

THAIFOODS GROUP PLC

No. 97/2025
24 June 2025

CORPORATES

Company Rating:	BBB
Outlook:	Positive
Issue Ratings:	
Guaranteed	AAA
Senior unsecured	BBB

Last Review Date: 10/01/25

Company Rating History:

Date	Rating	Outlook/Alert
22/06/21	BBB	Stable
20/04/17	BBB-	Stable

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RATIONALE

TRIS Rating revises the rating outlook on Thaifoods Group PLC (TFG) to “positive” from “stable”. The “positive” outlook reflects our expectation that TFG will be able to strengthen its operating performance while sustaining profitability and improving balance sheet. At the same time, we affirm the company rating and the rating on its senior unsecured debentures at “BBB”.

We also affirm the rating on TFG’s debentures guaranteed by the Credit Guarantee and Investment Facility (CGIF) at “AAA”. The rating reflects our rating on CGIF (rated “AAA/Stable”) as the guarantor.

The ratings continue to reflect TFG’s strengthening financial profile supported by diversification in the retail market segment, enhanced operational efficiency, and effective working capital management. However, the ratings are constrained by the company’s exposure to the price volatility inherent in commodity-like products and animal feed.

KEY RATING CONSIDERATIONS

Recovery in operating performance

TFG’s operating performance improved significantly in 2024, driven by the expansion of its retail shops, a recovery in livestock prices, and declining feed costs.

Revenues from retail shops, accounting for 37% of total revenue, grew by 37% to THB24.0 billion. This growth was supported by an increase in the number of retail shops, from 350 in 2023 to 401 in 2024, as well as higher average revenue per shop due to a broader product assortment. Additionally, the rise in swine prices further boosted revenue and profitability. This increase was primarily driven by a clamp down on pork smuggling in Thailand and outbreaks of African Swine Fever (ASF) in several countries. Moreover, feed costs, including corn, soybean meal, and wheat, have continued to decline since the outbreak of the Russia-Ukraine war in 2022, contributing to improved margins. As a result, EBITDA doubled to THB8.1 billion in 2024, with the EBITDA margin reaching 12.3%.

In the first quarter of 2025, TFG’s operating performance continued to improve. The EBITDA margin rose to 19.7%, supported by ongoing increases in livestock prices and further reductions in feed costs. Looking ahead, we expect TFG’s total operating revenue to grow by 5%-6% annually during 2025-2027, with the EBITDA margin projected to remain in the 11%-14% range.

Retail business helps stabilize profitability

With streamlined supply chain operations and a structured pricing strategy, the retail business has delivered more stable and consistent profitability compared to the agribusiness segment. The increasing contribution of retail operations helps reduce the company’s exposure to commodity price volatility, thereby enhancing overall earnings stability. Additionally, direct access to consumer demand data enables TFG to align its production planning more effectively, improving responsiveness and operational efficiency.

TFG has been actively expanding its retail footprint, particularly in provincial areas. Looking ahead, the company plans to accelerate its retail expansion by opening approximately 150-200 new shops annually. The company also aims

to increase the availability of high-margin products in its stores, which is expected to further support profitability and strengthen brand positioning.

Leverage expected to stay low through efficient use of working capital and retail growth

TFG's debt level and financial leverage have been trending downward, supported by a recovery in financial performance and prudent working capital management. The company has optimized its inventory management, resulting in a reduced need for debt to support working capital requirements. Additionally, the growing contribution of the retail business, which operates on a cash basis with immediate customer payments, helps shorten the cash conversion cycle. Consequently, the debt to EBITDA ratio is expected to remain low, in the range of 2.0-2.6 times during 2025-2027.

Annual capital expenditures are projected to range from THB4.6-THB5.5 billion during 2025-2027. These investments will primarily support the expansion of retail outlets and capacity enhancements in the livestock and feed segments. As a result, the company's debt to capitalization ratio is projected to hover around 51% over the same period.

Adequate liquidity profile

We expect TFG's liquidity to remain adequate over the next 12 months. TFG's uses of funds will comprise long-term loans and debentures due totaling THB1.9 billion, planned capital expenditures of THB5.5 billion, and a dividend payout ratio of 50%. The primary source of repayment will be from the company's operating profit. Funds from operations (FFO) are forecast to reach around THB8.0 billion in 2025. TFG also had THB11.3 billion in unused credit facilities and THB4.1 billion in cash and cash equivalents as of March 2025.

