

## KCE ELECTRONICS

## KCE TB

THAILAND / ELECTRONIC COMPONENT

HOLD

UNCHANGED

## Demand ฟิ้นซึกกว่าที่เคยคาด

- ผู้บริหารปรับลดเป้ารายได้และมาร์จิ้นปี 2024 หลัง Demand ฟิ้นซึกกว่าคาด
- คาดหวังกลับมาฟื้นตัวใน 2H24 และจะกลับมาเดินหน้าขยายโรงงานใหม่อีกครั้ง หลังเลื่อนมาจากปีก่อน
- ปรับลดกำไรและราคาเป้าหมายเป็น 43 บาท คงคำแนะนำ ถือ ติดตามการฟื้นตัว

TARGET PRICE	THB43.00
CLOSE	THB40.50
UP/DOWNSIDE	+6.2%
PRIOR TP	THB60.00
CHANGE IN TP	-28.3%
TP vs CONSENSUS	-15.9%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	16,344	16,483	18,214	19,707
Net profit	1,720	2,037	2,400	2,665
EPS (THB)	1.45	1.72	2.03	2.25
vs Consensus (%)	-	16.2	5.9	5.1
EBITDA	2,944	3,517	4,086	4,504
Recurring net profit	1,569	2,037	2,400	2,665
Core EPS (THB)	1.33	1.72	2.03	2.25
Chg. In EPS est. (%)	nm	(22.3)	(20.3)	nm
EPS growth (%)	(31.2)	29.8	17.8	11.1
Core P/E (x)	30.5	23.5	19.9	22.1
Dividend yield (%)	2.7	3.2	3.8	4.2
EV/EBITDA (x)	16.5	13.8	12.2	11.2
Price/book (x)	3.5	3.4	3.2	3.1
Net debt/Equity (%)	3.6	4.0	14.1	17.5
ROE (%)	11.6	14.6	16.6	17.6

## กำไร 4Q23 ต่ำกว่าคาด เพราะหยุดซ่อมบำรุงสายการผลิตนานกว่าปกติ

จากประชุมนักวิเคราะห์วานนี้ (14 ก.พ. 24) ผู้บริหารให้เหตุผลถึงสาเหตุที่รายได้ 4Q23 ต่ำกว่าคาดเป็น -5.4% q-q, -11.4% y-y เนื่องจากเป็นช่วง Low season ของยอดขาย Multilayer PCB กอปรกับซ่อมบำรุงเครื่องจักร และเคลียร์สต็อกที่ค้างอยู่ในโรงงาน จึงได้หยุดการผลิตโรงงานเป็นเวลารวม 15 วัน มากกว่าปกติที่มักหยุดซ่อมบำรุงไม่เกิน 5 วัน ส่งผลให้มีคำสั่งซื้อคงค้างราว USD8 ล้าน คาดจะทยอยส่งมอบในช่วง 1Q24 ต่อไป จบปี 2023 บริษัทมีกำไรสุทธิลดลง 26% y-y เป็น 1,720 ลบ.

## Demand ฟิ้นตัวช้า ผู้บริหารปรับลดเป้าปี 2024 ทั้งรายได้และมาร์จิ้น

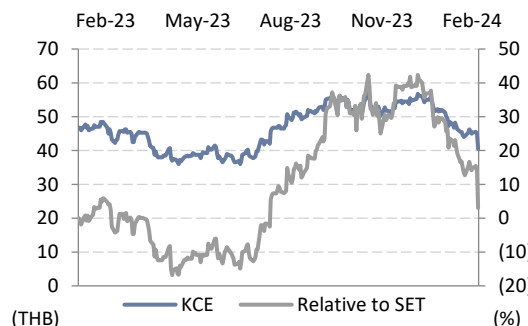
อย่างไรก็ตาม สาเหตุหลักของการหยุดซ่อมบำรุงที่นานกว่าปกติ เรามองว่ามาจาก Demand โดยรวมที่ยังไม่ฟื้น ผู้บริหารให้วิสัยทัศน์ 1H24 ที่ไม่สดใส และคาดหวังการฟื้นตัวใน 2H24 ซึ่งจะมาจาก New business ที่กำลังคุยกับลูกค้า ขณะที่ Existing business น่าจะยังไม่ฟื้นได้เร็ว ดังนั้นผู้บริหารจึงปรับลดเป้ารายได้ในปี 2024 เป็น 4-7% y-y จากเดิม 8-12% y-y และด้วยผลบวกจาก Economies of scale และ production efficiency อาจน้อยกว่าที่เคยคาด จึงปรับลดเป้าอัตรากำไรขั้นต้นเป็น 24% จากเดิม 26-27% ขณะที่กลับมาเดินหน้าสร้างโรงงานใหม่ที่โรจนะในช่วง 2H24 (เลื่อนมาจากปี 2023) คาดจะแล้วเสร็จในปี 2025 และจะ Test Run ได้อย่างเร็วช่วงต้นปี 2026 โดยมีแผนใช้เงินลงทุนปี 2024 ราว 900 ลบ. ก่อนจะขยับขึ้นเป็น 3.7 พันลบ. ในปี 2025

