

Thai Union Group

(TU.BK/TU TB)*

Outperform • Maintained

| | |
|-------------------------------|-----------|
| Price as of 30 Nov 2023 | 14.70 |
| 12M target price (Bt/shr) | 18.60 |
| Unchanged/Revised up(down)(%) | Unchanged |
| Upside/downside (%) | 26.5 |

Key messages

ในฐานะที่เป็นหนึ่งในผู้ผลิตอาหารทะเลรายใหญ่ที่สุดในโลก TU แปรรูปปลาทูน่าประมาณ 10% ของปลาทูน่าที่มีการจับได้ทั่วโลก TU ยึดมั่นในหลักการความยั่งยืนของอุตสาหกรรมอาหารทะเลโลกมาอย่างยาวนานผ่านโครงการ SeaChange โดยภายในปี 2573 TU ตั้งเป้าจะให้วัตถุดิบอาหารทะเลทั้งหมด 100% จัดซื้อจาก supplier ที่ปฏิบัติตามหลักการความยั่งยืน เรายังคงมองว่าโมเมนตัมกำไรของ TU ยังคงเป็นบวกทั้ง YoY และ QoQ ใน 4Q66F เนื่องจากปริมาณยอดขายเพิ่มขึ้น และราคาปลาทูน่าลดลง เรายังคงประมาณการกำไรสุทธิปี 2566F เอาไว้ที่ 4.69 พันล้านบาท (-34%) และปี 2567F ที่ 5.76 พันล้านบาท (+23%) เรายังคงคำแนะนำซื้อ TU แคลงราคาเป้าหมายปี 2567 เอาไว้ที่ 18.60 บาท อิงจาก PER ที่ 15.2x (PER เฉลี่ยระยะยาว) เรายังคงเลือก TU เป็นหนึ่งในหุ้นเด่นของเราในกลุ่มอาหารและเครื่องดื่ม

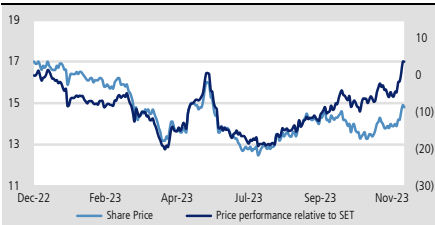
Trading data

| | | | |
|----------------------------|--------------|------|-------|
| Mkt cap (Btmn/US\$m) | 68,896/1,722 | | |
| Outstanding shares (mn) | 4,655 | | |
| Foreign ownership (mn) | 1,039 | | |
| 3M avg. daily trading (mn) | 16 | | |
| 52-week trading range (Bt) | 12.5-17.1 | | |
| Performance (%) | 3M | 6M | 12M |
| Absolute | 3.5 | 2.8 | -13.5 |
| Relative | 17.3 | 14.2 | 3.5 |

Quarterly EPS

| EPS | Q1 | Q2 | Q3 | Q4 |
|------|------|------|------|------|
| 2021 | 0.37 | 0.49 | 0.40 | 0.40 |
| 2022 | 0.36 | 0.33 | 0.53 | 0.25 |
| 2023 | 0.20 | 0.21 | 0.25 | NA |

Share price chart



Source: SET

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ตั้งแต่จับปลาจนบรรจุกระป๋อง

Event

เยี่ยมชมบริษัท

Impact

TU ยึดแนวทางการผลิตอาหารทะเลอย่างยั่งยืน

TU จัดหาปลาทูน่าจากแหล่งต่าง ๆ ทั่วโลก โดยวัตถุดิบปลาทูน่าส่วนใหญ่ของบริษัท (70%) มาจากมหาสมุทรแปซิฟิก ในฐานะที่เป็นหนึ่งในผู้ผลิตอาหารทะเลรายใหญ่ที่สุดในโลก TU แปรรูปปลาทูน่าประมาณ 500,000 ตัน/ปี หรือคิดเป็น 10% ของปลาทูน่าที่มีการจับได้ทั่วโลก ดังนั้น จึงเป็นเรื่องสำคัญของบริษัทที่ลูกค้า และ supply chain อาหารทะเลทั่วโลกเน้นให้ความสำคัญกับประเด็นความยั่งยืน ซึ่งคือที่อุปทานปลาทูน่าในปัจจุบันน่าจะอยู่ในสถานการณ์ที่ยั่งยืน โดยเฉพาะ skipjack tuna ซึ่งคิดเป็น 70% ของวัตถุดิบปลาทูน่าของ TU อย่างไรก็ตาม TU รับผิดชอบในการผลักดันประเด็นความยั่งยืนของอุตสาหกรรมอาหารทะเลโลกมาตั้งแต่ปี 2559 ผ่านโครงการ SeaChange โดยในโครงการล่าสุด SeaChange 2573 TU ตั้งเป้าจะให้วัตถุดิบอาหารทะเลทั้งหมด 100% ของบริษัทได้รับใบรับรอง Marine Stewardship Council (MSC) ซึ่งจะเน้นให้เห็นถึงความมุ่งมั่นของบริษัทในการจัดหาวัตถุดิบจากการประมงที่เป็นไปตามแนวคิดของความยั่งยืน

ราคาปลาทูน่าลดลงในเดือนธันวาคม

TU ใหญ่ขอมูลปลาทูน่าล่าสุดในเดือนธันวาคมว่าน่าจะลดลงมาอยู่ที่ US\$1,500/ton (จาก US\$1,800/ton ใน 3Q66) เนื่องจากจับปลาได้มากขึ้น โดยบริษัทคาดว่าราคาปลาทูน่าจะขึ้นอยู่ที่ระดับประมาณนี้ต่อเนื่องในช่วงครึ่งแรกของปีหน้า เพราะสภาพอากาศโลกน่าจะเข้าสู่ช่วงที่ภาวะ El Niño อยู่ในระดับปานกลางถึงอ่อน อย่างไรก็ตาม ยังเป็นการยากที่จะคาดเดาถึงอุปทานและราคาของปลาทูน่าเพราะขึ้นอยู่กับอีกหลายปัจจัย ซึ่งรวมถึงการจับปลา และราคาน้ำมันด้วย

คงประมาณการกำไรสุทธิปี 2566F และ 2567F เอาไว้เท่าเดิม

เรายังคงมองว่าโมเมนตัมกำไรของ TU ยังคงเป็นบวกทั้ง YoY และ QoQ ใน 4Q66F เนื่องจากปริมาณยอดขายเพิ่มขึ้น และราคาปลาทูน่าลดลง เรายังคงประมาณการกำไรสุทธิปี 2566F เอาไว้ที่ 4.69 พันล้านบาท (-34%) และปี 2567F ที่ 5.76 พันล้านบาท (+23%) เนื่องจากความยอดขายเพิ่มขึ้น 6% และ GPM จะเพิ่มขึ้น 0.5ppts เป็น 17.6%

Valuation & action

เรายังคงคำแนะนำซื้อ TU และคงราคาเป้าหมายปี 2567 เอาไว้ที่ 18.60 บาท อิงจาก PER ที่ 15.2x (PER เฉลี่ยระยะยาว) เรายังคงเลือก TU เป็นหนึ่งในหุ้นเด่นของเราในกลุ่มอาหารและเครื่องดื่ม เนื่องจากความโมเมนตัมของกำไรจะเป็นบวกในช่วง 4Q66F-2Q24F โดยคาดว่าอัตราผลตอบแทนจากเงินปันผลจะน่าสนใจ (4.8% ในปี 2567F) และยังมี upside อีกจากธีมการลงทุนด้านความยั่งยืน

