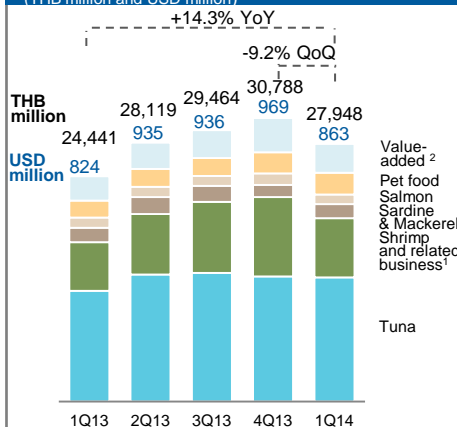


### On A Continuous Recovery Trend to Meet 2014 Targets

#### Sales

(THB million and USD million)



Remark:

<sup>1</sup> Shrimp & related business includes frozen shrimp & shrimp feed

<sup>2</sup> Value-added & other products includes Ready-to-eat (RTE) products, frozen cephalopod, canned seafood, local products, bakery products, and scraps.

prices in 1Q13).

- GPM improved QoQ due mainly to higher GPM of branded tuna (with the absence of one-time inventory write-off at MWB in 4Q13) and pet food (mainly from the price adjustment in 1Q14 with lower raw material cost and the absence of one-time inventory write-off at USPN) despite lower GPM of shrimp & related business (from lower plant utilization of frozen shrimp for export and lower GPM of trading operations in the US due to dampened demand after high season in 4Q13).

#### EBITDA uptrend driven by improving GPM

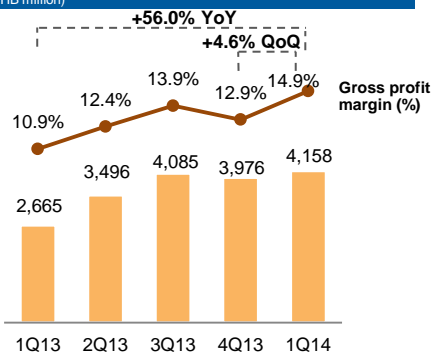
- 1Q14 EBITDA drastically increased by 43.1% YoY due mainly to higher GPM despite a smaller FX gain and higher SG&A. %SG&A to sales was 9.7%, higher than the normal level due to more sales promotions and investment in branding (as budgeted), and higher personnel expenses during the period. For 2014, %SG&A to sales should remain close to our 9% guidance.
- On QoQ basis, EBITDA rose by 9.6% mainly thanks to a higher GPM despite lower other incomes (there was one-off gains from an accounting treatment and compensation on business interruption in 4Q13 while there was a one-time booking of a pre-operating expense from our PNG startup operations in 1Q14).

#### Continual earnings rebound

- 1Q14 net profit increased by 40.8% YoY to THB 950 million thanks mainly to improved GPM despite lower FX gain, higher interest expense (from THB debenture issuance in February 2014 to refinance the portion of long term debts that will be due later this year) and higher tax expense (1Q14 effective tax rate was 21.5% vs 11.7% in 1Q13). Net profit also rose by 16.5% QoQ due to better GPM, a FX gain (vs. FX loss in 4Q13), a lower interest expense despite less other incomes (mainly from one-off items) and a higher tax expense.
- Excluding the one-off items, 1Q14 normalized net profit should have been THB 1,014 million, an increase by 120.4% YoY and 12.0% QoQ.

#### Gross Profit and GPM

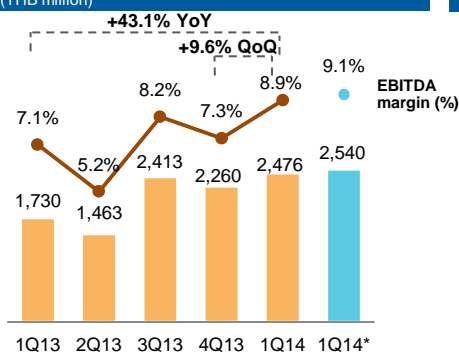
(THB million)



