

GFPT GFPT TB

THAILAND / AGRIBUSINESS

HOLD

FROM BUY

TARGET PRICE	THB12.50
CLOSE	THB11.70
UP/DOWNSIDE	+6.8%
PRIOR TP	THB17.00
CHANGE IN TP	-26.5%
TP vs CONSENSUS	-21.4%

Passing this cycle's peak in 2024

- Although 3Q24 revenue and gross margin would remain strong, we expect 3Q24 net profit to be unexciting.
- We cut our 2025E net profit growth to -23% y-y due to declining domestic chicken prices.
- Downgrade to HOLD with a lower TP of THB12.5.

Expect 3Q24 revenue and gross margin to remain robust

We expect a 3Q24 net profit of THB546m (-6.3% q-q, +71% y-y). Excluding an FX loss of cTHB10m, core profit would equal THB556m (-1% q-q, +75% y-y), a good profit. However, details show that solid performance in July and August was likely the main driver, with a decline starting in September. We expect total revenue to grow by 3.5% q-q and 5% y-y, with expected chicken export volume growth to 9,200 tonnes (+2.2% q-q, +39% y-y). In addition, we anticipate raw material costs would decrease, leading to a projected increase in the gross profit margin to 15% from 14.2% in 2Q24.

Domestic chicken prices have started to decline

We began seeing a drop in chicken prices in September due to flooding, which continued in October, and the vegetarian festival. The prices of live chickens in 3Q24 decreased by 2.3% q-q to THB43/kg and further declined by 10% q-q in 4QTD to THB39/kg (-10% q-q). Also, chicken carcass prices have sharply decreased to THB11/kg (-24% q-q, -19% y-y), approaching its breakeven. This leads us to anticipate that GFN's profit sharing in 3Q24 would decline by 50% q-q to THB68m due to domestic chicken price losses. We expect the profit sharing from McKey to remain strong, continuing from 2Q24.

Passing this cycle's peak in 2024, with declining profit in 2025

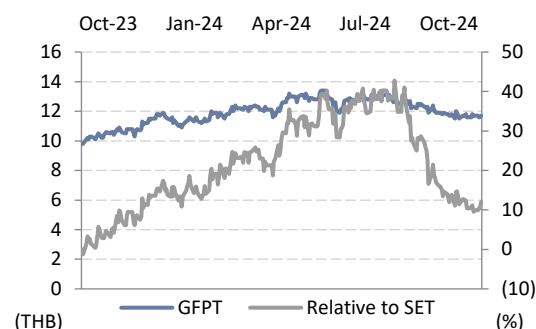
Looking ahead, we expect 4Q24 net profit to weaken q-q due to falling chicken prices, as it is the low season for exports. There is a possibility that GFN's profit sharing may decrease further if domestic chicken prices remain low throughout 4Q24. Nevertheless, we have raised our 2024E net profit by 12% to THB2b (+47% y-y) but cut our 2025 profit forecast by 14.7% to THB1.6b (-23% y-y), adjusting our chicken price assumption down by 5% to THB40/kg and reducing the profit sharing estimate by 21%.

Downgraded to HOLD with lower TP of THB12.5

We roll forward our TP to 2025 at THB12.5, lowering our PE ratio target to 10x from the previous 12x to reflect the anticipated slowdown in 2025 profit. The new target price has limited upside and lacks catalysts to support the stock price in terms of weak profit momentum and declining chicken prices. Therefore, we downgrade our recommendation to HOLD.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	18,963	19,219	18,777	19,640
Net profit	1,377	2,026	1,564	1,660
EPS (THB)	1.10	1.62	1.25	1.32
vs Consensus (%)	-	10.6	(16.5)	(15.1)
EBITDA	2,577	3,045	2,888	3,037
Recurring net profit	1,377	2,026	1,564	1,660
Core EPS (THB)	1.10	1.62	1.25	1.32
Chg. In EPS est. (%)	-	12.4	(14.7)	(13.6)
EPS growth (%)	(32.7)	47.2	(22.8)	6.2
Core P/E (x)	10.7	7.2	9.4	8.8
Dividend yield (%)	1.4	3.5	2.7	2.8
EV/EBITDA (x)	7.1	5.7	5.7	5.0
Price/book (x)	0.8	0.8	0.7	0.7
Net debt/Equity (%)	20.1	13.0	8.8	2.4
ROE (%)	8.1	11.0	7.9	7.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.8)	(10.0)	17.6
Relative to country (%)	(1.7)	(19.8)	12.7
Mkt cap (USD m)	436		
3m avg. daily turnover (USD m)	1.2		
Free float (%)	58		
Major shareholder	Sirimongkolkasem Family (52%)		
12m high/low (THB)	13.40/9.70		
Issued shares (m)	1,253.82		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

GFPT is doubling the capacity of its slaughterhouse from 150,000 to 300,000 chickens per day. It should begin operating from 2H24 onwards, partly to cope with the processing capacity expansion of its associate McKey earlier. GFPT is also preparing to expand its processing plant afterward to cope with export growth since it currently runs at a 100% utilization rate.

