

GFPT GFPT TB

THAILAND / AGRIBUSINESS

FSSIA ESG rating



BUY

UNCHANGED

TARGET PRICE	THB14.20
CLOSE	THB10.80
UP/DOWNSIDE	+31.5%
PRIOR TP	THB14.20
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+6.1%

Positive view on 4Q23-1H24

- We expect 4Q23 profit will grow q-q, breaking with seasonality, after GFPT moved some shipments from 3Q23.
- The upcoming higher chicken price should be the next share price catalyst in 1H24.
- Maintain BUY rating on the profit recovery potential, a low D/E ratio and undemanding valuations.

4Q23 profit may not decrease q-q, breaking with seasonality

We expect a 4Q23 net profit of THB365m (+14% q-q, -19% y-y) with the q-q growth breaking with seasonality, supported by the high chicken export volume and lower raw material costs. In particular, we assume that the 4Q23 export volume will increase by 13.6% q-q to 7,500 tonnes, as there are some postponed orders from 3Q23. Even though we estimate the 4Q23 live chicken average price to decrease by 3.3% q-q, it should be offset by stabilized chicken export prices and a higher domestic chicken carcass price by 17% q-q. Aside from that, GFPT should benefit from lower raw material costs. Hence, we expect its 4Q23 gross margin will recover to 12.4%, up from 12.1% in 3Q23.

Expect raw material costs to stabilize at a lower level in 1H24

Currently, domestic corn and soybean meal prices are declining from 1H23. To elaborate, the corn price is THB10 per kg (vs THB12.6 in 9M23), due to a higher production level from local farmers and imports from Myanmar. Meanwhile, soybean meal is THB20 per kg (vs THB22.7 in 9M23). This has resulted in a lower chicken raising cost at THB36-38 per kg – below the current live chicken price at THB41 per kg. GFPT has locked in lower raw material prices through the next 3-6 months, hence, we expect its 1H24 gross margin to be high at 12-14%.

Rising pig price should support chicken next

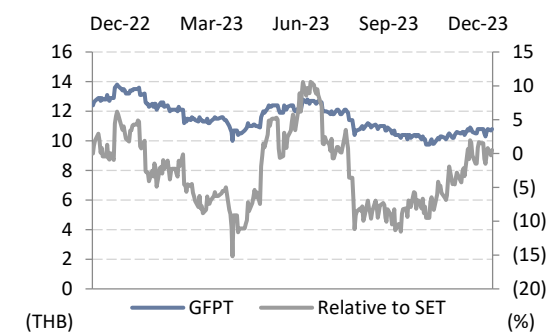
We believe the domestic chicken price could increase to THB42-43 per kg if any pig price can recover above THB70 per kg, after the government successfully eliminated illegal pork imports (see the movement of domestic chicken and pig prices in Exhibit 5). We expect this situation might occur in 1H24. Aside from that, 2Q is the quarter of higher demand from both the domestic market and entering the export season. The upcoming higher chicken price should be the next share price catalyst.

Maintain our 2024 profit forecast and target price

We maintain our 2024 net profit forecast of THB1.48b, turning to grow by 9.3% y-y. We retain our BUY call and 2024 TP of THB14.2, based on the same P/E target at 12x. Its current share price is trading on an undemanding 2024E P/E of only 9x. Meanwhile, we like its strong balance sheet with a low D/E at 0.34x and a high current ratio at 2.3x.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	18,222	19,000	19,950	20,908
Net profit	2,044	1,356	1,482	1,592
EPS (THB)	1.63	1.08	1.18	1.27
vs Consensus (%)	-	3.1	(1.2)	0.6
EBITDA	2,973	2,524	2,799	3,002
Recurring net profit	2,044	1,356	1,482	1,592
Core EPS (THB)	1.63	1.08	1.18	1.27
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	1,100.2	(33.7)	9.3	7.4
Core P/E (x)	6.6	10.0	9.1	8.5
Dividend yield (%)	1.8	2.5	2.7	2.9
EV/EBITDA (x)	5.8	6.9	6.2	5.6
Price/book (x)	0.8	0.8	0.7	0.7
Net debt/Equity (%)	21.5	21.5	19.1	16.2
ROE (%)	13.2	8.0	8.2	8.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.9	2.9	(17.6)
Relative to country (%)	3.7	11.2	(5.2)
Mkt cap (USD m)	387		
3m avg. daily turnover (USD m)	0.5		
Free float (%)	58		
Major shareholder	Sirimongkolkasem Family (52%)		
12m high/low (THB)	14.10/9.70		
Issued shares (m)	1,253.82		

