12 NOVEMBER 2025

EQUITY RESEARCH - COMPANY REPORT

# KCE ELECTRONICS KCE TB

THAILAND / ELECTRONIC COMPONENT

# Cost efficiency gains underway

- The cost-reduction program began to lift gross margins in 3Q25, supporting the earnings recovery.
- Management targets 2026 revenue growth of 4–5% and expects continued gross margin expansion.
- Maintain our earnings forecasts and target price of THB27.

## 3Q25 profit recovered in line with expectation

KCE reported 3Q25 net profit at THB297m (+63.2% q-q, +37.5% y-y), in line with our expectations. Excluding non-operating items—an FX gain of THB7.5m, a gain on asset disposal of THB8.8m, and provisions for doubtful debts and legal consulting fees of THB16.9m—core profit stood at THB298m (+59.6% q-q, -22.8% y-y). The y-y profit decline was driven by lower revenue (-9.4% y-y), reflecting the global economic slowdown and weak automotive demand, along with a stronger baht and higher expenses. The q-q profit recovery was supported by a modest revenue rebound q-q and a sharp improvement in gross margin.

## Cost-reduction program starting to deliver benefits

Total revenue rose 4.8% q-q in the U.S. (+15.5%), Thailand (+13.9%), and Europe (+4.5%). By product segment, Special HDI recorded a strong recovery (+20.3% q-q, -6.3% y-y), driven by growth in both sales volume and selling price (+8.5% q-q, +3.5% y-y). Gross margin improved to 21.4%, up from 18.1% in 2Q25 and 20.2% in 3Q24, due to 1) lower labor costs from increased automation; 2) lower electricity costs; and 3) reduced chemical costs due to supplier changes and price negotiations.

## 4Q25 profit likely to soften q-q due to seasonality

Management guided that 4Q25 orders will soften q-q due to seasonality. We forecast 4Q25 revenue to decline 6.0% q-q but grow 5.5% y-y. The cost-reduction program that began delivering results in 3Q25 should continue to support profitability, keeping the gross margin steady at 21–22%. For 2026, management targets revenue growth of 4–5% y-y, reflecting a gradual recovery. The key focus will be on gross margin expansion, driven by ongoing cost-reduction efforts—about 50% completed, with the rest to be implemented in 2026. These include reducing chemical and labor costs and improving production efficiency. Management aims to lift the gross margin by another 3.5% from 3Q25, potentially reaching around 25% in 2H26.

## Maintain HOLD with an unchanged TP of THB27

We maintain our 2025–2026E net profit at -38.8% y-y and +44.6% y-y, respectively, based on a conservative 2026 gross margin assumption of 20.5%. Our model assumes an exchange rate of THB33/USD and a copper price of USD10,000/tonne. Sensitivity analysis shows that each 1 THB appreciation in the baht would impact earnings by 6.5%, while a USD1,000/tonne rise in copper prices would lower earnings by roughly 11%. We maintain our TP of THB27 and a HOLD rating.

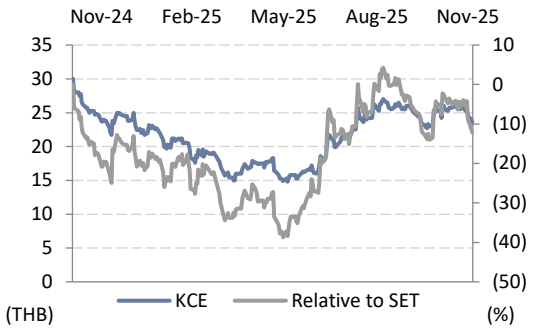
**HOLD**

**UNCHANGED**

| | |
|---|---|
| TARGET PRICE | THB27.00 |
| CLOSE | THB23.60 |
| UP/DOWNSIDE | +14.4% |
| PRIOR TP | THB27.00 |
| CHANGE IN TP | UNCHANGED |
| TP vs CONSENSUS | +6.7% |

## KEY STOCK DATA

| YE Dec (THB m) | 2024 | 2025E | 2026E | 2027E |
|---|---|---|---|---|
| Revenue | 14,833 | 13,695 | 14,380 | 15,099 |
| Net profit | 1,648 | 1,009 | 1,458 | 1,611 |
| EPS (THB) | 1.39 | 0.85 | 1.23 | 1.36 |
| vs Consensus (%) | - | (0.2) | 12.0 | 8.9 |
| EBITDA | 2,883 | 2,275 | 2,802 | 3,033 |
| Recurring net profit | 1,587 | 963 | 1,458 | 1,611 |
| Core EPS (THB) | 1.34 | 0.81 | 1.23 | 1.36 |
| Chg. In EPS est. (%) | - | - | - | - |
| EPS growth (%) | 1.1 | (39.3) | 51.4 | 10.5 |
| Core P/E (x) | 17.6 | 29.0 | 19.1 | 17.3 |
| Dividend yield (%) | 5.1 | 4.2 | 4.5 | 4.9 |
| EV/EBITDA (x) | 9.6 | 12.4 | 9.9 | 9.2 |
| Price/book (x) | 2.0 | 2.1 | 2.0 | 2.0 |
| Net debt/Equity (%) | (2.9) | 2.0 | (2.0) | (0.6) |
| ROE (%) | 11.6 | 7.0 | 10.7 | 11.6 |




| Share price performance | 1 Month | 3 Month | 12 Month |
|---|---|---|---|
| Absolute (%) | (6.5) | (2.5) | (26.8) |
| Relative to country (%) | (7.5) | (5.6) | (18.0) |

| | |
|---|---|
| Mkt cap (USD m) | 861 |
| 3m avg. daily turnover (USD m) | 9.1 |
| Free float (%) | 0 |
| Major shareholder | Ongkosit Group (34%) |
| 12m high/low (THB) | 33.75/13.70 |
| Issued shares (m) | 1,182.06 |

