

2Q18: Recovering operations

Revenue

2Q18 sales declined by 2.0% YoY to THB 34,137mn. This was driven mainly by Thai Baht appreciation against US Dollar (7.0% YoY). Excluding the impact of foreign exchange, sales would have been stable (-0.1%) from the same period last year. 1H18 sales was down 3.6% YoY to THB63,839mn, driven partly by FX impact (-1.5% YoY excluding FX impact).

Gross profit

2Q18 Gross profit of THB 4,709mn, was down 5.0% YoY but up 40.1% QoQ. The QoQ improvement was mainly due to more stable raw material prices and product price recovery. 2Q18 margin was at 13.8%, down 44bps YoY, but up 248bps QoQ. 1H18 gross profits was THB 8,068mn, down 15.1% YoY.

Operating profit

2Q18 Normalized operating profit was at THB 1,142mn, down 30.2% YoY but up 45 times QoQ. The sharp improvement QoQ was mainly due to gross profit improvement and cost control efforts. While THB revenue declined by 2.0% YoY, 2Q18 SG&A to sales ratio remained at a controlled level of 10.4%.

Net profit

With an improved operating profits QoQ, prudent FX management and insurance claim from overseas subsidiaries, TU reported 2Q18 normalized net profit of THB 1,368mn, down 3.7% YoY but up 57.5% QoQ. 1H18 Net profit was down 21.6% YoY, mostly due to the weak 1Q18 operations.

Cash flow and ND/E

With efficient inventory management and recovering operations, 2Q18 free cash flow (FCF) was at THB 3,794mn. TU announced 1H18 dividend of THB 0.25/share. TU's end-2Q18 net debt-to-equity ratio was at 1.41x, below the net D/E covenant of 2.0x.

One-time accruals and reported financial

During 2Q18, Thai Union's subsidiary, Chicken of the Sea, reached a settlement with Walmart in the ongoing antitrust litigation in the US, and the company is in advanced negotiations in various other litigation discussions. As a result, Chicken of the Sea recorded a USD 44mn one-time accruals to reflect potential risks. Including the accruals, the company reported an operating loss of THB 285mn and net profit of THB 9.8mn.

Stock Information

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

Share price (03/08/2018)	THB 17.50
Historical price:	
52-week high	THB 20.20
52-week low	THB 19.90
No. of shares:	4,771.8m
Par value:	THB 0.25
Market Cap.	THB 83.5bn
Avg. value trade/day (YTD)	THB 214.5mn

Major shareholders

(29/06/2018)

Chansiri Family	20.30%
Mitsubishi Corporation	7.29%
Social Security Office	7.09%
Thai NVDR Co., LTD.	7.07%
Niruttinanon Family	6.87%

Business overview

Thai Union Group PCL (TU) is one of the world's largest seafood player. TU owns leading brands portfolio in key markets and global sourcing, production and distributing networks. TU's key products are canned tuna and frozen shrimp. TU also produces for external customers through its private label business. On the sustainability front, TU has shown strong commitments and is confident in its positive long term contribution to socio-economic development, conservation of natural resources and practice of ethical business conduct.

Key financial figures*

Unit: THB mn	2Q18	2Q17	1Q18
Sales	34,137	34,818	29,703
Gross profit	4,709	4,954	3,360
EBITDA	2,763	2,883	2,159
Net profit	1,369	1,421	869
EPS (THB)	0.29	0.29	0.18
GPM (%)	13.79	14.23	11.31
NPM (%)	4.01	4.08	2.93
ND/E (x)	1.41	1.33	1.35
ROCE (%)	7.73	8.09	5.37
IBD/EBITDA (x)	5.96	5.68	7.61

*Remark: *Retated according to financial statement reported as of August 2018*

*Remark: Normalized operation excludes one-time accruals for US legal settlement of THB 1,427mn and related tax credit of THB

Financial Statements Analysis:

