

Thai Union Group Pcl (TU TB) - SELL, Price Bt10.40, TP Bt9.20**Results Comment**

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

Weak 1Q25 missed expectations

- TU reported 1Q25 net profit of Bt1.0bn. Excluding the tax reversal and FX gain, normalized earnings of Bt612m fell by 39% y-y and 48% q-q. Earnings were weaker than expected due to soft sales and rising expenses.
- This quarter, TU eliminated about Bt381m in tax liability after a group-internal business transfer, which allowed it to reverse the previously recorded deferred tax liability.
- Core canned tuna and frozen product sales fell by 14% and 12% y-y, likely due to weak purchasing power in key U.S. markets.
- The pet care business still grew 6% y-y, but due to weaker demand for TU's key premium products amid soft consumer purchasing ability, pet care gross profits were flat.
- EBIT margin fell to 3.1% from 4.7%, driven by negative operating leverage, a weaker product mix, and investments in cost-saving programs.
- Maintain SELL.

Income Statement (consolidated)						Income Statement 3M as					
Yr-end Dec (Bt m)	1Q24	2Q24	3Q24	4Q24	1Q25	(Bt m)	q-q%	y-y%	% 2025F	2025F	2026F
Revenue	33,220	35,283	34,840	35,090	29,789	Revenue	(15)	(10)	22	138,534	141,591
Gross profit	5,742	6,535	6,793	6,554	5,611	Gross profit	(14)	(2)	22	25,433	25,917
SG&A	4,197	4,582	4,693	4,929	4,700	SG&A	(5)	12	26	18,415	18,967
Operating profit	1,545	1,953	2,100	1,625	911	Operating profit	(44)	(41)	13	7,018	6,949
EBITDA	2,612	3,040	3,211	2,164	1,947	EBITDA	(10)	(25)	17	11,421	11,658
Other income	279	256	252	216	166	Other income	(23)	(41)	16	1,022	877
Other expense	0	0	0	0	0	Other expense					
Interest expense	647	620	627	598	585	Interest expense	(2)	(10)	22	2,634	2,499
Profit before tax	1,177	1,589	1,724	1,243	492	Profit before tax	(60)	(58)	9	5,406	5,327
Income tax	128	44	208	50	(41)	Income tax	na	na	na	595	586
Equity & invest. income	159	179	275	157	291	Equity & invest. income	85	83	37	786	802
Minority interests	(256)	(281)	(311)	(241)	(212)	Minority interests	na	na	na	(1,089)	(1,089)
Extraordinary items	201	(224)	(80)	103	407	Extraordinary items	294	103	na	0	0
Net profit	1,153	1,219	1,400	1,213	1,019	Net profit	(16)	(12)	23	4,508	4,454
Normalized profit	952	1,443	1,480	1,110	612	Normalized profit	(45)	(36)	14	4,508	4,454
EPS (Bt)	0.24	0.26	0.30	0.26	0.21	EPS (Bt)	(17)	(12)	22	0.97	0.96
Normalized EPS (Bt)	0.20	0.31	0.32	0.23	0.12	Normalized EPS (Bt)	(48)	(39)	12	0.97	0.96

Balance Sheet (consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	1Q24	2Q24	3Q24	4Q24	1Q25	(%)	1Q24	2Q24	3Q24	4Q24	1Q25
Cash & ST investment	13,726	14,222	13,422	15,487	17,084	Sales grow th	1.7	3.6	2.7	(1.2)	(10.3)
A/C receivable	17,063	17,862	16,537	16,876	16,246	Operating profit grow th	94.3	10.1	(4.1)	(8.4)	(41.0)
Inventory	48,577	47,364	44,604	43,626	45,024	EBITDA grow th	41.6	8.0	(0.2)	(4.6)	(25.4)
Other current assets	2,182	1,922	5,969	3,659	2,614	Norm profit grow th	21.1	13.2	(26.0)	(25.7)	(35.7)
Investment	9,004	9,233	8,719	9,263	9,899	Norm EPS grow th	32.2	22.1	(23.7)	(23.8)	(38.8)
Fixed assets	30,350	30,369	29,234	29,513	29,827	Gross margin	17.3	18.5	19.5	18.7	18.8
Other assets	41,133	40,524	37,059	36,488	37,475	Operating margin	4.7	5.5	6.0	4.6	3.1
Total assets	162,035	161,496	155,543	154,912	158,169	EBITDA margin	7.9	8.6	9.2	6.2	6.5
S-T debt	13,164	12,598	12,121	29,641	34,266	Norm net margin	2.9	4.1	4.2	3.2	2.1
A/C payable	16,672	18,634	18,029	18,522	17,103	D/E (x)	1.0	1.0	1.0	1.2	1.3
Other current liabilities	4,949	4,740	2,103	2,425	2,703	Net D/E (x)	0.8	0.8	0.8	0.9	1.0
L-T debt	51,929	51,849	50,094	37,934	38,089	Interest coverage (x)	4.0	4.9	5.1	3.6	3.3
Other liabilities	11,050	11,174	10,575	10,078	9,778	Interest rate	3.9	3.8	4.0	3.7	3.3
Minority interest	7,491	7,536	7,562	7,678	7,778	Effective tax rate	10.9	2.8	12.1	4.0	(8.4)
Shareholders' equity	56,780	54,966	55,059	48,635	48,452	ROA	2.3	3.6	3.7	2.9	1.6
Working capital	48,968	46,592	43,112	41,980	44,166	ROE	6.6	10.3	10.8	8.6	5.0
Total debt	65,093	64,446	62,216	67,575	72,355						
Net debt	51,367	50,224	48,794	52,087	55,270						

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

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 89.97% 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 24.42% 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 LIMITED (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 MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 3/2025 (B.E. 2568) tranche 1-3 which its maturity at 2029, 2030, 2032 (B.E. 2572, 2573, 2575)”, 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 BANPU PUBLIC COMPANY LIMITED No. 1/2025 (B.E. 2568) tranche 1-3 which its maturity at 2030, 2032, 2035 (B.E. 2573, 2575, 2578)”, 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: