

CHAROEN POKPHAND FOODS PLC

No. 54/2025
18 April 2025

CORPORATES

Company Rating:	A
Issue Ratings:	
Senior unsecured	A
Hybrid	BBB+
Outlook:	Stable

Last Review Date: 27/11/24

Company Rating History:

Date	Rating	Outlook/Alert
01/04/24	A	Stable
14/09/23	A+	Negative
08/12/20	A+	Stable
13/03/20	A+	Alert Negative
31/03/15	A+	Stable
20/06/14	AA-	Negative
19/05/11	AA-	Stable
30/04/10	A+	Positive
22/06/06	A+	Stable
20/05/05	A	Positive
12/07/04	A	Stable
28/05/04	A	-
01/03/01	A+	-

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RATIONALE

TRIS Rating affirms the company rating on Charoen Pokphand Foods PLC (CPF) and the ratings on its outstanding senior unsecured debentures at “A”, and affirms the ratings on its subordinated capital debentures (hybrid debentures) at “BBB+”. The outlook remains “stable”.

At the same time, TRIS Rating assigns a rating of “A” to CPF’s proposed issues of up to THB6,800 million senior unsecured debentures due within 15 years. The proceeds of the new debenture issuances are intended 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.

The ratings reflect CPF’s strong market position as a global leader in agribusiness, characterized by geographic diversity and a wide range of products and markets. However, the ratings are constrained by CPF’s high financial leverage due to the acquisitions and investments over the past several years. They are further limited by exposure to commodity protein prices, and earnings volatility. Also, the threat of a global economic slowdown induced by trade wars and geopolitical conflicts is another key risk.

KEY RATING CONSIDERATIONS

Significant recovery in operating results

CPF’s operating results significantly improved in 2024, driven by better livestock performance due to lower feed costs and recovery in swine prices, especially in Vietnam.

Swine prices increased following supply rebalancing due to reduced pork smuggling in Thailand, and the African swine fever (ASF) outbreaks in several countries. Lower costs for major grains like corn, soybean meal, and wheat also boosted the profitability. The company’s aquaculture business achieved a margin improvement from downsizing low margin segments and focusing on value-added offerings.

As a result, EBITDA increased sharply by 70.9% year-on-year (y-o-y) to THB70 billion in 2024. EBITDA margin stood at 12%, a substantial improvement from the bottom at 6.9% in 2023.

Potential further improvements, despite challenges

We expect CPF to sustain its earnings growth through 2025-2027, driven by its ongoing efficiency improvement, expansion efforts, and growing demand for swine and poultry products. However, the profit margins could be under pressure from the threats of vulnerable macroeconomic prospects. These include geopolitical tensions the possibility of US trade tariffs, which could affect export volumes and CPF’s international operations.

Under our base-case scenario, we project the operating revenue to hover in the range of THB605-THB635 billion per annum in 2025-2027, while EBITDA margin is projected at around 10%.

Improving contributions from associates, joint ventures

CPF's share of profit from its investments in associates and joint ventures jumped to THB 12.7 billion in 2024 from THB4.6 billion in 2023, mainly driven by the satisfactory results of retailer companies. This is in addition to the recovery of the swine business in China and Canada after posting sizable losses for several years.

Looking ahead, we anticipate swine operations in China to encounter challenges due to the uncertain macroeconomic environment and swine oversupply. Thus, we project CPF's share profit from associates and joint ventures to be between THB10 billion-THB12 billion, coupled with dividend receipts ranging from THB4 -THB5 billion during 2025-2027.

Lowering of leverage

CPF's financial leverage dropped significantly in 2024 due thanks to the substantial improvement in financial performance. Moreover, CPF reduced its capital expenditures and acquisition spending from THB23-THB88 billion per annum in 2020-2023 to THB16 billion in 2024. Falling grain cost, better inventory and logistics management also contributed to decline in leverage. Consequently, adjusted debt fell to THB487.8 billion in 2024 from THB500-THB510 billion in 2022-2023, with the net debt to EBITDA ratio dropping to 7 times in 2024 from 8-12 times in 2022-2023.

Going forward, we expect CPF to maintain disciplined capital spending and acquisitions. The debt to EBITDA ratio is projected to range between 7-8 times in 2025-2027, and the debt to capitalization ratio to hover around 63% during the same period.

Manageable liquidity

A large portion of the debt maturing in the next 12 months is expected to be refinanced. About THB65 billion in debentures and long-term bank loans will come due in 2025. We forecast CPF's capital expenditures to reach about THB25 billion. Meanwhile, sources of funds comprised cash on hand of about THB25 billion at the end of 2024 and expected funds from operations (FFO) of about THB39 billion in 2025. Given CPF's strong access to the capital markets, we view the refinancing risk as significantly mitigated.

Also, CPF has sizable equity investments in CP All PLC (CPALL) and CP Aextra PLC (CPAXT). The market values of CPF's equity interest in CPALL and CPAXT were around THB173 billion and THB26 billion, respectively, as of 31 December 2024. As these equity investments are marketable securities, they represent a significant source of financial flexibility.

