

KCE ELECTRONICS KCE TB

THAILAND / ELECTRONIC COMPONENT

HOLD

UNCHANGED

External headwinds to pressure 1H

- A stronger baht and higher copper prices will pressure 1H26 profit.
- We cut our 2026E earnings by 35%, but still expect a recovery in 2H26.
- KCE will become attractive again when the baht weakens or copper prices decline.

TARGET PRICE	THB18.00
CLOSE	THB20.30
UP/DOWNSIDE	-11.3%
PRIOR TP	THB27.00
CHANGE IN TP	-33.3%
TP vs CONSENSUS	-14.8%

KEY STOCK DATA

YE Dec (THB m)	2025	2026E	2027E	2028E
Revenue	13,075	13,256	13,919	14,615
Net profit	833	946	1,081	1,225
EPS (THB)	0.70	0.80	0.91	1.04
vs Consensus (%)	-	(5.0)	(10.2)	(4.1)
EBITDA	2,091	2,230	2,442	2,616
Recurring net profit	803	946	1,081	1,225
Core EPS (THB)	0.68	0.80	0.91	1.04
Chg. In EPS est. (%)	nm	(35.1)	(32.9)	nm
EPS growth (%)	(49.4)	17.8	14.2	13.3
Core P/E (x)	29.9	25.4	22.2	19.6
Dividend yield (%)	3.9	3.4	3.8	4.3
EV/EBITDA (x)	11.3	10.1	9.4	8.5
Price/book (x)	1.8	1.8	1.8	1.8
Net debt/Equity (%)	(3.8)	(10.8)	(8.6)	(14.1)
ROE (%)	6.0	7.2	8.1	9.1

Strong baht and high copper prices to pressure 1H26

Management expects 1Q26 revenue to recover by 3–5% y-y (or grow 12–13% q-q), driven by USD6m in orders postponed from 4Q25. The delay was due to the shutdown of certain production lines in December and the installation of new, more efficient lines, which are expected to be completed in February. However, we remain cautious on gross margin. The average FX in 1QTD stands at THB31.3/USD, reflecting continued appreciation of 2.6% q-q and 7.9% y-y. Meanwhile, copper prices have surged 17.3% q-q and 38.3% y-y to USD13,030/tonne. We expect 1Q26 gross margin to decline to 18%, with 1Q26 net profit projected at THB150m (+21.3% q-q, -46.9% y-y).

Management lowers 2026 gross margin target

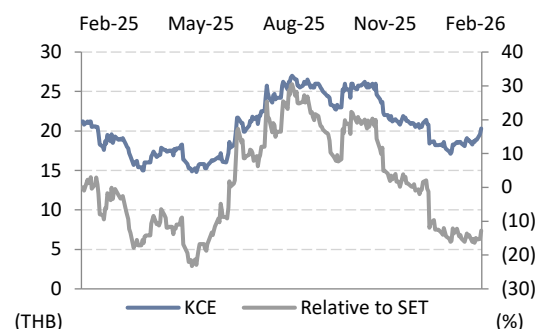
Management maintains its 2026 USD revenue growth target at 4–5% y-y but has revised down its gross margin guidance by 2–3% to 19–21% (from 21–24%), reflecting the stronger baht and higher copper costs. The company hedges only 10–20% of its copper purchases and does not lock in long-term contracts. It plans to raise prices only for gold PCB products (which account for 15–20% of revenue), while the remaining 80–85% from standard PCBs will not see price adjustments; instead, the company will continue to focus on cost reduction. If copper prices stabilize, gross margin could recover in 2H26 from 1H26 levels to above 20% once again.

2026 earnings cut by 35%; recovery expected in 2H26

We cut our 2026E net profit by 35% to THB946m (+13.6% y-y), reflecting a stronger baht assumption of THB32/USD (from THB33/USD), and a 1.3% reduction in gross margin to 19.2%, following an upward revision of our copper price assumption to USD13,000/tonne (from USD11,000/tonne). Sensitivity analysis suggests that every THB 1 appreciation in the baht would reduce profit by 6.5%, while every USD1,000/tonne rise in copper prices would lower profit by 11%. We project USD revenue growth of 3.5% y-y, slightly below management's target.

Maintain HOLD with lower TP of THB18

We lower our TP to THB18, based on an unchanged PE of 22x (-2.0 SD), and maintain our HOLD rating. The outlook for 1H26 remains soft, with continued uncertainty surrounding the baht and copper price trends. Order visibility appears stable to slightly improving, and the company maintains a strong financial position, with a low D/E ratio of 0.36x. We expect a 2H25 DPS of THB0.20/shr (1.1% yield), bringing the full-year DPS to THB0.80/shr. Although management aims to maintain DPS close to the 2024 level of THB1.20/shr, this will depend on board approval.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	14.7	(15.4)	2.5
Relative to country (%)	2.0	(21.7)	(7.6)
Mkt cap (USD m)	771		
3m avg. daily turnover (USD m)	6.9		
Free float (%)	0		
Major shareholder	Ongkosit Group (34%)		
12m high/low (THB)	28.25/13.70		
Issued shares (m)	1,182.06		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