Sources: Bloomberg consensus; FSSIA estimates



Sureeporn Teewasuwet

Fundamental Investment Analyst on Securities; License no. 040694
sureeporn.t@fssia.com, +66 2646 9972

Investment thesis

GFPT is doubling the capacity of its slaughterhouse from 150,000 to 300,000 chickens per day. It should begin operation from 2H24 onwards. GFPT expanded partly to cope with its associate McKey's earlier chicken processing capacity growth. GFPT is also preparing to increase the capacity of its processing plant to cope with export growth after it is running at a 100% utilization rate.

We have a cautious view of the 2024 chicken price outlook and raw material prices, which may see an impact from El Nino, and have set conservative assumptions. However, the export of value-added chicken parts helps diversify the risk. Hence, we expect 2024-25 profit growth of c9.3%/7.4%, respectively.

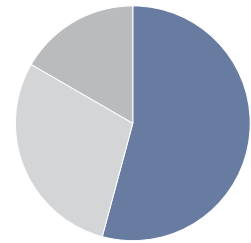
Company profile

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)

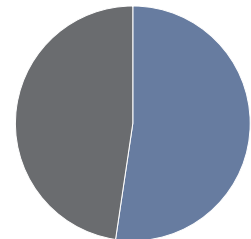
- Food - 54.2 %
- Farm - 29.2 %
- Feed - 16.7 %



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
March 2024	4Q23/2023 results announcement 4Q23/2023 Analyst meeting

Key assumptions

	2023E (THB)	2024E (THB)	2025E (THB)
Live chicken price (THB/kg)	40.0	41.0	42.0
Chicken carcass price (THB/kg)	15.0	13.0	13.0
Total sales growth (%)	4.3	5.0	4.8
Gross margin (%)	11.7	12.5	12.7
SG&A to sales (%)	7.8	8.0	8.0

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.

