

# Analyst Meeting for 1Q21 Results

Thai Union Group PCL.  
May 11, 2021



MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM



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The information contained in our presentation is intended solely for your personal reference only. In addition, such information contains projections and forward-looking statements that reflect our current views with respect to future events and financial performance.

These views are based on assumptions subject to various risks and uncertainties. No assurance is given that future events will occur, that projections will be achieved, or that the assumptions are correct. Actual results may differ materially from those projected.







## 1Q21 Key Highlights



“ The health and safety of our employees, customers, and supply chain are our top priorities, while we continue to focus on ensuring business continuity and delivering trusted, safe and quality products to consumers around the world. ”

**Thiraphong Chansiri**  
President and CEO



# 1Q21: Net profit growth of 77% YoY, driven by strong operating profit from all three core businesses and FX gains

THB mn

Sales		Gross Profit		Operating Profit		Net Profit	
<b>31,125</b>		<b>5,507</b>		<b>1,871</b>		<b>1,803</b>	
Stable top line YoY		GPM of 17.7%, up 150bps YoY		Growing SG&A in light of strong business growth		Record 1Q net profit, up 77.4% YoY	
1Q21 sales were stable YoY:		Gross margin improvement from all three business categories:		Operating profit improved 22% YoY:		Net profit solid in the first quarter, thanks to:	
<ul style="list-style-type: none"> <li>Frozen sales up 10% YoY, due to strong recovery in food services and export</li> <li>PetCare business sales up 21% YoY, due to growth in new and existing products</li> <li>Without an exceptional push in 1Q20 during first wave of COVID-19, Ambient sales still grew from 1Q19 pre-COVID level</li> </ul>		<ul style="list-style-type: none"> <li>Stable and healthy ambient business margin</li> <li>Frozen business margin turnaround</li> <li>PetCare and value-added business continued to enjoy strong demand and benefited from innovation</li> </ul>		<ul style="list-style-type: none"> <li>SG&amp;A expenses increased mainly from higher logistic costs from 11.7% vs 11.3% in 1Q20</li> <li>We delivered THB 1.9bn OP, consistent with previous quarters, thanks to effective cost management</li> </ul>		<ul style="list-style-type: none"> <li>Strong core operation with margin expansion</li> <li>Higher FX gains of THB 244mn vs. THB 262mn FX loss in 1Q20</li> <li>Lower finance cost of THB 397mn vs THB 434mn in 1Q20</li> </ul>	
YoY Chg.	+0.1%		+9.3%		+22.4%		+77.4%
QoQ Chg	-7.0%		-8.6%		-3.5%		+23.7%
% of sales			17.7%		6.0%		5.8%



# 1Q21: Most KPIs improved YoY, sales remained stable, with debt ratio below 1x

1Q21 Net profit Up 77.4%  
YoY to

THB **1,803** million

## Share price movement

2020<sup>2</sup>  
(Jan – Dec 20)

**0.0%**

2021<sup>2</sup>  
(Jan – May 21)

**+10.9%**

ND/E lowered from profitable  
operation

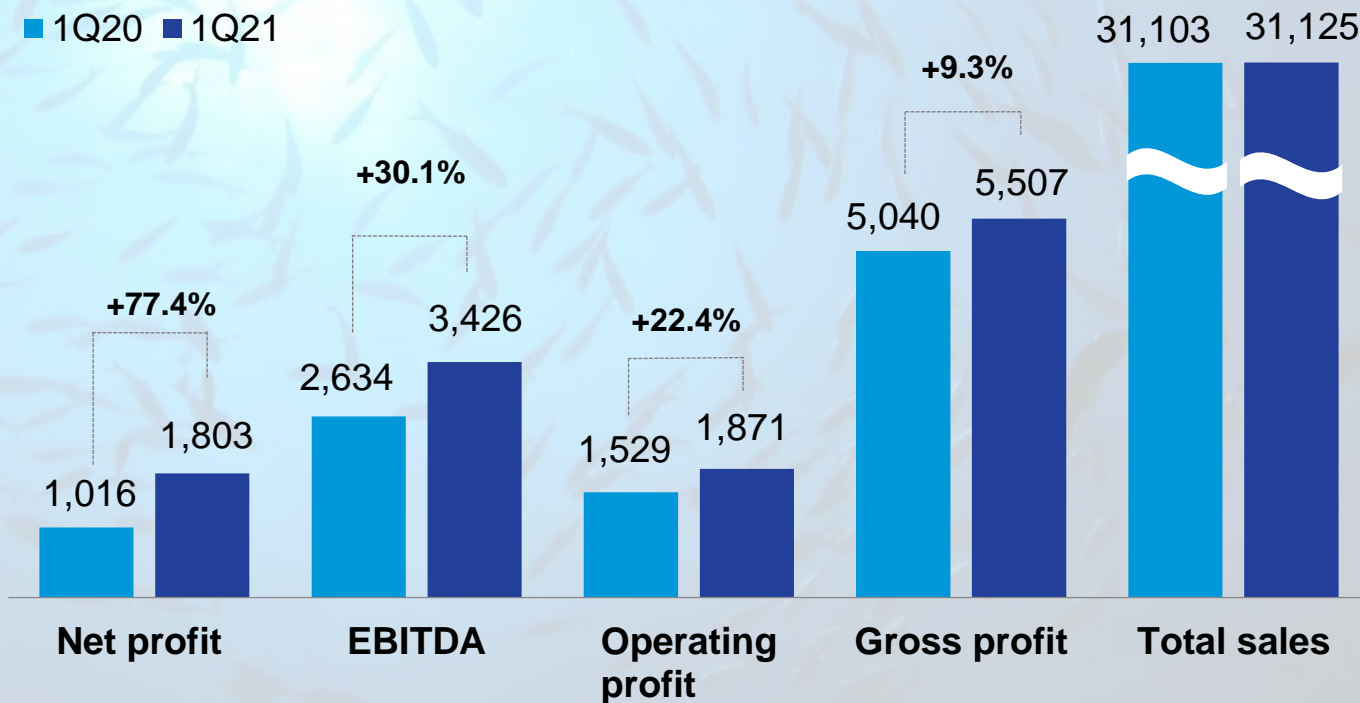
2020 ND/E

**0.94x**

1Q21 ND/E

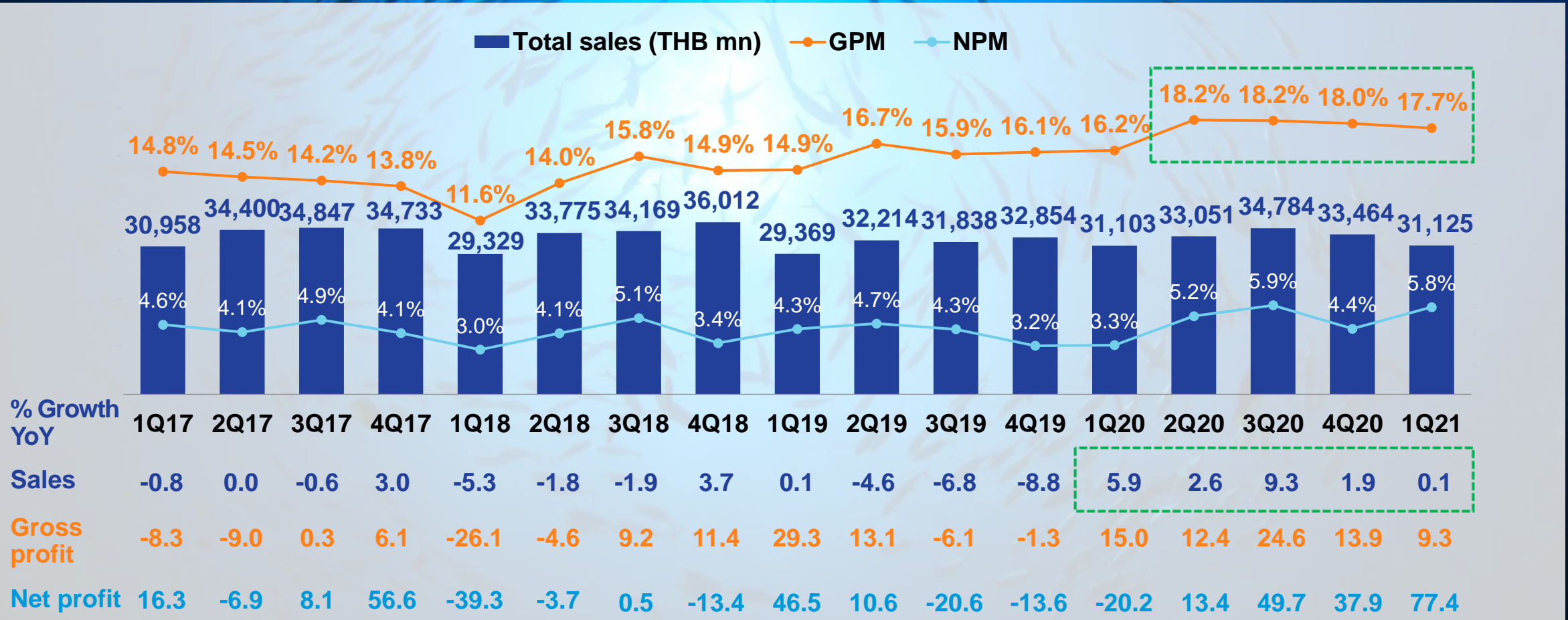
**0.93x**

## Financial Summary<sup>1</sup> (THB million)



Source: <sup>1</sup>TU; <sup>2</sup>SET (Jan 2'20: THB13.6/share and Dec 30'20: THB13.6/share, Jan 4'21: THB13.7/share and May 7'21: THB15.2/share)

# Continued top line growth and high gross profit margin, five quarters in a row



Remark: Excluding one-time net accrual for US legal-related settlement of THB 1,402mn (2Q19) and THB 1,359mn (2Q18), ESCo business closure-related expenses of THB 489mn (2H18) and TMAC investment impairment of THB 87mn (4Q18).





## Key Developments



# Our global operations remain uninterrupted from COVID-19

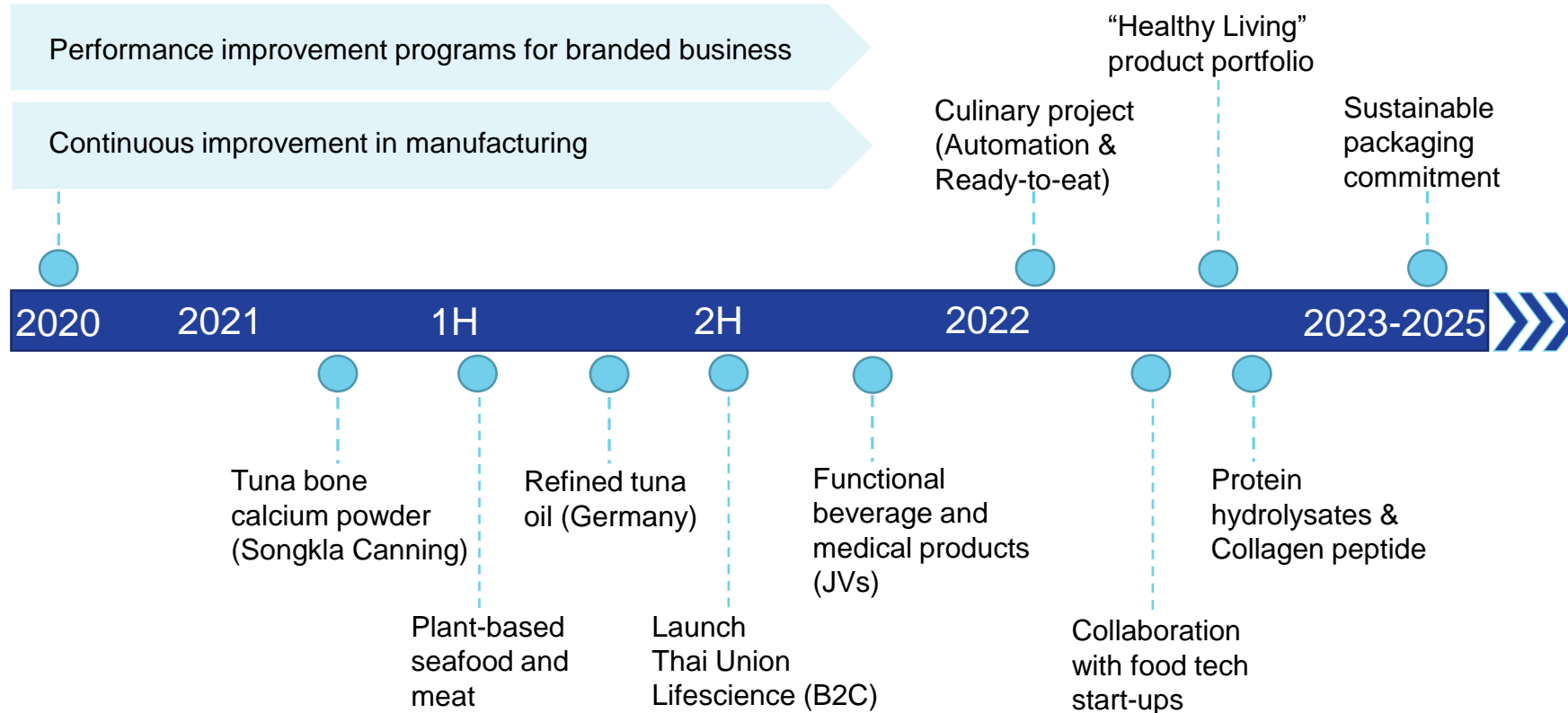
- Thanks to stringent measures and prompt action on COVID-19, all of our plants **remain open and operational at near normal capacity**
- **All employees affected** at our plants in Samut Sakhon, Thailand **have returned to work**
- **Vaccinations in Seychelles, the UK, and the US** are in advanced progress, **Thailand** is ongoing under local authorities program
- **Mitigation measures** in place to compensate supply chain delays, **logistics remains a key challenge**
- We continue to focus on **health and safety of our employees** and **ensuring business continuity**
- Continued to **support local communities** impacted by COVID-19
- **Donated 30,000 food servings** to communities in Samut Sakhon, and **500 fans and 250 power strips** to a hospital caring for COVID-19 patients





# Key steps to our 2025 corporate strategy

## Strengthening our core business



*Healthy Living,  
Healthy Oceans*

- ✓ 10% of revenue from innovation with gross margin >20%
- ✓ 3% annual conversion cost improvement
- ✓ EBITDA USD 450-550mn

## Building new value-enhancing businesses



# Expanding into new, attractive, value-enhancing areas



## Ingredients

- **Tuna oil refinery** in Rostock, Germany, is operating since April 2021
- **Thai Union Ingredients (TUI)** launched **UniQDHA** crude and refined tuna oil, used in infant formula and supplements
- **TUI** continues to develop **UniQBONE** tuna calcium powder for B2B channels
- **Protein hydrolysate** and **collagen peptide** plant will be completed in 2022



## Supplements

- **Thai Union Lifescience (TUL)** to distribute **supplements to end-consumers**, expected to launch in 3Q21
- **ZEAVita by Interpharma** plans to launch **supplements and medical foods** to hospitals starting in 2H21
- **Partnership with ThaiBev** on progress to deliver **functional beverage** by end of 2021



## Alternative Protein

- **OMG Meat plant-based protein brand**, expanded to distribute **nationwide** in March 2021 at leading retail channels in Thailand (The Mall, Lotus, Makro)
- To launch new **alternative protein product range** (shrimp tempura, shrimp patty, shrimp) to market in 3Q21
- We are **collaborating with international FMCGs** to launch plant-based meat **in Asia**





# Launched new, healthy canned tuna under Petit Navire brand

- Thai Union introduced **new, MSC-labeled canned tuna range with nutritional benefits**
- **Rich in essential nutrients:** Rich in Vitamin C, Rich in Omega-3, and Antioxidant products
- **To further expand Petit Navire market presence** as a healthy, nutritional seafood brand
- Supports our commitment to **“Healthy Living, Healthy Oceans”**
- **Available since April 2021** on both **online** channels and at **leading supermarkets in France**





# Committed to full transparency in our supply chain



**Partnered with The Nature Conservancy (TNC)** in a pioneering commitment to 100% electronic monitoring of tuna supply chain by 2025



**Joined Ocean Disclosure Project, an initiative launched by Sustainable Fisheries Partnership in 2015**, which encourages seafood companies to disclose seafood sourcing data



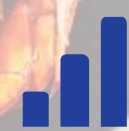
**Reaffirms our commitment** as part of global sustainability strategy, SeaChange®, to **increased transparency throughout seafood industry**



**Our sustainability efforts continue to be recognized** by leading institutions around the world: FinanceAsia's 21<sup>st</sup> Best Companies in Asia Poll for "Most Committed to Environmental Stewardship" in Thailand, which surveys over 200 portfolio managers and buy-side analysts







# Financial Results: 1Q21 - Consolidated





“

We delivered a very healthy performance in 1Q21, consistent with our achievements over the past several quarters. This looks very encouraging for the whole year of 2021. ”

**Ludovic Garnier,  
Group CFO**



# 1Q21: Key Takeaways



## Steady top line

- **Stable sales YoY**, supported by **Frozen and chilled business** in the US and strong sales contribution from **PetCare and value-added business**, despite lower sales in **Ambient business**. Excl. FX, sales growth was **-0.2% YoY**



## Continuing high gross margin

- GPM remained at **high level of 17.7%** vs 16.2% in 1Q20
- Continued improving margin from all three categories; **Ambient, Frozen and Chilled, and PetCare and value-added businesses**.



## Solid operating profit

- **Operating profit** was at **THB 1.9bn**, up **22% YoY** on gross margin enhancement.
- **SG&A was up 4% YoY**, mainly due to higher logistics costs in 1Q21.



## Red Lobster operations turnaround

- **Red Lobster turned to share profit of THB 81mn** (excl. lease impact\*) thanks to successful of vaccination campaigns in the US and stimulus checks (vs. THB 111m loss contributed in 1Q20). **Avanti contributed higher share profit YoY**.