Remark: \*Normalized by excluding one-time pre-operating expense from startup PNG operation booked in Share of Profit from Investments in Associates (THB 64 million)

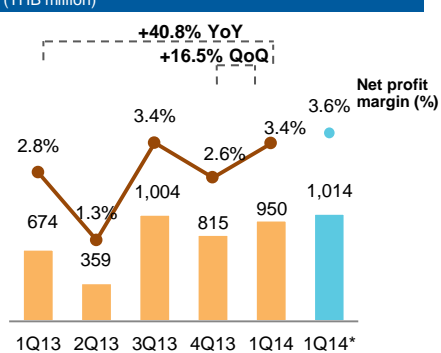
#### EBITDA and EBITDA margin

(THB million)



#### Net Profit and NPM

(THB million)



#### YoY sales growth partly driven by weaker THB

In 1Q14, total sales in USD term rose by 4.8% YoY to USD 863 million while sales in THB term increased by 14.3% YoY to THB 27,948 million thanks to THB depreciation. YoY sales growth was driven by the higher sales of tuna, shrimp & related business<sup>1</sup>, pet food and value-added & other products<sup>2</sup>.

On QoQ basis, total sales declined by 10.9% in USD term and 9.2% in THB term. Besides THB depreciation and a typical low season, sales were mainly dampened by lower sales of shrimp & related business<sup>1</sup>, value-added & other products<sup>2</sup>, salmon and tuna

#### A continual recovery trend of GPM

1Q14 GPM significantly increased YoY to 14.9% thanks mainly to higher GPM of branded tuna (from declining raw material costs), pet food (from the price adjustment, declining raw material costs and a smaller loss at USPN), and shrimp & related business (frozen shrimp for export was at a loss due to continually rising raw material

#### Stock Information

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

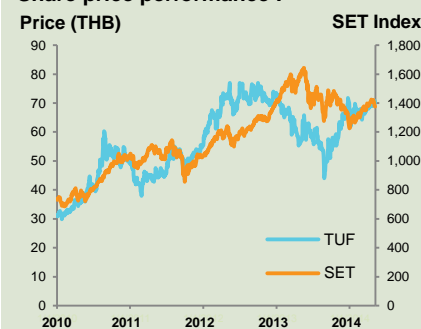
<b>Share price (12/05/2014) :</b>	THB 70.25
<b>Historical price :</b>	
52-week high	THB 71.75
52-week low	THB 43.75
<b>No. of Shares :</b>	1,147.6m
<b>Par value :</b>	THB 1.0
<b>Market Capitalization :</b>	THB 81.2b
<b>Avg. daily turnover (last 6 months) :</b>	THB 163.6m
<b>Free float :</b>	58.2%
<b>Foreign ownership :</b>	37.8%
<b>Foreign limit :</b>	45.0%

#### Major shareholders :

(11/03/2014)

Chansiri Family	21.67%
Niruttinanon Family	7.49%
Mitsubishi Corporation	7.58%
Thai NVDR Co., Ltd.	7.53%
Social Security Office	4.01%

#### Share price performance :

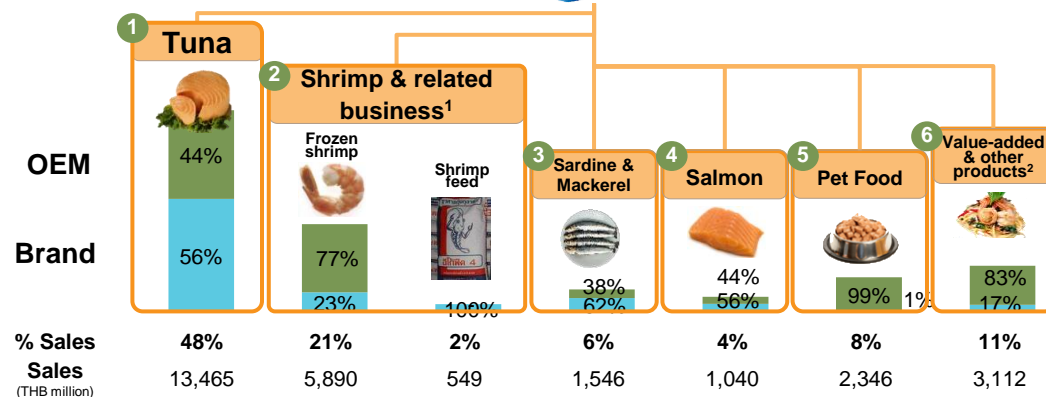


Source: Settrade (12/05/14)

(mainly from one-off items) and a higher tax expense.

## Performance by 6 Strategic Business Units

Total sales 1Q14: THB 27,948m (USD 863m)



**Remark :**  
<sup>1</sup>Shrimp & related business includes frozen shrimp and shrimp feed

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

Source : TUF

### Tuna

- 1Q14 tuna sales value increased by 11.9% YoY thanks mainly to the stronger sales of branded business driven by MWB's price adjustment and a higher sales volume of OEM business. On QoQ basis, tuna raw material prices continued to drop, depressing selling prices. However, the overall tuna sales value only decreased by 0.9% thanks mainly to a higher sales volume of branded business.
- Skipjack raw material prices continued to decline from USD 1,400/ton in December to USD1,175/ton in March resulting in an average price of USD 1,225/ton in 1Q14 (-22% QoQ from USD 1,580/ton in 4Q13 and -44% YoY from USD 2,198/ton in 1Q13) due to abundant supply from good tuna catches.
- With declining raw material prices, 1Q14 GPM of branded business continued to improve QoQ and YoY thanks to our subsidiaries' good management of selling prices and more rational market competition in the US. A significant QoQ boost in GPM of branded business also came from an one-time inventory write-off at MWB in 4Q13. Excluding this one-off item, GPM of branded business and total tuna in 4Q13 should have been 18.9% and 13.5%, respectively. For OEM business, GPM was slightly lower QoQ due to a lower margin of tuna loin despite an improving margin of canned tuna.

#### Outlook:

- Expect higher consumption and sales volume from more retailers' promotional activities thanks to relatively lower tuna raw material prices in 2014.
- GPM of OEM business should gradually improve QoQ given more timely price adjustment when raw material prices stabilize and orders pick up. GPM of branded business should generally benefit from a lower cost of raw materials.

### Shrimp & Related Business<sup>1</sup>

- 1Q14 shrimp & related business<sup>1</sup> sales increased by 22.3% YoY thanks mainly to the price adjustment of frozen shrimp for export and robust sales of our frozen shrimp trading operations in the US despite a lower sales volume of frozen shrimp for export and shrimp feed caused by the prevailing EMS outbreak in Thailand. A 25.2% QoQ drop of sales came mainly from lower sales volume of frozen shrimp for export and shrimp feed due to the shortage of domestic shrimp supply from the EMS outbreak and an unfavorably cool weather that delayed stocking in January 2014. Also, there was a one-month operation halt at PPC to facilitate relocation of TUF's shrimp plant to share its facilities in 1Q14.
- White shrimp raw material prices slightly increased by 2% QoQ to an average of THB272/kg (60 pcs) from THB266/kg in 4Q13 and by 59% YoY from THB171/kg in 1Q13.
- 1Q14 GPM of frozen shrimp declined QoQ to 10.9% from 12.5% in 4Q13 due mainly to lower plant utilization from supply shortage and one-month operation halt at PPC in January 2014. GPM of frozen shrimp trading operations in the US was also slightly lower QoQ due to a recent shrimp price correction from dampened consumption in the US after the high season (4Q) was over. On YoY basis, GPM of frozen shrimp improved sharply from 5.3% due to the loss making operations of frozen shrimp for export from the sharply rising raw material prices in 1Q13. However, GPM of frozen shrimp trading operations in the US remain resilient YoY.