Risks

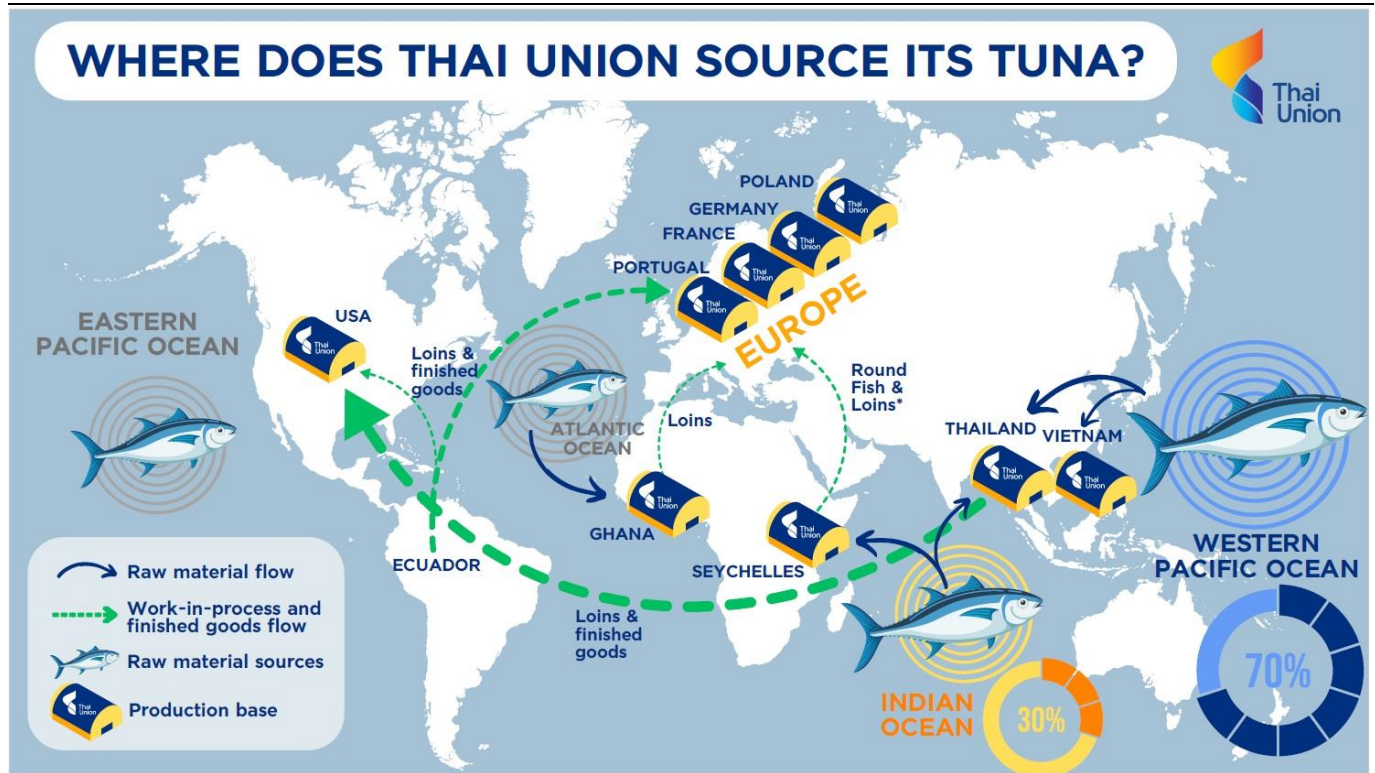
ต้นทุนวัตถุดิบแพงขึ้น, อัตราแลกเปลี่ยน และเศรษฐกิจโลกชะลอตัวลง

Key financials and valuations

| | Dec - 20A | Dec - 21A | Dec - 22A | Dec - 23F | Dec - 24F |
|------------------------------|-----------|-----------|-----------|-----------|-----------|
| Revenue (Btmn) | 132,402 | 141,048 | 155,586 | 136,827 | 144,819 |
| Gross Profit (Btmn) | 23,418 | 25,727 | 27,206 | 23,378 | 25,532 |
| SG&A (Btmn) | 15,596 | 17,471 | 19,156 | 16,419 | 17,161 |
| Net Profit (Btmn) | 6,246 | 8,013 | 7,138 | 4,690 | 5,762 |
| Normalized Profit (Btmn) | 6,246 | 7,939 | 6,704 | 4,690 | 5,762 |
| EPS (Bt) | 1.26 | 1.66 | 1.47 | 0.97 | 1.23 |
| DPS (Bt) | 0.72 | 0.95 | 0.84 | 0.55 | 0.70 |
| EPS Growth (%) | 57.7 | 31.4 | (11.3) | (33.9) | 26.3 |
| P/E (X) | 10.8 | 11.8 | 11.5 | 15.1 | 12.0 |
| P/B (X) | 1.2 | 1.5 | 1.0 | 0.9 | 0.8 |
| EV/EBITDA (X) | 11.3 | 12.5 | 12.5 | 13.0 | 11.0 |
| Net Debt to Equity (%) | 148.1 | 152.2 | 92.4 | 92.2 | 90.7 |
| Dividend Yield (%) | 5.3 | 4.9 | 5.0 | 3.7 | 4.8 |
| Return on Average Equity (%) | 12.4 | 14.4 | 10.2 | 5.9 | 7.3 |

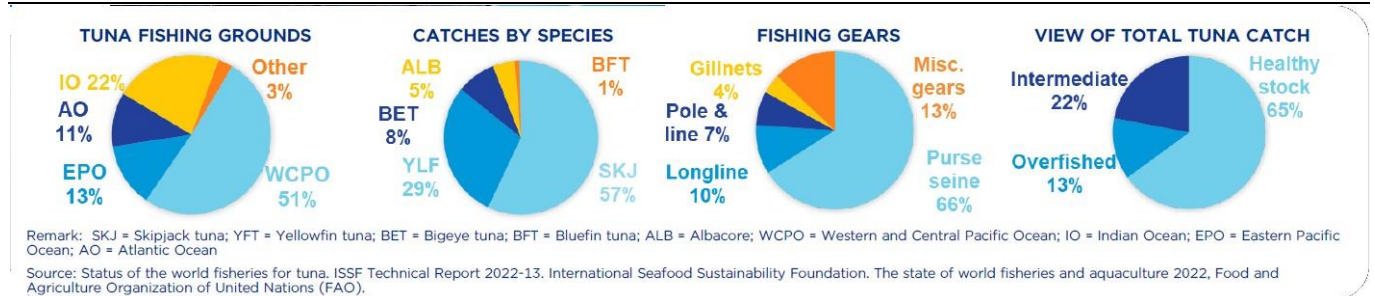
Source: Company data, KGI Securities Research

