

i-Tail Corporation (ITC TB)

Tariff Fears Fading, Sustained Export Growth In 2H25;
Upgrade To BUY

Highlights

- **We expect ITC's earnings to grow hoh in 2H25**, underpinned by sustained export volume momentum and the launch of additional premium products.
- **ITC remains well-positioned in the pet food market**, as it is a beneficiary of the US tariffs, scalability, and automation. Upgrade to BUY, with a higher target price of Bt18.70 (previously Bt13.30).

Analysis

- **Tariff concerns ease.** The new reciprocal tariffs for all countries took effect on 1 Aug 25, and Thailand is now subject to an effective tariff rate of 19%, while competing countries in the pet food market such as Vietnam and China face higher rates of 20% and 30% respectively. This is expected to strengthen i-Tail Corporation's (ITC) competitive position in the global pet food segment due to Thailand's competitive tariff rate. In addition, Vietnam and China focus on different product categories of pet food exports.
- **Global market remains strong.** ITC stated that there has been limited impact from the US tariffs with no frontloading concerns, supported by continued qoq growth in export volumes in 3Q25. In 1H25, ITC added 26 new customers, including eight from the US. The company plans to implement a sales rebasing strategy to offset part of the volume from higher free on board costs, while maintaining its existing volume commitments.
- **Expect robust export volume momentum in 2H25.** Thailand's pet food exports have maintained a positive momentum throughout 2025. From Jan to Jul 25, export value increased 3% yoy, led by export growth from the US (+17% yoy), Japan (+3% yoy) and China (+29% yoy). We expect volumes to improve qoq in 3Q25, supported by increasing demand from existing customers, which will contribute to higher SKU volumes. Also, ITC plans to launch new premium-mix products in the US in 4Q25, which should further support gross margin.

Key Financials

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	15,576.9	17,729.0	18,436.7	19,359.0	19,940.0
EBITDA	2,995.3	4,545.0	4,100.6	4,580.3	4,882.4
Operating profit	2,456.7	3,977.0	3,405.1	3,754.7	3,923.5
Net profit (rep./act.)	2,281.4	3,597.3	3,112.6	3,431.7	3,584.8
Net profit (adj.)	2,312.5	3,830.4	3,112.6	3,431.7	3,584.8
EPS	0.8	1.3	1.0	1.1	1.2
PE	17.0	10.3	12.6	11.4	11.0
P/B	1.7	1.6	1.6	1.6	1.6
EV/EBITDA	10.0	7.5	8.5	7.7	7.2
Dividend yield	0.0	0.1	0.1	0.1	0.0
Net margin	14.6	20.3	16.9	17.7	18.0
Net debt/(cash) to equity	(40.2)	(22.4)	(18.0)	(17.1)	(16.8)
Interest cover	271.9	754.1	1,127.6	1,007.6	859.2
ROE	3.4	5.4	4.7	5.1	5.3
Consensus net profit	n.a	n.a	3,002.5	3,340.8	3,617.5
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: ITC, Bloomberg, UOB Kay Hian

BUY(Upgraded)

Share Price	Bt14.70
Target Price	Bt18.70
Upside	27.2%

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Stock Data

GICS Sector	Consumer Discretionary
Bloomberg ticker	ITC TB
Shares issued (m)	3,000.0
Market cap (Btm)	44,100.0
Market cap (US\$m)	1,393.1
3-mth avg daily t'over (US\$m)	4.1

Price Performance (%)

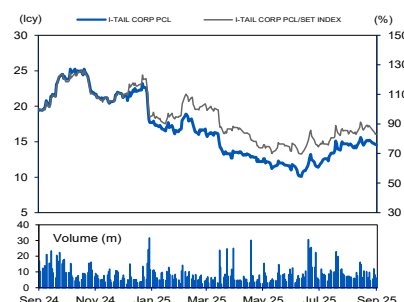
52-week high/low Bt31.25/Bt23.7

1mth	3mth	6mth	1yr	YTD
0.0	31.3	(12.5)	(26.9)	(34.1)

Major Shareholders

	%
Thai Union Group	79.30
Thai NVDR	2.68
VAYU1	1.43

Price Chart



Source: Bloomberg

Company Description

ITC manufactures and sell mid-priced to premium quality products pet food and treats for cats and dogs made from premium ingredient, primarily in fish and chicken.

Valuation/Recommendation

- **Upgrade to BUY with a higher target price of Bt18.70 (previously Bt13.30).** We roll over our valuation base to 2026 EPS. We peg its PE target to its three-year mean, at 17x, excluding the period of atypical performance from the company during 1Q23. We anticipate a gradual recovery in earnings, supported by Thailand's competitive tariff rate and the launch of additional premium products. We expect earnings for 2026 to grow 10.25%.

Earnings Revision/Risk

- We have upgraded our 2025-26 earnings by 7.66% and 4.54% respectively, reflecting stronger-than-expected 1H25 performance supported by resilient gross margins and export volume growth. 1H25 earnings account for 45% of our full-year forecast.

Earnings Revision

	FY25F			FY26F		
(Btm)	Old	New	(Btm)	Old	New	(Btm)
Sales	18,841.0	18,436.7	Sales	18,841.0	18,436.7	Sales
Net profit	2,891.0	3,112.5	Net profit	2,891.0	3,112.5	Net profit
Core profit	2,891.0	3,112.5	Core profit	2,891.0	3,112.5	Core profit

Source: ITC, UOB Kay Hian

Share Price Catalyst

- Better-than-expected sales and slower-than-expected SGA-to-sales momentum in 2H25.
- Lower skipjack tuna, chicken price and packaging costs.
- Depreciation of Thai baht.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

CG Report: 5

SET ESG Rating: -

• 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.