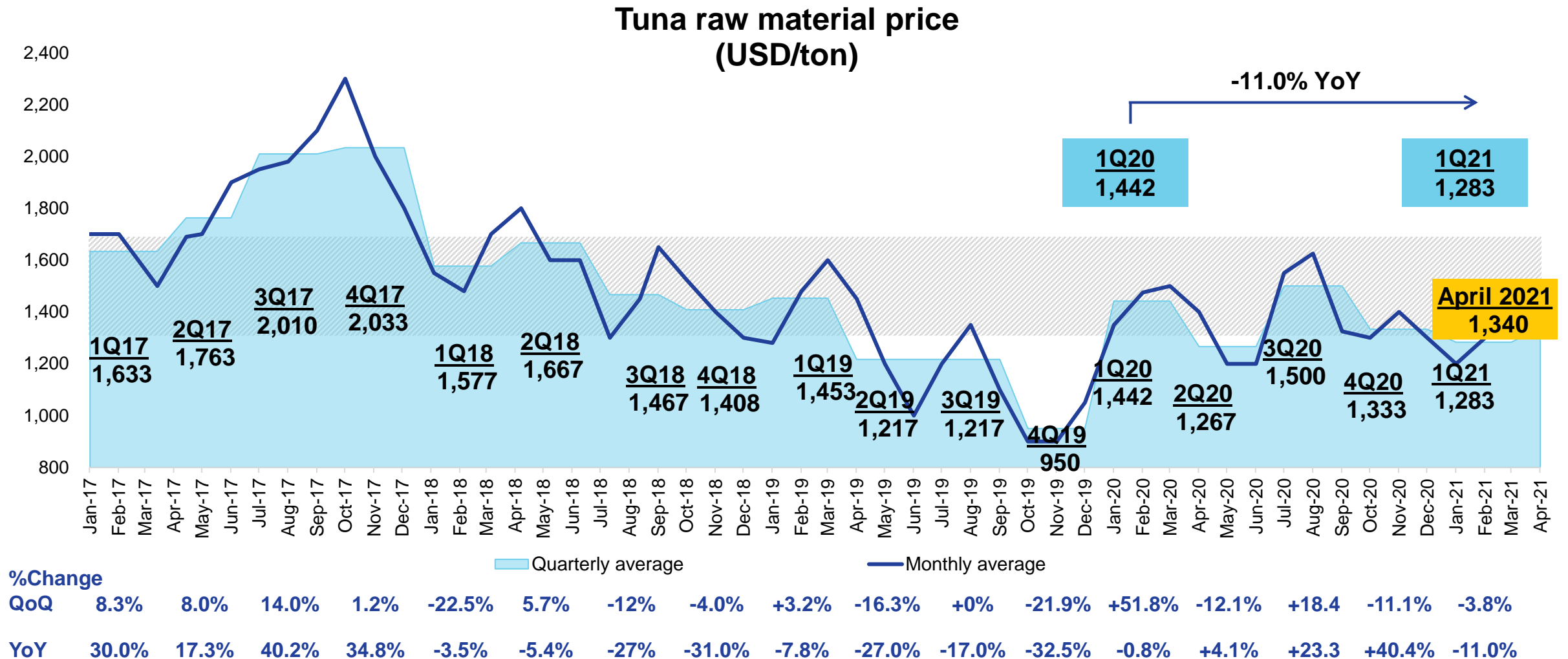
## High 1Q net profit

- 1Q21 net profit **increased 77% YoY** to **high quarterly level of THB 1.8bn**, thanks to strong core business with margin enhancement and FX gains.

Remark: \* More detail on slide 27

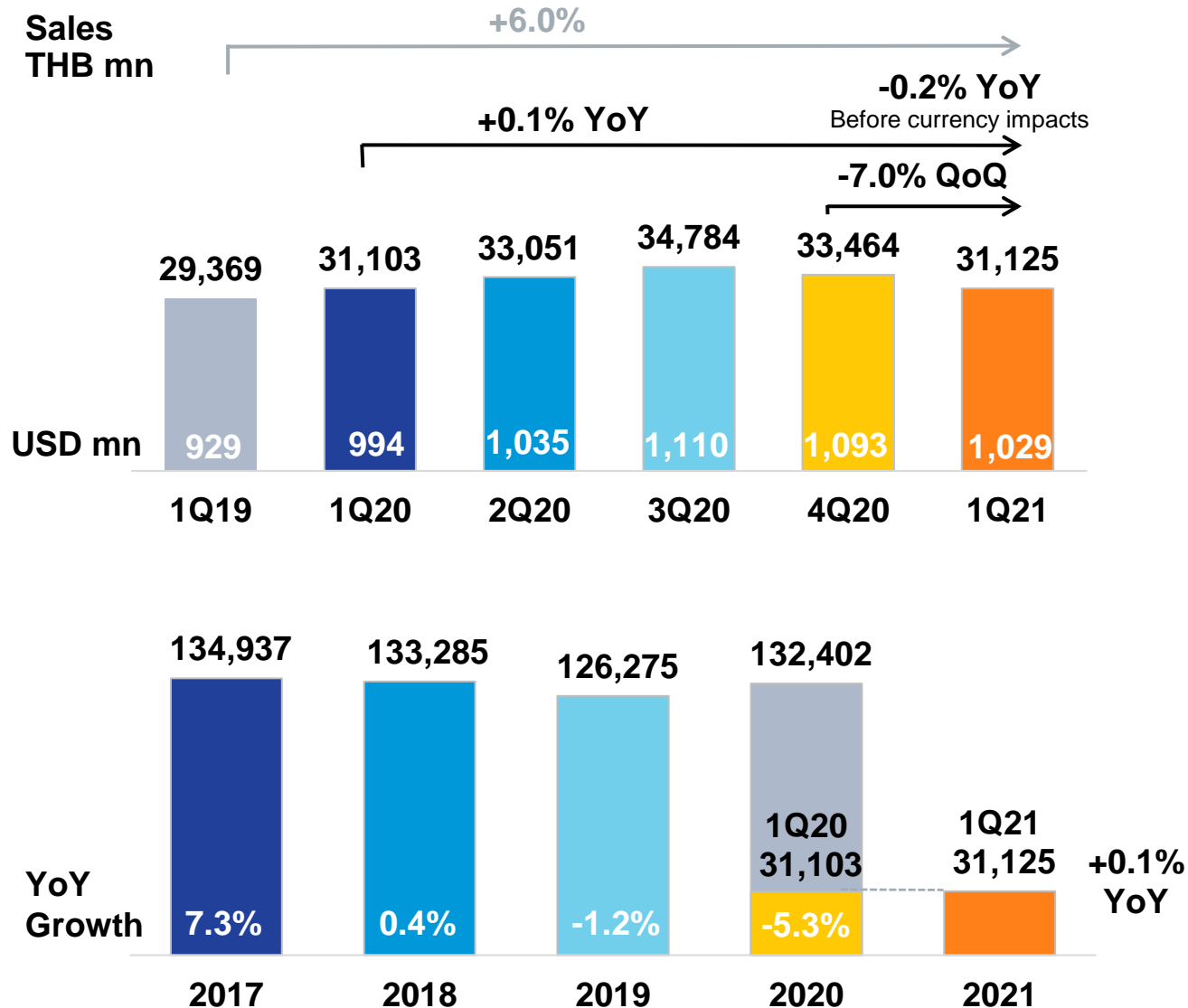


# Tuna prices remained within our expectations





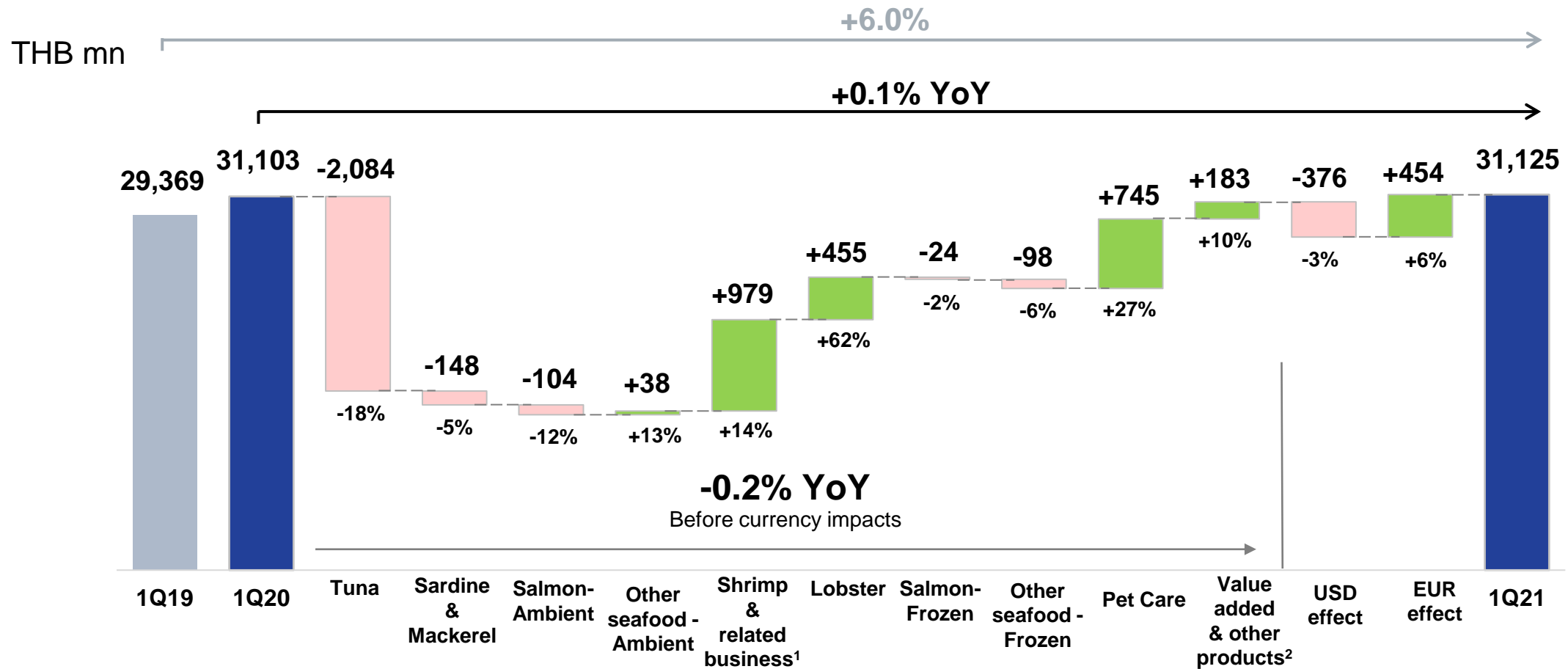
# Sales growth driven by Frozen seafood and PetCare businesses



- **1Q21 sales were stable YoY, driven by:**
  - **Frozen and chilled seafood business** greatly turned around in 1Q21 at 10% YoY growth, after a negative impact from global pandemic since March 2020.
  - **PetCare and value-added business** continued to deliver resilient sales growth of 21% YoY, thanks to continued strong demand on existing products and new products launched.
  - **Ambient seafood** sales dropped 13% YoY, due to lower selling volumes by 14% YoY. This resulted from an exceptional push of shelf-stable products in 1Q20 during the first wave of COVID-19.
  - **Compared to 1Q19 pre-COVID level, all three core businesses grew** reasonably well in 1Q21 at **6% growth**.



# 1Q21 revenue growth from shrimp, lobster, and PetCare, offset by lower sales in tuna, sardine and mackerel



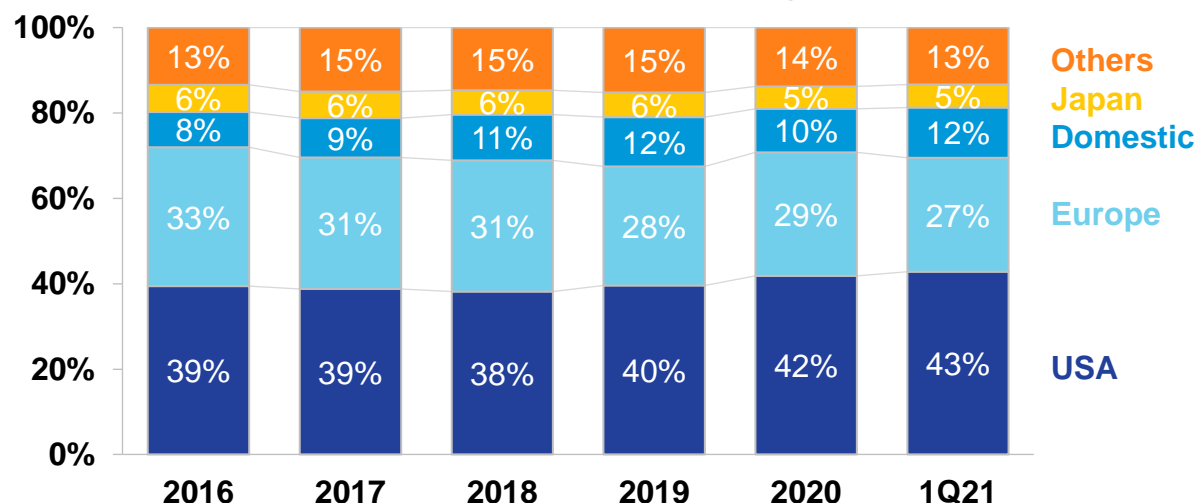
Remark: <sup>1</sup>Shrimp & related business comprises of frozen shrimp and shrimp feed.

<sup>2</sup>Value-added & other products includes ready-to-eat products, frozen cephalopod, canned seafood, local products, bakery products, and sales of scraps



# Strong sales growth from the US and domestic market

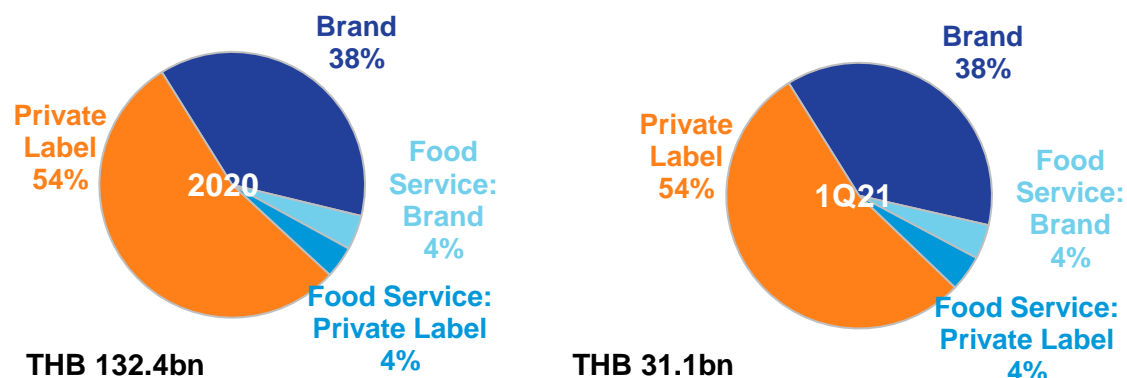
Sales Breakdown by Geographic



- 1Q21 higher sales contribution from the US and Thailand**

- The US and Thailand sales increased 6% YoY and 5% YoY respectively, from a recovered consumption momentum, particularly in food services.
- European sales decreased 11% YoY due to lower sales in branded products, compared to the exceptional push in 1Q20 during the first wave of COVID-19.

Sales Breakdown by Business



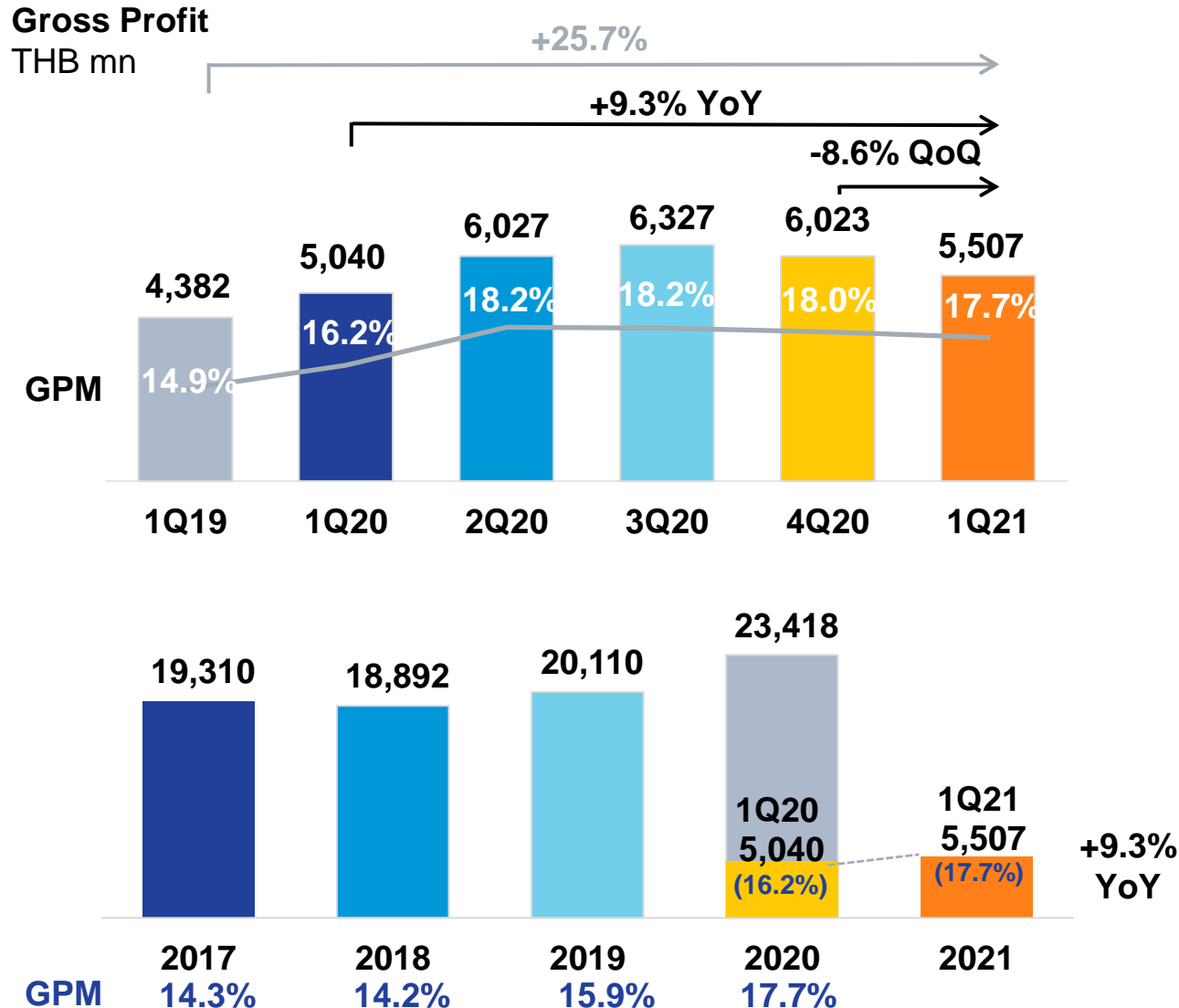
- 1Q21 branded and private label business sales mix remained at 42% and 58%, respectively.**

- 1Q21 total branded sales decreased 7% YoY, due to lower European ambient business sales.
- 1Q21 private-label sales reported sales growth of 6% YoY, as a result of higher US frozen and chilled seafood sales.

