

Thaifoods Group (TFG TB)

Key Takeaways From The ASEAN Gems Conference

Highlights

- TFG participated in the ASEAN Gems Conference in Taiwan, and received positive sentiment and feedback from investors.
- We reiterate our positive view on TFG for its solid business outlook for both the short and long term. We expect to see lower volatility in commodity prices, and believe the company will benefit from its fully integrated operations, strengthening its competitive position.
- Maintain BUY with a higher target price of Bt7.80.

Analysis

- **Escaping from commodity price volatility.** Thaifoods Group (TFG) has undertaken a shift in its business strategy, transitioning from a production-driven company to adopting a market-driven approach in order to reduce exposure to the volatility in commodity prices.
- **Revenue growth target.** TFG recorded a five-year revenue CAGR of around 16%. For 2026, the company targets revenue growth of 10-15%, while its long-term growth target is set at approximately 10% per year.
- **Retail business target.** The retail segment is a key growth driver. The company plans to expand its retail store count to 1,000 within the next 2-3 years. Currently, TFG operates nearly 700 branches, with a target of 850 stores by end-26. Retail revenue is expected to account for more than 40% of total revenue by 2026-27. Growth is expected to come from the addition of new stores and same-store sales growth.
- **Swine product strategy.** TFG has fully discontinued sales of live pigs, and shifted to selling pork parts in order to enhance margins and reduce risks related to disease outbreaks. Around 90% of these products will be distributed through its own retail stores, while 10% will be sold through modern trade channels.
- **Raw materials update.** Corn and soybean prices are manageable as the company has locked in prices. The company expects raw material costs to decline 4% yoy in 2026.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	65,481.7	72,810.4	79,974.8	83,582.2	86,570.0
EBITDA	8,374.4	13,308.0	12,638.2	12,860.4	13,233.4
Operating profit	4,755.7	9,689.6	8,689.8	8,900.9	9,157.0
Net profit (rep./act.)	3,143.8	7,440.8	6,754.1	6,966.1	7,216.2
Net profit (adj.)	3,465.5	7,577.7	6,546.3	6,758.3	7,008.4
EPS	0.6	1.2	1.0	1.1	1.1
PE (x)	9.7	4.9	5.7	5.5	5.3
P/B (x)	2.0	1.8	1.5	1.2	1.1
EV/EBITDA (x)	6.3	3.6	3.6	3.4	3.2
Dividend yield (%)	1.5	9.8	5.5	5.6	5.8
Net margin (%)	4.8	10.2	8.4	8.3	8.3
Net debt/(cash) to equity(%)	93.5	56.5	34.9	24.3	14.6
Interest cover (x)	8.3	17.3	13.0	13.8	14.9
ROE (%)	19.6	41.7	33.5	30.8	28.7
Consensus net profit	n.a	n.a	6,129.2	6,451.3	6,853.4
UOBKH/Consensus (x)	n.a	n.a	1.1	1.0	1.0

Source: Thaifoods Group Plc, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	Bt6.85
Target Price	Bt7.80
Upside	13.87%
Previous TP	Bt6.50

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Stock Data

GICS sector	Consumer Staples
Bloomberg ticker:	TFG TB
Shares issued (m):	5,823.7
Market cap (Bt\$m):	39,309.9
Market cap (US\$m):	1,216.6
3-mth avg daily t'over (US\$m):	4.6

Price Performance (%)

52-week high/low	Bt7.2/Bt4.2			
1mth	3mth	6mth	1yr	YTD
31.1	45.5	31.1	56.2	51.4

Major Shareholders

	%
New Star Victor CO LTD	31.74
MR. WINAI TEAWSOMBOONKIJ	17.94
THE BANK OF NEW YORK (NOMINEES) LIMITED	13.98

Balance Sheet Metrics

	%
FY26 NAV/Share (Bt)	3.9
FY26 Net Debt/Share (Bt)	1.4

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

- **Earnings expected to rise qoq in 1Q26.** We expect earnings to improve qoq in 1Q26, support by an increase in gross profit margin due to higher livestock prices. Livestock prices are expected to rise in 1Q26. Domestic swine prices currently stand at Bt66-68/kg (+10% from the average during 4Q25), while broiler prices are at Bt40-41/kg (+8% from the average in 4Q25). In Vietnam, although swine prices declined after the Tet festive season, they remain at a healthy level of VND62,500/kg, (+16% from the 4Q25 average). In addition, the reduction in live pig sales and the sale of only processed products should help TFG mitigate livestock price volatility better than its peers.

Valuation/Recommendation

- **Maintain BUY with a higher target price of Bt7.80.** We apply a PE-based valuation and assign a target multiple of 7.5x 2026F PE. The forward PE of TFG's five-year mean excludes the periods of 4Q20-1Q21 and 4Q22-1Q23 as they were characterised by unusual fluctuations in livestock price trends. We re-rate the PE multiple to reflect the growth of the retail business and qoq earnings recovery in 1Q26. We expect TFG to outperform its peers in 1Q26, supported by: a) continued expansion in the retail segment, b) a recovery in domestic and Vietnam swine prices, and c) reduced volatility in commodity prices.

Earnings Revision/Risk

- We have raised our 2026-27 earnings forecasts by 3-4%, reflecting the expansion of the downstream business and a reduction in the sale of fresh pork parts, which should help mitigate price volatility and support margin improvement.