The situation for chicken exports in 2024 appears to be quite optimistic, supporting both the volume of exports of GFPT and its associates, such as GFN and McKey, and offsetting declines in export prices. However, we still assume a relatively conservative growth rate for our 2024-25 net profit forecast, partly because we started seeing price increases in animal feed raw materials. We would also need to monitor the trend of chicken prices.

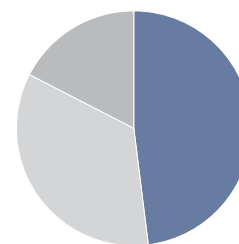
Company profile

GFPT operates a vertical, fully integrated poultry business covering feed production, grandparent farms, breeder farms, broiler farms, 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, 2023)

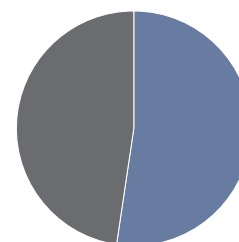
- Food - 48.0 %
- Farm - 34.5 %
- Feed - 17.4 %



Source: GFPT

Major shareholders

- Sirimongkolkasem Family - 52.4 %
- Others - 47.7 %



Source: GFPT

Catalysts

Potential catalysts for GFPT's earnings growth in 2024-25 are 1) chicken export volume growth; 2) a higher-than-expected chicken price; 3) the operation of a new slaughterhouse; and 4) lower raw material costs.

Risks to our call

Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected consumption recovery; 2) a slower or faster-than-expected decrease in feed costs; 3) a stronger or weaker-than-expected THB; and 4) a minimum wage increase and/or a labour shortage.

Event calendar

Date	Event
12 November 2024	3Q24 results announcement
12 November 2024	3Q24 analyst meeting

Key assumptions

	2024E	2025E	2026E
Live chicken price (THB/kg)	42.1	40.0	40.0
Chicken carcass price (THB/kg)	14.4	13.0	13.0
Total sales growth (%)	1.4	(2.3)	4.6
Gross margin (%)	13.9	12.7	12.8
SG&A to sales (%)	8.1	8.1	8.1

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2025 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 4.1%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2025 net profit to fall by 3.8%, and vice versa, all else being equal.

