

KCE ELECTRONICS KCE TB
THAILAND / ELECTRONIC COMPONENT

FSSIA ESG rating

HOLD
UNCHANGED

3Q23 results at first glance

TARGET PRICE	THB60.00
CLOSE	THB55.50
UP/DOWNSIDE	+8.1%
TP vs CONSENSUS	+11.2%

คำสั่งซื้อและมาร์จิ้นกลับมาฟื้นได้ตามคาด

Highlights

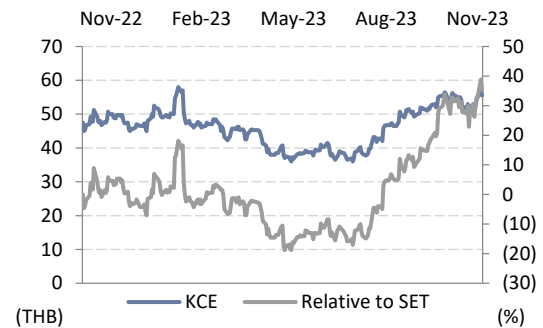
- KCE รายงานกำไรสุทธิ 3Q23 เท่ากับ 520 ลบ. (+38% q-q, -21% y-y) หากไม่รวม FX gain 49 ลบ. จะมีกำไรปกติ 471 ลบ. (+47% q-q, -26% y-y) ไกล่เคียงที่เราและตลาดคาด
- รายได้สกุล USD 3Q23 ฟื้นตัว +12% q-q และเริ่มทรงตัว y-y เรามีมุมมองที่ดีต่อการฟื้นตัว q-q เพราะนอกจากสอดคล้องกับช่วง High Season ของธุรกิจแล้ว เราเริ่มเห็นการกลับมา Restocking ของลูกค้า โดยเฉพาะกลุ่ม 04-layer และ 06-layer ส่วนกลุ่มมาร์จิ้นคืออย่าง HDI ยังฟื้นช้า หากดูรายประเทศพบว่า ตลาดยุโรป (สัดส่วน 50% ของรายได้ PCB) ฟื้นได้ดี +13% q-q, ไทยบวกแรง +43% q-q ส่วนเอเชียและจีน +9% q-q มีเพียงตลาดสหรัฐที่ยังชะลอตัว -8.7% q-q, -20% y-y
- อัตรากำไรขั้นต้นขยับขึ้นได้ตามคาดอยู่ที่ 22% ฟื้นแรงจาก 19.1% ใน 2Q23 (แต่ยังต่ำกว่า 24.3% ใน 3Q22) โดยหลักมาจากอัตรากำไรใช้กำลังการผลิตที่สูงขึ้นเป็น 83% จาก 79% ใน 2Q23, ต้นทุนวัตถุดิบที่ลดลง และประสิทธิภาพการผลิตที่ดีขึ้น
- ยังคุมค่าใช้จ่ายได้ดี ขณะที่รายได้ปรับตัวสูงขึ้น ทำให้ SG&A to sales อยู่ในระดับต่ำ 10.6% ไกล่เคียง 2Q23 และลดลงจาก 11.3% ใน 3Q22 จากค่าใช้จ่ายที่ลดลง

Outlook

- บริษัทมีกำไรสุทธิ 9M23 เท่ากับ 1,241 ลบ. (-32% y-y) คิดเป็น 66% ของประมาณการทั้งปี แนวโน้มกำไร 4Q23 จะฟื้นตัวต่อ สวนทางฤดูกาลที่เป็นช่วง Low Season เพราะลูกค้าเพิ่งเริ่ม Restocking ล่าสุดคำสั่งซื้อในมือยังแข็งแกร่งต่อไปใน 4Q23 กอปรกับประสิทธิภาพการผลิตจะทยอยดีขึ้น และได้ผลบวกจากค่าไฟที่ลดลงได้เต็มไตรมาส คาดกำไร 4Q23 จะเร่งขึ้นเป็นจุดสูงสุดของปีนี้
- เรายังคงประมาณการกำไรสุทธิปี 2023 ตามเดิมที่ 1,873 ลบ. (-19% y-y) ด้วยแนวโน้มกำไร 2H23 ที่กลับมาฟื้นตัวได้ใกล้เคียงกับเป้าหมายของบริษัท และคาดการณ์กำไรปี 2024 จะกลับมาเติบโตอีกครั้งราว 40% y-y เป็น 2,620 ลบ.
- คงราคาเป้าหมายปี 2024 ที่ 60 บาท (อิง PE เดิม 27x) เราชอบ Earning momentum ที่ KCE น่าจะมีกำไร 4Q23 ใต้อสวนทางกลุ่ม แต่สถานการณ์ยังสอดคล้องกับประมาณการของเรา ขณะที่ราคาเป้าหมายของเรามี Upside จำกัดเพียง 8% จึงคงคำแนะนำ ถือ / ซื้ออ่อนตัว

