

KCE ELECTRONICS KCE TB

THAILAND / ELECTRONIC COMPONENT

HOLD

FROM BUY

TARGET PRICE	THB25.00
CLOSE	THB20.50
UP/DOWNSIDE	+22.0%
PRIOR TP	THB33.00
CHANGE IN TP	-24.2%
TP vs CONSENSUS	-4.6%

Slow recovery expected in 1H25

- Management targets flat y-y revenue in 2025, as the overall automotive electronic parts industry has not yet recovered.
- We cut our 2025-27E net profit by 7-14%; 2025 net profit may grow only slightly by 2% y-y.
- Downgrade to HOLD awaiting a recovery in 2H25.

4Q24 profit remained disappointing

KCE posted a 4Q24 net profit of THB282m (+30% q-q, -41% y-y). Excluding an FX gain of THB86m and legal fees (from M&A) of THB51m, the core profit was THB252m (-35% q-q, -46% y-y), which was significantly lower than both our and the market's expectations, due to weak revenue and a lower gross margin. Total revenue decreased by 15% q-q and 21% y-y. The significant drops were seen in the EU and US. In addition, there were declines in HDI selling prices by 6% y-y in 2024 due to an oversupply situation, while demand remained sluggish. The 4Q24 gross margin fell q-q and y-y, marking the lowest in six quarters, due to a lower utilization rate and higher copper costs.

Slightly negative outlook from analyst meeting

We have a slightly negative outlook from the analyst meeting. Management targets flat y-y revenue in 2025, as the overall automotive electronic parts industry has not yet recovered. Currently, KCE has advance orders until April, which remain stable from 4Q24, while it is still in the process of changing the revenue recognition model to recognize direct revenue from customers after completing the acquisition of a distributor in the UK. In the initial phase, this will delay revenue recognition by about 2-3 months, impacting revenue in 1Q25 by cUSD3m-5m, with an additional impact of cUSD2m in 2Q25 after completing the acquisition of a distributor in Germany.

Ongoing cost-savings would be the 2025 growth driver

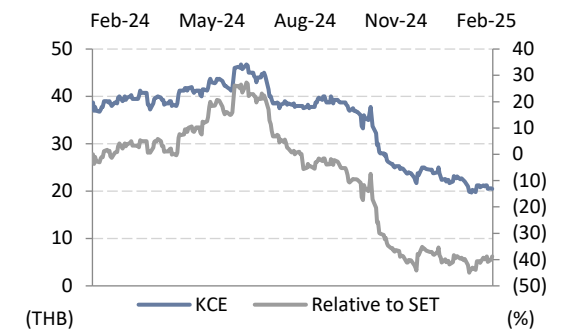
However, management aims to increase the 2025 gross margin to 24-25% from 22% in 2024, driven by ongoing cost-saving measures from the previous year, such as labor reduction, in-house chemical production, and lower electricity costs. We anticipate that 1Q25 net profit is likely to recover slowly, while the HDI production capacity should remain stable, as machines are still being installed. The additional production capacity will come in 3Q25, so the recovery may occur in 2H25. If the recovery takes place, management intends to begin constructing a new factory immediately.

Downgrade to HOLD awaiting a recovery

We cut our 2025-27E net profit by 7-14%, with 2025 net profit potentially growing only slightly by 2% to THB1.68b. We expect a slow recovery in 1H25, with the pace improving in 2H25. We cut our TP to THB25 (from THB33), based on a P/E of 18x (from 20x). The positive side is that we believe the lowest point has already passed in 4Q24, but due to the slow recovery, we downgrade to HOLD awaiting a recovery.

KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	14,833	14,371	15,377	16,146
Net profit	1,648	1,678	2,012	2,277
EPS (THB)	1.39	1.42	1.70	1.93
vs Consensus (%)	-	(2.5)	12.7	15.3
EBITDA	2,883	3,134	3,614	3,975
Recurring net profit	1,587	1,678	2,012	2,277
Core EPS (THB)	1.34	1.42	1.70	1.93
Chg. In EPS est. (%)	nm	(14.1)	(10.0)	nm
EPS growth (%)	1.1	5.7	19.9	13.2
Core P/E (x)	15.3	14.4	12.0	10.6
Dividend yield (%)	5.1	5.2	6.2	7.0
EV/EBITDA (x)	8.3	8.1	7.3	6.6
Price/book (x)	1.8	1.7	1.7	1.6
Net debt/Equity (%)	(2.9)	8.6	13.4	12.3
ROE (%)	11.6	12.0	13.9	15.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(11.3)	(20.4)	(46.4)
Relative to country (%)	(0.4)	(4.8)	(37.9)
Mkt cap (USD m)	718		
3m avg. daily turnover (USD m)	7.8		
Free float (%)	0		
Major shareholder	Ongkosit Group (34%)		
12m high/low (THB)	47.75/19.50		
Issued shares (m)	1,182.06		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

We have a slightly negative outlook from the latest analyst meeting. Management targets flat y-y revenue in 2025, as the overall automotive electronic parts industry has not yet recovered. Currently, KCE has advance orders until April, which remain stable from 4Q24, while it is still in the process of changing the revenue recognition model to recognize direct revenue from customers after completing the acquisition of a distributor in the UK and Germany.

