

KCE Electronics

(KCE.BK/KCE TB)*

Neutral • Maintained

Price as of 20 Jul 2020	25.50
12M target price (Bt/shr)	26.00
Unchanged/Revised up(down)(%)	48.6
Upside/downside (%)	2.0

Key messages

We expect KCE to post a 2Q20F core profit of Bt52mn (-67% YoY, -88% QoQ) on the back of weak sales and gross margin due to the full impact of the COVID-19 outbreak. Earnings recovery in 2H20 and 2021 caused us to re-rate PER as risk from copper price could be partially offset by economy of scale. We roll-over our target price to end-2021 at Bt26.00 based on PER 24.0x (+0.5 S.D its historical). Given 2.0% upside to our target price, we maintain a Neutral rating on KCE.

Mkt cap (Btbn/US\$mn)	29.9/748
Outstanding shares (mn)	1,173
Foreign ownership (mn)	263
3M avg. daily trading (mn)	46
52-week trading range (Bt)	12.0 – 25.8
Performance (%)	3M 6M 12M
Absolute	72.3 15.9 41.7
Relative	58.9 34.3 80.3

Quarterly EPS

	1Q	2Q	3Q	4Q
2018	0.46	0.48	0.48	0.30
2019	0.23	0.14	0.22	0.21
2020	0.36			

Share price chart



Source: SET

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2Q20F earnings preview: Core profit to drop YoY and QoQ

Event

We forecast KCE to report a 2Q20F core profit of Bt52mn (-67% YoY, -88% QoQ) mainly from weak sales and low gross margin. This would put its 1H20F core profit at Bt399mn (-11% YoY), accounting for 48% of our full-year forecast of Bt828mn.

Impact

Weak top line due to COVID-19 pandemic

We estimate KCE's 2Q20F top line at US\$65mn (-33 YoY, -38% QoQ). The decline would be mainly from the temporary shutdowns of automotive makers during lockdowns for the COVID-19 pandemic. Fifty percent of KCE's clients shut down their plants in April and even though operations resumed in May, it was only at a slow rate. This should put KCE's 1H20F sales at US\$169mn (-13% YoY), accounting for 48% of our full-year assumption.

Gross margin to soften to 18.8%

Positive factors from i) baht depreciation (avg FX Bt31.9/US\$ in 2Q20 vs Bt31.1/US\$ in 1Q20 vs Bt31.3/US\$ in 2Q19) and ii) lower copper price (copper price down 5% QoQ in 2Q20 to ~US\$5,400/ton) are expected to help offset weaker economy of scale on lower sales, so we expect KCE to achieve a 2Q20F gross margin of 18.8% (-0.2ppts YoY and -5ppts QoQ). This would put 1H20 gross margin at 22.0% (vs our full-year assumption at 20.0% and management's guidance at 20.3%).

PER re-rating to capture earnings recovery

Given earnings recovery in 2H20F from low base and 55% earnings growth in 2021F, we re-rate multiple PER from 19.5x (+1.5 S.D sector average) to 24.0x (+0.5 S.D its historical average) which implies PEG at 0.5x based on end-2021F EPS in order to capture the earnings recovery outlook. Short-term risk from higher copper price could be partially outweighed by economy of scale on higher sales. Our gross margin at 22.4% in 2021 is on the conservative side compared to its 10-year (2010-2019) historical average at 25.7%.

Valuation & Action

We roll-over our target price to end-2021 at Bt26.00 based on PER 24.0x (+0.5 S.D its historical average). Potential earnings upside would come from better gross margin as every 1ppts improvement in gross margin would increase KCE's bottom line by ~10%. Given 2% upside to our new target price, we maintain a Neutral rating.

Risks

Natural disasters, unplanned plant shutdowns, customers shifting to other suppliers, raw material shortages, and baht appreciation (our assumption is Bt31.9/US\$ in 2020-2021).