Unit: THB mn	2Q18	2Q17**	YoY	1Q18**	QoQ
Sales	34,137	34,818	-2.0%	29,703	14.9%
COGS	(29,428)	(29,863)	-1.5%	(26,343)	11.7%
GP	4,709	4,954	-5.0%	3,360	40.1%
SG&A	(3,567)	(3,318)	7.5%	(3,335)	6.9%
FX gain (loss)	222	40	454.1%	581	-61.8%
Other income*	672	530	26.8%	844	-20.4%
EBIT	2,036	2,206	-7.7%	1,449	40.4%
Finance cost	(500)	(563)	-11.2%	(505)	-1.0%
EBT	1,535	1,643	-6.6%	944	62.6%
Tax	(63)	(22)	188.1%	13	-598.2%
Net income	1,369	1,421	-3.7%	869	57.5%
EPS	0.29	0.29	-1.1%	0.18	57.5%
FX: USD/THB	31.92	34.30	-6.9%	31.54	1.2%
GPM	13.8%	14.2%		11.3%	
%SG&A/Sales	10.4%	9.5%		11.2%	
NPM	4.0%	4.1%		2.9%	

*Other income incl. share of profit from investment in associates

**Restated mainly due to cost reclassification

In 2Q18, business operations saw some improvement from 1Q18 as a result of a more stable raw material price environment and an exhaustion of high-value inventory. A significant appreciation of THB against USD by 7.0% from 2Q17 continued to put pressure on operations when compared to the previous year. As a result, the company delivered normalized net profit of THB 1,368mn, up 57.5% QoQ but down 3.7% YoY.

Sales

2Q18 sales declined by 2.0% YoY to THB 34,137mn. Weak sales growth is mainly attributable to a significant THB appreciation against USD (7.0% YoY). The company continued to reprice its ambient products while managing to sell higher volumes of frozen and chilled seafood products. At constant exchange rates, 2Q18 sales would have been stable from the previous year (down 0.1% YoY).

1H18 sales was down 3.6% YoY to THB63,839mn, driven partly by the THB appreciation against USD. Excluding the impact of currency, 1H18 sales would have declined by 1.5% YoY.

Gross profit

The company reported 2Q18 gross profit of THB 4,709mn, up 40.1% QoQ, mainly due to product repricing, more stable tuna price, and lobster business recovery. 2Q18 gross margin was 13.8%, up 248bps QoQ. However, due to a significant THB appreciation against USD, 2Q18 margin was down 44bps compared to 2Q17 of 14.2%.

1H18 gross profit was at THB 8,068mn, down 15.1% YoY, resulted from volatile material prices and significant THB appreciation against USD during the first half of 2018.

Selling and administrative expenses

While 2Q18 revenue in THB has shown a decline of 2.0% YoY, 2Q18 normalized SG&A-to-sales ratio remained at a controlled level of 10.4%, up from 9.5% during 2Q17. The higher cost was mainly due to various negative one-offs and legal costs related to the US lawsuit settlement. In absolute terms, 2Q18 normalized SG&A expenses was at THB 3,567mn, up 7.5% YoY from THB 3,318mn in 2Q17.

1H18 normalized SG&A to sales ratio was at 10.8%, a slight uptick from 10.6%. The increase in ratio was mainly attributable to a sales decline as a result of foreign exchange volatility.

FX Gain/Loss

During 2Q18, the company recorded FX gains of THB 222mn, compared with the gains of THB 40mn a year ago. 2Q18 FX gains were a result of good foreign exchange management and divestment of FX derivatives during the quarter.

Due to prudent FX management and volatile FX exposure, the company reported 1H18 FX gains of THB 803mn, up 27.5% YoY.

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

2Q18 other incomes were at THB 672mn, increased by 26.8% YoY mainly due to insurance claims from the incidents which occurred in the overseas facility. Equity income contribution saw a decline due to weak operations of Red Lobster.

1H18 other incomes increased by 18.4% YoY to THB 1,515mn, thanks to the aforementioned insurance claims during 2Q18. Interest income received from the Red Lobster investment in convertible preferred units portion remained stable from the same quarter last year.

Finance cost

2Q18 finance cost was down 11.2% YoY to THB 500mn (from THB 563mn during 2Q17). 2Q18 effective interest cost stood at 3.04%, down from 3.46% in 2Q17. 2Q18-end interest bearing debt slightly increased by 0.7% YoY due to an increase in short-term loans to fund growing operations.

*Remark: Normalized operation excludes one-time accruals for US legal settlement of THB 1,427mn and related tax credit of THB 68mn

1H18 finance cost was at THB 1,006mn, down 5.2% YoY. The decline was mainly driven by reduced effective interest rate to 3.02%, from 3.23% during 1H17.

