



KCE Electronics

(KCE.BK/KCE TB)*

Underperform • Downgraded

Price as of 14 May 2019	21.20
12M target price (Bt/shr)	18.00
Unchanged/Revised up (down) (%)	(30.8)
Upside/downside (%)	(15.1)

Key messages

KCE posted a 1Q19 net profit of Bt269mn (-48% YoY, -29% QoQ), which was 34% below our forecast and 23% below the Bloomberg consensus. The result accounted for 13% of our full-year forecast. With i) unimpressive sales, ii) huge miss in gross margin, and iii) ambiguous outlook from global factors we cut our earnings forecast by 30% and downgrade KCE to Underperform with a 2019 target price of Bt18.00 based on PER 15.0x (sector average). Wait and see is recommended.

Trading data

Mkt cap (Btbn/US\$mn)	24.8/622
Outstanding share (mn)	1,173
Foreign ownership (mn)	253
3M avg. daily trading (mn)	9
52-week trading range (Bt)	21.2 -47.5
Performance (%)	3M 6M 12M
Absolute	-34.8 -26.9 -37.2
Relative	-33.9 -26.7 -32.1

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	0.32
2019	0.23			

Share price chart



Source: SET

Chananthorn Pichayapanupat, CFA
66.2658.8888 Ext.8849
chananthornp@kgi.co.th

1Q19 earnings review: Far below our forecast

Event

1Q19 earnings result and earnings revision.

Impact

1Q19 earnings result: Far below forecast due to a huge miss on gross margin

KCE posted a 1Q19 net profit of Bt269mn (-48% YoY, -29% QoQ), which was 34% below our forecast and 23% below the Bloomberg consensus. The result accounted for 13% of our full-year forecast. Sales were at US\$99.4mn (-9% YoY, +1% QoQ), accounting for 22% of our full-year forecast. Meanwhile, KCE posted a disappointing gross margin of 21.1%, versus our estimate of 23.8% for 1Q19F and 27.0% for 2019F, which was the lowest in 24 quarters since 1Q13. The drop in gross profit margin can be explained by i) price adjustment, and ii) shifting to high margin product (high density interconnect PCB: HDI - ~6% of total production in 1Q19) which could cause lower production efficiency.

Cut earnings forecast by ~30% from lower sales and gross margin assumptions

Since 1Q19 earnings accounted for only 13% of our full-year forecast of Bt2.0bn, 2019 earnings downside risk opened up from both top line (normally sales in the first quarter accounted for ~24%-25% of full-year) and gross margin. Thus, we cut our sales assumption by ~10% and gross margin by ~3% in 2019-2020 in order to reflect i) stagnate automotive industry in Europe and slow recovery from WLTP impact (European passenger car sales dropped 3.9% YoY in March 2019), ii) global growth slowdown due to US-China trade dispute which may raise competition, and iii) uncertainty from the company's operation on shifting to high margin product. We cut our 2019-2021 earnings forecasts by ~30%.

Downgrade to Underperform with new target price of Bt18.00

KCE's share price has dropped 20% over the last two weeks and may reflect the weak result in 1Q19. However, we believe negative sentiment to the share price may continue as i) the earnings outlook remains ambiguous, and ii) the street will likely cut earnings which would offset a slight recovery in earnings from a low base. Consequently, we downgrade our rating to Underperform with a new target price of Bt18.00.

Valuation & Action

We rate KCE Underperform, from Neutral, with a 2019 target price of Bt18.00, from Bt26.00, based on unchanged PER of 15.0x (sector average). Wait and see is recommended.

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 (Btmn)	14,195	13,982	12,945	13,373	13,717
Gross Profit (Btmn)	4,262	3,631	3,105	3,220	3,314
SG&A (Btmn)	1,818	1,804	1,657	1,712	1,756
Net Profit (Btmn)	2,545	2,015	1,435	1,510	1,575
Normalized Profit (Btmn)	2,341	1,763	1,435	1,510	1,575
EPS (Bt)	2.17	1.72	1.22	1.29	1.34
Normalized EPS (Bt)	2.00	1.50	1.22	1.29	1.34
DPS (Bt)	1.10	0.69	0.49	0.52	0.54
EPS Growth (%)	(16.3)	(20.8)	(28.8)	5.2	4.3
Normalized EPS Growth	(19.6)	(24.7)	(18.6)	5.2	4.3
P/E (X)	9.8	12.3	17.3	16.5	15.8
P/B (X)	2.2	2.1	1.9	1.8	1.7
EV/EBITDA (X)	7.5	8.4	10.0	9.4	8.9
Net Debt to Equity (%)	21.1	13.8	0.2	(9.6)	(18.1)
Dividend Yield (%)	5.2	3.2	2.3	2.4	2.5
Return on Average Equity (%)	22.6	16.8	11.2	11.0	10.7