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



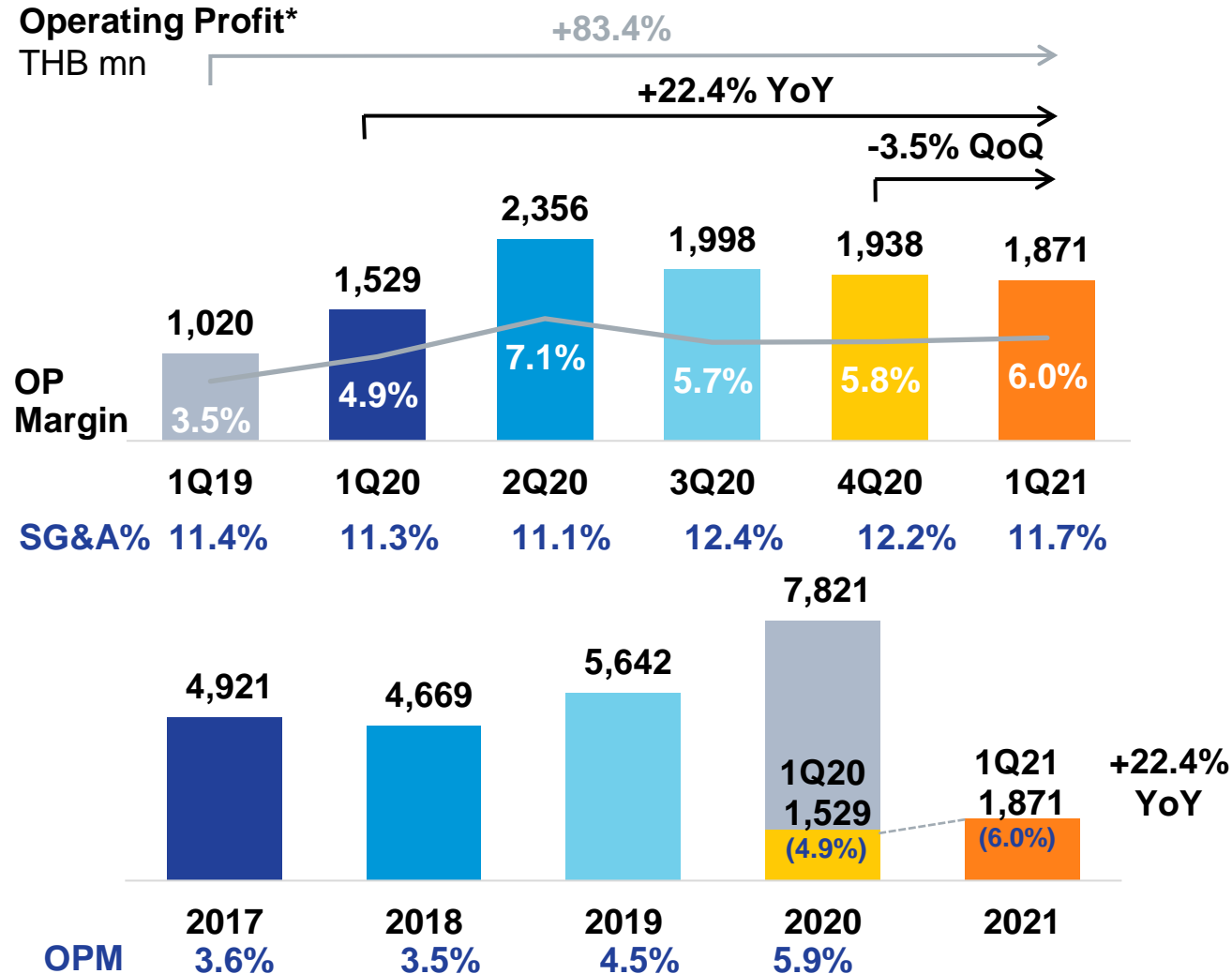
# We delivered consistent high gross profit margin



- **1Q21 gross profit margin remained at high quarterly level at 17.7% vs 16.2% in 1Q20, thanks to:**
  - Frozen and chilled seafood gross profit increased 44% YoY, from a recovery of food services.
  - PetCare and value-added business gross profit improvement of 34% YoY, from a strong demand and new products launched.
  - Ambient business gross profit declined 10% YoY, due to a normalization effect.
  - Positive FX impact from EUR gain, partially offset by USD loss.



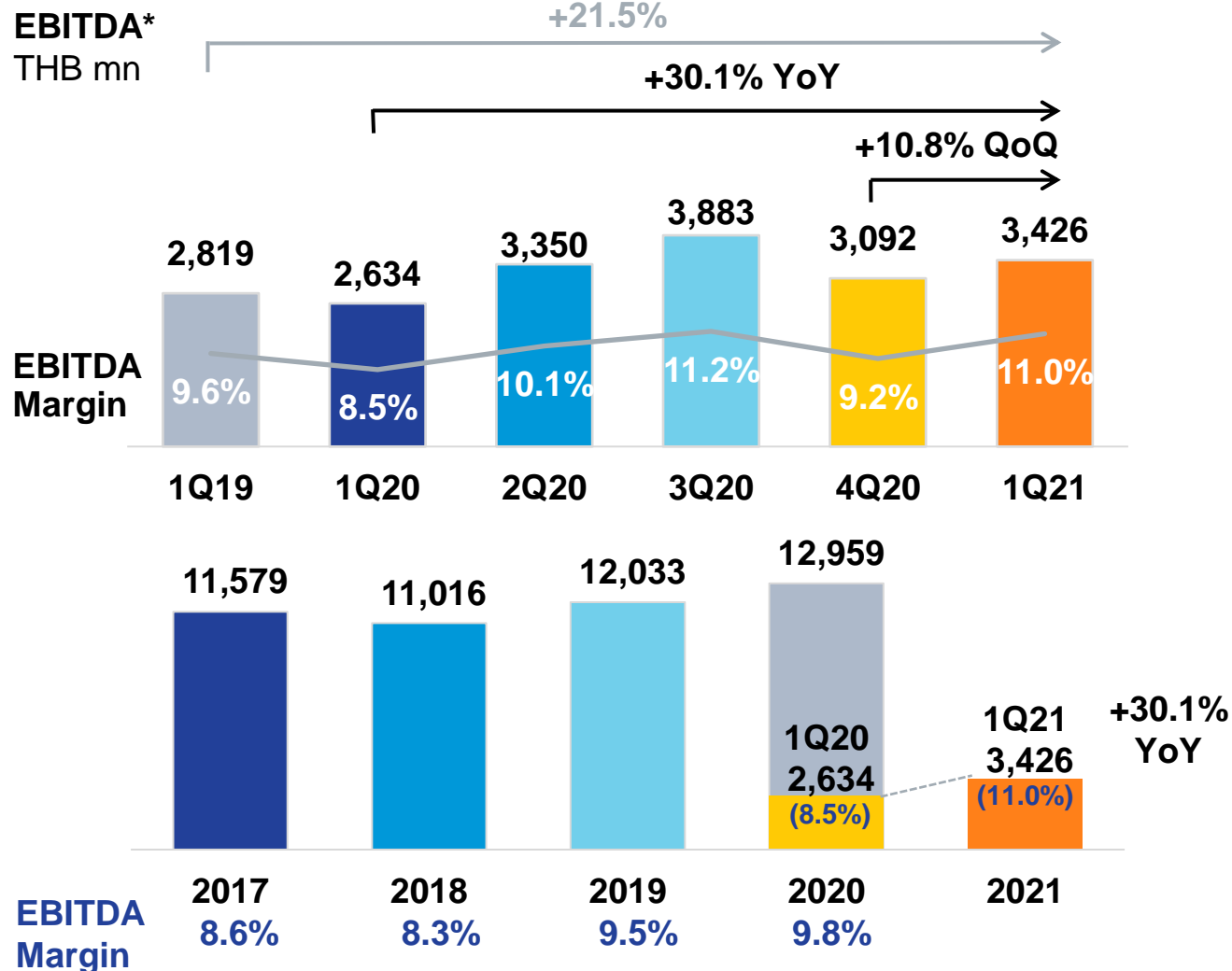
# 1Q21 Strong operating profit, up 22% YoY



- **1Q21 operating profit was robust at 22% YoY growth to THB 1,871mn:**
  - 1Q21 SG&A to sales ratio was at 11.7%, increased from 11.3% in 1Q20. The increase was resulted from higher logistic costs estimated by THB 200-250mn in this quarter.
  - Despite much higher logistic costs in this quarter, SG&A expense increased only 4% YoY, thanks to the Company's effective cost management by lower marketing and advertising, and other selling expenses.

Remark: Excluding one-time net accrual for US legal-related settlement of THB 1,402mn (2Q19) and THB 1,359mn (2Q18), ESCo business closure-related expenses of THB 489mn (2H18) and TMAC investment impairment of THB 87mn (4Q18).

# 1Q21 EBITDA at THB 3.4bn, up 30% YoY on reported basis

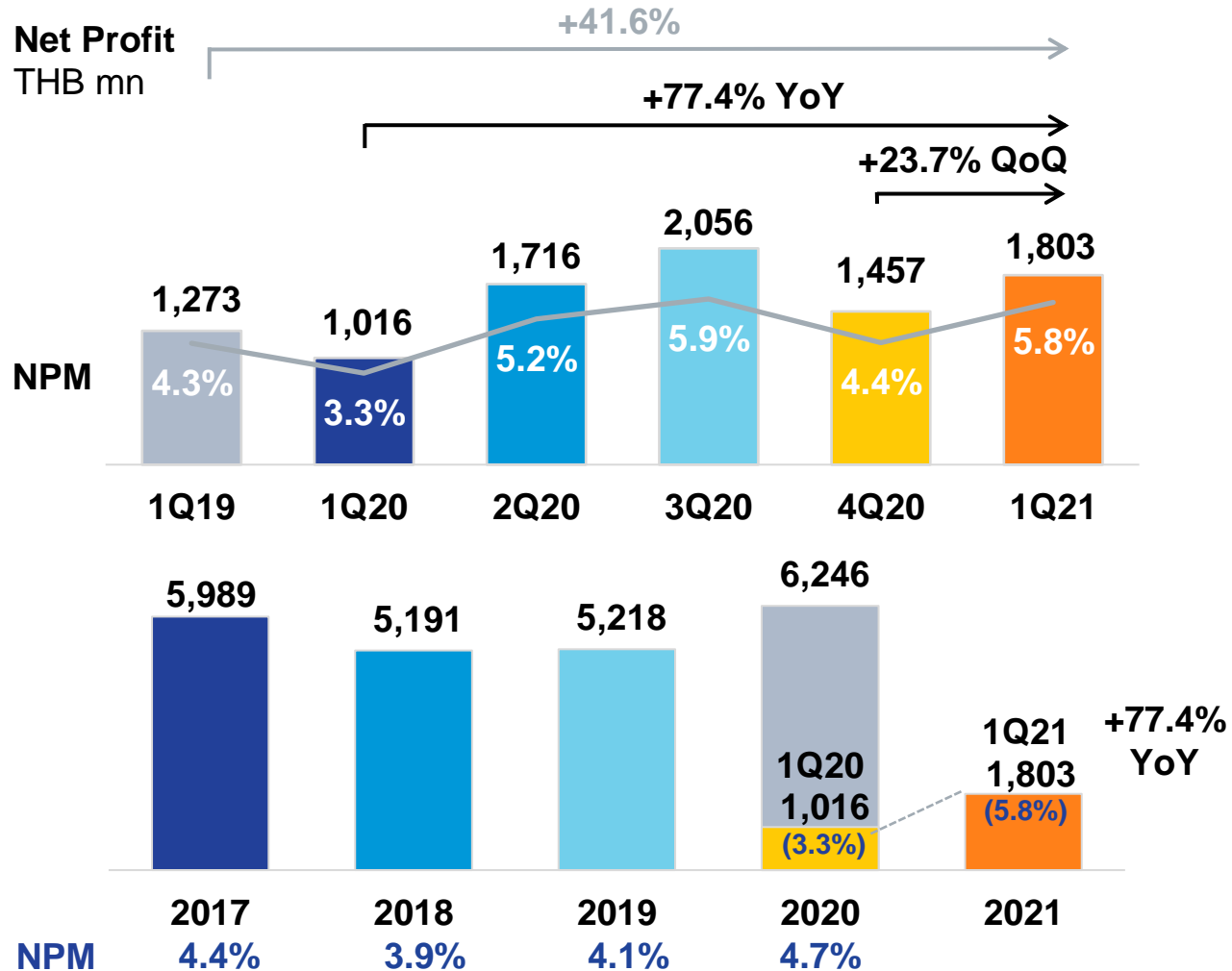


- **1Q21 EBITDA at THB3.4bn, an increase of 30% YoY, thanks to:**
  - TU reported 1Q21 FX gain of THB 244mn vs FX loss of THB 262mn in 1Q20, as a result of Baht depreciating against key currencies i.e. USD
  - TU reported THB 32mn share of loss from associates in 1Q21 vs THB 18mn share of loss in 1Q20. The higher loss contribution from Red Lobster was due to lease accounting adjustment (THB 307mn). Excluding that, we saw a strong improvement in Red Lobster operation in 1Q21 at THB 81mn share of profit (vs. THB 111mn contribution loss in 1Q20).
  - TU continued to record consistent interest income from investment in Red Lobster preferred units.

Remark: Excluding one-time net accrual for US legal-related settlement of THB 1,402mn (2Q19) and THB 1,359mn (2Q18), ESCo business closure-related expenses of THB 489mn (2H18) and TMAC investment impairment of THB 87mn (4Q18).



# Record high 1Q21 net profit at THB 1.8bn, up 77% YoY on reported basis

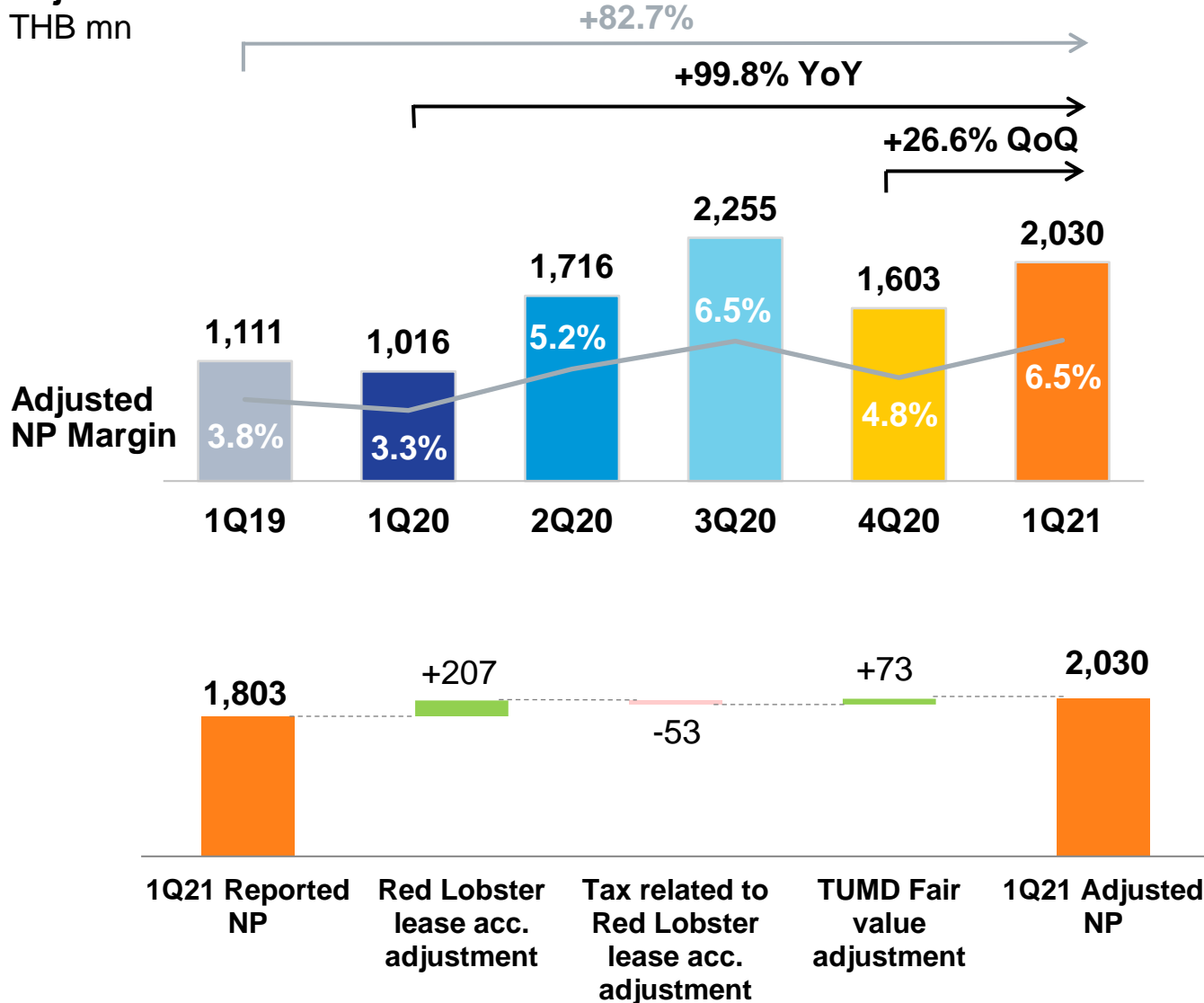


- **1Q21 reported net profit was at THB 1,803mn, up 77% YoY**
- This was due to strong core business, particularly Frozen seafood and PetCare and value-added businesses, with expanding margins.
- FX gain of THB 244mn in 1Q21 vs FX loss of THB 262mn in 1Q20.
- Lower finance cost of THB 397mn (vs THB 434mn in 1Q20), thanks to debt repayment and lower cost of debt during 1Q21.

Remark: Excluding one-time net accrual for US legal-related settlement of THB 1,402mn (2Q19) and THB 1,359mn (2Q18), ESCo business closure-related expenses of THB 489mn (2H18) and TMAC investment impairment of THB 87mn (4Q18).

