



Thai Union Frozen Products

TUF

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Increase/(decrease)	YOY Q1'06
• Net profit	(8%)
• Baht sales	15%
• Dollar sales	14%
• Volume sales	7%
• Debt-to-Equity ratio:	0.64x
• Q1'2006 EBITDA:	Bt904.4 m

Exch. Rate as of Mar
31'06: Bt38.84/USD

Avg. Exch. Rate for Q1'06:
Bt39.15/USD

Avg. Exch. Rate for Q1'05: Bt38.57/USD

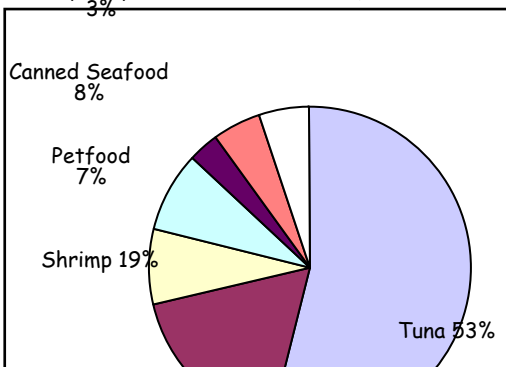
No. of shares for Q4'05: 869.3
m

Operating performance improved from the previous quarter. Sales grew 15.6 YoY to reach Bt13,721 m (US\$350.5 m), though net profit dropped 8.3% YoY. The decline was mainly a result of extra expenses related to M&A activities and loan refinancing plus higher interest expenses and higher corporate income taxes. However, EBITDA rose to Bt904.4 m, up 6.3% YoY and QoQ respectively. After adjusting for these items, operating and EBIT margins were better YoY and QoQ. Also, the firm's financial position improved as its D/E ratio dropped to 0.64x from 0.75x in Q4'05 despite increased sales.

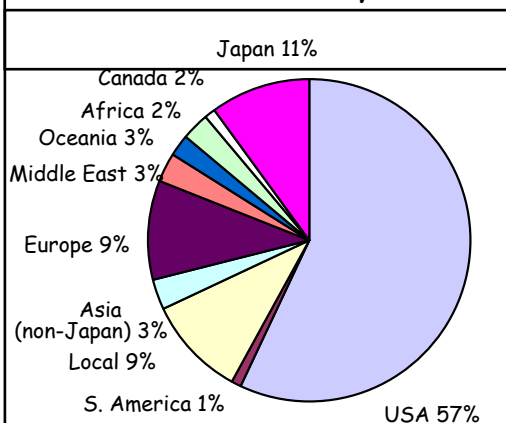
Baht strengthening Thai baht appreciated by 5.3% to Bt38.84/USD (Mar 31) since the beginning of the year. Despite this, the average exchange rate was actually at a very similar level during the same period last year. On the YoY comparison basis, the impact from baht appreciation was limited.

Tuna, shrimp, pet food and domestic sales showing growth Dollar sales of tuna, shrimp, pet food and domestic sales showed YoY growth (11.8%, 16.9%, 30.4% and 30.4% respectively) during Q1'06.

2005 Sales Breakdown by Product



2005 Sales Breakdown by Market



PERFORMANCE (Bt million)

Consolidated	Q1'06	%	Q1'05	%
Sales	13,720.6	100.00	11,865.8	100.00
Cost of goods sold	11,614.3	84.65	9,937.2	83.75
Gross profit	2,106.3	15.35	1,928.6	16.25
SG & A	1,560.0	11.37	1,424.8	12.01
Forex loss	-	-	-	-
Operating profit	546.3	3.98	503.8	4.25
Interest income	0.3	0.00	1.5	0.01
Equity income from associates	9.0	0.07	6.0	0.05
Other income	141.2	1.03	142.7	1.20
EBIT	696.8	5.08	654.0	5.51
Interest expenses	127.5	0.93	72.0	0.61
Income tax / (credit)	82.1	0.60	45.4	0.38
Net income before MI	487.2	3.55	536.6	4.52
Minority interests	54.4	0.43	64.5	0.54
Net Profit	432.8	3.12	472.1	3.98
Earnings per share (Bt)	0.50		0.55	

EBITDA			
	Q1'06	2005	2004
EBITDA (Bt m)	904	3,775	3,133
EBITDA (US\$ m)	23	94	78
Avg. exch. rate	39.15	40.32	40.34

Recent developments:

US\$100 million 5-yr syndicated loan

In March, TUF entered into a 5-year US\$ 100 million syndicated term loan with an objective to partially fix its interest cost in light of rising interest rates and improve existing covenants. The facility replaced the existing short term loans borrowed by its US subsidiaries.