Sources: Bloomberg consensus; FSSIA estimates

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## Investment thesis

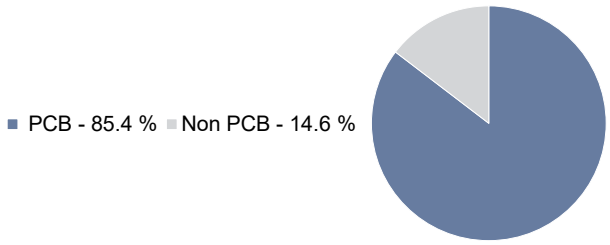
Management guided that 4Q25 orders will soften q-q due to seasonality. We forecast 4Q25 revenue to decline 6.0% q-q but grow 5.5% y-y. The cost-reduction program that began delivering results in 3Q25 should continue to support profitability, keeping the gross margin steady at 21–22%. For 2026, management targets revenue growth of 4–5% y-y, reflecting a gradual recovery. The key focus will be on gross margin expansion, driven by ongoing cost-reduction efforts—about 50% completed, with the rest to be implemented in 2026. These include reducing chemical and labor costs and improving production efficiency. Management aims to lift the gross margin by another 3.5% from 3Q25, potentially reaching around 25% in 2H26.

## 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%.

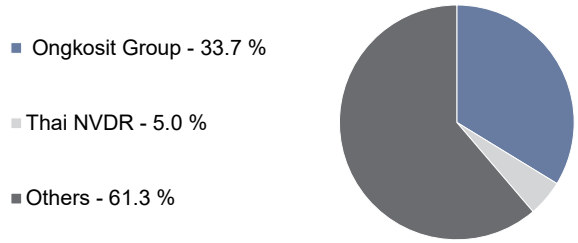
www.kcethai.in.th

## Principal activities (revenue, 2024)




Source: KCE Electronics

## Major shareholders




Source: KCE Electronics

## Catalysts

Potential catalysts for KCE's earnings growth in 2026 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 |
|---|---|
| February 2026 | 4Q25 results announcement |

## Key assumptions

| | 2025E | 2026E | 2027E |
|---|---|---|---|
| Sales volume (sq.ft.mn) | 29.6 | 33.1 | 36.0 |
| ASP (USD per sq.ft.) | 13.5 | 13.7 | 13.8 |
| Total revenue (USD m) | 415 | 436 | 458 |
| Gross margin (%) | 18.8 | 20.5 | 21.0 |

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in USD revenue, we estimate 2026 net profit to rise by 0.9%, and vice versa, all else being equal.
- For every THB1/USD increase, we estimate 2026 net profit to fall by 6.5%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2026 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 2026 net profit to fall by 1.8%, and vice versa, all else being equal.