## ปรับลดกำไรปี 2024-25 ลง 20-22% แต่จะกลับมาโต y-y เพราะฐานต่ำ

เราปรับลดประมาณการกำไรสุทธิปี 2024-25 ลง 20-22% เป็น 2 พันลบ. (+18.4% y-y) และ 2.4 พันลบ. (+17.8% y-y) ตามลำดับ แม้ยังคงมุมมองเชิงบวกต่อแนวโน้ม HDI ที่น่าจะยังเติบโตได้ตามยอดขายรถยนต์ EV แต่ด้วยกำลังการผลิตส่วนนี้ค่อนข้างเต็ม โดยปี 2023 มีรายได้ USD113 ล้าน (24% ของรายได้รวม) ทรงตัว y-y โดยต้องรอโรงงานใหม่ที่โรจนะขึ้นก่อน (จะเป็นไลน์ HDI ราว 50% ของเฟสแรก) ขณะที่ Demand รถยนต์สันดาปไม่สดใส ซึ่งเป็นสัดส่วนราว 50% ของรายได้

## ปรับลดเป้าหมายเป็น 43 บาท แม้มองผ่าน Bottom แต่ยังคงติดตามการฟื้นตัว

ปรับลดราคาเป้าหมายปี 2024 เป็น 43 บาท จากเดิม 60 บาท โดย De-rate PE ลงเป็น 25x (-0.5 SD) จาก 27x (เท่าค่าเฉลี่ย) ระยะสั้นคาดว่า 1Q24 จะฟื้นตัวเป็น 516 ลบ. (+8% q-q, +50% y-y) ยังมองว่าผ่าน Bottom ไปแล้ว เพียงแต่การฟื้นตัวช้ากว่าที่เคยคาด และยังคงติดตามการฟื้นตัวต่อไป จึงคงคำแนะนำ ถือ ตามเดิม ด้วย Upside ที่จำกัดเพียง 6% และกำลังเข้าสู่ช่วงการลงทุนครั้งใหญ่ในปี 2024-26 แหล่งเงินทุนจะมาจากระแสเงินสดในกิจการและกู้ธนาคารเป็นหลัก



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(22.1)	(21.0)	(13.8)
Relative to country (%)	(20.5)	(20.9)	2.8
Mkt cap (USD m)	1,324		
3m avg. daily turnover (USD m)	10.4		
Free float (%)	0		
Major shareholder	Ongkosit Group (34%)		
12m high/low (THB)	57.50/35.50		
Issued shares (m)	1,182.06		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

เรามุ่งมองระมัดระวังมากขึ้นต่อแนวโน้มการฟื้นตัวในปี 2024 จากคำสั่งซื้อใน 4Q23 ที่ฟื้นช้ากว่าคาด ขณะที่ภาพเศรษฐกิจโลกยังผันผวน และอัตราดอกเบี้ยยังอยู่ในระดับสูง กอปรกับผู้บริหารปรับลดเป้าการเติบโตของรายได้ในปี 2024 ลงเป็น +4-7% y-y จากเดิม 8-12% y-y และปรับลดเป้าอัตรากำไรขั้นต้นลงเป็น 24% จากเดิม 26-27% ด้วยผลบวกของ Economies of scale ที่ลดลง

บริษัทเลื่อนแผนก่อสร้างโรงงานใหม่ที่โรจนะออกไปเป็น 2H24 จากเดิม 2023 จากภาพรวม Demand ที่ฟื้นตัวช้า หากก่อสร้างแล้วเสร็จในปี 2025 คาดจะเริ่ม Test Run ได้อย่างเร็วในช่วงต้นปี 2026

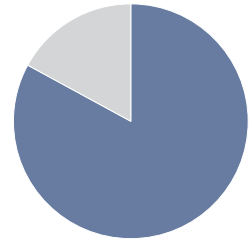
## Company profile

KCE เป็นผู้ผลิตและจำหน่ายแผ่นพิมพ์วงจรอิเล็กทรอนิกส์ หรือ PCB (Printed Circuit Board) โดยมีฐานลูกค้าหลักอยู่ในอุตสาหกรรมรถยนต์คิดเป็นสัดส่วนราว 70% ของรายได้รวม ที่เหลืออีก 30% อยู่ในกลุ่ม Consumer และ Industrial สิ้นปี 2023 บริษัทมีรายได้จากการส่งออกยุโรป 49.4% รองมาคือ สหรัฐ 22.9%, จีน 12.6%, เอเชีย 5.1% และไทย 10%

[www.kcethai.in.th](http://www.kcethai.in.th)

