

GFPT GFPT TB
THAILAND / AGRIBUSINESSBUY
UNCHANGED

ชอบไก่มากกว่าหมู

- เราคาดว่ากำไรปกติ 2Q23 จะโต 45% q-q จากปัจจัยด้านฤดูกาลในธุรกิจส่งออกไก่
- บราซิลรายงานการแพร่ระบาดของโรค H5N1 เพิ่มขึ้นซึ่งอาจเป็นโอกาสสำหรับผู้ส่งออกไก่ของไทย
- คงแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 15.2 บาท

TARGET PRICE	THB15.20
CLOSE	THB12.80
UP/DOWNSIDE	+18.8%
PRIOR TP	THB12.40
CHANGE IN TP	+22.6%
TP vs CONSENSUS	+6.2%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	18,222	17,311	18,384	19,267
Net profit	2,044	1,358	1,537	1,701
EPS (THB)	1.63	1.08	1.23	1.36
vs Consensus (%)	-	(5.9)	(2.6)	(0.1)
EBITDA	2,973	2,547	2,754	3,009
Core net profit	2,044	1,358	1,537	1,701
Core EPS (THB)	1.63	1.08	1.23	1.36
Chg. In EPS est. (%)	-	5.2	4.5	5.3
EPS growth (%)	1,100.2	(33.6)	13.1	10.7
Core P/E (x)	7.8	11.8	10.4	9.4
Dividend yield (%)	1.5	2.1	2.4	2.6
EV/EBITDA (x)	6.6	7.9	7.3	6.4
Price/book (x)	1.0	0.9	0.9	0.8
Net debt/Equity (%)	21.5	22.9	20.4	15.7
ROE (%)	13.2	8.0	8.5	8.8

ฤดูกาลส่งออกไก่จะช่วยหนุนกำไรปกติ 2Q23

เราคาดว่ากำไรปกติ 2Q23 วัที่ 344 ลบ. (+45% q-q, -29% y-y) โต q-q จากฤดูกาลส่งออกไก่และต้นทุนวัตถุดิบที่ลดลง โดยเฉพาะอย่างยิ่งเราคาดว่าปริมาณส่งออกจะเพิ่ม 16% q-q และ 6.7% y-y เป็น 8,000 ตัน ในขณะที่ราคาไก่มีชีวิตเฉลี่ยอยู่ที่ 42.1 บาท/กก. (+9.3% q-q, -5.2% y-y) เพราะฉะนั้นเราจึงคาดว่ารายได้รวมจะโต q-q และ y-y และอัตรากำไรขั้นต้นจะฟื้นตัวเป็น 12.5% จาก 10.4% ใน 1Q23 อย่างไรก็ตามเราคาดว่าส่วนแบ่งผลขาดทุนจาก GFN อาจเพิ่มเป็น 28 ลบ. จากราคาโครงการไก่ที่ลดลง 26% q-q และ 38% y-y

การแพร่ระบาดของโรค H5N1 ในบราซิลอาจเป็นโอกาสของประเทศไทย

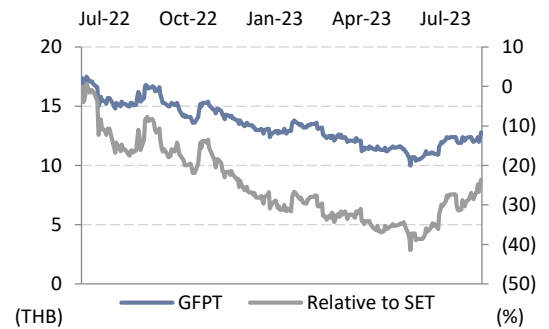
ญี่ปุ่นได้ระงับการนำเข้าไก่จากรัฐ Espirito Santo ในบราซิลหลังพบว่าการแพร่ระบาดของโรคไข้หวัดนก (H5N1) ในฟาร์มไก่ขนาดเล็ก (non-commercial poultry farm) นับเป็นกรณีแรกที่พบในฟาร์มไก่ในบราซิล ปัจจุบันบราซิลยังสามารถส่งออกให้แก่ลูกค้าได้ตามปกติ อย่างไรก็ตามสถานการณ์การแพร่ระบาดของโรค H5N1 ในบราซิลเลวร้ายขึ้นเรื่อย ๆ ถ้าเป็นเช่นนี้ต่อไปจนกระทั่งลูกค้าระงับการนำเข้าไก่จากบราซิล สถานการณ์ดังกล่าวอาจเป็นโอกาสสำหรับผู้ส่งออกไก่ของไทย เมื่อมองย้อนไปคือการแพร่ระบาดของโรคไข้หวัดนกในไทยในปี 2004 สหภาพยุโรปและญี่ปุ่นระงับการนำเข้าเนื้อไก่สดแช่แข็งจากไทยในทันทีและต้องใช้เวลาราว 8 ปีกว่าสหภาพยุโรปจะยกเลิกคำสั่งห้ามและกลับมานำเข้าเนื้อไก่สดจากประเทศไทยอีกครั้ง

