i-Tail Corporation (ITC TB)

3Q26 Results Preview: Sustained Strong Sales Growth Momentum

Highlights

- We expect ITC to report a net profit of Bt790m, (-3% yoy and -6% qoq). Excluding one-off items, we estimate 3Q26 core profit at Bt805m (+2.3% yoy, but -6% qoq).
- However, adjusting for the tariff refund recognised in 2Q26, core profit would rise 2.3% yoy and 11% qoq. We expect 4Q26 earnings to grow yoy and qoq.
- Maintain BUY with a higher target price: Bt22.00.

3Q26 Earnings Preview

Year to 31 Dec (Btm)	3Q26F	3Q25	2Q26	yoy (%)	qoq (%)
Sales	5,382	4,721	4,530	14.0%	18.8%
Gross Profit	1,302	1,200	1,346	8.5%	-3.2%
Pre-tax Profit	857	827	957	3.6%	-10.5%
Net Profit	790	812	844	-2.7%	-6.4%
Core Profit	805	787	856	2.3%	-5.9%
EPS (Bt)	0.27	0.26	0.29	2.3%	-5.9%
%	3Q26	3Q25	2Q26	yoy (%)	qoq (%)
Gross Margin	24.2%	25.4%	29.7%	-1.2%	-5.5%
SGA/Sales	11.1%	10.2%	12.0%	0.9%	-0.8%
Net Margin	14.7%	17.2%	18.6%	-2.5%	-3.9%

Source: Bloomberg, UOB Kay Hian

Analysis

- **Expect core earnings to rise qoq and yoy.** We expect i-Tail Corporation's (ITC) net profit to be Bt790m, (-3% yoy and -6% qoq). Excluding one-off items, we foresee 3Q26 core profit at Bt805m (+2.3% yoy, but -6% qoq). However, adjusting for the tariff refund recognised in 2Q26, core profit would grow 2.3% yoy and 11% qoq.
- **Pet food sales momentum remains strong.** ITC's top-line is expected to increase to Bt5.4b in 3Q26 (+14% yoy, +19% qoq), driven mainly by higher sales volume in the US market. The premium segment is likely to remain strong, accounting for more than 52.4% of sales.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	17,729.0	18,223.4	21,099.3	23,594.9	25,477.6
EBITDA	4,517.6	3,849.6	4,427.7	5,050.9	5,520.5
Operating profit	3,977.0	3,181.4	3,629.5	4,119.3	4,489.0
Net profit (rep./act.)	3,597.3	2,977.9	3,443.8	3,908.0	4,257.8
Net profit (adj.)	3,830.4	2,933.4	3,443.8	3,908.0	4,257.8
EPS	1.3	1.0	1.2	1.3	1.4
PE (x)	13.6	17.7	15.1	13.3	12.2
P/B (x)	2.2	2.2	2.1	2.1	2.0
EV/EBITDA (x)	10.3	11.8	10.4	9.2	8.4
Dividend yield (%)	6.6	5.2	6.0	6.3	7.0
Net margin (%)	20.3	16.3	16.3	16.6	16.7
Net debt/(cash) to equity(%)	(22.4)	(27.2)	(23.8)	(22.5)	(22.4)
Interest cover (x)	749.6	375.3	974.0	888.9	777.2
ROE (%)	15.2	12.7	14.5	16.2	17.4
Consensus net profit	n.a	n.a	3,472.5	3,890.9	4,289.4
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: i-Tail Corporation, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt16.70
Target Price	Bt22.00
Upside	31.73%
Previous TP	Bt20.50

Stock Data

Sector	Consumer Staples
Bloomberg ticker	ITC TB
Shares issued (m)	3,000.0
Market cap (Btm)	50,700.0
Market cap (US$m)	1,527.2
3-mth avg daily t'over (US$m)	5.2

Price Performance (%)

52-week high/low: Bt18.0/Bt13.9

1mth	3mth	6mth	1yr	YTD
(4.0)	5.6	21.6	13.4	11.9

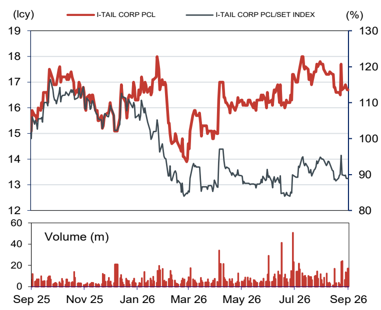
Major Shareholders (%)

Thai Union Group	79.30
Thai NVDR	2.68

Balance Sheet Metrics

FY26 NAV/Share (Bt)	8.2
FY26 Net Debt/Share (Bt)	(1.9)

Price Chart



Source: Bloomberg

Company Description

ITC manufactures and sells mid-priced to premium quality products pet food and treats for cats and dogs made from premium ingredients, primarily fish and chicken. .