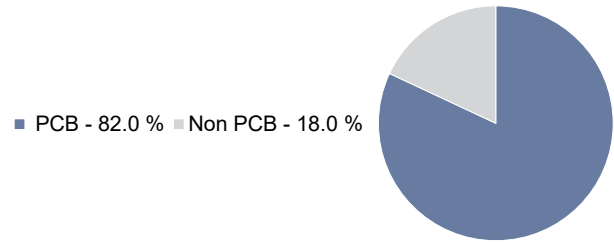
For 2026, management targets revenue growth of 4–5% y-y, reflecting a gradual recovery. The key focus will be on gross margin expansion, driven by ongoing cost-reduction efforts—about 50% completed, with the rest to be implemented in 2026. These include reducing chemical and labor costs and improving 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 2025. In particular, KCE is a supplier to the fast-growing electric vehicle (EV) market. Its crucial export markets include Europe (49.1% of total revenue in 2025), followed by the US (23.4%), China (9.0%), and Asia (5.2%), with Thailand representing 13.4%.

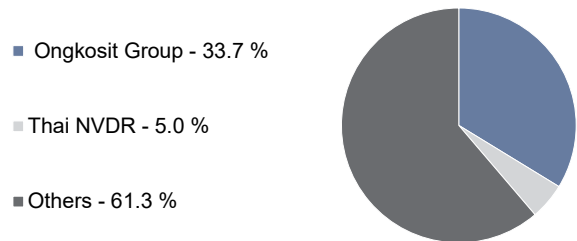
www.kcethai.in.th

Principal activities (revenue, 2025)



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
May 2026	1Q26 results announcement

Key assumptions

	2026E	2027E	2028E
Sales volume (sq.ft.mn)	27.9	30.3	32.5
ASP (USD per sq.ft.)	13.3	13.4	13.5
Total revenue (USD m)	414	435	457
Gross margin (%)	19.2	19.4	19.5

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

4Q25 earnings missed expectations and fell to a 22-quarter low

KCE reported 4Q25 net profit at THB123m (-58.5% q-q, -56.2% y-y), significantly below both our and market expectations by 45–55% (our estimate: THB273m). Excluding FX losses of THB15.9m, core profit was THB139m (-53.3% q-q, -44.8% y-y). Earnings missed expectations across all line items.

Total revenue declined 12.3% q-q and 6.7% y-y, pressured by a stronger baht and a slowdown in customer orders. USD PCB revenue fell 15.8% q-q and 7.9% y-y, with declines across all regions, led by Europe (-23.7% q-q, -14.3% y-y), Asia (-14.3% q-q, -14.9% y-y), and China (-8.3% q-q, -20.1% y-y). Only two markets recorded y-y growth: the US (+9.3%) and Thailand (+0.2%).

Revenue decreased both q-q and y-y across all product groups, with the sharpest decline in 6-layer and HDI products, driven by lower sales volumes and weaker selling prices.

Gross margin continued to deteriorate to 18.5%, down from 21.4% in 3Q25 and 19.3% in 4Q24. Despite improvements in production efficiency, these were insufficient to offset three key headwinds: weaker demand, a stronger baht, and higher copper prices.

Lower revenue resulted in a higher SG&A to sales ratio of 14.3%, the highest level in 22 quarters. In addition, the effective tax rate increased during the quarter, likely due to deferred tax items.

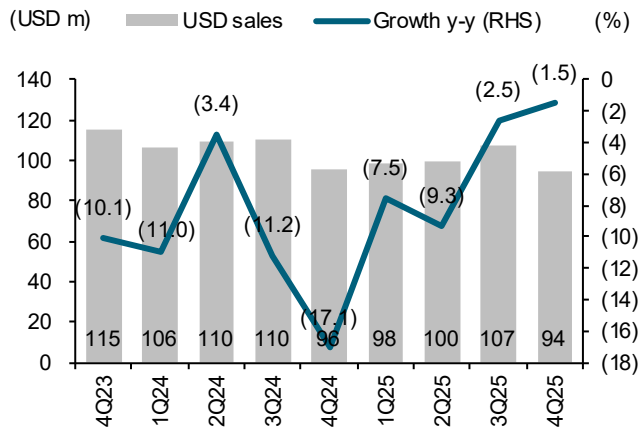
For full-year 2025, USD revenue declined 5.3% y-y, driven by both lower sales volumes and baht appreciation. Gross margin fell to 18.9% from 22.0% in 2024, while net profit declined to THB833m (-49.5% y-y).

