

# GFPT GFPT TB

THAILAND / AGRIBUSINESS

## BUY

UNCHANGED

## 1Q24 results at first glance

TARGET PRICE	THB14.20
CLOSE	THB12.60
UP/DOWNSIDE	+12.7%
TP vs CONSENSUS	+0.0%

### 1Q24 core profit beat our estimate by 6%.

#### Highlights

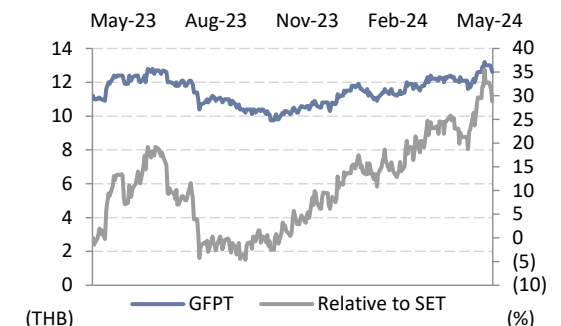
- GFPT posted a 1Q24 net profit of THB466m (+13.5% q-q, +56% y-y). Excluding an FX loss of THB12m and a derivative gain of THB37m, the normalized profit equaled THB441m (+9.4% q-q, +86% y-y), beating our forecast and consensus estimate by 6%.
- Key drivers for the impressive growth in 1Q24 came from 1) a significant profit-sharing growth from associates (GFN and McKey), jumping 17% q-q and 115% y-y, and 2) a higher gross margin.
- To elaborate, profit contribution from GFN was THB91m (+41% y-y) – a six-quarter high, mainly from higher export volumes and lower costs. McKey's profit contribution equaled THB141m (+6% q-q, +18% y-y) – a record high, due to the higher export volume of cooked and processed chicken.
- GFPT's 1Q24 total revenue was not exciting. It decreased 5.6% q-q and 0.3% y-y, mainly from 1) lower export prices (-4.4% q-q, -8.4% y-y) and 2) domestic chicken volume (-6.8% q-q, flat y-y).
- The gross margin was solid at 12.6%, up from 10.4% in 1Q23 and 12.4% in 4Q23 due to lower raw material costs. Although SG&A expenses were down by 2.3% q-q and slightly up by 1%, the SG&A-to-sales ratio increased to 8.2% from 8% in 1Q23 and 7.9% in 4Q23 due to a decline in total revenue.

#### Outlook

- GFPT's 1Q24 normalized profit accounted for 30% of our full-year estimate. We still expect a slight continued q-q increase in the 2Q24 profit in line with seasonality and declining raw material costs.
- GFPT guided its 2Q24 export volume of chicken products to remain relatively stable compared to 1Q24 at around 8,000 tonnes. To elaborate, it expected consistently high demand in Europe and stable purchase orders in Japan and China. In particular, the weak yen and sluggish domestic consumption are hurting the market. As a result, export prices of chicken are likely to remain relatively flat q-q but slightly decrease y-y.

#### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	18,963	19,911	20,866	21,826
Net profit	1,377	1,478	1,588	1,683
EPS (THB)	1.10	1.18	1.27	1.34
vs Consensus (%)	-	(0.8)	(1.9)	(4.5)
EBITDA	2,577	2,860	3,063	3,223
Recurring net profit	1,377	1,478	1,588	1,683
Core EPS (THB)	1.10	1.18	1.27	1.34
EPS growth (%)	(32.7)	7.4	7.4	6.0
Core P/E (x)	11.5	10.7	9.9	9.4
Dividend yield (%)	1.3	2.3	2.5	2.7
EV/EBITDA (x)	7.6	6.7	6.1	5.4
Price/book (x)	0.9	0.8	0.8	0.7
Net debt/Equity (%)	20.1	16.6	13.6	6.7
ROE (%)	8.1	8.1	8.2	8.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.0	11.5	16.7
Relative to country (%)	7.4	13.1	33.3
Mkt cap (USD m)	428		
3m avg. daily turnover (USD m)	1.0		
Free float (%)	58		
Major shareholder	Sirimongkolkasem Family (52%)		
12m high/low (THB)	13.40/9.70		
Issued shares (m)	1,253.82		