- **Gross margin forecast to face slight pressure.** We project 3Q26 gross margin at 24.3% (drop yoy and qoq). Excluding the tariff refund recognised in 2Q26, gross margin could improve qoq but decline yoy, mainly due to higher input costs.
- **SG&A-to-sales expected to exceed target range.** We expect SG&A-to-sales to rise to 11.1% in 3Q26, higher yoy and qoq and above the company's 9-10% target range, due to higher consulting fees related to potential new M&A opportunities, as well as increased freight costs from the war-related impact. For the M&A deal in the US, management foresees further progress in 4Q26. If completed, the deal could provide upside to ITC's earnings.
- **4Q26 outlook.** We expect 4Q26 earnings to increase both yoy and qoq, driven by: a) higher sales at mid-double-digit yoy growth, supported by the seasonal peak in 4Q; and b) an improvement in gross profit margin qoq, driven by higher sales volume and a greater contribution from premium-segment products such as pet treats to 20% of total sales. The company implemented price adjustments from 3Q26 to mitigate higher raw material and packaging costs, which should support margins in 4Q26. Management also plans another round of price adjustments in early-27, which should provide further support to profitability.

Valuation/Recommendation

- **Maintain BUY with a higher target price of Bt22.00** (previously Bt20.50). We roll over our valuation base to 2027 EPS. We peg its PE target to its three-year mean, at 17x.
- We reiterate our positive view on ITC, supported by the strong sales growth momentum in the pet food industry, which we expect to deliver double-digit yoy growth in 2H26, particularly driven by the premium segment. In addition, ITC's initial pricing adjustments in 3Q26 should help support margin resilience. We forecast 2027 earnings at Bt3.9b (+13.5% yoy).

Earnings Revision/Risk

- **Earnings revision:** None.

Share Price Catalyst

- Better-than-expected premium product mix.
- Sales increase in the US and EU markets.
- Lower raw material costs.
- Depreciation of the Thai baht.

Environmental, Social, Governance (ESG)

CG Report: 5

SET ESG Rating: A

Environmental

- SeaChange sustainability strategy by 2030. To become a net-zero emission company, the company plans to: a) increase the biomass fuel usage to 70% of its steam production; b) expand solar panel contribution to 4.8 MW or 10%, with a plan to raise to 30% of electricity consumption by 2027 (additional 10% in 2026 and 10% in 2027); and c) reduce its GHG emissions by 42% by 2030 from 2021 baseline.

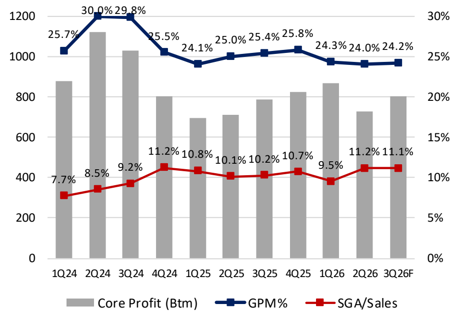
Social

- ITC aims to increase its OEM sales by increasing sustainable packaging to 60% by 2030.

Governance:

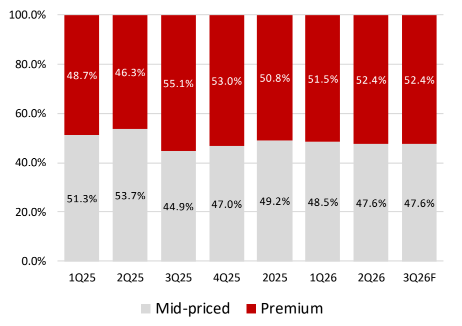
- ITC is committed to conducting its business with honesty, transparency, responsibility and business ethics. ITC's policies include anti-corruption, respect for human rights, fair treatment of labour, and responsibility to customers and consumers.

