



# KCE Electronics

(KCE.BK/KCE TB)\*

## Underperform • Maintained

Price as of 31 Mar 2021	56.00
12M target price (Bt/shr)	48.00
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	(14.3)

### Key messages

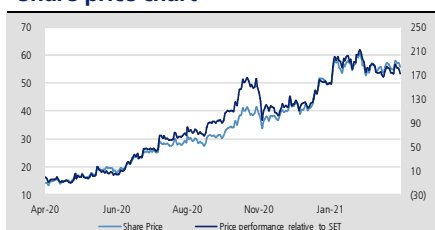
KCE's earnings recovery remains intact due to a low base, but there is no upside to our target from the last closing price. Thus, we maintain a rating of Underperform with an end-2022 target price of Bt48.00 (based on PER 33x; +1.5 S.D its historical average).

Mkt cap (Btbn/US\$mn)	65.8/1,644
Outstanding shares (mn)	1,180
Foreign ownership (mn)	275
3M avg. daily trading (mn)	13
52-week trading range (Bt)	13.3 - 60.5
Performance (%)	3M 6M 12M
Absolute	34.3 79.8 306.9
Relative	22.4 41.1 188.2

### 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	0.06	0.21	0.32

### Share price chart



Source: SET

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

## 1Q21 earnings preview: Down YoY and QoQ

### Event

We expect KCE to report a 1Q21 core profit of Bt340mn (-2% YoY, -19% QoQ). The decline would be mainly from softer sales, as automakers suspended production due to a chip shortage, and softer gross margin as the baht appreciated and copper price marked a record high. The company's 1Q21 core earnings would account for 24% of our full-year forecast.

### Impact

#### Sales dropped QoQ

We forecast KCE's 1Q21 sales to come in at Bt3.2bn (-2% YoY, -6% QoQ). Excluding the impact from exchange rate, 1Q21 sales are expected to reach US\$106mn (+1% YoY, -5% QoQ), accounting for 24% of our full-year forecast of US\$448mn. Improvement YoY would be due to the low base in 1Q20 from the global COVID-19 lockdown. The drop QoQ would come from seasonal effect and suspended automotive production due to a chip shortage.

#### Squeezed gross margin

Average copper price in 1Q21 was US\$8,500/ton (+50% YoY, +18% QoQ), marking a record high. Meanwhile, the average exchange rate in 1Q21 was Bt30.2/US\$, versus Bt31.1/US\$ in 1Q20 and Bt30.5/US\$ in 4Q20. Coupled with weaker economies of scale from a softer top line, we estimate KCE to report a 1Q21 gross margin of 23.8% (-0.2ppts YoY, -0.4ppts QoQ) versus our current full-year 2021 assumption of 24.0%. Cost control measures are expected to be implemented, putting its SG&A to sales at 13% in 1Q21 (vs 13.2% in 1Q20 and 12.7% for our full-year 2021 assumption).

### Valuation & Action

Given the low sales base in 2Q20-3Q20 during the global lockdown, KCE is likely to see YoY sales growth and earnings growth in 2Q21-3Q21. This would be a catalyst to support the share price. However, we do have a positive tone in our 2021-2022 sales growth assumptions of 20% in 2021 and 10% in 2022, in-line with management's guidance, and gross margin of 24% and 25%, resulting in earnings growth of 40% in 2021 and 21% in 2022. The last closing price still does not offer any upside to our end-2022 target price of Bt48.00 based on unchanged PER at 33.0x (+1.5 S.D historical average). The share price is also trading at a rich valuation of 46x PER, thus we maintain a rating of Underperform.

### Risks

Natural disasters, unplanned plant shutdowns, customers shifting to other suppliers, raw material shortages, and baht appreciation (our assumption is Bt29.5/US\$ in 2021-2022).

