

KCE Electronics

(KCE.BK/KCE TB)*

Neutral • Maintained

Price as of 12 Nov 2019	17.10
12M target price (Bt/shr)	15.50
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	(9.4)

Key messages

KCE reported a 3Q19 net profit of Bt255mn (-54% YoY, +60% QoQ). The result was 4% above our forecast, but 3% below the market consensus. The company's 9M19 earnings were Bt683mn (-59% YoY), accounting for 76% of our full-year forecast. Recoveries were seen in both top line and gross margin in this quarter. Our expectation for earnings growth of 17% in 2020-2021 remains intact. The share price seems to be fully valued, as the last closing price implies 18.8x PER on 2020-EPS. Trading opportunity is possible if the street continues to assign a premium PER to KCE. We maintain a Neutral rating with an end-2020 target price of Bt15.50.

Mkt cap (Btbn/US\$mn)	20.1/501
Outstanding shares (mn)	1,173
Foreign ownership (mn)	231
3M avg. daily trading (mn)	8
52-week trading range (Bt)	13.5 - 32.5
Performance (%)	3M 6M 12M
Absolute	8.9 -9.0 -43.0
Relative	8.5 -9.6 -41.8

Quarterly EPS

	1Q	2Q	3Q	4Q
2017	0.56	0.57	0.52	0.51
2018	0.46	0.48	0.48	0.30
2019	0.23	0.14	0.22	

Share price chart



Source: SET

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

3Q19 earnings review: Better than estimate

Event

KCE reported a 3Q19 net profit of Bt255mn (-54% YoY, +60% QoQ). The result was 4% above our forecast, but 3% below the market consensus. Earnings were slightly better than expected due to a higher than expected gross margin (preview at 20.3% versus actual at 20.7%). The company's 9M19 net profit was Bt683mn (-59% YoY), accounting for 76% of our full-year forecast.

Impact

Signs of recovery in the top line

KCE achieved 3Q19 sales of Bt3.1bn (-16% YoY, +3% QoQ). Excluding the impact from exchange rate, sales in US dollar terms was US\$101mn (-10% YoY, +6% QoQ) on the back of a resumption in orders. This brought 9M19 sales to US\$297mn (-12% YoY) and accounted for 74% of our full-year assumption of US\$402mn.

Gross margin improvement from better utilization

Gross margin reached 20.7% in the quarter (-6.4ppts YoY, +1.7ppts QoQ). The improvement QoQ was from a better utilization rate and higher sales mix of high margin product (special grade PCB ~13% of total sales in 3Q19 vs ~10% in 2Q19). Meanwhile, the contraction YoY was from the baht appreciating (FX was Bt30.5/US\$ in 3Q19 vs Bt32.7/US\$ in 3Q18). This brought 9M19 gross margin to 20.3% versus our current assumption of 20.3%.

4Q19 to drop YoY and QoQ

We expect 4Q19 earnings to soften both YoY and QoQ due to a softer top line (on seasonality) and gross margin (from baht appreciation and production efficiency). We believe our current 2019 earnings forecast of Bt902mn is still achievable.

Valuation & Action

We rate KCE Neutral with an end-2020 target price of Bt15.50 based on PER 17.0x (+0.75 S.D. sector average). Even though KCE's earnings are expected to recover with impressive earnings growth of 17% in 2020-2021, the current share price has traded at a high PER (18.8x on 2020 EPS, implied +1.0 S.D. sector average). There is no further upside in terms of fundamentals, however, a trading opportunity is possible if the market continues to assign a premium to KCE.

Risks

Natural disasters, unplanned plant shutdowns, customers shifting to other suppliers, raw material shortages, and baht appreciation (our assumption is Bt30.8/US\$ and Bt30.3/US\$ in 2019-2020).