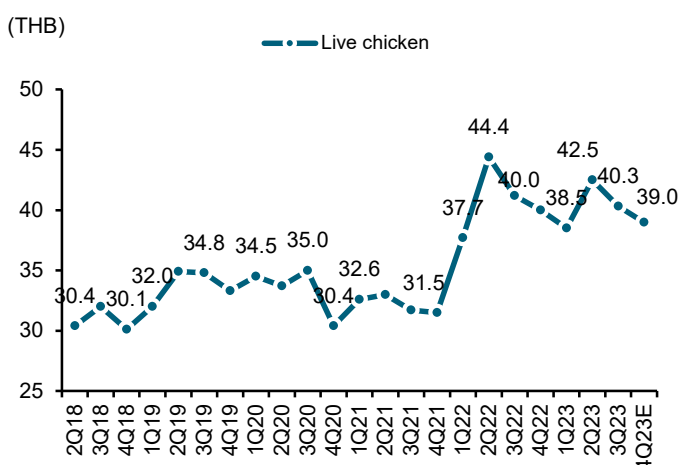
Source: FSSIA estimates

Exhibit 1: 4Q23 earnings preview

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23E	----- Change -----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	4,009	4,219	5,051	4,944	4,542	4,853	4,771	4,866	2.0	(1.6)
Cost of sales	3,440	3,535	4,112	4,267	4,070	4,284	4,194	4,263	1.6	(0.1)
Gross profit	569	683	939	677	472	569	577	603	4.6	(10.9)
SG&A	385	373	405	396	366	374	378	377	(0.1)	(4.6)
Operating profit	184	310	534	282	106	194	199	226	13.5	(19.6)
Profit sharing	192	155	207	163	108	118	111	120	7.8	(26.5)
McKey	91	75	69	92	119	102	58	75	29.5	(18.6)
GFN	101	80	138	71	(11)	15	53	45	(15.8)	(36.8)
Interest expense	21	23	22	21	25	29	29	29	1.2	40.0
Tax expense	37	46	65	61	33	42	54	41	(24.5)	(33.0)
Other gain (loss)	29	(30)	(56)	31	61	15	1	0	nm	nm
Reported net profit	456	454	683	452	298	349	319	365	14.3	(19.3)
Core profit	427	484	739	421	237	334	318	365	14.7	(13.4)
Key ratios (%)									(ppt)	(ppt)
Gross margin	14.2	16.2	18.6	13.7	10.4	11.7	12.1	12.4	0.3	(1.3)
SG&A to sales	9.6	8.8	8.0	8.0	8.0	7.7	7.9	7.8	(0.2)	(0.2)
Operating margin	4.6	7.4	10.6	5.7	2.3	4.0	4.2	4.7	0.5	(1.0)
Net margin	11.4	10.8	13.5	9.1	6.6	7.2	6.7	7.5	0.8	(1.6)
Core margin	10.7	11.5	14.6	8.5	5.2	6.9	6.7	7.5	0.8	(1.0)
Operating statistics (THB/kg)										
Live chicken	37.7	44.4	41.2	40.0	38.5	42.5	40.3	39.0	(3.3)	(2.5)
Chicken carcass	13.8	23.3	23.5	21.3	19.5	14.5	11.5	13.5	17.4	(36.6)
Chicken export price (USD/tonne)	4,350	4,350	4,500	4,800	4,750	4,500	4,400	4,400	0.0	(8.3)
Corn	11.6	13.1	12.1	12.6	13.3	12.9	11.7	10.5	(10.3)	(16.7)
Soybean meal	20.4	21.9	23.1	23.3	24.0	23.4	20.6	20.4	(1.0)	(12.4)
Chicken export volume (tonnes)	7,700	7,500	8,800	8,700	6,900	8,300	6,600	7,500	13.6	(13.8)
Indirect export volume (tonnes)	5,200	3,800	4,500	4,000	4,200	4,200	4,900	5,000	2.0	25.0
Chicken domestic volume (tonnes)	16,600	14,100	14,800	14,400	14,900	13,900	16,300	16,500	1.2	14.6

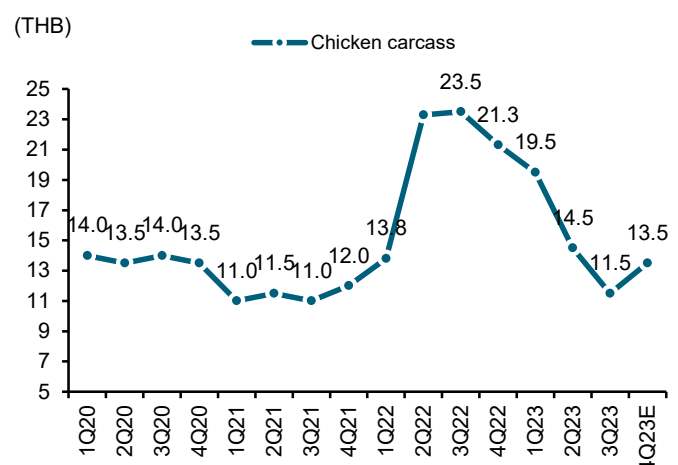
Sources: GFPT, FSSIA estimates

Exhibit 2: Live chicken price (THB/kg)



