GFPT - GFPT

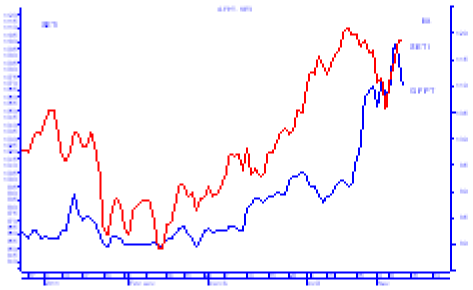
Market	Stock Exchange of Thailand
Sector	Agribusiness
Reuters	GFPT.BK
Bloomberg	GFPT TB

Price

Last Price	11.00
52wk High (12/05/2011)	11.80
52wk Low (25/05/2010)	7.05
Shares Outstanding (mil)	1,253.82
Market Cap (Btm)	13,792.03
Avg. Daily Turnover (Btm)	111.47
Free float (%)	40.08
PE (X)	9.82
PB (X)	2.15

Price performance %

	1M	3M	6M
Absolute	22.9%	37.5%	41.0%
Relative	22.8%	23.1%	34.4%



Major Shareholders (08/04/11)	%
1 Mr. Sujin Sirimongkolkasem	17.77
2 Mr. Prasit Sirimongkolkasem	17.55
3 Mr. Wirat Sirimongkolkasem	14.36

CG Report - 2010

BUY
(Unchanged)

Closing Price
Bt11
12-month target price
Bt13.40 (+21.8%)

1Q11 profit above forecast

- GFPT reported a 1Q11 net profit of Bt252m, down 12% YoY hurt by a weak performance from its joint venture GFPT Nichirei Thailand (GFN) during the initial year of operation.
- We raise our 2011 net profit outlook for GFPT by 12%.
- We reiterate a 'BUY' opinion on GFPT and we revise upwards our price target for the stock to Bt13.40/share.

1Q11 profit above forecast

GFPT, Thailand's second largest publicly traded poultry exporter reported a net profit of Bt252m in 1Q11. The quarterly profit was 12% lower than the Bt287m it posted in 1Q10 but 15% higher than the Bt219m it earned in 4Q10. The results surpassed our forecasts thanks to strong margins and lower-than-expected SG&A expenses. Even though quarterly sales lagged our forecast, up a mere 8% YoY to Bt3,059m, margins widened to 16% from 14.1% in 4Q10. In YoY terms, margins however shrank from 16.6% in 1Q10. SG&A expenses came in lower than expected, up a mere 2% YoY. Losses from affiliates arrived at Bt43m as loss from its joint venture GFPT Nichirei Thailand (GFN) narrowed slightly to Bt112m from Bt113m in 4Q10 while profits from Mckey shrank to only Bt24m on higher meat costs.

12% upgrade to 2011 earnings forecast

In view of better-than-expected 1Q11 results and the prospect of sustained high selling prices, which would continue to be a key driver of earnings growth for the rest of the year, especially in 2H11 when GFN is expected to return to profitability, we raise our 2011 net profit outlook for GFPT by 12% to Bt1,401m. The new profit target represents a growth of 20% YoY. Under the new estimate, we revise downwards our full-year sales forecast for GFPT to Bt14,426m but the new sales target still implies a growth of 16% YoY. However, the prospect of sustained high selling prices is likely to keep margins strong.

BUY rating

The sustained high meat prices would be a catalyst to keep earnings strong over the rest of the year. We reiterate a 'BUY' opinion on GFPT and we revise upwards our price target for the stock to Bt13.40/share. The price target upgrade reflects an increase in P/E target to 12x to factor in better growth prospects and the food sector's P/E re-rating in line with its regional peers.

Conso' Ending	Profits (Btm)	EPS (Bt)	DPS (Bt)	BV (Bt)	ROE (%)	P/E (x)	Yield (%)	P/BV (x)
12/08 A	1,076	0.86	0.25	3.02	32.70	12.79	2.27	3.64
12/09 A	1,068	0.85	0.25	3.61	25.70	12.94	2.27	3.05
12/10 A	1,163	0.93	0.30	4.29	23.50	11.83	2.73	2.56
12/11 E	1,401	1.12	0.35	5.11	23.80	9.82	3.18	2.15
12/12 E	1,579	1.26	0.40	6.02	22.60	8.73	3.64	1.83

Naree Apisawaittakan
Analyst Reg #17971
Email : nareea@philllip.co.th
Tel. 66 2 635 1700 #484