## Principal activities (revenue, 2023)

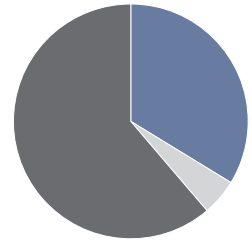
■ PCB - 82.9 % ■ Non PCB - 17.1 %



Source: KCE Electronics

## Major shareholders

■ Ongkosit Group - 33.7 %  
 ■ Thai NVDR - 5.0 %  
 ■ Others - 61.3 %



Source: KCE Electronics

## Catalysts

ปัจจัยหนุนการเติบโตในปี 2024 คือ 1) การฟื้นตัวของเศรษฐกิจโลก และยอดขายรถยนต์ทั่วโลกฟื้นตัวเร็วกว่าคาด 2) การลดลงของราคาต้นทุนวัตถุดิบ 3) ประสิทธิภาพการผลิตสูงขึ้น จากการใช้กำลังการผลิตเพิ่มขึ้น และ 4) การขยายกำลังการผลิตได้ตามแผน

## Risks to our call

Downside และ Upside risks ต่อราคาเป้าหมายของเราคือ 1) เศรษฐกิจโลกและยอดขายรถยนต์ฟื้นตัวช้ากว่าหรือเร็วกว่าคาด 2) ต้นทุนวัตถุดิบปรับตัวสูงขึ้นหรือลดลงมากกว่าคาด 3) ค่าเงินบาทแข็งค่าหรืออ่อนค่ามากกว่าคาด และ 4) ต้นทุนค่าแรงปรับตัวสูงขึ้น หรือประสบปัญหาขาดแคลนแรงงาน

## Event calendar

Date	Event
May 2024	1Q24 results announcement

## Key assumptions

	2024E	2025E	2026E
Sales volume (sq.ft.mn)	30.1	33.2	35.8
ASP (USD per sq.ft.)	13.9	14.0	14.2
Total revenue (USD m)	499	552	597
FX rate (USD/THB)	33.0	33.0	33.0
Gross margin (%)	23.5	24.0	24.4

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in USD revenue, we estimate 2024 net profit to rise by 0.9%, and vice versa, all else being equal.
- For every THB1/USD increase, we estimate 2024 net profit to fall by 6.5%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 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 2024 net profit to fall by 1.8%, and vice versa, all else being equal.

Source: FSSIA estimates

## Exhibit 1: 4Q23 earnings result

	4Q22	1Q23	2Q23	3Q23	4Q23	----- Change -----		2022	2023	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	4,622	4,025	3,898	4,326	4,095	(5.4)	(11.4)	18,456	16,344	(11.4)
Cost of sales	3,645	3,236	3,152	3,375	3,177	(5.9)	(12.8)	14,254	12,941	(9.2)
Gross profit	978	789	746	951	917	(3.6)	(6.2)	4,202	3,403	(19.0)
SG&A	467	480	415	458	420	(8.2)	(9.9)	1,919	1,774	(7.5)
Operating profit	511	309	330	493	497	0.7	(2.8)	2,283	1,629	(28.7)
Interest expense	24	24	29	27	24	(12.3)	(0.4)	72	104	44.0
Tax expense	32	25	24	33	49	47.8	53.4	144	131	(8.4)
Other gain (Loss)	(7)	31	56	49	14	(71.2)	(301.4)	36	150	314.9
Reported net profit	500	345	376	520	478	(7.9)	(4.4)	2,317	1,720	(25.8)
Core profit	507	314	320	471	464	(1.3)	(8.5)	2,281	1,569	(31.2)

Key Ratios (%)					(ppt)					
Gross margin	21.1	19.6	19.1	22.0	22.4	0.4	1.2	22.8	20.8	(1.9)
SG&A to Sales	10.1	11.9	10.7	10.6	10.3	(0.3)	0.2	10.4	10.9	0.5
Operating margin	11.1	7.7	8.5	11.4	12.1	0.7	1.1	12.4	10.0	(2.4)
Net margin	10.8	8.6	9.7	12.0	11.7	(0.3)	0.9	12.6	10.5	(2.0)
Core margin	11.0	7.8	8.2	10.9	11.3	0.5	0.4	12.4	9.6	(2.8)

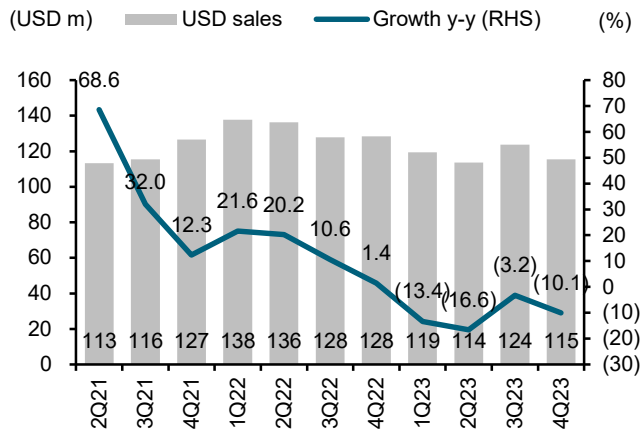
Operating statistics (USD m)										
PCB sales	98	103	93	102	94	(7.8)	(3.9)	435	393	(9.6)
Non-PCB sales	30	16	20	21	21	(1.3)	(30.2)	95	79	(17.0)
<b>Total sales</b>	<b>128</b>	<b>119</b>	<b>114</b>	<b>124</b>	<b>115</b>	<b>(6.7)</b>	<b>(10.1)</b>	<b>530</b>	<b>472</b>	<b>(10.9)</b>

