

MITR PHOL SUGAR CORPORATION LTD.

No. 76/2025
20 May 2025

CORPORATES

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

Last Review Date: 23/05/24

Company Rating History:

Date	Rating	Outlook/Alert
15/03/22	A	Stable
04/06/20	A+	Negative
24/12/10	A+	Stable
02/11/07	A	Stable

Contacts:

Nauwarut Temwattanangkul

nauwarut@trisrating.com

Suchana Chantadisai

suchana@trisrating.com

Wajee Pitakpaibulkij

wajee@trisrating.com

Sasiporn Vajarodaya

sasiporn@trisrating.com



WWW.TRISRATING.COM

RATIONALE

TRIS Rating affirms the company rating on Mitr Phol Sugar Corporation Ltd. (MPSC) and the ratings on MPSC's senior unsecured debentures at "A", with a "stable" outlook.

The ratings continue to reflect MPSC's strong market position as one of the world's leading sugar producers, as well as its well-established brand and diverse income streams. Nevertheless, the ratings are constrained by the volatility in sugarcane supply and sugar prices, shifts in sugar related regulations in key countries, and the operational risks associated with the company's international sugar production facilities. Additionally, the threat of a global economic slowdown caused by trade conflicts and geopolitical tensions remains a significant risk.

KEY RATING CONSIDERATIONS

Improved operating results but potential decline in sugar prices

MPSC achieved satisfactory operating results in 2024. The company reported operating revenue of THB157.0 billion, a 5% year-on-year (y-o-y) increase. This rise in revenue was largely driven by increased capacity from newly acquired plants in Indonesia and enhanced trading revenue from its sugar business in Australia.

MPSC's profitability improved substantially due to high sugar prices and better pricing management. The company's EBITDA margin rose to 15.3% in 2024 from 12.6% in 2023, resulting in a 27% y-o-y EBITDA increase to THB24 billion in 2024.

Looking ahead, we anticipate MPSC's sugar operations will encounter challenges following a significant drop in sugar prices, stemming from a global supply surplus due to favorable weather conditions and increased rainfall, along with the expansion of cultivation areas in several countries. The sugar prices will hover around 19 cents per pound (c/lb) in 2025 and stabilize at around 16 c/lb from 2026-2027, down from the high range of 19-24 c/lb observed in 2023-2024. As a result, MPSC's EBITDA is projected to range from THB19-THB20 billion per year in 2025-2027. The EBITDA margin is projected to be 13%-14% during the same period.

Power and energy sectors partly mitigate fluctuations in sugar business

MPSC has expanded its operations along the sugar value chain to fully utilize sugarcane and its by-products. The related businesses include electricity generation and ethanol production. Currently, MPSC boasts an installed power generation capacity of 695 megawatts (MW) in Thailand, with 321 MW sold under power purchase agreements (PPA) with Thai government agencies. Ethanol production reaches 1.5 million liters per day at full capacity.

In 2024, the power and ethanol businesses contributed approximately 13% of MPSC's total revenues. The reliable cash flow from the expanded energy sector has bolstered the company's operating performance during periods of low sugar prices.

Operations in Indonesia face ongoing challenges

MPSC has made substantial investments in the sugar industry in Indonesia over the past five years, including two sugar refineries and two sugar mills, aiming to capitalize on the market demand in one of the world's largest sugar-

importing countries and the relatively low levels of competition. However, operations in Indonesia continue to yield negative bottom-line figures and are projected to contribute minimally to the group's cash flow in the coming years.

Gradual decline in leverage expected

Thanks to the substantial improvement in operating performance, MPSC's financial leverage has dropped significantly from a peak in 2023. Adjusted debt was THB110.9 billion in 2024, down from THB116.5 billion in 2023. The debt to EBITDA ratio was 4.6 times in 2024, a substantial decline from 6.1 times in 2023, while the debt to capitalization ratio decreased to 55.3% in 2024, from 57.2% in 2023. Cash flow protection also improved markedly. The ratio of funds from operations (FFO) to adjusted net debt was 15.1% in 2024, up from 11.3% in 2023.

