

# Virtual Analyst Meeting for 2Q21 Results

Thai Union Group PCL.  
August 10, 2021



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



# Disclaimer

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.







## 2Q21 Key Highlights

“  
Thai Union reported a solid performance in 1H21 and continues to deliver consistently high dividends to its shareholders. We remain committed to our new, value-enhancing businesses as part of our 2025 strategy. ”

**Thiraphong Chansiri**  
President and CEO





# 2Q21: All-time high net profit, up 37% YoY; Results underpinned by a return to pre-pandemic activities in some core markets

THB mn

## Sales

**35,883**

**Exceptional growth of 8.6% YoY**

2Q21 sales growth, driven by:

- Frozen sales up 29% YoY, thanks to strong turnaround in food service businesses and exports
- PetCare and value-added sales up 13% YoY, thanks to growth in new and existing products
- Ambient sales dropped 6.8% YoY to reflect last year's pantry-loading

## Gross Profit

**6,805**

**GPM at 19.0%, up 82bps YoY**

Continued high gross margin:

- Frozen margin recovered well from a rebound of food services and imbalanced supply/demand of products
- PetCare and value-added business margin continued to grow from strong demand and new, innovative products
- We sustained a healthy ambient margin

## Operating Profit

**2,524**

**Record operating profit**

Operating profit up 7.1% YoY:

- Supported by strong gross profit
- SG&A to sales ratio was controlled at 11.9% in 2Q21 vs 11.1% in 2Q20, despite SG&A expenses increased mainly from higher logistics and marketing costs
- This was thanks to effective cost management

## Net Profit

**2,343**

**Record 2Q net profit, up 36.5% YoY**

Robust profit in second quarter:

- Strong core operations with top line growth and margin expansions
- Lower share of loss at THB 74mn in 2Q21 vs. THB 579mn loss in 2Q20, thanks to a turnaround in Red Lobster.

**YoY Chg.** +8.6%

**QoQ Chg** +15.3%

**% of sales**

+12.9%

+23.6%

19.0%

+7.1%

+34.9%

7.0%

+36.5%

+30.0%

6.5%

# 1H21: Solid KPIs, strong profitability, debt ratio <1x

1H21 Net profit Up 51.7%  
YoY to

THB **4,146** million

## Share price movement

2020<sup>2</sup>  
(Jan – Dec 20)

**0.0%**

2021<sup>2</sup>  
(Jan – Aug 21)

**+64.2%**

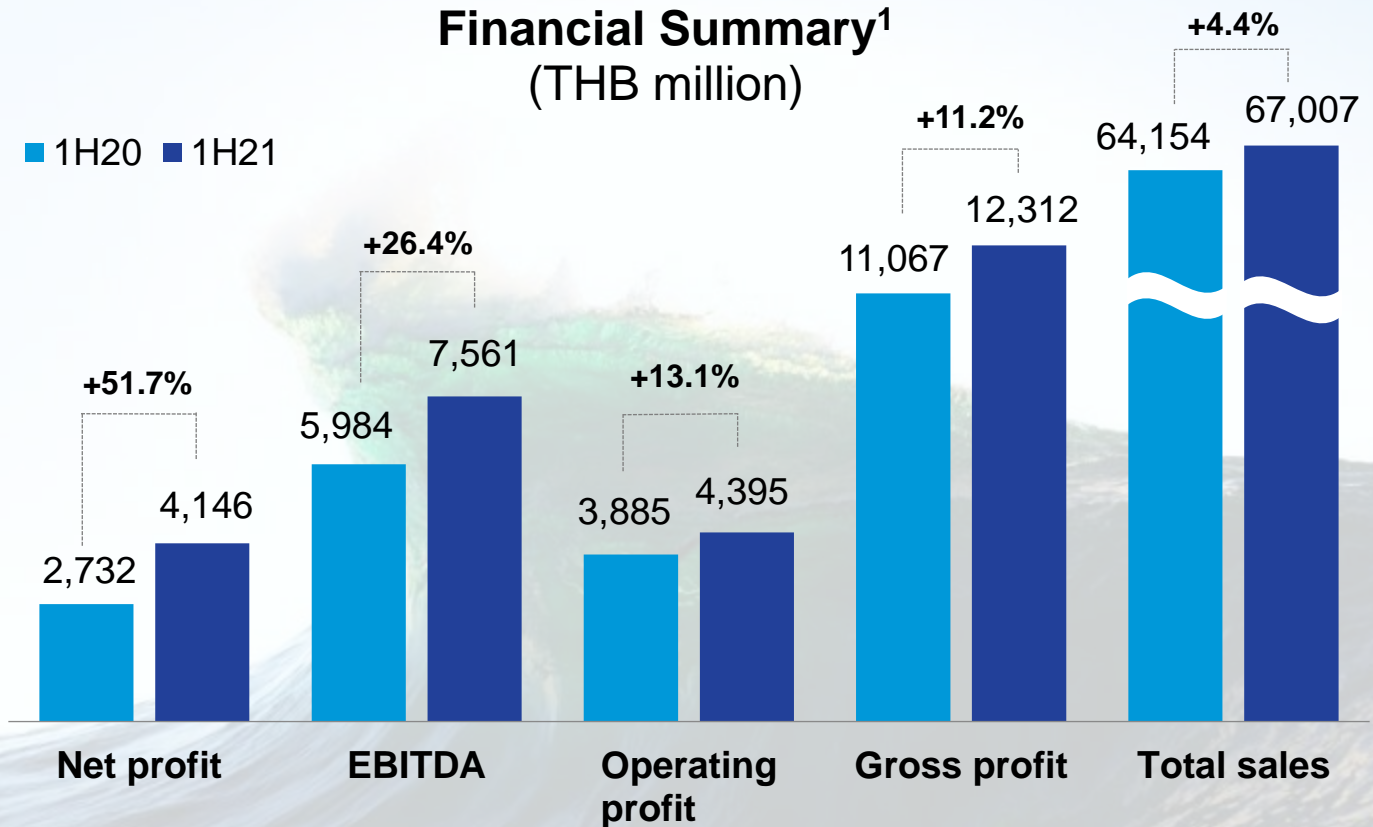
ND/E remained healthy at  
below 1.0x

2020 ND/E

**0.94x**

2Q21 ND/E

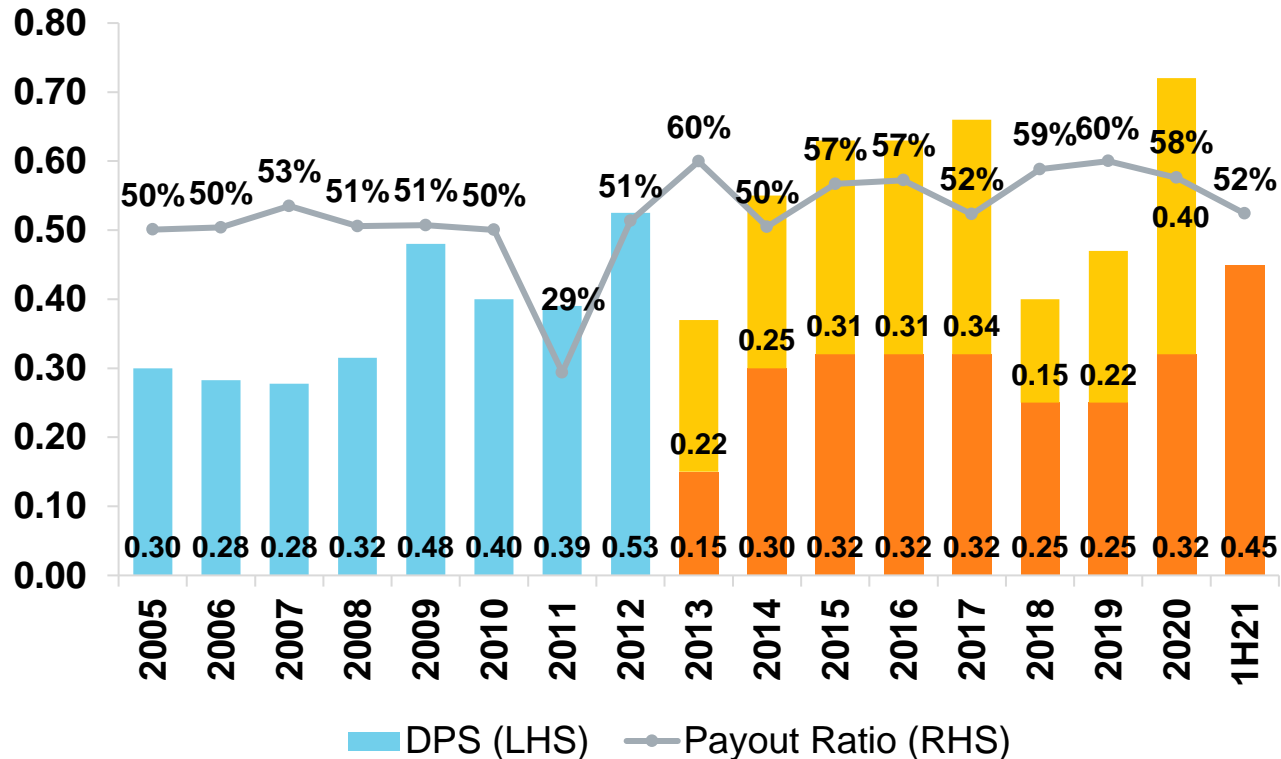
**0.98x**



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 Aug 6'21: THB22.5/share)

# With robust net profit, TU announced 1H21 interim dividend of THB 0.45/share

THB/Share



**Interim dividend for the period:  
January 1 to June 30, 2021**

DPS	THB 0.45
Ex-Dividend Date	August 23, 2021
Record Date	August 24, 2021
Payment date	September 7, 2021





## Key Developments

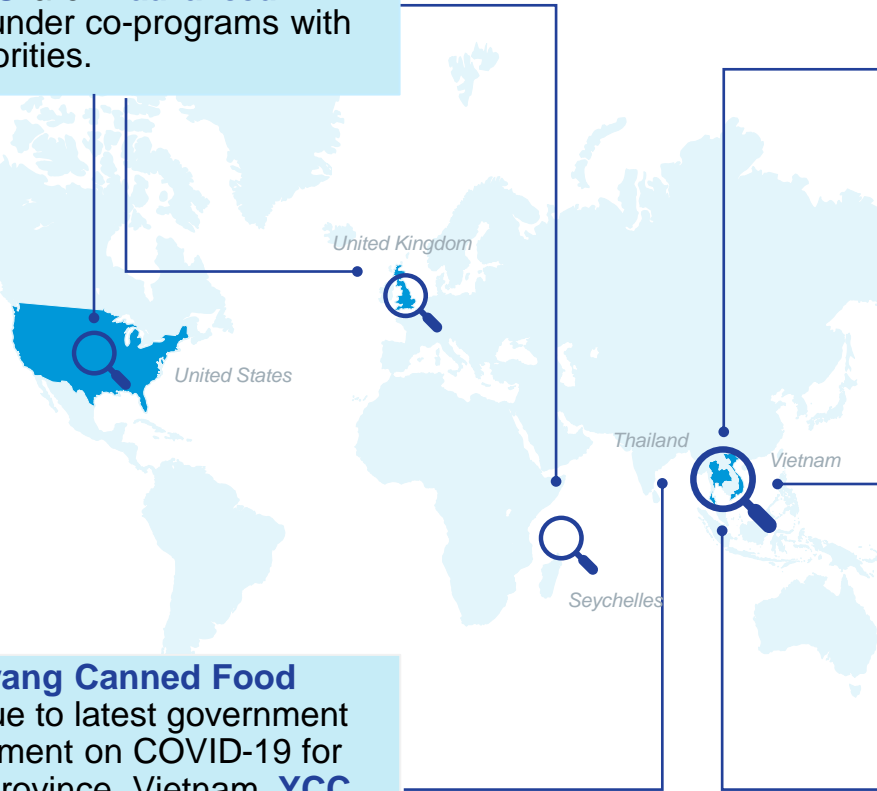


# Global operations mostly uninterrupted from COVID-19, despite significant pressure in Asia

## Our global vaccine roll-out is in advanced progress



Vaccines in **Seychelles, the U.K., and the U.S.** are in **advanced progress** under co-programs with local authorities.



**Yueh Chyang Canned Food (YCC):** Due to latest government announcement on COVID-19 for Long An province, Vietnam, **YCC was closed on July 12 for 5 weeks**, with plans to **re-open on Aug 16**.

## Despite few temporary closures in Asia, we are now ramping up production



**Songkla Canning (SCC):** After some employees tested positive for COVID-19, SCC (in Southern Thailand) was **voluntarily closed** for 2 weeks, re-opened on July 5. We are **ramping up production**, shifted most ambient to Samut Sakhon plants. We **expect some impact in 3Q21** for PetCare & value-added from lower capacity.

## Samut Sakhon operations are under close monitoring to ensure business continuity



**Samut Sakhon:** We continue to monitor situation closely, doing active case finding (Antigen Test Kit-ATK) for employees, and extending **Factory Accommodation Isolation (FAI)** capacity, according to local authorities' announcement.

**Construction of new projects are ongoing.**



Started **internal vaccine program** for plant employees in **July 2021**, while national program is ongoing. We are **above Thailand's average**, and we have purchased 18,000 doses, so we expect to **ramp up quickly**.





# Thai Union acquired remaining 49% shares in Rügen Fisch, Germany's shelf-stable seafood leader

- Thai Union announced acquisition of remaining shares of Rügen Fisch at **EUR 44.8mn** in **May 2021**, which **demonstrates Rügen Fisch's value** and our **continued commitment to the German market**.
- **In 2016**, Thai Union acquired **51% majority stake** at **EUR 43.5mn**, with a put-and-call option on remaining shares within 5 years.
- Previously, we consolidated Rügen Fisch in our financial statements and excluded minority from bottom line. **After the buy-out, the minority portion is now consolidated.**
- **Rügen Fisch supplies ambient & chilled fish products** (herring, mackerel, salmon, tuna) to leading retailers in Germany through **own key brands, Rügen Fisch, Hawesta, Ostsee Fisch and Lysell**, and through private-label.
- **Rügen Fisch currently generates revenues over €140mn per year.**





# New product initiatives towards our 2025 strategy

## Expanded “Healthy Living” portfolio: Tuna Bone Calcium

- Thai Union launched a new, healthy canned tuna product line in **Feb 2021**, through our **long-term, key strategic customer**, Simplot, under their **John West Australia** brand: **Protein+ Calcium Rich Tuna**, expanded distribution to further retails in July 2021
- Value-added canned tuna products have **>10% higher price premium** than typical cans of tuna.
- Enriched with **calcium** from **natural ingredients**. Our Tuna Bone Calcium is a **patented technology**.



Source: Thai Union's Global Innovation Center (GIC)

\*Calcium content is equivalent to 2.9 glasses of whole milk (240ml serving)

## Launched new product line under Bellotta, Marvo

- Thai Union launched a new “dry pet food” product line in **July 2021**, offers four, high-quality cat and dog food products.
- **Up to 30% protein content**, higher than market average, **specialized in life-stage** for baby to adult age, **enriched with DHA, Omega-3, Vitamin A**, and other essential nutrients.
- Available at **leading pet stores** in Thailand, positive customer feedback so far.
- We plan to continue **growing in this segment** with **premium ranges** in the future.





# Thai Union details progress in SeaChange®, continues to support local communities impacted by COVID-19



## Thai Union released its 8<sup>th</sup> annual Sustainability Report

The report, published in May 2021, details Thai Union's performance against **KPIs** outlined in our **global sustainability strategy, SeaChange®**. The report is available for **download** on **Thai Union's website**.



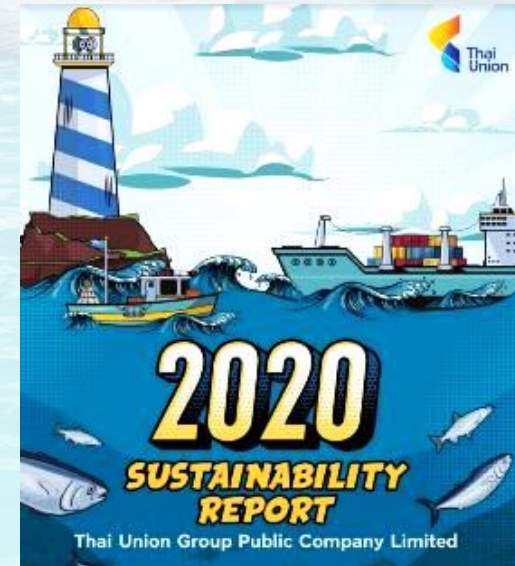
## Recognized in UN Global Compact's SDG Pioneers Award

**Dr. Darian McBain**, Group Director of Sustainability, was recognized as an **SDG Pioneer**, one of 10 business leaders, for her work towards a **sustainable ocean economy**.



## We continue to support local communities impacted by COVID-19

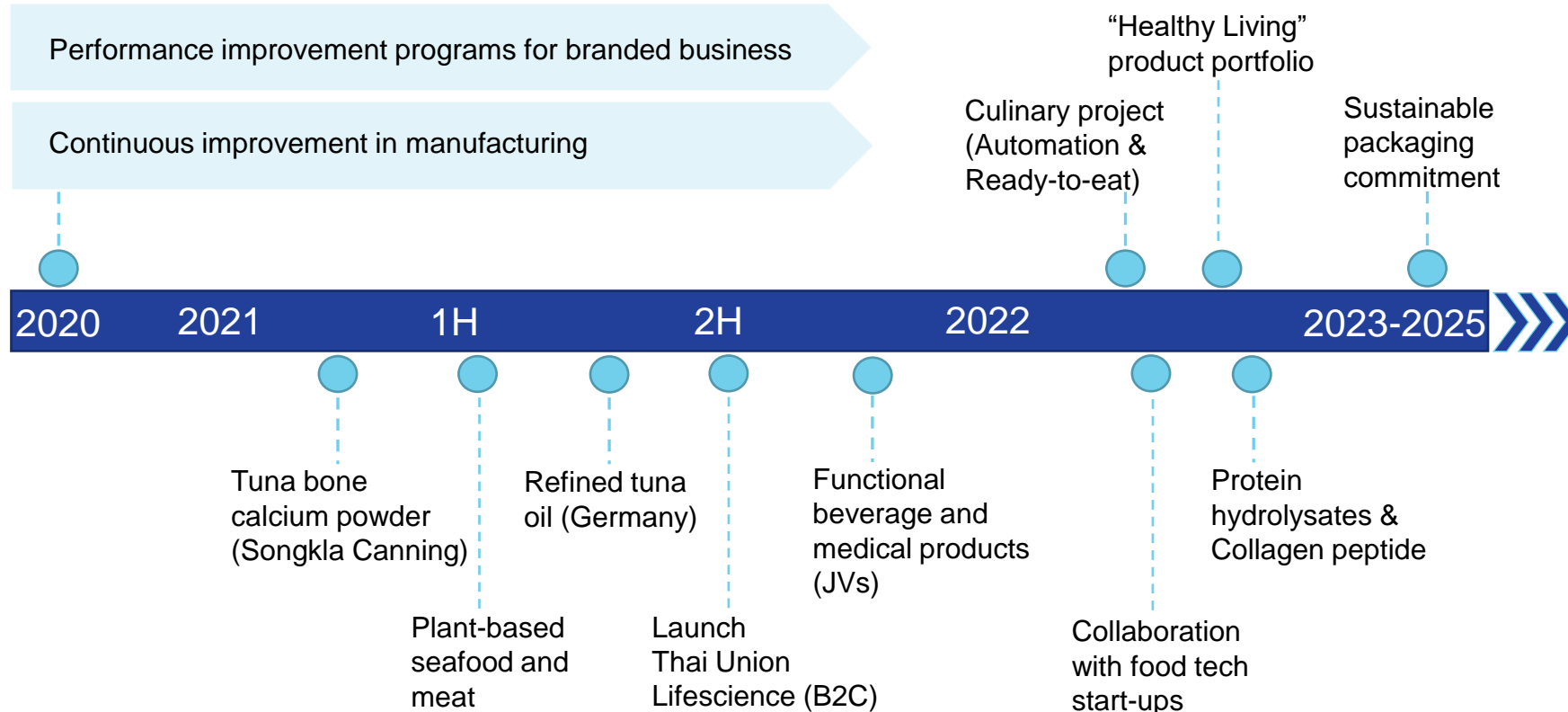
This year, we have **donated** more than **319,000 food servings** – both **human and animal** – as well as **medical equipment** worth **THB 7.2mn** to **support** government agencies, hospitals, foundations, and animal shelters in **Thailand**, under the **Thai Union Cares** program.