The key financial covenant on TFG's debt obligations requires the company's interest-bearing debt to equity ratio (IBD/E) to remain below 2.0 times and debt service coverage ratio (DSCR) above 1.25 times. The ratios at the end of 2024 were 1.4 times and 2.0 times, respectively. We expect TFG to remain in compliance with the covenant over the next 12-18 months.

As of March 2025, TFG's total interest-bearing debt (excluding lease liabilities) of THB17.4 billion included priority debt of THB6.3 billion. The company's priority debt to total debt ratio was at 37%.

Credit profile of CGIF

The rating on CGIF reflects its status as a supranational institution owned by the governments of the ASEAN+3 countries and Asian Development Bank (ADB). The rating also reflects CGIF's very strong public policy mandate, strong governance and management expertise, solid capital position strengthened by conservative risk management, as well as strong funding and liquidity profile.

BASE-CASE ASSUMPTIONS

- Revenues to grow by 5%-6% per annum in 2025-2027.
- Gross profit margin to be around 11%-15% per annum in 2025-2027.
- Total capital spending and investment of around THB4.6-THB5.5 billion per annum during 2025-2027.

RATING OUTLOOK

The "positive" outlook reflects our expectation that TFG's operating performance and profitability will remain in line with our base-case scenario.

The outlook on TFG's guaranteed debentures solely reflects the creditworthiness of its guarantor, CGIF.

RATING SENSITIVITIES

The ratings could be upgraded if TFG is able to stabilize its earnings and profitability while maintaining a debt to EBITDA ratio well below 3.0 times on a sustained basis.

We could revise the outlook to "stable" if TFG is not able to sustain financial performance and balance sheet improvement, including key ratios.

A downgrade scenario could arise if TFG's financial profile weakens or if capital expenditure increases aggressively, resulting in the debt to EBITDA ratio rising above 5.0 times.

The rating on TFG's guaranteed debentures may change if the rating on its guarantor, CGIF, changes.

COMPANY OVERVIEW

TFG, established in 2001 and listed on the Stock Exchange of Thailand (SET) in 2015, is a medium-scale producer in the Thai agribusiness and food industry. The company operates with vertical integration across both poultry and swine businesses. As of March 2025, the Tiewsomboonkij Family held 77.8% of the company's shares.

TFG's market share is comparable to other medium-sized livestock producers: about 12% for livestock feed, 11% for poultry products, and 10% for swine products. The market leader in Thailand holds more than one-third of the market for livestock feed and livestock products. To support product quality and cost efficiency, TFG has established its own research and development division focused on disease prevention and productivity enhancement.

In 2024, TFG's revenue was primarily driven by its retail segment, which contributed 37%, followed by poultry at 23%, swine at 20%, livestock feed at 15%, and other segments at 5%. Domestic sales dominated the revenue mix, accounting for 87%, while exports represented the remaining 13%.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	Jan-Mar 2025	-----Year Ended 31 December -----			
		2024	2023	2022	2021
Total operating revenues	17,798	65,813	56,149	52,542	34,948
Earnings before interest and taxes (EBIT)	2,658	4,416	676	6,794	1,315
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	3,503	8,105	4,076	9,082	2,953
Funds from operations (FFO)	2,929	6,612	2,602	7,850	2,044
Adjusted interest expense	212	1,015	1,264	894	510
Capital expenditures	352	1,307	2,494	4,240	3,244
Total assets	45,013	46,149	47,146	45,670	35,567
Adjusted debt	15,336	17,560	24,598	22,674	18,527
Adjusted equity	18,459	16,499	13,696	15,587	11,570
Adjusted Ratios					
EBITDA margin (%)	19.7	12.3	7.3	17.3	8.5
Pretax return on permanent capital (%) **	17.3	11.1	1.7	19.0	4.9
EBITDA interest coverage (times)	16.5	8.0	3.2	10.2	5.8
Debt to EBITDA (times)	1.5	2.2	6.0	2.5	6.3
FFO to debt (%) **	55.2	37.7	10.6	34.6	11.0
Debt to capitalization (%)	45.4	51.6	64.2	59.3	61.6

* Consolidated financial statements

** Annualized with trailing 12 months

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

Thaifoods Group PLC (TFG)

Company Rating:	BBB
Issue Ratings:	
TFG26NA: THB1,000 million guaranteed bond due 2026	AAA
TFG283A: THB1,600 million senior unsecured bond due 2028	BBB
Company Rating Outlook:	Positive

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