

GFPT

GFPT TB

THAILAND / AGRIBUSINESS

BUY

Earnings peaking but cheap valuation

- We forecast a 4Q22 net profit of THB459m (-33% q-q, +747% y-y), dropping q-q in line with the low season.
- We project GFPT's 2023 net profit at THB1.68b (-18% y-y), but it should remain substantially higher than the pre-Covid level.
- Initiate with a BUY call and TP of THB18, based on 13x 2023E P/E.

TARGET PRICE	THB18.00
CLOSE	THB13.10
UP/DOWNSIDE	+37.4%
TP vs CONSENSUS	-0.3%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	13,781	17,778	16,391	17,211
Net profit	209	2,052	1,683	1,785
EPS (THB)	0.17	1.64	1.34	1.42
vs Consensus (%)	-	(0.2)	(11.5)	(5.4)
EBITDA	1,279	2,998	2,720	2,920
Core net profit	209	2,052	1,683	1,785
Core EPS (THB)	0.17	1.64	1.34	1.42
EPS growth (%)	(84.5)	880.0	(18.0)	6.1

GFPT: an integrated poultry company

GFPT operates a vertical, fully integrated poultry business, consisting of feed production, integrated farm operations, further processing, and food processing. It produces and distributes its products under both its own and customers' brands for both domestic and overseas markets. GFPT ranks 2nd in Thai chicken exports and 8th in Thai chicken production, accounting for 13% and 5% of total market share, respectively.

Expect 4Q22 net profit to drop q-q

We forecast a 4Q22 net profit of THB459m (-33% q-q, +747% y-y), with the q-q drop in line with the low season. However, we think its 4Q22 profit should hit a record high in terms of fourth-quarter profits. The sharp y-y increase would mainly come from the low base. We expect a 4Q chicken export volume of 8,500 tonnes (-3.4% q-q, +13.3% y-y), thanks to the recovery of the Japan market and the easing of the container shortage. Its logistics cost is decreasing, but could be offset by a drop in revenue and higher expenses. Hence, SG&A to sales could increase to 9.5% in 4Q22 (vs 8.8% in 4Q21). Assuming in-line 4Q22 results, GFPT's 2022 net profit would hit a record high at THB2.05b (+9.8x y-y).

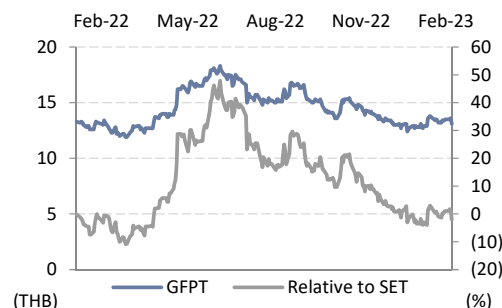
2023 earnings could drop but remain above pre-Covid level

We have a positive view on export volume growth in 2023, due to a consumption recovery from Japan and China and GFPT's new capacity. However, we have a conservative outlook on the chicken price that will likely decline in 2023. We think the ASF outbreak is presently easing, while the live chicken supply has increased since last year. Hence, we estimate the 2023 domestic chicken price at THB40 per kg (vs THB42.2 in 2022). Moreover, the 2023 export selling price might drop by around 5%-10% y-y, coming from EU customers. Raw material costs are also likely to maintain at high prices, declining at a slower-than-expected rate. We project GFPT's 2023 net profit at THB1.68b (-18% y-y), but it should remain substantially higher than the pre-Covid level.

Recommend BUY on attractive valuation

We initiate coverage of GFPT with a BUY call and a TP of THB18, based on 13x 2023E P/E (at 5-year historical avg). GFPT's share price fell 15% in 2022, reflecting investors' concerns over the chicken price, which might have passed the peak in 2022. GFPT is trading at only 10x 2023E P/E.

Core P/E (x)	78.5	8.0	9.8	9.2
Dividend yield (%)	1.1	3.1	2.6	2.7
EV/EBITDA (x)	15.7	6.3	6.7	6.0
Price/book (x)	1.1	1.0	0.9	0.9
Net debt/Equity (%)	24.2	14.1	8.9	5.7
ROE (%)	1.4	13.4	10.1	9.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.3	(9.0)	(2.2)
Relative to country (%)	1.5	(12.1)	(3.1)
Mkt cap (USD m)	500		
3m avg. daily turnover (USD m)	2.1		
Free float (%)	58		
Major shareholder	Sirimongkolkasem Family (52%)		
12m high/low (THB)	18.70/11.80		
Issued shares (m)	1,253.82		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

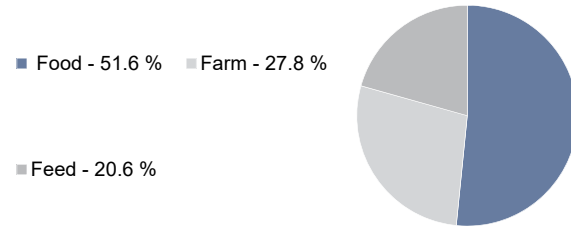
GFPT focuses on organic growth through expanding its processed chicken capacity along with its vertically integrated chicken production. Backward integration starts from the expansion of grandparent chicken farms, parent chickens, and broiler farms. In the next 1-2 years, GFPT plans to expand a new chicken processing line by setting up new slaughterhouses with a 100% capacity increase to 300,000 tonnes/year. We have a positive view on the 2023 chicken export recovery from the low base last year. Although we estimate that the THB/USD exchange rate will strengthen to THB33 from THB35 in 2022, GFPT should see a limited impact from a stronger THB due to fully natural hedging. In addition, we think GFPT's share price is inexpensive, trading at only 10x 2023E P/E, below its five-year historical average.