Europe sales	48	52	45	51	46	(9.7)	(3.9)	211	194	(7.9)
USA sales	23	24	22	20	23	12.2	(1.8)	104	90	(13.5)
Asia sales	6	5	5	5	4	(16.8)	(23.2)	26	20	(21.5)
China sales	13	12	13	14	10	(26.6)	(21.1)	57	49	(13.9)
Thailand sales	8	10	8	12	11	(8.6)	32.6	37	40	6.6
02-layer sales	9	9	10	10	10	(3.7)	15.2	39	39	(0.4)
04-layer sales	37	37	33	38	34	(11.3)	(8.3)	174	142	(18.7)
06-layer sales	24	26	23	28	23	(18.4)	(4.3)	109	99	(8.9)
Special (HDI) sales	29	32	27	26	28	6.6	(3.4)	113	113	0.5

Average selling price (USD/sq.ft)										
02-layer	9.3	9.8	9.4	9.4	9.3	(1.0)	0.3	9.5	9.5	0.2
04-layer	11.7	12.0	11.8	11.6	11.4	(1.4)	(2.5)	11.9	11.7	(1.4)
06-layer	16.8	16.6	16.3	16.4	16.5	0.6	(1.9)	16.5	16.4	(0.4)
Special (HDI)	18.7	18.3	19.0	18.1	18.1	(0.5)	(3.3)	18.5	18.4	(0.8)