# 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

# Culinary Project:

**New automation and ready-to-eat production line, serving customers globally from 2022**

**We are consolidating three existing factories into a single, totally new culinary plant to increase automation and enhance production efficiency**

	Pakfood (Asia-Pacific)	Thai Union Group (Meal and Bakery)	Chaopraya Cold storage
Key products	Ready-to-eat, dimsum, bakery		
Total production area	9,300 sq.m: with new, automatic cold storage (ASRS)		
Capacity (tons/shift)	Increased by 38%		
Total CAPEX	THB 1.1bn		
Launch date	Plan to launch commercially in 3Q22		

**The construction is ongoing and we are on-track to complete in 2022**





# Expanding into new, attractive, value-enhancing areas



- Focus on valorizing parts of fish into **value-added marine ingredients**: UniQ<sup>TM</sup> DHA UniQ<sup>TM</sup> BONE
- Sold via **B2B sales channel**
- **Protein hydrolysate** and **collagen peptide plant** will be completed in 2022



- **B2C-branded** products to be launched in **3Q/4Q21**. Portfolio:
  - **ZEAVITA**: Supplements
  - **ZEAVITA by Interpharma**: Supplements & medical foods to hospitals
  - **ThaiBev**: Functional beverage



- **OMG Meat launch nationwide**
  - Deploying across modern trade and foodservice
- Ongoing **collaboration with international FMCGs** to launch plant-based meat in Asia
- Creation of **new Alternative Protein BU**, with a new business head



# Strategic minority investment in Clover Corporation

Purchased **10% of Clover Corporation's shares** via the ASX market as of July 2021, at total purchase price of **AUD 29mn (THB 700mn)**



## Clover Corporation highlights



Owns **Nu-Mega Ingredients**



Serves the **infant formula market**, and expanding into fortified food & drinks



**Patented encapsulation technology** for omega-3 and omega-6 **powders**; >30-years experience



HQ in Australia, with **majority of sales in Asia, followed by Europe**

## From business partners to strategic partners

- TU, as a **leading tuna oil producer**, has been a long-term business partner to Clover, a **leading tuna oil encapsulator**
- As strategic partners, we can broaden our:
  - ✓ *Product portfolio*
  - ✓ *Customer reach*
  - ✓ *Geographic coverage*
- **Well-positioned** to serve the **growing demand** for DHA-rich products



# We are launching Supplements under ZEAVITA Brand



**First-time ever**; the most enriched & **natural** supplements from **100% deep sea tuna parts**

**Patented in Japan** with targeted molecules for **better functionality**

Huge opportunity with **market size THB 30bn** in Thailand

ZEAVITA to be officially **launched** in **September 2021**

**Focused** on three key products: **collagen, calcium, and fish oil**

**Exclusive partnership** with **Watsons\*** & with top 100 independent pharmacies\*\*

**Drive sales** from both off-line and **especially on-line channels amid COVID-19**

Remark: \*Exclusive partnership with Watsons in hypermarkets and supermarkets only.

\*\*In progress

# Thai Union's Alternative Protein efforts thus far

- Our 'Alternative Proteins unit **works closely** with **Global Innovation Center (GIC)** and **Frozen/Ambient/Culinary** businesses to drive growth
- **Key successes:**
  - Built a **multi-product portfolio across categories**
  - **Launched OMG Meat** in Thailand (Mar 2021): Modern Trade and Foodservice
  - Manufacturing and OEM partnerships with **leading FMCG player**, well-positioned **plant-based startups**, and **strategic customers** (e.g. **major UK retailer**)
- **Next generation products ready**, with new ingredients (i.e. pea) to new products (i.e. Shrimp)
- In Thailand, **collaborating with V-Foods** (Jun 2021), and partner startup **More Meat** to co-develop new products
- Ambition is to reach **THB 1bn revenue (USD 30mn) in 5 years**





# We continue to invest in food-tech startups to drive innovation

- Thai Union has actively **continued its corporate venture capital (CVC) activities** in 2Q 2021 and expanded the scope of the CVC to also cover Biotechnology
- Thai Union's **CVC fund announced two new investments**, together with other industry-leading strategic partners, in June-July 2021:
  - **ViAqua**, a biotechnology startup focused on disease prevention for aquaculture, based in Israel
  - **Aleph Farms**, a leading cell-cultivated meat company, based in Israel
- We continue to maintain an active pipeline to further **expand our CVC portfolio** in its strategic areas

## Alternative Protein



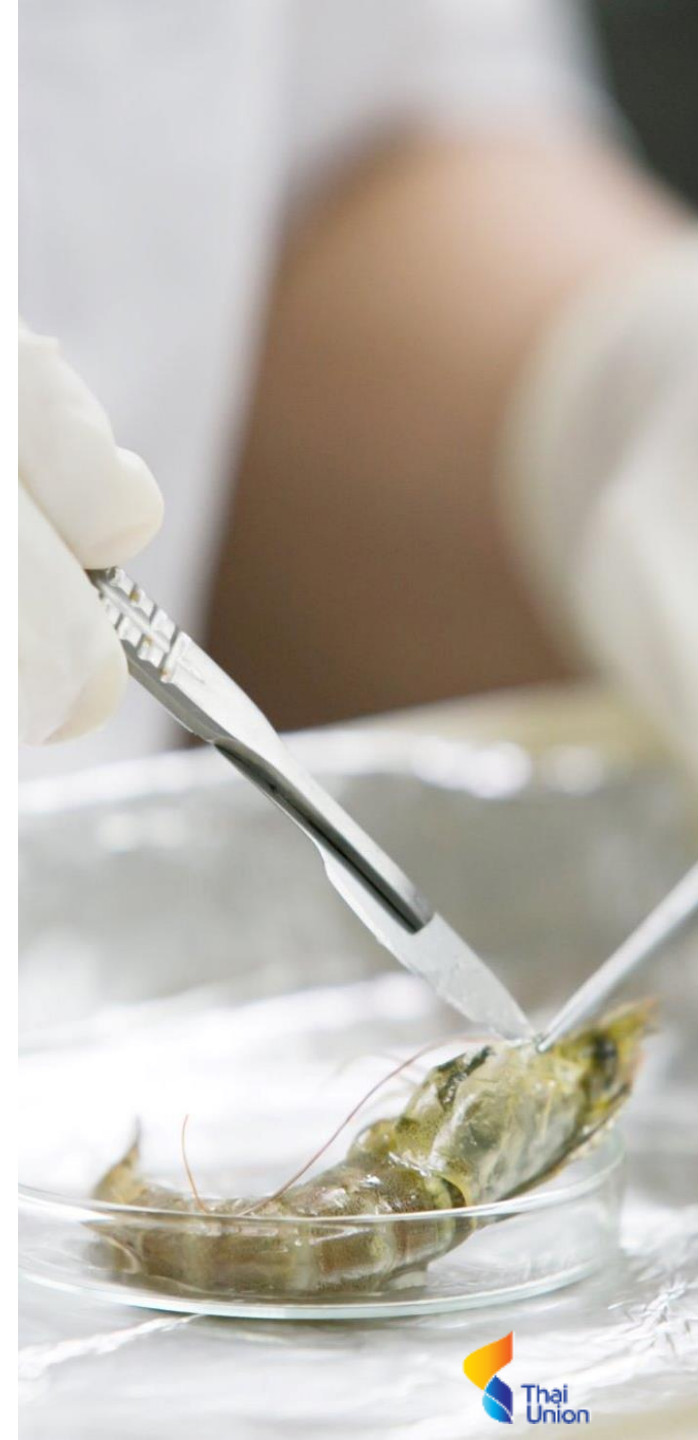
## Functional Nutrition and Biotechnology



## Value Chain Technology



## Fund Investments





## Financial Results: 2Q21 - Consolidated





“

We saw an exceptional performance in 2Q21, with all-time high operating and net profit, and our financial position remained solid. We also successfully launched the first-ever sustainability-linked bond in Thailand, which reaffirms our commitment to ESG across the business.

”

**Ludovic Garnier,  
Group CFO**

# 2Q21 Key Takeaways:

## Solid gross margin in three core businesses and Red Lobster recovery



### Robust top line growth

- **Sales growth of 8.6% YoY**, driven by **Frozen & Chilled** business **turnaround** in the U.S. and **growing sales** in **PetCare & value-added** business, despite lower sales in Ambient business. Excl. FX, sales still grew **+7.1% YoY**



### Continued high gross margin

- GPM continued to post at a **high level of 19.0%** vs 18.2% in 2Q20
- **Margin expansions** continued in **Frozen & Chilled**, and **PetCare & value-added businesses**, while margin in **Ambient business** remained **resilient**



### Solid operating profit

- **Operating profit** was at **THB 2.5bn**, up **7.1% YoY** from gross margin enhancement.
- **SG&A was up 16.6% YoY**, in light of business growth and higher logistics costs.



### Red Lobster operations turnaround

- **Red Lobster recovered significantly to share of loss of THB 49mn\*** (vs. THB 702mn share of loss in 2Q20), thanks to successful vaccination campaigns in the U.S. However, we are closely monitoring the impact of Delta variant in months to come.



### High 2Q net profit

- 2Q21 net profit **hiked 36.5% YoY** to **high quarterly level of THB 2.3bn**, thanks to strong core business with margin enhancement and turnaround of Red Lobster.

Remark: \* Exclude lease accounting adjustment impact and more detail on slide 36



# Thai Union's Blue Finance Portfolio

We are committed to sustainability throughout the business

Successfully launched **THB 5bn sustainability-linked bond (SLB)**, completed in July 2021

**1<sup>st</sup> ever SLB in Thailand** for institutional investors, 2.23x oversubscribed



**1<sup>st</sup> globally to introduce step-up / step-down facilities** related to achievement of KPIs.

KPI's: Inclusion in **DJSI**, **Carbon Intensity** of finished goods, **Electronic Monitoring** of tuna fishing vessels

Seven-year, senior and unsecured SLB carries **an interest rate of 2.47% p.a.**

Successful debut of **THB 12bn sustainability-linked term loan (SLL)**, completed in Feb 2021

**1<sup>st</sup> ever sustainability "syndication loan"** in Thailand, with 5 banks at THB 6.5bn, 1.6x oversubscribed



**1<sup>st</sup> time financing** from Japan: Strong demand from 19 institutions at THB 5.5bn (equivalent), 3.3x oversubscribed

KPI's: **GHG emissions**, **Electronic Monitoring** of tuna fishing vessels, and **inclusion in DJSI**

Achieving KPIs each year will lead to **interest rates reduction**

# We are managing the ongoing supply chain challenges



## Container shortage issues remained

- We saw a total impact of approx. **THB 400mn** in 1H21, mainly from **freight price increase**.
- We continue to see **domino effect** from **global container shortage** and **delay in shipments**. We have policies, i.e. **sharing cost** with our suppliers, customers, and retailers, to **mitigate** industry-wide impact from **rising freight costs**.
- **Situation remains challenging**, we expect it to be ongoing **until 2022**, with estimated **impact** from rising logistics **cost in 2H21** to be **similar** as 1H21.



## COVID-19 situation is on our radar

- We are **monitoring** the situation in Songkla Canning and Samut Sakhon provinces closely, **cooperating** with authorities, and taking **necessary measures** to ensure **business continuity** in all of our plants.



## Inflation from packaging and edible oils

- In 2Q21, we saw rising cost from packaging and edible oils, which resulted in some **higher cost of goods sold**.
- Prices for packaging and edible oils may be key **risk factors** in 2H21 onwards.

**Price of steel continues to soar**  
Hot-Rolled Coil Steel Futures Continuous Contract

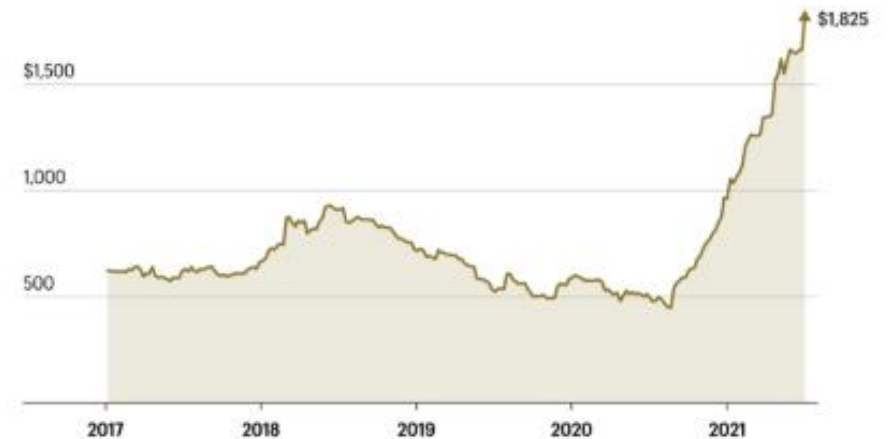


CHART: LANCE LAMBERT • SOURCE: MARKETWATCH

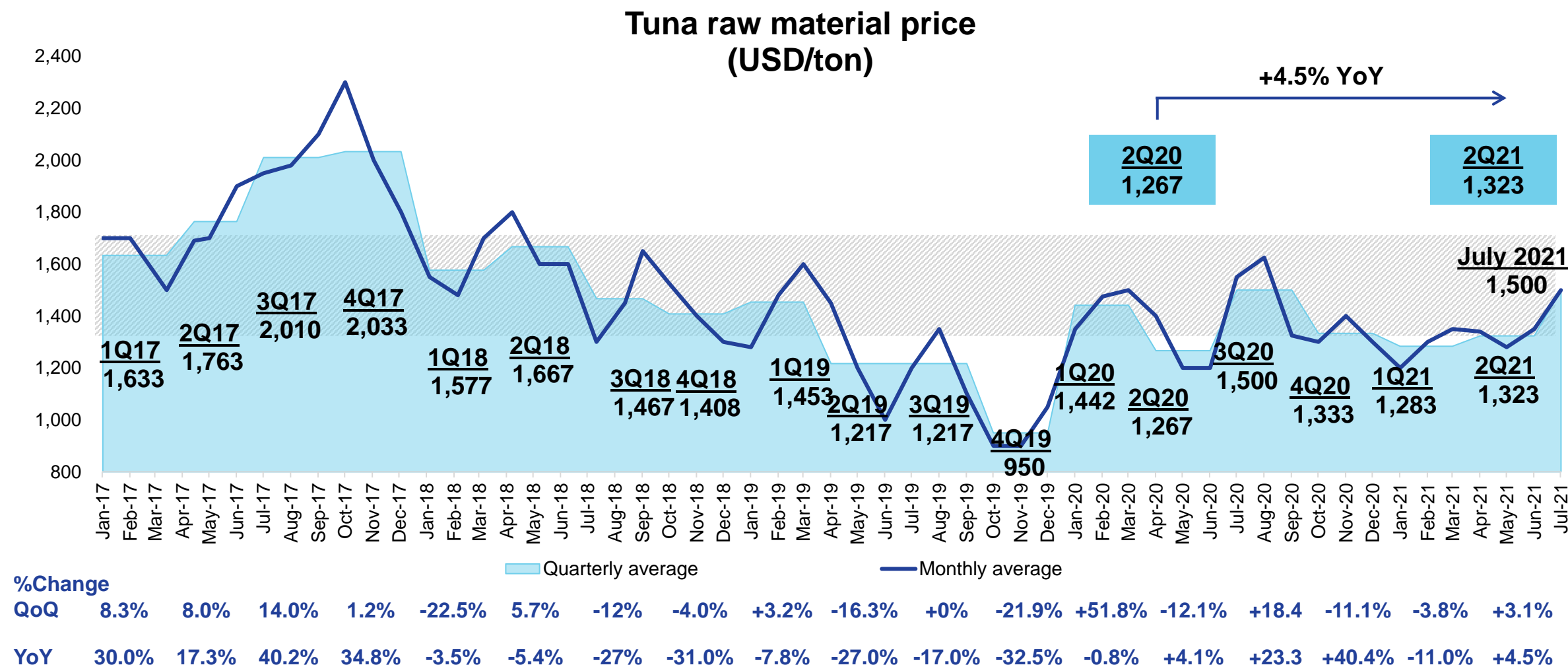
FORTUNE

Source: Market Watch and Thai Union's freight analysis

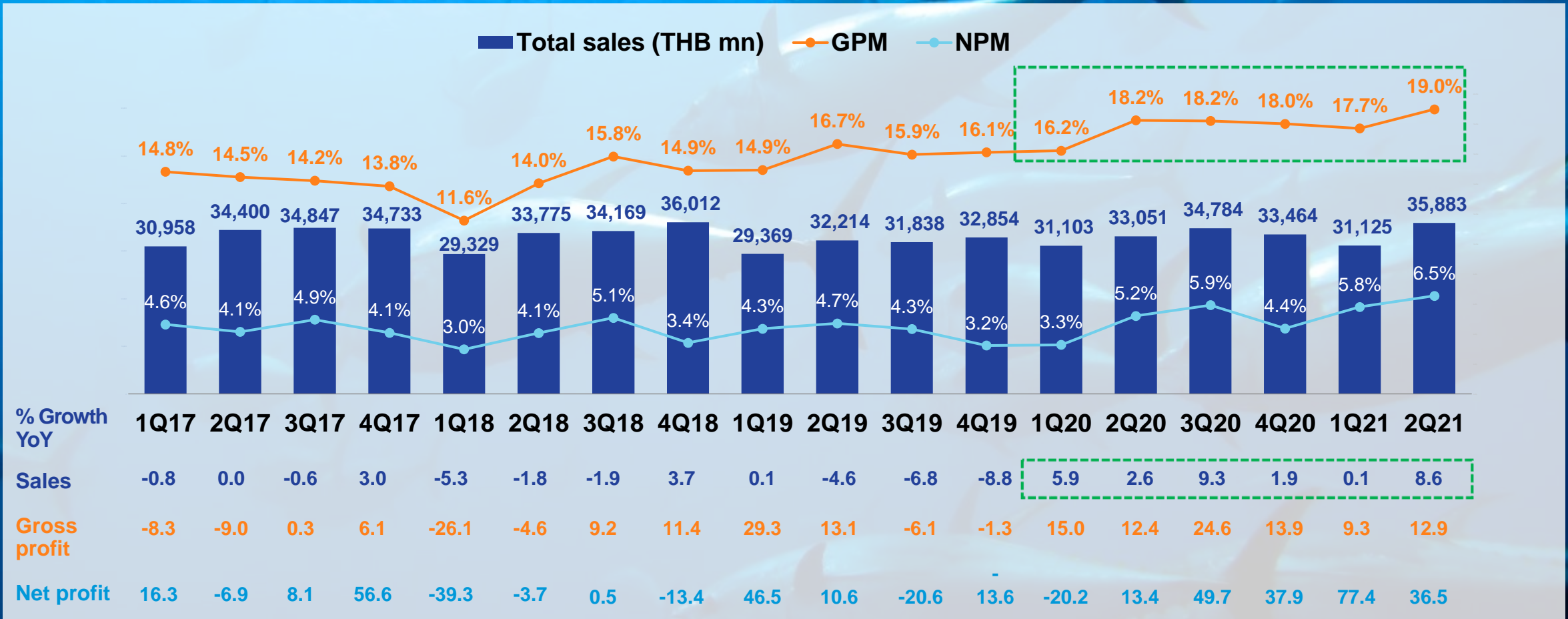
Remark: Thai Union sources mainly steel and some aluminum metal packaging. Edible oils include mostly sunflower oil, soybean, and olive oil.



# Tuna prices continued to be within our expectations



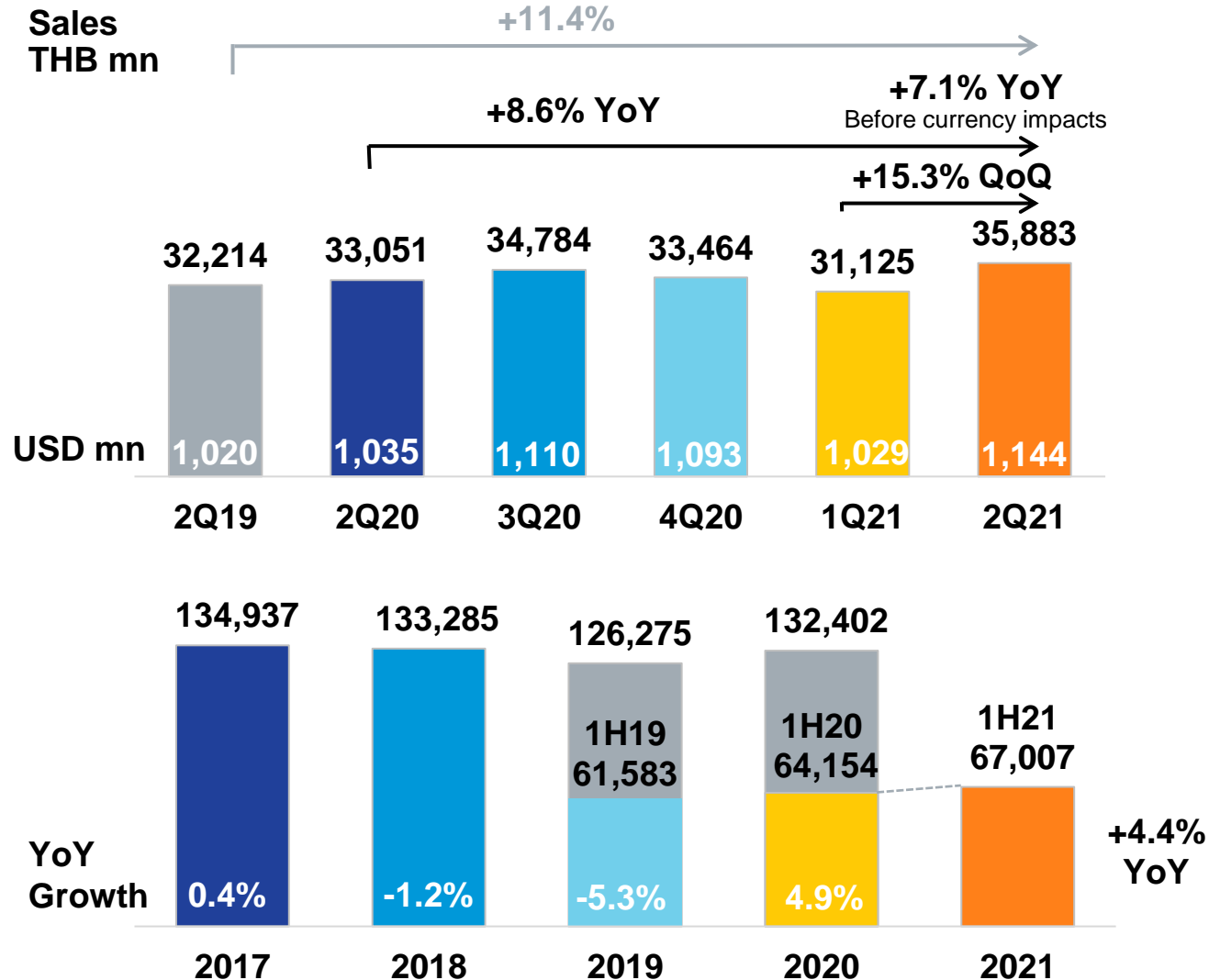
# Solid top line growth and high gross profit margin for six quarters in a row



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).

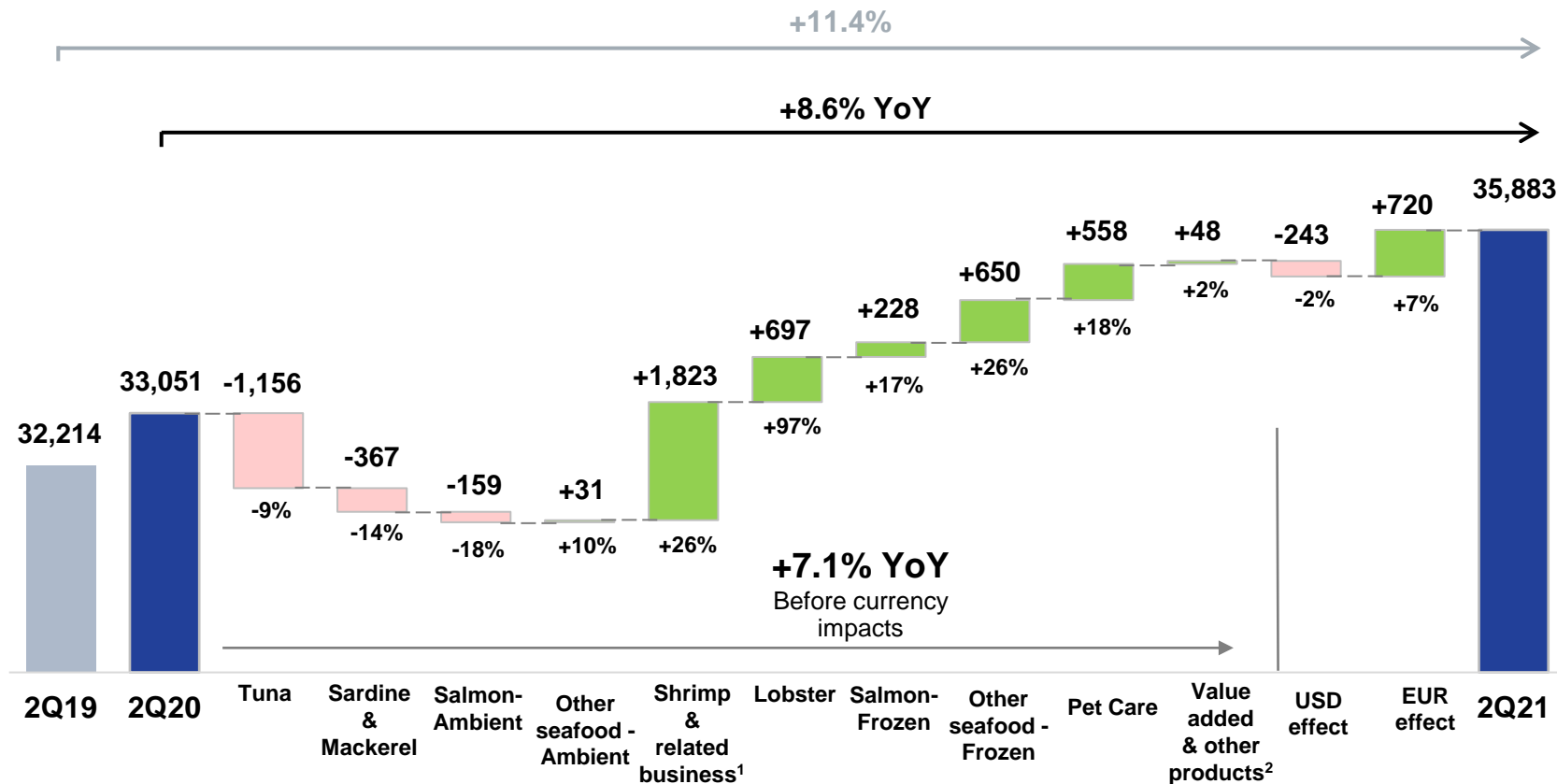


# Sales growth driven by Frozen seafood and PetCare & value-added businesses

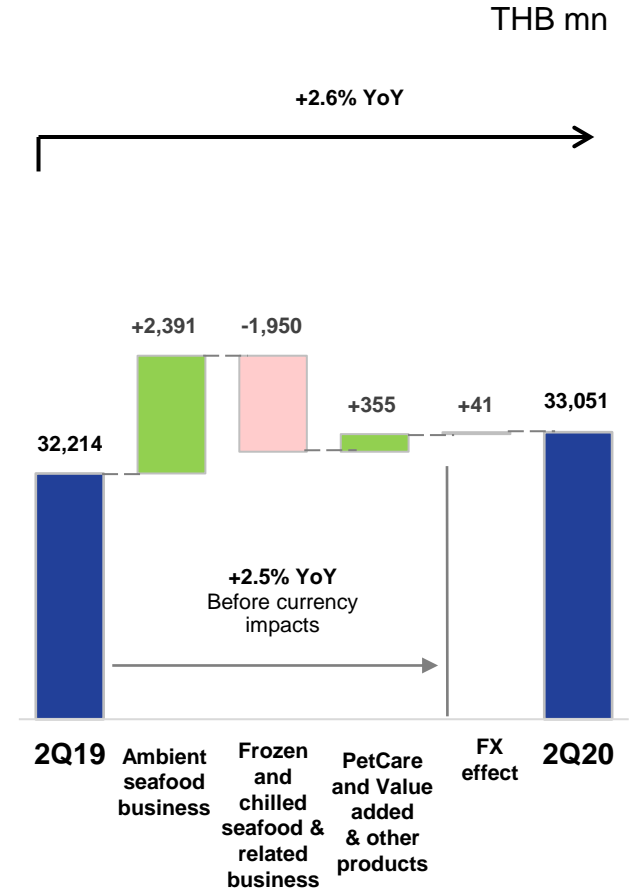


- **2Q21 sales growth of 8.6% YoY, driven by:**
  - **Frozen and chilled seafood business** rebounded remarkably at 28.7% YoY growth in 2Q21, after last year's impact from the global pandemic and lockdowns.
  - **PetCare and value-added business** continued to deliver strong sales growth of 12.5% YoY, thanks to resilient demand on existing products and new products launched, and a focus on higher-margin products.
  - **Ambient seafood business** sales dropped 6.8% YoY, due to lower selling volumes by 12.0% YoY. This resulted from an exceptional push of shelf-stable products during the first wave of COVID-19 and pantry loading.
  - **Compared to 2Q19 pre-COVID level, all three core businesses grew firmly in 2Q21 at 11.4% growth.**

# 2Q21 revenue component: a revert situation from last year, Recovering Frozen and normalizing Ambient in 2Q21



2Q21 revenue component



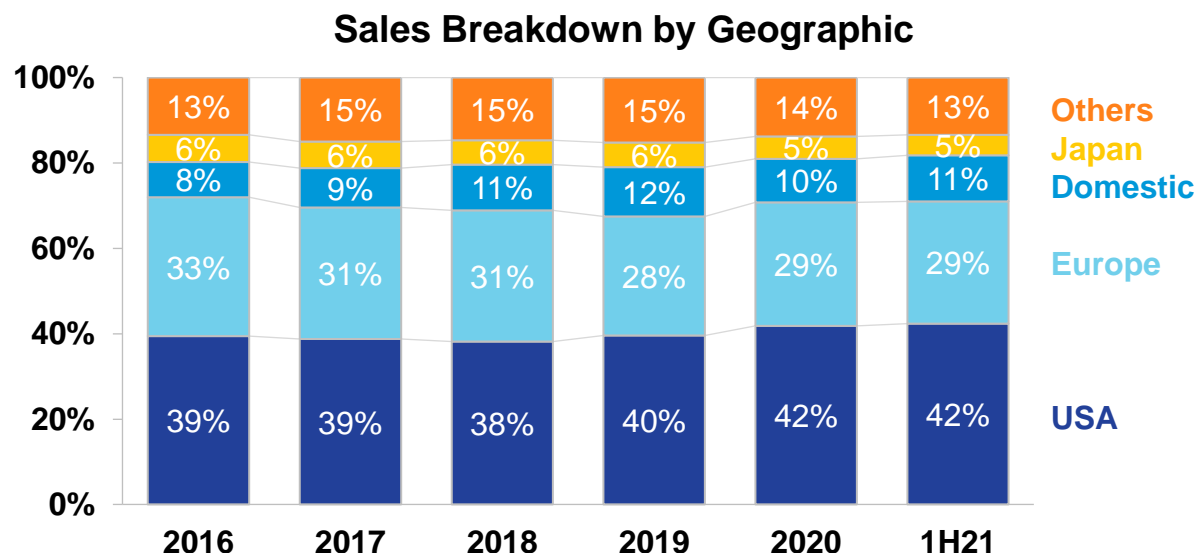
2Q20 revenue component

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

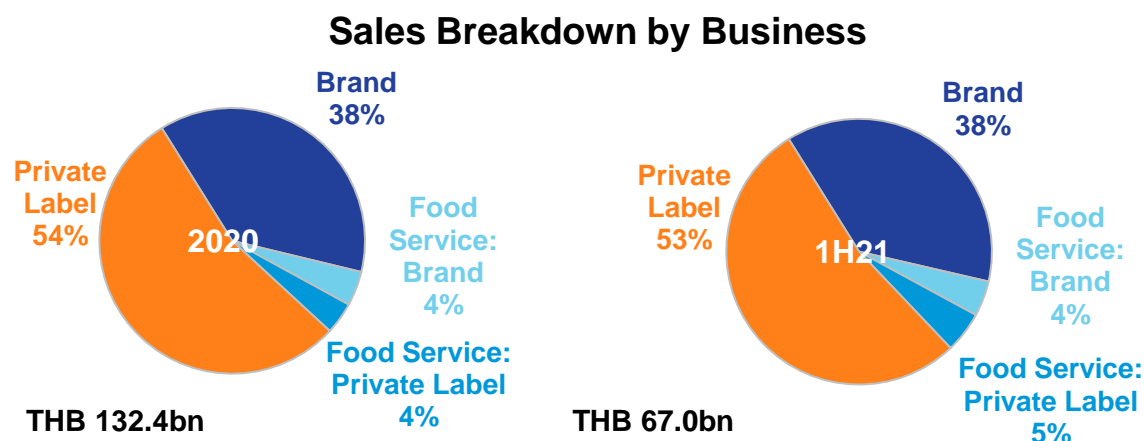
<sup>2</sup>Value-added & other products includes ready-to-eat products, frozen cephalopod, canned seafood, local products, bakery products, and sales of scraps



# Strong sales growth from key regions: the U.S. and EU

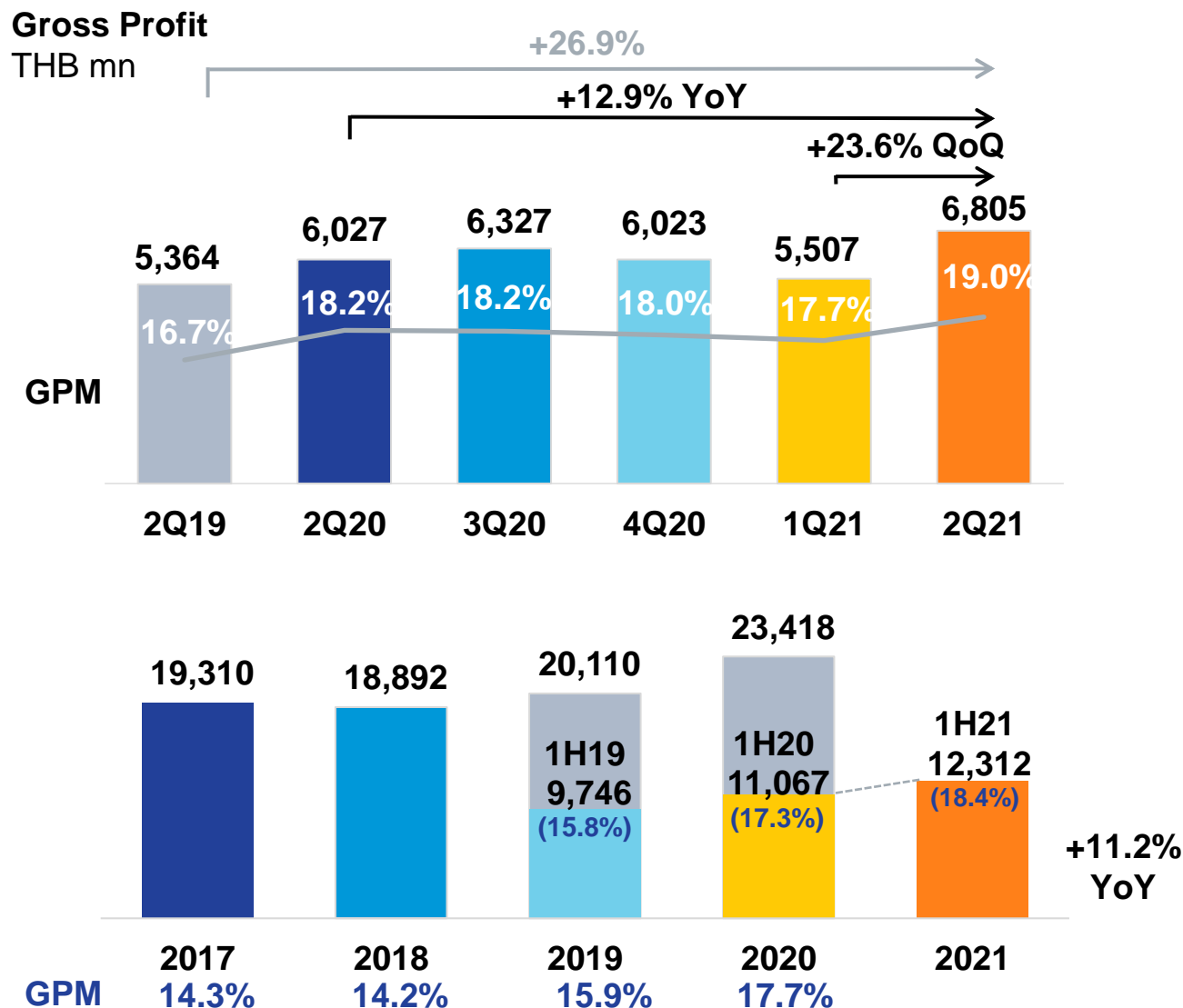


- **1H21 higher sales contribution from key regions, including the U.S., Europe and Thailand**
- The U.S. and Thailand sales increased 13.1% YoY and 13.9% YoY respectively, from recovering consumption momentum, particularly in the food service and retail sectors.
- European sales rose 14.5% YoY thanks to resilient demand in ambient seafood and last year's stockout situation in 2Q20 from consumer pantry-loading amid the pandemic.
- **1H21 branded and private-label business sales mix remained at 42% and 58%, respectively.**
- 1H21 total branded sales increased 10.1% YoY, supported by higher European ambient business sales.
- 1H21 private-label sales reported sales growth of 7.5% YoY, driven by higher frozen and chilled seafood sales in the U.S. and Thailand.



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

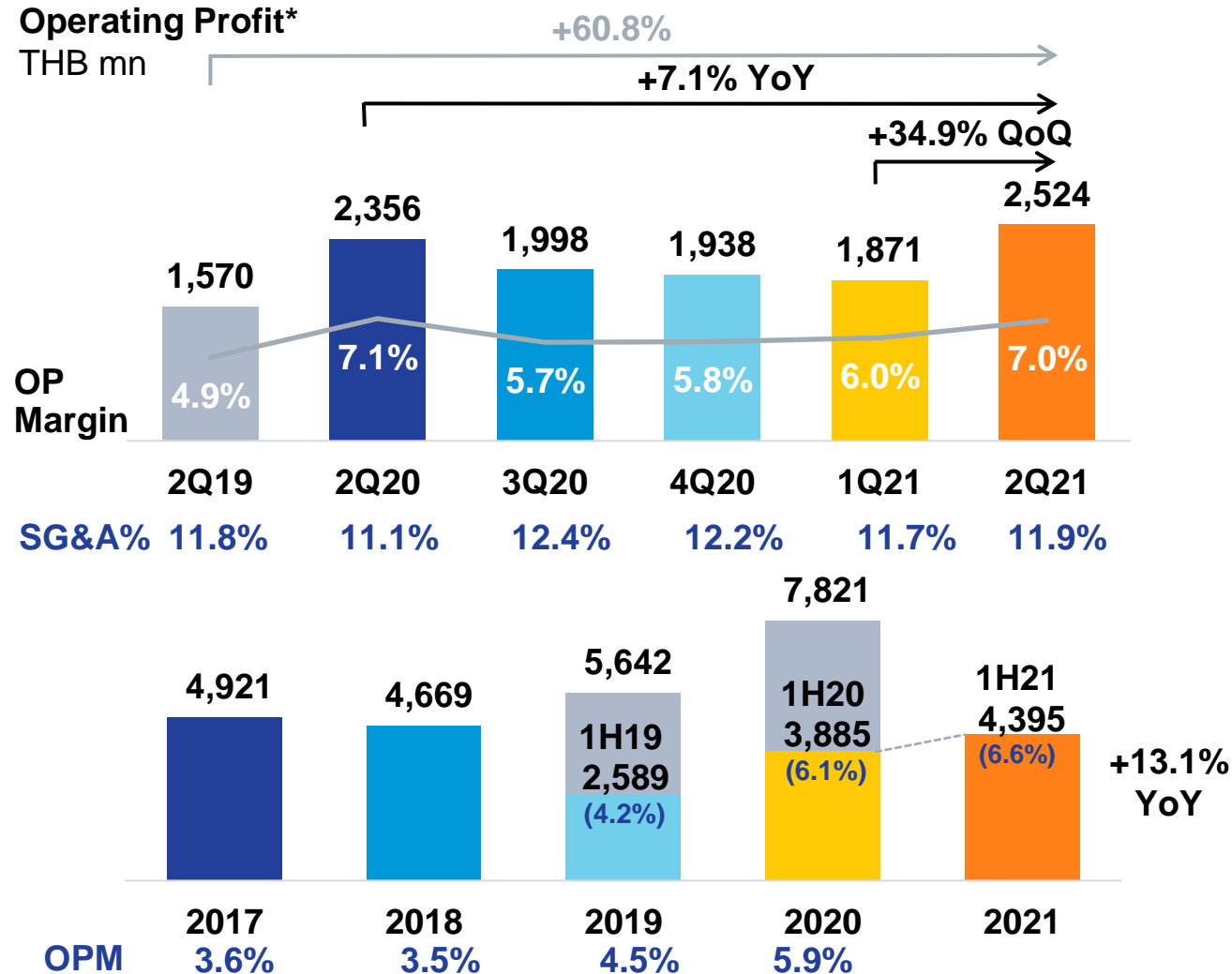
# Continued high gross profit margin for five consecutive quarters



- **2Q21 gross profit margin was uplifted at a high level of 19.0% vs 18.2% in 2Q20, thanks to:**
  - Frozen and chilled seafood gross profit jumped to 100.5% YoY growth, from a recovery of food service and retail businesses, particularly in the US. Therefore, GPM rebounded to 11.5% in 2Q21, from 7.4% in 2Q20.
  - PetCare and value-added business gross profit hiked 28.5% YoY, from continued strong demand and new products launched. GPM jumped to 30.1% in 2Q21, from 26.3% in 2Q20.
  - Ambient business gross profit decreased 12.2% YoY, due to a normalization effect on the top line. GPM remained high at 22.0% in 2Q21 vs. 23.3% in 2Q20.
  - Positive FX impact from EUR gain, partially offset by USD loss.



