Thaifoods Group (TFG TB)

2Q26 Results Preview: Retail Margin Remains Resilient Despite Lower Livestock Prices

BUY (Maintained)	
Share Price	Bt10.00
Target Price	Bt12.40
Upside	24.00%

Analyst(s)
Nichapa Ratchabandit
Nichapa@uobkh.co.th
+662 090 3366

Highlights

- We expect TFG to report a core profit of Bt1,381m for 2Q26 (-46.6% yoy, -26.9% qoq).
- The overall margin in 2Q26 was pressured qoq and yoy by lower ASPs livestock, while retail margin remained resilient.
- The positive 2H26 outlook is supported by upcycles livestock prices and TFG's continued retail store expansion. Maintain BUY with a target price of Bt12.40.

2Q26 Results Preview

Year to 31 Dec (Btm)	2Q26F	2Q25	1Q26	yoy(%)	qoq(%)
Sales	18,266	18,776	17,588	-2.7%	3.9%
Gross Profit	3,324	4,511	3,813	-26.3%	-12.8%
Pre-tax Profit	1,585	3,051	2,347	-48.1%	-32.5%
Net Profit	1,381	2,552	2,047	-45.9%	-32.5%
Core Profit	1,381	2,586	1,891	-46.6%	-26.9%
EPS (Bt)	0.24	0.44	0.35	-45.9%	-32.5%
Gross Margin (%)	18.2%	24.0%	21.7%	-5.8%	-3.5%
%SG&A/revenue	8.9%	6.9%	8.8%	2.0%	0.1%
Net Margin (%)	7.5%	13.5%	11.5%	-5.9%	-3.9%

Source: TFG, Bloomberg, UOB Kay Hian

Analysis

- **2Q26 earnings to drop yoy and qoq.** We expect Thaifoods Group (TFG) to report a core profit of Bt1,381m for 2Q26 (-46.6% yoy, -26.9% qoq). The yoy decline was due to a high base in 2Q25, while the qoq decline was driven by lower gross margins amid weaker livestock prices in both Thailand and Vietnam, as well as higher corn costs.
- **Overall margin under pressure, while retail margin remains resilient.** We forecast 2Q26 gross margin at 18.2%, down from 24.0% in 2Q25 and 21.7% in 1Q26. The yoy decline can be primarily attributable to a high base, as livestock prices were elevated during 1H25 following the ASF outbreak. The qoq contraction is expected to be driven by lower livestock ASPs in both the Thai and Vietnamese markets. However, we expect the retail business' gross margin to remain stable qoq and yoy at 14.5%, supported by higher sales volumes of processed livestock products through its retail store network.

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	13,449.5	13,979.1	14,551.6
Operating profit	4,755.7	9,689.6	9,501.1	10,019.6	10,475.2
Net profit (rep./act.)	3,143.8	7,440.8	7,439.6	7,911.4	8,330.1
Net profit (adj.)	3,465.5	7,577.7	7,231.8	7,703.6	8,122.2
EPS	0.6	1.3	1.2	1.3	1.4
PE (x)	16.8	7.7	8.0	7.6	7.2
P/B (x)	3.5	2.9	2.3	1.9	1.6
EV/EBITDA (x)	8.8	5.2	4.9	4.6	4.2
Dividend yield (%)	0.8	6.2	3.8	4.1	4.3
Net margin (%)	4.8	10.2	9.3	9.5	9.6
Net debt/(cash) to equity(%)	93.5	56.5	32.4	19.7	8.6
Interest cover (x)	8.3	17.3	13.9	15.0	16.3
ROE (%)	19.6	41.7	36.5	34.2	32.0
Consensus net profit	n.a	n.a	6,815.9	7,119.4	7,507.4
UOBKH/Consensus (x)	n.a	n.a	1.1	1.1	1.1

Source: Thaifoods Group Plc, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Consumer Staples
Bloomberg ticker:	TFG TB
Shares issued (m):	5,823.7
Market cap (Bt$m):	60,566.3
Market cap (US$m):	1,849.8
3-mth avg daily t'over (US$m):	6.9

