

KCE ELECTRONICS KCE TB

THAILAND / ELECTRONIC COMPONENT

HOLD

คาด 2023 จะเป็นอีกปีที่มีดมัว

- ในระยะสั้นเรคาดว่ากำไรสุทธิ 1Q23 จะลดลงในอัตราเร่งขึ้นมาอยู่ที่ 393 ลบ. (-21% q-q, -33% y-y)
- เรคาดกำไรสุทธิปี 2023 ที่ 2.38 พัน ลบ. (+2.6% y-y) โดยอาจมี Downside จากสภาวะเศรษฐกิจโลกถดถอยและราคาทองแดงที่สูงเกินคาด
- เริ่มด้วยคำแนะนำถือที่ราคาเป้าหมาย 50 บาท

TARGET PRICE	THB50.00
CLOSE	THB50.50
UP/DOWNSIDE	-1.0%
TP vs CONSENSUS	+4.1%

หนึ่งใน 10 ผู้จัดหา PCB ชั้นนำของโลกให้แก่อุตสาหกรรมอิเล็กทรอนิกส์สำหรับยานยนต์

KCE ผลิตและจัดจำหน่าย Printed Circuit Board (PCB) ภายใต้เครื่องหมายการค้า KCE บริษัท มีฐานลูกค้าหลักเป็นผู้ผลิตอุปกรณ์อิเล็กทรอนิกส์สำหรับอุตสาหกรรมยานยนต์ โดยเฉพาะอย่างยิ่ง KCE เป็นผู้จัดหาให้แก่ตลาดรถยนต์ไฟฟ้า (EV) ที่กำลังเติบโตอย่างรวดเร็ว บริษัท มีตลาดส่งออกสำคัญประกอบด้วยยุโรป (48.5% ของรายได้รวมในปี 2022) ตามด้วยสหรัฐฯ (23.9%), จีน (13.2%), เอเชีย (5.9%) และไทย (8.5%)

กำไรสุทธิ 4Q22 ต่ำที่สุดในรอบ 8 ไตรมาส

KCE รายงานกำไรสุทธิ 4Q22 ที่ 500 ลบ. (-24% q-q, -29% y-y) นับเป็นกำไรที่ต่ำที่สุดในรอบ 8 ไตรมาส รายได้จากธุรกิจ PCB ลดลง 11% q-q และ 8% y-y มาอยู่ที่ USD98 ล้าน เนื่องจากคำสั่งซื้อลดลงในทุกทวีปและในผลิตภัณฑ์ PCB ทุกชนิด อัตรากำไรขั้นต้นลดลงค่อนข้างมากมาอยู่ที่ 21.1% (เทียบกับ 24.3% ใน 3Q22 และ 25.3% ใน 4Q21) จากอัตราการใช้กำลังการผลิตที่ลดลง ต้นทุนวัตถุดิบที่อยู่ในระดับสูงและค่าเงินบาทที่แข็งค่าขึ้น KCE มีกำไรสุทธิในปี 2022 อยู่ที่ 2.32 พัน ลบ. (-4.5% y-y) เมื่อหักรายการพิเศษกำไรไปอยู่ที่ 2.28 พัน ลบ. (+2% y-y)

คาดกำไร 1Q23 จะลดลงในอัตราเร่ง

เรามีมุมมองลบจากการประชุมนักวิเคราะห์ของ KCE เมื่อวันที่ 8 ก.พ. 2023 ในระยะสั้นเรคาดว่ากำไรสุทธิ 1Q23 จะลดลงในอัตราเร่งมาอยู่ที่ 393 ลบ. (-21% q-q, -33% y-y) จากต้นทุนวัตถุดิบที่อยู่ในระดับสูงและค่าเงินบาทที่แข็งค่า เรคาดว่ารายได้ปี 2023 จะโต 5% y-y ตามเป้าหมายของผู้บริหารโดยมีสมมติฐานอัตราแลกเปลี่ยนอยู่ที่ 33 บาท/USD (+5.2% y-y) ด้วยเหตุดังกล่าวเรคาดรายได้ปี 2023 ที่ 18.4 พัน ลบ. (-0.5% y-y) อัตรากำไรขั้นต้นน่าจะปรับตัวดีขึ้นตั้งแต่ 2H23 เป็นต้นไป หลังวัตถุดิบที่มีราคาสูงถูกใช้หมดไป ในภาพรวมเรคาดกำไรสุทธิ 2023 ที่ 2.38 พัน ลบ. (+2.6% y-y) ส่วนโรงงานใหม่ที่นิคมอุตสาหกรรมโรจนะ อยู่ระยะไหนจะเริ่มดำเนินงานได้ในช่วง 2H24 เราเชื่อว่าปัจจัยดังกล่าวจะช่วยหนุนการเติบโตของบริษัท ตั้งแต่ปี 2025 เป็นต้นไป

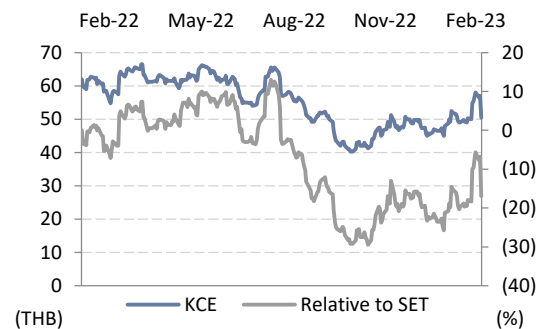
ราคาหุ้นไม่มี Upside

เราเริ่ม KCE ด้วยคำแนะนำถือที่ราคาเป้าหมาย 50 บาท (25x ของค่า 2023E P/E) เราคิดว่าแนวโน้มระยะกลางถึงยาวของ KCE ยังคงติดตามการเติบโตของอุตสาหกรรม EV ในอนาคต อย่างไรก็ตาม ในระยะสั้น แนวโน้มกำไร 1Q23 ยังอ่อนแอ กอปรกับราคาหุ้นในปัจจุบันมี Upside จำกัด

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	18,456	18,368	20,205	22,629
Net profit	2,317	2,378	2,883	3,290
EPS (THB)	1.96	2.01	2.44	2.78
vs Consensus (%)	-	(4.2)	6.7	5.9
EBITDA	3,622	3,776	4,466	4,982
Core net profit	2,281	2,378	2,883	3,290
Core EPS (THB)	1.93	2.01	2.44	2.78
EPS growth (%)	1.7	4.2	21.2	14.1

Core P/E (x)	26.2	25.1	20.7	18.1
Dividend yield (%)	3.2	3.0	3.4	3.9
EV/EBITDA (x)	17.2	16.1	13.6	12.2
Price/book (x)	4.5	4.3	4.0	3.8
Net debt/Equity (%)	19.9	7.3	7.6	7.1
ROE (%)	17.0	17.4	20.0	21.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.2	6.3	(31.1)
Relative to country (%)	5.4	3.9	(30.5)
Mkt cap (USD m)	1,781		
3m avg. daily turnover (USD m)	30.8		
Free float (%)	0		
Major shareholder	Ongkosit Group (33%)		
12m high/low (THB)	73.50/39.75		
Issued shares (m)	1,181.97		

Sources: Bloomberg consensus; FSSIA estimates



Sureeporn Teewasuwet

sureeporn.t@fssia.com
+66 2646 9972

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

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 9 กุมภาพันธ์ 2023

Investment thesis

In the short term, we estimate KCE's 1Q23 net profit to drop at an accelerated rate to THB393m (-21% q-q, -33% y-y). On a full-year basis, we project a 2023 net profit of THB2.38b (+2.6% y-y).

However, we think KCE's mid-to-long-term prospects remain bullish, in line with EV growth in the future. The company has a plan to expand its production capacity by 1 million sq ft/month (+27% from current capacity). The plant construction and the installation of machinery should be completed within 18-20 months, with operations expected to start in 2H24. We expect that this new factory will support the company's growth in 2025 onward.