Figure 1: TU's tuna sourcing



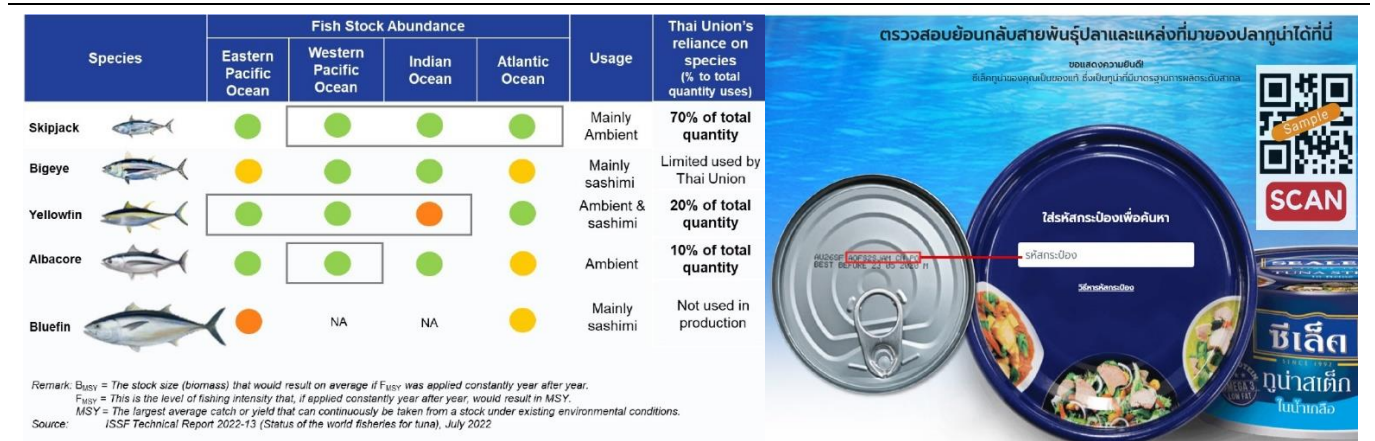
Source: Company data

Figure 2: Global caught tuna



Source: Company data

Figure 3: Sustainability and traceability



Source: Company data

Figure 4: MSC certificate

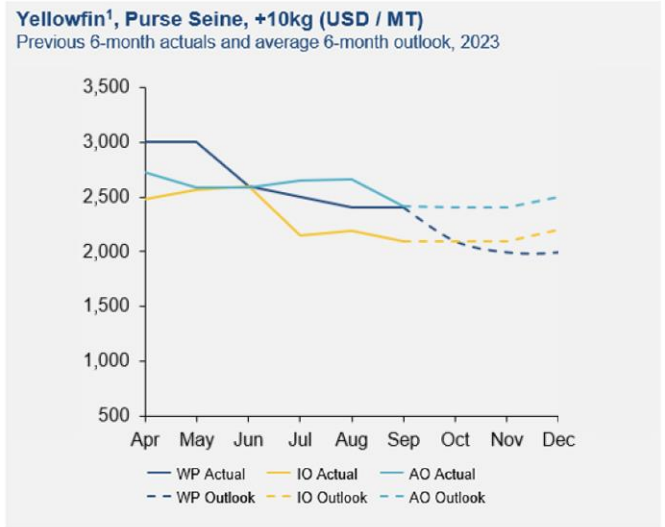
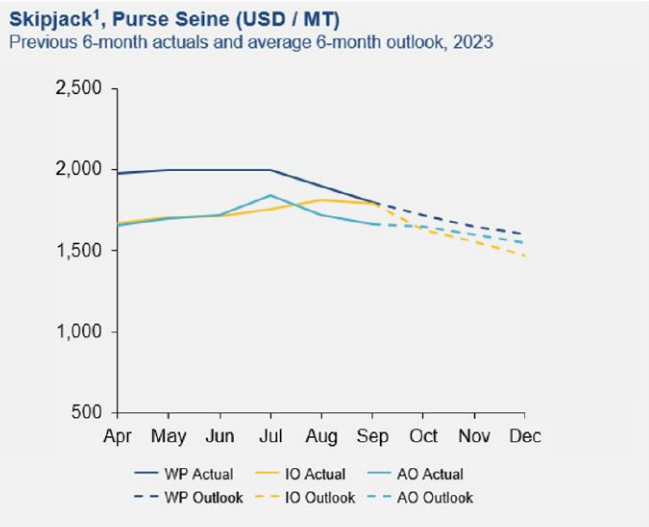
WHAT IS MSC?
Marine Stewardship Council (Certified sustainable seafood)
 Is an independent non-profit organization which sets a standard for sustainable fishing

Marine Stewardship Council
 Certified sustainable seafood

Source: Company data

Figure 5: Tuna price trend

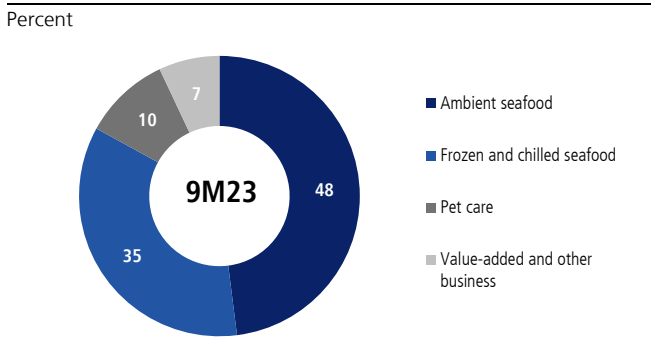
Tuna Price Outlook – Ocean Comparison, Skipjack and Yellowfin



1) Western Pacific Skipjack and Yellowfin price is based on Non-EU fish
 Source: Raw Material Price Outlook (Thailand), 2023 TUE Dynamic Forecast DF10

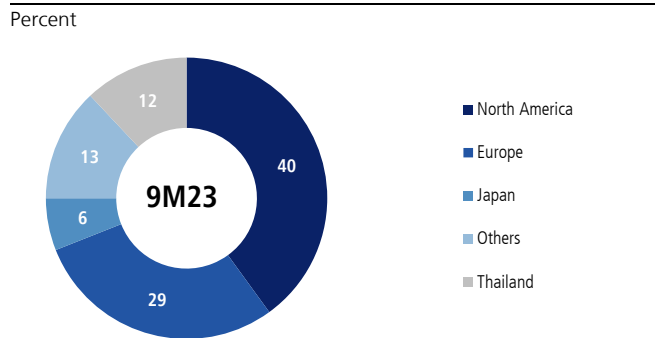
Source: Company data

Figure 6: Sales breakdown by business



Source: Company data, KGI Securities Research

Figure 7: Sales breakdown by geography

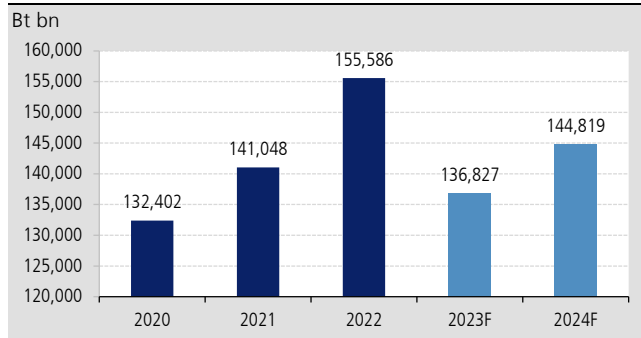


Source: Company data, KGI Securities Research

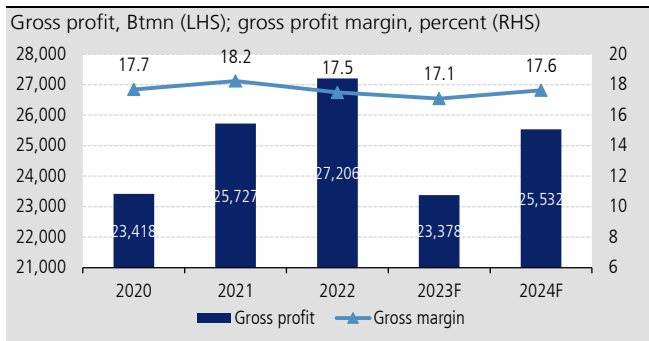
Figure 8: Company profile

Thai Union Group (TU) is a manufacturer and exporter of frozen and canned seafood. Its comprehensive business includes canned food, frozen food and snacks of various types especially seafood. Its businesses also include pet care and animal feed. The company also has strategic investment in upstream and downstream businesses including restaurant, food ingredient and feed business.