Exhibit 1: KCE – 4Q25 results summary

	4Q24	1Q25	2Q25	3Q25	4Q25	----- Change -----		2024	2025	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	3,239	3,324	3,285	3,444	3,021	(12.3)	(6.7)	14,833	13,075	(11.9)
Cost of sales	2,615	2,745	2,691	2,708	2,463	(9.1)	(5.8)	11,571	10,607	(8.3)
Gross profit	624	579	595	736	558	(24.1)	(10.5)	3,262	2,468	(24.3)
SG&A	455	410	425	457	432	(5.4)	(4.9)	1,756	1,724	(1.8)
Operating profit	169	168	170	279	126	(54.8)	(25.5)	1,506	744	(50.6)
Interest expense	10	8	10	10	8	(14.9)	(13.0)	52	36	(29.6)
Tax expense	28	29	22	27	29	7.3	2.8	120	106	(11.6)
Other gain (Loss)	30	50	(5)	(1)	(16)	nm	nm	65	11	(83.9)
Reported net profit	282	230	182	297	123	(58.5)	(56.2)	1,648	833	(49.5)
Core profit	252	180	187	298	139	(53.3)	(44.8)	1,587	803	(49.4)
Key Ratios (%)						(ppt)	(ppt)			
Gross margin	19.3	17.4	18.1	21.4	18.5	(2.9)	(0.8)	22.0	18.9	(3.1)
SG&A to Sales	14.0	12.3	12.9	13.3	14.3	1.0	0.3	11.8	13.2	1.3
Operating margin	5.2	5.1	5.2	8.1	4.2	(3.9)	(1.1)	10.2	5.7	(4.5)
Net margin	8.7	6.9	5.5	8.6	4.1	(4.6)	(4.6)	11.1	6.4	(4.7)
Core margin	7.8	5.4	5.7	8.7	4.6	(4.0)	(3.2)	10.7	6.1	(4.6)
Operating statistics (USD m)										
PCB sales	80.0	84.1	81.9	87.6	73.7	(15.8)	(7.9)	359.9	327.2	(9.1)
Non-PCB sales	15.7	14.2	17.6	19.5	20.6	5.5	31.4	61.7	72.0	16.8
Total sales	95.7	98.3	99.5	107.1	94.3	(12.0)	(1.5)	421.6	399.2	(5.3)
Fx rate (THB/USD)	34.1	33.8	33.0	32.2	32.0	(0.4)	(6.1)	35.2	32.8	(6.9)
Europe sales	39.1	41.1	42.0	43.9	33.5	(23.7)	(14.3)	189.3	160.6	(15.1)
USA sales	17.1	20.3	17.4	20.1	18.7	(6.9)	9.3	77.0	76.4	(0.7)
Asia sales	4.4	4.2	4.5	4.4	3.8	(14.3)	(14.9)	16.5	16.9	2.5
China sales	8.3	8.0	7.4	7.3	6.7	(8.3)	(20.1)	36.3	29.3	(19.2)
Thailand sales	11.0	10.5	10.4	11.9	11.0	(7.0)	0.2	40.9	43.9	7.4
02-layer sales	7.9	8.1	8.1	8.7	7.2	(17.4)	(8.9)	34.6	31.9	(7.7)
04-layer sales	28.2	31.6	31.3	30.8	28.0	(9.2)	(0.9)	128.6	121.7	(5.3)
06-layer sales	19.1	21.0	20.2	21.3	16.7	(21.7)	(12.5)	80.9	79.2	(2.1)
Special (HDI) sales	24.9	23.4	22.3	26.8	21.9	(18.3)	(12.0)	115.9	94.4	(18.6)
Average selling price (USD/sq.ft)										
02-layer	9.41	9.03	9.12	9.30	9.20	(1.0)	(2.2)	9.34	9.16	(1.9)
04-layer	11.53	11.05	11.22	11.30	11.34	0.3	(1.7)	11.44	11.22	(1.9)
06-layer	15.63	14.77	15.18	15.25	15.42	1.1	(1.3)	15.56	15.14	(2.7)
Special (HDI)	17.87	17.32	17.10	18.54	17.74	(4.4)	(0.8)	17.26	17.69	2.5

