

CPF (THAILAND) PLC

No. 55/2025
18 April 2025

CORPORATES

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

Last Review Date: 01/04/24

Company Rating History:

Date	Rating	Outlook/Alert
01/04/24	A	Stable
14/09/23	A+	Negative
08/12/20	A+	Stable
31/03/20	A+	Alert Negative
04/11/15	A+	Stable

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RATIONALE

TRIS Rating affirms the company rating on CPF (Thailand) PLC (CPFTH) and the ratings on CPFTH's senior unsecured debentures at "A" with "stable" outlook.

The ratings continue to reflect CPFTH's status as a core subsidiary of Charoen Pokphand Foods PLC (CPF, rated "A/Stable"), the largest agribusiness and food conglomerate in Thailand. The ratings also take into consideration the high degree of operational integration CPFTH has with CPF and the support it receives from the group.

At the same time, TRIS Rating assigns a rating of "A" to CPFTH's proposed issues of up to THB15 billion senior unsecured debentures due within 15 years. The proceeds of the new debenture issuances are intended to be used for the following purposes of the company or companies in the CPF Group: (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

CPFTH was founded to operate the domestic livestock operation for CPF. As CPF owns nearly all the interest in CPFTH, it has full control of CPFTH's business direction and operations. CPF helps CPFTH secure raw materials and broadens the reach of CPFTH's distribution channels through CPF's domestic and overseas distribution networks. CPF also demonstrated its strong financial support in capital injections or loans to CPFTH on a timely basis.

CPFTH's operating revenue has accounted for 26%-27% of CPF's total operating revenue during the past three years. CPFTH's EBITDA has been reliant on domestic livestock prices that are highly volatile, accounting for 8%-32% of CPF's EBITDA.

Improving operating performance

Thanks to a substantial drop in feed costs and a gradual recovery in swine prices, CPFTH's operating performance has sharply rebounded. EBITDA margin climbed to 8.2% in 2024, up from 2% in 2023. The EBITDA soared to THB12.9 billion in 2024, compared to THB3.2 billion in the previous year.

Looking forward, we expect the company to continue improving its operating results through an enhanced product mix, efficiency improvements, and synergies and support from CPF and its associated companies. Also, we expect further price recovery in 2025, particularly pork meat, following supply corrections and market rebalancing.

Lower leverage following improved operating results

CPFTH's financial leverage lowered substantially from that in 2023, driven by a sharp rebound in operating performance and a reduction in capital expenditures. As of December 2024, CPFTH's net debt stood at THB147.4 billion. The debt to EBITDA ratio substantially fell to 11.5 times in 2024 from 43 times in the previous year. Additionally, the ratio of funds from operations (FFO) to total debt improved to 5.3% in 2024, a recovery from the negative figures recorded in 2023.

Tight but manageable liquidity expected

As of December 2024, CPFTH's interest-bearing debt amounted to THB140.4 billion, with debentures and long-term loans constituting over 70% of the total. The remaining debt comprised short-term loans to support working capital needs. We assess CPFTH's liquidity as manageable over the next 12 months, with significant cash outflows including THB19 billion in debenture and THB2 billion in long-term debt repayments due in 2025 and approximately THB9 billion in annual capital expenditures. A large portion of the short-term debt maturing within the year is expected to be refinanced. At the end of 2024, CPFTH's liquidity buffer included THB1.3 billion in cash. The company's refinancing risk is mitigated by its strong access to capital markets and the available credit facilities from commercial banks.

The financial covenant on CPFTH's debenture obligations requires the company's net interest-bearing debt to equity ratio to stay below 2.0 times. As of December 2024, the ratio was 1.76 times. We expect the company to comply with the covenant over the next 12 to 18 months.

Debt structure

As of December 2024, CPFTH had consolidated debt of THB140.4 billion, excluding lease liabilities. Of this amount, approximately THB5 billion, categorized as trust receipt, was considered as priority debt. The priority debt to total debt ratio was around 3%.

RATING OUTLOOK

The "stable" outlook mirrors the outlook on CPF.

RATING SENSITIVITIES

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

COMPANY OVERVIEW

CPFTH is an almost wholly-owned (99.99%) subsidiary of CPF. Established in February 2012, the company was founded through the amalgamation of 10 subsidiaries of CPF.

The company is a fully integrated producer of livestock products. CPFTH's business is divided into three segments: feed, farm, and food. In 2024, the farm segment was the largest at 65% of CPFTH's total revenue, followed by animal feed (20%), and food products (15%).

