



Thai Union Frozen Products

TUF

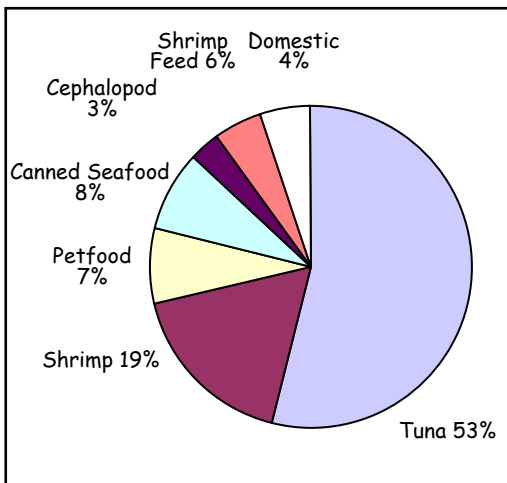
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Feb. 23, 2006

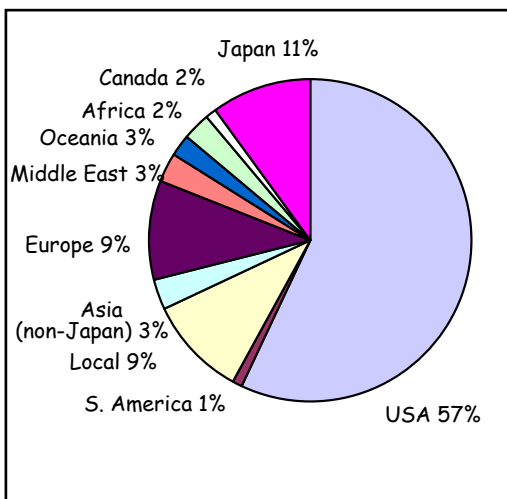
Increase/(decrease)	YOY Q4'05	YOY 2005
• Net profit	(14%)	8%
• Baht sales	15%	15%
• Dollar sales	13%	15%
• Volume sales	11%	11%
• Debt-to-Equity ratio: 0.75x		
• Q4'2005 EBITDA: Bt850.6 m		
• 2005 EBITDA: Bt3,774.9 m		

Exch. Rate as of Dec 30'05: Bt41.03/USD
Avg. Exch. Rate for Q4'05: Bt40.92/USD
Avg. Exch. Rate for Q4'04: Bt40.09/USD
Avg. Exch. Rate for 2005: Bt40.32/USD
Avg. Exch. Rate for 2004: Bt40.34/USD
No. of shares for Q4'05: 869.3 m
W.A. no. of shares 2005: 866.8 m

2005 Sales Breakdown by Product



2005 Sales Breakdown by Market



2005 is an improvement from the challenging 2004 despite the continual presence of a host of negative factors, such as US anti-dumping and customs bond requirement, etc. With consolidated sales increased by almost 15% to US\$1,330 m, net profit was up 8% to Bt2,082 m. EBITDA jumped by 20.5% YoY while gross and operating margins all improved from a year ago. However, higher interest expenses (due to the rising interest rates) and taxes (due to improved profitability at our US subs.) put a slight dent on the net margin.

Q4'05 review: Sales grew 15.2% YoY to reach Bt14,044 m (US\$343.5 m) but net profit dropped 13.9% YoY to Bt452.7 m. This drop is mainly led by weaker shrimp operations and higher overhead as a result of pilot production of new products plus additional legal, M&A and interest expenses. Consolidated sales were down 3.2% QoQ.

Tuna, seafood, feed and domestic sales showing growth Dollar sales of tuna, canned seafood, shrimp feed and domestic sales showed YoY growth (21.4%, 8%, 12.3 and 21.4% respectively) during 4Q05.

PERFORMANCE (Bt million)				
Consolidated	2005	%	2004	%
Sales	53,643.5	100.00	46,751.0	100.00
Cost of goods sold	45,317.0	84.48	39,580.9	84.66
Gross profit	8,326.5	15.52	7,170.1	15.34
SG & A	5,745.4	10.71	5,007.9	10.71
Forex loss	-	-	37.1	0.08
Operating profit	2,581.1	4.81	2,125.2	4.55
Interest income	3.5	0.01	4.0	0.01
Equity income from associates	34.6	0.06	37.8	0.08
Other income	335.4	0.63	255.2	0.55
EBIT	2,954.6	5.51	2,422.2	5.19
Interest expenses	360.5	0.67	219.9	0.47
Income tax / (credit)	282.2	0.53	(9.0)	(0.02)
Net income before MI	2,311.9	4.31	2,211.3	4.74
Minority interests	229.5	0.43	278.4	0.60
Net Profit	2,082.4	3.88	1,932.9	4.14
Earnings per share (Bt)	2.40		2.24	

