

## Thai Union Group (TU TB)

### 4Q25 Results Preview: Less Exciting Earnings Momentum

#### Highlights

- TU's 4Q25 core profit is expected to come in at Bt1,028m, down 11.5% yoy and 14.9% qoq. Gross profit margin is projected to decline yoy and qoq, driven by: a) limited pricing pass-through in the ambient business, b) higher raw material costs, and c) forex headwinds.
- We will monitor the impact of further retail price increases in 2026. Maintain HOLD, with a target price of Bt13.20.

#### Analysis

##### 4Q25 Results Preview

Year to 31 Dec (Btm)	4Q25F	4Q24	3Q25	yoY(%)	qoq(%)
Sales	35,339	35,090	34,501	0.7%	2.4%
Gross Profit	6,461	6,554	6,548	-1.4%	-1.3%
EBIT	4,877	4,929	4,755	-1.1%	2.6%
EBT	1,387	1,453	1,676	-4.5%	-17.3%
Net profit	1,118	1,213	1,304	-7.8%	-14.2%
Core profit	1,028	1,162	1,209	-11.5%	-14.9%
Core EPS (Bt)	0.22	0.24	0.25	-11.5%	-14.9%
Gross Margin (%)	18.3%	18.7%	19.0%	-0.4%	-0.7%
%SG&A/revenue	13.8%	14.0%	13.8%	-0.2%	0.0%
Net Margin (%)	3.2%	3.5%	3.8%	-0.3%	-0.6%

Source: TU, UOB Kay Hian

- Core earnings to fall yoy and qoq.** We expect Thai Union Group (TU) to report a net profit of Bt1,118m for 4Q25 (-7.8% yoy and -14.2% qoq). Excluding one-off items from forex losses, we estimate 4Q25 core profit at Bt1,028m, down 11.5% yoy, and 14.9% qoq.
- 4Q25 gross margin to decline yoy and qoq.** We expect 4Q25 gross margin of 18.3%, down from 18.7% in 4Q24 and 19.0% in 3Q25. The drop in 4Q25 gross margin will be driven by the ambient business due to: a) the tariff impacts on the branded segment, and b) higher raw material costs (tuna costs +3% yoy). SGA-to-sales in 4Q25 is expected to be 13.8%, slightly lower yoy due to cost reductions from the transformation programme.

#### Key Financials

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	136,152.7	138,433.1	133,018.0	137,062.9	142,467.6
EBITDA	11,950.2	12,678.8	11,451.7	12,592.0	12,863.2
Operating profit	7,753.4	8,307.8	7,118.8	8,307.9	8,620.8
Net profit (rep./act.)	(13,933.2)	4,984.9	4,713.9	4,850.9	5,055.1
Net profit (adj.)	4,800.5	5,067.0	4,713.9	4,850.9	5,055.1
EPS	1.0	1.1	0.9	1.1	1.2
PE (x)	12.3	11.2	13.7	11.1	10.7
P/B (x)	1.0	1.2	1.1	1.0	1.0
EV/EBITDA (x)	8.4	10.1	10.8	9.7	9.4
Dividend yield (%)	4.2	4.8	4.6	4.9	5.2
Net margin (%)	(10.2)	3.6	3.5	3.5	3.6
Net debt/(cash) to equity(%)	55.8	121.8	111.5	106.5	102.8
Interest cover (x)	5.2	5.1	4.8	5.4	5.5
ROE (%)	(20.0)	7.7	7.2	7.3	7.5
Consensus net profit	n.a	n.a	4,406.1	4,787.4	5,237.8
UOBKH/Consensus (x)	n.a	n.a	0.9	1.0	1.0

Source: TU, Bloomberg, UOB Kay Hian

**HOLD** (Maintained)

Share Price	Bt12.60
Target Price	Bt13.20
Upside	+4.76%

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#### Stock Data

GICS Sector	Consumer Staples
Bloomberg ticker	TU TB
Shares issued (m)	3,855.1
Market cap (Btm)	48,574.2
Market cap (US\$m)	1,547.7
3-mth avg daily t/over (US\$m)	7.5

#### Price Performance (%)

52-week high/low	Bt14.0/Bt9.0			
1mth	3mth	6mth	1yr	YTD
(0.8)	(3.8)	24.8	0.8	(1.6)

#### Major Shareholders

%
Thai Union Group
Thai NVDR
VAYU1

#### Balance Sheet Metrics

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

#### 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.

- Forex still pressuring revenue growth.** We expect 4Q25 total sales of Bt35,339m (flat yoy, but slightly higher qoq). The flat yoy sales are projected to be driven by forex pressure and softer growth in the ambient segment, primarily due to softer demand in the US market. However, we see improving momentum in the ambient business in the EU. Sales growth in the frozen and pet care businesses is expected to maintain positive momentum.