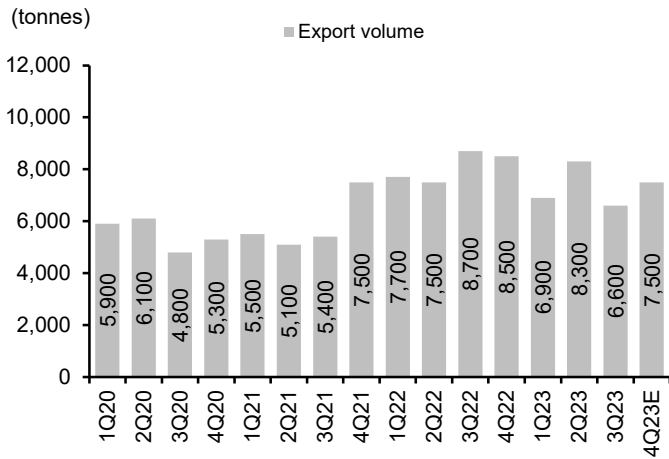
Sources: GFPT, Office of Agricultural Economics (OAE), FSSIA's compilation

Exhibit 3: Chicken carcass price (THB/kg)



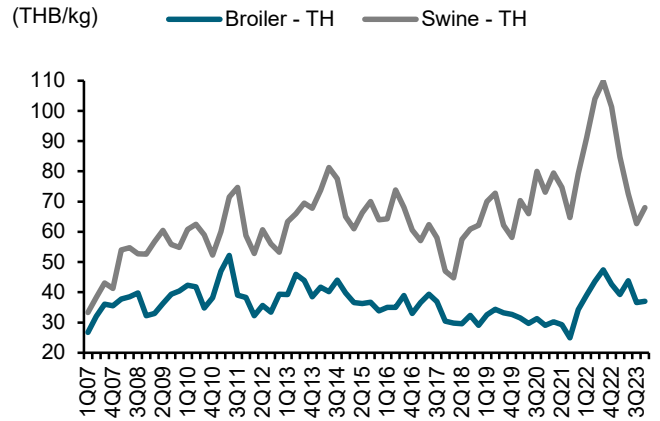
Sources: GFPT, Office of Agricultural Economics (OAE), FSSIA's compilation

Exhibit 4: Quarterly chicken export volumes



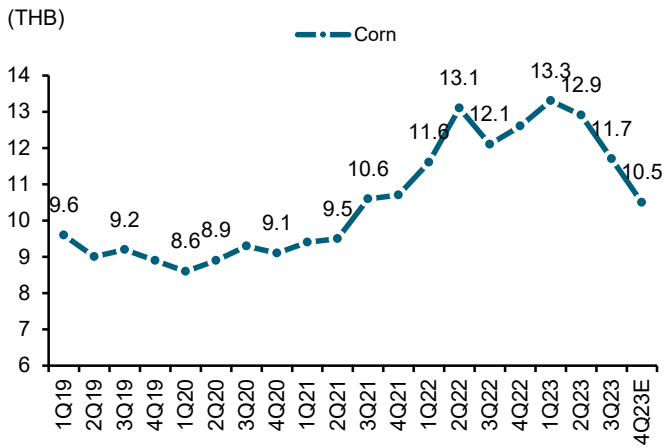
Sources: GFPT, FSSIA estimates

Exhibit 5: Movement of domestic chicken and pig prices



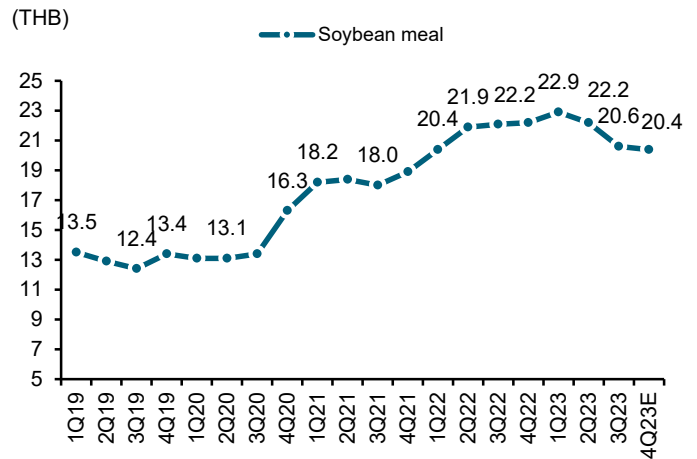
Sources: GFPT, CPF, FSSIA's compilation

Exhibit 6: Quarterly corn price (THB/kg)



