

## Mediocre start and moderate stride

- ITC guided a weak 1Q25 outlook on lower-than-expected revenue growth caused by stronger THB/USD and shipping disruptions
- Yet earnings outlook for 2025E subsequent quarters are strong
- Maintain BUY and a TP of THB22; Buy on dip

### Disappointing 1Q25 outlook guided

ITC gave a not-so-good 1Q25 preview, with a lower-than-expected sales growth outlook at 5% y-y, gross profit margin at 25%, and higher tax rate at 7-8.5% in compliance with Global Minimum Tax (GMT) enforcement. Yet for the entire 2025, management still is positive to achieve a 13-15% y-y revenue growth, with the down-to-earth 1Q25 rising to top 4Q25 outlook.

### 1Q25E net profit of THB840m

We project 1Q25 net profit of THB840m, up slightly from THB831m in 1Q24, with revenue growth of 4% y-y to THB4.4b. Gross profit margin is projected to be 25%, while net profit margin to be 19.3%, down from 19.6% in 1Q24. Revenue rose only marginally due to the negative impact of the strengthening THB/USD and the shortage of shipping caused by geopolitical conflicts in Middle East and Red Sea. Tax rate is likely to increase significantly to 7-8% in 1Q25, up from 1% in 1Q24.

### Sequentially higher quarterly net profit ahead

We expect a sequentially improving quarterly net profits and net profit margins from a bottom 1Q25 to a top 4Q25, driven by higher demands in subsequent quarter as we expect the supplies of shipping to gradually increase while THB/USD is expected to weaken from THB33-34/USD in 1Q25 to THB34-35/USD in the remaining of 2025. Our 2025E net profit forecast of THB3.7b is kept unchanged as we think it has already reflected our conservative assumptions of 8.4% y-y revenue growth, 2.1% y-y net profit growth, 24.5% gross profit margin, and 19.1% net profit margin. Yet the price of skipjack tuna and freight (CFR) prices are rising above USD1,600/t and are expected to reach \$1,700/t soon, potentially eroding margins.

### No plan for share repurchases

Despite a slid cash on hand of THB5.4b in 2024 and the projected net profit growth in 2025, ITC has no plan to buy back its shares, which plunged to a new low at THB14.9 closing price on 26 March 2025, reflecting only 12x 2025E P/E. We think sooner or later, ITC may pursue a share buyback scheme considering that its share price has continued to decline due to the disappointing earnings guidance.

### Buy recommendation is intact

We maintain BUY and our TP of THB22, based on 18x 2025E P/E. We think ITC deserves to trade at 15-20x P/E on the back of its strong operation and customer base to capture demand growth of pet food globally. The downside risks are the potential import tariff hikes by US and the prolonged problem of shipping availability. With this report, we transfer coverage of ITC to Suwat Sinsadok.

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ESG Rating : n.a.

CG Rating : ▲▲▲▲▲

## BUY

<b>Target Price 12M (THB)</b>	<b>22.00</b>
VS. BB Consensus TP (%)	-4.3%
Share Price (THB)	16.10
Upside/Downside	+36.6%

### Share Data

Market Cap (THB m)	48,300.00
Par (THB)	1.00
Free Float (%)	20.08
Issued shares (m shares)	3,000

### Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	18,425	19,228	20,510	22,364
Net profit	3,597	3,674	3,752	4,093
Core net profit	3,597	3,674	3,752	4,093
vs Consensus (%)	-	(1.1)	(7.0)	(4.6)
Net profit growth (%)	57.6	2.1	2.1	9.1
Core net profit growth (%)	57.6	2.1	2.1	9.1
EPS (THB)	1.20	1.22	1.25	1.36
Core EPS (THB)	1.20	1.22	1.25	1.36
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.75	0.61	0.63	0.68
P/E (x)	18.60	13.14	12.87	11.80
P/BV (x)	2.77	1.81	1.69	1.57
ROE (%)	3.36	3.80	3.88	4.24
Dividend yield (%)	15.22	14.48	13.61	13.81

