19 sales

9M19 total branded sales decreased 3.1% YoY, as majority of the branded sales are contributed from the US and Europe, thus affected by THB appreciation, despite branded volume sales continued to grow 4.0% YoY.

9M19 private label sales was down 4.6% YoY due mainly to a decline in key raw material prices YoY.

Business overview by region:

THB Mn	2016	2017	2018	9M19
Total sales	134,375	134,937	133,285	93,421
USA	39.4%	38.8%	37.7%	38.4%
Europe	32.5%	30.8%	30.4%	29.7%
Japan	6.4%	6.3%	5.7%	5.2%
Domestic	8.3%	9.2%	10.5%	12.5%
Others	13.4%	14.9%	15.7%	14.3%

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

9M19 Sales contribution in key markets shifted in favor of domestic market.

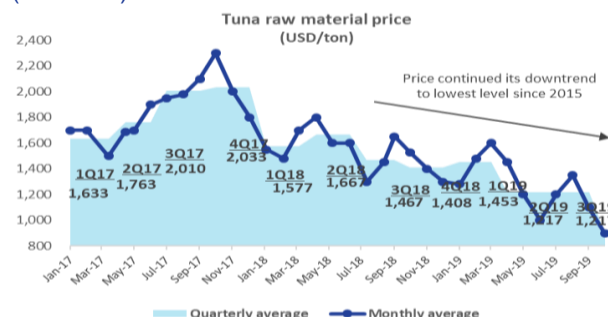
TU focused on domestic market, resulted in 19% sales growth YoY.

US and Europe sales contribution shrunk mainly due to all key trading currencies, USD, EUR and GBP depreciating against THB in 9M19.

Key operating factors:

Raw material prices

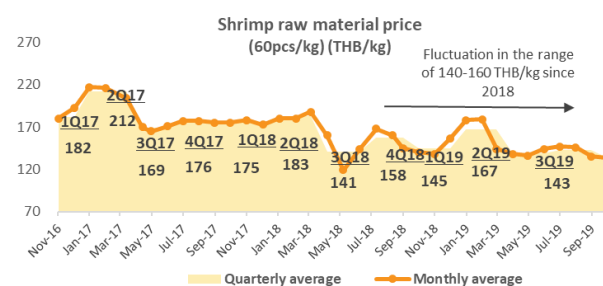
Skipjack tuna (USD/ton)



In October 2019, tuna price closed at USD 900/ton. In 3Q19 average price was at USD 1,217/ton (-17.0% YoY, +0.0% QoQ).

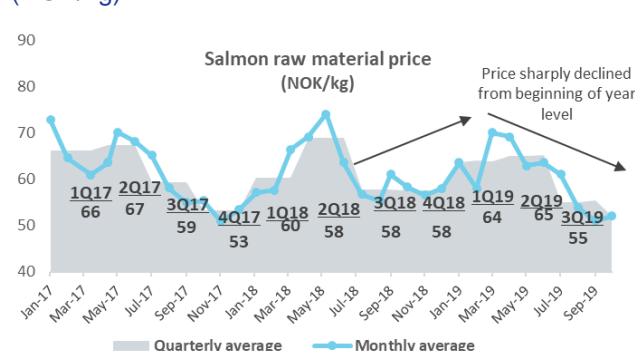
White shrimp (THB/kg. of 60 pieces/kg)

(THB/kg. of 60 pieces/kg)



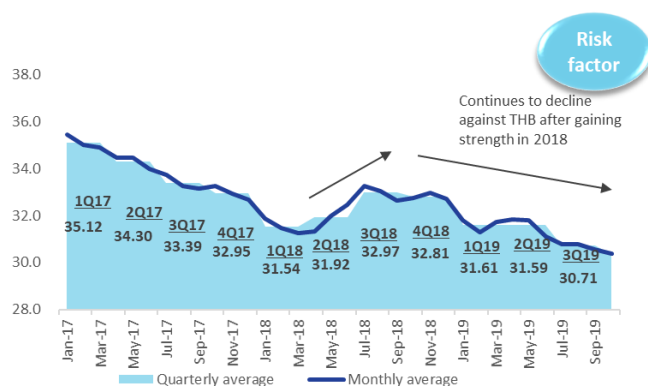
In October 2019, shrimp price closed at THB 134/kg. In 3Q19, average price was at THB 143/kg (-9.5% YoY, +2.0% QoQ).