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	18,456	16,825	17,703	19,297
Net profit	2,317	1,873	2,620	3,012
EPS (THB)	1.96	1.58	2.22	2.55
vs Consensus (%)	-	6.3	10.8	9.2
EBITDA	3,622	3,189	4,144	4,645
Recurring net profit	2,281	1,786	2,620	3,012
Core EPS (THB)	1.93	1.51	2.22	2.55
EPS growth (%)	1.7	(21.7)	46.7	15.0
Core P/E (x)	28.8	36.7	25.0	21.8
Dividend yield (%)	2.9	2.2	3.0	3.4
EV/EBITDA (x)	18.9	21.1	16.2	14.5
Price/book (x)	4.9	4.7	4.5	4.3
Net debt/Equity (%)	19.9	11.1	10.8	10.8
ROE (%)	17.0	13.1	18.5	20.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.9	29.8	16.8
Relative to country (%)	3.1	41.3	34.7
Mkt cap (USD m)	1,845		
3m avg. daily turnover (USD m)	18.3		
Free float (%)	0		
Major shareholder	Ongkosit Group (33%)		
12m high/low (THB)	58.50/35.50		
Issued shares (m)	1,181.97		

Sources: Bloomberg consensus; FSSIA estimates



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Exhibit 1: 3Q23 results summary

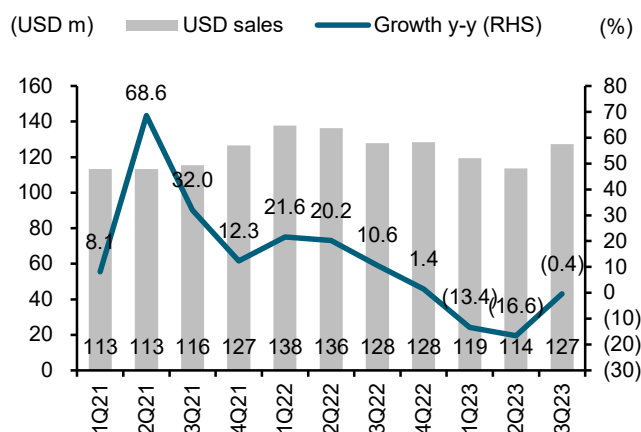
	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	Change		9M22	9M23	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	4,533	4,667	4,634	4,622	4,025	3,898	4,326	11.0	(6.6)	13,834	12,249	(11.5)
Cost of sales	3,498	3,603	3,509	3,645	3,236	3,152	3,375	7.1	(3.8)	10,610	9,763	(8.0)
Gross profit	1,035	1,064	1,125	978	789	746	951	27.5	(15.5)	3,224	2,486	(22.9)
SG&A	479	450	523	467	480	415	458	10.3	(12.4)	1,452	1,354	(6.8)
Operating profit	556	614	602	511	309	330	493	49.2	(18.1)	1,772	1,132	(36.1)
Interest expense	12	17	19	24	24	29	27	(5.5)	41.4	48	80	66.3
Tax expense	35	54	22	32	25	24	33	39.8	50.2	111	82	(26.2)
Other gain (Loss)	32	(30)	41	(7)	31	56	49	(12.7)	19.6	43	136	215.0
Reported net profit	590	572	655	500	345	376	520	38.1	(20.7)	1,817	1,241	(31.7)
Core profit	558	602	637	507	314	320	471	47.0	(26.1)	1,796	1,105	(38.5)