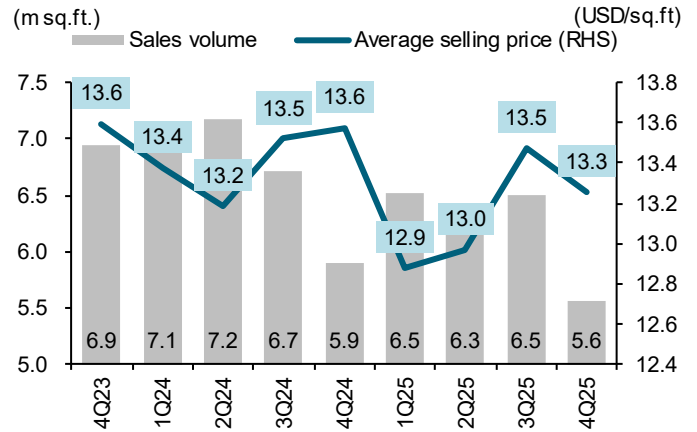
Sources: KCE, FSSIA's compilation

Exhibit 2: Quarterly USD revenue and growth



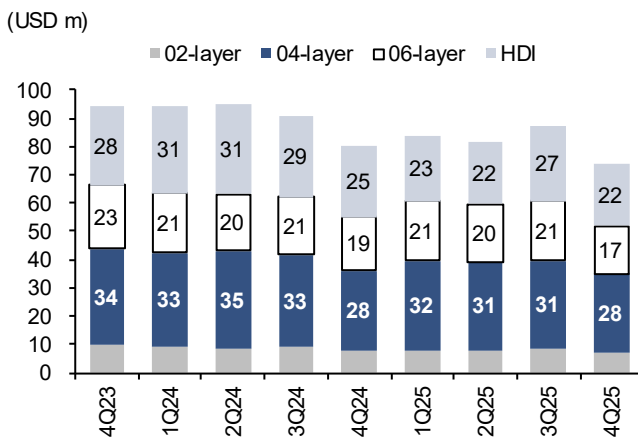
Sources: KCE, FSSIA's compilation

Exhibit 3: Quarterly sales volumes and average selling price



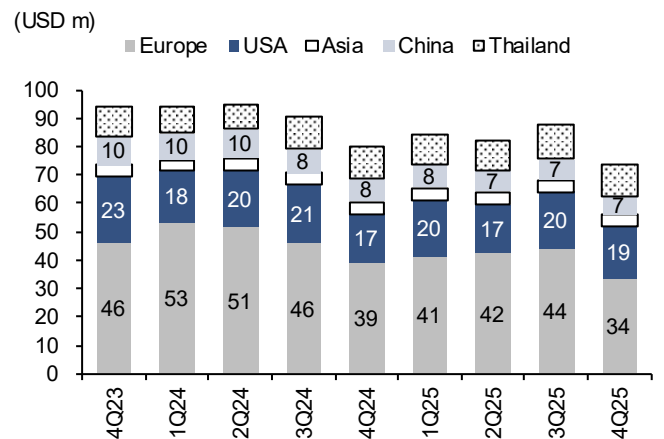
Sources: KCE, FSSIA's compilation

Exhibit 4: Revenue breakdown by product segment



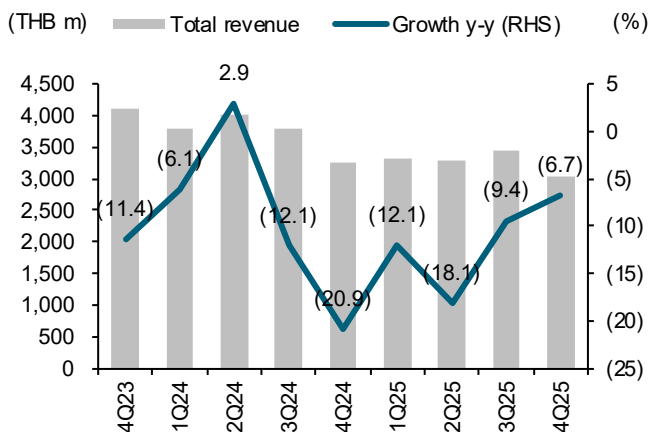
Sources: KCE, FSSIA's compilation

Exhibit 5: Revenue breakdown by destination



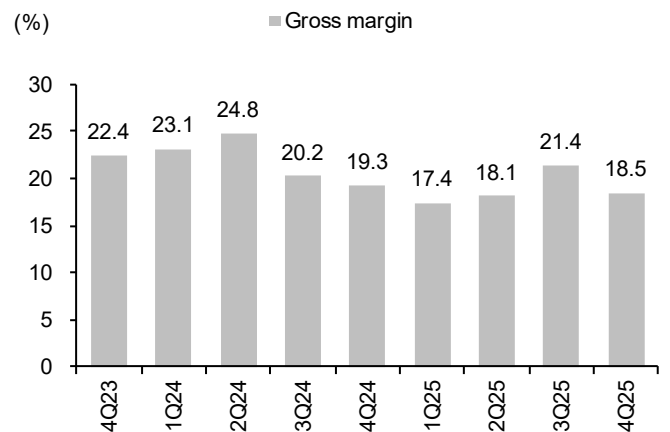
Sources: KCE, FSSIA's compilation

Exhibit 6: Quarterly total revenue and growth



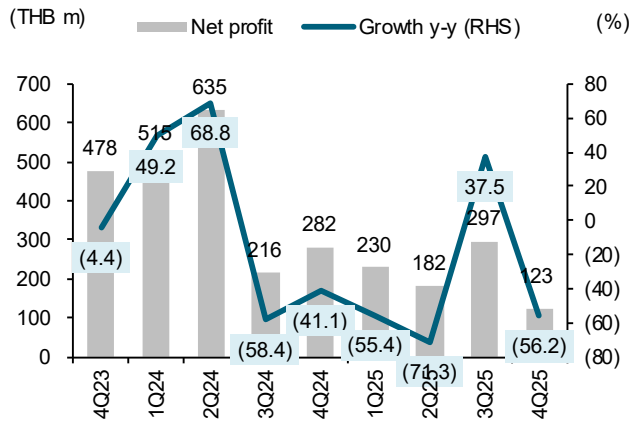
Sources: KCE, FSSIA's compilation

Exhibit 7: Quarterly gross margin



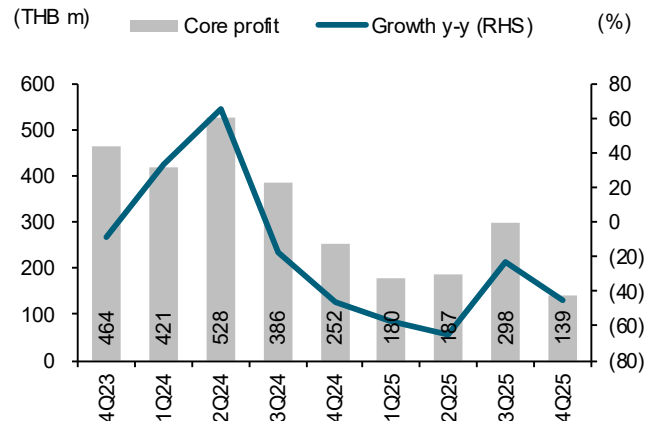
Sources: KCE, FSSIA's compilation

Exhibit 8: Quarterly net profit and growth



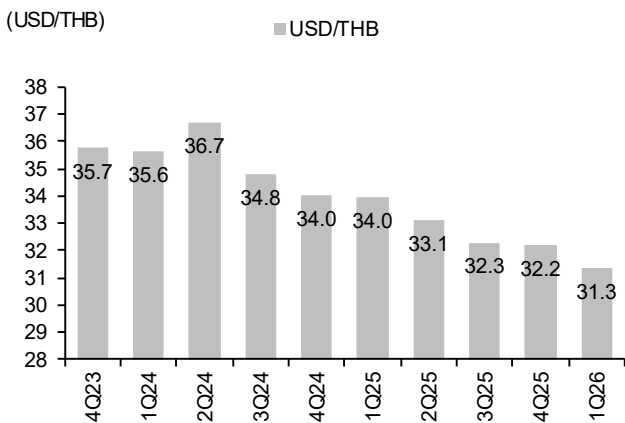
Sources KCE, FSSIA's compilation

Exhibit 9: Quarterly core profit and growth



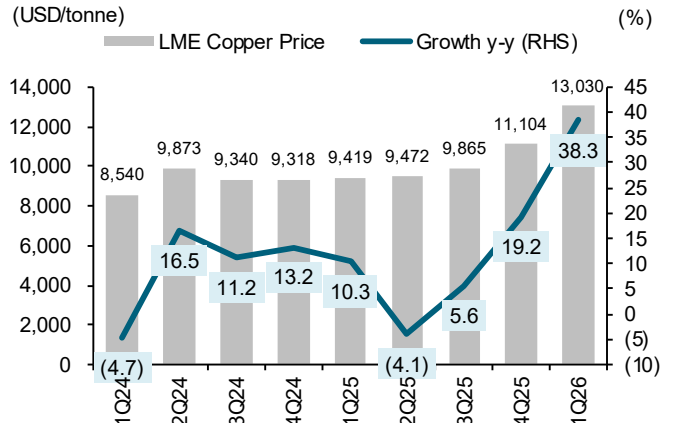
Sources: KCE, FSSIA's compilation

Exhibit 10: Quarterly USD/THB



Sources: Bloomberg, FSSIA estimates

Exhibit 11: Quarterly LME Copper Price



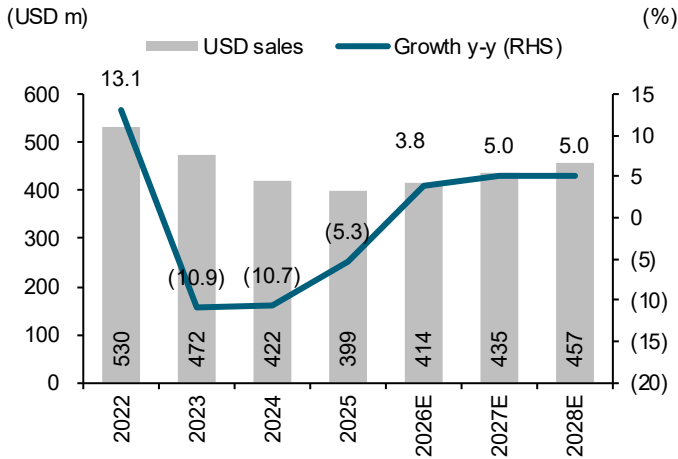
Sources: Bloomberg, FSSIA estimates

Exhibit 12: Changes in key assumptions for KCE