Salmon (NOK/kg)



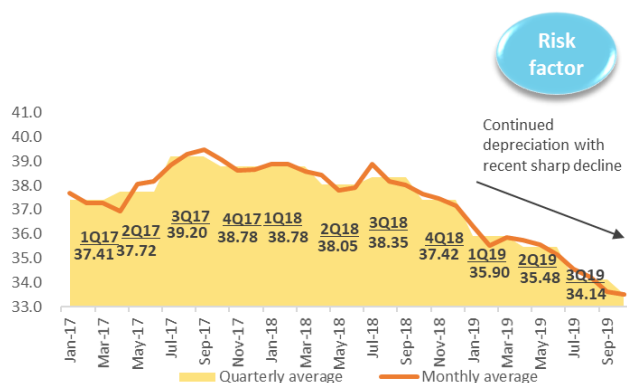
In October 2019, salmon price closed at NOK 51/kg. In 3Q19, average price was at NOK 55/kg (-4.1% YoY, -15.1% QoQ).

Exchange rates USD/THB



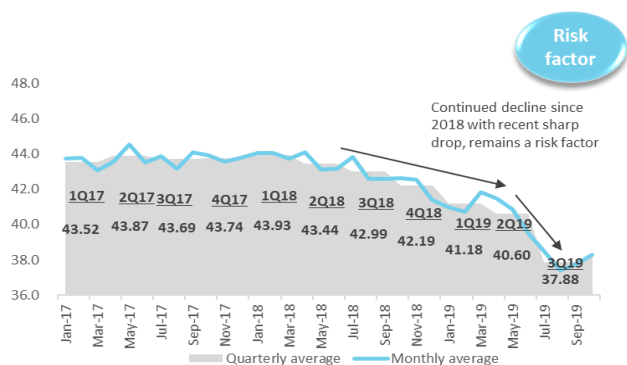
In October 2019, USD/THB closed at THB 30.37. In 3Q19, average USD/THB was at THB 30.71 (-6.9% YoY, -2.8% QoQ).

EUR/THB



In October 2019, EUR/THB closed at THB 33.52. In 3Q19, average EUR/THB was at THB 34.14 (-11.0% YoY, -3.8% QoQ).

GBP/THB



In October 2019, GBP/THB closed at THB 38.30. In 3Q19, average GBP/THB was at THB 37.88 (-11.9% YoY, -6.7% QoQ)

Key developments

Progress in Litigations:

John West cleared of IUU fishing charges

- 31 October 2019 – John West announced that Not Guilty verdicts were declared on doing business directly connected to illegal, unreported and unregulated (IUU) fishing.
- CPS offered no evidence against John West, the Court entered verdicts of Not Guilty on all counts.
- Throughout the process, John West fully cooperated with MMO and investigators and has been fully transparent with them.
- This conclusion is a positive proof of Thai Union's commitment to transparent business practices.
- Thai Union continues to offer good quality, tasty, fully traceable seafood to consumers around the world.

Corporate Action:

Successfully issued THB 6bn senior debentures

- 30 October, 2019 – Thai Union issued THB 6bn senior debentures (THB 4bn at 3.00% and THB 2bn at 2.88%) with average financing cost of 2.93%, average life of 9 years.
- Over 20 institutional investors participated in the bookbuilding, which was 3.5x over-subscribed.

Thai Union Feedmill, an IPO candidate for 2020

- Thai Union Feedmill (TFM) has submitted IPO filing to the Securities Exchange Commission (SEC).
- The aquatic animal feed producer has continuously grown in net sales value on average of 4.8% over the past 3 years, with high net profit margin and good production formula.
- Diversified product portfolio, from aquatic animal to livestock feed, with a keen focus on innovation. FeedKind® sustainable alternative protein for shrimp feed.
- Future growth from overseas expansion into growing Indonesian aquaculture industry with leading Indonesian frozen food, PT MSK, and

leading Indian aqua feedmill, Avanti Feed. Plans to start operation in late 2020.

Thai Union does not foresee an impact from rescind of GSP benefits for Thailand to US

- 27 October, 2019 – Thai Union released a statement that United States Trade Representative (USTR)'s decision to rescind GSP eligibility for some Thai seafood imports to US will not impact its business and operations.
- Due to specific classifications, Thai Union's key import products to US, including tuna and shrimp, do not benefit from GSP scheme.

Strategic Investments:

Thammachart Seafood paves way for food service business, targets Bangkok's growing fine dining space

- Thammachart Seafood has continued to expand into food service, offering a wide range of fresh, sustainable seafood and other solutions to high-end restaurants in Bangkok, Thailand.
- Current restaurant partners include Mandarin Oriental Hotel Group, the Peninsula Hotels, Sühning, le Normandie, Marriott, and many others.
- Thai Union made a strategic investment in 2018 to Thammachart Seafood, Thailand's leading premium seafood importer, and currently owns 25% stake in the company.

Sustainability:

No. 1 Company in the World in Food Products Industry by 2019 Dow Jones Sustainability Index (DJSI)

- 16 September, 2019 – This marks the second year in a row which Thai Union has been named as industry leader.
- Thai Union has now been listed on DJSI for six consecutive years, driven by its global sustainability strategy, SeaChange®.