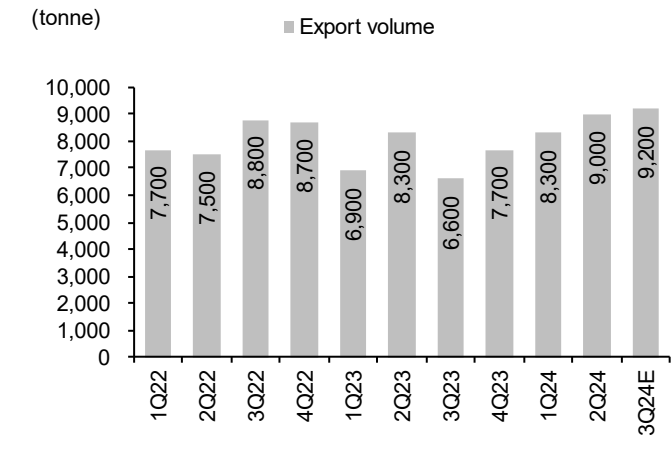
Source: FSSIA estimates

Exhibit 1: GFPT – 3Q24 earnings preview

	3Q23	4Q23	1Q24	2Q24	3Q24E	----- Change -----		9M24E	Change	2024E	Change	% 9M24E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(THB m)	(y-y%)	to 2024E
Sales	4,771	4,797	4,527	4,839	5,009	3.5	5.0	14,375	1.5	19,219	1.4	74.8
Cost of sales	4,194	4,201	3,959	4,149	4,258	2.6	1.5	12,366	(1.5)	16,547	(1.2)	74.7
Gross profit	577	596	568	689	751	9.0	30.2	2,009	24.2	2,671	20.7	75.2
SG&A	378	378	369	384	401	4.3	6.1	1,154	3.3	1,557	4.1	74.1
Operating profit	199	218	199	305	351	14.9	75.9	855	71.0	1,115	55.3	76.7
Profit sharing	111	198	232	278	209	(24.9)	87.4	718	113.2	898	67.9	80.0
McKey	58	133	141	141	141	(0.2)	142.9	422	51.2	563	36.4	75.1
GFN	53	65	91	137	68	(50.3)	27.2	296	414.2	336	174.8	88.1
Interest expense	29	27	29	31	32	1.7	11.7	93	12.5	125	13.4	74.4
Tax expense	54	63	51	69	54	(21.6)	0.5	174	34.8	200	4.0	87.1
Other gain (loss)	1	8	25	21	(10)	nm	nm	37	(52.4)	0	nm	nm
Reported net profit	319	410	466	583	546	(6.3)	71.2	1,595	65.1	2,026	47.2	78.7
Core profit	318	403	441	562	556	(1.0)	74.9	1,559	75.2	2,026	56.8	76.9
Key ratios (%)						(ppt)	(ppt)					
Gross margin	12.1	12.4	12.6	14.2	15.0	0.8	2.9	14.0	2.6	13.9	2.2	
SG&A to sales	7.9	7.9	8.2	7.9	8.0	0.1	0.1	8.0	0.1	8.1	0.2	
Operating margin	4.2	4.5	4.4	6.3	7.0	0.7	2.8	5.9	2.4	5.8	2.0	
Net margin	6.7	8.6	10.3	12.1	10.9	(1.1)	4.2	11.1	4.3	10.5	3.3	
Core margin	6.7	8.4	9.7	11.6	11.1	(0.5)	4.4	10.8	4.6	10.5	3.7	
Operating statistics (THB/kg)												
Live chicken	40.3	37.8	42.5	44.0	43.0	(2.3)	6.6	43.2	6.7	42.1	6.7	
Chicken carcass	11.5	13.5	16.5	15.5	14.5	(6.5)	26.1	15.5	2.2	14.4	(2.7)	
Chicken export price (USD/tonne)	4,400	4,550	4,350	4,300	4,275	(0.6)	(2.8)	4,308	(5.3)	4,294	(5.6)	
Corn	11.7	10.5	10.4	11.1	11.8	6.3	0.9	11.1	(12.1)	10.9	(9.5)	
Soybean meal	20.6	21.2	21.4	20.7	20.0	(3.4)	(2.9)	20.7	(8.7)	20.4	(10.3)	
Chicken export volume (tonnes)	6,600	7,700	8,300	9,000	9,200	2.2	39.4	26,500	21.6	35,000	19.5	49.4
Indirect export volume (tonnes)	4,900	4,700	5,100	4,600	4,850	5.4	(1.0)	14,550	9.4	19,250	7.5	50.4
Chicken domestic volume (tonnes)	16,300	16,100	15,000	15,100	15,600	3.3	(4.3)	45,700	1.3	61,200	0.3	49.2

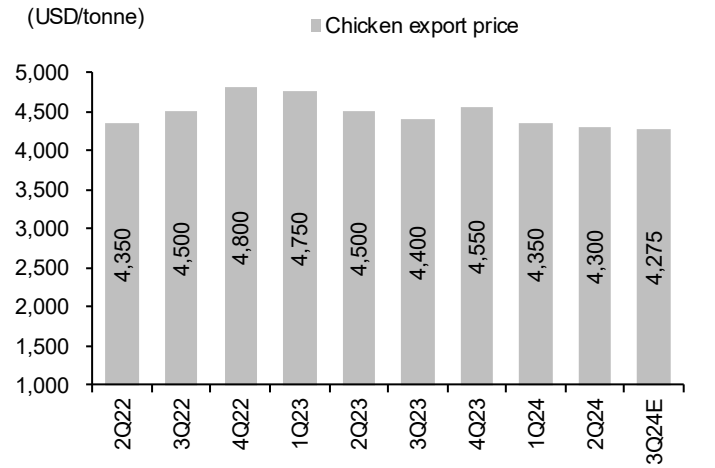
Sources: GFPT, FSSIA estimates

Exhibit 2: Quarterly chicken export volumes

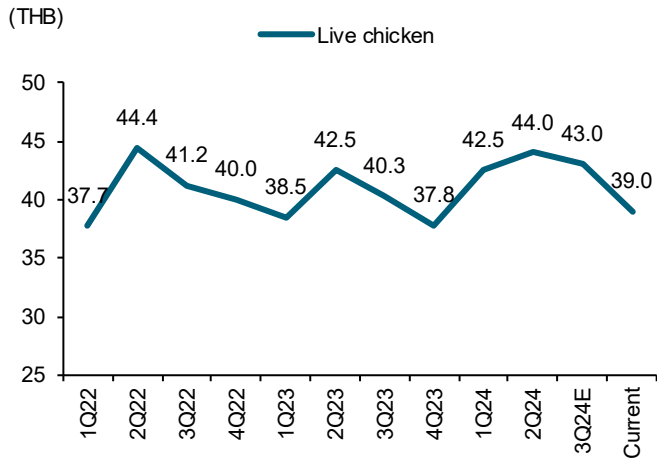


Sources: GFPT, FSSIA estimates

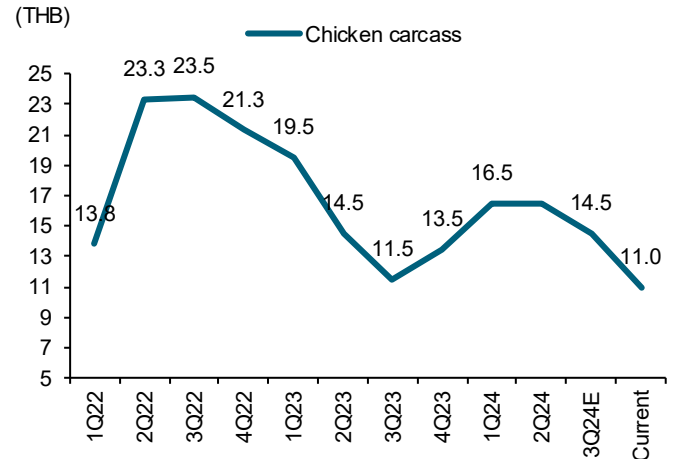
Exhibit 3: Quarterly chicken export price