Key financials and valuations

Year end Dec 31	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (Btmn)	14,195	13,982	12,376	12,734	13,227
Gross profit (btmn)	4,262	3,631	2,516	2,685	2,888
SG&A (Btmn)	1,818	1,804	1,572	1,598	1,640
Net profit (Btmn)	2,545	2,015	902	1,069	1,234
Normalized profit (Btmn)	2,341	1,763	923	1,069	1,234
EPS (Bt)	2.2	1.7	0.8	0.9	1.1
Normalized EPS (Btmn)	2.0	1.5	0.8	0.9	1.1
DPS (Btmn)	1.1	1.2	0.6	0.7	0.8
EPS growth (%)	(16.3)	(20.8)	(55.2)	18.5	15.4
Normalized EPS growth (%)	(19.6)	(24.7)	(47.7)	15.9	15.4
P/E (X)	20.7	17.5	21.7	18.8	16.3
P/B (X)	4.3	2.6	1.7	1.6	1.6
EV/EBITDA (X)	13.9	10.3	10.2	9.5	8.7
Net debt to Equity (%)	21.0	13.7	7.0	0.1	(5.9)
Dividend yield (%)	2.7	4.4	3.5	4.1	4.7
Return on Equity (%)	22.6	16.8	7.6	8.8	9.9

Source: Company data, KGI Research

Figure 1: KCE's 3Q19 earnings review

Btmn	3Q19F	3Q18	%YoY	2Q19	%QoQ	9M19	9M18	%YoY	Comment
Revenue from sales	3,088	3,690	(16.3)	2,993	3.2	9,195	10,774	(14.7)	
Cost of good sold	2,450	2,692	(9.0)	2,425	1.1	7,332	7,873	(6.9)	
Gross profit	638	998	(36.1)	568	12.3	1,863	2,901	(35.8)	
SG&A expense	422	464	(9.0)	372	13.5	1,197	1,401	(14.6)	
EBIT	282	615	(54.1)	225	25.4	808	1,797	(55.1)	
Non-op inc/(exp)	38	42	(10.2)	(41)	(193.8)	18	205	(91.3)	
Net profit	255	560	(54.4)	159	60.4	683	1,659	(58.9)	Better than estimate by 4%
Normalized profit	217	517	(58.1)	200	8.7	665	1,454	(54.3)	
EPS (Bt)	0.22	0.48	(54.4)	0.14	60.4	0.58	1.41	(58.9)	
Normalized EPS (Bt)	0.19	0.44	(58.1)	0.17	8.7	0.57	1.24	(54.3)	
Percent	3Q19F	3Q18	YoY ppts	2Q19	QoQ ppts	9M19	9M18	YoY ppts	Comment
Gross margin	20.7	27.0	(6.4)	19.0	1.7	20.3	26.9	(6.7)	Improve GPM from better U-rate
SG&A to sales	13.7	12.6	1.1	12.4	1.2	13.0	13.0	0.0	
EBIT margin	9.1	16.7	(7.5)	7.5	1.6	8.8	16.7	(7.9)	
Net margin	8.3	15.2	(6.9)	5.3	2.9	7.4	15.4	(8.0)	
Assumption	3Q19F	3Q18	%YoY	2Q19	%QoQ	9M19	9M18	%YoY	
Sales in US\$mn	101	113	(10.1)	96	6.1	297	337	(12.0)	

Source: Company data, KGI Research

Figure 2: Moderate sales growth

Sales, US\$mn (LHS); YoY growth, percent (RHS)



Source: Company data, KGI Research

Figure 3: KCE's share price at different levels of PER

	PER (X)										
TP	15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0	23.0	24.0	25.0
2019	11.8	12.6	13.4	14.2	14.9	15.7	16.5	17.3	18.1	18.9	19.7
2020	13.7	14.6	15.5	16.4	17.3	18.2	19.1	20.1	21.0	21.9	22.8
2021	15.8	16.8	17.9	18.9	20.0	21.0	22.1	23.1	24.2	25.3	26.3

Source: KGI Research

Figure 4: Key assumptions

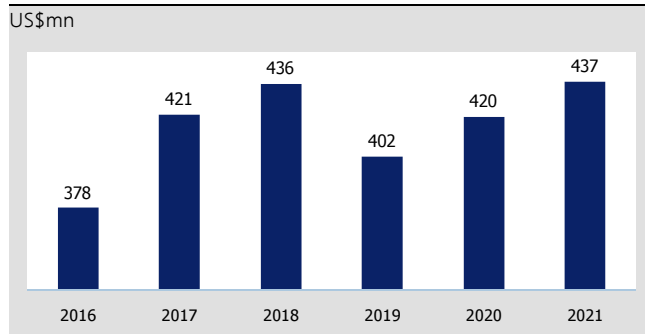
Assumption	Unit	2015	2016	2017	2018	2019F	2020F	2021F
Sales	US\$mn	365	378	421	436	402	420	437
Sales growth	%YoY	6.4	3.5	11.4	3.4	(7.8)	4.6	3.9
Gross margin	Percent	31.4	34.9	30.0	26.0	20.3	21.1	21.8
Exchange rate	Bt/US\$	34.1	36.5	33.7	32.1	30.8	30.3	30.3

