ASIAN ALLIANCE INTERNATIONAL (AAI TB)

THAILAND / SET / FOOD & BEVERAGE

Globlex Securities Co., Ltd.

7 August 2026

Volumes return, but not pricing power

- Q26 net profit rebounded 30% q-q to THB178m, still down 9% y-y
- Gross margin recovered to 15.9% as pet food volume and utilization improved
- Downgrade to HOLD at TP of THB4.30

2Q26 net profit rebounded q-q but still down y-y

2Q26 net profit was THB178m, up 30% q-q but down 9% y-y. Gross margin rose sharply to 15.9% in 2Q26, up from 11.2% in 1Q26 and roughly flat vs. 15.8% in 2Q25, as higher pet food production and sales volume improved plant utilization and unit cost absorption. SG&A rose to 6.4% of sales (THB102m), from 5.7% in 1Q26 and 5.2% in 2Q25, as selling & distribution costs jumped 22% q-q due to increase in freight cost amid US-Iran war. Alongside with net margin, which was 11.1% in 2Q26, vs. 8.8% in 1Q26 and 11.4% in 2Q25.

Pet food volume led the recovery; human food stayed weak

2Q26 revenue was THB1.6b, up 2.7% q-q but down 6.2% y-y. Pet food volume rose to 9,973 tonnes (+8.6% q-q, +2.0% y-y), taking pet food to 86.2% of total volume. Yet pet food group revenue fell 3.3% y-y to THB1,490m despite the volume gain, as a weaker USD (THB32.75/USD in 2Q26 vs THB33.27 in 2Q25) and lower average USD selling prices more than offset higher volume. Human food volume fell sharply to 827 tonnes (-46.7% q-q, -29% y-y) as Middle Eastern customers (70% of human food revenue) kept deferring orders amid ongoing geopolitics conflict.

US & Canada orders returned; Europe's share normalized

US & Canada's share of pet food destination sales rose to 60% in 2Q26, from 53% in 1Q26 but still below 69% in 2Q25, as revenue from the region grew 21.1% q-q. Europe eased to 29% from 36%; Domestic held steady at 9%. The pickup reflects resuming orders from US/Canadian customers after a pause tied to inventory management and Hormuz-related uncertainty

Brand pet food kept outgrowing OEM

Within the pet food group, OEM volume was 9,016 tonnes in 2Q26 (+10.3% q-q, +0.5% y-y), while AAI's own-brand pet food volume rose to 956 tonnes (-5.2 q-q, +18.7% y-y), lifting brand's share of pet-food-group volume to 8.9%, from 7.7% in 2Q25, on continued domestic expansion of value-priced SKUs. For 1H26, brand volume was up 27.8% y-y even as total pet food group volume fell 3.6% y-y, underscoring company intention toward higher-margin products.

Downgrade to HOLD

We downgrade AAI to HOLD from BUY with a new TP at THB4.30, based on 14x our revised 2026E EPS of THB0.31. Despite a promising outlook for AAI's own brand, we see limited pricing power in the OEM segment as a structural concern, while soft human food/Middle East demand continues to weigh on the full-year outlook.

Analyst

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ESG Rating : n.a.

CG Rating :

HOLD

Target Price 12M (THB)	**4.30**
VS. BB Consensus TP (%)	+17.5%
Share Price (THB)	4.00
Upside/Downside	+7.5%

Share Data

Market Cap (THB m)	8457.50
Par (THB)	1.00
Free Float (%)	25.69
Issued shares (m shares)	2,125

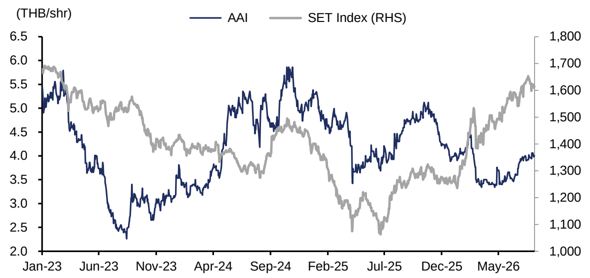
Financial forecast

YE Dec (THB m)	202E	2026E	2027E	2028E
Revenue	7,105	7,173	7,198	7,278
Net profit	741	649	740	763
Core net profit	734	649	740	763
vs Consensus (%)		(0.2)	2.3	(0.5)
Net profit growth (%)	(26.2)	(12.4)	14.1	3.0
Core net profit growth (%)	(29.9)	(11.6)	14.1	3.0
EPS (THB)	0.35	0.31	0.35	0.36
Core EPS (THB)	0.35	0.31	0.35	0.36
Chg from previous (%)		(42.80)	(42.19)	
DPS (THB)	0.47	0.15	0.17	0.18
P/E (x)	11.82	13.49	11.83	11.48
P/BV (x)	1.82	1.70	1.59	1.48
ROE (%)	14.90	13.02	13.89	13.37
Dividend yield (%)	11.47	3.71	4.23	4.36

