

2019: Record gross profit and EBITDA, Annual DPS up 17.5% YoY

Revenue

4Q19 sales declined by 8.8% YoY to THB 32,854mn. This was driven mainly by Thai Baht appreciation against all key trading currencies (USD -8% YoY; EUR -11%; GBP -8%).

Excluding FX impact, sales would have registered a decline of 3.7%, amid sales volume growth of 2.7%, due to key raw material prices decreased (average 4Q19 tuna price at USD 950/ton, down 33% YoY).

2019 sales was down 5.3% YoY to THB 126,275mn, driven mainly by FX impact (-1.4% YoY excl. FX).

Gross profit

Despite improving gross margin at 16.1%, up 122 bps YoY from gross margin recovery in both ambient and frozen businesses, gross profit was at THB 5,288mn, down 1.3% YoY from challenged sales.

2019 gross profit was at a record level of THB 20,110 mn up 6.4% YoY, driven by improving gross profit in all three key business segments.

Operating profit

4Q19 operating profit was at THB 1,537mn, up 2.6% YoY, mostly due to prudent cost control, resulting in 4Q19 SG&A expense declined 2.8% YoY on absolute basis. However, with decreased sales, SG&A-to-sale ratio was at 11.4%, vs 10.7% during 4Q18.

2019 operating profit of THB 5,642mn, up 20.8% YoY. 2019 EBITDA was at the record THB 12bn, driven by improved profitability and contribution from affiliates.

Net profit

Higher tax expense (-THB 147mn) and revaluation of investment of THB173mn put pressure on bottom line, despite partly improved share of profits and higher FX gains. As a result, 4Q19 net profit was THB1,057mn, down 13.6% YoY.

2019 normalized net profit was at THB 5,218mn, up 0.5% YoY.

Dividend

The Company announced a final dividend of THB 0.22 per share, making a 2019 full-year dividend of

THB 0.47 per share (up from 0.40 DPS during 2018), representing 59% of reported net profits.

Stock Information

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

Share price (14/02/2020)	THB 15.00
Historical price:	
52-week high	THB 18.90
52-week low	THB 18.60
No. of shares:	4,771.8m
Par value:	THB 0.25
Market Cap.	THB 71.6bn
Avg. value trade/day (YTD)	THB 255.9mn

Major shareholders

(30/12/2019)

Chansiri Family	19.35%
Thai NVDR Co., LTD.	11.73%
Mitsubishi Corporation	7.29%
Niruttinanon Family	6.88%
Social Security Office	3.79%

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	2019	2018
Sales	126,275	133,285
Gross profit	20,110	18,892
EBITDA	12,033	11,016
Net profit	5,218	5,191
EPS (THB)	1.09	1.09
GPM (%)	15.9%	14.2%
NPM (%)	4.1%	3.9%
ND/E (x)	1.07	1.40
ROCE (%)	8.2%	7.7%
ND/EBITDA (x)	4.59	5.84

Remark: *Restated according to financial statement reported as February 2020

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 and ND/E

With an efficient inventory management and falling raw material prices, 2019 free cash flow (FCF) was at THB 7,149mn. TU's end-2019 net debt-to-equity ratio was at 1.07x, due to an issuance of subordinated perpetual debentures.

Financial Statements Analysis:

Unit: THB mn	4Q19	4Q18	YoY	2019	YoY
Sales	32,854	36,012	-8.8%	126,275	-5.3%
COGS	(27,567)	(30,657)	-10.1%	(106,165)	-7.2%
GP	5,288	5,356	-1.3%	20,110	6.4%
SG&A	(3,751)	(3,857)	-2.8%	(14,467)	1.7%
FX gain (loss)	220	41	432.0%	543	-44.1%
Other income	97	493	-80.4%	1,565	-23.2%
Share of profits from investments in assoc. & JVs	(66)	(137)	-51.5%	591	68.9%
EBIT	1,787	1,896	-5.7%	8,342	3.9%
Finance cost	(503)	(523)	-3.9%	(2,056)	1.5%
EBT	1,284	1,373	-6.5%	6,286	4.7%
Tax	(112)	35	-424.1%	(614)	224.7%
Net income	1,057	1,223	-13.6%	5,218	0.5%
EPS	0.22	0.26	-13.6%	1.09	0.5%
FX: USD/THB	30.28	32.81	-7.7%	31.02	-4.1%
GPM	16.1%	14.9%		15.9%	
%SG&A/Sales	11.4%	10.7%		11.5%	
NPM	3.2%	3.4%		4.1%	

In 4Q19, Thai Union reported challenging sales at THB 32,854mn, down 8.8% 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 the foreign currency impact, 4Q19 sales would have been down by 3.7% YoY.

Despite to gross margin improvement in both ambient and frozen seafood businesses that support 16.1% gross margin (vs 14.9% during 4Q18), weak sales prompted a gross profit decline YoY.

For the 2019 operation performance, the Company still delivered a solid improvement with 2019 record gross profit exceeding THB 20bn and EBITDA exceeding THB 12bn for the first time. While 2019 normalized net profit was flat YoY at THB 5,218mn, (up 0.5% YoY), 2019 reported net profit has improved 17.2% YoY. The higher reported net profit resulted in a proportionate 17.5% higher dividend per share paid to shareholder at THB 0.47 during operation year 2019. (interim DPS of THB 0.25 and final DPS of THB 0.22).