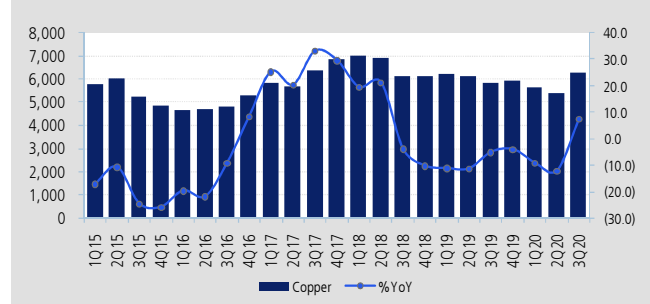
Key financials and valuations

Year end Dec 31	Dec-17A	Dec-18A	Dec-19A	Dec-20F	Dec-21F
Revenue (Btmn)	14,195	13,982	12,097	11,172	12,810
Gross profit (btmn)	4,262	3,631	2,454	2,234	2,873
SG&A (Btmn)	1,818	1,804	1,569	1,427	1,623
Net profit (Btmn)	2,545	2,015	934	828	1,279
Normalized profit (Btmn)	2,341	1,763	879	828	1,279
EPS (Bt)	2.2	1.7	0.80	0.71	1.09
Normalized EPS (Btmn)	2.0	1.5	0.75	0.71	1.09
DPS (Btmn)	1.1	1.1	0.7	0.5	0.8
EPS growth (%)	(16.3)	(20.8)	(53.6)	(11.4)	54.5
Normalized EPS growth (%)	(19.6)	(24.7)	(50.2)	(5.8)	54.5
P/E (X)	20.7	17.5	32.7	36.1	23.4
P/B (X)	4.3	2.6	2.4	2.5	2.4
EV/EBITDA (X)	13.9	10.3	14.4	15.4	12.5
Net debt to Equity (%)	21.0	13.7	9.3	(4.1)	(9.5)
Dividend yield (%)	2.7	4.2	2.9	2.1	3.2
Return on Equity (%)	22.6	16.8	7.9	6.9	10.3

Source: Company data, KGI Research

Figure 1: Copper price quarterly

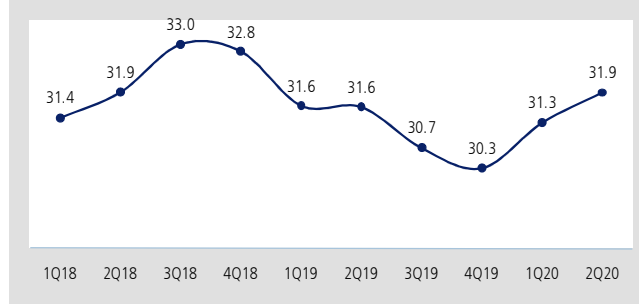
Copper, US\$/ton (LHS); change YoY, percent (RHS)



Source: Biznews, KGI Research

Figure 2: Exchange rate quarterly

Bt/US\$



Source: Biznews, KGI Research

Figure 3: 2Q20F earnings preview

Btmn	2Q20F	2Q19	%YoY	1Q20	%QoQ	1H20F	1H19	%YoY
Revenue from sales	2,059	2,993	(31.2)	3,260	(36.8)	5,318	6,107	(12.9)
Cost of goods sold	1,671	2,425	(31.1)	2,478	(32.6)	4,149	4,882	(15.0)
Gross profit	387	568	(31.8)	782	(50.5)	1,169	1,225	(4.5)
SG&A expense	344	372	(7.5)	430	(20.0)	774	775	(0.1)
EBIT	68	225	(69.7)	456	(85.0)	525	525	(0.1)
Non-op inc/(exp)	0	(41)	(100.0)	78	(100.0)	78	(20)	(485.1)
Net profit	52	159	(67.2)	425	(87.7)	477	428	11.6
Normalized profit	52	200	(73.8)	347	(84.9)	399	448	(10.9)
EPS (Bt)	0.04	0.14	(67.2)	0.36	(87.7)	0.41	0.36	11.6
Normalized EPS (Bt)	0.04	0.17	(73.8)	0.30	(84.9)	0.34	0.38	(10.9)
Percent	2Q20F	2Q19	YoY ppts	1Q20	QoQ ppts	1H20F	1H19	YoY ppts
Gross margin	18.8	19.0	(0.2)	24.0	(5.2)	22.0	20.1	1.9
SG&A to sales	16.7	12.4	4.3	13.2	3.5	14.5	12.7	1.9
EBIT margin	3.3	7.5	(4.2)	14.0	(10.7)	9.9	8.6	1.3
Net margin	2.5	5.3	(2.8)	13.0	(10.5)	9.0	7.0	2.0
Assumptions	2Q20F	2Q19	%YoY	1Q20	%QoQ	1H20F	1H19	YoY ppts
Sales in US\$mn	65	96	(32.5)	105	(38.4)	169	195	(13.2)
FX	31.9	31.3	1.9	31.1	2.6			