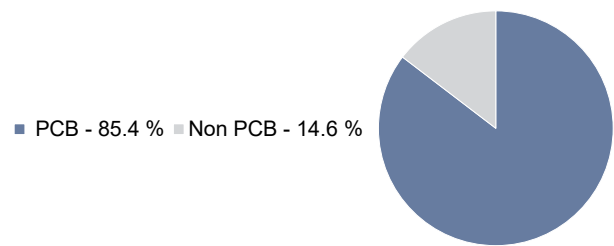
However, management aims to increase the 2025 gross margin to 24-25% from 22% in 2024, driven by ongoing cost-saving measures from the previous year, such as labor reduction, in-house chemical production, and lower electricity costs.

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 2024. In particular, KCE is a supplier to the fast-growing electric vehicle (EV) market. Its crucial export markets include Europe (52.6% of total revenue in 2024), followed by the US (21.4%), China (10.1%), and Asia (4.6%), with Thailand representing 11.4%.

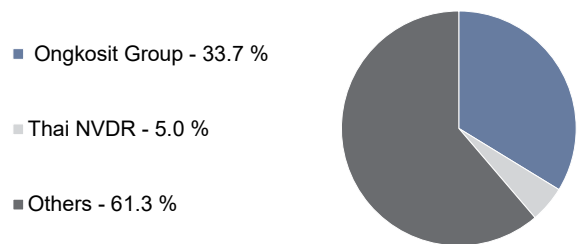
www.kcethai.in.th

Principal activities (revenue, 2024)



Source: KCE Electronics

Major shareholders



Source: KCE Electronics

Catalysts

Potential catalysts for KCE’s earnings growth in 2025 include 1) a global economic recovery and a faster global auto sales recovery than expected; 2) a decline in raw material prices; 3) higher production efficiency due to an increased utilization rate; and 4) successful capacity expansion as planned.

Risks to our call

Downside and upside risks to our P/E-based TP include 1) slower or faster-than-expected global economic and car sales recoveries; 2) higher or lower-than-expected decrease in raw material costs; 3) baht strength or weakness; and 4) a minimum wage increase or a labor shortage.

Event calendar

Date	Event
May 2025	1Q25 results announcement

Key assumptions

	2025E	2026E	2027E
Sales volume (m sq.ft.)	29.6	33.1	36.0
ASP (USD per sq.ft.)	13.5	13.7	13.8
Total revenue (USD m)	435	466	489
Gross margin (%)	23.0	24.0	25.0

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in USD revenue, we estimate 2025 net profit to rise by 0.9%, and vice versa, all else being equal.
- For every THB1/USD increase, we estimate 2025 net profit to fall by 6.5%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 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 2025 net profit to fall by 1.8%, and vice versa, all else being equal.

