

Thai Union Group (TU TB)

3Q26 Results Preview: Core Operation To Improve

Highlights

- We expect TU to report a 3Q26 core profit of Bt1.37b (+13.4% yoy, flat qoq), with core operations remaining resilient despite higher cost impact.
- Look ahead, we expect TU's operations to improve in 2027F, on better operating margins following price adjustments, easing cost pressures, and Thai baht depreciation.
- Upgrade to BUY with a higher target price of Bt14.50.

Analysis

3Q26 Earnings Preview

Year to 31 Dec (Btm)	3Q26F	3Q25	2Q26	yoy (%)	qoq (%)
Sales	36,226	34,501	33,845	5.0%	7.0%
Gross Profit	7,390	6,548	7,238	12.9%	2.1%
SG&A expense	5,325	4,755	5,062	12.0%	5.2%
EBIT	2,288	2,038	2,407	12.3%	-4.9%
EBT	1,900	1,676	1,979	13.3%	-4.0%
Net Profit	1,291	1,304	1,264	-1.0%	2.1%
Core Profit	1,371	1,209	1,364	13.4%	0.5%
EPS (Bt)	0.32	0.27	0.32	18.7%	0.5%
%	3Q26	3Q25	2Q26	yoy (%)	qoq (%)
Gross Margin	20.4%	19.0%	21.4%	1.4%	-1.0%
SGA/Sales	14.7%	13.8%	15.0%	0.9%	-0.3%
Net Margin	3.6%	3.8%	3.7%	-0.2%	-0.2%

Source: Bloomberg, UOB Kay Hian

- 3Q26 earnings better than our previous projection.** We expect Thai Union Group (TU) to report a net profit of Bt1.3b in 3Q26 (-1% yoy, +2% qoq). Excluding forex impact, we estimate core profit at Bt1.37b, (+13.4% yoy, flat qoq).
- Slight pressure on gross profit margin.** 3Q26 gross profit margin is expected at 20.4%, (down from 21.4% in 2Q26 but up from 19.0% in 3Q25). The qoq decline was due to higher raw material costs, particularly tuna prices. However, this was partly offset by higher ASPs, from stronger sales of premium products in the ambient segment.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	138,433.1	132,718.6	138,862.5	142,365.1	145,972.0
EBITDA	12,678.8	11,267.2	12,495.0	13,322.9	14,005.7
Operating profit	8,307.8	7,052.3	8,253.5	8,831.8	9,300.5
Net profit (rep./act.)	4,984.9	4,609.4	4,987.5	5,187.7	5,539.8
Net profit (adj.)	5,067.0	4,135.3	4,795.7	5,187.7	5,539.8
EPS	1.1	0.9	1.1	1.2	1.3
PE (x)	11.2	13.7	11.3	10.4	9.8
P/B (x)	1.2	1.3	1.2	1.1	1.0
EV/EBITDA (x)	10.1	11.1	9.9	9.2	8.8
Dividend yield (%)	5.2	4.8	5.4	5.7	6.0
Net margin (%)	3.6	3.5	3.6	3.6	3.8
Net debt/(cash) to equity(%)	121.9	127.5	120.2	117.2	113.3
Interest cover (x)	5.1	4.7	5.3	5.7	5.8
ROE (%)	7.7	7.4	7.8	8.0	8.4
Consensus net profit	n.a	n.a	4,606.8	5,024.4	5,422.3
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: THAI UNION GROUP PCL, Bloomberg, UOB Kay Hian

Analyst(s)

Nichapa Ratchabandit

Nichapa@uobkh.co.th

+662 090 3444

BUY (Upgraded)

Share Price	Bt12.40
Target Price	Bt14.50
Upside	16.93%
Previous TP	Bt13.30

Stock Data

Sector	Consumer Staples
Bloomberg ticker	TU TB
Shares issued (m)	4,455.0
Market cap (Btm)	44,719.1
Market cap (US\$m)	1,365.8
3-mth avg daily t'over (US\$m)	5.7

Price Performance (%)

52-week high/low				Bt14.0/Bt9.0
1mth	3mth	6mth	1yr	YTD
2.6	(4.1)	(15.3)	8.4	(9.4)

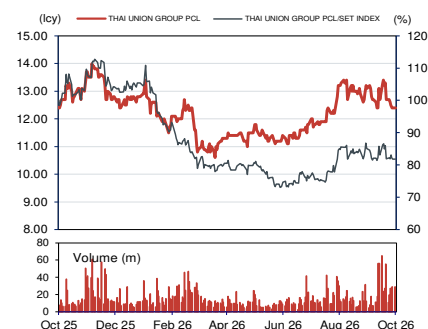
Major Shareholders (%)

Thai Union Group	79.30
Thai NVDR	2.68

Balance Sheet Metrics

FY26 NAV/Share (Bt)	11.0
FY26 Net Debt/Share (Bt)	13.3

Price Chart



Source: Bloomberg

Company Description

TU manufactures and exports frozen and canned seafood, including canned food, frozen food and snacks. It is also involved in pet food, value-added products and animal feed.