Source: KGI Research

Figure 4: Key assumptions

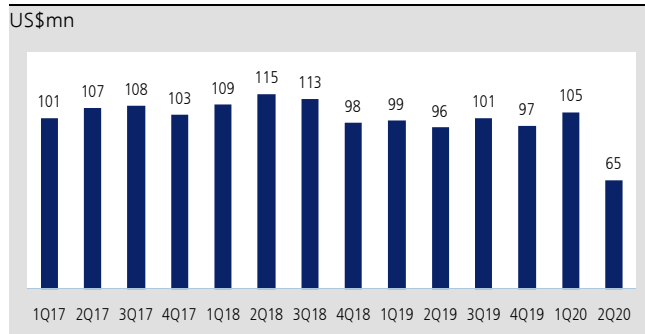
Assumption	Unit	2015	2016	2017	2018	2019	2020F	2021F
Sales	US\$mn	365	378	421	436	393	350	402
Sales growth	%YoY	6.4	3.5	11.4	3.4	(9.8)	(10.8)	14.7
Gross margin	Percent	31.4	34.9	30.0	26.0	20.3	20.0	22.4
Exchange rate	Bt/US\$	34.1	36.5	33.7	32.1	30.8	31.9	31.9

Source: KGI Research

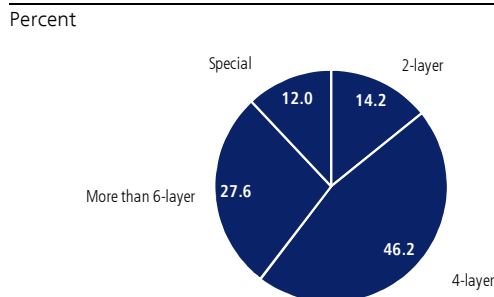
Figure 5: Company profile

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.

