

Thai Union Group

Thai Union Group
Public Company Limited

TU

Bloomberg TU TB
Reuters TU.BK

innovest^x
A Subsidiary of SCBX Group

Preview 3Q24F: Moderate growth

3Q24 core profit is expected at Bt1.53bn, +2% YoY off higher equity income amid stable EBIT (higher sales offset by weaker EBIT margin) and +6% QoQ on seasonality. TU keeps its 2024F guidance on sales growth of 4-5% YoY, gross margin at 18-18.5% and SG&A/sales at 12-12.5%, based on its positive view on sales and margin YoY in 4Q24F. If it makes a change in guidance, it would be on sales, lowering growth slightly to reflect a lower tuna selling price, stronger THB and the US strike that is closing ports (no impact so far). We expect 4Q24F core earnings to be flat QoQ on seasonality but up YoY on better ambient & pet care sales and margin and equity income. We maintain Outperform with a mid-2025 TP of Bt18, based on 16x PE (10-year PE).

Expect 3Q24F net profit of Bt1.29bn, +7% YoY and +6% QoQ. Excluding Bt240mn FX loss, 3Q24F core profit will be Bt1.53bn, up 2% YoY as better sales and gross margin plus higher equity income offset higher SG&A/sales, interest and tax expenses; we expect growth of 6% QoQ on seasonality. The results will be released on Nov 6.

3Q24F highlights. Sales are expected to grow 4% YoY, with better sales in the ambient and pet care units making up for lower sales at the frozen unit (weak food service demand and partly from downsizing in low-margin business in the US). Gross margin will widen to 19% (+60bps YoY and +50bps QoQ) on a wider margin in the pet care unit (up YoY) from better sales and product mix, and the frozen unit (up QoQ) from more high-margin products and the ambient unit (stable QoQ) with lower tuna prices balancing costs. SG&A/sales is anticipated to jump to 13.3% (+140bps YoY and +30bps QoQ) on a rise in marketing and logistics expenses and in advisory expenses from the business restructure. Equity income will rise to Bt366mn (vs -Bt234mn in 3Q23) from better contribution from Avanti and the absence of Red Lobster after adjusting fair value of its investment in Red Lobster to zero at end-4Q23 (zero in 3Q24 vs -Bt496mn equity income and -Bt135mn net contribution from Red Lobster in 3Q23).

4Q24TD situation. Tuna price. Spot skipjack tuna price fell 21% MoM to a 3-year low at US\$1,250/ton in August from US\$1,580/ton in July, as abnormally good catches pulled price below fishery breakeven costs. Price rose 12% MoM to US\$1,400/ton in September from lower catches. In 2024, TU revised down its view on 2024F spot skipjack tuna price to US\$1,400-1,500/ton from US\$1,600/ton estimated in early 2024 (vs US\$1,407/ton in 9M24 and US\$1,784/ton in 2023). With tuna price low, TU expects to have more room to invest in marketing to raise branded sales volume. It does not expect any impact on OEM orders as tuna price was volatile for a short time only. Based on recent tuna price, TU is optimistic on 4Q24F sales in terms of price and sales volume YoY. US east coast port strike. Port workers in the US east coast began a strike on October 1, on the issues of a wage increase and job security from the use of more automation. On October 3, port workers and port operators have reached a tentative deal that immediately ended a three-day strike, and they would extend their master contract until January 15, 2025, to return to the bargaining table to negotiate all issues. TU's sales passing the US east coast accounted for 35% of its sales in the US (or 15% of consolidated sales). TU estimates that no impact can be seen yet. However, if this issue is resumed or is prolonged in the future, it may affect TU's sales recognition, with some delays from longer lead time if they switch shipments to the west coast from the east, with limited impact on freight rate (70% of its sales are in priced FOB).

Key risks: Inflationary pressure and THB appreciation. Key ESG risks are GHG emission, waste & water management (E), customer welfare, product quality management, health & safety policies (S).

