

# GFPT GFPT TB

## THAILAND / AGRIBUSINESS

# 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%

## ยังมองบวกต่อแนวโน้ม 4Q23-1H24

- คาดกำไร 4Q23 โต q-q สวนทางฤดูกาล หลังมีการเลื่อนส่งมอบคำสั่งซื้อมาจาก 3Q23
- หากราคาไปปรับตัวสูงขึ้นในระยะถัดไป จะเป็นปัจจัยหนุนราคาหุ้นใน 1H24
- คงคำแนะนำ ซื้อ จากการฟื้นตัวของกำไรที่ดี D/E ต่ำ และ Valuation อยู่ในโซนถูก

### กำไร 4Q23 จะไม่ลดลงตามฤดูกาล

เรคาดกำไรสุทธิ 4Q23 อยู่ที่ 365 ลบ. (+14% q-q, -19% y-y) คาดกำไรไตรมาส q-q สวนทางฤดูกาล หนุนโดยปริมาณส่งออกไก่ที่สูงขึ้น และราคาวัตถุดิบที่ปรับลดลง โดยเรคาดปริมาณส่งออกไก่จะขยับขึ้น 13.6% q-q เป็น 7,500 ตัน เนื่องจากมีคำสั่งซื้อบางส่วนถูกเลื่อนมาจาก 3Q23 แม้ว่าราคาไก่มีชีวิตทั้งตัวเฉลี่ย 4Q23 จะลดลง -3.3% q-q แต่ถูกหักล้างด้วยราคาโครงไก่ในประเทศที่ปรับขึ้น 17% q-q กอปรกับราคาขายไก่ส่งออกยังทรงตัวใกล้เคียงไตรมาสก่อน นอกจากนี้ GFPT ยังได้รับผลบวกจากราคาวัตถุดิบที่ปรับตัวลดลง จึงคาดอัตรากำไรขั้นต้นจะขยับขึ้นเป็น 12.4% จาก 12.1% ใน 3Q23

### แนวโน้มราคาวัตถุดิบจะทรงตัวต่ำใน 1H24

ราคาข้าวโพดและกากถั่วเหลืองในประเทศได้ปรับตัวลงต่อเนื่องจาก 1H23 โดยราคาข้าวโพดปัจจุบันอยู่ที่ 10 บาท/กก. (เทียบกับราคาเฉลี่ย 9M23 ที่ 12.6 บาท/กก.) เนื่องจากปริมาณผลผลิตปรับตัวสูงขึ้น และยังมีข้าวโพดนำเข้าจากพม่าอีกส่วนหนึ่ง ขณะที่ราคากากถั่วเหลืองปัจจุบันอยู่ที่ 20 บาท/กก. (เทียบกับราคาเฉลี่ย 9M23 ที่ 22.7 บาท/กก.) ส่งผลให้ต้นทุนการเลี้ยงไก่ปรับลงอยู่ที่ราว 36-38 บาท/กก. ต่ำกว่าราคาไก่ทั้งตัวปัจจุบันที่ 41 บาท/กก. ทั้งนี้ GFPT ได้ล็อกราคาวัตถุดิบในระดับต่ำล่วงหน้าไป 3-6 เดือน ดังนั้นจึงคาดอัตรากำไรขั้นต้นในช่วง 1H24 จะอยู่ในระดับที่ดีราว 12-14%