	Current				Previous			Change		
	2025 (THB m)	2026E (THB m)	2027E (THB m)	2028E (THB m)	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025 (%)	2026E (%)	2027E (%)
Total sale value (THB m)	13,075	13,256	13,919	14,615	13,695	14,380	15,099	(4.5)	(7.8)	(7.8)
Costs	10,607	10,711	11,219	11,765	11,120	11,432	11,928	(4.6)	(6.3)	(5.9)
Gross profit	2,468	2,545	2,700	2,850	2,575	2,948	3,171	(4.2)	(13.7)	(14.8)
SG&A expense	1,724	1,710	1,740	1,754	1,684	1,582	1,661	2.3	8.1	4.8
Interest expense	36	33	27	21	41	33	27	(10.1)	0.0	0.0
Reported net profit	833	946	1,081	1,225	1,009	1,458	1,611	(17.5)	(35.1)	(32.9)
Core profit	803	946	1,081	1,225	952	1,458	1,611	(15.6)	(35.1)	(32.9)
Key ratios (%)										
Total revenue growth	(11.9)	1.4	5.0	5.0	(7.7)	5.0	5.0			
Net profit growth	(49.5)	13.6	14.2	13.3	(38.8)	44.6	10.5			
Core profit growth	(49.4)	17.8	14.2	13.3	(40.0)	53.1	10.5			
Gross margin	18.9	19.2	19.4	19.5	18.8	20.5	21.0	0.1	(1.3)	(1.6)
SG&A to sales	13.2	12.9	12.5	12.0	12.3	11.0	11.0	0.9	1.9	1.5
Net margin	6.4	7.1	7.8	8.4	7.4	10.1	10.7	(1.0)	(3.0)	(2.9)
Core margin	6.1	7.1	7.8	8.4	7.0	10.1	10.7	(0.8)	(3.0)	(2.9)
Operating statistics (THB m)										
Total revenue (USD m)	399	414	435	457	415	436	458	(3.8)	(4.9)	(4.9)
FX rate (THB/USD)	32.8	32.0	32.0	32.0	33.0	33.0	33.0	(0.8)	(3.0)	(3.0)