Income tax expense

2Q18 normalized income tax expense was THB 63mn, from the tax expense of THB 22mn during 2Q17. Tax expenses remained low due largely to a tax credit made from an investment in Red Lobster. 2Q18 effective tax rate was at 4.1%, versus 1.3% during 2Q17.

1H18 normalized income tax expense decreased sharply by 77.0% to THB 51mn (from THB 221mn paid in 1H17). The decline was contributable to a relatively weaker operation during 1H18. 1H18 effective tax rate was 2.0%, versus 6.6% in 1H17.

Net profit

TU reported 2Q18 normalized net profit of THB 1,368mn, down 3.7% YoY but up 57.5% QoQ. The recovery from 1Q18 was driven by an improved operational outlook from more stable raw material prices, prudent FX management and insurance claims from overseas subsidiaries.

1H18 normalized net profit was at THB 2,237mn, down 21.6% YoY, mostly due to the challenging operation environment during 1Q18 operation, while 2Q18 net profit was relatively stable YoY. 1H18 net profit margin was 3.5%, compared to 4.3% in 1H17.

Financial position analysis:

As of 30 June 2018, TU's total assets were THB 143,390mn, down 1.8% from THB 146,092mn at the end of 2017, mainly due to improved net working capital, notably lower inventory, and account receivables. Despite declined sales during 2Q18, TU's 2Q18 inventory days was at 123 days, which showed a significant improvement from 143 days during 1Q18.

Net inventories fell by 8.1% from 2017-end to THB 39,708mn, partly due to efficient working capital management and a decrease in 2Q18 average Skipjack tuna price by 11.1% from end-2017 to USD 1,600/ton, which resulted in declined inventory value.

Trade and other receivables were at THB 15,637mn, down from end-2017 level of THB 16,344mn, due to lower sales and better collection efficiency.

2Q18-end total non-current assets was at THB 85,033mn, from end-2017 at THB 83,521mn. The marginal increase was mainly caused by expansion of organic capex.

Total current liabilities recorded an increase of 6.2% from end-2017 to THB 38,930mn as at end-2Q18. The increase was due to an increasing current portion of debentures from a normal debt repayment schedule. However, accounts payable decreased by 4.9% 2Q18-to-date to THB 18,843mn as a result of falling inventory value.

Total liabilities decreased by 0.8% (THB 764mn) to THB 97,276mn at end-2Q18, due to debt repayment and lower accounts payable during the quarter.

Total shareholders' equity decreased by 4.0% from end of 2017 to THB 46,114mn, mainly from the final dividend payment during April 2018.

Cash Flow analysis:

During 1H18, net cash receipts from operating activities were THB 7,529mn. Positive cash flow was driven mostly by profitable operations (EBITDA: THB 4,922mn) during the first half of the year despite continued challenging operational headwinds. However, efficient working capital management and lower raw material prices have also eased the pressure on inventory. Despite weak sales during 2Q18, net working capital days were at 107 days, down from 108 days during 2Q17.

Net cash payments for investing activities were THB 2,124mn, mainly due to the regular capital expenditure during 1H18.

TU recorded net cash payment for financing activities of THB 5,308mn during 1H18, largely from a full-year dividend payment and a short-term debt repayment during the period due to a strong operating cash flow generation.

Net increase in cash and cash equivalents, including exchange losses, was at THB 97mn resulting with the end-2Q18 cash and cash equivalents balance of THB 672mn (including the impact from the use of Bank Overdraft).

**Remark: Normalized operation excludes one-time accruals for US legal settlement of THB 1,427mn and related tax credit of THB 68mn*

Financial ratio highlights:

	2Q18	2Q17	1Q18
A/R Days	31	38	39
Inventory Days	123	120	143
Current Ratio (x)	1.50	1.74	1.62
ROCE (%)	7.7%	8.1%	5.4%
ROE (%)	12.5%	12.9%	7.8%
ROA (%)	5.7%	6.2%	4.0%
ND/E (x)	1.41	1.33	1.35
IBD/EBITDA (x)	5.96	5.68	7.61
Interest Coverage (x)	4.07	3.92	2.87
BV (Baht/share)	9.01	9.35	9.34

Remark:

Current ratio = Total current assets / total current liability

ROCE = Annualized EBIT / Average capital employed

Capital Employed = total assets - total current liabilities (incl. current portion of long-term debt)

ROE = Annualized quarterly net profit / average total shareholders' equity

ROA = Annualized quarterly EBIT / average total assets

ND/E = Interest-bearing debt – cash & cash equivalents / total shareholders' equity

Debt/EBITDA = Interest-bearing debt / EBITDA

Interest coverage = EBIT / interest expense

BV = Total shareholders' equity / outstanding shares

Receivable days as of 2Q18 decreased to 31 days, compared with 38 days in 2Q17. The decline was primarily due to faster collection turnover (net receivables value decreased more than the sales decline).

Inventory days during 2Q18 increased to 123 days, up from 120 days in 2Q17, mainly due to negative sales growth.

The current ratio at end-2Q18 was at 1.50 times versus 1.74 times at end-2Q17, mainly from falling inventory and accounts receivable value.

2Q18 ROCE was at 7.7%, from 8.1% in 2Q17, attributable to lower profitability. Average capital employed as of 2Q18 slightly dropped from 2Q17 level to THB 105,394mn.

Interest bearing debt declined by THB 1,374mn from end-2017 (down 2.0%), and reduced equity from dividend payment to TU shareholders and minority shareholders of subsidiaries of THB 2,408mn, as a result, the reported net debt-to-equity was at 1.41 times. Excluding the accruals expensed by Chicken of the Sea, the normalized net debt-to-equity would have been 1.37x.

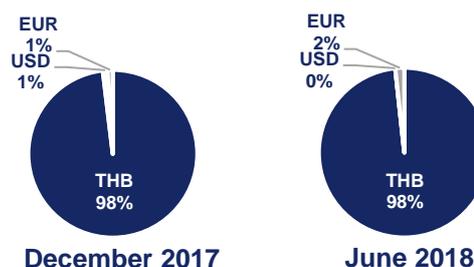
Although relatively high compared to the company's history, the ratio remained well below the debt covenant ratio of 2 times, thus post no near-term risk for our operations.

Amid a challenging operational environment, the company maintains a strong cash flow generation ability, enabling it to repay some debt during the quarter and announce interim dividend payment of THB 0.25/share.

2Q18 Interest-bearing debt (IBD) to EBITDA ratio slightly increased to 5.96 times, from 5.68 times at end-2Q17 caused by EBITDA (-4.2% YoY) decline while IBD saw a slight increase of 0.7% YoY.

Interest coverage ratio during 2Q18 was at 4.07 times, up from 3.92 times in 2Q17, mostly driven by a recovery in operating profit.

Interest-bearing debt profile by currency:

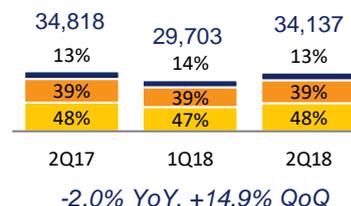


As of end-2Q18, interest-bearing debts were at THB 65,923mn, mainly denominated in the local currency. THB debts accounted for 98%, while EUR debts was 2% of total interest-bearing debt.

Business overview by business unit:

Total sales value

Unit: THB million



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

*Remark: Normalized operation excludes one-time accruals for US legal settlement of THB 1,427mn and related tax credit of THB 68mn

Ambient seafood¹:

A solid recovery, but more needed

	2Q17	3Q17	4Q17	1Q18	2Q18
Value	16,631	16,111	15,250	14,100	16,363
Brand	59.2%	59.1%	52.1%	57.7%	55.8%
PL	40.8%	40.9%	47.9%	42.3%	44.2%
Volume	96,849	93,883	90,158	83,314	93,855

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

Remark: PL stands for Private Label business

2Q18 ambient seafood business sales were THB 16,363mn, down 1.6% YoY. While volume sales declined 3.1%, the smaller sales decline was largely attributable to selling price adjustment.

2Q18 Gross profit margin was at 18.0%, up 106bps YoY and 363bps QoQ, driven by:

- More stable tuna prices and exhaustion of high price inventory which enabled TU to manage COGS more effectively
- Successful price negotiation in branded business to reflect prevailing raw material prices which supported margin recovery in branded business

1H18 ambient seafood business reported sales of THB 30,463mn, down 1.6% YoY, due mainly to THB appreciation.