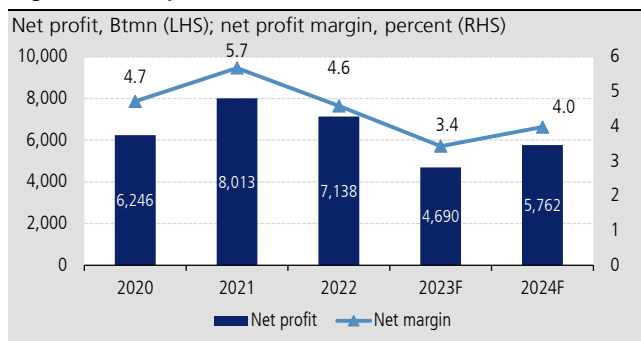
Source: Company data, KGI Securities Research

Figure 9: Revenue


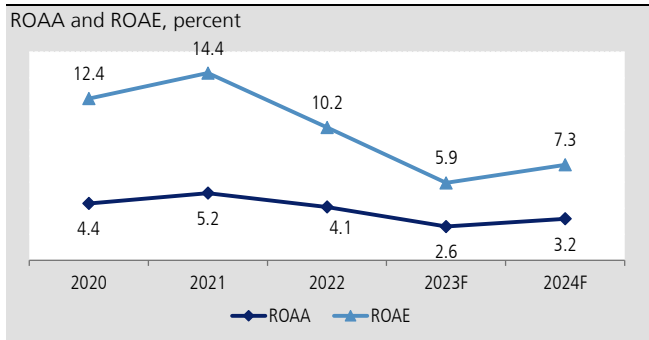
Source: Company data, KGI Securities Research

Figure 10: Gross profit


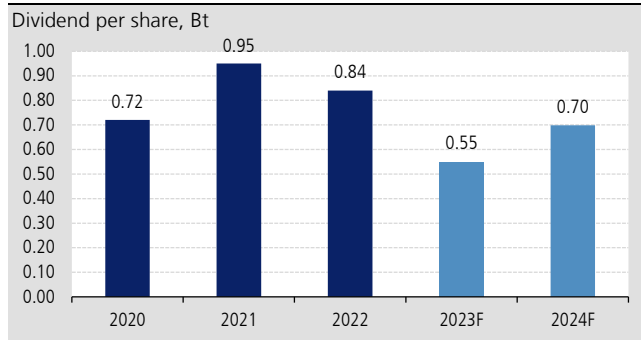
Source: Company data, KGI Securities Research

Figure 11: Net profit


Source: Company data, KGI Securities Research

Figure 12: Company ROAA and ROAE


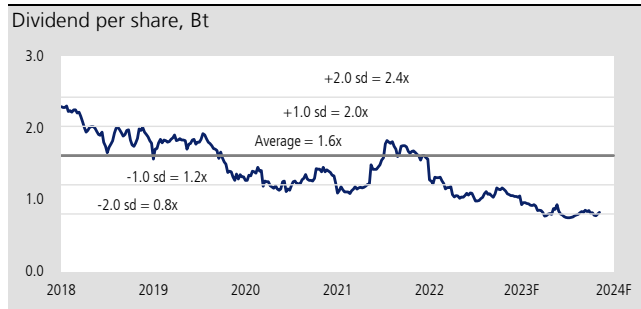
Source: Company data, KGI Securities Research