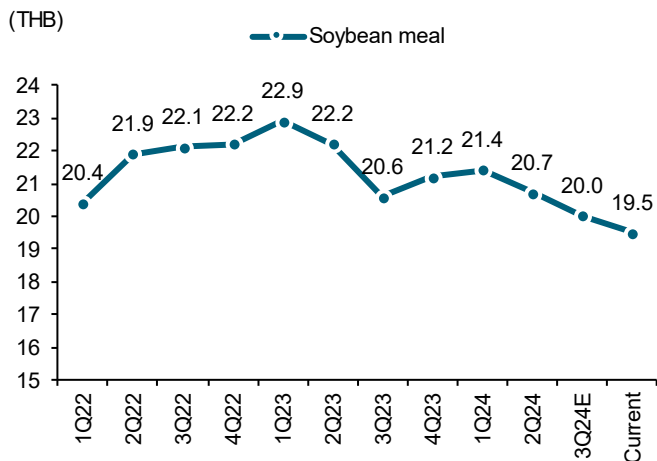
Sources: GFPT, FSSIA estimates

Exhibit 4: Quarterly domestic chicken price (THB/kg)

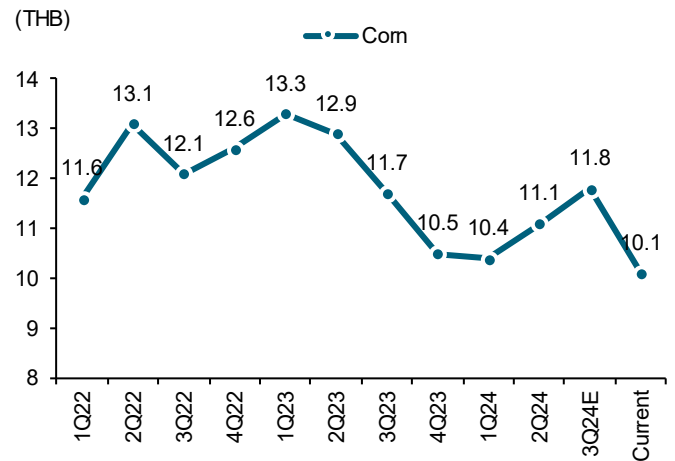
Sources: GFPT, FSSIA estimates

Exhibit 5: Quarterly chicken carcass price (THB/kg)

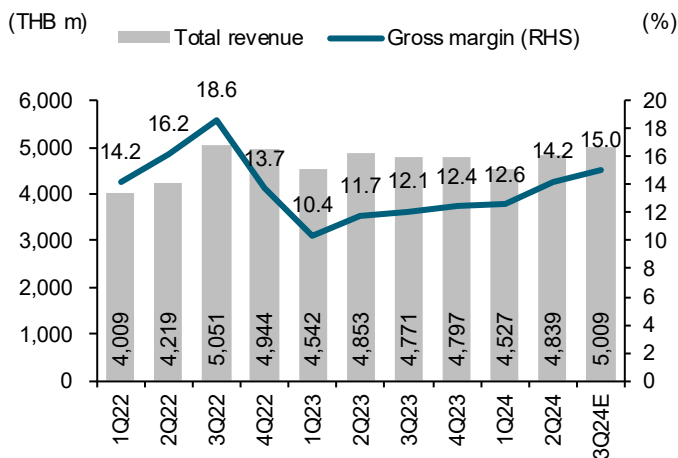
Sources: GFPT, FSSIA estimates

Exhibit 6: Quarterly soybean meal price (THB/kg)

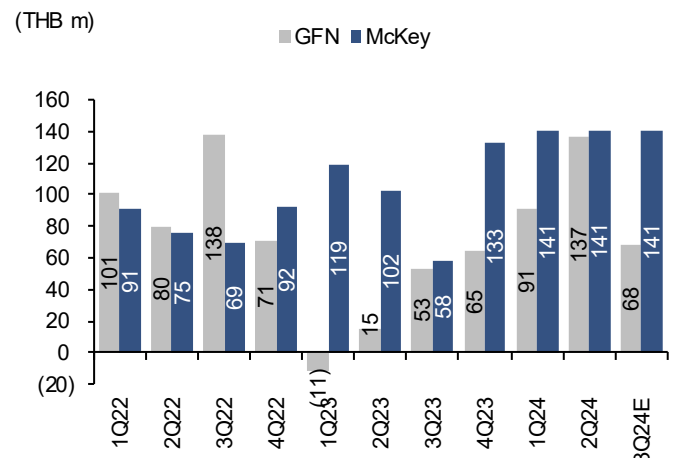
Sources: GFPT, FSSIA estimates

Exhibit 7: Quarterly corn price (THB/kg)