Forecasts and valuation

Year to 31 Dec	Unit	2022	2023	2024F	2025F	2026F
Revenue	(Btmn)	155,586	136,153	140,619	144,094	147,677
EBITDA	(Btmn)	14,119	11,943	13,176	13,853	14,634
Core profit	(Btmn)	7,123	4,796	5,602	6,193	6,793
Reported profit	(Btmn)	7,138	(13,933)	5,631	6,193	6,793
Core EPS	(Bt)	1.47	0.99	1.18	1.32	1.46
DPS	(Bt)	0.84	0.54	0.70	0.75	0.80
P/E, core	(x)	10.2	15.1	12.7	11.3	10.3
EPS growth, core	(%)	(4.8)	(32.2)	18.8	12.0	10.2
P/BV, core	(x)	0.8	1.0	1.0	0.9	0.9
ROE	(%)	9.5	6.2	8.3	8.8	9.2
Dividend yield	(%)	5.6	3.6	4.7	5.0	5.3
EV/EBITDA	(x)	8.3	10.0	8.9	8.3	7.7

Source: InnovestX Research

See the end of this report for disclaimer

Tactical: OUTPERFORM (3-month)

Stock data

Last close (Sep 5) (Bt)	15.00
Target price (Bt)	18.00
Mkt cap (Btbn)	66.83
12-m high / low (Bt)	16 / 13
Avg. daily 6m (US\$m)	8.34
Foreign limit / actual (%)	45 / 26
Free float (%)	68.8
Outstanding Short Position (%)	0.50

Share price performance

(%)	1M	3M	12M
Absolute	(3.2)	1.4	5.6
Relative to SET	(8.4)	(8.6)	6.3

INVX core earnings vs consensus

Earnings vs consensus	2024F	2025F
Consensus (Bt mn)	5,663	6,373
INVX vs Consensus (%)	(0.6)	(2.8)

Earnings momentum	YoY	QoQ
INVX 3Q24 core earnings	up	up

2023 Sustainability/2022 ESG Score

SET ESG Ratings	n.a.
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Bloomberg ESG Score and Rank in the sector

ESG Score and Rank	3.13	3/57
Environmental Score and Rank	3.90	3/57
Social Score and Rank	1.52	4/57
Governance Score and Rank	4.01	8/57

Source: SET, InnovestX Research, Bloomberg Finance L.P.

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Value proposition

Thai Union Group (TU) is one of the world’s leading seafood producers and is the largest producer of shelf-stable tuna products. Its global brand portfolio includes market-leading international brands such as Chicken of the Sea, John West, Petit Navire, Parmentier, Mareblu, King Oscar, and Rügen Fisch and leading Thai brands SEALECT, Fisho, Qfresh, Monori, Bellotta and Marvo.

Of 2023 sales, 47% came from the ambient seafood unit, 35% from the frozen & chilled seafood unit, 11% from the pet care unit and 7% from the value-added and other units. Of 2023 sales, 60% came from OEM, and 40% from branded businesses. Of 2023 sales, 41% came from the US, 30% from Europe, 12% from Thailand and 17% from others.

Business outlook

TU keeps its 2024F targets of sales growth of 4-5% YoY, gross margin of 18-18.5%, and SG&A/sales of 12-12.5%. Any change in its guidance would likely come in terms of sales, with growth slightly lower than expected on a lower tuna selling price, stronger THB and the US port strike (no impact so far). EBIT margin is expected to be relatively unchanged.

On Jan 16, TU’s board of directors announced that it is working to exit the investment in Red Lobster, in which it became a strategic partner and minority investor in 2016. Behind this is the prolonged red ink contribution as the restaurant chain was hit by the COVID-19 pandemic and higher interest rates, raw material and labor costs. It also notes that Red Lobster’s ongoing financial requirements no longer align with TU’s capital allocation priorities. As it explores available exit options, it recorded a one-time Bt18.5bn non-cash impairment charge in 4Q23. On an accounting basis, TU’s conservative approach by adjusting the fair value of its investment in Red Lobster to zero at end-4Q23 means it will no longer have to record anything related to Red Lobster from 1Q24 (vs -Bt167mn contribution in 2023; -Bt1.2bn equity income and Bt1bn tax credit). On May 20, Red Lobster filed for Chapter 11 bankruptcy protection, continuing the process of finding a buyer. TU assures there was business transparency and verifiability in its past transactions with Red Lobster on an arm’s-length basis. TU views that filing for Chapter 11 bankruptcy protection will help hasten the selling process, with progress expected in 2H24F. TU conservatively assumes no gain from the sale.