Source: Financial Statement and Globlex securities

### Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(9.55)	(28.44)	(24.77)	(27.80)
Market	(7.91)	(15.41)	(7.20)	(14.69)
12M High/Low (THB)				26.00 / 15.50



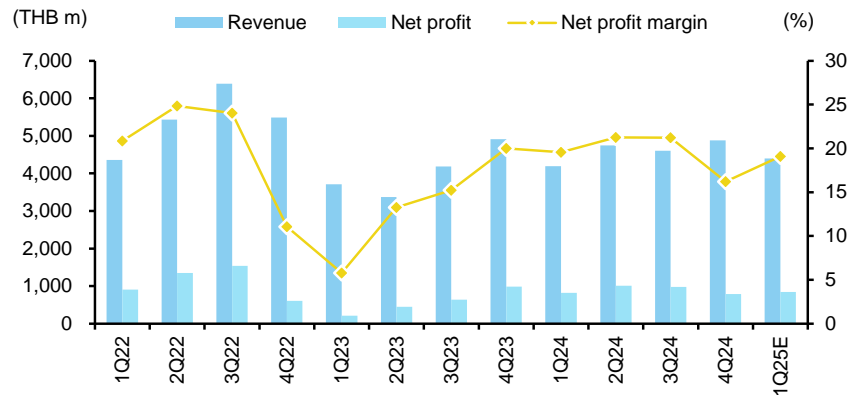
### Major Shareholders (%) as of

Thai Union Group Public Company Limited	78.82
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### Company Profile

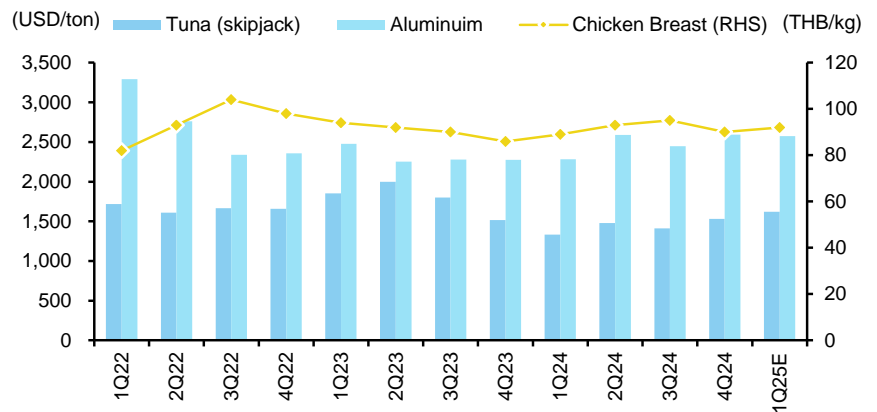
Manufacturer (OEM) production and distributor of pet food products  
Source: SETSMART, SET