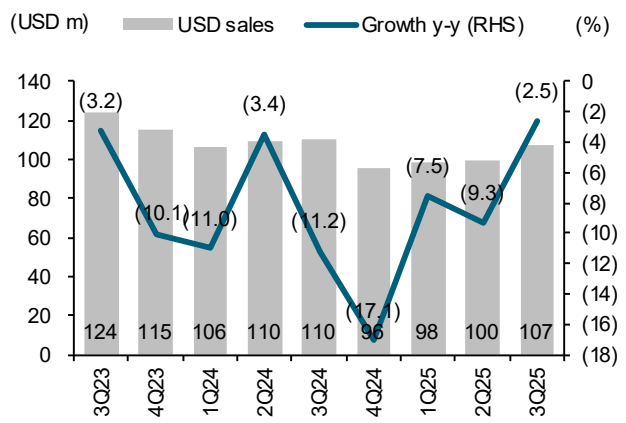
Source: FSSIA estimates

## Exhibit 1: KCE – 3Q25 results summary

| | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | ---- Change ---- | | 9M24 | 9M25 | Change | 2024 | 2025E | Change | % 9M25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) | (THB m) | (y-y%) | (THB m) | (THB m) | (y-y%) | to 2025E |
| Sales | 3,802 | 3,239 | 3,324 | 3,285 | 3,444 | 4.8 | (9.4) | 11,594 | 10,053 | (13.3) | 14,833 | 13,695 | (7.7) | 73.4 |
| Cost of sales | 3,033 | 2,615 | 2,745 | 2,691 | 2,708 | 0.7 | (10.7) | 8,956 | 8,144 | (9.1) | 11,571 | 11,120 | (3.9) | 73.2 |
| Gross profit | 769 | 624 | 579 | 595 | 736 | 23.7 | (4.4) | 2,638 | 1,909 | (27.6) | 3,262 | 2,575 | (21.1) | 74.2 |
| SG&A | 418 | 455 | 410 | 425 | 457 | 7.6 | 9.2 | 1,301 | 1,292 | (0.7) | 1,756 | 1,684 | (4.1) | 76.7 |
| Operating profit | 351 | 169 | 168 | 170 | 279 | 63.9 | (20.6) | 1,337 | 618 | (53.8) | 1,506 | 890 | (40.9) | 69.4 |
| Interest expense | 10 | 10 | 8 | 10 | 10 | (3.3) | (0.5) | 42 | 28 | (33.4) | 52 | 41 | (21.7) | 69.4 |
| Tax expense | 0 | 28 | 29 | 22 | 27 | 23.6 | nm | 92 | 77 | (16.0) | 120 | 110 | (7.8) | 69.9 |
| Other gain (Loss) | (170) | 30 | 50 | (5) | (1) | nm | nm | 31 | 45 | 44.5 | 65 | 35 | (46.3) | 128.8 |
| Reported net profit | 216 | 282 | 230 | 182 | 297 | 63.2 | 37.5 | 1,367 | 709 | (48.1) | 1,648 | 1,009 | (38.8) | 70.3 |
| Core profit | 386 | 252 | 180 | 187 | 298 | 59.6 | (22.8) | 1,335 | 664 | (50.3) | 1,587 | 952 | (40.0) | 69.7 |
| **Key Ratios (%)** | | | | | | (ppt) | (ppt) | | | | | | | |
| Gross margin | 20.2 | 19.3 | 17.4 | 18.1 | 21.4 | 3.3 | 1.1 | 22.8 | 19.0 | (3.8) | 22.0 | 18.8 | (3.2) | |
| SG&A to Sales | 11.0 | 14.0 | 12.3 | 12.9 | 13.3 | 0.3 | 2.3 | 11.2 | 12.8 | 1.6 | 11.8 | 12.3 | 0.5 | |
| Operating margin | 9.2 | 5.2 | 5.1 | 5.2 | 8.1 | 2.9 | (1.1) | 11.5 | 6.1 | (5.4) | 10.2 | 6.5 | (3.7) | |
| Net margin | 5.7 | 8.7 | 6.9 | 5.5 | 8.6 | 3.1 | 2.9 | 11.8 | 7.1 | (4.7) | 11.1 | 7.4 | (3.7) | |
| Core margin | 10.2 | 7.8 | 5.4 | 5.7 | 8.7 | 3.0 | (1.5) | 11.5 | 6.6 | (4.9) | 10.7 | 7.0 | (3.7) | |
| **Operating statistics (USD m)** | | | | | | | | | | | | | | |
| PCB sales | 90.8 | 80.0 | 84.1 | 81.9 | 87.6 | 7.0 | (3.6) | 279.9 | 253.5 | (9.4) | 359.9 | 345.0 | (4.2) | 73.5 |
| Non-PCB sales | 19.1 | 15.7 | 14.2 | 17.6 | 19.5 | 10.6 | 2.4 | 46.0 | 51.4 | 11.8 | 61.7 | 70.0 | 13.5 | 73.4 |
| Total sales | 109.9 | 95.7 | 98.3 | 99.5 | 107.1 | 7.6 | (2.5) | 325.9 | 304.9 | (6.4) | 421.6 | 415.0 | (1.6) | 73.5 |
| Fx rate (THB/USD) | 34.6 | 34.1 | 33.8 | 33.0 | 32.2 | (2.6) | (7.1) | 106.7 | 99.0 | (7.3) | 35.2 | 33.0 | (6.2) | |
| Europe sales | 45.6 | 39.1 | 41.1 | 42.0 | 43.9 | 4.5 | (3.6) | 150.1 | 127.1 | (15.4) | 189.3 | 172.8 | (8.7) | 73.5 |
| USA sales | 21.0 | 17.1 | 20.3 | 17.4 | 20.1 | 15.5 | (4.5) | 59.9 | 57.7 | (3.6) | 77.0 | 78.7 | 2.2 | 73.4 |
| Asia sales | 4.1 | 4.4 | 4.2 | 4.5 | 4.4 | (2.9) | 7.0 | 12.1 | 13.2 | 8.8 | 16.5 | 21.6 | 30.5 | 61.0 |
| China sales | 8.3 | 8.3 | 8.0 | 7.4 | 7.3 | (2.4) | (12.7) | 28.0 | 22.7 | (18.9) | 36.3 | 30.7 | (15.4) | 73.8 |
| Thailand sales | 11.8 | 11.0 | 10.5 | 10.4 | 11.9 | 13.9 | 0.5 | 29.8 | 32.8 | 10.0 | 40.9 | 44.5 | 8.9 | 73.8 |
| 02-layer sales | 9.0 | 7.9 | 8.1 | 8.1 | 8.7 | 7.2 | (4.3) | 26.7 | 24.8 | (7.3) | 34.6 | 33.8 | (2.3) | 73.3 |
| 04-layer sales | 32.6 | 28.2 | 31.6 | 31.3 | 30.8 | (1.5) | (5.4) | 100.3 | 93.7 | (6.6) | 128.6 | 127.7 | (0.7) | 73.4 |
| 06-layer sales | 20.6 | 19.1 | 21.0 | 20.2 | 21.3 | 5.4 | 3.4 | 61.8 | 62.5 | 1.1 | 80.9 | 85.2 | 5.4 | 73.3 |
| Special (HDI) sales | 28.6 | 24.9 | 23.4 | 22.3 | 26.8 | 20.3 | (6.3) | 91.1 | 72.5 | (20.4) | 115.9 | 98.7 | (14.9) | 73.4 |
| **Average selling price (USD/sq.ft)** | | | | | | | | | | | | | | |
| 02-layer | 9.39 | 9.41 | 9.03 | 9.12 | 9.30 | 1.9 | (1.0) | 9.32 | 9.15 | (1.8) | 9.34 | 9.17 | (1.8) | |
| 04-layer | 11.55 | 11.53 | 11.05 | 11.22 | 11.30 | 0.8 | (2.1) | 11.42 | 11.19 | (2.0) | 11.44 | 11.27 | (1.5) | |
| 06-layer | 15.41 | 15.63 | 14.77 | 15.18 | 15.25 | 0.5 | (1.0) | 15.54 | 15.07 | (3.1) | 15.56 | 15.40 | (1.0) | |
| Special (HDI) | 17.91 | 17.87 | 17.32 | 17.10 | 18.54 | 8.5 | 3.5 | 17.14 | 17.65 | 3.0 | 17.26 | 17.87 | 3.5 | |

