



Thai Union Frozen Products

TUF

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Increase/(decrease)	YOY Q4'07	YOY 2007
• Net profit	(13%)	(4%)
• Baht sales	13%	1%
• Dollar sales	22%	11%
• Debt-to-Equity ratio: 0.97x		
• Q4'2007 EBITDA: Bt 980.7 m		
• 2007 EBITDA: Bt 3,828.7 m		

Exch. Rate as of Dec
28'07: Bt33.72/USD

Avg. Exch. Rate for Q4'07: Bt33.85/USD

Avg. Exch. Rate for Q4'06: Bt36.36/USD

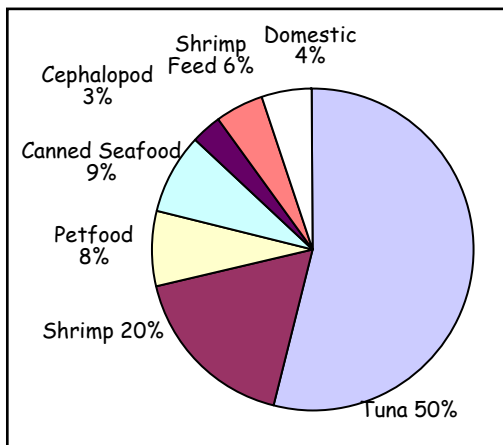
Avg. Exch. Rate for 2007: Bt34.43/USD

Avg. Exch. Rate for 2006: Bt37.76/USD

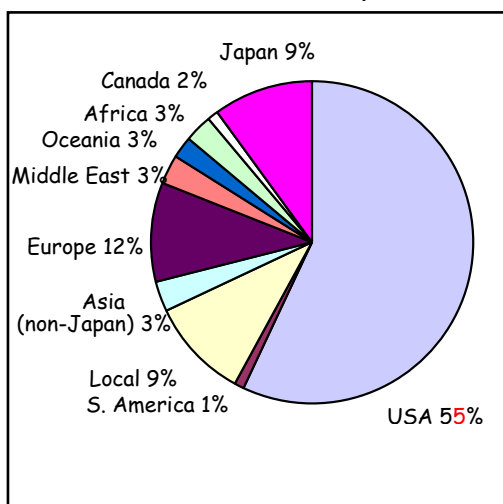
No. of shares for Q4'07: 878.79 m

W.A. no. of shares 2007: 876.4 m

2007 Sales Breakdown by Product



2007 Sales Breakdown by Market



2007 could be seen as the most challenging year on our record. Despite the benefits of the declining trend of interest rates here and in the US, unfavorable operating environment caused by the endlessly strengthening Thai baht and increased costs (as a result of the record-high oil price) continued to worsen. More critically, the skipjack tuna raw material price (accounting for more than half of the production cost) rose furiously and set a new record during the year. Thanks to our persistent drive for cost reduction, market and product diversification, we remained profitable though with slightly depressed margins. Sales in dollar term grew 10.6% YoY to US\$ 1,612 m (but up merely 0.9% YoY in Thai baht term to Bt 55,507 m). Thai baht appreciated by 8.8% in 2007. Increased costs however depressed net profit and EBITDA by 4.1% YoY and 2.5% YoY respectively.

Q4'07 review: Sales in dollar term rose strongly by 21.5% YoY to US\$ 451 m (up 13.1% YoY in Thai baht term to Bt 15,254 m) but net profit dropped by 13.1% YoY to Bt 443 m. High raw material cost and strong Thai baht (vs. peers) trimmed the gross margin while higher tax expenses in our US operations further pushed down the net margin.

PERFORMANCE (Bt million)				
Consolidated	2007	%	2006	%
Sales	55,507.1	100.00	55,038.6	100.00
Cost of goods sold	47,931.6	86.35	46,604.5	84.68
Gross profit	7,575.5	13.65	8,434.1	15.32
SG & A	5,289.9	9.53	5,839.3	10.61
Forex loss	-	-	-	-
Operating profit	2,285.6	4.12	2,594.8	4.71
Interest income	18.3	0.03	6.5	0.01
Equity income from associates	4.9	0.01	18.0	0.03
Other income	541.8	0.98	381.3	0.69
EBIT	2,850.6	5.14	3,000.6	5.45
Interest expenses	580.0	1.04	608.4	1.11
Income tax / (credit)	262.9	0.47	133.3	0.24
Net income before MI	2,007.7	3.62	2,258.9	4.10
Minority interests	184.4	0.33	357.6	0.65
Net Profit	1,823.3	3.28	1,901.3	3.45
Earnings per share (Bt)	2.08		2.18	

