i-Tail Corp (ITC)

Rating: HOLD | **Fair price: Bt15.4** | **Close price: Bt15.9**

Company Information

Ticker:	TU TB
Sector:	Food
Shares outstanding (m):	3,000.00
Market capitalization (Btm):	47,700.00
Trading vol/day (Btm):	123.29
Free float (%):	20.01
Beta:	1.22

Major Shareholders

Thai Union Group	78.82%
Thai NVDR	2.80%

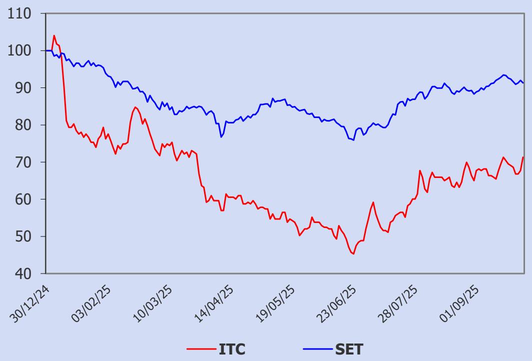
Consensus Bloomberg

2025F EPS (Bt):	0.98
Target price (Bt):	14.77

Price Performance

52 Wk high/low:	26.00 / 10.00

	1M	3M	1Y	YTD
Absolute (%)	1.9	45.9	-25.7	-28.7
Relative (%)	-0.3	30.3	-13.6	-20.0



Rating	CGR	Thai CAC	ESG
ITC		Certified	25.0 (S&P Global)

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3Q25F may rise QoQ but fall YoY from high base

- We predict ITC's 3Q25F net profit to come in at Bt729m, improving 5% QoQ on better sales, but declining 27% YoY on a contraction in gross margin from a high of 25.3% in 3Q24. Therefore, we estimate 9M25F net profit to fall by 25.1% YoY to Bt2.1bn, largely on declining gross profit margins, higher SG&A expenses on transformation cost (internal cost restructuring to improve longer-term profitability), and higher corporate tax. Management has maintained its key financial guidance for this year, assuming sales growth of 3-5% and a gross profit margin of 23-25%, following the implementation of the 19% US tariff on 1 Aug. During 3Q25, the company has offered sales promotions to support clients (i.e., offering specific price discount), particularly in the US to smoothen sales orders.
- We estimate sales in Baht terms during 3Q25F to rise by 4.4% YoY or 3.5% QoQ to Bt4.63bn, thanks to increased sales volume with special discount promotions, with demand rising from the US and the EU despite impact from the Baht appreciation against US dollar denominated and the US reciprocal tariff. Meanwhile, rising sales of premium products (as a percentage of the total) to some 53-54% in 3Q25F led to higher average selling prices despite the Thai baht depreciation impact. The average baht to US dollar rate is estimated at Bt32.3 in 3Q25F, versus Bt32.8 in 2Q25 and Bt34 in 3Q24.
- In terms of gross margin prospects in 3Q25F, blended gross margin is expected to be at 24.5%, below the 3Q24 peak level of 29.8% but close to the 25% reported in 2Q25 on stable tuna prices (averaging US$1,530/ton in 3Q25F versus US$1,515 in 2Q25 and US$1,410 in 3Q24). A third of the cost of goods sold is from raw materials, a third from packaging and ingredients, and a third from factory and overhead costs.
- We estimate SG&A costs to rise 13% YoY, or to about 10% of sales (versus the FY25F target of 10-11%), following high consultancy costs related to its transformation project. The transformation program is likely to help improve the company's gross profit margin in the long term.
- Management has maintained key financial targets, including 3-5% growth in sales and gross profit margin of 23-25%, and SG&A to sales of 10-11% (+100bps higher than its previous target). The capex budget is revised down to Bt1.2bn (from Bt1.5bn). The dividend payment policy is at least 50% of net profit (versus 87% in 1H25). Meanwhile, the effective tax rate impact from the global minimum tax is now estimated at 5-6%.
- **Maintain HOLD.** We prefer to maintain our earnings estimates and HOLD rating with a price target of Bt15.4, based on a rolling 15x 2026F P/E. ITC offers a 2025F dividend yield of 5.7% based on a 95% payout ratio. Risks to our forecasts include the final US tariff rate, tuna price volatility, foreign exchange fluctuations, and the ability to pass on raw material cost hikes.