- **3Q26 top-line to improve yoy and qoq.** We expect 3Q26 revenue to reach Bt36.2b, (+5% yoy and +7% qoq), on continued top-line momentum as the high season both from ambient and pet food sales.
- **SG&A remains elevated.** SG&A/sales is expected to be 14.7% (3Q25: 13.8%, 2Q26: 15.0%), above the full-year target at 13.5%-14.5%, due to higher freight costs, marketing expenses, and consulting fees related to ITC's M&A deal, with the deal expected to start in 4Q26. Share of profit is expected at Bt187m, up 27% qoq but down 20% yoy.
- **Eye on tuna prices.** Tuna prices reached a new nine-year high of US\$2,100/tonne in Aug 26 (+13.5% mom and +18% vs the 2Q26 average), following tensions in the Middle East. We expect the increase in tuna prices could weigh on brand segment gross profit margins in the ambient business in 2H26, as the benefit from low-cost inventory seen in 1H26 has largely been exhausted. However, management expects average tuna prices to peak in 3Q26 and gradually decline qoq in 4Q26, which should help alleviate pressure on gross profit margins.
- **Operations are expected to perform better than our previous projection.** While higher average raw material costs are likely to pressure margins, we expect the impact to remain manageable, due to: a) the high season for ambient and pet food businesses in 3Q26 and 4Q26, respectively; and b) better-than-expected gross margins, with 2H26 gross profit margin expected at 19.5-20.5%, on high ASPs and manageable raw material costs.
- Looking into 2027, we expect fewer operational headwinds for TU compared with 2026. We forecast 2027F earnings of Bt5.2b (+9% yoy), driven by consistent top-line growth in the ambient and pet food businesses and gross margin expansion, from lower raw material costs, Thai baht depreciation, and softer freight costs.

Valuation/Recommendation

- **Upgrade to BUY with a higher target price of Bt14.50 (previously Bt13.30).** We roll over our valuation base to 2027F EPS and peg our target PE at 12x, or -1SD to its five-year mean, reflecting the high raw material costs.
- TU's 2H26 outlook is expected to see an improvement despite higher raw material costs, on sales growth momentum and better cost control. Looking into 2027, we expect easing cost pressures from lower raw material and freight costs as global uncertainties subside, with further support from the Thai baht depreciation.

Share Price Catalyst

- Better-than-expected 2H26 earnings, and lower raw material costs. Inflation and logistic costs pressure in 2H26 will serve as positive sentiments to TU's share price.

Environmental, Social, Governance (ESG)

CG Report: 5

SET ESG Rating: AA

Environmental

- SeaChange sustainability strategy by 2030. TU is one of the earliest companies to focus on sustainability improvement. The company aims to reduce 42% of greenhouse gas emissions by 2030 and become net zero by 2050.

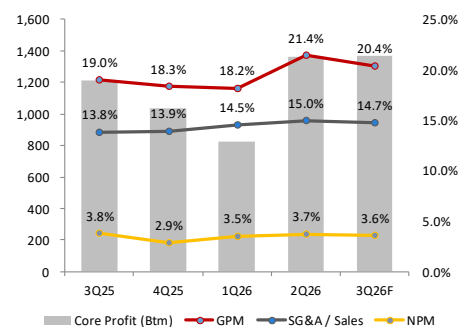
Social

- TU is working to improve many dimensions of social responsibility. This includes human rights and improved employee engagement.

Governance

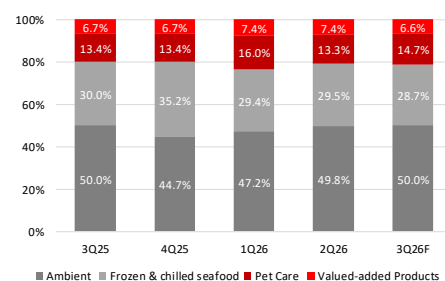
- TU is committed to conducting its business with transparency, responsibility, and business ethics including anti-corruption, respect for human rights, fair treatment, and responsibility to customers and consumers.