Figure 13: Dividend


Source: Company data, KGI Securities Research

Figure 14: Company trading PER


Source: Company data, KGI Securities Research

Figure 15: Company trading PBV


Source: Company data, KGI Securities Research

Quarterly Income Statement

| Bt mn | MAR-21A | JUN-21A | SEP-21A | DEC-21A | MAR-22A | JUN-22A | SEP-22A | DEC-22A | MAR-23A | JUN-23A | SEP-23A |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|------------------|------------------|
| Income Statement (Bt mn) | | | | | | | | | | | |
| Revenue | 31,124.9 | 35,882.6 | 35,539.2 | 38,501.0 | 36,271.7 | 38,945.8 | 40,756.2 | 39,612.7 | 32,651.6 | 34,057.5 | 33,914.8 |
| Cost of Good Sold | (25,617.5) | (29,077.5) | (29,148.5) | (31,477.7) | (29,917.1) | (32,361.4) | (33,357.4) | (32,744.3) | (27,735.1) | (28,309.7) | (27,682.0) |
| Gross Profit | 5,507.4 | 6,805.0 | 6,390.8 | 7,023.4 | 6,354.6 | 6,584.4 | 7,398.7 | 6,868.4 | 4,916.5 | 5,747.8 | 6,232.8 |
| Operating Expenses | (3,636.6) | (4,280.9) | (4,505.9) | (5,047.2) | (4,688.0) | (4,920.0) | (5,063.7) | (4,484.2) | (4,121.4) | (3,974.8) | (4,044.3) |
| Other incomes | 191.9 | 175.9 | 190.9 | 198.9 | 258.2 | 205.5 | 175.3 | 265.4 | 185.4 | 188.1 | 209.2 |
| Operating Profit | 2,062.6 | 2,700.0 | 2,075.8 | 2,175.0 | 1,924.9 | 1,869.9 | 2,510.4 | 2,649.6 | 980.6 | 1,961.1 | 2,397.6 |
| Depretiation of Fixed assets | 991.9 | 1,033.9 | 1,069.3 | 1,088.9 | 1,021.8 | 1,049.0 | 1,185.6 | 1,067.3 | 1,048.8 | 1,041.3 | 1,028.8 |
| Operating EBITDA | 3,054.5 | 3,733.9 | 3,145.0 | 3,263.9 | 2,946.7 | 2,918.9 | 3,696.0 | 3,716.9 | 2,029.4 | 3,002.4 | 3,426.5 |
| Non-Operating Income | 9.7 | 9.9 | 6.4 | 27.0 | 17.7 | 21.4 | 12.2 | 18.2 | 12.4 | 50.1 | 49.1 |
| Interest Income | 9.7 | 9.5 | 6.3 | 24.7 | 17.7 | 19.4 | 12.2 | 14.0 | 12.4 | 47.3 | 49.0 |
| Other Non-op Income | - | 0.4 | 0.1 | 2.3 | - | 2.0 | - | 4.3 | - | 2.8 | 0.1 |
| Non-Operating Expenses | (35.3) | (45.1) | 200.9 | (137.7) | (344.4) | (543.1) | (12.2) | (1,365.6) | (76.6) | (1,028.4) | (1,155.1) |
| Interest Expenses | (396.7) | (433.9) | (444.4) | (455.0) | (445.0) | (464.9) | (517.1) | (570.9) | (532.4) | (550.2) | (589.3) |
| Other Non-Op Expenses | 393.0 | 462.4 | 648.1 | 478.6 | 277.9 | 204.9 | 761.0 | (481.3) | 224.8 | (341.6) | (331.5) |
| Net investment income/(loss) | (31.5) | (73.6) | (2.8) | (161.2) | (177.3) | (283.0) | (256.0) | (313.5) | 231.0 | (136.7) | (234.3) |
| Pre-tax Profit | 2,037.1 | 2,664.8 | 2,283.1 | 2,064.3 | 1,598.2 | 1,348.2 | 2,510.4 | 1,302.2 | 916.4 | 982.9 | 1,291.7 |
| Current Taxation | (198.5) | (231.1) | (251.0) | (60.9) | 187.8 | 345.8 | 136.1 | 169.9 | 241.8 | 197.8 | 140.3 |
| Minorities | (35.7) | (93.3) | (78.3) | (51.4) | (15.0) | (47.7) | (62.6) | (140.0) | (137.5) | (155.7) | (195.9) |
| Extraordinary items | - | 2.5 | (16.9) | (21.6) | (25.5) | (22.5) | (53.5) | (94.0) | 0.9 | 3.7 | (30.1) |
| Net Profit | 1,802.9 | 2,342.9 | 1,936.8 | 1,930.4 | 1,745.5 | 1,623.8 | 2,530.5 | 1,238.2 | 1,021.6 | 1,028.6 | 1,205.9 |
| EPS (Bt) | 0.37 | 0.49 | 0.40 | 0.40 | 0.36 | 0.33 | 0.53 | 0.25 | 0.20 | 0.21 | 0.25 |
| Margins (%) | | | | | | | | | | | |
| Gross Profit Margin | 17.7 | 19.0 | 18.0 | 18.2 | 17.5 | 16.9 | 18.2 | 17.3 | 15.1 | 16.9 | 18.4 |
| Operating EBIT Margin | 6.6 | 7.5 | 5.8 | 5.6 | 5.3 | 4.8 | 6.2 | 6.7 | 3.0 | 5.8 | 7.1 |
| Operating EBITDA Margin | 9.8 | 10.4 | 8.8 | 8.5 | 8.1 | 7.5 | 9.1 | 9.4 | 6.2 | 8.8 | 10.1 |
| Net Profit Margin | 5.8 | 6.5 | 5.4 | 5.0 | 4.8 | 4.2 | 6.2 | 3.1 | 3.1 | 3.0 | 3.6 |
| Growth (% YoY) | | | | | | | | | | | |
| Revenue Growth | 0.1 | 8.6 | 2.2 | 15.1 | 16.5 | 8.5 | 14.7 | 2.9 | (10.0) | (12.6) | (16.8) |
| Operating EBIT Growth | 22.1 | 9.7 | (9.0) | 3.8 | (6.7) | (30.7) | 20.9 | 21.8 | (49.1) | 4.9 | (4.5) |
| Operating EBITDA Growth | 15.0 | 8.5 | (4.0) | 5.0 | (3.5) | (21.8) | 17.5 | 13.9 | (31.1) | 2.9 | (7.3) |
| Net Profit Growth | 77.4 | 36.5 | (5.8) | 32.5 | (3.2) | (30.7) | 30.7 | (35.9) | (41.5) | (36.7) | (52.3) |

Source: Company data, KGI Securities Research

Balance Sheet

| As of 31 Dec (Bt mn) | 2019 | 2020 | 2021 | 2022 | 2023F | 2024F |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Asset | 141,909 | 144,575 | 166,604 | 182,569 | 180,220 | 182,335 |
| Current Asset | 59,547 | 60,465 | 74,863 | 87,625 | 82,238 | 82,924 |
| Cash and ST Investment | 4,689 | 6,286 | 9,723 | 13,029 | 15,782 | 12,631 |
| Inventories | 36,873 | 38,546 | 46,636 | 52,622 | 47,889 | 50,687 |
| Account Receivable | 14,869 | 13,320 | 16,308 | 17,525 | 16,419 | 17,378 |
| Others | 3,115 | 2,312 | 2,196 | 4,449 | 2,148 | 2,228 |
| Non-Current Assets | 82,362 | 84,110 | 91,741 | 94,945 | 97,981 | 99,410 |
| LT investment | 10,285 | 9,274 | 12,771 | 12,188 | 12,005 | 12,005 |
| Net Fixed Assets | 42,948 | 44,565 | 45,252 | 46,219 | 47,854 | 49,235 |
| Others | 29,129 | 30,271 | 33,719 | 36,537 | 38,122 | 38,170 |
| Total Liabilities | 90,114 | 88,838 | 104,391 | 94,438 | 94,654 | 93,365 |
| Current Liabilities | 35,808 | 44,013 | 48,081 | 36,824 | 47,265 | 39,562 |
| Account Payable | 19,323 | 19,068 | 21,351 | 22,018 | 20,524 | 21,723 |
| ST Borrowings | 15,280 | 21,553 | 24,610 | 12,232 | 24,500 | 15,450 |
| Others | 1,205 | 3,392 | 2,121 | 2,574 | 2,241 | 2,389 |
| LT Liabilities | 54,306 | 44,825 | 56,309 | 57,614 | 47,389 | 53,803 |
| Long-term Debts | 44,625 | 36,862 | 46,431 | 48,125 | 37,319 | 43,369 |
| Others | 9,681 | 7,964 | 9,878 | 9,489 | 10,070 | 10,434 |
| Shareholder's Equity | 51,795 | 55,737 | 62,213 | 88,131 | 85,566 | 88,969 |
| Common Stock | 1,193 | 1,193 | 1,193 | 1,193 | 1,164 | 1,164 |
| Capital Surplus | 19,948 | 19,948 | 19,948 | 19,948 | 19,948 | 19,948 |
| Retained Earnings | 31,507 | 34,903 | 38,446 | 41,303 | 40,818 | 43,342 |
| Others components | (854) | (308) | 2,626 | 25,687 | 23,635 | 24,516 |