Investment summary

FY 31 Dec	**2022**	**2023**	**2024**	**2025F**	**2026F**	**2027F**
Sales (Btm)	22,528	15,577	17,729	18,233	18,950	19,694
Change (%)	*55.1*	*-30.9*	*13.8*	*2.8*	*3.9*	*3.9*
Net profit (Btm)	4,470	2,281	3,597	2,869	3,083	3,335
Change (%)	*64.3*	*-49.0*	*57.7*	*-20.2*	*7.4*	*8.2*
EPS (Bt)	2.56	0.76	1.20	0.96	1.03	1.11
Change (%)	*-66.1*	*-70.3*	*57.7*	*-20.2*	*7.4*	*8.2*
P/E (x)	6.2	20.9	13.3	16.6	15.5	14.3
EV/EBITDA (x)	3.4	13.0	8.4	9.8	9.1	8.5
BVPS (Bt)	12.95	7.71	8.05	8.07	8.15	8.25
P/BV (x)	1.2	2.1	2.0	2.0	2.0	1.9
DPS (Bt)	1.66	0.60	1.15	0.91	0.98	1.06
Yield (%)	10.4	3.8	7.2	5.7	6.1	6.6
ROE (%)	33.2	10.0	15.2	11.9	12.7	13.6
ROA (%)	22.0	8.9	13.7	10.6	11.2	12.0
Net D/E ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company and IVG estimates

Results preview

(Btm)	3Q25F	3Q24	% YoY	2Q25	% QoQ	9M25F	9M24	% YoY
Sales	4,630	4,436	*4.4*	4,473	*3.5*	13,352	13,031	*2.5*
Gross profit	1,134	1,320	*(14.1)*	1,120	*1.3*	3,276	3,723	*(12.0)*
SG&A	463	410	*13.0*	453	*2.3*	1,376	1,109	*24.0*
Operating profit	671	911	*(26.3)*	667	*0.7*	1,900	2,614	*(27.3)*
Other income	125	168	*(25.5)*	114	*9.5*	392	511	*(23.2)*
EBIT	791	1,025	*(22.8)*	765	*3.5*	2,250	2,903	*(22.5)*
Interest expense	1	2	*(44.2)*	1	*(24.6)*	4	5	*(19.9)*
Pre-tax profit	790	1,024	*(22.8)*	763	*3.5*	2,246	2,898	*(22.5)*
Tax	(61)	(47)	*28.7*	(67)	*(9.6)*	(144)	(92)	*57.3*
Net profit	**729**	**976**	***(25.3)***	**696**	***4.8***	**2,102**	**2,807**	***(25.1)***
EPS (Bt)	0.24	0.33	*(25.3)*	0.23	*4.8*	0.70	0.94	*(25.1)*

Source: Company and IVG estimates

Financial ratios

(%)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Sales growth YoY	12.3	40.8	10.9	(1.1)	5.5	(2.0)
Sales growth QoQ	(15.2)	(70.7)	10.1	2.9	(9.6)	5.3
Gross margin	25.7	30.0	29.8	25.5	24.1	25.0
SG&A as % of sales	7.7	8.5	9.2	11.2	10.8	10.1
EBIT margin	20.6	22.9	23.1	17.9	16.3	17.1
Net margin	20.4	22.1	22.0	16.8	15.9	15.6
Effective tax rate	(1.0)	(3.5)	(4.6)	(5.9)	(2.3)	(8.8)
Net D/E ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company and IVG estimates