Price Performance (%)

52-week high/low Bt10.4/Bt4.2

1mth	3mth	6mth	1yr	YTD
11.8	114.9	137.4	96.2	133.2

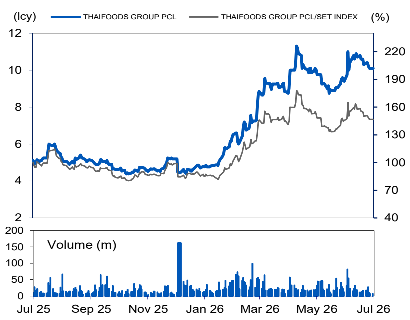
Major Shareholders

	%
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)	4.3
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

- **Top-line to rise qoq but drop yoy.** We expect TFG's 2Q26 revenue to reach Bt18.3b (-2% yoy, +4% qoq). Retail sales are projected at Bt8.7b (+29% yoy, +10% qoq), supported by TFG's continued store expansion and higher sales volumes of processed livestock products through its retail network. There were 748 retail store branches in 2Q26 (vs 462 in 2Q25 and 690 in 1Q26), while same-store sales growth is expected to decline by 5%. However, we expect revenue from the swine and chicken businesses to decline both yoy and qoq, due to lower ASPs in 2Q26 and lower external sales volumes as a greater proportion of livestock is channelled through the company's retail stores.
- **Positive 2H26 outlook supported by higher livestock prices and continued retail store expansion.** We expect 2H26 earnings to continue improving both hoh and yoy, mainly driven by higher domestic livestock prices and continued retail expansion. According to the Ministry of Commerce, domestic swine prices increased to Bt67-68/kg in Jul 26 (+7% mtd), while domestic broiler prices rose to Bt43-44/kg (+13% mtd). We expect the upward momentum in domestic livestock prices to continue throughout 2H26, supported by stronger demand under the Thai Chuay Thai Plus co-payment scheme. In addition, easing tensions in the Middle East are expected to lower energy and soybean meal prices, while corn prices are also expected to decline during 2H26 following the harvest season. As a result, we anticipate gross margin to improve in 2H26 compared with 1H26.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt12.40.** We adopt the PE valuation method and peg the stock to 10x 2026F PE, the forward PE of industry's five-year mean.

Earnings Revision/Risk

- None. We maintain our 2026 core profit forecast for TFG at Bt7.2b (-4.5% yoy). The projected yoy decline is mainly due to a high base in 1H25, when livestock ASPs surged following the ASF outbreak. However, we expect TFG's earnings decline to be less severe than peers, supported by continued retail expansion and a lower proportion of fresh pork sales, which helps cushion the impact of weaker livestock prices.
- 1H26 core profit is expected to account for approximately 45% of our full-year 2026 forecast. We expect earnings to improve hoh in 2H26, supported by higher livestock ASPs and continued expansion of the retail store network.

Share Price Catalyst

- Improvement in domestic swine and broiler ASPs in 2H26.
- 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.

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. It conducts business with a commitment to the efficient use of resources, ensuring operations are environmentally friendly and comply with legal requirements.

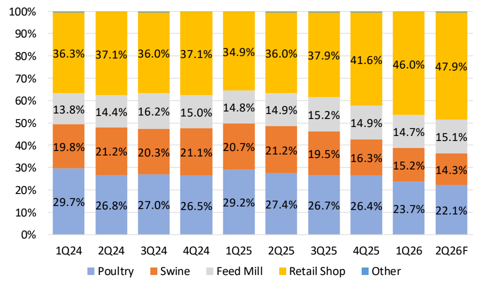
Social

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

Governance

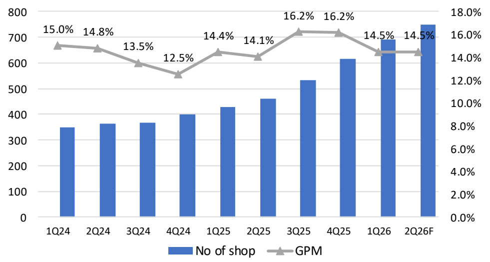
- TFG was removed from the SET ESG Ratings list (from AA) due to insider trading by management. We view this as negative as governance risks, though management has resigned and we will monitor new corporate governance measures.

