

**i-Tail Corporation Pcl (ITC TB) - HOLD**

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

**News Update****Uncertain positives**

- **A slowdown after a very strong 1Q26**
- **Near-term cost pressure**
- **Still good demand for premium pet food**
- **Maintain our earnings forecast; HOLD**

ITC's 1Q26 earnings growth of 24% y-y came in above both our and market expectations. While demand for premium pet food products remains strong, ITC also benefited from backlog orders from 4Q25 and some customer inventory build-up, which we believe was driven by war-led uncertainty. ITC expects sales to soften slightly in 2Q26F despite the low-season impact in 1Q26, as the extra demand subsides. It also expects margins to decline as costs rise from the war impact, although it plans to pass these on to customers later.

- ITC expects US\$ sales to fall slightly in 2Q26F after growing 29% y-y in 1Q26 for the above-mentioned reasons. However, we still expect 2Q26F US\$ sales to grow by 12% y-y, supported by solid demand for pet food products.
- ITC expects gross margin to decline from 24.3% in 1Q26, and we forecast a 23.0% gross margin in 2Q26F. ITC expects to recognize higher costs from war-related impacts, such as higher transportation costs and higher tuna prices, likely due to supply chain disruptions. Given its pet food OEM business model, ITC can pass on cost increases to customers and expects margins to recover in 2H26F. However, risks remain if the war persists, as ITC may choose to support customers through discounts. Note that ITC also provided similar support during the US tariff period last year.
- On the longer-term outlook, ITC maintains its plan to expand into more standard pet food segments, such as chunk-based products, seeing an opportunity to move from the smaller premium segment into the larger mass market. ITC expects to enter through some level of discounting, and we prefer to wait and see how execution plays out and assess competitive risks on ITC's gross margin level.
- We maintain our earnings forecast of 10% for this year despite the 1Q26 beat, given ongoing uncertainties around the extent of cost pressures from the war and intense competition in the standard pet food market.

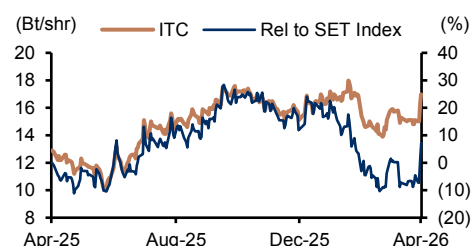
**Key Valuations**

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	18,223	19,748	21,794	23,755
Net profit	2,978	3,331	3,613	3,949
Norm net profit	3,022	3,331	3,613	3,949
Norm EPS (Bt)	1.0	1.1	1.2	1.3
Norm EPS gr (%)	(21.1)	10.2	8.5	9.3
Norm PE (x)	16.9	15.3	14.1	12.9
EV/EBITDA (x)	12.4	10.9	9.8	9.0
P/BV (x)	2.1	2.1	2.0	2.0
Div. yield (%)	5.0	5.6	6.0	6.6
ROE (%)	12.6	13.8	14.6	15.5
Net D/E (%)	(44.0)	(42.8)	(41.9)	(41.5)

Source: ttb wealth estimates

**Stock Data**

Closing price (Bt)	17.00
Target price (Bt)	17.00
Market cap (US\$ m)	1,564
Avg daily turnover (US\$ m)	11.9
12M H/L price (Bt)	18.00/10.10

**Price Performance**

Source: Bloomberg

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### ttb wealth securities public company limited

Research Team

18 Floor, MBK Tower

444 Phayathai Road, Pathumwan Road, Bangkok 10330

Tel: 662 - 779-9119

Email: [research@ttbwealth.co.th](mailto:research@ttbwealth.co.th)

**Pimpaka Nichgaroon, CFA**

Head of Research, Strategy  
[pimpaka.nic@ttbwealth.co.th](mailto:pimpaka.nic@ttbwealth.co.th)

**Nuttapop Prasitsuksant**

Telecom, Utilities  
[nuttapop.pra@ttbwealth.co.th](mailto:nuttapop.pra@ttbwealth.co.th)

**Rawisara Suwanumphai**

Bank, Finance  
[rawisara.suw@ttbwealth.co.th](mailto:rawisara.suw@ttbwealth.co.th)

**Yupapan Polpornprasert**

Energy, Petrochemical  
[yupapan.pol@ttbwealth.co.th](mailto:yupapan.pol@ttbwealth.co.th)

**Sittichet Rungrassameephat**

Analyst, Retail Market Strategy  
[sittichet.run@ttbwealth.co.th](mailto:sittichet.run@ttbwealth.co.th)

**Adisak Phupiphathirungul, CFA**

Retail Market Strategy  
[adisak.phu@ttbwealth.co.th](mailto:adisak.phu@ttbwealth.co.th)

**Pattadol Bunnak**

Electronics, Food & Beverage, Retail  
[pattadol.bun@ttbwealth.co.th](mailto:pattadol.bun@ttbwealth.co.th)

**Saksid Phadthananarak**

Construction, Transportation  
[saksid.pha@ttbwealth.co.th](mailto:saksid.pha@ttbwealth.co.th)

**Chod Reankittiwat, CFA**

Assistant Analyst  
[chod.rea@ttbwealth.co.th](mailto:chod.rea@ttbwealth.co.th)

**Thaloengsak Kucharoenpaisan**

Analyst, Retail Market Strategy  
[thaloengsak.kuc@ttbwealth.co.th](mailto:thaloengsak.kuc@ttbwealth.co.th)

**Pattarawan Wangmingmat**

Senior Technical Analyst  
[pattarawan.wan@ttbwealth.co.th](mailto:pattarawan.wan@ttbwealth.co.th)

**Rata Limsuthiwanpoom**

Auto, Industrial Estate, Media, Prop. Fund  
[rata.lim@ttbwealth.co.th](mailto:rata.lim@ttbwealth.co.th)

**Siriporn Arunothai**

Small Cap, Healthcare, Hotel  
[siriporn.aru@ttbwealth.co.th](mailto:siriporn.aru@ttbwealth.co.th)

**Witchanan Tambamroong**

Technical Analyst  
[witchanan.tam@ttbwealth.co.th](mailto:witchanan.tam@ttbwealth.co.th)

**Nariporn Klangpremchitt, CISA**

Analyst, Retail Market Strategy  
[nariporn.kla@ttbwealth.co.th](mailto:nariporn.kla@ttbwealth.co.th)