Quarterly Results



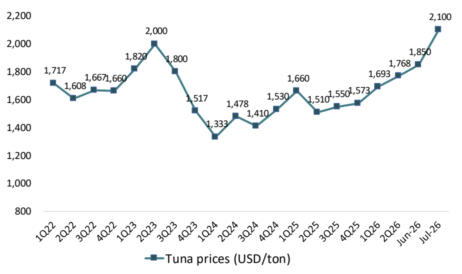
Source: ITC, UOB Kay Hian

Production Mix



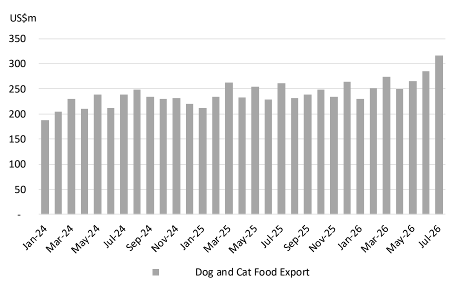
Source: ITC, UOB Kay Hian

Tuna Prices (US$/tonne)



Source: TU, UOB Kay Hian

Thailand's Dog And Cat Food Export



Source: TPSO, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	18,223	21,099	23,595	25,478
EBITDA	3,850	4,428	5,051	5,521
Deprec. & amort.	668	798	932	1,032
EBIT	3,181	3,629	4,119	4,489
Total other non-operating income	0	0	0	0
Associate contributions	0	0	0	0
Net interest income/(expense)	(10)	(5)	(6)	(7)
Pre-tax profit	3,171	3,625	4,114	4,482
Tax	(149)	(181)	(206)	(224)
Minorities	0	0	0	0
Net profit	2,978	3,444	3,908	4,258
Net profit (adj.)	2,933	3,444	3,908	4,258

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	6,484	6,843	6,911	6,880
Other LT assets	362	391	423	457
Cash/ST investment	6,489	5,826	5,650	5,764
Other current assets	9,638	10,641	11,711	12,516
Total assets	26,973	27,701	28,695	29,617
ST debt	0	0	0	0
Other current liabilities	2,310	2,314	2,577	2,774
LT debt	0	0	0	0
Other LT liabilities	837	885	994	1,119
Shareholders' equity	23,826	24,502	25,124	25,723
Minority interest	0	0	0	0
Total liabilities & equity	26,973	27,701	28,695	29,617

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	3,547	3,304	4,076	4,731
Pre-tax profit	3,127	3,625	4,114	4,482
Tax	(149)	(181)	(206)	(224)
Deprec. & amort.	570	798	932	1,032
Associates	0	0	0	0
Working capital changes	(1)	(938)	(764)	(559)
Non-cash items	0	0	0	0
Other operating cashflows	0	0	0	0
Investing	1,582	(1,000)	(1,000)	(1,000)
Capex (growth)	(1,124)	(1,000)	(1,000)	(1,000)
Others	2,706	0	0	0
Financing	(3,483)	(2,890)	(3,286)	(3,659)
Dividend payments	(3,450)	(2,890)	(3,286)	(3,659)
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	0	0	0	0
Others/interest paid	(34)	0	0	0
Net cash inflow (outflow)	1,646	(586)	(210)	72
Beginning cash & cash equivalent	5,408	6,431	5,826	5,650
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	6,489	5,826	5,650	5,764

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	21.1	21.0	21.4	21.7
Pre-tax margin	17.4	17.2	17.4	17.6
Net margin	16.3	16.3	16.6	16.7
ROA	11.4	13.0	14.4	15.5
ROE	12.7	14.5	16.2	17.4
Growth				
Turnover	2.8	15.8	11.8	8.0
EBITDA	(14.8)	15.0	14.1	9.3
Pre-tax profit	(20.1)	14.3	13.5	9.0
Net profit	(17.2)	15.6	13.5	9.0
Net profit (adj.)	(23.4)	17.4	13.5	9.0
EPS	(23.4)	17.4	13.5	9.0
Leverage				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	(27.2)	(23.8)	(22.5)	(22.4)
Interest cover	375.3	974.0	888.9	777.2