Bullish views	Bearish views
1. Sales boosted by weakening of the THB against the US\$ in 4Q24F from current level, if BoT cuts policy rate in 4Q24F	1. Sales hit by strong THB against the US\$ (without a cut in policy rate by the BoT) and longer ocean shipment time from a prolonged US east coast port strike in 4Q24F
2. Strong ambient seafood sales amid a weak global economy	2. Low frozen seafood sales on a weak global economy
3. Wider margin from low tuna price for the branded business (3-12-month price contract), raising room to invest in marketing to raise sales volume	3. Volatile margin and sales volume, notably in OEM business (2-3-month price contract) if spot skipjack tuna price continues to be volatile (as in August)

Key catalysts

Factor	Event	Impact	Comment
3Q24F core earnings	Better sales & margin, without Red Lobster loss contribution	Up YoY and QoQ	3Q24F core profit will be Bt1.53bn, +2% YoY and +6% QoQ. The slight YoY rise comes on better sales and gross margin and higher equity income that will offset higher SG&A/sales, interest and tax expenses. The rise QoQ reflects seasonality. There will be nothing recorded from Red Lobster in 3Q24 (vs -Bt496mn equity income, and -Bt135mn net contribution in 3Q23).
4Q24F core earnings	Better sales & margin, without Red Lobster loss contribution	Up YoY but flat QoQ	We expect 4Q24F core earnings to be flat QoQ on seasonality but up YoY on a better ambient and pet care sales and margin and higher equity income without loss from Red Lobster (vs -Bt552mn equity income and -Bt249mn net contribution in 4Q23).

Sensitivity Analysis

Factor	Earnings impact	TP impact
The weakening of 1THB/US\$ (after hedging)	3%	Bt0.5-1/share

Our view on ESG

Key ESG risks are GHG emission, waste & water management (E), customer welfare, product quality management, health & safety policies (S). On environmental issue, we view that TU showed 2023 positive development from last year on providing LT and MT commitments on key environment issues to match with sector’s leaders, with progress on track. On social issue, we view that TU showed 2023 significant development YoY on providing commitment with progress on key social issues to match with other industry’s leaders, with progress on track.

ESG Ratings and Indices

Bloomberg ESG Financial Materiality Score	3.13 (2022)
Rank in Sector	3/57

	CG Rating	DJSI	SETESG	SET ESG Ratings
TU	-	Yes	No	No

Source: Thai Institute of Directors and SET

Environmental Issue (E)

- TU has committed to net zero target by 2050, with a goal of reducing GHG (scope 1, 2 and 3) by 42% from 2021 base by 2030 (vs 15% reduction in scope 1 & 2 but 2% rise in scope 3 in 2023).
- By 2030, it aims for zero waste to landfill (vs 1/5 facilities in 2023), zero water discharge (vs 1/5 facilities in 2023) and zero food loss (vs 3/5 facilities in 2023).
- By 2030, it targets to divert 1,500 tons of ocean-bound plastic from waterways and oceans (vs 1% progress in 2023)
- By 2025, it targets products packaged sustainably by 100% branded products (vs 83% in 2023) and 60% private label products (targeted progress update in 2024).
- By 2030, TU sets Bt250mn budget for the protection and restoration of ecosystems where TU or its supply chain operates (vs 1% progress in 2023).
- We view that TU showed 2023 positive development from last year on providing LT and MT commitments on key environment issues to match with sector’s leaders, with progress on track.