Track record

(Btm)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Sales	4,029	4,567	4,436	4,698	4,249	4,473
Gross profit	1,034	1,368	1,320	1,196	1,022	1,120
SG&A	310	390	410	528	460	453
Operating profit	724	979	911	668	562	667
Other income	163	180	168	185	153	114
EBIT	830	1,047	1,025	841	694	765
Interest expense	1	1	2	1	1	1
Pre-tax profit	829	1,046	1,024	840	693	763
Tax	(8)	(36)	(47)	(49)	(16)	(67)
Net profit	821	1,010	976	790	677	696

Source: Company and IVG estimates

P&L

(Btm)	2021	2022	2023	2024
Sales	14,529	22,528	15,577	17,729
Gross profit	3,892	5,425	3,038	4,919
SG&A	1,518	1,266	1,183	1,638
Operating profit	2,374	4,158	1,854	3,281
Other income	121	248	603	696
EBIT	2,781	4,586	2,426	3,744
Interest expense	32	86	11	6
Pre-tax profit	2,749	4,500	2,415	3,738
Tax	(28)	(70)	(132)	(141)
Net profit	2,721	4,470	2,281	3,597

Source: Company and IVG estimates

Financial ratios

(%)	2021	2022	2023	2024
Sales growth YoY	18.9	47.4	(30.9)	13.8
Gross margin	26.8	25.0	19.5	27.7
SG&A as % of sales	10.4	5.8	7.6	9.2
EBIT margin	19.1	21.2	15.6	21.1
Net margin	18.7	20.5	14.7	20.3
Effective tax rate	(1.0)	(1.1)	(5.5)	(3.8)
Net profit growth YoY	6.8	61.7	(48.9)	57.7

Source: Company and IVG estimates

I V Global Investment Research – Recommendation Definitions

Sector Recommendations

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index by at least 10% over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index by 10% over the next 12 months.

Stock Recommendations

BUY: Expecting positive total returns of 15% or more over the next 12 months.

HOLD: Expecting total returns of not more than -10% to +10% over the next 3 months.

SELL: Expecting negative total returns of 15% or more over the next 12 months

Anti-corruption Progress Indicator Definitions

Level 5 Extended	Extension of the anti-corruption policy to business partners in the supply chain, and disclosure of any current investigations, prosecutions or closed cases
Level 4 Certified	Audit engagement by audit committee or auditors approved by the office of SEC, and receiving certification or assurance by independent external assurance providers (CAC etc.)
Level 3 Established	Carrying out preventive measures, risk assessment, communication and training for all employees, including consistent monitoring and review processes. (3A: Established by Declaration of Intent, 3B: Established by Internal Commitment and Policy)
Level 2 Declared	Public declaration statement to participate in Thailand's private sector Collective Action Coalition Against Corruption (CAC) or equivalent initiatives
Level 1 Committed	Organization's statement or board's resolution to work against corruption and to be in compliance with all relevant laws
Partially progress	Insufficient or not clearly defined policy
No progress	Data not available / no policy

Corporate Governance Report (CGR)

5 symbols	Excellent
4 symbols	Very good
3 symbols	Good

Disclaimers

The disclosure of the survey result of corporate governance, which is surveyed by the Thai Institute of Directors Association ("IOD"), and the Anti-Corruption Progress Indicators, which is assessed by Thaipat Institute, are the disclosure of the survey or assessment result based on the information received from the listed company that was stipulated in the form for Annual Corporate Governance Report of Thai Listed Companies (CGR) and the form for the assessment of Anti-corruption that refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) or other relevant documents or reports of such listed company (as the case may be). The survey or assessment result is based on the information of the listed company, which is disclosed to the public and can be accessed by all investors and is made in order to comply with the policy of the Office of the Stock Exchange of Thailand.

Nevertheless, the survey or assessment result is made from the perspective of the IOD or Thaipat Institute that are the third party only. It is not an assessment of operation of the listed company and is not based on any inside information."

Since this survey or assessment result is only the survey or assessment result as of the date appearing in the survey or assessment result only, it may be changed after that date or when there is any change to the relevant information. Nevertheless, I V Global Securities Plc. (IVG) does not confirm, verify, or certify the accuracy and completeness of the survey or assessment result.

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