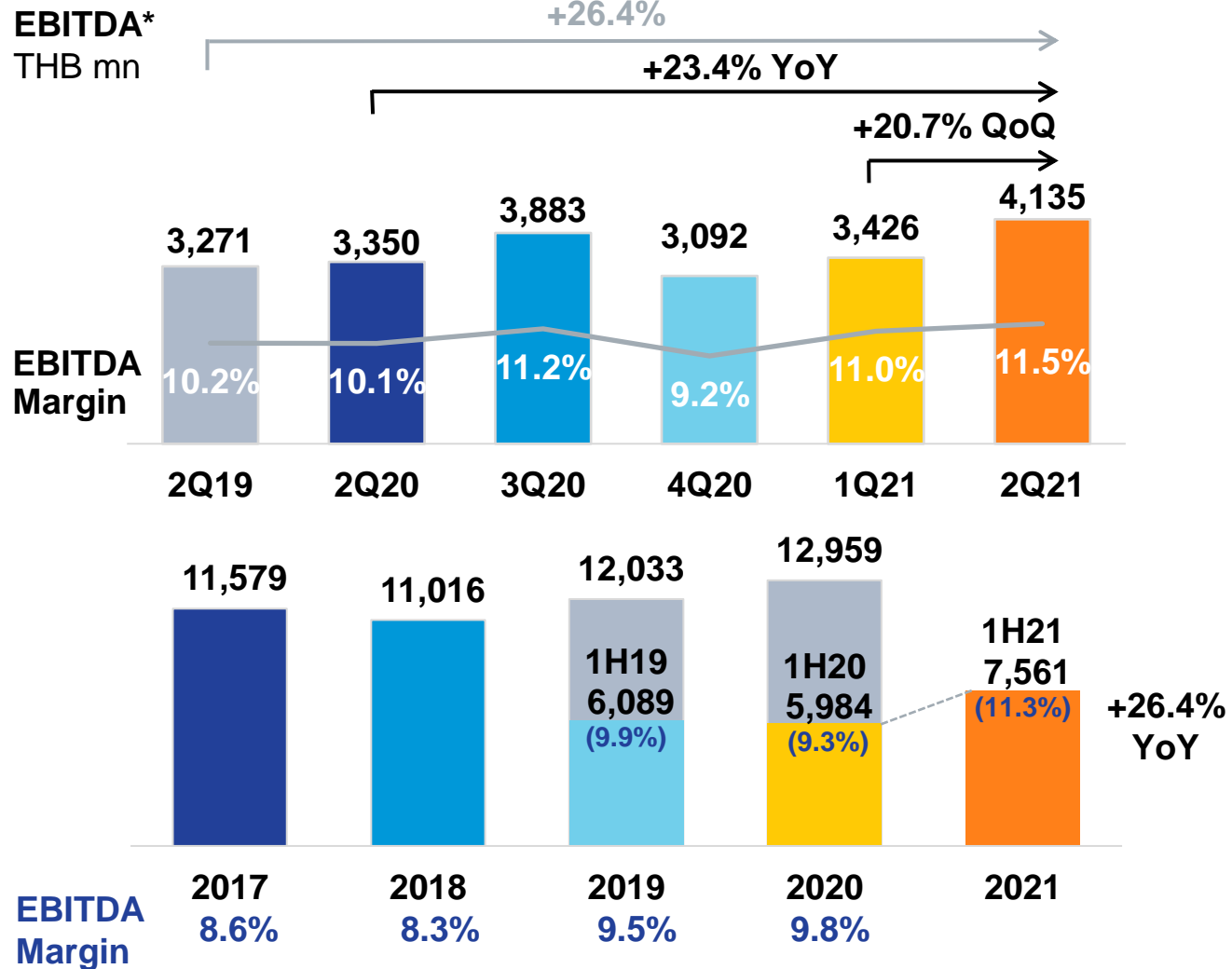
# 2Q21 strong operating profit continued



- **2Q21 operating profit continued to grow 7.1% YoY to THB 2,524mn:**
  - SG&A expenses increased 16.6% YoY, or THB 610mn mainly due to:
    - Higher marketing and administrative expenses of approx. THB 200mn to support existing and new business units.
    - Rising logistic costs estimated by THB 200mn during 2Q21.
    - One-off goodwill impairment of THB 105mn for TMAC (shrimp hatchery business in Samut Sakhon and Southern Thailand)
- Thanks to effective cost management, 2Q21 SG&A to sales ratio was at 11.9% (vs. our guideline of 11-12% for 2021), up from 11.1% in 2Q20.

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).

2Q21 healthy EBITDA at 4.1bn, up 23% YoY on reported basis

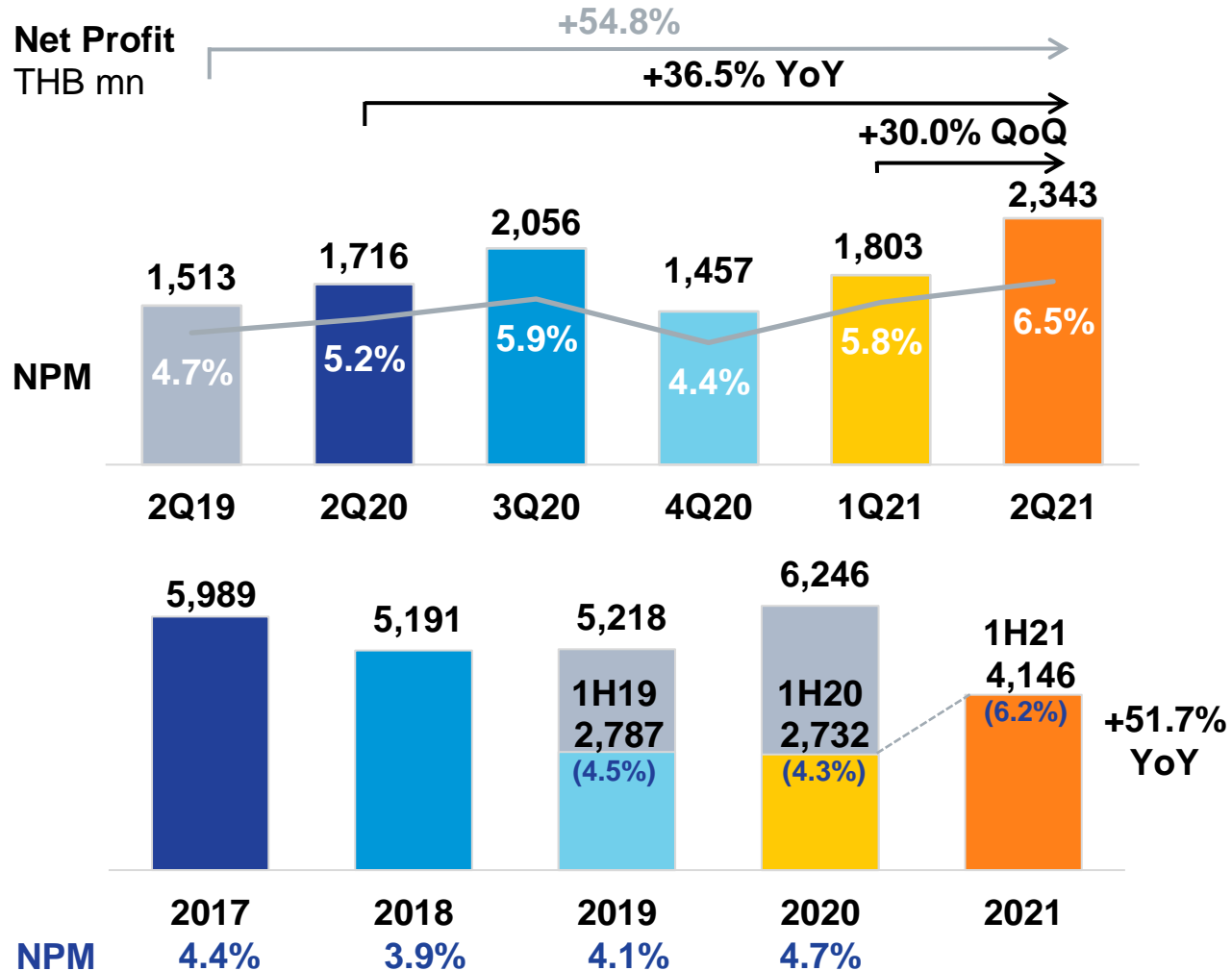


- **2Q21 EBITDA at THB4.1bn, up 23.4% YoY:**
  - TU reported THB 74mn share of loss from associates in 2Q21 vs THB 579m share of loss in 2Q20. The lower loss contribution was from Red Lobster operational turnaround.
  - Red Lobster operations in 2Q21 was at THB 49mn share of loss vs. THB 702mn contribution loss in 2Q20.
  - Avanti contributed lower share profit YoY, due to its weakening frozen business from the outbreak impact to workforce capacity in India.
  - TU continued to record consistent interest income from the investment in Red Lobster's preferred units.
  - TU reported 2Q21 FX gain of THB 212mn, almost unchanged from THB 216mn in 2Q20.

*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).*



# 2Q21 net profit at an all-time high of THB 2.3bn, up 37% YoY on reported basis

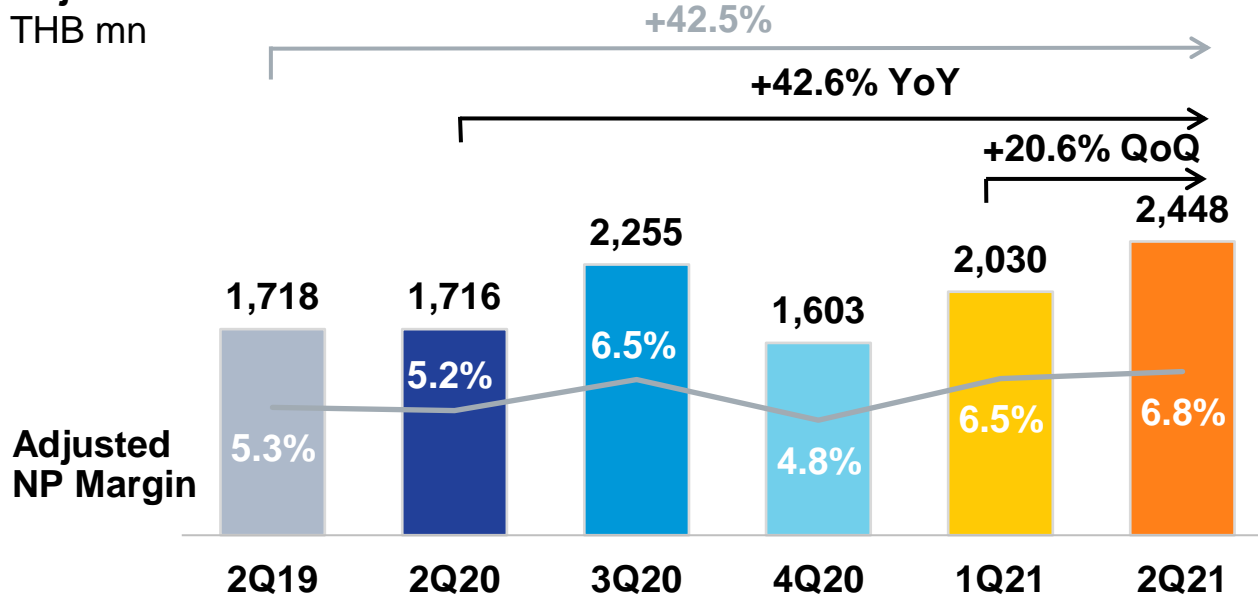


- **2Q21 reported net profit was at THB 2,343mn, up 36.5% YoY**
- Thanks to a strong core business, particularly Frozen & Chilled seafood and PetCare & value-added businesses, from robust top line growth and expanding margins.
- Thanks to an improvement in share of loss from investment in associates at THB 74mn in 2Q21 vs. THB 579mn in 2Q20, mainly from a lower operational loss at Red Lobster in this quarter.

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).

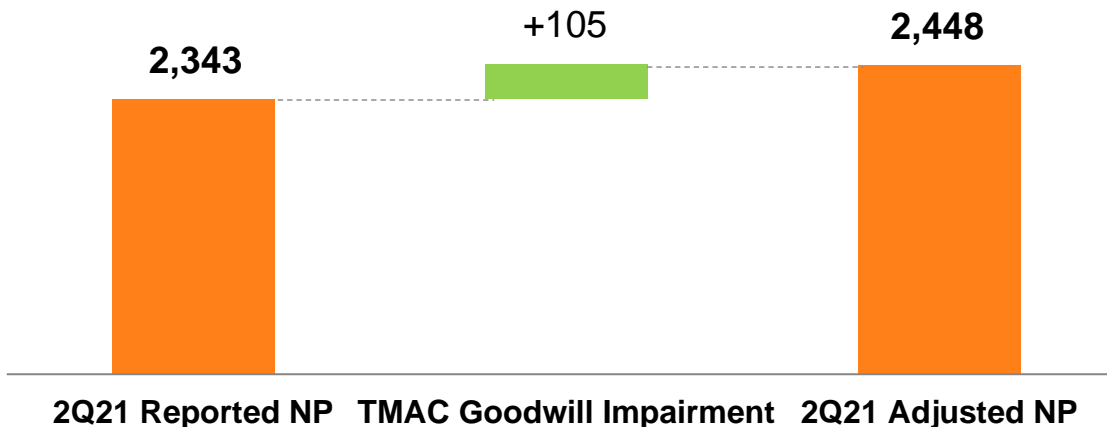
# 2Q21 adjusted net profit increased 43% YoY

Adjusted Net Profit  
THB mn



- **Excluding one-off item, adjusted net profit was THB 2,448mn in 2Q21, from the following reason:**

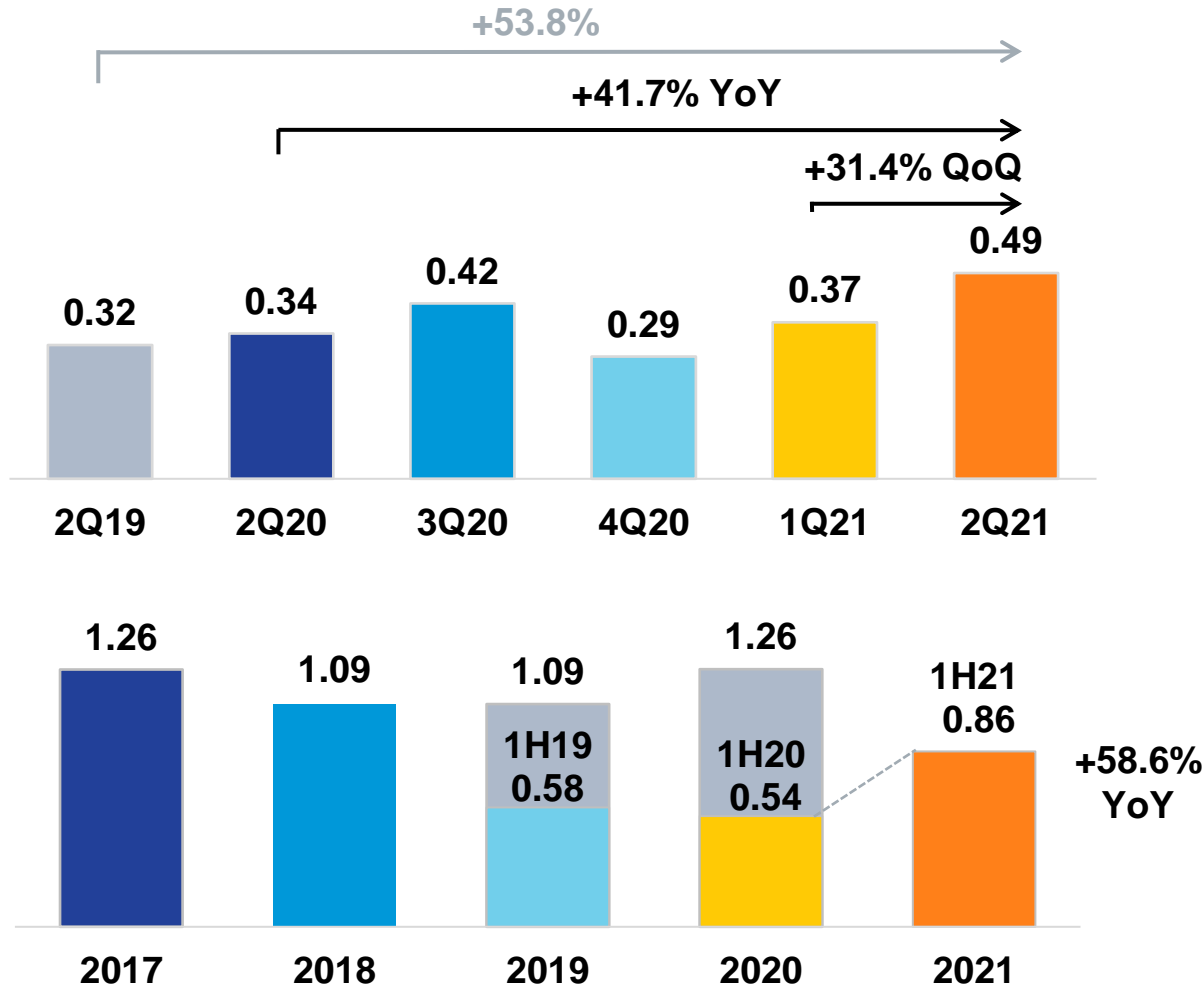
- **Impairment of TMAC** (shrimp hatchery business in Samut Sakhon and Southern Thailand) **goodwill at THB 105mn**, booked as an expense in SG&A.





# 2Q21 EPS was up 42% YoY

Earning per Share (EPS)\*  
THB



- 2Q21 EPS was at THB 0.49, up 41.7% YoY, backed by vigorous 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.*

# 2Q21: Clear improvement in Red Lobster operations



THB mn	2Q21	1Q21	4Q20	3Q20	2Q20
Share of profit from operations	-49	81	-321	-54	-702
Share of profit from lease accounting adj.	-113	-307			
Other income	298	304	255	244	249
Interest expense	-105	-104	-111	-121	-135
Income tax	136	90	-25	1	221
Net income	167	64	-202	70	-367
EPS (THB/share)	0.03	0.01	-0.04	0.02	-0.08

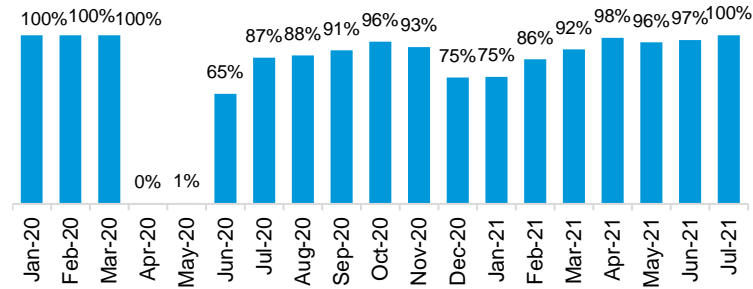
- **Share of loss from operations** rebounded nicely to THB 49mn in 2Q21 vs. share of loss at THB 702mn in 2Q20.
- **Including lease accounting adjustment of THB 113mn in 2Q21**, Thai Union marked a share of loss in 2Q21 at THB 162mn.
- Estimated **net expense from lease accounting** adjustment going forward is **THB 75mn per quarter** (THB 100mn share of loss less THB 25mn tax credit) for 3Q-4Q21. There is **no impact on cash** basis.
- **100% restaurants are fully opened for dining halls and off-premise** (To Go, curbside pickup, and delivery) as of July 2021, with an increasing guest capacity (~95% as of July 2021).



