

Thai Union Group (TU TB)

1Q26 Results Preview: Earnings To Increase yoy, Cost Pressures Remain A Key Factor

Highlights

- We expect TU to report a core profit of Bt804m, up 27% yoy, but down 13% qoq.
- Looking ahead, we remain cautious on the ambient business due to potential cost pressures. We expect price adjustments in the ambient segment to be insufficient to fully offset rising costs and could negatively impact volumes.
- Maintain HOLD with a lower target price of Bt12.80.

1Q26 Results Preview

Year to 31 Dec (Btm)	1Q26F	1Q25	4Q25	yoy(%)	qoq(%)
Sales	31,499	29,789	35,040	5.7%	-10.1%
Gross Profit	5,733	5,611	6,410	2.2%	-10.6%
EBIT	1,314	1,099	1,776	19.5%	-26.0%
EBT	1,070	805	1,343	32.9%	-20.4%
Net profit	1,150	1,019	1,014	12.8%	13.5%
Core profit	804	634	923	26.7%	-12.8%
Core EPS (Bt)	0.17	0.13	0.22	26.7%	-22.2%
Gross Margin (%)	18.2%	18.8%	18.3%	-0.6%	-0.1%
%SG&A/revenue	14.6%	15.8%	13.9%	-1.2%	0.7%
Net Margin (%)	3.7%	3.4%	2.9%	0.2%	0.8%

Source: TU, UOB Kay Hian

Analysis

- **Core earnings to increase yoy.** We expect Thai Union Group (TU) to report a net profit of Bt1,150m for 1Q26 (+13% yoy and +14% qoq). Excluding one-off items, we estimate 1Q26 core profit at Bt804m, up 27% yoy, but down 13% qoq.
- **1Q26 gross margin to decline yoy.** We expect 1Q26 gross margin of 18.2%, down from 18.8% in 1Q25 and 18.3% in 4Q25. The yoy gross profit decrease is driven by tariff impacts on the ambient business and a normalisation of margins in the frozen business. SGA-to-sales in 1Q26 is forecasted to be 14.6%, lower yoy due to cost reductions from the transformation programme.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	138,433.1	132,718.6	138,069.1	140,853.8	144,401.0
EBITDA	12,678.8	11,267.2	11,921.9	12,686.7	13,426.1
Operating profit	8,307.8	7,052.3	7,680.4	8,195.6	8,720.9
Net profit (rep./act.)	4,984.9	4,609.4	4,641.8	5,012.6	5,366.6
Net profit (adj.)	5,067.0	4,135.3	4,641.8	5,012.6	5,366.6
EPS	1.1	0.9	1.1	1.2	1.3
PE (x)	11.2	13.7	11.6	10.8	10.1
P/B (x)	1.2	1.3	1.2	1.1	1.1
EV/EBITDA (x)	10.1	11.1	10.4	9.7	9.2
Dividend yield (%)	5.2	4.8	5.1	5.5	5.9
Net margin (%)	3.6	3.5	3.4	3.6	3.7
Net debt/(cash) to equity(%)	121.9	127.5	121.4	117.8	114.0
Interest cover (x)	5.1	4.7	5.1	5.4	5.6
ROE (%)	7.7	7.4	7.3	7.7	8.1
Consensus net profit	n.a	n.a	4,602.8	5,043.8	5,394.2
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: THAI UNION GROUP, Bloomberg, UOB Kay Hian

HOLD (Maintained)

Share Price	Bt11.70
Target Price	Bt12.80
Upside	9.40%
Previous TP	Bt13.20

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Stock Data

GICS sector	Consumer Staples
Bloomberg ticker:	TU TB
Shares issued (m):	3,855.1
Market cap (Bt\$m):	44,333.6
Market cap (US\$m):	1,362.4
3-mth avg daily t'over (US\$m):	6.2

Price Performance (%)

52-week high/low	Bt14.0/Bt9.0			
1mth	3mth	6mth	1yr	YTD
5.5	(13.5)	(7.3)	9.5	(10.2)

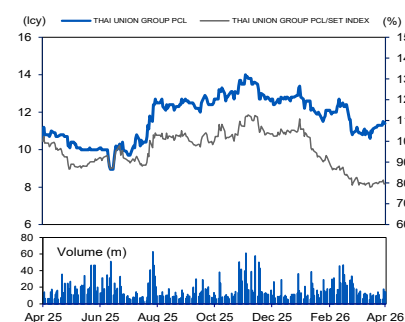
Major Shareholders

	%
Thai Union Group	79.30
Thai NVDR	2.68
VAYU1	1.43

Balance Sheet Metrics

	%
FY26 NAV/Share (Bt)	11.0
FY26 Net Debt/Share (Bt)	13.2

Price Chart



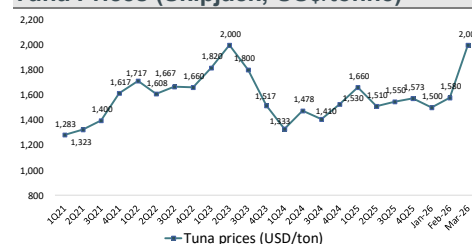
Source: Bloomberg

Company Description

TU manufactures and exports frozen and canned seafood, including canned food, frozen food and snacks. It is also involved in pet food, value added product and animal feed.

