

TOA Paint (Thailand) (TOA TB) - BUY, Price Bt11.70, TP Bt16.00**Results Comment**

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Strong 1Q26 beat

- Posted 1Q26 normalized earnings of Bt912m, up 14% y-y but down 1% q-q, exceeding our expectations. The y-y growth was mainly driven by higher sales and gross margin. Including a Bt27m forex gain and a Bt14m fair value gain on financial assets, it reported a net profit of Bt953m in 1Q26.
- Despite the stronger-than-expected 1Q26 earnings, we remain concerned about rising oil prices, which could increase costs for oil-related raw materials and TiO₂ from 2Q26F onward. We therefore maintain our forecast for TOA's earnings to decline by 11% y-y this year.
- Despite that, the 28% share price decline from its peak this year appears to have priced in these concerns. The stock now trades at 8x 2026F PE. We also view TOA's fundamentals as strong, supported by its dominant 50% market share, 17-19% ROE, 5–6% dividend yield, and net cash position. We therefore maintain our BUY call.
- Total sales increased by 4% y-y in 1Q26, driven by 3% y-y growth in domestic sales (83% of total revenue) from retailers' inventory stockpiling ahead of price hikes, and 10% y-y growth in overseas sales due to recovering infrastructure and property projects in countries such as Myanmar, Vietnam, Laos, and Cambodia, as well as TOA's aggressive expansion in retail and project segments. TOA has also raised its selling prices since March 2026 to reflect rising costs.
- Gross margin improved to 40% in 1Q26 from 37% in 1Q25, as TOA continued to benefit from lower y-y TiO₂ and oil-related raw material prices in January-February 2026, while selling price hikes and efficient cost management in March 2026 partly offset rising raw material costs.
- SG&A expenses rose by 9% y-y due to higher sales and marketing staff costs, advertising, commissions, and transportation expenses.

Income Statement						Income Statement					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26	(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	5,425	5,367	5,265	5,532	5,625	Revenue	2	4	25	22,934	23,553
Gross profit	2,016	2,037	1,997	2,236	2,272	Gross profit	2	13	27	8,263	8,499
SG&A	1,053	1,127	1,129	1,170	1,143	SG&A	(2)	9	24	4,747	4,875
Operating profit	963	910	867	1,066	1,129	Operating profit	6	17	32	3,516	3,624
EBITDA	1,147	1,093	1,059	1,251	1,317	EBITDA	5	15	31	4,285	4,457
Other income	42	56	39	53	56	Other income	6	33	27	205	205
Other expense	0	0	0	0	0	Other expense					
Interest expense	12	11	11	10	9	Interest expense	(6)	(23)	21	45	46
Profit before tax	993	956	896	1,109	1,176	Profit before tax	6	18	32	3,676	3,782
Income tax	189	173	158	178	247	Income tax	39	30	34	735	756
Equity & invest. income	0	0	0	0	0	Equity & invest. income					
Minority interests	(7)	(11)	(7)	(5)	(17)	Minority interests	na	na	na	(60)	(62)
Extraordinary items	(64)	(121)	(44)	(82)	41	Extraordinary items	na	na	na	0	0
Net profit	733	652	688	844	953	Net profit	13	30	33	2,881	2,964
Normalized profit	797	773	731	926	912	Normalized profit	(1)	14	32	2,881	2,964
EPS (Bt)	0.36	0.32	0.34	0.42	0.47	EPS (Bt)	13	30	33	1.42	1.46
Normalized EPS (Bt)	0.39	0.38	0.36	0.46	0.45	Normalized EPS (Bt)	(1)	14	32	1.42	1.46

Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26		1Q25	2Q25	3Q25	4Q25	1Q26
Cash & ST investment	7,440	7,601	7,431	8,632	9,700	Sales growth	(0.2)	(0.6)	3.8	5.7	3.7
A/C receivable	3,257	3,187	3,089	3,212	3,397	Operating profit growth	10.5	24.3	41.3	75.9	17.3
Inventory	3,095	3,213	3,200	2,901	2,943	EBITDA growth	8.0	17.7	31.8	57.1	14.8
Other current assets	511	525	416	402	432	Norm profit growth	21.8	30.1	33.0	89.5	14.5
Investment	0	0	0	0	0	Norm EPS growth	21.8	30.1	33.0	89.5	14.5
Fixed assets	4,147	4,172	4,282	4,283	4,297	Gross margin	37.2	38.0	37.9	40.4	40.4
Other assets	2,310	2,244	2,197	2,094	2,095	Operating margin	17.7	17.0	16.5	19.3	20.1
Total assets	20,759	20,942	20,615	21,524	22,863	EBITDA margin	21.1	20.4	20.1	22.6	23.4
S-T debt	174	186	234	193	193	Norm net margin	14.7	14.4	13.9	16.7	16.2
A/C payable	3,920	4,199	4,013	4,173	4,254	D/E (x)	0.0	0.0	0.0	0.0	0.0
Other current liabilities	756	662	521	634	872	Net D/E (x)	(0.5)	(0.5)	(0.5)	(0.5)	(0.6)
L-T debt	175	181	146	112	64	Interest coverage (x)	95.8	101.3	100.5	127.3	142.1
Other liabilities	1,325	1,321	1,305	1,223	1,259	Interest rate	14.9	12.1	11.3	11.5	13.2
Minority interest	663	677	684	690	705	Effective tax rate	19.0	18.1	17.6	16.0	21.0
Shareholders' equity	13,747	13,716	13,712	14,499	15,516	ROA	15.4	14.8	14.1	17.6	16.4
Working capital	2,432	2,201	2,277	1,940	2,085	ROE	23.3	22.5	21.3	26.3	24.3
Total debt	348	367	380	304	257						
Net debt	(7,092)	(7,234)	(7,050)	(8,328)	(9,443)						

Sources: Company data, ttb wealth estimates

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