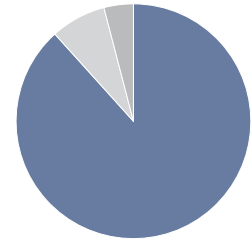
Company profile

KCE produces and distributes printed circuit boards (PCB). Its key customer base comes from manufacturers of automotive electronic equipment, which accounted for 70% of total revenue in 2022. In particular, KCE is a supplier to the fast-growing electric vehicle (EV) market. Its crucial export markets include Europe (48.5% of total revenue in 2022), followed by the US (23.9%), China (13.2%), and Asia (5.9%), with Thailand representing 8.5%.

www.kcethai.in.th

Principal activities (revenue, 2022)

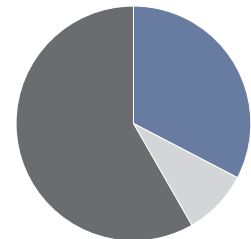
- Printed circuit board - 88.3 %
- Prepeg and Laminate - 7.6 %
- Chemical - 4.0 %



Source: KCE Electronics

Major shareholders

- Ongkosit Group - 32.7 %
- Thai NVDR - 9.1 %
- Others - 58.3 %



Source: KCE Electronics

Catalysts

Potential catalysts for KCE's earnings growth in 2023 are 1) a stronger global economy and the recovery of the automotive industry; 2) a decline in raw material costs; and 3) a faster-than-expected capacity expansion.

Risks to our call

Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected automotive recovery; 2) a potential rise or fall in raw material costs; and 3) a stronger or weaker-than-expected THB against USD.

Event calendar

Date	Event
8 Feb 2023	4Q22 analyst meeting
May 2023	1Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Sales volume (sq.ft.mn)	33.7	36.3	39.9
ASP (USD per sq.ft.)	13.6	13.8	14.1
Special PCB sales (USD m)	124	136	150
Total revenue (USD m)	557	612	686
FX rate (USD/THB)	33.0	33.0	33.0
Gross margin (%)	23.3	25.0	25.2

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in USD revenue, we estimate 2023 net profit to rise by 0.9%, and vice versa, all else being equal.
- For every THB1/USD increase, we estimate 2023 net profit to fall by 6.5%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2023 net profit to rise by 3.4%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A to sales, we estimate 2023 net profit to fall by 1.8%, and vice versa, all else being equal.

Source: FSSIA estimates

One of the world's top 10 PCB suppliers to auto electronics

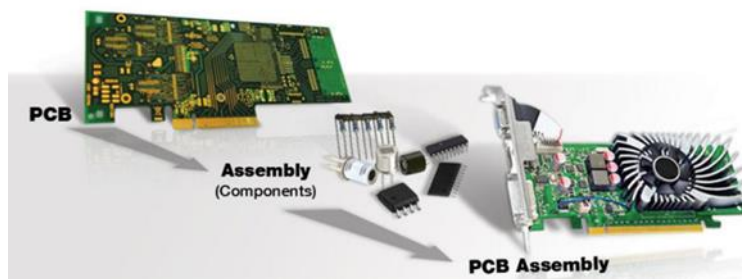
KCE was established in 1982 and listed on the SET in 1988. The company produces and distributes PCBs, under the KCE trademark. KCE's products are the foundation components for a wide range of electronic devices. Its key customer base comes from manufacturers of automotive electronic equipment, which accounted for 70% of total revenue in 2022. Non-automotive electronic equipment exposure accounted for 30% of total revenue in 2022, consisting of telecommunication devices, computer networks, industrial equipment, medical equipment, and consumer products.

At present, the company has a total customer base of more than 300 customers. The company has a policy to limit sales to an individual customer not exceeding 30% of total revenue. In 2021, the top 10 major customers placed orders accounting for 65% of total revenue.

Exhibit 1: PCB and PCBA

Printed Circuit Board

- A device to wire electronic components
- Tailor-made to fit customer's design
- Technology from single-sided to laser drilled multilayer boards



Sources: Google, FSSIA's compilation

KCE's crucial export markets include Europe (48.5% of total revenue in 2022), followed by the US (23.9%), China (13.2%), and Asia (5.9%), with Thailand representing 8.5%. KCE group has three business segments, which are as follows:

1. Manufacture and distribution of printed circuit boards

PCBs are an essential part of a wide range of electronic products, which are the foundation components of electronic circuits and almost all electronic devices used in everyday life, which contain one or more of them. The boards have a copper track printed onto them that acts as a pathway for electrical signals. The boards' main function is to mechanically support electronic components and electrically connect the circuit, and are used instead of the more complicated wiring method.

PCBs consist of two main parts: the base or substrate, and the conductor. The base is a thin layer of non-conductive board that acts as a platform for the components mounted onto it, while the copper conductor connects the different components on the PCB. The base material is made from epoxy fiberglass and can be used with many different types of products. The base is usually made in a green or blue colour. The PCB products that the company produces are as follows:

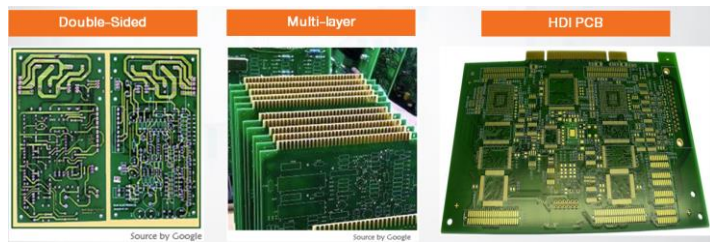
1.1 Double-sided plated-through hole PCBs: the circuit line that carries the electrical signal is printed on both sides of the copper layer. The board is drilled to make holes for leaded components; copper is then plated through holes called vias, so that the electrical signal on both sides of the board can be connected.

1.2 Multilayer PCBs (4-24 layers), which are a more complex, higher technology board. The circuit lines are on different copper layers – the inner and the outer layers – which are connected with plated-through holes.

In 2022, KCE’s revenue contribution from multilayer/special (HDI)/double-sided PCBs was 65.1%/25.9%/9%, respectively.

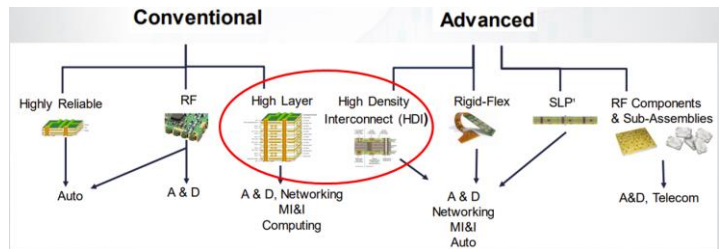
2. Manufacture and distribution of prepreg and laminates.
3. Manufacture and distribution of chemical products.

Exhibit 2: Type of PCBs



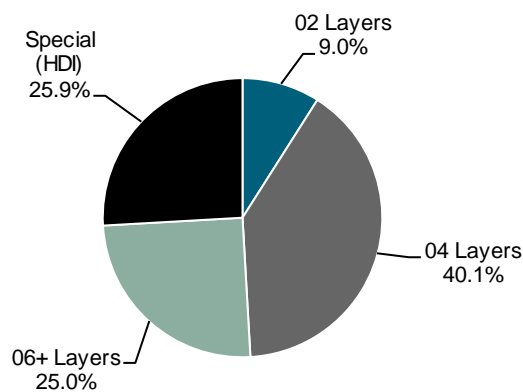
Sources: Google, FSSIA’s compilation

Exhibit 3: PCB technologies



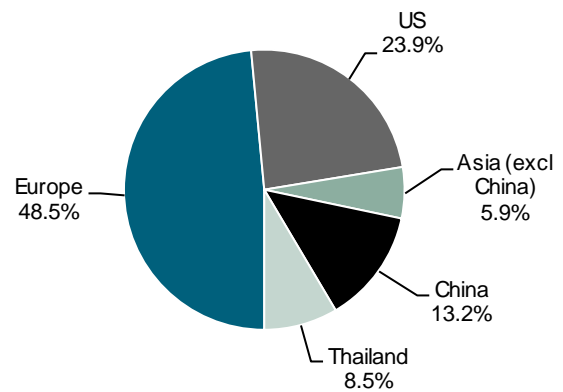
Source: TTM Technologies’ presentation

Exhibit 4: Revenue breakdown by product type, 2022



Source: KCE

Exhibit 5: Revenue breakdown by country, 2022



Source: KCE

4Q22 net profit was an eight-quarter low

KCE reported a 4Q22 net profit of THB500m (-24% q-q, -29% y-y). Excluding an FX loss of THB7m, the company's normalised earnings are equal to THB507m (-20% q-q, -21% y-y). Its 4Q22 profit was an eight-quarter low.