### หากราคาหมูปรับขึ้น จะช่วยหนุนราคาไก่ปรับขึ้นด้วย

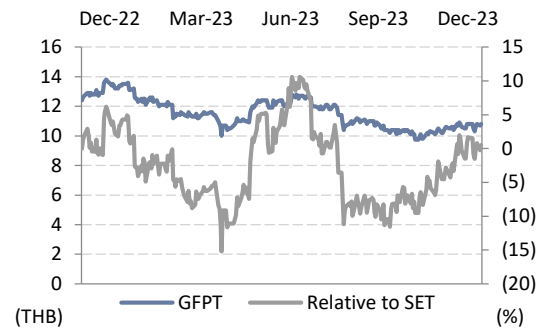
เรามองว่าราคาไก่ในประเทศมีโอกาสปรับขึ้นสู่ระดับ 42-43 บาท/กก.ได้ หากราคาหมูฟื้นตัวขึ้นเหนือ 70 บาท/กก. ภายหลังรัฐบาลได้เข้มงวดกับการแก้ปัญหาหมูเถื่อน (ดูกราฟ Exhibit 5 แสดงความสัมพันธ์ระหว่างราคาหมูและราคาไก่) ซึ่งมีโอกาสเกิดเหตุการณ์นี้ใน 1H24 โดยเฉพาะ 2Q24 ที่เป็นช่วง High season ของการบริโภคในประเทศ และเริ่มเข้าสู่ฤดูกาลของการส่งออก ซึ่งหากราคาไก่ปรับตัวขึ้นตามคาด จะเป็นปัจจัยหนุนราคาหุ้นในช่วงถัดไป

### คงประมาณการกำไรและราคาเป้าหมาย

เรายังคงประมาณการกำไรสุทธิปี 2024 ที่ 1.48 พันลบ. กลับมาเติบโตอีกครั้งราว 9.3% y-y ยังคงคำแนะนำซื้อ ด้วยราคาเป้าหมายปี 2024 ที่ 14.2 บาท (อิง PE เดิมที่ 12x) ราคาหุ้นปัจจุบันเทรดที่ 2024E PE เพียง 9x นอกจากนี้เรายังชอบความแข็งแกร่งของฐานะทางการเงินด้วย D/E ที่ต่ำเพียง 0.34x และ Current ratio ที่สูงราว 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.

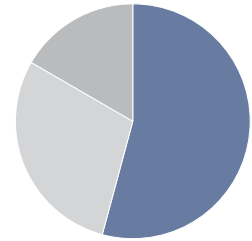
## Company profile

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](http://www.gfpt.co.th)

## Principal activities (revenue, 2022)

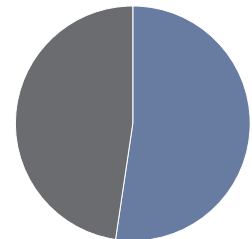
- Food - 54.2 %
- Farm - 29.2 %
- Feed - 16.7 %



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.

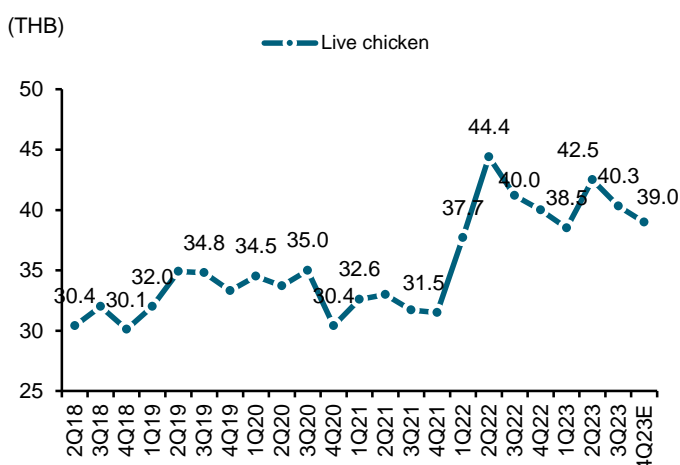
Source: FSSIA estimates

## 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)
<b>Key ratios (%)</b>									<b>(ppt)</b>	<b>(ppt)</b>
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)
<b>Operating statistics (THB/kg)</b>										
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