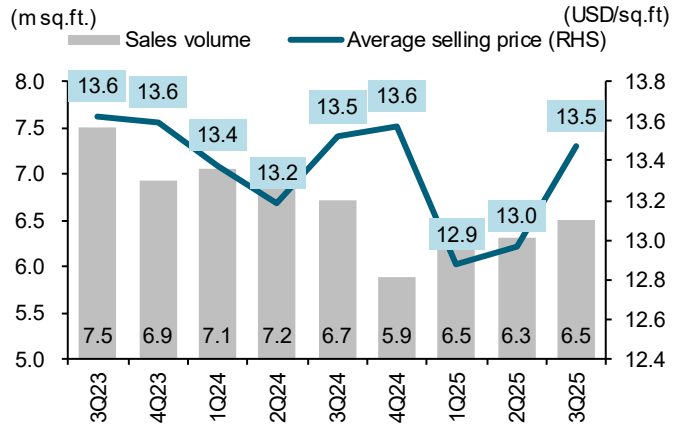
Sources: KCE, FSSIA's compilation

## Exhibit 2: Quarterly USD revenue and growth



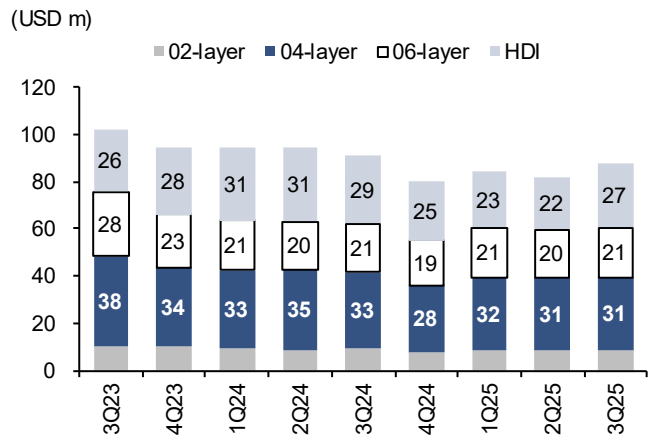

Sources: KCE, FSSIA's compilation

## Exhibit 3: Quarterly sales volumes and average selling price



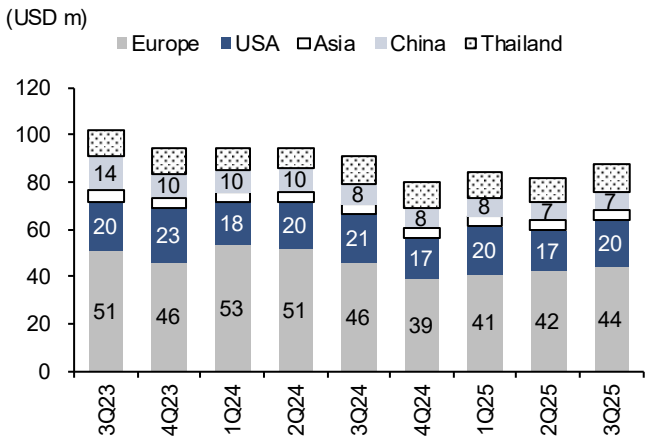

Sources: KCE, FSSIA's compilation

### Exhibit 4: Revenue breakdown by product segment



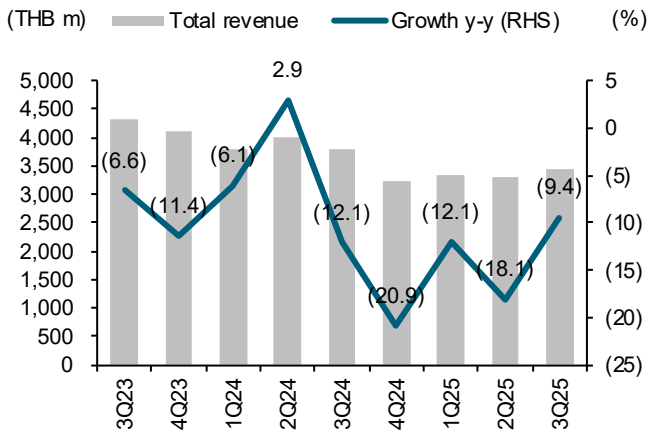

Sources: KCE, FSSIA's compilation

### Exhibit 5: Revenue breakdown by destination



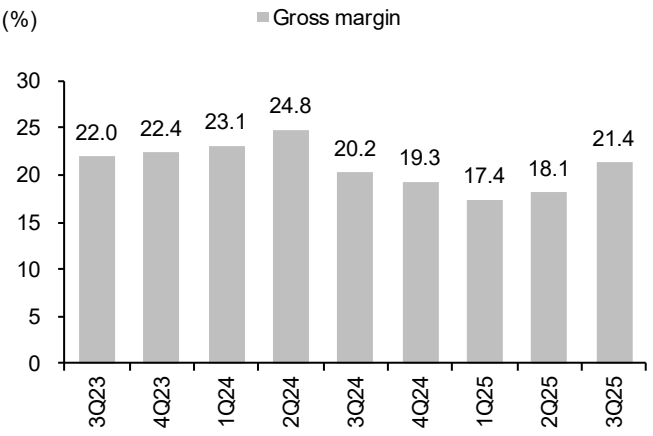

Sources: KCE, FSSIA's compilation

### Exhibit 6: Quarterly total revenue and growth



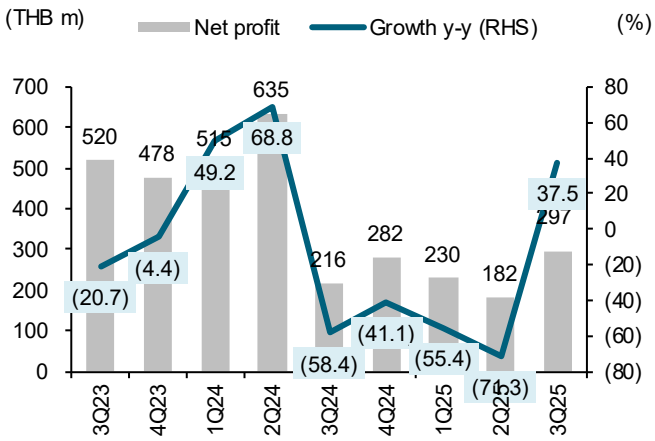

Sources: KCE, FSSIA's compilation

### Exhibit 7: Quarterly gross margin



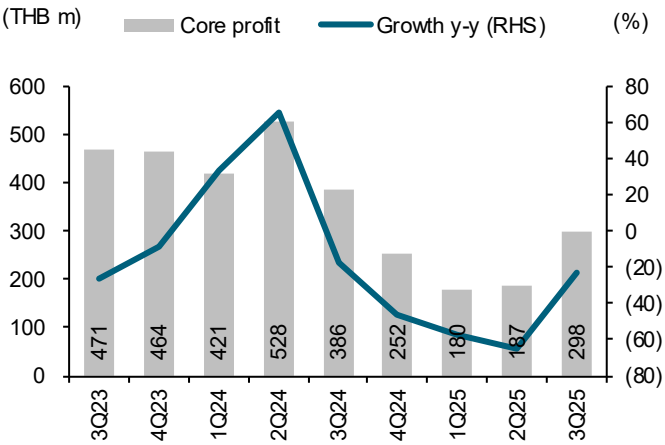

Sources: KCE, FSSIA's compilation

### Exhibit 8: Quarterly net profit and growth



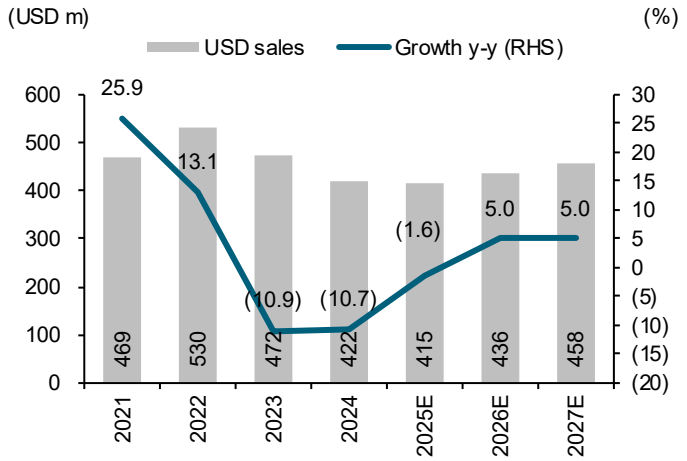

Sources KCE, FSSIA's compilation

### Exhibit 9: Quarterly core profit and growth



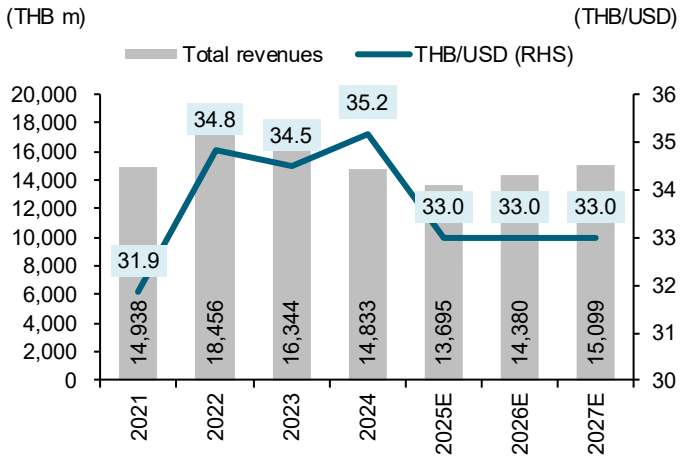

Sources: KCE, FSSIA's compilation

### Exhibit 10: USD sales and growth



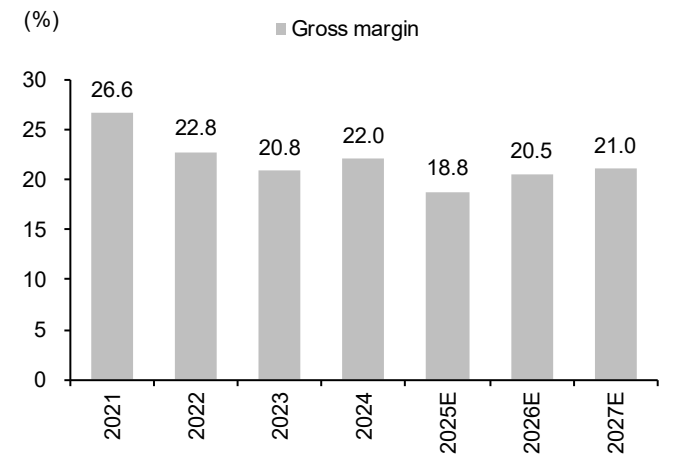

Sources: KCE; FSSIA estimates

### Exhibit 11: Total revenue and THB/USD



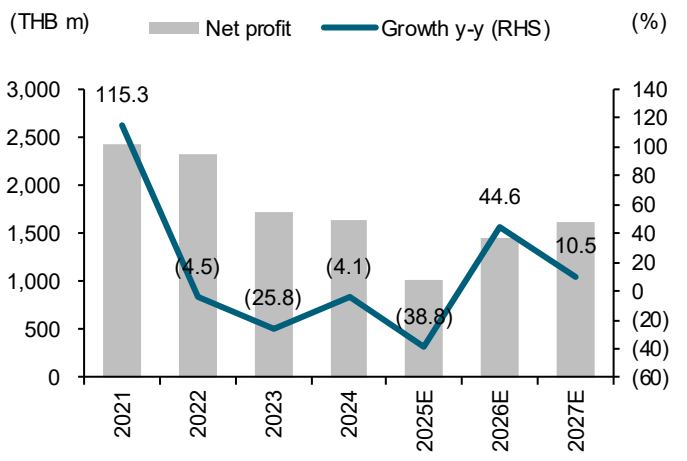

Sources: KCE; FSSIA estimates

### Exhibit 12: Yearly gross margin



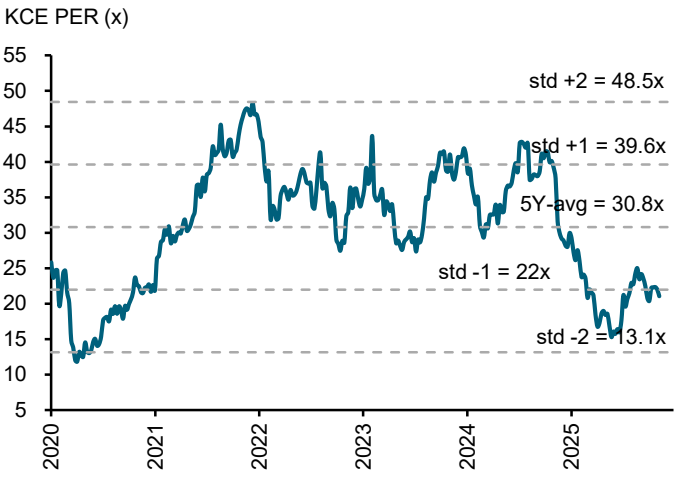

Sources: KCE; FSSIA estimates

### Exhibit 13: Yearly net profit and growth



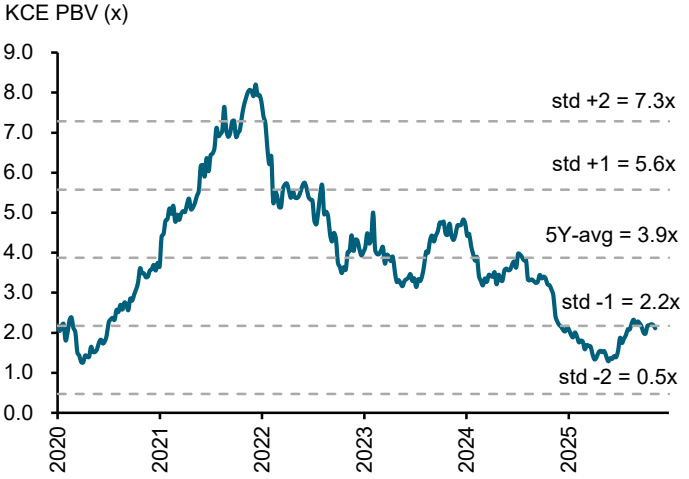

Sources: KCE; FSSIA estimates