Sources: GFPT, FSSIA estimates

Exhibit 8: Quarterly total revenue and gross margin

Sources: GFPT, FSSIA estimates

Exhibit 9: Quarterly profit sharing from associate companies

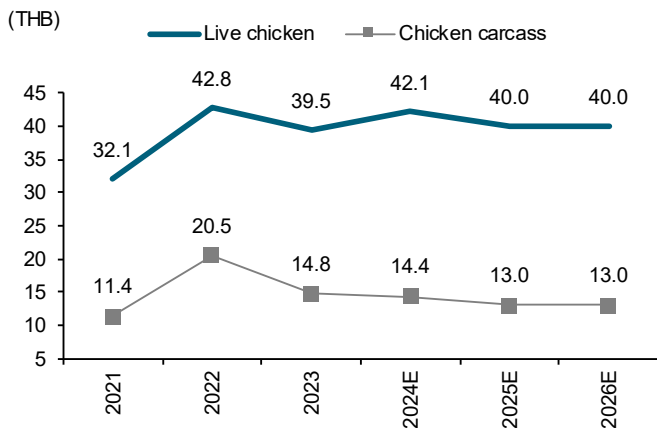
Sources: GFPT, FSSIA estimates

Exhibit 10: Changes in key assumptions for GFPT

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2024E (THB m)	2024E (%)	2025E (%)	2024E (%)
Total revenue	19,219	18,777	19,640	19,001	19,913	20,829	1.1	(5.7)	(5.7)
Costs	16,547	16,392	17,126	16,568	17,364	18,162	(0.1)	(5.6)	(5.7)
Gross profit	2,671	2,385	2,514	2,432	2,549	2,666	9.8	(6.4)	(5.7)
SG&A expenses	1,557	1,521	1,591	1,558	1,633	1,708	(0.1)	(6.9)	(6.9)
Profit sharing	898	657	687	855	836	875	5.0	(21.4)	(21.4)
Reported net profit	2,026	1,564	1,660	1,803	1,833	1,921	12.4	(14.7)	(13.6)
Core profit	2,026	1,564	1,660	1,803	1,833	1,921	12.4	(14.7)	(13.6)
Key ratios (%)									
Total revenue growth	1.4	(2.3)	4.6	0.2	4.8	4.6	1.2	(7.1)	0.0
Net profit growth	47.2	(22.8)	6.2	31.0	1.7	4.8	16.2	(24.5)	1.4
Core profit growth (%)	56.8	(22.8)	6.2	39.5	1.7	4.8	17.3	(24.5)	1.4
Gross margin	13.9	12.7	12.8	12.8	12.8	12.8	1.1	(0.1)	0.0
SG&A to sales	8.1	8.1	8.1	8.2	8.2	8.2	(0.1)	(0.1)	(0.1)
Net margin	10.5	8.3	8.5	9.5	9.2	9.2	1.1	(0.9)	(0.8)
Core margin	10.5	8.3	8.5	9.5	9.2	9.2	1.1	(0.9)	(0.8)
Operating statistics									
Chicken export price (USD/tonne)	4,294	4,300	4,300	4,350	4,450	4,450	(1.3)	(3.4)	(3.4)
Live chicken (THB/kg)	42.1	40.0	40.0	41.0	42.0	43.0	2.7	(4.8)	(7.0)
Chicken carcass (THB/kg)	14.4	13.0	13.0	13.0	13.0	13.0	10.8	0.0	0.0
Corn (THB/kg)	10.9	10.0	10.0	11.0	10.5	10.5	(0.9)	(4.8)	(4.8)
Soybean meal (THB/kg)	20.4	20.0	19.0	20.5	20.0	19.0	(0.5)	0.0	0.0

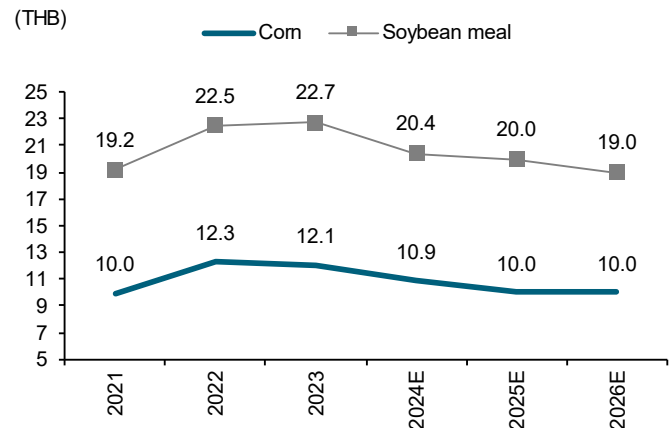
Source: FSSIA estimates

Exhibit 11: Yearly domestic chicken price (THB/kg)



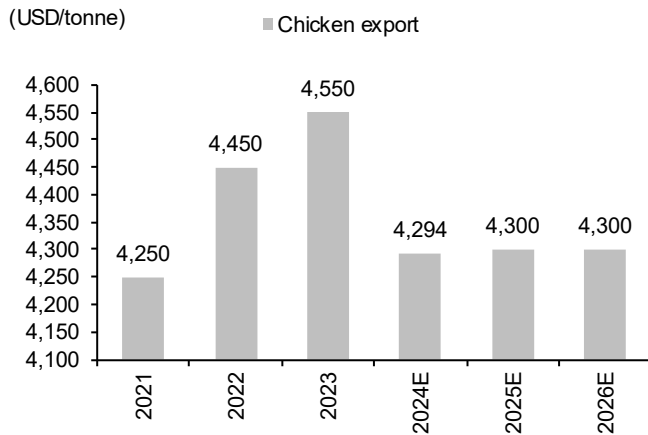
Sources: GFPT, FSSIA estimates

Exhibit 12: Yearly raw material prices



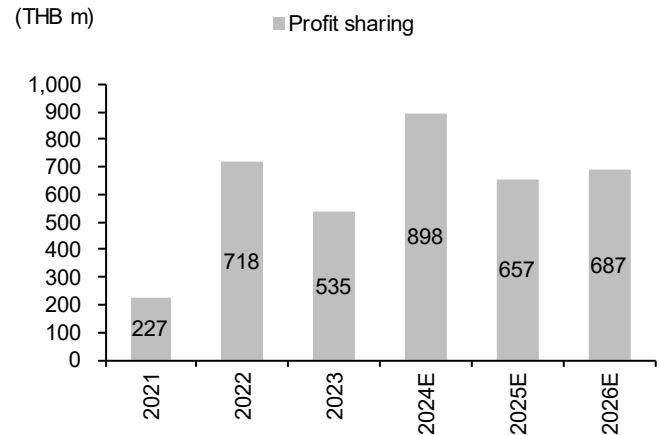
Sources: GFPT, FSSIA estimates

Exhibit 13: Yearly chicken export price



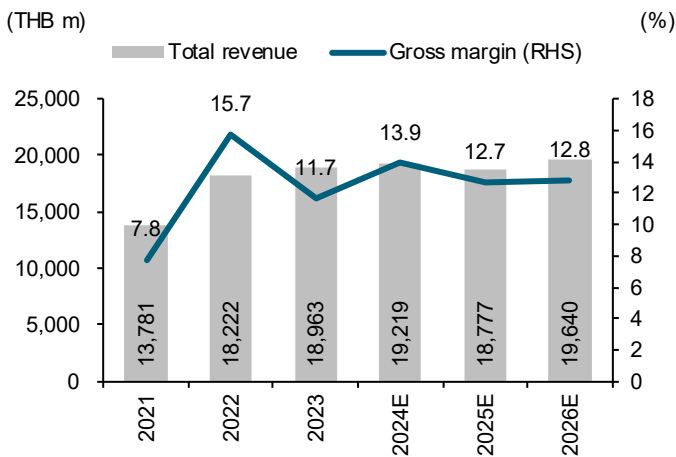
Sources: GFPT, FSSIA estimates

Exhibit 14: Yearly profit sharing from associate companies



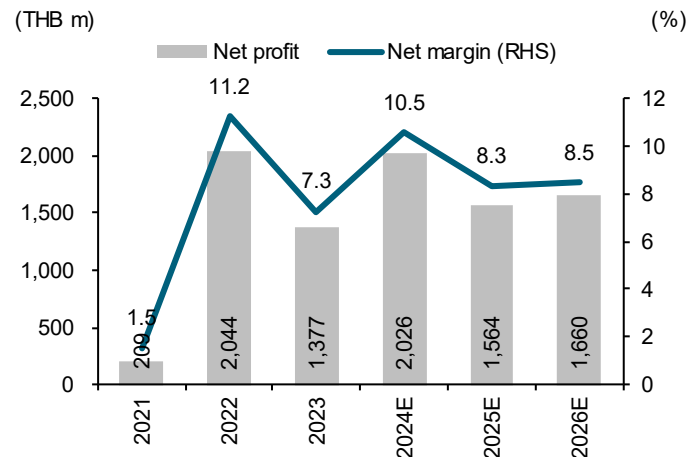
Sources: GFPT, FSSIA estimates

Exhibit 15: Yearly total revenue and gross margin



Sources: GFPT, FSSIA estimates

Exhibit 16: Yearly net profit and net margin



Sources: GFPT, FSSIA estimates

Exhibit 17: Peers comparison as of 24 Oct 2024

Company	BBG	Rec	----- Share price -----			Market Cap (USD m)	----- PE -----		----- ROE -----		----- PBV -----		--- EV/EBITDA ---	
			Current	Target	Upside		24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)		(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Thailand														
Charoen Pokphand Foods	CPF TB	BUY	25.25	28.00	11	6,183	12.3	15.1	7.1	5.6	0.9	0.8	11.9	13.0
Thai Union Group	TU TB	BUY	15.10	19.40	28	1,909	13.9	12.6	8.7	9.5	1.2	1.2	10.1	9.6
Betagro	BTG TB	HOLD	21.70	23.50	8	1,247	20.5	16.4	8.2	9.7	1.6	1.5	7.1	6.4
Thaifoods Group	TFG TB	BUY	4.16	5.90	42	699	8.4	8.7	20.7	18.9	1.6	1.5	5.3	5.1
GFPT	GFPT TB	HOLD	11.70	12.50	7	436	7.2	9.4	11.0	7.9	0.8	0.7	5.7	5.7
Asian Sea	ASIAN TB	n/a	9.25	n/a	n/a	223	9.0	9.2	13.4	12.0	1.1	1.1	4.9	4.9
Average						10,696	11.9	11.9	11.5	10.6	1.2	1.1	7.5	7.4

