Thai Union Group (TU TB)

3Q26: Core Profit Beat Expectations; Core Operation To Improve Amid Higher Costs

Highlights

- TU reported 3Q26 core profit of Bt1,457m (+20.5% yoy, +6.8% qoq), slightly exceeding our and market estimates, driven by better-than-expected gross profit margin and a lower-than-expected SG&A-to-sales ratio.
- Although we expect 4Q26 earnings to decline qoq due to the low season and increased raw material cost pressure, we expect earnings to grow yoy, supported by resilient gross margins and enhanced sales volume
- Maintain BUY. Target price: Bt14.50.

3Q26 Earnings

Year to 31 Dec (Btm)	3Q26	3Q25	2Q26	yoy (%)	qoq (%)
Sales	35,679	34,501	33,845	3.4%	5.4%
Gross Profit	7,292	6,548	7,238	11.4%	0.7%
SG&A expense	5,188	4,755	5,062	9.1%	2.5%
EBIT	2,313	2,038	2,407	13.5%	-3.9%
EBT	1,932	1,676	1,979	15.3%	-2.4%
Net Profit	1,346	1,304	1,264	3.2%	6.5%
Core Profit	1,457	1,209	1,364	20.5%	6.8%
EPS (Bt)	0.34	0.27	0.32	26.2%	6.8%
%	**3Q26**	**3Q25**	**2Q26**	**yoy (%)**	**qoq (%)**
Gross Margin	20.4%	19.0%	21.4%	1.5%	-0.9%
SGA/Sales	14.5%	13.8%	15.0%	0.8%	-0.4%
Net Margin	3.8%	3.8%	3.7%	0.0%	0.0%

Source: TU, UOB Kay Hian

Analysis

- **Earnings beat.** Thai Union Group (TU) reported 3Q26 net profit of Bt1,346m (+3.2% yoy, +6.5% qoq). Excluding one-off items, core profit came in at Bt1,457m (+20.5% yoy, +6.8% qoq), slightly exceeding our and market estimates, on the back of better-than-expected gross profit margin and a lower-than-expected SG&A-to-sales ratio.
- **Top-line recovered yoy and qoq.** TU reported 3Q26 revenue of Bt35.7b (+3.4% yoy, +5.4% qoq), thanks to stronger sales across ambient, pet food, and value-added products. Ambient sales reached Bt17.9b (+3.9% yoy, +6.3% qoq), while frozen seafood sales declined to Bt10.0b (-4.0% yoy, -0.8% qoq). Pet food sales grew to Bt5.1b (+10.4% yoy, +13.7% qoq), while value-added sales increased to Bt2.7b (+19.5% yoy, +9.4% qoq).

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	138,433.1	132,718.6	138,862.5	142,365.1	145,972.0
EBITDA	12,678.8	11,267.2	12,495.0	13,322.9	14,005.7
Operating profit	8,307.8	7,052.3	8,253.5	8,831.8	9,300.5
Net profit (rep./act.)	4,984.9	4,609.4	4,987.5	5,187.7	5,539.8
Net profit (adj.)	5,067.0	4,135.3	4,795.7	5,187.7	5,539.8
EPS	1.1	0.9	1.1	1.2	1.3
PE (x)	11.2	13.7	11.3	10.4	9.8
P/B (x)	1.2	1.3	1.2	1.1	1.0
EV/EBITDA (x)	10.1	11.1	9.9	9.2	8.8
Dividend yield (%)	5.2	4.8	5.4	5.7	6.0
Net margin (%)	3.6	3.5	3.6	3.6	3.8
Net debt/(cash) to equity(%)	121.9	127.5	120.2	117.2	113.3
Interest cover (x)	5.1	4.7	5.3	5.7	5.8
ROE (%)	7.7	7.4	7.8	8.0	8.4
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

Analyst(s)

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BUY (Maintained)