Social Issue (S)

- By 2050, it targets responsible wild caught seafood by observer coverage by human or electronic monitoring system, and traceability (vs 90% and 100% progress in 2023).
- By 2030, it aims 100% farmed shrimps produced responsibly and traced back to farms (vs 71% and 100% in 2023), 100% shrimp feed (used in shrimp products supplied to TU) produced responsibly (progress updated in 2024), 100% aquatic farms and vessels sourced from safe and decent workplace (vs 71% in farms and 79% in tuna vessels in 2023).
- By 2030, it targets 100% branded ambient products meeting nutritional guidelines (vs 73% in 2023) and 100% new branded ambient products promoting health & wellness (progress updated in 2024).
- By 2030, it targets 50% of its management positions are held by women (vs 34% in 2023), with striving towards zero accidents & injuries across global operations.
- In 2023, its lost-time injury frequency rate per 1mn-manhour was 1.2 times (vs 1.7 times in 2022) and its employee turnover rate was 10% (vs 13% in 2022), both showing the sector’s low.
- We view that TU showed 2023 significant development YoY on providing commitment with progress on key social issues to match with other industry’s leaders, with progress on track.

Governance Issue (G)

- In 2023, TU’s board of directors consisted of 11 directors: 2 female members (18% of the entire board), 5 independent directors (46% of the entire board), and 7 non-executive directors (64% of the entire board). Lack of gender diversity might limit perspective variety in strategic decision.
- In 2023, Its chairman of board was not the highest-ranking executive, enhancing the effectiveness on business oversight.
- In 2023, it had corporate sustainability policy and report. Its sustainability disclosure aligned with guidelines from UN, TCFD, CDP, and GRI, leading peers.
- For insider trading issue, on April 1, 2022, SEC notified the insider trading of TU’s shares. Of total 9 persons named on insider trading, two, acted as TU’s directors and executives, resigned, effective on April 18, 2022. Regarding on TU’s preventive action afterwards, Corporate Governance Committee was assigned and a separate Securities Trading Policy for directors, executives and employees was established.

ESG Financial Materiality Score and Disclosure

	2022	2023
ESG Financial Materiality Score	3.13	—
Environment Financial Materiality Score	3.90	—
GHG Scope 1 (‘000 metric tonnes)	295	—
GHG Scope 2 Location-Based (‘000 metric tonnes)	181	—
GHG Scope 3 (‘000 metric tonnes)	3,555	—
Total Energy Consumption (‘000 MWh)	1,221	—
Renewable Energy Use (‘000 MWh)	104	—
Waste Recycled (‘000 metric tonnes)	25	—
Total Water Withdrawal (‘000 metric tonnes)	12,000	—
Social Financial Materiality Score	1.52	—
Quality Assurance and Recall Policy	Yes	No
Women in Workforce (%)	65.22	—
Lost Time Incident Rate (per 100 contractors)	0.32	—
Employee Turnover (%)	20.18	—
Employee Training Cost (Btm)	25.17	—
Employee Training (hours)	168,216	220,977
Governance Financial Materiality Score	4.01	—
Company Conducts Board Evaluations	Yes	Yes
Board Size (persons)	11	11
Number of Non Executive Directors on Board (persons)	6	7
Number of Board Meetings for the Year (persons)	8	8
Number of Female Executives (persons)	0	0
Number of Independent Directors (persons)	5	5

Source: Bloomberg Finance L.P.

Disclaimer

Bloomberg ESG Scores rate companies on their level of management of financially material industry-specific ESG issues. Bloomberg offers four financially material scores, for overall ESG, as well as Environmental, Social, and Governance. Values range from 0 to 10; 10 is best. To review the fully transparent methodology, see ESG Financial Materiality Score Model in Bloomberg.