Sales

4Q19 sales declined by 8.8% YoY to THB 32,854mn. The sales decline was attributable to both a significant appreciation of THB against all key trading

currencies (USD -8% YoY; EUR -11%; GBP -8%) and a decline in key raw material prices (average 4Q19 tuna price at USD 950/ton, down 33% YoY. Excluding the foreign currency impact, 4Q19 would still be down by 3.7% YoY. Sales volume continue to deliver good growth of 2.7% YoY as Frozen and Chilled Seafood segment delivered a solid volume growth of 10.2% YoY driven mainly by growing Thai Union Feedmill's aqua feed business.

2019 sales were down 5.3% YoY to THB 126,275mn, driven partly by the THB appreciation against key trading currencies and partly to falling raw material prices. Excluding just the impact of currency, 2019 sales would report a slight decline of 1.4% YoY, on the back of growing sales volume.

Gross profit

The company reported 4Q19 gross profit margin of 16.1%, compared to 14.9% recorded during 4Q18. The margin improvement was mainly attributable to both ambient and frozen businesses. However, with lower sales YoY, the company reported 4Q19 gross profit of THB 5,288mn, down 1.3% YoY.

2019 gross profit surpassed the THB 20bn mark for the first time at THB 20,110mn, up 6.4% YoY, resulted from lower key material price YoY despite FX volatility.

Selling and administrative expenses

Due to prudent cost control, 4Q19 SG&A expenses declined 2.8% YoY on absolute basis. However, the SG&A-to-sales ratio was at 11.4%, up from 10.7% during 4Q18, which was driven by weak sales during the quarter. As a result of falling SG&A expenses, the operating profit was THB 1,537mn, up 2.6% YoY.

2019 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 and sales decline as a result of foreign exchange volatility.

However, the 2019 normalized operating profit was at THB 5,642mn, up 20.8% YoY, from overall operation improvement.

FX Gain/Loss

During 4Q19, the company recorded FX gains of THB 220mn, compared with a THB 41mn gains a year ago.

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).

However, 2019 FX gains declined 44% YoY to THB 543mn as FX gains normalized during the year, partly as a result of hedged accounting practices adopted during early 2019.

Share of income from investment in associates

4Q19 Share of losses from investment in associates were at THB 66mn from a seasonal weakness of Red Lobster operation during the 4th quarter. However, such losses were reduced from THB 137mn a year ago, mainly due to the operational recovery from key investments, namely Avanti Feeds in India.

As a result from such development, 2019 share of income was at THB 591mn, up 69% YoY, from THB 350mn in 2018.

Other income

4Q19 other income was at THB 97mn, down from THB 493mn during 4Q18. The decline was mainly due to the revaluation of investment amounted THB 173mn. Moreover, the 4Q18 other income was relatively high due to one-time insurance claim of THB 120mn during the quarter.

2019 other incomes was at THB 1,565mn, down from THB 2,036mn in 2018, due largely to both an absence of the insurance claim that occurred during 2018 and aforementioned revaluation of investment. Interest income received from the Red Lobster investment in convertible preferred units remained stable from the same period last year.

Finance cost

4Q19 finance cost decreased 3.9% YoY to THB 503mn (from THB 523mn during 4Q18). 4Q19 effective interest cost stood at 3.22%, slightly increased from 3.20% during 4Q18. However, 2019-end interest bearing debt was at THB 59,905mn, down THB 6.1bn compared to end-2018, largely as a result from perpetual debenture issuance during 4Q19.

2019 finance cost was at THB 2,056mn, up 1.5% YoY. The increase was mainly driven by an increase in effective interest rate to 3.27%, from 3.04% during 2018.

Income tax expense

4Q19 income tax expense was THB 112mn, from the tax credit of THB 35mn during 4Q18. Tax expenses increased in correspondent to improved gross

margin. 4Q19 effective tax rate was at 8.75%, versus tax credit received during 4Q18.

2019 normalized income tax expense increased to THB 614mn (from THB 189mn accrued in 2018). The increase was mainly contributable to an improved underlying operation during the period. 2019 effective tax rate was 9.8%, versus 3.2% in 2018.

Net profit

TU reported 4Q19 normalized net profit of THB 1,057mn, down 13.6% YoY. The decline was mostly driven by challenged sales, the revaluation of investment and higher tax expense, despite improving profitability on consolidated basis. 4Q19 net profit margin was 3.2%, down from 3.4% a year ago.

Excluding the net impact of the accrual for US legal settlement of THB 1,402mn, 2019 normalized net profit was at THB 5,218mn, up 0.5% YoY, mostly due to the profitability improvement amid challenging sales environment and other one-time impairment expense. 2019 normalized net profit margin was 4.1%, compared to 3.9% in 2018.

2019 reported net profit was THB 3,816mn, up 17.2% YoY.

Dividend

Thai Union announced a final dividend of THB 0.22 per share, making a 2019 full-year dividend of THB 0.47 per share (up from 0.40 DPS during 2018), representing 59% of reported net profit, as stipulated by the bond covenant.

The dividend book closing date will be on 3 March 2020. The final dividend will be paid on 22 April 2020.

Financial position analysis:

As of 31 December 2019, Thai Union's total assets were at THB 141,909mn, down 0.2% from THB 142,251mn at the end of 2018, mainly due to improved net working capital, notably lower inventory from falling raw material price and account receivables from lower sales. With decreasing sales by 8.8% YoY, Thai Union's 4Q19 inventory days was at 121 days, which was slightly higher than 115 days during the same period of 2018.

