

## i-Tail Corporation (ITC TB)

### 1Q26 Results Preview: Strong Sales Growth, Monitor Cost Impact

#### Highlights

- We expect ITC's 1Q26 core profit to come in at Bt791m (+13.4% yoy, but down 4.3% qoq), underpinned by solid sales growth (+18% yoy and +5% qoq).
- Although cost pressures are expected to arise from Middle East tensions, we foresee resilience in the product segment's pricing elasticity, which should enable exporters to pass through higher costs via ASP adjustments.
- Maintain BUY; target price: Bt20.50.

#### 1Q26 Preview

Year to 31 Dec (Btm)	1Q26F	1Q25	4Q25	yoy (%)	qoq (%)
Sales	5,013	4,249	4,780	18.0%	4.9%
Gross Profit	1,203	1,022	1,235	17.7%	-2.6%
Pre-tax Profit	841	713	851	18.0%	-1.2%
Net Profit	806	677	793	19.1%	1.6%
Core Profit	791	697	826	13.4%	-4.3%
EPS (Bt)	0.27	0.23	0.26	19.1%	1.6%
Gross Margin (%)	24.0%	24.1%	25.8%	-0.1%	-1.8%
%SG&A/revenue	10.2%	10.8%	10.7%	-0.6%	-0.5%
Net Margin (%)	16.1%	15.9%	16.6%	0.1%	-0.5%

Source: ITC, Bloomberg, UOB Kay Hian

#### Analysis

- Expect earnings to increase qoq.** We expect i-Tail Corporation (ITC) to report a net profit of Bt806m for 1Q26 (+ 19% yoy, and +2% qoq). Excluding a one-off forex gain, we expect 1Q26 core profit to come in at Bt791m (+13.4% yoy, but down 4.3% qoq).
- Solid top-line growth in 1Q26.** We expect ITC's 1Q26 top-line to be at Bt5b (up 18% yoy and 5% qoq). The solid top-line growth is primarily from the strong sales in the US market alongside the recovery sales in the EU and Japan markets yoy. 1Q26 sales growth is expected to increase 18% yoy, which is higher than the company's full-year sales growth target of 9-12% yoy.
- Stable profitability yoy.** Gross profit margin in 1Q26 is projected at 24%, (flat yoy but down qoq). The premium product mix contribution is projected at approximately 47-48% to total sales.

#### Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	17,729.0	18,223.4	20,001.1	21,601.8	22,853.9
EBITDA	4,517.6	3,849.6	4,404.9	4,927.2	5,364.1
Operating profit	3,977.0	3,181.4	3,606.7	3,995.6	4,332.6
Net profit (rep./act.)	3,597.3	2,977.9	3,433.3	3,802.8	4,124.6
Net profit (adj.)	3,830.4	2,933.4	3,433.3	3,802.8	4,124.6
EPS	1.3	1.0	1.1	1.3	1.4
PE (x)	13.6	17.8	15.2	13.7	12.7
P/B (x)	2.2	2.2	2.1	2.1	2.0
EV/EBITDA (x)	10.4	11.9	10.5	9.4	8.6
Dividend yield (%)	6.6	5.2	5.9	6.2	6.8
Net margin (%)	20.3	16.3	17.2	17.6	18.0
Net debt/(cash) to equity(%)	(22.4)	(27.2)	(24.6)	(23.6)	(23.3)
Interest cover (x)	749.6	375.3	969.0	867.1	755.2
ROE (%)	15.2	12.7	14.4	15.8	16.9
Consensus net profit	n.a	n.a	3,343.5	3,698.6	3,925.7
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	Bt15.10
Target Price	Bt20.50
Upside	37.76%

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#### Stock Data

GICS sector	Consumer Staples
Bloomberg ticker:	ITC TB
Shares issued (m):	3,000.0
Market cap (Bt\$m):	43,200.0
Market cap (US\$m):	1,317.6
3-mth avg daily t'over (US\$m):	3.1

#### Price Performance (%)

52-week high/low	Bt18.0/Bt10.1				
1mth	3mth	6mth	1yr	YTD	
(15.3)	(10.0)	(9.4)	(3.4)	(4.6)	

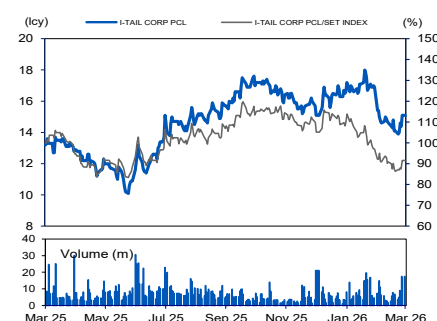
#### Major Shareholders

	%
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)	(2.0)

#### 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.

- **1Q26 earnings are expected to be brighter, but cost pressures should be monitored from Jun 26 onward.** In terms of the Middle East impact, direct exposure is minimal, since Middle East sales contribute less than 1% of total sales.