ปรับเพิ่มประมาณการกำไรปกติปี 2023

ถ้าผลประกอบการออกมาตามคาด กำไรปกติของ GFPT ในช่วง 1H23 น่าจะเท่ากับ 581 ลบ. (-36% y-y) เรามีมุมมองเป็นบวกมากขึ้นเกี่ยวกับการดำเนินงานในช่วง 2H23 จาก 1) ราคาไก่เป็นที่คาดว่าจะปรับขึ้นใน 3Q23 เป็น 42-43 บาท/กก.; และ 2) ราคาข้าวโพดและกากถั่วเหลืองที่กำลังลดลงในปัจจุบัน ด้วยเหตุดังกล่าวเราปรับเพิ่มประมาณการกำไรปกติปี 2023 ของเราขึ้น 5.2% เป็น 1.36 พัน ลบ. (-34.4% y-y) เราคิดว่ากำไรปกติ 1Q23 จะเป็นจุดต่ำสุดของปีนี้ ในขณะที่ 3Q23 น่าจะเป็นจุดสูงสุดของปีจากปัจจัยด้านฤดูกาล

เราชอบไก่มากกว่าหมู

เราคงแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 15.2 บาท เราปรับเพิ่มค่า 2023E P/E เป็น 14x จาก 12x (-0.5 SD) เพื่อสะท้อนมุมมองที่เป็นบวกมากขึ้นต่อแนวโน้มของบริษัทฯ ในกลุ่มเนื้อสัตว์เราชอบธุรกิจไก่มากกว่าหมูในขณะที่ GFPT เป็นตัวเลือกที่ดีที่สุดเนื่องจากรายได้ของบริษัทฯ ทั้งหมดมาจากไก่



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.1	13.3	(25.1)
Relative to country (%)	6.2	21.3	(21.9)
Mkt cap (USD m)	453		
3m avg. daily turnover (USD m)	1.3		
Free float (%)	58		
Major shareholder	Sirimongkolkasem Family (52%)		
12m high/low (THB)	17.70/9.95		
Issued shares (m)	1,253.82		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 3 กรกฎาคม 2023

Investment thesis

GFPT targets organic growth through expanding its chicken processing capacity, supported by continued growth in its vertically integrated chicken production operation that includes grandparent, parent, and broiler chicken farms. In the next 1-2 years, GFPT plans to double its chicken processing capacity to 300,000 tonnes/year by building new slaughterhouses. 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 the stronger THB due to fully natural hedging.

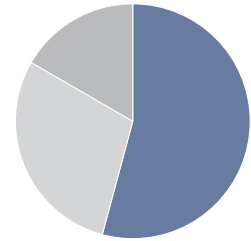
Company profile

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, 2022)

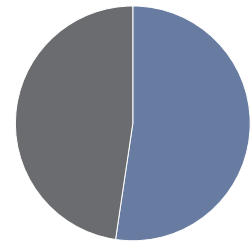
- Food - 54.2 %
- Farm - 29.2 %
- Feed - 16.7 %



Source: GFPT

Major shareholders

- Sirimongkolkasem Family - 52.4 %
- Others - 47.7 %



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
August 2023	2Q23 results announcement

Key assumptions

	2023E (THB/kg)	2024E (THB/kg)	2025E (THB/kg)
Live chicken price	40.0	41.0	42.0
Chicken carcass price	15.0	16.0	17.0
Total sales growth (%)	(5.0)	6.2	4.8
Gross margin (%)	12.8	13.2	13.7
SG&A to sales (%)	8.3	8.5	8.5

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

H5N1 in Brazil might be an opportunity for Thai chicken exporters

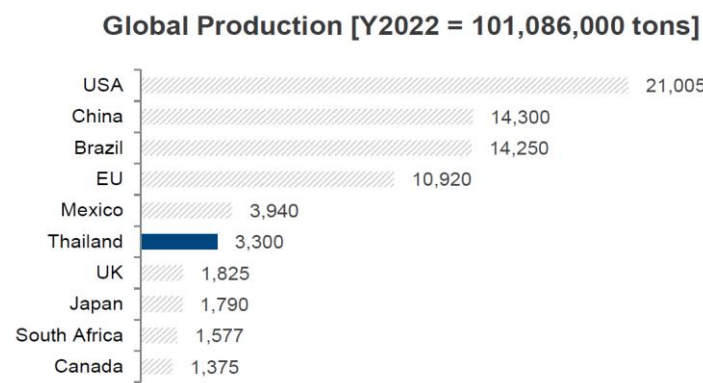
Japan has suspended poultry imports from one Brazilian state, Espirito Santo, as a bird flu outbreak (H5N1) was found on a non-commercial poultry farm. This was the first case in Brazil in domesticated poultry. However, the Brazilian Association of Animal Protein mentioned that Japan normally does not import poultry from this state.

Despite the outbreak, Brazil can still export to customers as usual. But Brazil's H5N1 infections are worsening. If this situation worsens until its customers ban Brazilian chicken, it might be an opportunity for Thai chicken exporters.

Brazil is the world's largest exporter of poultry products. It is the world's third-largest chicken producer and has become the world's largest exporter of chicken meat. In addition, Thailand was the world's fourth-largest chicken exporter in 2022, accounting for 7.6% of the world's total chicken exports.