### Exhibit 14: Historical P/E band




Sources: Bloomberg, FSSIA estimates

### Exhibit 15: 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 | 13,695 | 14,380 | 15,099 |
| Cost of goods sold | (12,941) | (11,571) | (11,120) | (11,432) | (11,928) |
| **Gross profit** | **3,403** | **3,262** | **2,575** | **2,948** | **3,171** |
| Other operating income | 190 | 265 | 233 | 259 | 272 |
| Operating costs | (1,774) | (1,756) | (1,684) | (1,582) | (1,661) |
| **Operating EBITDA** | **2,944** | **2,883** | **2,275** | **2,802** | **3,033** |
| Depreciation | (1,126) | (1,112) | (1,152) | (1,177) | (1,252) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| **Operating EBIT** | **1,818** | **1,772** | **1,123** | **1,625** | **1,782** |
| Net financing costs | (104) | (52) | (41) | (33) | (27) |
| Associates | 14 | 17 | 12 | 15 | 19 |
| Recurring non-operating income | 14 | 17 | 12 | 15 | 19 |
| Non-recurring items | 150 | 61 | 46 | 0 | 0 |
| **Profit before tax** | **1,879** | **1,798** | **1,140** | **1,607** | **1,774** |
| Tax | (131) | (120) | (110) | (127) | (140) |
| **Profit after tax** | **1,747** | **1,678** | **1,029** | **1,480** | **1,634** |
| Minority interests | (28) | (30) | (21) | (22) | (23) |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | - | - | - | - | - |
| **Reported net profit** | **1,720** | **1,648** | **1,009** | **1,458** | **1,611** |
| **Non-recurring items & goodwill (net)** | **(150)** | **(61)** | **(46)** | **0** | **0** |
| **Recurring net profit** | **1,569** | **1,587** | **963** | **1,458** | **1,611** |