Net inventories fell by 3.9% from 2018-end to THB 36,873mn at end of 2019, partly due to a decrease in

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raw material price and partly to an efficient working capital management.

Trade and other receivables were at THB 14,869mn, down from end-2018 level of THB 15,518mn, due mainly to lower sales.

2019-end total non-current assets was at THB 82,362mn, which was slightly down from end-2018 at THB 83,691mn, due to partly to an revaluation of investment during 4Q19.

Total current liabilities recorded an decrease of 18.2% from end-2018 to THB 35,808mn as at end-2019. The decrease was mainly due to debt repayment and refinancing through perpetual debentures.

Total liabilities decreased by 6.4% (THB 6,188mn) to THB 90,114mn at end-2019, mainly due to an issuance of perpetual debentures amounted THB 6.0bn during 4Q19. Also, lower account payables (-2.0% from end-2018) from lower raw material price was part of declining total liabilities.

Total shareholders' equity excluding minority interest increased by 13.4% (+THB 5,735mn) from end-2018 to THB 48,423mn as the company issued perpetual debentures that accounted as part of shareholders' equity.

Cash Flow analysis:

During 2019, net cash receipts from operating activities were THB 11,755mn. Positive cash flow was driven mostly by profitable operations (EBITDA: THB 12,033mn in 2019). Moreover, efficient working capital management have also eased the pressure on working capital requirement from lower inventory. With decreasing sales (-5.3% YoY), 2019 inventory value also declined by 3.9% from 2018-end. 2019 net working capital days were at 105 days, slightly increased from 100 days during 2018-end.

Net cash payments for investing activities were THB 4,485mn, mainly from the regular capital expenditure during 2019.

Thai Union recorded net cash payment for financing activities of THB 4,028mn during 2019, largely from dividend payment during the period and usual debt repayment.

Net increase in cash and cash equivalents, including exchange losses, was at THB 3,104mn resulting with the end-2019 cash and cash equivalents of

THB 4,689mn (including the impact from the use of Bank Overdraft).

Financial ratio highlights:

	2019	2018
A/R Days	38	38
Inventory Days	128	128
Current Ratio (x)	1.66	1.34
ROCE (%)	8.2%	7.7%
ROE (%)	11.5%	11.9%
ROA (%)	5.9%	5.6%
ND/E (x)	1.07	1.40
ND/EBITDA (x)	4.59	5.84
Interest Coverage (x)	4.06	3.96
BV (Baht/share)	10.15	8.95

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 2019 was stable from the previous year at 38 days as the company continued to demonstrate the consistency on its collection efficiency despite decreasing sales YoY.

Despite sales decline, inventory days during 2019 also remained stable YoY at 128 days, resulted from consistent inventory management efficiency. Net inventories fell by 3.9% from 2018-end to THB 36,873mn at end of 2019, partly due to a decrease in raw material price and partly to an efficient working capital management.

The current ratio at end-2019 was at 1.66 times improved from 1.34 times at end-2018, mainly from short-term debt repayment and refinancing during 2019.

2019 ROCE was at 8.2%, up from 7.7% in 2018, mainly attributable to an improved profitability (EBIT +3.9% YoY).

Interest-bearing debt decreased by THB 6,055mn from end-2018 (down 9.2% YoY), mostly due to an issuance of perpetual debenture worth THB 6.0bn which accounted as part of shareholders' equity. As a result of the issuance, the reported net debt-to-equity was at 1.07 times, down from the end-2018 level of 1.40x (1.35x prior to an adoption of TFRS 9&16).

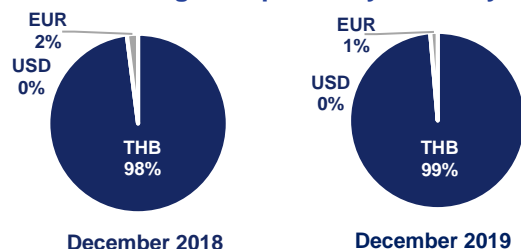
The company has achieved the debt target range of 1.0-1.1x, thus offer the company a greater financial strength and financial flexibility with its future management and investment plans.

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

2019 net debt to EBITDA ratio reduced to 4.59 times, from 5.84 times at end-2018 caused by both the record annual EBITDA posted during 2019 and lower interest bearing debt.

Interest coverage ratio during 2019 was at 4.06 times, up from 3.96 times in 2018, mostly due to improved EBIT (+3.9% YoY).

Interest-bearing debt profile by currency:

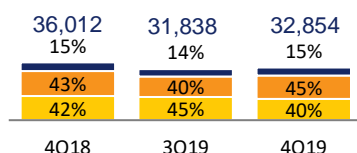


As of end-2019, interest-bearing debts were at THB 59,905mn, mainly denominated in the local currency. THB debts accounted for 99%, while EUR debts was 1% of total interest-bearing debt.

Business overview by business unit:

Total sales value

Unit: THB mn



-8.8% YoY, +3.2% QoQ

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

Ambient seafood¹:

Profitability improvement outweigh weak sales

	4Q18	1Q19	2Q19	3Q19	4Q19
Value	14,994	13,456	14,031	14,466	13,268
Brand	50.4%	58.2%	59.3%	57.5%	48.3%
PL	49.6%	41.8%	40.7%	42.5%	51.7%
Volume	88,841	79,973	78,018	90,353	87,580

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

Remark: PL stands for Private Label business

4Q19 ambient sales declined 11.5% YoY, due to both THB appreciation against key trading currencies and lower tuna price (-33% YoY).