Share Price	Bt12.70
Target Price	Bt14.50
Upside	14.17%

Stock Data

Sector	Consumer Staples
Bloomberg ticker	TU TB
Shares issued (m)	3,855.1
Market cap (Btm)	44,719.1
Market cap (US$m)	1,365.8
3-mth avg daily t'over (US$m)	5.7

Price Performance (%)

52-week high/low				Bt14.0/Bt9.0
1mth	**3mth**	**6mth**	**1yr**	**YTD**
2.6	(4.1)	(15.3)	8.4	(9.4)

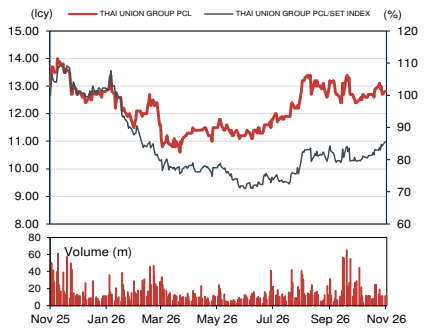
Major Shareholders (%)

Thai Union Group	79.30
Thai NVDR	2.68

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 product and animal feed.

- **Gross profit margin up yoy.** Gross profit margin was reported at 20.4% (3Q25: 19.5%, 2Q26: 21.4%). The yoy increase was due to higher profitability from the ambient and valued-added segments.
- **Higher SG&A yoy.** SG&A-to-sales in 3Q26 came in at 14.5%, up yoy but down qoq, bringing the ratio back within the company's guidance of 13.5-14.5%. The yoy increase in SG&A expenses was due to higher freight costs, and increased marketing expenses in the ambient business.
- **Distribution of repurchased shares.** TU announced the sale of 100m repurchased shares, equivalent to 2.35% of its paid-up capital, during 9 Nov 26-30 Jun 27. If these shares are written off, we expect positive sentiment toward the share price, supported by improved financial metrics, particularly EPS and DPS. Assuming the cancellation of all 100m shares, we estimate 2027 EPS and our target price to increase by around 2%.
- **Resilient 4Q26 earnings momentum**. We expect 4Q26 earnings to decline qoq due to the low season for ambient food sales and increased raw material cost pressure, particularly from higher tuna prices. Tuna prices averaged US$2,050/tonne in 3Q26 (+32.3% yoy, +15.9% qoq). Nevertheless, we expect tuna prices to soften in 4Q26, supported by easing geopolitical tensions in the Middle East and the reduced impact of the fish aggregating devices (FAD) fishing ban implemented in 3Q26. FADs are floating structures that attract fish. Despite the qoq decline, we expect earnings to grow yoy, underpinned by resilient gross margins and stronger yoy sales momentum in the ambient and pet food segments.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt14.50,** based on 2027 EPS. We peg its PE target to -1SD to its five-year mean, at 12x. reflecting the high raw material costs. We expect TU's earnings momentum to improve yoy in 4Q26 and 2027, supported by lower raw material cost assumptions, a lower SG&A-to-sales ratio, and a recovery in sales.

Earnings Revision/Risk

- No changes to our earnings projection. 9M26 core profit accounted for 75.9% of our FY26 estimate.

Share Price Catalyst

- Better-than-expected 2H26 earnings, higher volume sales, and lower raw material and freight costs.

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.