Sources: Bloomberg consensus; FSSIA estimates



**Sureeporn Teewasuwet**

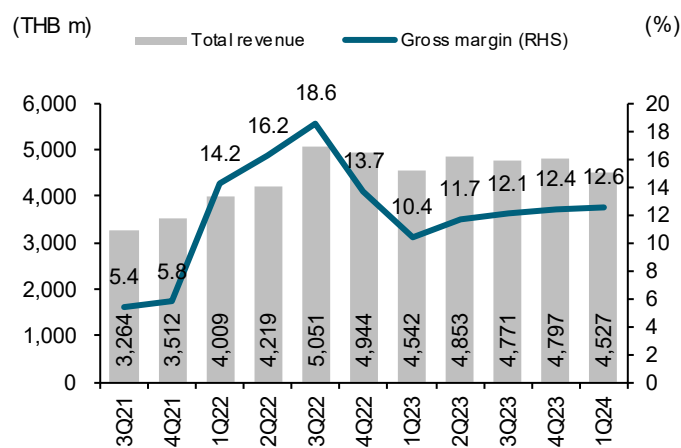
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Exhibit 1: GFPT - 1Q24 results summary

	1Q23	2Q23	3Q23	4Q23	1Q24	----- Change -----		2024E	Change	% 1Q24
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	to 2024E
Sales	4,542	4,853	4,771	4,797	4,527	(5.6)	(0.3)	19,911	5.0	22.7
Cost of sales	4,070	4,284	4,194	4,201	3,959	(5.8)	(2.7)	17,422	4.0	22.7
Gross profit	472	569	577	596	568	(4.6)	20.4	2,489	12.5	22.8
SG&A	366	374	378	378	369	(2.3)	1.0	1,593	6.5	23.2
Operating profit	106	194	199	218	199	(8.6)	87.2	896	24.8	22.2
Profit sharing	108	118	111	198	232	17.1	114.7	498	(6.9)	46.5
McKey	119	102	58	133	141	5.6	18.0	425	3.0	33.1
GFN	(11)	15	53	65	91	40.8	nm	128	5.0	71.0
Interest expense	25	29	29	27	29	6.9	17.1	114	3.1	25.9
Tax expense	33	42	54	63	51	(19.2)	54.1	174	(9.5)	29.3
Other gain (loss)	61	15	1	8	25	nm	nm	0	nm	nm
Reported net profit	298	349	319	410	466	13.5	56.3	1,478	7.4	31.5
Core profit	237	334	318	403	441	9.4	85.7	1,478	14.4	29.8
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			
Gross margin	10.4	11.7	12.1	12.4	12.6	0.1	2.2	12.5	0.8	
SG&A to sales	8.0	7.7	7.9	7.9	8.2	0.3	0.1	8.0	0.1	
Operating margin	2.3	4.0	4.2	4.5	4.4	(0.1)	2.1	4.5	0.7	
Net margin	6.6	7.2	6.7	8.6	10.3	1.7	3.7	7.4	0.2	
Core margin	5.2	6.9	6.7	8.4	9.7	1.3	4.5	7.4	0.6	
<b>Operating statistics (THB/kg)</b>										
Live chicken	38.5	42.5	40.3	37.8	42.5	12.4	10.4	41.0	3.9	
Chicken carcass	19.5	14.5	11.5	13.5	16.5	22.2	(15.4)	13.0	(12.2)	
Chicken export price (USD/tonne)	4,750	4,500	4,400	4,550	4,350	(4.4)	(8.4)	4,450	(2.2)	
Corn	13.3	12.9	11.7	10.5	10.4	(1.0)	(21.8)	11.0	(8.7)	
Soybean meal	24.0	23.4	20.6	21.2	21.4	0.9	(10.8)	20.5	(9.8)	
Chicken export volume (tonnes)	6,900	8,300	6,600	7,700	8,300	7.8	20.3	31,351	7.0	26.5
Indirect export volume (tonnes)	4,200	4,200	4,900	4,700	5,100	8.5	21.4	19,153	7.0	26.6
Chicken domestic volume (tonnes)	14,900	13,900	16,300	16,100	15,000	(6.8)	0.7	62,220	2.0	24.1

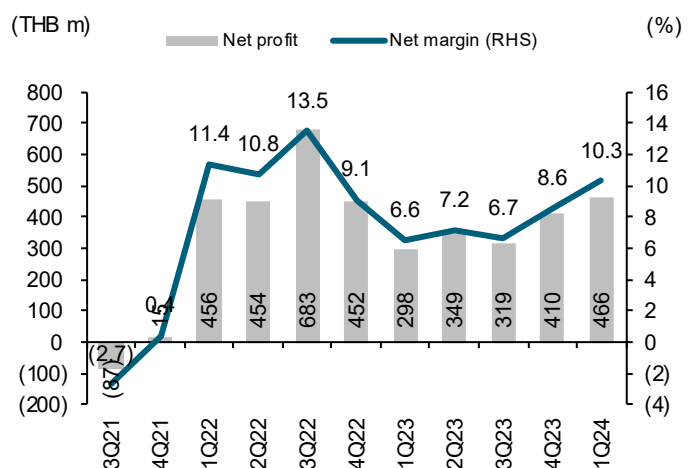
Sources: GFPT; FSSIA estimates

Exhibit 2: Total revenue and gross margin



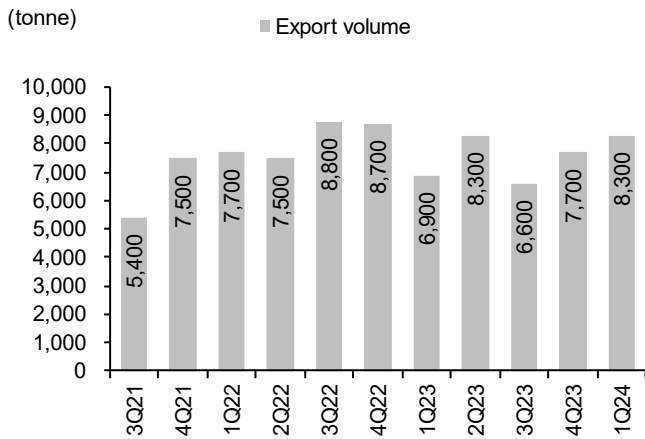
Sources: GFPT; FSSIA's compilation

Exhibit 3: Net profit and net margin



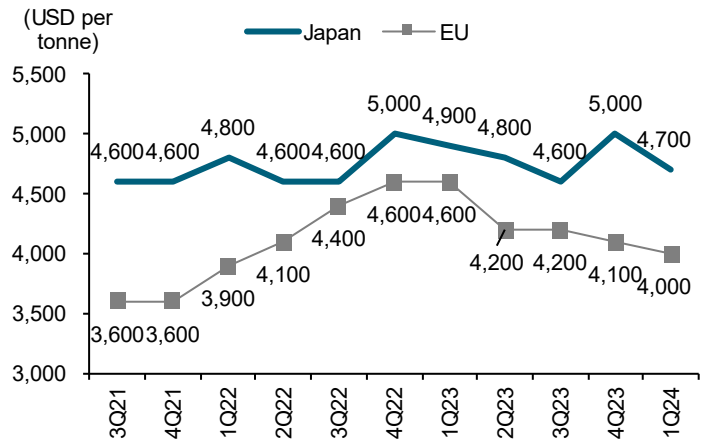
Sources: GFPT; FSSIA's compilation

**Exhibit 4: Chicken export volumes**



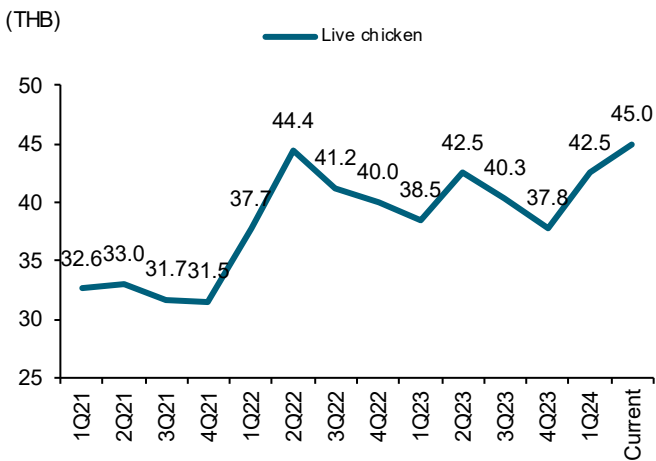
Sources: GFPT; FSSIA's compilation

**Exhibit 5: Chicken export prices by country**



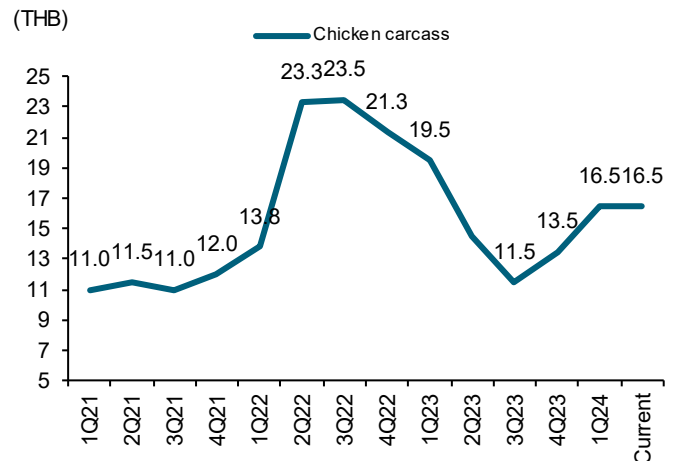
Sources: GFPT; FSSIA's compilation

**Exhibit 6: Live chicken price (THB/kg)**



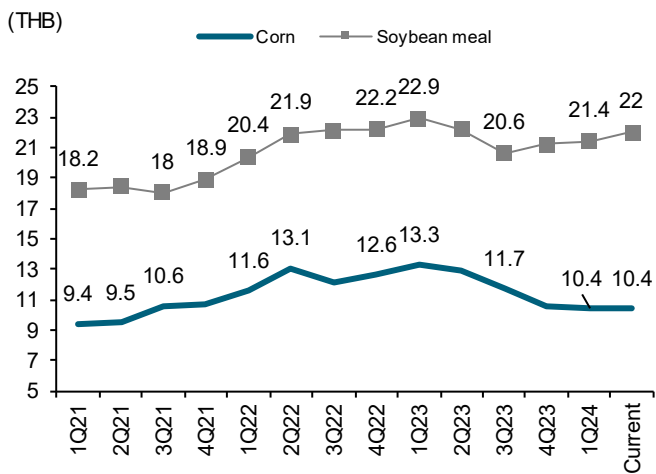
Sources: GFPT; FSSIA's compilation

**Exhibit 7: Chicken carcass price (THB/kg)**



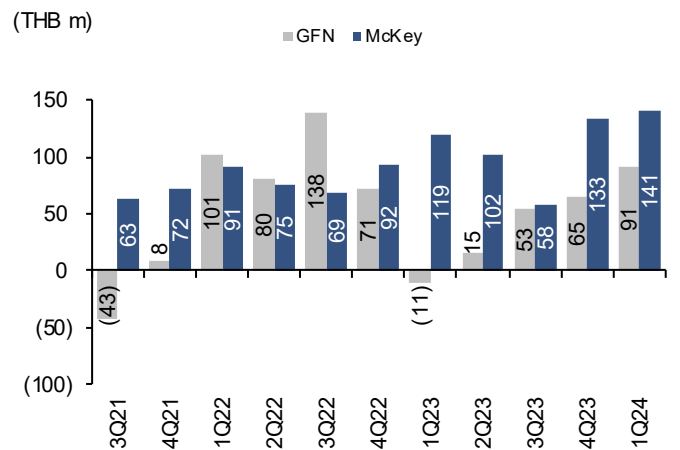
Sources: GFPT; FSSIA's compilation

**Exhibit 8: Corn and soybean meal prices (THB/kg)**



Sources: GFPT; FSSIA's compilation

**Exhibit 9: Profit sharing from associate company**



Sources: GFPT; FSSIA's compilation

## Financial Statements

### GFPT

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	18,222	18,963	19,911	20,866	21,826
Cost of goods sold	(15,354)	(16,749)	(17,422)	(18,216)	(19,033)
<b>Gross profit</b>	<b>2,868</b>	<b>2,213</b>	<b>2,489</b>	<b>2,650</b>	<b>2,794</b>
Other operating income	342	349	378	396	415
Operating costs	(1,559)	(1,495)	(1,593)	(1,669)	(1,746)
<b>Operating EBITDA</b>	<b>2,973</b>	<b>2,577</b>	<b>2,860</b>	<b>3,063</b>	<b>3,223</b>
Depreciation	(1,322)	(1,511)	(1,586)	(1,686)	(1,761)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,651</b>	<b>1,067</b>	<b>1,274</b>	<b>1,377</b>	<b>1,462</b>
Net financing costs	(148)	4	(114)	(115)	(116)
Associates	718	535	498	522	546
Recurring non-operating income	753	505	498	522	546
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>2,256</b>	<b>1,575</b>	<b>1,659</b>	<b>1,784</b>	<b>1,892</b>
Tax	(209)	(192)	(174)	(189)	(202)
<b>Profit after tax</b>	<b>2,047</b>	<b>1,383</b>	<b>1,484</b>	<b>1,595</b>	<b>1,690</b>
Minority interests	(2)	(6)	(6)	(6)	(7)
Preferred dividends	-	-	-	-	-
Other items	-	-	0	0	0
<b>Reported net profit</b>	<b>2,044</b>	<b>1,377</b>	<b>1,478</b>	<b>1,588</b>	<b>1,683</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>2,044</b>	<b>1,377</b>	<b>1,478</b>	<b>1,588</b>	<b>1,683</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.63	1.10	1.18	1.27	1.34
Reported EPS	1.63	1.10	1.18	1.27	1.34
DPS	0.20	0.16	0.29	0.32	0.34
Diluted shares (used to calculate per share data)	1,254	1,254	1,254	1,254	1,254
<b>Growth</b>					
Revenue (%)	32.2	4.1	5.0	4.8	4.6
Operating EBITDA (%)	139.7	(13.3)	11.0	7.1	5.2
Operating EBIT (%)	26,304.0	(35.4)	19.5	8.1	6.2
Recurring EPS (%)	1,100.2	(32.7)	7.4	7.4	6.0
Reported EPS (%)	1,100.2	(32.7)	7.4	7.4	6.0
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	15.7	11.7	12.5	12.7	12.8
Gross margin exc. depreciation (%)	23.0	19.6	20.5	20.8	20.9
Operating EBITDA margin (%)	16.3	13.6	14.4	14.7	14.8
Operating EBIT margin (%)	9.1	5.6	6.4	6.6	6.7
Net margin (%)	11.2	7.3	7.4	7.6	7.7
Effective tax rate (%)	9.3	12.2	10.5	10.6	10.7
Dividend payout on recurring profit (%)	12.1	14.6	25.0	25.0	25.0
Interest cover (X)	16.2	(391.6)	15.6	16.5	17.3
Inventory days	88.7	85.8	91.0	94.4	97.0
Debtor days	18.0	19.9	19.7	19.5	19.6
Creditor days	28.8	31.8	31.6	26.9	27.0
Operating ROIC (%)	8.7	5.3	6.2	6.4	6.7
ROIC (%)	9.7	5.9	6.4	6.6	6.9
ROE (%)	13.2	8.1	8.1	8.2	8.2
ROA (%)	9.7	5.7	6.2	6.6	6.8
* Pre exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Food	9,875	9,107	9,608	10,137	10,694
Farm	5,314	6,549	6,831	7,147	7,428
Feed	3,034	3,306	3,472	3,583	3,704

Sources: GFPT; FSSIA estimates

## Financial Statements

GFPT

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	2,044	1,377	1,478	1,588	1,683
Depreciation	1,322	1,511	1,586	1,686	1,761
Associates & minorities	(718)	(535)	(498)	(522)	(546)
Other non-cash items	97	(144)	0	0	0
Change in working capital	(1,484)	23	(643)	(453)	(218)
<b>Cash flow from operations</b>	<b>1,261</b>	<b>2,231</b>	<b>1,923</b>	<b>2,300</b>	<b>2,681</b>
Capex - maintenance	(2,945)	(2,651)	(1,520)	(2,044)	(1,544)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(2,945)</b>	<b>(2,651)</b>	<b>(1,520)</b>	<b>(2,044)</b>	<b>(1,544)</b>
Dividends paid	(125)	(251)	(370)	(397)	(421)
Equity finance	0	0	0	0	0
Debt finance	2,103	1,016	(167)	(78)	(192)
Other financing cash flows	2	6	(3)	(3)	(3)
<b>Cash flow from financing</b>	<b>1,980</b>	<b>772</b>	<b>(539)</b>	<b>(477)</b>	<b>(616)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>296</b>	<b>352</b>	<b>(136)</b>	<b>(221)</b>	<b>521</b>
Free cash flow to firm (FCFF)	(1,597.64)	(310.00)	516.98	370.63	1,252.21
Free cash flow to equity (FCFE)	421.20	602.26	234.01	175.65	941.48

### Per share (THB)

FCFF per share	(1.27)	(0.25)	0.41	0.30	1.00
FCFE per share	0.34	0.48	0.19	0.14	0.75
Recurring cash flow per share	2.19	1.76	2.05	2.20	2.31

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	21,803	23,142	24,728	26,414	28,174
Less: Accumulated depreciation	(9,914)	(10,617)	(12,289)	(13,661)	(15,682)
<b>Tangible fixed assets (net)</b>	<b>11,889</b>	<b>12,525</b>	<b>12,439</b>	<b>12,753</b>	<b>12,492</b>
<b>Intangible fixed assets (net)</b>	<b>673</b>	<b>58</b>	<b>59</b>	<b>61</b>	<b>62</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	4,275	4,774	4,774	4,774	4,774
Cash & equivalents	1,259	1,610	1,475	1,253	1,774
A/C receivable	1,012	1,057	1,091	1,143	1,196
Inventories	3,320	3,840	4,057	4,492	4,693
Other current assets	730	591	597	626	655
<b>Current assets</b>	<b>6,321</b>	<b>7,098</b>	<b>7,220</b>	<b>7,514</b>	<b>8,317</b>
Other assets	257	877	896	939	982
<b>Total assets</b>	<b>23,415</b>	<b>25,333</b>	<b>25,389</b>	<b>26,041</b>	<b>26,628</b>
Common equity	16,480	17,605	18,714	19,905	21,168
Minorities etc.	127	133	130	127	125
<b>Total shareholders' equity</b>	<b>16,606</b>	<b>17,738</b>	<b>18,844</b>	<b>20,033</b>	<b>21,293</b>
Long term debt	3,292	3,373	3,173	2,573	1,956
Other long-term liabilities	687	686	577	605	633
<b>Long-term liabilities</b>	<b>3,979</b>	<b>4,058</b>	<b>3,750</b>	<b>3,178</b>	<b>2,589</b>
A/C payable	1,113	1,545	1,193	1,248	1,304
Short term debt	1,540	1,798	1,422	1,395	1,246
Other current liabilities	177	193	179	188	196
<b>Current liabilities</b>	<b>2,830</b>	<b>3,536</b>	<b>2,794</b>	<b>2,830</b>	<b>2,746</b>
<b>Total liabilities and shareholders' equity</b>	<b>23,415</b>	<b>25,333</b>	<b>25,389</b>	<b>26,041</b>	<b>26,628</b>
Net working capital	3,772	3,750	4,373	4,826	5,044
Invested capital	20,866	21,985	22,542	23,353	23,354

\* Includes convertibles and preferred stock which is being treated as debt

### Per share (THB)

Book value per share	13.14	14.04	14.93	15.88	16.88
Tangible book value per share	12.61	13.99	14.88	15.83	16.83

### Financial strength

Net debt/equity (%)	21.5	20.1	16.6	13.6	6.7
Net debt/total assets (%)	15.3	14.1	12.3	10.4	5.4
Current ratio (x)	2.2	2.0	2.6	2.7	3.0
CF interest cover (x)	3.8	(149.1)	3.1	2.5	9.1

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>7.7</b>	<b>11.5</b>	<b>10.7</b>	<b>9.9</b>	<b>9.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>8.7</b>	<b>12.9</b>	<b>12.0</b>	<b>11.2</b>	<b>10.6</b>
Reported P/E (x)	7.7	11.5	10.7	9.9	9.4
Dividend yield (%)	1.6	1.3	2.3	2.5	2.7
Price/book (x)	1.0	0.9	0.8	0.8	0.7
Price/tangible book (x)	1.0	0.9	0.8	0.8	0.7
EV/EBITDA (x) **	6.6	7.6	6.7	6.1	5.4
EV/EBITDA @ target price (x) **	7.2	8.3	7.4	6.7	6.0
EV/invested capital (x)	0.9	0.9	0.8	0.8	0.7

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: GFPT; FSSIA estimates

# GFPT (GFPT TB)

**FSSIA ESG rating**

★ ★ ★

**53.67 /100**

## Exhibit 10: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	<b>&gt;39-59</b>	<b>Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.</b>
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

## Exhibit 11: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BTG	8.00	--	--	--	--	--	Declared	--	--	--	--	--	--	--	--
CPF	78.94	Y	Y	Y	5.00	5.00	Certified	High	50.25	BBB	43.00	70.21	85.00	4.08	62.09
GFPT	53.67	--	Y	Y	5.00	5.00	Certified	High	56.79	--	--	61.87	19.00	--	55.41
TU	68.12	Y	--	--	5.00	5.00	Certified	High	44.49	A	35.00	66.15	87.00	2.99	--
TFG	33.01	--	--	Y	4.00	5.00	Certified	High	--	--	--	42.11	--	--	--

Sources: [SETTRADE.com](http://SETTRADE.com); FSSIA's compilation

## Exhibit 12: ESG score by Bloomberg

FY ending Dec 31	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>—</b>	<b>—</b>
BESG environmental pillar score	—	—
BESG social pillar score	—	—
BESG governance pillar score	4.20	4.24
<b>ESG disclosure score</b>	<b>53.03</b>	<b>55.41</b>
Environmental disclosure score	44.79	49.35
Social disclosure score	30.59	33.16
Governance disclosure score	83.59	83.59
<b>Environmental</b>		
Emissions reduction initiatives	Yes	Yes
Climate change policy	Yes	Yes
Climate change opportunities discussed	No	No
Risks of climate change discussed	Yes	Yes
GHG scope 1	—	21
GHG scope 2 location-based	—	31
GHG Scope 3	—	—
Carbon per unit of production	—	—
Biodiversity policy	No	No
Energy efficiency policy	Yes	Yes
Total energy consumption	—	—
Renewable energy use	—	—
Electricity used	63	63
Fuel used - natural gas	—	—