### Key financials and valuations

Year end Dec 31	Dec-18A	Dec-19A	Dec-20A	Dec-21F	Dec-22F
Revenue (Btmn)	13,982	12,097	11,527	13,221	14,567
Gross profit (btmn)	3,631	2,454	2,512	3,173	3,642
SG&A (Btmn)	1,804	1,569	1,449	1,679	1,850
Net profit (Btmn)	2,015	934	1,127	1,425	1,723
Normalized profit (Btmn)	1,763	879	1,018	1,425	1,723
EPS (Bt)	1.7	0.80	0.96	1.21	1.46
Normalized EPS (Btmn)	1.5	0.75	0.86	1.21	1.46
DPS (Btmn)	1.1	0.8	0.8	1.1	1.3
EPS growth (%)	(20.8)	(53.6)	20.0	26.5	20.8
Normalized EPS growth (%)	(24.7)	(50.2)	15.3	40.0	20.8
P/E (X)	17.5	32.7	48.0	46.3	38.3
P/B (X)	2.6	2.4	4.1	5.3	5.2
EV/EBITDA (X)	10.3	14.4	21.3	24.1	22.0
Net debt to Equity (%)	13.7	9.3	0.0	(1.1)	(4.9)
Dividend yield (%)	4.2	3.3	1.9	1.9	2.3
Return on Equity (%)	17.3	7.9	9.5	11.7	13.8

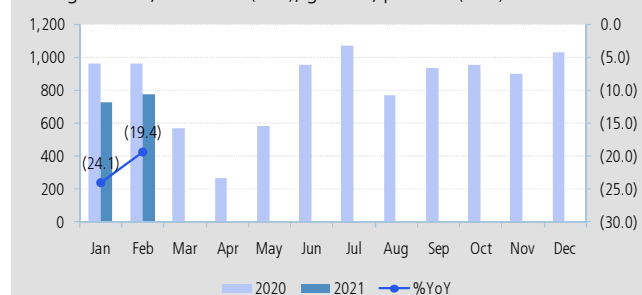
Source: Company data, KGI Research

\*The Company may be issuer of Derivative Warrants on these securities.

<http://research.kgi.com>; Bloomberg: KGIT <GO> Please see back page for disclaimer

**Figure 1: European new passenger car registrations**

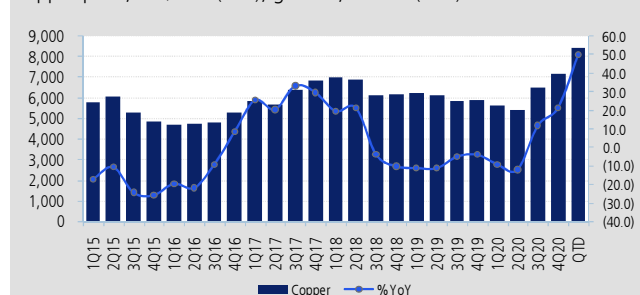
Car registration, '000 unit (LHS); growth, percent (RHS)



Source: Biznews, KGI Research

**Figure 2: Copper price**

Copper price, US\$/ton (LHS), growth, %YoY (RHS)



Source: Biznews, KGI Research

**Figure 3: KCE's 1Q21F earnings preview**

Btmn	1Q21F	1Q20	%YoY	4Q20	%QoQ
Revenue from sales	3,207	3,260	(1.6)	3,418	(6.2)
Cost of goods sold	2,443	2,478	(1.4)	2,592	(5.7)
Gross profit	764	782	(2.3)	826	(7.5)
SG&A expense	417	430	(3.0)	389	7.3
EBIT	379	456	(16.8)	440	(13.8)
Non-op inc/(exp)	0	78	(100.0)	(38)	(100.0)
<b>Net profit</b>	<b>340</b>	<b>425</b>	<b>(20.0)</b>	<b>381</b>	<b>(10.7)</b>
Normalized profit	340	347	(2.1)	418	(18.8)
EPS (Bt)	0.29	0.36	(20.4)	0.32	(10.7)
Normalized EPS (Bt)	0.29	0.30	(2.5)	0.35	(18.8)
Percent	1Q21F	1Q20	YoY ppts	4Q20	QoQ ppts
Gross margin	23.8	24.0	(0.2)	24.2	(0.4)
SG&A to sales	13.0	13.2	(0.2)	11.4	1.6
EBIT margin	11.8	14.0	(2.2)	12.9	(1.0)
Net margin	10.6	13.0	(2.4)	11.1	(0.5)
Assumption	1Q21F	1Q20	%YoY	4Q20	%QoQ
Sales in US\$m	106	105	1.3	112	(5.2)
FX	30.2	31.1	(2.9)	30.5	(1.0)

