



KCE Electronics

(KCE.BK/KCE TB) *

Underperform·Downgraded

Price as of 14 Feb 19	29.00
12M target price (Bt/shr)	26.00
Unchanged/Revised up (down)	(13.3)
(%)	
Upside/downside (%)	(10.3)

Key messages

Stagnation in the automotive industry both in Europe and China could cause softer sales growth which would pressure gross margin due to lower production efficiency. We cut our 2019–2020 earnings forecasts by 13% and 16% to reflect lower sales growth and gross margin assumptions. Given the low base in 4Q18, earnings improvement could resume, but it would not be as good as in the past. Stabilization in the automotive industry and expansion to other potential market should be watched for. Given the uncertain outlook, we downgrade our rating to Underperform with a 2019 target price of Bt26.00, from Bt30.0, and recommend investors to stay on the sideline.

Trading data

Mkt cap (Btbn/US\$mn)	34.0/850
Outstanding share (mn)	1,173
Foreign ownership (mn)	290
3M avg. daily trading (mn)	6
52-week trading range (Bt)	25.3–47.5
Performance (%)	3M 6M 12M
Absolute	2.7 -38.9 20.8
Relative	1.6 -37.5 13.7

Quarterly EPS

EPS	Q1	Q2	Q3	Q4
2015	0.45	0.43	0.50	0.58
2016	0.65	0.69	0.67	0.59
2017	0.56	0.57	0.52	0.51
2018	0.44	0.48	0.48	0.41

Share price chart



Source: SET

Into the shadow

Event

Company update and earnings revision.

Impact

Stagnation in automotive industry leads blurry sales outlook

Mid-to-high-single-digit sales growth could be a challenge for KCE given the weak outlook of the automotive industry in Europe and China. Stagnation in global automotive production is coming and IHS Markit estimates a broad stagnation in 2019 (after 2% growth in 2018), meanwhile, China Association of Automobile Manufacturing (CAAM) forecasts zero growth for China's automotive market this year (after declining 3% YoY in 2018, the first negative growth in 28 years). Coupled with the prolonged impact from the worldwide harmonized light vehicles test procedure (WLTP), which would take time to normalize, we believe the company's sales growth target of 5–10% would hard to hit. As a result, we discount management's outlook and cut our sales assumptions by 2% and 5% in 2019–2020 which implies sales growth of 3% in 2019 and 1% in 2020.

Revised down margin assumption to reflect lower production efficiency

Raw material cost would not be a significant concern as copper price is quite steady at US\$6,100–6,200/ton versus US\$6,900–7,000/ton during 1H18. Lower production efficiency from weak sales would be the factor pressuring margin. Thus, we tone down our gross margin assumption around 2ppts to about 27.0% in 2019–2020.

Cut 2019–2020 earnings by 13% and 16%, outlook even worse than expected

We toned down earnings by 13% and 16% in 2019–2020 to reflect weak sales and gross margin. Even though we have a negative view on the electronics sector, as we mentioned in our report *Electronics sector: Into the darkness*, released January 11, 2019, the company's performance and its outlook are likely to get even worse. Given the low base in 4Q18, earnings improvement could be seen ahead with estimated positive QoQ growth in 1Q19. However, we believe the uncertainty over weak demand could delay shipments and open significant downside.

Valuation & Action

We downgrade KCE to Underperform, from Neutral, with a new target price of Bt26.00 based on PER 15.0x (sector average), from Bt30.00. Keep an eye on the automotive industry stabilizing and the company's strategy to expand its market.

Risks

Natural disasters, unplanned plant shutdowns, customers shifting suppliers, high raw material prices and Bt/US\$ appreciation (our assumption is 32.2/US\$ in 2019–2020).