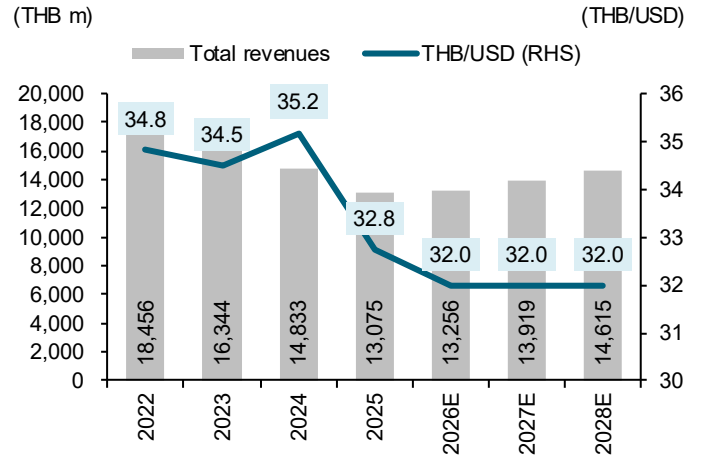
Source: FSSIA estimates

Exhibit 13: USD sales and growth



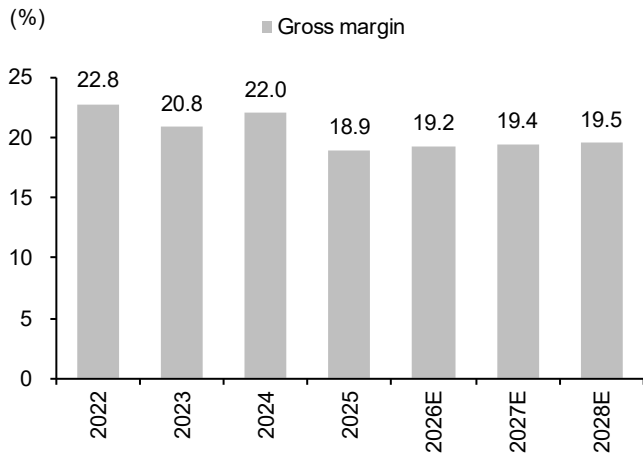
Sources: KCE; FSSIA estimates

Exhibit 14: Total revenue and THB/USD



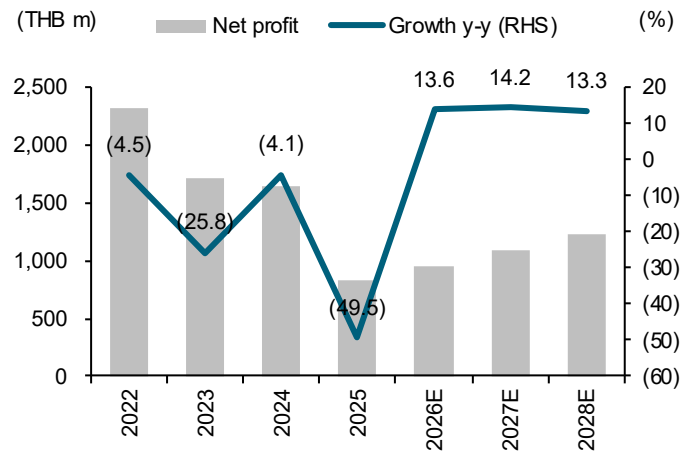
Sources: KCE; FSSIA estimates

Exhibit 15: Yearly gross margin



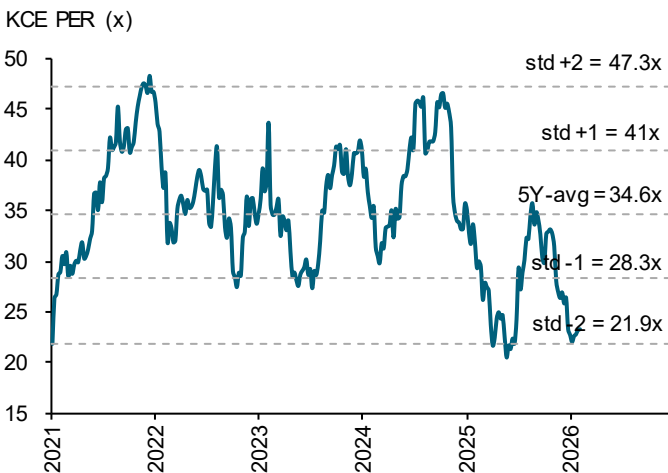
Sources: KCE; FSSIA estimates

Exhibit 16: Yearly net profit and growth



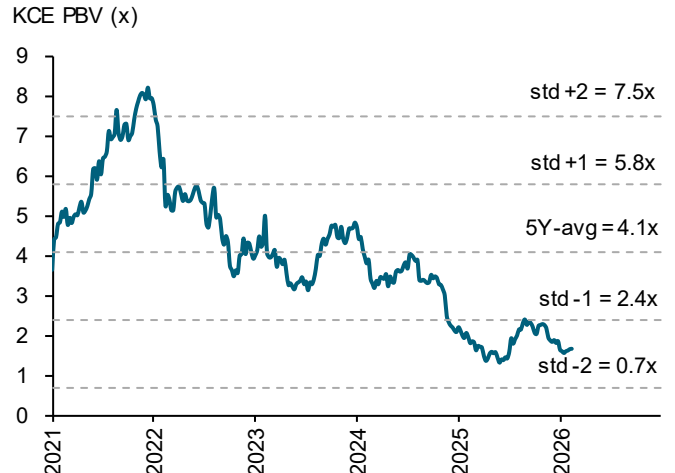
Sources: KCE; FSSIA estimates

Exhibit 17: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 18: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