Financial statement

Profit and Loss Statement

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total revenue	(Btmn)	126,275	132,402	141,048	155,586	136,153	140,619	144,094	147,677
Cost of goods sold	(Btmn)	(106,041)	(108,985)	(115,167)	(128,192)	(112,928)	(115,125)	(117,784)	(120,522)
Gross profit	(Btmn)	20,234	23,418	25,881	27,394	23,225	25,494	26,309	27,155
SG&A	(Btmn)	(14,327)	(15,596)	(17,366)	(19,070)	(16,313)	(17,577)	(17,868)	(18,090)
Other income	(Btmn)	1,812	1,928	1,881	1,471	840	942	965	989
Interest expense	(Btmn)	(2,056)	(1,724)	(1,730)	(1,998)	(2,302)	(2,500)	(2,444)	(2,474)
Pre-tax profit	(Btmn)	5,664	8,025	8,665	7,798	5,449	6,358	6,963	7,580
Corporate tax	(Btmn)	(676)	(724)	(795)	621	620	(381)	(418)	(455)
Equity a/c profits	(Btmn)	591	(527)	(145)	(1,030)	(540)	750	800	850
Minority interests	(Btmn)	(352)	(263)	(259)	(265)	(733)	(1,125)	(1,153)	(1,181)
Core profit	(Btmn)	5,227	6,511	7,467	7,123	4,796	5,602	6,193	6,793
Extra-ordinary items	(Btmn)	(1,412)	(264)	546	15	(18,730)	29	0	0
Net Profit	(Btmn)	3,816	6,246	8,013	7,138	(13,933)	5,631	6,193	6,793
EBITDA	(Btmn)	11,410	13,705	14,579	14,119	11,943	13,176	13,853	14,634
Core EPS (Bt)	(Btmn)	1.10	1.32	1.54	1.47	0.99	1.18	1.32	1.46
Net EPS (Bt)	(Bt)	0.80	1.26	1.66	1.47	(3.15)	1.19	1.32	1.46
DPS (Bt)	(Bt)	0.47	0.72	0.95	0.84	0.54	0.70	0.75	0.80

Balance Sheet (Btmn)

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total current assets	(Btmn)	59,547	60,465	74,863	87,625	85,829	85,940	87,498	88,883
Total fixed assets	(Btmn)	82,362	84,110	91,741	94,945	79,621	80,097	80,378	80,533
Total assets	(Btmn)	141,909	144,575	166,604	182,569	165,450	166,036	167,876	169,416
Total loans	(Btmn)	59,905	58,415	71,041	60,455	68,002	64,600	62,600	59,900
Total current liabilities	(Btmn)	35,808	44,013	48,081	36,824	50,473	32,768	40,485	36,818
Total long-term liabilities	(Btmn)	54,306	44,825	56,309	57,614	48,960	64,044	55,092	56,848
Total liabilities	(Btmn)	90,114	88,838	104,391	94,438	99,433	96,812	95,577	93,665
Paid-up capital	(Btmn)	1,193	1,193	1,193	1,193	1,164	1,164	1,164	1,164
Total equity	(Btmn)	51,795	55,737	62,213	88,131	66,017	69,224	72,299	75,751
BVPS (Bt)	(Bt)	10.85	11.82	13.36	18.93	14.60	15.42	16.23	17.00

Cash Flow Statement (Btmn)

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Core Profit	(Btmn)	5,227	6,511	7,467	7,123	4,796	5,602	6,193	6,793
Depreciation and amortization	(Btmn)	3,691	3,955	4,184	4,324	4,191	4,317	4,446	4,580
Operating cash flow	(Btmn)	11,755	13,432	6,292	5,871	11,241	9,126	9,733	10,440
Investing cash flow	(Btmn)	(4,485)	(3,736)	(8,104)	(5,415)	(6,579)	(2,832)	(4,728)	(4,735)
Financing cash flow	(Btmn)	(4,028)	(8,203)	4,583	2,742	(2,405)	(5,825)	(5,119)	(6,041)
Net cash flow	(Btmn)	3,242	1,597	2,737	3,218	2,248	469	(113)	(336)