Key financials and valuations

	Dec - 17A	Dec - 18A	Dec - 19F	Dec - 20F	Dec - 21F
Revenue (Btrn)	14,195	13,982	14,427	14,604	14,866
Gross Profit (Btrn)	4,262	3,631	3,898	3,956	4,038
SG&A (Btrn)	1,818	1,804	1,847	1,869	1,903
Net Profit (Btrn)	2,545	2,015	2,030	2,080	2,142
Normalized Profit (Btrn)	2,341	1,763	2,030	2,080	2,142
EPS(Bt)	2.17	1.72	1.73	1.77	1.83
Normalized EPS(Bt)	2.00	1.50	1.73	1.77	1.83
DPS(Bt)	1.10	0.69	0.69	0.71	0.73
EPS Growth (%)	(16.3)	(20.8)	0.7	2.4	3.0
Normalized EPS Growth	(19.6)	(24.7)	15.1	2.4	3.0
P/E (X)	13.4	16.9	16.8	16.4	15.9
P/B (X)	3.0	2.8	2.6	2.4	2.2
E//EBITDA (X)	10.0	11.3	10.9	10.5	9.9
Net Debt to Equity (%)	21.1	13.8	0.6	(11.6)	(21.5)
Dividend Yield (%)	3.8	2.4	2.4	2.4	2.5
Return on Average Equity (%)	22.6	16.8	15.4	14.4	13.6

Source: Company data, KGI Research

Figure 1: Earnings revisions

Btmn	2019F			2020F		
	Revised	Previous	Change (%)	Revised	Previous	Change (%)
Sales	14,427	14,713	(1.9)	14,604	15,309	(4.6)
Gross profit	3,898	4,231	(7.9)	3,956	4,442	(10.9)
Net Profit	2,030	2,334	(13.0)	2,080	2,488	(16.4)
Normalized Profit	2,030	2,334	(13.0)	2,080	2,488	(16.4)
Key financial ratio	Revised	Previous	ppts	Revised	Previous	ppts
GPM	27.0	28.8	(1.7)	27.1	29.0	(1.9)
SG&A/Sales	12.8	12.6	0.2	12.8	12.6	0.2
Assumption	Revised	Previous	Change (%)	Revised	Previous	Change (%)
Exchange rate	32.2	32.2	0.0	32.2	32.2	0.0
Sales in US\$m	448	457	(1.9)	454	475	(4.6)

Source: Company data, KGI Research

Figure 2: Assumptions

		2016	2017	2018	2019F	2020F	2021F
Sales	mn USD	394	421	436	448	454	462
Sales growth	percent	7.9%	6.8%	3.5%	2.8%	1.2%	1.8%
Exchange Rate	Bt/US\$	36.5	33.7	32.1	32.2	32.2	32.2
Gross margin	percent	34.9%	30.0%	26.0%	27.0%	27.1%	27.2%

Source: Company data, KGI Research

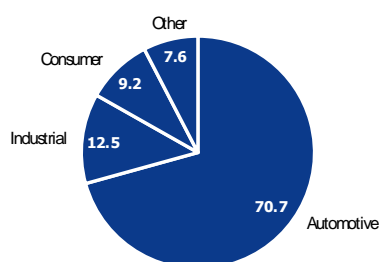
Figure 3: Company profile

KCE Electronics PCL (KCE), originally known as Kuang Charoen Electronics Company Limited, was listed on November 5, 1985, with initial registered capital of Bt12mn. The company's core business is to produce and distribute custom printed circuit boards (PCBs), which are manufactured from copper clad laminate under the KCE trademark. KCE's PCB products are well-known and used in a variety of applications such as automotive, industrial, computer, and telecom system. Its customers include some of the world's biggest names.