| **Per share (THB)** | | | | | |
| Recurring EPS * | 1.33 | 1.34 | 0.81 | 1.23 | 1.36 |
| Reported EPS | 1.45 | 1.39 | 0.85 | 1.23 | 1.36 |
| DPS | 1.30 | 1.20 | 1.00 | 1.06 | 1.16 |
| Diluted shares (used to calculate per share data) | 1,182 | 1,182 | 1,182 | 1,182 | 1,182 |
| **Growth** | | | | | |
| Revenue (%) | (11.4) | (9.2) | (7.7) | 5.0 | 5.0 |
| Operating EBITDA (%) | (18.7) | (2.1) | (21.1) | 23.2 | 8.3 |
| Operating EBIT (%) | (27.5) | (2.6) | (36.6) | 44.7 | 9.6 |
| Recurring EPS (%) | (31.2) | 1.1 | (39.3) | 51.4 | 10.5 |
| Reported EPS (%) | (25.8) | (4.1) | (38.8) | 44.6 | 10.5 |
| **Operating performance** | | | | | |
| Gross margin inc. depreciation (%) | 20.8 | 22.0 | 18.8 | 20.5 | 21.0 |
| Gross margin exc. depreciation (%) | 27.7 | 29.5 | 27.2 | 28.7 | 29.3 |
| Operating EBITDA margin (%) | 18.0 | 19.4 | 16.6 | 19.5 | 20.1 |
| Operating EBIT margin (%) | 11.1 | 11.9 | 8.2 | 11.3 | 11.8 |
| Net margin (%) | 9.6 | 10.7 | 7.0 | 10.1 | 10.7 |
| Effective tax rate (%) | 7.0 | 6.7 | 9.7 | 7.9 | 7.9 |
| Dividend payout on recurring profit (%) | 97.9 | 89.4 | 122.7 | 86.0 | 85.0 |
| Interest cover (X) | 17.7 | 34.5 | 28.0 | 49.5 | 67.1 |
| Inventory days | 134.4 | 130.3 | 128.6 | 120.9 | 120.3 |
| Debtor days | 103.6 | 98.7 | 93.6 | 87.9 | 87.9 |
| Creditor days | 92.3 | 97.2 | 102.2 | 96.2 | 93.0 |
| Operating ROIC (%) | 10.0 | 11.0 | 7.6 | 11.6 | 12.7 |
| ROIC (%) | 9.4 | 10.0 | 6.4 | 9.3 | 10.1 |
| ROE (%) | 11.6 | 11.6 | 7.0 | 10.7 | 11.6 |
| ROA (%) | 8.4 | 8.8 | 5.6 | 8.4 | 9.1 |

