i-Tail Corporation (ITC TB)

3Q26: Earnings In Line; Positive On Industry Growth

Highlights

- ITC reported a 3Q26 core profit at Bt805m, (+2% yoy, +11% qoq). The results were in line with both our expectations and market consensus.
- We remain positive on ITC due to continued industry growth and further expansion in the premium segment.
- We expect 4Q26 earnings to increase both yoy and qoq on the back of the seasonal peak.
- Maintain BUY with a higher target price of Bt23.00.

3Q26 Results

Year to 31 Dec (Btm)	3Q26	3Q25	2Q26	yoy%	qoq%
Sales	5,177	4,721	4,530	9.7%	14.3%
Gross Profit	1,292	1,200	1,346	7.7%	-4.0%
Pre-tax Profit	870	827	957	5.1%	-9.2%
Net Profit	756	812	844	-6.9%	-10.4%
Core Profit	805	787	856	2.2%	-6.0%
EPS (Bt)	0.27	0.26	0.29	2.2%	-6.0%
(%)	**3Q26**	**3Q25**	**2Q26**	**yoy%**	**qoq%**
Gross Margin (%)	25.0%	25.4%	29.7%	-0.5%	-4.7%
SG&A/revenue (%)	10.8%	10.2%	12.0%	0.6%	-1.2%
Net Margin (%)	14.6%	17.2%	18.6%	-2.6%	-4.0%

Source: i-Tail Corporation PCL, UOB Kay Hian

Analysis

- **Earnings in line.** i-Tail Corporation (ITC) reported a 3Q26 net profit of Bt756m (-7% yoy, -10.5% qoq). Excluding one-off items, normalised core profit came in at Bt805m, (+2% yoy, +11% qoq). The results were in line with both our expectations and market consensus.
- **Robust pet food demand from the US and EU markets.** Total sales for 3Q26 was reported at Bt5.2b (+9.7% yoy, +14.3% qoq). Excluding the impact of tariff refunds in 2Q26, normalised sales reached Bt5.2b (+9.7% yoy, +6.3% qoq). The growth was attributable to higher sales and volume in the US and EU markets. Sales in US and EU markets were reported at Bt3.1b (+19.9% yoy, +6% qoq) and Bt861m (+9% yoy, +32% qoq), respectively.
- **Sales growth in all segments.** Sales increased across all product segments, both yoy and qoq. Pet treat sales grew significantly to Bt967m (+19.8% yoy, +4.6% qoq), while dog food sales continued to gain momentum, reaching Bt919m (+10.3% yoy, +24.2% qoq). Cat food sales were reported at Bt3.2b (+7.9% yoy, 1.7% qoq).

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	17,729.0	18,223.4	21,099.3	26,385.3	28,435.5
EBITDA	4,517.6	3,849.6	4,427.7	5,337.0	5,774.7
Operating profit	3,977.0	3,181.4	3,629.5	4,432.2	4,819.8
Net profit (rep./act.)	3,597.3	2,977.9	3,443.8	4,094.5	4,451.8
Net profit (adj.)	3,830.4	2,933.4	3,443.8	4,094.5	4,451.8
EPS	1.3	1.0	1.2	1.4	1.5
PE (x)	13.6	17.7	15.1	12.7	11.7
P/B (x)	2.2	2.2	2.1	2.1	2.0
EV/EBITDA (x)	10.3	11.8	11.6	9.7	8.9
Dividend yield (%)	6.6	5.2	6.0	6.5	7.4
Net margin (%)	20.3	16.3	16.3	15.5	15.7
Net debt/(cash) to equity(%)	(22.4)	(27.2)	(3.0)	(0.8)	(2.7)
Interest cover (x)	749.6	375.3	974.0	939.2	813.0
ROE (%)	15.2	12.7	14.5	16.9	18.2
Consensus net profit	n.a	n.a	3,415.2	3,878.0	4,310.7
UOBKH/Consensus (x)	n.a	n.a	1.0	1.1	1.0

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

Analyst(s)

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BUY (Maintained)

Share Price	Bt16.90
Target Price	Bt23.00
Upside	36.09%
Previous TP	Bt22.00

Stock Data

Sector	Consumer Staples
Bloomberg ticker	ITC TB
Shares issued (m)	3,000.0
Market cap (Btm)	50,700.0
Market cap (US$m)	1,504.8
3-mth avg daily t'over (US$m)	4.0

