

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

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**Earnings Preview****2Q26F earnings preview**

- **Likely in-line profits, +6% y-y, -13% q-q**
- **Rising costs yet to be passed on**
- **More focus on standard products**
- **Maintain HOLD**

We expect ITC to post 2Q26F earnings of Bt758m, up 6% y-y but down 13% q-q. The modest y-y growth and q-q decline, despite 1Q usually being the low season, are likely due to abnormally high stock-up demand in 1Q26, while ITC has yet to pass on the rising raw material costs caused by the war to customers.

- We expect US dollar sales to grow 10% y-y but decline 6% q-q, due to the aforementioned reasons.
- We expect the EBIT margin to decline to 13.4% in 2Q26F from 14.9% in 2Q25 and 14.8% in 1Q26. One reason is the rising costs from the war-led supply shortage of key raw materials, such as packaging products, while higher oil prices have also pushed tuna prices higher. Another reason is that we expect a higher mix of standard pet food, which carries lower margins, as ITC plans to expand this segment given its larger market size compared with its previous focus on premium pet food.
- In 3Q26F, we expect sales to likely grow 10% and the EBIT margin to recover to around 14.5%. However, we still expect this to remain below ITC's normal EBIT margin of around 15%, as the mix of new standard pet food will likely increase. We are also concerned about weaker demand for premium pet food following ITC's shift in focus.
- We recap that ITC believes it already has a sizable market share in the premium pet food segment, such as human-grade pet food, which focuses on high-value ingredients, health and nutrition, while also offering better taste and presentation. Going forward, the company plans to focus more on the standard pet food segment, such as chunks and pâté, given its larger addressable market. Within this segment, ITC will target the premium end by offering more health-focused products. That said, we believe this expansion could risk pressure margins, as ITC may need to offer discounts to make its products more attractive than those of other OEM players and more economical than customers' in-house production. As a result, we see margin pressure going forward.
- We maintain HOLD.

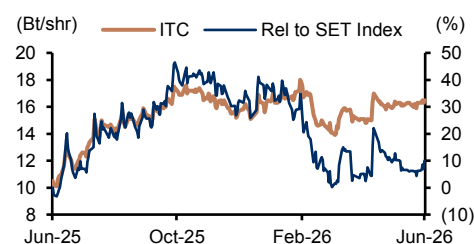
**Key Valuations**

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)	16.4	14.9	13.7	12.5
EV/EBITDA (x)	11.9	10.5	9.5	8.7
P/BV (x)	2.1	2.0	2.0	1.9
Div. yield (%)	5.2	5.7	6.2	6.8
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)	16.50
Target price (Bt)	17.00
Market cap (US\$ m)	1,507
Avg daily turnover (US\$ m)	11.9
12M H/L price (Bt)	18.00/10.10

**Price Performance**

Source: Bloomberg

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