Company profile

GFPT operates a vertical, fully integrated poultry business covering feed production, grandparent farms, breeder farms, broiler farms, the production and distribution of chicken meat, cooked chicken products, and other chicken-related products under its own and customers' brands for both domestic and export markets. In 2022, GFPT had a chicken processing capacity of 150,000 tonnes/year and a cooked chicken product capacity of 30,000 tonnes/year.

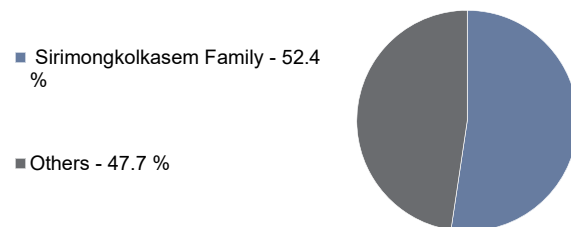
www.gfpt.co.th

Principal activities (revenue, 2021)



Source: GFPT

Major shareholders



Source: GFPT

Catalysts

Potential catalysts for GFPT's earnings growth in 2023 are 1) revenue growth driven by a chicken export recovery; 2) a higher-than-expected chicken price; and 3) declining raw material costs.

Risks to our call

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.

Event calendar

Date	Event
21 Feb 2023	4Q22 results announcement
21 Feb 2023	Analyst meeting

Key assumptions

	2022E (tonnes)	2023E (tonnes)	2024E (tonnes)
Export volume	32,500	34,125	35,831
Indirect export volume	17,700	18,939	20,265
Domestic volume	60,000	61,200	62,424
Live chicken price (THB/kg)	42.2	40.0	39.0
Export chicken price (USD/tonne)	4,413	4,350	4,350
Total sales growth (%)	29.0	(7.8)	5.0
Gross margin (%)	16.4	15.0	15.2

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2023 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2023 net profit to rise by 4.1%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2023 net profit to fall by 3.8%, and vice versa, all else being equal.

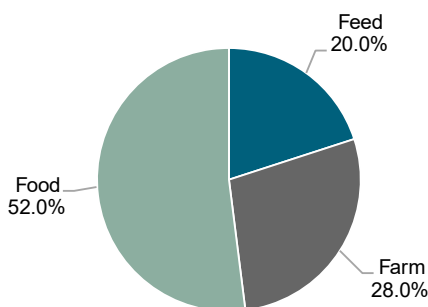
Source: FSSIA estimates

Integrated poultry company

GFPT was established in 1981 and became a public limited company in 1994. The company and its subsidiaries' core businesses cover agriculture, livestock, and food processing. GFPT operates an integrated poultry business. Its vertical, fully integrated chicken production consists of feed production, integrated farm operations, further processing, and food processing. GFPT produces and distributes frozen chicken meat and processed chicken and its by-products under its own and customers' brands for both domestic and overseas markets.

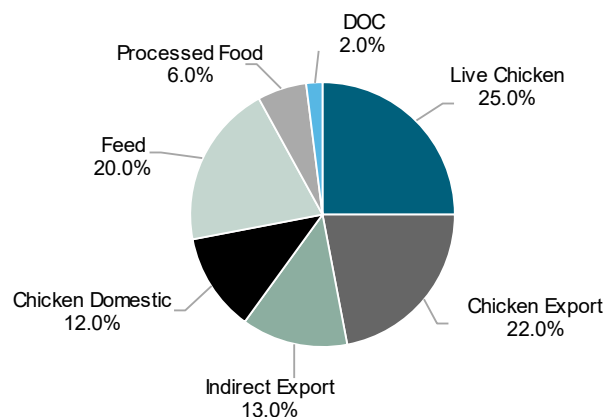
The company invested in a 49% stake in McKey Food Services (Thailand) to produce and distribute frozen semi-finished foods in 1993. In 2008, GFPT invested in a 49% stake in a joint venture with Nichirei Foods called GFN to operate a chicken processing plant and a further processing factory to export products to Japan and international markets. The revenue proportion from selling live broiler and chicken parts to GFN and McKey in 2021 accounted for 25% and 12%, respectively, of GFPT's total revenue.

Exhibit 1: Total revenue breakdown in 2021 by business segment



Source: GFPT

Exhibit 2: Total revenue breakdown in 2021



Source: GFPT

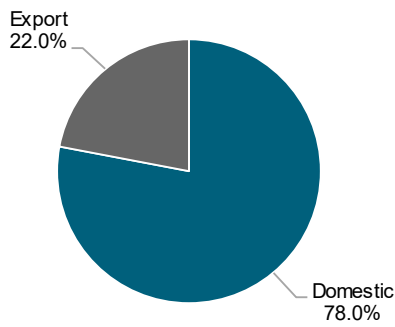
Its operations can be divided into three business segments, which are as follows:

1. Food segment (52% of 2021 total revenue)

GFPT is primarily engaged in the production, processing, marketing, and distribution of fresh, frozen, and fully-cooked chicken meat products for retailers, wholesalers, and food service businesses in Thailand and other international markets. The company's products are fully-cooked chicken products and fresh chicken meat.

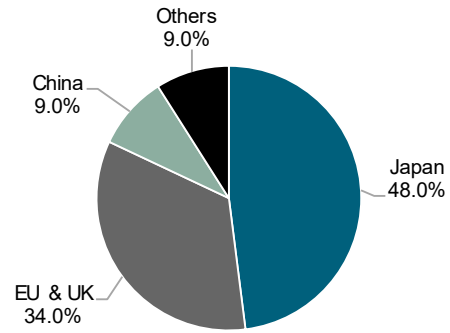
- GFPT exports its fully-cooked chicken products and frozen chicken parts to Japan, England, the EU, China, and other countries. In 2021, its export revenue accounted for 22% of total revenue.
- The company also sells live broilers to its two subsidiaries, GFN and McKey, which produce ready-to-eat or semi-finished food for export. This revenue category is considered as indirect exports, accounting for 13% of total revenue.
- For the domestic market, fresh chicken parts are marketed domestically to food retailers, food wholesalers, food service distributors, restaurants, and modern trade businesses. In 2021, its domestic revenue accounted for 12% of total revenue.