Volume sales decline was mainly due to lower export sales from Thailand due to strong Baht.

Product price recovery in European markets, while prompt some volume decline from UK and France markets, improved branded margin

4Q19 Gross profit margin at 18.7%, from 16.7% in 4Q18, due to profitability improvement in all underlying businesses.

During 2019, strong profitability improvement was driven by through efficiency enhancement and product innovation

Frozen, chilled seafood and related²:

Solid growth business

	4Q18	1Q19	2Q19	3Q19	4Q19
Value	15,651	11,529	13,435	12,768	14,691
Brand	35.2%	34.7%	37.6%	35.6%	36.3%
PL	64.8%	65.3%	62.4%	64.4%	63.7%
Volume	67,552	61,862	68,504	73,084	74,436

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

4Q19 frozen and chilled seafood sales volume up 10.2% YoY, driven by shrimp and salmon volume growth with strong margin recovery.

2019 frozen business volume sales were up 12.8% YoY while sales were flat YoY (-0.7%)

2019 Gross margin was at 10.2%, from 9.1% during 2018, mainly attributed to a strategy to shift portfolio to higher margin product and markets, solid growth in Thai Union Feedmill, and gross margin recovery in salmon and lobster businesses.

PetCare, value-added and others³:

New innovative businesses growing contribution

	4Q18	1Q19	2Q19	3Q19	4Q19
Value	5,367	4,384	4,747	4,604	4,896
Brand	7.0%	12.2%	13.5%	7.7%	5.9%
PL	93.0%	87.8%	86.5%	92.3%	94.1%
Volume	73,769	67,838	67,508	68,874	74,452

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

4Q19 PetCare and value added sales decreased 8.8% YoY, due mostly to FX impact.

- PetCare sales dropped YoY due partly to FX impact and partly to an above-normal sales during 4Q18
- New and value added businesses deliver strong sales volume growth of 8% YoY.

2019 PetCare and value added sales increased 2.2% YoY, on the back of sales volume increase 3.2% over the same period.

Remark:

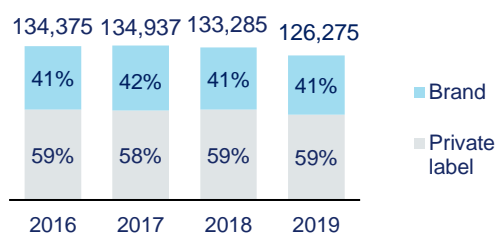
¹ Ambient seafood business includes entire tuna, entire sardine & mackerel and ambient & pouch salmon businesses

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



2019 branded and private label sales mix remain stable from 2018 at 41% and 59%, respectively,

2019 total branded sales decreased 4.9% 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 3.1% YoY.

2019 private label sales were down 5.5% YoY due mainly to a decline in key raw material prices YoY amid sales volume growth of 1.1% YoY.

Business overview by region:

THB Mn	2016	2017	2018	2019
Total sales	134,375	134,937	133,285	126,275
USA	39.4%	38.8%	37.7%	39.5%
Europe	32.5%	30.8%	30.4%	27.8%
Japan	6.4%	6.3%	5.7%	5.3%
Domestic	8.3%	9.2%	10.5%	12.4%
Others	13.4%	14.9%	15.7%	15.0%

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

2019 Sales contribution in key markets shifted in favor of domestic market.

TU focused on domestic market, resulted in 10% sales growth YoY.

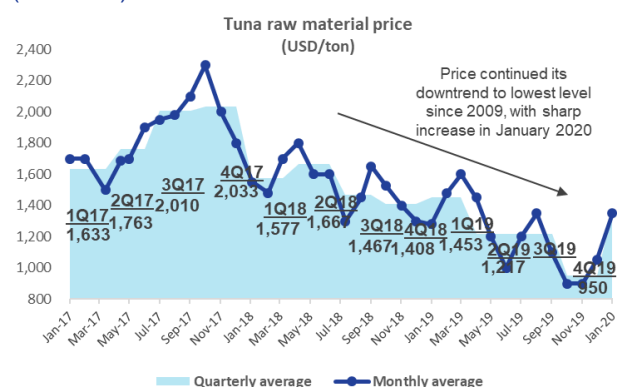
US sales contribution improved from growing frozen business sales despite USD depreciating against THB in 2019.

Key operating factors:

Raw material prices

Skipjack tuna

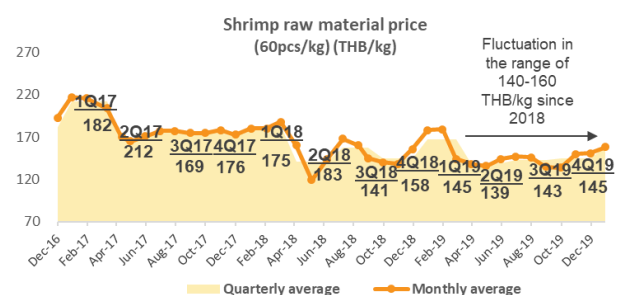
(USD/ton)



In January 2020, tuna price closed at USD 1,350/ton. In 4Q19 average price was at USD 950/ton (-33.0% YoY, -22% QoQ).

