Thailand Exporters

News Update

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Impacts from Lower US Tariff

- **The US temporarily cut the tariff to 15%.**
- **The final rate remains uncertain.**
- **We see limited impact on exporters under our coverage.**
- **DELTA is our top pick.**

Regarding the potential changes in US tariffs on other countries, we discuss here the potential impacts on exporting companies under our coverage that have been affected by the US reciprocal tariff on Thailand, implemented since last year at a rate of 19%.

- According to the news, the US Supreme Court last Friday ruled that the President's use of power to set the reciprocal tariff under the International Emergency Economic Powers Act (IEEPA) was not appropriate; therefore, the reciprocal tariff is not valid. The President's office then used emergency authority (Section 122, which allows the President to impose temporary tariffs of up to 15% for up to 150 days in the case of large and serious US balance-of-payments deficits) and raised the tariff to 15%. The 15% tariff under the President's authority will last for 150 days and, if Congress does not approve it by then, it will lapse. After that, the President's office mentioned it may use a more permanent legal action (Section 301), which allows the President to exercise authority over tariff levels if the US is treated unfairly in trade by other countries. The requirements of the official law are positive for overseas companies, as this should imply a more predictable policy after implementation. However, it remains uncertain what the final tariff rate for other countries will be under these actions.
- For now, we assume the new US tariff on Thailand will be reduced to 15% from 19% earlier. We expect no to moderate impact in terms of limited further consumer loss for companies selling products with elastic demand, e.g., snacks and functional drinks. Meaningful upside would require a much lower tariff or a complete removal of the reciprocal tariff. We discuss the stocks ranked by impact from the drop in the US tariff, regardless of the portion of income from the US.
- TU (HOLD, moderately positive). Revenue from the US accounts for 42% of TU's total sales in 2025. TU has not suffered in terms of losing customers for its key ambient, frozen, and pet food products as they are necessary food products with less elastic demand. However, TU faced EBIT margin falling to 4.6% in 2025 from 5.2% in 2024 as consumers, facing higher selling prices due to tariffs, switched to cheaper versions of its key ambient products, while TU also needed to increase marketing spending to support sales. With tariffs falling to 15%, we expect some positive impact in terms of customers being less likely to switch to cheaper products further. However, we do not see the tariff reduction as sufficient to drive a meaningful switch back to TU's higher-priced products.
- SAPPE (SELL, slightly positive). Exports to the US accounted for 7% of SAPPE's revenue, and its sales fell by 26% y-y in 9M25. As SAPPE sells niche fruit juice-based functional drinks with coconut jelly, demand fell after the implementation of the reciprocal tariff last year. We expect the tariff reduction to help reduce further consumer loss. However, as SAPPE's products are not necessity, we do not expect a meaningful recovery in demand either.
- TKN (SELL, no impact). Exports to the US accounted for about 10% of TKN's revenue, based on our estimate. Like SAPPE, TKN's seaweed snacks are considered non-necessity products, and sales fell by over 10% in 9M25. However, unlike SAPPE, TKN's seaweed snacks are mainly sold in discount store chains such as Costco, where customers expect very low-priced products. We remain concerned that, despite the tariff being reduced to 15%, TKN may continue to lose customers.

- ITC (HOLD, no impact). Revenue from the US accounts for 58% of ITC's revenue in 2025. Unlike TU, ITC's premium pet food did not experience a drop in demand or selling prices, with revenue from the US increasing by 27% in 2025, as it focuses on high-income pet owners who prioritize pet health. ITC offered some temporary monetary support to its branded customers to help with tariffs, but the company plans to stop this support in 2026 anyway. Therefore, we do not expect any positive impact from the tariff reduction.
- DELTA (BUY, no impact). We estimate the US accounts for about 70% of DELTA's revenue, with the majority from AI data center orders from hyperscalers and some from US-based EV makers. We do not expect the tariff to impact DELTA's already strong growth outlook, supported by rising demand for its power management products for AI data centers. We also do not expect its EV-related business to improve, given weak end demand for EVs. We maintain 55% EPS growth for DELTA in 2026F.
- HANA (BUY, no impact). Tariffed US revenue accounts for 13% of HANA's total revenue (excluding tariff-free products such as IC packaging). HANA's earlier revenue decline has not been mainly related to tariffs but rather to lower demand for its traditional electronic products in the consumer phone and industrial segments. We do not expect higher demand despite the tariff reduction.
- KCE (HOLD, no impact). US revenue accounts for about 15% of KCE's sales. Like HANA, KCE has suffered from falling demand from its US customers, and we do not expect a positive impact from the lower tariff.

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