Source: Company data, KGI Research

Figure 1: KCE's 1Q19 earnings review

Btmn	1Q19	1Q18	YoY (%)	4Q18	QoQ (%)
Revenue	3,114	3,440	(9.5)	3,209	(3.0)
Gross profit	657	889	(26.1)	730	(10.0)
SG&A	403	466	(13.5)	403	0.0
Operating profit	274	450	(39.1)	342	(19.9)
Non-operating Inc./(Exp)	20	107	(80.9)	71	(71.5)
Net profit	269	517	(48.0)	380	(29.4)
Normalized profit	248	410	(39.5)	309	(19.7)
EPS (Bt)	0.23	0.44	(48.0)	0.32	(29.4)
Normalized EPS (Bt)	0.21	0.35	(39.5)	0.26	(19.7)
Percent	1Q19	1Q18	YoY (ppts)/(%)	4Q18	QoQ (ppts)/(%)
Gross margin	21.1	25.8	(4.7)	22.8	(1.7)
EBIT margin	8.8	13.1	(4.3)	10.7	(1.9)
SG&A/Sales	12.9	13.6	(0.6)	12.6	0.4
Sales in US\$mn	99.4	109.0	(8.8)	98.5	1.0

Source: Company data, KGI Research

Figure 2: Earnings revisions

Btmn	2019F			2020F			2021F		
	Revised	Previous	Change (%)	Revised	Previous	Change (%)	Revised	Previous	Change (%)
Sales	12,945	14,427	(10.3)	13,373	14,604	(8.4)	13,717	14,866	(7.7)
Gross profit	3,105	3,898	(20.3)	3,220	3,956	(18.6)	3,314	4,038	(17.9)
Net Profit	1,435	2,030	(29.3)	1,510	2,080	(27.4)	1,575	2,142	(26.5)
Normalized Profit	1,435	2,030	(29.3)	1,510	2,080	(27.4)	1,575	2,142	(26.5)
Key financial ratio	Revised	Previous	ppts	Revised	Previous	ppts	Revised	Previous	ppts
GPM	24.0	27.0	(3.0)	24.1	27.1	(3.0)	24.2	27.2	(3.0)
SG&A/Sales	12.8	12.8	0.0	12.8	12.8	0.0	12.8	12.8	0.0
Assumption	Revised	Previous	Change (%)	Revised	Previous	Change (%)	Revised	Previous	Change (%)
Exchange rate	32.2	32.2	0.0	32.2	32.2	0.0	32.2	32.2	0.0
Sales in US\$mn	402	448	(10.3)	415	454	(8.4)	426	462	(7.7)

Source: Company data, KGI Research

Figure 3: Assumptions

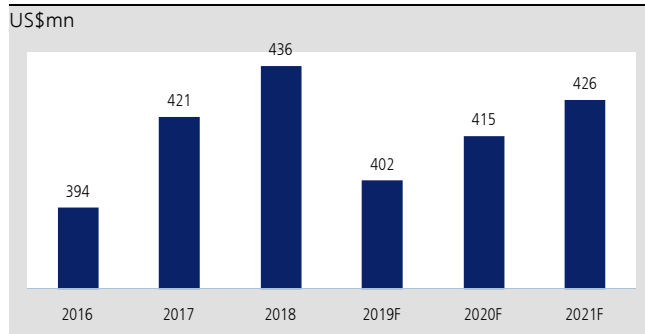
		2017	2018	2019F	2020F	2021F
Sales	US\$mn	421	436	402	415	426
Sales growth	percent	6.8	3.5	(7.8)	3.3	2.6
Exchange rate	Bt/US\$	33.7	32.1	32.2	32.2	32.2
Gross margin	percent	30.0	26.0	24.0	24.1	24.2

Source: Company data, KGI Research

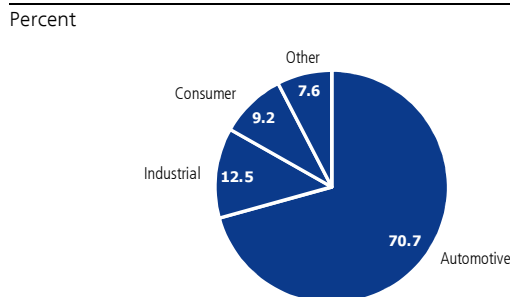
Figure 4: Company profile

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.

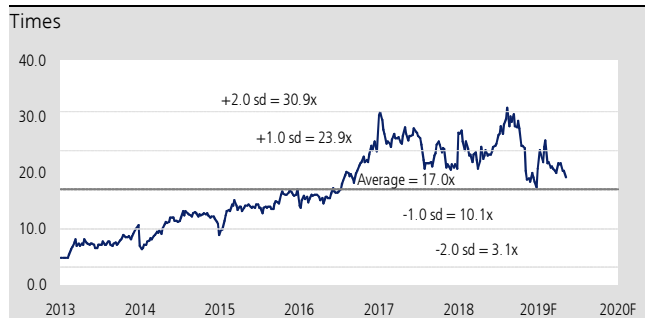
Source: Company data

Figure 6: Sales assumption


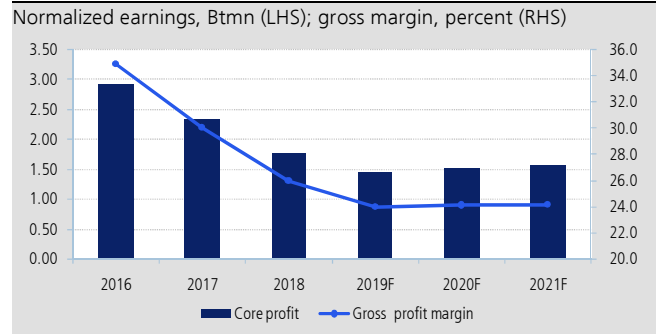
Source: Company data, KGI Research

Figure 8: Revenue breakdown by segment


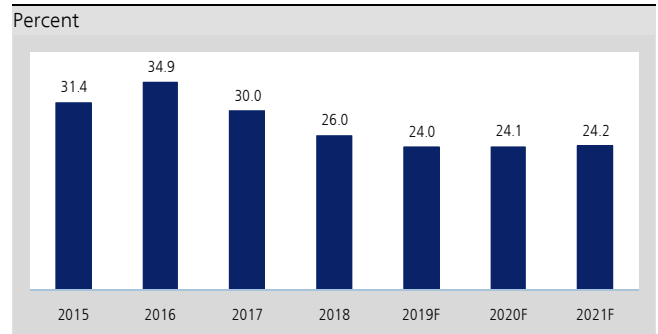
Source: Company data, Biznews, KGI Research

Figure 10: Company's PER


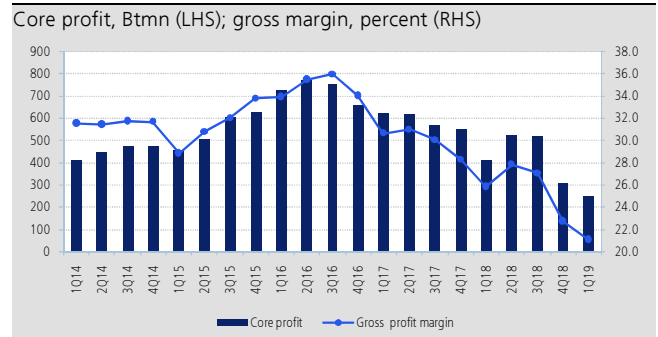
Source: KGI Research

Figure 5: Core profit


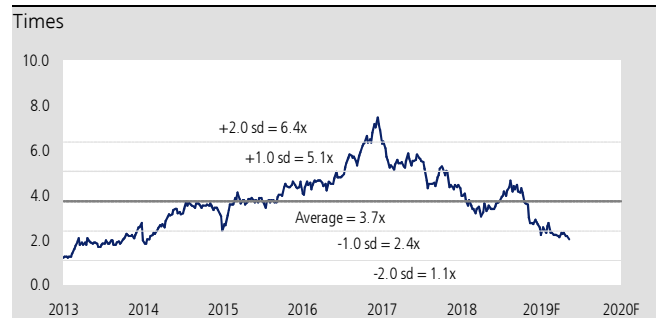
Source: Company data, KGI Research

Figure 7: Gross margin assumption


Source: Company data, KGI Research

Figure 9: Quarterly performance


Source: Company data, Biznews, KGI Research

Figure 11: Company's PBV


Source: KGI Research

Quarterly Income Statement

	Mar-16A	Jun-16A	Sep-16A	Dec-16A	Mar-17A	Jun-17A	Sep-17A	DEC-17A	Mar-18A	Jun-18A	Sep-18A	Dec-18A	Mar-19A
Income Statement (Bt mn)													
Revenue	3,529	3,579	3,515	3,174	3,536	3,664	3,602	3,393	3,440	3,643	3,690	3,209	3,114
Cost of Goods Sold	(2,331)	(2,309)	(2,251)	(2,094)	(2,452)	(2,528)	(2,519)	(2,433)	(2,551)	(2,629)	(2,692)	(2,479)	(2,457)
Gross Profit	1,198	1,270	1,264	1,080	1,084	1,135	1,083	960	889	1,014	998	730	657
Operating Expense	(423)	(454)	(437)	(381)	(444)	(485)	(485)	(404)	(466)	(471)	(464)	(403)	(403)
Other incomes	9	17	12	17	23	18	22	54	27	18	31	15	20
Operating Profit	784	833	839	716	663	668	619	609	450	561	565	342	274
Depreciation of fixed asset	(203)	(211)	(216)	(219)	(217)	(220)	(222)	(224)	(230)	(235)	(240)	(250)	(244)
Operating EBITDA	987	1,044	1,056	935	881	889	842	834	680	796	805	592	518
Non-Operating Income	23	43	30	29	39	56	45	45	107	31	42	71	20
Interest Income	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Non-op Income	23	43	30	29	39	56	45	45	107	31	42	71	20
Non-Operating Expense	(46)	(46)	(42)	(37)	(30)	(33)	(32)	(32)	(29)	(28)	(31)	(22)	(16)
Interest Expense	(46)	(46)	(42)	(37)	(30)	(33)	(32)	(32)	(29)	(28)	(31)	(22)	(16)
Other Non-op Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Income/(Loss)	6	7	10	6	4	6	5	6	4	5	7	7	5
Pre-tax profit	767	837	837	714	676	698	638	629	532	569	584	398	284
Current Taxation	(10)	(20)	(47)	(21)	(10)	(21)	(21)	(27)	(10)	(6)	(16)	(16)	(12)
Minorities	6	5	4	3	4	5	5	5	5	5	8	2	3
Extraordinary items													
Net Profit	751	812	786	690	662	672	612	598	517	558	560	380	269
Normalized Profit	728	768	756	661	623	616	567	552	410	527	517	309	248
EPS (Bt)	0.65	0.69	0.67	0.59	0.56	0.57	0.52	0.51	0.44	0.48	0.48	0.32	0.23
Normalized EPS (Bt)	0.63	0.66	0.64	0.56	0.53	0.53	0.48	0.47	0.35	0.45	0.44	0.26	0.21
Margins													
Gross profit margin	33.9	35.5	36.0	34.0	30.7	31.0	30.1	28.3	25.8	27.8	27.0	22.8	21.1
Operating EBIT margin	22.2	23.3	23.9	22.6	18.8	18.2	17.2	18.0	13.1	15.4	15.3	10.7	8.8
Operating EBITDA margin	28.0	29.2	30.0	29.5	24.9	24.3	23.4	24.6	19.8	21.8	21.8	18.5	16.6
Net profit margin	21.3	22.7	22.4	21.7	18.7	18.4	17.0	17.6	15.0	15.3	15.2	11.9	8.6
Growth (YoY)													
Revenue growth	22.4	17.4	6.5	(1.4)	0.2	2.4	2.5	6.9	(2.7)	(0.6)	2.5	(5.4)	(9.5)
Operating EBIT growth	58.0	44.9	27.2	2.8	(15.4)	(19.7)	(26.2)	(14.9)	(32.1)	(16.0)	(8.7)	(43.9)	(39.1)
Operating EBITDA growth	56.0	43.4	23.4	4.4	(10.8)	(14.8)	(20.3)	(10.9)	(22.7)	(10.5)	(4.4)	(29.0)	(23.9)
Net profit growth	46.9	65.6	37.1	3.7	(11.8)	(17.2)	(22.1)	(13.4)	(22.0)	(17.0)	(8.6)	(36.3)	(48.0)
Normalized profit growth	59.2	53.0	25.5	4.8	(14.4)	(19.8)	(24.9)	(16.4)	(34.2)	(14.4)	(8.8)	(44.1)	(39.5)