Sources: Bloomberg; FSSIA estimates

Financial Statements

GFPT

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	18,222	18,963	19,219	18,777	19,640
Cost of goods sold	(15,354)	(16,749)	(16,547)	(16,392)	(17,126)
Gross profit	2,868	2,213	2,671	2,385	2,514
Other operating income	342	349	345	338	354
Operating costs	(1,559)	(1,495)	(1,557)	(1,521)	(1,591)
Operating EBITDA	2,973	2,577	3,045	2,888	3,037
Depreciation	(1,322)	(1,511)	(1,586)	(1,686)	(1,761)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,651	1,067	1,460	1,202	1,277
Net financing costs	(148)	4	(125)	(128)	(125)
Associates	718	535	898	657	687
Recurring non-operating income	753	505	898	657	687
Non-recurring items	0	0	0	0	0
Profit before tax	2,256	1,575	2,232	1,731	1,839
Tax	(209)	(192)	(200)	(161)	(173)
Profit after tax	2,047	1,383	2,032	1,570	1,666
Minority interests	(2)	(6)	(6)	(6)	(6)
Preferred dividends	-	-	-	-	-
Other items	-	-	0	0	0
Reported net profit	2,044	1,377	2,026	1,564	1,660
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	2,044	1,377	2,026	1,564	1,660
Per share (THB)					
Recurring EPS *	1.63	1.10	1.62	1.25	1.32
Reported EPS	1.63	1.10	1.62	1.25	1.32
DPS	0.20	0.16	0.40	0.31	0.33
Diluted shares (used to calculate per share data)	1,254	1,254	1,254	1,254	1,254
Growth					
Revenue (%)	32.2	4.1	1.4	(2.3)	4.6
Operating EBITDA (%)	139.7	(13.3)	18.2	(5.2)	5.2
Operating EBIT (%)	26,304.0	(35.4)	36.9	(17.7)	6.2
Recurring EPS (%)	1,100.2	(32.7)	47.2	(22.8)	6.2
Reported EPS (%)	1,100.2	(32.7)	47.2	(22.8)	6.2
Operating performance					
Gross margin inc. depreciation (%)	15.7	11.7	13.9	12.7	12.8
Gross margin exc. depreciation (%)	23.0	19.6	22.2	21.7	21.8
Operating EBITDA margin (%)	16.3	13.6	15.8	15.4	15.5
Operating EBIT margin (%)	9.1	5.6	7.6	6.4	6.5
Net margin (%)	11.2	7.3	10.5	8.3	8.5
Effective tax rate (%)	9.3	12.2	9.0	9.3	9.4
Dividend payout on recurring profit (%)	12.1	14.6	25.0	25.0	25.0
Interest cover (X)	16.2	(391.6)	18.9	14.5	15.7
Inventory days	88.7	85.8	93.8	98.0	98.2
Debtor days	18.0	19.9	20.0	20.2	19.6
Creditor days	28.8	31.8	32.7	28.0	27.3
Operating ROIC (%)	8.7	5.3	7.1	5.7	6.0
ROIC (%)	9.7	5.9	8.5	6.6	6.9
ROE (%)	13.2	8.1	11.0	7.9	7.9
ROA (%)	9.7	5.7	8.4	6.4	6.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Food	9,875	9,107	9,599	10,127	10,684
Farm	5,314	6,549	6,327	6,612	6,863
Feed	3,034	3,306	3,075	3,173	3,281

Sources: GFPT; FSSIA estimates

Financial Statements

GFPT

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	2,044	1,377	2,026	1,564	1,660
Depreciation	1,322	1,511	1,586	1,686	1,761
Associates & minorities	(718)	(535)	(898)	(657)	(687)
Other non-cash items	97	(144)	0	0	0
Change in working capital	(1,484)	23	(447)	(166)	(196)
Cash flow from operations	1,261	2,231	2,268	2,427	2,537
Capex - maintenance	(2,945)	(2,651)	(1,489)	(1,981)	(1,540)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(2,945)	(2,651)	(1,489)	(1,981)	(1,540)
Dividends paid	(125)	(251)	(507)	(391)	(415)
Equity finance	0	0	0	0	0
Debt finance	2,103	1,016	213	17	(53)
Other financing cash flows	2	6	(3)	(3)	(3)
Cash flow from financing	1,980	772	(296)	(376)	(471)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	296	352	483	70	527
Free cash flow to firm (FCFF)	(1,597.64)	(310.00)	903.84	574.09	1,122.52
Free cash flow to equity (FCFE)	421.20	602.26	989.18	460.50	941.66

