

THAIFOODS GROUP PLC

No. 6/2025
10 January 2025

CORPORATES

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

Last Review Date: 27/06/24

Company Rating History:

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

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RATIONALE

TRIS Rating assigns a rating of “BBB” to Thaifoods Group PLC (TFG)’s proposed issue of up to THB2 billion senior unsecured debentures due within three years. Proceeds from the new debentures are intended for funding working capital of up to THB1.5 billion; and for business expansion, i.e. the expansion of retail shops, of up to THB0.5 billion.

At the same time, TRIS Rating affirms the company rating on TFG at “BBB” and affirms the rating on TFG’s debentures guaranteed by the Credit Guarantee and Investment Facility (CGIF) at “AAA” with a “stable” outlook.

The ratings continue to reflect TFG’s improved business profile supported by diversification in the retail market segment, operational efficiency, and cost control. The ratings also take into account the inherent volatility in commodity-like products, fluctuations in animal feed prices, and TFG’s aggressive debt-funded capital expenditure.

TFG’s financial performance in the first nine months of 2024 (9M24) improved significantly. Total revenue reached THB47.7 billion, rising by 14.9% year-on-year (y-o-y). EBITDA amounted to THB6.9 billion, with the margin improving to 14.4%, up from 11.8% over the same period of the prior year. Growth was mainly driven by higher chicken and pork meat prices, increased sales volume of swine in Vietnam due to farm expansion, and a surge in the retail business from the expansion of retail shops.

As of September 2024, adjusted net debt was THB19.4 billion, down from THB24.5 billion at the end of 2023. The adjusted net debt to EBITDA ratio was 2.6 times (annualized 12 months), falling from 4.5 times at the end of 2023.

The key financial covenant on TFG’s debenture obligations requires its interest-bearing debt to equity ratio (IBD/E) to remain below 2.0 times. As of September 2024, the ratios were 1.5 times.

TFG’s total outstanding debt, excluding financial leases, was THB19.8 billion, of which about THB7.2 billion was priority debt. This translates to a priority debt to total debt ratio of 36%.

RATING OUTLOOK

The “stable” outlook reflects our expectation that TFG will maintain its competitive position in the Thai poultry and swine industries. We expect TFG will be able to manage its leverage in accordance with its financial policy and meet the requirement of financial covenants.

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

RATING SENSITIVITIES

The ratings could be upgraded if the company is able to enlarge and stabilize its earnings and profitability, and maintain a debt to EBITDA ratio below 3 times on a sustained basis. Conversely, a rating downgrade could occur if the company’s debt to EBITDA ratio rises above 5 times for an extended period.

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

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
Up to THB2,000 million senior unsecured debentures due within 3 years	BBB
Rating Outlook:	Stable

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