Ref No: CO2554_0463

GFPT - GFPT

GFPT (Btm)	1Q11	4Q10	1Q10	YoY+/-	QoQ+/-
Sales and services	3,059.42	3,322.91	2,843.38	7.60%	-7.93%
Costs of sales	2,569.65	2,852.99	2,372.02	8.33%	-9.93%
Gross profit	489.77	469.92	471.36	3.91%	4.22%
Selling expenses	74.56	88.74	78.52	-5.04%	-15.98%
Administrative expenses	109.62	130.40	102.18	7.28%	-15.94%
SG&A	184.18	219.14	180.70	1.93%	-15.95%
Operating profit	305.59	250.78	290.66	5.14%	21.86%
Other income	61.64	80.33	37.55	64.15%	-23.27%
Gain/loss from affiliates	-42.84	-42.95	16.22	-364.12%	0.26%
Other expense	12.60	13.54	9.04	39.38%	-6.94%
EBIT	311.79	274.62	335.39	-7.04%	13.54%
Interest expense	34.95	34.51	31.10	12.38%	1.27%
EBT	276.84	240.11	304.29	-9.02%	15.30%
Taxation	20.22	16.35	11.92	69.63%	23.67%
EAT	256.62	223.76	292.37	-12.23%	14.69%
Minority	-4.91	-5.16	-5.56	11.69%	4.84%
Net profit	251.71	218.60	286.81	-12.24%	15.15%
EPS (Bt)	0.20	0.17	0.23	-12.24%	15.15%
Cost of sales/sales	83.99%	85.86%	83.42%	0.68%	-2.17%
SG&A exp/sales	6.02%	6.59%	6.36%	-5.27%	-8.71%
Gross margin	16.01%	14.14%	16.58%	-3.43%	13.20%
Operating profit margin	9.99%	7.55%	10.22%	-2.29%	32.35%
Net profit margin	8.23%	6.58%	10.09%	-18.44%	25.06%
Balance sheet (Btm)					
Assets	9,458.23	9,215.25	8,447.18	11.97%	2.64%
Liabilities	4,045.30	3,833.32	3,630.70	11.42%	5.53%
Paid-up (m shrs) - Par Bt1	1,253.82	1,253.82	1,253.82	0.00%	0.00%
Equities	5,412.94	5,381.94	4,816.47	12.38%	0.58%
Book value/share(Bt)	4.32	4.29	3.84	12.38%	0.58%
Debt/equity (x)	0.75	0.71	0.75	-0.86%	4.93%

Bangkok Branches

Head Office
11st Fl., Unit 1102, 14th Fl., Unit 1404 and 15th Fl., Vorawat Bldg.,
849 Silom Rd. Silom,
Bangrak, Bangkok 10500
Tel : 0 2635 1700 , 0 2268 0999
Fax : 0 2635 1615

Srinakarindr Branch
17th Fl., Modernform Tower,
699 Srinakarindr Rd., Suan Luang,
Suan Luang, Bangkok 10250
Tel : 0 2722 8344-53
Fax : 0 2722 8343

Viphavadi Branch
15th Fl., Lao Peng Nguan Tower 1,
333 Soi Chuaypuang, Viphavadi-Rangsit Rd., Ladyao, Chatuchak,
Bangkok 10900
Tel : 0 2618 8400
Fax : 0 2618 8344 , 0 2618 8381

Yaowarat Branch
19th Fl., Kanchanadhat Bldg.,
308 Yaowarat Rd., Jakawat,
Sampantawong, Bangkok 10100
Tel : 0 2622 7833 , 0 2226 2777
Fax : 0 2622 7844

Bangkapi Branch
8th Fl., The Mall Office Tower-Bangkapi
3522 Lad Prao Rd., Klongchan
Bangkapi, Bangkok 10240
Tel : 0 2363 3263
Fax : 0 2363 3275

Bangkapi 2 Branch
8th Fl., The Mall Office Tower-Bangkapi
3522 Lad Prao Rd., Klongchan
Bangkapi, Bangkok 10240
Tel : 0 2363 3469
Fax : 0 2363 3464

Hua Lumphong Branch
4th Fl., Tang Hua Pak Bldg.,
320 Rama 4 Rd., Mahaprutharam,
Bangrak, Bangkok 10500
Tel : 0 2639 1200
Fax : 0 2639 1340-1

Rangsit Branch
G Fl., Room#PLZ.G.SHP065A
Future Park Rangsit
94 Paholyothin Rd., Prachathipat,
Thunyaburi, Pathumthani 12130
Tel : 0 2958 5040
Fax : 0 2567 3311

