i-Tail Corporation Pcl (ITC TB) - BUY, Price Bt23.60, TP Bt34.00

Results Comment

Pattadol Bunnak | Email: pattadol.bun@thanachartsec.co.th

In-line strong 3Q24 results

- Net earnings were Bt976m. Excluding Fx loss, normalized earnings were Bt1bn, +58% y-y but fell by 8% q-q. Earnings were in line with our expectation.
- US$ sales increased by 12% y-y and 2% q-q. While volume increased slightly, selling price increased strongly due to rising premium pet food contribution.
- Gross margin was 30% vs. 19.2% last year due to the operating leverage impact, rising premium pet food proportions, and ITC's internal cost-saving efforts. The margin was stable from the previous quarter. Despite the strong baht, ITC has engaged in forward contracts and worked on cost-saving.
- SG&A to sales rose to 9.2% from 6.7% last year and 8.5% last quarter. ITC has been actively launching new products and promoting to customers, while also increasing its sales force

Income Statement					(consolidated)
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24
Revenue	3,999	4,748	4,029	4,567	4,436
Gross profit	**768**	**1,046**	**1,034**	**1,368**	**1,320**
SG&A	266	319	310	390	410
Operating profit	502	728	724	979	911
EBITDA	**635**	**864**	**855**	**1,113**	**1,063**
Other income	183	166	163	180	168
Other expense	0	0	0	0	0
Interest expense	2	2	1	1	2
Profit before tax	**683**	**892**	**886**	**1,157**	**1,077**
Income tax	31	80	8	36	47
Equity & invest. income	0	0	0	0	0
Minority interests	0	0	0	0	(0)
Extraordinary items	(9)	(46)	(57)	(111)	(53)
Net profit	**645**	**767**	**821**	**1,010**	**976**
Normalized profit	**653**	**812**	**878**	**1,121**	**1,029**
EPS (Bt)	0.21	0.26	0.27	0.34	0.33
Normalized EPS (Bt)	0.22	0.27	0.29	0.37	0.34

Income Statement			9M as		
(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	(3)	11	70	18,555	19,907
Gross profit	**(4)**	**72**	**73**	**5,097**	**5,643**
SG&A	5	54	70	1,587	1,619
Operating profit	(7)	81	74	3,510	4,024
EBITDA	**(5)**	**67**	**74**	**4,115**	**4,704**
Other income	(7)	(8)	73	703	703
Other expense					
Interest expense	38	9	81	6	6
Profit before tax	**(7)**	**58**	**74**	**4,208**	**4,721**
Income tax	31	55	84	109	123
Equity & invest. income					
Minority interests	na	na	(13)	(2)	(2)
Extraordinary items	na	na	na	0	0
Net profit	**(3)**	**51**	**69**	**4,097**	**4,596**
Normalized profit	**(8)**	**58**	**74**	**4,097**	**4,596**
EPS (Bt)	(3)	51	69	1.37	1.53
Normalized EPS (Bt)	(8)	58	74	1.37	1.53

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash & ST investment	8,583	9,305	11,493	11,547	10,828
A/C receivable	3,279	3,860	3,961	3,849	3,419
Inventory	4,163	3,243	3,264	3,370	3,531
Other current assets	1,989	2,165	835	1,315	2,093
Investment	879	878	726	101	101
Fixed assets	5,441	5,482	5,619	5,793	5,853
Other assets	397	498	477	486	363
Total assets	**24,732**	**25,431**	**26,375**	**26,461**	**26,188**
S-T debt	0	0	0	0	0
A/C payable	1,590	1,520	1,579	1,783	1,809
Other current liabilities	626	190	604	542	27
L-T debt	0	0	0	0	0
Other liabilities	749	602	624	602	627
Minority interest	1	1	0	0	0
Shareholders' equity	**21,766**	**23,118**	**23,569**	**23,535**	**23,725**
Working capital	5,853	5,583	5,646	5,437	5,142
Total debt	0	0	0	0	0
Net debt	**(8,583)**	**(9,305)**	**(11,493)**	**(11,547)**	**(10,828)**

Financial Ratios					
(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Sales growth	(36.8)	(17.6)	12.3	40.8	10.9
Operating profit growth	(61.6)	(21.9)	123.5	226.1	81.3
EBITDA growth	(56.4)	(19.5)	86.6	157.1	67.2
Norm profit growth	(50.9)	(18.4)	112.2	158.9	57.6
Norm EPS growth	(50.9)	(18.4)	112.2	158.9	57.6
Gross margin	19.2	22.0	25.7	30.0	29.8
Operating margin	12.6	15.3	18.0	21.4	20.5
EBITDA margin	15.9	18.2	21.2	24.4	24.0
Norm net margin	16.3	17.1	21.8	24.5	23.2
D/E (x)	-	-	-	-	-
Net D/E (x)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)
Interest coverage (x)	386.4	520.8	574.9	855.8	592.9
Interest rate	na	na	na	na	na
Effective tax rate	4.5	9.0	0.9	3.1	4.4
ROA	10.6	13.0	13.6	17.0	15.6
ROE	11.9	14.5	15.1	19.0	17.4

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued Derivative Warrants underlying securities before making investment decisions.

Note: Thanachart Capital Pcl (TCAP) holds an 89.96% of Thanachart Securities (TNS). TCAP holds a 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 combinedly hold a 60% stake in THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.35% of the shareholding in TMBThanachart Bank Pcl.

Note: Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMTED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of "Debentures of Srisawad Corporation Public Company Limited (SAWAD) No. 4/2024 (B.E. 2567) tranche 1-3 which its maturity at 2027-29 (B.E. 2570-72), therefore investors need to be aware that there could be conflicts of interest in this research.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of "Debentures of MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 7/2024 (B.E. 2567) tranche 1-3 which its maturity at 2026-28 (B.E. 2569-71)", therefore investors need to be aware that there could be conflicts of interest in this research.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Euroasia Total Logistics Pcl (ETL TB).