Exhibit 3: Revenue breakdown by destination in 2021



Source: GFPT

Exhibit 4: Export revenue breakdown by country in 2021



Source: GFPT

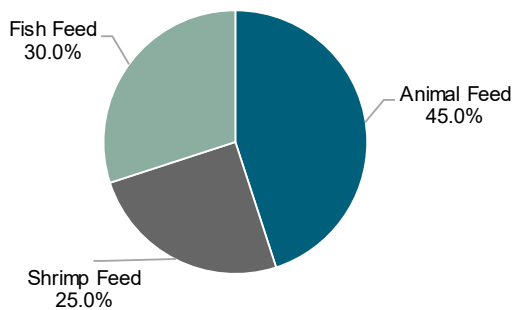
2. Farm segment (28% of 2021 total revenue)

GFPT raises chickens in its own farm facilities and trades key raw materials internally among the group, such as live broilers, day-old-chicks, chicken feed, etc. Broiler chicks are raised in large modern grow-out housing with evaporative cooling systems and automatic feeding and watering systems for 40-45 days to reach the target processing weight.

3. Feed segment (20% of 2021 total revenue)

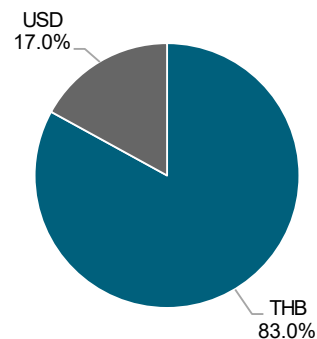
The company has two feed mill facilities which produce broiler feed and breeder feed to be used in GFPT’s integrated chicken production facilities only. Aside from that, GFPT produces and sells various kinds of land animal feed and aquatic feed under its own brands. In 2021, animal feed and aquatic feed revenue accounted for 9% and 11% of total revenue, respectively.

Exhibit 5: Feed revenue breakdown in 2021



Source: GFPT

Exhibit 6: Revenue breakdown by currency in 2021



Source: GFPT

Expect 4Q22 net profit to drop q-q, but still grow y-y

Our forecast calls for a 4Q22 net profit of THB459m (-33% q-q, +747% y-y). The drop q-q would come from the low export season and the declining chicken price – the 4Q22 average price was THB42.5 per kg (-3.4% q-q, +35% y-y). However, we think GFPT's 4Q22 net profit will mark a record high in terms of fourth-quarter profits. The sharp y-y increase can be attributed to the low base last year. We expect a chicken export volume of 8,500 tonnes (-3.4% q-q, +13.3% y-y), thanks to the consumption recovery in the Japan market and the easing of the container shortage.

We expect GFPT's 4Q22 gross margin to decrease to 16% from 18.6% in 3Q22, due to the stable high price of raw materials, while we forecast the sales volume to decrease. Although GFPT's logistics cost is decreasing in line with the lower freight container charges, it could be offset by a drop in total revenue and higher bonus expenses. Hence, SG&A to sales could increase to 9.5% in 4Q22 (vs 8% in 3Q22 and 8.8% in 4Q21). In addition, profit sharing from its two subsidiaries, GFN and McKey, could decrease by 28% q-q to THB150m, due to the low season for the export industry.

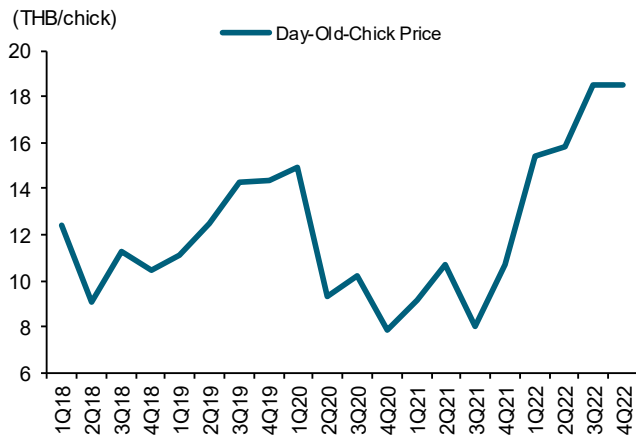
Assuming in-line 4Q22 results, GFPT's 2022 net profit would hit a record high at THB2.05b (+9.8x y-y).