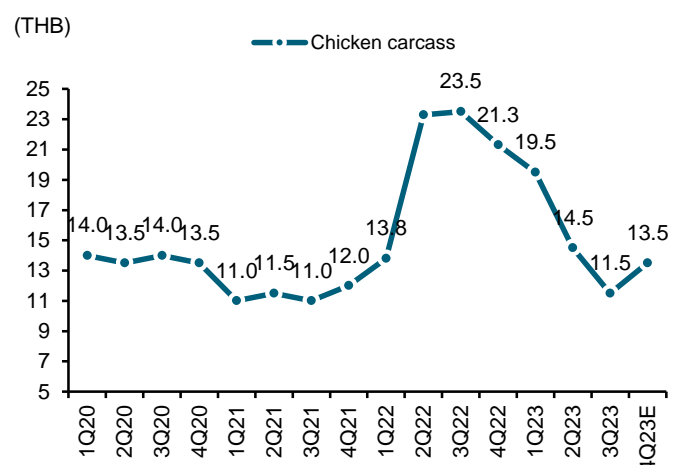
Sources: GFPT, FSSIA estimates

## Exhibit 2: Live chicken price (THB/kg)



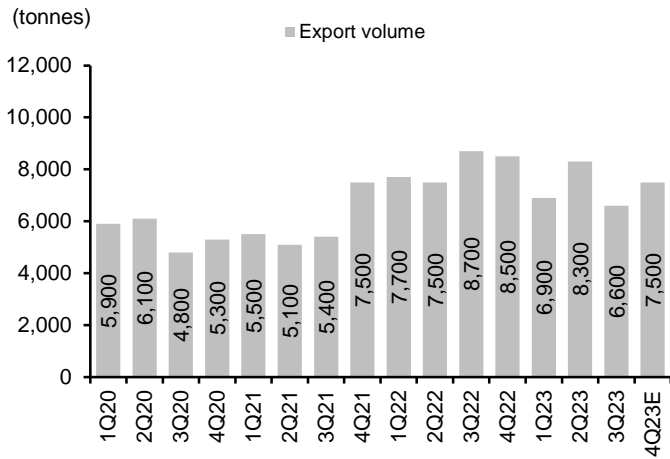
Sources: GFPT, Office of Agricultural Economics (OAE), FSSIA's compilation

## Exhibit 3: Chicken carcass price (THB/kg)



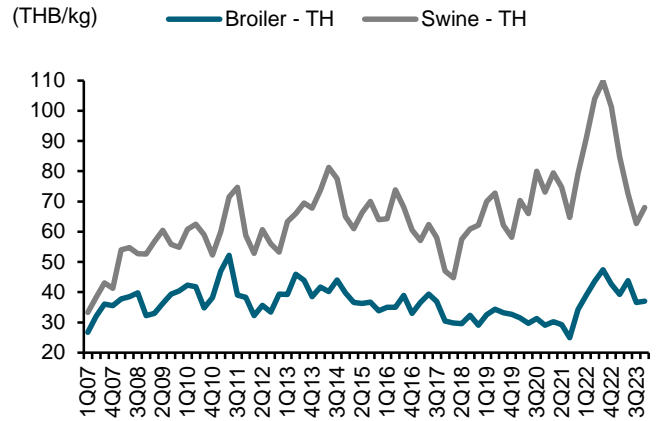
Sources: GFPT, Office of Agricultural Economics (OAE), FSSIA's compilation