Source: KGI Research

**Figure 4: Key assumptions**

	Unit	2015	2016	2017	2018	2019	2020	2021F	2022F
Sales	US\$m	365	378	421	436	393	372	448	494
Sales growth	%YoY	6.4	3.5	11.4	3.4	(9.8)	(5.3)	20.4	10.2
Gross margin	Percent	31.4	34.9	30.0	26.0	20.3	21.8	24.0	25.0
Exchange rate	Bt/US\$	34.1	36.5	33.7	32.1	30.8	31.0	29.5	29.5

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 assumption**

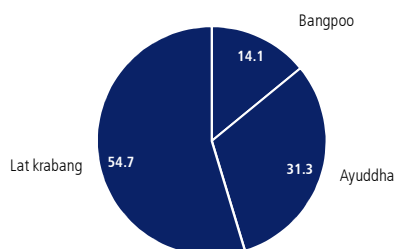
Sales, US\$m (LHS); Growth YoY, percent (RHS)



Source: Company data, KGI Research

**Figure 9: Plant capacity**

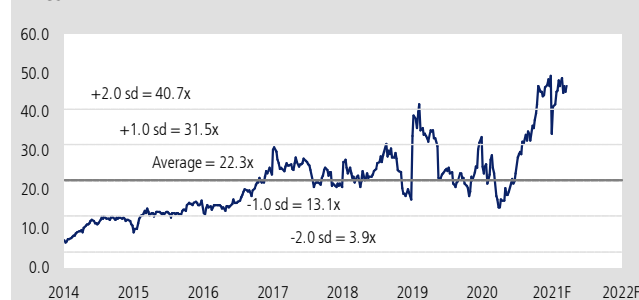
Percent



Source: Company data, KGI Research

**Figure 11: PER**

Times



Source: KGI Research

**Figure 6: Core profit**

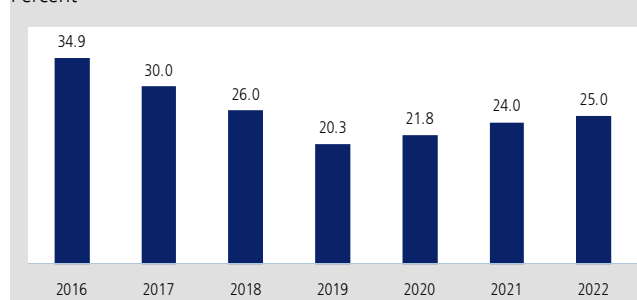
Normalized earnings, Btmn (LHS); growth, percent (RHS)