Source: KGI Research

Balance Sheet

As of 31 Dec (Bt mn)	2017	2018	2019F	2020F	2021F
Total Assets	17,850	18,121	18,364	18,895	19,447
Current Assets	7,505	7,969	8,861	9,944	10,991
Cash & ST Investment	1,140	1,383	2,537	3,415	4,296
Inventories	2,428	3,192	2,561	2,642	2,707
Account Receivable	3,876	3,273	3,724	3,847	3,946
Others	61	122	39	40	41
Non-current Assets	10,346	10,152	9,503	8,951	8,456
LT Investment	276	205	205	205	205
Net fixed Assets	9,510	9,364	8,728	8,155	7,639
Others	560	583	571	592	612
Total Liabilities	6,576	6,114	5,503	5,128	4,735
Current Liabilities	4,595	5,196	4,812	4,600	4,369
Account Payable	2,802	2,796	2,696	2,782	2,850
ST Borrowing	1,156	2,202	1,902	1,602	1,302
Others	636	199	215	216	217
Long-term Liabilities	1,981	918	691	529	366
Long-term Debts	1,771	664	496	328	160
Others	210	253	194	201	206
Shareholders' Equity	11,274	12,007	12,861	13,767	14,712
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	10,309	11,215	12,160
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)	(7.4)	3.3	2.6
OP	(19.8)	(24.5)	(19.8)	4.1	3.3
EBITDA	(12.5)	(13.8)	(20.6)	(0.0)	(0.2)
NP	(16.3)	(20.8)	(28.8)	5.2	4.3
Normalized Profit	(19.6)	(24.7)	(18.6)	5.2	4.3
EPS	(16.3)	(20.8)	(28.8)	5.2	4.3
Normalized EPS	(19.6)	(24.7)	(18.6)	5.2	4.3
Profitability (%)					
Gross Margin	30.0	26.0	24.0	24.1	24.2
Operating Margin	17.9	13.7	11.9	12.0	12.1
EBITDA Margin	25.7	22.5	19.3	18.7	18.2
Net Margin	17.9	14.4	11.1	11.3	11.5
ROAA	14.3	11.1	7.8	8.0	8.1
ROAE	22.6	16.8	11.2	11.0	10.7
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	18.7	23.3	30.1
Interest & ST Debt Coverage (x)	2.2	0.9	0.8	1.0	1.2
Cash Flow Interest Coverage (x)	29.6	24.7	30.1	32.5	41.2
Cash Flow/Interest & ST Debt (x)	2.9	1.2	1.3	1.4	1.7
Current Ratio (x)	1.6	1.5	1.8	2.2	2.5
Quick Ratio (x)	1.1	0.9	1.3	1.6	1.9
Net Debt (Bt mn)	2,380	1,656	29	(1,316)	(2,666)
Per Share Data (Bt)					
EPS	2.2	1.7	1.2	1.3	1.3
Normalized EPS	2.0	1.5	1.2	1.3	1.3
CFPS	3.2	2.3	2.2	1.9	2.0
BVPS	9.6	10.2	11.0	11.7	12.5
SPS	12.1	11.9	11.0	11.4	11.7
EBITDA/Share	3.1	2.7	2.1	2.1	2.1
DPS	1.1	0.7	0.5	0.5	0.5
Activity					
Asset Turnover (x)	0.8	0.8	0.7	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	402	415	426
Exchange Rate	33.7	32.1	32.2	32.2	32.2
Gross margin	30.0%	26.0%	24.0%	24.1%	24.2%

Source: KGI Research

Profit & Loss

Year to Dec 31 (Btmn)	2017	2018	2019F	2020F	2021F
Revenue	14,195	13,982	12,945	13,373	13,717
Cost of Goods Sold	(9,933)	(10,351)	(9,840)	(10,153)	(10,402)
Gross Profit	4,262	3,631	3,105	3,220	3,314
Operating Expenses	(1,818)	(1,804)	(1,657)	(1,712)	(1,756)
Other Incomes	98	92	91	94	96
Operating Profit	2,543	1,919	1,539	1,602	1,655
Depreciation of fixed assets	(884)	(955)	(936)	(873)	(815)
Operating EBITDA	3,653	3,147	2,500	2,500	2,495
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	1,480	1,557	1,624
Current Taxation	(78)	(49)	(35)	(36)	(38)
Minorities	18	19	10	11	11
Extraordinaries items	0	66	0	0	0
Net Profit	2,545	2,015	1,435	1,510	1,575
Normalized Profit	2,341	1,763	1,435	1,510	1,575
EPS (Bt)	2.17	1.72	1.22	1.29	1.34
Normalized EPS (Bt)	2.00	1.50	1.22	1.29	1.34