*2006 result is restated to reflect several changes of Thai accounting standards (which are moving towards IFRS) since Jan 1, 2007

EBITDA			
	2007	2006	2005
EBITDA (Bt m)	3,829	3,927	3,775
EBITDA (US\$ m)	111	104	94
Avg. exch. rate	34.43	37.76	40.32

New investment: Vietnam-based Yueh Chyang Canned Foods (YCC):

In December the board approved to acquire a 51% stake of Yueh Chyang which is a leading canned seafood processor in Vietnam for US\$ 3.25 m through sub. Songkla Canning. The firm is located in Long-An province employing over 1,000 workers with a cold storage capacity up to 400 tons. Its three main products are pasteurized crabmeat, canned shellfish and tuna with the United States/Canada, the European Union and Asia as its major export markets. Though the firm's tuna processing capacity has been small, it just added a new plant last year. This will further add to the processing capacity of Thai Union Group. The main objective of this investment is to diversify the group's geographic manufacturing base as well as taking advantages of the low labor cost and the stable foreign exchange rate (which are critical to our cost competitiveness) in Vietnam.

Sales strong with other seafood and cephalopod posting higher growth rates Other seafood and cephalopod products continued to produce higher than average growth among other products in Q4'07. Dollar sales of other seafood grew 33.9% YoY and 31.0% in Q4'07 and 2007 respectively. Cephalopod sales were also up 25.4% YoY and 19.5% YoY in Q4'07 and 2007 respectively. Meanwhile, sales of tuna and shrimp products expanded each in line with the group's averages (21.5% YoY in Q4'07 and 10.6% YoY for 2007). Petfood sales were also strong in the 4th quarter but practically flat form last year on an annual base. Despite cost pressure on margins, our sales remained healthy in 2007, and particularly strong in the last quarter.

High fish cost and others squeezing margins As fish is the most significant component of the total product cost, the high tuna price (surging since Q2'07 and lasting through the rest of the year) kept our operating margins lower than normal. Operating margin dropped to 3.72% in Q4'07 while the average for the year was 4.12%. The high fish price is largely a result of poor catching around the world that did not also allow our newly acquired fishing business to contribute substantially to our bottom line in the short term. Moreover, the comparatively strong Thai baht (up 8.8% from 2006) made our pricing difficult, part of the cost increases could not be passed on to customers easily.

Increased debts - only short term. Short term debts increased by nearly Bt 2 billion in Q4'07 partly a result of preparation for a major campaign by our US subs. for the upcoming Lent in February that required building up enough inventories. Moreover, purchases of seafood raw materials by year end to meet sales orders on hand also help pushing up the inventories. All led to more short term borrowings and higher interest expenses in Q4'07 despite lower interest rates. We foresee our financial position to improve by the end of Q1'08 when inventories are shipped and pent-up orders are fulfilled

QUARTERLY PERFORMANCE (Bt million)										
Consolidated	Q4'07	%	Q3'07	%	Q2'07	%	Q1'07	%	Q4'06	%
Sales	15,253.6	100.00	13,723.6	100.00	13,728.4	100.00	12,801.5	100.00	13,495.6	100.00
Cost of goods sold	13,193.2	86.49	11,883.7	86.59	11,897.6	86.66	10,957.1	85.59	11,465.7	84.96
Gross profit	2,060.4	13.51	1,839.9	13.41	1,830.8	13.34	1,844.4	14.41	2,029.9	15.04
SG & A	1,492.8	9.79	1,229.6	8.96	1,286.1	9.37	1,294.0	10.11	1,359.7	10.08
FOREX loss	-	-	-	-	-	-	-	-	-	-
Operating profit	567.6	3.72	610.3	4.45	544.7	3.97	550.4	4.30	670.2	4.97
Interest income	5.6	0.04	3.2	0.02	7.0	0.05	2.4	0.01	4.0	0.03
Equity income from associates	-0.7	0.00	1.9	0.01	0.3	0.00	3.4	0.03	0.2	0.00
Other incomes	126.8	0.83	65.2	0.48	142.2	1.04	220.3	1.72	72.9	0.54
EBIT	699.3	4.58	680.6	4.96	694.2	5.06	776.5	6.06	747.3	5.54
Interest expenses	171.2	1.12	145.6	1.06	135.3	0.99	127.9	1.00	168.7	1.25
Income tax/ (Tax Credit)	56.3	0.37	58.7	0.43	80.8	0.59	67.1	0.52	(30)	(0.22)
Income before MI	471.8	3.09	476.3	3.47	478.1	3.48	581.5	4.54	608.6	4.51
Minority interests	28.8	0.19	53.9	0.39	47.9	0.35	53.8	0.42	98.8	0.73
Net Profit	443.0	2.90	422.4	3.08	430.2	3.13	527.7	4.12	509.8	3.78
Earnings per share (Bt)	0.50		0.48		0.49		0.60		0.58	

