i-Tail Corporation Pcl (ITC TB) - BUY, Price Bt17.30, TP Bt19.00

Results Comment

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Decent 2Q26 profit, in-line

- ITC reported Bt844m net profit in 2Q26. After stripping off one-time benefit of US tariff refunds and other non-recurring items, we estimate normalized profit at Bt715m this quarter, flat y-y but down 17% q-q in a like-for-like basis. The result comes in-line with our expectation, but below the consensus'.
- Adjusted revenue, excluding the tariff refund impact, grew 9% y-y but down 6% q-q to Bt4.87bn in 2Q26. The y-y growth was driven by stronger demand for high-value products from the US market and higher volume sales to EU and Asia, while we see the q-q contraction as mainly from high base effect.
- Core gross profit, after stripping off tariff refunds, rose 5% y-y but down 7% q-q to Bt1.17bn in 2Q26, slightly weaker than the revenue growth. This is since gross margin fell to 24.0% this quarter, from 25.0% in 2Q25 and 24.3% in 1Q26, pressured by high raw material and energy costs during the Iran war.
- SG&A expense increased 20% y-y and 10% q-q to Bt543m in 2Q26 due to higher freight cost and extra consultant expenses related to its ongoing M&A study. SG&A-to-sales ratio rose to 11.2% this quarter, from 10.1% in 2Q25 and 9.5% in 1Q26.
- EBITDA declined 4% y-y and 15% q-q to Bt781m in 2Q26 due to both weaker gross margin and the SG&A spike.
- ITC announces a Bt0.55/share interim dividend, implying 94% payout from 1H26 net profit. This higher-than-expected payout posts an upside to our full-year dividend forecast.
- ITC also revises up its US$ sales growth guidance to 17-20% in 2026F (from 9-12% previously), but unchanged gross margin target at 23-25%. This implies 8-12% sales growth in 2H26F, which is an upside to our forecasted full-year 9% US$ sales growth. We maintain BUY on ITC.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Revenue	4,473	4,721	4,780	5,174	4,869
Gross profit	**1,120**	**1,200**	**1,235**	**1,258**	**1,170**
SG&A	453	484	512	493	543
Operating profit	667	717	723	765	627
EBITDA	**815**	**864**	**890**	**918**	**781**
Other income	114	112	134	136	155
Other expense	0	0	0	0	0
Interest expense	1	2	6	1	1
Profit before tax	**779**	**827**	**851**	**900**	**781**
Income tax	67	40	25	35	66
Equity & invest. income	0	0	0	0	0
Minority interests	(0)	(0)	0	0	0
Extraordinary items	(16)	25	(33)	6	129
Net profit	**696**	**812**	**793**	**871**	**844**
Normalized profit	**712**	**787**	**826**	**865**	**715**
EPS (Bt)	0.23	0.27	0.26	0.29	0.28
Normalized EPS (Bt)	0.24	0.26	0.28	0.29	0.24

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	(6)	9	51	19,635	21,009
Gross profit	**(7)**	**5**	**53**	**4,614**	**5,042**
SG&A	10	20	53	1,947	1,752
Operating profit	(18)	(6)	52	2,667	3,290
EBITDA	**(15)**	**(4)**	**51**	**3,328**	**4,003**
Other income	14	36	57	511	546
Other expense			na	0	0
Interest expense	(18)	(36)	6	32	27
Profit before tax	**(13)**	**0**	**53**	**3,146**	**3,809**
Income tax	90	(2)	53	189	229
Equity & invest. income			na	0	0
Minority interests	3	na	285	0	0
Extraordinary items	2,116	na	na	0	0
Net profit	**(3)**	**21**	**58**	**2,957**	**3,581**
Normalized profit	**(17)**	**0**	**53**	**2,957**	**3,581**
EPS (Bt)	(3)	21	58	0.99	1.19
Normalized EPS (Bt)	(17)	0	53	0.99	1.19

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Cash & ST investment	11,337	10,469	10,489	10,918	10,370
A/C receivable	3,776	3,967	3,766	4,979	4,775
Inventory	3,776	3,798	4,338	3,881	4,369
Other current assets	1,079	989	1,535	1,244	1,731
Investment	0	0	0	0	0
Fixed assets	6,306	6,297	6,484	6,401	6,347
Other assets	442	436	362	465	523
Total assets	**26,717**	**25,958**	**26,973**	**27,888**	**28,115**
S-T debt	0	0	0	0	0
A/C payable	2,009	2,100	2,235	2,007	2,687
Other current liabilities	448	76	75	605	706
L-T debt	0	0	0	0	0
Other liabilities	733	762	837	905	933
Minority interest	1	1	0	0	0
Shareholders' equity	**23,526**	**23,019**	**23,826**	**24,370**	**23,788**
Working capital	5,543	5,666	5,868	6,852	6,457
Total debt	0	0	0	0	0
Net debt	**(11,337)**	**(10,469)**	**(10,489)**	**(10,918)**	**(10,370)**

Financial Ratios					
(%)	2Q25	3Q25	4Q25	1Q26	2Q26
Sales growth	(2.0)	6.4	1.8	21.8	8.8
Operating profit growth	(31.9)	(21.3)	8.3	36.3	(6.0)
EBITDA growth	(26.8)	(18.8)	9.0	29.9	(4.1)
Norm profit growth	(36.5)	(23.5)	3.0	24.1	0.5
Norm EPS growth	(36.5)	(23.5)	3.0	24.1	0.5
Gross margin	25.0	25.4	25.8	24.3	24.0
Operating margin	14.9	15.2	15.1	14.8	12.9
EBITDA margin	18.2	18.3	18.6	17.7	16.0
Norm net margin	15.9	16.7	17.3	16.7	14.7
D/E (x)	-	-	-	-	-
Net D/E (x)	(0.5)	(0.5)	(0.4)	(0.4)	(0.4)
Interest coverage (x)	600.7	542.9	149.2	869.0	899.2
Interest rate	na	na	na	na	na
Effective tax rate	8.6	4.8	3.0	3.8	8.4
ROA	10.5	12.0	12.5	12.6	10.2
ROE	11.8	13.5	14.1	14.4	11.9

Sources: Company data, ttb wealth estimates

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