EBITDA			
	2005	2004	2003
EBITDA (Bt m)	3,775	3,133	3,683
EBITDA (US\$ m)	94	78	89
Avg. exch. rate	40.32	40.34	41.46

Higher costs - short term Higher overhead caused by pilot production of new products at various subsidiaries have temporarily dampened the margins during the quarter. Additional legal and administrative expenses in preparation for AD filing and certain M&A projects have also added to more SG&A expenses. After all, all of these activities tend not to occur frequently. We therefore expect the margins should recover in 2006 and return to our typical ranges.

Continually improving performance at COSI Focused marketing campaigns and proactive cost savings schemes continued to show results at COSI, bringing it with another profitable quarter where sales value surged by 28.6% YoY and volume (ton) up 20.8% YoY, partially thanks to the price adjustments since last year. To carry on this momentum, COSI is planning to introduce a series of new products to boost its sales and margins in 2006.

Improved EBITDA but more taxes and interest expenses EBITDA in 2005 jumped 20.5% YoY as operating margins generally improved. Nevertheless, improved profitability at US subs. (subject to higher tax rates than in Thailand) and the rising interest rate (majority of the group's debts are short-term for financing working capital) have both added more taxes and interest expenses than a year ago.

Recent Developments:

Thai-Japan FTA & EU GSP Through Thai-Japan FTA negotiation, Japan would allow Thai packers to enjoy duty-free privilege as long as their tuna are caught by Thai-registered fishing boats. Meanwhile, since January 1, Thai canned tuna exports to the EU would enjoy a lower duty (reduced from 24% to 20.5%) as long as the rule of origin requirement (similar to Thai-Japan FTA) is followed. These are positive developments for Thai tuna packers.

Best Thai Mid-Cap by Asiamoney's Best Managed Companies Poll (Dec05/ Jan 06 issue) Given our commitment to corporate governance, transparent management and proactive disclosure, investors and analysts have given their vote of confidence to TUF again - 9 years in a row.

QUARTERLY PERFORMANCE (Bt million)										
Consolidated	Q4'05	%	Q3'05	%	Q2'05	%	Q1'05	%	Q4'04	%
Sales	14,044.5	100.00	14,510.9	100.00	13,222.3	100.00	11,865.8	100.00	12,195.6	100.00
Cost of goods sold	12,058.2	85.86	12,104.7	83.42	11,216.9	84.83	9,937.2	83.75	10,351.2	84.88
Gross profit	1,986.3	14.14	2,406.2	16.58	2,005.4	15.17	1,928.6	16.25	1,844.4	15.12
SG & A	1,479.4	10.53	1,588.7	10.95	1,263.9	9.56	1,413.4	11.91	1,184.3	9.71
FOREX loss	7.3	0.05	3.5	0.02	26.0	0.20	-	-	39.7	0.33
Operating profit	499.6	3.56	814.0	5.61	715.5	5.41	515.2	4.34	620.4	5.08
Interest income	0.8	0.01	0.5	0.00	0.7	0.01	1.5	0.01	0.9	0.01
Equity income from associates	4.9	0.03	11.9	0.08	11.7	0.09	6.0	0.05	5.2	0.04
Other incomes	127.5	0.91	76.2	0.53	37.4	0.28	131.3	1.11	28.0	0.23
EBIT	632.8	4.51	902.8	6.22	765.3	5.80	654.0	5.51	654.5	5.36
Interest expenses	117.9	0.84	88.5	0.61	82.2	0.62	72.0	0.61	70.4	0.58
Income tax/ (Tax Credit)	42.5	0.30	99.5	0.69	94.9	0.72	45.4	0.38	(29.1)	(0.24)
Income before MI	472.4	3.36	714.8	4.92	588.2	4.44	536.6	4.52	613.2	5.02
Minority interests	19.7	0.14	55.6	0.38	89.8	0.68	64.5	0.54	87.4	0.72
Net Profit	452.7	3.22	659.2	4.54	498.4	3.77	472.1	3.98	525.8	4.30
Earnings per share (Bt)	0.52		0.76		0.58		0.55		0.61	
<i>(as of par 1 baht per share)</i>										

SHARE CAPITAL INFORMATION

PRICE (22/2/2006)	: Bt29.75
Historical price	: High 32.25 Low 16.80
No. of Share	: 869.30 m
Market Capitalization	: Bt25.9 bn (US\$655 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.