Tri-Union Frozen Food Thai Union International (TUF's US investment arm) has invested in a 70% stake of US-based Tri-Union Frozen Food Products LLC, with paid-up capital of US\$3 m. The remaining 30% stake will be held by the existing management team. The firm will offer frozen and refrigerated seafood products to the foodservice and retail industries in the US.

High Health (Thailand) TUF sub. Thai Union Feedmill has formed a 60:40 JV with Hawaii-based High Health Aquaculture to develop shrimp brood stock

P/L	4Q05		1Q06-adj.		1Q05	
Sales	14,044.5	100.00%	13,720.6	100.00%	11,865.8	100.00%
COSG	12,058.2	85.86%	11,614.3	84.65%	9,937.2	83.75%
GrossProfit	1,986.3	14.14%	2,106.3	15.35%	1,928.6	16.25%
SG&A	1,486.7	10.58%	1,498.7	10.92%	1,428.6	12.01%
Oper. Profit	499.6	3.56%	607.6	4.43%	503.8	4.25%
Profit assoc.	4.9	0.04%	9.0	0.07%	6.0	0.05%
Other inc.	128.3	0.91%	141.5	1.03%	144.2	1.21%
EBIT	632.8	4.51%	758.1	5.53%	654.0	5.51%
Interest exp.	117.9	0.84%	127.5	0.93%	71.97	0.61%
EBT	514.9	3.67%	630.6	4.60%	581.93	4.90%
Tax	42.5	0.30%	82.1	0.60%	45.37	0.38%
EAT bef. MI	472.4	3.36%	548.5	4.00%	536.57	4.52%
MI	19.7	0.14%	54.4	0.40%	64.50	0.54%
NP	452.7	3.22%	494.1	3.60%	472.06	3.98%

Better operating margins disguised by extra expenses Gross margin recovered from Q4'05 and returned to its normal range. But, because of extra expenses related to the syndicated loan and M&A activities, SG&A expenses were inflated by Bt61 million for the quarter, forcing down the operating margin. After adjusting for these items, the normalized operating and EBIT margins were indeed better than a year ago (see the table above).

Rising EBITDA but more taxes and interest expenses EBITDA in Q1'06 rose 6.3% YoY and QoQ thanks to continual sales growth. Operating performance at the US subsidiaries continued to show encouraging results. However, improved profitability at US subs. (subject to higher tax rates than in Thailand) and the rising interest rates (the effective interest rate increased by more than 200 basis points in the past year) added more taxes and interest expenses than a year ago, cutting down the net profit margin. Going forward, interest expenses should become more stable when a large

QUARTERLY PERFORMANCE (Bt million)

Consolidated	Q1'06	%	Q4'05	%	Q3'05	%	Q2'05	%	Q1'05	%
Sales	13,720.6	100.00	14,044.5	100.00	14,510.9	100.00	13,222.3	100.00	11,865.8	100.00
Cost of goods sold	11,614.3	84.65	12,058.2	85.86	12,104.7	83.42	11,216.9	84.83	9,937.2	83.75
Gross profit	2,106.3	15.35	1,986.3	14.14	2,406.2	16.58	2,005.4	15.17	1,928.6	16.25
SG & A	1,560.0	11.37	1,479.4	10.53	1,588.7	10.95	1,263.9	9.56	1,424.8	12.01
FOREX loss	-	-	7.3	0.05	3.5	0.02	26.0	0.20	-	-
Operating profit	546.3	3.98	499.6	3.56	814.0	5.61	715.5	5.41	503.8	4.25
Interest income	0.3	0.00	0.8	0.01	0.5	0.00	0.7	0.01	1.5	0.01
Equity income from associates	9.0	0.07	4.9	0.03	11.9	0.08	11.7	0.09	6.0	0.05
Other incomes	141.2	1.03	127.5	0.91	76.2	0.53	37.4	0.28	142.7	1.20
EBIT	696.8	5.08	632.8	4.51	902.8	6.22	765.3	5.80	654.0	5.51
Interest expenses	127.5	0.93	117.9	0.84	88.5	0.61	82.2	0.62	72.0	0.61
Income tax/ (Tax Credit)	82.1	0.60	42.5	0.30	99.5	0.69	94.9	0.72	45.4	0.38
Income before MI	487.2	3.55	472.4	3.36	714.8	4.92	588.2	4.44	536.6	4.52
Minority interests	54.4	0.43	19.7	0.14	55.6	0.38	89.8	0.68	64.5	0.54
Net Profit	432.8	3.12	452.7	3.22	659.2	4.54	498.4	3.77	472.1	3.98
Earnings per share (Bt)	0.50		0.52		0.76		0.58		0.55	
<i>(as of par 1 baht per share)</i>										