Exhibit 7: 4Q22 results preview

	4Q21	1Q22	2Q22	3Q22	4Q22E	Change		2021	2022E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	3,512	4,009	4,219	5,051	4,500	(10.9)	28.1	13,781	17,778	29.0
Cost of Sales	3,309	3,440	3,535	4,112	3,780	(8.1)	14.2	12,708	14,867	17.0
Gross profit	202	569	683	939	720	(23.3)	255.8	1,073	2,911	171.4
SG&A	310	385	373	405	428	5.6	38.1	1,338	1,591	18.9
Operating profit	(107)	184	310	534	293	(45.2)	nm	(265)	1,320	nm
Profit Sharing	80	192	155	207	150	(27.6)	87.7	227	705	210.3
- McKey	72	91	75	69	75	8.6	4.6	320	310	(2.9)
- GFN	8	101	80	138	75	(45.7)	812.4	(93)	395	nm
Interest Expense	17	21	23	22	23	4.6	32.5	70	88	25.8
Tax Expense	0	37	46	65	35	(46.9)	7,312	22	183	743.3
Other Gain (Loss)	40	29	(30)	(56)	(10)	nm	(124.9)	30	(67)	nm
Reported net profit	54	456	454	683	459	(32.9)	746.7	209	2,052	880.0
Core profit	54	456	454	683	459	(32.9)	747	209	2,052	880.0
Core profit excl. derivative gain/loss	14	405	484	739	469	(36.6)	3,255	140	2,097	1,398.7
Key Ratios (%)						(ppt)	(ppt)			
Gross margin	5.8	14.2	16.2	18.6	16.0	(2.6)	10.2	7.8	16.4	8.6
SG&A / Sales	8.8	9.6	8.8	8.0	9.5	1.5	0.7	9.7	8.9	(0.8)
Operating margin	(3.1)	4.6	7.4	10.6	6.5	(4.1)	9.6	(1.9)	7.4	9.3
Net margin	1.5	11.4	10.8	13.5	10.2	(3.3)	8.7	1.5	11.5	10.0
Core margin	0.4	10.1	11.5	14.6	10.4	(4.2)	10.0	1.0	11.8	10.8
Operating Statistics (m tonnes)										
Chicken Export Volume	7,500	7,700	7,500	8,800	8,500	(3.4)	13.3	23,400	32,500	38.9
Chicken Indirect Export	4,300	5,200	3,800	4,500	4,200	(6.7)	(2.3)	19,900	17,700	(11.1)
Chicken Domestic	15,400	16,600	14,100	14,800	14,500	(2.0)	(5.8)	61,200	60,000	(2.0)
Day-Old-Chick (THB/chick)	10.7	15.4	15.8	19.0	19.3	1.6	80.4	9.6	17.4	81.0
Live Chicken (THB/kg)	31.5	37.7	44.4	44.0	42.5	(3.4)	34.9	31.8	42.2	32.5
Chicken Carcass (THB/kg)	12.0	13.8	23.0	23.0	23.0	0.0	91.7	11.4	20.7	81.6
Corn (THB/kg)	10.7	11.6	13.1	12.1	13.0	7.4	21.5	10.1	12.5	23.3
Soybean Meal (THB/kg)	18.9	20.4	21.9	22.1	22.2	0.5	17.5	18.4	21.7	17.7

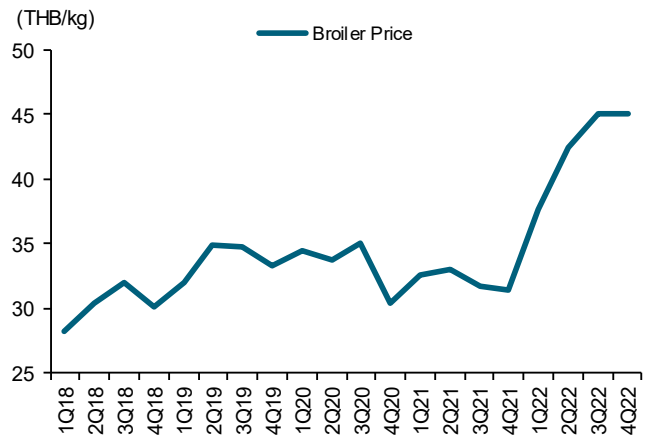
Sources: GFPT, FSSIA estimates

Exhibit 8: Day-old-chick price



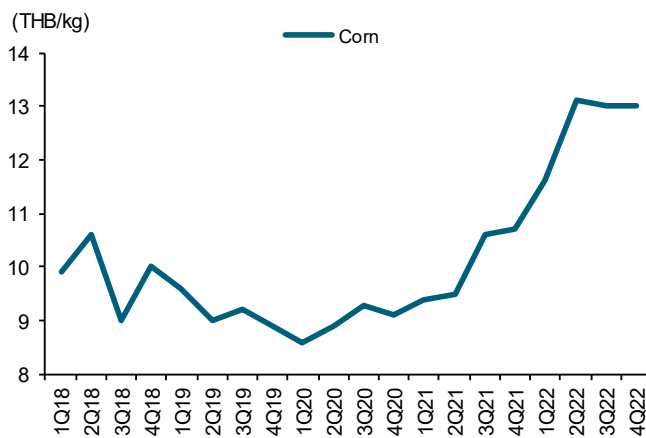
Sources: GFPT, DIT

Exhibit 9: Broiler price



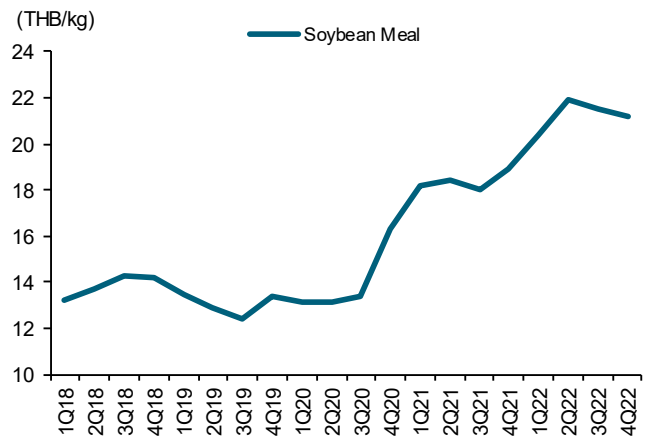
Sources: GFPT, DIT

Exhibit 10: Corn price



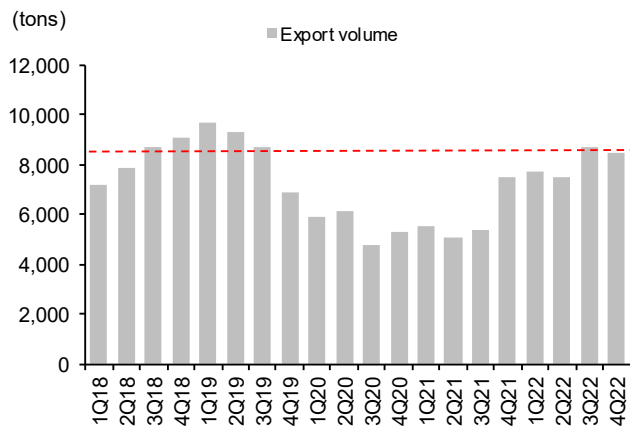
Source: Department of Internal Trade (DIT)