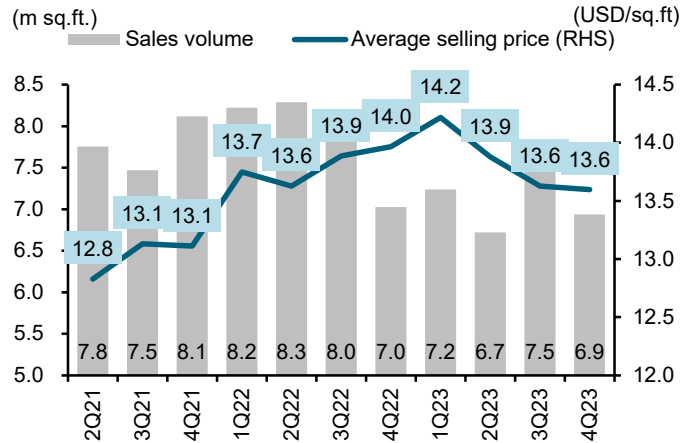
Sources: KCE, FSSIA's compilation

**Exhibit 2: Quarterly total USD revenue and growth**



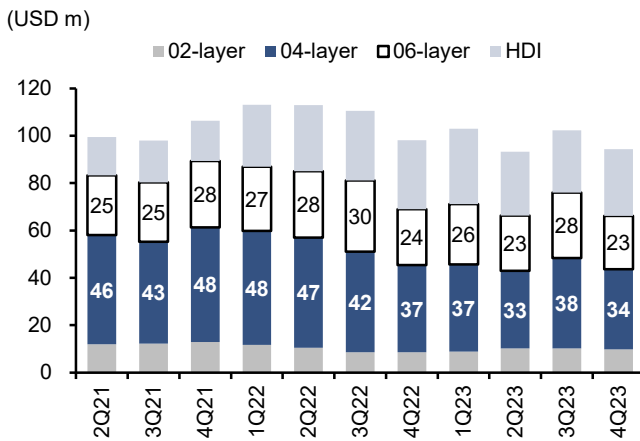
Source: KCE

**Exhibit 3: Quarterly total USD revenue and growth**



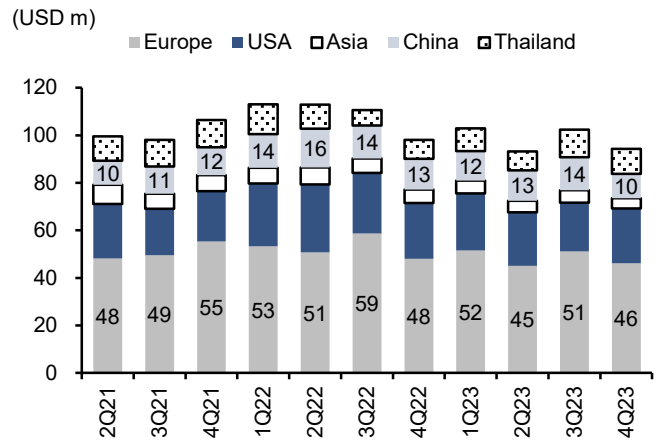
Source: KCE

**Exhibit 4: Revenue breakdown by product**



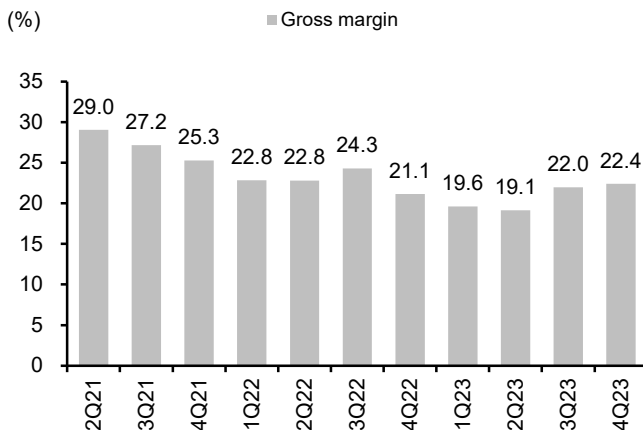
Source: KCE

**Exhibit 5: Revenue breakdown by region**



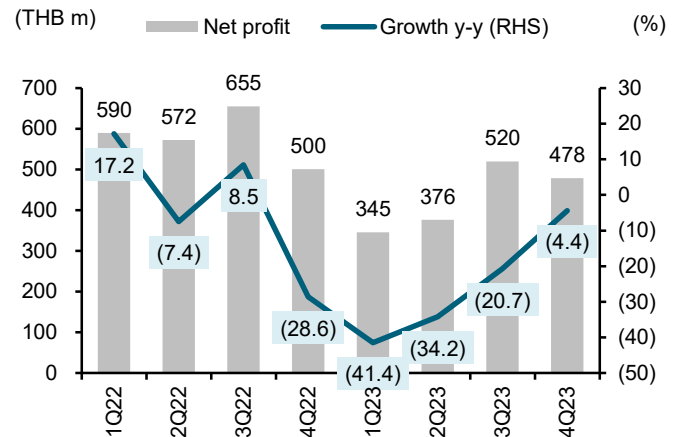
Source: KCE

**Exhibit 6: Quarterly gross margin**



Source: KCE

**Exhibit 7: Quarterly net profit and growth**



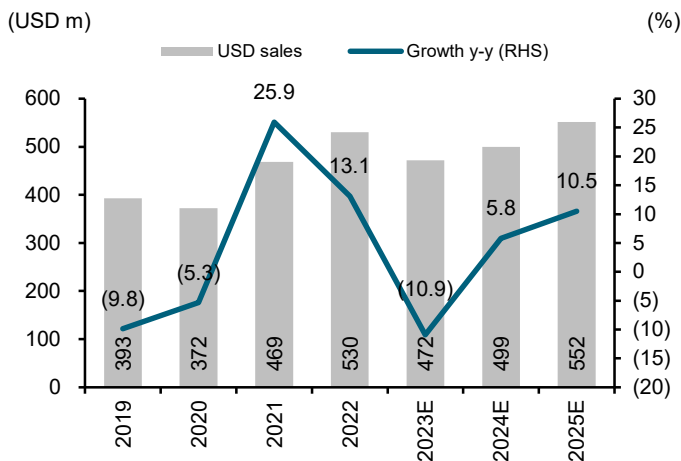
Source: KCE

**Exhibit 8: Change of key assumptions for KCE**

	Current			Previous			Change		
	2023 (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023 (%)	2024E (%)	2025E (%)
Total sale value (THB m)	16,344	16,483	18,214	16,825	17,703	19,297	(2.9)	(6.9)	(5.6)
Costs	12,941	12,609	13,842	13,242	13,189	14,279	(2.3)	(4.4)	(3.1)
Gross profit	3,403	3,873	4,371	3,584	4,514	5,017	(5.0)	(14.2)	(12.9)
SG&A expense	1,774	1,780	1,912	1,800	1,912	2,026	(1.5)	(6.9)	(5.6)
Interest expense	104	109	133	87	90	86	19.4	21.7	54.5
Reported net profit	1,720	2,037	2,400	1,873	2,620	3,012	(8.2)	(22.3)	(20.3)
Core profit	1,569	2,037	2,400	1,786	2,620	3,012	(12.1)	(22.3)	(20.3)
<b>Key ratios (%)</b>									
Total revenue growth	(11.4)	0.9	10.5	(8.8)	5.2	9.0	(2.6)	(4.4)	1.5
Net profit growth	(25.8)	18.4	17.8	(19.2)	39.9	15.0	(6.6)	(21.5)	2.9
Core profit growth	(31.2)	29.8	17.8	(21.7)	46.7	15.0	(9.5)	(16.9)	2.9
Gross margin	20.8	23.5	24.0	21.3	25.5	26.0	(0.5)	(2.0)	(2.0)
SG&A to sales	10.9	10.8	10.5	10.7	10.8	10.5	0.2	0.0	0.0
Net margin	10.5	12.4	13.2	11.1	14.8	15.6	(0.6)	(2.4)	(2.4)
Core margin	9.6	12.4	13.2	10.6	14.8	15.6	(1.0)	(2.4)	(2.4)
<b>Operating statistics (THB m)</b>									
Sales volume (m sq.ft.)	28.4	30.1	33.2	29.7	31.4	33.9	(4.2)	(4.2)	(2.2)
ASP (USD per sq.ft.)	13.8	13.9	14.0	13.5	13.7	14.0	2.3	1.3	0.3
Total revenue (USD m)	472.1	499.5	551.9	487.7	536.5	585	(3.2)	(6.9)	(5.6)
FX rate (THB/USD)	34.5	33.0	33.0	34.5	33.0	33.0	0.0	0.0	0.0