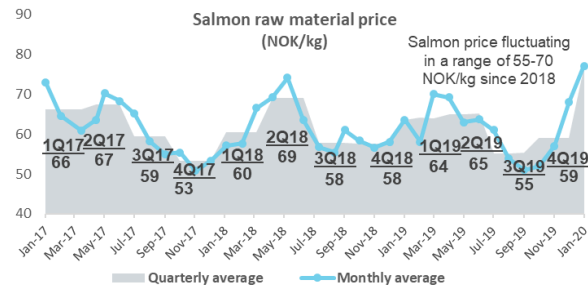
White shrimp

(THB/kg. of 60 pieces/kg)



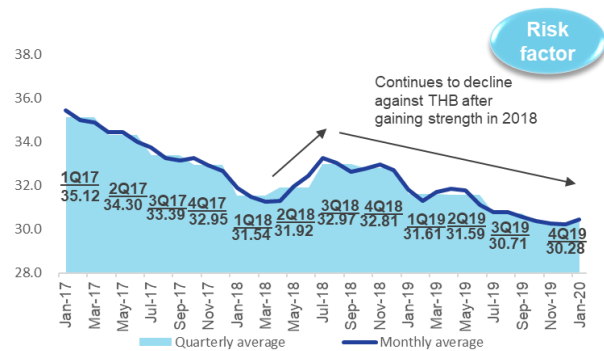
In January 2020, shrimp price closed at THB 158/kg. In 4Q19, average price was at THB 145/kg (+0.2% YoY, +2.0% QoQ).

Salmon (NOK/kg)



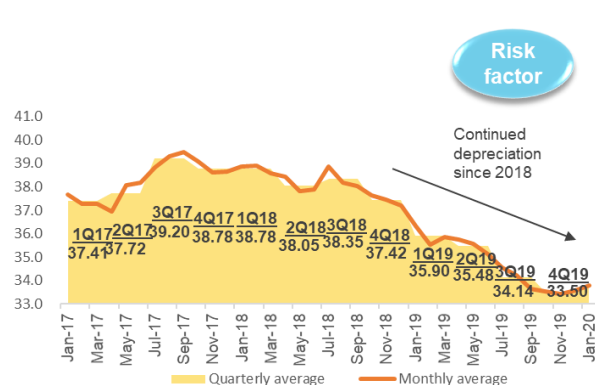
In January 2020, salmon price closed at NOK 77/kg. In 4Q19, average price was at NOK 59/kg (+1.9% YoY, +6.5% QoQ).

Exchange rates USD/THB



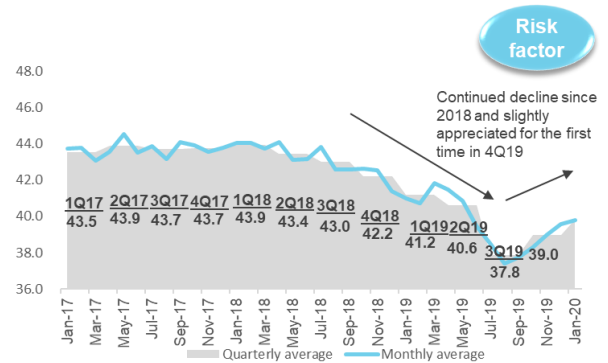
In January 2020, USD/THB closed at THB 30.43. In 4Q19, average USD/THB was at THB 30.28 (-7.7% YoY, -1.4% QoQ).

EUR/THB



In January 2020, EUR/THB closed at THB 33.78. In 4Q19, average EUR/THB was at THB 33.50 (-10.5% YoY, -1.9% QoQ).

GBP/THB



In January 2020, GBP/THB closed at THB 39.81. In 4Q19, average GBP/THB was at THB 38.96 (-7.7% YoY, +2.9% QoQ).

Key developments

Innovation:

SPACE-F kicks off first exclusive preview with 23 startups to drive innovation in the food space

- 16 December, 2019 – 23 startups from Germany, India, Norway, Singapore, Thailand and US, pitched their innovative food-tech ideas at the SPACE-F exclusive preview.
- The event was joined by Thai Union executives and other potential investors.
- SPACE-F is Thailand’s first global food-tech startup incubator and accelerator, established by Thai Union, National Innovation Agency (NIA), and Mahidol University’s Faculty of Science.
- Key focus areas include wellness, alternative proteins, packaging solution, smart manufacturing, and more.
- Non-equity model allows founders to have full ownership of their ideas and products.
- SPACE F is hosting “Food-Tech Accelerator Demo Day” on 5 March, 2020 at Anantara Siam Bangkok Hotel. 23 startups will pitch their innovative food-tech ideas to corporate executives and potential investors. Additionally, there will be an exclusive Capital Market showcase by Thai Union to introduce the 2025 Corporate Strategy, which “Innovative, New Businesses” is a key pillar and one of the key growth drivers.

Strategic Investments:

Thai Union Expands Footprint in Thailand's Domestic Seafood Retail Business, Acquires Further Stake in Thammachart Seafood

- 13 December, 2019 – Thai Union's acquisition of a 39.9 percent share in Thammachart Seafood comes after the company acquired a 25.1 percent stake in 2018, which totals to 65 percent stake.
- The investment will fulfill Thai Union's goal of expanding further into Thai domestic market and other markets including Laos, Cambodia and China.
- Besides managing its own operations, Thammachart Seafood will bring their expertise in branding and marketing to Thai Union's Qfresh branded products which will allow it to expand into both B2B and B2C segments.