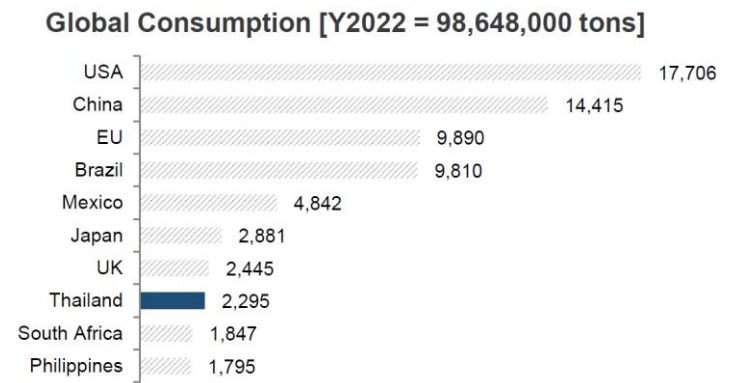
Brazil is Thailand's main competitor in the European, Japanese, and Chinese markets. Brazil's strength over Thailand is its lower farming cost of raising broilers, leading to Brazil having cheaper selling prices than Thailand. Hence, Thai chicken exporters have focused on exporting high value-added or more premium products.

Exhibit 1: Global chicken production



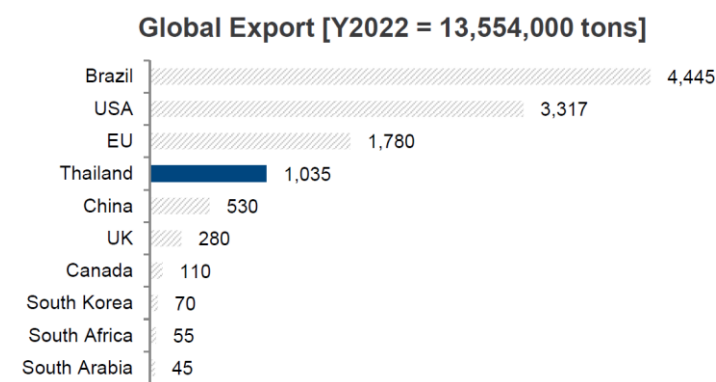
Source: GFPT (United States Department of Agriculture (USDA))

Exhibit 2: Global chicken consumption



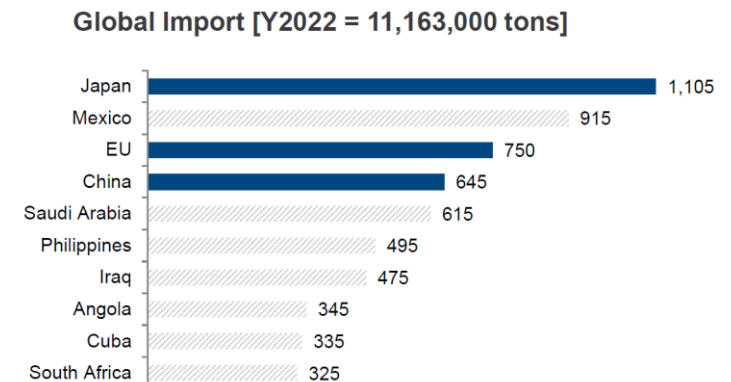
Source: GFPT (USDA)

Exhibit 3: Global chicken exports



Source: GFPT (USDA)

Exhibit 4: Global chicken imports

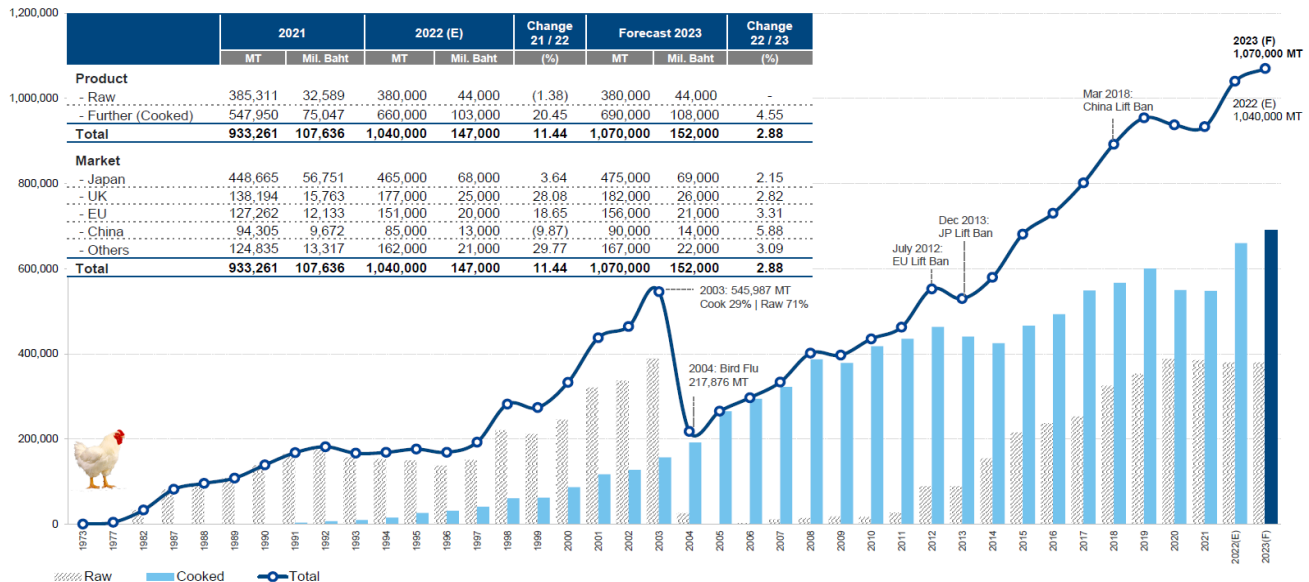


Source: GFPT (USDA)

Referring to an outbreak of bird flu in Thailand in 2004, more than 62 million birds were killed by the H5N1 virus, which also led to 17 human cases and 12 deaths. Thailand's key customers, the EU and Japan, banned raw chicken meat from Thailand, but continued to import cooked chicken meat products. After the ban took effect, Thailand's chicken meat exports to the EU dropped to zero in 2005, down from 98 billion tonnes in 2003.