Source: Company data, KGI Research

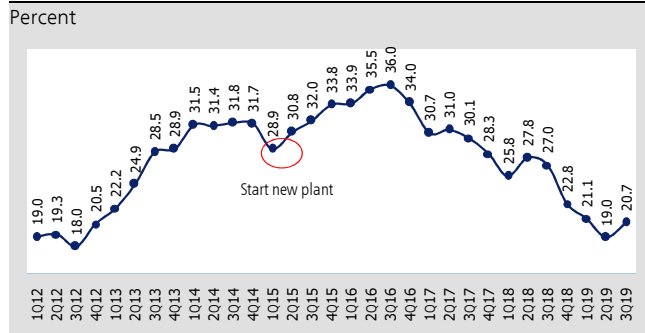
Figure 5: Company profile

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.

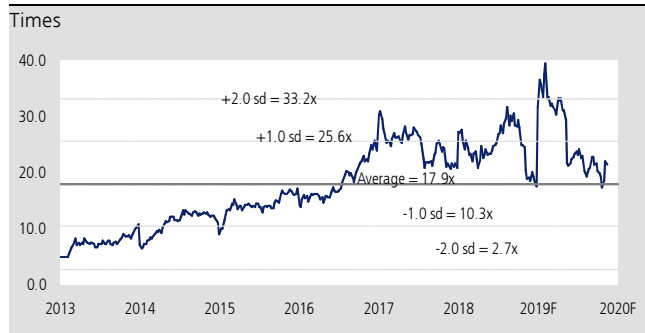
Source: Company data

Figure 7: Sales assumption


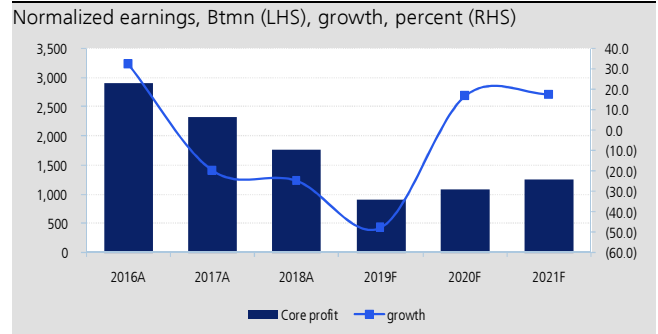
Source: Company data, KGI Research

Figure 9: Gross margin quarterly


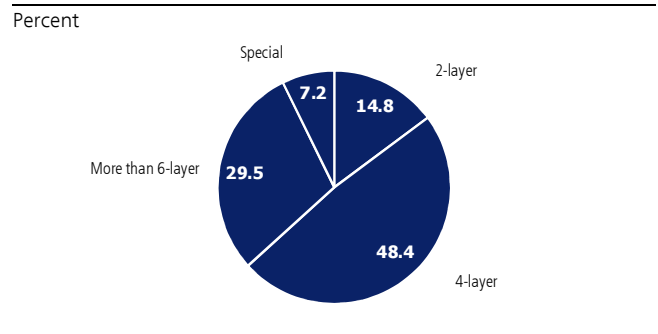
Source: Company data, KGI Research

Figure 11: PER


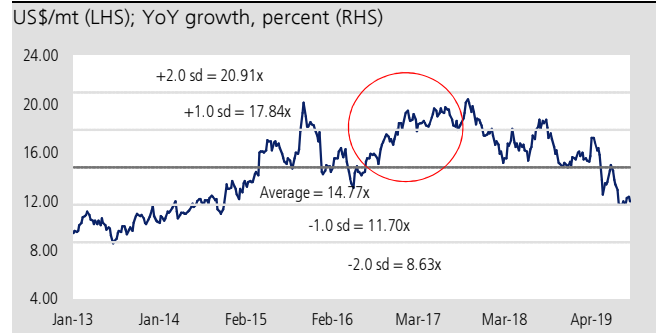
Source: KGI Research

Figure 6: Core profit


Source: Company data, KGI Research

Figure 8: Revenue breakdown by product


Source: Company data, KGI Research

Figure 10: Electronics sector PER


Source: Company data, KGI Research

Figure 12: PBV


Source: KGI Research

Quarterly Income Statement

	Mar-17A	Jun-17A	Sep-17A	Dec-17A	Mar-18A	Jun-18A	Sep-18A	Dec-18A	Mar-19A	Jun-19A	Sep-19A
Income Statement (Btmn)											
Revenue	3,536	3,664	3,602	3,393	3,440	3,643	3,690	3,209	3,114	2,993	3,088
Cost of good sold	2,452	2,528	2,519	2,433	2,551	2,629	2,692	2,479	2,457	2,425	2,450
Gross profit	1,084	1,135	1,083	960	889	1,014	998	730	657	568	638
Operating expense	444	485	485	404	466	471	464	403	403	372	422
Other income	23	18	22	54	27	18	31	15	20	21	23
Operating profit	663	668	619	609	450	561	565	342	274	217	239
Depreciation of fixed asset	217	220	222	224	230	235	240	250	244	246	248
Operating EBITDA	881	889	842	834	680	796	805	592	518	463	487
Non-Operating income	0	0	0	0	66	0	0	0	0	0	0