Per share (THB)

FCFF per share	(1.27)	(0.25)	0.72	0.46	0.90
FCFE per share	0.34	0.48	0.79	0.37	0.75
Recurring cash flow per share	2.19	1.76	2.17	2.07	2.18

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	21,803	23,142	24,728	26,414	28,174
Less: Accumulated depreciation	(9,914)	(10,617)	(12,289)	(13,661)	(15,682)
Tangible fixed assets (net)	11,889	12,525	12,439	12,753	12,492
Intangible fixed assets (net)	673	58	59	61	62
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	4,275	4,774	4,774	4,774	4,774
Cash & equivalents	1,259	1,610	2,093	2,162	2,689
A/C receivable	1,012	1,057	1,053	1,029	1,076
Inventories	3,320	3,840	3,853	4,042	4,223
Other current assets	730	591	577	563	589
Current assets	6,321	7,098	7,576	7,796	8,577
Other assets	257	877	865	845	884
Total assets	23,415	25,333	25,713	26,229	26,789
Common equity	16,480	17,605	19,125	20,298	21,543
Minorities etc.	127	133	130	127	125
Total shareholders' equity	16,606	17,738	19,255	20,425	21,668
Long term debt	3,292	3,373	3,173	2,573	1,956
Other long-term liabilities	687	686	557	545	570
Long-term liabilities	3,979	4,058	3,730	3,117	2,526
A/C payable	1,113	1,545	1,133	1,123	1,173
Short term debt	1,540	1,798	1,422	1,395	1,246
Other current liabilities	177	193	173	169	177
Current liabilities	2,830	3,536	2,728	2,687	2,596
Total liabilities and shareholders' equity	23,415	25,333	25,713	26,229	26,789
Net working capital	3,772	3,750	4,177	4,342	4,539
Invested capital	20,866	21,985	22,314	22,775	22,751

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

Per share (THB)

Book value per share	13.14	14.04	15.25	16.19	17.18
Tangible book value per share	12.61	13.99	15.21	16.14	17.13

Financial strength

Net debt/equity (%)	21.5	20.1	13.0	8.8	2.4
Net debt/total assets (%)	15.3	14.1	9.7	6.9	1.9
Current ratio (x)	2.2	2.0	2.8	2.9	3.3
CF interest cover (x)	3.8	(149.1)	8.9	4.6	8.5

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	7.2	10.7	7.2	9.4	8.8
Recurring P/E @ target price (x) *	7.7	11.4	7.7	10.0	9.4
Reported P/E (x)	7.2	10.7	7.2	9.4	8.8
Dividend yield (%)	1.7	1.4	3.5	2.7	2.8
Price/book (x)	0.9	0.8	0.8	0.7	0.7
Price/tangible book (x)	0.9	0.8	0.8	0.7	0.7
EV/EBITDA (x) **	6.2	7.1	5.7	5.7	5.0
EV/EBITDA @ target price (x) **	6.5	7.5	6.0	6.1	5.4
EV/invested capital (x)	0.9	0.8	0.8	0.7	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 18: 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 19: ESG – peer comparison

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

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

Exhibit 20: 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 21: 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 Sustainability	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 & 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</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
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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

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Company	Ticker	Price	Rating	Valuation & Risks
GFPT	GFPT TB	THB 11.70	HOLD	Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected consumption recovery; 2) a slower or faster-than-expected decrease in feed costs; 3) a stronger or weaker-than-expected THB; and 4) a minimum wage increase and/or a labour shortage.
Charoen Pokphand Foods	CPF TB	THB 25.25	BUY	Downside risks to our P/E-based TP include 1) slow purchasing power, 2) a slower-than-expected meat price recovery, 3) higher feed costs, 4) Baht strength, and 5) a minimum wage increase and labor shortages.
Thai Union Group	TU TB	THB 15.10	BUY	Downside risks to our SoTP-based 2025 TP include 1) a slower-than-expected revenue recovery; 2) a disruption on shipping routes, resulting in higher-than-expected freight costs; 3) a slower decrease in raw material costs than expected; 4) higher-than-expected labor costs and labor shortages; and 5) stronger Baht than expected.
Betagro	BTG TB	THB 21.70	HOLD	Downside and upside risks to our PE-based TP include 1) a slower or faster-than-expected purchasing power recovery; 2) a slower or faster-than-expected meat price increase; 3) a slower or faster-than-expected decrease in feed costs; and 4) a stronger or weaker-than-expected THB.
Thai Foods Group	TFG TB	THB 4.16	BUY	Downside risks to our P/E-based TP are 1) a slower-than-expected consumption recovery; 2) a potential rise in meat and raw material prices; 3) a stronger-than-expected THB against USD.

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 24-Oct-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.