



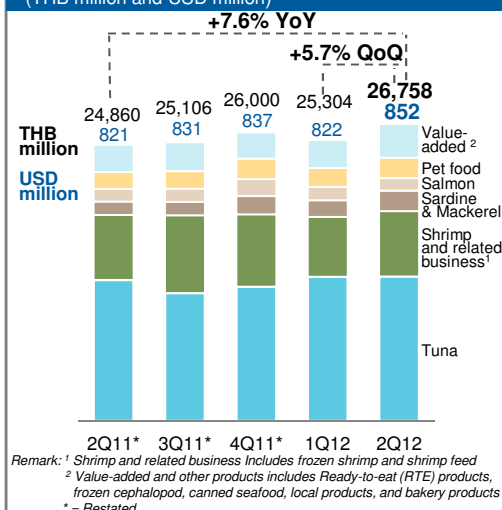
THAI UNION FROZEN PRODUCTS

Investor Note

Net profit up 20.8% in 1H12 and a quarterly sales record in 2Q12

Revenue

(THB million and USD million)



9.5% growth of sales in 1H12

- Total sales in 2Q12 was THB 26,758 million, increased 7.6% YoY from THB 24,860 million in 2Q11. The growth was driven by strong sales growth of sardine and mackerel, value-added and other products, and pet food.
- On QoQ basis, sales improved 5.7% due to high growth in sardine and mackerel, shrimp and related business, and value-added and other products.
- Total sales in 1H12 increased 9.5% from THB 47,565 million to THB 52,062 million.

Stock Information

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

Share price (09/08/2012) :	THB 72.25
Historical price :	
52-week high	THB 78.50
52-week low	THB 44.50
No. of Shares :	1,147.6m
Par value :	THB 1.0
Market Capitalization :	THB 82.9b
Avg. daily turnover (last 6 months) :	THB 223.7m
Free float :	53.5%
Foreign ownership :	37.2%
Foreign limit :	45.0%

Major shareholders :

(25/04/2012)

Chansiri Family	23.27%
Niruttinanon Family	7.73%
Mitsubishi Corporation	7.57%
Thai NVDR Co., Ltd.	4.26%
Merrill Lynch International	2.70%

GPM was consistent in the range of 17%

- 2Q12 GPM was still in the range of 17% and increased by 3.0% YoY. However, GPM declined YoY mainly as a result of the intense canned tuna market competition in the US and the fast rising tuna raw material prices.
- 1H12 GP rose by 14.5% YoY due to better GPM from 16.3% in 1H11 to 17.0%.

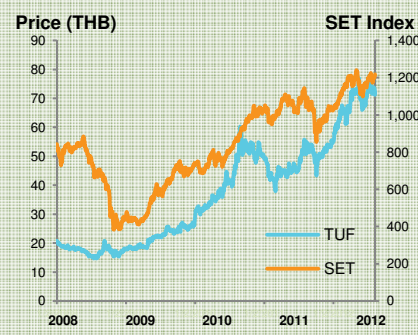
EBITDA was dented by higher SG&A and lower FX gain in 2Q12

- 2Q12 EBITDA decreased by 7.7% YoY mainly as a result of higher administrative expenses from personnel expense and other administrative expense. FX gain and other incomes were also lower YoY. EBITDA margin declined YoY accordingly. Despite a 5.3% QoQ drop in EBITDA, SG&A to sales was lower QoQ to 9.1% from 9.4%.
- 1H12 EBITDA increased by 16.3% YoY due to GPM improvement and higher FX gain.

2Q12 net profit was impacted by an one-off and non-cash item

- 2Q12 net profit dropped by 22.0% YoY and NPM declined to 3.7% mainly due to the one-off accounting treatment of amortizing a deferred finance fee (approx. THB 400 million, net of tax) upon MW Brands loan prepayment. Excluding this extraordinary item, 2Q12 normalized net profit should have been approx. THB 1,409 million, representing 9.7% growth YoY. 2Q12 normalized NPM should be approx. 5.3%
- 1H12 net profit increased by 20.8% YoY while 1H12 normalized net profit rose by 40.7%.