Frozen, chilled seafood and related²:

Delivering an organic volume growth

	2Q17	3Q17	4Q17	1Q18	2Q18
Value	13,684	14,495	15,306	11,522	13,324
Brand	35.0%	33.4%	33.8%	32.9%	34.1%
PL	65.0%	66.6%	66.2%	67.1%	65.9%
Volume	61,184	66,203	63,046	53,739	63,137

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

2Q18 frozen and chilled seafood business sales were at THB 13,324mn, down 2.6% YoY, driven mainly by THB appreciation against USD (-7.0% YoY) and falling shrimp price (-16.6% YoY), despite increasing sales volume. However, despite the aforementioned impacts, volume sales grew 3.2% YoY.

Gross profit margin was at 8.2%, down 125bps YoY but up 181bps QoQ. Weakness was driven by a strong THB appreciation and intense competition.

While US lobster business starts to see an operation turnaround, European salmon business has weakened from recent high salmon raw material prices.

1H18 frozen and chilled seafood reported sales volume growth of 2.5%, despite declined sales mainly from falling shrimp prices.

PetCare, value-added and others³:

PetCare profitability remains under pressure

	2Q17	3Q17	4Q17	1Q18	2Q18
Value	4,502	4,580	4,548	4,080	4,450
Brand	11.5%	9.1%	8.1%	8.5%	8.7%
PL	88.5%	90.9%	91.9%	91.5%	91.3%
Volume	36,881	38,454	39,862	37,638	37,842

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

2Q18 PetCare and value-added segment sales were at THB 4,450mn, down 1.2% YoY, with sales from the value-added business declining as a result of the reclassification of some ready-to-eat tuna products. PetCare is seeing a marginal decline in sales due to product price adjustment to reflect the recent fall in tuna raw material prices.

Gross margin has declined from last year, mainly driven by a pressured PetCare business profit margin due to more intense competition in the space.

Remark:

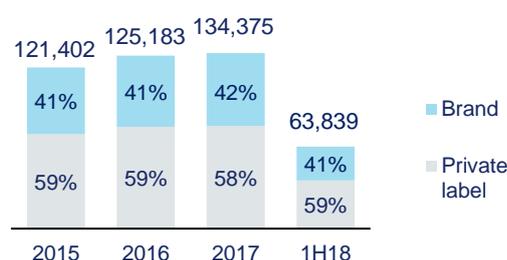
¹ Ambient seafood business includes entire tuna, entire sardine & mackerel and ambient & pouch salmon businesses

² Frozen, chilled seafood and related business includes shrimp & related (shrimp, lobster, shrimp feed & value-added shrimp), frozen, chilled & smoked salmon and other seafood (frozen cephalopod, crab, scallop, shellfish and other fish) businesses

³ PetCare, value added & others business includes PetCare, value-added businesses (Ready-to-Eat products, maguro & cephalopod sashimi, local products, bakery products and snack)

Sales breakdown by brand vs. private label:

Unit: THB million



1H18 branded sales mix was quite stable at 41.2% (compared to 41.6% during 2017) leaving private label sales contributing the remaining 58.8% of 1H18 sales.

*Remark: Normalized operation excludes one-time accrual for US legal settlement of THB 1,427mn and related tax credit of THB 68mn

1H18 total branded sales decreased by 7.5% YoY, mainly due to the USD depreciation resulted in weaker sales contribution from US branded sales.

Private label sales decreased by 0.7% YoY due mainly to tuna price decline of 16.6% YoY.

Business overview by region:

THB Mn	2015	2016	2017	1H18
Total sales	125,183	134,375	136,535	63,839
USA	42.2%	39.4%	37.9%	37.6%
Europe	29.4%	32.5%	31.6%	31.8%
Japan	6.3%	6.4%	6.2%	5.6%
Domestic	8.0%	8.3%	9.5%	10.4%
Others	14.1%	13.4%	14.8%	14.6%