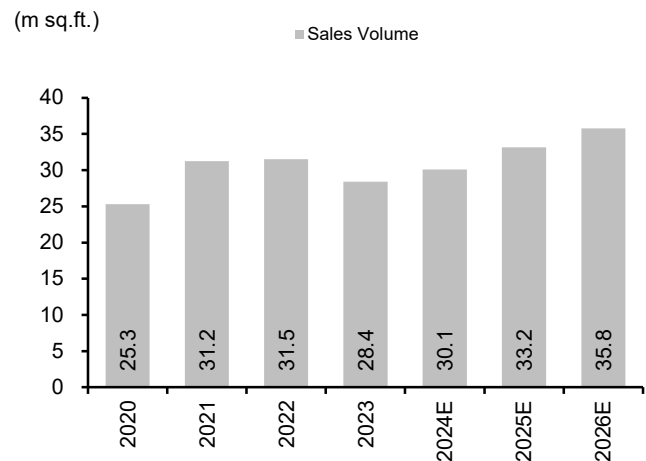
Source: FSSIA estimates

**Exhibit 9: Yearly USD revenue and growth**



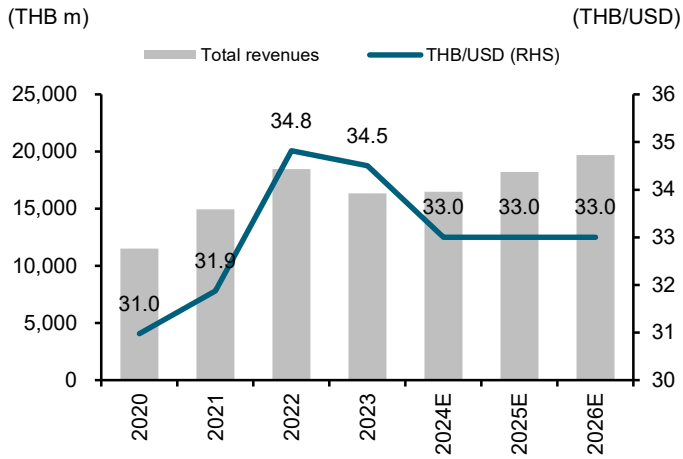
Sources: KCE; FSSIA estimates

**Exhibit 10: Yearly sales volume**



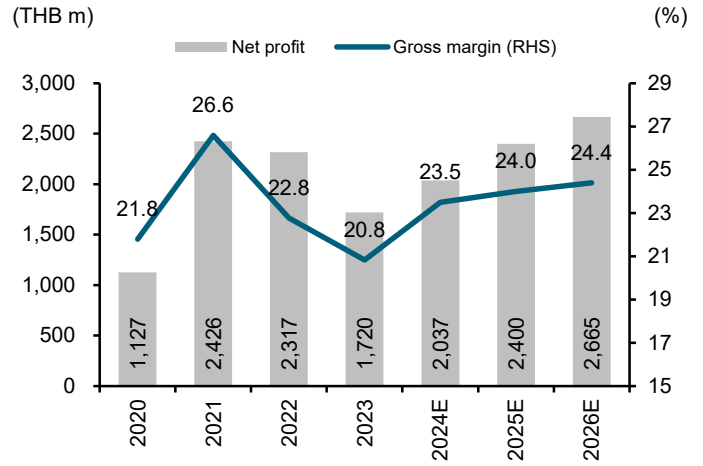
Sources: KCE; FSSIA estimates

**Exhibit 11: Yearly total revenue and THB/USD**



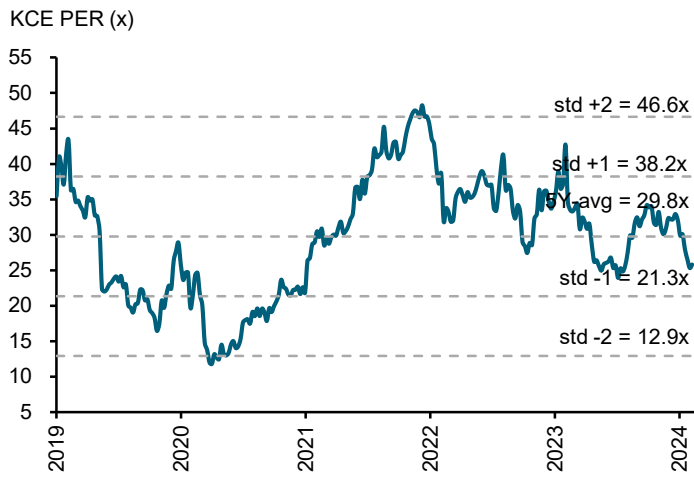
Sources: KCE; FSSIA estimates

**Exhibit 12: Yearly net profit and gross margin**



Sources: KCE; FSSIA estimates

**Exhibit 13: Historical P/E band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 14: Historical P/BV band**



Sources: Bloomberg, FSSIA estimates

## Financial Statements

### KCE Electronics

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	18,456	16,344	16,483	18,214	19,707
Cost of goods sold	(14,254)	(12,941)	(12,609)	(13,842)	(14,899)
<b>Gross profit</b>	<b>4,202</b>	<b>3,403</b>	<b>3,873</b>	<b>4,371</b>	<b>4,809</b>
Other operating income	224	190	198	219	236
Operating costs	(1,919)	(1,774)	(1,780)	(1,912)	(2,069)
<b>Operating EBITDA</b>	<b>3,622</b>	<b>2,944</b>	<b>3,517</b>	<b>4,086</b>	<b>4,504</b>
Depreciation	(1,114)	(1,126)	(1,226)	(1,409)	(1,529)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>2,508</b>	<b>1,818</b>	<b>2,291</b>	<b>2,677</b>	<b>2,976</b>
Net financing costs	(72)	(104)	(109)	(133)	(151)
Associates	19	14	19	19	21
Recurring non-operating income	19	14	19	19	21
Non-recurring items	36	150	0	0	0
<b>Profit before tax</b>	<b>2,490</b>	<b>1,879</b>	<b>2,201</b>	<b>2,563</b>	<b>2,846</b>
Tax	(144)	(131)	(131)	(127)	(141)
<b>Profit after tax</b>	<b>2,347</b>	<b>1,747</b>	<b>2,070</b>	<b>2,436</b>	<b>2,705</b>
Minority interests	(29)	(28)	(33)	(36)	(39)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>2,317</b>	<b>1,720</b>	<b>2,037</b>	<b>2,400</b>	<b>2,665</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(36)</b>	<b>(150)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>2,281</b>	<b>1,569</b>	<b>2,037</b>	<b>2,400</b>	<b>2,665</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.93	1.33	1.72	2.03	2.25
Reported EPS	1.96	1.45	1.72	2.03	2.25
DPS	1.60	1.11	1.29	1.52	1.69
Diluted shares (used to calculate per share data)	1,182	1,182	1,182	1,182	1,182
<b>Growth</b>					