#### Outlook:

- Lower than expected recovery of Thailand shrimp output with expectation of domestic shrimp output as low as 250,000 tons or up to 300,000 tons. Expect to see an improvement of shrimp supply in 2H14, rather than 1H14. Our assumption however rests upon the amount of supply from the first crop (expected around June/ July).
- Expect to see increasing orders of frozen shrimp for export thanks to the current declining shrimp raw material prices in Thailand. Will focus on profitability rather than sales volume given limited supply from EMS epidemic.
- Expect lower per unit overhead cost & improving production efficiency from the integration of PPC's and TUF's shrimp plant facilities in 1Q14, particularly when expected higher shrimp supply come into the market around 3Q14.
- Although the global shrimp supply is rebounding with lower prices, it will take a while for the US shrimp consumption to recover. GPM of frozen shrimp trading operations in the US should then return to normal in 4Q14.

## Performance by 6 Strategic Business Units (cont'd)

### Sardine & Mackerel

- 1Q14 sales increased QoQ due mainly to the price adjustment of OEM and branded business. Sales slightly declined YoY as a result of lower OEM sales from certain customers.
- GPM of OEM business improved QoQ and YoY due to price adjustment. GPM of branded business declined due to lower domestic sales volume.

#### Outlook:

- New customers and opportunities in emerging markets to boost sales growth.

### Salmon

- 1Q14 sales declined YoY and QoQ due to lower orders from increasing raw material prices.
- GPM improved YoY and QoQ from the price adjustment.

#### Outlook:

- Stable outlook

### Pet Food

- 1Q14 sales boosted YoY and QoQ from higher sales due mainly to the price adjustment.
- GPM improved QoQ due mainly to the price adjustment and declining raw material cost as well as less loss at USPN.

#### Outlook:

- Promising outlook as the market has grown with inelastic demand and relatively higher margin. Expect to see USPN to break even in 2H14.

### Value-Added and Other Products<sup>2</sup>

- 1Q14 sales increased YoY due mainly to higher sales of canned seafood and ready-to-eat (RTE) products. Sales were lower QoQ mainly due to lower sales of RTE and canned seafood.

- GPM declined YoY and QoQ from the shortage of cephalopod raw material.

#### Outlook:

- Focus will be put on higher margin RTE products.

## 1Q14 Financial Statement and Performance

### Statement of Financial Position

(Million baht)	Consolidated				
	1Q14	% to total assets	2013	% to total assets	Change
Cash and cash equivalents*	8,460	7.7%	3,214	3.0%	163.2%
Trade and other receivables	13,284	12.1%	13,948	12.9%	-4.8%
Inventories - net	34,464	31.3%	36,917	34.1%	-6.6%
Other current assets	1,675	1.5%	1,464	1.4%	14.4%
Total current assets	57,884	52.6%	55,544	51.3%	4.2%
Fixed assets	21,354	19.4%	21,473	19.8%	-0.6%
Other non-current assets	30,862	28.0%	31,273	28.9%	-1.3%
<b>Total assets</b>	<b>110,099</b>	<b>100.0%</b>	<b>108,290</b>	<b>100.0%</b>	<b>1.7%</b>
Bank overdrafts and short-term loans	23,505	21.3%	29,375	27.1%	-20.0%
Trade and other payables	9,203	8.4%	9,802	9.1%	-6.1%
Current portion of long-term loans	3,945	3.6%	4,077	3.8%	-3.2%
Other current liabilities	3,182	2.9%	3,676	3.4%	-13.4%
Total current liabilities	39,835	36.2%	46,930	43.3%	-15.1%
Long-term borrowings	17,664	16.0%	9,598	8.9%	84.0%
Other non-current liabilities	8,277	7.5%	8,414	7.8%	-1.6%
<b>Total liabilities</b>	<b>65,777</b>	<b>59.7%</b>	<b>64,943</b>	<b>60.0%</b>	<b>1.3%</b>
Non-controlling interests of the subsidiaries	3,911	3.6%	3,811	3.5%	2.6%
<b>Total shareholders' equity</b>	<b>44,322</b>	<b>40.3%</b>	<b>43,347</b>	<b>40.0%</b>	<b>2.3%</b>
<b>Total liabilities and shareholders' equity</b>	<b>110,099</b>	<b>100.0%</b>	<b>108,290</b>	<b>100.0%</b>	<b>1.7%</b>

