

TARGET PRICE	THB17.30
CLOSE	THB15.20
UP/DOWNSIDE	+13.8%
PRIOR TP	THB19.00
CHANGE IN TP	-8.9%
TP vs CONSENSUS	-7.2%

ธุรกิจหลักเริ่มชะงักใน 1Q24

- เรามีมุมมองเป็นลบต่อการประชุมนักวิเคราะห์ 20 ก.พ. จากแนวโน้มกำไร 1Q24 คาดอ่อนแอลง q-q, y-y ต่ำกว่าที่เคยคาดไว้
- ปรับลดกำไรปี 2024-25 ลง เพื่อสะท้อนเป้าการโตของผู้บริหารที่ Conservative ขึ้น
- ปรับลดราคาเป้าหมายลงเป็น 17.3 บาท

ผู้บริหารให้วรายได้อ่อนแอลงใน 1Q24

เรามีมุมมองเป็นลบจากประชุมนักวิเคราะห์วานนี้ (20 ก.พ. 24) แม้สิ่งที่ดีคือ บริษัทได้ถอนการลงทุนจาก RL แล้วเสร็จในงบ 4Q23 และจะหยุดรับรู้ทุก transaction ของ RL ตั้งแต่ 1Q24 เป็นต้นไป อย่างไรก็ตาม ผนวกให้ถือว่าแนวโน้มธุรกิจหลัก 1Q24 จะอ่อนตัวลงทั้ง q-q และ y-y โดยหลักมาจาก 1) ลูกค้านำได้เร่งสต็อกไปพอควรใน 4Q23 และ 2) ราคาปลาทูน่าปรับลงแรงล่าสุดเดือน ก.พ. อยู่ที่ USD1,300 ต่อตัน (-7% m-m) ทำให้ราคาปลาเฉลี่ย 1QTD อยู่ที่ USD1,350 ต่อตัน (-15% q-q, -7.7% y-y) จาก Demand ที่อ่อนตัวลงตามฤดูกาล ล่าสุดสถานการณ์ห้องเย็นถูกใช้จนเต็ม capacity จึงไม่สามารถซื้อปลาเก็บได้อีก ส่งผลให้มีการปรับลดราคาขายให้กับลูกค้า โดยเฉพาะลูกค้า OEM

ระยะสั้นคาดกำไร 1Q24 จะหดตัวลงทั้ง q-q และ y-y เป็นระดับต่ำกว่าพันลบ.

เบื้องต้นเราคาดแนวโน้มกำไรปกติ 1Q24 จะอ่อนตัวลง q-q และ y-y มาอยู่ที่ราว 901 ลบ. นอกจากรายได้ที่อ่อนตัวลงแล้ว เราคาดว่าจะเกิดรายการค่าใช้จ่ายทางภาษีราว 65 ลบ. ขณะที่ 1Q23 มีรายการเครดิตภาษี 241 ลบ. เนื่องจากไม่ได้รับรู้รายการเครดิตทางภาษีจาก RL อีกต่อไป กอปรกับค่าใช้จ่ยดอกเบี้ยปรับตัวสูงขึ้น จากอัตราดอกเบี้ยเพิ่มขึ้นราว 0.5% ทั้งนี้ผู้บริหารตั้งเป้ารายได้รวมปี 2024 โตเพียง 3-4% ต่ำกว่าปกติที่มักตั้งในอัตราสองหลัก เพราะ 1) สมมติฐานราคาปลาทูน่าปี 2024 ของบริษัทอยู่ที่ USD1,700 ต่อตัน (-6% y-y) และ 2) ปรับลดสมมติฐานค่าเงินบาทเป็น 33.5 บาทจากปี 2023 ที่ 35.5 บาท/USD และตั้งเป้าอัตรากำไรขั้นต้นที่ 17-18% ทรงตัวจากปี 2023 รวมถึงปรับลด Capex ลงเป็น 4-4.5 พันลบ. จากปกติ 5-6 พันลบ. โดยมีเพียงการขยายการผลิตอาหารสัตว์เลี้ยง ITC และจะ Operate ห้องเย็นที่ Ghana เดือนมี.ค. 24

