i-Tail Corporation (ITC TB)

2Q26: Management Raises Sales Guidance

Highlights

- ITC reported a 2Q26 core profit of Bt856m, (+20% yoy and flat qoq). The results exceeded both our and market expectations.
- Excluding the impact of tariff refunds, the normalised core profit came in at Bt725m (+2% yoy, -16% qoq), in line with expectations.
- Management revised up its 2026 sales growth guidance, reflecting strong demand in the pet food industry. As a result, we expect 2H26 sales to increase hoh and yoy.
- Maintain BUY with a target price of Bt20.50.

2Q26 Results

Year to 31 Dec (Btm)	2Q26	2Q25	1Q26	yoy(%)	qoq(%)
Sales	4,530	4,473	5,174	1.3%	-12.4%
Gross Profit	1,346	1,120	1,258	20.2%	7.0%
Pre-tax Profit	957	779	900	22.8%	6.4%
Net Profit	844	696	871	21.3%	-3.1%
Core Profit	856	712	865	20.2%	-1.1%
EPS (Bt)	0.28	0.23	0.29	21.3%	-3.1%
Gross Margin (%)	29.7%	25.0%	24.3%	4.7%	5.4%
%SG&A/revenue	12.0%	10.1%	9.5%	1.9%	2.5%
Net Margin (%)	18.6%	15.6%	16.8%	3.1%	1.8%

Source: i-Tail Corporation PCL, UOB Kay Hian

Analysis

- **Earnings beat expectations from the tariff refund.** i-Tail Corporation (ITC) reported a 2Q26 net profit of Bt843m (+22% yoy, -3% qoq). Excluding one-off items, core profit came in at Bt856m, (+20% yoy and flat qoq). The results exceeded both our and market expectations by 18% and 11%, respectively, driven by stronger-than-expected gross profit margin from the impact of tariff refunds. Excluding the impact of tariff refunds, the normalised core profit came in at Bt725m (+2% yoy, -16% qoq). The results were in line with both our and market expectations.
- **Robust pet treat demand.** Total sales for 2Q26 were reported at Bt4.5b (flat yoy, -12% qoq). Excluding the impact of tariff refunds, the normalised sales reached Bt4.9b (+9% yoy, -6% qoq). The yoy increase is attributable to higher demand from US and EU market sales and new product launches. By product segment, pet treat sales showed a significant increase (+62% yoy, -14% qoq), reflecting strong demand. In addition, cat food sales continued to grow (+4% yoy, +3% qoq).

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	3,356.0	3,728.0	4,062.3
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

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

BUY (Maintained)	
Share Price	Bt17.30
Target Price	Bt20.50
Upside	17.50%

Analyst(s)
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Stock Data

GICS sector	Consumer Staples
Bloomberg ticker:	ITC TB
Shares issued (m):	3,000.0
Market cap (Bt$m):	48,600.0
Market cap (US$m):	1,463.0
3-mth avg daily t'over (US$m):	3.1

Price Performance (%)

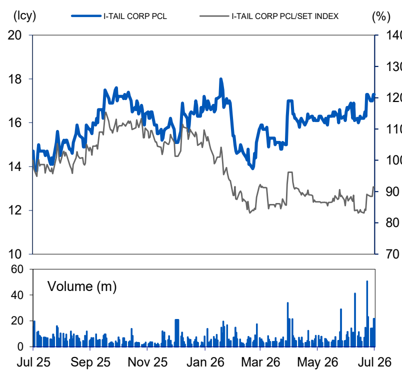
52-week high/low				Bt18.0/Bt11.4
1mth	3mth	6mth	1yr	YTD
0.6	2.5	7.3	39.7	7.3

Major Shareholders	%
Thai Union Group	79.30
Thai NVDR	2.68
VAYU1	1.43

Balance Sheet Metrics

FY26 NAV/Share (Bt)	8.2
FY26 Net Debt/Share (Bt)	(2.1)

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 in fish and chicken.