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

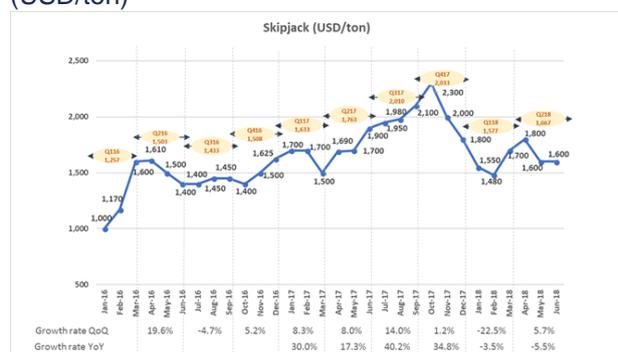
1H18 Sales contribution in key markets marginally shifted in favor of the domestic Thai market, due partly to the company focusing more on selling products in domestic markets to offset weaker export sales as a result of intense competition.

US market sales contribution was at 38%, European market at 32% and Japan at 6%.

2Q18 Thailand sales were at THB 3,169mn, up by 13.1% YoY. TU continues to grow its new product initiatives into the Thai market such as new tuna meal product under Sealect brand, frozen seafood brand, Qfresh, and shrimp snack brand, Monori.

Key operating factors:
Raw material prices setback in 2Q18

Skipjack tuna raw material price (USD/ton)



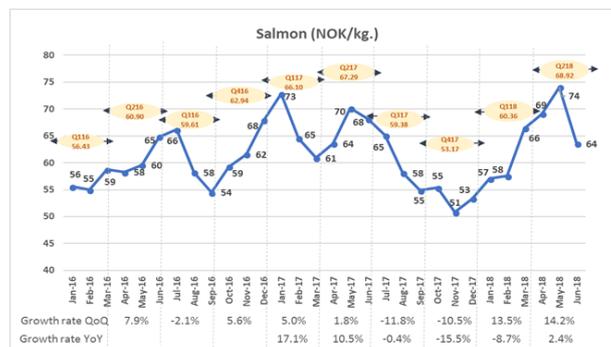
Tuna price closed at USD 1,300/ton in July 2018. In 2Q18 average price was USD 1,667/ton (-5.4% YoY, +5.7% QoQ).

White shrimp raw material price (THB/kg. of 60 pieces/kg)



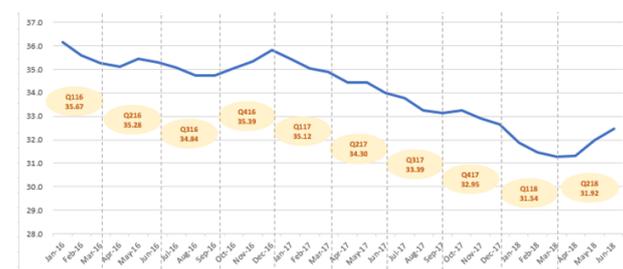
Shrimp price closed at THB 168/kg in July 2018. In 2Q18 average price was THB 141/kg (-16.6% YoY, -23.0% QoQ)

Salmon raw material price (NOK/kg)



Salmon price was at NOK 57/kg in July 2018. In 2Q18, average price was NOK 69/kg (+2.4% YoY, +14.2% QoQ)

Exchange rate USD/THB



USD/THB closed at 32.46 in June 2018. In 2Q18, average USD/THB was at 31.92 (-7.0% YoY, +1.2% QoQ).

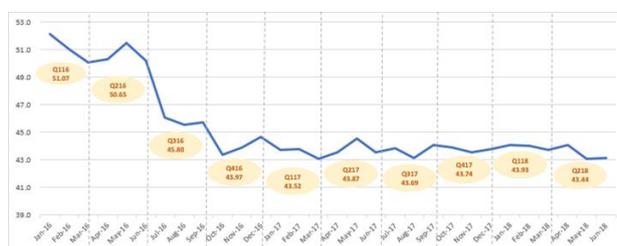
*Remark: Normalized operation excludes one-time accrual for US legal settlement of THB 1,427mn and related tax credit of THB 68mn

EUR/THB



EUR/THB closed at 37.90 in June 2018. In 2Q18, average EUR/THB was at 38.05 (+0.9% YoY, -1.9% QoQ).

GBP/THB



GBP/THB closed at 43.14 in June 2018. In 2Q18, average GBP/THB was at 43.44 (-1.0% YoY, -1.1% QoQ).