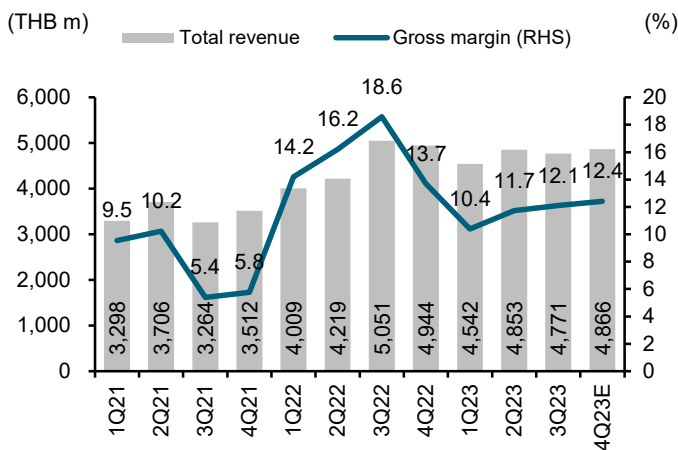
Sources: OAE, FSSIA's compilation

Exhibit 7: Quarterly soybean meal price (THB/kg)



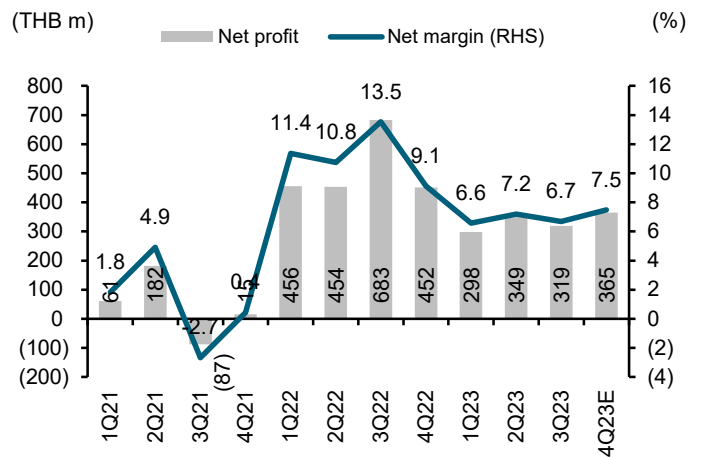
Sources: OAE, FSSIA's compilation

Exhibit 8: Quarterly total revenue and gross margin



Sources: GFPT, FSSIA's estimates

Exhibit 9: Quarterly net profit and margin



Sources: GFPT, FSSIA's estimates

Financial Statements

GFPT

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	13,781	18,222	19,000	19,950	20,908
Cost of goods sold	(12,708)	(15,354)	(16,777)	(17,457)	(18,253)
Gross profit	1,073	2,868	2,223	2,494	2,655
Other operating income	271	342	361	379	397
Operating costs	(1,338)	(1,559)	(1,482)	(1,596)	(1,673)
Operating EBITDA	1,240	2,973	2,524	2,799	3,002
Depreciation	(1,234)	(1,322)	(1,422)	(1,522)	(1,622)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	6	1,651	1,102	1,277	1,380
Net financing costs	(32)	(148)	(17)	(114)	(115)
Associates	227	718	466	499	523
Recurring non-operating income	220	753	442	499	523
Non-recurring items	0	0	0	0	0
Profit before tax	194	2,256	1,527	1,662	1,788
Tax	(22)	(209)	(163)	(174)	(190)
Profit after tax	172	2,047	1,364	1,488	1,598
Minority interests	(2)	(2)	(8)	(6)	(6)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	0	0
Reported net profit	170	2,044	1,356	1,482	1,592
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	170	2,044	1,356	1,482	1,592
Per share (THB)					
Recurring EPS *	0.14	1.63	1.08	1.18	1.27
Reported EPS	0.14	1.63	1.08	1.18	1.27
DPS	0.21	0.20	0.27	0.30	0.32
Diluted shares (used to calculate per share data)	1,254	1,254	1,254	1,254	1,254
Growth					
Revenue (%)	(4.8)	32.2	4.3	5.0	4.8
Operating EBITDA (%)	(51.6)	139.7	(15.1)	10.9	7.3
Operating EBIT (%)	(99.5)	26,304.0	(33.2)	15.9	8.1
Recurring EPS (%)	(87.4)	1,100.2	(33.7)	9.3	7.4
Reported EPS (%)	(87.4)	1,100.2	(33.7)	9.3	7.4
Operating performance					
Gross margin inc. depreciation (%)	7.8	15.7	11.7	12.5	12.7