# 1Q21 Adjusted net profit increased 100% YoY

Adjusted Net Profit  
THB mn

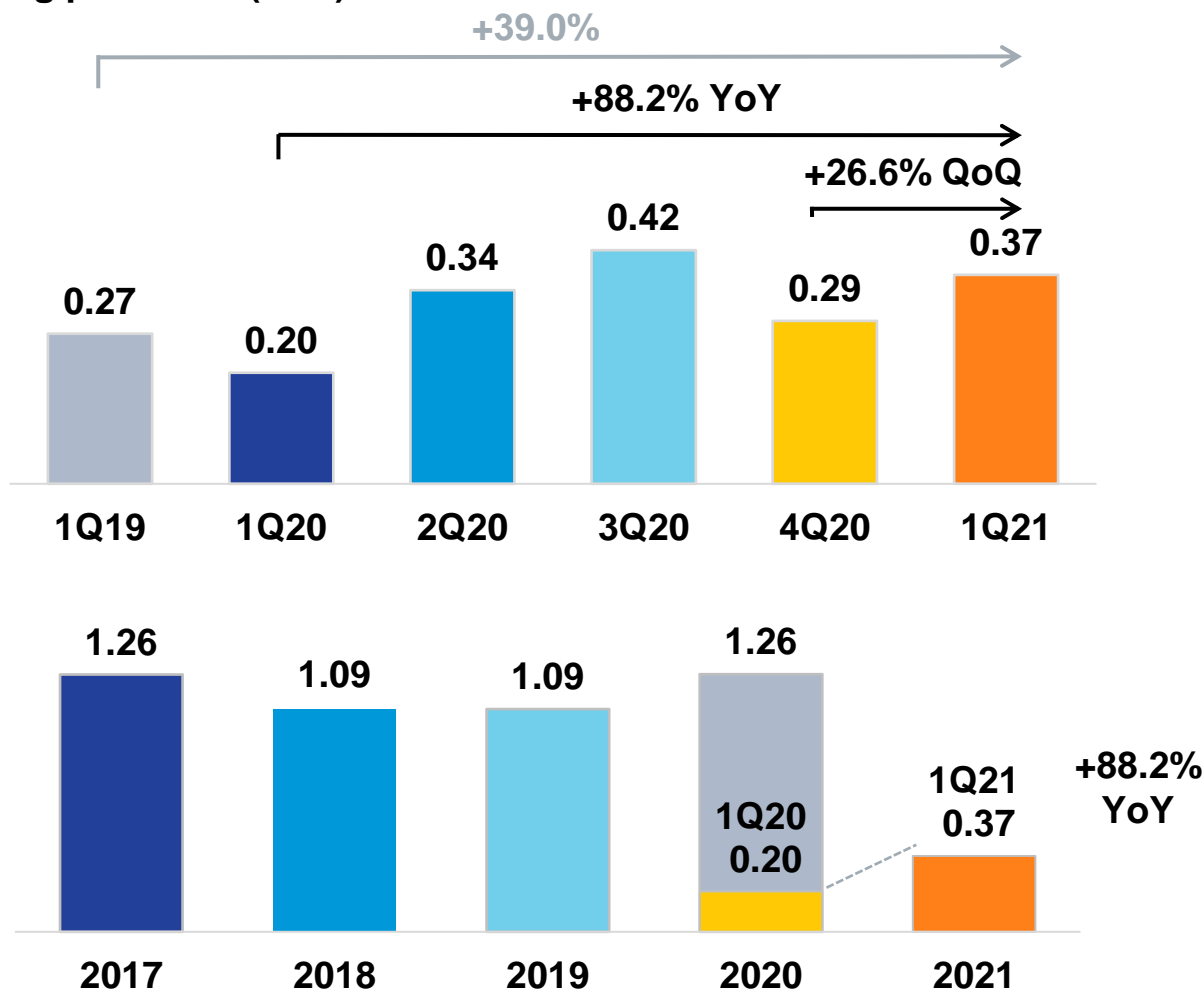


- **Excluding one-off items, adjusted net profit was THB 2,030mn in 1Q21 due to the following:**
  - At share of profit from Red Lobster, there was THB 207mn booked as an expense for lease accounting adjustment, less THB 53mn tax credit, **net amount to THB 154mn**, due to difference in US GAAP and TFRS accounting standards for the period 2020.
  - **Change in fair value adjustment from Russian business (TUMD) at THB 73mn**, booked as an expense in other income.



# EPS: 1Q21 EPS was up 88% YoY

Earning per Share (EPS)\*  
THB



- 1Q21 EPS was at THB 0.37, up 88.2% YoY, backed by net profit growth.

*Remark: Excluding one-time net accrual for US legal-related settlement of THB 1,402mn (2Q19) and THB 1,359mn (2Q18), ESCo business closure-related expenses of THB 489mn (2H18) and TMAC investment impairment of THB 87mn (4Q18).*

*\*EPS in this slide is calculated based on reported net profit less interest paid on perpetual bond, divided by number of shares of 4,655,132,196, which including the share repurchased at 116,682,800 shares during 2020. TU's issued and fully paid-up share capital remains 4,771,815,496 shares.*

# 1Q21: Red Lobster operations turned a profit, one-off impact from lease accounting differences



THB mn	1Q21	4Q20	3Q20	2Q20	1Q20
Share of profit from operations	81	-321	-54	-702	-111
Share of profit from lease accounting adj.*	-307				
Other income	304	255	244	249	243
Interest expense	-104	-111	-121	-135	-131
Income tax	90	-25	1	221	42
Net income	64	-202	70	-367	43
EPS (THB/share)	0.01	-0.04	0.02	-0.08	0.01

Remark: \* More information can be seen in appendix

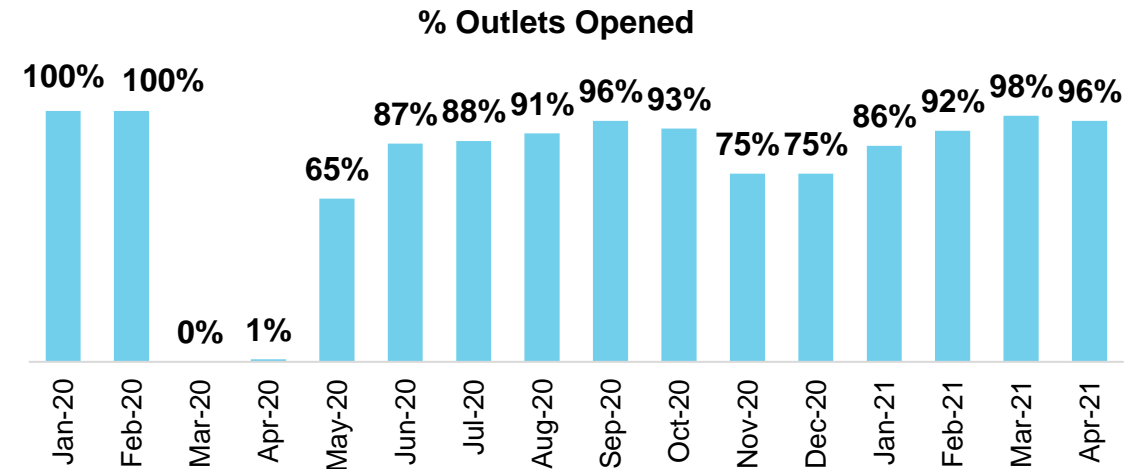
- **Share of profit from operations** turnaround to THB 81mn in 1Q21 vs. share of loss at THB 111mn in 1Q20.
- **Including lease accounting adjustment**, it's marked at THB 226m share of loss in 1Q21. Lease accounting adjustment was booked at THB 229mn in 1Q21, including:
  - THB 307mn expense (THB 207mn related to 2020, THB 100mn in 1Q21)
  - THB 78mn tax credit (THB 53mn related to 2020, THB 25mn in 1Q21)
- Estimated **net expense from lease accounting** adjustment going forward is **THB 75mn per quarter** (THB 100mn share of loss less THB 25mn tax credit) for 2Q-4Q21. There is **no impact on cash** basis.
- **Approx. 96% restaurants are open for dining halls** as of April 2021, with ~50% guest capacity
- **99% outlets are open for off-premise** (To Go, curbside pickup, and delivery)



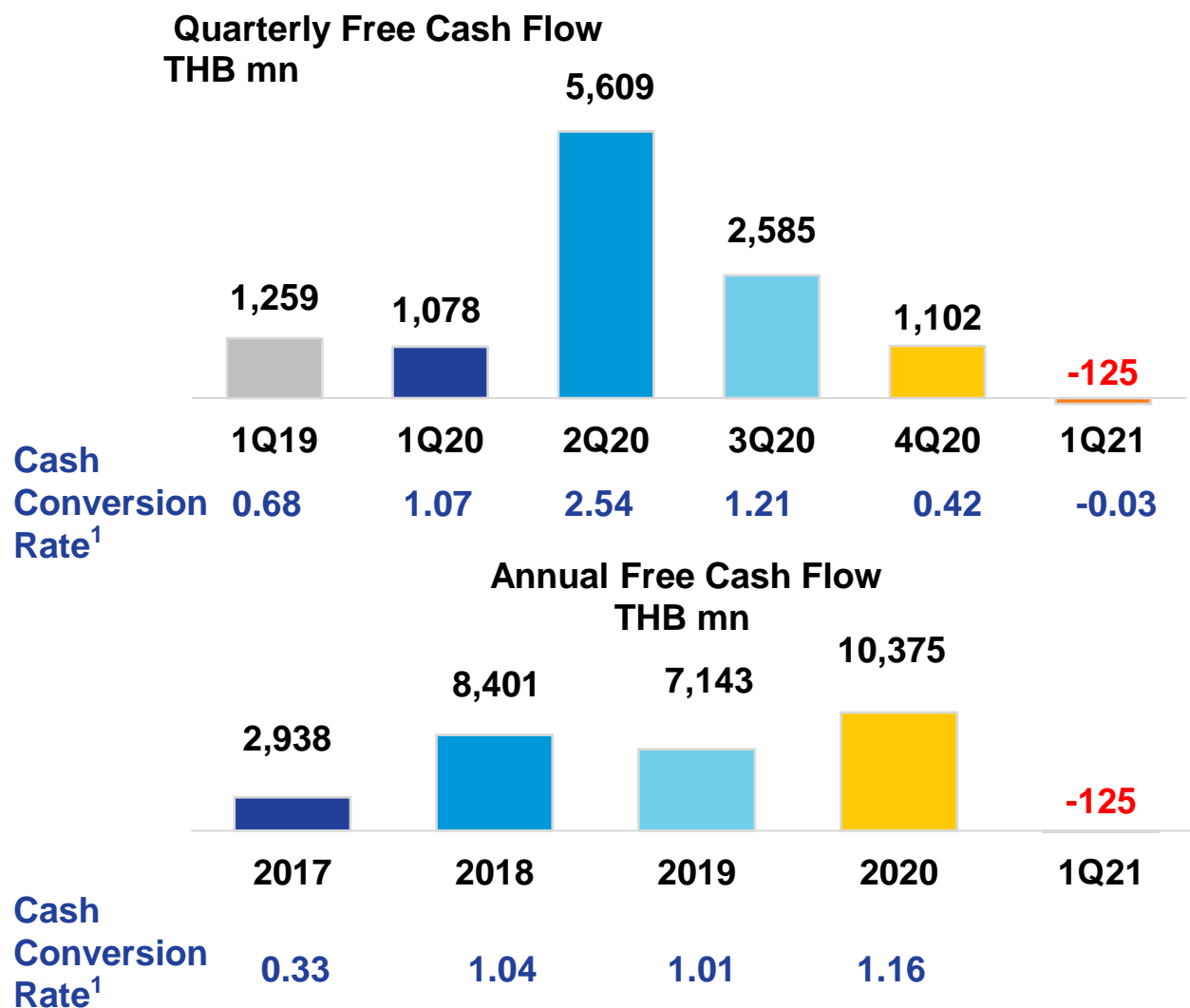
# Red Lobster has accelerated its business recovery initiatives amid ongoing COVID-19 pandemic



- **Business recovery driven by improving guest count** and key strategic initiatives (Lobsterfest, Valentine's Day and Lent)
- **Continued push on off-premise business**, which grew 3x since onset of pandemic
- **Curbside pickup** is growing rapidly, focused on **touchless** guest experience
- **Menu evolution** is now live
- **Focused on staffing to support increased demand**, remains a key challenge in certain markets
- **Recovery is expected in 2021**: Vaccine continues to be rolled out nationwide (approx. 3.2mn doses/day), 3<sup>rd</sup> stimulus supports food service operations in the U.S.



# 1Q21: Negative net working capital caused a temporarily negative FCF



- **Free cash flow in 1Q21** had a temporary impacted from higher inventory of finished goods and goods in transit on a delayed shipment and container shortage from 4Q20.
- Thai Union **committed a capital expenditure (CAPEX) of THB 6.0-6.5bn in 2021** for strategic investments, innovation, and projects for improving operational efficiency to meet our 2025 goal.

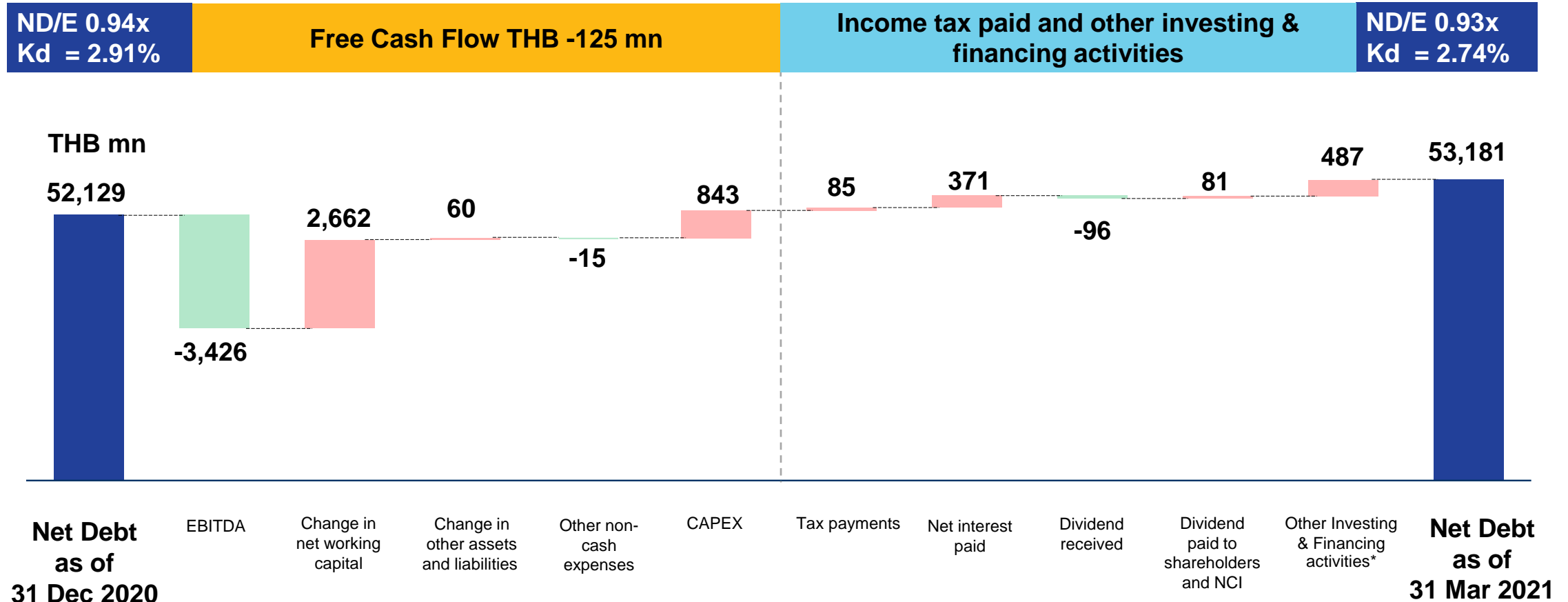
Remark: Change definition of Free Cash Flow;

<sup>1</sup>Cash Conversion Rate = FCF / EBIT; FCF= EBITDA-Changes in net working capital – Change in other assets& Liabilities + non-cash expenses – CAPEX

FCF is based on reported financial statement basis



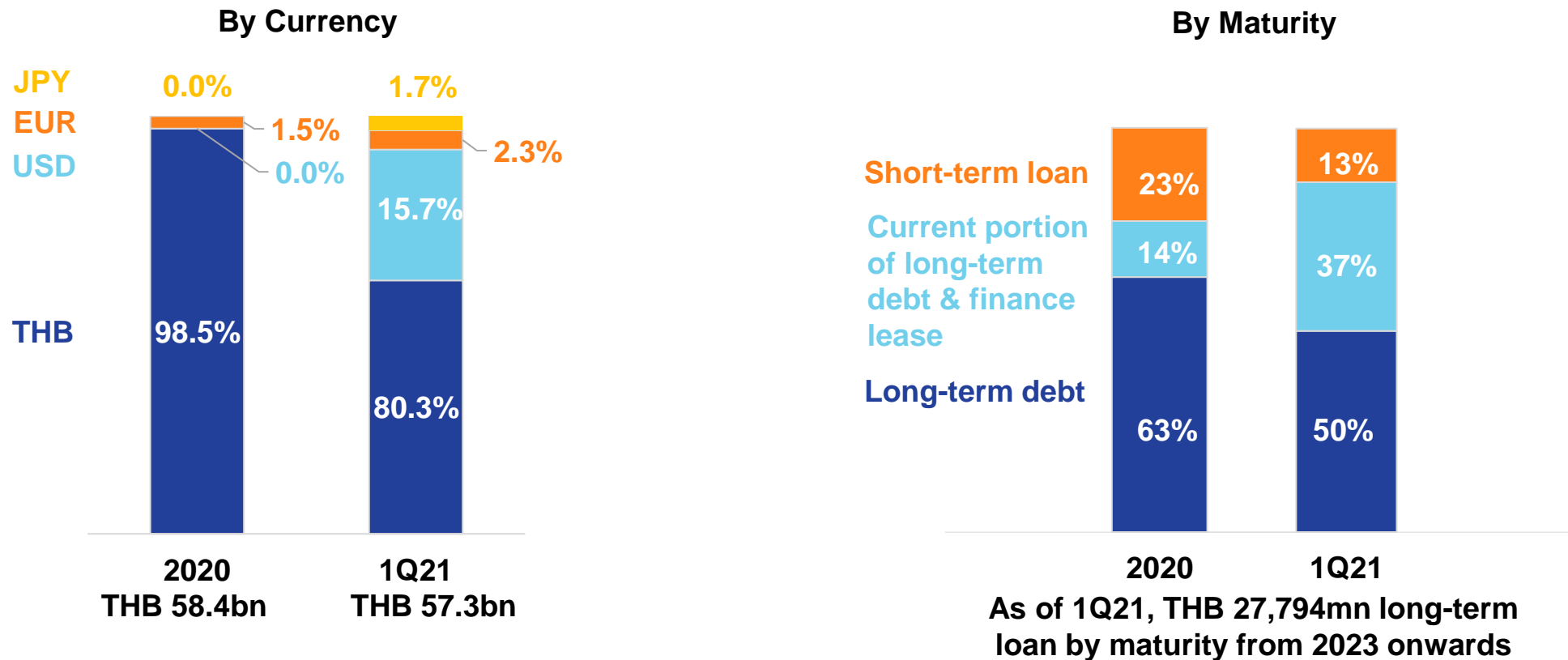
# 1Q21: THB 1bn net debt increase from negative change in net working capital and CAPEX, offsetting healthy EBITDA



