

Thai Union Group (TU TB)

1Q26: Earnings In Line

Highlights

- TU announced a 1Q26 core profit of Bt822m, up 29.5% yoy but down 10.9% qoq. The results are in line with our forecast.
- While the 1H26 outlook remains positive with limited impact from rising costs, cost pressures may affect gross profit margin in 2H26. The company plans to raise ASPs, but increases are unlikely to fully offset cost increases and could impact volume.
- Maintain HOLD with a target price of Bt12.80.

1Q26 Results

Year to 31 Dec (Btm)	1Q26	1Q25	4Q25	yoy(%)	qoq(%)
Sales	32,054	29,789	35,040	7.6%	-8.5%
Gross Profit	5,825	5,611	6,410	3.8%	-9.1%
SG&A	4,659	4,700	4,871	-0.9%	-4.4%
EBIT	1,364	1,099	1,776	24.1%	-23.2%
EBT	1,137	805	1,343	41.3%	-15.3%
Net profit	1,113	1,019	1,014	9.2%	9.8%
Core profit	822	634	923	29.5%	-10.9%
Core EPS (Bt)	0.17	0.13	0.22	29.5%	-20.5%
Gross Margin (%)	18.2%	18.8%	18.3%	-0.7%	-0.1%
%SG&A/revenue	14.5%	15.8%	13.9%	-1.2%	0.6%
Net Margin (%)	3.5%	3.4%	2.9%	0.1%	0.6%

Source: THAI UNION GROUP PCL, UOB Kay Hian

Analysis

- Earnings in line.** Thai Union Group (TU) announced 1Q26 net profit of Bt1,113m (+9.2% yoy and +9.8% qoq). The results came in 6% below market expectations but are in line with our forecast. Excluding one-off items, core profit came in at Bt822m, up 29.5% yoy but down 10.9% qoq. The results are in line with our forecast.
- Ambient business sales recovery yoy.** Top-line in 1Q26 was reported at Bt32b (+7.6% yoy but -8.5% qoq). The yoy growth was driven by both higher pricing adjustment and volume growth at 2.8% yoy. We saw yoy improvement in sales across most segments. Ambient sales reported at Bt15b (+2.5% yoy, but -3.4% qoq). Frozen seafood sales reported at Bt9.4b (+11.6% yoy, but -23.7% qoq). Pet food sales reported at Bt5.1b (+22.5% yoy, and +9.1% qoq).
- Gross profit margin declined yoy, due to tariff pressure.** Gross profit margin came in at 18.2%, down yoy and qoq. The yoy decline was mainly due to tariff impacts and the normalisation of margins in the feed business. However, the pet food business delivered yoy gross profit margin expansion, supported by a higher contribution from premium products.

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	4,606.8	5,024.4	5,422.3
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: THAI UNION GROUP PCL, Bloomberg, UOB Kay Hian

HOLD (Maintained)	
Share Price	Bt11.90
Target Price	Bt12.80
Upside	7.56%

Analyst(s)
Tanapon Cholkadidamrongkul
 tanapon.c@uobkayhian.co.th
 +662 090 3359

Assistant Analyst(s)
Nichapa Ratchabandit

Stock Data

GICS sector	Consumer Staples
Bloomberg ticker:	TU TB
Shares issued (m):	3,855.1
Market cap (Bt\$m):	42,406.0
Market cap (US\$m):	1,304.1
3-mth avg daily t'over (US\$m):	5.7

Price Performance (%)

52-week high/low					Bt14.0/Bt9.0
1mth	3mth	6mth	1yr	YTD	
(0.9)	(8.3)	(16.0)	1.8	(14.1)	

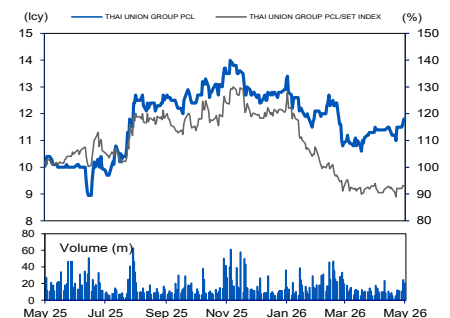
Major Shareholders

	%
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)	13.3

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 products and animal feed.