Source: KGI Securities Research

Key Ratios

| Year to 31 Dec (Bt mn) | 2019 | 2020 | 2021 | 2022 | 2023F | 2024F |
|----------------------------------|--------|--------|--------|--------|--------|--------|
| Forecast Drivers | | | | | | |
| Growth (% YoY) | | | | | | |
| Sales | (5.3) | 4.9 | 6.5 | 10.3 | (12.1) | 5.8 |
| OP | 12.0 | 89.8 | 5.7 | (0.7) | (13.9) | 19.0 |
| EBITDA | 14.2 | 52.6 | 5.7 | 0.6 | (8.5) | 13.4 |
| NP | 17.2 | 63.7 | 28.3 | (10.9) | (34.3) | 22.9 |
| EPS | 17.2 | 57.7 | 31.4 | (11.3) | (33.9) | 26.3 |
| Profitability (%) | | | | | | |
| Gross Profit Margin | 15.9 | 17.7 | 18.2 | 17.5 | 17.1 | 17.6 |
| Operating Margin | 3.6 | 6.4 | 6.4 | 5.8 | 5.6 | 6.3 |
| Operating EBITDA Margin | 6.5 | 9.4 | 9.4 | 8.5 | 8.9 | 9.5 |
| Net Profit Margin | 3.0 | 4.7 | 5.7 | 4.6 | 3.4 | 4.0 |
| ROAA | 2.7 | 4.4 | 5.2 | 4.1 | 2.6 | 3.2 |
| ROAE | 8.3 | 12.4 | 14.4 | 10.2 | 5.9 | 7.3 |
| Stability | | | | | | |
| Gross Debt/Equity (%) | 174.0 | 159.4 | 167.8 | 107.2 | 110.6 | 104.9 |
| Net Debt/Equity (%) | 164.9 | 148.1 | 152.2 | 92.4 | 92.2 | 90.7 |
| Interest coverage (x) | 3.2 | 5.2 | 6.2 | 4.3 | 3.1 | 3.6 |
| Interest & ST Debt Coverage (x) | 0.4 | 0.4 | 0.4 | 0.6 | 0.3 | 0.5 |
| Cash Flow Interest Coverage (x) | 5.7 | 7.8 | 3.6 | 2.9 | 7.0 | 3.6 |
| Cash Flow/Interest & ST Debt (x) | 0.7 | 0.6 | 0.2 | 0.4 | 0.6 | 0.5 |
| Current Ratio (x) | 1.7 | 1.4 | 1.6 | 2.4 | 1.7 | 2.1 |
| Quick Ratio (x) | 0.5 | 0.4 | 0.5 | 0.8 | 0.7 | 0.8 |
| Net Debt (Bt mn) | 85,425 | 82,552 | 94,668 | 81,409 | 78,872 | 80,734 |
| Per Share Data (bt) | | | | | | |
| EPS | 0.80 | 1.26 | 1.66 | 1.47 | 0.97 | 1.23 |
| CFPS | 2.46 | 2.85 | 1.35 | 1.26 | 3.53 | 2.04 |
| BVPS | 8.90 | 9.81 | 11.46 | 16.05 | 15.79 | 16.59 |
| SPS | 26.46 | 28.09 | 30.30 | 33.42 | 30.26 | 32.51 |
| EBITDA/Share | 2.13 | 2.75 | 3.21 | 2.77 | 2.54 | 3.06 |
| DPS | 0.47 | 0.72 | 0.95 | 0.84 | 0.55 | 0.70 |
| Activity | | | | | | |
| Asset Turnover (x) | 0.9 | 0.9 | 0.9 | 0.9 | 0.8 | 0.8 |
| Day Receivables | 44.6 | 38.9 | 38.3 | 39.7 | 45.3 | 42.6 |
| Day Inventories | 129.3 | 126.3 | 134.8 | 141.1 | 161.7 | 150.8 |
| Day Payable | 68.1 | 63.3 | 59.8 | 58.9 | 71.4 | 63.2 |
| Cash Cycle | 105.9 | 101.8 | 113.4 | 121.9 | 135.5 | 130.3 |

Source: KGI Securities Research

Profit & Loss

| Year to 31 Dec (Bt mn) | 2019 | 2020 | 2021 | 2022 | 2023F | 2024F |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | 126,275 | 132,402 | 141,048 | 155,586 | 136,827 | 144,819 |
| Cost of Goods Sold | (106,165) | (108,985) | (115,321) | (128,380) | (113,449) | (119,287) |
| Gross Profit | 20,110 | 23,418 | 25,727 | 27,206 | 23,378 | 25,532 |
| Operating Expenses | (16,266) | (15,596) | (17,471) | (19,156) | (16,419) | (17,161) |
| Other Income | 647 | 705 | 758 | 904 | 750 | 800 |
| Operating Profit | 4,491 | 8,527 | 9,013 | 8,955 | 7,709 | 9,171 |
| Depreciation of Fixed Asset | 3,691 | 3,955 | 4,184 | 4,324 | 4,447 | 4,619 |
| Operating EBITDA | 8,182 | 12,482 | 13,197 | 13,279 | 12,156 | 13,791 |
| Non-Operating Income | 324 | 86 | 53 | 69 | 166 | 166 |
| Interest Income | 324 | 86 | 50 | 63 | 160 | 160 |
| Other Non-op Income | 0 | 0 | 3 | 6 | 6 | 6 |
| Non-Operating Expenses | (1,587) | (1,345) | (17) | (2,265) | (3,103) | (2,829) |
| Interest Expenses | (2,056) | (1,724) | (1,730) | (1,998) | (2,270) | (2,513) |
| Other Non-Op Expenses | (123) | 907 | 1,982 | 762 | (300) | 0 |
| Net investment income/(loss) | 591 | (527) | (269) | (1,030) | (533) | (316) |
| Pre-tax Profit | 3,228 | 7,267 | 9,049 | 6,759 | 4,772 | 6,509 |
| Current Taxation | (158) | (724) | (742) | 840 | 685 | 134 |
| Minorities | (352) | (263) | (259) | (265) | (742) | (881) |
| Extraordinary items | 1,097 | (34) | (36) | (195) | (25) | 0 |
| Net Profit | 3,816 | 6,246 | 8,013 | 7,138 | 4,690 | 5,762 |
| EPS (Bt) | 0.80 | 1.26 | 1.66 | 1.47 | 0.97 | 1.23 |

Source: KGI Securities Research

Cash Flow

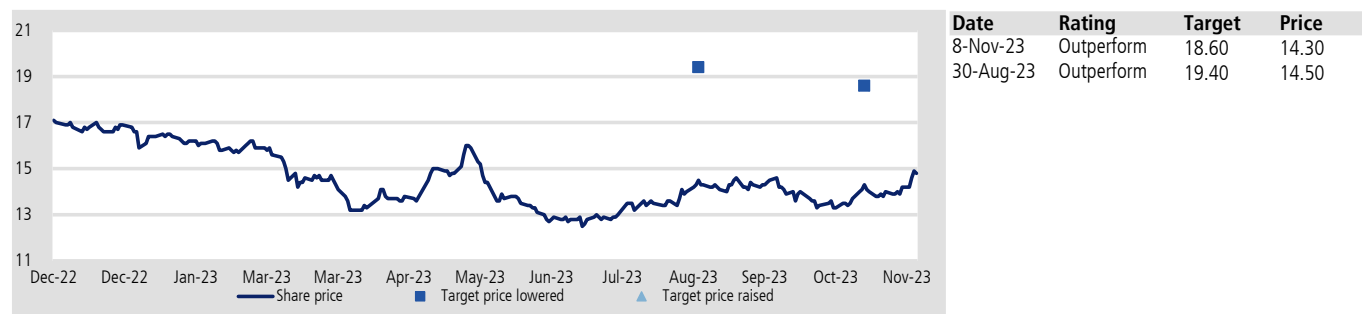
| Year to 31 Dec (Bt mn) | 2019 | 2020 | 2021 | 2022 | 2023F | 2024F |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Operating Cash Flow | 11,755 | 13,432 | 6,292 | 5,871 | 15,952 | 9,089 |
| Profit for the period | 4,313 | 7,233 | 9,013 | 6,564 | 4,747 | 6,509 |
| Depreciation and Amortization | 3,691 | 3,955 | 4,184 | 4,324 | 4,447 | 4,619 |
| Change in Working Capital | 450 | 423 | (7,339) | (7,551) | 6,072 | (2,173) |
| Others | 3,302 | 1,821 | 434 | 2,535 | 685 | 134 |
| Investment Cash Flow | (4,485) | (3,736) | (8,104) | (5,415) | (9,276) | (6,000) |
| Net CAPEX | (4,555) | (3,692) | (3,735) | (5,039) | (6,000) | (6,000) |
| Change in LT Investment | (115) | (134) | (4,617) | (604) | (3,276) | 0 |
| Change in Other Assets | 185 | 91 | 249 | 229 | (0) | 0 |
| Free Cash Flow | 7,200 | 9,740 | 2,557 | 832 | 9,952 | 3,089 |
| Financial Cash Flow | (4,028) | (8,203) | 4,583 | 2,742 | (8,923) | (4,239) |
| Change in Share Capital | 74 | (1,598) | (468) | 20,755 | (4,313) | 0 |
| Net Change in Debt | (1,690) | (4,066) | 8,998 | (13,614) | (1,225) | (1,300) |
| Change in other LT Liab. | (2,412) | (2,539) | (3,947) | (4,399) | (3,385) | (2,939) |
| Net Cash Flow | 3,242 | 1,494 | 2,771 | 3,198 | (2,247) | (1,150) |