SHARE CAPITAL INFORMATION

PRICE (10/5/2006)	: B+29.75
Historical price	: High 32.25 Low 16.80
No. of Share	: 869.30 m
Market Capitalization	: B+25.9 bn (US\$684 m)
Average Daily Trading Vol.	: 720,000
Major Shareholder	: Chansiri Family 25.40%

Date	Closing Price	P/E ratio
Dec 31, 05	30.50**	12.71
Dec 31, 04	24.80**	11.07
Dec 31, 03	31.00 **	11.70
Dec 27, 02	17.00 **	9.44
Dec 28, 01	16.80 **	8.36
Dec 29, 00	50.00*	4.96

** as of par 1 baht

* as of par 5 baht

4,977,000 new shares were issued on July 2, 2005 upon exercise of share warrants previously issued to the company's employees under the employee share ownership program (ESOP).

The total number of warrants available for ESOP was 26 million shares, which would be gradually exercised over a 5-year period with July 2 as the annual exercise day. The remaining number of warrants available for exercise in the future years is 15.8 million.

	Q1'06	2005	2004
Current Ratio (X)	2.40	1.86	1.90
Gearing Ratio (X)*	0.98	1.11	1.02
Debt-to-Equity (X)**	0.64	0.75	0.73
Inventory Turnover(days)	92	90	90
Collection Period (days)	36	34	29
Payment Period (days)	18	17	16
GP Margin (%)	15.35	15.5 2	15.3 4
NP Margin (%)***	3.12	3.86	4.11
ROAE (%) un-annualized	3.64	18.5 4	18.6 7
Times IR Earned (X)	5.47	8.20	11.02

*Gearing Ratio = Total Liabilities / (Equity + MI)

**Debt-to-Equity Ratio

=Interest-Bearing Debts/ (Equity + MI)

***Net Margin = Net Profit/ Total Revenues

Financial analysis

Consolidated quarterly sales in dollar term rose 13.9% YoY to US\$350.5 m from US\$307.6 m while sales in baht term increased by 15.6% YoY to B+13,721 m from B+11,866 m. Thai baht was stronger a year ago when the average exchange rate was B+38.57/US\$. In comparison with Q4'05, quarterly sales increased by 2.1% in dollar term but dropped by 2.3% in baht term due to the sharp appreciation of Thai baht vs. US dollar. During the quarter, the US dollar weakened with the exchange rate averaging at B+39.15/US\$, compared with B+40.92/US\$ in 4Q05. The healthy sales growth was largely contributed by tuna products, frozen shrimp and pet food. During the period, the total volume in terms of tonnage rose by 7% YoY. In other words, prices were also adjusted upward. Once again, we managed to maintain the overall operating margins by adjusting selling prices timely.

- Tuna sales (canned and loin) in US dollar term grew 11.8% YoY and 13.6% QoQ during the quarter. Meanwhile, sales volume (ton) was up 5.6% YoY and 1.2% QoQ respectively. The selling prices have been adjusted upward to compensate for the surging operating expenses as a result of the rising prices of oil and other commodities. Though our sales in the US, TUF's main market, continued to grow, non-US markets represented an emerging promise, allowing us to register higher export growth, partly thanks to our proactive sales efforts and the reduction of import tariff for Thai canned tuna in Europe.

Canned tuna sales by COSI were US\$92.7 m during the quarter, up 11.4% YoY and 10.4% QoQ respectively. Canned tuna sales accounted for 83.5% of the firm's total sales. Sales continued to expand, thanks to our committed marketing and sales efforts plus the introduction of new products and packaging (which are geared towards the ready-to-eat category) with the goal of providing consumers with convenience and good taste.