PCB revenues tumbled 11% q-q and 8% y-y to USD98m since purchase orders decreased in all continents and for all multilayer PCBs. The gross margin fell sharply to 21.1% (vs 24.3% in 3Q22 and 25.3% in 4Q21) due to a decreased utilisation rate, high raw material costs, and the stronger THB.

On a full-year basis, KCE's 2022 net profit amounted to THB2.32b (-4.5% y-y). Excluding extra items, the company's 2022 normalised earnings were equal to THB2.28b (+2% y-y).

Exhibit 6: KCE's 4Q22 earnings results

	4Q21	1Q22	2Q22	3Q22	4Q22	----- Change -----		2021	2022	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	4,198	4,533	4,667	4,634	4,622	(0.2)	10.1	14,938	18,456	23.6
Cost of sales	3,136	3,498	3,603	3,509	3,645	3.9	16.2	10,965	14,254	30.0
Gross profit	1,062	1,035	1,064	1,125	978	(13.1)	(7.9)	3,973	4,202	5.8
SG&A	401	479	450	523	467	(10.8)	16.3	1,656	1,919	15.9
Operating profit	661	556	614	602	511	(15.1)	(22.6)	2,317	2,283	(1.5)
Interest expense	12	12	17	19	24	24.5	105.3	44	72	64.9
Tax expense	71	35	54	22	32	44.7	(55.0)	221	144	(35.2)
Other gain (loss)	55	32	(30)	41	(7)	<i>nm</i>	<i>nm</i>	190	36	(80.9)
Reported net profit	701	590	572	655	500	(23.6)	(28.6)	2,426	2,317	(4.5)
Core profit	646	558	602	637	507	(20.3)	(21.4)	2,237	2,281	2.0
Key Ratios (%)						(ppt)	(ppt)			
Gross margin	25.3	22.8	22.8	24.3	21.1	(3.1)	(4.1)	26.6	22.8	(3.8)
SG&A / Sales	9.6	10.6	9.6	11.3	10.1	(1.2)	0.5	11.1	10.4	(0.7)
Operating margin	15.7	12.3	13.2	13.0	11.1	(1.9)	(4.7)	15.5	12.4	(3.1)
Net margin	16.7	13.0	12.3	14.1	10.8	(3.3)	(5.9)	16.2	12.6	(3.7)
Core margin	15.4	12.3	12.9	13.7	11.0	(2.8)	(4.4)	1.0	11.7	10.7
Operating Statistics (USD m)										
PCB sales	106	113	113	111	98	(11.3)	(7.8)	403	435	7.9
Non-PCB sales	20	25	23	17	30	75.1	50.5	66	95	45.5
Total sales	127	138	136	128	128	0.4	1.4	469	530	13.1
Europe sales	55	53	51	59	48	(18.0)	(13.1)	202	211	4.3
USA sales	21	26	29	26	23	(8.5)	10.3	85	104	22.0
Asia sales	7	7	7	6	6	(5.6)	(14.0)	29	26	(13.0)
China sales	12	14	16	14	13	(5.9)	10.0	44	57	30.0
Thailand sales	11	13	10	6	8	22.5	(30.6)	42	37	(12.2)
02-layer sales	13	12	11	9	9	(0.1)	(33.9)	50	39	(22.0)
04-layer sales	48	48	47	42	37	(13.2)	(23.9)	182	174	(4.4)
06-layer sales	28	27	28	30	24	(21.8)	(15.8)	103	109	5.4
Special (HDI) sales	17	26	28	29	29	(0.9)	70.7	67	113	67.2

Sources: KCE, FSSIA estimates

Another cloudy year anticipated in 2023

We have a negative view from KCE's analyst meeting on 8 Feb 2023. Management targets 2023 USD revenue growth at 5%, in line with the global car sales forecast, for a slight drop of 2%-3% y-y. In particular, KCE expects multilayer PCB revenue to decrease by 4%-6% y-y, as its customers have booked shorter purchase orders by around 1-2 months in advance (vs 3-6 months in 2021-22). However, KCE forecasts special PCB for EVs to grow by 30%-40% y-y. The company targets its 2023 gross margin to slightly increase from 22.8% in 2022.

In the short term, we estimate KCE's 1Q23 net profit to drop at an accelerated rate to THB393m (-21% q-q, -33% y-y), due to high raw material costs for items that were already stocked when the Baht was weaker, and the stronger THB in 1Q23 should impact its top line. We forecast the gross margin to sharply fall to below 20% (vs 21.1% in 4Q22 and 22.8% in 1Q22), which might hit a ten-quarter low. However, we expect its 1Q23 profit to be the bottom of this year.

We anticipate revenue growth in 2023 of 5% y-y to USD557m, in line with management's target. Our exchange rate assumption is conservative at THB33/USD, up 5.2% y-y. Hence, we forecast 2023 total revenue of THB18.4b (-0.5% y-y). The gross margin should slightly increase to 23.3% in 2023 from 22.8% in 2022. Its margin should significantly improve in 2H23 onward after the high-priced inventory burns out. Overall, we project a 2023 net profit of THB2.38b (+2.6% y-y).

However, we are still concerned about the slow decline in raw material costs, as the copper price seems to be dropping at a slower-than-expected rate. Currently, the 1Q23 LME copper average price is USD9.04b per tonne (+13% q-q, -9.4% y-y) – it has increased from 3Q22 and 4Q22. This could result in a slower-than-target profitability recovery. We would recommend monitoring the movement of the copper price for the remainder the year.

Exhibit 7: Key assumptions for KCE

Assumptions	Forecast				% change		
	2022A	2023E	2024E	2025E	2023E	2024E	2025E
Sales volume (sq.ft.mn)	31.5	33.7	36.3	39.9	6.9	7.8	9.8
ASP (USD per sq.ft.)	13.8	13.6	13.8	14.1	(1.8)	2.0	2.0
Total revenue (USD m)	530	557	612	686	5.0	10.0	12.0
FX rate (THB/USD)	34.8	33.0	33.0	33.0	(5.2)	0.0	0.0
Total sales value (THB m)	18,456	18,368	20,205	22,629	(0.5)	10.0	12.0
Gross profit (THB m)	4,202.0	4,279.7	5,051.2	5,702.6	1.9	18.0	12.9
Gross margin (%)	22.8	23.3	25.0	25.2	0.5	1.7	0.2
SG&A expenses (THB m)	1,919	1,929	2,121	2,376	0.5	10.0	12.0
SG&A to sales (%)	10.4	10.5	10.5	10.5	0.1	0.0	0.0
Report net profit (THB m)	2,317	2,378	2,883	3,290	2.6	21.2	14.1
Net margin (%)	12.6	12.9	14.3	14.5	0.4	1.3	0.3
Core profit (THB m)	2,281	2,378	2,883	3,290	4.2	21.2	14.1
Core margin (%)	12.4	12.9	14.3	14.5	0.6	1.3	0.3

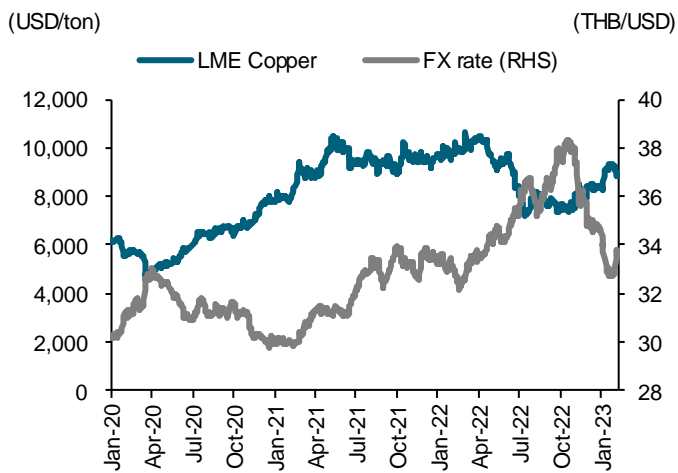
Source: FSSIA estimates

Regarding the newly planned PCB factory, KCE acquired 67 rai of land at the Rojana Industrial Park (Ayutthaya) in 2H22, and construction has already started since 4Q22. The new factory will have a production capacity of 1 million sq ft/month, increasing the current capacity of 3.6 million sq ft/month from the two factories at Lat Krabang Industrial Estate (Bangkok) and Hitech Industrial Estate (Ayutthaya). Therefore, the total new capacity of the three factories will be 4.6 million sq ft/month. KCE will focus on continuous improvement, high efficiency, and more automated systems.

The investment project, including the installation of facility systems, machinery, and equipment, has a total value of approximately THB8.06b. Its source of funds comes from cash from operations at c25% and loans from financial institutions at c75%.

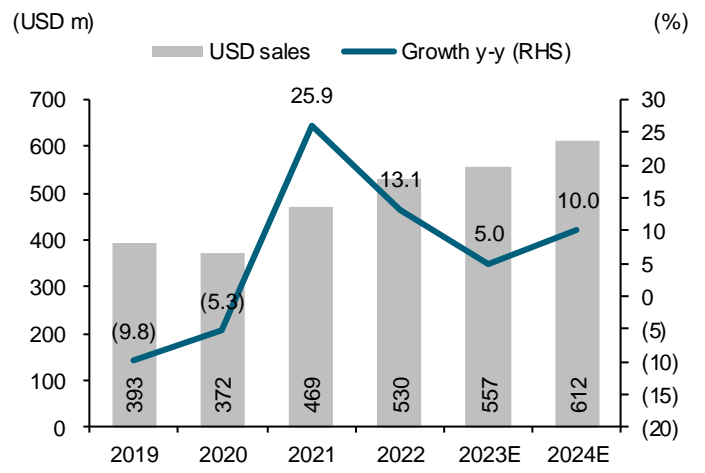
Management stated that the plant's construction and the installation of machinery will be completed within 18-20 months, with operations expected to start in 2H24. We expect that this new factory will support the company's growth in 2025 onward.

Exhibit 8: LME Copper and THB/USD



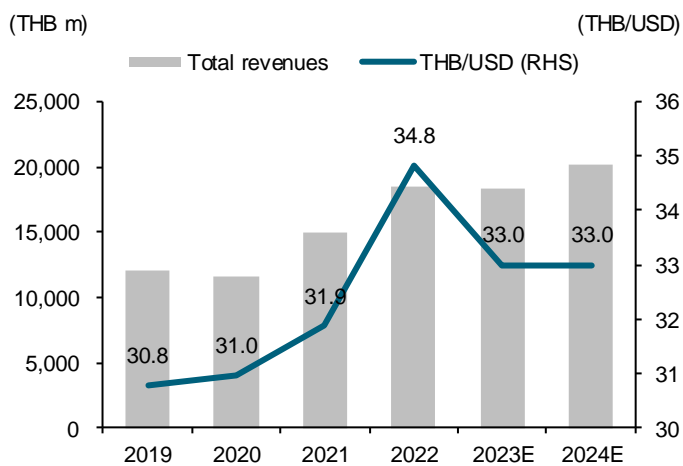
Source: Bloomberg

Exhibit 9: USD sales



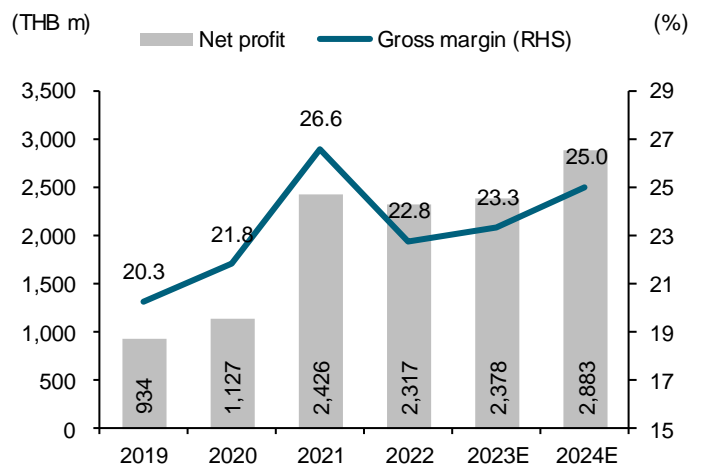
Sources: KCE, FSSIA estimates

Exhibit 10: Total revenue in THB and FX rate



Sources: KCE, FSSIA estimates

Exhibit 11: Gross margin and net profit



Sources: KCE, FSSIA estimates

Valuation

We initiate our coverage of KCE with a HOLD recommendation and TP of THB50, based on 25x 2023E P/E, slightly below its five-year historical average. We think KCE's mid-to-long-term prospects remain bullish, in line with EV growth in the future. However, in the short term, we expect poor earnings in 1Q23, while the current share price has a limited upside. Aside from that, we expect the company to pay a 2H22 DPS of THB0.6, implying a dividend yield of 1.2%.

Exhibit 12: Peers comparison as of 8 Feb-23

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		22E (x)	23E (x)	22E (%)	23E (%)	22E (x)	23E (x)	22E (x)	23E (x)
Thailand														
KCE Electronics*	KCE TB	HOLD	50.50	50.00	(1)	1,781	26.2	25.1	17.0	17.4	4.5	4.3	17.2	16.1
Hana Microelectronics	HANA TB	n/a	61.00	n/a	n/a	1,464	23.6	19.7	8.3	10.1	2.1	2.0	13.3	11.8
Delta Electronics (Thailand)	DELTA TB	n/a	930.00	n/a	n/a	34,592	80.8	72.5	31.3	28.0	22.7	19.1	67.4	59.5
SVI	SVI TB	n/a	9.35	n/a	n/a	600	13.6	13.2	29.1	22.7	3.2	2.7	13.1	11.7
Cal-Comp Electronics	CCET TB	n/a	2.44	n/a	n/a	392	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Stars Microelectronics	SMT TB	n/a	5.60	n/a	n/a	141	18.1	17.5	15.6	15.4	2.8	2.7	9.2	8.5
Thailand average						38,970	32.5	29.6	20.3	18.7	7.0	6.2	24.1	21.5
Regional														
Chin-Poon industrial	2355 TT	n/a	30.15	n/a	n/a	399	25.2	21.6	3.1	3.4	0.8	0.8	7.0	5.4
Zhen Ding Technology	4958 TT	n/a	112.50	n/a	n/a	3,546	7.5	7.6	15.0	13.9	1.1	1.0	3.9	3.4
Gigabyte Technology	2376 TT	n/a	120.00	n/a	n/a	2,539	11.9	11.5	17.8	17.9	2.2	2.0	9.2	0.4
Unimicron Technology	3037 TT	n/a	131.50	n/a	n/a	6,470	6.4	6.9	41.3	30.3	2.3	1.9	3.5	3.5
Nan Va Printed Circuit Board	8046 TT	n/a	244.00	n/a	n/a	5,247	8.2	9.0	42.7	32.7	3.0	2.6	5.2	5.3
Kingboard Holdings	148 HK	n/a	32.35	n/a	n/a	4,570	4.9	4.5	11.2	11.3	n/a	n/a	4.0	3.7
Avary Holding Shenzhen	002938 CH	n/a	28.71	n/a	n/a	9,814	13.4	12.7	18.4	17.7	2.5	2.2	7.9	7.2
Suzhou Dongshan Precision	002384 CH	n/a	28.65	n/a	n/a	7,214	20.6	16.5	14.9	16.2	2.9	2.6	12.3	10.6
Shengyi Technology	600183 CH	n/a	16.48	n/a	n/a	5,649	20.4	16.4	13.4	14.6	2.7	2.5	14.7	12.1
Shennan Circuits	002916 CH	n/a	79.20	n/a	n/a	5,982	23.9	20.3	16.6	16.8	3.6	3.2	14.8	12.6
Shenzhen Kinwong Electronics	603228 CH	n/a	23.38	n/a	n/a	2,917	18.2	14.7	12.8	14.4	n/a	n/a	n/a	n/a
TTM Technologies	TTMI US	n/a	16.03	n/a	n/a	1,626	9.3	9.8	10.3	10.8	1.1	1.0	6.4	6.3
Regional average						55,973	14.2	12.6	18.1	16.7	2.2	2.0	8.1	6.4
Overall average						94,942	19.5	17.6	18.8	17.3	3.8	3.4	13.1	11.1