Price Performance (%)

52-week high/low				Bt18.0/Bt13.9
1mth	3mth	6mth	1yr	YTD
3.7	(2.3)	(0.6)	(1.7)	11.9

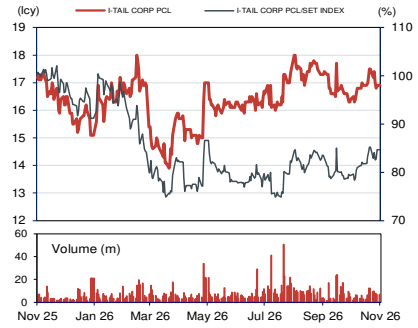
Major Shareholders (%)

Thai Union Group	79.30
Thai NVDR	2.96

Balance Sheet Metrics

FY26 NAV/Share (Bt)	8.2
FY26 Net Debt/Share (Bt)	(0.2)

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.

- **Healthy gross profit margin.** Normalised gross profit margin stood at 25.0% in 3Q26, declining yoy but improving qoq. The qoq improvement was attributable to a more favourable product mix, which helped offset higher costs. Premium products remained strong, accounting for 53.2% of total sales (vs 55.1% in 3Q25 and 52.4% in 2Q26). The SG&A-to-sales ratio was 10.8% in 3Q26, increasing yoy but declining qoq. The company also incurred Bt40m in consulting expenses related to the M&A transaction.
- **9M26 Thailand's pet food exports sustain double-digit growth.** Thailand's dog and cat food exports continued to grow, with export value reaching US$315.7m in Aug 26 (+20% yoy, +2% mom), according to the Trade Policy and Strategy Office (TPSO). Total exports in 9M26 amounted to US$2,437m (+13% yoy). ITC's 9M26 revenue growth was in line with Thailand's pet food export growth, reinforcing our positive outlook on the industry's growth prospects and ITC's leading position in the market.
- **Positive tone from analyst meeting after the result.** Management expects 4Q26 sales growth to be in line with its full-year target of 14-17% yoy, including Phelps' contribution. We estimate 4Q26 sales of Bt5.4b-Bt5.5b, increasing both yoy and qoq, and reaching the highest quarterly level of the year. However, gross profit margin in 4Q26 is expected to decline slightly qoq due to higher raw material costs. The company also expects to incur approximately Bt60m in additional M&A-related expenses. As a result, we expect earnings to improve both yoy and qoq in 4Q26 from the peak season.
- **2027 outlook.** Management targets low double-digit sales growth yoy in 2027, with the pet treat segment remaining a key growth driver. Pet treat sales accounted for 20% of total sales in 9M26, up from 15% in 9M25. The US will remain the company's key growth market, with management expecting both value and volume growth. The company continues to explore another potential M&A opportunity in China, although no specific timeline has been provided.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt23.00 (previously Bt22.00).** Our valuation is based on 2027 EPS. We peg its PE target to its three-year mean, at 17x.

Earnings Revision/Risk

- We revise up our 2027F-2028F earnings forecasts by 4.5-4.8% to reflect the earnings contribution from the Phelps acquisition.

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)

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.

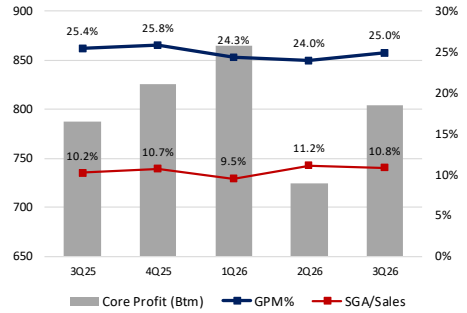
Social

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

Governance

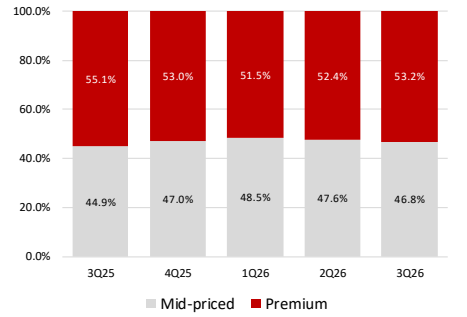
- ITC is committed to conducting its business with honesty, transparency, responsibility and business ethics. ITC's policies include anti-corruption, respect for human rights, fair treatment of labour, and responsibility to customers and consumers.