Exhibit 11: Soybean meal price



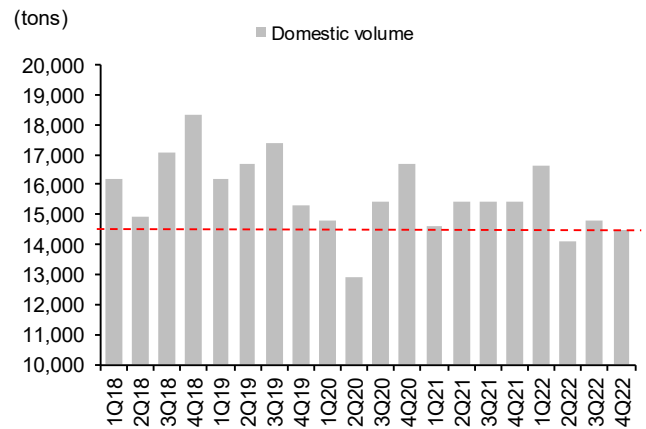
Source: DIT

Exhibit 12: GFPT's quarterly export volume



Source: GFPT

Exhibit 13: GFPT's quarterly domestic volume



Source: GFPT

Conservative view on 2023 chicken price

We have a positive view on export volume growth in 2023, as 1) GFPT plans to expand its new slaughterhouse capacity by 100% to 300,000 birds/day in 2H23; 2) we see a potential consumption recovery from Japan and China; and 3) GFPT has an opportunity to export chickens to Saudi Arabia after receiving permission to export there in Mar-22.

However, we have a conservative outlook on the chicken price which will likely decline in 2023. We think the African Swine Fever (ASF) outbreak is presently easing, and will cause the domestic pig price to decrease in 2H23. Meanwhile, the live chicken supply has increased since last year, prompted by the sharp increase in the chicken price. This situation might hasten the decline in the chicken price in 2H23. Overall, we estimate the 2023 domestic chicken price at THB40 per kg (vs THB42.2 in 2022). Moreover, we forecast the 2023 export selling price to drop by around 5%-10% y-y, coming from EU customers' negotiations following the decrease in the freight container charges to near pre-Covid levels.

In 1H23, raw material costs are likely to maintain at high prices and drop at a slower-than-expected rate. However, we believe corn and soybean costs will decline in 2H23.

Overall, we project GFPT's 2023 net profit at THB1.68b (-18% y-y), but it should remain substantially higher than the pre-Covid level.

Exhibit 14: Key assumptions for GFPT

Assumptions	Forecast			% Growth		
	2022E	2023E	2024E	2022E	2023E	2024E
Export volume (tonnes)	32,500	34,125	35,831	38.9	5.0	5.0
Indirect export volume (tonnes)	17,700	18,939	20,265	(11.1)	7.0	7.0
Domestic volume (tonnes)	60,000	61,200	62,424	(2.0)	2.0	2.0
Live chicken price (THB/kg)	42.2	40.0	39.0	32.5	(5.1)	(2.5)
Chicken carcass (THB/kg)	20.7	17.0	16.0	81.6	(17.9)	(5.9)
Export chicken price (USD/tonnes)	4,413	4,350	4,350	3.8	(1.4)	0.0
FX Rate (THB/USD)	34.5	33.0	33.0	7.9	(4.3)	0.0
Total Sales Values (THB m)	17,778	16,391	17,211	29.0	(7.8)	5.0
Gross profit (THB m)	2,911	2,459	2,616	171.4	(15.5)	6.4
Gross margin (%)	16.4	15.0	15.2	8.6	(1.4)	0.2
SG&A expenses (THB m)	1,591	1,475	1,549	18.9	(7.3)	5.0
SG&A to sales (%)	8.9	9.0	9.0	(0.8)	0.1	0.0
Profit sharing (THB m)	705	647	663	210.3	(8.2)	2.5
- GFN	395	327	334	nm	(17.0)	2.0
- McKey	310	320	329	(2.9)	3.0	3.0
Report net profit (THB m)	2,052	1,683	1,785	880.0	(18.0)	6.1
Net margin (%)	11.5	10.3	10.4	10.0	(1.3)	(0.3)
Core profit (THB m)	2,052	1,683	1,785	880.0	(18.0)	6.1
Core margin (%)	11.5	10.3	10.4	10.0	(1.3)	0.1
Core profit excl derivative gain/loss (THB m)	2,097	1,683	1,785	1,398.7	(19.8)	6.1
Core margin (%)	11.8	10.3	10.4	10.8	(1.5)	0.1

Sources: FSSIA estimates

Valuations

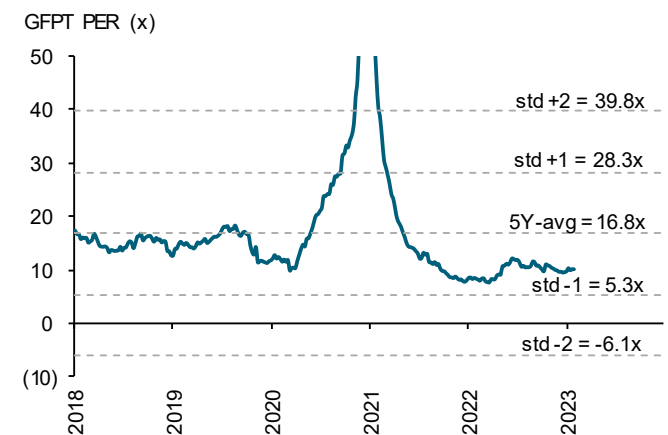
We initiate coverage of GFPT with a BUY recommendation and a TP of THB18, based on 13x 2023E P/E, in-line with its five-year historical average. GFPT's share price fell 15% in 2022, reflecting investors' concerns over the chicken price, which might have already passed the peak in 2022. Its share price is trading at only 10x 2023E P/E, below its five-year historical average, with a high upside potential of 37%.