SHARE CAPITAL INFORMATION

PRICE (22/2/2007)	: Bt19.70
Historical price	: High 24.60
(last 6 months)	: Low 19.50
No. of Share	: 878.79 m
Market Capitalization	: Bt17.2 bn
	(US\$ 530 m)
Avg. Daily Trading Vol.	: 800,00
(local share only)	
Major Shareholder	: Chansiri Family
	25.40%

Date	Closing Price	P/E ratio
Dec 28, 07	22.50	10.82
Dec 29, 06	25.00	11.47
Dec 30, 05	30.50	12.71
Dec 30, 04	24.80	11.07
Dec 30, 03	31.00	11.70
Dec 27, 02	17.00	9.44

as of par 1 baht

#4,739,000 new shares were issued on July 2, 2007 upon exercise of share warrants previously issued to the company's employees under the employee share option 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 2008 is 5.2 million.

	2007	2006	2005
Current Ratio (X)	1.72	2.06	1.86
Gearing Ratio (X)*	1.30	0.95	1.11
Debt-to-Equity (X)**	0.97	0.66	0.75
Inventory Turnover(days)	105	93	90
Collection Period (days)	38	36	34
Payment Period (days)	19	17	17
GP Margin (%)	13.65	15.32	15.52
NP Margin (%)***	3.25	3.43	3.86
ROAE (%)	14.17	15.84	18.54
Times IR Earned (X)	4.92	4.93	8.20

*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 expanded strongly by as much as 21.5% YoY to US\$ 450.9 m from US\$ 371.0 m while sales in baht term increased by 13.1% YoY to Bt 15,254 m from Bt 13,496 m. In comparison with Q3'07, quarterly sales were up by 11.8% in dollar term and 11.0% in baht term. Thai baht was initially stable (though still stronger than peers' currencies), during the quarter but later strengthened in December. Thai baht on average appreciated by 6.9% YoY against US dollar from Q4'06.

Given its significant portion of the group's total sales, tuna products contributed substantially to the quarterly YoY sales growth while other canned seafood (e.g. sardine and pasteurized crab meat) and pet food also helped drive sales. Despite the tough business environment and competition, we managed to increase sales (in dollar term) of all export items, except that the performance of our products for the domestic market (shrimp feed and others) was not as strong as last year. However, despite the challenging business conditions, all of our US subs. reported better profits than 2006.

Tuna sales (canned and loin) in US dollar term jumped 24% YoY to US\$ 222.9 m during Q4'07. Compared with Q3'07, sales were also up by 17.1%. Meanwhile, the surge in sales value was contributed by increases in volume (ton) and selling prices (as a result of historic high skipjack tuna prices). Sales volume rose 9.6% YoY and 14.3% QoQ respectively. The record high tuna price, strong Thai baht and cost inflation (indirectly led by the global oil price hike) required us to adjust prices and cut costs constantly. Despite a challenging business environment, we managed to increase sales at an admirable rate. In 2007, yearly tuna sales increased by 11.5% YoY to US\$ 807.9 m while volume (ton) was up by 5.4% YoY. Sales growth was largely driven by Thai operations (export-oriented) which found the EU and African markets promising. Moreover, orders from the US market continued to grow.

The average tuna raw material price (frozen whole round skipjack, Bangkok landings/WPO) in Q4'07 was US\$ 1,462/metric ton, much higher than US\$ 928/metric ton a year ago, which was also slightly higher than US\$ 1,453/ metric ton in 3Q07. The price set its historic record in August. Poor catching in all oceans on top of the record oil price are the main culprits of this enormous increase. Despite this, fish prices in EPO moved largely in the same direction with those in WPO. Tuna prices experienced a sharp hike in 2007 with the average price at US\$ 1,278/ metric ton vs. US\$ 910/ metric ton in 2006. Currently, tuna prices stayed at US\$ 1,400-1500/ metric ton.