Provincial Branches

Khon Kaen Branch
4th Fl., Kow Yoo Hah Bldg.,
359/2 Mittapap Rd., Naimuang,
Muang , Khon Kaen 40000
Tel : 0 4332 5044-8
Fax : 0 4322 5687

Phisanulok Branch
2nd Fl., Thai Sivarat Bldg.,
59/15 Baromtrilokanad Rd., Naimuang
Muang, Phisanulok 65000
Tel : 0 5524 3646
Fax : 0 5524 5082

Had Yai Branch
4th Fl., Southland Rubber Bldg.,
55 Ratyindee Rd., Had Yai,
Had Yai, Songkla 90110
Tel : 0 7423 4095-99, 0 7423 0537-8
Fax : 0 7422 0908

Khon Kaen-Rim Bueng Branch
3rd Fl., Arokaya Bldg.,
52 Rop Bueng Rd., Nai Muang,
Muang , Khon Kaen 40000
Tel : 0 4322 6026
Fax : 0 4322 6796

Had Yai-Petkasem Branch
3rd Fl., Unit 3D, Redar Group Bldg.,
607 Petkaseam Rd., Had Yai,
Had Yai, Songkla 90110
Tel : 0 7422 3044
Fax : 0 7422 3620

Chumporn Investor Center
25/45 Krom Luang Chumporn Rd.,
Tatapao, Muang, Chumporn 86000
Tel : 0 7757 0652-3
Fax : 0 7757 0441

Suratthani Branch
62/9 Donnok Rd., Talad,
Muang Suratthani, Suratthani 84000
Tel : 077 206 131
Fax : 077 206 151

Laemchabang Branch
83/112, 114 Moo 9, Tungsukla
Sriracha, Chonburi 20110
Tel : 0 3849 0669
Fax : 0 3849 3125

Overseas Offices

Singapore Office:

Phillip Securities Pte Ltd
250 North Bridge Road,
#06-00 Raffles City Tower.
Singapore 179 101
Company Reg. No. 197501035Z
Tel : (65) 65336001 (General)
Fax : (65) 65353834

Phillip Futures Pte Ltd
250 North Bridge Road,
#07-01 Raffles City Tower.
Singapore 179 101
Company Reg. No. 198305695G
Tel : (65) 65351155 (General)
Fax : (65) 65330593

Hong Kong Office:

Phillip Securities (HK) Ltd
11/F United Centre 95
Queensway Hong Kong
Tel : (852) 22776600
Fax : (852) 28685307

Phillip Commodities (HK) Ltd
11/F United Centre 95
Queensway Hong Kong
Tel : (852) 22776600
Fax : (852) 28685307

Japan Office:

Phillip Futures K.K.
Tosho Bldg.,
6F, 3-8-3 Nihonbashi Hon-cho,
Chuo-ku, Tokyo 103-0023
Tel : (81-3) 5651-2111
Fax : (81-3) 3662-5700

The Naruse Securities Co. Ltd.
4-2 Nihonbashi Kabutocho,
Chuo-Ku Tokyo 103-0026
Japan
Tel : (81-3) 36662101
Fax : (81-3) 36678806

United Kingdom Office:

King & Shaxson Ltd.
6th Floor Candlewick House
120 Cannon Street, London
EC4N 6AS
Tel : (44-20) 7929 5300
Fax : (44-20) 7283 6385

Walker, Crips, Weddle, Beck PLC
Sophia House,
76/80 City Road,
London EC1Y 2EQ
Tel : (44-20) 72537502
Fax : (44-20) 72537500

Indonesia Office:

PT Phillip Securities Indonesia
Wisma Standard Chartered Bank,
Level 23B, Jl. Jend. Sudirman Kav.
33A Jakarta 10220 Indonesia
Tel : (62-21) 57900800
Fax : (62-21) 57900809

Australia Office:

Head Office - Melbourne
Intersuisse Ltd
Level 37, 530 Collins Street,
Melbourne, Victory 3000,
Australia
Tel : (613) 96298288
Fax : (613) 96298882

Sydney Office
Intersuisse Ltd
Level 7, 5 Elizabeth Street, Sydney,
NSW 2000,
Australia
Tel : (612) 92332100
Fax : (612) 92332117

Sri Lanka Office:

Asha Phillip Securities Ltd.
Level 4, Millennium House
No.46/58, Navam Mawatha,
Columbo 02, Sri Lanka
Tel : (94-1) 12314875
Fax : (94-1) 12314883

Results Presentation

Score Range	Number of Logo
Less than 50	No logo given
50 - 59	
60 - 69	
70 - 79	
80 - 89	
90 - 100	

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