Exhibit 15: Peers comparison as of 2 February 2023

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		22E (x)	23E (x)	22E (%)	23E (%)	22E (x)	23E (x)	22E (x)	23E (x)
Thailand														
GFPT	GFPT TB	BUY	13.10	18.00	37	500	8.0	9.8	13.4	10.1	1.0	0.9	6.3	6.7
Thaifoods Group	TFG TB	BUY	5.75	8.00	39	990	6.7	9.8	38.5	23.2	2.3	2.1	5.4	6.5
Thai Union Group	TU TB	BUY	16.10	24.00	49	2,347	12.3	12.3	10.5	10.3	1.3	1.2	10.8	9.5
Charoen Pokphand Foods	CPF TB	n/a	23.80	n/a	n/a	6,047	14.3	12.8	6.8	7.1	0.9	0.9	13.3	13.2
Asian Sea Corporation	ASIAN TB	n/a	13.70	n/a	n/a	339	12.8	11.6	18.2	20.9	2.5	2.3	8.7	7.6
Betagro	BTG TB	n/a	33.50	n/a	n/a	1,968	8.8	8.3	34.2	25.3	2.1	1.8	6.5	6.4
Average						12,190	10.5	10.8	20.3	16.1	1.7	1.5	8.5	8.3

Sources: Bloomberg, FSSIA estimates

Exhibit 16: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 17: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Corporate Governance – GFPT

Board structure

Independent Directors (ID)	3 of 9 board members, 2 females
Percentage of IDs on the board	33.3%
ID attendance at board meetings	100%
ID in audit/remuneration committee	3/3 in audit committee and 2/4 in remuneration committee
ID terms *	Nine years consecutively and renew upon shareholders' approval

Additional information: as of 31 Dec 2021

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2021, THB5.4m vs net profit of THB209.3m
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

Additional information:

Audit Practices

Auditor	Sam Nak-ngan A.M.C. Co., Ltd.
Length of service	More than five years
Reporting incidents	None
Fee track record	THB3.63m
Policy on change of audit firm	To review every five years

Additional information: None

Shareholders' rights

Practice	Activity
Communication - shareholder participation in AGMs/EGMs	AGM once annually, EGM when appropriated and in accordance with SEC guidelines
Related party transactions	In accordance with SEC guidelines
Voting issues - policies, incidents of rejected proposals	None

Additional information: None

ESG and sustainability management

GFPT operates an integrated poultry business including feed mill, breeder farms, hatchery farms, broiler farms, chicken evisceration and processed food. Main products are cooked chicken, fresh and frozen chicken meat, processed food, and land and aquatic animal feeds. During 2019-2021, food/farm/feed contributed respectively 49.8%/30.2%/20.0%, with 78.1% sold domestic and 21.9% export.

Materiality issues	Activities and practice
Fierce competition	GFPT manages substitution risk and industry competition by adjusting its sales strategy to minimise low price effect in the short term, maintain customer satisfaction, and expand to potential markets in the Middle East and North America.
Change of consumers' behaviour	The company innovates high value-added products and services with support from R&D to correspond with in-depth consumer preference analysis.
Food safety	GFPT implemented new technology in the production process to meet international standards to both effectively control and trace errors from raw materials, packaging designs, packing, transport, and storage. Complaint and recall systems are in place to gain consumer confidence. GFPT's products are certified by various related international food safety standards, such as GMP, HACCP, ISO 9001, ISO/TS 22022-6, ISO 17025, ISO 14001, HALAL etc.
Outbreak	Prevention is priority. The company utilises a farm technology called Evaporative Cooling System (EVAP) to prevent germs entering chicken houses, apart from strict compliance with international animal welfare policies and practices. GFPT certifies good agricultural practices for its integrated chicken farms including breeders, broilers, and hatcheries. Employees are educated about animal diseases in order to understand and deal with them properly.
Covid-19 outbreak	During the spread of Covid-19, the company strictly implemented occupational health measures on prevention, activated a continuity business plan and allowed flexibility at work. Financially, GFPT reviewed cashflow and liquidity management to cope with uncertainty and implement online distribution.
Fluctuation of feed materials	GFPT 1) has an experienced procurement unit to monitor the situation and search for alternatives in terms of both quality and availability, and modify the formula by its own feed nutritionists; 2) uses derivative instruments to manage exposure. Since feed prices are regulated, product price rises may not compensate for the increase in commodity prices.
Volatility of product prices	Product prices are systematically uncontrollable. Nevertheless, the company mitigates the price volatility for day-old-chicks and chicken meat by launching a variety of products and creating value-added products to meet consumer demand.
Waste from operations	Compared with 2019, non-hazardous waste reduced significantly by 16.7% to 21,788 tonnes, while hazardous waste increased 41% to 41.8% at 19,680 kg.
Health, safety and work environment	In 2021, the number of employee work injuries leading to employee absences increased 5.9% to 125 times from 2019's 118 times. The number of employees reduced 12.8% to 4,906, from 2019's, 5,623, of which 33.3% were male and 66.7% were female.
Human rights in supply chain	GFPT sets its human rights policy in accordance with the international human rights standards UDHR, UNGP, and ILO, and adopts HRDD to monitor operations throughout the supply chain. The company also seeks cooperation from business partners to follow similar standards. A compliance/whistle-blowing and human rights culture are also established to ensure awareness within the organisation and among stakeholders.
Foreign exchange risk	Having foreign currency transactions for both import and export is a form of natural hedging that partially helps to mitigate risks, as Thai baht appreciation may lower revenue and depreciation could raise raw material costs. GFPT uses forward contracts to fix raw material costs and determine selling prices to lock in profitability, but also adopts Value at Risk to limit the exposure.
Reputational risk	The company focuses on good corporate governance, disclosures and transparency to ensure equality and fairness to all stakeholders and the business chain. Apart from strictly implementing CG, GFPT operates its business with environmental respect, sustainability integration, and social responsibility.
Major shareholder risk	At end-2021, the 52.35% stake of the Sirimonkolkasem family provides a potential to control the "majority" of votes in shareholder meetings, such as appointing directors. The company clarified that the authorised directors and executives are responsible for their duties and the results of their action to all stakeholders. Based on available information from the SET, the family held a 60% stake in 2009.
Awards and recognition	In 2021, GFPT received a Corporate Governance Report (CGR) of excellence along with a five-star CG score for six consecutive years, given by the Thai Institute of Director Association (IOD) accompanied with the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC). GFPT was also announced by The Stock Exchange of Thailand in 2021 to be one of Thailand's Sustainability Investment (THSI) companies, and has been certified to be a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) since 2017.