\*Including short term investments

### Relevant Financial Ratios

Ratio	1Q14	4Q13	3Q13	2Q13	1Q13
ROE <sup>1</sup>	9.5%	8.4%	10.7%	3.9%	7.3%
ROA <sup>2</sup>	6.9%	6.3%	7.1%	3.7%	5.1%
A/R Turnover (days)	43	38	41	42	43
Inventory Turnover (days)	135	123	126	125	138
Gearing Ratio <sup>3</sup>	1.48x	1.50x	1.46x	1.49x	1.37x
ND/E Ratio <sup>4</sup>	0.83x	0.92x	0.92x	0.97x	0.88x

Remark:

<sup>1</sup>ROE = Annualized quarterly net profit / Average total shareholders' equity

<sup>2</sup>ROA = Annualized quarterly EBIT / Average total assets

<sup>3</sup>Gearing ratio = Total liability / Total shareholders' equity

<sup>4</sup>ND/E ratio = Net interest-bearing debt / Total shareholders' equity, Net interest-bearing debt = Total interest-bearing debt - Cash and Cash equivalents

Source: TUF

### Financial Statement Analysis

TUF started the year with continuous sales growth and earnings recovery. Total sales in 1Q14 were THB 27,948 million, an increase of 14.3% YoY thanks to higher USD sales (+4.8%) as well as THB depreciation (9.1% against USD). Key growth drivers were the robust performance of overseas operations, especially branded tuna business given a 4-year low of raw material prices as well as vigorous sales of frozen shrimp trading operation in the US. Thailand frozen shrimp operation remained under challenge with the shortage of supply from prevailing EMS.

GPM also showed sequential improvement to 14.9% due to better GPM of branded tuna and pet food. 1Q14 net profit was THB 950 million or + 40.8% YoY. Excluding the one-off pre-operating expense from startup PNG operations (booked in Share of Profit from Investments in Associates), 1Q14 normalized net profit should have been THB 1,014 million or +120.4% YoY.

GPM for the remaining of 2014 should gradually improve since the downward trend of the average tuna raw material price YoY should boost tuna sales volume and GPM.

# 1Q14 Financial Statement Analysis

## Consolidated Income Statement

(Million baht)	1Q14	% to sales	1Q13	% to sales	4Q13	% to sales	1Q14/ 1Q13	1Q14/ 4Q13
							Change	Change
Sales	27,948	100%	24,441	100%	30,788	100%	14%	-9%
Cost of sales	(23,791)	-85%	(21,776)	-89%	(26,812)	-87%	9%	-11%
<b>Gross profit</b>	<b>4,158</b>	<b>14.9%</b>	<b>2,665</b>	<b>10.9%</b>	<b>3,976</b>	<b>12.9%</b>	<b>56.0%</b>	<b>4.6%</b>
SG&A expenses	(2,715)	-9.7%	(2,242)	-9.2%	(2,864)	-9.3%	21.1%	-5.2%
FX gain (loss)	254	0.9%	336	1.4%	(150)	-0.5%	-24.2%	-270.1%
Other income*	182	0.7%	460	1.9%	701	2.3%	-60.4%	-74.0%
<b>EBIT</b>	<b>1,880</b>	<b>6.7%</b>	<b>1,219</b>	<b>5.0%</b>	<b>1,664</b>	<b>5.4%</b>	<b>54.2%</b>	<b>13.0%</b>
Finance cost	(474)	-1.7%	(363)	-1.5%	(521)	-1.7%	30.5%	-8.9%
<b>EBT</b>	<b>1,405</b>	<b>5.0%</b>	<b>856</b>	<b>3.5%</b>	<b>1,143</b>	<b>3.7%</b>	<b>64.2%</b>	<b>22.9%</b>
Tax	(302)	-1.1%	(100)	-0.4%	28	0.1%	201.9%	-1169.9%
<b>Net income</b>	<b>1,103</b>	<b>3.9%</b>	<b>756</b>	<b>3.1%</b>	<b>1,171</b>	<b>3.8%</b>	<b>46.0%</b>	<b>-5.8%</b>
<b>Net income (loss) attributable to:</b>								
<b>Equity holders of the Company</b>	<b>950</b>	<b>3.4%</b>	<b>674</b>	<b>2.8%</b>	<b>815</b>	<b>2.6%</b>	<b>40.8%</b>	<b>16.5%</b>
Non-controlling interests of the subsidiaries	154	0.5%	81	0.3%	356	1.2%	89.2%	-56.8%
<b>Earnings per share</b>								
Basic earnings per share	0.83		0.59		0.71		40.2%	16.5%
Diluted earnings per share	0.82		0.59		0.69		39.0%	18.1%
<b>Exchange rate</b>								
THB/USD	32.39		29.68		31.77		9.1%	1.9%
<b>Normalized net profit</b>	<b>1,014</b>	<b>3.6%</b>	<b>460</b>	<b>1.9%</b>	<b>905</b>	<b>2.9%</b>	<b>120.4%</b>	<b>12.0%</b>