Gross margin exc. depreciation (%)	16.7	23.0	19.2	20.1	20.5
Operating EBITDA margin (%)	9.0	16.3	13.3	14.0	14.4
Operating EBIT margin (%)	0.0	9.1	5.8	6.4	6.6
Net margin (%)	1.2	11.2	7.1	7.4	7.6
Effective tax rate (%)	11.2	9.3	10.7	10.5	10.6
Dividend payout on recurring profit (%)	152.7	12.1	25.0	25.0	25.0
Interest cover (X)	7.0	16.2	91.3	15.6	16.6
Inventory days	116.1	88.7	85.9	91.3	94.0
Debtor days	19.8	18.0	19.7	19.5	19.5
Creditor days	34.7	28.8	25.8	25.8	26.8
Operating ROIC (%)	0.0	8.7	5.4	6.0	6.2
ROIC (%)	1.0	9.7	5.7	6.3	6.5
ROE (%)	1.2	13.2	8.0	8.2	8.3
ROA (%)	1.0	9.7	5.8	6.4	6.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
	2021	2022	2023E	2024E	2025E
Food	7,109	9,875	10,635	11,220	11,837
Farm	3,827	5,314	5,225	5,496	5,733
Feed	2,845	3,034	3,140	3,234	3,338

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	1,356	1,482	1,592
Depreciation	1,234	1,322	1,422	1,522	1,622
Associates & minorities	(227)	(718)	(466)	(499)	(523)
Other non-cash items	(45)	97	(119)	0	0
Change in working capital	666	(1,484)	(537)	(92)	(453)
Cash flow from operations	1,798	1,261	1,656	2,413	2,237
Capex - maintenance	(2,033)	(2,945)	(2,421)	(1,947)	(2,043)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(2,033)	(2,945)	(2,421)	(1,947)	(2,043)
Dividends paid	(232)	(125)	(339)	(370)	(398)
Equity finance	0	0	0	0	0
Debt finance	205	2,103	585	(9)	223
Other financing cash flows	(1)	2	11	(3)	(3)
Cash flow from financing	(29)	1,980	257	(382)	(177)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	39	0	0	0	0
Net other adjustments	39	0	0	0	0
Movement in cash	(225)	296	(508)	84	18
Free cash flow to firm (FCFF)	(164.46)	(1,597.64)	(652.93)	579.23	309.52
Free cash flow to equity (FCFE)	7.75	421.20	(169.28)	454.28	415.53

Per share (THB)

FCFF per share	(0.13)	(1.27)	(0.52)	0.46	0.25
FCFE per share	0.01	0.34	(0.14)	0.36	0.33
Recurring cash flow per share	0.90	2.19	1.75	2.00	2.15