Sources: Bloomberg, *FSSIA estimates

Exhibit 13: Historical P/E Band



Sources: Bloomberg, FSSIA estimates

Exhibit 14: Historical P/BV Band



Sources: Bloomberg, FSSIA estimates

Corporate Governance – KCE

Board structure

Independent Directors (ID)	3 of 9 board members, 2 females
Percentage of IDs on the board	33.3%
ID attendance at board meetings	99.1%
ID in audit/remuneration committee	3/3 in audit committee and 2/3 in remuneration committee
ID terms	More than 3 consecutive terms and not more than 9 years in total, extension is up to Board's consideration

Additional information: 2021 One Report

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2021, THB3.81m vs net profits of THB2,426.3m
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

Additional information: None

ESG and sustainability management

KCE Electronics PCL (KCE) manufactures and distributes printed circuit boards (PCBs). It was established in 1982 with an initial registered capital of THB12m. The core PCB business manufactures from an epoxy glass copper lead laminate, under the 'KCE' trademark.

According to KCE, the automotive electronics sector it serves is highly competitive according to the standards of the overall electronics industry. The company faces competition from local, regional and large international providers of PCBs. However, the company believes that product reliability, responsive customer service and support and fair pricing, are its key strengths, and of greater importance to customers. According to N.T. Information, the top 10 automotive PCB makers have an aggregate output of 50% of worldwide production. KCE was ranked the 8th largest automotive PCB maker in the world. Factors affecting the electronic printed circuit board industry include shortened lifecycle and increasing complexity of electronic products, innovation of automotive electronics, migration of the world's PCB manufacturers to Asia for the benefit of labour costs, and the volatility of copper and gold prices.

Materiality issues	Activities and practice
Competitiveness	<p>According to KCE, the automotive electronics market is in a growth trend, and there are fewer competitors in the market, as new manufacturers will need to take time to develop the production technology. Nevertheless, KCE positions itself to gain competitiveness by:</p> <ul style="list-style-type: none"> Setting a selling price by taking into account production costs, level of technology, production complexity, and order volume. Producing PCBs to correspond with the technological advancement of customers' products and trying to stay ahead of PCB complexity. KCE's cost advantage is via its subsidiary, Thai Laminate Manufacturer Co., Ltd., which manufactures prepreg and laminates. KCE places importance on both before and after-sales services in an attempt to maintain a strong relationship with customers.
Reliance on automotive demand	The Covid-19 pandemic that led to lockdown measures and caused an economic slowdown globally led to the necessity of "work from home" and resulted in an increase in the consumption of electronic consumer products. The company is aiming at capturing this demand outside of the automotive segment to reduce the risk from overreliance on automotive customers. As KCE's full production capacity resumed in 2021, the company increased the proportion of production of products outside the automotive segment.
Raw material sourcing	In 2021, the Covid-19 pandemic caused a shortage of shipping containers and consequently led cost rises in both transportation and raw materials, especially copper. The company managed with good planning and coordination, as well as sourcing from more vendors.
Change of technology	Electronic devices will soon be smaller in size but higher in complexity and capability, implying potentially drastic changes in production techniques to achieve required PCBs of efficiency and stability. KCE started investing in machinery and equipment to align with industry dynamics in order to maintain competitiveness. In 2021, The company not only invested in machines for hi-tech HDI production (High Density Interconnect), but also in product development, production processes, quality control, and capacity expansion. Meanwhile, KCE puts its best effort to strengthen relationships with electronics manufacturing clients by providing assistance in developing new products.
Production risk	Although Covid-19 became less severe in 2021 and consumption improved, the domestic outbreak in Jun-21 impacted KCE as employees were infected, and therefore, in place of quarantine measures, the company took this as an opportunity to automate some production stages, which benefitted the production process via the new technology that helped lower damage rates and production times. Preventive maintenance was also adopted to reduce time and increase efficiency.
Manpower shortage	Despite c40% lower of purchase orders during the spread of the Covid-19 pandemic since 2020, not downsizing made KCE ready to resume production for the resumption of order flow in 2021. However, the above-mentioned outbreak in Jun-21 caused labour shortages country-wide and consequently led to higher compensation. The company raised its minimum wage and improved employment conditions in a bid to maintain its manpower.
IT security	KCE gives priority to protect IT systems by setting a fire wall; installing antivirus software; having data backup systems; building a server storage room that can withstand fires for c10 hours; equipping uninterruptible power supply systems; and having maintenance contracts for both computers and software.
Foreign exchange loss risk	KCE partially adopts natural hedging by balancing foreign assets and liabilities, given both revenue and cost in USD currency and benefits from THB depreciation. However, the company will cautiously take forward contracts to hedge against fluctuation at a certain level.
Interest rate risk	KCE has low interest rate risk as most borrowings are not only at fixed interest rates but also from domestic financial institutions. The company's net interest bearing debt of 0.28x in 2022 and 0.27x in 2021 ensured minimal impact from the interest rate.

Additional information: 2021 One Report

Audit Practices

Auditor	KPMG Phoomchai Audit Co., Ltd
Length of service	More than five years
Reporting incidents	None
Fee track record	n/a
Policy on change of audit firm	To review every five years

Additional information: None

Shareholders' rights

Practice	Activity
Communication - shareholder participation in AGMs/EGMs	AGM once annually, EGM when appropriate and in accordance with SEC guidelines
Related party transactions	In accordance with SEC guidelines
Voting issues - policies, incidents of rejected proposals	None

Additional information: None

ESG and sustainability management (cont.)