Key developments

Investment and Corporate Action

- July 2018:** Thai Union has completed the acquisition of 25.1% shares of Thammachart Seafood Retail Co., Ltd (TSR) in Thailand, as part of efforts to expand the company's business portfolio. TSR operates 2 F&B concepts at 8 locations - The Dock Seafood Bar, The Lobster Lab, and management of the Ocean Bar. It services to Thai retailers for seafood counters, handling fresh and frozen product at 158 locations.
- July 2018:** Thai Union completed an acquisition of 45% equity in TUMD Luxembourg S.a.r.l (TUMD). TUMD is a retail-focused fish and seafood business, operating Russia's #1 canned tuna producer and also operates in frozen seafood segment. Its brand portfolio includes Maguro, Captain of Tastes and Rybar.

Awards and recognitions

- July 2018:** Thai Union was recognized as Best Public Company (SET) of the Year 2018 in Agro and Food Industry by Money & Banking Magazine, out of the Top 300 Public Companies in Stock Exchange of Thailand based on market capitalization.
- June 2018:** Thai Union was recognized in Institutional Investor's 2018 All-Asia (ex-Japan) Executive Team rankings for:
 - Best CFO (3rd place, 1st place among ASEAN Consumer/Staples)
 - Best ESG/SRI Metrics (3rd place, 1st place among ASEAN Consumer/Staples)
 - Best Analyst Days (1st place in Thailand)

Sustainability

- August 2018:** Thai Union remains a constituent of the FTSE4Good Index following the June 2018 Index review. Thai Union has been included in the FTSE4Good Emerging Index since December 2016, which is designed to measure the performance of companies demonstrating strong ESG practices.
- June 2018:** Thai Union released the 5th Annual Sustainability Report. The report publicly details Thai Union's 2017 performance against KPI's and its SeaChange® sustainability strategy. For more details, please visit www.thaiunion.com/en/sustainability/report
- May 2018:** Thai Union detailed a report on significant number of achievements since its agreement with Greenpeace in 2017 in efforts to ensure more sustainable, socially-responsible seafood. Positive progress includes the Vessel Code of Conduct, digital traceability pilot program, FIPs projects, joining Global Ghost Gear Initiative (GGGI), and increased use of FAD-free fishing.

Innovation

- July 2018:** Thai Union has successfully launched an innovative clear plastic packaging for ambient seafood that is 100% recyclable and allows customers to see what they are purchasing. The product is now placed on the shelves of two large retail stores in United Kingdom, Tesco and Asda.

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- **July 2018:** Thai Union has continued its expansion of innovative product portfolio by launching the product line of 'infusions' under Chicken of the Sea brand in United States. Chicken of the Sea Infusions is a ready-to-eat, flavored ambient seafood product that has been rolled out at national retailers in USA.

Dividend payment

- Interim dividend payment for the operating results during 1 January – 30 June 2018 as per the resolution of the Board of Directors dated 6 August 2018 is 0.25 THB/share. Representing payout ratio 53.3% of 1H18 normalized net profit (131% of reported profit). Book closing date is 21 August 2018. And the dividend will be paid on 3 September 2018.

One-time legal accruals

- During 2Q18, Chicken of the Sea reached a settlement with Walmart in the ongoing antitrust litigation in the US, and the company is in advanced negotiations in various other litigation discussions. As a result, Chicken of the Sea recorded a USD 44mn one-time accruals to reflect potential risks.

**Remark: Normalized operation excludes one-time accruals for US legal settlement of THB 1,427mn and related tax credit of THB 68mn*