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	750	834	852
A/C receivable	780	1,012	1,041	1,093	1,146
Inventories	3,499	3,320	3,907	4,065	4,501
Other current assets	512	730	570	599	627
Current assets	5,753	6,321	6,268	6,591	7,125
Other assets	700	257	665	599	627
Total assets	21,224	23,415	24,362	25,110	26,065
Common equity	14,560	16,480	17,496	18,608	19,802
Minorities etc.	125	127	138	135	132
Total shareholders' equity	14,685	16,606	17,634	18,742	19,934
Long term debt	1,826	3,292	3,092	2,892	2,692
Other long-term liabilities	681	687	950	579	606
Long-term liabilities	2,507	3,979	4,042	3,470	3,298
A/C payable	1,102	1,113	1,057	1,196	1,250
Short term debt	2,689	1,540	1,458	1,522	1,395
Other current liabilities	240	177	171	180	188
Current liabilities	4,032	2,830	2,686	2,897	2,833
Total liabilities and shareholders' equity	21,224	23,415	24,362	25,110	26,065
Net working capital	3,448	3,772	4,290	4,382	4,835
Invested capital	18,919	20,866	22,383	22,900	23,775

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

Per share (THB)

Book value per share	11.61	13.14	13.95	14.84	15.79
Tangible book value per share	11.59	12.61	13.41	14.28	15.22

Financial strength

Net debt/equity (%)	24.2	21.5	21.5	19.1	16.2
Net debt/total assets (%)	16.7	15.3	15.6	14.3	12.4
Current ratio (x)	1.4	2.2	2.3	2.3	2.5
CF interest cover (x)	1.2	3.8	(9.0)	5.0	4.6

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	79.5	6.6	10.0	9.1	8.5
Recurring P/E @ target price (x) *	104.5	8.7	13.1	12.0	11.2
Reported P/E (x)	79.5	6.6	10.0	9.1	8.5
Dividend yield (%)	1.9	1.8	2.5	2.7	2.9
Price/book (x)	0.9	0.8	0.8	0.7	0.7
Price/tangible book (x)	0.9	0.9	0.8	0.8	0.7
EV/EBITDA (x) **	13.9	5.8	6.9	6.2	5.6
EV/EBITDA @ target price (x) **	17.3	7.2	8.6	7.7	7.1
EV/invested capital (x)	0.9	0.8	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.
★★★	>39-59	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.
★★	>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
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; FSSIA's compilation

Exhibit 12: ESG score by Bloomberg

FY ending Dec 31	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—
BESG environmental pillar score	—	—
BESG social pillar score	—	—
BESG governance pillar score	4.20	4.24
ESG disclosure score	53.03	55.41
Environmental disclosure score	44.79	49.35
Social disclosure score	30.59	33.16
Governance disclosure score	83.59	83.59
Environmental		
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.)

FY ending Dec 31	FY 2021	FY 2022
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	—	—
Social		
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
Governance		
Board size	9	9
No. of independent directors (ID)	3	3
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
No. of executives / company managers	10	10
No. of female executives	4	4
Executive share ownership guidelines	No	No
Size of audit committee	3	3
No. of ID on audit committee	3	3
Audit committee meetings	4	4
Audit meeting attendance %	100	100
Size of compensation committee	5	5
No. of ID on compensation committee	3	3
No. of compensation committee meetings	2	2
Compensation meeting attendance %	100	100
Size of nomination committee	5	5
No. of nomination committee meetings	2	2
Nomination meeting attendance %	100	100
Sustainability governance		
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 THSI inclusion , 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. SETTHSI Index 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.																											
CG Score 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%).																											
AGM level 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&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.																											
Thai CAC 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.																											
Morningstar Sustainalytics	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 & 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-left: auto; margin-right: auto;"> <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+																	
NEGL	Low	Medium	High	Severe																									
0-10	10-20	20-30	30-40	40+																									
ESG Book	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.																											
MSCI	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="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 10px;">AAA</td> <td>8.571-10.000</td> <td style="padding-right: 10px;">Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities																										
AA	7.143-8.570																												
A	5.714-7.142																												
BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers																										
BB	2.857-4.285																												
B	1.429-2.856																												
CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks																										
Moody's ESG solutions	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.																												
Refinitiv ESG rating	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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																												
S&P Global	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.																												
Bloomberg	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

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.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

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 10.80	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.

All share prices are as at market close on 19-Dec-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.