



Thai Union Frozen Products

TUF

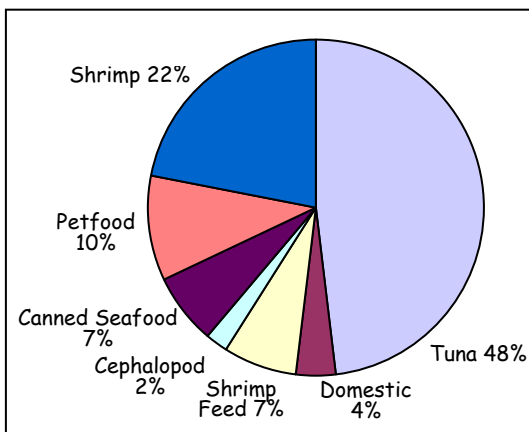
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Nov 13, 2006

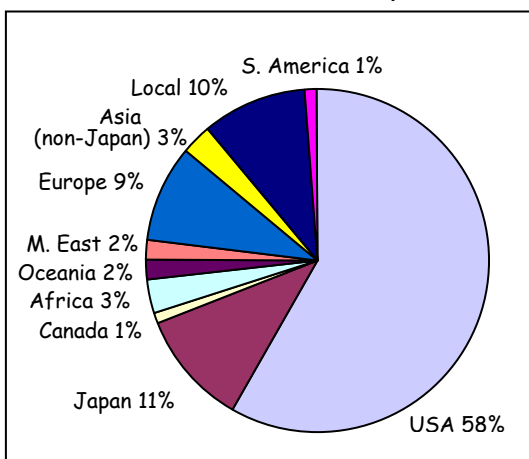
Increase/(decrease)	YOY	YOY
	Q3'06	9M06
• Net profit	3%	(11%)
• Baht sales	1%	
• Dollar sales	11%	10%
• Volume sales (export & overseas sales only)	4%	3%
• Debt-to-Equity ratio: 0.72x		
• Q3'06 EBITDA: Bt1,298.0 m		
• 9M06 EBITDA: Bt2,950.3 m		

Exch. Rate as of Sep 30'06: Bt37.54/USD
Avg. Exch. Rate for Q3'06: Bt37.61/USD
Avg. Exch. Rate for Q3'05: Bt41.29/USD
No. of shares for Q3'06: 874.06 m

Q3'06 Sales Breakdown by Product



Q3'06 Sales Breakdown by Market



Despite an unfavorable business environment, TUF managed to deliver an encouraging performance (net profit of Bt678 m) in 3Q06, which was better than the equally respectable result a year ago. Proactive sales efforts and internal cost reduction schemes on the back of a stable, though strengthening, Thai baht and declining oil prices allowed sales and margins to grow during the quarter. The result was also marginally boosted by consolidation of our newly acquired Indonesian packer Jui Fa into our books. Sales in dollar term registered a 10.7% YoY increase, to reach US\$389 m. However, the 9% YoY appreciation of Thai baht vs. US dollar dampened the YoY sales growth in Thai baht term to only a meager 1%. Margins at all levels recovered significantly from last quarter while cash flow also increased. EBITDA jumped by 16% YoY or 74% QoQ to Bt1,298 m. Adjusted for the one-time M&A related expenses (Bt 43 m) booked during the period, net profit should have grown by 9% from the same period last year.

Sales in dollar term up 10.7% YoY Continual sales expansion was mainly driven by the growing shrimp feed, pet food and domestic businesses.

PERFORMANCE (Bt million)				
Consolidated	Q3'06	%	Q3'05	%
Sales	14,637.0	100.00	14,510.9	100.00
Cost of goods sold	12,231.6	83.57	12,102.8	83.40
Gross profit	2,405.4	16.43	2,408.1	16.60
SG & A	1,438.7	9.83	1,590.6	10.96
Forex loss	-	0.00	3.5	0.02
Operating profit	966.7	6.60	814.0	5.57
Interest income	1.7	0.01	0.5	0.00
Equity income from associates	4.0	0.03	11.9	0.08
Other income	108.7	0.74	76.3	0.53
EBIT	1,081.1	7.40	902.7	6.22
Interest expenses	166.9	1.10	88.5	0.61
Income tax / (credit)	107.1	0.73	99.5	0.69
Net income before MI	807.1	5.57	714.7	4.92
Minority interests	129.6	0.89	55.6	0.38
Net Profit	677.5	4.63	659.1	4.54
Earnings per share (Bt)	0.78		0.76	
Diluted earning per share (Bt)	0.77		0.75	