Over the next three years, the company will spend around THB8 billion per year on capital expenditure. This will involve expansion of the sugar business overseas, development of several power plants in Thailand and overseas, together with several new project initiations. We expect the company's debt to capitalization ratio to hold at around 51%-54%, while the adjusted debt to EBITDA ratio should hover around 5.2-5.5 times in 2025-2027. The FFO to net debt ratio is projected to remain in the 12%-14% range in 2025-2027.

Adequate liquidity

We assess MPSC to have adequate liquidity over the next 12 months. Funding needs will include THB6.1 billion of maturing debentures, THB2.2 billion of maturing long-term loans, and capital expenditures of about THB8 billion. The sources of funds will come from FFO of around THB13 billion and undrawn short-term credit facilities of about THB19 billion.

The liquidity buffer is backed by cash on hand and short-term securities totaling THB6.2 billion at the end of 2024. In our view, the company's ability to access external funding sources, including the domestic debt capital market and bank financing, remains unchanged.

Debt structure

At the end of 2024, MPSC recorded THB27.3 billion of priority debt out of total debt (excluding lease liabilities) of THB110 billion. Most of MPSC's priority debt was at the subsidiary level. The priority debt to total debt ratio was 25%.

BASE-CASE ASSUMPTIONS

- Operating revenue to hover around THB141-THB150 billion annually in 2025-2027.
- EBITDA margin of 13%-14% in 2025-2027, mainly due to lower sugar prices.
- Total capital spending of THB8 billion per year for capacity expansion and machinery maintenance projects.

RATING OUTLOOK

The "stable" outlook reflects TRIS Rating's expectation that MPSC will maintain its leading position in both the Thai and Chinese sugar industries. Competitive advantages arising from the company's diverse range of operations and sources of income should alleviate the effect of volatility inherent in the sugar production business.

RATING SENSITIVITIES

The ratings on MPSC could be upgraded if the company is able to improve its operating cash flow and lower its leverage, with the net debt to EBITDA ratio staying well below 5 times on a sustained basis.

On the contrary, the ratings could be downgraded in a scenario of materially higher-than-expected debt levels or weaker-than-expected profitability, that could potentially result in the company's adjusted debt to EBITDA ratio exceeding 8 times for a prolonged period.

COMPANY OVERVIEW

Founded in 1946 by the Vongkusolkrit Family, MPSC is the leading sugar producer in Thailand. The Vongkusolkrit Family collectively holds 100% of the company's shares through Mid-Siam Sugar Co., Ltd.

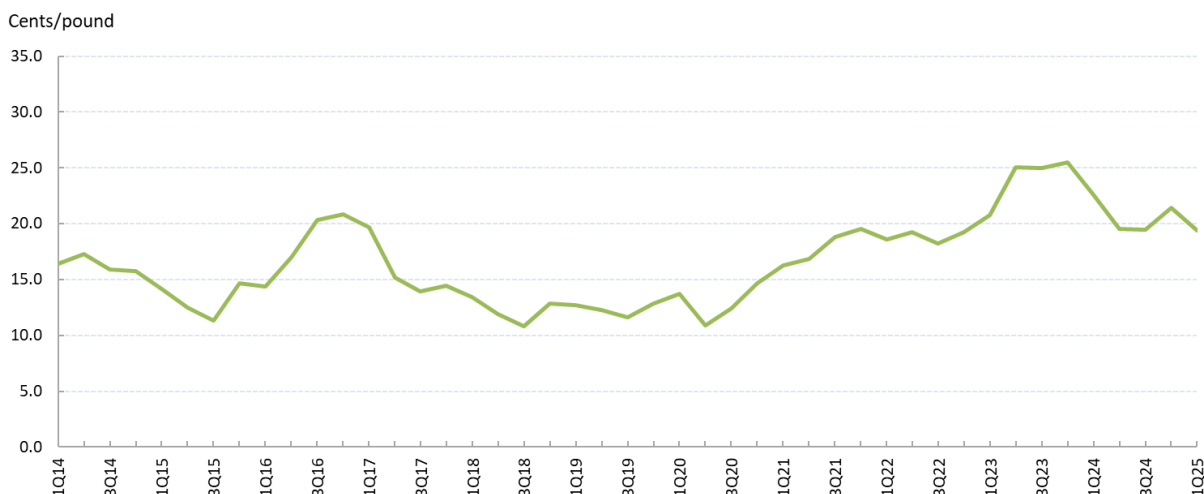
MPSC's strong business profile is underpinned by its status as the largest sugar producer in Asia and one of the five largest producers worldwide. MPSC owns and operates sugar mills in Thailand, China, the Lao People's Democratic Republic (Lao PDR), Australia, and Indonesia.