ปรับลดกำไรปี 2024-25 ราว 6.8-8.5% คาดหวังกำไรทยอยฟื้นใน 2Q24

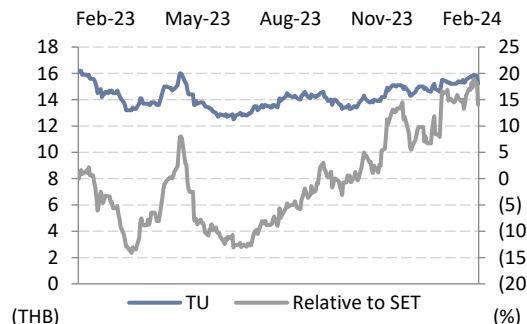
จากแนวโน้มธุรกิจหลักที่ต่ำกว่าที่เคยคาด นำไปสู่การปรับลดกำไรปกติปี 2024-25 ลง 8.5% และ 6.8% เป็น 5 พันลบ. (+6.5% y-y) และ 5.6 พันลบ. (+11% y-y) โดยคาดหวังกำไรทยอยฟื้นตัวใน 2Q24 เป็นต้นไป คีย์หลักคือ ผนวกระบุว่าหากราคาปลาทูน่าฟื้นตัวกลับสู่ระดับ USD1,400-1,500 ต่อตัน จะช่วยหนุนให้ภาพรวมอัตรากำไรฟื้นตัวได้อีกครั้ง โดยรวมแม้เรายังมองบวกต่อการไม่ต้องรับรู้ขาดทุนจาก RL อีก แต่ธุรกิจกลับกลายเป็นอ่อนตัวลงมากกว่าที่เคยคาด ขณะที่ปัญหาสายเรือยังกระทบจำกัด

ต้องปรับลดราคาเป้าหมายลง เพื่อสะท้อนธุรกิจหลักที่อ่อนตัวลง

ปรับลดราคาเป้าหมายลงเป็น 17.3 บาท (อิง SoTP valuation, implied เป็น target PE ที่ 17x) แม้ระยะสั้นจะสดใสน้อยกว่าที่เคยคาด แต่ราคาหุ้นยังมี Upside 14% จึงยังคงคำแนะนำซื้อลงทุน รอการฟื้นตัวในช่วง 2H24 ประกาศจ่ายปันผล 2H24 หุ้นละ 0.24 บาท คิดเป็น Dividend yield 1.6%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	136,153	136,911	142,388	149,507
Net profit	(13,933)	5,043	5,593	6,150
EPS (THB)	(2.99)	1.08	1.20	1.32
vs Consensus (%)	-	5.3	(8.9)	(8.8)
EBITDA	12,163	12,357	13,067	13,887
Recurring net profit	(13,933)	5,043	5,593	6,150
Core EPS (THB)	(2.99)	1.08	1.20	1.32
Chg. In EPS est. (%)	nm	(8.5)	(6.8)	nm
EPS growth (%)	nm	nm	10.9	10.0
Core P/E (x)	(5.1)	14.0	12.7	11.5
Dividend yield (%)	3.5	3.9	4.3	4.4
EV/EBITDA (x)	10.8	10.1	9.6	9.0
Price/book (x)	1.2	1.2	1.2	1.1
Net debt/Equity (%)	81.0	72.9	70.4	67.2
ROE (%)	(20.0)	8.7	9.5	9.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.9)	9.4	(5.0)
Relative to country (%)	(1.8)	12.4	14.0
Mkt cap (USD m)	1,933		
3m avg. daily turnover (USD m)	8.9		
Free float (%)	65		
Major shareholder	Chansiri Family (12%)		
12m high/low (THB)	16.30/12.40		
Issued shares (m)	4,655.13		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

TU คือผู้ผลิตและแปรรูปอาหารทะเลรายใหญ่ของโลก โดยเป็นผู้นำในการผลิตและส่งออกอาหารทะเลแช่แข็งและบรรจุกระป๋อง เช่น ทูน่า กุ้ง ซาร์ดีน และแมคเคอเรล เป็นต้น นอกจากนี้ยังมีบริษัทในเครืออย่าง ITC ซึ่งเป็นผู้ผลิตอาหารสัตว์เลี้ยงรายใหญ่ของไทย และยังมีบริษัทย่อยในต่างประเทศ ที่เป็นเจ้าของแบรนด์ Chicken of the Sea เป็นแบรนด์อาหารทะเลกระป๋องอันดับ 3 ในตลาดสหรัฐ และ TUE Group (เดิมชื่อ MWB) ซึ่งเป็นเจ้าของแบรนด์อาหารทะเลกระป๋องอยู่ใน Top 3 ของตลาดยุโรป อาทิ John West, Petit Navire, Paramentier, King Oscar และ Mareblu เป็นต้น

ในปี 2020 TU ได้เริ่มขยายธุรกิจผลิตภัณฑภัณฑ์นวัตกรรม โดยมีเป้าหมายเพิ่มสัดส่วนรายได้ขึ้นเป็น 10% ของรายได้รวมในปี 2025 จากสิ้นปี 2022 ที่ 6.7% และมีเป้าเพิ่ม EBITDA สุทธระดับ USD450-550 ล้าน