Source: Company data

Figure 5: Revenue breakdown

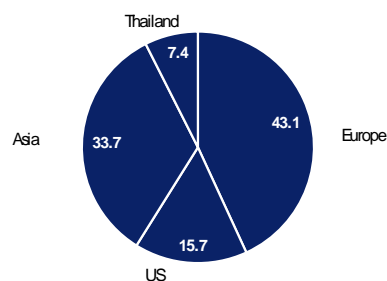
Percent



Source: Company data, KGI Research

Figure 7: Sales breakdown by destination in 2018

Percent



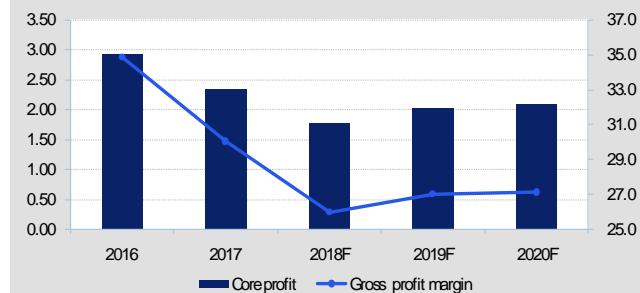
Source: Company data, KGI Research

Figure 9: Company's PER


Source: KGI Research

Figure 4: Earnings rebased in 2018

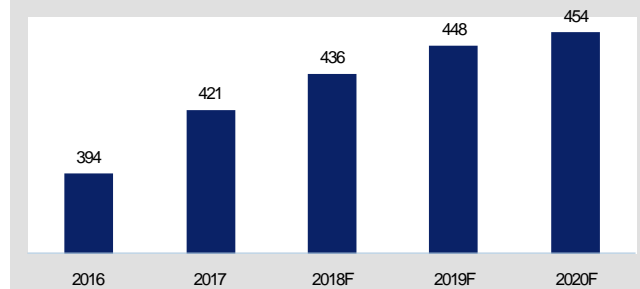
Normalized earnings, Btmn (LHS); gross margin, percent (RHS)