- Decreasing SG&A.** SG&A-to-sales came in at 14.5% (down yoy, but up qoq). The yoy improvement was primarily driven by cost savings from the end of the Sonar transformation programme, partly offset by increased tariff-related expenses.
- The company maintained its 2026 guidance.** Management reiterated its 2026 guidance, targeting 3-4% sales growth, a 19-20% gross margin, and SG&A-to-sales of 13.5-14.5%. Growth in 2026 is expected to be led by the pet food segment and higher-margin value-added products, with a targeted contribution of 25-30% of total sales.
- Update on tuna prices trend.** Tuna prices rose to US\$1,875/tonne in Apr 26 (+11% from 1Q26 average, and +21% yoy). TU's management expects tuna prices to remain elevated throughout 2026 at approximately US\$1,800-1,900/tonne and plans to implement further ASPs adjustments in response to the cost increase. As a result, the rising tuna price trend should support gross profit margin in 2Q26 due to ASP increases in TU's OEM canned food segment, while margins are underpinned by existing low-cost inventory. The company also highlighted continued positive sales momentum despite implementing price increases.
- Earnings outlook.** TU expects both sales and gross profit margin to improve qoq in 2Q26. Margin expansion is likely to be driven by the ambient segment, supported by price adjustments in response to higher costs and seasonal factors of ambient business. However, this will be partly offset by weaker margins in the pet food segment due to a lag in price adjustments. This aligns with our view that TU's gross margin should improve qoq in 2Q26, supported by pricing adjustment and the benefit of low-cost tuna inventory. However, on a yoy basis, margins may decline due to a high base. While the outlook for 1H26 remains positive, supported by relatively limited cost pressures, we will continue to monitor cost trends and potential impact on volumes. In addition, although the company plans to raise ASPs to offset cost increases, we expect pricing actions may not fully pass through higher costs. We continue to prefer ITC for its stronger sales growth and pricing power.

Valuation/Recommendation

- Maintain HOLD with a target price of Bt12.80** based on 2026 EPS. We peg its PE target to -1SD to its five-year mean, at 12x. The 2026 outlook remains challenging as earnings remain under pressure amid rising costs and limited pricing flexibility, especially to the ambient business.

Share Price Catalyst

- Stronger sales and volume growth in the ambient segment, effective price adjustments to offset rising costs, lower-than-expected SGA-to-sales, lower costs of raw materials such as tuna, and 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.

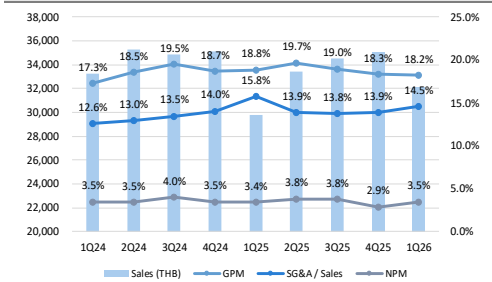
Social

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

Governance

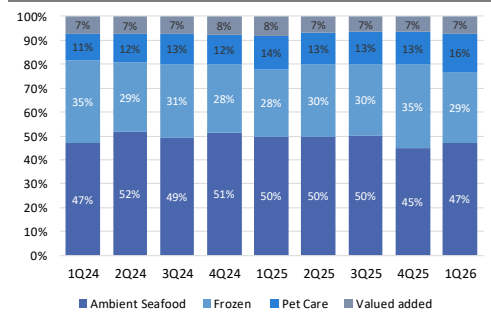
- TU is committed to conducting its business with transparency, responsibility, and business ethics including anti-corruption, respect for human rights, fair treatment, and responsibility to customers and consumers.

Sales And Profitability



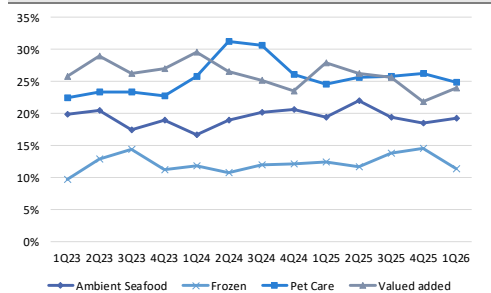
Source: TU, UOB Kay Hian

Sales Breakdown



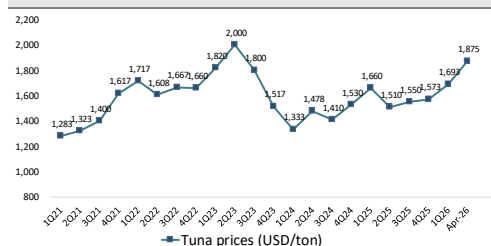
Source: TU, UOB Kay Hian

Gross Profit Margin



Source: TU, UOB Kay Hian

Tuna Prices



Source: TU, UOB Kay Hian

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
Growth				
Turnover	(1.2)	2.8	4.8	7.5
EBITDA	6.2	12.4	19.6	26.6
Pre-tax profit	(16.5)	(5.1)	2.4	9.7
Net profit	(12.3)	(11.7)	(4.6)	2.1
Net profit (adj.)	(18.4)	12.2	8.0	7.1
EPS	(18.6)	(4.4)	3.3	10.6
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

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at the following link: <https://research-api.uobkayhian.com/assets/disclaimer/df64a6ea-7980-447c-ae9e-fd19b93257dc> or by scanning the QR code below:



The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."