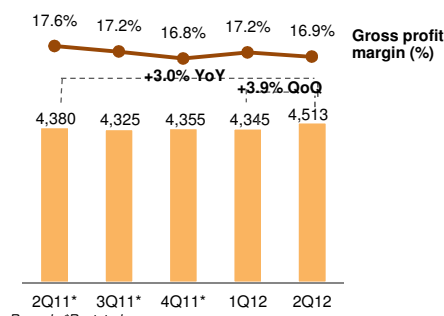
Share price performance :



Source: Settrade (9/8/12)

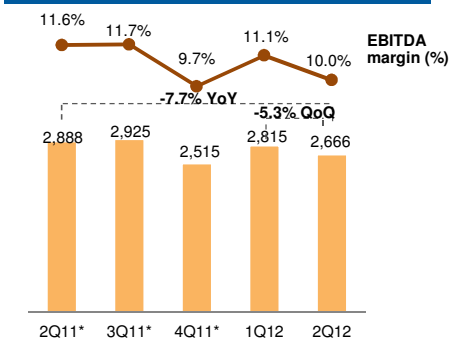
Gross Profit and GPM

(THB million)



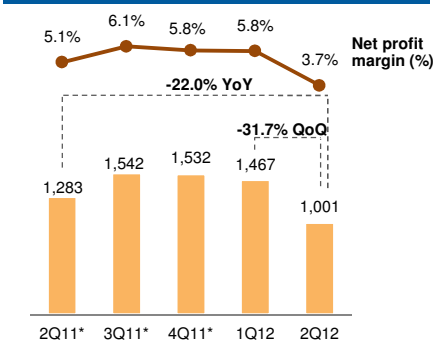
EBITDA and EBITDA margin

(THB million)



Net Profit and NPM

(THB million)



Performance by 6 Strategic Business Units

Total sales 1H12: THB 52,062m (USD 1,674m)



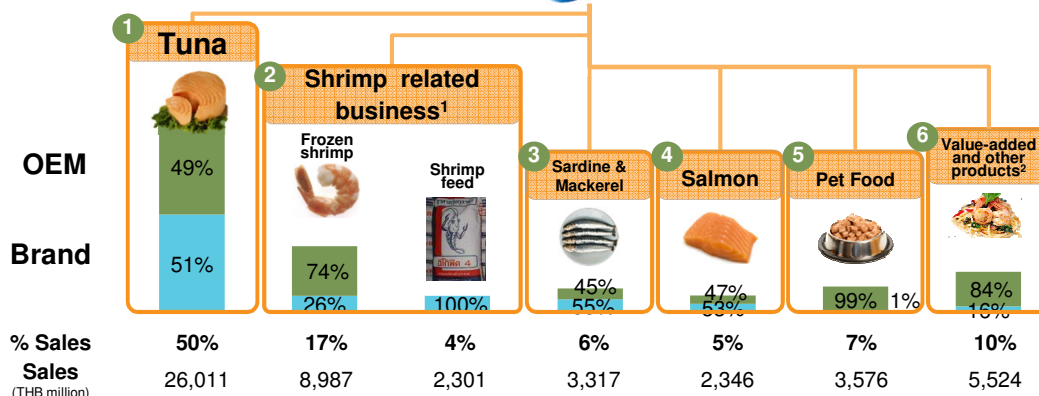
Remark :

¹Shrimp and related business includes frozen shrimp and shrimp feed

²Value-added and other products includes Ready-to-eat (RTE) products, frozen cephalopod, canned seafood, local products, bakery products, and scrap

Source:

TUF's Management Report 2Q12



Tuna

- 2Q12 sales of tuna rose 2.4% YoY driven by higher volume of OEM sales to emerging markets.
- Branded tuna sales value remain stable despite a competitive market in the US and a currency translation impact as a result of weakened EURO upon consolidation.
- Skipjack tuna raw material price set a record high at USD 2,200/ton in June 2012. Albeit the price adjustment, GPM of branded products improved QoQ but declined YoY mainly due to the competitive market situation in the US.

Outlook;

- Volume is expected to increase in 2H12 due to seasonal factors while selling prices should be stable given the current raw material price trend.
- Tuna raw material price should remain at high level but is expected to be more stable.
- Margins should remain stable in 2H12.

Salmon

- 2Q12 sales remained unchanged YoY but lower QoQ due to lower sales from US and Europe.
- GP increased YoY thanks to better cost management.