Source: Company data, KGI Research

Figure 6: Sales

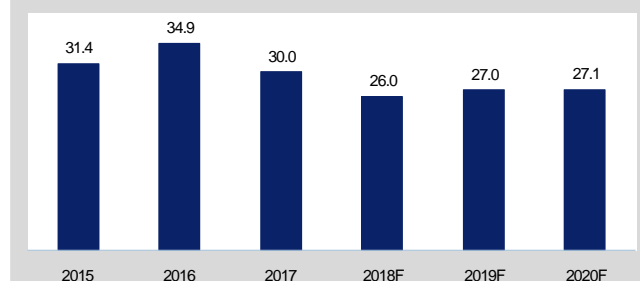
US\$m



Source: Company data, KGI Research

Figure 8: Gross margin assumption

Percent



Source: Company data, Biznews, KGI Research

Figure 10: Company's PBV


Source: KGI Research

Quarterly Income Statement

	Mar-15A	Jun-15A	Sep-15A	Dec-15A	Mar-16A	Jun-16A	Sep-16A	Dec-16A	Mar-17A	Jun-17A	Sep-17A	Dec-17A	Mar-18A	Jun-18A	Sep-18A	Dec-18A
Income Statement (Bt mn)																
Revenue	2,882	3,047	3,301	3,218	3,529	3,579	3,515	3,174	3,536	3,664	3,602	3,393	3,440	3,643	3,690	3,209
Cost of Goods Sold	(2,050)	(2,110)	(2,243)	(2,131)	(2,331)	(2,309)	(2,251)	(2,094)	(2,452)	(2,528)	(2,519)	(2,433)	(2,551)	(2,629)	(2,692)	(2,479)
Gross Profit	832	937	1,058	1,087	1,198	1,270	1,264	1,080	1,084	1,135	1,083	960	889	1,014	998	730
Operating Expense	(344)	(383)	(434)	(369)	(423)	(454)	(437)	(381)	(444)	(485)	(485)	(404)	(466)	(471)	(464)	(403)
Other incomes	9	20	37	(31)	9	17	12	17	23	18	22	54	27	18	31	15
Operating Profit	496	575	660	697	784	833	839	716	663	668	619	609	450	561	565	342
Depredation of fixed asset	(136)	(153)	(195)	(199)	(203)	(211)	(216)	(219)	(217)	(220)	(222)	(224)	(230)	(235)	(240)	(250)
Operating EBITDA	632	728	855	896	987	1,044	1,056	935	881	889	842	834	680	796	805	592
Non-Operating Income	54	(12)	(28)	35	23	43	30	29	39	56	45	45	107	31	42	71
Interest Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Non-op Income	54	(12)	(28)	35	23	43	30	29	39	56	45	45	107	31	42	71
Non-Operating Expense	(21)	(35)	(49)	(48)	(46)	(46)	(42)	(37)	(30)	(33)	(32)	(32)	(29)	(28)	(31)	(22)
Interest Expense	(21)	(35)	(49)	(48)	(46)	(46)	(42)	(37)	(30)	(33)	(32)	(32)	(29)	(28)	(31)	(22)
Other Non-op Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Income/(Loss)	3	6	10	2	6	7	10	6	4	6	5	6	4	5	7	7
Pre-tax profit	531	534	593	686	767	837	837	714	676	698	638	629	532	569	584	398
Current Taxation	(17)	(40)	(17)	(18)	(10)	(20)	(47)	(21)	(10)	(21)	(21)	(27)	(10)	(6)	(16)	(16)
Minorities	3	4	3	3	6	5	4	3	4	5	5	5	5	5	8	2
Extraordinary items																
Net Profit	511	490	573	665	751	812	786	690	662	672	612	598	517	558	560	380
Normalized Profit	457	502	602	631	728	768	756	661	623	616	567	552	410	527	517	309
EPS (Bt)	0.45	0.43	0.50	0.58	0.65	0.69	0.67	0.59	0.56	0.57	0.52	0.51	0.44	0.48	0.48	0.32
Normalized EPS (Bt)	0.40	0.44	0.53	0.55	0.63	0.66	0.64	0.56	0.53	0.53	0.48	0.47	0.35	0.45	0.44	0.26
Margins																
Gross profit margin	28.9	30.8	32.0	33.8	33.9	35.5	36.0	34.0	30.7	31.0	30.1	28.3	25.8	27.8	27.0	22.8
Operating EBIT margin	17.2	18.9	20.0	21.7	22.2	23.3	23.9	22.6	18.8	18.2	17.2	18.0	13.1	15.4	15.3	10.7
Operating EBITDA margin	21.9	23.9	25.9	27.8	28.0	29.2	30.0	29.5	24.9	24.3	23.4	24.6	19.8	21.8	21.8	18.5
Net profit margin	17.7	16.1	17.4	20.7	21.3	22.7	22.4	21.7	18.7	18.4	17.0	17.6	15.0	15.3	15.2	11.9
Growth (YoY)																
Revenue growth	4.2	8.1	10.1	19.1	22.4	17.4	6.5	(1.4)	0.2	2.4	2.5	6.9	(2.7)	(0.6)	2.5	(5.4)
Operating EBIT growth	12.3	17.7	25.2	43.6	58.0	44.9	27.2	2.8	(15.4)	(19.7)	(26.2)	(14.9)	(32.1)	(16.0)	(8.7)	(43.9)
Operating EBITDA growth	10.0	16.3	28.1	42.6	56.0	43.4	23.4	4.4	(10.8)	(14.8)	(20.3)	(10.9)	(22.7)	(10.5)	(4.4)	(29.0)
Net profit growth	16.3	2.3	(6.2)	14.7	46.9	65.6	37.1	3.7	(11.8)	(17.2)	(22.1)	(13.4)	(22.0)	(17.0)	(8.6)	(36.3)
Normalized profit growth	11.3	12.9	27.9	33.8	59.2	53.0	25.5	4.8	(14.4)	(19.8)	(24.9)	(16.4)	(34.2)	(14.4)	(8.8)	(44.1)