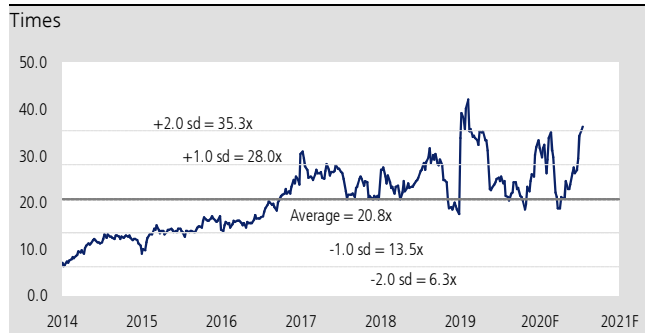
Source: Company data

Figure 7: Sales quarterly


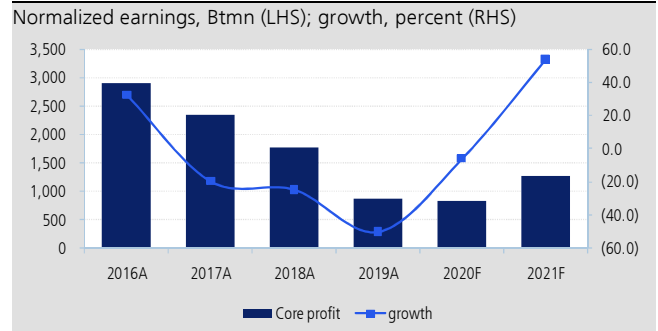
Source: Company data, KGI Research

Figure 9: Sales breakdown by product


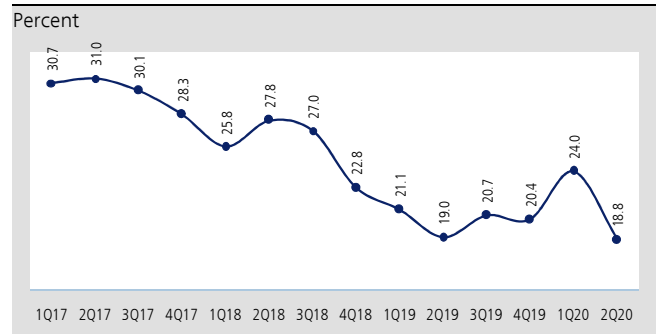
Source: Company data, KGI Research

Figure 11: PER


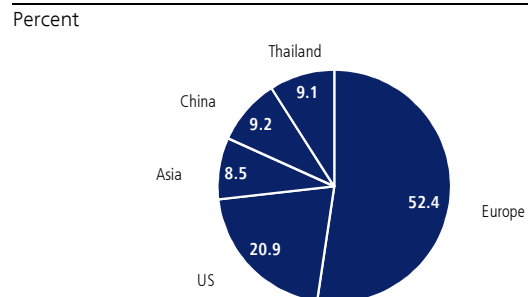
Source: KGI Research

Figure 6: Core profit


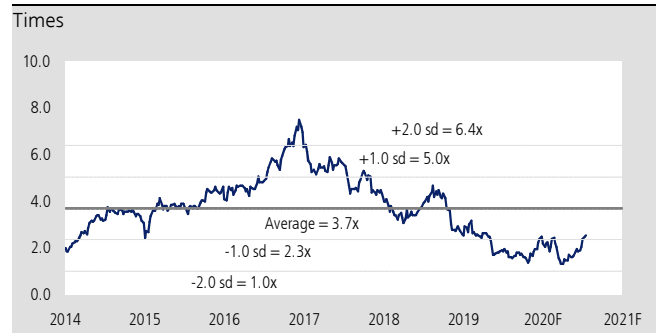
Source: Company data, KGI Research

Figure 8: Gross margin quarterly


Source: Company data, KGI Research

Figure 10: Sales breakdown by geography


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	Dec-19A	Mar-20A
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	2,902	3,260
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	2,311	2,478
Gross profit	1,084	1,135	1,083	960	889	1,014	998	730	657	568	638	591	782
Operating expense	444	485	485	404	466	471	464	403	403	372	422	372	430
Other income	23	18	22	54	27	18	31	15	20	21	23	28	100
Operating profit	663	668	619	609	450	561	565	342	274	217	239	246	453
Depreciation of fixed asset	217	220	222	224	230	235	240	250	244	246	248	240	262
Operating EBITDA	881	889	842	834	680	796	805	592	518	463	487	486	714
Non-Operating income	0	0	0	0	66	0	0	0	0	0	0	0	0
Interest income	0	0	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	0	0
Non-Operating expense	(30)	(33)	(32)	(32)	(29)	(28)	(31)	(22)	(16)	(16)	(15)	(14)	(12)
Interest expense	(30)	(33)	(32)	(32)	(29)	(28)	(31)	(22)	(16)	(16)	(15)	(14)	(12)
Other non-op. expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity income	4	6	5	6	4	5	7	7	5	5	5	4	4
Pre-tax profit	676	698	638	629	557	569	584	374	284	209	267	274	444
Current taxation	(10)	(21)	(21)	(27)	(10)	(6)	(16)	(16)	(12)	(2)	(8)	(18)	(15)
Minorities	4	5	5	5	5	5	8	2	3	4	4	4	5
Extra items	39	56	45	45	66	31	42	47	20	(41)	38	38	0
Net profit	662	672	612	598	542	558	560	356	269	159	255	252	425
Normalized profit	623	616	567	552	410	527	517	309	248	200	217	214	425
EPS (Bt)	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.3	0.2	0.1	0.2	0.2	0.4
Normalized EPS (Bt)	0.5	0.5	0.5	0.5	0.3	0.4	0.4	0.3	0.2	0.2	0.2	0.2	0.4
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	20.4	24.0
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	8.5	13.9
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	16.7	21.9
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	8.7	13.0
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)	(9.5)	4.7
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)	(28.1)	65.1
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)	(17.9)	37.8
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)	(29.2)	58.2
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)	(30.7)	71.2

Source: KGI Research

Peers comparison

	Rating	Target price (Bt)	Current price (Bt)	Upside (%)	19 core EPS (Bt)	20F core EPS (Bt)	21F core EPS (Bt)	20F PER (X)	21F PER (X)	20F PBV (X)	21F PBV (X)	20F Div yield (%)	21F Div yield (%)	20F ROAE (%)	21F ROAE (%)	19 EPS growth (%)	20F EPS growth (%)	21F EPS growth (%)	19 Sales (US term) growth (%)	20F Sales (US term) growth (%)	21F Sales (US term) growth (%)
DELTA*	Outperform	80.00	79.75	0.3	2.4	2.7	3.4	29.9	23.7	2.9	2.7	2.0	2.5	10.5	11.8	(42.4)	19.7	18.4	0.6	7.2	7.4
HANA*	Outperform	36.00	33.50	7.5	1.9	1.7	2.3	19.5	14.7	1.3	1.3	3.9	4.8	5.6	7.1	(24.0)	(23.4)	32.6	(4.8)	(8.2)	14.0
KCE*	Neutral	17.50	25.50	(31.4)	0.7	0.7	1.1	36.1	23.4	2.5	2.4	2.1	3.2	7.0	10.5	(53.6)	(11.4)	54.5	(9.8)	(10.8)	14.7
SVI	Neutral	2.40	3.54	(32.2)	0.2	0.1	0.2	28.0	22.6	2.1	2.0	1.4	1.8	7.9	9.2	(53.7)	(22.9)	24.1	(0.2)	(16.2)	8.0
Sector	Neutral				1.3	1.3	1.7	28.4	21.1	2.2	2.1	2.3	3.1	7.8	9.7	(43.4)	(9.5)	32.4	(3.6)	(7.0)	11.0

