Thaifoods Group (TFG TB)

Swine Business To Drag 3Q25 Earnings

	BUY (Maintained)
Share Price	Bt4.62
Target Price	Bt6.80
Upside	47.19%

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Highlights

- We expect TFG to report 3Q25 core profit of Bt1,672m, up 41.7% yoy but down 35.3% qoq.
- The drop in swine prices in 3Q25 pressured earnings qoq. However, we believe this was partly offset by the expansion of its fresh food retail business, which performed better than that of other swine operators.
- Maintain BUY with a lower target price of Bt6.80.

Analysis

- **Expect 3Q25 earnings to soften.** We expect Thaifoods Group (TFG) to report a core profit of Bt1,672m for 3Q25, up 41.7% yoy but down 35.3% qoq. The qoq decline will be driven by a lower gross profit margin, following weaker livestock prices in Thailand and Vietnam during 3Q25.
- **To sustain consistent top-line performance.** We expect TFG's 3Q25 top-line to increase 9% yoy, but drop 2% qoq. The qoq sales decline in 3Q25 reflects the impact of falling swine ASPs in Thailand and Vietnam, which outweighed the benefit from higher livestock volumes. Meanwhile, yoy growth will be supported by higher farm business volumes, along with the rapid expansion of retail stores.
- **Profitability to decline qoq, in line with expectations.** We expect a gross profit margin of 18.5% for 3Q25, up from 15.2% in 3Q24 but down from 24% in 2Q25. The yoy improvement in gross margin will be driven by lower raw material costs. However, the qoq decline will be primarily driven by lower livestock ASPs. Meanwhile, 3Q25 SGA-to-sales is expected to rise qoq, reflecting the opening of 71 new retail stores.

Key Financials

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	55,870.9	65,481.7	75,088.9	81,177.3	86,263.3
EBITDA	3,726.2	8,374.4	13,364.1	10,914.7	11,423.3
Operating profit	385.0	4,755.7	9,813.6	7,374.1	7,988.1
Net profit (rep./act.)	(812.5)	3,143.8	7,677.2	5,708.4	6,264.5
Net profit (adj.)	(689.1)	3,465.5	7,544.5	5,575.7	6,131.9
EPS	(0.1)	0.6	1.2	0.9	1.0
PE	(44.3)	8.8	3.9	5.3	4.8
P/B	2.2	1.8	1.4	1.2	1.0
EV/EBITDA	14.9	5.8	3.0	3.6	3.3
Dividend yield	5.9	1.6	7.8	5.8	6.3
Net margin	(1.4)	4.8	10.2	7.0	7.3
Net debt/(cash) to equity	159.6	93.5	50.3	37.2	28.3
Interest cover	3.3	8.3	14.4	13.3	14.7
ROE	(5.6)	19.6	41.1	27.6	27.4
Consensus net profit	n.a	n.a	7,923.7	5,876.9	6,226.8
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: TFG, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Consumer Discretionary
Bloomberg ticker	n.a
Shares issued (m)	5,654.1
Market cap (Btm)	26,234.0
Market cap (US$m)	802.0
3-mth avg daily t'over (US$m)	3.0

Price Performance (%)

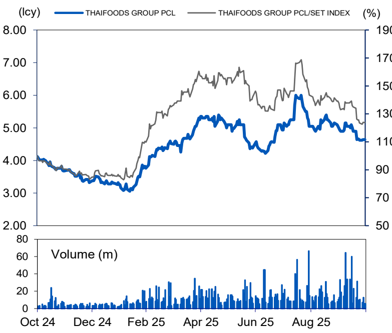
52-week high/low: Bt6.1/Bt3.02

1mth	3mth	6mth	1yr	YTD
(9.9)	(9.0)	(8.1)	10.5	37.3

Major Shareholders

Major Shareholders	%
New Star Victor CO LTD	31.74
BNP Parisbas (HK Branch)	20.01
Winai Teawsomboonkij	17.94

Price Chart



Source: Bloomberg

Company Description

TFG operates an integrated operation, producing and distributing frozen and chilled chicken products, as well as animal feed, in both the domestic and international markets