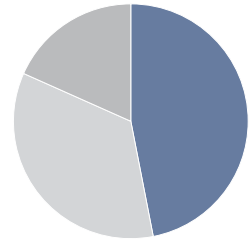
Company profile

TU ก่อตั้งขึ้นในปี 1977 ในฐานะผู้แปรรูปและส่งออกปลาทูน่ากระป๋อง ปัจจุบันได้ขยายธุรกิจเป็นผู้รับจ้างผลิตให้กับลูกค้าระดับโลกด้วย โดยสิ้นปี 2022 TU มีแบรนด์เป็นของตนเองทั้งสิ้น 18 แบรนด์, มีพันธมิตรร่วมทุน 5 ราย และมีสำนักงานขายในต่างประเทศ 8 แห่ง ปัจจุบันมีโรงงานผลิตทั้งหมด 13 แห่งใน 12 ประเทศทั่วโลก รวมถึงมีศูนย์ R&D 2 แห่ง และในปี 2022 มีสัดส่วนรายได้จากสหรัฐราว 43% รองมาคือยุโรป 26%, ไทย 11% และญี่ปุ่น 6% ของรายได้รวม ตามลำดับ

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Principal activities (revenue, 2023)

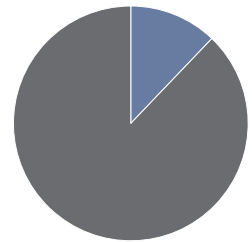
- Ambient seafood - 46.9 %
- Frozen & chilled seafood - 34.7 %
- Pet food & others - 18.3 %



Source: Thai Union Group

Major shareholders

- Chansiri Family - 12.1 %
- Others - 87.9 %



Source: Thai Union Group

Catalysts

ปัจจัยหนุนการเติบโตในปี 2024 คือ 1) การเติบโตของรายได้ทั้ง 3 กลุ่มธุรกิจ 2) การขยายกำลังการผลิต Pet Food และ Ready to eat 3) แนวโน้มราคาวัตถุดิบปลาทูน่าที่ปรับลง และ 4) หยุดรับรู้ส่วนแบ่งขาดทุนจาก Red Lobster หลังถอนการลงทุนใน 4Q23

Risks to our call

ความเสี่ยงต่อกำไรและราคาเป้าหมายปี 2024 คือ 1) รายได้ฟื้นตัวช้ากว่าคาด 2) เส้นทางการขนส่งหยุดชะงัก และต้นทุนค่าระวางเรือปรับตัวสูงขึ้นกว่าคาด 3) ต้นทุนวัตถุดิบปรับลดลงช้ากว่าคาด และ 4) ต้นทุนแรงงานสูงกว่าคาด และปัญหาขาดแคลนแรงงาน และ 5) ค่าเงินบาทแข็งค่ากว่าคาด

Event calendar

Date	Event
May 2024	1Q24 results announcement 1Q24 analyst meeting

Key assumptions

	2024E	2025E	2026E
Total revenue (USD m)	4,149	4,315	4,531
USD/THB	33.0	33.0	33.0
Ambient sales growth (%)	(1.0)	2.7	4.2
Frozen, Chilled sales growth (%)	0.0	3.0	4.0
PetCare, Value added sales growth (%)	5.6	8.9	8.5
Tuna price (USD/ton)	1,600	1,500	1,500
Gross margin (%)	17.3	17.4	17.5

Source: FSSIA estimates

Earnings sensitivity

- For every THB1/USD increase, we estimate 2024 net profit to fall by 7%, and vice versa, all else being equal.
- For every 1% increase in the tuna price, we estimate 2024 net profit to fall by 5.8%, and vice versa, all else being equal.
- For every 5% increase in the minimum wage, we estimate 2024 net profit to fall by 4.3%, and vice versa, all else being equal.