Earnings Performance



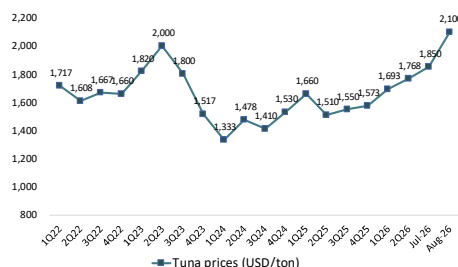
Source: TU, UOB Kay Hian

Sales Breakdown



Source: TU, UOB Kay Hian

Tuna Prices



Source: TU, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	132,719	138,862	142,365	145,972
EBITDA	11,267	12,495	13,323	14,006
Deprec. & amort.	4,215	4,242	4,491	4,705
EBIT	7,052	8,253	8,832	9,300
Total other non-operating income	0	0	0	0
Associate contributions	862	862	862	862
Net interest income/(expense)	(2,379)	(2,339)	(2,351)	(2,397)
Pre-tax profit	5,535	6,777	7,342	7,765
Tax	17	(881)	(954)	(1,009)
Minorities	(1,036)	(1,100)	(1,200)	(1,216)
Net profit	4,609	4,988	5,188	5,540
Net profit (adj.)	4,135	4,796	5,188	5,540

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	4,592	10,437	9,058	9,580
Pre-tax profit	5,629	4,988	5,188	5,540
Tax	(709)	0	0	0
Deprec. & amort.	4,215	4,242	4,491	4,705
Associates	0	0	0	0
Working capital changes	(6,281)	1,208	(621)	(665)
Non-cash items	(3,890)	0	0	0
Other operating cashflows	5,629	0	0	0
Investing	(919)	(6,000)	(6,000)	(6,000)
Capex (growth)	(3,781)	(6,000)	(6,000)	(6,000)
Capex (maintenance)	0	0	0	0
Investments	2,017	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	845	0	0	0
Financing	(3,327)	(3,947)	(3,393)	(2,630)
Dividend payments	(2,795)	(2,759)	(2,997)	(3,158)
Issue of shares	(4,310)	0	0	0
Proceeds from borrowings	(15,869)	(88)	805	1,744
Loan repayment	0	0	0	0
Others/interest paid	19,647	(1,100)	(1,200)	(1,216)
Net cash inflow (outflow)	346	490	(335)	950
Beginning cash & cash equivalent	8,281	8,432	8,922	8,587
Changes due to forex impact	(195)	0	0	0
Ending cash & cash equivalent	8,432	8,922	8,587	9,537

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	29,887	31,645	33,154	34,449
Other LT assets	45,530	45,741	45,955	46,171
Cash/ST investment	8,432	8,922	8,587	9,537
Other current assets	74,215	73,655	74,781	75,987
Total assets	158,064	159,964	162,477	166,144
ST debt	18,860	17,966	17,027	16,277
Other current liabilities	30,042	30,793	31,402	32,049
LT debt	46,565	47,370	49,114	51,608
Other LT liabilities	10,777	10,885	10,994	11,105
Shareholders' equity	44,704	46,933	49,123	51,505
Minority interest	7,379	6,279	5,079	3,863
Total liabilities & equity	158,064	159,964	162,477	166,144

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	8.5	9.0	9.4	9.6
Pre-tax margin	4.2	4.9	5.2	5.3
Net margin	3.5	3.6	3.6	3.8
ROA	2.7	2.9	3.0	3.2
ROE	7.4	7.8	8.0	8.4
Growth				
Turnover	(1.2)	3.3	6.0	8.6
EBITDA	6.2	17.8	25.6	32.0
Pre-tax profit	(16.5)	2.2	10.7	17.1
Net profit	(12.3)	(5.1)	(1.3)	5.4
Net profit (adj.)	(18.4)	16.0	8.2	6.8
EPS	(18.6)	(1.2)	6.9	14.2
Leverage				
Debt to total capital	125.6	122.8	122.0	122.6
Debt to equity	146.4	139.2	134.6	131.8
Net debt/(cash) to equity	127.5	120.2	117.2	113.3
Interest cover	4.7	5.3	5.7	5.8

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