Source: KGI Research

Balance Sheet

As of 31 Dec (Bt mn)	2017	2018	2019F	2020F	2021F
Total Assets	17,850	18,121	18,937	19,752	20,623
Current Assets	7,505	7,969	9,421	10,790	12,157
Cash & ST Investment	1,140	1,383	2,487	3,774	5,018
Inventories	2,428	3,192	2,741	2,771	2,818
Account Receivable	3,876	3,273	4,150	4,201	4,276
Others	61	122	43	44	45
Non-current Assets	10,346	10,152	9,516	8,962	8,466
LT Investment	276	205	205	205	205
Net fixed Assets	9,510	9,364	8,728	8,155	7,639
Others	560	583	584	603	623
Total Liabilities	6,576	6,114	5,719	5,287	4,873
Current Liabilities	4,595	5,196	5,007	4,740	4,490
Account Payable	2,802	2,796	2,885	2,917	2,966
ST Borrowing	1,156	2,202	1,902	1,602	1,302
Others	636	199	220	221	222
Long-term Liabilities	1,981	918	713	547	383
Long-term Debts	1,771	664	496	328	160
Others	210	253	216	219	223
Shareholders' Equity	11,274	12,007	13,218	14,465	15,750
Common Stock	1,173	1,173	1,173	1,173	1,173
Capital Surplus	1,907	1,907	1,907	1,907	1,907
Retained Earnings	8,732	9,448	10,666	11,914	13,199
Preferred Stock	0	0	0	0	0

Source: KGI Research

Key Ratios

Year to 31 Dec	2017	2018	2019F	2020F	2021F
Growth (%YoY)					
Sales	2.9	(1.5)	3.2	1.2	1.8
OP	(19.8)	(24.5)	12.2	1.7	2.3
EBITDA	(12.5)	(13.8)	(1.1)	(0.8)	(0.2)
NP	(16.3)	(20.8)	0.7	2.4	3.0
Normalized Profit	(19.6)	(24.7)	15.1	2.4	3.0
EPS	(16.3)	(20.8)	0.7	2.4	3.0
Normalized EPS	(19.6)	(24.7)	15.1	2.4	3.0
Profitability (%)					
Gross Margin	30.0	26.0	27.0	27.1	27.2
Operating Margin	17.9	13.7	14.9	15.0	15.1
EBITDA Margin	25.7	22.5	21.6	21.1	20.7
Net Margin	17.9	14.4	14.1	14.2	14.4
ROAA	14.3	11.1	10.7	10.5	10.4
ROAE	22.6	16.8	15.4	14.4	13.6
Stability					
Gross Debt/Equity (%)	0.6	0.5	0.4	0.4	0.3
Net Debt/Equity (%)	0.2	0.1	0.0	(0.1)	(0.2)
Interest Coverage (x)	21.8	20.0	26.0	31.7	40.6
Interest & ST Debt Coverage (x)	2.2	0.9	1.1	1.3	1.7
Cash Flow Interest Coverage (x)	29.6	24.7	32.4	41.6	51.8
Cash Flow/Interest & ST Debt (x)	2.9	1.2	1.4	1.7	2.1
Current Ratio (x)	1.6	1.5	1.9	2.3	2.7
Quick Ratio (x)	1.1	0.9	1.3	1.7	2.1
Net Debt (Bt mn)	2,380	1,656	80	(1,675)	(3,388)
Per Share Data (Bt)					
EPS	2.2	1.7	1.7	1.8	1.8
Normalized EPS	2.0	1.5	1.7	1.8	1.8
CFPS	3.2	2.3	2.3	2.5	2.5
BMPS	9.6	10.2	11.3	12.3	13.4
SPS	12.1	11.9	12.3	12.5	12.7
EBITDA/Share	3.1	2.7	2.7	2.6	2.6
DPS	1.1	0.7	0.7	0.7	0.7
Activity					
Asset Turnover (x)	0.8	0.8	0.8	0.7	0.7
Days Receivables	100	85	105	105	105
Days Inventory	89	113	95	95	95
Days Payable	103	99	100	100	100
Cash Cycle	86	99	100	100	100
Assumption					
Sales (mn USD)	421	436	448	454	462
Exchange Rate	33.7	32.1	32.2	32.2	32.2
Gross margin	30.0%	26.0%	27.0%	27.1%	27.2%