### Exhibit 1: Quarterly revenue, net profit, and net profit margin



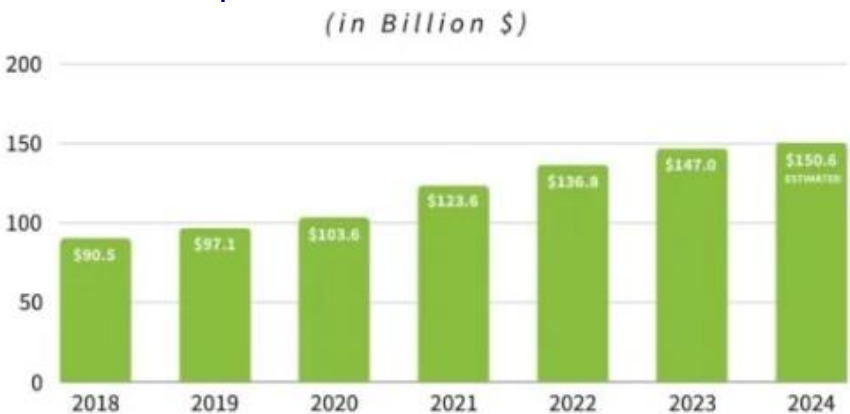
Sources: ITC; Globlex Research

### Exhibit 2: Tuna cost rises above USD1,600/t in 1Q25



Sources: Reuters

### Exhibit 3: Sales of pet food in US



Sources: GlobalPetFoodIndustry.com

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Current assets</b>					
Cash & ST investment	9,305	5,408	7,069	8,303	9,797
Account receivable	3,860	3,951	4,045	4,145	4,255
Inventories	3,243	3,535	4,025	4,294	4,682
Others	2,165	7,656	7,716	7,812	7,950
<b>Non-current assets</b>					
Net fixed assets	5,482	6,009	6,442	6,816	7,131
Others	1,376	369	369	369	369
<b>Total Assets</b>	<b>25,431</b>	<b>26,928</b>	<b>29,667</b>	<b>31,739</b>	<b>34,183</b>

<b>Current liabilities</b>					
Account payable	1,520	1,815	2,067	2,204	2,404
ST borrowing	0	0	0	0	0
Others	190	281	293	313	341
<b>Long-term liabilities</b>					
Long-term debts	0	0	0	0	0
Others	602	693	693	693	693
<b>Total liabilities</b>	<b>2,312</b>	<b>2,789</b>	<b>3,053</b>	<b>3,210</b>	<b>3,438</b>
Paid-up capital	3,000	3,000	3,000	3,000	3,000
Retained earnings	1,970	3,296	5,771	7,686	9,903
Others	18,148	17,842	17,842	17,842	17,842
Minority interest	1	0	0	0	0
<b>Shareholders' equity</b>	<b>23,119</b>	<b>24,139</b>	<b>26,613</b>	<b>28,529</b>	<b>30,745</b>

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Growth (%YoY)</b>					
Sales	(25.3)	13.9	4.4	6.7	9.0
Operating profit	(43.6)	61.9	(4.0)	6.1	9.0
EBITDA	(39.2)	51.2	(3.2)	6.7	9.0
Net profit	(48.1)	57.6	2.1	2.1	9.1
Core net profit	(48.1)	57.6	2.1	2.1	9.1
EPS	(48.1)	57.6	2.1	2.1	9.1
Core EPS	(48.1)	57.6	2.1	2.1	9.1
<b>Profitability (%)</b>					
Gross margin	22.5	30.5	24.5	24.3	24.3
Operation margin	15.2	21.6	19.9	19.7	19.7
EBITDA margin	18.5	24.6	22.8	22.8	22.8
Net margin	14.1	19.5	19.1	18.3	18.3
ROE	9.4	15.2	14.5	13.6	13.8
ROA	8.5	13.7	13.0	12.2	12.4
<b>Stability</b>					
Interest bearing debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Net debt/equity (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Interest coverage (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Interest & ST debt coverage (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Cash flow interest coverage (x)	0.9	1.7	1.2	1.1	1.1
Current ratio (x)	10.9	9.8	9.7	9.8	9.7
Quick ratio (x)	7.7	4.5	4.7	4.9	5.1
Net debt (THB m)	(9,305)	(5,408)	(7,069)	(8,303)	(9,797)
<b>Activity</b>					
Asset turnover (X)	0.62	0.65	0.60	0.62	1.31
Days receivables	87.1	78.3	76.8	73.8	69.4
Days inventory	98.6	105.2	105.2	105.2	105.2
Days payable	46.2	54.0	54.0	54.0	54.0
Cash cycle days	139.5	129.5	128.0	125.0	120.7