The financial covenant on CPF's debenture obligations requires the net interest-bearing debt to equity ratio to stay below 2.0 times. As of December 2024, the ratio was 1.4 times. We expect CPF to remain in compliance with the covenant over the next 12-18 months.

Debt structure

At the end of December 2024, CPF's total outstanding debt, including the full amount of hybrid debentures but excluding financial leases, was THB483 billion, of which about THB320 billion was debt at subsidiary level which is considered priority debt. This translates to a priority debt to total debt ratio of 66%. However, given CPF's diversified operations and products through multiple subsidiaries, we consider the senior unsecured debenture holders of CPF not significantly disadvantaged compared to the unsecured debt holders at subsidiary levels.

Geographic diversification, diverse product range

CPF's business risk is partly mitigated by the geographic diversity of its operations and markets. As of 31 December 2024, CPF had production bases in 17 countries on four continents. Sales in Thailand represented only 32% of its total sales in 2024. The Asian region was the largest source accounting for 49%. The European Union (EU) and the US accounted for 14% and 5%, respectively.

A diverse range of products further helps reduce the volatility of earnings. CPF is a fully integrated producer of livestock and aquaculture products. The company's product portfolio includes animal feed, poultry, swine, and shrimp, as well as food products. In 2024, revenue from farm (poultry, swine, and shrimp) constituted the largest revenue contribution, accounting for 55% of total revenue, followed by feed (23%), and food products (22%).

BASE-CASE ASSUMPTIONS

- Operating revenues to range from THB605-THB635 billion during 2025-2027.
- EBITDA of THB64-THB66 billion per annum.
- Total capital spending of around THB25 billion per annum, excluding business acquisitions.

RATING OUTLOOK

The “stable” outlook reflects our expectation that CPF will maintain its leading position in the dynamic agribusiness and food industry. We expect the company’s diverse range of operations, products, and markets to mitigate the volatile effects of commodity-like farm products and disease epidemics.

RATING SENSITIVITIES

The ratings and/or outlook on CPF could be revised upward if there is significant improvement in operating performance and substantial reduction in financial leverage, such that the adjusted debt to EBITDA ratio falls well below 8 times over a sustained period. Conversely, a rating downgrade scenario could emerge if CPF’s earnings is substantially weaker than expected, or if the company makes sizable debt-funded investments and/or acquisitions that materially pushes up its financial leverage.

COMPANY OVERVIEW

Founded in 1978, CPF is Thailand’s largest agribusiness and food conglomerate. As of March 2025, Charoen Pokphand Group held 49.47% of CPF’s shares. CPF’s business is divided into two segments, livestock, and aquaculture, with three types of operations in each segment: feed, farm, and food.

KEY OPERATING PERFORMANCE

Table 1: CPF’s Revenue Breakdown

Unit: %

By Product	2020	2021	2022	2023	2024
Feed	37	25	24	24	23
Farm	47	54	55	54	55
Food	16	21	21	22	22
Total	100	100	100	100	100
Sales (mil. THB)	589,713	512,704	614,197	585,844	580,747

Source: CPF

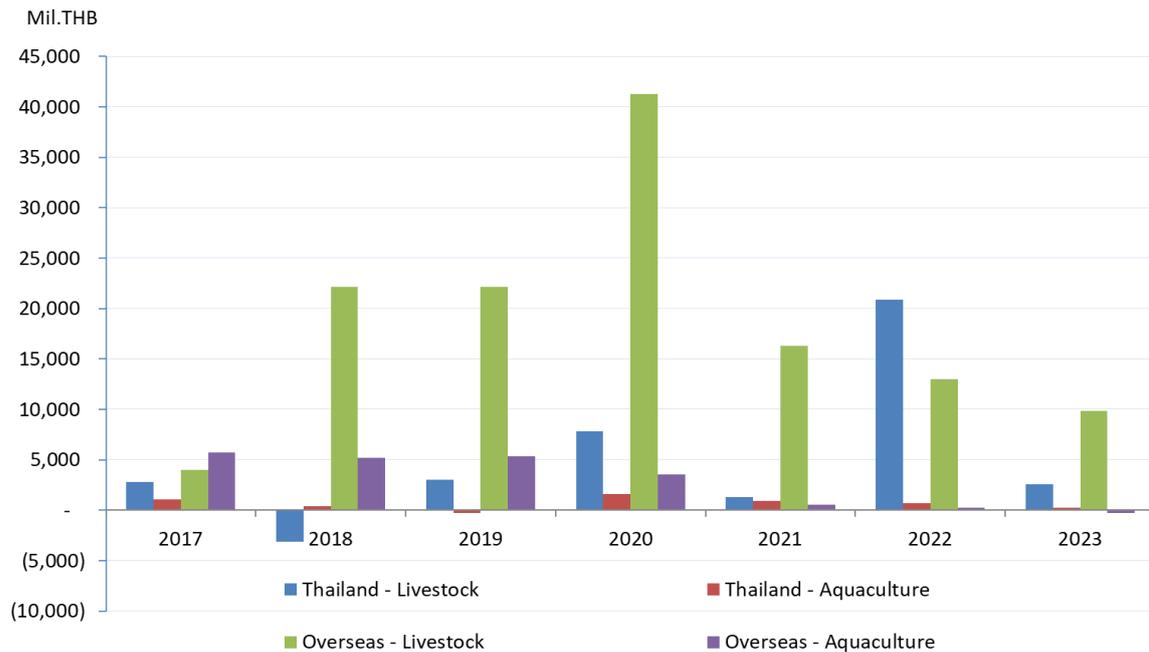
Table 2: CPF’s Revenue Breakdown by Geography