Interest income	0	0	0	0	0	0	0	0	0	0	0
Other non-op. income	0	0	0	0	66	0	0	0	0	0	0
Non-Operating expense	(30)	(33)	(32)	(32)	(29)	(28)	(31)	(22)	(16)	(16)	(15)
Interest expense	(30)	(33)	(32)	(32)	(29)	(28)	(31)	(22)	(16)	(16)	(15)
Other non-op. expense	0	0	0	0	0	0	0	0	0	0	0
Equity income	4	6	5	6	4	5	7	7	5	5	5
Pre-tax profit	676	698	638	629	557	569	584	374	284	209	267
Current taxation	(10)	(21)	(21)	(27)	(10)	(6)	(16)	(16)	(12)	(2)	(8)
Minorities	4	5	5	5	5	5	8	2	3	4	4
Extra items	39	56	45	45	66	31	42	47	20	(41)	38
Net profit	662	672	612	598	542	558	560	356	269	159	255
Normalized profit	623	616	567	552	410	527	517	309	248	200	217
EPS (Bt)	1	1	1	1	0	0	0	0	0	0	0
Normalized EPS (Bt)	1	1	0	0	0	0	0	0	0	0	0
Margin (%)											
Gross profit margin	30.7	31.0	30.1	28.3	25.8	27.8	27.0	22.8	21.1	19.0	20.7
Operating EBIT margin	18.8	18.2	17.2	18.0	13.1	15.4	15.3	10.7	8.8	7.3	7.7
Operating EBITDA margin	24.9	24.3	23.4	24.6	19.8	21.8	21.8	18.5	16.6	15.5	15.8
Net profit margin	18.7	18.4	17.0	17.6	15.7	15.3	15.2	11.1	8.6	5.3	8.3
Growth (%YoY)											
Revenue growth	0.2	2.4	2.5	6.9	(2.7)	(0.6)	2.5	(5.4)	(9.5)	(17.9)	(16.3)
Operating EBIT growth	(17.9)	(23.7)	(28.8)	(18.2)	(32.1)	(16.0)	(8.7)	(43.9)	(39.1)	(61.3)	(57.7)
Operating EBITDA growth	(12.8)	(18.2)	(22.5)	(17.4)	(22.7)	(10.5)	(4.3)	(29.0)	(23.9)	(41.8)	(39.5)
Net profit growth	(11.8)	(17.2)	(22.1)	(13.4)	(18.2)	(17.0)	(8.6)	(40.5)	(50.4)	(71.5)	(54.4)
Normalized profit growth	(17.0)	(24.1)	(27.8)	(19.9)	(34.2)	(14.4)	(8.8)	(44.1)	(39.5)	(62.1)	(58.1)