In 2012, after eight years had passed, the EU lifted the ban on raw chicken meat imports from Thailand, followed by Japan, which lifted its ban in 2013. Aside from that, China lifted its ban on chicken meat imports from Thailand in 2018.

Exhibit 5: Thailand faced a bird flu outbreak in 2004; the EU and Japan lifted Thai import bans from 2012-13



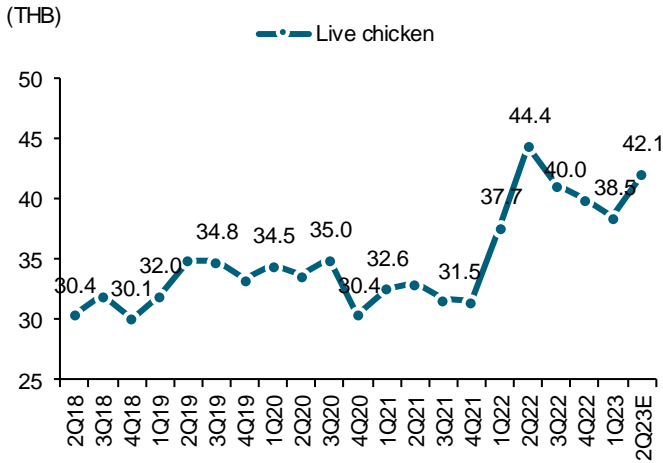
Source: GFPT (Thai Broiler Processing Exporters Association)

Exhibit 6: 2Q23 earnings preview

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23E	Change		1H22	1H23E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	4,009	4,219	5,051	4,944	4,542	4,704	3.6	11.5	8,227	9,245	12.4
Cost of sales	3,440	3,535	4,112	4,267	4,070	4,116	1.1	16.4	6,975	8,185	17.4
Gross profit	569	683	939	677	472	588	24.6	(14.0)	1,252	1,060	(15.4)
SG&A	385	373	405	396	366	362	(0.9)	(3.0)	758	728	(4.0)
Operating profit	184	310	534	282	106	226	112.3	(27.2)	494	332	(32.7)
Profit sharing	192	155	207	163	108	92	(14.7)	(40.8)	348	200	(42.5)
McKey	91	75	69	92	119	120	0.7	59.4	166	239	43.9
GFN	101	80	138	71	(11)	(28)	nm	nm	181	(39)	nm
Interest expense	21	23	22	21	25	25	(0.4)	10.9	43	50	15.7
Tax expense	37	46	65	61	33	34	2.7	(26.8)	84	67	(19.7)
Other gain (loss)	29	(30)	(56)	31	61	0	nm	nm	(2)	61	nm
Reported net profit	456	454	683	452	298	344	15.4	(24.2)	909	642	(29.5)
Core profit	427	484	739	421	237	344	45.1	(29.0)	911	581	(36.3)
Key ratios (%)							(ppt)	(ppt)			
Gross margin	14.2	16.2	18.6	13.7	10.4	12.5	2.1	(3.7)	15.2	11.5	(3.8)
SG&A to sales	9.6	8.8	8.0	8.0	8.0	7.7	(0.3)	(1.1)	9.2	7.9	(1.3)
Operating margin	4.6	7.4	10.6	5.7	2.3	4.8	2.5	(2.6)	6.0	3.6	(2.4)
Net margin	11.4	10.8	13.5	9.1	6.6	7.3	0.8	(3.4)	11.1	6.9	(4.1)
Core margin	10.7	11.5	14.6	8.5	5.2	7.3	2.1	(4.2)	11.1	6.3	(4.8)
Operating Statistics (THB/kg)											
Live chicken	37.7	44.4	41.2	40.0	38.5	42.1	9.3	(5.2)	41.1	40.3	(1.9)
Chicken carcass	13.8	23.3	23.5	21.3	19.5	14.5	(25.6)	(37.8)	18.6	17.0	(8.4)
Corn	11.6	13.1	12.1	12.6	13.5	12.7	(6.1)	(3.2)	12.4	13.1	6.0
Soybean meal	20.4	21.9	22.1	22.2	23.9	23.2	(2.9)	5.9	21.2	23.6	11.3
Chicken export volume (tonnes)	7,700	7,500	8,800	8,700	6,900	8,000	15.9	6.7	15,200	14,900	(2.0)
Indirect export volume (tonnes)	5,200	3,800	4,500	4,000	4,200	4,500	7.1	18.4	9,000	8,700	(3.3)
Chicken domestic volume (tonnes)	16,600	14,100	14,800	14,400	14,900	15,000	0.7	6.4	30,700	29,900	(2.6)