3Q25 Preview

Year to 31 Dec (Btm)	3Q25F	3Q24	2Q25	yoy(%)	qoq(%)
Sales	18,413.4	16,892.8	18,775.9	9.0%	-1.9%
Gross Profit	3,406.5	2,566.2	4,510.7	32.7%	-24.5%
Pre-tax Profit	1,931.4	1,376.2	3,051.2	40.3%	-36.7%
Net Profit	1,640.3	1,260.3	2,552.1	30.2%	-35.7%
Core Profit	1,672.3	1,180.3	2,585.8	41.7%	-35.3%
EPS (Bt)	0.282	0.217	0.438	29.9%	-35.7%
Gross Margin (%)	18.5%	15.2%	24.0%	3.3%	-5.5%
%SG&A/revenue	-7.1%	-6.8%	-6.9%	-0.4%	-0.2%
Net Margin (%)	8.9%	7.3%	13.5%	1.5%	-4.6%

Source: TFG, Bloomberg, UOB Kay Hian

- **Expect 4Q25 earnings to soften.** We expect 4Q25 earnings to decline qoq, pressured by low domestic livestock prices of Bt55-56/kg in Oct 25 (-18% qtd). However, we believe swine prices are likely to have bottomed out in Oct 25 and should continue to recover in Nov 25 and Dec 25 to Bt60-65/kg, supported by: a) seasonal demand, and b) government stimulus measures. Meanwhile, Vietnamese swine prices are expected to gradually improve, driven by tightened supply following the African swine fever outbreak. On the cost side, raw material prices may rise slightly, but remain at low levels. Looking ahead, we expect 1H26 earnings to improve hoh, driven by a turnaround in livestock prices and the retail segment undergoing a growth phase.

Valuation/Recommendation

- **Maintain BUY with a lower target price of Bt6.80** (previously Bt7.20). We adopt the PE valuation method and peg the stock to 8x 2026F PE, the forward PE of TFG's five-year at -1SD where we exclude the period of 4Q22-1Q23 which was characterised by unusual fluctuations in livestock price trends. We remain positive on TFG as its growing retail segment should help mitigate commodity price volatility more effectively than peers, while its Vietnam operations present long-term growth opportunities.

Earnings Revision/Risk

- We have revised down our 2025 and 2026 earnings forecasts by 13% and 7%, respectively, to reflect lower-than-expected swine prices in 2H25.

Share Price Catalyst

- Improvement in domestic swine and broiler ASPs.
- Lower raw material costs for corn and soybean meal.
- Resumption of retail expansion plan and a continuous improvement in the retail business' same-store sales growth.
- Expansion in Vietnam.

Environmental, Social, Governance (ESG)

CG Report: 5
SET ESG Rating: Non-rated

Environmental

- Net zero. TFG aims to be a Net Zero company by 2065. TFG conducts business with a commitment to the efficient use of resources, ensuring operations are environmentally friendly and comply with legal requirements.

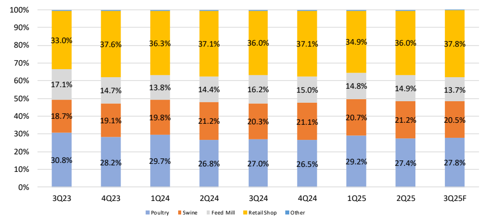
Social

- TFG is working to improve many dimensions of social responsibility.
- This includes the treatment of employees and human rights.

Governance

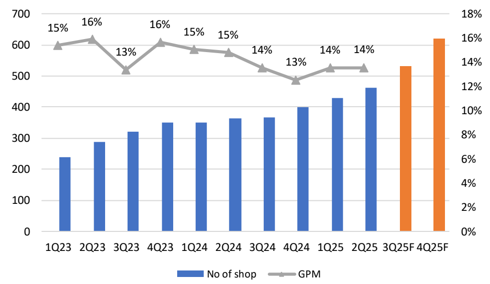
- Good governance practice. TFG is committed to operating its business in accordance with good corporate governance policy and management excellence. It received the "Excellent" rating on good corporate governance from the Thai Institute of Directors.