Thai Union Makes Strategic Investment in Leading Icelandic Cod Liver Company Aegir Seafood

- 5 December, 2019 – The investment in one of the leading producers of cod liver in Iceland, Aegir, will support the growth of the cod liver business for Thai Union's King Oscar brand, a Norwegian-based manufacturer of cod liver, sardines and mackerel.
- Aegir sources all of its cod from Icelandic Responsible Fisheries, while its products are also certified by the Marine Stewardship Council (MSC), a label globally recognized to be the best mark of seafood sustainability.
- The investment will play an important role in King Oscar's strategy to create growth and help it take a leading position in the canned cod liver segment.

Sustainability:

Thai Union China Provides Humanitarian Assistance to Wuhan

- 14 February, 2020 – Thai Union China donated more than 52,000 cans of King Oscar tuna as humanitarian assistance to city of Wuhan, which has been heavily impacted by the COVID-19.
- The donation was conducted through a local logistics service and an online food delivery operator in China.
- The tuna was distributed to people working on the Wuhan Leishenshan Hospital Project, one of

two new hospitals being built for COVID-19 patients, and to more than 15 hospitals in Wuhan including Wuhan Union Hospital, which is the main hospital treating people affected by the COVID-19 virus.

Thai Union issues a statement urging for greater action on climate change

- 8 November, 2019 – Thai Union's Global Director of Corporate Affairs and Sustainability, Dr. Darian McBain, called for greater action on climate change at the Asia Pacific Day for the Ocean forum, hosted by the United Nations Economic and Social Commission for Asia and the Pacific
- McBain states that resilient coastal and marine ecosystems and more sustainable seafood can improve the health of the world's oceans.
- Through Thai Union's global sustainability strategy, SeaChange®, the company has developed industry-leading programs that are helping protect the oceans.

Corporate Governance

Thai Union expanded our compliance platform with 'Speak Out' whistleblowing platform

- 11 December, 2019 – As part of Thai Union Global Compliance Program, Thai Union launched the 'Speak Out' hotline and web-solution, a global platform to add to existing local reporting systems
- 'Speak Out' gives the opportunity to report any illegal or unethical activity
- The platform was launched in December 2019

New Product Initiatives

Thai Union Launches SEALECT Tuna Fitt in Thailand With A Fat-Loss Competition Partnering With WE Fitness

- 13 November, 2019 – SEALECT Tuna Fitt is a new tuna product in Thailand to attract health-conscious consumers and encourage healthier lifestyle through nutritious food and workout plans
- No trans fat, no preservatives or MSG, high in omega-3
- As part of the launch, Thai Union partnered with Bangkok-based gym WE Fitness for fat-loss competition, almost 200 participants joined.

Thai Union's Sealect Tuna Collaborates With Local Chili Paste Brand to Launch Thai-Style Tuna Flakes

- 27 January, 2020 – Thai Union's SEALECT Tuna has partnered with Pa Waen, a well-known local brand for Thai mixed chili paste, to launch five new flavors of SEALECT spicy tuna flakes.
- The spicy chili tuna flake product line is the first of its kind in the Thai market, combining nutritious tuna meat with local flavors.
- The SEALECT Tuna x Pa Waen Chili tuna flakes are available at leading supermarkets in Thailand and online channels.

King Oscar USA launches a super premium, sustainably harvested Brisling Sardine in Natural Lemon Flavor

- 1 February, 2020 – The new Lemon flavor variety appeals to a younger consumer demographic – and leverages trending citrus popularity
- Packed with extra virgin olive oil and offers a unique, mild taste – ready to eat
- Made from recyclable BPA-NI aluminium cans, sustainably harvested, and always wild caught.
- Kosher-certified, non-GMO, and gluten-free.
- Satisfies a healthy, balanced diet with protein, omega-3s, and essential vitamins and minerals.

Corporate Actions

Thai Union Revaluated its Investment in French startup, Nutrifish

- February 2020 – The Company revaluated its investment in French Startup, Nutrifish.
- Nutrifish is a French startup which produces marine natural ingredients derived from seafood to food, nutraceuticals, and cosmetics.

Awards and Recognitions

Executives:

Thai Union executives recognized in multiple awards by the International Business Magazine Awards 2020

- 6 February, 2020 – Thai Union was honored to be recognized in the International Business Magazine Awards 2020, in the following categories:
 - Mr. Thiraphong Chansiri – CEO of the Year

(Thailand: Food & Beverage)

- Mr. Joerg Ayrle – CFO of the Year (Thailand: Food & Beverage)
- Dr. Darian McBain – Most Inspiring Women (Thailand)

Investor Relations:

Outstanding Investor Relations Award at SET Awards 2019 by the Stock Exchange of Thailand (SET)

- 27 November, 2019 – The Stock Exchange of Thailand (SET) presented Thai Union with the award in the category of Thai-listed companies with market capitalization of THB 30 billion-THB 100 billion for its outstanding performance in Investor Relations.

Best Overall Investor Relations (Mid-Cap) in IR Magazine Awards – South East Asia 2019 by IR Magazine

- 17 December, 2019 – Thai Union received the 'Best Overall Investor Relations' award at the IR Magazine Awards 2019 along with the 'Best Crisis Management' award for its efforts on actively communicating with investors.