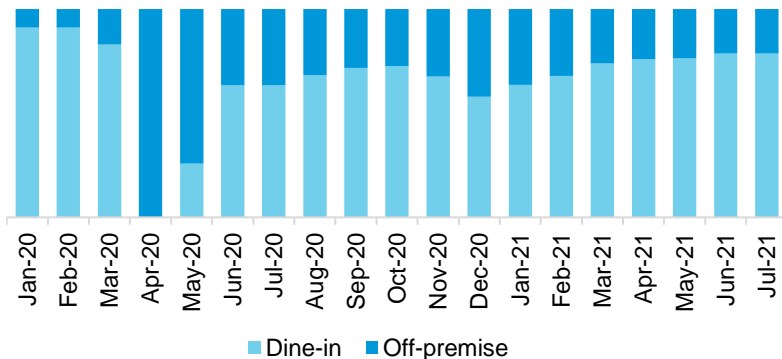
# Red Lobster's turnaround continued amid ongoing pandemic



% Outlets Opened



Sales Portion of Dine-In and Off-Premise



**Red Lobster has appointed CEO and Board Member, Kelli Valade, effective Aug 2.** Under her leadership, we will continue to drive business recovery and strategic initiatives.

Prior to serving as **President and CEO of Black Box Intelligence™**, Valade was **Brand President for Chili's Grill & Bar**, responsible for **over 1,600 restaurants**.

**Red Lobster's off-premise remains strong at 2.2x pre-COVID** and is in line with casual dining industry in the U.S.\*

**Growing our guest count continues to be the key focus.** However, we are closely monitoring the impact of new Delta variant in the weeks and months to come.

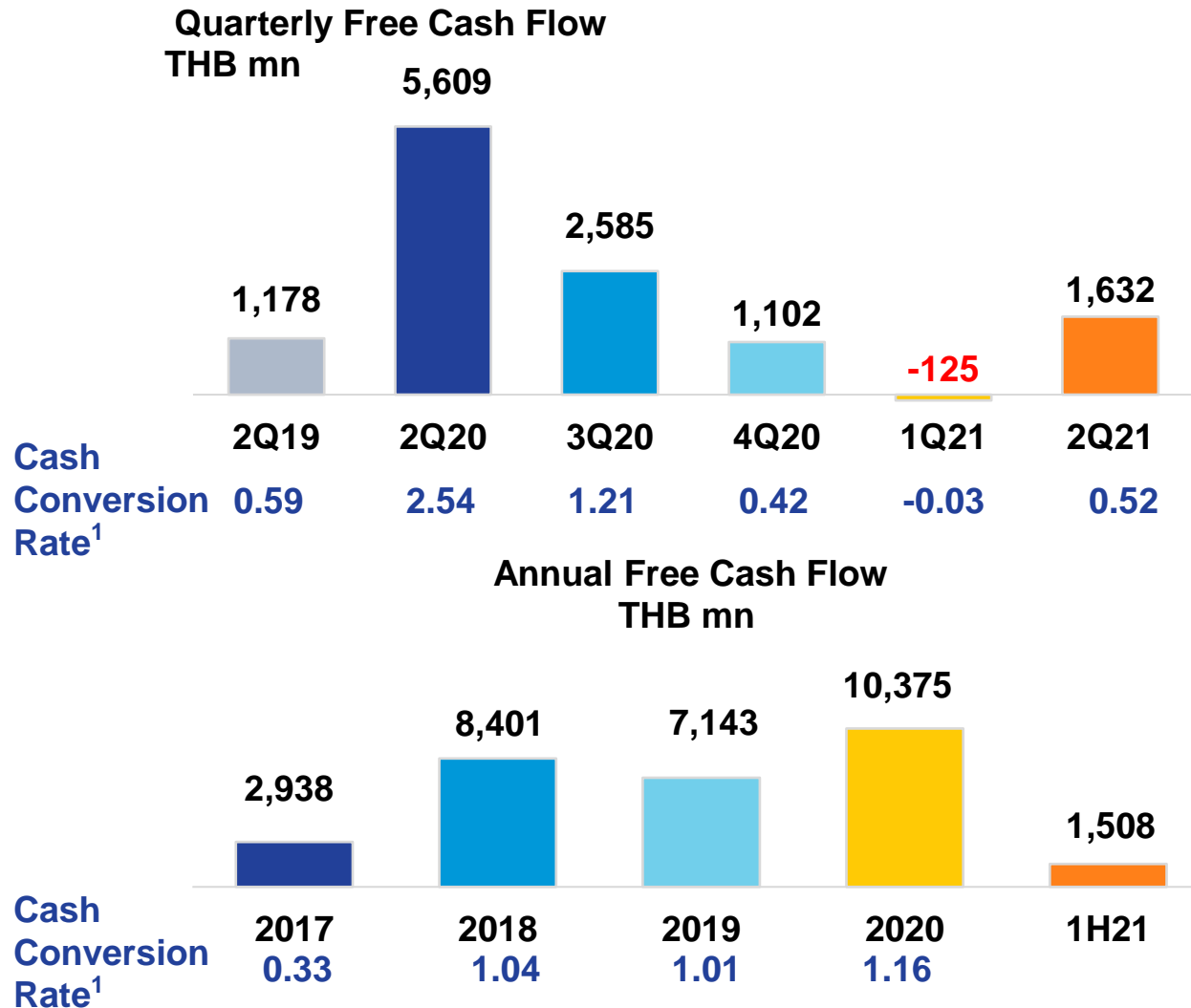
**We are investing in hospitality staff** and employee training to sustain a strong workforce at Red Lobster. So far, we have hired approx. 26,000 employees since Jan 2021.

**All outlets are open** for off-premise and dining halls in the U.S. and Canada (July 2021).  
**We target to achieve THB 200-300mn share of loss from Red Lobster in 2021.\*\***



Source: Black Box 'Restaurant Industry Intelligence Report', \*in terms of % to sales. \*\*Excluding impact from lease accounting adjustment.

# 2Q21: Free cash flow turned positive after a hiccup



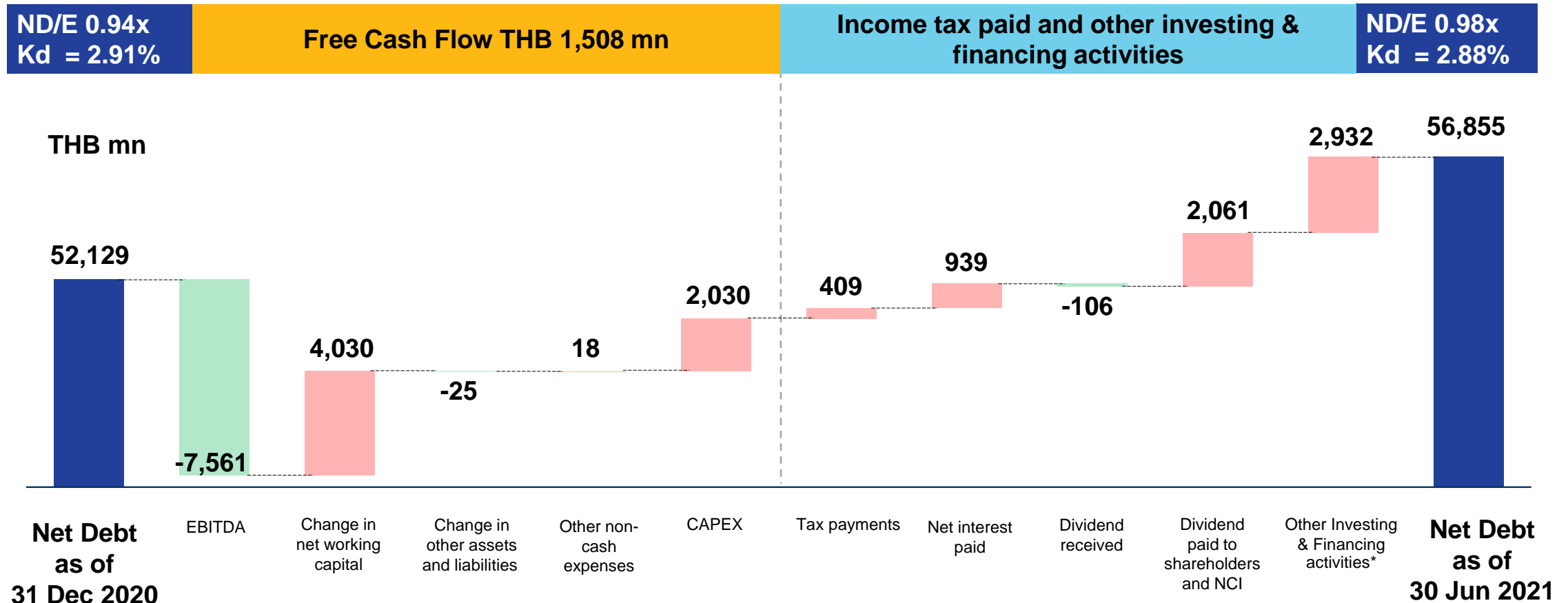
- **Free cash flow in 2Q21** turned positive after the temporary impact from higher inventory of finished goods and goods in transit on delayed shipments and container shortages during 4Q20 and 1Q21.
- **Thai Union revised down its capital expenditure (CAPEX) in 2021 to THB 5bn**, from our previous guidance of THB 6.0-6.5bn. This was due to a postponement of CAPEX into 2022
- **Thai Union remains committed to** investing in 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

# 1H21: THB 4.7bn net debt increase to support CAPEX, change in net working capital, and investments into Rügen Fisch & Clover Corporation

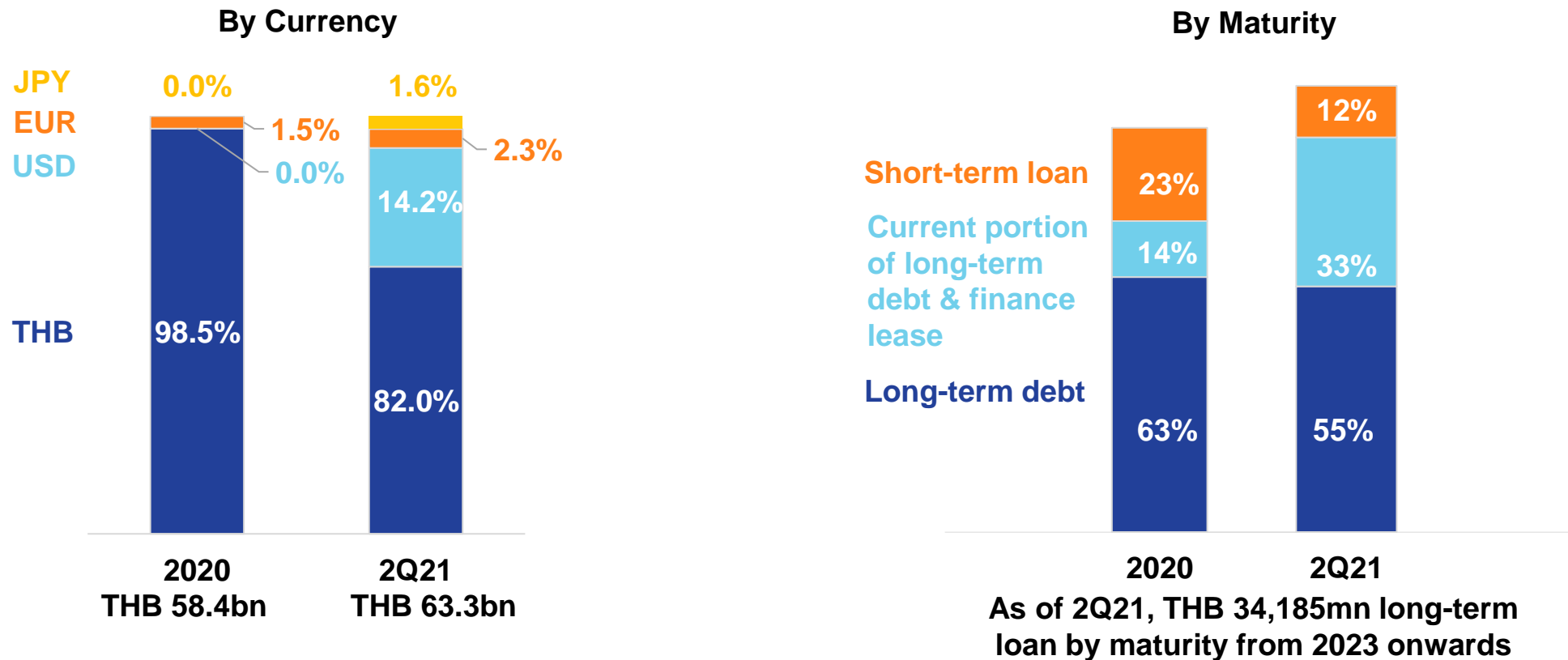


Remark: \*Included 1) change in loans to associates & other companies 2) change in investments in associates and other long-term investments  
3) proceeds from sale of assets 4) dividend received and 5) change in non-controlling interest



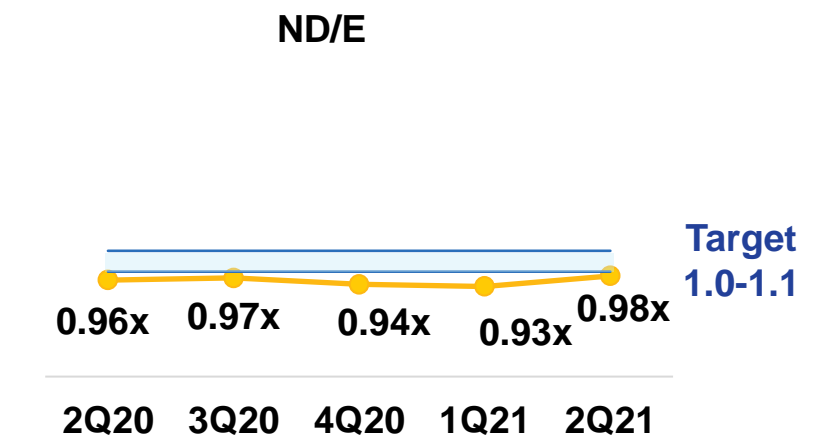
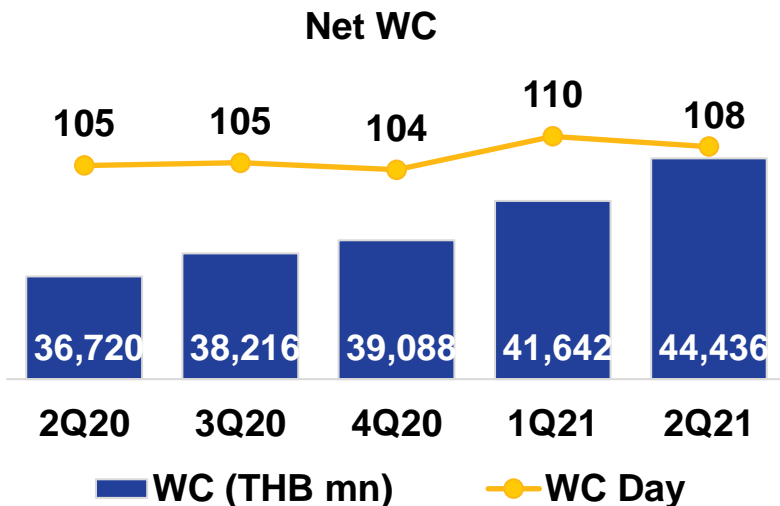
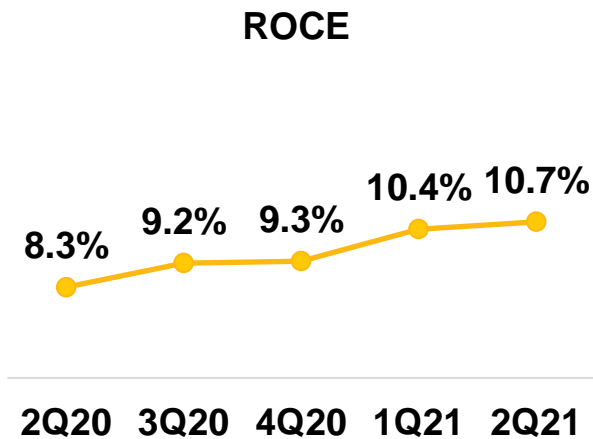
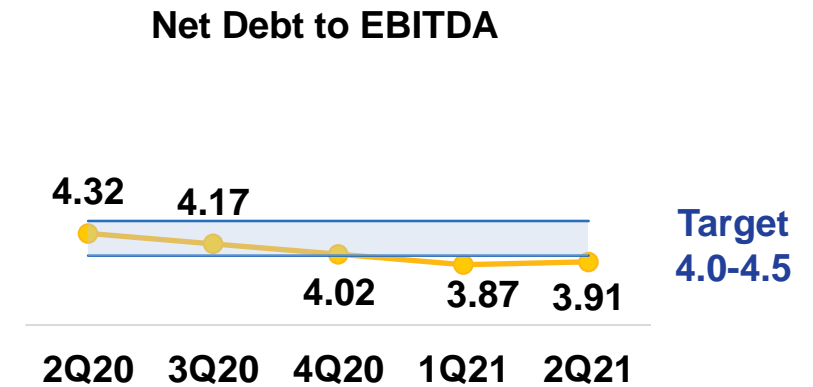
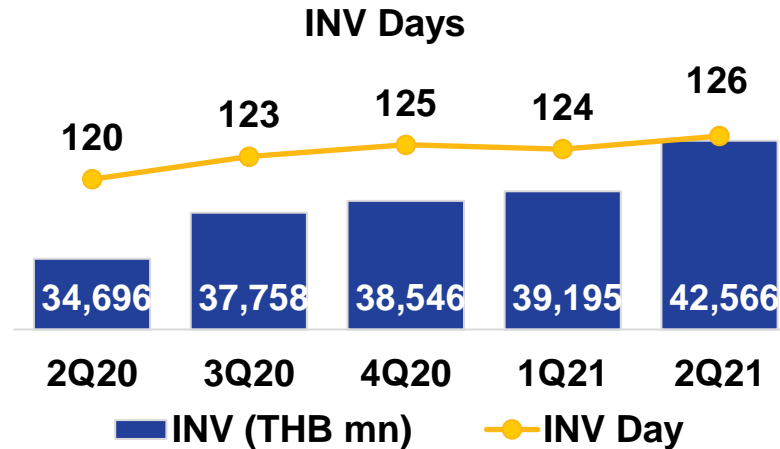
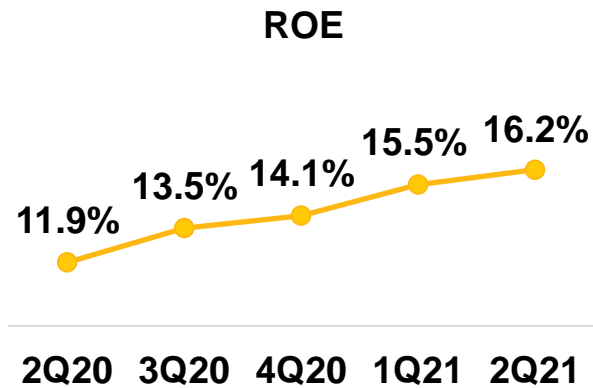
# Majority THB funding, reducing risk associated to currency volatility

## Interest-bearing debts of THB 63,327mn



Remark: The company repaid short-term loans to financial institutions (including bank overdrafts) of THB 6.2bn during 2Q21.  
THB 14.5bn long-term debts due to maturity in 2022 are classified at current portion of long-term debt since 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)