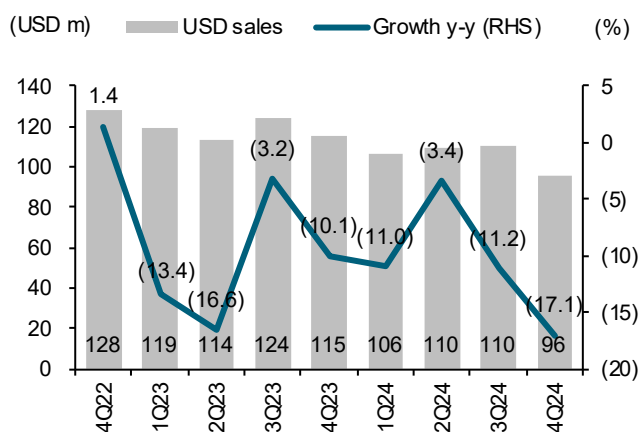
Source: FSSIA estimates

Exhibit 1: KCE – 4Q24 results summary

	4Q23	1Q24	2Q24	3Q24	4Q24	----- Change -----		2023	2024	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	4,095	3,780	4,012	3,802	3,239	(14.8)	(20.9)	16,344	14,833	(9.2)
Cost of sales	3,177	2,906	3,018	3,033	2,615	(13.8)	(17.7)	12,941	11,571	(10.6)
Gross profit	917	874	994	769	624	(18.9)	(32.0)	3,403	3,262	(4.2)
SG&A	420	422	461	418	455	8.7	8.1	1,774	1,756	(1.0)
Operating profit	497	452	533	351	169	(51.8)	(65.9)	1,629	1,506	(7.5)
Interest expense	24	15	18	10	10	(2.7)	(60.1)	104	52	(50.1)
Tax expense	49	64	28	0	28	<i>nm</i>	(43.3)	131	120	(8.9)
Other gain (Loss)	14	95	107	(170)	30	<i>nm</i>	<i>nm</i>	150	65	(56.5)
Reported net profit	478	515	635	216	282	30.2	(41.1)	1,720	1,648	(4.1)
Core profit	464	421	528	386	252	(34.8)	(45.8)	1,569	1,587	1.1
Key ratios (%)						(ppt)	(ppt)			
Gross margin	22.4	23.1	24.8	20.2	19.3	(1.0)	(3.1)	20.8	22.0	1.2
SG&A to Sales	10.3	11.2	11.5	11.0	14.0	3.0	3.8	10.9	11.8	1.0
Operating margin	12.1	12.0	13.3	9.2	5.2	(4.0)	(6.9)	10.0	10.2	0.2
Net margin	11.7	13.6	15.8	5.7	8.7	3.0	(3.0)	10.5	11.1	0.6
Core margin	11.3	11.1	13.2	10.2	7.8	(2.4)	(3.6)	9.6	10.7	1.1
Operating statistics (USD m)										
PCB sales	94.3	94.4	94.7	90.8	80.0	(11.9)	(15.2)	392.9	359.9	(8.4)
Non-PCB sales	21.1	11.9	15.0	19.1	15.7	(17.8)	(25.6)	79.2	61.7	(22.2)
Total sales	115.4	106.3	109.7	109.9	95.7	(12.9)	(17.1)	472.1	421.6	(10.7)
Europe sales	46.2	53.3	51.3	45.6	39.1	(14.2)	(15.3)	194.0	189.3	(2.4)
USA sales	23.0	18.4	20.4	21.0	17.1	(18.6)	(25.6)	89.9	77.0	(14.3)
Asia sales	4.4	3.7	4.3	4.1	4.4	7.7	0.5	20.1	16.5	(17.6)
China sales	10.2	9.5	10.1	8.3	8.3	0.3	(18.3)	49.3	36.3	(26.4)
Thailand sales	10.5	9.5	8.5	11.8	11.0	(6.7)	4.9	39.6	40.9	3.2
02-layer sales	9.8	9.3	8.4	9.0	7.9	(13.2)	(20.3)	39.2	34.6	(11.7)
04-layer sales	33.8	33.1	34.6	32.6	28.2	(13.3)	(16.5)	141.5	128.6	(9.2)
06-layer sales	22.6	21.0	20.2	20.6	19.1	(7.4)	(15.5)	99.1	80.9	(18.4)
Special (HDI) sales	28.1	31.0	31.5	28.6	24.9	(13.1)	(11.5)	113.1	115.9	2.5
Average selling price (USD/sq.ft)										
02-layer	9.34	9.42	9.15	9.39	9.41	0.2	0.8	9.49	9.34	(1.6)
04-layer	11.44	11.38	11.33	11.55	11.53	(0.1)	0.8	11.71	11.44	(2.2)
06-layer	16.50	15.83	15.39	15.41	15.63	1.4	(5.3)	16.43	15.56	(5.3)
Special (HDI)	18.05	16.91	16.60	17.91	17.87	(0.2)	(1.0)	18.36	17.26	(6.0)