Source: KGI Research

Balance Sheet

As of 31 Dec (Btmn)	2017	2018	2019F	2020F	2021F
Total Assets	17,850	18,121	17,398	17,587	17,852
Current Assets	7,505	7,969	7,965	8,754	9,554
Cash&ST Investment	1,140	1,383	2,034	2,676	3,265
Inventories	2,428	3,192	2,431	2,478	2,549
Account Receivable	3,876	3,273	3,391	3,489	3,624
Other	61	122	108	111	115
Non-current Assets	10,346	10,152	9,434	8,833	8,298
LT Investment	276	205	181	186	193
Net Fixed Assets	9,510	9,364	8,686	8,077	7,529
Others	560	583	566	570	575
Total Liabilities	6,576	6,114	5,545	5,427	5,339
Current liabilities	4,595	5,196	4,829	4,873	4,944
Account Payable	2,802	2,796	2,431	2,478	2,549
ST borrowing	1,156	2,202	2,202	2,202	2,202
Others	636	199	196	193	193
Long-term liabilities	1,981	918	716	554	394
Long-term debts	1,767	659	491	323	155
Others	215	259	225	231	240
Shareholders' Equity	11,274	12,007	11,853	12,160	12,513
Common stock	586	586	586	586	586
Capital surplus	1,907	1,907	1,907	1,907	1,907
Retained earnings	8,732	9,448	9,294	9,601	9,954
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)	(11.5)	2.9	3.9
OP	(19.8)	(24.5)	(46.3)	14.1	14.0
EBITDA	(12.5)	(13.8)	(34.8)	2.6	4.9
NP	(16.3)	(20.8)	(55.2)	18.5	15.4
Normalized profit	(19.6)	(24.7)	(47.7)	15.9	15.4
EPS	(16.3)	(20.8)	(55.2)	18.5	15.4
Normalized EPS	(19.6)	(24.7)	(47.7)	15.9	15.4
Profitability (%)					
Gross margin	30.0	26.0	20.3	21.1	21.8
Operating margin	17.9	13.7	8.3	9.2	10.1
EBITDA margin	25.7	22.5	16.6	16.5	16.7
Net margin	17.9	14.4	7.3	8.4	9.3
ROAA	14.5	11.2	5.1	6.1	7.0
ROAE	0.2	0.2	0.1	0.1	0.1
Stability					
Gross debt/equity (%)	0.6	0.5	0.5	0.4	0.4
Net debt/equity (%)	0.2	0.1	0.1	0.0	(0.1)
Interest coverage (x)	21.8	20.0	12.5	14.8	18.0
Interest&ST debt coverage	2.2	0.9	0.5	0.5	0.6
Cash flow interest coverage	29.6	25.0	25.1	23.3	25.7
Cash flow/interest&ST debt	2.9	1.2	0.9	0.8	0.9
Current ratio (x)	1.6	1.5	1.6	1.8	1.9
Quick ratio (x)	1.1	0.9	1.1	1.3	1.4
Net debt (Btmn)	2,370	1,646	826	17	(741)
Per share data (Bt)					
EPS	2.2	1.7	0.8	0.9	1.1
Normalized EPS	2.0	1.5	0.8	0.9	1.1
CFPS	3.2	2.3	1.8	1.6	1.7
BVPS	9.6	10.2	10.1	10.4	10.7
Sales/share	12.1	11.9	10.6	10.9	11.3
EBITDA/share	3.1	2.7	1.7	1.8	1.9
DPS	1.1	1.2	0.6	0.7	0.8
Activity					
Asset turnover (x)	0.8	0.8	0.7	0.7	0.7
Days of receivables	100	85	100	100	100
Days of inventory	89	113	90	90	90
Days of payable	103	99	90	90	90
Cash cycle	86	99	100	100	100

Source: KGI Research

Profit & Loss

Year to Dec 31 (Btmn)	2017	2018	2019F	2020F	2021F
Revenue	14,195	13,982	12,376	12,734	13,227
Cost of good sold	9,933	10,351	9,860	10,049	10,339
Gross profit	4,262	3,631	2,516	2,685	2,888
Operating expense	1,818	1,804	1,572	1,598	1,640
Other income	98	92	87	89	93
Operating Profit	2,543	1,919	1,031	1,176	1,341
Depreciation of fixed asset	884	955	978	909	848
Operating EBITDA	3,427	2,873	2,009	2,085	2,188
Non-operating income	0	66	0	0	0
Interest income	0	0	0	0	0
Other non-op income	0	66	0	0	0
Non-operating expense	(127)	(110)	(86)	(81)	(76)
Interest expense	(127)	(110)	(86)	(81)	(76)
Other non-op expense	0	0	0	0	0
Equity income/(loss)	22	22	20	20	21
Pretax profit	2,641	2,083	988	1,115	1,286
Current taxation	(78)	(49)	(30)	(33)	(39)
Minorities	18	19	12	13	13
Extra item	203	186	(20)	0	0
Net profit	2,545	2,015	902	1,069	1,234
Normalized profit	2,341	1,763	923	1,069	1,234
EPS (Bt)	2.2	1.7	0.8	0.9	1.1
Normalized EPS (Bt)	2.0	1.5	0.8	0.9	1.1