Source: KGI Research

Balance Sheet

As of 31 Dec (Btmn)	2017	2018	2019	2020F	2021F
Total Assets	17,850	18,121	16,501	16,285	16,810
Current Assets	7,505	7,969	6,640	7,318	8,407
Cash&ST Investment	1,140	1,383	957	2,278	2,705
Inventories	2,428	3,192	2,622	2,204	2,450
Account Receivable	3,876	3,273	2,973	2,755	3,159
Other	61	122	88	81	93
Non-current Assets	10,346	10,152	9,861	8,967	8,402
LT Investment	276	205	199	184	210
Net Fixed Assets	9,510	9,364	8,918	8,233	7,620
Others	560	583	744	551	572
Total Liabilities	6,576	6,114	4,739	4,357	4,393
Current liabilities	4,595	5,196	3,651	3,560	3,809
Account Payable	2,802	2,796	2,293	2,204	2,450
ST borrowing	1,156	2,202	1,067	1,067	1,067
Others	636	199	292	289	292
Long-term liabilities	1,981	918	1,088	798	584
Long-term debts	1,767	659	724	465	206
Others	215	259	364	332	378
Shareholders' Equity	11,274	12,007	11,762	11,928	12,417
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	9,231	9,396	9,885
Preferred stock	0	0	0	0	0

Source: KGI Research

Key Ratios

Year to 31 Dec	2017	2018	2019	2020F	2021F
Growth (%YoY)					
Sales	2.9	(1.5)	(13.5)	(7.7)	14.7
OP	(19.8)	(24.5)	(49.1)	(8.2)	50.8
EBITDA	(12.5)	(13.8)	(34.1)	(8.1)	20.2
NP	(16.3)	(20.8)	(53.6)	(11.4)	54.5
Normalized profit	(19.6)	(24.7)	(50.2)	(5.8)	54.5
EPS	(16.3)	(20.8)	(53.6)	(11.4)	54.5
Normalized EPS	(19.6)	(24.7)	(50.2)	(5.8)	54.5
Profitability (%)					
Gross margin	30.0	26.0	20.3	20.0	22.4
Operating margin	17.9	13.7	8.1	8.0	10.6
EBITDA margin	25.7	22.5	17.1	17.1	17.9
Net margin	17.9	14.4	7.7	7.4	10.0
ROAA	14.5	11.2	5.4	5.1	7.7
ROAE	0.2	0.2	0.1	0.1	0.1
Stability					
Gross debt/equity (%)	0.6	0.5	0.4	0.4	0.4
Net debt/equity (%)	0.2	0.1	0.1	(0.0)	(0.1)
Interest coverage (x)	21.8	20.0	17.9	17.0	29.9
Interest&ST debt coverage	2.2	0.9	1.0	0.8	1.2
Cash flow interest coverage	29.6	25.0	36.5	46.9	39.2
Cash flow/interest&ST debt	2.9	1.2	2.0	2.3	1.6
Current ratio (x)	1.6	1.5	1.8	2.1	2.2
Quick ratio (x)	1.1	0.9	1.1	1.4	1.6
Net debt (Btmn)	2,370	1,646	1,092	(487)	(1,174)
Per share data (Bt)					
EPS	2.2	1.7	0.8	0.7	1.1
Normalized EPS	2.0	1.5	0.7	0.7	1.1
CFPS	3.2	2.3	1.9	2.2	1.5
BVPS	9.6	10.2	10.0	10.2	10.6
Sales/share	12.1	11.9	10.3	9.5	10.9
EBITDA/share	3.1	2.7	1.8	1.6	2.0
DPS	1.1	1.1	0.7	0.5	0.8
Activity					
Asset turnover (x)	0.8	0.8	0.7	0.7	0.8
Days of receivables	100	85	90	90	90
Days of inventory	89	113	99	90	90
Days of payable	103	99	87	90	90
Cash cycle	86	99	102	90	90