Source: KGI Securities Research

Rates of Return on Invested Capital

| Year | 1 - $\frac{\text{Cost of Goods Sold}}{\text{Revenue}}$ | + $\frac{\text{Depreciation}}{\text{Revenue}}$ | + $\frac{\text{Op. Expenses}}{\text{Revenue}}$ | = Operating Margin |
|-------|--|--|--|--|
| 2020 | 81.9% | 0.0% | 11.7% | 6.4% |
| 2021 | 81.3% | 0.0% | 12.3% | 6.4% |
| 2022 | 82.0% | 0.0% | 12.2% | 5.7% |
| 2023F | 82.5% | 0.0% | 11.9% | 5.6% |
| 2024F | 81.9% | 0.0% | 11.8% | 6.3% |
| Year | 1/ $\frac{\text{Working Capital}}{\text{Revenue}}$ | + $\frac{\text{Net PPE}}{\text{Revenue}}$ | + $\frac{\text{Other Assets}}{\text{Revenue}}$ | = Capital Turnover |
| 2020 | 0.12 | 0.33 | 0.30 | 1.32 |
| 2021 | 0.19 | 0.32 | 0.33 | 1.20 |
| 2022 | 0.32 | 0.30 | 0.31 | 1.07 |
| 2023F | 0.25 | 0.35 | 0.36 | 1.03 |
| 2024F | 0.30 | 0.34 | 0.34 | 1.02 |
| Year | Operating Margin | X $\frac{\text{Capital Turnover}}$ | X $\frac{\text{Cash Tax Rate}}$ | = Afer-tax Return on Inv. Capital |
| 2020 | 6.4% | 1.3 | 9.3 | 0.8 |
| 2021 | 6.4% | 1.2 | 8.0 | 0.6 |
| 2022 | 5.7% | 1.1 | -11.1 | -0.7 |
| 2023F | 5.6% | 1.0 | 6.0 | 0.3 |
| 2024F | 6.3% | 1.0 | 11.0 | 0.7 |

Source: KGI Securities Research

Thai Union Group- Recommendation & target price history


Source: KGI Securities Research

Corporate Governance Report of Thai Listed Companies



Companies with Excellent CG Scoring

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|-------------------------------------|---------|--------------------------------|---------|--|
| AAV | ASIA AVIATION | GLOBAL | SIAM GLOBAL HOUSE | RATCH | RATCH GROUP |
| ADVANC | ADVANCED INFO SERVICE | GPSC | GLOBAL POWER SYNERGY | RBF | R&B FOOD SUPPLY |
| AMA | AMA MARINE | GULF | GULF ENERGY DEVELOPMENT | SAT | SOMBOON ADVANCE TECHNOLOGY |
| AMATA | AMATA CORPORATION | HANA | HANA MICROELECTRONICS | SCB | SCB X |
| ANAN | ANANDA DEVELOPMENT | HENG | HENG LEASING AND CAPITAL | SCC | THE SIAM CEMENT |
| AOT | AIRPORTS OF THAILAND | HMPRO | HOME PRODUCT CENTER | SCCC | SIAM CITY CEMENT |
| AP | AP (THAILAND) | INTOUCH | INTOUCH HOLDINGS | SCGP | SCG PACKAGING |
| BAFS | BANGKOK AVIATION FUEL SERVICES PCL. | IRPC | IRPC | SEAFECO | SEAFECO |
| BAM | BANGKOK COMMERCIAL ASSET MANAGEMENT | IVL | INDORAMA VENTURES | SHR | S HOTELS AND RESORTS |
| BANPU | BANPU | KBANK | KASIKORN BANK | SICT | SILICON CRAFT TECHNOLOGY |
| BBL | BANGKOK BANK | KCE | KCE ELECTRONICS | SMPC | SAHAMITR PRESSURE CONTAINER |
| BCP | BANGCHAK CORPORATION | KEX | KERRY EXPRESS (THAILAND) | SNC | SNC FORMER |
| BCPG | BCPG | KKP | KIATNAKIN PHATRA BANK | SPALI | SUPALAI |
| BDMS | BANGKOK DUSIT MEDICAL SERVICES | KTB | KRUNG THAI BANK | SPRC | STAR PETROLEUM REFINING |
| BEM | BANGKOK EXPRESSWAY AND METRO | KTC | KRUNGTHAI CARD | STEC | SINO-THAI ENGINEERING AND CONSTRUCTION |
| BGRIM | B. GRIMM POWER | LPN | L.P.N. DEVELOPMENT | STGT | SRI TRANG GLOVES (THAILAND) |
| PPP | BANPU POWER | MAJOR | MAJOR CINEPLEX GROUP | SUN | SUNSWEET |
| BTS | BTS GROUP HOLDINGS | MBK | MBK | SVI | SVI |
| CENTEL | CENTRAL PLAZA HOTEL | MINT | MINOR INTERNATIONAL | TACC | T.A.C. CONSUMER |
| CK | CH. KARNCHANG | MTC | MUANGTHAI CAPITAL | TCAP | THANACHART CAPITAL |
| CKP | CK POWER | OR | PTT OIL AND RETAIL BUSINESS | THCOM | THAICOM |
| COM7 | COM7 | ORI | ORIGIN PROPERTY | TISCO | TISCO FINANCIAL GROUP |
| CPALL | CP ALL | OSP | OSOTSPA | TKN | TAOKAENOI FOOD & MARKETING |
| CPAXT | CP AXTRA | PLANB | PLAN B MEDIA | TOP | THAI OIL |
| CPF | CHAROEN POKPHAND FOODS | PSH | PRUKSA HOLDING | TTB | TMBTHANACHART BANK |
| CPN | CENTRAL PATTANA | PTG | PTG ENERGY | TU | THAI UNION GROUP |
| DELTA | DELTA ELECTRONICS (THAILAND) | PTT | PTT | VGI | VGI |
| DOHOM | DOHOME | PTTEP | PTT EXPLORATION AND PRODUCTION | WHA | WHA CORPORATION |
| EGCO | ELECTRICITY GENERATING | PTTGC | PTT GLOBAL CHEMICAL | WHAUP | WHA UTILITIES AND POWER |
| GFPT | GFPT | PYLON | PYLON | ZEN | ZEN CORPORATION GROUP |
| GGC | GLOBAL GREEN CHEMICALS | QH | QUALITY HOUSES | | |