KCE Electronics

Profit and Loss (THB m) Year Ending Dec	2024	2025	2026E	2027E	2028E
Revenue	14,833	13,075	13,256	13,919	14,615
Cost of goods sold	(11,571)	(10,607)	(10,711)	(11,219)	(11,765)
Gross profit	3,262	2,468	2,545	2,700	2,850
Other operating income	265	216	239	251	263
Operating costs	(1,756)	(1,724)	(1,710)	(1,740)	(1,754)
Operating EBITDA	2,883	2,091	2,230	2,442	2,616
Depreciation	(1,112)	(1,132)	(1,157)	(1,232)	(1,257)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,772	960	1,074	1,211	1,359
Net financing costs	(52)	(36)	(33)	(27)	(21)
Associates	17	12	15	19	23
Recurring non-operating income	17	12	15	19	23
Non-recurring items	61	29	0	0	0
Profit before tax	1,798	965	1,056	1,203	1,361
Tax	(120)	(106)	(83)	(95)	(107)
Profit after tax	1,678	859	973	1,109	1,254
Minority interests	(30)	(26)	(27)	(28)	(29)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	1,648	833	946	1,081	1,225
Non-recurring items & goodwill (net)	(61)	(29)	0	0	0
Recurring net profit	1,587	803	946	1,081	1,225
Per share (THB)					
Recurring EPS *	1.34	0.68	0.80	0.91	1.04
Reported EPS	1.39	0.70	0.80	0.91	1.04
DPS	1.20	0.80	0.69	0.78	0.87
Diluted shares (used to calculate per share data)	1,182	1,182	1,182	1,182	1,182
Growth					
Revenue (%)	(9.2)	(11.9)	1.4	5.0	5.0
Operating EBITDA (%)	(2.1)	(27.5)	6.7	9.5	7.1
Operating EBIT (%)	(2.6)	(45.8)	11.9	12.8	12.2
Recurring EPS (%)	1.1	(49.4)	17.8	14.2	13.3
Reported EPS (%)	(4.1)	(49.5)	13.6	14.2	13.3
Operating performance					
Gross margin inc. depreciation (%)	22.0	18.9	19.2	19.4	19.5
Gross margin exc. depreciation (%)	29.5	27.5	27.9	28.2	28.1
Operating EBITDA margin (%)	19.4	16.0	16.8	17.5	17.9
Operating EBIT margin (%)	11.9	7.3	8.1	8.7	9.3
Net margin (%)	10.7	6.1	7.1	7.8	8.4
Effective tax rate (%)	6.7	11.0	7.9	7.9	7.9
Dividend payout on recurring profit (%)	89.4	117.7	86.0	85.0	84.0
Interest cover (X)	34.5	26.7	32.9	45.8	65.5
Inventory days	130.3	142.1	132.4	120.8	120.3
Debtor days	98.7	90.4	78.9	78.1	78.1
Creditor days	97.2	103.9	96.4	93.3	93.0
Operating ROIC (%)	11.0	6.5	8.0	9.2	10.4
ROIC (%)	10.0	5.7	6.8	7.9	8.9
ROE (%)	11.6	6.0	7.2	8.1	9.1
ROA (%)	8.8	4.7	5.7	6.5	7.2
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
PCB	12,664	10,717	10,837	11,379	11,948
Non PCB	2,169	2,358	2,419	2,540	2,667

Sources: KCE Electronics; FSSIA estimates

Financial Statements

KCE Electronics

Cash Flow (THB m) Year Ending Dec	2024	2025	2026E	2027E	2028E
Recurring net profit	1,587	803	946	1,081	1,225
Depreciation	1,112	1,132	1,157	1,232	1,257
Associates & minorities	-	-	-	-	-
Other non-cash items	(22)	7	(15)	(19)	(23)
Change in working capital	631	674	154	(181)	(191)
Cash flow from operations	3,309	2,615	2,241	2,112	2,268
Capex - maintenance	-	-	-	-	-
Capex - new investment	(661)	(739)	(500)	(1,500)	(500)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(797)	(285)	56	(7)	(7)
Cash flow from investing	(1,458)	(1,024)	(444)	(1,507)	(507)
Dividends paid	(1,551)	(1,423)	(814)	(919)	(1,029)
Equity finance	0	0	0	0	0
Debt finance	(476)	288	(485)	(102)	(97)
Other financing cash flows	(29)	(31)	(1)	(1)	(1)
Cash flow from financing	(2,056)	(1,167)	(1,300)	(1,022)	(1,127)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	4	0	2	0	0
Net other adjustments	4	(21)	2	0	0
Movement in cash	(201)	403	500	(416)	634
Free cash flow to firm (FCFF)	1,902.67	1,627.74	1,830.72	632.58	1,781.84
Free cash flow to equity (FCFE)	1,349.72	1,826.57	1,313.32	502.67	1,662.57