Outlook;

- Outlook for salmon is stable with a prospect of continuous growth

Sardine & Mackerel

- 2Q12 sales grew significantly YoY due to a capacity expansion in 2Q12 and increasing volume from Africa and Europe.
- Capacity was increased by 50% to 280 tons per day.
- GPM decreased YoY due to a lower GPM from higher raw material prices.

Outlook;

- More opportunities in existing markets (Africa) and AEC market.
- Plan for continual production expansion to support new market expansion.

Shrimp and Related Business¹

- 2Q12 volume increased significantly QoQ, but only marginally YoY (despite the fire at the shrimp plant in 1Q12). Sales could have been higher if the new (rented) shrimp plant capacity could be expanded further and shrimp selling prices were higher (due to higher raw material prices).
- White shrimp raw material prices dropped significantly in 2Q12. The price was lowest at THB 117 per kg in April but picked up in May and June.
- GPM of frozen shrimp products increased mainly as a result of good operating performance at our US subsidiary despite a slow ramp up of the new shrimp facility in Thailand.

Outlook;

- Sales and volume should improve in 3Q due to seasonal factors and higher plant utilization.
- Expect improving performance in 2H12 thanks to 3Q high season and higher utilization.

Pet Food

- 2Q12 sales increased mainly as a result of higher selling prices (higher value-added products).
- GPM remained at 18% given relatively-higher margin pet food products

Outlook;

- Promising outlook as the market has grown with inelastic demand and relatively higher margin.
- Capacity is now being prepared to capture opportunities in market.
- Potential of US pet food operation should be more significantly realized within next few years.

Value-Added and Other Products²

- 2Q12 sales increased 24% YoY and 21% QoQ mainly due to growth in sales of empty can and label printing business as well as MW Brands' specialty items.

Outlook;

- Focus will be put on higher margin ready-to-eat (RTE) products.

2Q12 & 1H12 Financial Position and Performance

Consolidated Income Statement

(Million baht)	2Q12	% to sales	2Q11*	% to sales	1Q12	% to sales	2Q12/2Q11 Change	2Q12/1Q12 Change	1H12	% to sales	1H11*	% to sales	1H12/1H11 Change
Sales	26,758	100.0%	24,860	100.0%	25,304	100.0%	7.6%	5.7%	52,062	100.0%	47,565	100.0%	9.5%
Cost of sales	(22,244)	-83.1%	(20,480)	-82.4%	(20,959)	-82.8%	8.6%	6.1%	(43,203)	-83.0%	(39,828)	-83.7%	8.5%
Gross profit	4,513	16.9%	4,380	17.6%	4,345	17.2%	3.0%	3.9%	8,859	17.0%	7,737	16.3%	14.5%
SG&A expenses	(2,440)	-9.1%	(2,189)	-8.8%	(2,373)	-9.4%	11.4%	2.8%	(4,812)	-9.2%	(4,255)	-8.9%	13.1%
FX gain (loss)	21	0.1%	83	0.3%	232	0.9%	-74.8%	-91.0%	253	0.5%	63	0.1%	300.7%
Other income	118	0.4%	172	0.7%	167	0.7%	-31.5%	-29.4%	285	0.5%	309	0.6%	-7.9%
EBIT	2,212	8.3%	2,445	9.8%	2,372	9.4%	-9.5%	-6.7%	4,584	8.8%	3,855	8.1%	18.9%
Finance cost	(1,058)	-4.0%	(612)	-2.5%	(542)	-2.1%	72.9%	95.1%	(1,601)	-3.1%	(1,134)	-2.4%	41.1%
EBT	1,154	4.3%	1,833	7.4%	1,830	7.2%	-37.1%	-36.9%	2,983	5.7%	2,721	5.7%	9.6%
Tax	68	0.3%	(291)	-1.2%	(161)	-0.6%	-123.5%	-142.6%	(92)	-0.2%	(326)	-0.7%	-71.8%
Net income	1,222	4.6%	1,543	6.2%	1,669	6.6%	-20.8%	-26.8%	2,891	5.6%	2,395	5.0%	20.7%
Net income (loss) attributable to: Equity holders of the Company	1,001	3.7%	1,284	5.2%	1,467	5.8%	-22.0%	-31.7%	2,469	4.7%	2,044	4.3%	20.8%
Non-controlling interests of the subsidiaries	221	0.8%	259	1.0%	202	0.8%	-14.7%	9.3%	423	0.8%	351	0.7%	20.3%
Earnings per share													
Basic earnings per share	1.01		1.34		1.53		-24.6%	-34.0%	2.49		2.14		16.4%
Diluted earnings per share	0.99		1.31		1.49		-24.4%	-33.6%	2.43		2.09		16.3%
Exchange rate													
THB/USD	31.40		30.27		30.78				31.10		30.53		
Normalized net profit	1,409	5.3%	1,284	5.2%	1,467	5.8%	9.7%	-4.0%	2,876	5.5%	2,044	4.3%	40.7%