\*including share of profit from investments in associates

## Financial Statement Analysis (Cont'd)

Although it is quite a challenge to enhance shrimp business margin under the shortage of domestic supply and the current US shrimp price correction, our mitigation plans have been put in place i.e., the integration of PPC's & TUF's plant facilities in 1Q14 to achieve higher production efficiency and cost reduction, the shortened supply chain cycle of our frozen shrimp trading operation in the US to alleviate the falling shrimp prices in the US market.

### Selling and administrative expenses

• 1Q14 SG&A was 21.1% higher YoY due mainly to an increase in sales promotion in branded business as planned (Chicken of the Sea's centennial celebration), continuation of MWB's brand investment, and higher personnel expense. Although 1Q14 %SG&A to sales were 9.7%, 2014 %SG&A to sales should remain in line with 9% guidance.

### FX Gain/loss

• FX gain lowered by 24.2% YoY due to the favorable exchange rate movement YoY (particularly THB versus USD and THB versus Euro).

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

• Other income decreased by 60.4% YoY due mainly to an absence of one-time insurance compensation in 1Q13 totaling THB 215 million to cover the asset loss from the fire incident of the shrimp plant. In addition, there was booking of the one-time pre-operating expense at our PNG startup operation (recorded in Share of Profit From Investments in Associates in 1Q14 (THB 64 million)).

### Finance cost

• Finance cost rose by 30.5% YoY due to higher interest expense from THB debenture issuance in February 2014 to refinance the portion of long term debts that will come due later this year. 1Q14 effective interest rate was 4.3%, compared to 4.0% in 1Q13 and 5.0% in 4Q13.

### Income tax expense

• 1Q14 income tax expense significantly increased by 201.9% YoY with the effective tax rate of 21.5%, compared to 11.7% a year ago due particularly to higher before tax earnings of overseas operations.

### ND/E ratio

• Net debt-to-equity ratio declined to 0.83x in 1Q14 from 0.92x in 4Q13 despite the new issuance of THB debenture worth THB 8,250 million in February 2014 to refinance the portion of long term debt which will come due later this year thanks to lower working capital requirement after the raw material price fall.

### Inventory days

• 1Q14 inventory days increased to 135 days from 123 days in 4Q13 as a result of lower inventory turnover. We tend to stock up to prepare for higher season in the next 2 quarters.

### Accounts receivable days

• 1Q14 accounts receivable days were higher to 43 days, compared to 38 days in 4Q13, due mainly to lower accounts receivable turnover.

### TUF Investor Relations Department

- WAI YAT PACO LEE
- SUTHIPA VACHAROTAYANGUL
- PATHAMAPORN MAGRADEE

E-mail: ir@thaiunion.co.th  
 TEL: (662) 298-0024 EXT. 611, 612  
 FAX: (662) 298-0342