- Several pressures remain under monitoring in 2026.** The company has not fully passed through tariff-related costs via US retail price increases. While management expects pricing flexibility and plans to implement additional price hikes in 2026, we remain cautious on the core business given the product types. Compared with pet care, the ambient category is more vulnerable to volume pressure from price increases, which could weigh on US export volumes and lead to a further decrease in gross profit margins. In addition, we expect the SG&A-to-sales ratio in 2026 to remain flat yoy. Despite the absence of transformation costs, we anticipate that the benefit will be offset by higher freight expenses.

## Valuation/Recommendation

- Maintain HOLD with a target price of Bt13.20,** based on 2026 EPS. We peg its PE target at -1SD to its five-year mean, at 11.5x. We expect the 2026 bottom line to be less compelling, reflecting concerns that further price increases could weigh on export volumes, while core product categories continue to exhibit limited pricing flexibility.

## Earnings Revision/Risk

- We revise our earnings forecasts based on more conservative assumptions, lowering our 2026 earnings estimate by 4% to reflect: a) a full-year forex impact, b) potentially softer volume growth following additional retail price increases in the US market, and c) higher SG&A-to-sales. In addition, we have excluded the write-off of repurchased shares, assuming outstanding shares of 200m (4.5%).

## 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)

### CG Report: 5

### SET ESG Rating: AA

### 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.

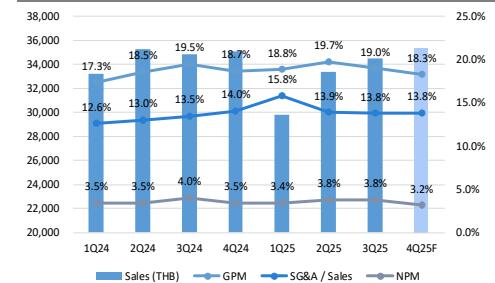
### Social

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

### Governance

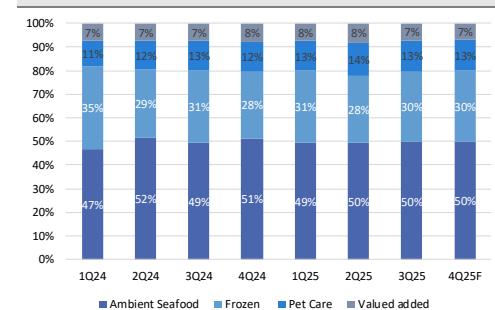
- TU is committed to conducting its business with transparency, responsibility, and business ethics including anti-corruption, respect for human rights, fair treatment, and responsibility to customers and consumers.

## Sales and Profitability



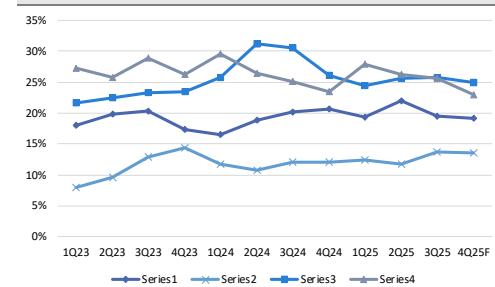
Source: TU, UOB Kay Kian

## Sales Breakdown



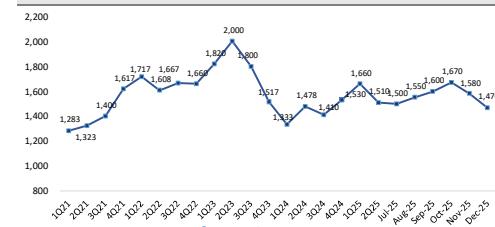
Source: TU, UOB Kay Kian

## Gross Profit Margin



Source: TU, UOB Kay Kian

## Tuna Prices



Source: TU, UOB Kay Kian

### Profit & Loss

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F	Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
<b>Net turnover</b>	<b>138,433</b>	<b>133,018</b>	<b>137,063</b>	<b>142,468</b>	Fixed assets	29,513	29,180	28,896	28,653
EBITDA	12,679	11,452	12,592	12,863	Other LT assets	45,751	45,969	46,189	46,412
Deprec. & amort.	4,371	4,333	4,284	4,242	Cash/ST investment	8,333	10,647	11,708	12,525
EBIT	8,308	7,119	8,308	8,621	Other current assets	71,315	69,690	71,083	73,106
Total other non-operating income	0	0	0	0	<b>Total assets</b>	<b>154,912</b>	<b>155,486</b>	<b>157,876</b>	<b>160,696</b>
Associate contributions	771	855	782	797	ST debt	29,641	24,699	24,457	23,564
Net interest income/(expense)	(2,492)	(2,395)	(2,323)	(2,354)	Other current liabilities	20,947	21,221	21,688	22,361
<b>Pre-tax profit</b>	<b>6,586</b>	<b>5,580</b>	<b>6,767</b>	<b>7,064</b>	LT debt	37,934	42,226	43,260	45,186
Tax	(430)	(451)	(846)	(883)	Other LT liabilities	10,078	10,179	10,280	10,383
Minorities	(1,089)	(1,000)	(1,070)	(1,126)	Shareholders' equity	48,635	50,484	52,582	54,719
<b>Net profit</b>	<b>4,985</b>	<b>4,714</b>	<b>4,851</b>	<b>5,055</b>	Minority interest	7,678	6,678	5,608	4,482
Net profit (adj.)	5,067	4,714	4,851	5,055	<b>Total liabilities &amp; equity</b>	<b>154,912</b>	<b>155,486</b>	<b>157,876</b>	<b>160,696</b>