Hazard risk	Fires and natural disasters are insured for all risks to business interruption conditions. The insurance policy will be reviewed annually for adequate coverage. Nevertheless, the company does line up several fire prevention measures in accordance with professional advice.
Production waste leakage and contamination risk	In 2021, the company improved waste disposal equipment for better waste treatment control and to keep a low level of risk from waste leakage.
Respect for human rights	KCE believes employees' satisfaction is one of the keys to success, and therefore ensures fair treatment; equal opportunity; appropriate remuneration/appointments/promotions; a safe and environmentally friendly operating system; and productivity improvement training.
Environment, social, governance (ESG) and supplier code of conduct	In 2020, the company received ISO 45001:2018 certification (March 6, 2020 - March 6, 2023) for complying with standards for management systems of occupational health and safety. In 2021, the company was awarded "Excellent Establishment on Labour Relations and Welfare" at the national level for the 9 th year, the award organised by the Department of Labour Protection and Welfare. Internally, KCE establishes a risk management process that encompasses environmental, social and governance (ESG) so that management is consistent with the level of risk taking into account quality, quantity, products and services, as well as complying with labour laws, environmental laws and other quality management systems to protect and reduce risks that may affect quality. Externally with related suppliers, KCE documents Supplier Code of Conduct (SCOC) that covers a wide range of issues on its website https://www.kce.co.th/Eng/index.aspx#SupplyChain for Conflict Minerals Policy, Supplier Code of Conduct, Anti-Corruption Policy, Sustainable Procurement Policy, etc. As recorded in the 2020 Annual Report, acknowledgement from AVL (Approved Vendors List) suppliers on "Supplier Code of Conduct (SCOC)" was c76% with increment at end of 2021 to c82.5%.
Use of conflict minerals	Conflict minerals originate in the Democratic Republic of Congo ("DRC") and its bordering countries known as the Democratic Republic of Congo. The "comprehensive group" encompasses the four minerals tin, tungsten, tantalum and gold (tin, tungsten, tantalum, gold, or "3TG"), which are widely used in the machinery industry, communication tool electronic equipment, electrical appliances, vehicles and cosmetics. The root of the problem lies in the Congo, Uganda and Rwanda in Africa, where the minerals are extracted in large quantities becoming sources of funds for armed groups, leading to human rights violations, environmental destruction, and the threat of international conflict. In relation to the United Nations guidelines to prevent using such minerals through the supply chain involving human rights issues and violence, it is the duty of an entrepreneur to formally report the procurement policy of vulnerable minerals and how it complies with the guidelines. KCE has a policy to discontinue use of conflict minerals and has issued a "Conflict Minerals Control Policy" which prohibits the purchase of tungsten, tantalum, tin, gold (3TG) and cobalt that are mined from the aforementioned countries and has requested AVL suppliers to clarify the origin of 3TG minerals and to sign the "Conflict Minerals Control Agreement". In 2020 Annual Report, the suppliers responded to the signing of "Conflict Minerals Control Agreement" by c72% and c83.7%, respectively, in 2020-21.
Green procurement	KCE's selection policy for new raw material suppliers (New Supplier Qualification) involves the production and delivery of products. The company requests verification of important documents such as IATF 16949/ ISO 9001/, ISO 14001 (minimum) / ISO 45001 Certificate, etc., i.e. the supply products must certify environmental management such as deforesting, green label, green leaf certificate, energy saving label 5, energy saving, or ISO 14001 certification, etc.
Green packaging, say no to foam use	Product packaging made from environmentally friendly raw materials, biodegradable raw materials, and recycled raw materials, etc. are encouraged with vendors and suppliers. In 2020, KCE's purchase value of raw materials on foam packaging was c0.20% of the total purchase value of the company.
Green logistics management	The company encourages its suppliers to use e-invoices and e-documents to help reduce greenhouse gas emissions from long distance transportation. Packaging materials are advised to be made from 100% recycled components. In 2021, the packaging design, purchasing and procurement department collaborated with customers to phase out foam packaging.
Awards and recognition	The company continued achieving a score of "Excellent", for more than five years in 2022, in the annual surveys conducted by the Thai Institute of Directors Association (IOD) in collaboration with the Stock Exchange of Thailand and the Securities and Exchange Commission and was awarded the ASEAN Asset Class Publicly Listed Companies Award in the 2019 ASEAN CG Scorecard which receives support from The ASEAN Capital Markets Forum (ACMF) and Asian Development Bank (ADB) to acknowledge the listed companies in ASEAN with outstanding good corporate governance practices.
Anti-corruption	In 2013, the company signed a mutual agreement with the Private Sector Collective Action Coalition Against Corruption (CAC) and was certified a member in 2015. KCE's anti-corruption rating is level 4.

Additional information: 2021 One Report

Financial Statements

KCE Electronics

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	14,938	18,456	18,368	20,205	22,629
Cost of goods sold	(9,925)	(13,140)	(12,884)	(13,860)	(15,543)
Gross profit	5,012	5,316	5,484	6,345	7,087
Other operating income	202	224	220	242	272
Operating costs	(1,656)	(1,919)	(1,929)	(2,121)	(2,376)
Operating EBITDA	3,559	3,622	3,776	4,466	4,982
Depreciation	(1,040)	(1,114)	(1,204)	(1,294)	(1,384)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,519	2,508	2,572	3,172	3,598
Net financing costs	(44)	(72)	(71)	(122)	(117)
Associates	17	19	21	21	23
Recurring non-operating income	17	19	21	21	23
Non-recurring items	190	36	0	0	0
Profit before tax	2,683	2,490	2,521	3,072	3,505
Tax	(221)	(144)	(125)	(153)	(174)
Profit after tax	2,461	2,347	2,396	2,919	3,330
Minority interests	(35)	(29)	(19)	(36)	(41)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	2,426	2,317	2,378	2,883	3,290
Non-recurring items & goodwill (net)	(190)	(36)	0	0	0
Recurring net profit	2,237	2,281	2,378	2,883	3,290
Per share (THB)					
Recurring EPS *	1.90	1.93	2.01	2.44	2.78
Reported EPS	2.06	1.96	2.01	2.44	2.78
DPS	1.60	1.60	1.51	1.71	1.95
Diluted shares (used to calculate per share data)	1,178	1,182	1,182	1,182	1,182
Growth					
Revenue (%)	29.6	23.6	(0.5)	10.0	12.0
Operating EBITDA (%)	60.0	1.8	4.3	18.3	11.6
Operating EBIT (%)	115.5	(0.5)	2.6	23.4	13.4
Recurring EPS (%)	118.7	1.7	4.2	21.2	14.1
Reported EPS (%)	114.4	(4.8)	2.6	21.2	14.1
Operating performance					
Gross margin inc. depreciation (%)	26.6	22.8	23.3	25.0	25.2
Gross margin of key business (%)	26.6	22.8	23.3	25.0	25.2
Operating EBITDA margin (%)	23.8	19.6	20.6	22.1	22.0
Operating EBIT margin (%)	16.9	13.6	14.0	15.7	15.9
Net margin (%)	15.0	12.4	12.9	14.3	14.5
Effective tax rate (%)	8.3	5.8	5.0	5.0	5.0
Dividend payout on recurring profit (%)	84.3	82.9	75.0	70.0	70.0
Interest cover (X)	58.0	35.0	36.7	26.2	31.0
Inventory days	136.7	135.4	124.2	105.5	103.2
Debtor days	92.5	91.9	93.7	85.9	85.2
Creditor days	123.3	104.1	95.2	94.9	92.9
Operating ROIC (%)	15.6	13.4	13.8	17.0	18.1
ROIC (%)	14.5	12.6	13.0	16.0	17.1
ROE (%)	17.6	17.0	17.4	20.0	21.5
ROA (%)	11.7	11.0	11.6	13.8	14.8
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Printed circuit board	13,184	16,302			
Prepeg and Laminate	1,152	1,408			
Chemical	602	747			

Sources: KCE Electronics; FSSIA estimates

Financial Statements

KCE Electronics

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	2,237	2,281	2,378	2,883	3,290
Depreciation	1,040	1,114	1,204	1,294	1,384
Associates & minorities	-	-	-	-	-
Other non-cash items	(17)	(19)	(21)	(21)	(23)
Change in working capital	(1,769)	(1,186)	1,430	(484)	(604)
Cash flow from operations	1,490	2,191	4,991	3,672	4,047
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,932)	(993)	(1,800)	(1,800)	(1,800)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(72)	121	26	(13)	(17)
Cash flow from investing	(2,005)	(872)	(1,774)	(1,813)	(1,817)
Dividends paid	(1,181)	(2,322)	(1,783)	(2,018)	(2,303)
Equity finance	98	10	0	0	0
Debt finance	1,184	173	(357)	101	57
Other financing cash flows	36	(2)	(32)	(1)	(1)
Cash flow from financing	137	(2,141)	(2,172)	(1,918)	(2,247)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(377)	(821)	1,046	(59)	(17)
Free cash flow to firm (FCFF)	(470.45)	1,391.42	3,288.20	1,980.48	2,346.71
Free cash flow to equity (FCFE)	705.95	1,490.66	2,828.91	1,958.42	2,286.01