Additional information: UDHR = Universal Declaration of Human Rights; UNGP = United Nations Guiding Principle on Business on Human Rights; ILO = International Labor Organisation Declaration on Fundamental Principles and Rights at Work; HRDD = Human Rights Due Diligence

Financial Statements

GFPT

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	14,471	13,781	17,778	16,391	17,211
Cost of goods sold	(11,051)	(11,474)	(13,558)	(12,524)	(13,086)
Gross profit	3,420	2,306	4,220	3,867	4,125
Other operating income	466	310	369	328	344
Operating costs	(1,323)	(1,338)	(1,591)	(1,475)	(1,549)
Operating EBITDA	2,562	1,279	2,998	2,720	2,920
Depreciation	(1,311)	(1,234)	(1,309)	(1,409)	(1,509)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,252	45	1,689	1,311	1,411
Net financing costs	(46)	(32)	(107)	(87)	(86)
Associates	355	227	705	647	663
Recurring non-operating income	355	220	656	647	663
Non-recurring items	0	0	0	0	0
Profit before tax	1,561	233	2,238	1,871	1,989
Tax	(204)	(22)	(183)	(184)	(199)
Profit after tax	1,357	211	2,055	1,688	1,790
Minority interests	(5)	(2)	(3)	(5)	(5)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	0	0
Reported net profit	1,352	209	2,052	1,683	1,785
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	1,352	209	2,052	1,683	1,785
Per share (THB)					
Recurring EPS *	1.08	0.17	1.64	1.34	1.42
Reported EPS	1.08	0.17	1.64	1.34	1.42
DPS	0.25	0.15	0.41	0.34	0.36
Diluted shares (used to calculate per share data)	1,254	1,254	1,254	1,254	1,254
Growth					
Revenue (%)	(14.2)	(4.8)	29.0	(7.8)	5.0
Operating EBITDA (%)	(1.2)	(50.1)	134.4	(9.3)	7.4
Operating EBIT (%)	(3.0)	(96.4)	3,633.2	(22.4)	7.6
Recurring EPS (%)	13.1	(84.5)	880.0	(18.0)	6.1
Reported EPS (%)	13.1	(84.5)	880.0	(18.0)	6.1
Operating performance					
Gross margin inc. depreciation (%)	14.6	7.8	16.4	15.0	15.2
Gross margin of key business (%)	14.6	7.8	16.4	15.0	15.2
Operating EBITDA margin (%)	17.7	9.3	16.9	16.6	17.0
Operating EBIT margin (%)	8.6	0.3	9.5	8.0	8.2
Net margin (%)	9.3	1.5	11.5	10.3	10.4
Effective tax rate (%)	13.1	9.3	8.2	9.8	10.0
Dividend payout on recurring profit (%)	22.8	89.6	25.0	25.0	25.0
Interest cover (X)	35.3	8.2	22.0	22.5	24.3
Inventory days	124.1	116.1	101.9	115.0	109.0
Debtor days	20.2	19.8	18.0	20.8	19.5
Creditor days	34.1	34.7	28.5	27.6	26.2
Operating ROIC (%)	7.5	0.3	9.0	6.8	7.1
ROIC (%)	7.4	1.1	9.8	8.0	8.2
ROE (%)	9.6	1.4	13.4	10.1	9.9
ROA (%)	7.1	1.1	10.0	8.0	8.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Food	6,745	7,109	9,685	9,201	9,677
Farm	4,721	3,827	5,258	4,272	4,529
Feed	3,006	2,845	2,835	2,918	3,006

Sources: GFPT; FSSIA estimates

Financial Statements

GFPT

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	1,352	209	2,052	1,683	1,785
Depreciation	1,311	1,234	1,309	1,409	1,509
Associates & minorities	(355)	(227)	(705)	(647)	(663)
Other non-cash items	(46)	(45)	(30)	0	0
Change in working capital	785	666	(1,186)	16	(250)
Cash flow from operations	3,047	1,837	1,439	2,460	2,381
Capex - maintenance	(2,876)	(2,033)	(1,334)	(2,041)	(1,943)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(2,876)	(2,033)	(1,334)	(2,041)	(1,943)
Dividends paid	(253)	(232)	(513)	(421)	(446)
Equity finance	0	0	0	0	0
Debt finance	187	205	614	118	(2)
Other financing cash flows	(4)	(1)	(3)	15	(3)
Cash flow from financing	(70)	(29)	99	(288)	(451)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	100	(225)	204	131	(14)
Free cash flow to firm (FCFF)	261.58	(125.46)	193.36	506.19	523.15
Free cash flow to equity (FCFE)	353.52	7.75	716.57	551.93	432.60