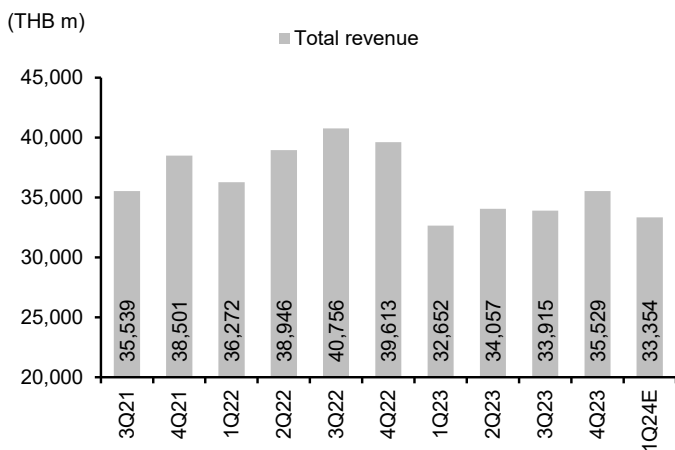
Source: FSSIA estimates

Exhibit 1: TU - 1Q24E earnings preview

	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales in THB m	39,613	32,652	34,057	33,915	35,529	33,354	4.8	(10.3)
Cost of sales	32,744	27,735	28,310	27,682	29,201	27,817	5.5	(10.8)
Gross profit	6,868	4,917	5,748	6,233	6,327	5,537	1.5	(7.9)
SG&A	4,484	4,121	3,975	4,044	4,173	4,036	3.2	(7.0)
Operating profit	2,668	993	2,011	2,447	2,521	1,721	3.0	(5.5)
Profit sharing	(313)	231	(137)	(234)	819	100	nm	nm
Sharing from Red Lobster	(344)	121	(94)	(395)	(450)	(368)	nm	nm
Interest expense	571	532	550	589	630	635	6.9	10.4
Tax expense	(170)	(242)	(198)	(140)	(40)	65	(29.1)	3.0
FX gain (loss)	(468)	215	(250)	(268)	68	0	nm	nm
Other gain (loss)	0	0	0	0	(18,413)	0	nm	nm
Reported net profit	1,238	1,022	1,029	1,206	(17,189)	901	nm	nm
Core profit	1,706	807	1,279	1,474	1,177	901	(20.2)	(31.0)
Key ratios (%)							(ppt)	(ppt)
Gross margin	17.3	15.1	16.9	18.4	17.8	16.6	(0.6)	0.5
SG&A / sales	11.3	12.6	11.7	11.9	11.7	12.1	(0.2)	0.4
Operating margin	6.7	3.0	5.9	7.2	7.1	5.2	(0.1)	0.4
Net margin	3.1	3.1	3.0	3.6	(48.4)	2.7	(51.9)	(51.5)
Core margin	4.3	2.5	3.8	4.3	3.3	2.7	(1.0)	(1.0)
Operating statistics (THB m)								
Ambient sales	17,086	15,225	17,136	15,851	15,693	14,928	(1.0)	(8.2)
Frozen, chilled seafood sales	14,453	11,684	11,493	11,593	12,525	11,956	8.0	(13.3)
Pet care sales	5,568	3,495	3,169	3,773	4,622	4,019	22.5	(17.0)
Value added, others sale	2,505	2,248	2,260	2,698	2,689	2,451	(0.3)	7.3
GM - ambient (%)	21.2	18.0	19.5	20.4	17.4	17.0	(3.0)	(3.8)
GM - frozen, chilled seafood (%)	8.8	7.9	9.6	12.9	14.4	12.5	1.5	5.6
GM - pet care (%)	23.3	18.0	20.2	19.4	23.4	22.0	4.0	0.1
GM - value added and others (%)	27.3	27.3	25.7	28.9	26.2	25.0	(2.7)	(1.1)
Tuna price (USD/tonne)	1,660	1,820	2,000	1,800	1,533	1,350	(14.8)	(7.7)
Shrimp 60 pcs/kg (THB/kg)	154	168	127	123	134	143	8.9	(13.0)
Salmon (NOK/kg)	73	104	109	83	84	106	1.2	15.1