Thai Union Ranked No. 1 on Inaugural Seafood Stewardship Index (SSI)

- 23 October, 2019 – The Seafood Stewardship Index (SSI) assessed the contribution of the world's 30 largest seafood companies to United Nations (UN) Sustainable Development Goals (SDGs).

- Thai Union topped the benchmark in three key areas, including governance and management of stewardship practices, ecosystems, and local communities.

Thai Union strengthens efforts to combat food fraud

- 26 September, 2019 – Thai Union announced a Combating Food Fraud and Food Defense Strategy to protect food supply chains from intentional contamination through robust programs to combat food fraud.
- New programs complement Thai Union's traceability systems under its sustainability strategy SeaChange®.

Innovation:

Thai Union announces corporate venture capital fund of USD 30mn, invests into Flying Spark alternative protein startup

- 17 October, 2019 – As part of Thai Union's continuous investment in innovation, the company announced a venture fund with initial commitment of USD 30mn.
- Aimed to invest in innovative start-up companies developing breakthrough food-tech technologies, which complements Thai Union's activities while expanding beyond its traditional core businesses.
- First investment made into food-tech startup, Flying Spark, who produces insect larval protein into sustainable, nutritious alternative protein.

Awards and Recognitions

Executives:

Best CEO and Best CFO by 2019 Global Banking & Finance Awards®

30 September, 2019 – Thai Union was honored to be recognized in the 2019 Global Banking & Finance Awards®, in the following categories:

- Best Group CEO (Thailand): Thiraphong Chansiri, CEO – for his strong leadership in driving innovation to create new S-curve industries and to bring Thai Union to a new frontier in the seafood industry.
- Best Group CFO (Thailand): Joerg Ayrle, Group CFO – for his efforts in Thai Union's global sustainability strategy, SeaChange®, international expansion, and collaboration which

transformed Thai Union towards becoming a responsible yet competitive company.

Corporate:

Asiamoney Asia's Outstanding Companies Poll 2019: Most Outstanding Company in Thailand – Consumer Staples

- 27 September, 2019 – The annual prestigious awards recognize companies with excellence in financial performance, management team, IR activities and CSR initiatives.
- In 2019, over 824 fund managers, buy-side analysts, bankers and research analysts participated in the poll, which received more than 4,000 votes for public-listed companies across 12 countries in Asia.
- Dr. Darian McBain, Global Director of Corporate Affairs and Sustainability at Thai Union, and Mr. Bunlung Waiyanont, Assistant General Manager – Investor Relations, received the award at Grand Hyatt Hotel, Singapore.

Sustainability:

2019 Freedom Award

- 21 October 2019 – Dr. Darian McBain, Thai Union's Global Director of Corporate Affairs and Sustainability, was honored to receive the 2019 Freedom Award from Dr. David Cooke, CEO of Konica Minolta Australia at Anti-Slavery Australia Freedom Awards for her outstanding contribution in combating modern slavery.
- Separately, Dr. Darian McBain was also recognized as one of Asia's Top Sustainability Superwomen 2019 for driving positive change across the global seafood industry, among 27 outstanding women leaders from 11 countries across Asia. The award was announced on 4 September, 2019.

Innovation:

Product Design Innovation Award: Yellowfin Tuna Slices

- 16 October, 2019 – Thai Union's Yellowfin Tuna Slices, the world's first pre-sliced, pre-seasoned tuna made from whole yellowfin tuna loins, received the runner-up award in the product design category at Innovation Thailand Expo 2019, hosted by National Innovation Agency.

Investor Relations:

Top 5 Companies in the World in Consumer Staples Sector by IR Magazine Awards 2019

- 2 October, 2019 – Thai Union was recognized for one of world's best investor relations programs, alongside Coca Cola Company (US), China Resources Beer (HK), Health and Happiness International Holdings (HK), and CPALL (TH).

9th Annual Best Corporate-Institutional Investor Awards 2019

- 17 September, 2019 – Thai Union was awarded three Thailand categories:
 - No. 1 Most Improved Investor Relations
 - Top 3 Best Senior Management IR Support
 - Top 3 Strongest Adherence to Corporate Governance
- Mr. Yongyut Setthawiwat, General Manager, Corporate Finance and Tax, and Mr. Bunlung Waiyanont, Assistant General Manager – Investor Relations, received the awards at Shangri-La Hotel, Singapore.