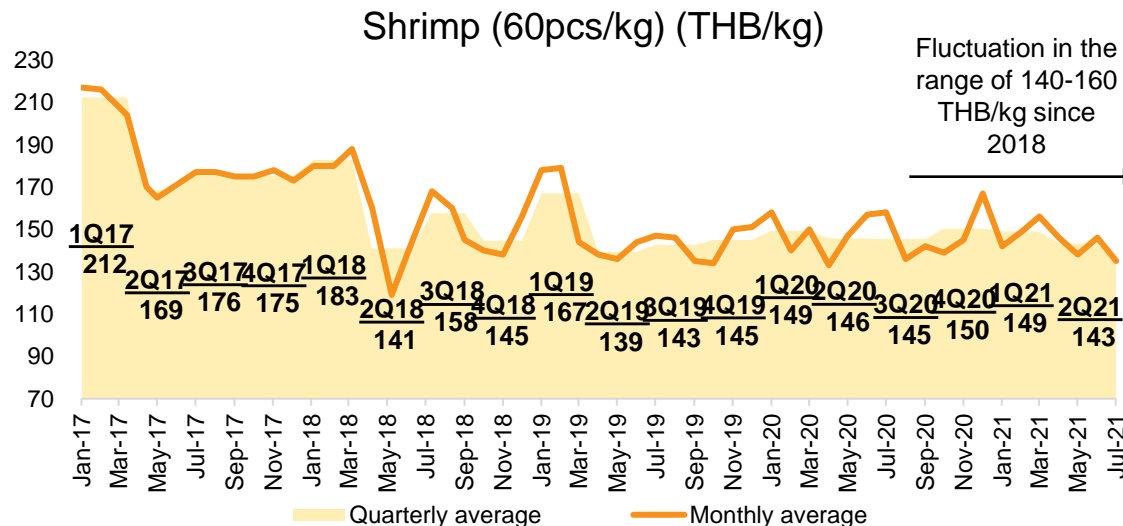
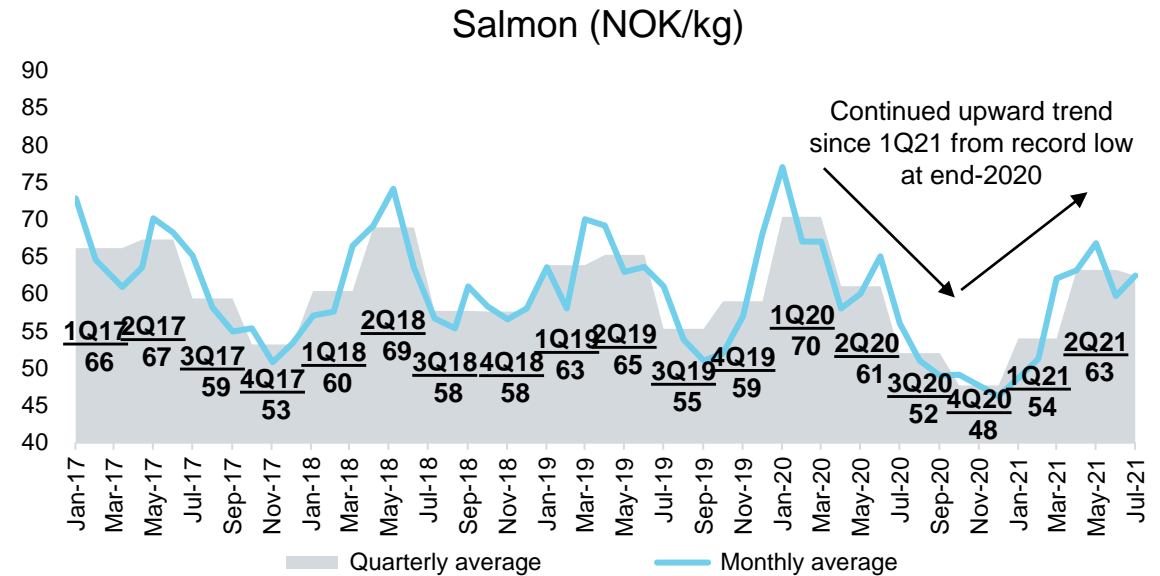
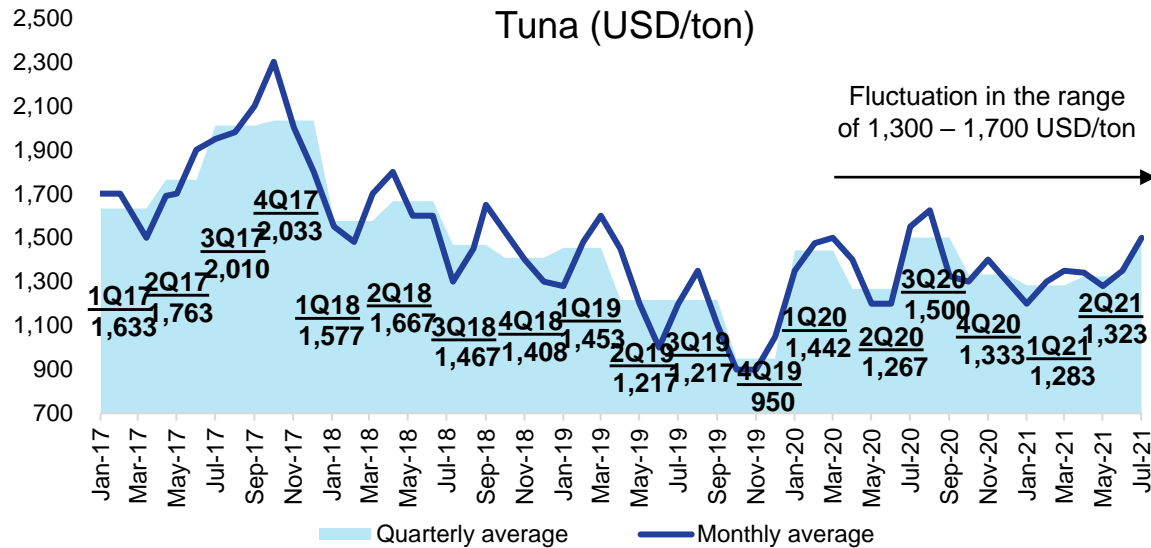


## Financial Results: 2Q21 – Business Units





# Tuna and shrimp prices remained relatively stable, salmon price continued its upward trend in 2Q21



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

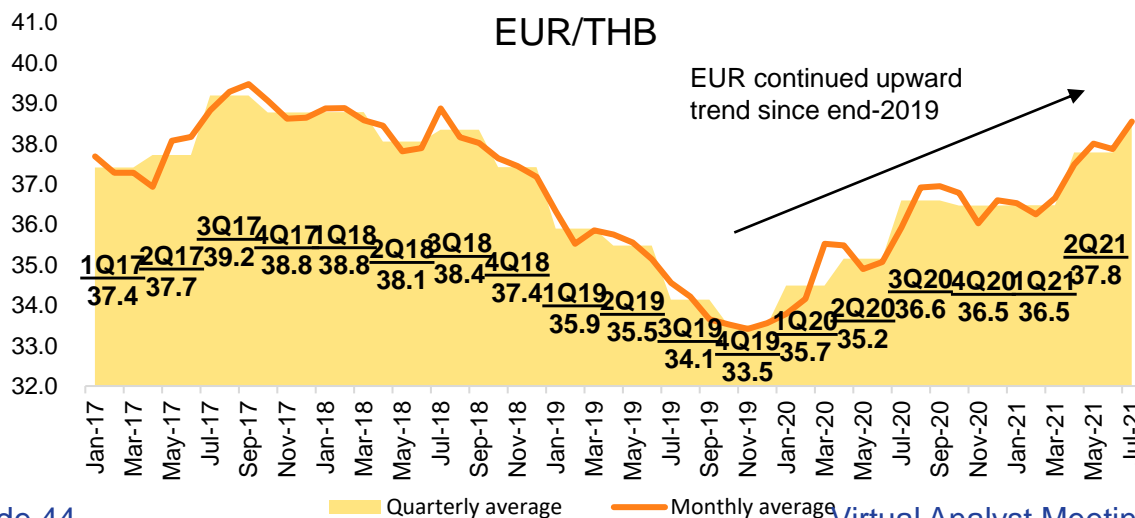
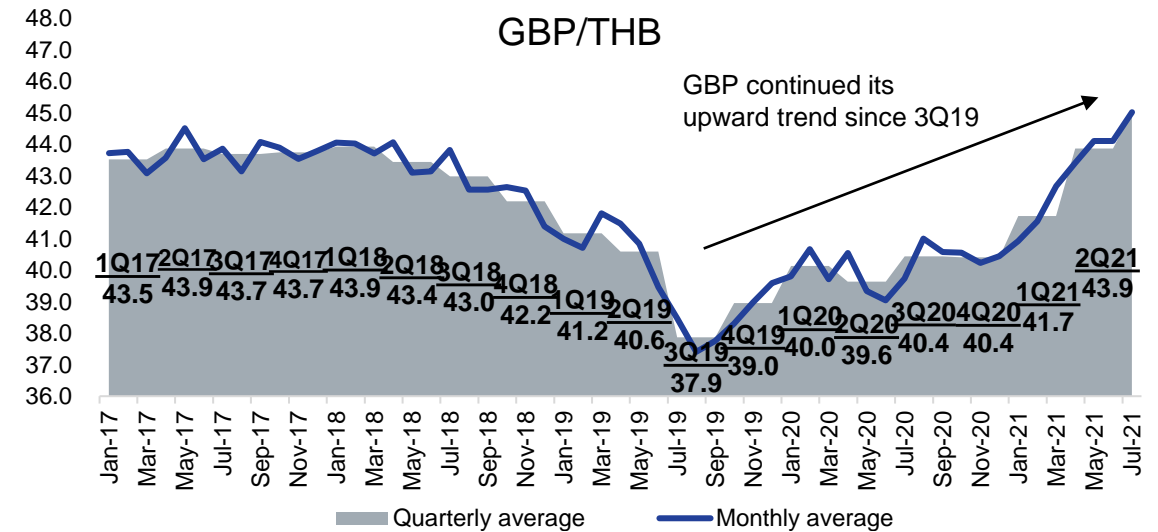
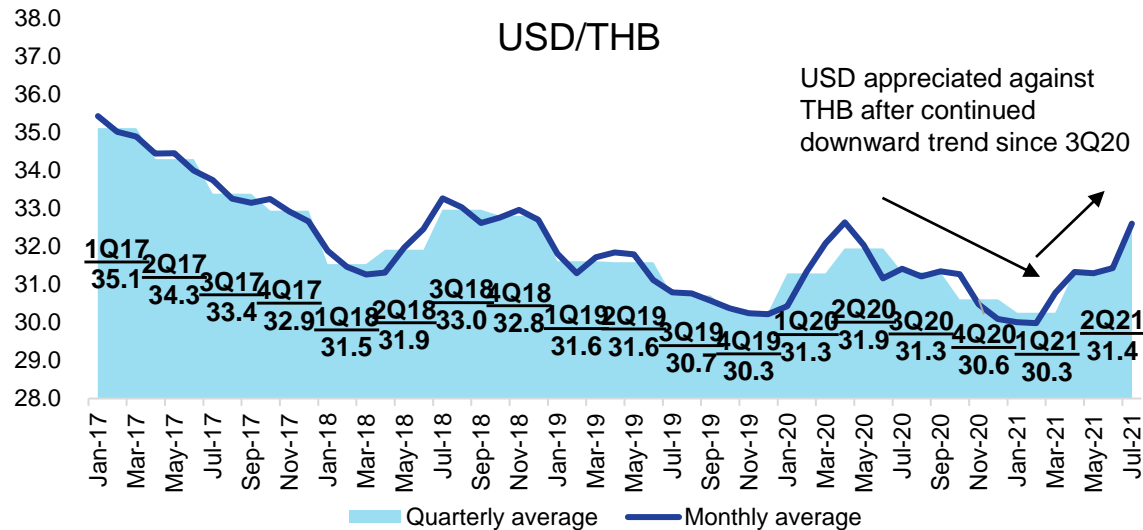
- Tuna - USD 1,500/ton, Shrimp - THB 135/kg, Salmon - NOK 62/kg

## In 2Q21, average raw material prices closed at:

- Tuna: USD 1,323/ton (+4.5% YoY, +3.1% QoQ)
- Shrimp: THB 143/kg (-1.6% YoY, -3.8% QoQ)
- Salmon: NOK 63/kg (+3.7% YoY, +17.1% QoQ)

Source: Thai Union and Bloomberg data

# Thai Baht depreciated against key currencies YoY, except for USD, still contributed to gains



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

- USD/THB – THB 32.61, EUR/THB – THB 38.55, GBP/THB – THB 45.02

## In 2Q21, average FX rates closed at:

- USD/THB: THB 31.36 (-1.9% YoY, +3.6% QoQ)
- EUR/THB: THB 37.78 (+7.5% YoY, +3.6% QoQ)
- GBP/THB: THB 43.87 (+10.7% YoY, +5.2% QoQ)

Source: Thai Union and Bank of Thailand data

# 3 strategic business categories

Total 1H21 sales: THB 67,007 mn




Ambient seafood

Sales: THB 28,852 mn



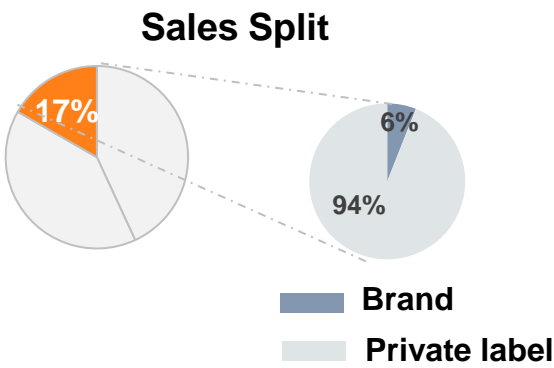
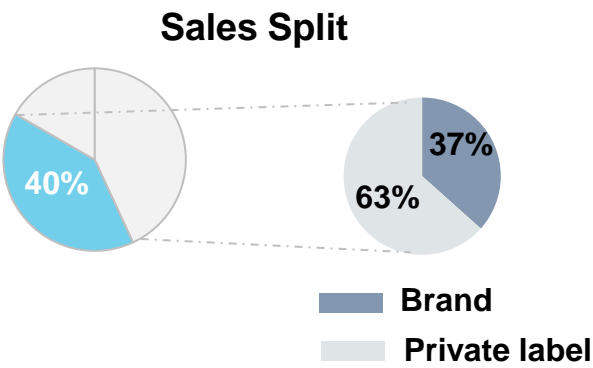
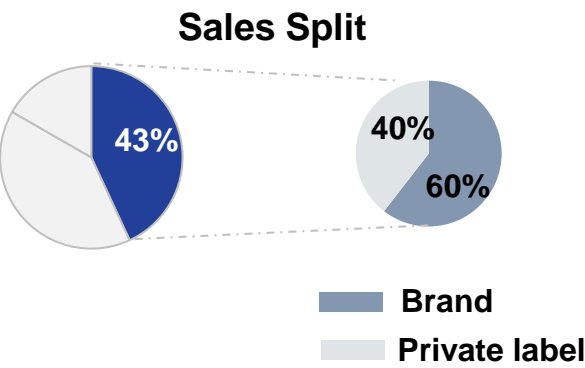
Frozen & chilled seafood and related

Sales: THB 26,946 mn



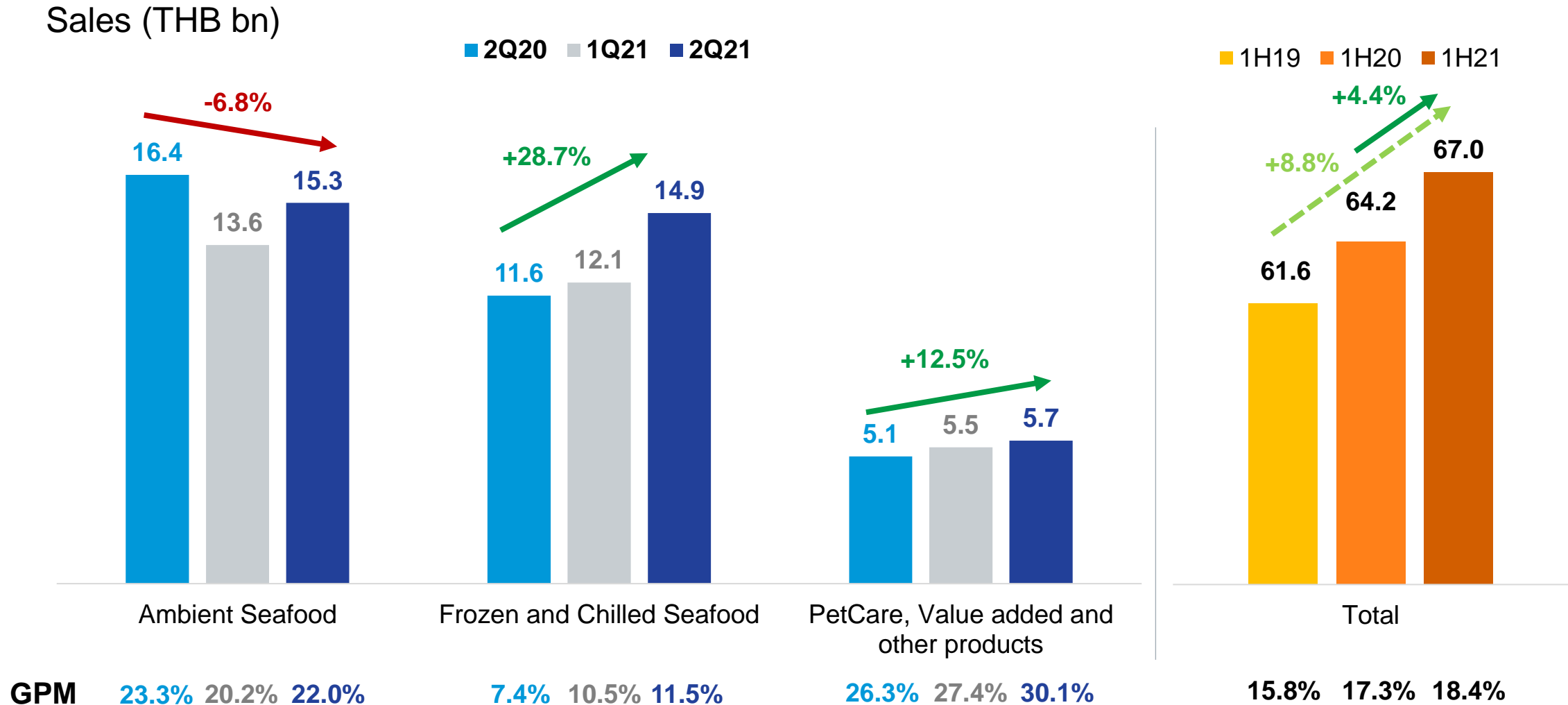
PetCare, value-added and others

Sales: THB 11,209 mn



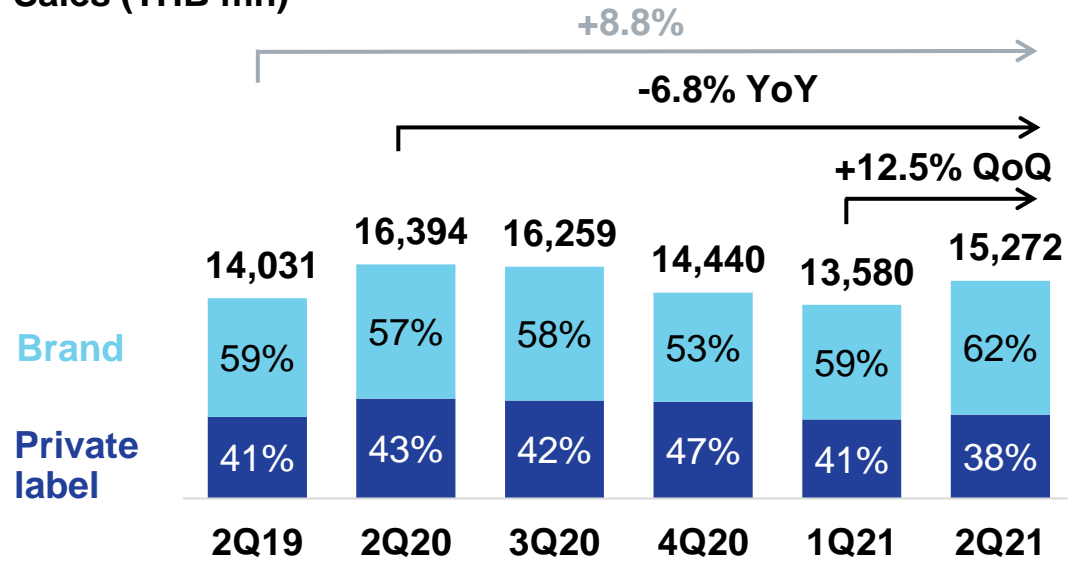


# Solid growth on the back of successful business diversification

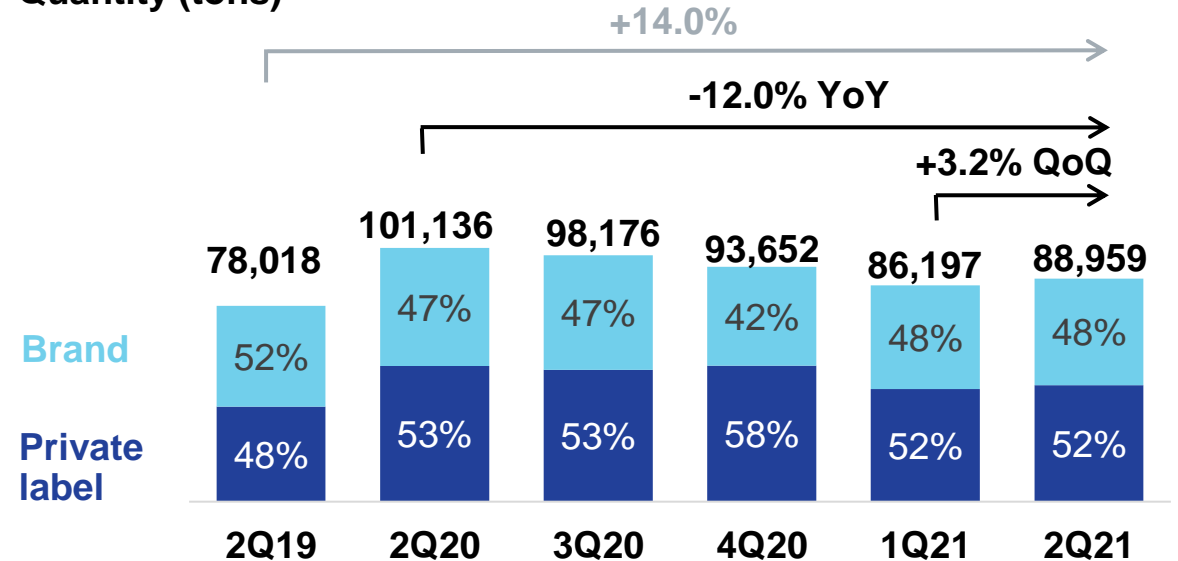


# Ambient seafood: Normalized topline, continued to deliver healthy margin

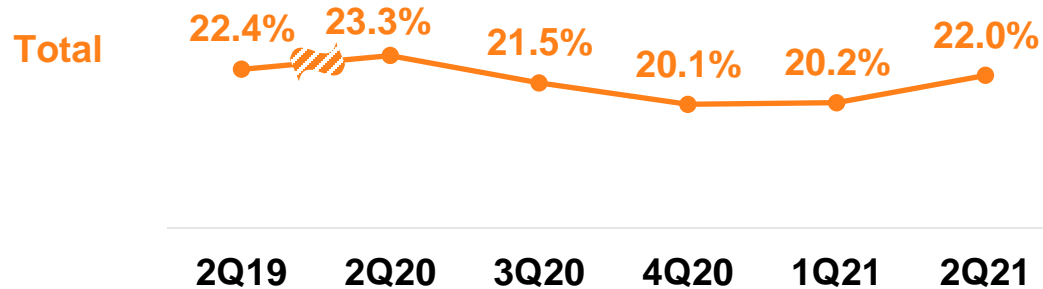
Sales (THB mn)