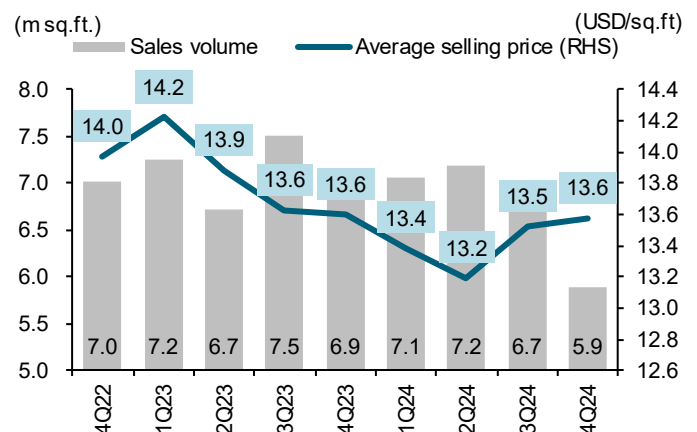
Sources: KCE, FSSIA's compilation

Exhibit 2: Quarterly USD revenue and growth



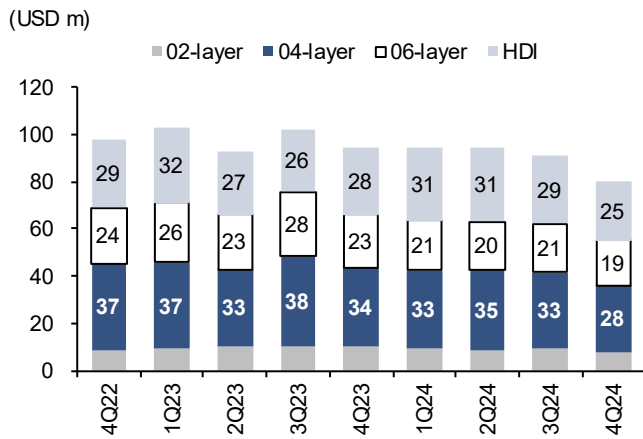
Sources: KCE, FSSIA's compilation

Exhibit 3: Quarterly sales volumes and average selling price



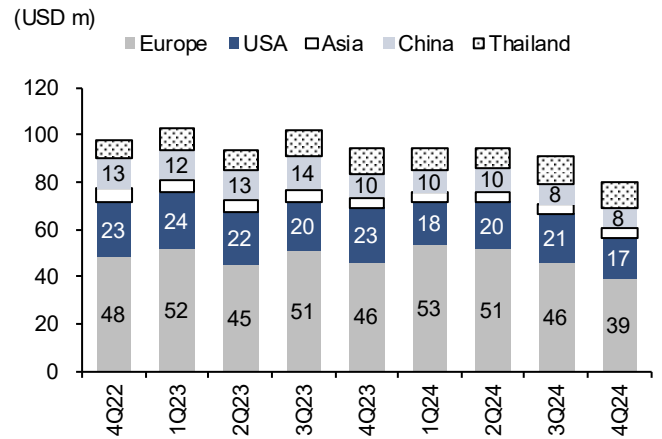
Sources: KCE, FSSIA's compilation

Exhibit 4: Revenue breakdown by product segment



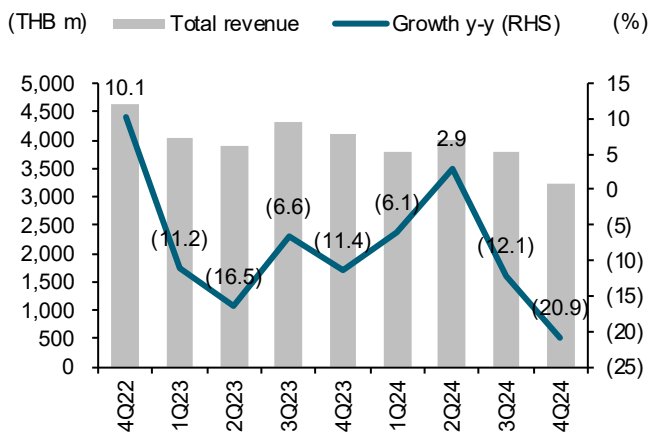
Sources: KCE, FSSIA's compilation

Exhibit 5: Revenue breakdown by destination



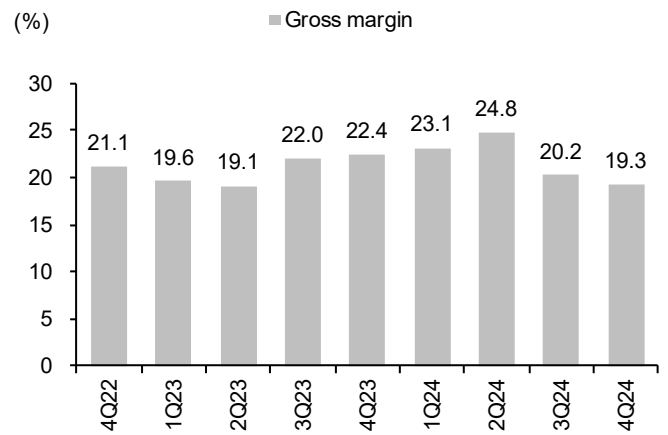
Sources: KCE, FSSIA's compilation

Exhibit 6: Quarterly total revenue and growth



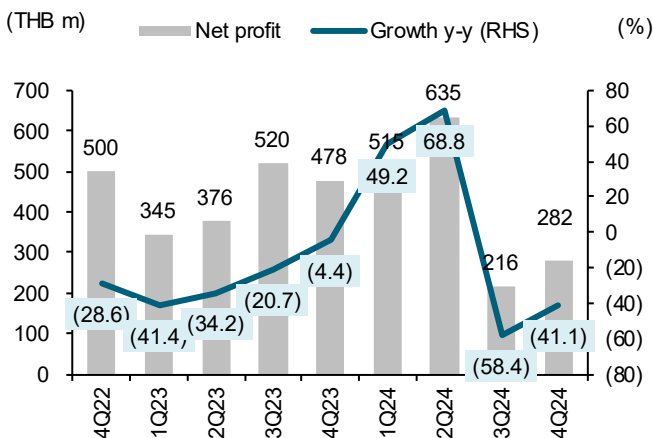
Sources: KCE, FSSIA's compilation

Exhibit 7: Quarterly gross margin



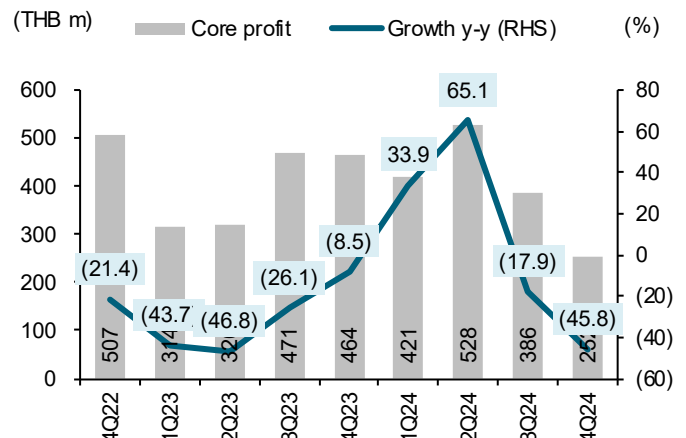
Sources: KCE, FSSIA's compilation

Exhibit 8: Quarterly net profit and growth



Sources: KCE, FSSIA's compilation

Exhibit 9: Quarterly core profit and growth



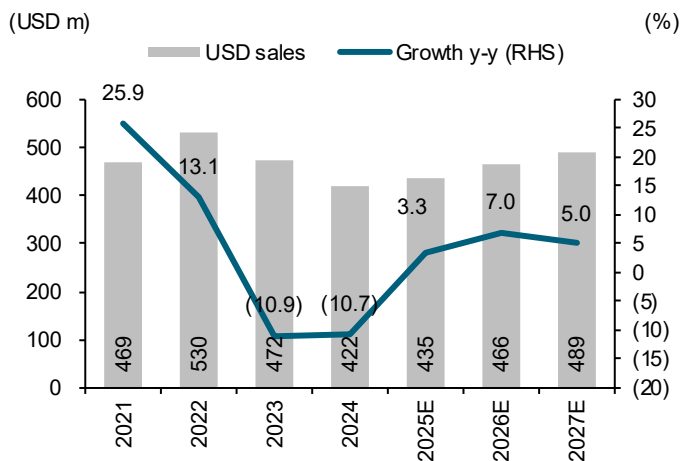
Sources: KCE, FSSIA's compilation

Exhibit 10: Changes in key assumptions for KCE

	Current			Previous			Change		
	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (%)	2026E (%)	2027E (%)