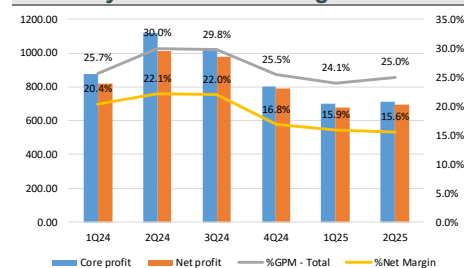
• Social

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

• Governance

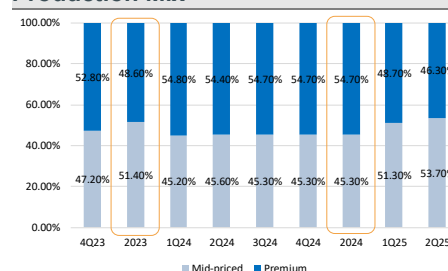
- **Good governance practice.** ITC is committed to conducting its business with honesty, transparency, responsibility and business ethics. ITC's policies include anti-corruption, respect for human rights, fair treatment of labour, and responsibility to customers and consumers.

Quarterly Results And Margins



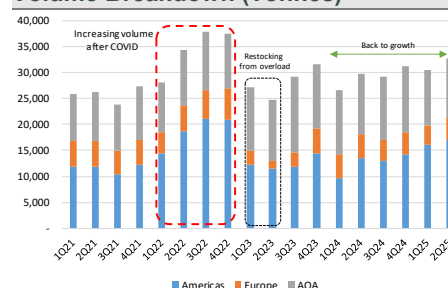
Source: ITC, UOB Kay Hian

Production Mix



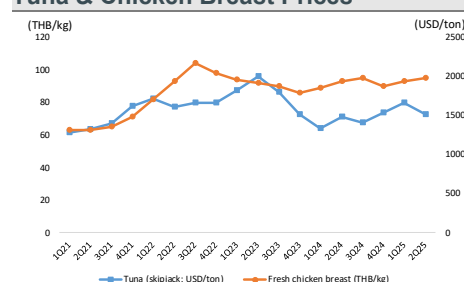
Source: ITC, UOB Kay Hian

Volume Breakdown (Tonnes)



Source: ITC, UOB Kay Hian

Tuna & Chicken Breast Prices



Source: ITC, UOB Kay Hian

PE Band



Source: Bloomberg, UOB Kay Hian

Cash Flow

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	17,729	18,437	19,359	19,940
EBITDA	4,545	4,101	4,580	4,882
Deprec. & amort.	568	696	826	959
EBIT	3,977	3,405	3,755	3,924
Total other non-operating income	0	0	0	0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(6)	(4)	(5)	(6)
Pre-tax profit	3,971	3,401	3,750	3,918
Tax	(141)	(289)	(319)	(333)
Minorities	0	0	0	0
Net profit	3,597	3,113	3,432	3,585
Net profit (adj.)	3,830	3,113	3,432	3,585

Balance Sheet

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	6,009	6,614	6,788	6,829
Other LT assets	369	436	527	649
Cash/ST investment	5,408	4,312	4,197	4,207
Other current assets	8,860	9,308	9,667	9,905
Total assets	26,928	27,045	27,746	28,355
ST debt	0	0	0	0
Other current liabilities	2,096	2,243	2,322	2,377
LT debt	0	0	0	0
Other LT liabilities	693	776	870	977
Shareholders' equity	24,138	24,026	24,554	25,000
Minority interest	0.4	0.0	0.0	0.0
Total liabilities & equity	26,928	27,045	27,746	28,355

Cash Flow

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	4,035	3,514	4,010	4,399
Pre-tax profit	3,971	3,401	3,750	3,918
Tax	(141)	(289)	(319)	(333)
Deprec. & amort.	568	696	826	959
Associates	0.0	0.0	0.0	0.0
Working capital changes	(80)	(294)	(247)	(145)
Non-cash items	0	0	0	0
Other operating cashflows	0	0	0	0
Investing	(5,182)	(1,339)	(1,058)	(1,088)
Capex (growth)	(957)	(1,300)	(1,000)	(1,000)
Capex (maintenance)	0.0	0.0	0.0	0.0
Investments	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0	0	0	0
Others	(4,225)	(39)	(58)	(88)
Financing	(2,270)	(3,225)	(2,903)	(3,139)
Dividend payments	(2,250)	(3,225)	(2,903)	(3,139)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	0	0	0	0
Others/interest paid	(20.5)	0.0	0.0	0.0
Net cash inflow (outflow)	(3,417)	(1,050)	49	173
Beginning cash & cash equivalent	9,305	5,434	4,312	4,197
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	5,408	4,312	4,197	4,207

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	25.6	22.2	23.7	24.5
Pre-tax margin	22.4	18.4	19.4	19.6
Net margin	20.3	16.9	17.7	18.0
ROA	1.8	1.6	1.7	1.8
ROE	5.4	4.7	5.1	5.3
Growth				
Turnover	13.8	4.0	5.0	3.0
EBITDA	51.7	(9.8)	11.7	6.6
Pre-tax profit	62.4	(14.3)	10.3	4.5
Net profit	57.7	(13.5)	10.3	4.5
Net profit (adj.)	57.7	(13.5)	10.3	4.5
EPS	65.6	(18.7)	10.3	4.5
Leverage				
Debt to total capital	0.00	0.00	0.00	0.00
Debt to equity	0.00	0.00	0.00	0.00
Net debt/(cash) to equity	(0.22)	(0.18)	(0.17)	(0.17)
Interest cover (x)	754.1	1,127.6	1,007.6	859.2

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