Key Ratios (%)							(ppt)					
Gross margin	22.8	22.8	24.3	21.1	19.6	19.1	22.0	2.9	(2.3)	23.3	20.3	(3.0)
SG&A to Sales	10.6	9.6	11.3	10.1	11.9	10.7	10.6	(0.1)	(0.7)	10.5	11.1	0.6
Operating margin	12.3	13.2	13.0	11.1	7.7	8.5	11.4	2.9	(1.6)	12.8	9.2	(3.6)
Net margin	13.0	12.3	14.1	10.8	8.6	9.7	12.0	2.4	(2.1)	13.1	10.1	(3.0)
Core margin	12.3	12.9	13.7	11.0	7.8	8.2	10.9	2.7	(2.9)	13.0	9.0	(4.0)

Operating statistics (USD m)												
PCB sales	113	113	111	98	103	93	102	9.7	(7.4)	337	299	(11.3)
Non-PCB sales	25	23	17	30	16	20	25	23.0	44.9	65	62	(5.3)
Total sales	138	136	128	128	119	114	127	12.1	(0.4)	402	360	(10.3)
Europe sales	53	51	59	48	52	45	51	13.2	(12.8)	104	97	(7.0)
USA sales	26	29	26	23	24	22	20	(8.7)	(19.9)	55	46	(15.6)
Asia sales	7	7	6	6	5	5	5	8.9	(12.8)	14	10	(24.7)
China sales	14	16	14	13	12	13	14	8.9	1.1	31	25	(17.5)
Thailand sales	13	10	6	8	10	8	12	43.2	77.8	23	18	(22.7)
02-layer sales	12	11	9	9	9	10	10	0.5	19.5	22	19	(14.1)
04-layer sales	48	47	42	37	37	33	38	16.2	(10.2)	95	70	(26.5)
06-layer sales	27	28	30	24	26	23	28	18.4	(8.3)	55	49	(11.1)
Special (HDI) sales	26	28	29	29	32	27	26	(2.3)	(10.2)	54	59	8.5