Source: KGI Research

Cash Flow

Year to Dec 31 (Btmn)	2017	2018	2019F	2020F	2021F
Operating cash flow	3,758	2,746	2,157	1,881	1,947
Net profit	2,545	2,015	902	1,069	1,234
Depreciation&Amortization	884	955	978	909	848
Change in working capital	329	(224)	277	(98)	(135)
Others					
Investment cash flow	(1,203)	(740)	(277)	(305)	(307)
Net CAPEX	(1,257)	(809)	(300)	(300)	(300)
Change in LT investment	42	72	23	(5)	(7)
Change in other assets	12	(3)	0	0	0
Free cash flow	2,555	2,006	1,880	1,575	1,640
Financing cash flow	(2,307)	(1,763)	(1,229)	(934)	(1,050)
Change in share capital	0	0	0	0	0
Net change in debt	(1,009)	(481)	(172)	(172)	(169)
Change in other liabs	(1,298)	(1,282)	(1,057)	(762)	(881)
Net cash flow	248	243	652	641	589

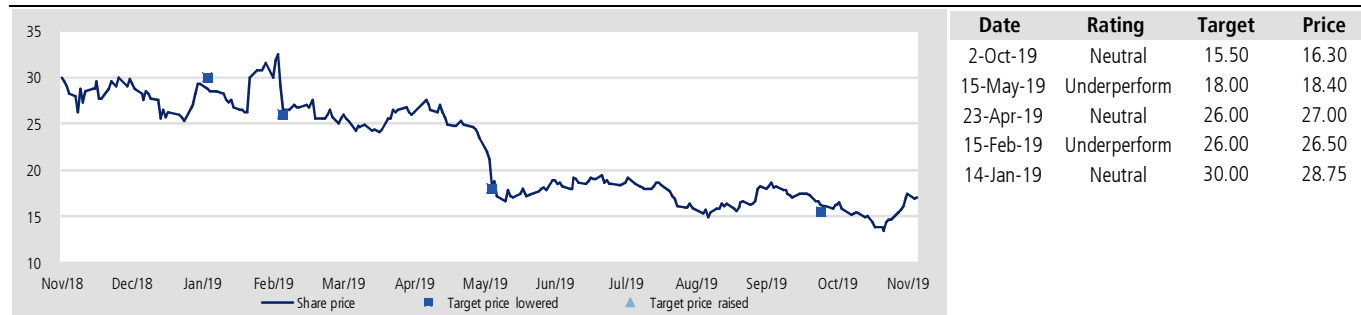
Source: KGI Research

Rates of Return on Invested Capital

Year	1- $\frac{\text{COGS}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Operating expense}}{\text{Revenue}}$	= $\frac{\text{Operating margin}}{\text{Revenue}}$
2017	70.0%	6.2%	12.8%	11.0%
2018	74.0%	6.8%	12.9%	6.2%
2019F	79.7%	7.9%	12.7%	-0.3%
2020F	78.9%	7.1%	12.6%	1.4%
2021F	78.2%	6.4%	12.4%	3.0%
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	0.7	0.7
2021F	(0.0)	0.6	0.8	0.7
Year	1/ $\frac{\text{Operating margin}}{\text{Revenue}}$	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	11.0%	0.8	3.0%	0.3%
2018	6.2%	0.8	2.3%	0.1%
2019F	-0.3%	0.7	3.0%	0.0%
2020F	1.4%	0.7	3.0%	0.0%
2021F	3.0%	0.7	3.0%	0.1%