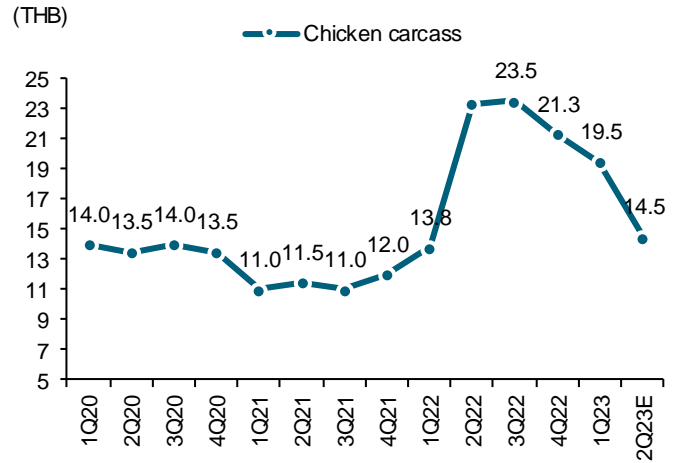
Sources: GFPT; FSSIA estimates

Exhibit 7: Live chicken price (THB/kg)



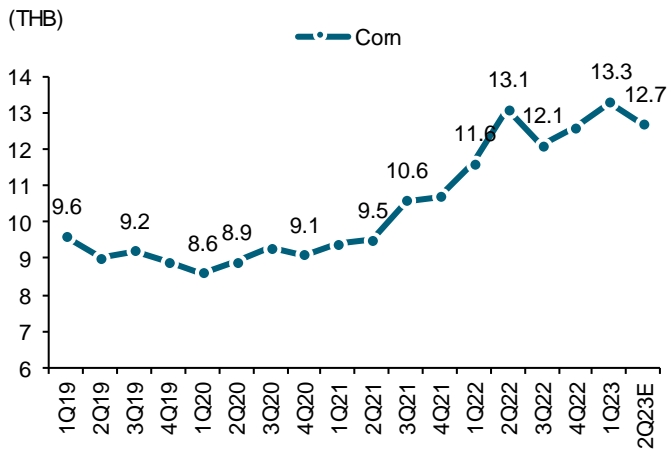
Sources: GFPT, Office of Agricultural Economics (OAE), FSSIA's compilation

Exhibit 8: Chicken carcass price (THB/kg)



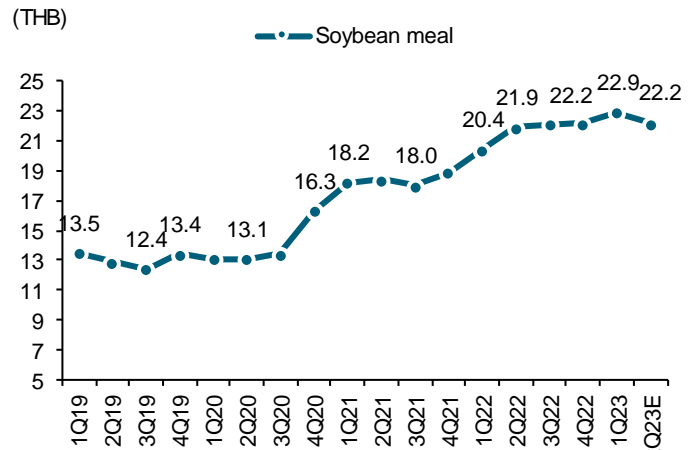
Sources: GFPT, OAE, FSSIA's compilation

Exhibit 9: Quarterly corn price (THB/kg)



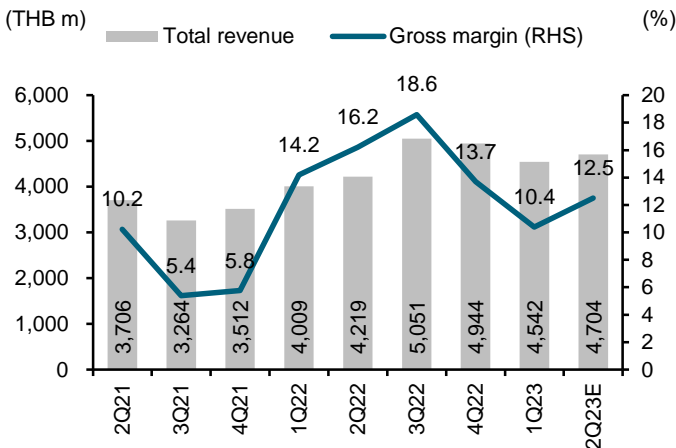
Sources: OAE, FSSIA's compilation

Exhibit 10: Quarterly soybean meal price (THB/kg)