**Exhibit 4: Quarterly chicken export volumes**



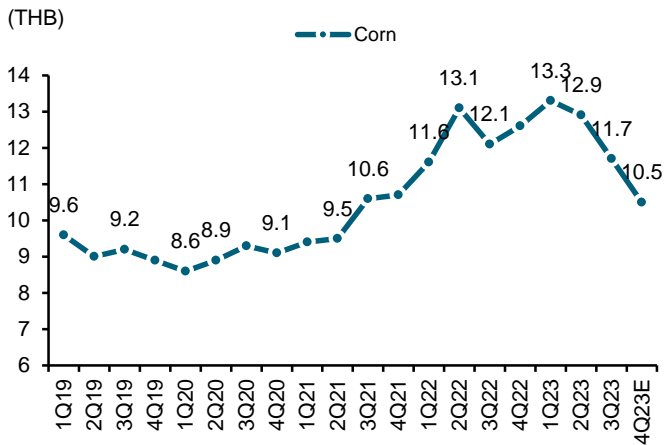
Sources: GFPT, FSSIA estimates

**Exhibit 5: Movement of domestic chicken and pig prices**



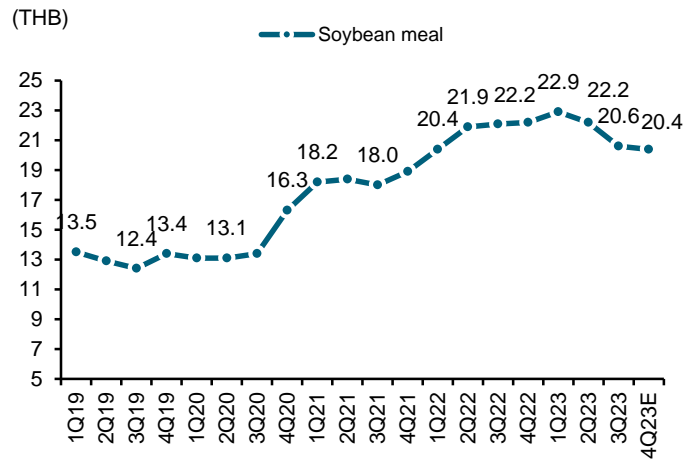
Sources: GFPT, CPF, FSSIA's compilation

**Exhibit 6: Quarterly corn price (THB/kg)**



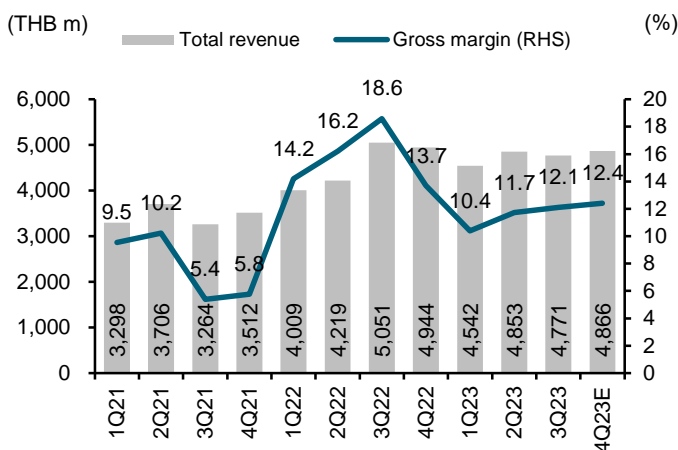
Sources: OAE, FSSIA's compilation

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



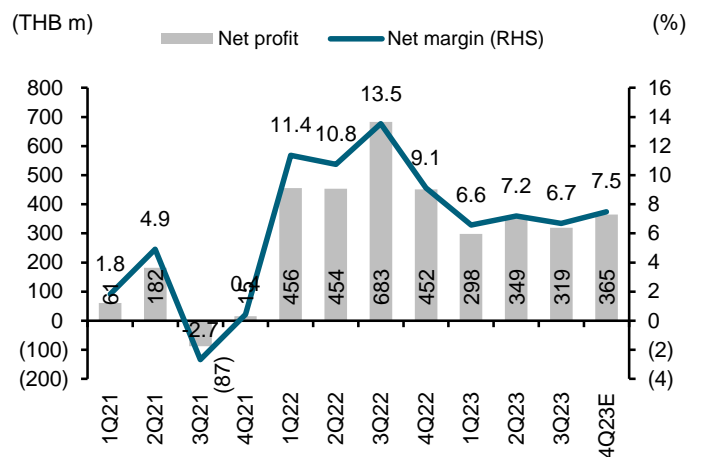
Sources: OAE, FSSIA's compilation

**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)
<b>Gross profit</b>	<b>1,073</b>	<b>2,868</b>	<b>2,223</b>	<b>2,494</b>	<b>2,655</b>
Other operating income	271	342	361	379	397
Operating costs	(1,338)	(1,559)	(1,482)	(1,596)	(1,673)
<b>Operating EBITDA</b>	<b>1,240</b>	<b>2,973</b>	<b>2,524</b>	<b>2,799</b>	<b>3,002</b>
Depreciation	(1,234)	(1,322)	(1,422)	(1,522)	(1,622)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>6</b>	<b>1,651</b>	<b>1,102</b>	<b>1,277</b>	<b>1,380</b>
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
<b>Profit before tax</b>	<b>194</b>	<b>2,256</b>	<b>1,527</b>	<b>1,662</b>	<b>1,788</b>
Tax	(22)	(209)	(163)	(174)	(190)
<b>Profit after tax</b>	<b>172</b>	<b>2,047</b>	<b>1,364</b>	<b>1,488</b>	<b>1,598</b>
Minority interests	(2)	(2)	(8)	(6)	(6)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	0	0
<b>Reported net profit</b>	<b>170</b>	<b>2,044</b>	<b>1,356</b>	<b>1,482</b>	<b>1,592</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>170</b>	<b>2,044</b>	<b>1,356</b>	<b>1,482</b>	<b>1,592</b>
<b>Per share (THB)</b>					
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
<b>Growth</b>					
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
<b>Operating performance</b>					
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					
<b>Revenue by Division (THB m)</b>					
	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)
<b>Cash flow from operations</b>	<b>1,798</b>	<b>1,261</b>	<b>1,656</b>	<b>2,413</b>	<b>2,237</b>
Capex - maintenance	(2,033)	(2,945)	(2,421)	(1,947)	(2,043)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(2,033)</b>	<b>(2,945)</b>	<b>(2,421)</b>	<b>(1,947)</b>	<b>(2,043)</b>
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)
<b>Cash flow from financing</b>	<b>(29)</b>	<b>1,980</b>	<b>257</b>	<b>(382)</b>	<b>(177)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	39	0	0	0	0
<b>Net other adjustments</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(225)</b>	<b>296</b>	<b>(508)</b>	<b>84</b>	<b>18</b>
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)
<b>Tangible fixed assets (net)</b>	<b>11,185</b>	<b>11,889</b>	<b>12,467</b>	<b>12,945</b>	<b>13,323</b>
<b>Intangible fixed assets (net)</b>	<b>25</b>	<b>673</b>	<b>687</b>	<b>701</b>	<b>715</b>
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
<b>Current assets</b>	<b>5,753</b>	<b>6,321</b>	<b>6,268</b>	<b>6,591</b>	<b>7,125</b>
Other assets	700	257	665	599	627
<b>Total assets</b>	<b>21,224</b>	<b>23,415</b>	<b>24,362</b>	<b>25,110</b>	<b>26,065</b>
Common equity	14,560	16,480	17,496	18,608	19,802