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Revenue</b>					
Revenue	16,179	18,425	19,228	20,510	22,364
Cost of goods sold	(12,539)	(12,810)	(14,526)	(15,516)	(16,921)
<b>Gross profit</b>	<b>3,640</b>	<b>5,615</b>	<b>4,702</b>	<b>4,994</b>	<b>5,442</b>
Operating expenses	(1,183)	(1,638)	(884)	(943)	(1,029)
<b>Operating profit</b>	<b>2,457</b>	<b>3,977</b>	<b>3,817</b>	<b>4,050</b>	<b>4,414</b>
<b>EBIT</b>	<b>2,457</b>	<b>3,977</b>	<b>3,817</b>	<b>4,050</b>	<b>4,414</b>
Depreciation	(539)	(552)	(567)	(626)	(685)
<b>EBITDA</b>	<b>2,995</b>	<b>4,529</b>	<b>4,384</b>	<b>4,676</b>	<b>5,099</b>
<b>Non-operating income</b>					
Other incomes	0	(19)	0	0	0
Other non-op income	0	0	0	0	0
<b>Non-operating expense</b>	<b>(42)</b>	<b>(220)</b>	<b>2</b>	<b>6</b>	<b>11</b>
Interest expense	(11)	(6)	2	6	11
Other non-op expense	(31)	(214)	0	0	0
<b>Equity income/(loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Pre-tax Profit</b>	<b>2,415</b>	<b>3,738</b>	<b>3,819</b>	<b>4,057</b>	<b>4,425</b>
Extraordinary items					
Current taxation	(132)	(141)	(145)	(304)	(332)
Minorities	0	0	0	0	0
<b>Net Profit</b>	<b>2,283</b>	<b>3,597</b>	<b>3,674</b>	<b>3,752</b>	<b>4,093</b>
<b>Core net profit</b>	<b>2,283</b>	<b>3,597</b>	<b>3,674</b>	<b>3,752</b>	<b>4,093</b>
<b>EPS (THB)</b>	<b>0.76</b>	<b>1.20</b>	<b>1.22</b>	<b>1.25</b>	<b>1.36</b>
<b>Core EPS (THB)</b>	<b>0.76</b>	<b>1.20</b>	<b>1.22</b>	<b>1.25</b>	<b>1.36</b>

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Operating cash flow</b>					
Net profit	2,283	3,597	3,674	3,752	4,093
Depre. & amortization	539	552	567	626	685
Change in working capital	(578)	794	(381)	(307)	(408)
Others	(268)	(284)	(289)	(606)	(659)
<b>Investment cash flow</b>	<b>(3,879)</b>	<b>3,026</b>	<b>1,861</b>	<b>2,071</b>	<b>2,369</b>
Net CAPEX	(1,128)	(1,079)	(1,000)	(1,000)	(1,000)
Change in LT investment	(2,751)	4,105	2,861	3,071	3,369
Change in other assets					
<b>Free cash flow</b>	<b>(1,903)</b>	<b>7,685</b>	<b>5,433</b>	<b>5,536</b>	<b>6,079</b>
<b>Financing cash flow</b>					
Change in share capital	(0)	0	0	0	0
Net change in debt	394	(0)	0	0	0
Dividend paid	(750)	(1,200)	(1,200)	(1,837)	(1,876)
Others	(1,690)	(10,382)	(2,572)	(2,465)	(2,710)
<b>Net cash flow</b>	<b>(3,949)</b>	<b>(3,897)</b>	<b>1,661</b>	<b>1,234</b>	<b>1,493</b>
<b>Per share (THB)</b>					
EPS	0.76	1.20	1.22	1.25	1.36
Core EPS	0.76	1.20	1.22	1.25	1.36
CFPS	0.94	1.38	1.41	1.46	1.59
BVPS	7.71	8.05	8.87	9.51	10.25
Sales/share	5.39	6.14	6.41	6.84	7.45
EBITDA/share	1.00	1.51	1.46	1.56	1.70
DPS	0.45	0.75	0.61	0.63	0.68
<b>Valuation</b>					
P/E (x)	27.7	18.6	13.1	12.9	11.8
P/BV (x)	2.7	2.8	1.8	1.7	1.6
Dividend yield (%)	2.1	3.4	3.8	3.9	4.2
Dividend payout ratio (%)	59.1	62.5	50.0	50.0	50.0

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Suwat Sinsadok, Register No. 020799, Globlex Securities Public Company Limited

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## RECOMMENDATION STRUCTURE

### Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

- BUY:** Expected return of 10% or more over the next 12 months.  
**HOLD:** Expected return between -10% and 10% over the next 12 months.  
**REDUCE:** Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.  
**Neutral:** The industry is expected to perform in line with the relevant primary market index over the next 12 months.  
**Underweight:** The industry is expected to underperform the relevant primary market index over the next 12 months.

### Country (Strategy) Recommendations

**Overweight:** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral:** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight:** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.