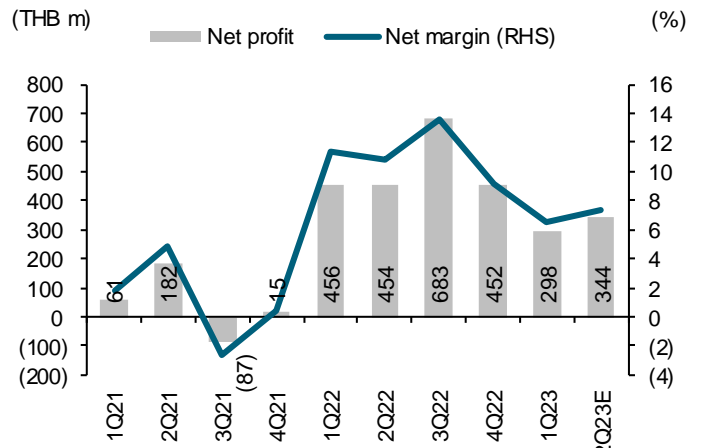
Sources: OAE, FSSIA's compilation

Exhibit 11: Quarterly total revenue and gross margin



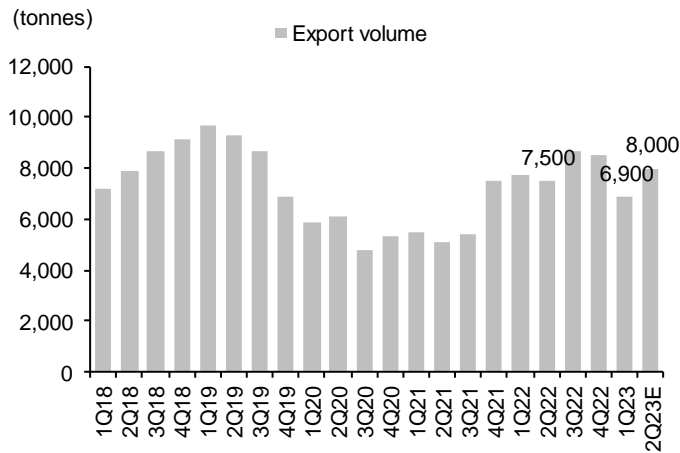
Sources: GFPT, FSSIA estimates

Exhibit 12: Quarterly net profit and net margin



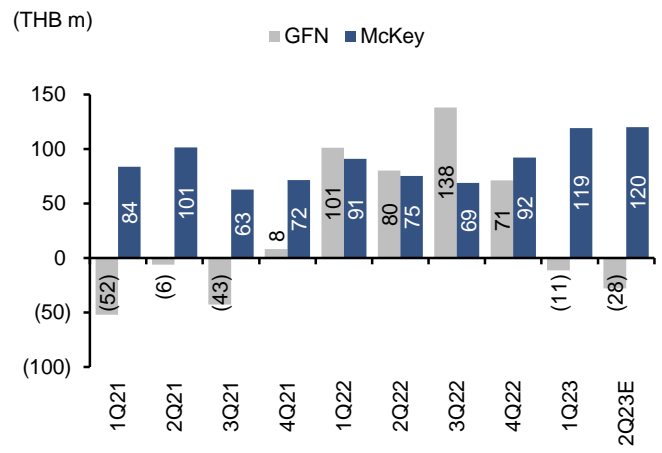
Sources: GFPT, FSSIA estimates

Exhibit 13: Quarterly export volumes



Sources: GFPT, FSSIA estimates

Exhibit 14: Profit (loss) sharing from JV



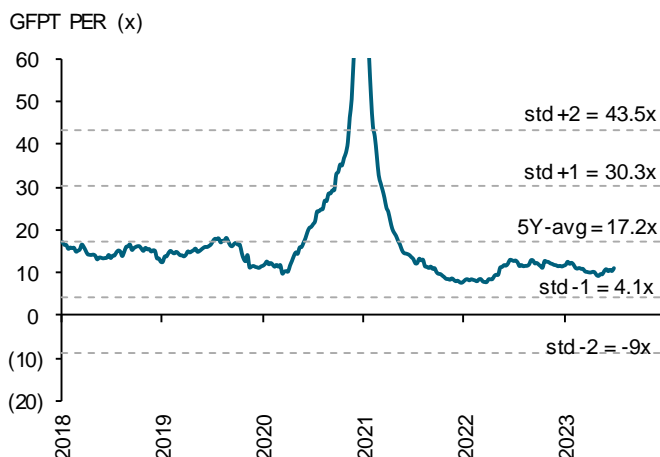
Sources: GFPT, FSSIA estimates

Exhibit 15: Key assumptions for GFPT

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
FX rate (THB/USD)	33.0	33.0	33.0	33.0	33.0	33.0	0.0	0.0	0.0
Total revenue	17,311	18,384	19,267	16,391	17,211	18,071	5.6	6.8	6.6
Costs	15,095	15,958	16,627	14,260	14,887	15,541	5.9	7.2	7.0
Gross profit	2,216	2,427	2,640	2,131	2,323	2,530	4.0	4.4	4.3
SG&A expenses	1,437	1,563	1,638	1,410	1,480	1,554	1.9	5.6	5.4
Profit sharing	433	552	578	459	516	542	(5.7)	6.8	6.6
Reported net profit	1,358	1,537	1,701	1,291	1,470	1,615	5.2	4.5	5.3
Core profit	1,358	1,537	1,701	1,291	1,470	1,615	5.2	4.5	5.3
Key ratios (%)									
Total revenue growth	(5.0)	6.2	4.8	(10.1)	5.0	5.0	5.1	1.2	(0.2)
Net profit growth	(33.6)	13.1	10.7	(36.9)	13.9	9.8	3.3	(0.7)	0.8
Core profit growth	(34.4)	13.1	10.7	(37.7)	13.9	9.8	3.2	(0.7)	0.8
Gross margin	12.8	13.2	13.7	13.0	13.5	14.0	(0.2)	(0.3)	(0.3)
SG&A to sales	8.3	8.5	8.5	8.6	8.6	8.6	(0.3)	(0.1)	(0.1)
Net margin	7.8	8.4	8.8	7.9	8.5	8.9	(0.0)	(0.2)	(0.1)
Core margin	7.8	8.4	8.8	7.9	8.5	8.9	(0.0)	(0.2)	(0.1)
Operating statistics (THB/kg)									
Live chicken	40.0	41.0	42.0	40.0	41.0	42.0	0.0	0.0	0.0
Chicken carcass	15.0	16.0	17.0	15.0	16.0	17.0	0.0	0.0	0.0
Corn	12.0	11.0	10.0	12.0	11.0	10.0	0.0	0.0	0.0
Soybean meal	22.0	20.0	19.0	22.0	20.0	19.0	0.0	0.0	0.0