Per share (THB)

FCFF per share	1.61	1.38	1.55	0.54	1.51
FCFE per share	1.14	1.55	1.11	0.43	1.41
Recurring cash flow per share	2.27	1.64	1.77	1.94	2.08

Balance Sheet (THB m) Year Ending Dec	2024	2025	2026E	2027E	2028E
Tangible fixed assets (gross)	19,019	19,067	19,567	21,067	21,567
Less: Accumulated depreciation	(11,315)	(11,756)	(12,913)	(14,144)	(15,401)
Tangible fixed assets (net)	7,704	7,311	6,655	6,923	6,167
Intangible fixed assets (net)	1,082	1,359	1,359	1,359	1,359
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	524	494	494	494	494
Cash & equivalents	1,566	1,969	2,469	2,053	2,687
A/C receivable	3,646	2,829	2,905	3,051	3,203
Inventories	3,675	3,705	3,228	3,381	3,546
Other current assets	68	71	66	70	73
Current assets	8,955	8,575	8,669	8,554	9,509
Other assets	151	189	133	139	146
Total assets	18,416	17,927	17,308	17,469	17,674
Common equity	13,756	13,136	13,269	13,431	13,627
Minorities etc.	62	60	59	57	56
Total shareholders' equity	13,818	13,196	13,327	13,488	13,683
Long term debt	85	415	80	80	80
Other long-term liabilities	527	646	398	418	438
Long-term liabilities	612	1,061	478	498	518
A/C payable	2,843	2,553	2,494	2,613	2,740
Short term debt	1,078	1,055	956	815	674
Other current liabilities	65	65	53	56	58
Current liabilities	3,986	3,672	3,503	3,483	3,472
Total liabilities and shareholders' equity	18,416	17,930	17,308	17,469	17,674
Net working capital	4,482	3,988	3,652	3,833	4,024
Invested capital	13,942	13,340	12,292	12,748	12,189

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

Per share (THB)

Book value per share	11.64	11.11	11.23	11.36	11.53
Tangible book value per share	10.72	9.96	10.08	10.21	10.38

Financial strength

Net debt/equity (%)	(2.9)	(3.8)	(10.8)	(8.6)	(14.1)
Net debt/total assets (%)	(2.2)	(2.8)	(8.3)	(6.6)	(10.9)
Current ratio (x)	2.2	2.3	2.5	2.5	2.7
CF interest cover (x)	39.8	71.4	55.7	75.6	103.4

Valuation	2024	2025	2026E	2027E	2028E
Recurring P/E (x) *	15.1	29.9	25.4	22.2	19.6
Recurring P/E @ target price (x) *	13.4	26.5	22.5	19.7	17.4
Reported P/E (x)	14.6	28.8	25.4	22.2	19.6
Dividend yield (%)	5.9	3.9	3.4	3.8	4.3
Price/book (x)	1.7	1.8	1.8	1.8	1.8
Price/tangible book (x)	1.9	2.0	2.0	2.0	2.0
EV/EBITDA (x) **	8.2	11.3	10.1	9.4	8.5
EV/EBITDA @ target price (x) **	7.3	10.0	8.9	8.3	7.4
EV/invested capital (x)	1.7	1.8	1.8	1.8	1.8

* 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 19: 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 20: 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; FSSIA's compilation
Exhibit 21: 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 22: 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-top: 10px;"> <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-top: 10px;"> <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) "SETESG". The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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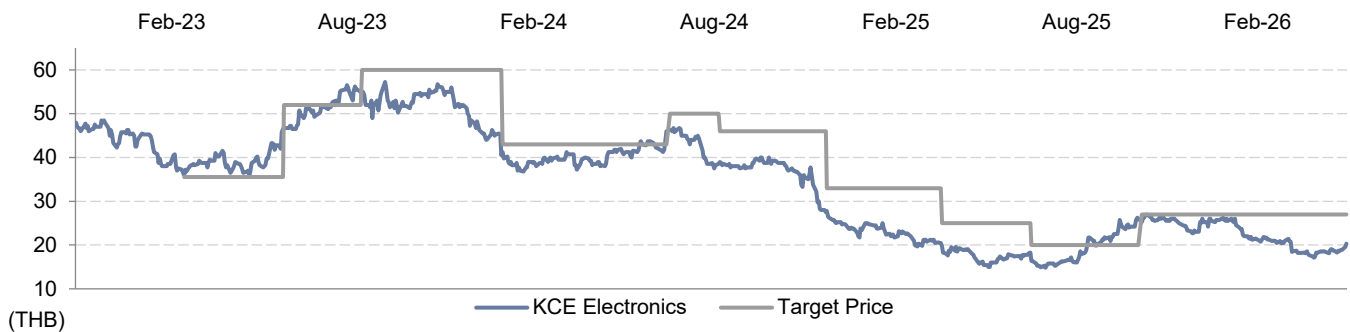
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History of change in investment rating and/or target price

KCE Electronics (KCE TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
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			
14-Feb-2024	HOLD	43.00	26-Feb-2025	HOLD	25.00			

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 20.30	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 10-Feb-2026 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.