

CPF GLOBAL FOOD SOLUTION PLC

No. 56/2025
18 April 2025

CORPORATES

Company Rating:	A
Issue Rating:	
Senior unsecured	A
Outlook:	Stable

Last Review Date: 16/05/24

Company Rating History:

Date	Rating	Outlook/Alert
16/05/24	A	Stable

Contacts:

Nauwarut Temwattanangkul
nauwarut@trisrating.com

Yanisa Sawatdipong
yanisa@trisrating.com

Wajee Pitakpaibulkij
wajee@trisrating.com

Sasiporn Vajarodaya
sasiporn@trisrating.com



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RATIONALE

TRIS Rating affirms the company rating on CPF Global Food Solution PLC (CPFGS) at “A” with a “stable” rating outlook. The rating incorporates our view on the company’s status as a core subsidiary of Charoen Pokphand Foods PLC (CPF; rated “A/Stable”). The group status reflects CPFGS’s position as an exclusive distributor of food products from CPF’s production facilities in Thailand, as well as its business integration and significant earnings contribution to the group.

At the same time, TRIS Rating assigns a rating of “A” to CPFGS’s proposed issues of up to THB5 billion senior unsecured debentures due within 15 years. The proceeds of the new debenture issuances are intended for the following purposes: (1) general business operations and/or (2) business expansion and/or (3) investment and/or acquisition in shares or assets and/or (4) repayment of debts and/or (5) lending to companies in the CPF Group.

KEY RATING CONSIDERATIONS

Core subsidiary of CPF

CPF holds 99.99% of the shares in CPFGS, both directly and indirectly. CPFGS’s business direction and strategy align with CPF as most of the company’s board members and top management have been seconded from CPF.

The company benefits from parent support in terms of know-how and resources. CPFGS utilizes CPF’s production facilities as distribution points and sharing logistics services with other companies in the group. The high linkage is also evident in the shared service supports (e.g., human resources, legal, treasury functions, and others) from CPF.

CPFGS contributes significant earnings to CPF’s overall performance. During the past three years, CPFGS has contributed around 30% of CPF’s total revenue, while CPFGS’s EBITDA averaged 17% of CPF’s EBITDA.

Extensive distribution network with diversified customer base

CPFGS has geographically diversified sources of revenue. Domestic sales represented 63% of its total sales in 2024, and exports 37%. Major markets comprise the European Union (EU) (22% of total sales), followed by Asian countries excluding Thailand (9%), the US (5%), and others (1%).

CPFGS’s strong market presence is bolstered by its extensive distribution network in Thailand covering more than 21,000 modern trade stores, more than 24,000 traditional trade shops, and more than 3,000 food service professional operators at the end of 2024. The company’s market expansion and ongoing efforts to broaden its geographic coverage partially help mitigate the impacts of disease outbreaks and trade barriers.

Growing revenue supported by CPF’s affiliates

CPFGS leverages strong distribution channels through CPF’s affiliates, including CPALL PLC (CPALL) and CP Axta PLC (CPAXT), which operate prominent Thai retail chains such as “7-Eleven”, “Makro”, and “Lotus’s”.

Revenue from CPALL and CPAXT increased substantially to THB55.5 billion in 2024 from THB28.2 billion in 2021, reflecting double-digit annual growth. The rise was supported by the companies’ distribution networks, store expansions,

and omni-channel platforms. Also, their efforts to enhance value-added food product contributions and improve mutual logistics played a role in this growth.

Restaurant chains and pet snack business contributions to grow

Besides its main trading business comprising 95% of its total revenue, CPFGS also operates in the restaurant chain and pet snack industries. As a subsidiary of CPF, CPFGS benefits from a reliable supply of quality raw materials, particularly chicken and pork, from its parent company.

The restaurant sector, contributing 4% of CPFGS's revenue, includes over 4,500 franchised "Five-Star" chicken outlets, 206 "Chester's" stores, and 26 "CP Food World" outlets as of the end of 2024. The company aims to grow this segment by expanding the number of stores and introducing new products.

The pet snack business, though contributing only 1% of total revenue, has high-growth potential due to the rising trends in pet ownership and market expansion. CPFGS sells pet snacks under main brands "Jerhigh" and "Jinny".

Relatively steady profit margin

CPFGS maintains a steady profit margin due to the cost-plus pricing model, efficient cost management, and support from its parent company.

Despite occasional delays in price adjustments and fluctuations in the demand and supply of agricultural products, CPFGS has maintained consistent profitability. Over the past few years, the gross and EBITDA margins were quite stable at around 10% and 5%, respectively.

High cash generation, decreasing leverage

Due to high cash generation and low capital expenditures, CPFGS's leverage ratio has decreased significantly. In 2024, the company's adjusted debt fell to THB9.2 billion from THB11.6 billion in 2023, while the debt-to-capitalization ratio decreased to 45.8% from 60.4%. With annual capital expenditures projected between THB0.7-THB1 billion and EBITDA around THB9-THB10 billion, we expect the company's leverage to remain low over coming years.

Adequate liquidity profile

We assess CPFGS's liquidity as sufficient over the next 12 months. Cash on hand plus cash flow from operations comfortably cover capital expenditures, interest expenses, and a scheduled long-term loan repayment of around THB1.7 billion.