Total sales value (THB m)	14,371	15,377	16,146	14,661	15,687	16,472	(2.0)	(2.0)	(2.0)
Costs	11,066	11,686	12,109	11,142	11,765	12,271	(0.7)	(0.7)	(1.3)
Gross profit	3,305	3,690	4,036	3,519	3,922	4,200	(6.1)	(5.9)	(3.9)
SG&A expense	1,653	1,691	1,776	1,583	1,694	1,779	4.4	(0.2)	(0.2)
Interest expense	89	100	96	89	100	96	0.0	0.0	0.0
Reported net profit	1,678	2,012	2,277	1,953	2,235	2,435	(14.1)	(10.0)	(6.5)
Core profit	1,678	2,012	2,277	1,953	2,235	2,435	(14.1)	(10.0)	(6.5)
Key ratios (%)									
Total revenue growth	(3.1)	7.0	5.0	(3.1)	7.0	5.0			
Net profit growth	1.8	19.9	13.2	9.9	14.5	9.0			
Core profit growth	5.7	19.9	13.2	11.9	14.5	9.0			
Gross margin	23.0	24.0	25.0	24.0	25.0	25.5	(1.0)	(1.0)	(0.5)
SG&A to sales	11.5	11.0	11.0	10.8	10.8	10.8	0.7	0.2	0.2
Net margin	11.7	13.1	14.1	13.3	14.2	14.8	(1.6)	(1.2)	(0.7)
Core margin	11.7	13.1	14.1	13.3	14.2	14.8	(1.6)	(1.2)	(0.7)
Operating statistics (THB m)									
Sales volume (m sq.ft.)	29.6	33.1	36.0	31.3	35.1	38.1	(5.5)	(5.5)	(5.5)
ASP (USD per sq.ft.)	13.5	13.7	13.8	13.6	13.8	13.9	(0.6)	(0.6)	(0.6)
Total revenue (USD m)	435.5	466.0	489.3	444	475.4	499.1	(2.0)	(2.0)	(2.0)
FX rate (THB/USD)	33.0	33.0	33.0	33.0	33.0	33.0	0.0	0.0	0.0