Sales Contribution



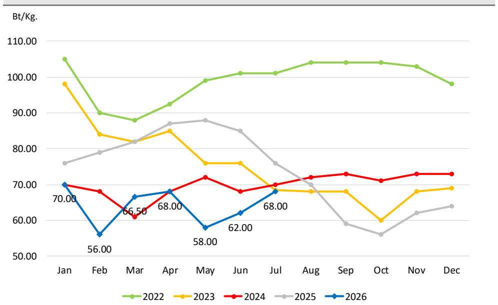
Source: TFG, UOB Kay Hian

Retail Business



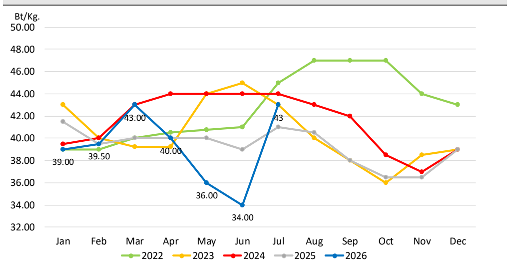
Source: TFG, UOB Kay Hian

Domestic Swine Price Trend



Source: OAE, CPF, UOB Kay Hian

Domestic Broiler Price Trend



Source: OAE, CPF, UOB Kay Hian

Swine Prices In Vietnam

Source: PIG333, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	72,810	79,975	83,582	86,570
EBITDA	13,308	13,449	13,979	14,552
Deprec. & amort.	3,618	3,948	3,960	4,076
EBIT	9,690	9,501	10,020	10,475
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	8,550	9,109	9,604
Tax	(1,364)	(1,366)	(1,452)	(1,529)
Minorities	(4)	(5)	(5)	(5)
Preferred dividends	0	0	0	0
Net profit	7,441	7,440	7,911	8,330
Net profit (adj.)	7,578	7,232	7,704	8,122

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	3,961	6,124	9,109
Other current assets	17,050	22,488	25,316	27,726
Total assets	47,848	52,645	57,763	64,155
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	25,189	30,730	36,565
Minority interest	(2)	(2)	(2)	(2)
Total liabilities & equity	47,848	52,645	57,763	64,155

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	13,315	8,553	9,140	11,092
Pre-tax profit	7,445	8,810	9,369	9,864
Tax	1,364	1,366	1,452	1,529
Deprec. & amort.	3,657	3,948	3,960	4,076
Associates	0	0	0	0
Working capital changes	(1,668)	(5,186)	(5,119)	(3,739)
Non-cash items	0	(395)	(521)	(638)
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)	(5,410)	(2,977)	(3,106)
Dividend payments	(3,636)	(2,233)	(2,375)	(2,501)
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	(857)	2,163	2,986
Beginning cash & cash equivalent	4,907	4,818	3,961	6,124
Changes due to forex impact	(330)	0	0	0
Ending cash & cash equivalent	4,867	3,961	6,124	9,109

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	18.3	16.8	16.7	16.8
Pre-tax margin	12.3	10.7	10.9	11.1
Net margin	10.2	9.3	9.5	9.6
ROA	15.9	15.1	15.3	15.2
ROE	41.7	36.5	34.2	32.0
Growth				
Turnover	39.2	52.8	59.7	65.4
EBITDA	44.9	46.5	52.2	58.5
Pre-tax profit	47.1	40.7	49.9	58.0
Net profit	57.6	57.6	67.5	76.4
Net profit (adj.)	118.7	(4.6)	6.5	5.4
EPS	43.1	36.6	45.5	53.4
Leverage				
Debt to total capital	80.5	48.1	39.6	33.5
Debt to equity	80.5	48.1	39.6	33.5
Net debt/(cash) to equity	56.5	32.4	19.7	8.6
Interest cover	17.3	13.9	15.0	16.3