Sales Contribution



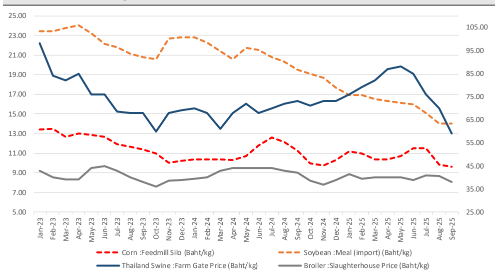
Source: TFG, UOB Kay Hian

Retail Business Gross Profit Margin & Branches



Source: TFG, UOB Kay Hian

Commodity Prices



Source: CPF,TFG, UOB Kay Hian

Swine Price In Vietnam

Source: PIG333, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	65,482	75,089	81,177	86,263
EBITDA	8,374	13,364	10,915	11,423
Deprec. & amort.	3,619	3,550	3,541	3,435
EBIT	4,756	9,814	7,374	7,988
Total other non-operating income	0	0	0	0
Associate contributions	(31)	0	0	0
Net interest income/(expense)	(1,007)	(925)	(822)	(779)
Pre-tax profit	3,717	8,888	6,552	7,209
Tax	(319)	(1,403)	(1,041)	(1,143)
Minorities	26	26	32	33
Preferred dividends	0	0	0	0
Net profit	3,144	7,677	5,708	6,265
Net profit (adj.)	3,466	7,545	5,576	6,132

Balance Sheet

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	16,202	16,652	16,111	15,676
Other LT assets	8,792	9,097	9,298	9,465
Cash/ST investment	4,907	7,851	9,274	11,145
Other current assets	16,249	20,564	25,038	28,341
Total assets	46,149	54,164	59,721	64,626
ST debt	13,364	10,564	10,664	10,766
Other current liabilities	7,150	8,994	10,051	9,476
LT debt	6,921	8,259	8,195	8,917
Other LT liabilities	2,142	4,409	4,893	5,182
Shareholders' equity	16,448	21,804	25,778	30,140
Minority interest	51	51	51	51
Total liabilities & equity	46,149	54,164	59,721	64,626

Cash Flow

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	10,501	9,506	6,030	6,334
Pre-tax profit	3,118	9,054	6,718	7,375
Tax	319	1,403	1,041	1,143
Deprec. & amort.	3,658	3,550	3,541	3,435
Associates	0	0	0	0
Working capital changes	573	(4,034)	(5,051)	(5,256)
Non-cash items	0	(478)	(220)	(364)
Other operating cashflows	2,832	10	0	0
Investing	(1,080)	(4,000)	(3,000)	(3,000)
Capex (growth)	(1,287)	(4,000)	(3,000)	(3,000)
Capex (maintenance)	0	0	0	0
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	207	0	0	0
Financing	(5,261)	(2,562)	(1,607)	(1,463)
Dividend payments	(494)	(2,295)	(1,703)	(1,870)
Issue of shares	0	0	0	0
Proceeds from borrowings	(1,657)	1,338	(65)	722
Loan repayment	(489)	(94)	534	187
Others/interest paid	(2,620)	(1,510)	(374)	(503)
Net cash inflow (outflow)	4,160	2,944	1,423	1,871
Beginning cash & cash equivalent	836	4,907	7,851	9,274
Changes due to forex impact	(90)	0	0	0
Ending cash & cash equivalent	4,907	7,851	9,274	11,145

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	12.8	17.8	13.4	13.2
Pre-tax margin	5.7	11.8	8.1	8.4
Net margin	4.8	10.2	7.0	7.3
ROA	6.8	15.4	10.8	11.4
ROE	19.6	41.1	27.6	27.4
Growth				
Turnover	25.2	43.5	55.1	64.9
EBITDA	(8.8)	45.5	18.9	24.4
Pre-tax profit	(38.8)	46.2	7.8	18.6
Net profit	(33.4)	62.6	20.9	32.7
Net profit (adj.)	0.0	117.7	(26.1)	10.0
EPS	(34.4)	29.8	(4.0)	5.5
Leverage				
Debt to total capital	123.0	86.1	73.0	65.2
Debt to equity	123.3	86.3	73.2	65.3
Net debt/(cash) to equity	93.5	50.3	37.2	28.3
Interest cover	8.3	14.4	13.3	14.7

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