Statement of Income

(Unit: THB mn)	Consolidated							
	3Q19	% to sales	3Q18	% to sales	2Q19	% to sales	3Q19 3Q18 Change	3Q19 2Q19 Change
Sales	31,838	100%	34,169	100%	32,214	100%	-6.8%	-1.2%
Cost of sales	(26,762)	-84.1%	(28,762)	-84.2%	(26,850)	-83.3%	-7.0%	-0.3%
Gross profit	5,077	15.9%	5,407	15.8%	5,364	16.7%	-6.1%	-5.4%
SG&A expenses	(3,561)	-11.2%	(3,540)	-10.4%	(3,794)	-11.8%	0.6%	-6.1%
FX gain (loss)	78	0.2%	128	0.4%	164	0.5%	-39.3%	-52.5%
Other income	473	1.5%	373	1.1%	498	1.5%	26.8%	-5.0%
Share of profits from investments in assoc. & Jvs	201	0.6%	142	0.4%	110	0.3%	41.4%	82.5%
EBIT	2,267	7.1%	2,510	7.3%	2,342	7.3%	-9.7%	-3.2%
Finance cost	(508)	-1.6%	(501)	-1.5%	(516)	-1.6%	1.4%	-1.5%
EBT	1,759	5.5%	2,009	5.9%	1,826	5.7%	-12.4%	-3.6%
Tax	(278)	-0.9%	(146)	-0.4%	(196)	-0.6%	90.4%	42.1%
Profit (Loss) from discontinued operation	(25)	-0.1%	(66)	-0.2%	(29)	-0.1%	-62.0%	-13.6%
Net income	1,456	4.6%	1,797	5.3%	1,601	5.0%	-19.0%	-9.0%
Net income (loss) attributable to:								
Equity holders of the Company	1,374	4.3%	1,731	5.1%	1,513	4.7%	-20.6%	-9.2%
Non-controlling interests of the subs	82	0.3%	66	0.2%	87	0.3%	24.7%	-5.8%
Earnings per share								
Basic earnings per share	0.29		0.36		0.32		-20.6%	-9.2%
Exchange rate								
THB/USD	30.71		32.97		31.59		-6.9%	-2.8%

Statement of Financial Position

(Unit: THB mn)	3Q19	% to total assets	2018	% to total assets	Change
Cash and cash equivalents*	829	0.6%	1,586	1.1%	-47.7%
Trade and other receivables - net	15,462	11.1%	15,968	11.2%	-3.2%
Inventories - net	36,951	26.5%	38,371	26.9%	-3.7%
Other current assets	3,214	2.3%	3,086	2.2%	4.2%
Total current assets	56,455	40.5%	59,011	41.4%	-4.3%
Fixed assets	27,679	19.9%	28,110	19.7%	-1.5%
Investments	21,385	15.3%	22,093	15.5%	-3.2%
Goodwill and other intangible assets	27,292	19.6%	29,407	20.6%	-7.2%
Other non-current assets	6,511	4.7%	3,854	2.7%	68.9%
Total Assets	139,323	100%	142,474	100%	-2.2%
Bank overdrafts and short-term loans	22,535	16.2%	13,468	9.5%	67.3%
Trade and other payables	18,379	13.2%	19,713	13.8%	-6.8%
Current portion of long-term loans	3,913	2.8%	9,728	6.8%	-59.8%
Other current liabilities	907	0.7%	893	0.6%	1.5%
Total current liabilities	45,734	32.8%	43,802	30.7%	4.4%
Long-term loans	38,778	27.8%	42,764	30.0%	-9.3%
Other non-current liabilities	9,632	6.9%	9,736	6.8%	-1.1%
Total Liabilities	94,144	67.6%	96,302	67.6%	-2.2%
Non-controlling interests of the subsidiaries	3,384	2.4%	3,261	2.3%	3.8%
Total Shareholders' Equity	41,794	30.0%	42,911	30.1%	-2.6%
Total liabilities and shareholders' equity	139,323	100%	142,474	100%	-2.2%

*Including short term investment

Cash flow statement

(Unit: THB mn)	Consolidated		
	9M19	9M18	Change
Profit before income tax	3,097	2,542	555
Adjustments for depreciation & amortisation expenses	2,717	2,180	536
Other adjustments	1,407	2,195	(787)
Changes in operating assets and liabilities	(324)	4,156	(4,479)
Cash flows receipts from operating activities	6,897	11,072	(4,175)
Net cash receipts (payments) from operating activities	6,749	10,651	(3,902)
Net cash payments for investing activities	(3,366)	(2,797)	(569)
Net cash receipts (payments) for financing activities	(3,931)	(7,885)	3,954
Net increase (decrease) in cash and cash equivalent	(548)	(32)	(516)
Cash and cash equivalents - opening balance	1,311	573	738
Exchange gain (loss) on cash and cash equivalents	(69)	(12)	(57)
Cash and cash equivalents - closing balance	694	529	164
CAPEX	3,338	3,723	(385)
Management Est. Free Cash Flows*	3,523	7,349	(3,826)

*Figures as reported in November 2019