- Shrimp sales in dollar term surged by 17.1% YoY (and up by 9.3% QoQ) to US\$ 94.8 m while volume was up by 16.7% YoY (and 7.2% QoQ) to 10,520 tons during the quarter. In the past year, shrimp sales in dollar term rose 8.9% YoY while volume was up by 5.7% YoY. Quarterly, as well as annual, shrimp sales growth was mainly driven by the rapid expansion of Chicken of the Sea Frozen Foods' (COSFF) distribution network and continual sales growth out of our export-oriented operations in Thailand. Both subsidiaries (Empress and COSFF) were profitable with higher profits than the previous year.

The US Department of Commerce just completed the second annual anti-dumping (AD) duty review of Thai shrimp exporters, including TUF, in January 2008. The preliminary result, which we target a lower rate, should be known as soon as late February 2008. According to Thai Customs Department's statistics, frozen shrimp exports continued to grow in 2007 with value (in dollar term) and volume were up 9.4% YoY and 9.6% YoY respectively. The strong Thai baht and the global glut will continue to exert pressure on the demand for Thai shrimp. The free agreement between Thailand and Japan (JTEPA) is seen as one of the near term solutions for Thai processors.

With respect to domestic prices, the wholesale price of white shrimp (60 counts/ kg) recovered to Bt 126 in last December (from Bt 110 in last September) thanks to the winter season when shrimp harvest/supply is normally limited. So far, the prices remained stable going into 2008. The

- Cost of goods sold in Q4'07 was 86.49%, up from 84.96% in Q4'06 but up from 86.59% in Q3'07. The quarterly gross margin (13.51%) was lower than a year ago while at a similar level from Q3'07. The YoY decline was mainly caused by: 1) the high tuna price; 2) strong Thai baht; and 3) increase in other operating expenses; and 4) increased competition in higher margin products. The overall gross margin in 2007 was 13.65%, down from 15.32% in the previous year.

- SG&A expenses amounted to Bt 1,492.8 m or 9.79% of sales in Q4'07, which was higher than Bt 1,359.7 m (10.08% of sales) in Q4'06 and Bt 1,229.6 m (8.96% of sales) in Q3'07. Increased promotional expenses for the domestic market and higher administrative expenses temporarily raised the amount. However, on an annual basis, this area has been well under control. The ratio (SG&A as % of sales) improved by more than 100 basis points from the previous year thanks to lower transportation and advertising/promotional expenses and absence of M&A-related expenses.

- FOREX gain (realized and unrealized) from current dollar-denominated assets/ liabilities and currency forward contracts for the quarter was Bt 40.0 m. Thai Baht has been stable against US dollar through the quarter with an average at Bt 33.85/USD, representing minimal appreciation from a quarter ago. However, a late surge of Thai baht in December allowed us to book a higher FX gain than a quarter ago. Due to the persistent upward trend of Thai baht, we fully hedged our Thai baht exposure now. Thai baht strengthened by 6.5% in 2007.

- Equity income from associated companies in Q4'07 was a small loss (-Bt 0.7 m), which was lower than a year ago (Bt 0.2 m).

- Other incomes in Q4'07 were Bt 126.8 m, higher than Bt 72.9 m a year ago. The amount (ex. interest income) for the year was Bt 541.8 m, partly thanks to more FX gains due to baht appreciation.

- Interest expenses in Q4'07 were Bt 171.2 m, up from Bt 145.6 m in Q3'07. However, the avg. effective interest rate dropped to 5.17% in the quarter.

- Corporate income tax of Q4'07 was Bt 56.3 m, compared with Bt 30.3 m of tax credit (reversal of tax provision in our US subsidiaries) in Q4'06. The effective tax rate for the year was 11.6% vs. 5.4% in 2006.

- Net income for Q4'07 was Bt 443.0 m, down 13.1% YoY, but up 4.9% QoQ. Net margin was 2.90%, lower than 3.78% in Q4'06 and 3.08% in Q3'07. Record high fish price was the culprit for the drop. Quarterly EPS was Bt 0.50. Net income for 2007 was Bt 1,823.3 m, down 4.1% from 2006. Despite this, all US subsidiaries reported higher profits from a year ago.

- Inventory turnover was 104 days in Q4'07, with the average of 105 days for 2007. Inventories were built for the Lent campaign in the US.

- Account receivables turnover rate was 35 days in Q4'07, compared with 37 days in Q3'07, with the average for 2007 at 38 days.

- Debt-to-Equity ratio rose to 0.97x in Q4'07 from 0.88x in Q3'07 due to more working capital loans needed for a higher level of inventory.