EBITDA			
	Q3'06	9M06	2005
EBITDA (Bt m)	1,298	2,950	3,775
EBITDA (US\$ m)	35	77	94
Avg. exch. rate	37.61	38.24	40.32

9-month Profit & Loss (Bt m)

Consolidated	9M'06	9M'05	% Chg
Sales	41,543	39,599	+4.9%
Gross Profit	6,410	6,367	+0.7%
S, G & A Exp.	4,425	4,293	+3.1%
FX Loss	-	-	N/A
Operating Profit	1,985	2,074	-4.3%
Other Incomes	329	248	+32.7%
EBIT	2,314	2,322	-0.3%
Interest Exp.	439	243	+80.7%
EBT	1,875	2,079	-9.8%
Tax/(Tax Credit)	163	240	-32.1%
Minority Interests	259	210	+23.3%
Net Profit	1,453	1,629	-10.9%
Avg. Bt / US\$	38.2	40.1	-4.7%

Improved margins and EBITDA Thanks to a stable Thai baht which allowed more effective cost reduction and productivity improvement efforts and timely price adjustments, we managed to recover margins to the more typical levels. Moreover, increased sales of more profitable products helped to enhance margins further. For instance, profitability of our shrimp orders to the US started to improve after years of thin margins. Because of these improvements, EBITDA also surged to Bt 1,298 m, which was the highest quarterly level since mid-2003.

Better ROE despite lower gearing In addition to margin expansion, ROE surged from last quarter also thanks to improved asset utilization where working capital was largely unchanged despite an increase in sales. Cash cycle was actually shortened. More importantly, this was achieved on lower gearing. D/E ratio declined from 0.74x in Q2'06 to 0.72x during the quarter.

Recent developments:

Landmark US studies confirmed health benefits of seafood In October, the report "Fish, Intake, Contaminants, and Human Health: Evaluating the Risks and the Benefits" in the Journal of the American Medical Association by the Harvard School of Public Health and the report "Seafood Choices: Balancing Benefits and Risks" by the Institute of Medicine have independently confirmed the health benefits of seafood at the same time. The message from these reports was in essence "the benefits of eating fish greatly outweigh the risks", in stark disagreement to many green groups' anti-seafood arguments.

Tuna for canning not over-fished Recent press reports carried overly-generalized headlines of tuna being over-fished caused confusion. The tuna species, namely bluefin and bigeye, for sashimi and sushi preparation are over-fished because of the huge demand from sushi restaurants around the globe. However, the tuna species for canning, namely skipjack and yellowfin, are far from being exploited according to the latest FAO assessment.

QUARTERLY PERFORMANCE (Bt million)										
Consolidated	Q3'06	%	Q2'06	%	Q1'06	%	Q4'05	%	Q3'05	%
Sales	14,637.0	100.00	13,185.3	100.00	13,720.6	100.00	14,044.5	100.00	14,510.9	100.00
Cost of goods sold	12,231.6	83.57	11,277.6	85.53	11,614.3	84.65	12,058.2	85.86	12,102.8	83.40
Gross profit	2,405.4	16.43	1,907.7	14.47	2,106.3	15.35	1,986.3	14.14	2,408.1	16.60
SG & A	1,438.7	9.83	1,435.2	10.88	1,560.0	11.37	1,479.4	10.53	1,590.6	10.96
Forex loss	-	-	10.1	0.08	-	-	7.3	0.05	3.5	0.02
Operating profit	966.7	6.60	462.4	3.51	546.3	3.98	499.6	3.56	814.0	5.61
Interest income	1.7	0.01	0.5	0.00	0.3	0.00	0.8	0.01	0.5	0.00
Equity income from associates	4.0	0.03	4.8	0.04	9.0	0.07	4.9	0.03	11.9	0.08
Other incomes	108.7	0.74	68.5	0.52	141.2	1.03	127.5	0.91	76.2	0.53
EBIT	1,081.	7.40	536.2	4.07	696.8	5.08	632.8	4.51	902.8	6.22
Interest expenses	166.9	1.10	144.5	1.10	127.5	0.93	117.9	0.84	88.5	0.61
Income Tax/ (Tax Credit)	107.1	0.73	(25.9)	(0.20)	82.1	0.60	42.5	0.30	99.5	0.69
Income before MI	807.1	5.57	417.6	3.17	487.2	3.55	472.4	3.36	714.8	4.92
Minority interests	129.6	0.89	74.9	0.57	54.4	0.43	19.7	0.14	55.6	0.38
Net Profit	677.5	4.63	342.7	2.60	432.8	3.12	452.7	3.22	659.2	4.54
Earnings per share (Bt)	0.78		0.39		0.50		0.52		0.76	
<i>(as of par 1 baht per share)</i>										