	2005	2004	2003
Current Ratio (X)	1.86	1.90	2.20
Gearing Ratio (X)*	1.11	1.02	0.90
Debt-to-Equity (X)**	0.75	0.73	0.61
Inventory Turnover(days)	90	90	95
Collection Period (days)	34	29	28
Payment Period (days)	17	16	20
GP Margin (%)	15.52	15.34	17.43
NP Margin (%)***	3.86	4.11	5.58
ROAE (%)	18.54	18.67	23.51
Times IR Earned (X)	8.20	11.02	21.73

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

**Debt-to-Equity Ratio

=Interest-Bearing Debts/ (Equity + MI)

***Net Margin = Net Profit/ Total Revenues

#un-annualized

Financial analysis

Consolidated quarterly sales in dollar term rose 12.9% YoY to US\$343.5 m from US\$304.2 m while sales in baht term increased by 15.2% YoY to Bt14,044 m from Bt12,196 m. In comparison with Q3'05, quarterly sales dropped by 2.3% in dollar term and 3.2% in baht term. During the quarter, the US dollar weakened slightly with the exchange rate averaging at Bt40.92/US\$, compared with Bt41.29/US\$ in 3Q05. Also, because of reduced supply of shrimp in Thailand in 4Q05, our shrimp export sales were obviously lower in comparison with the hectic 3Q05. However, most of the remaining products continued to register similar sales values from a quarter ago.

- Tuna sales (canned and loin) in US dollar term grew 21.4% YoY and 0.45% QoQ during the quarter. Meanwhile, sales volume (ton) was up 18.5% YoY and 4.2% QoQ respectively. The encouraging sales performance continued from 3Q05, which was the strongest quarter in 2005. Export sales from Thailand (primarily private label clients) continued to register growth from the previous quarter. In general, the average tuna raw material price in Q4'05 (US\$760/metric ton) was at about the same level a year ago (US\$763/metric ton). Nevertheless, this average price level also represented a drop from US\$948/metric ton in 3Q05. Despite all the fluctuations during the year, the average tuna price for 2005 was US\$871, not much different from US\$883 in 2004.

Canned tuna sales from COSI were US\$84.0 m during the quarter, up 32.3% YoY, but down 4.2% QoQ. Canned tuna sales accounted for 80.5% of the firm's total sales. Thanks to rejuvenated marketing initiatives and improved selling prices, this US subsidiary sparked a new life of growth in the past year and we expect this momentum to continue into 2006.

The price of frozen skipjack tuna (Bangkok landings/ WPO) moved in parallel with that of the Eastern Pacific Ocean (EPO) during the quarter, though the prices in WPO are generally lower than those of EPO. Thanks to stable supply around the world during the quarter, the tuna prices are essentially lower than the previous quarter regardless of the origins. However, with oil prices remaining at high levels and the approaching low catching season for the India Ocean in April, we expect the tuna prices to rebound seasonally in the coming months. Based on the WPO price in January (US\$780/metric ton), the tuna price was already on its way up and it should hit US\$900/metric ton soon.

- Shrimp sales in dollar term dropped by 3.8% YoY and 25.1% QoQ to US\$61.5 m while volume down by 9.5% YoY (down 32.3% QoQ) to 7,633 tons during the quarter. The poor performance was primarily caused by short shrimp supply in Thailand during the winter season - a low season for shrimp cultivation. Given the demand, the temporary short supply situation boosted the domestic shrimp prices in general.

Shrimp sales from Empress International were US\$44.6 m in Q4'05, up 20.9% YoY, but down 8.4% QoQ. Shrimp sales accounted for 79.5% of the US firm's total sales during the period.

With respect to domestic prices, the price of black tiger shrimp (40 counts/kg) was generally on an uptrend during the quarter, rising from Bt173/kg in September to Bt222/kg in December. Meanwhile, the price of white shrimp (60 counts/kg) also followed a similar, though less dramatic, pattern. The average for the quarter stayed at Bt142/kg, compared with the average of Bt131/kg in 3Q05. It further reached Bt145/kg in January. In addition to the seasonally low supply, the optimism (and possibly speculation on the prospect of higher demand due to the EU returning the GSP to Thai shrimp since September) also helped push the prices higher.