Per share (THB)

FCFF per share	(0.40)	1.18	2.78	1.68	1.99
FCFE per share	0.60	1.26	2.39	1.66	1.93
Recurring cash flow per share	2.77	2.86	3.01	3.52	3.93

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	17,020	16,777	18,577	20,377	22,177
Less: Accumulated depreciation	(8,020)	(7,899)	(9,103)	(10,397)	(11,781)
Tangible fixed assets (net)	8,999	8,878	9,474	9,980	10,396
Intangible fixed assets (net)	365	323	307	307	307
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	590	575	575	575	575
Cash & equivalents	1,966	1,145	2,190	2,131	2,114
A/C receivable	4,394	4,900	4,529	4,982	5,580
Inventories	4,841	4,908	3,860	4,152	4,637
Other current assets	592	127	110	121	136
Current assets	11,794	11,079	10,689	11,385	12,467
Other assets	203	138	129	141	158
Total assets	21,951	20,993	21,173	22,389	23,903
Common equity	13,380	13,389	13,953	14,818	15,805
Minorities etc.	62	56	55	54	53
Total shareholders' equity	13,442	13,445	14,008	14,872	15,858
Long term debt	1,126	910	858	819	905
Other long-term liabilities	435	395	386	424	475
Long-term liabilities	1,561	1,305	1,244	1,243	1,380
A/C payable	4,246	3,249	3,474	3,736	4,174
Short term debt	2,543	2,915	2,356	2,436	2,333
Other current liabilities	159	80	92	101	158
Current liabilities	6,948	6,244	5,922	6,274	6,665
Total liabilities and shareholders' equity	21,951	20,993	21,173	22,389	23,903
Net working capital	5,423	6,606	4,933	5,417	6,021
Invested capital	15,580	16,520	15,418	16,420	17,457

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

Per share (THB)

Book value per share	11.36	11.33	11.81	12.54	13.37
Tangible book value per share	11.05	11.06	11.55	12.28	13.11

Financial strength

Net debt/equity (%)	12.7	19.9	7.3	7.6	7.1
Net debt/total assets (%)	7.8	12.8	4.8	5.0	4.7
Current ratio (x)	1.7	1.8	1.8	1.8	1.9
CF interest cover (x)	61.4	35.5	66.5	31.9	36.0

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	26.6	26.2	25.1	20.7	18.1
Recurring P/E @ target price (x) *	26.3	25.9	24.9	20.5	18.0
Reported P/E (x)	24.5	25.8	25.1	20.7	18.1
Dividend yield (%)	3.2	3.2	3.0	3.4	3.9
Price/book (x)	4.4	4.5	4.3	4.0	3.8
Price/tangible book (x)	4.6	4.6	4.4	4.1	3.9
EV/EBITDA (x) **	17.2	17.2	16.1	13.6	12.2
EV/EBITDA @ target price (x) **	17.0	17.1	15.9	13.5	12.1
EV/invested capital (x)	3.9	3.8	3.9	3.7	3.5

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

Sources: KCE Electronics; FSSIA estimates

Corporate Governance report of Thai listed companies 2022

EXCELLENT LEVEL – Score range 90-100											
AAV	BAM	CIMBT	ECL	HENG	LALIN	NEP	PRG	SCC	SPRC	THRE	TTW
ADVANC	BANPU	CK	EE	HMPRO	LANNA	NER	PRM	SCCC	SPVI	THREL	TU
AF	BAY	CKP	EGCO	ICC	LHFG	NKI	PSH	SCG	SSC	TIPCO	TVDH
AH	BBIK	CM	EPG	ICHI	LIT	NOBLE	PSL	SCGP	SSSC	TISCO	TVI
AIRA	BBL	CNT	ETC	III	LOXLEY	NSI	PTG	SCM	SST	TK	TVO
AJ	BCP	COLOR	ETE	ILINK	LPN	NVD	PTT	SCN	STA	TKN	TWPC
AKP	BCPG	COM7	FN	ILM	LRH	NYT	PTTEP	SDC	STEC	TKS	UAC
AKR	BDMS	COMAN	FNS	IND	LST	OISHI	PTTGC	SEAFCO	STGT	TKT	UBIS
ALLA	BEM	COTTO	FPI	INTUCH	MACO	OR	PYLON	SEAOIL	STI	TMILL	UPOIC
ALT	BEYOND	CPALL	FPT	IP	MAJOR	ORI	Q-CON	SE-ED	SUN	TMT	UV
AMA	BGC	CPF	FSMART	IRC	MAKRO	OSP	QH	SELIC	SUSCO	TNDT	VCOM
AMARIN	BGRIM	CPI	FVC	IRPC	MALEE	OTO	QTC	SENA	SUTHA	TNITY	VGI
AMATA	BIZ	CPN	GC	ITEL	MBK	PAP	RABBIT	SENAJ	SUTHA	TOA	VIH
AMATAV	BKI	CRC	GEL	IVL	MC	PCSGH	RATCH	SGF	SYMC	TOP	WACOAL
ANAN	BOL	CSS	GFPT	JTS	MCOT	PDG	RBF	SHR	SYNTEC	TPBI	WAVE
AOT	BPP	DDD	GGC	JWD	METCO	PDJ	RS	SICT	TACC	TQM	WHA
AP	BRR	DELTA	GLAND	K	MFEC	PG	S	SIRI	TASCO	TRC	WHAUP
APURE	BTS	DEMCO	GLOBAL	KBANK	MINT	PHOL	S&J	SIS	TCAP	TRUE	WICE
ARIP	BTW	DOHOME	GPI	KCE	MONO	PLANB	SAM	SITHAI	TEAMG	TSC	WINNER
ASP	BWG	DRT	GPSC	KEX	MOONG	PLANET	SABINA	SMPC	TFMAMA	TSR	XPG
ASW	CENDEL	DTAC	GRAMMY	KGI	MSC	PLAT	SAMART	SNC	THANA	TSTE	ZEN
AUCT	CFRESH	DUSIT	GULF	KKP	MST	PORT	SAMTEL	SONIC	THANI	TSTH	
AWC	CGH	EA	GUNKUL	KSL	MTC	PPS	SAT	SORKON	THCOM	TTA	
AYUD	CHEWA	EASTW	HANA	KTB	MVP	PR9	SC	SPALI	TTB	THG	
BAFS	CHO	ECF	HARN	KTC	NCL	PREB	SCB	SPI	THIP	TTCL	