Quantity (tons)



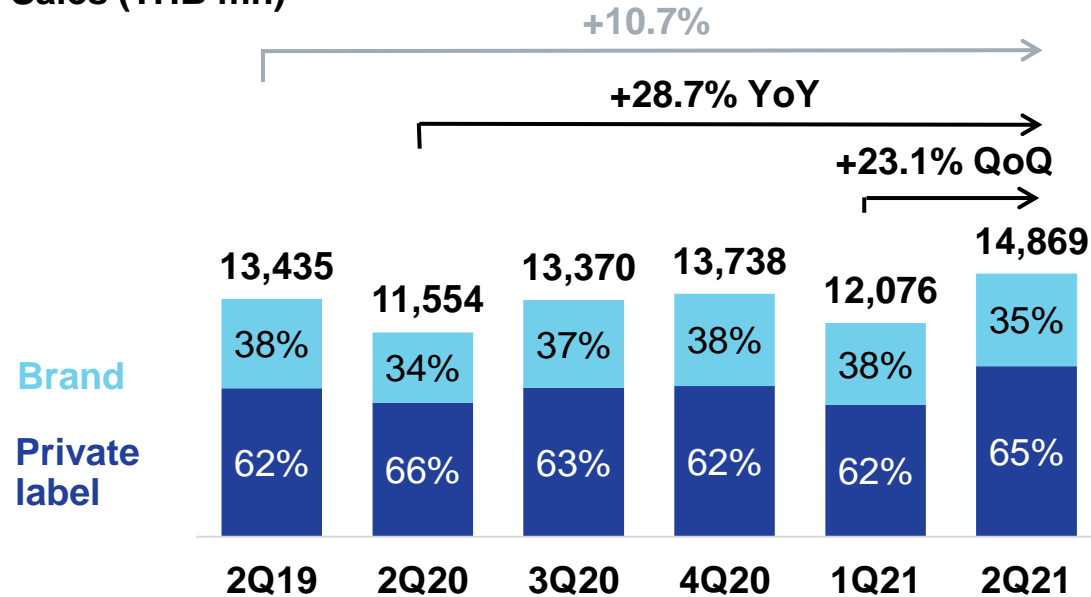
Gross Profit Margin (Percent)



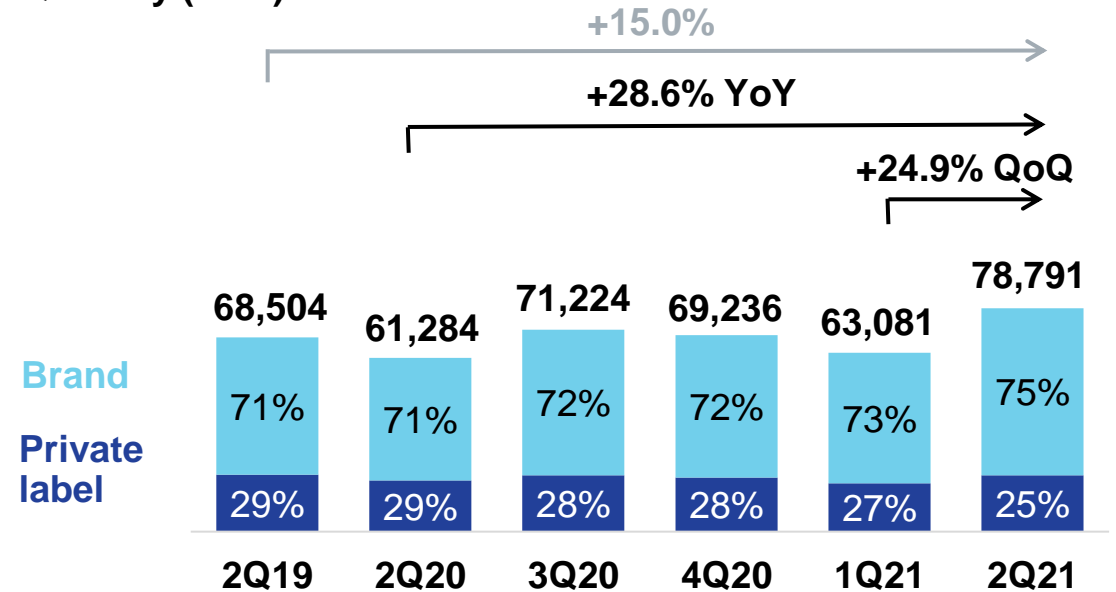
- **2Q21 Ambient sales declined by 6.8% YoY**, due to a mix performance in key regions. Tuna sales in the U.S and Asia dropped, reflecting the exceptional push in 2Q20 amid COVID-19 and effects from the global container shortage, particularly in the U.S. However, it was partially offset by higher demand in Europe in 2Q21 vs. the stockout situation during pantry-loading in 2Q20.
- Continued to deliver **high gross profit margin at 22.0% in 2Q21**, thanks to lower raw material price, and improving salmon business.
- **Ambient business expanded on sales and sustained its margin, compared to 2Q19 pre-COVID level.**

# Frozen, chilled seafood and related: Strong recovery in sales & GPM

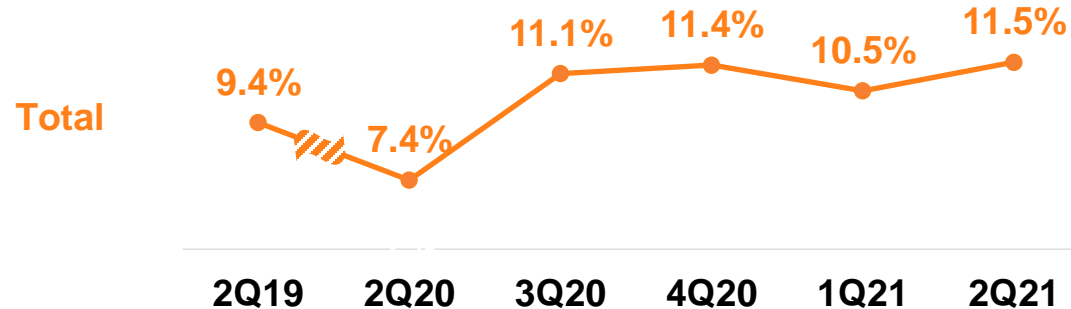
Sales (THB mn)



Quantity (tons)



Gross Profit Margin (Percent)

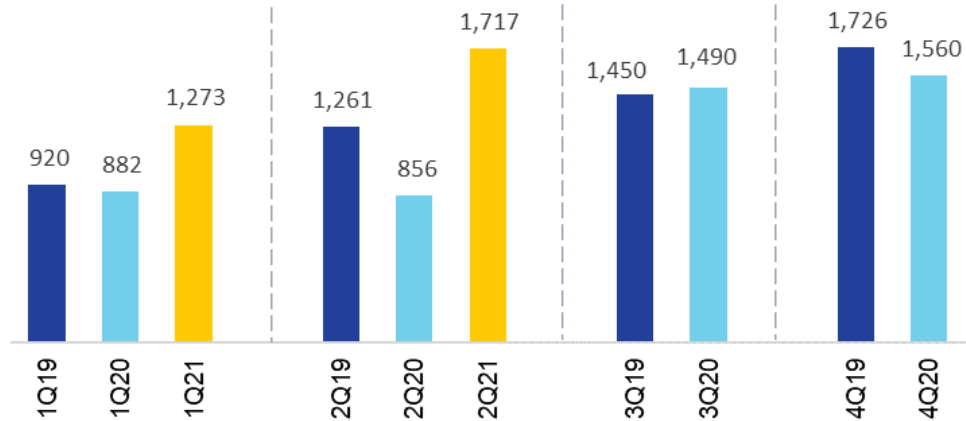


- **2Q21 Frozen and chilled seafood sales recovered strongly at 28.7% YoY**, supported by sales volume growth.
- **Business recovery in shrimp and lobster** were key growths drivers. Food service and retail businesses in the U.S. improved substantially, thanks to the vaccine administration.
- **Gross profit margin recovered significantly** to 11.5% in 2Q21 vs. 7.4% in 2Q20.
- **Frozen and chilled seafood sales and margin expanded firmly, compared to 2Q19 pre-COVID level**, supported by margin enhancement for shrimp and, particularly, lobster.



# Frozen and chilled seafood: Strategies for growing profit

Frozen And Chilled Seafood Gross Profit (THB mn)



**1H21 gross profit was THB 2,990mn, up 72% YoY, beating both 1H20 COVID and 1H19 pre-COVID levels**

**Strong sales push, driven by the U.S., Asia and Thailand**

- Continued **recovery of culinary channels** in the U.S, from strong performance in wholesale and food service sales and imbalanced supply/demand, particularly Lobster business, which resulted in favourable market conditions
- **Secured more contracts with OEM, food service, retailers** in US, Asia, Thailand
- Expanded **new, value-added products** (pre-fried breaded shrimp, plant-based, ebiko, squid, shrimp snack, crab meat) through key customers.
- **Qfresh** and **Thammachart Seafood** have become leading brands in the frozen

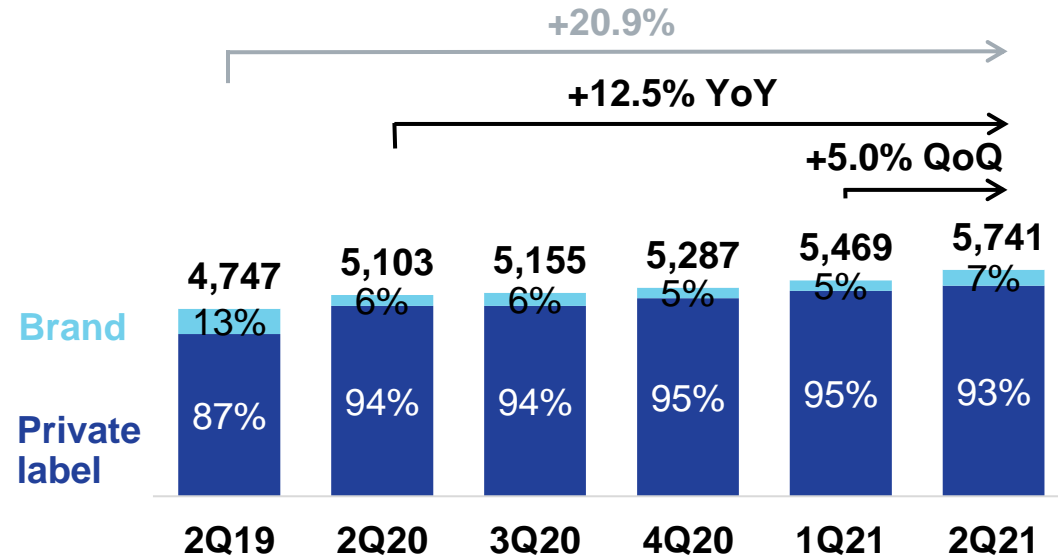
**Cost reduction and efficiency programs**

- **Streamline production base** by eliminating unnecessary work-related tasks to improve the efficiency of processes
- Installed more peeling and cutting **automation machines**

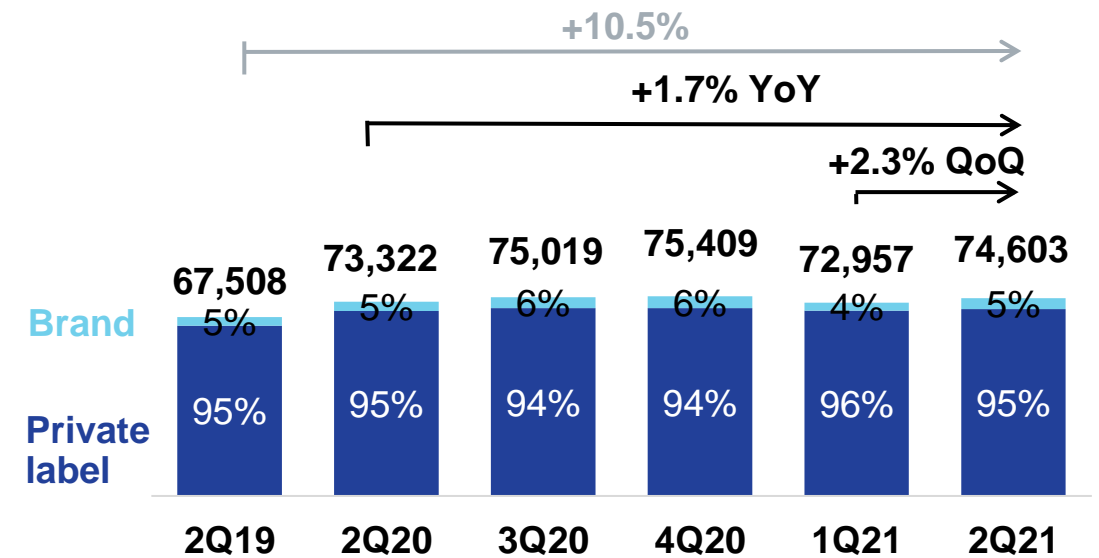


# PetCare, value-added and others: Robust sales growth & margin

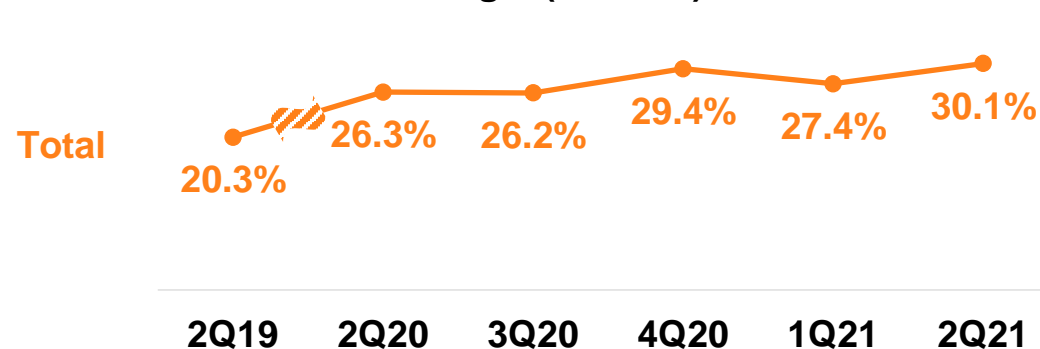
Sales (THB mn)



Quantity (tons)



Gross Profit Margin (Percent)



- **2Q21 PetCare and value-added sales increased 12.5% YoY**, thanks to PetCare's strong demand, new products launched and customer base expansion, higher sales of value-added products, following the company's focus on high-margin businesses, and greater performance of packaging business.
- **Gross margin continued at a high level of 30.1% in 2Q21** vs. 26.3% in 2Q20, driven by increased demand in both domestic and export of PetCare and value-added products.
- **PetCare and value-added sales and margin expanded impressively, compared to 2Q19 pre-COVID level**, thanks to focus on profitability and new, innovative products launched.

# PetCare and value-added business: Above and beyond

## 1H21 sales grew 16% YoY to THB 11.2bn

Annual sales have grown from THB 15.7bn in 2015 to THB 20.1bn in 2020, with continued upward margin trend from growing demand for pet food, increased automation, and launch of new, innovative products.

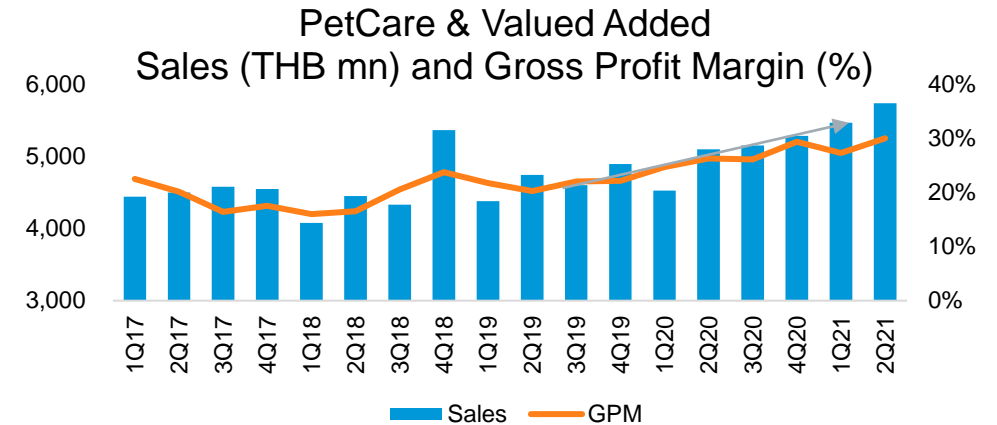
## We are growing the category with new, innovative products

Global PetCare Innovation Center (GPCI) is working closely with new & key existing customers, to develop innovative pet food and treat solutions, plans to launch within 2022.

## Ranked No. 2 top pet food company in Asia & Australia in 2021 by The Petfood Industry\*

## Packaging business also supports value-added growth

Packaging continued to perform strongly in 2Q21. We are vertically integrated and we source most of our packaging and labeling in Thailand from Asia Pacific Can (APC) and Thai Union Graphic (TUG).