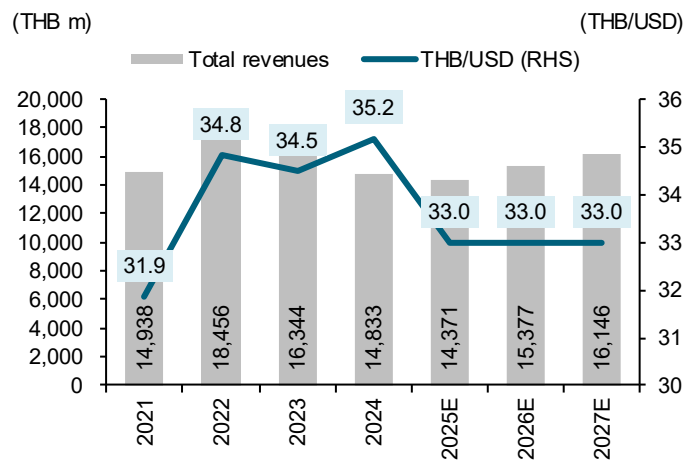
Source: FSSIA estimates

Exhibit 11: USD sales and growth



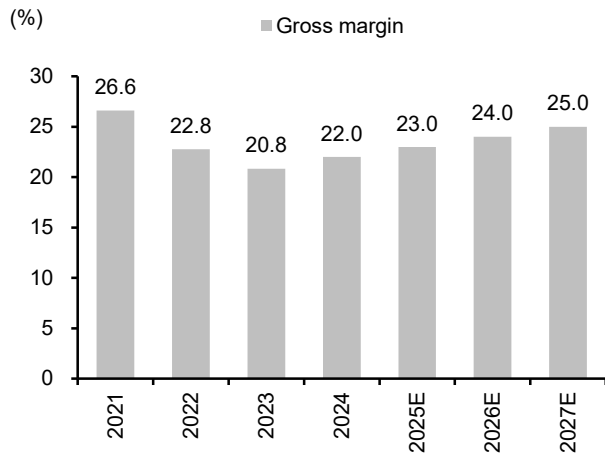
Sources: KCE; FSSIA estimates

Exhibit 12: Total revenue and THB/USD



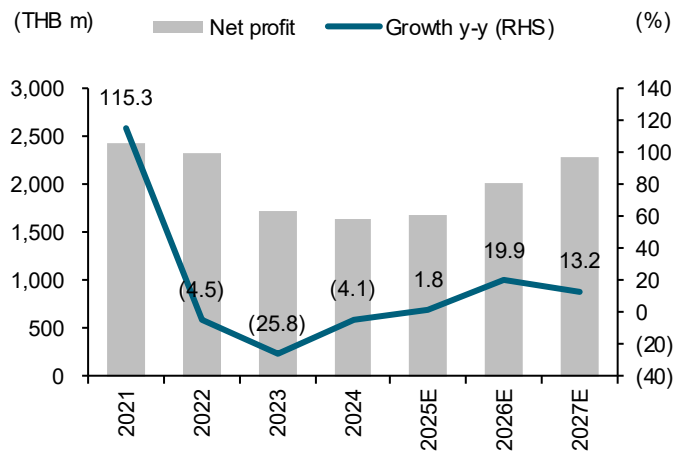
Sources: KCE; FSSIA estimates

Exhibit 13: Yearly gross margin



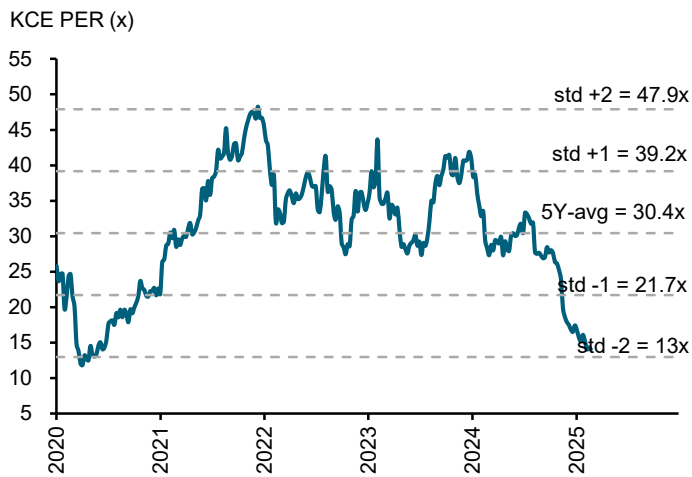
Sources: KCE; FSSIA estimates

Exhibit 14: Yearly net profit and growth



Sources: KCE; FSSIA estimates

Exhibit 15: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 16: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Financial Statements