The average price of frozen skipjack tuna (Bangkok landings/ WPO) in Q1'06 (US\$900/metric ton) was higher than a year ago (US\$815/metric ton). It has been moving in the same direction with that of the Eastern Pacific Ocean (EPO), though the prices in WPO were generally lower than those in EPO. Nevertheless, this price level also represented a hike from US\$757/metric ton in 4Q05. The increase was partly attributable to the catching situation and the higher operating costs borne by fishing fleets caused by the rising oil price. It is believed that fuel oil accounts for a considerable percentage of these fleets' operating costs. Fish supply around the world has been stable so far. However, due to the fishermen's higher operating cost, we don't foresee the fish price to drop from the current level irrespective of the catching result. In the short term, the fish price could hold at this level.

- Shrimp sales in dollar term rose by 16.9% YoY but dropped 2.0% QoQ to US\$60.3 m while volume up by 4.3% YoY (down 4.8% QoQ) to 7,270 tons during the quarter. The increase was primarily contributed by the improved performance at Empress where both of selling prices and volume increased.

Shrimp sales from Empress International were US\$47.5 m in Q1'06, up 38.3% YoY, and 6.5% QoQ. Shrimp sales accounted for 81.8% of the US firm's total sales during the period.

With respect to domestic prices, the price of white shrimp (60 counts/kg) stabilized within the range of B+140-150/kg during the quarter. The average for the quarter stayed at B+142/kg, same as the previous period. It dropped slightly to B+141/kg in April.

Despite the GSP privilege which reduced the import duty on Thai shrimp into the EU since January 1, 2006, TUF's shrimp sales to this region was still very limited. However, we remain positive on its prospect. We expect to see more significant growth of export sales to this market through the rest of the

Cost of goods sold in Q1'06 was 84.65% of sales, up from 83.75% in Q1'05 but down from 85.86% in Q4'05. In other words, gross margin in the quarter was 15.35%, up from 14.14% in the previous quarter. The margin returned to its normal range of 15-16% thanks to better performance of shrimp business and increased pet food business.

- SG&A expenses were Bt1,560.0 m or 11.37% of sales in Q1'06, which was higher than Bt1,424.8 m (12.01% of sales) in Q1'05 and Bt1,479.4 m (10.53% of sales) reported in Q4'05. The YoY decline (as % of sales) is a result of more efficient use of advertising budget and tightened internal cost control. However, as noted in the previous page, this percentage should be even lower. In fact, M & A related expenses (Bt35 m) and the underwriting fee (Bt26 m) for the syndicated term loan raised in March, amounting to Bt61 m, were booked during the quarter. Without these items, the percentage should have been 10.92%, falling within our normal range.

- FOREX gain (realized and unrealized) from current dollar-denominated assets and currency forward contracts for the quarter was minimal at Bt4.4 m, thanks to our long term hedging policy of minimizing the currency impact on our financial performance. The US dollar depreciated against Thai baht during the quarter. The exchange rate averaged at Bt39.15/USD in Q1'06 vs. Bt40.92/US\$ in Q4'05. The average exchange rate was Bt38.57 in Q1'05.

- Equity income from associated companies in Q1'06 was Bt9.0 m, which was higher than a year ago (Bt6.0 m).

- Other incomes in Q4'05 were Bt141.2 m vs. Bt131.3 m in Q1'05.

- Corporate income tax of Q1'06 was Bt82 m, representing an effective tax rate of 14.4%, compared with the 2005 annual rate of 10.9%. While the majority of our Thai operations enjoy BOI tax holiday, our US subsidiaries are subject to normal US tax rates, which are higher than Thai rates. As a result, improved profitability at US subs. (as happened in Q1'06) leads to a higher effective tax rate.

- Net income for Q1'05 was Bt432.8 m, down 8.3% YoY and 4.4% QoQ. Net margin was 3.12%, lower than 3.98% in Q1'05 and 3.22% in Q4'05. As mentioned, expenses related to M&A and syndicated term loan, higher interest expenses (due to rising interest rates) and more corporate income taxes collectively led to the decline. Quarterly EPS was Bt0.50.

- Inventory turnover rate was 92 days in Q1'06, compared with 90 days for the year of 2005. The turnover rate is considered stable so far.

- Account receivables turnover rate was 36 days in Q1'06, compared with 34 days in 2005.

- Debt-to-Equity ratio was reduced to 0.64 in Q1'06 from 0.75x in Q4'05, thanks to lower working capital requirement.

About TUF

Thai Union Frozen Products Public Company Limited was founded in 1988. Currently, it is the largest canned tuna packer in the world in terms of capacity and a leading seafood processor and exporter in Asia with a global workforce of around 24,000.