Companies with Very Good CG Scoring

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|------------------------------|--------|----------------------|--------|-----------------------|
| AEONTS | AEON THANA SINSAP (THAILAND) | JMT | JMT NETWORK SERVICES | SFT | SHRINKFLEX (THAILAND) |
| BCH | BANGKOK CHAIN HOSPITAL | LH | LAND AND HOUSES | SINGER | SINGER THAILAND |
| BEC | BEC WORLD | M | MK RESTAURANT GROUP | SMD | SAINTIMED |
| BH | BUMRUNGRAD HOSPITAL | MEGA | MEGA LIFESCIENCES | SNNP | SRINANAPORN MARKETING |
| CBG | CARABAO GROUP | NETBAY | NETBAY | SPA | SIAM WELLNESS GROUP |
| CHG | CHULARAT HOSPITAL | PJW | PANJAWATTANA PLASTIC | TFG | THAIFOODS GROUP |
| ERW | THE ERAWAN GROUP | SAK | SAKSAM LEASING | TIDLOR | NGERN TID LOR |
| ESSO | ESSO (THAILAND) | SAPPE | SAPPE | TNP | THANAPIRIYA |
| HUMAN | HUMANICA | SAWAD | SRISAWAD CORPORATION | UBE | UBON BIO ETHANOL |
| IIG | I&I GROUP | SFLEX | STARFLEX | XO | EXOTIC FOOD |



Companies with Good CG Scoring

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|------------------------|-------|--------------------------|-------|-------------------|
| AU | AFTER YOU | LPH | LADPRAO GENERAL HOSPITAL | TPCH | TPC POWER HOLDING |
| EKH | EKACHAI MEDICAL CARE | MENA | MENA TRANSPORT | | |
| JMART | JAYMART GROUP HOLDINGS | SISB | SISB | | |

Companies classified Not in the three highest score groups

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|--------------------|-------|------------------------|-------|-----------------------|
| BBGI | BBGI | NTSC | Nutrition SC | TGE | THACHANG GREEN ENERGY |
| BTG | BETAGRO | PLT | Pilatus Marine | | |
| ITC | i-Tail Corporation | PQS | Premier Quality Starch | | |

Source: www.thai-iod.com

Disclaimer: The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

Anti-corruption Progress Indicator

Level 5: Extended

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|--------------------------------|--------|------------------------------|--------|---|
| ADVANC | ADVANCED INFO SERVICE | GLOBAL | SIAM GLOBAL HOUSE | QH | QUALITY HOUSES |
| ANAN | ANANDA DEVELOPMENT | GPSC | GLOBAL POWER SYNERGY | RATCH | RATCHABURI ELECTRICITY GENERATING HOLDING |
| BBL | BANGKOK BANK | HMPRO | HOME PRODUCT CENTER | ROBINS | ROBINSON DEPARTMENT STORE |
| BCH | BANGKOK CHAIN HOSPITAL | IRPC | IRPC | SCC | THE SIAM CEMENT |
| BDMS | BANGKOK DUSIT MEDICAL SERVICES | KBANK | KASIKORN BANK | SIRI | SANSIRI |
| BIGC | BIG C SUPERCENTER | KCE | KCE ELECTRONICS | SPALI | SUPALAI |
| CK | CH. KARNCHANG | KKP | KIATNAKIN BANK | STEC | SINO-THAI ENGINEERING AND CONSTRUCTION |
| DCC | DYNASTY CERAMIC | KTB | KRUNG THAI BANK | TCAP | THANACHART CAPITAL |
| DELTA | DELTA ELECTRONICS (THAILAND) | LPH | LADPRAO GENERAL HOSPITAL | TISCO | TISCO FINANCIAL GROUP |
| DRT | DIAMOND ROOFING TILES | PACE | PACE DEVELOPMENT CORPORATION | TMT | THAI METAL TRADE |
| EGCO | ELECTRICITY GENERATING | PTT | PTT | TOP | THAI OIL |
| GFPT | GFPT | PTTGC | PTT GLOBAL CHEMICAL | | |

Level 4: Certified

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|----------------------------|--------|--------------------------------|---------|----------------------------|
| AAV | ASIA AVIATION | ERW | THE ERAWAN GROUP | SAPPE | SAPPE |
| AP | ASIAN PROPERTY DEVELOPMENT | GLOW | GLOW ENERGY | SAWAD | SRISAWAD POWER 1979 |
| BA | BANGKOK AIRWAYS | GUNKUL | GUNKUL ENGINEERING | SCB | THE SIAM COMMERCIAL BANK |
| BANPU | BANPU | ILINK | INTERLINK COMMUNICATION | SCN | SCAN INTER |
| BCP | THE BANGCHAK PETROLEUM | KTC | KRUNGTHAI CARD | SEAFECO | SEAFECO |
| BH | BUMRUNGRAD HOSPITAL | LH | LAND AND HOUSES | SVI | SVI |
| BJCHI | BJC HEAVY INDUSTRIES | LPN | L.P.N. DEVELOPMENT | TASCO | TIPCO ASPHALT |
| CBG | CARABAO GROUP | MAKRO | SIAM MAKRO | TKN | TAOKAENOI FOOD & MARKETING |
| CENDEL | CENTRAL PLAZA HOTEL | MALEE | MALEE SAMPRAN | TMB | TMB BANK |
| CHG | CHULARAT HOSPITAL | MINT | MINOR INTERNATIONAL | TRT | TIRATHAI |
| CKP | CK POWER | MODERN | MODERNFORM GROUP | TRUE | TRUE CORPORATION |
| CPF | CHAROEN POKPHAND FOODS | NOK | NOK AIRLINES | TVO | THAI VEGETABLE OIL |
| CPN | CENTRAL PATTANA | PTTEP | PTT EXPLORATION AND PRODUCTION | | |
| DTAC | TOTAL ACCESS COMMUNICATION | PYLON | PYLON | | |

Level 3: Established

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|------------------------------|-------|-------------------|-------|-------------------------|
| BEM | BANGKOK EXPRESSWAY AND METRO | MTLS | MUANGTHAI LEASING | SPRC | STAR PETROLEUM REFINING |
| CPALL | CP ALL | SCI | SCI ELECTRIC | | |

No progress

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|----------------------|-------|--------------------|-------|-------------------|
| AOT | AIRPORTS OF THAILAND | BPP | BANPU POWER | FN | FN FACTORY OUTLET |
| BCPG | BCPG | BTS | BTS GROUP HOLDINGS | TPCH | TPC POWER HOLDING |

Source: www.cgthailand.org

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

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KGI's Ratings

| Rating | Definition |
|-------------------|---|
| Outperform (OP) | The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan).. |
| Neutral (N) | The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan) |
| Under perform (U) | The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan). |
| Not Rated (NR) | The stock is not rated by KGI. |
| Restricted (R) | KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances. Excess return = 12M target price/current price- |
| Note | When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically. |

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