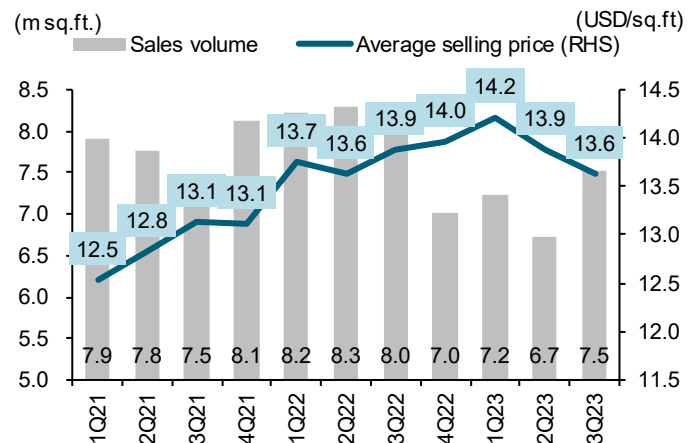
Sources: KCE; FSSIA's compilation

Exhibit 2: Quarterly USD revenue and growth



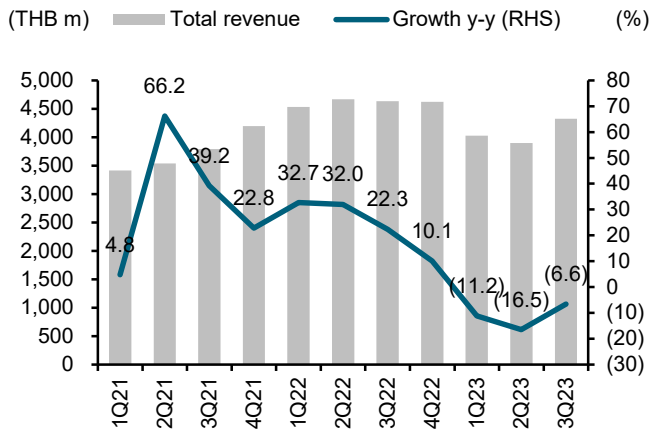
Sources: KCE, FSSIA's compilation

Exhibit 3: Sales volume and average selling price



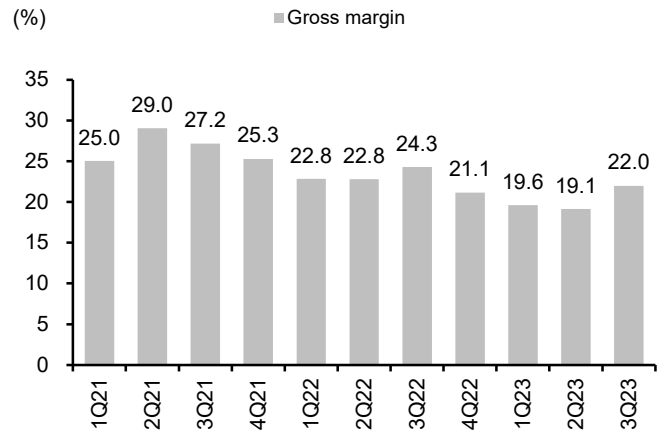
Sources: KCE, FSSIA's compilation

Exhibit 4: Quarterly THB revenue and growth



Sources: KCE, FSSIA's compilation

Exhibit 5: Quarterly gross margin



Sources: KCE, FSSIA's compilation

Financial Statements

KCE Electronics

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	14,938	18,456	16,825	17,703	19,297
Cost of goods sold	(10,965)	(14,254)	(13,242)	(13,189)	(14,279)
Gross profit	3,973	4,202	3,584	4,514	5,017
Other operating income	202	224	202	248	270
Operating costs	(1,656)	(1,919)	(1,800)	(1,912)	(2,026)
Operating EBITDA	3,559	3,622	3,189	4,144	4,645
Depreciation	(1,040)	(1,114)	(1,204)	(1,294)	(1,384)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,519	2,508	1,985	2,850	3,261
Net financing costs	(44)	(72)	(87)	(90)	(86)
Associates	17	19	14	19	19
Recurring non-operating income	17	19	14	19	19
Non-recurring items	190	36	87	0	0
Profit before tax	2,683	2,490	1,999	2,779	3,194
Tax	(221)	(144)	(104)	(138)	(159)
Profit after tax	2,461	2,347	1,895	2,641	3,035
Minority interests	(35)	(29)	(22)	(21)	(23)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	2,426	2,317	1,873	2,620	3,012
Non-recurring items & goodwill (net)	(190)	(36)	(87)	0	0
Recurring net profit	2,237	2,281	1,786	2,620	3,012
Per share (THB)					
Recurring EPS *	1.90	1.93	1.51	2.22	2.55
Reported EPS	2.06	1.96	1.58	2.22	2.55
DPS	1.60	1.60	1.20	1.66	1.91
Diluted shares (used to calculate per share data)	1,178	1,182	1,182	1,182	1,182
Growth					
Revenue (%)	29.6	23.6	(8.8)	5.2	9.0
Operating EBITDA (%)	60.0	1.8	(11.9)	29.9	12.1
Operating EBIT (%)	115.5	(0.5)	(20.8)	43.6	14.4
Recurring EPS (%)	118.7	1.7	(21.7)	46.7	15.0
Reported EPS (%)	114.4	(4.8)	(19.2)	39.8	15.0
Operating performance					
Gross margin inc. depreciation (%)	26.6	22.8	21.3	25.5	26.0
Gross margin exc. depreciation (%)	33.6	28.8	28.5	32.8	33.2
Operating EBITDA margin (%)	23.8	19.6	19.0	23.4	24.1
Operating EBIT margin (%)	16.9	13.6	11.8	16.1	16.9
Net margin (%)	15.0	12.4	10.6	14.8	15.6
Effective tax rate (%)	8.3	5.8	5.2	5.0	5.0
Dividend payout on recurring profit (%)	84.3	82.9	79.7	75.0	75.0
Interest cover (X)	58.0	35.0	23.0	32.0	38.1
Inventory days	136.7	135.4	140.4	133.3	127.8
Debtor days	92.5	91.9	98.2	87.8	86.3
Creditor days	123.3	104.1	98.8	100.0	95.9
Operating ROIC (%)	15.6	13.4	10.5	15.1	16.4
ROIC (%)	14.5	12.6	9.9	14.3	15.5
ROE (%)	17.6	17.0	13.1	18.5	20.3
ROA (%)	11.7	11.0	8.9	12.7	13.9
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
PCB	12,846	15,134	13,841	14,233	15,656
Non PCB	2,092	3,323	2,984	3,471	3,641