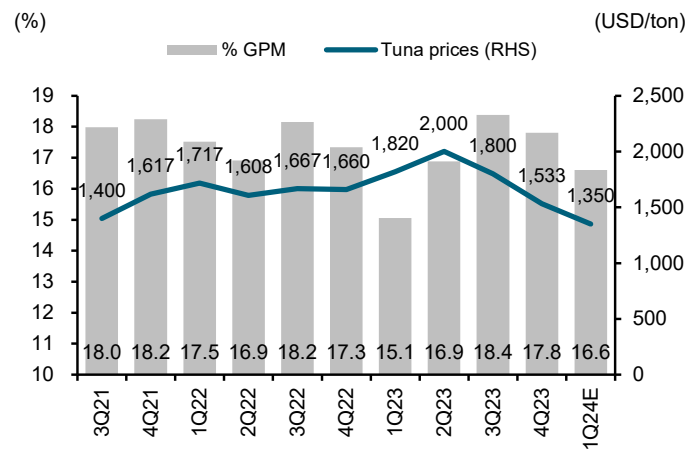
Sources: TU, FSSIA estimates

Exhibit 2: Quarterly total revenue



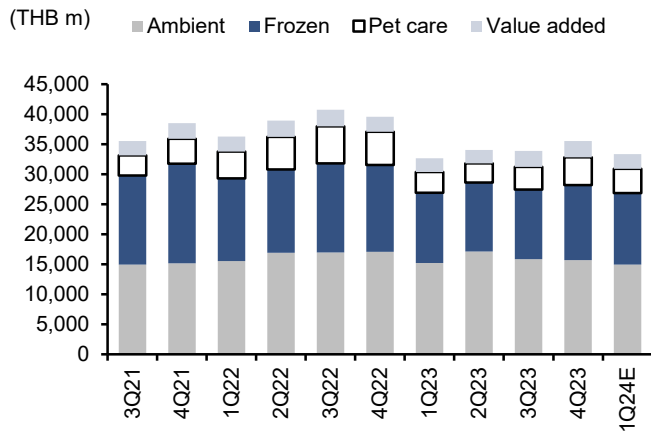
Sources: TU, FSSIA estimates

Exhibit 3: Gross margin and tuna price



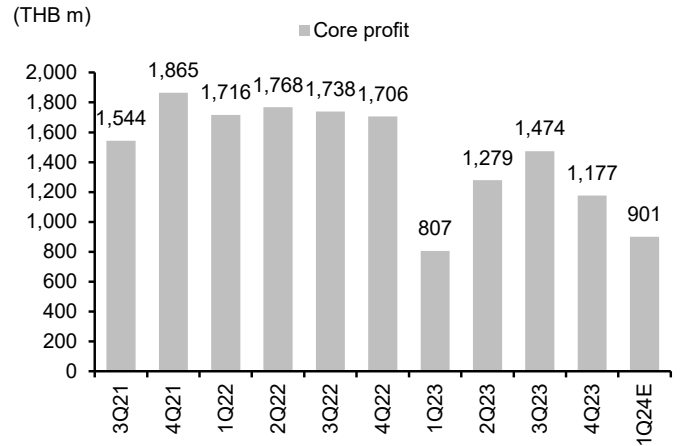
Sources: TU, FSSIA estimates

Exhibit 4: Revenue breakdown by product



Sources: TU, FSSIA estimates

Exhibit 5: Quarterly core profit



Sources: TU, FSSIA estimates

Exhibit 6: Change of key assumptions for TU

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue (USD m)	4,149	4,315	4,531	4,186	4,354	4,531	(0.9)	(0.9)	0.0
Fx rate (THB/USD)	33.0	33.0	33.0	33.0	33.0	33.0	0.0	0.0	0.0
Total sale value (THB m)	136,911	142,388	149,507	138,143	143,669	149,507	(0.9)	(0.9)	0.0
Costs	113,226	117,612	123,343	114,244	118,671	123,343	(0.9)	(0.9)	0.0
Gross profit	23,686	24,775	26,164	23,899	24,998	26,164	(0.9)	(0.9)	0.0
SG&A expenses	16,703	17,371	18,240	16,853	17,528	17,941	(0.9)	(0.9)	1.7
Interest expense	2,526	2,414	2,357	2,247	2,186	2,776	12.4	10.4	(15.1)
Profit sharing	638	677	681	638	677	681	0.0	0.0	0.0
Tax expense	325	359	397	93	107	121	249.3	235.7	227.9
Reported net profit	5,043	5,593	6,150	5,511	5,998	6,168	(8.5)	(6.8)	(0.3)
Core profit	5,043	5,593	6,150	5,511	5,998	6,168	(8.5)	(6.8)	(0.3)
Key ratios (%)									
Total revenue growth	0.6	4.0	5.0	1.5	4.0	4.1	(0.9)	(0.0)	0.9
Net profit growth	nm	10.9	10.0	nm	8.8	2.8	nm	2.1	7.1
Core profit growth	6.5	10.9	10.0	11.2	8.8	2.8	(4.7)	2.1	7.1
Gross margin	17.3	17.4	17.5	17.3	17.4	17.5	0.0	0.0	0.0
SG&A to sales	12.2	12.2	12.2	12.2	12.2	12.2	0.0	0.0	0.0
Net margin	3.7	3.9	4.1	4.0	4.2	4.1	(0.3)	(0.3)	(0.0)
Norm margin	3.7	3.9	4.1	4.0	4.2	4.1	(0.3)	(0.3)	(0.0)
Operating statistics (THB m)									
Ambient sales	63,263	64,977	67,721	63,855	65,562	68,312	(0.9)	(0.9)	(0.9)
Frozen, chilled sales	47,295	48,714	50,662	47,645	49,074	51,676	(0.7)	(0.7)	(2.0)
Pet care sales	16,112	18,046	19,940	16,541	18,526	20,499	(2.6)	(2.6)	(2.7)
Value added, others sales	10,241	10,651	11,184	10,103	10,507	11,184	1.4	1.4	0.0
Tuna price (USD per ton)	1,600	1,500	1,500	1,600	1,500	1,500	0.0	0.0	0.0

Source: FSSIA estimates

Exhibit 7: SoTP-based valuation

	2024E core profit (THB m)	TU's stake (%)	2024E TU's core profit (THB m)	EPS (THB)	Target P/E (x)	2024 TP (THB)
Ambient & Frozen Business	2,457	100.0	2,457	0.5	13	5.9
Pet Food Business (ITC)	3,562	77.8	2,503	0.5	25	11.3
Feed Business (TFM)	163	51.0	83	0.0	10	0.2
Total			5,043	1.02	16.9	17.3