* Pre-exceptional, pre-goodwill and fully diluted

| Revenue by Division (THB m) | 2023 | 2024 | 2025E | 2026E | 2027E |
|---|---|---|---|---|---|
| PCB | 13,554 | 12,664 | 11,385 | 11,954 | 12,552 |
| Non PCB | 2,790 | 2,169 | 2,310 | 2,426 | 2,547 |

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 | 963 | 1,458 | 1,611 |
| Depreciation | 1,126 | 1,112 | 1,152 | 1,177 | 1,252 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | (14) | (22) | (1) | (15) | (19) |
| Change in working capital | 832 | 631 | 480 | (343) | (212) |
| **Cash flow from operations** | **3,513** | **3,309** | **2,594** | **2,276** | **2,631** |
| Capex - maintenance | - | - | - | - | - |
| Capex - new investment | (402) | (661) | (800) | (500) | (1,500) |
| Net acquisitions & disposals | - | - | - | - | - |
| Other investments (net) | 76 | (797) | (1,212) | (7) | (7) |
| **Cash flow from investing** | **(325)** | **(1,458)** | **(2,012)** | **(507)** | **(1,507)** |
| Dividends paid | (1,419) | (1,551) | (1,182) | (1,254) | (1,369) |
| Equity finance | 4 | 0 | 0 | 0 | 0 |
| Debt finance | (1,150) | (476) | (45) | (103) | (100) |
| Other financing cash flows | (1) | (29) | (1) | (1) | (1) |
| **Cash flow from financing** | **(2,566)** | **(2,056)** | **(1,228)** | **(1,358)** | **(1,471)** |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 4 | 0 | 0 | 0 |
| **Net other adjustments** | **0** | **4** | **(11)** | **0** | **0** |
| **Movement in cash** | **622** | **(201)** | **(658)** | **411** | **(347)** |
| Free cash flow to firm (FCFF) | 3,291.81 | 1,902.67 | 621.99 | 1,802.60 | 1,151.09 |
| Free cash flow to equity (FCFE) | 2,036.57 | 1,349.72 | 524.23 | 1,665.10 | 1,022.83 |
| **Per share (THB)** | | | | | |
| FCFF per share | 2.78 | 1.61 | 0.53 | 1.52 | 0.97 |
| FCFE per share | 1.72 | 1.14 | 0.44 | 1.41 | 0.87 |
| Recurring cash flow per share | 2.27 | 2.27 | 1.79 | 2.22 | 2.41 |

| Balance Sheet (THB m) Year Ending Dec | 2023 | 2024 | 2025E | 2026E | 2027E |
|---|---|---|---|---|---|
| Tangible fixed assets (gross) | 18,912 | 19,019 | 19,819 | 20,319 | 21,819 |
| Less: Accumulated depreciation | (10,758) | (11,315) | (12,467) | (13,644) | (14,895) |
| **Tangible fixed assets (net)** | **8,154** | **7,704** | **7,352** | **6,676** | **6,924** |
| **Intangible fixed assets (net)** | **284** | **1,082** | **1,082** | **1,082** | **1,082** |
| Long-term financial assets | - | - | - | - | - |
| Invest. in associates & subsidiaries | 554 | 524 | 1,750 | 1,750 | 1,750 |
| Cash & equivalents | 1,767 | 1,566 | 908 | 1,320 | 973 |
| A/C receivable | 4,379 | 3,646 | 3,377 | 3,546 | 3,723 |
| Inventories | 3,793 | 3,675 | 3,351 | 3,445 | 3,595 |
| Other current assets | 141 | 68 | 68 | 72 | 75 |
| **Current assets** | **10,079** | **8,955** | **7,705** | **8,382** | **8,366** |
| Other assets | 122 | 151 | 137 | 144 | 151 |
| **Total assets** | **19,193** | **18,416** | **18,026** | **18,034** | **18,273** |
| Common equity | 13,689 | 13,756 | 13,583 | 13,787 | 14,028 |
| Minorities etc. | 61 | 62 | 61 | 60 | 58 |
| **Total shareholders' equity** | **13,749** | **13,818** | **13,643** | **13,846** | **14,087** |
| Long term debt | 515 | 85 | 80 | 80 | 80 |
| Other long-term liabilities | 367 | 527 | 411 | 431 | 453 |
| **Long-term liabilities** | **882** | **612** | **491** | **511** | **533** |
| A/C payable | 2,728 | 2,843 | 2,742 | 2,662 | 2,778 |
| Short term debt | 1,748 | 1,078 | 1,095 | 956 | 815 |
| Other current liabilities | 85 | 65 | 55 | 58 | 60 |
| **Current liabilities** | **4,562** | **3,986** | **3,892** | **3,676** | **3,653** |
| **Total liabilities and shareholders' equity** | **19,193** | **18,416** | **18,026** | **18,034** | **18,273** |
| Net working capital | 5,499 | 4,482 | 4,000 | 4,343 | 4,555 |
| Invested capital | 14,613 | 13,942 | 14,321 | 13,994 | 14,462 |
| * Includes convertibles and preferred stock which is being treated as debt | | | | | |
| **Per share (THB)** | | | | | |
| Book value per share | 11.58 | 11.64 | 11.49 | 11.66 | 11.87 |
| Tangible book value per share | 11.34 | 10.72 | 10.58 | 10.75 | 10.95 |
| **Financial strength** | | | | | |
| Net debt/equity (%) | 3.6 | (2.9) | 2.0 | (2.0) | (0.6) |
| Net debt/total assets (%) | 2.6 | (2.2) | 1.5 | (1.6) | (0.4) |
| Current ratio (x) | 2.2 | 2.2 | 2.0 | 2.3 | 2.3 |
| CF interest cover (x) | 24.5 | 39.8 | 33.7 | 66.3 | 95.0 |