Source: KGI Research

KCE Electronics PCL – 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
ADVANC	ADVANCED INFO SERVICE	IRPC	IRPC	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
AMATA	AMATA CORPORATION	IVL	INDORAMA VENTURES	ROBINS	ROBINSON DEPARTMENT STORE
ANAN	ANANDA DEVELOPMENT	KBANK	KASIKORNBANK	SAMART	SAMART CORPORATION
AOT	AIRPORTS OF THAILAND	KCE	KCE ELECTRONICS	SAMTEL	SAMART TELCOMS
AP	ASIAN PROPERTY DEVELOPMENT	KKP	KIATNAKIN BANK	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	KTB	KRUNG THAI BANK	SCC	THE SIAM CEMENT
BCP	THE BANGCHAK PETROLEUM	KTC	KRUNGTHAI CARD	SCCC	SIAM CITY CEMENT
BCPG	BCPG	LPN	L.P.N. DEVELOPMENT	SPALI	SUPALAI
BTS	BTS GROUP HOLDINGS	MAKRO	SIAM MAKRO	SPRC	STAR PETROLEUM REFINING
CK	CH. KARNCHANG	MBK	MBK	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
CKP	CK POWER	MINT	MINOR INTERNATIONAL	SVI	SVI
CPN	CENTRAL PATTANA	MONO	MONO TECHNOLOGY	TCAP	THANACHART CAPITAL
DELTA	DELTA ELECTRONICS (THAILAND)	MTC	MUANGTHAI CAPITAL	THAI	THAI AIRWAYS INTERNATIONAL
DTAC	TOTAL ACCESS COMMUNICATION	NYT	NAMYONG TERMINAL	THCOM	THAI COM
EGCO	ELECTRICITY GENERATING	PLANB	PLAN B MEDIA	TISCO	TISCO FINANCIAL GROUP
GFPT	GFPT	PSH	PRUKSA HOLDING	TMB	TMB BANK
GPSC	GLOBAL POWER SYNERGY	PTT	PTT	TOP	THAI OIL
GUNKUL	GUNKUL ENGINEERING	PTTEP	PTT EXPLORATION AND PRODUCTION	TRUE	TRUE CORPORATION
HANA	HANA MICROELECTRONICS	PTTGC	PTT GLOBAL CHEMICAL	WHA	WHA CORPORATION
HMPRO	HOME PRODUCT CENTER	PYLON	PYLON		
INTUCH	SHIN CORPORATION	QH	QUALITY HOUSES		



Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	CPALL	CP ALL	SAWAD	SIRISAWAD POWER 1979
AMA	AMA MARINE	DCC	DYNASTY CERAMIC	SCI	SCI ELECTRIC
BA	BANGKOK AIRWAYS	EPG	EASTERN POLYMER GROUP	SCN	SCAN INTER
BBL	BANGKOK BANK	ERW	THE ERWAN GROUP	SEAFICO	SEAFICO
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GLOBAL	SIAM GLOBAL HOUSE	SIRI	SANSIRI
BEC	BEC WORLD	GLOW	GLOW ENERGY	TFG	THAIFOODS GROUP
BEM	BANGKOK EXPRESSWAY AND METRO	GULF	GULF ENERGY DEVELOPMENT	TICON	TICON INDUSTRIAL CONNECTION
BGRIM	B. GRIMM POWER	LH	LAND AND HOUSES	TKN	TAOKAENOI FOOD & MARKETING
BPP	BANPU POWER	M	MK RESTAURANT GROUP	TOA	TOA PAINT (THAILAND)
CBG	CARABAO GROUP	MAJOR	MAJOR CINEPLEX GROUP	THAI WAH	THAI WAH
CENTEL	CENTRAL PLAZA HOTEL	MALEE	MALEE SAMPRAN	WHAUP	WHA UTILITIES AND POWER
CHG	CHULARAT HOSPITAL	NOK	NOK AIRLINES		
COM7	COM7	RS	RS		



Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	SAPPE	SAPPE	UNIQ	UNIQUE ENGINEERING AND CONSTRUCTION
BH	BUMRUNGRAD HOSPITAL	SF	SIAM FUTURE DEVELOPMENT	WORK	WORKPOINT ENTERTAINMENT
EKH	EKACHAI MEDICAL CARE	SQ	SAHAKOL EQUIPMENT		
LPH	LADPRAO GENERAL HOSPITAL	TPCH	TPC POWER HOLDING		

Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
CMAN	CHEMEMAN				

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
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

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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.

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