Sustainability:

Best Sustainability Excellence Award at SET Awards 2019 by the Stock Exchange of Thailand (SET)

- 27 November, 2019 – The Stock Exchange of Thailand (SET) presented Thai Union with the award in the category of Thai-listed companies with market capitalization of THB 30 billion-THB 100 billion for its outstanding performance in sustainability.
- Thai Union was also named to the SET's 2019 Thailand Sustainability Investment Index (THSI).

Sustainability Disclosure Award from Thaipat Institute and Thailand's Securities & Exchange Commission (SEC)

- 9 January, 2020 – Thai Union was recognized for its sustainability reporting, receiving the Sustainability Disclosure Award
- The sustainability awards encourage Thai businesses to disclose data in accordance with the Global Reporting Initiative (GRI), which has the most widely adopted global standards for sustainability reporting.

- The awards also help promote United Nations Sustainable Development Goal 12.6, which encourages companies to adopt sustainable practices and integrate sustainability information into their reporting cycle.

Innovation:

Thailand Corporate Excellence Awards 2019 by Thailand Management Association (TMA)

- 6 December, 2019 – Thai Union received the Innovation Excellence Award at the Thailand Corporate Excellence Awards 2019 for its outstanding work in innovation.
- The awards, from the Thailand Management Association (TMA), were given to Thai companies that contribute to the country's economy, development and competitiveness.

Dividend Payment

- Thai Union announced a final dividend of THB 0.22 per share, making a 2019 full-year dividend of THB 0.47 per share (up from 0.40 DPS during 2018), representing 59% of reported net profits as stipulated by the bond covenant.
- The dividend book closing date will be on 3 March 2020. The final dividend will be paid on 22 April 2020.

2020 Financial Target:

Sales	3-5% YoY growth
GPM	~ 16%
SG&A to sales	~ 10-11%
Effective interest rate	No material change from 2019
CAPEX	~ THB 4.9bn
Dividend Policy	At least 50% dividend payout ratio

Thai Union has set its 2020 financial targets based on the current preliminary forecast which may subject to change if the key operating factors that affect the company's operating performances variate from the company assumptions.

Material risk factors

Statements included or incorporated by reference herein may constitute "forward-looking statements," which are based on expectations, forecasts, and assumptions by the company's management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ

materially from those stated, including, without limitation:

- Fluctuations in raw material prices from, but not limited to: 1) disruptions in the supply of key raw materials, 2) outbreak of marine diseases;
- Non-tariff trade barrier and international regulation that threat to ban seafood trade in the countries where Thai Union is operating, including the sustainability issues covering responsible sourcing and safe and legal labor;
- Rising consumer awareness about seafood-related sustainability issues;
- Fluctuations in currency exchange rates;
- Risks associated to new investment and M&As including post-merger integration;
- Risks associated to the new product innovations does not keep up with the customer and consumer tastes, preferences and behaviors;
- Fish and seafood competitive landscape as some seafood market growth has become stagnant over the past few years;
- Continued or increased price competition;
- Risks associate to the international and local tax changes;
- Risks associated to the international and local law and regulations
- Risks associated to the inventory management to fulfill to customer order while optimize the company's financial performance;

However, Thai Union also anticipates various inherent risks, which are currently immaterial, which involving macro environment, industry sustainability investment, good governance, health and safety, internal operation and financial activities, for example:

- Changing international trade regulation and tariff;
- Decline in industry sales volume, particularly in the United States and European markets, due to financial crisis, recession, geopolitical events, or other factors;
- Decline in the company's market share or failure to achieve growth;
- Fluctuations in interest rates;
- Adverse effects resulting from economic, geopolitical, or other events;
- Work stoppages at the company's facilities or other limitations on production (whether as a result of labor disputes, natural or man-made disasters,

production constraints or difficulties, or other factors);

- Labor or other constraints on the company's ability to maintain competitive cost structure;
- The discovery of defects in the company's products resulting in delays in product launches, recall campaigns, or increased warranty costs;
- Adverse effects on results from a decrease in or cessation or expiration of government incentives related to investments;
- Increased competition from suppliers, customers or third parties seeking to expand their presence vertically.

Thai Union is aware of importance of risk management throughout organization. Thai Union has a clear risk management policy and structure with systematic and consistent framework to proactively manage the aforementioned risks.

However, the company cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. The company's forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise.

Statement of Income

(Unit: THB mn)	Consolidated						4Q19	4Q19
	4Q19	% to sales	4Q18	% to sales	3Q19	% to sales	4Q18 Change	3Q19 Change
Sales	32,854	100%	34,169	100%	31,838	100%	-3.8%	3.2%
Cost of sales	(27,567)	-83.9%	(28,762)	-84.2%	(26,762)	-84.1%	-4.2%	3.0%
Gross profit	5,288	16.1%	5,407	15.8%	5,077	15.9%	-2.2%	4.2%
SG&A expenses	(3,751)	-11.4%	(3,540)	-10.4%	(3,561)	-11.2%	5.9%	5.3%
FX gain (loss)	220	0.7%	128	0.4%	78	0.2%	71.0%	181.8%
Other income	97	0.3%	373	1.1%	473	1.5%	-74.1%	-79.5%
Share of profits from investments in assoc. & Jvs	(66)	-0.2%	142	0.4%	201	0.6%	-146.7%	-133.0%
EBIT	1,787	5.4%	2,510	7.3%	2,267	7.1%	-28.8%	-21.2%
Finance cost	(503)	-1.5%	(501)	-1.5%	(508)	-1.6%	0.4%	-1.0%
EBT	1,284	3.9%	2,009	5.9%	1,759	5.5%	-36.1%	-27.0%
Tax	(112)	-0.3%	(146)	-0.4%	(278)	-0.9%	-23.2%	-59.7%
Profit (Loss) from discontinued operation	(6)	0.0%	(66)	-0.2%	(25)	-0.1%	-91.2%	-76.9%
Net income	1,166	3.5%	1,797	5.3%	1,456	4.6%	-35.1%	-19.9%
Net income (loss) attributable to:								
Equity holders of the Company	1,057	3.2%	1,731	5.1%	1,374	4.3%	-38.9%	-23.0%
Non-controlling interests of the subs	109	0.3%	66	0.2%	82	0.3%	65.0%	32.4%
Earnings per share								
Basic earnings per share	0.22		0.36		0.29		-38.9%	-23.0%
Exchange rate								
THB/USD	30.28		32.97		30.71		-8.2%	-1.4%

