

**Thai Union Group Pcl (TU TB) - HOLD, Price Bt12.40, TP Bt12.60**

Results Comment

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**Weak 4Q25 missed**

- TU reported net profits of Bt1.0bn. Excluding FX gains, normalized profits of Bt0.97bn grew 3% q-q and 20% y-y. Earnings missed our expectations at the gross margin level.
- US\$ sales for ambient products grew 3.7% y-y, frozen products grew 9.3% y-y, and pet care grew 7.2% y-y due to the necessity nature of food-based products, while less necessity-valued products saw US\$ sales fall by 4% q-q.
- However, TU's blended gross margin fell to 18.3% in 4Q25 from 18.7% in 4Q24 and 19.3% in 3Q25. TU attributed this to a weaker product mix in its largest ambient business, including value-added businesses, which outweighed some improvements in the pet food and frozen businesses. We believe this was due to weaker consumption, which pushed consumers toward cheaper products.
- SG&A to sales was relatively stable at 13.9% versus 14.0% in 4Q24 and 13.8% in 3Q25.
- Against our HOLD recommendation, we see downside to our earnings forecast.

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25	(Bt m)	q-q%	y-y%	% 2025F	2025A	2026F
Revenue	35,090	29,789	33,389	34,501	35,039	Revenue	2	(0)	101	132,719	130,958
<b>Gross profit</b>	<b>6,554</b>	<b>5,611</b>	<b>6,567</b>	<b>6,549</b>	<b>6,409</b>	<b>Gross profit</b>	<b>(2)</b>	<b>(2)</b>	<b>99</b>	<b>25,136</b>	<b>24,194</b>
SG&A	4,929	4,700	4,639	4,755	4,871	SG&A	2	(1)	101	18,966	17,384
Operating profit	1,625	911	1,927	1,794	1,538	Operating profit	(14)	(5)	94	6,170	6,810
<b>EBITDA</b>	<b>2,164</b>	<b>1,947</b>	<b>2,984</b>	<b>2,845</b>	<b>2,183</b>	<b>EBITDA</b>	<b>(23)</b>	<b>1</b>	<b>95</b>	<b>9,960</b>	<b>11,469</b>
Other income	179	176	177	231	170	Other income	(27)	(5)	104	754	514
Other expense	0	0	0	0	0	Other expense					
Interest expense	598	585	586	595	612	Interest expense	3	2	111	2,379	1,843
<b>Profit before tax</b>	<b>1,206</b>	<b>501</b>	<b>1,518</b>	<b>1,430</b>	<b>1,096</b>	<b>Profit before tax</b>	<b>(23)</b>	<b>(9)</b>	<b>89</b>	<b>4,545</b>	<b>5,480</b>
Income tax	50	(41)	209	164	32	Income tax	(81)	(36)	73	364	493
Equity & invest. income	157	291	158	234	179	Equity & invest. income	(23)	14	112	862	771
Minority interests	(241)	(212)	(244)	(303)	(277)	Minority interests	na	na	na	(1,036)	(970)
Extraordinary items	140	397	50	109	47	Extraordinary items	(57)	(67)	132	602	0
<b>Net profit</b>	<b>1,213</b>	<b>1,019</b>	<b>1,273</b>	<b>1,304</b>	<b>1,013</b>	<b>Net profit</b>	<b>(22)</b>	<b>(16)</b>	<b>95</b>	<b>4,609</b>	<b>4,788</b>
<b>Normalized profit</b>	<b>1,073</b>	<b>622</b>	<b>1,223</b>	<b>1,196</b>	<b>966</b>	<b>Normalized profit</b>	<b>(19)</b>	<b>(10)</b>	<b>91</b>	<b>4,007</b>	<b>4,788</b>
EPS (Bt)	0.26	0.21	0.31	0.32	0.24	EPS (Bt)	(24)	(5)	86	1.08	1.24
Normalized EPS (Bt)	0.22	0.12	0.30	0.29	0.23	Normalized EPS (Bt)	(20)	3	82	0.94	1.24
Balance Sheet (consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25	(%)	4Q24	1Q25	2Q25	3Q25	4Q25
Cash & ST investment	15,487	17,084	17,096	15,025	13,762	Sales growth	(1.2)	(10.3)	(5.4)	(1.0)	(0.1)
A/C receivable	16,876	16,246	17,674	19,044	18,074	Operating profit growth	(8.4)	(41.0)	(1.3)	(14.6)	(5.3)
Inventory	43,626	45,024	45,457	44,815	47,639	EBITDA growth	(4.6)	(25.4)	(1.8)	(11.4)	0.9
Other current assets	3,659	2,614	3,167	2,864	3,433	Norm profit growth	(28.2)	(34.7)	(15.3)	(19.2)	(9.9)
Investment	9,263	9,899	9,452	9,401	9,580	Norm EPS growth	(26.5)	(37.7)	(3.0)	(7.8)	3.3
Fixed assets	29,513	29,827	30,120	29,856	29,887	Gross margin	18.7	18.8	19.7	19.0	18.3
Other assets	36,488	37,475	37,573	37,355	35,950	Operating margin	4.6	3.1	5.8	5.2	4.4
<b>Total assets</b>	<b>154,912</b>	<b>158,169</b>	<b>160,538</b>	<b>158,361</b>	<b>158,326</b>	EBITDA margin	6.2	6.5	8.9	8.2	6.2
S-T debt	29,641	34,266	34,841	24,065	27,738	Norm net margin	3.1	2.1	3.7	3.5	2.8
A/C payable	18,522	17,103	19,082	20,300	18,684	D/E (x)	1.2	1.3	1.4	1.4	1.4
Other current liabilities	2,425	2,703	3,169	2,731	2,480	Net D/E (x)	0.9	1.0	1.1	1.1	1.2
L-T debt	37,934	38,089	40,315	49,085	46,565	Interest coverage (x)	3.6	3.3	5.1	4.8	3.6
Other liabilities	10,078	9,778	10,597	10,586	10,777	Interest rate	3.7	3.3	3.2	3.2	3.3
Minority interest	7,678	7,778	7,402	7,093	7,379	Effective tax rate	4.1	(8.2)	13.8	11.5	2.9
<b>Shareholders' equity</b>	<b>48,635</b>	<b>48,452</b>	<b>45,133</b>	<b>44,501</b>	<b>44,704</b>	ROA	2.8	1.6	3.1	3.0	2.4
Working capital	41,980	44,166	44,049	43,559	47,030	ROE	8.3	5.1	10.5	10.7	8.7
Total debt	67,575	72,355	75,156	73,150	74,303						
<b>Net debt</b>	<b>52,087</b>	<b>55,270</b>	<b>58,060</b>	<b>58,126</b>	<b>60,541</b>						

Sources: Company data, Thanachart estimates

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