Remark: *Restated

Statement of financial position

(Million baht)	Consolidated				
	2Q12	% to total assets	2011*	% to total assets	Change
Cash and cash equivalents	1,023	1.1%	903	1.1%	13.3%
Trade and other receivables	12,812	14.2%	11,161	13.4%	14.8%
Inventories - net	29,343	32.6%	26,180	31.4%	12.1%
Other current assets	1,787	2.0%	1,731	2.1%	3.0%
Total current assets	44,979	50.0%	39,978	48.0%	12.5%
Fixed assets	17,318	19.2%	15,655	18.8%	6.9%
Other non-current assets	45,004	50.0%	43,299	52.0%	0.7%
Total assets	89,983	100.0%	83,277	100.0%	8.1%
Bank overdrafts and short-term loans	20,045	22.3%	14,477	17.4%	38.5%
Trade and other payables	9,721	10.8%	7,919	9.5%	22.7%
Other current liabilities	1,623	1.8%	1,559	1.9%	-40.7%
Total current liabilities	31,866	35.4%	25,142	30.2%	26.8%
Long-term borrowings	12,291	13.7%	24,306	29.2%	-61.3%
Other non-current liabilities	497	0.6%	391	0.5%	92.6%
Total liabilities	50,595	56.2%	56,161	67.4%	-14.5%
Non-controlling interests of the subsidiaries	2,908	3.2%	2,659	3.2%	9.3%
Total shareholders' equity	39,388	43.8%	27,117	32.6%	45.3%
Total liabilities and shareholders' equity	89,983	100.0%	83,277	100.0%	4.5%

Remark: *Restated

Financial Statement Analysis

2Q12 shown the new quarterly sales record with an increase of 7.6% YoY and 5.7% QoQ to THB 26,758 million. However, the net profit attributable to equity holders of the Company ("net profit") was THB 1,001 million, a 22.0% decline YoY and 31.7% QoQ due mainly to an one-off accounting treatment of amortizing deferred finance fee as a result of prepayment of loans incurred upon MW Brands acquisition and lower FX gain. Excluding this one-off and non-cash extraordinary item, the normalized net profit should have been THB 1,409 million, representing 9.7% growth YoY and -4.0% QoQ.

For 1H12, sales grew 9.5% to THB 52,062m while the net profit growth outpaced at 20.8% to THB 2,469 million as a result of GPM improvement, higher FX gain and tax credit from MW Brands loan prepayment despite an extraordinary of MW Brands one-off finance fee in 2Q12. Excluding this extraordinary item, 1H12 normalized net profit should have been THB 2,876 million, a 40.7% growth YoY.

Selling and administrative expense

- 2Q12 SG&A was 11.4% higher YoY due to higher administrative expenses from personnel expense and other administrative expense. However, SG&A to sales was still in the company's budget range of 9%.

FX Gain/loss

- FX gain declined by 74.8% YoY as a result of the USD/THB volatility in May 2012. On QoQ basis, FX gain also dropped by 91.0% from the favorable exchange rate movement and mark-to-market of the hedging instruments in 1Q12.

Other income (including share of income from investment in associates)

- Other income dropped by 31.5% YoY mainly due to lower claims from raw material damage and decreased by 29.4% QoQ due to lower compensation from suppliers.

Relevant Financial Ratios

Ratio	2Q12	1Q12	4Q11*	3Q11	2Q11
ROE ¹	12.9%	23.3%	25.9%	27.4%	23.7%
ROA ²	10.0%	11.2%	10.7%	12.0%	12.2%
A/R Turnover (days)	41	41	38	39	39
Inventory Turnover (days)	115	115	107	105	97
Gearing Ratio ³	1.28x	2.02x	2.07x	2.26x	2.33x
ND/E Ratio ⁴	0.80x	1.34x	1.43x	1.52x	1.51x

Remark: * = Restated

¹ROE = Annualized quarterly net profit / Average total assets

²ROA = Annualized quarterly EBIT / Average total assets

³Gearing ratio = Total liability / Total shareholders' equity

⁴ND/E ratio = Net interest-bearing debt / Total shareholders' equity

Net interest-bearing debt = Total interest-bearing debt - Cash and Cash equivalents

Source: TUF's Financial Statement

Financial Statement Analysis (cont'd)

Finance cost

- A surge in 2Q12 finance cost came mainly from an one-time financial expense of MW Brands as a result of immediate amortization of the remaining balance of the deferred fee on the book after MW Brands repaid. The net impact to TUF's income statement was approx. THB 407m after tax. However, this extraordinary item is an one-off and non-cash expense. Going forward this year, the interest expense is expected to drop YoY as a result of this loan repayment given that TUF has no additional financing for the rest of 2012.

Income tax expense

- Income tax expense decreased significantly 123.5% YoY and 142.6% QoQ. As a result of tax credit utilization in 2Q12, the effective tax rate was -5.9% compared to 15.9% in 2Q11 and 8.9% in 1Q12. The high amount of tax credit came from an approximate 33% tax deductible expense of the one-off finance fee from the MW Brands loan prepayment.

ND/E ratio

- Net debt-to-equity ratio plunged to 0.80x in 2Q12 from 1.34x in 1Q12 and 1.51x in 2Q11 resulting from the MW Brands loan prepayment in May 2012 by using the rights offering proceeds. The objective of this loan prepayment was to optimize TUF's group capital structure and enhance flexibility for potential M&A opportunities in the future.

Inventory turnover

- Inventory turnover days remained consistent QoQ at 115 days and slightly increased from 2Q11 due to higher value of inventory balance from the higher raw material prices.

Accounts receivable turnover

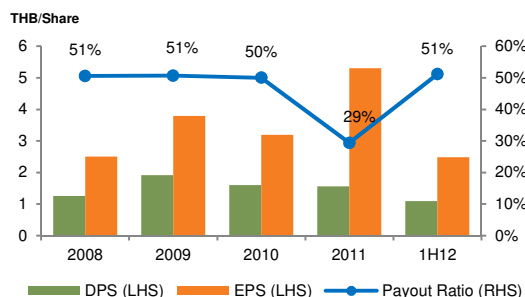
- Accounts receivable days were also stable at 41 days with a slightly increasing trend from 2Q11 in associated with higher selling prices.

Dividend Payment

Resuming 50% payout for 1H12 performance

- TUF announced the interim payment for the operating results during 1 Jan 2012 to 30 Jun 2012 as per the resolution of the Board of Directors dated 8 Aug 2012. Details of dividend payment are as follows:

DPS	THB 1.10
XD	20 Aug 2012
Book closing	23 Aug 2012
Payment date	31 Aug 2012



2Q12 News

Best Thai Mid-Cap Company by FinanceAsia Poll



TUF has been voted the Best Thai Mid-Cap Company in 2012 for 3 years in a row.

- Improving financial performances with a high level of consistency
- A focused and integrated business model with sustainability in mind, demonstrating industry leadership
- Transparent, credible and investors friendly management and board assuring market confidence

Mr. Thiraphong Chansiri, the president of Thai Union Frozen Products, the world's seafood industry leader and the owner of a portfolio of world famous seafood brands, disclosed that the company has been voted the Best Thai Mid-Cap of 2012 by the FinanceAsia magazine.

Mr. Yawar Tharia, Head of Special Projects of FinanceAsia Magazine, said "Since the beginning of the Best Companies Poll, there has never been any mid-cap company that has won this award three years consecutively."

"Congratulations to TUF on its ability to achieve business success continuously, which is widely recognized by analysts and investors around the world."

About FinanceAsia

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