Major products are canned tuna, frozen tuna loin, frozen shrimp, frozen and canned seafood, frozen cephalopod, pet food, fish snack and shrimp feed.

Milestones:

1990 Started operations as a contract tuna packer.

1994 Listed in the Stock Exchange of Thailand.

1997 Entered a 50% JV with two overseas business partners to buy out the then bankrupt Van Camp Seafood (owner of Chicken of the Sea brand) and its production facility on American Samoa Island.

1999 Took over then listed Songkla Canning, a major Thai canned tuna packer, with a share swap of 1 new TUF share for 1.7 existing Songkla shares.

2001 Bought the remaining 50% of Van Camp Seafood from Tri-Marine and Gann Family.

2002 ECD was fully converted into 110 m new common shares by its holders.

2003 Acquired Empress International, a major US seafood importer and distributor; group sales broke the Bt40 bn mark (US\$975 m); achieved the highest ever annual net income of Bt2,279 m.

2004 Broke the US\$ 1 bn mark in sales with nearly 60% of this amount

ANNUAL INCOME STATEMENT (Bt million)

Consolidated	2005	2004	2003	2002	2001
Sales	53,643.5	46,751.0	40,330.6	34,243.4	35,324.4
Cost of goods sold	45,317.0	39,580.9	33,299.4	28,020.1	29,514.3
Gross Profit	8,326.5	7,170.1	7,031.2	6,223.3	5,810.1
SG & A	5,745.4	5,007.9	4,488.1	3,718.4	3,837.1
Forex loss	-	37.1	-	392.5	-
Operating profit	2,581.1	2,125.2	2,543.1	2112.4	1,973.0
Interest income	3.5	4.0	1.9	8.5	22.4
Equity incomes -associated	34.6	37.8	45.2	37.4	39.1
Other income	335.4	255.2	454.8	248.9	488.6
EBIT	2,954.6	2,422.2	3,045.0	2407.2	2,523.1
Interest expenses	360.5	219.9	140.1	157.6	380.8
Income tax	282.2	(9.0)	358.5	542.0	454.1
Income before minority interests	2,311.9	2,211.3	2,546.4	1707.6	1,688.2
Minority interests	229.5	278.4	267.1	158.6	182.6
Net profit	2,082.4	1,932.9	2,279.3	1,549.0	1,505.6
Earnings per share (Bt)	2.40	2.24	2.65	1.80	2.01

NET CASHFLOW (Bt million)

	Q1'06	2005	2004	2003
Net Profit	432.8	2,082.4	1,932.9	2,279.3
Depreciation & Amortization	207.6	820.3	710.7	607.0
Net Cash from Operating Activities	666.3	1,773.2	760.3	2,865.8
Net Cash from Investing Activities	(200.6)	(1,018.1)	(1,540.1)	(1,710.9)
Net Cash from Financing Activities	(752.8)	(424.4)	819.5	(1,161.1)
Effect of FX change on cash and cash equivalents	216.5	(175.8)	14.8	62.3
Net Inc/(Dec) in Cash	(70.7)	113.9	54.6	56.1

BALANCE SHEET (Bt million)

	Q1'06	2005	2004	2003
Current Assets	18,060.3	18,803.2	15,943.3	13,792.5
Investment	313.6	327.2	250.7	229.0
Fixed & Other Assets	7,830.1	7,863.4	7,756.2	6,665.1
Total Assets	26,204.0	26,993.8	23,950.2	20,686.6
Current Liabilities	7,521.9	10,119.4	8,451.7	6,259.9
Non-Current Liabilities	5,438.3	4,054.2	3,665.4	3,526.7
Total Liabilities	12,960.2	14,173.6	12,117.1	9,786.6
Minorities' Interests	1,179.3	1,124.9	1,127.4	963.4
Shareholders' Equity	12,064.6	11,695.3	10,705.7	9,936.6

CONSOLIDATED ANNUAL RESULTS

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Net Profit (Bt m)	2,082.4	1,932.9	2,279.3	1,549.0	1,505.6	1,524.8	1,762.4	1,207.9	801.1	258.5
Earning per share[EPS](Bt)	2.40**	2.24**	2.65**	1.80**	2.01**	10.18*	24.56	21.42	16.02	5.17
Dividend per share (Bt)	1.20	1.56	1.85	1.27	1.23	5.10	12.00	10.25	8.25	3.00
Dividend payout ratio	50%	70%	70%	71%	61%	50%	49%	48%	51%	58%

