

# CPF (THAILAND) PLC

No. 31/2021  
26 April 2021

## CORPORATES

<b>Company Rating:</b>	A+
<b>Issue Ratings:</b>	
Senior unsecured	A+
<b>Outlook:</b>	Stable

**Last Review Date:** 31/03/21

### Company Rating History:

Date	Rating	Outlook/Alert
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 its outstanding senior unsecured debentures at “A+” with a “stable” rating outlook. At the same time, TRIS Rating assigns a rating of “A+” to CPFTH’s proposed issues of up to THB50 billion in senior unsecured debentures due within 15 years. The proceeds of the new debentures issuance 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 in shares or assets and/or (4) repayment of debts and/or (5) lending to companies in the CPF group or restructuring of shareholding structure in the CPF Group.

The ratings continue to reflect CPFTH’s status as a core subsidiary of Charoen Pokphand Foods PLC (CPF; rated “A+/Stable” by TRIS Rating), 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 CPF.

CPFTH’s operating results improved in 2020 from favorable swine prices following the prolonged African swine fever (ASF) outbreak in several countries. Earnings before interest, taxes, depreciation, and amortization (EBITDA) surged to THB14.5 billion in 2020, from THB3-THB9 billion in 2017-2019. The adjusted debt to EBITDA ratio was 6.3 times in 2020, improved from 9-25 times in 2017-2019, while the ratio of funds from operations (FFO) to total debt was 10.7% in 2020 up from 2%-7% in 2017-2019.

At the end of 2020, the company’s adjusted debt amounted to THB91.5 billion, with debentures and long-term loans making up nearly 80% of total debt. The remainder was short-term loans to finance CPFTH’s working capital needs. We assess CPFTH to have adequate liquidity for the next 12 months. The major cash outflows are its scheduled debt repayments of approximately THB12.6 billion due in 2021, which are expected to be funded primarily by cash flow from operations. CPFTH’s FFO are projected to hover around THB7-THB8 billion per year. The company also has a significant liquidity buffer with cash on hand of around THB21.5 billion and numerous credit lines from commercial banks.

## RATING OUTLOOK AND SENSITIVITIES

The “stable” outlook is based on our expectation that CPFTH will remain a core subsidiary of CPF, responsible for the whole chain of CPF’s livestock operations in Thailand. The company rating on CPFTH is aligned with CPF’s credit profile. Any change in the rating on CPF will result in the same change to the ratings on CPFTH.

## RELATED CRITERIA

- Group Rating Methodology, 13 January 2021
- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018

## CPF (Thailand) PLC (CPFTH)

<b>Company Rating:</b>	A+
<b>Issue Ratings:</b>	
CPFTH215A: THB4,500 million senior unsecured debentures due 2021	A+
CPFTH231A: THB2,150 million senior unsecured debentures due 2023	A+
CPFTH235A: THB4,000 million senior unsecured debentures due 2023	A+
CPFTH237A: THB3,300 million senior unsecured debentures due 2023	A+
CPFTH245A: THB4,000 million senior unsecured debentures due 2024	A+
CPFTH252A: THB13,445 million senior unsecured debentures due 2025	A+
CPFTH255A: THB2,000 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+
CPFTH281A: THB3,050 million senior unsecured debentures due 2028	A+
CPFTH287A: THB1,100 million senior unsecured debentures due 2028	A+
CPFTH295A: THB4,000 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+
CPFTH328A: THB872.6 million senior unsecured debentures due 2032	A+
CPFTH335A: THB3,000 million senior unsecured debentures due 2033	A+
CPFTH358A: THB2,517.2 million senior unsecured debentures due 2035	A+
Up to THB50,000 million senior unsecured debentures due within 15 years	A+
<b>Rating Outlook:</b>	Stable

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