Remark: \*Included 1) change in loans to associates & other companies 2) change in investments in associates and other long-term investments  
3) proceeds from sale of assets 4) dividend received and 5) change in non-controlling interest

# Majority THB funding, reducing risk associated to currency volatility

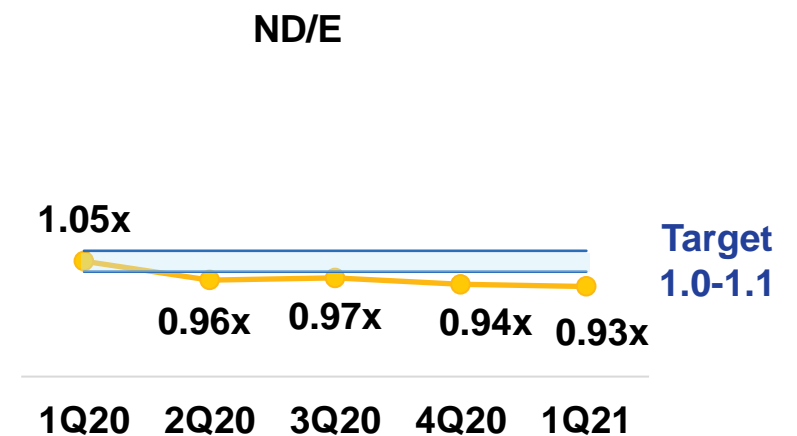
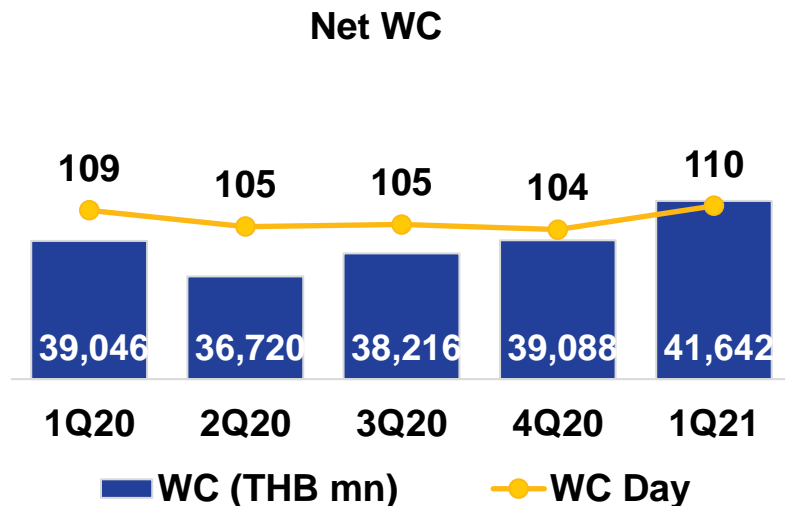
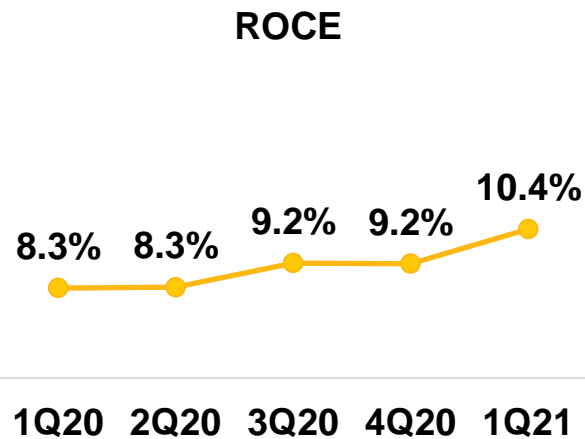
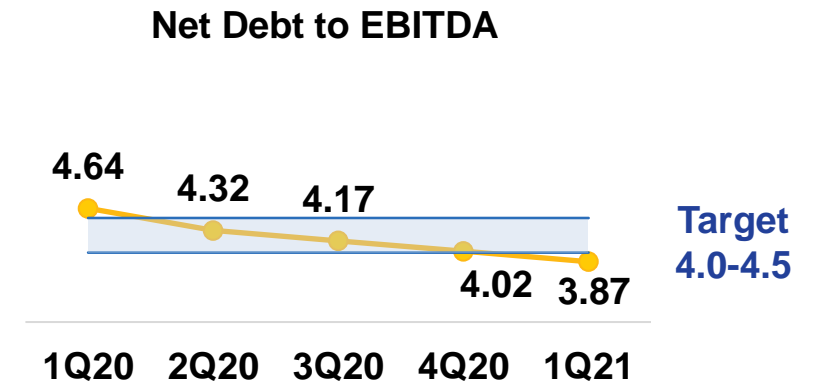
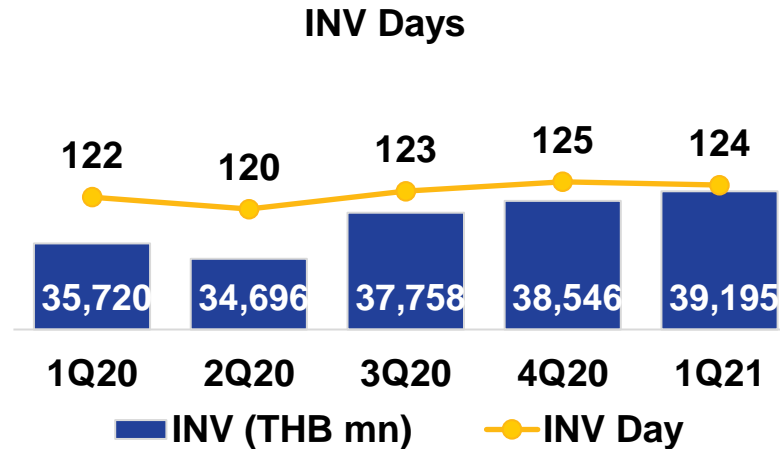
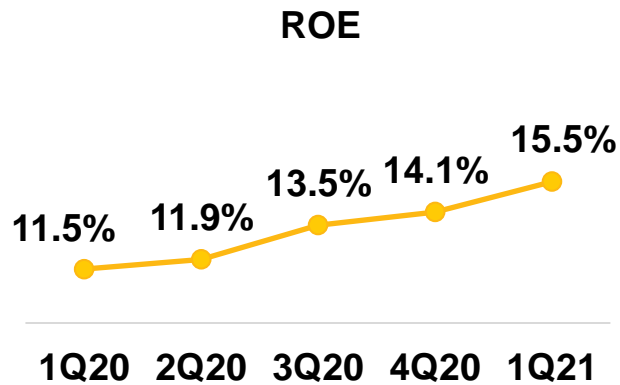
## Interest-bearing debts of THB 57,258mn



Remark: THB 14,500mn long-term debts due to maturity in 2022 are classified at current portion of long-term debt as end of 1Q21.



# Debt ratio target achieved, improved profitability ratio



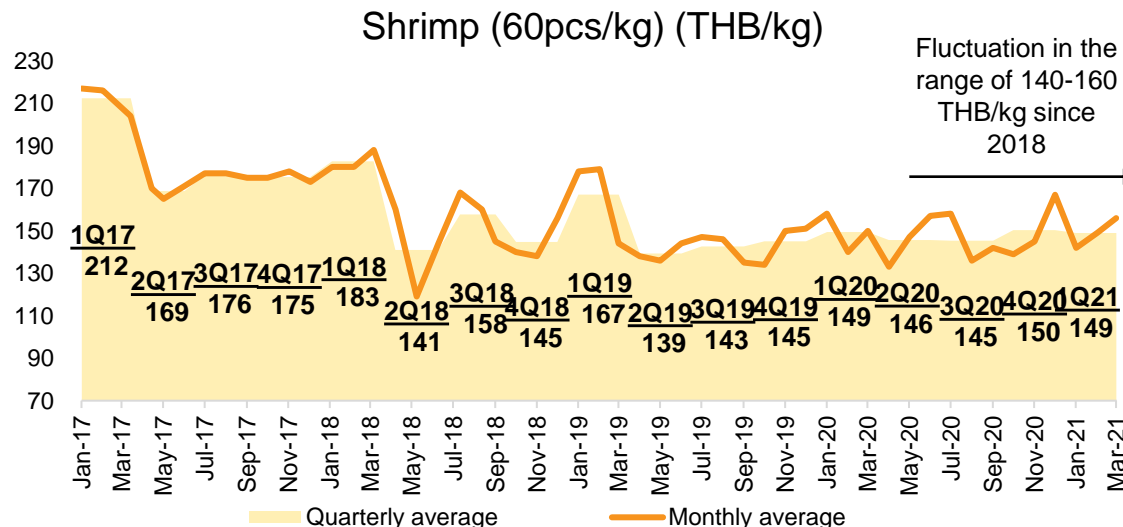
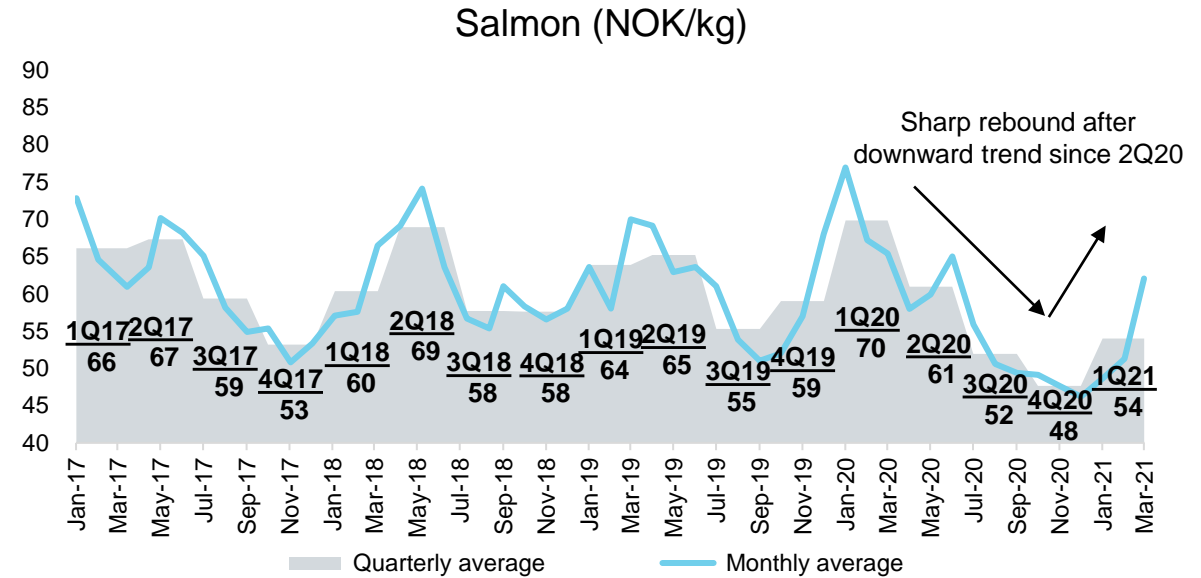
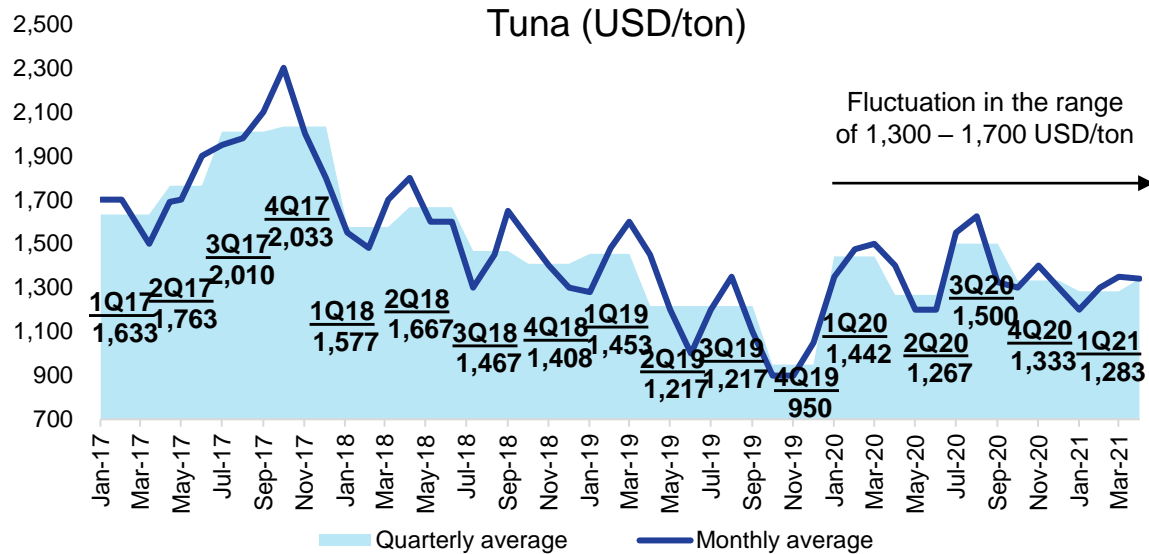
Remark: Excluding one-time net accrual for US legal-related settlement of THB1,402mn (2Q19)



## Financial Results: 1Q21 – Business Units



# Tuna and shrimp prices remained favorable, salmon price increased sharply over the quarter



## In April 2021, raw material prices closed at:

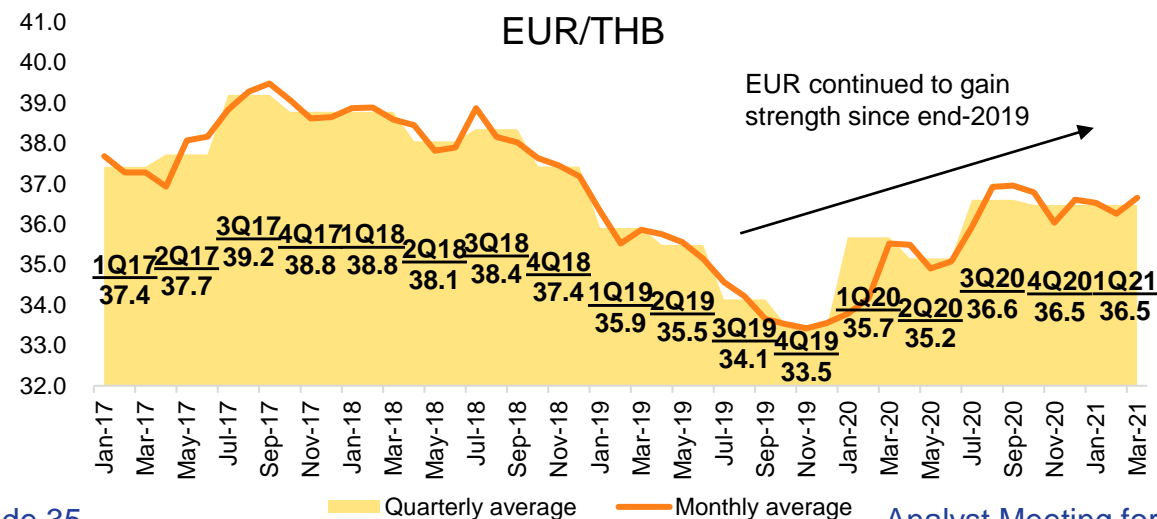
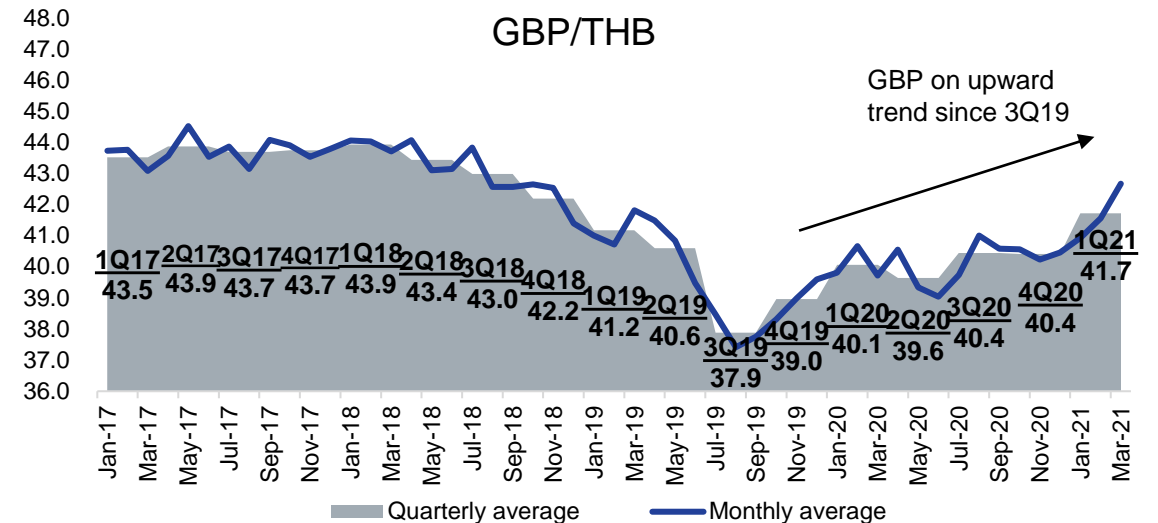
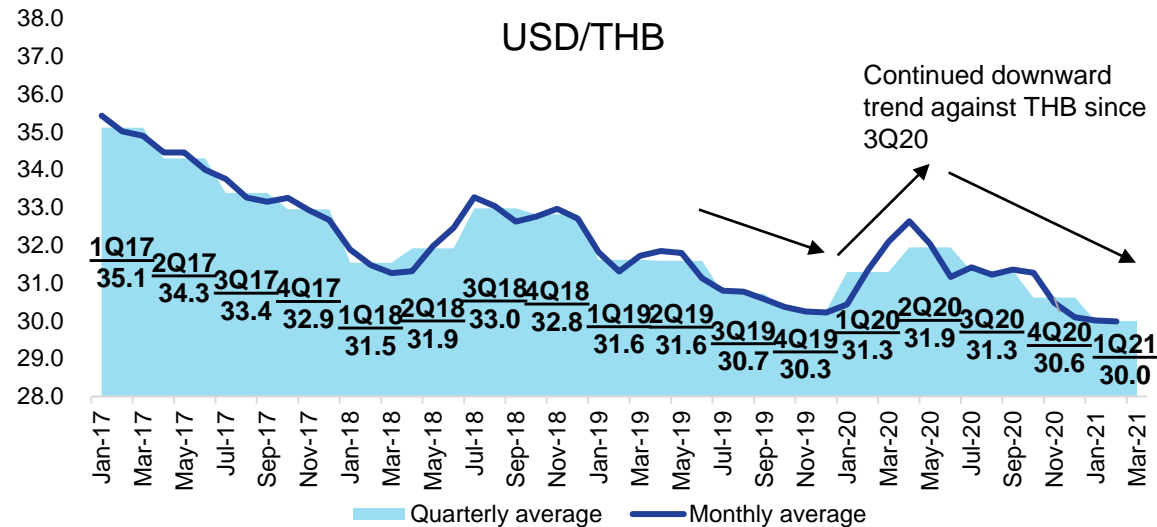
- Tuna - USD 1,340/ton, Shrimp - THB 146/kg, Salmon - NOK 62/kg