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	1.53	8.74	(7.87)	(3.40)
Market	1.63	0.66	(22.95)	(24.41)
12M High/Low (THB)				6.30 / 3.76



Major Shareholders (%) as of 5 MAR 2026

Asian Sea Corporation Public Company Limited	70.00
Mr. Somsak Amornrattanachaikul	3.82

Company Profile

Original equipment manufacturer (OEM) and distributor of pet food, shelf-stable human food, and by-products of tuna processing.

Source: SETSMART, SET

Exhibit 1: Summary of 2Q26/6M25 operations

	2Q25	1Q26	---------------- 2Q26 ------------------			6M25	6M26	Chg.	2026E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Revenue	**1,728**	**1,598**	**1,628**	**1.8**	**(5.8)**	**3,647**	**3,226**	**(11.5)**	**7,173**
Operating costs	(1,460)	(1,402)	(1,375)	1.9	5.8	(3,031)	(2,777)	8.4	(6,214)
EBITDA	**268**	**196**	**253**	**28.8**	**(5.7)**	**615**	**449**	**(27.0)**	**959**
EBITDA margin (%)	*15.5*	*12.3*	*15.5*	*nm*	*nm*	*16.9*	*13.9*	*nm*	*13.4*
Depn & amort.	(64)	(70)	(73)	(4.3)	(13.3)	(125)	(143)	(14.4)	(277)
EBIT	**204**	**126**	**180**	**42**	**(11.6)**	**491**	**306**	**(37.6)**	**682**
Interest expense	(3)	(3)	(3)	6	5.8	(6)	(6)	2.3	(12)
Interest & invt inc	9	6	5	(14)	(42.2)	18	11	(38.3)	36.0
Associates' contrib	1	2	2	na	na	0	4	na	5.9
Exceptionals	-	23	6	(72)	na	-	29	na	-
Pretax profit	**210**	**154**	**190**	**23.7**	**(9.5)**	**503**	**344**	**(31.5)**	**712**
Tax	(15)	(16)	(12)	25	18.2	(49)	(29)	40.9	(63)
Tax rate (%)	*7.2*	*10.7*	*6.5*	*nm*	*nm*	*9.7*	*8.3*	*nm*	*8.9*
Minority interests	-	-	-	na	na	-	-	na	-
Net profit	**195**	**137**	**178.0**	**30**	**(8.9)**	**454**	**315**	**(30.5)**	**649**
Non-recurring	-	21	6	na	na	-	26	na	-
Core net profit	**195**	**117**	**172**	**47**	**(11.9)**	**454**	**289**	**(36.3)**	**649**
EPS (THB)	0.09	0.06	0.08	30	(8.9)	0.21	0.15	(30.5)	0.31
Core EPS (THB)	0.09	0.06	0.08	47	(11.9)	0.21	0.14	(36.3)	0.31

Sources: AAI; Globlex Research

Exhibit 2: 2Q26/6M25 Sales volume breakdown

	2Q25	1Q26	2Q26	(q-q%)	(y-y%)	6M25	6M26	(y-y%)
Sales volume (tons)	**11,691**	**11,514**	**11,576**	**0.5**	**(1.0)**	**24,184**	**23,090**	**(4.5)**
Pet food	9,779	9,182	9,973	8.6	2.0	19,879	19,155	(3.6)
Human food	1,166	1,552	827	(46.7)	(29.1)	2,696	2,379	(11.8)
By-product	746	780	776	(0.5)	4.0	1,609	1,556	(3.3)
Sales volume (%)								
Pet food	84	80	86	6.4	2.5	82	83	0.8
Human food	10	13	7	(6.3)	(2.8)	11	10	(0.8)
By-product	6	7	7	(0.1)	0.3	7	7	0.1

*Note: Change in % is represented in ppt change
Sources: AAI; Globlex Research

Exhibit 3: 2Q26/6M25 Pet food sales volume breakdown

(tpa)	2Q25	1Q26	2Q26	(q-q%)	(y-y%)	6M25	6M26	(y-y%)
Pet food volume	**10,525**	**9,961**	**10,749**	**7.9**	**2.1**	**21,488**	**20,710**	**(3.6)**
OEM pet food	8,973	8,173	9,016	10.3	0.5	18,341	17,189	(6.3)
Brand pet food	806	1,008	956	(5.2)	18.6	1,538	1,964	27.7
By-product	746	780	776	(0.5)	4.0	1,609	1,556	(3.3)