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 26,000. 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.

1998 Issued 10 m new shares for a private placement

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 US partners

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

2003 Acquired Empress International, a major US seafood importer/distributor

2004 Broke the US\$ 1 bn mark in sales

2005 Invested in Century Trading (Shanghai) - a JV to market branded canned tuna in China

2006 Set up Chicken of the Sea Frozen Food to market branded frozen seafood in US & acquired a 76.5% stake of Jui Fa Int. Food - an Indonesian tuna packer

2007 Started Thai Union Hatchery to develop shrimp brood stock & acquired an Indian Ocean-based tuna fishing fleet

2008 Bought 51% of Yueh Chyang Canned Foods - a Vietnamese based seafood processor

ANNUAL INCOME STATEMENT (Bt million)

Consolidated	2007	2006	2005	2004	2003
Sales	55,507.1	55,038.6	53,643.5	46,751.0	40,330.6
Cost of goods sold	47,931.6	46,604.5	45,317.0	39,580.9	33,299.4
Gross Profit	7,575.5	8,434.1	8,326.5	7,170.1	7,031.2
SG & A	5,289.9	5,839.3	5,745.4	5,007.9	4,488.1
Forex loss	-	-	-	37.1	-
Operating profit	2,285.6	2,594.8	2,581.1	2,125.2	2,543.1
Interest income	18.3	6.5	3.5	4.0	1.9
Equity incomes -associated	4.9	18.0	34.6	37.8	45.2
Other income	541.8	381.3	335.4	255.2	454.8
EBIT	2,850.6	3,000.6	2,954.6	2,422.2	3,045.0
Interest expenses	580.0	608.4	360.5	219.9	140.1
Income tax	262.9	133.3	282.2	(9.0)	358.5
Income before minority interests	2,007.7	2,258.9	2,311.9	2,211.3	2,546.4
Minority interests	184.4	357.6	229.5	278.4	267.1
Net profit	1,823.3	1,901.3	2,082.4	1,932.9	2,279.3
Earnings per share (Bt)	2.08	2.18	2.40	2.24	2.65

NET CASHFLOW (Bt million)

	2007	2006	2005	2004
Net Profit	1,823.3	1,901.3	2,082.4	1,932.9
Depreciation & Amortization	978.1	912.8	820.3	710.7
Net Cash from Operating Activities	(1,633.7)	1,485.5	1,732.2	760.3
Net Cash from Investing Activities	(2,472.3)	(1,478.8)	(1,018.1)	(1,540.1)
Net Cash from Financing Activities	4,120.0	(705.6)	(424.4)	819.5
Effect of FX change on cash and cash equivalents	106.3	593.8	(175.8)	14.8
Net Inc/(Dec) in Cash	120.3	(105.1)	113.9	54.6

BALANCE SHEET (Bt million)

	2007	2006	2005	2004
Current Assets	23,497.1	18,435.8	18,803.2	15,943.3
Investment	346.4	314.4	327.2	250.7
Fixed & Other Assets	9,732.4	8,050.2	7,863.4	7,756.2
Total Assets	33,575.9	26,800.4	26,993.8	23,950.2
Current Liabilities	13,666.0	8,946.0	12,909.4	8,451.7
Non-Current Liabilities	5,340.2	4,086.5	1,264.2	3,665.4
Total Liabilities	19,006.2	13,032.5	14,173.6	12,117.1
Minorities' Interests	1,483.7	1,454.9	1,124.9	1,127.4
Shareholders' Equity	13,086.0	12,313.0	11,695.3	10,705.7

CONSOLIDATED ANNUAL RESULTS

	2007	2006	2006	2005	2004	2003	2002	2001	2000	1999
Net Profit (Bt m)	1,823.3	1,901.3	1,960.6	2,082.4	1,932.9	2,279.3	1,549.0	1,505.6	1,524.8	1,762.4
Earning per share[EPS](Bt)	2.08**	2.18**	2.25**	2.40**	2.24**	2.65**	1.80**	2.01**	10.18*	24.56
Dividend per share (Bt)	1.04	1.13	1.13	1.20	1.56	1.85	1.27	1.23	5.10	12.00
<i>Dividend payout ratio</i>	<i>50%</i>	<i>50%</i>	<i>50%</i>	<i>50%</i>	<i>70%</i>	<i>70%</i>	<i>71%</i>	<i>61%</i>	<i>50%</i>	<i>49%</i>

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