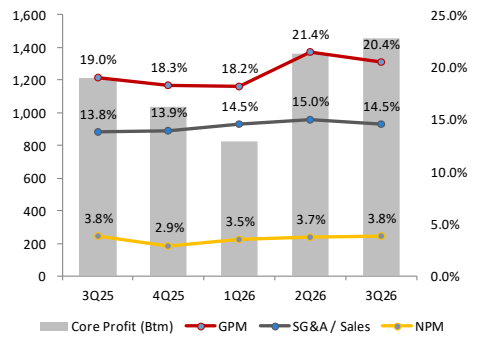
Social

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

Governance

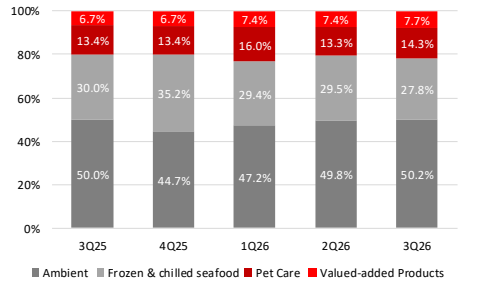
- TU is committed to conducting its business with transparency, responsibility, and business ethics including anti-corruption, respect for human rights, fair treatment, and responsibility to customers and consumers.

Earnings Performance



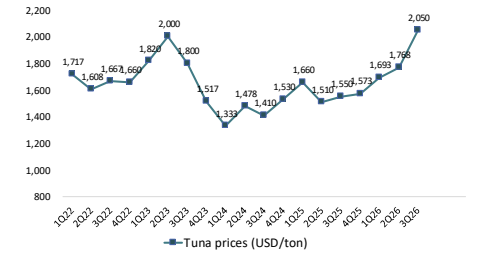
Source: TU, UOB Kay Hian

Sales Breakdown



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**	**138,862**	**142,365**	**145,972**
EBITDA	11,267	12,495	13,323	14,006
Deprec. & amort.	4,215	4,242	4,491	4,705
EBIT	7,052	8,253	8,832	9,300
Total other non-operating income	0	0	0	0
Associate contributions	862	862	862	862
Net interest income/(expense)	(2,379)	(2,339)	(2,351)	(2,397)
Pre-tax profit	**5,535**	**6,777**	**7,342**	**7,765**
Tax	17	(881)	(954)	(1,009)
Minorities	(1,036)	(1,100)	(1,200)	(1,216)
Net profit	**4,609**	**4,988**	**5,188**	**5,540**
Net profit (adj.)	4,135	4,796	5,188	5,540

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	8,922	8,587	9,537
Other current assets	74,215	73,655	74,781	75,987
Total assets	**158,064**	**159,964**	**162,477**	**166,144**
ST debt	18,860	17,966	17,027	16,277
Other current liabilities	30,042	30,793	31,402	32,049
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	46,933	49,123	51,505
Minority interest	7,379	6,279	5,079	3,863
Total liabilities & equity	**158,326**	**160,226**	**162,739**	**166,406**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**4,592**	**10,437**	**9,058**	**9,580**
Pre-tax profit	5,629	4,988	5,188	5,540
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)	1,208	(621)	(665)
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)**	**(3,947)**	**(3,393)**	**(2,630)**
Dividend payments	(2,795)	(2,759)	(2,997)	(3,158)
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	(1,100)	(1,200)	(1,216)
Net cash inflow (outflow)	**346**	**490**	**(335)**	**950**
Beginning cash & cash equivalent	**8,281**	**8,432**	**8,922**	**8,587**
Changes due to forex impact	(195)	0	0	0
Ending cash & cash equivalent	**8,432**	**8,922**	**8,587**	**9,537**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	8.5	9.0	9.4	9.6
Pre-tax margin	4.2	4.9	5.2	5.3
Net margin	3.5	3.6	3.6	3.8
ROA	2.7	2.9	3.0	3.2
ROE	7.4	7.8	8.0	8.4
Growth				
Turnover	(1.2)	3.3	6.0	8.6
EBITDA	6.2	17.8	25.6	32.0
Pre-tax profit	(16.5)	2.2	10.7	17.1
Net profit	(12.3)	(5.1)	(1.3)	5.4
Net profit (adj.)	(18.4)	16.0	8.2	6.8
EPS	(18.6)	(1.2)	6.9	14.2
Leverage				
Debt to total capital	125.6	122.8	122.0	122.6
Debt to equity	146.4	139.2	134.6	131.8
Net debt/(cash) to equity	127.5	120.2	117.2	113.3
Interest cover	4.7	5.3	5.7	5.8

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