Sources: AAI; Globlex Research

Exhibit 4: 2Q26/6M25 Pet food sales volume breakdown by destination (%)

(%) *	2Q25	1Q26	2Q26	(q-q%)	(y-y%)	6M25	6M26	(y-y%)
US & Canada	69	53	60	7.0	(9.0)	66	57	(9.8)
Domestics	10	9	9	-	(1.0)	9	9	0.1
Japan	1	1	1	-	-	1	1	-
Asia	0	1	1	-	1.0	1	1	0.5
Europe	20	36	29	(7.0)	9.0	23	32	9.3

*Note: Change in % is represented in ppt change
Sources: AAI; Globlex Research

Exhibit 5: Key changes in assumptions

	Current			Previous			*Change (%)*		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	7,173	7,198	7,278	9,567	10,432	7,278	*(25.0)*	*(31.0)*	*0.0*
Gross profit	1,096	1,172	1,222	1,722	1,930	1,222	*(36.3)*	*(39.3)*	*0.0*
Operating profit	682	780	802	1,100	1,252	802	*(38.0)*	*(37.7)*	*0.0*
Net profit	649	740	763	1,134	1,281	763	*(42.8)*	*(42.2)*	*0.0*
EPS	0.31	0.35	0.36	0.53	0.60	0.36	*(42.8)*	*(42.2)*	*0.0*
Key assumptions									
Gross profit margin	15.5	16.5	17.1	18.0	18.5	17.1	*(13.8)*	*(10.6)*	*0.0*
Operating profit margin	9.0	10.3	10.5	11.9	12.3	10.5	*(23.7)*	*(16.2)*	*0.0*
Net profit margin	9.2	10.4	10.6	11.9	12.3	10.6	*(22.6)*	*(14.9)*	*0.0*

Sources: AAI; Globlex Research

Exhibit 6: Valuation sensitivity table

	P/E (x)							
	10	11	12	13	14	15	16	17
Target price based on 2026E P/E	3.1	3.4	3.7	4.0	**4.3**	4.6	4.9	5.2
Target price based on 2027E P/E	3.5	3.8	4.2	4.5	4.9	5.2	5.6	5.9
Upside 2026E P/E	-24%	-16%	-8%	-1%	7%	14%	22%	30%
Upside 2027E P/E	-13%	-4%	5%	13%	22%	31%	39%	48%

Sources: Globlex Research

Balance sheet (THB m) Year ending Dec	2024	2025	2026E	2027E	2028E
Current assets					
Cash & ST investment	849	147	759	1,213	1,662
Account receivable	1,180	1,027	1,037	1,041	1,052
Inventories	1,450	1,454	1,244	1,234	1,240
Others	893	1,125	1,164	1,203	1,246
Non-current assets					
Net fixed assets	1,360	1,641	1,529	1,411	1,288
Others	210	195	197	197	199
Total Assets	**5,941**	**5,589**	**5,930**	**6,299**	**6,688**
Current liabilities					
Account payable	534	495	506	502	504
ST borrowing	0	0	0	0	0
Others	84	57	59	59	59
Long-term liabilities					
Long-term debts	0	0	0	0	0
Others	202	217	221	224	228
Total liabilities	**820**	**769**	**785**	**784**	**791**
Pai-up capital	2,125	2,125	2,125	2,125	2,125
Retained earnings	1,155	891	1,215	1,585	1,967
Others	1,842	1,805	1,805	1,805	1,805
Minority interest	0	0	0	0	0
Shareholders' equity	**5,121**	**4,820**	**5,145**	**5,515**	**5,896**