(Unit: THB mn)	Consolidated				2019	2019
	2019	% to sales	2018	% to sales	2018 Change	2018 Change
Sales	126,275	100%	133,285	100%	-5.3%	
Cost of sales	(106,165)	-84.1%	(114,394)	-85.8%	-7.2%	
Gross profit	20,110	15.9%	18,892	14.2%	6.4%	
SG&A expenses	(14,467)	-11.5%	(14,222)	-10.7%	1.7%	
FX gain (loss)	543	0.4%	972	0.7%	-44.1%	
Other income	1,565	1.2%	2,036	1.5%	-23.2%	
Share of profits from investments in assoc. & Jvs	591	0.5%	350	0.3%	68.9%	
EBIT	8,342	6.6%	8,028	6.0%	3.9%	
Finance cost	(2,056)	-1.6%	(2,025)	-1.5%	1.5%	
EBT	6,286	5.0%	6,002	4.5%	4.7%	
Tax	(614)	-0.5%	(189)	-0.1%	224.7%	
Profit (Loss) from discontinued operation	(102)	-0.1%	(224)	-0.2%	-54.2%	
Net income	5,570	4.4%	5,589	4.2%	-0.4%	
Net income (loss) attributable to:						
Equity holders of the Company	5,218	4.1%	5,191	3.9%	0.5%	
Non-controlling interests of the subs	352	0.3%	398	0.3%	-11.6%	
Earnings per share						
Basic earnings per share	1.09		1.09		0.5%	
Exchange rate						
THB/USD	31.02		32.34		-4.1%	

Statement of Financial Position

(Unit: THB mn)	2019	% to total assets	2018	% to total assets	Change
Cash and cash equivalents*	4,689	3.3%	1,586	1.1%	195.7%
Trade and other receivables - net	14,869	10.5%	15,518	10.9%	-4.2%
Inventories - net	36,873	26.0%	38,371	27.0%	-3.9%
Other current assets	3,115	2.2%	3,086	2.2%	0.9%
Total current assets	59,547	42.0%	58,560	41.2%	1.7%
Fixed assets	27,500	19.4%	28,110	19.8%	-2.2%
Investments	22,031	15.5%	22,710	16.0%	-3.0%
Goodwill and other intangible assets	27,899	19.7%	29,407	20.7%	-5.1%
Other non-current assets	4,932	3.5%	3,464	2.4%	42.4%
Total Assets	141,909	100%	142,251	100%	-0.2%
Bank overdrafts and short-term loans	11,277	7.9%	13,468	9.5%	-16.3%
Trade and other payables	19,323	13.6%	19,713	13.9%	-2.0%
Current portion of long-term loans	4,003	2.8%	9,728	6.8%	-58.9%
Other current liabilities	1,205	0.8%	893	0.6%	34.9%
Total current liabilities	35,808	25.2%	43,802	30.8%	-18.2%
Long-term loans	44,625	31.4%	42,764	30.1%	4.4%
Other non-current liabilities	9,681	6.8%	9,736	6.8%	-0.6%
Total Liabilities	90,114	63.5%	96,302	67.7%	-6.4%
Non-controlling interests of the subsidiaries	3,372	2.4%	3,261	2.3%	3.4%
Total Shareholders' Equity	48,423	34.1%	42,688	30.0%	13.4%
Total liabilities and shareholders' equity	141,909	100%	142,251	100%	-0.2%

*Including short term investment

Cash flow statement

(Unit: THB mn)	Consolidated		
	2019	2018	Change
Profit before income tax	4,313	3,664	649
Adjustments for depreciation & amortisation expenses	3,691	2,989	702
Other adjustments	3,245	3,021	223
Changes in operating assets and liabilities	450	3,659	(3,209)
Cash flows receipts from operating activities	11,699	13,333	(1,634)
Net cash receipts (payments) from operating activities	11,755	12,866	(1,111)
Net cash payments for investing activities	(4,485)	(3,403)	(1,082)
Net cash receipts (payments) for financing activities	(4,028)	(8,704)	4,676
Net increase (decrease) in cash and cash equivalent	3,242	759	2,483
Cash and cash equivalents - opening balance	1,311	573	738
Exchange gain (loss) on cash and cash equivalents	(69)	(21)	(48)
Cash and cash equivalents - closing balance	4,483	1,311	3,173
CAPEX	4,555	4,898	(343)
Management Est. Free Cash Flows*	7,149	8,401	(1,252)

*Figures as reported in February 2020