KCE Electronics

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	16,344	14,833	14,371	15,377	16,146
Cost of goods sold	(12,941)	(11,571)	(11,066)	(11,686)	(12,109)
Gross profit	3,403	3,262	3,305	3,690	4,036
Other operating income	190	265	187	200	210
Operating costs	(1,774)	(1,756)	(1,653)	(1,691)	(1,776)
Operating EBITDA	2,944	2,883	3,134	3,614	3,975
Depreciation	(1,126)	(1,112)	(1,295)	(1,415)	(1,505)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,818	1,772	1,839	2,199	2,470
Net financing costs	(104)	(52)	(89)	(100)	(96)
Associates	14	17	19	21	22
Recurring non-operating income	14	17	19	21	22
Non-recurring items	150	61	0	0	0
Profit before tax	1,879	1,798	1,770	2,119	2,397
Tax	(131)	(120)	(70)	(84)	(95)
Profit after tax	1,747	1,678	1,700	2,035	2,302
Minority interests	(28)	(30)	(22)	(23)	(24)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	1,720	1,648	1,678	2,012	2,277
Non-recurring items & goodwill (net)	(150)	(61)	0	0	0
Recurring net profit	1,569	1,587	1,678	2,012	2,277
Per share (THB)					
Recurring EPS *	1.33	1.34	1.42	1.70	1.93
Reported EPS	1.45	1.39	1.42	1.70	1.93
DPS	1.11	1.05	1.06	1.28	1.44
Diluted shares (used to calculate per share data)	1,182	1,182	1,182	1,182	1,182
Growth					
Revenue (%)	(11.4)	(9.2)	(3.1)	7.0	5.0
Operating EBITDA (%)	(18.7)	(2.1)	8.7	15.3	10.0
Operating EBIT (%)	(27.5)	(2.6)	3.8	19.5	12.3
Recurring EPS (%)	(31.2)	1.1	5.7	19.9	13.2
Reported EPS (%)	(25.8)	(4.1)	1.8	19.9	13.2
Operating performance					
Gross margin inc. depreciation (%)	20.8	22.0	23.0	24.0	25.0
Gross margin exc. depreciation (%)	27.7	29.5	32.0	33.2	34.3
Operating EBITDA margin (%)	18.0	19.4	21.8	23.5	24.6
Operating EBIT margin (%)	11.1	11.9	12.8	14.3	15.3
Net margin (%)	9.6	10.7	11.7	13.1	14.1
Effective tax rate (%)	7.0	6.7	4.0	4.0	4.0
Dividend payout on recurring profit (%)	83.3	77.9	75.0	75.0	75.0
Interest cover (X)	17.7	34.5	20.9	22.1	26.0
Inventory days	134.4	130.3	130.9	121.8	123.4
Debtor days	103.6	98.7	91.3	87.1	87.9
Creditor days	92.3	97.2	104.1	99.7	101.0
Operating ROIC (%)	10.0	11.0	11.1	11.8	12.6
ROIC (%)	9.4	10.0	9.9	10.7	11.4
ROE (%)	11.6	11.6	12.0	13.9	15.2
ROA (%)	8.4	8.8	9.1	10.1	10.9
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
PCB	13,554	12,664	12,235	13,091	13,746
Non PCB	2,790	2,169	2,136	2,286	2,400

Sources: KCE Electronics; FSSIA estimates

Financial Statements

KCE Electronics

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	1,569	1,587	1,678	2,012	2,277
Depreciation	1,126	1,112	1,295	1,415	1,505
Associates & minorities	-	-	-	-	-
Other non-cash items	(14)	(22)	(19)	(21)	(22)
Change in working capital	832	631	840	(249)	(131)
Cash flow from operations	3,513	3,309	3,794	3,157	3,629
Capex - maintenance	-	-	-	-	-
Capex - new investment	(402)	(661)	(3,660)	(2,400)	(1,800)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	76	(797)	7	(10)	(8)
Cash flow from investing	(325)	(1,458)	(3,653)	(2,410)	(1,808)
Dividends paid	(1,419)	(1,551)	(1,259)	(1,509)	(1,708)
Equity finance	4	0	0	0	0
Debt finance	(1,150)	(476)	1,284	412	(186)
Other financing cash flows	(1)	(29)	(1)	(1)	(1)
Cash flow from financing	(2,566)	(2,056)	24	(1,098)	(1,895)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	4	0	0	0
Net other adjustments	0	4	0	0	0
Movement in cash	622	(201)	165	(351)	(74)
Free cash flow to firm (FCFF)	3,291.81	1,902.67	229.58	847.41	1,917.30
Free cash flow to equity (FCFE)	2,036.57	1,349.72	1,423.42	1,158.07	1,634.09

Per share (THB)	2023	2024	2025E	2026E	2027E
FCFF per share	2.78	1.61	0.19	0.72	1.62
FCFE per share	1.72	1.14	1.20	0.98	1.38
Recurring cash flow per share	2.27	2.27	2.50	2.88	3.18