MPSC produced 4.6 million tonnes of sugar in the 2023/2024 growing season compared with total production worldwide of 184 million tonnes. Its sugar mills in Thailand produced 2.1 million tonnes of sugar in the 2023/2024 growing season, commanding the highest market share (24%) based on production volume. Moreover, MPSC is the third-largest sugar producer in China, Australia, and Indonesia.

MPSC also produces electricity, ethanol, wood-substitute materials, and fertilizer and offers logistics services. In 2024, its total sales were THB155.8 billion. The sugar segment accounted for 80% of its total revenues while the power and ethanol segments together contributed 13%. MPSC owns 25 power plants, 22 of which are located in Thailand, and three in China (Funan, Ningming, and Chongzuo). In Thailand, the company sold 321 MW of electricity to the Electricity Generating Authority of Thailand (EGAT) and the Provincial Electricity Authority (PEA) under the small power producer (SPP) scheme. Additionally, MPSC holds investments in several other power plants, including solar floating power plants in Taiwan.

KEY OPERATING PERFORMANCE

Chart 1: Raw Sugar Prices Worldwide



Note: World raw sugar price and ICE Contract 11 nearby futures price
Source: Intercontinental Exchange

Table 1: MPSC's Revenue Breakdown

Unit: Mil. THB

Revenue	2020	2021	2022	2023	2024
Total sales & services	85,139	103,656	134,301	148,751	155,827
Y-o-y growth (%)	(7.3)	21.7	29.6	10.8	4.8
Proportion (%)					
Sugar in Thailand	30.4	32.6	34.4	37.6	35.3
Sugar in China	26.2	25.1	24.5	21.5	20.0
Sugar in Lao PDR	1.1	1.1	0.8	1.4	1.1
Sugar in Australia	6.9	4.5	4.6	5.9	6.9
Sugar in Indonesia	5.9	9.3	9.5	11.1	16.6
Power and ethanol	21.3	18.6	18.1	15.5	12.6
Wood substitute products and paper	5.9	6.3	5.5	4.6	4.8
Logistics & others	2.4	2.6	2.5	2.4	2.8
Total	100	100	100	100	100

Source: MPSC

Table 2: Sugar Production in Thailand

Unit: Mil. tonnes

Sugar Producer	Growing Season				
	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024
Mitr Phol	1.61	1.68	2.34	2.36	2.11
Thai Roong Ruang	1.34	1.24	1.45	1.82	1.26
Thai Ekkalak	0.60	0.47	0.64	0.80	0.51
KSL	0.58	0.53	0.70	0.75	0.57
Wangkanai	0.22	0.24	0.36	0.50	0.33
Banpong	0.38	0.27	0.28	0.32	0.21
Kumpawapee	0.24	0.17	0.29	0.22	0.17
Eastern Sugar	0.34	0.34	0.36	0.42	0.38
Others	2.98	2.65	3.73	3.86	3.27
Total	8.29	7.59	10.16	11.06	8.81

Source: Office of the Cane and Sugar Board (OCSB)

Table 3: Sugar Crushing Yield in Thailand

Unit: Kg/tonne cane

Sugar Producer	Growing Season				
	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024
Mitr Phol	116.6	123.5	121.3	127.1	118.1
Thai Roong Ruang	106.1	109.5	102.3	115.2	94.1
Thai Ekkalak	106.3	108.1	102.8	115.5	101.2
KSL	108.1	110.8	107.2	113.7	104.0
Wangkanai	104.9	109.1	109.7	114.2	104.5
Banpong	106.3	104.1	99.2	109.5	91.5
Kumpawapee	118.4	115.2	118.6	112.0	114.8
Eastern Sugar	112.8	120.6	111.3	123.2	110.9
Total	110.8	113.8	110.3	117.8	107.2