Revenue (%)	23.6	(11.4)	0.9	10.5	8.2
Operating EBITDA (%)	1.8	(18.7)	19.5	16.2	10.2
Operating EBIT (%)	(0.5)	(27.5)	26.0	16.9	11.1
Recurring EPS (%)	1.6	(31.2)	29.8	17.8	11.1
Reported EPS (%)	(4.8)	(25.8)	18.4	17.8	11.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	22.8	20.8	23.5	24.0	24.4
Gross margin exc. depreciation (%)	28.8	27.7	30.9	31.7	32.2
Operating EBITDA margin (%)	19.6	18.0	21.3	22.4	22.9
Operating EBIT margin (%)	13.6	11.1	13.9	14.7	15.1
Net margin (%)	12.4	9.6	12.4	13.2	13.5
Effective tax rate (%)	5.8	7.0	5.9	5.0	5.0
Dividend payout on recurring profit (%)	82.9	83.3	75.0	75.0	75.0
Interest cover (X)	35.0	17.7	21.2	20.2	19.9
Inventory days	135.4	134.4	116.2	106.4	107.5
Debtor days	91.9	103.6	98.5	92.7	91.4
Creditor days	104.1	92.3	88.0	90.7	96.7
Operating ROIC (%)	13.4	10.0	13.2	14.0	14.0
ROIC (%)	12.6	9.4	12.4	13.3	13.3
ROE (%)	17.0	11.6	14.6	16.6	17.6
ROA (%)	11.0	8.4	11.1	12.3	12.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
PCB	15,134	13,554	13,798	15,358	16,727
Non PCB	3,323	2,790	2,685	2,856	2,980

Sources: KCE Electronics; FSSIA estimates

## Financial Statements

### KCE Electronics

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	2,281	1,569	2,037	2,400	2,665
Depreciation	1,114	1,126	1,226	1,409	1,529
Associates & minorities	-	-	-	-	-
Other non-cash items	(19)	(14)	(19)	(19)	(21)
Change in working capital	(1,186)	832	218	210	(391)
<b>Cash flow from operations</b>	<b>2,191</b>	<b>3,513</b>	<b>3,462</b>	<b>3,999</b>	<b>3,782</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(993)	(402)	(2,000)	(3,660)	(2,400)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	121	76	6	(12)	(10)
<b>Cash flow from investing</b>	<b>(872)</b>	<b>(325)</b>	<b>(1,994)</b>	<b>(3,672)</b>	<b>(2,410)</b>
Dividends paid	(2,322)	(1,419)	(1,527)	(1,800)	(1,999)
Equity finance	10	4	0	0	0
Debt finance	173	(1,150)	(93)	720	409
Other financing cash flows	(2)	(1)	(1)	(1)	(1)
<b>Cash flow from financing</b>	<b>(2,141)</b>	<b>(2,566)</b>	<b>(1,621)</b>	<b>(1,081)</b>	<b>(1,591)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(821)</b>	<b>622</b>	<b>(153)</b>	<b>(754)</b>	<b>(220)</b>
Free cash flow to firm (FCFF)	1,391.42	3,291.81	1,577.69	460.41	1,522.68
Free cash flow to equity (FCFE)	1,490.66	2,036.57	1,374.84	1,045.96	1,779.31