## In 1Q21, average raw material prices closed at:

- Tuna: USD 1,283/ton (-11.0% YoY, -3.8% QoQ)
- Shrimp: THB 149/kg (-0.2% YoY, -0.9% QoQ)
- Salmon: NOK 54/kg (-22.7% YoY, +13.3% QoQ)

Source: Thai Union and Bloomberg data

# Thai Baht weakened, but still contributed to gains against key currencies YoY except USD



## In April 2021, average FX rates closed at:

- USD/THB – THB 31.33, EUR/THB – THB 37.49, GBP/THB – THB 43.41

## In 1Q21, average FX rates closed at:

- USD/THB: THB 30.26 (-3.3% YoY, -1.2% QoQ)
- EUR/THB: THB 36.47 (+5.8% YoY, +0.0% QoQ)
- GBP/THB: THB 41.72 (+4.1% YoY, +3.2% QoQ)

Source: Thai Union and Bloomberg data



# 3 strategic business categories

Total 1Q21 sales: THB 31,125 mn



Ambient seafood

Sales: THB 13,580 mn



Frozen & chilled seafood and related

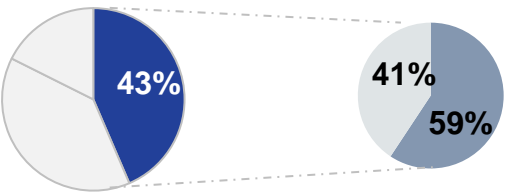
Sales: THB 12,076 mn



PetCare, value-added and others

Sales: THB 5,469 mn

Sales Split



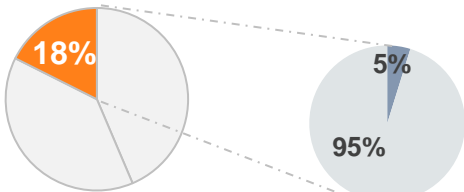
Brand  
Private label

Sales Split



Brand  
Private label

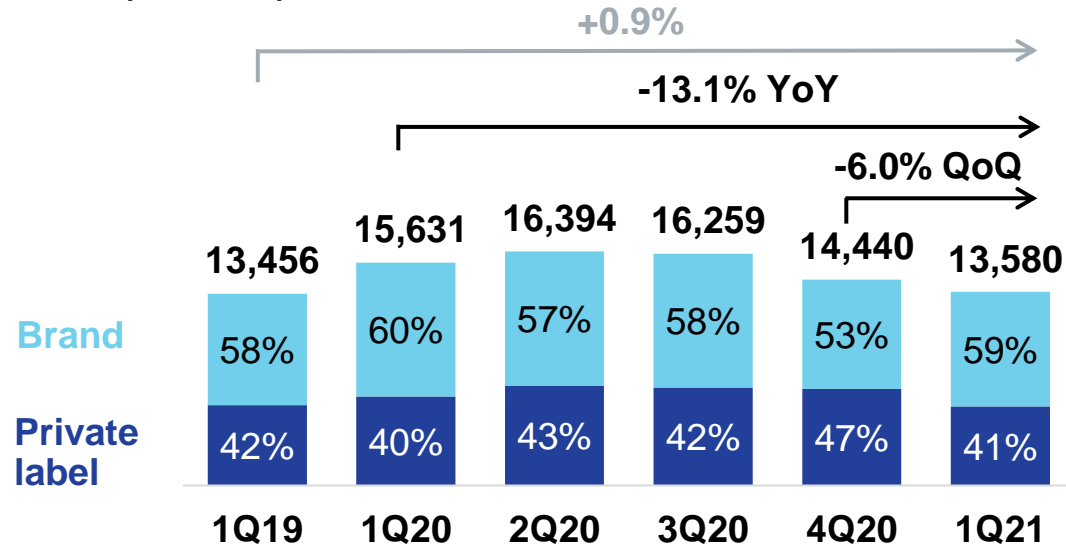
Sales Split



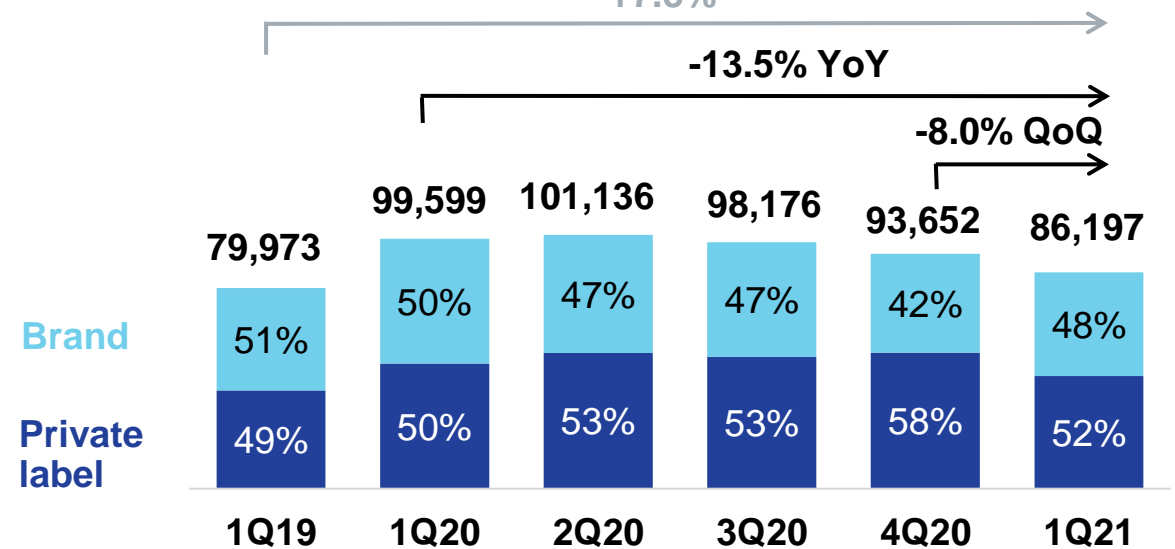
Brand  
Private label

# Ambient seafood: Normalized topline, continued healthy margin

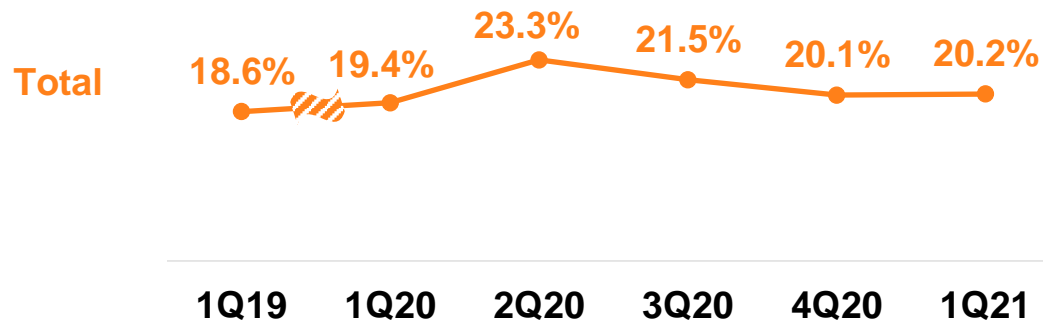
Sales (THB mn)



Quantity (tons)



Gross Profit Margin (Percent)

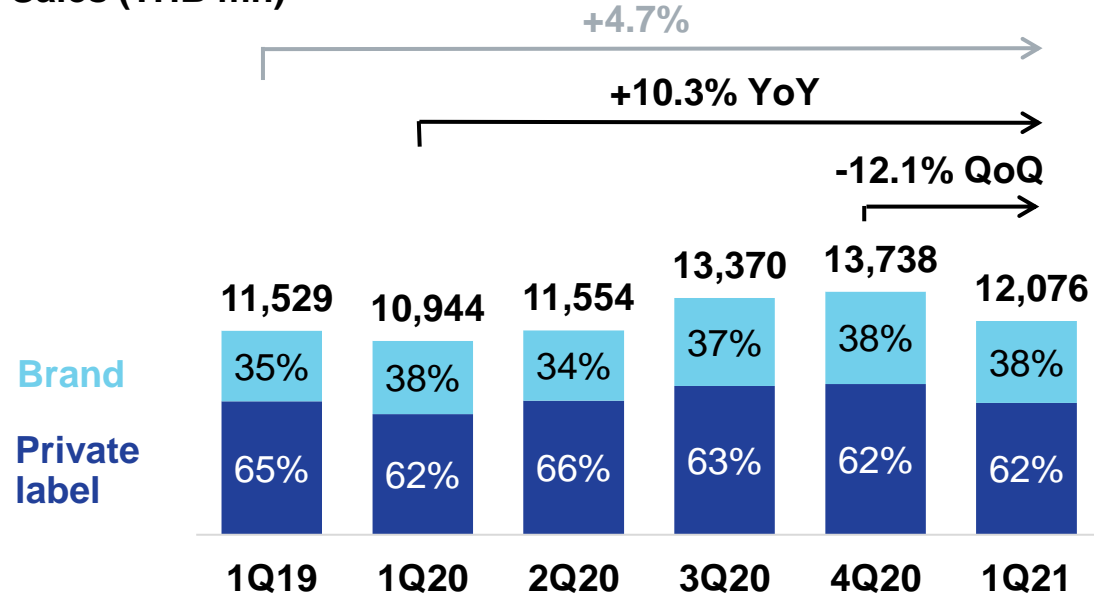


- **1Q21 ambient sales decreased 13% YoY**, mainly due to lower tuna sales in the U.S and Europe, as a result of a global container shortage and an exceptional push in 1Q20 during the first wave of COVID-19.
- Despite lower sales, **gross profit margin remained high at 20.2% in 1Q21 vs. 19.4% in 1Q20**, thanks to a lower raw material price, and improving businesses in sardine & mackerel and salmon.
- **Ambient business expanded on both sales and margin, compared to 1Q19 pre-COVID level.**

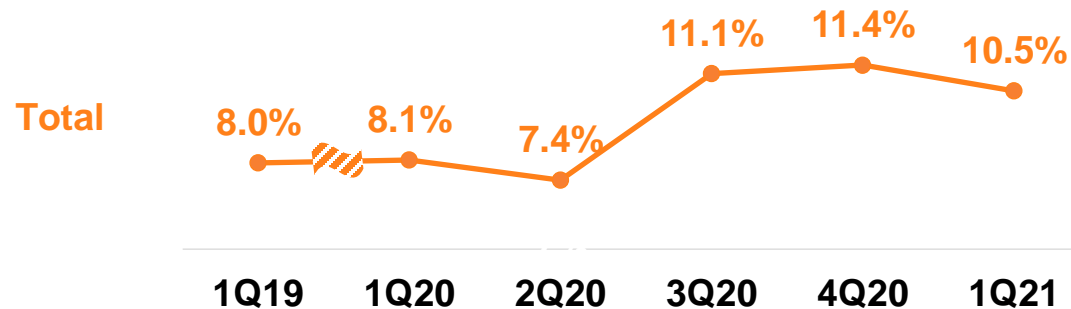


# Frozen, chilled seafood and related: Recovering topline and GPM

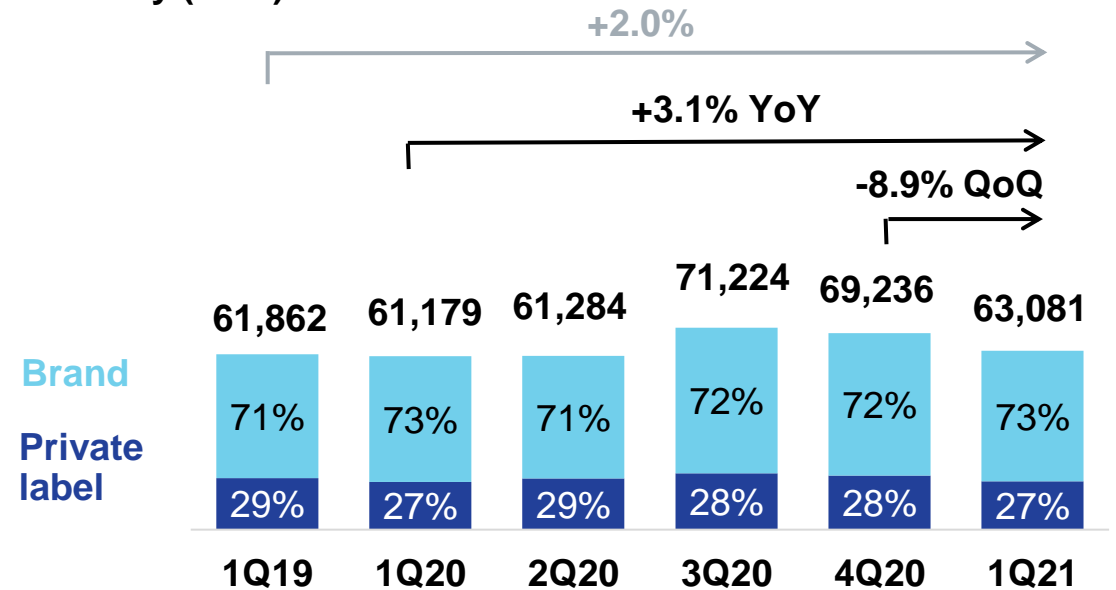
Sales (THB mn)



Gross Profit Margin (Percent)

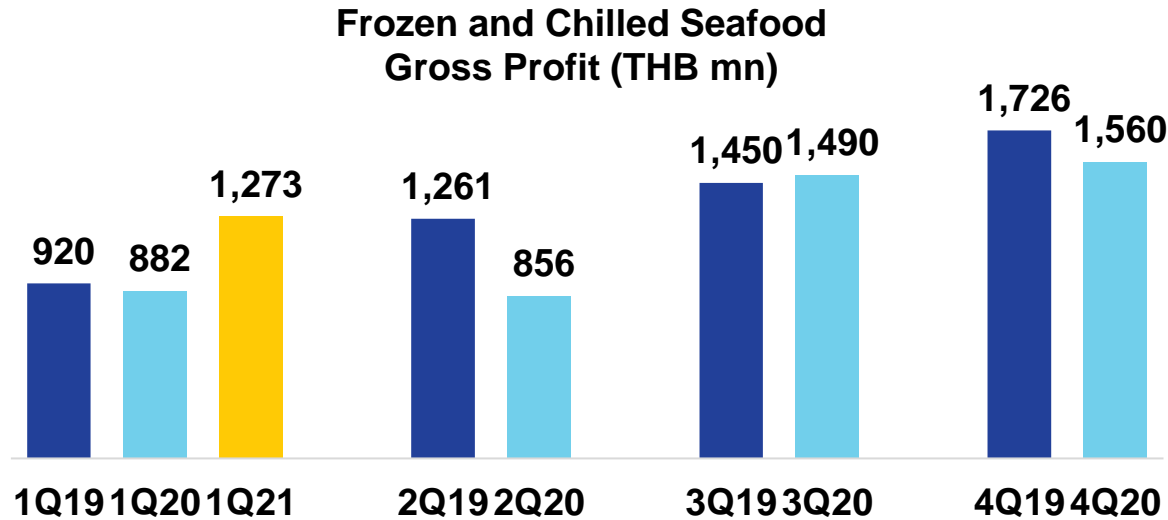


Quantity (tons)



- **1Q21 frozen and chilled seafood sales recovered well at 10% YoY**, supported by sales volume growth of 3% YoY.
- Saw major **business recovery in shrimp and lobster and an increase in export products**. Food services, particularly in the U.S., improved substantially, thanks to vaccine administration.
- **Gross profit margin recovered** to 10.5% in 1Q21 vs. 8.1% in 1Q20.
- **Frozen and chilled seafood sales and margin expanded strongly, compared to 1Q19 pre-COVID level**, supported by margin enhancement for all segments.