### Cash Flow

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F	Year to 31 Dec (%)	2024	2025F	2026F	2027F
<b>Operating</b>	<b>9,387</b>	<b>10,828</b>	<b>8,091</b>	<b>7,827</b>	<b>Profitability</b>				
Pre-tax profit	6,504	4,714	4,851	5,055	EBITDA margin	9.2	8.6	9.2	9.0
Tax	683	0	0	0	Pre-tax margin	4.8	4.2	4.9	5.0
Deprec. & amort.	4,371	4,333	4,284	4,242	Net margin	3.6	3.5	3.5	3.6
Associates	0	0	0	0	ROA	3.0	2.8	2.8	3.0
Working capital changes	4,797	1,782	(1,044)	(1,470)	ROE	7.7	7.2	7.3	7.5
Non-cash items	(6,968)	0	0	0	<b>Growth</b>				
Other operating cashflows	0	0	0	0	Turnover	(11.0)	(14.5)	(11.9)	(8.4)
<b>Investing</b>	<b>(6,562)</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>(4,000)</b>	EBITDA	(6.6)	(15.6)	(7.2)	(5.2)
Capex (growth)	(3,557)	(4,000)	(4,000)	(4,000)	Pre-tax profit	(0.6)	(15.8)	2.1	6.6
Capex (maintenance)	0	0	0	0	Net profit	(30.2)	(34.0)	(32.0)	(29.2)
Investments	(6,311)	0	0	0	Net profit (adj.)	5.6	(18.5)	17.5	4.2
Proceeds from sale of assets	0	0	0	0	EPS	(22.3)	(36.6)	(22.1)	(18.8)
Others	3,306	0	0	0	<b>Leverage</b>				
<b>Financing</b>	<b>(13,854)</b>	<b>(4,515)</b>	<b>(3,031)</b>	<b>(3,010)</b>	Debt to total capital	120.0	117.1	116.4	116.1
Dividend payments	(2,390)	(2,865)	(2,752)	(2,918)	Debt to equity	138.9	132.6	128.8	125.6
Issue of shares	(2,982)	0	0	0	Net debt/(cash) to equity	121.8	111.5	106.5	102.8
Proceeds from borrowings	(4,487)	(650)	792	1,034	Interest cover	5.1	4.8	5.4	5.5
Loan repayment	0	0	0	0					
Others/interest paid	(3,995)	(1,000)	(1,070)	(1,126)					
<b>Net cash inflow (outflow)</b>	<b>(11,029)</b>	<b>2,314</b>	<b>1,061</b>	<b>817</b>					
<b>Beginning cash &amp; cash equivalent</b>	<b>14,233</b>	<b>8,333</b>	<b>10,647</b>	<b>11,708</b>					
Changes due to forex impact	(62)	0	0	0					
<b>Ending cash &amp; cash equivalent</b>	<b>3,142</b>	<b>10,647</b>	<b>11,708</b>	<b>12,525</b>					

### Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
<b>Profitability</b>				
EBITDA margin	9.2	8.6	9.2	9.0
Pre-tax margin	4.8	4.2	4.9	5.0
Net margin	3.6	3.5	3.5	3.6
ROA	3.0	2.8	2.8	3.0
ROE	7.7	7.2	7.3	7.5
<b>Growth</b>				
Turnover	(11.0)	(14.5)	(11.9)	(8.4)
EBITDA	(6.6)	(15.6)	(7.2)	(5.2)
Pre-tax profit	(0.6)	(15.8)	2.1	6.6
Net profit	(30.2)	(34.0)	(32.0)	(29.2)
Net profit (adj.)	5.6	(18.5)	17.5	4.2
EPS	(22.3)	(36.6)	(22.1)	(18.8)
<b>Leverage</b>				
Debt to total capital	120.0	117.1	116.4	116.1
Debt to equity	138.9	132.6	128.8	125.6
Net debt/(cash) to equity	121.8	111.5	106.5	102.8
Interest cover	5.1	4.8	5.4	5.5

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