Minorities etc.	125	127	138	135	132
<b>Total shareholders' equity</b>	<b>14,685</b>	<b>16,606</b>	<b>17,634</b>	<b>18,742</b>	<b>19,934</b>
Long term debt	1,826	3,292	3,092	2,892	2,692
Other long-term liabilities	681	687	950	579	606
<b>Long-term liabilities</b>	<b>2,507</b>	<b>3,979</b>	<b>4,042</b>	<b>3,470</b>	<b>3,298</b>
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
<b>Current liabilities</b>	<b>4,032</b>	<b>2,830</b>	<b>2,686</b>	<b>2,897</b>	<b>2,833</b>
<b>Total liabilities and shareholders' equity</b>	<b>21,224</b>	<b>23,415</b>	<b>24,362</b>	<b>25,110</b>	<b>26,065</b>
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
<b>Recurring P/E (x) *</b>	<b>79.5</b>	<b>6.6</b>	<b>10.0</b>	<b>9.1</b>	<b>8.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>104.5</b>	<b>8.7</b>	<b>13.1</b>	<b>12.0</b>	<b>11.2</b>
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	<b>Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.</b>
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

### Exhibit 11: ESG – peer comparison

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

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

### Exhibit 12: ESG score by Bloomberg

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

Sources: Bloomberg; FSSIA's compilation

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

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

Sources: Bloomberg; FSSIA's compilation



## Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (50-59), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
<a href="#">Morningstar Sustainability</a>	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-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+																									
<a href="#">ESG Book</a>	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.																											
<a href="#">MSCI</a>	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: 20px;"><b>AAA</b></td> <td>8.571-10.000</td> <td style="padding-right: 20px;"><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></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><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities																										
<b>AA</b>	7.143-8.570																												
<b>A</b>	5.714-7.142																												
<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers																										
<b>BB</b>	2.857-4.285																												
<b>B</b>	1.429-2.856																												
<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																										
<a href="#">Moody's ESG solutions</a>	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.																												
<a href="#">Refinitiv ESG rating</a>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																												
<a href="#">S&amp;P Global</a>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

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

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### 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 Finasia 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.