Key Financial Ratios

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Gross margin	(%)	16.0	17.7	18.3	17.6	17.1	18.1	18.3	18.4
Operating margin	(%)	4.7	5.9	6.0	5.4	5.1	5.6	5.9	6.1
EBITDA margin	(%)	9.0	10.4	10.3	9.1	8.8	9.4	9.6	9.9
EBIT margin	(%)	6.1	7.4	7.4	6.3	5.7	6.3	6.5	6.8
Net profit margin	(%)	3.0	4.7	5.7	4.6	(10.2)	4.0	4.3	4.6
ROE	(%)	10.6	12.1	12.7	9.5	6.2	8.3	8.8	9.2
ROA	(%)	3.7	4.5	4.8	4.1	2.8	3.4	3.7	4.0
Net D/E	(x)	1.1	0.9	1.0	0.5	0.8	0.7	0.7	0.6
Interest coverage	(x)	5.6	7.9	8.4	7.1	5.2	5.3	5.7	5.9
Debt service coverage	(x)	0.7	0.6	0.6	1.0	0.4	1.0	0.7	0.9
Payout Ratio	(%)	58.8	57.1	57.3	57.2	(17.2)	58.9	56.7	54.9

Main Assumptions

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Sales growth in THB	(%)	(5.3)	4.9	6.5	10.3	(12.5)	3.3	2.5	2.5
Sales value	(mn US\$)	4,073	4,230	4,410	4,438	3,911	3,906	4,003	4,102
Sales volume	('000 tons)	892	942	931	973	847	863	876	889
Sales volume growth	(%)	1.9	5.6	(1.2)	4.5	(12.9)	1.9	1.5	1.5
GPM (%)	(US\$/ton)	16.0	17.7	18.3	17.6	17.1	18.1	18.3	18.4
FX	(Bt/US\$1)	31.0	31.3	32.0	35.1	34.8	36.0	36.0	36.0

Financial statement

Profit and Loss Statement

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Total revenue	(Btmn)	40,756	39,613	32,652	34,057	33,915	35,529	33,220	35,283
Cost of goods sold	(Btmn)	(33,357)	(32,744)	(27,735)	(28,310)	(27,682)	(29,201)	(27,478)	(28,748)
Gross profit	(Btmn)	7,399	6,868	4,917	5,748	6,233	6,327	5,742	6,535
SG&A	(Btmn)	(5,064)	(4,484)	(4,121)	(3,975)	(4,044)	(4,173)	(4,197)	(4,582)
Other income	(Btmn)	156	550	208	147	195	291	227	256
Interest expense	(Btmn)	(517)	(571)	(532)	(550)	(589)	(630)	(647)	(620)
Pre-tax profit	(Btmn)	1,974	2,364	470	1,370	1,794	1,816	1,125	1,589
Corporate tax	(Btmn)	136	(110)	242	198	140	40	(128)	(44)
Equity a/c profits	(Btmn)	(256)	(313)	231	(137)	(234)	(400)	159	179
Minority interests	(Btmn)	(63)	(140)	(137)	(156)	(196)	(244)	(256)	(281)
Core profit	(Btmn)	1,792	1,800	806	1,275	1,504	1,212	900	1,443
Extra-ordinary items	(Btmn)	739	(562)	216	(246)	(298)	(18,401)	253	(224)
Net Profit	(Btmn)	2,530	1,238	1,022	1,029	1,206	(17,189)	1,153	1,219
EBITDA	(Btmn)	3,677	4,002	2,052	2,961	3,417	3,513	2,840	3,296
Core EPS (Bt)	(Btmn)	0.37	0.37	0.16	0.26	0.32	0.26	0.19	0.31
Net EPS (Bt)	(Bt)	0.53	0.25	0.20	0.21	0.25	(3.89)	0.24	0.26

Balance Sheet (Btmn)

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Total current assets	(Btmn)	81,889	87,625	84,364	82,869	83,695	85,829	81,548	81,370
Total fixed assets	(Btmn)	97,031	94,945	96,930	99,474	99,984	79,621	80,487	80,126
Total assets	(Btmn)	178,920	182,569	181,294	182,343	183,679	165,450	162,035	161,496
Total loans	(Btmn)	73,907	59,495	61,846	64,996	65,778	68,002	66,327	65,592
Total current liabilities	(Btmn)	53,886	36,824	39,373	43,695	44,828	50,473	34,786	35,972
Total long-term liabilities	(Btmn)	61,392	57,614	53,888	55,307	56,295	48,960	62,979	63,022
Total liabilities	(Btmn)	115,278	94,438	93,261	99,003	101,123	99,433	97,764	98,994
Paid-up capital	(Btmn)	39,952	39,784	42,253	41,159	39,463	19,040	23,139	23,283
Total equity	(Btmn)	63,642	88,131	88,033	83,341	82,556	66,017	64,271	62,502
BVPS (Bt)	(Bt)	13.67	18.93	18.95	18.16	18.61	14.88	14.49	14.25