Source: KGI Research

Profit & Loss

Year to Dec 31 (Btmn)	2017	2018	2019	2020F	2021F
Revenue	14,195	13,982	12,097	11,172	12,810
Cost of good sold	9,933	10,351	9,644	8,937	9,937
Gross profit	4,262	3,631	2,454	2,234	2,873
Operating expense	1,818	1,804	1,569	1,427	1,623
Other income	98	92	92	89	102
Operating Profit	2,543	1,919	977	897	1,352
Depreciation of fixed asset	884	955	978	986	912
Operating EBITDA	3,427	2,873	1,954	1,883	2,265
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)	(61)	(54)	(46)
Interest expense	(127)	(110)	(61)	(54)	(46)
Other non-op expense	0	0	0	0	0
Equity income/(loss)	22	22	19	22	26
Pretax profit	2,641	2,083	1,034	865	1,332
Current taxation	(78)	(49)	(41)	(26)	(40)
Minorities	18	19	15	11	13
Extra item	203	186	56	0	0
Net profit	2,545	2,015	934	828	1,279
Normalized profit	2,341	1,763	879	828	1,279
EPS (Bt)	2.2	1.7	0.8	0.7	1.1
Normalized EPS (Bt)	2.0	1.5	0.7	0.7	1.1

Source: KGI Research

Cash Flow

Year to Dec 31 (Btmn)	2017	2018	2019	2020F	2021F
Operating cash flow	3,758	2,746	2,232	2,531	1,807
Net profit	2,545	2,015	934	828	1,279
Depreciation&Amortization	884	955	978	986	912
Change in working capital	329	(224)	320	717	(384)
Others					
Investment cash flow	(1,203)	(740)	(500)	(285)	(327)
Net CAPEX	(1,257)	(809)	(532)	(300)	(300)
Change in LT investment	42	72	6	15	(27)
Change in other assets	12	(3)	26	0	0
Free cash flow	2,555	2,006	1,732	2,246	1,480
Financing cash flow	(2,307)	(1,763)	(2,157)	(925)	(1,053)
Change in share capital	0	0	0	0	0
Net change in debt	(1,009)	(481)	(978)	(263)	(263)
Change in other liabs	(1,298)	(1,282)	(1,180)	(662)	(790)
Net cash flow	248	243	(425)	1,321	427

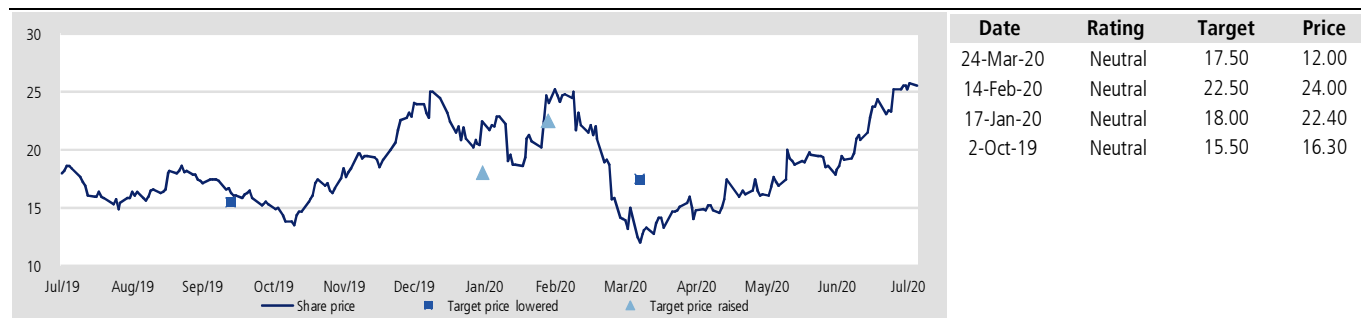
Source: KGI Research

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%
2019	79.7%	8.1%	13.0%	-0.8%
2020F	80.0%	8.8%	12.8%	-1.6%
2021F	77.6%	7.1%	12.7%	2.6%
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
2019	0.0	0.7	0.6	0.7
2020F	0.1	0.7	0.7	0.7
2021F	(0.0)	0.6	0.7	0.8
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%
2019	-0.8%	0.7	3.9%	0.0%
2020F	-1.6%	0.7	3.0%	0.0%
2021F	2.6%	0.8	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	TAKAENOI FOOD & MARKETING
BPP	BANPU POWER	M	MK RESTAURANT GROUP	TOA	TOA PAINT (THAILAND)
CBG	CARABAO GROUP	MAJOR	MAJOR CINEPLEX GROUP	THAI WAH	THAI WAH
CENDEL	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 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.

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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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