Source: OCSB

Table 4: MPSC's Sugar Production Statistics in China

Performance	Growing Season			
	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024
Sugarcane crushed (tonnes)	7,724,763	9,287,214	7,225,930	7,792,837
Growth (%)	(3.7)	20.2	(22.2)	7.8
Sugar production (tonnes)	955,494	1,123,436	928,193	976,264
Growth (%)	(5.2)	17.6	(17.4)	5.2
Cane crushing yield (kg/cane tonne)	126.7	121.0	128.5	125.3

Source: MPSC

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	156,969	150,124	135,681	105,297	86,885
Earnings before interest and taxes (EBIT)	13,367	6,837	8,655	3,766	2,722
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	24,026	18,986	21,739	12,807	11,783
Funds from operations (FFO)	16,792	13,146	17,421	9,102	7,840
Adjusted interest expense	5,084	4,147	3,211	2,991	3,004
Capital expenditures	7,724	11,896	7,820	9,196	6,720
Total assets	230,945	241,988	212,726	190,482	176,501
Adjusted debt	110,877	116,544	95,746	92,762	86,255
Adjusted equity	89,483	87,062	89,053	72,858	68,045
Adjusted Ratios					
EBITDA margin (%)	15.3	12.6	16.0	12.2	13.6
Pretax return on permanent capital (%)	6.4	3.4	4.8	2.3	1.8
EBITDA interest coverage (times)	4.7	4.6	6.8	4.3	3.9
Debt to EBITDA (times)	4.6	6.1	4.4	7.2	7.3
FFO to debt (%)	15.1	11.3	18.2	9.8	9.1
Debt to capitalization (%)	55.3	57.2	51.8	56.0	55.9

RELATED CRITERIA

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

Mitr Phol Sugar Corporation Ltd. (MPSC)

Company Rating:	A
Issue Ratings:	
MPSC256A: THB2,400 million senior unsecured debentures due 2025	A
MPSC256B: THB2,210 million senior unsecured debentures due 2025	A
MPSC259A: THB1,000 million senior unsecured debentures due 2025	A
MPSC26DA: THB1,900 million senior unsecured debentures due 2026	A
MPSC286A: THB1,630 million senior unsecured debentures due 2028	A
MPSC28DA: THB2,200 million senior unsecured debentures due 2028	A
MPSC306A: THB3,650 million senior unsecured debentures due 2030	A
MPSC31NA: THB3,000 million senior unsecured debentures due 2031	A
MPSC31NB: THB1,850 million senior unsecured debentures due 2031	A
MPSC33NA: THB2,150 million senior unsecured debentures due 2033	A
MPSC33NB: THB3,650 million senior unsecured debentures due 2033	A
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

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

© Copyright 2025, TRIS Rating Co., Ltd. All rights reserved. Any unauthorized use, disclosure, copying, republication, further transmission, dissemination, redistribution or storing for subsequent use for any purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, of the credit rating reports or information is prohibited, without the prior written permission of TRIS Rating Co., Ltd. The credit rating is not a statement of fact or a recommendation to buy, sell or hold any debt instruments. It is an expression of opinion regarding credit risks for that instrument or particular company. The opinion expressed in the credit rating does not represent investment or other advice and should therefore not be construed as such. Any rating and information contained in any report written or published by TRIS Rating has been prepared without taking into account any recipient's particular financial needs, circumstances, knowledge and objectives. Therefore, a recipient should assess the appropriateness of such information before making an investment decision based on this information. Information used for the rating has been obtained by TRIS Rating from the company and other sources believed to be reliable. Therefore, TRIS Rating does not guarantee the accuracy, adequacy, or completeness of any such information and will accept no liability for any loss or damage arising from any inaccuracy, inadequacy or incompleteness. Also, TRIS Rating is not responsible for any errors or omissions, the result obtained from, or any actions taken in reliance upon such information. All methodologies used can be found at www.trisrating.com/rating-information/rating-criteria