#### Per share (THB)

FCFF per share	1.18	2.78	1.33	0.39	1.29
FCFE per share	1.26	1.72	1.16	0.88	1.51
Recurring cash flow per share	2.86	2.27	2.74	3.21	3.53

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	19,658	18,912	20,912	24,572	26,972
Less: Accumulated depreciation	(10,779)	(10,758)	(11,984)	(13,392)	(14,921)
<b>Tangible fixed assets (net)</b>	<b>8,878</b>	<b>8,154</b>	<b>8,928</b>	<b>11,180</b>	<b>12,051</b>
<b>Intangible fixed assets (net)</b>	<b>323</b>	<b>284</b>	<b>284</b>	<b>284</b>	<b>284</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	575	554	554	554	554
Cash & equivalents	1,145	1,767	1,614	860	641
A/C receivable	4,900	4,379	4,516	4,741	5,129
Inventories	4,908	3,793	3,455	3,792	4,082
Other current assets	127	141	148	164	177
<b>Current assets</b>	<b>11,079</b>	<b>10,079</b>	<b>9,733</b>	<b>9,557</b>	<b>10,029</b>
Other assets	138	122	115	127	138
<b>Total assets</b>	<b>20,993</b>	<b>19,193</b>	<b>19,615</b>	<b>21,702</b>	<b>23,056</b>
Common equity	13,389	13,689	14,198	14,798	15,464
Minorities etc.	56	61	60	58	57
<b>Total shareholders' equity</b>	<b>13,445</b>	<b>13,749</b>	<b>14,257</b>	<b>14,856</b>	<b>15,521</b>
Long term debt	910	515	586	1,058	1,350
Other long-term liabilities	395	367	330	382	414
<b>Long-term liabilities</b>	<b>1,305</b>	<b>882</b>	<b>916</b>	<b>1,440</b>	<b>1,764</b>
A/C payable	3,249	2,728	2,764	3,413	3,674
Short term debt	2,915	1,748	1,596	1,902	1,999
Other current liabilities	80	85	82	91	99
<b>Current liabilities</b>	<b>6,244</b>	<b>4,562</b>	<b>4,442</b>	<b>5,406</b>	<b>5,771</b>
<b>Total liabilities and shareholders' equity</b>	<b>20,993</b>	<b>19,193</b>	<b>19,615</b>	<b>21,702</b>	<b>23,056</b>
Net working capital	6,606	5,499	5,273	5,193	5,616
Invested capital	16,520	14,613	15,155	17,338	18,643

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

#### Per share (THB)

Book value per share	11.33	11.58	12.01	12.52	13.08
Tangible book value per share	11.06	11.34	11.77	12.28	12.84

#### Financial strength

Net debt/equity (%)	19.9	3.6	4.0	14.1	17.5
Net debt/total assets (%)	12.8	2.6	2.9	9.7	11.7
Current ratio (x)	1.8	2.2	2.2	1.8	1.7
CF interest cover (x)	35.5	24.5	31.9	36.3	28.7

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>21.0</b>	<b>30.5</b>	<b>23.5</b>	<b>19.9</b>	<b>18.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>22.3</b>	<b>32.4</b>	<b>25.0</b>	<b>21.2</b>	<b>19.1</b>
Reported P/E (x)	20.7	27.8	23.5	19.9	18.0
Dividend yield (%)	4.0	2.7	3.2	3.8	4.2
Price/book (x)	3.6	3.5	3.4	3.2	3.1
Price/tangible book (x)	3.7	3.6	3.4	3.3	3.2
EV/EBITDA (x) **	14.0	16.5	13.8	12.2	11.2
EV/EBITDA @ target price (x) **	14.8	17.5	14.6	13.0	11.9
EV/invested capital (x)	3.1	3.3	3.2	2.9	2.7

\* 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 15: FSSIA ESG score implication**

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★☆	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★☆☆	>39-59	<b>Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.</b>
★★☆☆☆	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★☆☆☆☆	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

**Exhibit 16: 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 17: ESG score by Bloomberg**

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>1.34</b>	<b>1.35</b>	<b>1.35</b>	<b>1.36</b>	<b>1.37</b>	<b>1.70</b>	<b>2.06</b>	<b>2.16</b>
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
<b>ESG disclosure score</b>	<b>40.30</b>	<b>41.69</b>	<b>40.30</b>	<b>40.64</b>	<b>46.82</b>	<b>53.50</b>	<b>54.91</b>	<b>52.98</b>
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
<b>Environmental</b>								
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 18: 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
<b>Social</b>								
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
<b>Governance</b>								
<b>Board size</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>No. of independent directors (ID)</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>No. of executives / company managers</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>11</b>
No. of female executives	2	2	2	3	3	3	3	3
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	2	2	2	2	3	2	3	1
Nomination meeting attendance %	100	100	100	83	89	100	100	100
<b>Sustainability governance</b>								
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 <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
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&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
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. 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.	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
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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="0" style="margin-left: 20px;"> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																												
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

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

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### 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.

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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			

Sureporn 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 40.50	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 14-Feb-2024 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.