Source: KGI Research

Profit & Loss

Year to Dec 31 (Bt mn)	2017	2018	2019F	2020F	2021F
Revenue	14,195	13,982	14,427	14,604	14,866
Cost of Goods Sold	(9,933)	(10,351)	(10,530)	(10,648)	(10,827)
Gross Profit	4,262	3,631	3,898	3,956	4,038
Operating Expenses	(1,818)	(1,804)	(1,847)	(1,869)	(1,903)
Other Incomes	98	92	101	102	104
Operating Profit	2,543	1,919	2,152	2,189	2,239
Depreciation of fixed assets	(884)	(955)	(936)	(873)	(815)
Operating EBITDA	3,653	3,147	3,113	3,087	3,080
Non-Operating Income	203	252	0	0	0
Interest Income					
Other Non-op Income	203	252	0	0	0
Non-Operating Expense	(127)	(110)	(84)	(70)	(56)
Interest Expense	(127)	(110)	(84)	(70)	(56)
Other Non-op Expense	0	0	0	0	0
Equity Income/(Loss)	22	22	25	25	25
Pretax Profit	2,641	2,083	2,093	2,144	2,209
Current Taxation	(78)	(49)	(49)	(50)	(52)
Minorities	18	19	14	15	15
Extraordinary items	0	66	0	0	0
Net Profit	2,545	2,015	2,030	2,080	2,142
Normalized Profit	2,341	1,763	2,030	2,080	2,142
EPS(Bt)	2.17	1.72	1.73	1.77	1.83
Normalized EPS(Bt)	2.00	1.50	1.73	1.77	1.83

Source: KGI Research

Cash Flow

Year to 31 Dec (Bt mn)	2017	2018	2019F	2020F	2021F
Operating Cash Flow	3,758	2,710	2,713	2,904	2,886
Net Profit	2,545	2,015	2,030	2,080	2,142
Depreciation & Amortization	884	955	936	873	815
Change in Working Capital	329	(260)	(254)	(48)	(71)
Others					
Investment Cash Flow	(1,203)	(704)	(317)	(317)	(317)
Net CAPEX	(1,257)	(809)	(300)	(300)	(300)
Change in LT Investment	42	72	0	0	0
Change in Other Assets	12	33	(17)	(17)	(17)
Free Cash Flow	2,555	2,006	2,395	2,587	2,569
Financing Cash Flow	(2,307)	(1,763)	(1,292)	(1,300)	(1,325)
Change in Share Capital	0	0	0	0	0
Net Change in Debt	(1,009)	(481)	(472)	(468)	(468)
Change in Other LT Liab.	(1,298)	(1,282)	(819)	(832)	(857)
Net Cash Flow	248	243	1,104	1,287	1,244

Source: KGI Research

Rates of Return on Invested Capital

Year	1- COGS Revenue	+ Depreciation Revenue	+ Operating Exp. Revenue	= Operating Margin
2017	70.0%	6.2%	13.5%	10.3%
2018	74.0%	6.8%	13.6%	5.6%
2019F	73.0%	6.5%	13.5%	7.0%
2020F	72.9%	6.0%	13.5%	7.6%
2021F	72.8%	5.5%	13.5%	8.2%
Year	1/ Revenue	+ Net FFE Revenue	+ Other Assets Revenue	= Capital Turnover
2017	0.0	0.7	0.6	0.8
2018	(0.0)	0.7	0.6	0.8
2019F	(0.0)	0.6	0.7	0.8
2020F	(0.0)	0.6	0.8	0.7
2021F	(0.0)	0.5	0.9	0.7
Year	Operating Margin	x Capital Turnover	x Cash Tax Rate	= After-tax Return on Inv. Capital
2017	10.3%	0.8	3.0%	0.2%
2018	5.6%	0.8	2.3%	0.1%
2019F	7.0%	0.8	2.3%	0.1%
2020F	7.6%	0.7	2.3%	0.1%
2021F	8.2%	0.7	2.3%	0.1%

Source: KGI Research

KCE Electronics- Recommendation & target price history



Source: KGI Research

Corporate Governance Report of Thai Listed Companies



Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
EGCO	ELECTRICITY GENERATING	KTB	KRUNG THAI BANK	TISCO	TISCO FINANCIAL GROUP
KBANK	KASIKORN BANK	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING		
KKP	KIATNAKIN BANK	SCB	THE SIAM COMMERCIAL BANK		



Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	ERW	THE ERAWAN GROUP	SCC	THE SIAM CEMENT
AOT	AIRPORTS OF THAILAND	GFPT	GFPT	SPALI	SUPALAI
AP	ASIAN PROPERTY DEVELOPMENT	IFEC	INTER FAR EAST ENGINEERING	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
BBL	BANGKOK BANK	LPN	L.P.N. DEVELOPMENT	SVI	SVI
BH	BUMRUNGRAD HOSPITAL	MINT	MINOR INTERNATIONAL	TASCO	TIPCO ASPHALT
BIGC	BIG C SUPERCENTER	PS	PRUKSA REAL ESTATE	TCAP	THANACHART CAPITAL
CK	CH. KARNCHANG	QH	QUALITY HOUSES	TMB	TMB BANK
CPALL	CP ALL	ROBINS	ROBINSON DEPARTMENT STORE	TRUE	TRUE CORPORATION
CPN	CENTRAL PATTANA	RS	RS		
DRT	DIAMOND ROOFING TILES	SAMART	SAMART CORPORATION		



Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
CENTEL	CENTRAL PLAZA HOTEL	HMPRO	HOME PRODUCT CENTER	MAKRO	SIAM MAKRO
DCC	DYNASTY CERAMIC	ILINK	INTERLINK COMMUNICATION	MODERN	MODERNFORM GROUP
GL	GROUP LEASE	KTC	KRUNGTHAI CARD	TRT	TIRATHAI
GLOW	GLOW ENERGY	MAJOR	MAJOR CINEPLEX GROUP	TVO	THAI VEGETABLE OIL

Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	CHG	CHULARAT HOSPITAL	NOK	NOK AIRLINES
ANAN	ANANDA DEVELOPMENT	CKP	CK POWER	PACE	PACE DEVELOPMENT CORPORATION
BA	BANGKOK AIRWAYS	DTAC	TOTAL ACCESS COMMUNICATION	SAWAD	SRISAWAD POWER 1979
BCH	BANGKOK CHAIN HOSPITAL	GLOBAL	SIAM GLOBAL HOUSE	TMT	THAI METAL TRADE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	TPCH	TPC POWER HOLDING
BEM	BANGKOK EXPRESSWAY AND METRO	GUNKUL	GUNKUL ENGINEERING	WHA	WHA CORPORATION
BJCHI	BJC HEAVY INDUSTRIES	LPH	LADPRAO GENERAL HOSPITAL	WORK	WORKPOINT ENTERTAINMENT
CBG	CARABAO GROUP	MTLS	MUANGTHAI LEASING		

Source: www.thai-iod.com

Disclaimer: The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

Anti-corruption Progress Indicator

Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
CPN	CENTRAL PATTANA	SCC	THE SIAM CEMENT		

Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	IFEC	INTER FAR EAST ENGINEERING	SVI	SVI
BBL	BANGKOK BANK	KBANK	KASIKORN BANK	TCAP	THANACHART CAPITAL
DCC	DYNASTY CERAMIC	KKP	KIATNAKIN BANK	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	KTB	KRUNG THAI BANK	TMB	TMB BANK
EGCO	ELECTRICITY GENERATING	MINT	MINOR INTERNATIONAL		
ERW	THE ERWAN GROUP	SCB	THE SIAM COMMERCIAL BANK		

Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	DTAC	TOTAL ACCESS COMMUNICATION	PACE	PACE DEVELOPMENT CORPORATION
ANAN	ANANDA DEVELOPMENT	GFPT	GFPT	PS	PRUKSA REAL ESTATE
AP	ASIAN PROPERTY DEVELOPMENT	GL	GROUP LEASE	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BA	BANGKOK AIRWAYS	GLOW	GLOW ENERGY	ROBINS	ROBINSON DEPARTMENT STORE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	SAMART	SAMART CORPORATION
BIGC	BIG C SUPERCENTER	HMPRO	HOME PRODUCT CENTER	SPALI	SUPALAI
BJCHI	BJC HEAVY INDUSTRIES	KTC	KRUNGTHAI CARD	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
CENEL	CENTRAL PLAZA HOTEL	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CHG	CHULARAT HOSPITAL	MAKRO	SIAM MAKRO	TMT	THAI METAL TRADE
CK	CH. KARNCHANG	MODERN	MODERNFORM GROUP	TPCH	TPC POWER HOLDING
CKP	CK POWER	NOK	NOK AIRLINES	WHA	NOK AIRLINES

Level 2: Declared

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	GUNKUL	GUNKUL ENGINEERING	QH	QUALITY HOUSES
BH	BUMRUNGRAD HOSPITAL	ILINK	INTERLINK COMMUNICATION	TRT	TIRATHAI
GLOBAL	SIAM GLOBAL HOUSE	MTLS	MUANGTHAI LEASING	TVO	THAI VEGETABLE OIL

Level 1: Committed

Stock	Company name	Stock	Company name	Stock	Company name
CBG	CARABAO GROUP	RS	RS	SAWAD	SIRISAWAD POWER 1979
MAJOR	MAJOR CINEPLEX GROUP				

No progress

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	CPALL	CP ALL	WORK	WORKPOINT ENTERTAINMENT
BEM	BANGKOK EXPRESSWAY AND METRO	LPH	LADPRAO GENERAL HOSPITAL		

Source: www.cgthailand.org

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

KGI Locations

China	Shanghai	Room 1507, Park Place, 1601 Nanjing West Road, Jingan District, Shanghai, PRC 200040
	Shenzhen	Room 24D1, 24/F, A Unit, Zhen Ye Building, 2014 Bao'annan Road, Shenzhen, PRC 518008
Taiwan	Taipei	700 Mingshui Road, Taipei, Taiwan Telephone 886.2.2181.8888 · Facsimile 886.2.8501.1691
Hong Kong		41/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong Telephone 852.2878.6888 Facsimile 852.2878.6800
Thailand	Bangkok	8th - 11th floors, Asia Centre Building 173 South Sathorn Road, Bangkok 10120, Thailand Telephone 66.2658.8888 Facsimile 66.2658.8014
Singapore		4 Shenton Way #13-01 SGX Centre 2 Singapore 068807 Telephone 65.6202.1188 Facsimile 65.6534.4826

KGI's Ratings

Rating	Definition
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan)..
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances. <i>Excess return = 12M target price/current price-</i>
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

Disclaimer

KGI Securities (Thailand) Plc. ("The Company") disclaims all warranties with regards to all information contained herein. In no event shall the Company be liable for any direct, indirect or any damages whatsoever resulting from loss of income or profits, arising by utilization and reliance on the information herein. All information hereunder does not constitute a solicitation to buy or sell any securities but constitutes our sole judgment as of this date and are subject to change without notice.