Statement of Income**

(Unit: THB mn)	Consolidated							
	2Q18	% to sales	2Q17**	% to sales	1Q18	% to sales	2Q18/2Q17 Change	2Q18/1Q18 Change
Sales	34,137	100%	34,818	100%	29,703	100%	-2.0%	14.9%
Cost of sales	(29,428)	-86.2%	(29,863)	-85.8%	(26,343)	-88.7%	-1.5%	11.7%
Gross profit	4,709	13.8%	4,954	14.2%	3,360	11.3%	-5.0%	40.1%
SG&A expenses	(3,567)	-10.4%	(3,318)	-9.5%	(3,335)	-11.2%	7.5%	6.9%
FX gain (loss)	222	0.7%	40	0.1%	581	2.0%	454.1%	-61.8%
Other income*	672	2.0%	530	1.5%	844	2.8%	26.8%	-20.4%
EBIT	2,036	6.0%	2,206	6.3%	1,449	4.9%	-7.7%	40.4%
Finance cost	(500)	-1.5%	(563)	-1.6%	(505)	-1.7%	-11.2%	-1.0%
EBT	1,535	4.5%	1,643	4.7%	944	3.2%	-6.6%	62.6%
Tax	(63)	-0.2%	(22)	-0.1%	13	0.0%	188.1%	-598.2%
Profit (Loss) from discontinued operation	07	0.0%	(80)	-0.2%	10	0.0%	-109.2%	-25.3%
Net income	1,479	4.3%	1,541	4.4%	957	3.2%	-4.0%	54.6%
Net income (loss) attributable to:								
Equity holders of the Company	1,369	4.0%	1,421	4.1%	869	2.9%	-3.7%	57.5%
Non-controlling interests of the subsidiaries	110	0.3%	120	0.3%	88	0.3%	-7.7%	25.7%
Earnings per share								
Basic earnings per share	0.29		0.29		0.18		-1.1%	57.5%
Diluted earnings per share	0.29		0.29		0.18		-1.1%	59.3%
Exchange rate								
THB/USD	31.92		34.30		31.54		-6.9%	1.2%

*Other income incl. share of profit from investments in associates

**Retated according to financial statement reported as of August 2018

Statement of Financial Position

(Unit: THB mn)	1H18 % to total assets	2017 % to total assets	Change
Cash and cash equivalents*	972	0.7%	19.3%
Trade and other receivables - net	15,637	10.9%	-4.3%
Inventories - net	39,708	27.7%	-8.1%
Other current assets	2,040	1.4%	-6.2%
Total current assets	58,357	40.7%	-6.7%
Fixed assets	26,320	18.4%	4.2%
Goodwill and other intangible assets	13,862	9.7%	-1.5%
Other non-current assets	44,851	31.3%	1.5%
Total Assets	143,390	100%	-1.8%
Bank overdrafts and short-term loans	14,145	9.9%	-7.9%
Trade and other payables	18,843	13.1%	-4.9%
Current portion of long-term loans	721	0.5%	-15.1%
Current portion of debentures	3,150	2.2%	-
Current portion of finance lease liabilities	45	0.0%	-4.6%
Other current liabilities	2,027	1.4%	253.6%
Total current liabilities	38,930	27.1%	6.2%
Long-term loans from financial institutions	14,671	10.2%	-0.3%
Debentures	33,061	23.1%	-8.6%
Finance lease liabilities - net of current portion	131	0.1%	-15.4%
Other non-current liabilities	10,483	7.3%	1.3%
Total Liabilities	97,276	67.8%	-0.8%
Non-controlling interests of the subsidiaries	3,140	2.2%	-16.7%
Total Shareholders' Equity	46,114	32.2%	-4.0%
Total liabilities and shareholders' equity	143,390	100%	-1.8%

*Including short term investment

*Remark: Normalized operation excludes one-time accruals for US legal settlement of THB 1,427mn and related tax credit of THB 68mn

Cash flow statement

(Unit: THB mn)	Consolidated		
	1H18	1H17	Change
Profit before income tax	1,069	3,285	(2,216)
Adjustments for depreciation & amortisation expenses	1,437	1,356	81
Other adjustments	1,653	1,152	502
Changes in operating assets and liabilities	3,556	(638)	4,194
Cash flows receipts from operating activities	7,716	4,705	3,011
Net cash receipts (payments) from operating activities	7,529	4,275	3,253
Net cash payments for investing activities	(2,124)	(1,840)	(284)
Net cash receipts (payments) for financing activities	(5,308)	(2,703)	(2,605)
Net increase (decrease) in cash and cash equivalent	97	(267)	364
Cash and cash equivalents - opening balance	573	731	(158)
Exchange gain (loss) on cash and cash equivalents	2	8	(6)
Cash and cash equivalents - closing balance	672	472	200
CAPEX	(2,553)	(2,384)	(169)
Management Est. Free Cash Flows*	5,163	2,801	2,362

*Remark: Normalized operation excludes one-time accruals for US legal settlement of THB 1,427mn and related tax credit of THB 68mn