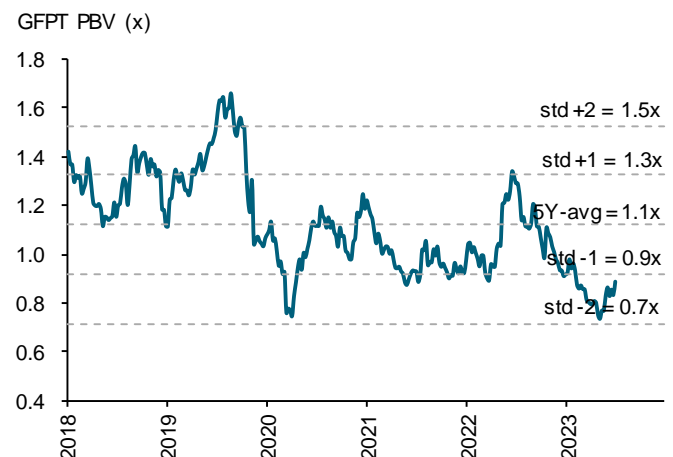
Source: FSSIA estimates

Exhibit 16: Historical P/E band



Sources: Bloomberg, FSSIA's compilation

Exhibit 17: Historical P/BV band



Sources: Bloomberg, FSSIA's compilation

Financial Statements

GFPT

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	13,781	18,222	17,311	18,384	19,267
Cost of goods sold	(12,708)	(15,354)	(15,095)	(15,958)	(16,627)
Gross profit	1,073	2,868	2,216	2,427	2,640
Other operating income	271	342	346	368	385
Operating costs	(1,338)	(1,559)	(1,437)	(1,563)	(1,638)
Operating EBITDA	1,240	2,973	2,547	2,754	3,009
Depreciation	(1,234)	(1,322)	(1,422)	(1,522)	(1,622)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	6	1,651	1,125	1,232	1,387
Net financing costs	(32)	(148)	(95)	(98)	(95)
Associates	227	718	433	552	578
Recurring non-operating income	220	753	433	552	578
Non-recurring items	0	0	0	0	0
Profit before tax	194	2,256	1,463	1,686	1,871
Tax	(22)	(209)	(103)	(147)	(168)
Profit after tax	172	2,047	1,360	1,538	1,703
Minority interests	(2)	(2)	(2)	(2)	(2)
Preferred dividends	-	-	-	-	-
Other items	-	-	0	0	0
Reported net profit	170	2,044	1,358	1,537	1,701
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	170	2,044	1,358	1,537	1,701
Per share (THB)					
Recurring EPS *	0.14	1.63	1.08	1.23	1.36
Reported EPS	0.14	1.63	1.08	1.23	1.36
DPS	0.21	0.20	0.27	0.31	0.34
Diluted shares (used to calculate per share data)	1,254	1,254	1,254	1,254	1,254
Growth					
Revenue (%)	(4.8)	32.2	(5.0)	6.2	4.8
Operating EBITDA (%)	(51.6)	139.7	(14.3)	8.1	9.3
Operating EBIT (%)	(99.5)	26,304.0	(31.8)	9.5	12.6
Recurring EPS (%)	(87.4)	1,100.2	(33.6)	13.1	10.7
Reported EPS (%)	(87.4)	1,100.2	(33.6)	13.1	10.7
Operating performance					
Gross margin inc. depreciation (%)	7.8	15.7	12.8	13.2	13.7
Gross margin exc. depreciation (%)	16.7	23.0	21.0	21.5	22.1
Operating EBITDA margin (%)	9.0	16.3	14.7	15.0	15.6
Operating EBIT margin (%)	0.0	9.1	6.5	6.7	7.2
Net margin (%)	1.2	11.2	7.8	8.4	8.8
Effective tax rate (%)	11.2	9.3	7.0	8.7	9.0
Dividend payout on recurring profit (%)	152.7	12.1	25.0	25.0	25.0
Interest cover (X)	7.0	16.2	16.4	18.3	20.8
Inventory days	116.1	88.7	99.5	107.6	108.6
Debtor days	19.8	18.0	20.7	19.4	19.5
Creditor days	34.7	28.8	27.5	25.8	27.1
Operating ROIC (%)	0.0	8.7	5.5	5.7	6.2
ROIC (%)	1.0	9.7	5.7	6.2	6.7
ROE (%)	1.2	13.2	8.0	8.5	8.8
ROA (%)	1.0	9.7	6.1	6.7	7.1
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Food	7,109	9,875	9,381	9,866	10,369
Farm	3,827	5,314	4,317	4,576	4,851
Feed	2,845	3,034	3,123	3,217	3,320