Profit & loss (THB m) Year ending Dec	2024	2025	2026E	2027E	2028E
Revenue	**6,926**	**7,105**	**7,173**	**7,198**	**7,278**
Cost of goods sold	(5,449)	(5,943)	(6,077)	(6,026)	(6,056)
Gross profit	**1,477**	**1,161**	**1,096**	**1,172**	**1,222**
Operating expenses	(373)	(383)	(414)	(392)	(420)
Operating profit	**1,104**	**778**	**682**	**780**	**802**
EBIT	**1,104**	**778**	**682**	**780**	**802**
Depreciation	(223)	(267)	(277)	(291)	(305)
EBITDA	**1,327**	**1,045**	**959**	**1,071**	**1,107**
Non-operating income	**49**	**34**	**36**	**38**	**40**
Other incomes	0	0	0	0	0
Other non-op income	49	34	36	38	40
Non-operating expense	**(12)**	**(12)**	**(12)**	**(12)**	**(11)**
Interest expense	(12)	(12)	(12)	(12)	(11)
Other non-op expense	0	0	0	0	0
Equity income/(loss)	6	6	6	6	6
Pre-tax Profit	**1,146**	**806**	**712**	**812**	**837**
Extraordinary items	(44.2)	6.6	0.0	0.0	0.0
Current taxation	(98.6)	(71.9)	(63.0)	(71.9)	(74.1)
Minorities	0.0	0.0	0.0	0.0	0.0
Net Profit	**1,003**	**741**	**649**	**740**	**763**
Core net profit	**1,048**	**734**	**649**	**740**	**763**
EPS (THB)	**0.47**	**0.35**	**0.31**	**0.35**	**0.36**
Core EPS (THB)	**0.49**	**0.35**	**0.31**	**0.35**	**0.36**

Key ratios Year ending Dec	2024	2025	2026E	2027E	2028E
Growth (%YoY)					
Sales	27.3	2.6	1.0	0.4	1.1
Operating profit	188.1	(29.5)	(12.3)	14.4	2.8
EBITDA	124.7	(21.2)	(8.3)	11.7	3.4
Net profit	127.3	(26.2)	(12.4)	14.1	3.0
Core net profit	111.1	(29.9)	(11.6)	14.1	3.0
EPS	127.3	(26.2)	(12.4)	14.1	3.0
Core EPS	111.1	(29.9)	(11.6)	14.1	3.0
Profitability (%)					
Gross margin	21.3	16.3	15.3	16.3	16.8
Operation margin	15.9	11.0	9.5	10.8	11.0
EBITDA margin	19.2	14.7	13.4	14.9	15.2
Net margin	14.5	10.4	9.0	10.3	10.5
ROE	5.1	6.5	7.9	7.4	7.7
ROA	5.9	7.5	9.1	8.5	8.8
Stability					
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)	91	63	55	67	72
Interest & ST debt coverage (x)	91	63	55	67	72
Cash flow interest coverage (x)	0.7	1.4	1.4	1.3	1.3
Current ratio (x)	7.1	6.8	7.4	8.4	9.2
Quick ratio (x)	3.3	2.1	3.2	4.0	4.8
Net debt (THB m)	(849)	(147)	(759)	(1,213)	(1,662)
Activity					
Asset turnover (X)	1.2	1.2	1.2	1.2	1.1
Days receivables	54.1	56.7	52.5	52.7	52.5
Days inventory	92.1	89.2	81.0	75.0	74.5
Days payable	33.1	31.6	30.0	30.5	30.3
Cash cycle days	113.1	114.3	103.5	97.2	96.7

Cash flow (THB m) Year ending Dec	2024	2025	2026E	2027E	2028E
Operating cash flow	**542**	**1,069**	**1,138**	**1,035**	**1,068**
Net profit	1,003	741	649	740	763
Depre.& amortization	223	267	277	291	305
Change in working capital	(641)	54	212	4	0
Others	(44)	7	0	0	0
Investment cash flow	**96**	**(736)**	**(202)**	**(211)**	**0**
Net CAPEX	(257)	(549)	(165)	(173)	0
Change in LT investment	353	(188)	(37)	(38)	0
Change in other assets	0	0	0	0	0
Free cash flow	**638**	**332**	**936**	**824**	**1,068**
Financing cash flow	**(556)**	**369**	**(1,548)**	**(1,278)**	**145**
Change in share capital	(2)	0	0	0	0
Net change in debt	0	14	0	0	0
Dividend paid	(762)	(1,005)	(324)	(370)	0
Others	208	1,360	(1,224)	(908)	145
Net cash flow	**82**	**702**	**(612)**	**(454)**	**1,213**
Per share (THB)					
EPS	0.47	0.35	0.31	0.35	0.00
Core EPS	0.49	0.35	0.31	0.35	0.00
CFPS	0.60	0.47	0.44	0.49	0.50
BVPS	2.41	2.27	2.42	2.60	2.77
Sales/share	3.26	3.34	3.38	3.39	3.42
EBITDA/share	0.62	0.49	0.45	0.50	0.52
DPS	0.36	0.47	0.15	0.17	0.00
Valuation					
P/E (x)	12.92	11.82	13.10	11.48	0.00
P/BV (x)	2.53	1.82	1.65	1.54	0.00
Dividend yield (%)	5.88	11.47	3.82	4.36	0.00
Divdend payout ratio (%)	75.91	135.63	50.00	50.00	50.00

GENERAL DISCLAIMER

Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.