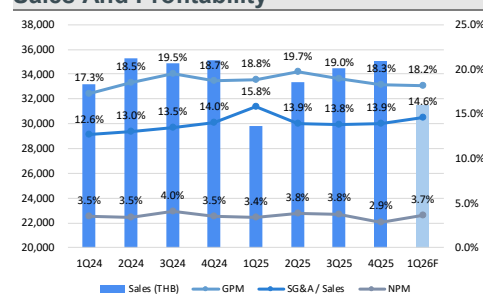
- **Expect 2Q26 earnings to improve qoq.** Although TU's 1Q26 earnings are expected to decrease qoq following the seasonal effect and lower gross profit margin, this is in line with our previous expectation of unexciting earnings momentum in 1Q26. However, we expect TU to deliver better 2Q26 earnings qoq. This will be mainly driven by: a) an improvement in the pet food business' top-line and gross margin, and b) an increase in tuna prices following the seasonal effect which will allow TU to benefit from better gross profit margin from higher ASP adjustment where the company has cheap tuna in its inventory.
- **Cost pressures remain a key factor.** Looking ahead, we remain cautious on the ambient business due to potential cost pressures from the current situation. Tuna prices (+27% mom) and packaging costs are rising, accounting for around 30% and 11% of total costs, respectively. TU expects costs to remain manageable in 1H26, supported by existing inventory, and plans to increase ASPs to offset higher costs. We foresee earnings downside from 2H26 onwards if cost pressures persist. While ASP increases may provide some margin support, we expect price adjustments in the ambient segment to be insufficient to fully offset rising costs and could negatively impact volumes, given limited pricing flexibility.

Tuna Prices (Skipjack; US\$/tonne)



Source: TU, UOB Kay Kian

Sales And Profitability



Source: TU, UOB Kay Kian

Valuation/Recommendation

- **Maintain HOLD with a lower target price of Bt12.80** based on 2026 EPS. We peg its PE target to -1SD to its five-year mean, at 12x. Although 1Q26 earnings are expected to grow yoy, the 2026 outlook remains challenging as earnings remain under pressure due to limited pricing flexibility and rising costs.

Earnings Revision/Risk

- We have revised down our 2026-27 core earnings forecasts by 4.5% and 3.5% respectively following more conservative assumptions on gross profit margin.

Share Price Catalyst

- a) Better-than-expected sales, b) slower-than-expected SGA-to-sales, c) lower raw material costs, and d) depreciation of the Thai baht.

Environmental, Social, Governance (ESG) Updates

CG Report: -

SET ESG Rating: -

Environmental

- SeaChange sustainability strategy by 2030. TU is one of the earliest companies to focus on sustainability improvement. The company aims to reduce 42% of greenhouse gas emissions by 2030 and become net zero by 2050.

Social

- TU is working to improve many dimensions of social responsibility. This includes human rights and improved employee engagement.

Governance

- TU is committed to conducting its business with transparency, responsibility, and business ethics including anti-corruption, respect for human rights, fair treatment, and responsibility to customers and consumers.

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	132,719	138,069	140,854	144,401
EBITDA	11,267	11,922	12,687	13,426
Deprec. & amort.	4,215	4,242	4,491	4,705
EBIT	7,052	7,680	8,196	8,721
Total other non-operating income	0	0	0	0
Associate contributions	862	948	948	948
Net interest income/(expense)	(2,379)	(2,339)	(2,351)	(2,397)
Pre-tax profit	5,535	6,290	6,792	7,272
Tax	17	(629)	(679)	(727)
Minorities	(1,036)	(1,019)	(1,100)	(1,178)
Net profit	4,609	4,642	5,013	5,367
Net profit (adj.)	4,135	4,642	5,013	5,367

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	4,592	9,979	9,107	9,433
Pre-tax profit	5,629	4,642	5,013	5,367
Tax	(709)	0	0	0
Deprec. & amort.	4,215	4,242	4,491	4,705
Associates	0	0	0	0
Working capital changes	(6,281)	1,096	(396)	(639)
Non-cash items	(3,890)	0	0	0
Other operating cashflows	5,629	0	0	0
Investing	(919)	(6,000)	(6,000)	(6,000)
Capex (growth)	(3,781)	(6,000)	(6,000)	(6,000)
Capex (maintenance)	0	0	0	0
Investments	2,017	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	845	0	0	0
Financing	(3,327)	(3,770)	(3,136)	(2,489)
Dividend payments	(2,795)	(2,663)	(2,841)	(3,055)
Issue of shares	(4,310)	0	0	0
Proceeds from borrowings	(15,869)	(88)	805	1,744
Loan repayment	0	0	0	0
Others/interest paid	19,647	(1,019)	(1,100)	(1,178)
Net cash inflow (outflow)	346	209	(29)	944
Beginning cash & cash equivalent	8,281	8,432	8,641	8,612
Changes due to forex impact	(195)	0	0	0
Ending cash & cash equivalent	8,432	8,641	8,612	9,556

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	29,887	31,645	33,154	34,449
Other LT assets	45,530	45,741	45,955	46,171
Cash/ST investment	8,432	8,641	8,612	9,556
Other current assets	74,215	73,914	74,724	75,890
Total assets	158,064	159,942	162,445	166,066
ST debt	18,860	17,966	17,027	16,277
Other current liabilities	30,042	30,940	31,458	32,090
LT debt	46,565	47,370	49,114	51,608
Other LT liabilities	10,777	10,885	10,994	11,105
Shareholders' equity	44,704	46,683	48,855	51,166
Minority interest	7,379	6,360	5,260	4,082
Total liabilities & equity	158,326	160,204	162,707	166,328

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	8.5	8.6	9.0	9.3
Pre-tax margin	4.2	4.6	4.8	5.0
Net margin	3.5	3.4	3.6	3.7
ROA	2.7	2.7	2.9	3.1
ROE	7.4	7.3	7.7	8.1
Leverage				
Debt to total capital	125.6	123.2	122.2	122.9
Debt to equity	146.4	140.0	135.4	132.7
Net debt/(cash) to equity	127.5	121.4	117.8	114.0
Interest cover	4.7	5.1	5.4	5.6

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