- **Slight pressure on profitability.** Gross profit margin came in at 29.7% (increasing yoy and qoq). Excluding the tariff refund impact, normalised gross profit margin was 24.0%, compared with 24.3% in 1Q26 and 25.0% in 2Q25. Premium products remained at a strong level, accounting for 52.4% of total sales. (2Q25: 46.3%, 1Q26: 51.5%). SGA-to-sales ratio was reported at 12%, up yoy and qoq.
- ITC announced a dividend payment of Bt0.55/share with its ex-dividend (XD) date on 26 Aug 26.
- **2026 sales target revised up.** Management revised up its 2026 sales growth guidance to 14-17% in Thai baht terms (vs previous guidance of 8-11%) and 17-20% in US dollar terms (vs 9-12%). Meanwhile, the company maintained its gross profit margin target of 23-25% and SG&A-to-sales ratio of 9-10%.
- **3Q26 earnings outlook.** Management expects sales in 3Q26 to increase qoq and yoy, on secured orders and seasonality. Sales are expected to continue improving into 4Q26 qoq and yoy, driven by the seasonal peak demand period. The US market is expected to remain the company's key market, while seeing a recovery in sales momentum from the EU and AOA markets. In addition, the pet treats segment continues to demonstrate strong growth momentum and remains a key growth driver. Gross profit margin is expected to improve qoq in 3Q26, supported by: a) selling price adjustments implemented in Jul 26, b) easing raw material costs from their peak levels, and c) a higher contribution from premium products in 2H26.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt20.50.** We peg its PE target to its three-year mean, at 18x 2026F PE.

Earnings Revision/Risk

- We fine-tune our 2026 earnings forecast by: a) raising sales growth forecast to 15% yoy (from 10% yoy), reflecting stronger-than-expected sales performance in 1H26 and the company's upward revision to its sales guidance; b) lowering gross profit margin assumption to 24.3% (from 25.0%) to reflect higher raw material costs; and c) revising upward SG&A expense. Overall, we continue to expect 2026 core profit to grow 14% yoy, supported by robust industry growth and the company's strong cost pass-through capability.

Share Price Catalyst

- Better-than-expected premium product mix, sales increase in the US and EU markets, lower raw material costs, and depreciation of the Thai baht.

Environmental, Social, Governance (ESG) Updates

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.

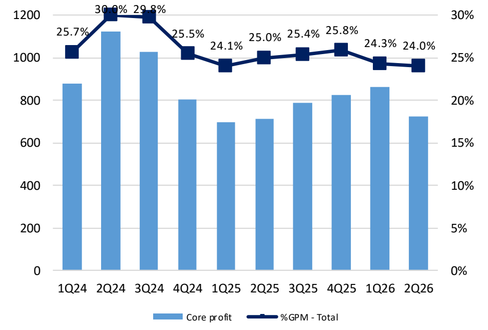
Social

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

Governance

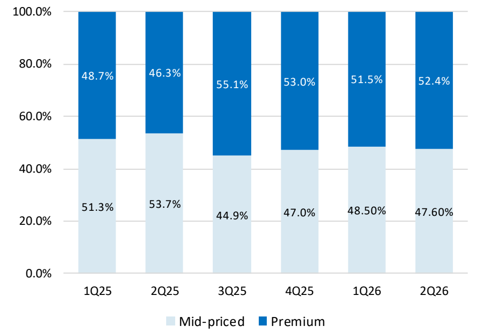
- ITC is committed to conducting its business with honesty, transparency, responsibility and business ethics. ITC's policies include anti-corruption, respect for human rights, fair treatment of labour, and responsibility to customers and consumers.

Quarterly Results And Margins



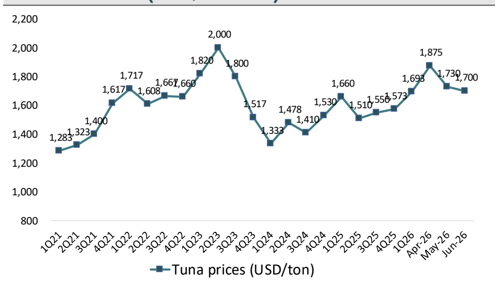
Source: ITC, UOB Kay Kian

Production Mix



Source: ITC, UOB Kay Kian

Tuna Prices (US$/tonne)



Source: ITC, UOB Kay Kian

2026 Target

Source: ITC, UOB Kay Kian

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 Metrics

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

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