Source: FSSIA estimates

Financial Statements

Thai Union Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	155,586	136,153	136,911	142,388	149,507
Cost of goods sold	(128,380)	(112,928)	(113,226)	(117,612)	(123,343)
Gross profit	27,206	23,225	23,686	24,775	26,164
Other operating income	974	1,060	958	997	1,047
Operating costs	(19,156)	(16,313)	(16,703)	(17,371)	(18,240)
Operating EBITDA	13,348	12,163	12,357	13,067	13,887
Depreciation	(4,324)	(4,191)	(4,416)	(4,666)	(4,916)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	9,024	7,972	7,941	8,401	8,970
Net financing costs	(1,998)	(2,302)	(2,526)	(2,414)	(2,357)
Associates	(1,030)	679	638	677	681
Recurring non-operating income	(1,030)	(19,490)	638	677	681
Non-recurring items	567	0	0	0	0
Profit before tax	6,564	(13,820)	6,053	6,664	7,295
Tax	840	620	(325)	(359)	(397)
Profit after tax	7,403	(13,200)	5,728	6,305	6,898
Minority interests	(265)	(733)	(685)	(712)	(748)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	7,138	(13,933)	5,043	5,593	6,150
Non-recurring items & goodwill (net)	(567)	0	0	0	0
Recurring net profit	6,571	(13,933)	5,043	5,593	6,150
Per share (THB)					
Recurring EPS *	1.38	(2.99)	1.08	1.20	1.32
Reported EPS	1.50	(2.99)	1.08	1.20	1.32
DPS	0.85	0.53	0.60	0.66	0.67
Diluted shares (used to calculate per share data)	4,772	4,655	4,655	4,655	4,655
Growth					
Revenue (%)	10.3	(12.5)	0.6	4.0	5.0
Operating EBITDA (%)	0.7	(8.9)	1.6	5.7	6.3
Operating EBIT (%)	(0.5)	(11.7)	(0.4)	5.8	6.8
Recurring EPS (%)	8.3	nm	nm	10.9	10.0
Reported EPS (%)	(10.9)	nm	nm	10.9	10.0
Operating performance					
Gross margin inc. depreciation (%)	17.5	17.1	17.3	17.4	17.5
Gross margin exc. depreciation (%)	20.3	20.1	20.5	20.7	20.8
Operating EBITDA margin (%)	8.6	8.9	9.0	9.2	9.3
Operating EBIT margin (%)	5.8	5.9	5.8	5.9	6.0
Net margin (%)	4.2	(10.2)	3.7	3.9	4.1
Effective tax rate (%)	(12.8)	4.5	5.4	5.4	5.4
Dividend payout on recurring profit (%)	61.9	(17.7)	55.0	55.0	51.0
Interest cover (X)	4.0	(5.0)	3.4	3.8	4.1
Inventory days	146.0	173.0	162.7	153.3	152.6
Debtor days	39.7	45.0	41.3	39.0	38.9
Creditor days	63.8	68.5	65.3	66.4	66.1
Operating ROIC (%)	9.5	7.9	8.0	8.5	8.9
ROIC (%)	4.6	(6.7)	5.5	6.0	6.2
ROE (%)	9.4	(20.0)	8.7	9.5	9.9
ROA (%)	4.8	(6.5)	4.8	5.2	5.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Ambient seafood	66,510	63,904	63,263	64,977	67,721
Frozen & chilled seafood	56,964	47,295	47,295	48,714	50,662
Pet food & others	32,113	24,953	26,353	28,696	31,124

Sources: Thai Union Group; FSSIA estimates

Financial Statements

Thai Union Group

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	6,571	(13,933)	5,043	5,593	6,150
Depreciation	4,324	4,191	4,416	4,666	4,916
Associates & minorities	(1,030)	679	638	677	681
Other non-cash items	1,134	(20,169)	0	0	0
Change in working capital	(8,270)	2,378	4,743	(1,679)	(2,189)
Cash flow from operations	2,729	(26,854)	14,841	9,257	9,558
Capex - maintenance	(5,986)	(5,557)	(4,500)	(5,000)	(5,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	23,560	34,495	(5,722)	(677)	(475)
Other investments (net)	(1,731)	(851)	5,861	(1,260)	(1,637)
Cash flow from investing	15,843	28,087	(4,361)	(6,937)	(7,112)
Dividends paid	(4,281)	(6,811)	(2,620)	(2,922)	(2,994)
Equity finance	0	(29)	0	1	1
Debt finance	(10,684)	7,631	(4,834)	(2,806)	(1,428)
Other financing cash flows	(389)	223	(1,498)	329	427
Cash flow from financing	(15,354)	1,015	(8,952)	(5,399)	(3,994)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	3,218	2,248	1,527	(3,078)	(1,548)
Free cash flow to firm (FCFF)	20,570.44	3,535.97	13,005.66	4,734.29	4,802.91
Free cash flow to equity (FCFE)	7,499.62	9,088.36	4,147.31	(156.86)	1,445.28

Per share (THB)