Cash Flow Statement (Btmn)

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Core Profit	(Btmn)	2,530	1,238	1,022	1,029	1,206	(17,189)	1,153	1,219
Depreciation and amortization	(Btmn)	1,186	1,067	1,049	1,041	1,034	1,067	1,068	1,087
Operating cash flow	(Btmn)	1,814	5,418	654	4,604	2,222	3,761	1,315	5,226
Investing cash flow	(Btmn)	(1,169)	(2,875)	(4,272)	(11)	(2,516)	219	(3,224)	3,098
Financing cash flow	(Btmn)	(387)	7,498	171	(3,218)	(1,614)	2,256	(4,738)	(4,430)
Net cash flow	(Btmn)	257	10,040	(3,447)	1,376	(1,907)	6,237	(6,647)	3,894

Key Financial Ratios

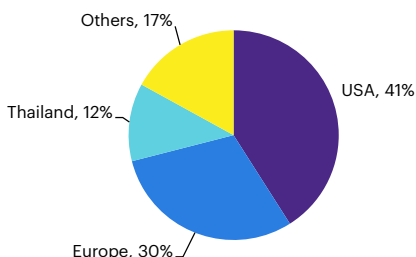
FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Gross margin	(%)	18.2	17.3	15.1	16.9	18.4	17.8	17.3	18.5
Operating margin	(%)	5.7	6.0	2.4	5.2	6.5	6.1	4.7	5.5
EBITDA margin	(%)	9.0	10.1	6.3	8.7	10.1	9.9	8.5	9.3
EBIT margin	(%)	6.1	7.4	3.1	5.6	7.0	6.9	5.3	6.3
Net profit margin	(%)	6.2	3.1	3.1	3.0	3.6	(48.4)	3.5	3.5
ROE	(%)	11.3	9.5	3.7	6.0	7.3	6.5	5.5	9.1
ROA	(%)	4.1	4.0	1.8	2.8	3.3	2.8	2.2	3.6
Net D/E	(x)	1.1	0.5	0.6	0.6	0.7	0.8	0.8	0.8
Interest coverage	(x)	7.1	7.0	3.9	5.4	5.8	5.6	4.4	5.3
Debt service coverage	(x)	0.6	1.1	0.4	0.5	0.6	0.4	0.7	0.9

Main Assumptions

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Sales growth in THB	(%)	14.7	2.9	(10.0)	(12.6)	(16.8)	(10.3)	1.7	3.6
Sales value	(mn US\$)	1,119	1,089	963	987	964	997	931	961
Sales volume	('000 tons)	249	244	209	211	211	215	210	213
Sales volume growth	(%)	8.1	3.3	(10.9)	(13.7)	(15.1)	(11.7)	0.2	1.0
GPM (%)	(US\$/ton)	18.2	17.3	15.1	16.9	18.4	17.8	17.3	18.5
FX	(Bt/US\$1)	36.4	36.4	33.9	34.5	35.2	35.7	35.7	36.7

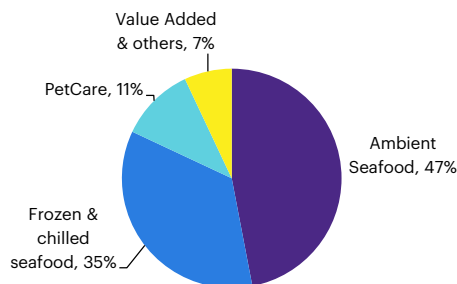
Appendix

Figure 1: TU’s sales breakdown by market in 2023



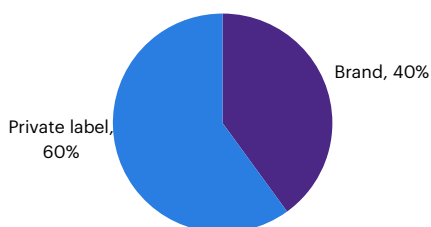
Source: Company data and InnovestX Research