At the end of 2024, the company maintains a liquidity buffer with around THB2.9 billion in cash on hand and equivalents, supplemented by funds from operations (FFO) of about THB7 billion annually and additional credit facilities from commercial banks.

Debt structure

As of December 2024, CPFGS's total outstanding debt, excluding lease liability, was THB10 billion, of which about THB9 billion was debt at subsidiary levels. However, given that CPFGS has its own operating assets that generate substantial earnings compared to its consolidated earnings, we consider the senior unsecured debenture holders of CPFGS as not significantly disadvantaged compared with the unsecured debt holders at subsidiary levels. As a result, we assign the issue rating at the same level as the company rating.

BASE-CASE ASSUMPTIONS

CPFGS will remain a core subsidiary of CPF.

RATING OUTLOOK

The "stable" outlook mirrors the outlook on CPF.

RATING SENSITIVITIES

As a core subsidiary of CPF, the ratings on CPFGS are tied to the rating on CPF. Any change in the rating on CPF, or CPFGS's group status, will affect the ratings on CPFGS accordingly.

COMPANY OVERVIEW

CPFGS, formerly CPF Trading Co., Ltd., is one of the leading global food solutions providers of the CPF Group. During late-2022, under the group business restructuring, CPFGS was transferred CPF's subsidiaries operating in the food trading, restaurant operations, and pet snack businesses.

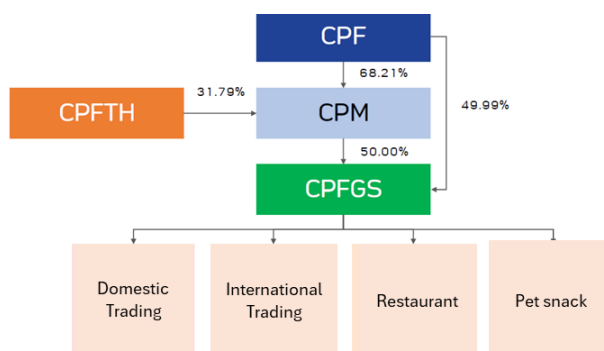
The company has four business segments: the domestic trading business -- contributing 57% of revenue in 2024, followed by the international trading business (38%), restaurant business (4%) and the pet snack business (1%).

CPFGS's business profile is underpinned by its status as an exclusive distributor and exporter of products from CPF's food production facilities in Thailand. About 80% of CPFGS's products are procured from CPF Group. The remainder are sourced from diversified suppliers globally.

With CPF's business strengths as the nation's largest agribusiness and food conglomerate, CPFGS's competitive edges are fortified by CPF's well-known brand, quality, diversified products, as well as ongoing research and development to serve differentiated customer demands.

KEY OPERATING PERFORMANCE

Chart 1: Group Shareholding Structure



Source: CPFGS

Table 1: CPFGS's Revenue Breakdown

Unit: %

By Product	2020	2021	2022	2023	2024
Thailand	59	60	61	63	63
Meat	41	42	45	46	44
Processed food	12	12	11	12	13
Restaurant	4	4	4	4	4
Pet snack	1	1	1	1	1
Others	1	1	0	0	1
Overseas	41	40	39	37	37
Meat	14	13	13	12	12
Processed food	25	24	23	22	22
Pet snack	0	0	0	0	0
Others	2	3	3	3	3
Total	100	100	100	100	100
Sales (mil. THB)	121,834	137,754	170,830	171,770	174,713

Source: CPFGS

Table 2: CPFGS's Revenue Breakdown by Geography

Unit: %

Country	2020	2021	2022	2023	2024
Thailand	60	62	62	63	63
EU	22	23	23	22	22
Asia (excluding TH)	12	10	9	9	9
USA	5	5	5	5	5
Others	1	1	1	1	1
Total	100	100	100	100	100

Source: CPFGS

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	175,227	172,892	171,847	138,845	122,644
Earnings before interest and taxes (EBIT)	7,973	8,766	7,961	3,626	2,350
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	8,959	9,751	8,923	4,674	3,385
Funds from operations (FFO)	6,915	7,480	6,997	3,742	2,613
Adjusted interest expense	468	651	246	248	260
Capital expenditures	668	727	650	885	1,080
Total assets	40,438	39,405	44,237	33,403	32,581
Adjusted debt	9,194	11,550	10,839	5,149	7,881
Adjusted equity	10,875	7,588	8,297	6,628	6,695
Adjusted Ratios					
EBITDA margin (%)	5.11	5.64	5.19	3.37	2.76
Pretax return on permanent capital (%)	35.02	35.91	38.99	22.26	23.85
EBITDA interest coverage (times)	19.15	14.97	36.27	18.82	13.03
Debt to EBITDA (times)	1.03	1.18	1.21	1.10	2.33
FFO to debt (%)	75.22	64.76	64.55	72.69	33.15
Debt to capitalization (%)	45.81	60.35	56.64	43.72	54.07

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

CPF Global Food Solution PLC (CPFGS)

Company Rating:	A
Issue Rating:	
Up to THB5,000 million senior unsecured debentures due within 15 years	A
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: +66 2 098 3000

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