Quarterly Results



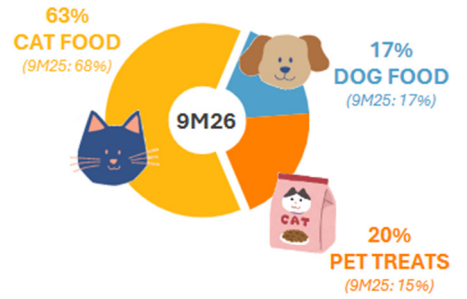
Source: ITC, UOB Kay Hian

Production Mix



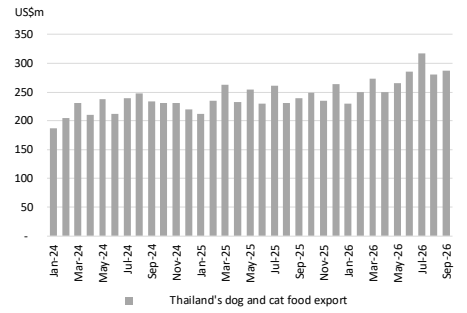
Source: ITC, UOB Kay Hian

Revenue Breakdown



Source: ITC

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**	**26,385**	**28,436**
EBITDA	3,850	4,428	5,337	5,775
Deprec. & amort.	668	798	905	955
EBIT	3,181	3,629	4,432	4,820
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**	**4,426**	**4,813**
Tax	(149)	(181)	(332)	(361)
Minorities	0	0	0	0
Net profit	**2,978**	**3,444**	**4,095**	**4,452**
Net profit (adj.)	2,933	3,444	4,095	4,452

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	6,484	6,643	6,238	5,783
Other LT assets	362	5,691	5,725	5,759
Cash/ST investment	6,489	726	202	707
Other current assets	9,638	10,641	12,971	13,851
Total assets	**26,973**	**27,701**	**29,135**	**30,099**
ST debt	0	0	0	0
Other current liabilities	2,310	2,314	2,905	3,122
LT debt	0	0	0	0
Other LT liabilities	837	885	994	1,119
Shareholders' equity	23,826	24,502	25,236	25,859
Minority interest	0	0	0	0
Total liabilities & equity	**26,973**	**27,701**	**29,135**	**30,099**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**3,547**	**3,304**	**3,302**	**4,792**
Pre-tax profit	3,127	3,625	4,427	4,813
Tax	(149)	(181)	(332)	(361)
Deprec. & amort.	570	798	905	955
Associates	0	0	0	0
Working capital changes	(1)	(938)	(1,698)	(615)
Non-cash items	0	0	0	0
Other operating cashflows	0	0	0	0
Investing	**1,582**	**(800)**	**(500)**	**(500)**
Capex (growth)	(1,124)	(800)	(500)	(500)
Others	2,706	0	0	0
Financing	**(3,483)**	**(2,890)**	**(3,360)**	**(3,830)**
Dividend payments	(3,450)	(2,890)	(3,360)	(3,830)
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**	**(386)**	**(558)**	**462**
Beginning cash & cash equivalent	**5,408**	**6,431**	**726**	**202**
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	**6,489**	**726**	**202**	**707**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	21.1	21.0	20.2	20.3
Pre-tax margin	17.4	17.2	16.8	16.9
Net margin	16.3	16.3	15.5	15.7
ROA	11.4	13.0	15.0	16.0
ROE	12.7	14.5	16.9	18.2
Growth				
Turnover	2.8	15.8	25.0	7.8
EBITDA	(14.8)	15.0	20.5	8.2
Pre-tax profit	(20.1)	14.3	22.1	8.7
Net profit	(17.2)	15.6	18.9	8.7
Net profit (adj.)	(23.4)	17.4	18.9	8.7
EPS	(23.4)	17.4	18.9	8.7
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)	(3.0)	(0.8)	(2.7)
Interest cover	375.3	974.0	939.2	813.0

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