Sources: GFPT; FSSIA estimates

Financial Statements

GFPT

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	170	2,044	1,358	1,537	1,701
Depreciation	1,234	1,322	1,422	1,522	1,622
Associates & minorities	(227)	(718)	(433)	(552)	(578)
Other non-cash items	(45)	97	0	0	0
Change in working capital	666	(1,484)	(744)	(176)	(204)
Cash flow from operations	1,798	1,261	1,603	2,331	2,540
Capex - maintenance	(2,033)	(2,945)	(2,362)	(1,959)	(2,040)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(2,033)	(2,945)	(2,362)	(1,959)	(2,040)
Dividends paid	(232)	(125)	(340)	(384)	(425)
Equity finance	0	0	0	0	0
Debt finance	205	2,103	(27)	(7)	53
Other financing cash flows	(1)	2	11	(3)	(3)
Cash flow from financing	(29)	1,980	(356)	(394)	(375)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	39	0	0	0	0
Net other adjustments	39	0	0	0	0
Movement in cash	(225)	296	(1,115)	(22)	124
Free cash flow to firm (FCFF)	(164.46)	(1,597.64)	(663.92)	469.11	594.14
Free cash flow to equity (FCFE)	7.75	421.20	(775.29)	361.99	549.45

Per share (THB)

FCFF per share	(0.13)	(1.27)	(0.53)	0.37	0.47
FCFE per share	0.01	0.34	(0.62)	0.29	0.44
Recurring cash flow per share	0.90	2.19	1.87	2.00	2.19

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	20,614	21,993	23,415	24,937	26,558
Less: Accumulated depreciation	(9,429)	(10,104)	(10,948)	(11,992)	(13,235)
Tangible fixed assets (net)	11,185	11,889	12,467	12,945	13,323
Intangible fixed assets (net)	25	673	687	701	715
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	3,561	4,275	4,275	4,275	4,275
Cash & equivalents	963	1,259	144	122	246
A/C receivable	780	1,012	949	1,007	1,056
Inventories	3,499	3,320	4,136	4,372	4,555
Other current assets	512	730	519	552	578
Current assets	5,753	6,321	5,747	6,053	6,435
Other assets	700	257	606	552	578
Total assets	21,224	23,415	23,782	24,524	25,325
Common equity	14,560	16,480	17,498	18,650	19,926
Minorities etc.	125	127	138	135	132
Total shareholders' equity	14,685	16,606	17,635	18,785	20,058
Long term debt	1,826	3,292	3,092	2,892	2,692
Other long-term liabilities	681	687	866	533	559
Long-term liabilities	2,507	3,979	3,957	3,425	3,250
A/C payable	1,102	1,113	951	1,093	1,139
Short term debt	2,689	1,540	1,082	1,056	705
Other current liabilities	240	177	156	165	173
Current liabilities	4,032	2,830	2,189	2,314	2,017
Total liabilities and shareholders' equity	21,224	23,415	23,782	24,524	25,325
Net working capital	3,448	3,772	4,497	4,672	4,877
Invested capital	18,919	20,866	22,531	23,144	23,767

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

Per share (THB)

Book value per share	11.61	13.14	13.96	14.87	15.89
Tangible book value per share	11.59	12.61	13.41	14.32	15.32

Financial strength

Net debt/equity (%)	24.2	21.5	22.9	20.4	15.7
Net debt/total assets (%)	16.7	15.3	16.9	15.6	12.4
Current ratio (x)	1.4	2.2	2.6	2.6	3.2
CF interest cover (x)	1.2	3.8	(7.1)	4.7	6.8

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	94.2	7.8	11.8	10.4	9.4
Recurring P/E @ target price (x) *	111.9	9.3	14.0	12.4	11.2
Reported P/E (x)	94.2	7.8	11.8	10.4	9.4
Dividend yield (%)	1.6	1.5	2.1	2.4	2.6
Price/book (x)	1.1	1.0	0.9	0.9	0.8
Price/tangible book (x)	1.1	1.0	1.0	0.9	0.8
EV/EBITDA (x) **	15.9	6.6	7.9	7.3	6.4
EV/EBITDA @ target price (x) **	18.3	7.7	9.1	8.4	7.4
EV/invested capital (x)	1.0	0.9	0.9	0.9	0.8

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

Sources: GFPT; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

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**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > 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.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

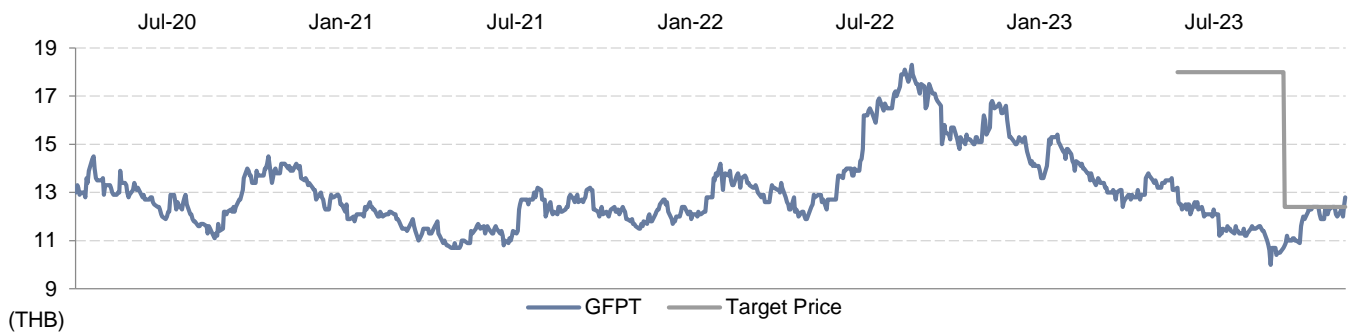
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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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	08-May-2023	BUY	12.40	-	-	-

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 12.80	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 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 30-Jun-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.