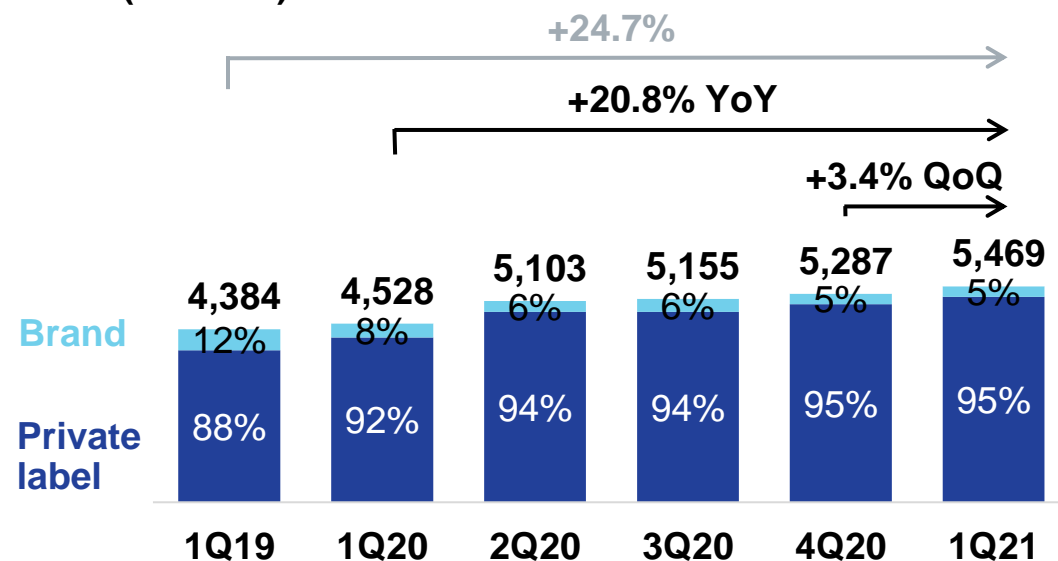
# Frozen and chilled seafood: Back to growth



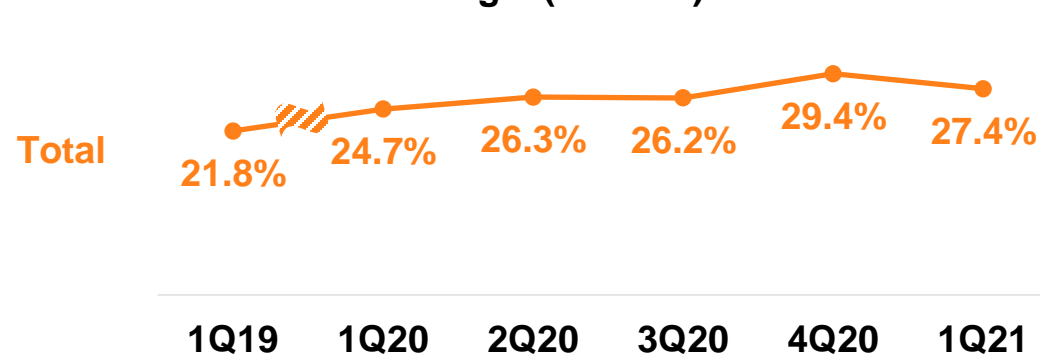
- **1Q21 gross profit recorded at THB 1,273mn, up 44% YoY, beating 1Q19 pre-COVID level**, with strong sales push driven by the U.S. and Thailand
- **Increased focus on modern trade** and supermarket channels
- Thanks to stringent **cost savings**, **productivity enhancement**, and effective **portfolio management**. We coped well with the impacts of COVID-19
- **Introduced new, value-added products** (plant-based, ebiko, squid, shrimp snack) through key customers
- **Increased collaboration with Red Lobster** to launch new, healthy seafood menus to US consumers
- **Continued growth in online channels** through own brands (Qfresh and Thammachart Seafood)

# PetCare, value-added and others: Solid growth, uptrend margin

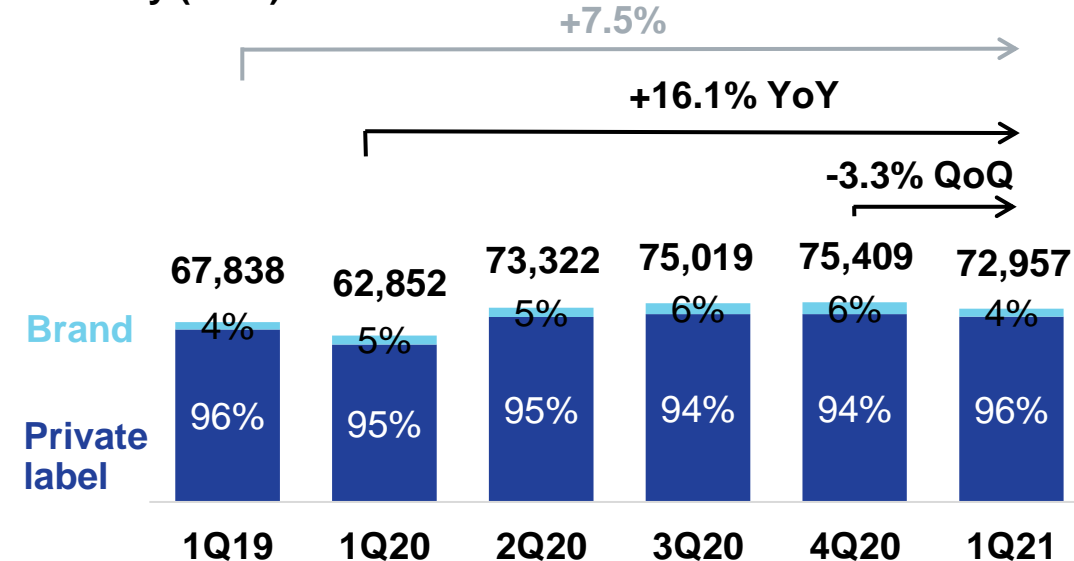
Sales (THB mn)



Gross Profit Margin (Percent)



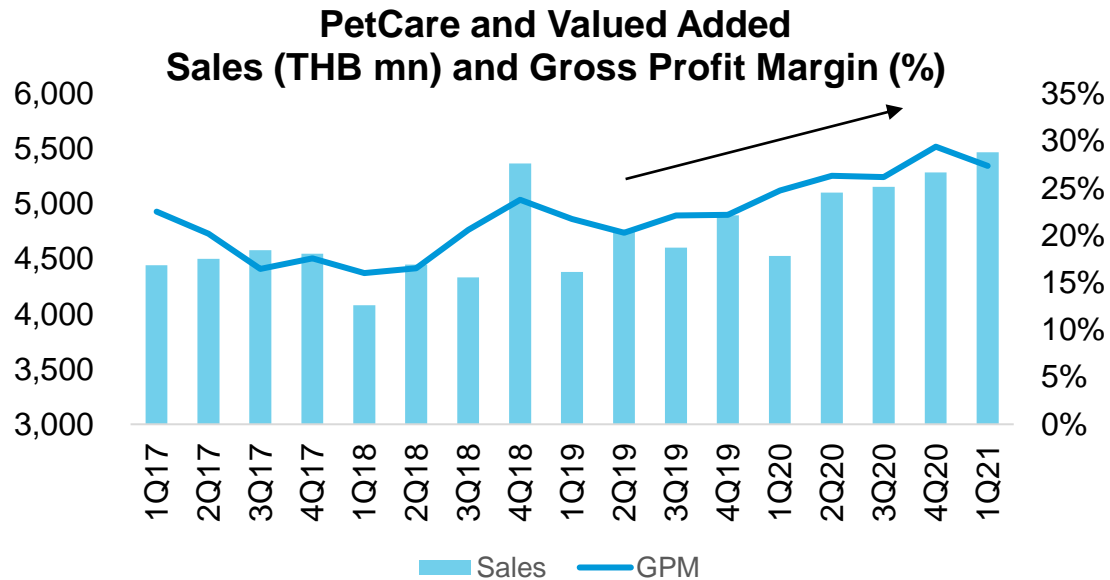
Quantity (tons)



- **1Q21 PetCare and value-added sales increased 21% YoY** on the back of increasing volume of 16% YoY, thanks to people spending more for their pets since the pandemic, a focus on higher margin products, and new products launched.
- **Gross margin remained strong at a high level of 27.4% in 1Q21** vs. 24.7% in 1Q20, driven by increased demand in both domestic and export products.
- **PetCare and value-added sales and margin expanded largely, compared to 1Q19 pre-COVID level**, thanks to our focus on profitability and new products launched, driven by innovation.



# PetCare and value-added business at a new, all-time high

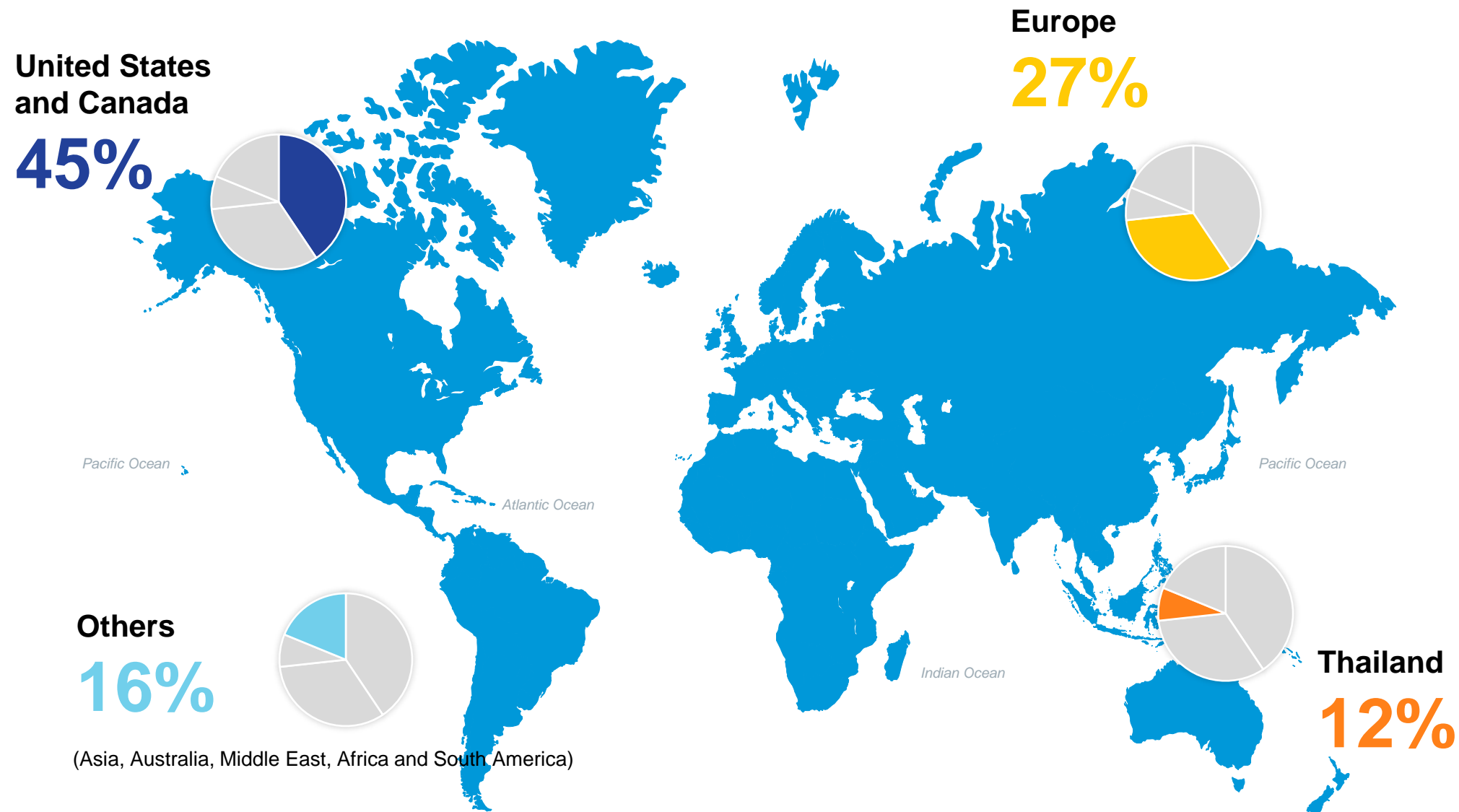


- **PetCare and value added sales grew from THB 15.7bn in 2015 to THB 20.0bn in 2020**
- **Upward margin trend** driven by growing demand for pet food, increased automation, and launch of new, innovative products
- **Global cat and dog population** were at 381 and 484 million respectively in 2019, expected to **grow 4.4% and 3.2% CAGR** from 2014 – 2024
- **Key markets are mainly the US and China**, with increasing demand from South America, and Europe.
- **Global PetCare Innovation Center (GPCI)** continues to explore pet food solutions, push **new product category** to key existing and new customers
- **Bellotta launched new cat playhouse** food packaging in domestic market
- **Donated over 40,000 cat food cans** to support pet shelters and needy animals in Thailand during pandemic
- **Increased cost of metal sheets** in 2Q21 is a key risk factor

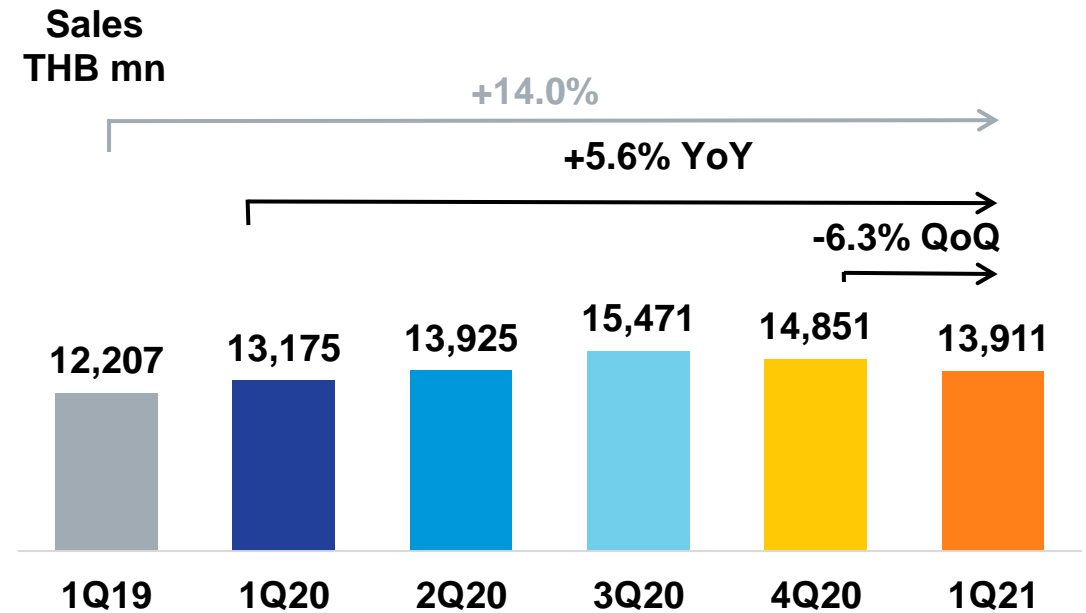


Source: Euromonitor

# Geographic diversity: Sales



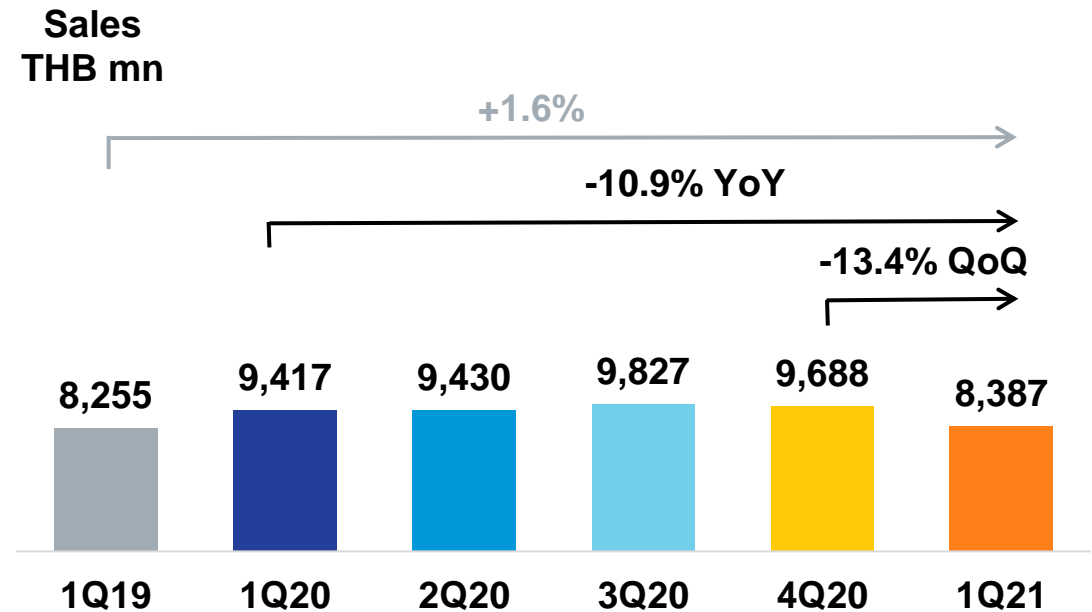
# US & Canada: Recovery in frozen seafood



- **1Q21 North America sales increased by 6% YoY in THB term**
  - US and Canada ambient seafood businesses delivered growth of 6% YoY from higher volume
  - US Frozen seafood businesses of lobster and shrimp sales increased by 50% YoY, thanks to vaccine administration that have promoted a favorable environment to food services in the US
- **Red Lobster operation marked profit in 1Q21**, due to successful vaccine administration and stimulus check,
- **Performance remained strong, compared to 1Q19 pre-COVID level.**

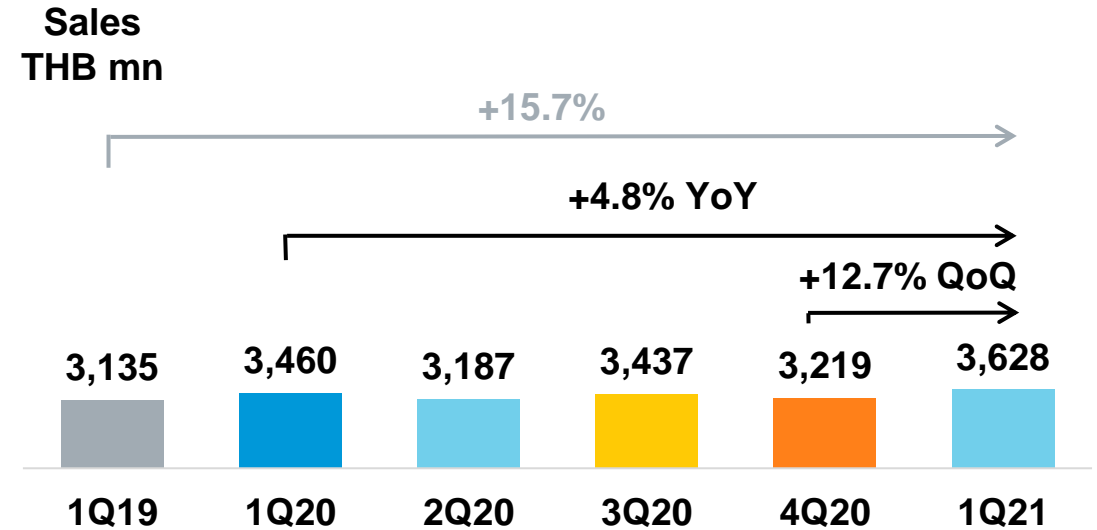


# Europe: Lower topline after last year's unusually strong sales push



- **1Q21 EU sales decreased 11% YoY**, due to lower branded demand across all markets, from an exceptional push of shelf-stable products in 1Q20 during the first wave of COVID-19.
- Despite Thai Baht depreciated against EUR (+5.8%) and GBP (+4.1%), the EU sales dropped was due to additional demand during lockdown since March 2020.
- **1Q21 EU sales remains strong, compared to 1Q19 pre-COVID level**, thanks to our strong branded position in EU markets.