Per share (THB)

FCFF per share	0.21	(0.10)	0.15	0.40	0.42
FCFE per share	0.28	0.01	0.57	0.44	0.35
Recurring cash flow per share	1.80	0.93	2.09	1.95	2.10

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	19,559	20,614	21,923	23,332	24,840
Less: Accumulated depreciation	(9,134)	(9,429)	(10,547)	(11,364)	(12,382)
Tangible fixed assets (net)	10,425	11,185	11,376	11,967	12,458
Intangible fixed assets (net)	504	25	26	26	27
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	3,500	3,561	3,561	3,561	3,561
Cash & equivalents	1,187	963	1,166	1,298	1,284
A/C receivable	715	780	974	898	943
Inventories	3,798	3,499	4,073	3,817	3,999
Other current assets	37	512	36	49	52
Current assets	5,738	5,753	6,249	6,062	6,277
Other assets	243	700	533	574	516
Total assets	20,410	21,224	21,745	22,191	22,840
Common equity	14,583	14,560	16,099	17,361	18,700
Minorities etc.	126	125	122	138	135
Total shareholders' equity	14,709	14,685	16,221	17,498	18,834
Long term debt	2,160	1,826	1,656	1,375	1,250
Other long-term liabilities	1,025	681	889	820	499
Long-term liabilities	3,185	2,507	2,545	2,195	1,749
A/C payable	1,080	1,102	1,018	878	1,000
Short term debt	1,282	2,689	1,801	1,472	1,102
Other current liabilities	153	240	160	148	155
Current liabilities	2,516	4,032	2,979	2,497	2,257
Total liabilities and shareholders' equity	20,410	21,224	21,745	22,191	22,840
Net working capital	3,317	3,448	3,905	3,739	3,839
Invested capital	17,988	18,919	19,401	19,867	20,402

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

Per share (THB)

Book value per share	11.63	11.61	12.84	13.85	14.91
Tangible book value per share	11.23	11.59	12.82	13.83	14.89

Financial strength

Net debt/equity (%)	15.3	24.2	14.1	8.9	5.7
Net debt/total assets (%)	11.0	16.7	10.5	7.0	4.7
Current ratio (x)	2.3	1.4	2.1	2.4	2.8
CF interest cover (x)	8.8	1.2	7.7	7.3	6.1

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	12.2	78.5	8.0	9.8	9.2
Recurring P/E @ target price (x) *	16.7	107.8	11.0	13.4	12.6
Reported P/E (x)	12.2	78.5	8.0	9.8	9.2
Dividend yield (%)	1.9	1.1	3.1	2.6	2.7
Price/book (x)	1.1	1.1	1.0	0.9	0.9
Price/tangible book (x)	1.2	1.1	1.0	0.9	0.9
EV/EBITDA (x) **	7.3	15.7	6.3	6.7	6.0
EV/EBITDA @ target price (x) **	9.7	20.5	8.3	8.9	8.1
EV/invested capital (x)	1.0	1.1	1.0	0.9	0.9

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

Sources: GFPT; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BPCG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TPIPP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MSTI	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIIK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

Level

Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

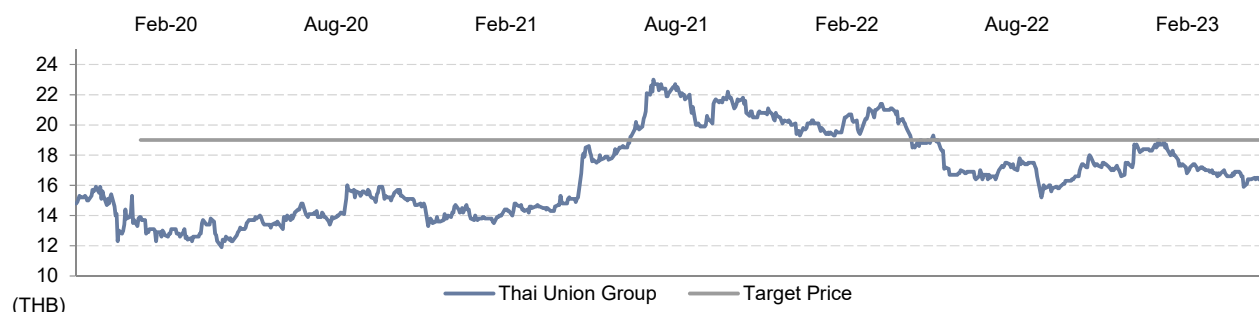
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History of change in investment rating and/or target price

Thai Union Group (TU TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
02-Apr-2020	BUY	19.00	23-Jan-2023	BUY	24.00	-	-	-

Sureeporn Teewasuwet started covering this stock from 23-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
GFPT	GFPT TB	THB 13.10	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.
Thai Foods Group	TFG TB	THB 5.75	BUY	Downside risks to our PE-based TP are 1) a slower-than-expected consumption recovery; 2) high volatility in meat and raw material prices; 3) a stronger THB than expected; and 4) a minimum wage increase and/or a labour shortage.
Thai Union Group	TU TB	THB 16.10	BUY	Downside risks to our SoTP-based TP include 1) a stronger-than-expected THB against the USD; 2) the high volatility of raw material prices; 3) labor shortages; and 4) tariff and non-tariff barriers in international trade.

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 Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 02-Feb-2023 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.