FCFF per share	4.42	0.76	2.79	1.02	1.03
FCFE per share	1.61	1.95	0.89	(0.03)	0.31
Recurring cash flow per share	2.30	(6.28)	2.17	2.35	2.52

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	60,730	64,122	68,847	74,097	79,347
Less: Accumulated depreciation	(30,711)	(32,736)	(37,378)	(42,294)	(47,460)
Tangible fixed assets (net)	30,020	31,385	31,469	31,803	31,887
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	28,425	10,885	10,885	10,885	10,885
Cash & equivalents	12,241	14,490	16,017	12,939	11,391
A/C receivable	17,525	16,031	14,929	15,526	16,302
Inventories	52,622	50,482	46,531	48,334	50,689
Other current assets	5,236	4,827	7,234	7,387	7,586
Current assets	87,625	85,829	84,710	84,185	85,968
Other assets	36,500	37,351	31,490	32,749	34,387
Total assets	182,569	165,450	158,554	159,623	163,127
Common equity	80,642	58,628	57,575	60,247	63,404
Minorities etc.	7,489	7,389	7,119	7,119	7,326
Total shareholders' equity	88,131	66,017	64,695	67,366	70,730
Long term debt	48,125	39,248	39,172	38,972	37,909
Other long-term liabilities	9,489	9,712	8,215	8,543	8,970
Long-term liabilities	57,614	48,960	47,386	47,515	46,879
A/C payable	22,018	18,798	20,163	20,945	21,965
Short term debt	12,232	28,740	23,982	21,376	21,011
Other current liabilities	2,574	2,935	2,327	2,421	2,542
Current liabilities	36,824	50,473	46,473	44,741	45,518
Total liabilities and shareholders' equity	182,569	165,450	158,554	159,623	163,127
Net working capital	50,792	49,607	46,203	47,882	50,071
Invested capital	145,736	129,228	120,046	123,319	127,229

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	16.90	12.59	12.37	12.94	13.62
Tangible book value per share	16.90	12.59	12.37	12.94	13.62

Financial strength

Net debt/equity (%)	54.6	81.0	72.9	70.4	67.2
Net debt/total assets (%)	26.4	32.3	29.7	29.7	29.1
Current ratio (x)	2.4	1.7	1.8	1.9	1.9
CF interest cover (x)	4.8	4.9	2.6	0.9	1.6

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	11.0	(5.1)	14.0	12.7	11.5
Recurring P/E @ target price (x) *	12.6	(5.8)	16.0	14.4	13.1
Reported P/E (x)	10.2	(5.1)	14.0	12.7	11.5
Dividend yield (%)	5.6	3.5	3.9	4.3	4.4
Price/book (x)	0.9	1.2	1.2	1.2	1.1
Price/tangible book (x)	0.9	1.2	1.2	1.2	1.1
EV/EBITDA (x) **	9.6	10.8	10.1	9.6	9.0
EV/EBITDA @ target price (x) **	10.4	11.6	10.9	10.3	9.7
EV/invested capital (x)	0.9	1.0	1.0	1.0	1.0

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Thai Union Group; FSSIA estimates

Thai Union Group PCL (TU TB)

FSSIA ESG rating

★ ★ ★ ★

68.12 /100

Exhibit 8: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 9: ESG – peer comparison