Freight costs have not been significantly impacted because the agreement is under FOB. However, we will monitor the energy and packaging costs, which account for around 3-4% and 30% of total costs, respectively. The company has locked in these costs until May 26. Based on our sensitivity analysis, a 1% increase in packaging and energy cost will negatively impact 2026's earnings and target prices by 1% and Bt0.2/share respectively. However, the company plans to offset the rising cost by implementing price adjustments starting in 2Q26 to fully offset higher costs. The company expects to keep the impact manageable with a gross profit margin of 23-25%.

- **Update on tariff tax rate.** The company indicated that the current tariff rate has been reduced to 10% from 19%. This reduction is positive for ITC as it alleviates pricing pressure in the US market, supporting volume growth and improving profitability.

## 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. We reiterate our positive view on ITC, supported by the strong growth potential of the pet food industry. Although cost pressures should still be monitored, we foresee resilience in the product segment's pricing elasticity, which should enable exporters to pass through higher costs via ASP adjustments.

## Earnings Revision/Risk

- 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.

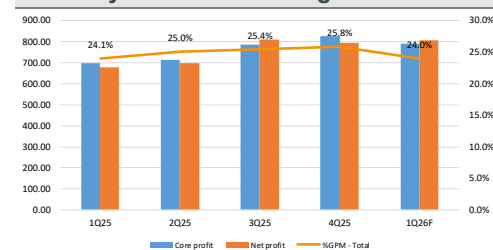
### Social

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

### Governance

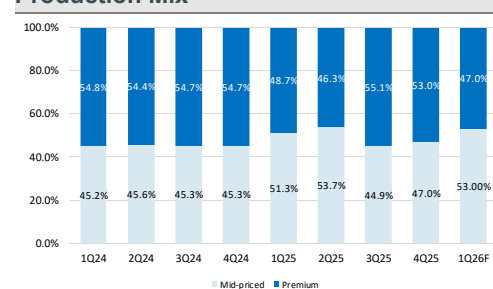
- ITC is committed to conducting its business with honesty, transparency, responsibility and business ethics. ITC's policies include anti-corruption, respect for human rights, fair treatment of labour, and responsibility to customers and consumers

## Quarterly Results And Margins



Source: ITC, UOB Kay Kian

## Production Mix



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	20,001	21,602	22,854
EBITDA	3,850	4,405	4,927	5,364
Deprec. & amort.	668	798	932	1,032
EBIT	3,181	3,607	3,996	4,333
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	3,602	3,990	4,325
Tax	(149)	(169)	(187)	(203)
Minorities	0	0	0	0
Net profit	2,978	3,433	3,803	4,123
Net profit (adj.)	2,933	3,433	3,803	4,123

### 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	422	456
Cash/ST investment	6,489	6,194	6,255	6,550
Other current assets	9,638	10,130	10,805	11,330
Total assets	26,973	27,558	28,394	29,215
ST debt	0	0	0	0
Other current liabilities	2,310	2,177	2,340	2,465
LT debt	0	0	0	0
Other LT liabilities	837	885	994	1,119
Shareholders' equity	23,826	24,496	25,060	25,630
Minority interest	0	0	0	0
Total liabilities & equity	26,973	27,558	28,394	29,215

### Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	3,547	3,668	4,266	4,804
Pre-tax profit	3,127	3,602	3,990	4,326
Tax	(149)	(169)	(187)	(203)
Deprec. & amort.	570	798	932	1,032
Associates	0	0	0	0
Working capital changes	(1)	(563)	(469)	(350)
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)	(2,885)	(3,239)	(3,552)
Dividend payments	(3,450)	(2,885)	(3,239)	(3,552)
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	(217)	27	252
Beginning cash & cash equivalent	5,408	6,431	6,194	6,255
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	6,489	6,194	6,255	6,550

### Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
<b>Profitability</b>				
EBITDA margin	21.1	22.0	22.8	23.5
Pre-tax margin	17.4	18.0	18.5	18.9
Net margin	16.3	17.2	17.6	18.0
ROA	11.4	13.0	14.1	15.1
ROE	12.7	14.4	15.8	16.9
<b>Growth</b>				
Turnover	2.8	9.8	8.0	5.8
EBITDA	(14.8)	14.4	11.9	8.9
Pre-tax profit	(20.1)	13.6	10.8	8.4
Net profit	(17.2)	15.3	10.8	8.4
Net profit (adj.)	(23.4)	17.0	10.8	8.4
EPS	(23.4)	17.0	10.8	8.4
<b>Leverage</b>				
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)	(25.3)	(25.0)	(25.6)
Interest cover	375.3	969.0	867.1	755.2

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