Source: KGI Research

Cash Flow

Year to 31 Dec (Bt mn)	2017	2018	2019F	2020F	2021F
Operating Cash Flow	3,758	2,710	2,525	2,267	2,297
Net Profit	2,545	2,015	1,435	1,510	1,575
Depreciation & Amortization	884	955	936	873	815
Change in Working Capital	329	(260)	154	(116)	(93)
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	2,208	1,950	1,980
Financing Cash Flow	(2,307)	(1,763)	(1,054)	(1,072)	(1,098)
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)	(582)	(604)	(630)
Net Cash Flow	248	243	1,154	878	882

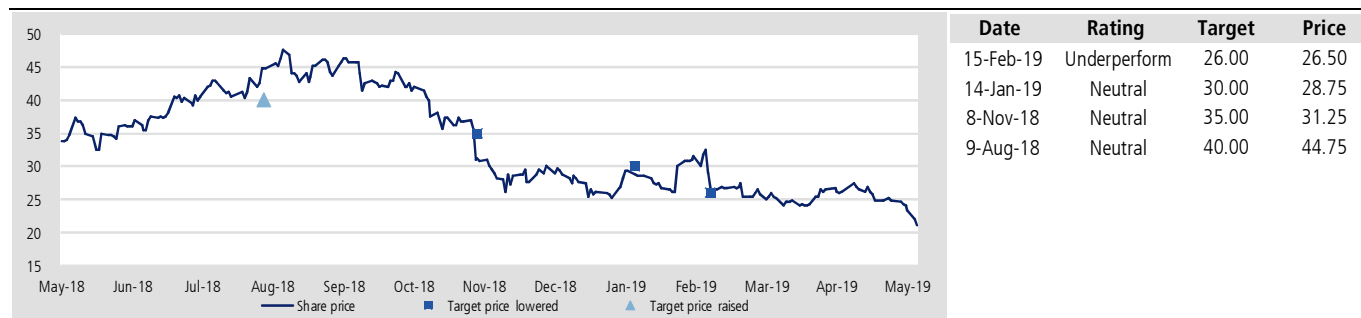
Source: KGI Research

Rates of Return on Invested Capital

Year	1- $\frac{\text{COGS}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Operating Exp.}}{\text{Revenue}}$	= $\frac{\text{Operating Margin}}{\text{Revenue}}$
2017	70.0%	6.2%	13.5%	10.3%
2018	74.0%	6.8%	13.6%	5.6%
2019F	76.0%	7.2%	13.5%	3.3%
2020F	75.9%	6.5%	13.5%	4.1%
2021F	75.8%	5.9%	13.5%	4.7%
Year	1/ $\frac{\text{Working Capital}}{\text{Revenue}}$	+ $\frac{\text{Net PPE}}{\text{Revenue}}$	+ $\frac{\text{Other Assets}}{\text{Revenue}}$	= $\frac{\text{Capital Turnover}}{\text{Revenue}}$
2017	0.0	0.7	0.6	0.8
2018	(0.0)	0.7	0.6	0.8
2019F	0.0	0.7	0.7	0.7
2020F	(0.0)	0.6	0.8	0.7
2021F	(0.0)	0.6	0.9	0.7
Year	$\frac{\text{Operating Margin}}{\text{Revenue}}$	x $\frac{\text{Capital Turnover}}{\text{Revenue}}$	x $\frac{\text{Cash Tax Rate}}{\text{Revenue}}$	= $\frac{\text{After-tax Return on Inv. Capital}}{\text{Revenue}}$
2017	10.3%	0.8	3.0%	0.2%
2018	5.6%	0.8	2.3%	0.1%
2019F	3.3%	0.7	2.3%	0.1%
2020F	4.1%	0.7	2.3%	0.1%
2021F	4.7%	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 ERWAN 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 ERAWAN 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
CENDEL	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.