Thai Union Group Pcl (TU TB) - HOLD, Price Bt12.8, TP Bt12.6

Results Comment

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Better-than-expected 2Q26 profit

- TU reported Bt1.36bn normalized profit in 2Q26, up 11% y-y and 53% q-q on a like-for-like basis, beating our and the market's expectations driven mainly by its record-high gross margin this quarter.
- Total sales grew 3% y-y and 2% q-q to US$1.04bn in 2Q26, backed by strong demand for canned tuna and canned salmon products from private-label customers, and pet food OEMs.
- Gross margin rose to 21.4% in 2Q26, from 18.2% in 1Q26 and 19.7% in 2Q25, making the record-high level for the company. This strong profitability is supported by aggressive cost saving programs, higher mix of premium product sales, and favorable raw material prices movement during the late quarter.
- Total SG&A expense increased 9% y-y and 9% q-q to Bt5.06bn in 2Q26, mainly from higher freight costs amid elevated global oil prices and higher marketing spending to promote branded product sales. SG&A-to-sales ratio rose to 15.0% this quarter, from 14.5% in 1Q26 and 13.9% in 2Q25.
- TU announces Bt0.40/share interim dividend, implying 80% payout from its 1H26 net profit. An indicated XD date is on 14 August with a dividend payment date on 28 August 2026.
- TU also revises up its 2026F financial guidance to 4-6% US$ sales growth (from 3-4%) with 19.5-20.5% gross margin (from 19.0-20.0%).
- Despite 1H26 normalized profit made up only 47% of our full-year 2026F earnings forecast, we see an upside to our projections into TU's seasonally stronger half of the year.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Revenue	33,389	34,501	35,039	32,054	33,845
Gross profit	**6,567**	**6,549**	**6,409**	**5,825**	**7,238**
SG&A	4,639	4,755	4,871	4,659	5,062
Operating profit	1,927	1,794	1,538	1,166	2,176
EBITDA	**2,984**	**2,845**	**2,183**	**2,218**	**3,235**
Other income	177	231	170	204	229
Other expense	0	0	0	0	0
Interest expense	586	595	612	530	576
Profit before tax	**1,518**	**1,430**	**1,096**	**839**	**1,828**
Income tax	209	164	32	(23)	337
Equity & invest. income	158	234	179	304	148
Minority interests	(244)	(303)	(277)	(276)	(279)
Extraordinary items	50	109	47	223	(96)
Net profit	**1,273**	**1,304**	**1,013**	**1,113**	**1,264**
Normalized profit	**1,223**	**1,196**	**966**	**890**	**1,361**
EPS (Bt)	0.27	0.28	0.21	0.23	0.27
Normalized EPS (Bt)	0.26	0.25	0.20	0.18	0.29

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	6	1	48	138,005	139,383
Gross profit	**24**	**10**	**50**	**26,287**	**26,785**
SG&A	9	9	51	19,156	19,539
Operating profit	87	13	47	7,131	7,246
EBITDA	**46**	**8**	**49**	**11,064**	**11,366**
Other income	12	29	65	670	501
Other expense			na	0	0
Interest expense	9	(2)	46	2,380	2,182
Profit before tax	**118**	**20**	**49**	**5,421**	**5,566**
Income tax	na	61	59	531	501
Equity & invest. income	(51)	(6)	52	862	862
Minority interests	na	na	na	(970)	(970)
Extraordinary items	na	na	na	0	0
Net profit	**14**	**(1)**	**50**	**4,781**	**4,956**
Normalized profit	**53**	**11**	**47**	**4,781**	**4,956**
EPS (Bt)	15	(1)	40	1.24	1.29
Normalized EPS (Bt)	58	12	38	1.24	1.29

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Cash & ST investment	17,096	15,025	13,762	13,961	14,531
A/C receivable	17,674	19,044	18,074	20,214	20,523
Inventory	45,457	44,815	47,639	46,546	46,772
Other current assets	3,167	2,864	3,433	2,514	2,708
Investment	9,452	9,401	9,580	9,988	#REF!
Fixed assets	30,120	29,856	29,887	30,199	29,870
Other assets	37,573	37,355	35,950	36,820	36,792
Total assets	**160,538**	**158,361**	**158,326**	**160,242**	**161,301**
S-T debt	34,841	24,065	27,738	35,858	34,786
A/C payable	19,082	20,300	18,684	16,883	19,123
Other current liabilities	3,169	2,731	2,480	4,894	4,860
L-T debt	40,315	49,085	46,565	40,048	40,173
Other liabilities	10,597	10,586	10,777	8,851	8,985
Minority interest	7,402	7,093	7,379	7,576	7,403
Shareholders' equity	**45,133**	**44,501**	**44,704**	**46,132**	**45,971**
Working capital	44,049	43,559	47,030	49,877	48,172
Total debt	75,156	73,150	74,303	75,906	74,959
Net debt	**58,060**	**58,126**	**60,541**	**61,945**	**60,428**

Financial Ratios					
(%)	2Q25	3Q25	4Q25	1Q26	2Q26
Sales growth	(5.4)	(1.0)	(0.1)	7.6	1.4
Operating profit growth	(1.3)	(14.6)	(5.3)	27.9	12.9
EBITDA growth	(1.8)	(11.4)	0.9	13.9	8.4
Norm profit growth	(15.3)	(19.2)	(9.9)	43.1	11.3
Norm EPS growth	(16.1)	(20.2)	(10.7)	49.1	12.0
Gross margin	19.7	19.0	18.3	18.2	21.4
Operating margin	5.8	5.2	4.4	3.6	6.4
EBITDA margin	8.9	8.2	6.2	6.9	9.6
Norm net margin	3.7	3.5	2.8	2.8	4.0
D/E (x)	1.4	1.4	1.4	1.4	1.4
Net D/E (x)	1.1	1.1	1.2	1.2	1.1
Interest coverage (x)	5.1	4.8	3.6	4.2	5.6
Interest rate	3.2	3.2	3.3	2.8	3.1
Effective tax rate	13.8	11.5	2.9	(2.8)	18.4
ROA	3.1	3.0	2.4	2.2	3.4
ROE	10.5	10.7	8.7	7.8	11.8

Sources: Company data, ttb wealth estimates

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