	FSSIA ESG score	Domestic ratings					Global ratings						Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BTG	8.00	--	--	--	--	--	Declared	--	--	--	--	--	--	--	--
CPF	78.94	Y	Y	Y	5.00	5.00	Certified	High	50.25	BBB	43.00	70.21	85.00	4.08	62.09
GFPT	53.67	--	Y	Y	5.00	5.00	Certified	High	56.79	--	--	61.87	19.00	--	55.41
TU	68.12	Y	--	--	5.00	5.00	Certified	High	44.49	A	35.00	66.15	87.00	2.99	--
TFG	33.01	--	--	Y	4.00	5.00	Certified	High	--	--	--	42.11	--	--	--
RBF	34.45	--	--	--	5.00	4.00	Declared	High	51.04	--	--	30.50	--	2.34	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 10: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	2.37	2.62	2.56	2.86	2.84	3.00	3.01	2.99
BESG environmental pillar score	2.52	2.49	2.51	3.33	3.36	3.58	3.54	—
BESG social pillar score	0.95	1.32	1.28	1.41	1.36	1.53	1.53	—
BESG governance pillar score	3.94	4.42	4.21	3.95	3.89	3.93	4.02	—
ESG disclosure score	50.93	56.98	56.98	60.30	60.75	63.74	64.21	—
Environmental disclosure score	38.75	44.64	44.64	48.32	48.66	48.66	50.08	—
Social disclosure score	35.34	42.59	42.59	42.59	43.62	52.60	52.60	—
Governance disclosure score	78.60	83.59	83.59	89.86	89.86	89.86	89.86	—
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Climate change policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	Yes	Yes	Yes	Yes
GHG scope 1	385	423	367	370	337	311	323	—
GHG scope 2 location-based	161	176	179	170	173	183	188	—
GHG Scope 3	—	—	—	—	—	—	3,786	—
Carbon per unit of production	1	1	1	1	1	1	1	—
Biodiversity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Total energy consumption	1,129	1,328	1,251	1,196	1,097	1,181	1,209	—
Renewable energy use	25	54	48	40	53	75	122	—
Electricity used	310	360	369	350	354	379	384	—
Fuel used - natural gas	4,142	8,254	7,918	7,030	3,052	7,182	8,309	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 11: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	0	0	1	1	1	3	—
Total waste	—	41	27	57	45	84	66	—
Waste recycled	—	—	—	27	26	51	32	—
Waste sent to landfills	—	41	27	22	14	14	14	—
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	Yes	Yes	No
Pct women in workforce	—	—	—	—	—	—	—	65
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	1	1	1	1	0	0	0	—
Total recordable incident rate - employees	—	—	—	—	—	1	1	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of employees – CSR	39,864	49,177	51,143	47,314	44,551	44,101	44,705	44,705
Employee turnover pct	15	14	15	13	16	17	13	—
Total hours spent by firm - employee training	305,452	885,186	767,145	264,958	209,390	260,196	299,524	168,216
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	12	12	12	12	12	12	12	11
No. of independent directors (ID)	4	4	4	4	4	4	5	5
No. of women on board	0	0	0	0	0	0	2	2
No. of non-executive directors on board	6	6	6	6	6	6	6	6
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	8	8	6	5	6	7	5	8
Board meeting attendance pct	90	94	89	85	90	92	95	92
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	41	42	42	43	44	45	46	47
Age of the oldest director	81	82	83	84	85	86	87	80
No. of executives / company managers	10	10	12	11	12	12	11	11
No. of female executives	1	1	1	1	1	1	0	0
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	23	23	21	14	21	12	5	13
Audit meeting attendance %	—	97	89	93	97	94	100	97
Size of compensation committee	2	2	2	2	2	2	2	2
No. of ID on compensation committee	2	2	2	2	2	2	2	2
No. of compensation committee meetings	4	3	2	2	2	2	4	3
Compensation meeting attendance %	100	100	100	100	100	100	100	100
Size of nomination committee	2	2	2	2	2	2	2	2
No. of nomination committee meetings	4	3	2	2	2	2	4	3
Nomination meeting attendance %	100	100	100	100	100	100	100	100
Sustainability governance								
Verification type	No	No	No	Yes	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																											
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
NEGL	Low	Medium	High	Severe																									
0-10	10-20	20-30	30-40	40+																									
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="0" style="margin-left: 20px;"> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																												
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																												
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

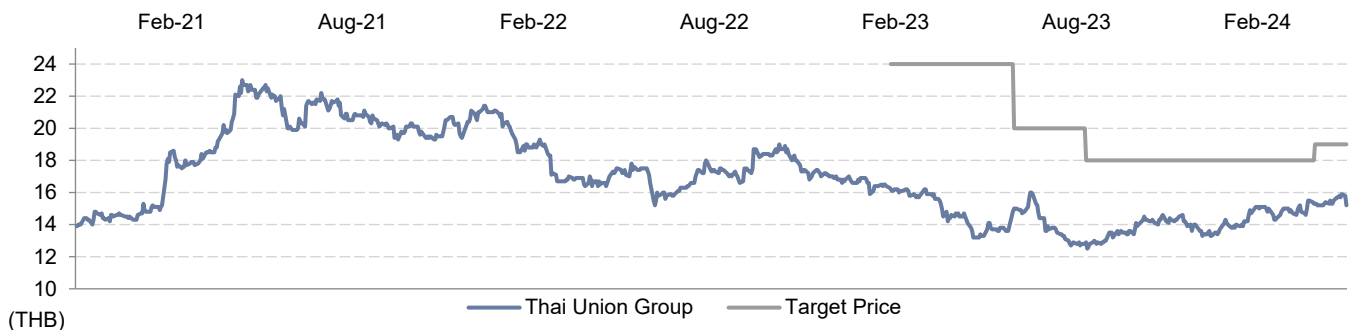
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Thai Union Group (TU TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Jan-2023	BUY	24.00	10-Jul-2023	BUY	18.00	-	-	-
09-May-2023	BUY	20.00	23-Jan-2024	BUY	19.00			

Sureporn Teewasuwet started covering this stock from 23-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Thai Union Group	TU TB	THB 15.20	BUY	Downside risks to our SoTP-based 2024 TP include 1) a slower-than-expected revenue recovery; 2) a disruption on shipping routes, resulting in higher-than-expected freight costs; 3) a slower decrease in raw material costs than expected; 4) higher-than-expected labor costs and labor shortages; and 5) stronger Baht than expected.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 20-Feb-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.