Figure 2: TU’s sales breakdown by business in 2023



Source: Company data and InnovestX Research

Figure 3: TU’s sales breakdown by business unit in 2023



Source: Company data and InnovestX Research

Figure 4: TU’s sales value growth and gross margin breakdown by business unit

	2Q23	3Q23	4Q23	1Q24	2Q24
Sales growth YoY (%)					
Ambient Seafood	1%	-7%	-8%	13%	1%
Frozen & chilled seafood	-17%	-22%	-13%	-18%	-6%
Pet care	-42%	-39%	-17%	13%	41%
Value added and others	-16%	-2%	7%	11%	15%
Total sales growth	-13%	-17%	-10%	2%	4%
GPM (%)					
Ambient Seafood	19.9%	20.4%	17.4%	16.6%	18.9%
Frozen & chilled seafood	9.6%	12.9%	14.4%	11.8%	10.7%
Pet care	20.2%	19.4%	23.4%	25.7%	31.3%
Value added and others	25.7%	28.9%	26.2%	29.5%	26.5%
Total GPM (%)	16.9%	18.4%	17.8%	17.3%	18.5%

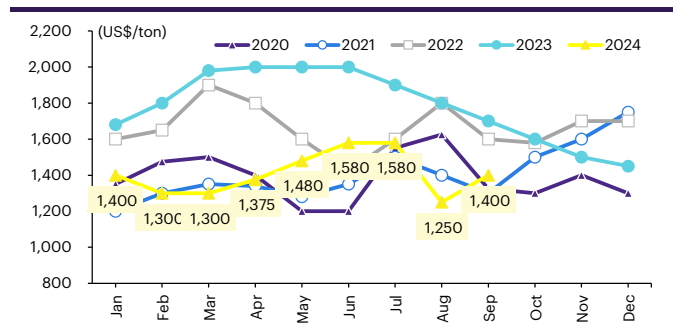
Source: Company data and InnovestX Research

Figure 5: Red Lobster’s net income contribution to TU (share of profit/loss, other income, and finance costs), with no contribution in 2024

Bt mn	4Q22	1Q23	2Q23	3Q23	4Q23
Share of profit: operations	(344)	121	(94)	(395)	(450)
Share of profit: lease adjustment	(112)	(101)	(95)	(101)	(102)
Other income	0	0	0	0	0
Finance costs	(115)	(138)	(138)	(138)	(138)
Income tax	222	252	134	361	303
Recurring contribution	(348)	134	(193)	(273)	(387)
Extra gain (loss)					18,400
Net income contribution	(348)	134	(193)	(273)	18,013

Source: Company data and InnovestX Research

Figure 6: Spot skipjack tuna price



Source: Company data and InnovestX Research

Figure 7: Valuation summary (price as of Sep 11, 2024)

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
					23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F
BTG	Outperform	22.10	28.0	28.2	n.m.	20.5	17.1	n.m.	n.m.	20	1.7	1.6	1.5	(4)	8	9	1.1	1.5	1.8	n.m.	17.9	16.1
CPF	Outperform	24.50	29.0	21.2	n.m.	13.9	12.1	n.m.	n.m.	15	0.7	0.7	0.6	(6)	5	6	0.0	2.9	2.2	15.6	10.1	9.7
GFPT	Outperform	11.70	16.0	39.5	11.4	7.5	7.1	(37)	51	6	0.8	0.8	0.7	8	10	10	1.3	2.7	2.8	7.1	5.7	5.2
TU	Outperform	15.00	18.0	24.7	15.1	12.7	11.3	(32)	19	12	1.0	1.0	0.9	6	8	9	3.6	4.7	5.0	10.0	8.9	8.3
Average					13.2	13.6	11.9	(35)	35	13	1.1	1.0	0.9	1	8	8	1.5	2.9	3.0	10.9	10.7	9.8

Source: InnovestX Research

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