Unit: %

Country	2020	2021	2022	2023	2024
Thailand	25.7	31.2	31.1	31.8	31.5
EU	8.8	11.8	13.4	13.7	13.6
Asia	61.0	51.1	49.4	48.9	49.3
USA	4.3	5.6	5.8	5.4	5.4
Others	0.2	0.3	0.3	0.2	0.2
Total	100	100	100	100	100

Source: CPF

Chart 1: CPF's Operating Profit by Business Unit



Source: CPF

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	583,570	589,617	618,115	516,777	593,129
Earnings before interest and taxes (EBIT)	52,804	16,097	35,736	25,020	64,418
Earnings before interest, taxes, depreciation, and amortization (EBITDA) *	69,972	40,934	59,894	54,796	83,718
Funds from operations (FFO)	37,474	11,091	31,835	30,748	54,673
Adjusted interest expense	25,744	26,425	21,370	17,619	17,915
Capital expenditures	16,492	22,309	27,644	24,455	27,157
Total assets	876,724	887,218	926,987	845,244	761,719
Adjusted debt	487,757	510,885	501,546	442,877	376,042
Adjusted equity	279,758	271,567	292,344	281,852	254,679
Adjusted Ratios					
EBITDA margin (%)	12.0	6.9	9.7	10.6	14.1
Pretax return on permanent capital (%)	6.6	2.0	4.5	3.4	10.1
EBITDA interest coverage (times)	2.7	1.5	2.8	3.1	4.7
Debt to EBITDA (times)	7.0	12.5	8.4	8.1	4.5
FFO to debt (%)	7.7	2.2	6.3	6.9	14.5
Debt to capitalization (%)	63.6	65.3	63.2	61.1	59.6

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

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Hybrid Securities: Equity Content and Credit Rating Criteria , 20 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

Charoen Pokphand Foods PLC (CPF)

Company Rating:	A
Issue Ratings:	
CPF257A: THB3,000 million senior unsecured debentures due 2025	A
CPF25DA: THB2,000 million senior unsecured debentures due 2025	A
CPF261A: THB13,064.5 million senior unsecured debentures due 2026	A
CPF268A: THB4,989.1 million senior unsecured debentures due 2026	A
CPF276A: THB7,164.4 million senior unsecured debentures due 2027	A
CPF276B: THB2,643 million senior unsecured debentures due 2027	A
CPF277A: THB2,000 million senior unsecured debentures due 2027	A
CPF281A: THB6,540 million senior unsecured debentures due 2028	A
CPF281B: THB4,028.7 million senior unsecured debentures due 2028	A
CPF288A: THB3,079.7 million senior unsecured debentures due 2028	A
CPF28NA: THB3,200 million senior unsecured debentures due 2028	A
CPF292A: THB7,060 million senior unsecured debentures due 2029	A
CPF301A: THB14,599 million senior unsecured debentures due 2030	A
CPF308A: THB3,806 million senior unsecured debentures due 2030	A
CPF30NA: THB5,300 million senior unsecured debentures due 2030	A
CPF311A: THB5,034.4 million senior unsecured debentures due 2031	A
CPF312A: THB2,190 million senior unsecured debentures due 2031	A
CPF314A: THB2,500 million senior unsecured debentures due 2031	A
CPF326A: THB940 million senior unsecured debentures due 2032	A
CPF328A: THB3,845 million senior unsecured debentures due 2032	A
CPF331A: THB5,372.4 million senior unsecured debentures due 2033	A
CPF342A: THB2,750 million senior unsecured debentures due 2034	A
CPF351A: THB1,901 million senior unsecured debentures due 2035	A
CPF356A: THB3,120 million senior unsecured debentures due 2035	A
CPF418A: THB2,465 million senior unsecured debentures due 2041	A
CPF41DA: THB3,580 million senior unsecured debentures due 2041	A
CPF22PA: THB15,000 million subordinated capital debentures	BBB+
CPF23PA: THB11,932 million subordinated capital debentures	BBB+
Up to THB6,800 million senior unsecured debentures due within 15 years	A
Rating Outlook:	Stable

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