| Valuation | 2023 | 2024 | 2025E | 2026E | 2027E |
|---|---|---|---|---|---|
| **Recurring P/E (x) *** | **17.8** | **17.6** | **29.0** | **19.1** | **17.3** |
| **Recurring P/E @ target price (x) *** | **20.3** | **20.1** | **33.1** | **21.9** | **19.8** |
| Reported P/E (x) | 16.2 | 16.9 | 27.7 | 19.1 | 17.3 |
| Dividend yield (%) | 5.5 | 5.1 | 4.2 | 4.5 | 4.9 |
| Price/book (x) | 2.0 | 2.0 | 2.1 | 2.0 | 2.0 |
| Price/tangible book (x) | 2.1 | 2.2 | 2.2 | 2.2 | 2.2 |
| EV/EBITDA (x) ** | 9.7 | 9.6 | 12.4 | 9.9 | 9.2 |
| EV/EBITDA @ target price (x) ** | 11.0 | 11.0 | 14.2 | 11.3 | 10.5 |
| EV/invested capital (x) | 1.9 | 2.0 | 2.0 | 2.0 | 1.9 |

* 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 16: 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 17: ESG – peer comparison

| | FSSIA | Domestic ratings | | | | | | Global ratings | | | | | | Bloomberg | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ESG score | 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; FSSIA's compilation

## Exhibit 18: 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 19: 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.<br>**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%). (*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.)* | 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.<br>*(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.)* | 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.<br>NEGL: 0-10 / Low: 10-20 / Medium: 20-30 / High: 30-40 / Severe: 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.<br>**AAA** 8.571-10.000<br>**AA** 7.143-8.570<br>**A** 5.714-7.142<br>**BBB** 4.286-5.713<br>**BB** 2.857-4.285<br>**B** 1.429-2.856<br>**CCC** 0.000-1.428 | **Leader:** leading its industry in managing the most significant ESG risks and opportunities<br>**Average:** a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers<br>**Laggard:** lagging its industry based on its high exposure and failure to manage significant ESG risks |
| 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. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)* | |
| 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) ""**SETESG**" 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

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Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

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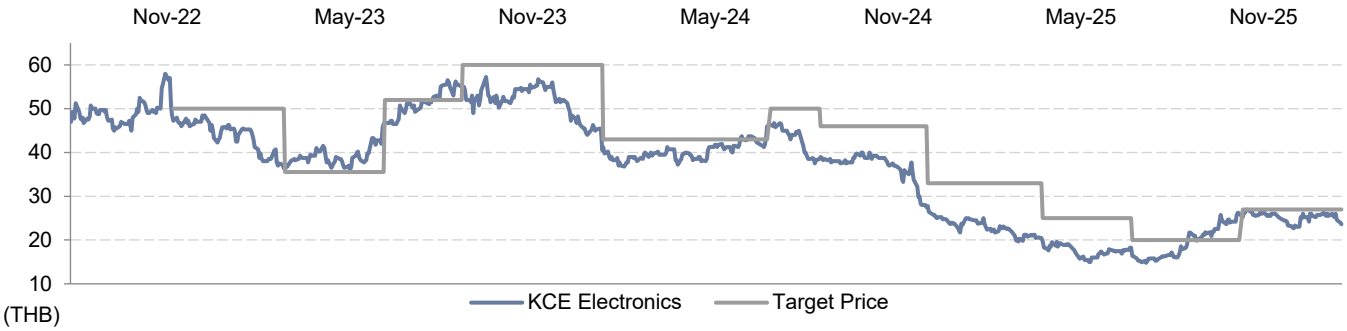
### History of change in investment rating and/or target price

**KCE Electronics (KCE TB)**




| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|---|---|---|---|---|---|---|---|---|
| 09-Feb-2023 | HOLD | 50.00 | 14-Feb-2024 | HOLD | 43.00 | 26-Feb-2025 | HOLD | 25.00 |
| 16-May-2023 | HOLD | 35.50 | 05-Jul-2024 | BUY | 50.00 | 14-May-2025 | HOLD | 20.00 |
| 10-Aug-2023 | BUY | 52.00 | 19-Aug-2024 | BUY | 46.00 | 15-Aug-2025 | HOLD | 27.00 |
| 16-Oct-2023 | HOLD | 60.00 | 19-Nov-2024 | BUY | 33.00 | | | |

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 23.60 | 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 11-Nov-2025 unless otherwise stated.

# RECOMMENDATION STRUCTURE

## Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.