SHARE INFORMATION

PRICE (11/11/2006)	: Bt24.7
Historical price	: High 27.25
(last 6 months)	: Low 22.10
No. of Share	: 874.06 m
Market Capitalization	: Bt21.6 bn (US\$ 590 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

#4,775,000 new shares were issued on July 2, 2006 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 11.0 million.

	Q3'06	2005	2004
Current Ratio (X)	1.94	1.86	1.90
Gearing Ratio (X)*	1.05	1.11	1.02
Debt-to-Equity (X)**	0.72	0.75	0.73
Inventory Turnover(days)	92	90	90
Collection Period (days)	34	34	29
Payment Period (days)	16	17	16
GP Margin (%)	16.43	15.5 2	15.3 4
NP Margin (%)***	4.59	3.86	4.11
ROAE (%) un-annualized	5.64	18.5 4	18.6 7
Times Int. Earned (X)	6.48	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 10.7% YoY to US\$389.2 m from US\$351.5 m while sales in baht term inched up by merely 0.9% to Bt14,637 m from Bt14,511 m a year ago. Thai baht was much stronger than a year ago. The average exchange rate for Q3'06 was Bt37.61/US\$, which appreciated by 8.9% from Bt41.29/US\$ in Q3'05. In comparison with Q2'06, quarterly sales surged by 12.3% in dollar term and by 11.0% in Thai baht term. During this quarter, Thai baht continued to gain strength against US dollar but at a much more gradual pace. As a result, the Thai baht was only slightly stronger at Bt37.61/US\$ than Bt38.04/US\$ in Q2'06.

The continual sales growth (in US dollar term) was boosted by healthy sales growth in shrimp feed, pet food and domestic business. The selling prices of most products were adjusted upward from a year ago to catch up with the rising input costs.

- Tuna sales (canned and loin) in US dollar term rose 4.0% YoY and 7.2% QoQ respectively during the quarter. Meanwhile, sales volume (ton) was flat from the same period last year but up 5.9% from last quarter. The average selling prices have been adjusted upward to compensate for the surging operating expenses caused by the rising input costs. The key reason for the sales increase from last quarter was due to the fact that Q3 was typically the peak season. Sales for 9M'06 was up 3.5% YoY. So far, exports to the EU, Africa and South America have been promising this year.

Our canned tuna export sales to the US and sales from US subsidiary COSI remained stable from last year and last quarter. Negative publicity in the US on mercury scare in seafood limited the growth prospect in the short term. However, given the recent victory in the court by the US tuna industry and positive studies from highly creditable organizations proving that the benefits of consuming seafood outweigh the risks of not taking it, consumer's confidence in seafood should be regained soon, leading to higher consumption.

The average price of frozen whole round skipjack tuna (Bangkok landings/WPO) in Q3'06 (US\$905/metric ton) was only slightly higher than that of last quarter (US\$900/metric ton), but was actually lower than a year ago (US\$948/metric ton). Prices moved in the same direction with that of the Eastern Pacific Ocean (EPO), though the prices in WPO were generally lower than those in EPO. The normal catching situation and the easing cost pressure from the declining oil prices might have been the culprit. Typically, fuel is a major cost burden for fishermen. We witnessed some slight price weakness in October partly thanks to the normal seasonal factor, but we don't foresee the fish price to drop significantly from the current level.

- Shrimp sales in dollar term rose by 2.8% YoY and 21.4% QoQ to US\$84.4 m while volume down by 12.6% YoY but up 19.0% QoQ to 9,843 tons during the quarter. This was primarily owing to shipments of more value-added products which allowed better selling prices and margins. During Q3'05, we reported a record shipment volume after a sluggish first half in 2005, though the selling prices were then lower than the present level. Sales and operating performance at Empress and Thai plants continued to improve and were profitable.