Sources: Bloomberg; FSSIA's compilation

**Exhibit 13: ESG score by Bloomberg (cont.)**

<b>FY ending Dec 31</b>	<b>FY 2021</b>	<b>FY 2022</b>
Fuel used - crude oil/diesel	No	No
Waste reduction policy	Yes	Yes
Hazardous waste	0	0
Total waste	22	21
Waste recycled	—	—
Waste sent to landfills	—	—
Environmental supply chain management	Yes	Yes
Water policy	Yes	Yes
Water consumption	—	—
<b>Social</b>		
Human rights policy	Yes	Yes
Policy against child labor	Yes	Yes
Quality assurance and recall policy	Yes	Yes
Consumer data protection policy	Yes	Yes
Equal opportunity policy	Yes	Yes
Gender pay gap breakout	No	No
Pct women in workforce	54	54
Pct disabled in workforce	1	1
Business ethics policy	Yes	Yes
Anti-bribery ethics policy	Yes	Yes
Health and safety policy	Yes	Yes
Lost time incident rate - employees	2	2
Total recordable incident rate - employees	—	—
Training policy	Yes	Yes
Fair remuneration policy	No	No
Number of employees – CSR	4,906	5,367
Employee turnover pct	3	2
Total hours spent by firm - employee training	490,610	719,841
Social supply chain management	Yes	Yes
<b>Governance</b>		
<b>Board size</b>	<b>9</b>	<b>9</b>
<b>No. of independent directors (ID)</b>	<b>3</b>	<b>3</b>
No. of women on board	2	2
No. of non-executive directors on board	6	6
Company conducts board evaluations	Yes	Yes
No. of board meetings for the year	9	9
Board meeting attendance pct	100	99
Board duration (years)	3	3
Director share ownership guidelines	No	No
Age of the youngest director	51	52
Age of the oldest director	81	82
<b>No. of executives / company managers</b>	<b>10</b>	<b>10</b>
No. of female executives	4	4
Executive share ownership guidelines	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3
Audit committee meetings	4	4
Audit meeting attendance %	100	100
<b>Size of compensation committee</b>	<b>5</b>	<b>5</b>
No. of ID on compensation committee	3	3
No. of compensation committee meetings	2	2
Compensation meeting attendance %	100	100
<b>Size of nomination committee</b>	<b>5</b>	<b>5</b>
No. of nomination committee meetings	2	2
Nomination meeting attendance %	100	100
<b>Sustainability governance</b>		
Verification type	No	No

Sources: Bloomberg; FSSIA's compilation

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
<b>Morningstar Sustainalytics</b>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-top: 10px;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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<b>ESG Book</b>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-top: 10px;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
<b>Refinitiv ESG rating</b>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<b>S&amp;P Global</b>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

**Rating** regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) **"CG Score"**; 2) **"AGM Level"**; 3) **"Thai CAC"**; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation



## GENERAL DISCLAIMER

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### History of change in investment rating and/or target price

#### GFPT (GFPT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Feb-2023	BUY	18.00	03-Jul-2023	BUY	15.20	-	-	-
08-May-2023	BUY	12.40	18-Oct-2023	BUY	14.20			

Sureeporn Teewasuwet started covering this stock from 03-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
GFPT	GFPT TB	THB 12.60	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in chicken and raw material prices; 3) a stronger THB than expected; and 4) a minimum wage increase and/or a labour shortage.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finasia Syrus Securities Public Company Limited.

All share prices are as at market close on 09-May-2024 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.