VERY GOOD LEVEL – Score range 80-89											
2S	ASIMAR	CHOTI	ESSO	INSURE	LH	NRF	PROEN	SCI	SR	TMC	UMI
7UP	ASK	CHOW	ESTAR	IRCP	LHK	NTV	PROS	SCP	SRICHA	TMD	UOBKH
ABM	ASN	CI	FE	IT	M	NUSA	PROUD	SE	SSF	TMI	UP
ACE	ATP30	CIG	FLOYD	ITD	MATCH	NWR	PSG	SECURE	SSP	TNL	UPF
ACG	B	CITY	FORTH	J	MBAX	OCC	PSTC	SFLEX	STANLY	TNP	UTP
ADB	BA	CIVIL	FSS	JAS	MEGA	OGC	PT	SFP	STC	TNR	VIBHA
ADD	BC	CMC	FTE	JCK	META	ONEE	PTC	SFT	STPI	TOG	VL
AEONTS	BCH	CPL	GBX	JCKH	MFC	PACO	QLT	SGP	SUC	TPA	VPO
AGE	BE8	CPW	GCAP	JMT	MGT	PATO	RCL	SIAM	SVOA	TPAC	VRANDA
AHC	BEC	CRANE	GENCO	JR	MICRO	PB	RICHY	SINGER	SVT	TPCS	WGE
AIE	BH	CRD	GJS	KBS	MILL	PICO	RJH	SKE	SWC	TIPL	WIJK
AIT	BIG	CSC	GTB	KCAR	MITSIB	PIMO	ROJNA	SKN	SYNEX	TIPIP	WIN
ALUCON	BJC	CSP	GYT	KGEN	MK	PIN	RPC	SKR	TAE	TPLAS	WINMED
AMANAH	BJCHI	CV	HEMP	KIAT	MODERN	PJW	RT	SKY	TAKUNI	TPS	WORK
AMR	BLA	CWT	HPT	KISS	MTI	PL	RWI	SLP	TCC	TQR	WP
APCO	BR	DCC	HTC	KK	NATION	PLE	S11	SMART	TCMC	TRITN	XO
APCS	BRI	DHOUSE	HUMAN	KOOL	NCAP	PM	SA	SMD	TFG	TRT	YUASA
AQUA	BROOK	DITTO	HYDRO	KTIS	NCH	PMTA	SABUY	SMT	TFI	TRU	ZIGA
ARIN	BSM	DMT	ICN	KUMWEL	NDR	PPP	SAK	SMT	TFM	TRV	
ARROW	BYD	DOD	IFS	KUN	NETBAY	PPPM	SALEE	SNNP	TGH	TSE	
AS	CBG	DPAINT	IIG	KWC	NEX	PRAPAT	SAMCO	SNP	TIDLOR	TVT	
ASAP	CEN	DV8	IMH	KWM	NINE	PRECHA	SANKO	SO	TIGER	TWP	
ASEFA	CHARAN	EASON	INET	L&E	NNCL	PRIME	SAPPE	SPA	TIPH	UBE	
ASIA	CHAYO	EFORL	INGRS	LDC	NOVA	PRIN	SAWAD	SPC	TITLE	UEC	
ASIAN	CHG	ERW	INSET	LEO	NPK	PRINC	SCAP	SPCG	TM	UKEM	

GOOD LEVEL – Score range 70-79											
A	BEAUTY	CMAN	EMC	HL	KWI	MORE	PF	RSP	SUPER	TOPP	VARO
A5	BGT	CMO	EP	HTECH	KYE	MPIC	PK	SIMAT	TC	TPCH	W
AI	BLAND	CMR	EVER	IHL	LEE	MUD	PPM	SISB	TCCC	TPOLY	WFX
ALL	BM	CPANEL	F&D	INOX	LPH	NC	PRAKIT	SK	TCJ	TRUBB	WPH
ALPHAX	BROCK	CPT	FMT	JAK	MATI	NEWS	PTECH	SOLAR	TEAM	TTI	YGG
AMC	BSBM	CSR	GIFT	JMART	M-CHAI	NFC	PTL	SPACK	THE	TYCN	
APP	BTNC	CTW	GLOCON	JSP	MCS	NSL	RAM	SPG	THMUI	UMS	
AQ	CAZ	D	GLORY	JUBILE	MDX	NV	ROCK	SQ	TKC	UNIQ	
AU	CCP	DCON	GREEN	KASET	MENA	PAF	RP	STARK	TNH	UPA	
B52	CGD	EKH	GSC	KCM	MJD	PEACE	RPH	STECH	TNPC	UREKA	

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCPG	CPI	GCAP	JR	MCOT	PHOL	RABBIT	SNC	THANI	TTCL
7UP	BE8	CPL	GEL	K	META	PK	RATCH	SNP	THCOM	TU
ADVANC	BEC	CPN	GFPT	KASET	MFC	PL	RML	SORKON	THIP	TVDH
AF	BEYOND	CRC	GGC	KBANK	MFEC	PLANB	RWI	SPACK	THRE	TVI
AI	BGC	CSC	GJS	KBS	MILL	PLANET	S&J	SPALI	THREL	TVO
AIE	BGRIM	DCC	GPI	KCAR	MINT	PLAT	SAAM	SPC	TIDLOR	TWPC
AIRA	BKI	DELTA	GPSC	KCE	MONO	PM	SABINA	SPI	TIPCO	UBE
AJ	BLA	DEMCO	GSTEEL	KGEN	MOONG	PPP	SAPPE	SPRC	TISCO	UBIS
AKP	BPP	DIMET	GULF	KGI	MSC	PPPM	SAT	SRICHA	TKS	UEC
AMA	BROOK	DRT	GUNKUL	KKP	MST	PPS	SC	SSF	TKT	UKEM
AMANAHA	BRR	DTAC	HANA	KSL	MTC	PR9	SCB	SSP	TMILL	UOBKH
AMATA	BSBM	DUSIT	HARN	KTB	MTI	PREB	SCC	SSSC	TMT	UPF
AMATAV	BTS	EA	HEMP	KTC	NEP	PRG	SCCC	SST	TNITY	UV
AP	BWG	EASTW	HENG	KWI	NINE	PRINC	SCG	STA	TNL	VGI
APCS	CEN	EGCO	HMPRO	L&E	NKI	PRM	SCGP	STGT	TNP	VIH
AS	CENTEL	EP	HTC	LANNA	NOBLE	PROS	SCM	STOWER	TNR	WACOAL
ASIAN	CFRESH	EPG	ICC	LH	NOK	PSH	SCN	SUSCO	TOG	WHA
ASK	CGH	ERW	ICHI	LHFG	NSI	PSL	SEAOIL	SVI	TOP	WHAUP
ASP	CHEWA	ESTAR	IFS	LHK	NWR	PSTC	SE-ED	SYMC	TOPP	WICE
AWC	CHOTI	ETE	III	LPN	OCC	PT	SELIC	SYNTEC	TPA	WIIK
AYUD	CHOW	FE	ILINK	LRH	OGC	PTG	SENA	TAE	TPCS	XO
B	CIG	FNS	INET	M	ORI	PTT	SGP	TAKUNI	TPP	YUASA
BAFS	CIMBT	FPI	INSURE	MAJOR	PAP	PTTEP	SINGER	TASCO	TRU	ZEN
BAM	CM	FPT	INTUCH	MAKRO	PATO	PTTGC	SIRI	TCAP	TRUE	ZIGA
BANPU	CMC	FSMART	IRC	MALEE	PB	PYLON	SITHAI	TCMC	TSC	
BAY	COM7	FSS	IRPC	MATCH	PCSGH	Q-CON	SKR	TFG	TSTE	
BBL	COTTO	FTE	ITEL	MBAX	PDG	QH	SMIT	TFI	TSTH	
BCH	CPALL	GBX	IVL	MBK	PDJ	QLT	SMK	TFMAMA	TTA	
BCP	CPF	GC	JKN	MC	PG	QTC	SMPC	TGH	TTB	
DECLARED										
AH	CHG	DHOUSE	EVER	J	KUMWEL	NRF	RS	SUPER	TQM	VIBHA
ALT	CI	DOHOME	FLOYD	JMART	LDC	NUSA	SAK	SVT	TRT	W
APCO	CPR	ECF	GLOBAL	JMT	MEGA	OR	SIS	TKN	TSI	WIN
ASW	CPW	EKH	ILM	JTS	NCAP	PIMO	SSS	TMD	VARO	
B52	DDD	ETC	INOX	KEX	NOVA	PLE	STECH	TMI	VCOM	

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureporn 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 Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS 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.

Company	Ticker	Price	Rating	Valuation & Risks
KCE Electronics	KCE TB	THB 50.50	HOLD	Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected automotive recovery; 2) a potential rise or fall in raw material costs; and 3) a stronger or weaker-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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 08-Feb-2022 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.