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	18,912	19,019	22,679	25,079	26,879
Less: Accumulated depreciation	(10,758)	(11,315)	(12,610)	(14,025)	(15,529)
Tangible fixed assets (net)	8,154	7,704	10,069	11,055	11,350
Intangible fixed assets (net)	284	1,082	1,082	1,082	1,082
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	554	524	524	524	524
Cash & equivalents	1,767	1,566	1,731	1,380	1,306
A/C receivable	4,379	3,646	3,544	3,792	3,981
Inventories	3,793	3,675	3,335	3,522	3,649
Other current assets	141	68	72	77	81
Current assets	10,079	8,955	8,681	8,770	9,017
Other assets	122	151	144	154	161
Total assets	19,193	18,416	20,499	21,584	22,134
Common equity	13,689	13,756	14,175	14,679	15,248
Minorities etc.	61	62	61	60	58
Total shareholders' equity	13,749	13,818	14,236	14,738	15,306
Long term debt	515	85	1,058	1,350	1,252
Other long-term liabilities	367	527	503	538	565
Long-term liabilities	882	612	1,561	1,888	1,817
A/C payable	2,728	2,843	2,728	2,882	2,986
Short term debt	1,748	1,078	1,902	1,999	1,944
Other current liabilities	85	65	72	77	81
Current liabilities	4,562	3,986	4,702	4,958	5,011
Total liabilities and shareholders' equity	19,193	18,416	20,499	21,584	22,134
Net working capital	5,499	4,482	4,150	4,432	4,645
Invested capital	14,613	13,942	15,968	17,246	17,762

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

Per share (THB)	2023	2024	2025E	2026E	2027E
Book value per share	11.58	11.64	11.99	12.42	12.90
Tangible book value per share	11.34	10.72	11.08	11.50	11.98

Financial strength	2023	2024	2025E	2026E	2027E
Net debt/equity (%)	3.6	(2.9)	8.6	13.4	12.3
Net debt/total assets (%)	2.6	(2.2)	6.0	9.1	8.5
Current ratio (x)	2.2	2.2	1.8	1.8	1.8
CF interest cover (x)	24.5	39.8	58.2	36.4	36.8

Valuation	2023	2024	2025E	2026E	2027E
Recurring P/E (x) *	15.4	15.3	14.4	12.0	10.6
Recurring P/E @ target price (x) *	18.8	18.6	17.6	14.7	13.0
Reported P/E (x)	14.1	14.7	14.4	12.0	10.6
Dividend yield (%)	5.4	5.1	5.2	6.2	7.0
Price/book (x)	1.8	1.8	1.7	1.7	1.6
Price/tangible book (x)	1.8	1.9	1.9	1.8	1.7
EV/EBITDA (x) **	8.4	8.3	8.1	7.3	6.6
EV/EBITDA @ target price (x) **	10.2	10.1	9.8	8.7	7.9
EV/invested capital (x)	1.7	1.7	1.6	1.5	1.5

* 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 17: 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 18: 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 19: 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 20: 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.																			
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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 SETESG 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. SETESG Index is extended from the SET ESG Ratings 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" 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+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </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.																			

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

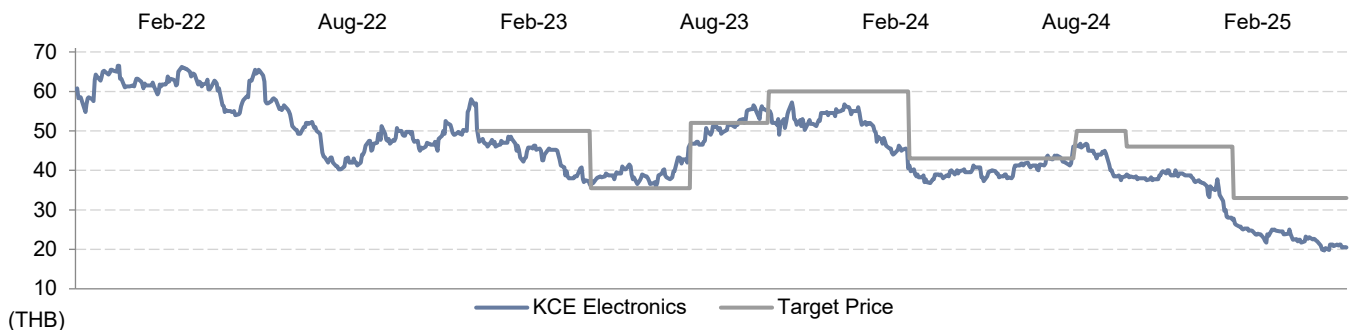
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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	16-Oct-2023	HOLD	60.00	19-Aug-2024	BUY	46.00
16-May-2023	HOLD	35.50	14-Feb-2024	HOLD	43.00	19-Nov-2024	BUY	33.00
10-Aug-2023	BUY	52.00	05-Jul-2024	BUY	50.00			

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 20.50	HOLD	Downside and upside risks to our P/E-based TP include 1) slower or faster-than-expected global economic and car sales recoveries; 2) higher or lower-than-expected decrease in raw material costs; 3) baht strength or weakness; and 4) a minimum wage increase or a labor 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 25-Feb-2025 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.