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	1,786	2,620	3,012
Depreciation	1,040	1,114	1,204	1,294	1,384
Associates & minorities	-	-	-	-	-
Other non-cash items	(17)	(19)	(14)	(19)	(19)
Change in working capital	(1,769)	(1,186)	1,333	(196)	(445)
Cash flow from operations	1,490	2,191	4,309	3,699	3,932
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,932)	(993)	(1,800)	(1,800)	(1,800)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(72)	121	37	(6)	(11)
Cash flow from investing	(2,005)	(872)	(1,763)	(1,806)	(1,811)
Dividends paid	(1,181)	(2,322)	(1,423)	(1,965)	(2,259)
Equity finance	98	10	0	0	0
Debt finance	1,184	173	(326)	95	32
Other financing cash flows	36	(2)	(32)	(1)	(1)
Cash flow from financing	137	(2,141)	(1,781)	(1,871)	(2,229)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(377)	(821)	765	22	(108)
Free cash flow to firm (FCFF)	(470.45)	1,391.42	2,632.92	1,982.63	2,206.56
Free cash flow to equity (FCFE)	705.95	1,490.66	2,188.12	1,986.65	2,150.95

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	(0.40)	1.18	2.23	1.68	1.87
FCFE per share	0.60	1.26	1.85	1.68	1.82
Recurring cash flow per share	2.77	2.86	2.52	3.30	3.70

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	1,909	1,931	1,823
A/C receivable	4,394	4,900	4,149	4,365	4,758
Inventories	4,841	4,908	4,353	4,336	4,695
Other current assets	592	127	118	106	116
Current assets	11,794	11,079	10,529	10,739	11,391
Other assets	203	138	118	124	135
Total assets	21,951	20,993	21,003	21,724	22,804
Common equity	13,380	13,389	13,808	14,463	15,216
Minorities etc.	62	56	55	54	53
Total shareholders' equity	13,442	13,445	13,863	14,517	15,269
Long term debt	1,126	910	858	819	901
Other long-term liabilities	435	395	337	372	405
Long-term liabilities	1,561	1,305	1,195	1,191	1,306
A/C payable	4,246	3,249	3,265	3,252	3,521
Short term debt	2,543	2,915	2,596	2,676	2,573
Other current liabilities	159	80	84	89	135
Current liabilities	6,948	6,244	5,945	6,017	6,229
Total liabilities and shareholders' equity	21,951	20,993	21,003	21,724	22,804
Net working capital	5,423	6,606	5,271	5,467	5,912
Invested capital	15,580	16,520	15,744	16,452	17,325

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

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	11.36	11.33	11.69	12.24	12.87
Tangible book value per share	11.05	11.06	11.43	11.98	12.61

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	12.7	19.9	11.1	10.8	10.8
Net debt/total assets (%)	7.8	12.8	7.4	7.2	7.2
Current ratio (x)	1.7	1.8	1.8	1.8	1.8
CF interest cover (x)	61.4	35.5	46.9	43.2	46.8

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	29.2	28.8	36.7	25.0	21.8
Recurring P/E @ target price (x) *	31.6	31.1	39.7	27.1	23.5
Reported P/E (x)	26.9	28.3	35.0	25.0	21.8
Dividend yield (%)	2.9	2.9	2.2	3.0	3.4
Price/book (x)	4.9	4.9	4.7	4.5	4.3
Price/tangible book (x)	5.0	5.0	4.9	4.6	4.4
EV/EBITDA (x) **	18.9	18.9	21.1	16.2	14.5
EV/EBITDA @ target price (x) **	20.4	20.3	22.7	17.5	15.6
EV/invested capital (x)	4.3	4.1	4.3	4.1	3.9

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

Sources: KCE Electronics; FSSIA estimates

KCE Electronics PCL (KCE TB)

FSSIA ESG rating

45.77 /100
Exhibit 6: 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 7: 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
DELTA	87.59	Y	Y	Y	5.00	5.00	Certified	Low	68.81	AA	--	91.19	74.00	4.15	--
HANA	56.35	--	Y	Y	5.00	5.00	Certified	Negligible	56.93	BBB	--	44.01	31.00	1.81	--
KCE	45.77	--	--	--	5.00	5.00	Certified	Medium	52.70	--	--	61.53	16.00	2.16	52.98