# Thailand: Driven by growing PetCare business

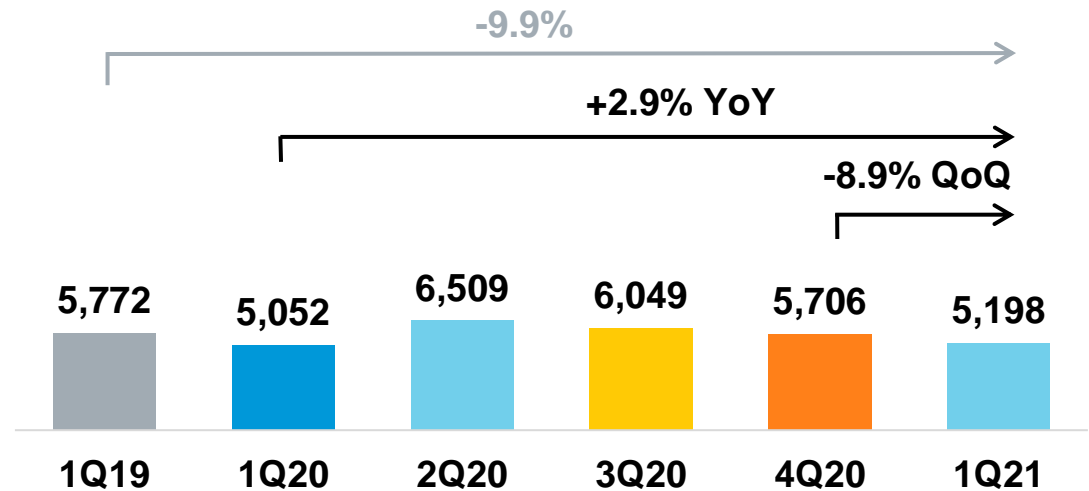


- **1Q21 Thailand sales were up 4.8% YoY.**
  - PetCare business was key growth driver for domestic sales as people are spending more for their pets since the pandemic
  - Due to third wave of COVID-19, Thai frozen seafood business and food services were challenged from lower demand, while ambient business remained stable from last year.
- **1Q21 Thailand sales grew strongly, compared to 1Q19 pre-COVID level,** particularly from PetCare business.

# Emerging Markets and rest of the world: Growth in Middle East



Sales  
THB mn



- **1Q21 sales in emerging markets and rest of the world experienced an increase of 3% YoY.**
- Sales increase was driven by ambient seafood business, mostly in tuna segment, in the Middle East market (+41% YoY)
- Improving sales growth in Asian markets such as Japan, while sales growth in some countries such as China and Australia remained challenged
- **1Q21 performance remains challenged, compared to 1Q19 pre-COVID level.**



# 1Q21 Category profitability

Business category	Sales THB mn	Margin %	Gross profit THB mn
<b>Ambient seafood</b> <ul style="list-style-type: none"> <li>• Tuna</li> <li>• Sardine and mackerel</li> <li>• Ambient and pouched salmon</li> </ul>	13,580	20.2	2,738
<b>Frozen and chilled seafood</b> <ul style="list-style-type: none"> <li>• Shrimp and related <sup>1</sup></li> <li>• Lobster</li> <li>• Frozen, chilled and smoked salmon</li> <li>• Other seafood<sup>2</sup></li> </ul>	12,076	10.5	1,273
<b>PetCare, value-added and others</b> <ul style="list-style-type: none"> <li>• PetCare</li> <li>• Value-added and others<sup>3</sup></li> <li>• Other products<sup>4</sup></li> </ul>	5,469	27.4	1,496
<b>Total</b>	<b>31,125</b>	<b>17.7</b>	<b>5,507</b>

Remark: <sup>1</sup>Shrimp & related business includes frozen shrimp, shrimp feed and value-added shrimp

<sup>2</sup>Other seafood includes frozen cephalopod, crab, scallop, shellfish and other fish

<sup>3</sup>Value-added business includes ready-to-eat products, maguro & cephalopod sashimi, local products, bakery products and snack

<sup>4</sup>Other products include scrap, fishery and others

# 2021 Guidance

<b>Sales</b>	3-5% YoY growth
<b>Gross profit margin</b>	~ 17%
<b>SG&amp;A to sales</b>	~ 11 – 12%
<b>Effective interest rate</b>	No material change from 2020
<b>CAPEX</b>	~ THB 6.0 – 6.5bn
<b>Dividend policy</b>	At least 50% dividend payout ratio





**Thai Union is one of the world's most trusted seafood leaders, delivering healthy and responsibly-sourced nutrition to our consumers globally, while creating long-term value for our stakeholders.**

## *Healthy Living, Healthy Oceans*

**With our global business portfolio, we will focus on continued performance improvement as part of our 2025 targets, driving towards an EBITDA of USD 450-550mn. We are committed to innovation as a key differentiator and we put sustainability at the heart of our operations and all of our decisions.**

**Strengthening our  
core business**

**Building new  
value-enhancing  
businesses**

**Leading the  
industry on  
sustainability**

**Continuing value-accretive strategic investments**

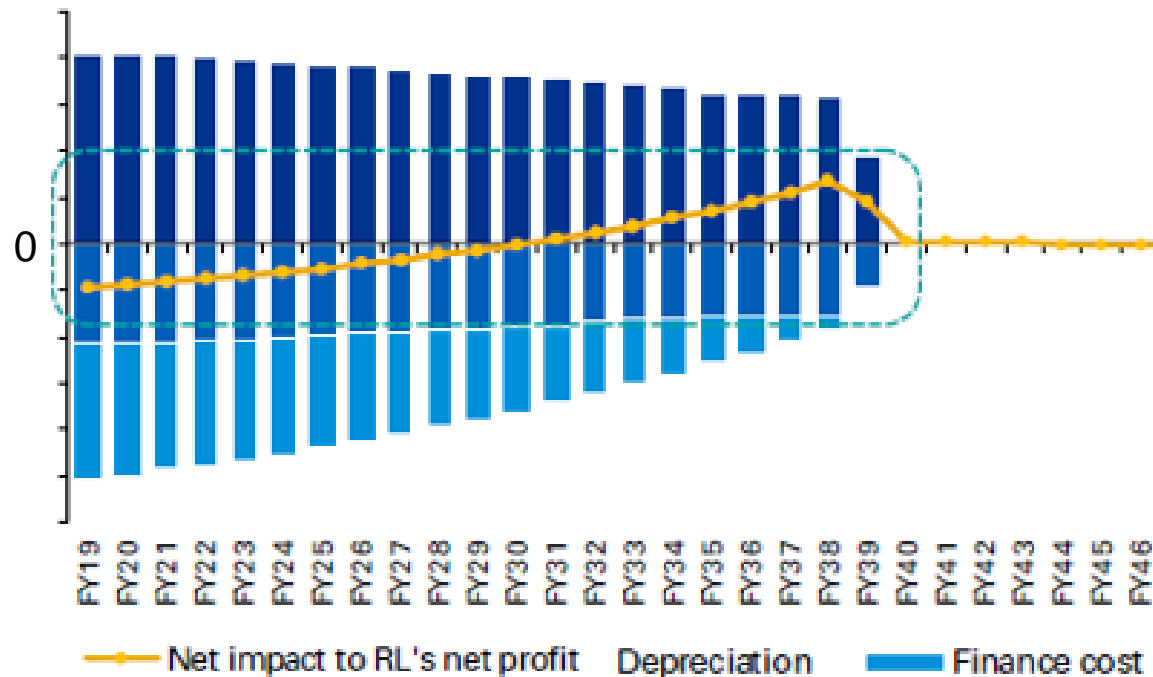




Thai  
Union

# Impact from Red Lobster lease accounting adjustment

Indicative impact to Red Lobster net profit from TFRS 16 implementation

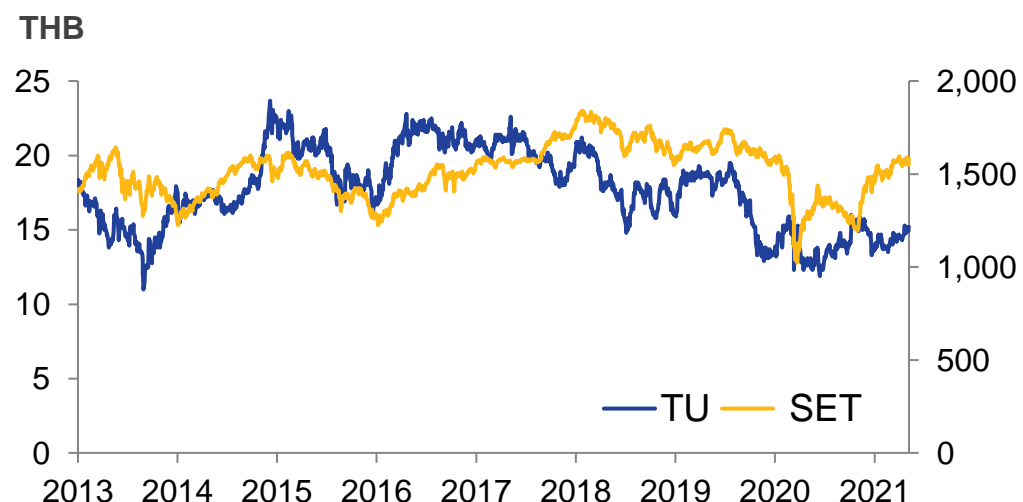


- Thai Union adopted TFRS16 while Red Lobster adopted US GAAP ASC 840. In theory, principles are almost aligned in both standards, except one point which is Right of Use (ROU) depreciation rhythm (front loaded in TFRS 16 vs. US GAAP).
- Generally, the technical difference does not lead to significant adjustment. However, at Red Lobster, due to significant sale and lease back transaction few years ago, majority of their leases are at early stage. Adjustment amount is significant due to large volume of leases (800) and lease duration (between 20-40 years). This results in a timing accounting difference with no cash impact.
- Therefore, lease accounting adjustment for 2020 and 1Q21 was booked for net THB 229mn in 1Q21.
- Estimated net impact from lease accounting adjustment is approx. THB 75mn per quarter in 2Q-4Q21 (THB 100mn share of loss less THB 25mn tax credit). There is no impact on cash basis.

# Share capital information

## Stock Performance at a Glance

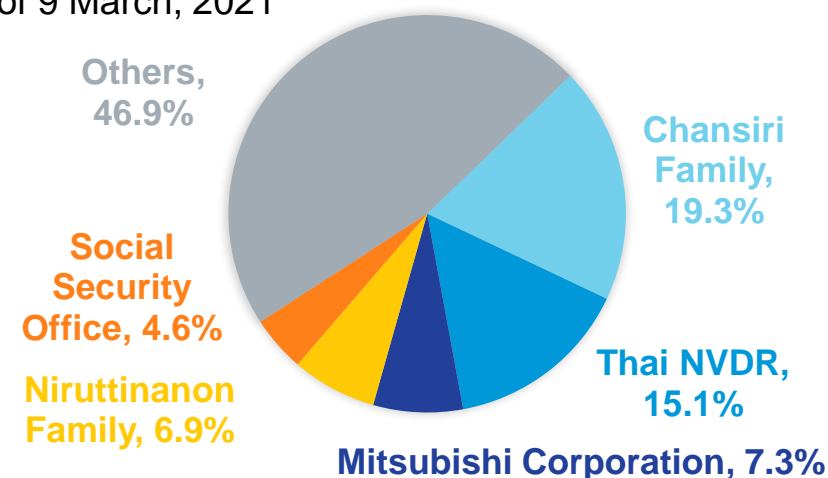
Bloomberg/ Reuters	TU TB/ TU.BK
Share price (7 May, 2021)	THB 15.20
Historical closing price	
52-week high	THB 16.00
52-week low	THB 11.90
No. of paid up shares	4,771.8mn
Par value	THB 0.25
Market Capitalization	THB 72.5bn



Source: SET and TU

## Major Shareholders

As of 9 March, 2021



Free float	64.9%
Foreign ownership/ Foreign limit	30.6%/ 45.00%

## Dividend Policy

Minimum 50% payout of our net profit with semi-annual payments

## DPS (THB per share)

Period	2H20	1H20	2H19	1H19	2H18	1H18	2H17	1H17
DPS	0.40	0.32	0.22	0.25	0.15	0.25	0.34	0.32



# 1Q21 Income statement

(Unit: THB mn)	Consolidated							
	1Q21	% to sales	1Q20	% to sales	4Q20	% to sales	1Q21 1Q20 Change	1Q21 4Q20 Change
Sales	31,125	100%	31,103	100%	33,464	100%	0.1%	-7.0%
Cost of sales	(25,617)	-82.3%	(26,063)	-83.8%	(27,441)	-82.0%	-1.7%	-6.6%
<b>Gross profit</b>	<b>5,507</b>	<b>17.7%</b>	<b>5,040</b>	<b>16.2%</b>	<b>6,023</b>	<b>18.0%</b>	<b>9.3%</b>	<b>-8.6%</b>
SG&A expenses	(3,637)	-11.7%	(3,511)	-11.3%	(4,085)	-12.2%	3.6%	-11.0%
FX gain (loss)	244	0.8%	(262)	-0.8%	38	0.1%	na.	543.0%
Other income	351	1.1%	418	1.3%	291	0.9%	-16.1%	20.6%
Share of profits from investments in assoc. & Jvs	(32)	-0.1%	(18)	-0.1%	(189)	-0.6%	77.2%	-83.3%
<b>EBIT</b>	<b>2,434</b>	<b>7.8%</b>	<b>1,668</b>	<b>5.4%</b>	<b>2,079</b>	<b>6.2%</b>	<b>46.0%</b>	<b>17.1%</b>
Finance cost	(397)	-1.3%	(434)	-1.4%	(415)	-1.2%	-8.7%	-4.3%
<b>EBT</b>	<b>2,037</b>	<b>6.5%</b>	<b>1,233</b>	<b>4.0%</b>	<b>1,664</b>	<b>5.0%</b>	<b>65.2%</b>	<b>22.4%</b>
Tax	(199)	-0.6%	(149)	-0.5%	(127)	-0.4%	33.6%	56.6%
Profit (Loss) from discontinued operation	-	0.0%	(6)	0.0%	(13)	0.0%	-100.0%	-100.0%
<b>Net income</b>	<b>1,839</b>	<b>5.9%</b>	<b>1,078</b>	<b>3.5%</b>	<b>1,525</b>	<b>4.6%</b>	<b>70.6%</b>	<b>20.6%</b>
<b>Net income (loss) attributable to:</b>								
<b>Equity holders of the Company</b>	<b>1,803</b>	<b>5.8%</b>	<b>1,016</b>	<b>3.3%</b>	<b>1,457</b>	<b>4.4%</b>	<b>77.4%</b>	<b>23.7%</b>
Non-controlling interests of the subs	36	0.1%	62	0.2%	67	0.2%	-42.2%	-46.8%
<b>Earnings per share</b>								
Basic earnings per share	0.37		0.20		0.29		88.2%	26.6%
<b>Exchange rate</b>								
THB/USD	30.26		31.29		30.61		-3.3%	-1.2%

# Statement of Financial Position as of 31 March 2021

(Unit: THB mn)	1Q21	% to total assets	2020	% to total assets	Change
Cash and cash equivalents*	4,077	2.8%	6,286	4.3%	-35.1%
Trade and other receivables - net	14,565	10.1%	13,320	9.2%	9.4%
Inventories - net	39,195	27.2%	38,546	26.7%	1.7%
Other current assets	1,426	1.0%	2,312	1.6%	-38.3%
<b>Total current assets</b>	<b>59,263</b>	<b>41.2%</b>	<b>60,465</b>	<b>41.8%</b>	<b>-2.0%</b>
Fixed assets	27,948	19.4%	28,098	19.4%	-0.5%
Investments	22,954	16.0%	21,752	15.0%	5.5%
Goodwill and other intangible assets	29,776	20.7%	29,950	20.7%	-0.6%
Other non-current assets	3,922	2.7%	4,310	3.0%	-9.0%
<b>Total Assets</b>	<b>143,862</b>	<b>100%</b>	<b>144,575</b>	<b>100%</b>	<b>-0.5%</b>
Bank overdrafts and short-term loans	7,603	5.3%	13,465	9.3%	-43.5%
Trade and other payables	17,605	12.2%	19,068	13.2%	-7.7%
Current portion of long-term loans	21,120	14.7%	8,088	5.6%	161.1%
Other current liabilities	3,924	2.7%	3,392	2.3%	15.7%
<b>Total current liabilities</b>	<b>50,252</b>	<b>34.9%</b>	<b>44,013</b>	<b>30.4%</b>	<b>14.2%</b>
Long-term loans	28,535	19.8%	36,862	25.5%	-22.6%
Other non-current liabilities	7,947	5.5%	7,964	5.5%	-0.2%
<b>Total Liabilities</b>	<b>86,734</b>	<b>60.3%</b>	<b>88,838</b>	<b>61.4%</b>	<b>-2.4%</b>
Non-controlling interests of the subsidiaries	3,588	2.5%	3,551	2.5%	1.0%
<b>Total Shareholders' Equity</b>	<b>57,128</b>	<b>39.7%</b>	<b>55,737</b>	<b>38.6%</b>	<b>2.5%</b>
<b>Total liabilities and shareholders' equity</b>	<b>143,862</b>	<b>100%</b>	<b>144,575</b>	<b>100%</b>	<b>-0.5%</b>

Remark: \*Including short-term investments

# 1Q21 Statement of cash flow

(Unit: THB mn)	Consolidated		
	1Q21	1Q20	Change
<b>Profit before income tax</b>	<b>2,037</b>	<b>1,227</b>	<b>810</b>
Adjustments for depreciation & amortisation expenses	992	966	26
Other adjustments	411	648	(237)
Changes in operating assets and liabilities	(2,722)	(551)	(2,171)
Cash flows receipts from operating activities	718	2,290	(1,572)
<b>Net cash receipts (payments) from operating activities</b>	<b>633</b>	<b>2,253</b>	<b>(1,620)</b>
<b>Net cash payments for investing activities</b>	<b>(846)</b>	<b>(1,089)</b>	<b>243</b>
<b>Net cash receipts (payments) for financing activities</b>	<b>(2,057)</b>	<b>(3,609)</b>	<b>1,552</b>
Net increase (decrease) in cash and cash equivalent	(2,271)	(2,445)	174
Cash and cash equivalents - opening balance	6,019	4,483	1,536
Exchange gain (loss) on cash and cash equivalents	6	44	(37)
<b>Cash and cash equivalents - closing balance</b>	<b>3,755</b>	<b>2,082</b>	<b>1,673</b>
<b>CAPEX</b>	<b>842</b>	<b>1,213</b>	<b>(371)</b>
Management Est. Free Cash Flows*	(125)	1,078	(1,203)

Remark: \*Figures as reported in May 2021