With respect to domestic prices, the wholesale price of white shrimp (60 counts / kg) gradually moved up from Bt110 in June to Bt122 in September. The surge was partly due to the consistent demand in the market and the floods in the central region of Thailand where some shrimp farms were affected. In this quarter, the average price was Bt118/kg, compared with Bt131 a year ago. The higher price last year was due to the news of Thailand being granted a new GSP privilege on shrimp imports in to the EU. Thailand will enter its winter/cooler season in next few months when shrimp farming activities will be much reduced. We therefore expect shrimp prices to increase continually.

Cost of goods sold in Q3'06 was 83.6% of sales, up slightly from 83.4% in Q3'05, but down considerably from 85.5% in Q2'06. In other words, the gross margin in the quarter was 16.4%, up from 14.5% in the previous quarter. The margin was enhanced mainly due to active internal cost controls which focused on yield improvement and waste elimination through improving labor productivity, a stable Thai baht and more shipment of higher margin products. Meanwhile, fish cost has been stable thanks to a steady supply and possibly weaker oil prices.

- SG&A expenses were Bt1,439 m or 9.8% of sales in Q3'06, which was lower than Bt1,591 m (11.0% of sales) in Q3'05 but trivially higher than Bt1,435 m (10.9% of sales) reported in Q2'06. During the quarter, a one-off charge of Bt43 million, as a result of an earlier M&A effort, was booked. We are not expecting any significant charge of a similar nature to be booked within the rest of the year. As a result, the YoY decline (as % of sales) was primarily a positive result of active cost reduction efforts in Thai plants.

- FOREX gain (realized and unrealized) from current dollar-denominated assets and currency forward contracts for the quarter was Bt48 m, which was considered normal given the size of our operations. This was largely in line with 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 Bt37.61/USD in Q3'06 vs. Bt38.04/US\$ in Q2'06 and Bt41.29 in Q3'05.

- Equity income from associated companies in Q3'06 was Bt4.0 m, which was lower than a year ago (Bt11.9 m).

- Other incomes (including a FX gain of Bt48 m) in Q3'06 were Bt109 m, higher than Bt69 m in Q2'06 and Bt76 m in Q3'05.

- Corporate income tax of Q3'06 was Bt107 m, representing an effective tax rate of 11.8%. The effective tax rate for 9M'06 was therefore estimated at 8.7%.

- Net income for Q3'06 was Bt678 m, up 2.8% YoY and 97.7% QoQ. Net margin was 4.63%, higher than 4.54% in Q3'05 and 2.60% in Q2'06. Quarterly EPS was Bt0.78.

- Inventory turnover period was 92 days in Q3'06, a small improvement from 96 days in Q2'06. We are committed to streamlining our inventories at our group level to improve our return on assets and reduce interest burden.

- Account receivables turnover period was 34 days in Q3'06, slightly less than 37 days in Q2'06.

- Debt-to-Equity ratio dropped marginally to 0.72x in Q3'06 from 0.74x in Q2'06, thanks to a shorter cash cycle during the period.

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 contributed by its own brands.

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)

	9M'06	2005	2004	2003
Net Profit	1,453.1	2,082.4	1,932.9	2,279.3
Depreciation & Amortization	636.1	820.3	710.7	607.0
Net Cash from Operating Activities	644.6	1,773.2	760.3	2,865.8
Net Cash from Investing Activities	(847.7)	(1,018.1)	(1,540.1)	(1,710.9)
Net Cash from Financing Activities	(310.6)	(424.4)	819.5	(1,161.1)
Effect of FX change on cash and cash equivalents	384.2	(175.8)	14.8	62.3
Net Inc/(Dec) in Cash	(129.5)	113.9	54.6	56.1

BALANCE SHEET (Bt million)

	Q3'06	2005	2004	2003
Current Assets	19,376.2	18,803.2	15,943.3	13,792.5
Investment	314.8	327.2	250.7	229.0
Fixed & Other Assets	7,986.5	7,863.4	7,756.2	6,665.1
Total Assets	27,677.5	26,993.8	23,950.2	20,686.6
Current Liabilities	10,007.9	10,119.4	8,451.7	6,259.9
Non-Current Liabilities	4,167.4	4,054.2	3,665.4	3,526.7
Total Liabilities	14,175.3	14,173.6	12,117.1	9,786.6
Minorities' Interests	1,327.8	1,124.9	1,127.4	963.4
Shareholders' Equity	12,174.4	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%

** as of par 1 baht * as of par 5 baht