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation
Exhibit 8: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.34	1.35	1.35	1.36	1.37	1.70	2.06	2.16
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
BESG social pillar score	0.80	0.80	0.80	0.80	0.80	1.44	1.45	1.58
BESG governance pillar score	4.64	4.67	4.67	4.77	4.83	4.83	4.71	4.90
ESG disclosure score	40.30	41.69	40.30	40.64	46.82	53.50	54.91	52.98
Environmental disclosure score	19.21	19.21	19.21	19.21	33.59	49.50	53.76	52.13
Social disclosure score	20.44	24.61	20.44	21.46	25.63	29.78	29.78	25.60
Governance disclosure score	81.10	81.10	81.10	81.10	81.10	81.10	81.10	81.10
Environmental								
Emissions reduction initiatives	No	No	No	No	No	No	No	Yes
Climate change policy	No	No	No	No	No	No	No	No
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	No	No
GHG scope 1	--	--	--	--	--	--	3	3
GHG scope 2 location-based	--	--	--	--	--	--	64	70
GHG Scope 3	--	--	--	--	--	--	--	--
Carbon per unit of production	--	--	--	--	--	--	4	4
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	--	--	--	--	--	121	152	163
Renewable energy use	--	--	--	--	--	1	2	4
Electricity used	--	--	--	--	--	112	140	152
Fuel used - natural gas	--	--	--	--	--	850	1,100	1,130

Sources: Bloomberg; FSSIA's compilation

Exhibit 9: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	6	8	9	12	8	3	5	—
Total waste	7	11	13	15	12	13	17	20
Waste recycled	—	—	—	—	—	11	15	16
Waste sent to landfills	—	—	—	—	—	2	3	3
Environmental supply chain management	No	No	No	No	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	1,650	2,232	2,612
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	—	—	—	—	—	52	46	52
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	—	1
Total recordable incident rate - employees	3	1	1	1	1	1	1	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	2,388	2,696	1,021	1,042	1,019	984	974	1,049
Employee turnover pct	—	—	—	—	—	11	10	11
Total hours spent by firm - employee training	176,855	198,156	187,310	229,906	83,545	33,247	44,164	67,795
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	9	9	9	9	9	9	9	9
No. of independent directors (ID)	3	3	3	3	3	3	3	3
No. of women on board	4	3	3	3	3	3	3	3
No. of non-executive directors on board	6	6	6	6	6	6	6	6
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	12	12	12	12	12	13	12	12
Board meeting attendance pct	99	97	97	94	95	96	99	99
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	35	36	37	38	39	40	41	42
Age of the oldest director	78	79	80	81	82	74	75	76
No. of executives / company managers	9	9	10	10	10	10	10	11
No. of female executives	2	2	2	3	3	3	3	3
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	4	4	5	5	6	5	4	5
Audit meeting attendance %	100	92	100	100	83	100	75	93
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	2	2	2	2	2	2	2	2
No. of compensation committee meetings	2	2	2	2	3	2	3	1
Compensation meeting attendance %	100	100	100	83	89	100	100	100
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	2	2	2	2	3	2	3	1
Nomination meeting attendance %	100	100	100	83	89	100	100	100
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																												
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																												
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																												
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																												
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																												
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																												
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" data-bbox="879 1178 1445 1249"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
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ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																												
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" data-bbox="240 1469 1497 1671"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </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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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.																												

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

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History of change in investment rating and/or target price

KCE Electronics (KCE TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Feb-2023	HOLD	50.00	10-Aug-2023	BUY	52.00	-	-	-
16-May-2023	HOLD	35.50	16-Oct-2023	HOLD	60.00			

Sureeporn Teewasuwet started covering this stock from 09-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
KCE Electronics	KCE TB	THB 55.50	HOLD	Downside and upside risks to our P/E-based TP include 1) sooner- or later-than-expected global economic and car sales recoveries; 2) higher- or lower-than-expected increase or decrease in raw material costs; 3) a stronger or weaker-than-expected increase or decrease in THB; and 4) a minimum wage increase or a labour shortage.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 07-Nov-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.