Share Price Catalyst

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

Environmental, Social, Governance (ESG) Updates

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.

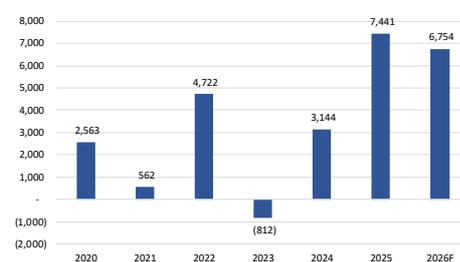
Social

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

Governance

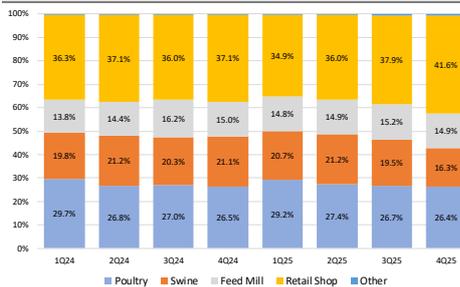
- TFG was removed from the SET ESG Ratings list (from AA) due to insider trading by management. We view this as negative and de-rate our PE to reflect governance risks, although management has resigned and we will monitor new corporate governance measures.

Core Profit



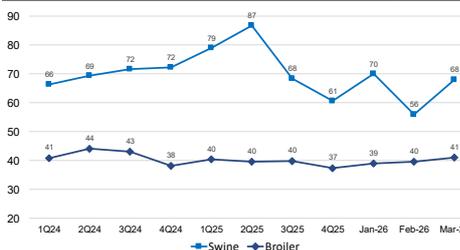
Source: TFG, UOB Kay Hian

Sales Contribution



Source: TFG, UOB Kay Hian

Livestock Prices In Thailand (Bt/kg)



Source: CPF, OAE, UOB Kay Hian

Swine Prices In Vietnam



Source: PIG333

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	72,810	79,975	83,582	86,570
EBITDA	13,308	12,638	12,860	13,233
Deprec. & amort.	3,618	3,948	3,960	4,076
EBIT	9,690	8,690	8,901	9,157
Total other non-operating income	0	0	0	0
Associate contributions	20	20	20	20
Net interest income/(expense)	(771)	(971)	(931)	(891)
Pre-tax profit	8,939	7,739	7,990	8,286
Tax	(1,364)	(1,240)	(1,279)	(1,325)
Minorities	(4)	(5)	(5)	(5)
Preferred dividends	0	0	0	0
Net profit	7,441	6,754	6,966	7,216
Net profit (adj.)	7,578	6,546	6,758	7,008

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	13,315	7,868	8,195	9,978
Pre-tax profit	7,445	7,999	8,250	8,546
Tax	1,364	1,240	1,279	1,325
Deprec. & amort.	3,657	3,948	3,960	4,076
Associates	0	0	0	0
Working capital changes	(1,668)	(5,060)	(4,945)	(3,535)
Non-cash items	0	(269)	(348)	(434)
Other operating cashflows	2,517	10	0	0
Investing	(3,250)	(4,000)	(4,000)	(5,000)
Capex (growth)	(2,990)	(4,000)	(4,000)	(5,000)
Capex (maintenance)	0	0	0	0
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	(259)	0	0	0
Financing	(9,776)	(5,204)	(2,694)	(2,772)
Dividend payments	(3,636)	(2,028)	(2,091)	(2,166)
Issue of shares	49	(108)	0	0
Proceeds from borrowings	(662)	307	0	0
Loan repayment	(621)	416	132	123
Others/interest paid	(4,907)	(3,792)	(735)	(728)
Net cash inflow (outflow)	290	(1,337)	1,501	2,206
Beginning cash & cash equivalent	4,907	4,818	3,481	4,982
Changes due to forex impact	(330)	0	0	0
Ending cash & cash equivalent	4,867	3,481	4,982	7,188

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	17,132	16,320	16,360	17,284
Other LT assets	8,848	9,876	9,964	10,037
Cash/ST investment	4,818	3,481	4,982	7,188
Other current assets	17,050	22,488	25,316	27,726
Total assets	47,848	52,165	56,622	62,234
ST debt	11,922	7,555	7,626	7,698
Other current liabilities	8,162	10,292	9,577	9,892
LT debt	4,251	4,558	4,558	4,558
Other LT liabilities	3,322	4,935	5,150	5,315
Shareholders' equity	20,086	24,709	29,588	34,643
Minority interest	(2)	(2)	(2)	(2)
Total liabilities & equity	47,848	52,165	56,622	62,234

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	18.3	15.8	15.4	15.3
Pre-tax margin	12.3	9.7	9.6	9.6
Net margin	10.2	8.4	8.3	8.3
ROA	15.9	13.8	13.6	13.4
ROE	41.7	33.5	30.8	28.7
Growth				
Turnover	39.2	52.8	59.7	65.4
EBITDA	44.9	37.6	40.1	44.1
Pre-tax profit	47.1	27.3	31.5	36.3
Net profit	57.6	43.0	47.5	52.8
Net profit (adj.)	118.7	(13.6)	3.2	3.7
EPS	30.4	12.7	16.3	20.6
Leverage				
Debt to total capital	80.5	49.0	41.2	35.4
Debt to equity	80.5	49.0	41.2	35.4
Net debt/(cash) to equity	56.5	34.9	24.3	14.6
Interest cover	17.3	13.0	13.8	14.9

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