# Geographic diversity: 1H21 Sales

United States  
and Canada

44%



Pacific Ocean

Atlantic Ocean

Others

16%



(Asia, Australia, Middle East, Africa and South America)

Europe

29%



Pacific Ocean

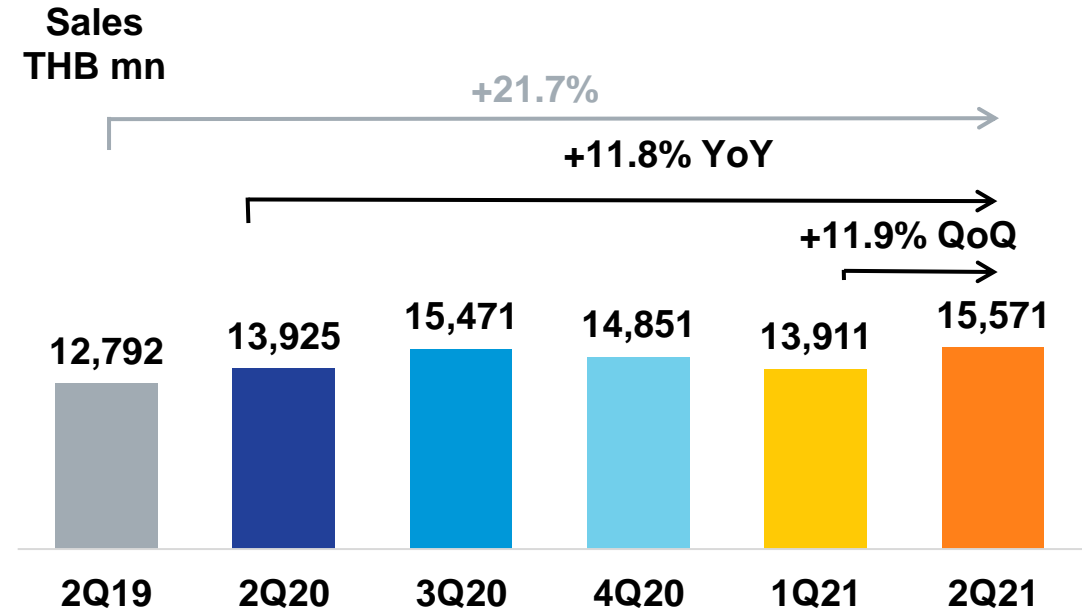
Indian Ocean

Thailand

11%



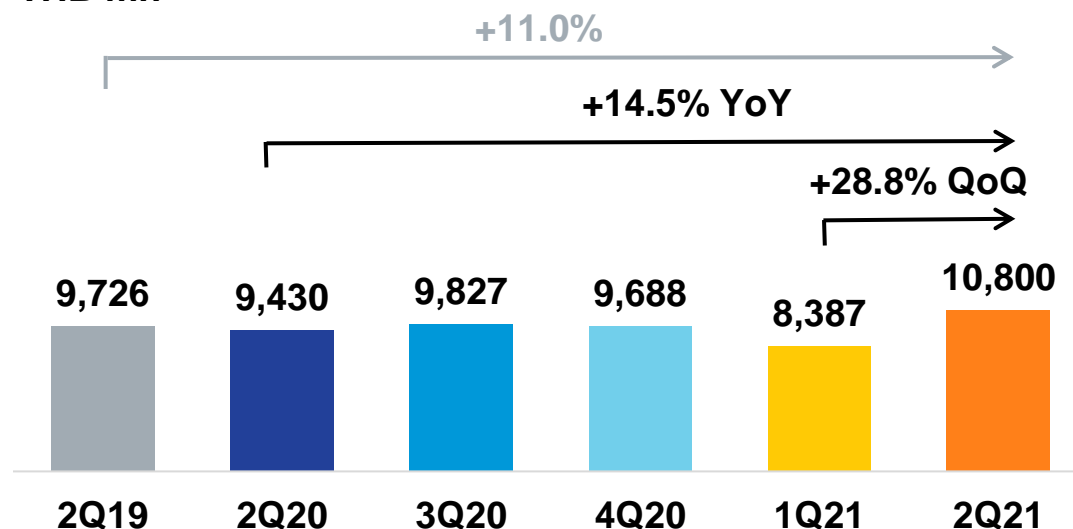
# US & Canada: Strong recovery in frozen seafood



- **2Q21 North America sales increased by 11.8% YoY in THB term**
  - Frozen seafood sales increased by 28% YoY, thanks to vaccine administration that have promoted a favorable environment to food service and retail businesses in the US.
  - This was partly offset by a 18% decrease in ambient seafood business sales as a result of the normalization effect.
- **Red Lobster operations improved in 2Q21**, thanks to successful vaccine administration and the company's strategic initiatives.
- **Solid performance compared to 2Q19 pre-COVID level.**

# Europe: Growing topline from strong demand and FX benefit

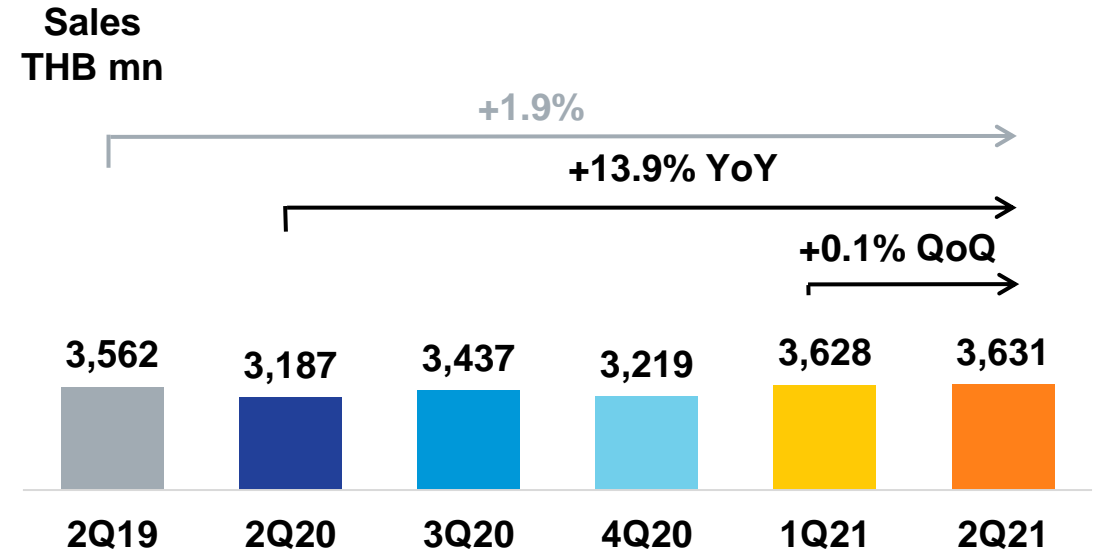
Sales  
THB mn



- **2Q21 EU sales increased 14.5% YoY**, thanks to higher demand in branded ambient, particularly in France and Italy. Last year, there was a stockout situation and lower promotions in the EU pantry loading during the first wave of COVID-19. Chilled salmon and other seafood business in EU also performed well in 2Q21.
- Thai Baht depreciation against EUR (+7.5%) and GBP (+10.7%) also benefited the company's European sales.
- **2Q21 EU sales remains strong, compared to 2Q19 pre-COVID level**, thanks to our strong branded position in EU markets.



# Thailand: Driven by PetCare & value-added and turnaround of Frozen seafood business

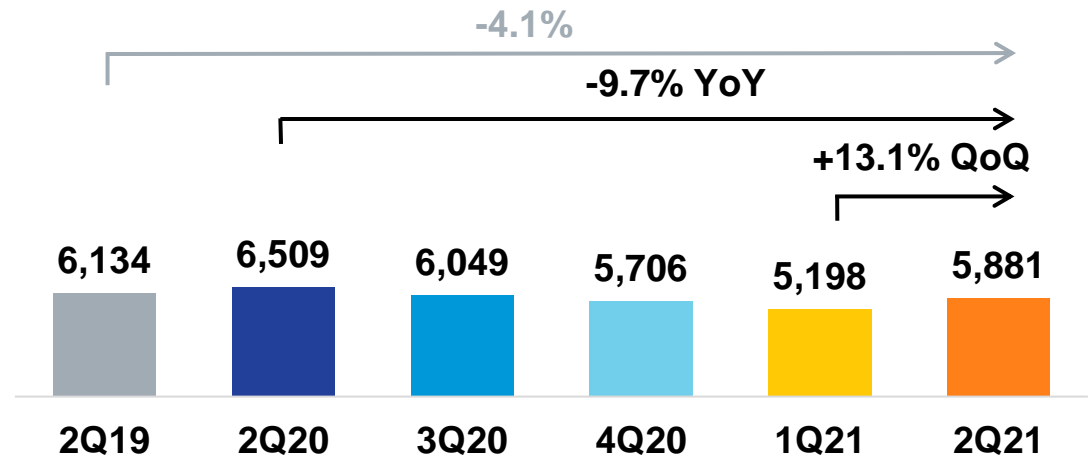


- **2Q21 Thailand sales were up 13.9% YoY.**
  - Frozen and chilled seafood, together with PetCare and value-added businesses were key growth drivers for domestic sales, as people are spending more for their pets since the pandemic and the recovery of food service and retail in 2Q21, compared to the lockdown period in 2Q20.
  - However, ambient business sales declined from last year due to pantry loading during the lockdown.
- **2Q21 Thailand sales remained growing at 1.9%, compared to 2Q19 pre-COVID level.**

# Emerging Markets and rest of the world: Lower ambient sales



Sales  
THB mn



- **2Q21 sales in Emerging markets and rest of the world decreased 9.7% YoY.**
  - Sales decrease resulted from ambient seafood business.
  - Sales in the Middle East markets lowered by 29.3% YoY and in Japan declined by 9.7% YoY.
  - Improving sales growth in Asia markets such as China at 16.9% YoY.
- **2Q21 performance remained challenged compared to 2Q19 pre-COVID level.**

# 2Q21 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>	<b>15,272</b> (2Q20: 16,394)	<b>22.0</b> (2Q20: 23.3%)	<b>3,362</b> (2Q20: 3,828)
<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>	<b>14,869</b> (2Q20: 11,554)	<b>11.5</b> (2Q20: 7.4%)	<b>1,717</b> (2Q20: 856)
<b>PetCare, value-added and others</b> <ul style="list-style-type: none"> <li>• PetCare<sup>3</sup></li> <li>• Value-added and other products<sup>4</sup></li> </ul>	<b>5,741</b> (2Q20: 5,103)	<b>30.1</b> (2Q20: 26.3%)	<b>1,726</b> (2Q20: 1,343)
<b>Total</b>	<b>35,883</b> (2Q20: 33,051)	<b>19.0</b> (2Q20: 18.2%)	<b>6,805</b> (2Q20: 6,027)

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>PetCare includes wet seafood-based cat and dog foods, cat and dog food

<sup>4</sup>Value-added and other products include seafood and non-seafood as well as sub-materials, packaging and sales of scrap, such as surimi-based fish snacks, microwave oven ready meals, Chinese-style dim sum, packaged cooking sauce, scrap from fish and shrimp processing lines, crude and refined tuna oil, bakery products, empty cans for ambient seafood, printing service for can labels



# Our adjusted 2021 guidance

<b>Sales</b>	3-5% YoY growth
<b>Gross profit margin</b>	~ 17-18% (revised up from ~17%)
<b>SG&amp;A to sales</b>	~ 11 – 12%
<b>Effective interest rate</b>	No material change from 2020
<b>CAPEX</b>	~ THB 5.0bn (revised down from 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**

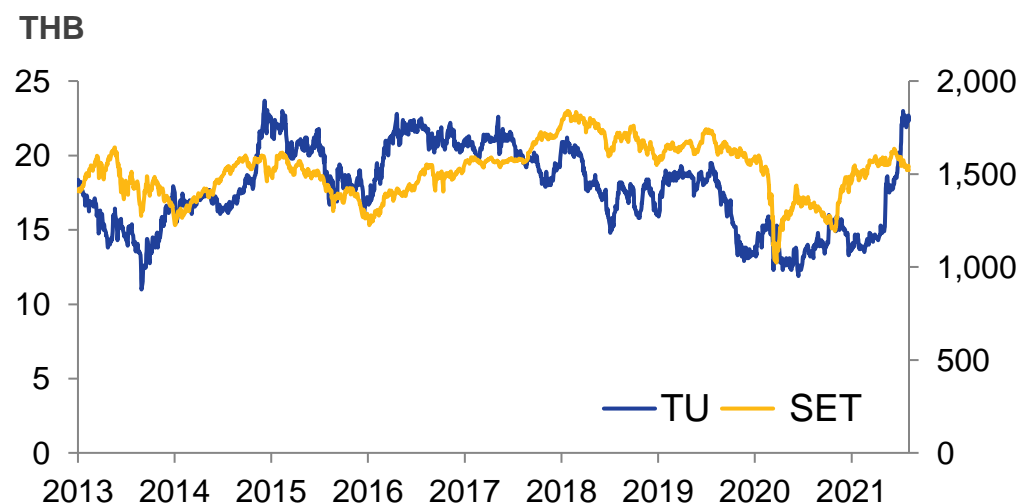
**Continuing value-accretive strategic investments**



# Share capital information

## Stock Performance at a Glance

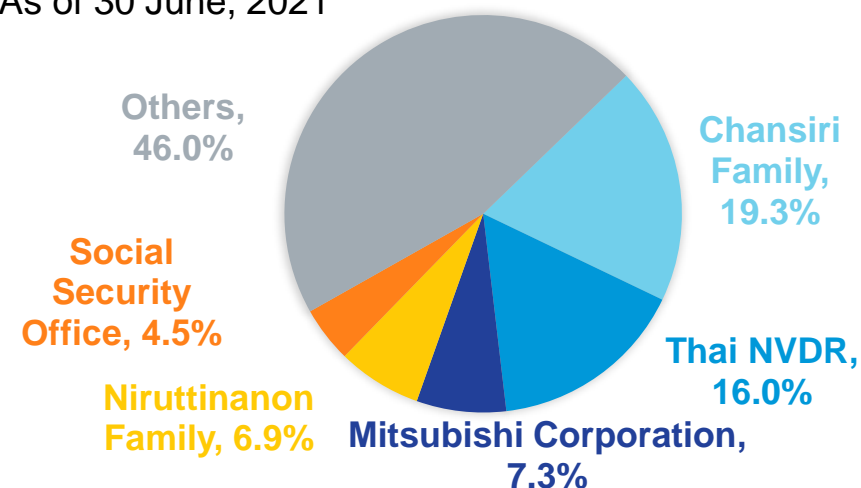
<b>Bloomberg/ Reuters</b>	TU TB/ TU.BK
<b>Share price (6 August 2021)</b>	THB 22.50
<b>Historical closing price</b>	
<b>52-week high</b>	THB 23.00
<b>52-week low</b>	THB 13.10
<b>No. of paid up shares</b>	4,771.8mn
<b>Par value</b>	THB 0.25
<b>Market Capitalization</b>	THB 107.4bn



Source: SET and TU

## Major Shareholders

As of 30 June, 2021



<b>Free float</b>	60.6%
<b>Foreign ownership/ Foreign limit</b>	29.4%/ 45.00%

## Dividend Policy

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

## DPS (THB per share)

Period	1H21	2H20	1H20	2H19	1H19	2H18	1H18	2H17
<b>DPS</b>	0.45	0.40	0.32	0.22	0.25	0.15	0.25	0.34

# 2Q21 Income statement

(Unit: THB mn)	Consolidated							
	2Q21	% to sales	2Q20	% to sales	1Q21	% to sales	2Q21 2Q20 Change	2Q21 1Q21 Change
Sales	35,883	100%	33,051	100%	31,125	100%	8.6%	15.3%
Cost of sales	(29,078)	-81.0%	(27,024)	-81.8%	(25,617)	-82.3%	7.6%	13.5%
<b>Gross profit</b>	<b>6,805</b>	<b>19.0%</b>	<b>6,027</b>	<b>18.2%</b>	<b>5,507</b>	<b>17.7%</b>	<b>12.9%</b>	<b>23.6%</b>
SG&A expenses	(4,281)	-11.9%	(3,671)	-11.1%	(3,637)	-11.7%	16.6%	17.7%
FX gain (loss)	212	0.6%	216	0.7%	244	0.8%	-1.7%	-13.0%
Other income	439	1.2%	378	1.1%	351	1.1%	16.2%	25.0%
Share of profits from investments in assoc. & Jvs	(74)	-0.2%	(579)	-1.8%	(32)	-0.1%	-87.3%	133.5%
<b>EBIT</b>	<b>3,101</b>	<b>8.6%</b>	<b>2,370</b>	<b>7.2%</b>	<b>2,434</b>	<b>7.8%</b>	<b>30.8%</b>	<b>27.4%</b>
Finance cost	(434)	-1.2%	(438)	-1.3%	(397)	-1.3%	-1.0%	9.4%
<b>EBT</b>	<b>2,667</b>	<b>7.4%</b>	<b>1,932</b>	<b>5.8%</b>	<b>2,037</b>	<b>6.5%</b>	<b>38.1%</b>	<b>30.9%</b>
Tax	(231)	-0.6%	(140)	-0.4%	(199)	-0.6%	64.6%	16.4%
Profit (Loss) from discontinued operation	-	0.0%	(14)	0.0%	-	0.0%	-100.0%	-
<b>Net income</b>	<b>2,436</b>	<b>6.8%</b>	<b>1,778</b>	<b>5.4%</b>	<b>1,839</b>	<b>5.9%</b>	<b>37.0%</b>	<b>32.5%</b>
<b>Net income (loss) attributable to:</b>								
<b>Equity holders of the Company</b>	<b>2,343</b>	<b>6.5%</b>	<b>1,716</b>	<b>5.2%</b>	<b>1,803</b>	<b>5.8%</b>	<b>36.5%</b>	<b>30.0%</b>
Non-controlling interests of the subs	93	0.3%	62	0.2%	36	0.1%	51.6%	161.3%
<b>Earnings per share</b>								
Basic earnings per share	0.49		0.34		0.37		41.7%	31.4%
<b>Exchange rate</b>								
THB/USD	31.36		31.95		30.26		-1.9%	3.6%

# Statement of Financial Position as of 30 June 2021

(Unit: THB mn)	2Q21	% to total assets	2020	% to total assets	Change
Cash and cash equivalents*	6,472	4.2%	6,286	4.3%	3.0%
Trade and other receivables - net	16,468	10.7%	13,320	9.2%	23.6%
Inventories - net	42,566	27.7%	38,546	26.7%	10.4%
Other current assets	1,218	0.8%	2,312	1.6%	-47.3%
<b>Total current assets</b>	<b>66,724</b>	<b>43.4%</b>	<b>60,465</b>	<b>41.8%</b>	<b>10.4%</b>
Fixed assets	28,739	18.7%	28,098	19.4%	2.3%
Investments	23,971	15.6%	21,752	15.0%	10.2%
Goodwill and other intangible assets	30,673	19.9%	29,950	20.7%	2.4%
Other non-current assets	3,764	2.4%	4,310	3.0%	-12.7%
<b>Total Assets</b>	<b>153,870</b>	<b>100%</b>	<b>144,575</b>	<b>100%</b>	<b>6.4%</b>
Bank overdrafts and short-term loans	7,296	4.7%	13,465	9.3%	-45.8%
Trade and other payables	20,924	13.6%	19,068	13.2%	9.7%
Current portion of long-term loans	21,160	13.8%	8,088	5.6%	161.6%
Other current liabilities	2,488	1.6%	3,392	2.3%	-26.6%
<b>Total current liabilities</b>	<b>51,868</b>	<b>33.7%</b>	<b>44,013</b>	<b>30.4%</b>	<b>17.8%</b>
Long-term loans	34,871	22.7%	36,862	25.5%	-5.4%
Other non-current liabilities	8,905	5.8%	7,964	5.5%	11.8%
<b>Total Liabilities</b>	<b>95,644</b>	<b>62.2%</b>	<b>88,838</b>	<b>61.4%</b>	<b>7.7%</b>
Non-controlling interests of the subsidiaries	1,699	1.1%	3,551	2.5%	-52.1%
<b>Total Shareholders' Equity</b>	<b>58,226</b>	<b>37.8%</b>	<b>55,737</b>	<b>38.6%</b>	<b>4.5%</b>
<b>Total liabilities and shareholders' equity</b>	<b>153,870</b>	<b>100%</b>	<b>144,575</b>	<b>100%</b>	<b>6.4%</b>

Remark: \*Including short-term investments



# 1H21 Statement of cash flow

(Unit: THB mn)	Consolidated		
	1H21	1H20	Change
<b>Profit before income tax</b>	<b>4,704</b>	<b>3,145</b>	<b>1,560</b>
Adjustments for depreciation & amortisation expenses	2,026	1,946	80
Other adjustments	812	1,058	(246)
Changes in operating assets and liabilities	(4,004)	2,568	(6,572)
Cash flows receipts from operating activities	3,538	8,717	(5,179)
<b>Net cash receipts (payments) from operating activities</b>	<b>3,129</b>	<b>8,456</b>	<b>(5,327)</b>
<b>Net cash payments for investing activities</b>	<b>(2,380)</b>	<b>(1,861)</b>	<b>(519)</b>
<b>Net cash receipts (payments) for financing activities</b>	<b>(806)</b>	<b>(6,039)</b>	<b>5,233</b>
Net increase (decrease) in cash and cash equivalent	(56)	556	(612)
Cash and cash equivalents - opening balance	6,019	4,483	1,536
Exchange gain (loss) on cash and cash equivalents	7	(39)	46
<b>Cash and cash equivalents - closing balance</b>	<b>5,969</b>	<b>5,000</b>	<b>969</b>
<b>CAPEX</b>	<b>2,030</b>	<b>2,029</b>	<b>1</b>
Management Est. Free Cash Flows*	1,508	6,687	(5,179)

Remark: \*Figures as reported in August 2021