KEY OPERATING PERFORMANCE

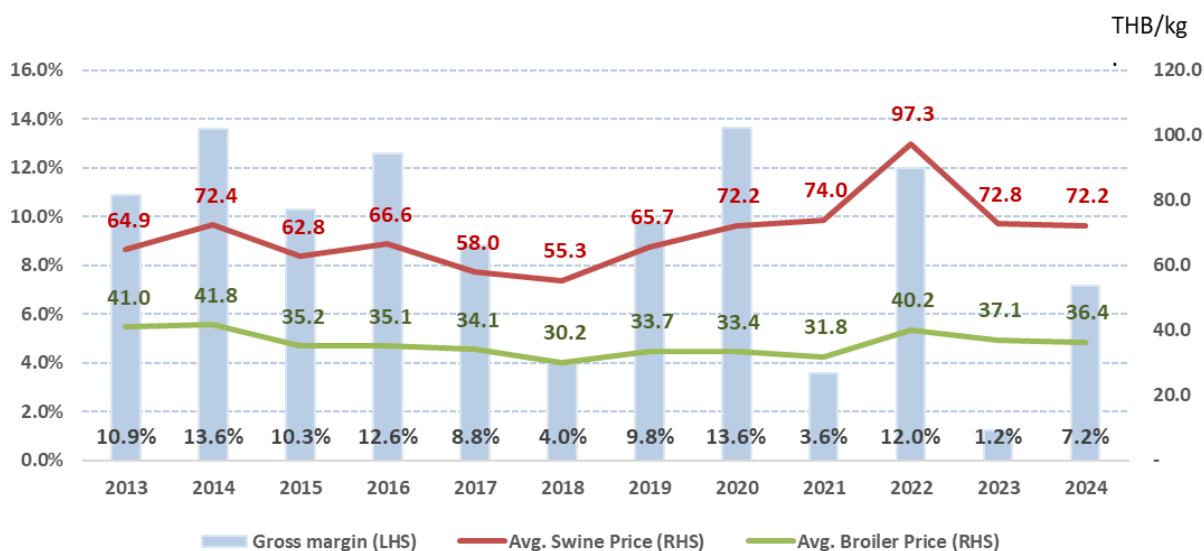
Table 1: CPFTH's Revenue Breakdown

Unit: %

By Product Segment	2020	2021	2022	2023	2024
Feed	17	23	21	23	20
Farm	59	64	66	63	65
Food	24	13	13	14	15
Total	100	100	100	100	100
Sales (Mil. THB)	150,142	130,682	162,188	156,138	156,693

Source: CPFTH

Chart 1: CPFTH's Gross Margin, and Average Prices of Broiler and Swine, by Year



Sources: CPFTH and Thai Feed Mill Association

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	157,590	157,095	163,033	131,394	150,954
Earnings before interest and taxes (EBIT)	10,407	891	16,712	510	8,350
Earnings before interest, taxes, depreciation, and amortization (EBITDA)*	12,856	3,150	19,339	4,204	14,890
Funds from operations (FFO)	7,787	(1,514)	14,695	931	11,441
Adjusted interest expense	5,069	4,684	3,532	3,224	3,165
Capital expenditures	5,029	6,914	6,900	4,179	4,883
Total assets	260,133	239,577	230,479	181,710	193,335
Adjusted debt	147,388	135,722	115,946	93,205	91,505
Adjusted equity	92,234	84,087	91,970	65,953	67,545
Adjusted Ratios					
EBITDA margin (%)	8.2	2.0	11.9	3.2	9.9
Pretax return on permanent capital (%)	4.5	0.4	8.8	0.3	5.1
EBITDA interest coverage (times)	2.5	0.7	5.5	1.3	4.7
Debt to EBITDA (times)	11.5	43.1	6.0	22.2	6.1
FFO to debt (%)	5.3	(1.1)	12.7	1.0	12.5
Debt to capitalization (%)	61.5	61.7	55.8	58.6	57.5

* EBITDA is calculated by excluding gains or losses on biological assets

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 (Thailand) PLC (CPFTH)

Company Rating:	A
Issue Ratings:	
CPFTH255A: THB2,000 million senior unsecured debentures due 2025	A
CPFTH259A: THB4,000 million senior unsecured debentures due 2025	A
CPFTH261A: THB3,350 million senior unsecured debentures due 2026	A
CPFTH267A: THB1,400 million senior unsecured debentures due 2026	A
CPFTH275A: THB500 million senior unsecured debentures due 2027	A
CPFTH278A: THB2,359.1 million senior unsecured debentures due 2027	A
CPFTH279A: THB4,470 million senior unsecured debentures due 2027	A
CPFTH281A: THB3,050 million senior unsecured debentures due 2028	A
CPFTH281B: THB5,000 million senior unsecured debentures due 2028	A
CPFTH287A: THB1,100 million senior unsecured debentures due 2028	A
CPFTH292A: THB6,943.2 million senior unsecured debentures due 2029	A
CPFTH295A: THB4,000 million senior unsecured debentures due 2029	A
CPFTH295B: THB3,369.7 million senior unsecured debentures due 2029	A
CPFTH299A: THB6,010 million senior unsecured debentures due 2029	A
CPFTH305A: THB3,500 million senior unsecured debentures due 2030	A
CPFTH308A: THB806.1 million senior unsecured debentures due 2030	A
CPFTH315A: THB6,500 million senior unsecured debentures due 2031	A
CPFTH317A: THB2,200 million senior unsecured debentures due 2031	A
CPFTH322A: THB2,980.6 million senior unsecured debentures due 2032	A
CPFTH325A: THB1,449.2 million senior unsecured debentures due 2032	A
CPFTH328A: THB872.6 million senior unsecured debentures due 2032	A
CPFTH331A: THB5,000 million senior unsecured debentures due 2033	A
CPFTH335A: THB3,000 million senior unsecured debentures due 2033	A
CPFTH339A: THB4,520 million senior unsecured debentures due 2033	A
CPFTH345A: THB1,522.6 million senior unsecured debentures due 2034	A
CPFTH352A: THB1,576.2 million senior unsecured debentures due 2035	A
CPFTH358A: THB2,517.2 million senior unsecured debentures due 2035	A
CPFTH375A: THB3,808.5 million senior unsecured debentures due 2037	A
Up to THB15,000 million senior unsecured debentures due within 15 years	A
Rating Outlook:	Stable

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