Cost of goods sold in Q4'05 was 85.86% of sales, up from 84.88% in Q4'04 and 83.42% in Q3'05. In other words, gross margin in the quarter was 14.14%,

down from 16.58% in the previous quarter. The lower margin is primarily caused by: 1) a poorer shrimp performance where costs were increased due to temporary short domestic supply; and 2) extra setup costs due to pilot production of a few new pet food and feed products.

- SG&A expenses were Bt1,479.4 m or 10.53% of sales in Q4'05, which was higher than Bt1,184.3 m (9.71% of sales) in Q4'04, but lower than Bt1,588.7 m (10.95% of sales) reported in Q3'05. The YoY surge (as % of sales) is the result of a combination of higher sales, extra legal fees for preparing the annual AD review and M&A related expenses.

- FOREX loss (realized and unrealized) from current dollar-denominated assets and currency forward contracts for the quarter was only Bt7.3 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 Bt40.92/USD in 4Q05 vs. Bt41.29/US\$ in Q3'05. The exchange rate was Bt40.09 in 4Q04. Currently, Thai baht stabilized at the Bt39.3-39.5/USD range.

- Equity income from associated companies in Q4'05 was Bt4.9 m, which was at about the same level a year ago (Bt5.2m).

- Other incomes in Q4'05 were Bt127.5 m, compared with Bt28.0 m in Q4'04. Other incomes largely included tax coupon received (Bt16.8 m), inventory claim (Bt17.9 m), gain on sale of assets (Bt8.7 m) and other incomes (Bt83.4 m).

- Corporate income tax of Q4'05 was Bt43 m, representing an effective tax rate of 8.3%, compared with the 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, high profitability at US subs. leads to higher effective tax rates.

- Net income for Q4'05 was Bt452.6 m, down 13.9% YoY and 31.3% QoQ. Net margin was 3.22%, lower than 4.13% in Q4'04 and 4.54% in Q3'05. Poorer than expected shrimp operation and temporarily higher overhead due to pilot runs of new products plus extra legal & M&A expenses are the causes for the decline. Quarterly EPS was Bt0.52.

- Inventory turnover was 85 days in Q4'05, with the average of 90 days for 2005. Generally, the turnover rate has improved during the year.

- Account receivables turnover rate was 37 days in Q4'05, compared with 37 days in Q3'05, with the average for 2005 at 34 days.

- Debt-to-Equity ratio was stable at 0.75x in Q4'05, which was similar to Q3'05 as well Q4'04.

About TUF

Thai Union Frozen Products Public Company Limited was founded in 1988. Currently, it is the second largest

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)				
	2005	2004	2003	2002
Net Profit	2,082.4	1,932.9	2,279.3	1,549.0
Depreciation & Amortization	820.3	710.7	607.0	521.1
Net Cash from Operating Activities	1,732.2	760.3	2,865.8	2,983.0
Net Cash from Investing Activities	(1,018.1)	(1,540.1)	(1,710.9)	(706.5)
Net Cash from Financing Activities	(424.4)	819.5	(1,161.1)	(2,699.6)
Effect of FX change on cash and cash equivalents	(175.8)	14.8	62.3	47.5
Net Inc/(Dec) in Cash	113.9	54.6	56.1	(375.5)

BALANCE SHEET (Bt million)				
	2005	2004	2003	2002
Current Assets	18,803.2	15,943.3	13,792.5	11,999.7
Investment	327.2	250.7	229.0	204.4
Fixed & Other Assets	7,863.4	7,756.2	6,665.1	5,784.0
Total Assets	26,993.8	23,950.2	20,686.6	17,988.1
Current Liabilities	10,119.4	8,451.7	6,259.9	7,524.5
Non-Current Liabilities	4,054.2	3,665.4	3,526.7	164.6
Total Liabilities	14,173.6	12,117.1	9,786.6	7,689.1
Minorities' Interests	1,124.9	1,127.4	963.4	847.9
Total Equity	11,695.3	10,705.7	9,936.6	9,451.1

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
<i>Dividend payout ratio</i>	<i>50%</i>	<i>70%</i>	<i>70%</i>	<i>71%</i>	<i>61%</i>	<i>50%</i>	<i>49%</i>	<i>48%</i>	<i>51%</i>	<i>58%</i>

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