Source: Company data, KGI Research

**Figure 8: Gross margin assumption**

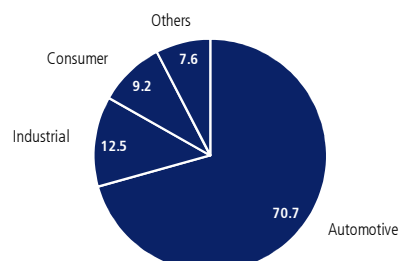
Percent



Source: Company data, KGI Research

**Figure 10: Revenue breakdown by application**

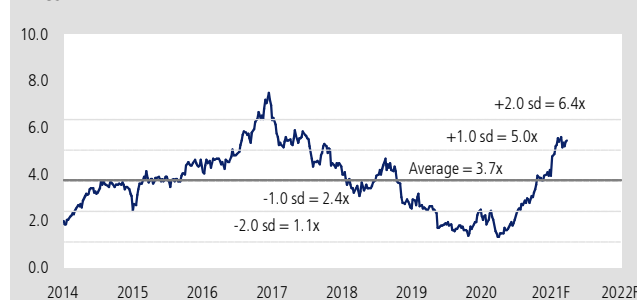
Percent



Source: Company data, KGI Research

**Figure 12: PBV**

Times



Source: KGI Research

## Quarterly Income Statement

	Mar-18A	Jun-18A	Sep-18A	Dec-18A	Mar-19A	Jun-19A	Sep-19A	Dec-19A	Mar-20A	Jun-20A	Sep-20A	Dec-20A
<b>Income Statement (Btmn)</b>												
<b>Revenue</b>	<b>3,440</b>	<b>3,643</b>	<b>3,690</b>	<b>3,209</b>	<b>3,114</b>	<b>2,993</b>	<b>3,088</b>	<b>2,902</b>	<b>3,260</b>	<b>2,127</b>	<b>2,722</b>	<b>3,418</b>
Cost of good sold	2,551	2,629	2,692	2,479	2,457	2,425	2,450	2,311	2,478	1,741	2,204	2,592
<b>Gross profit</b>	<b>889</b>	<b>1,014</b>	<b>998</b>	<b>730</b>	<b>657</b>	<b>568</b>	<b>638</b>	<b>591</b>	<b>782</b>	<b>387</b>	<b>518</b>	<b>826</b>
Operating expense	466	471	464	403	403	372	422	372	430	322	309	389
Other income	27	18	31	15	20	21	23	28	22	21	25	38
<b>Operating profit</b>	<b>450</b>	<b>561</b>	<b>565</b>	<b>342</b>	<b>274</b>	<b>217</b>	<b>239</b>	<b>246</b>	<b>375</b>	<b>85</b>	<b>234</b>	<b>475</b>
Depreciation of fixed asset	230	235	240	250	244	246	248	240	262	261	261	226
<b>Operating EBITDA</b>	<b>680</b>	<b>796</b>	<b>805</b>	<b>592</b>	<b>518</b>	<b>463</b>	<b>487</b>	<b>486</b>	<b>636</b>	<b>346</b>	<b>495</b>	<b>701</b>
<b>Non-Operating income</b>	<b>66</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest income	0	0	0	0	0	0	0	0	0	0	0	0
Other non-op. income	66	0	0	0	0	0	0	0	0	0	0	0
<b>Non-Operating expense</b>	<b>(29)</b>	<b>(28)</b>	<b>(31)</b>	<b>(22)</b>	<b>(16)</b>	<b>(16)</b>	<b>(15)</b>	<b>(14)</b>	<b>(12)</b>	<b>(16)</b>	<b>(17)</b>	<b>(13)</b>
Interest expense	(29)	(28)	(31)	(22)	(16)	(16)	(15)	(14)	(12)	(16)	(17)	(13)
Other non-op. expense	0	0	0	0	0	0	0	0	0	0	0	0
Equity income	4	5	7	7	5	5	5	4	4	3	1	3
Pre-tax profit	557	569	584	374	284	209	267	274	444	70	288	428
Current taxation	(10)	(6)	(16)	(16)	(12)	(2)	(8)	(18)	(15)	5	(34)	(43)
Minorities	5	5	8	2	3	4	4	4	5	3	4	5
Extra items	66	31	42	47	20	(41)	38	38	78	(2)	70	(38)
<b>Net profit</b>	<b>542</b>	<b>558</b>	<b>560</b>	<b>356</b>	<b>269</b>	<b>159</b>	<b>255</b>	<b>252</b>	<b>425</b>	<b>71</b>	<b>250</b>	<b>381</b>
<b>Normalized profit</b>	<b>410</b>	<b>527</b>	<b>517</b>	<b>309</b>	<b>248</b>	<b>200</b>	<b>217</b>	<b>214</b>	<b>347</b>	<b>73</b>	<b>180</b>	<b>418</b>
EPS (Bt)	0.5	0.5	0.5	0.3	0.2	0.1	0.2	0.2	0.4	0.1	0.2	0.3
Normalized EPS (Bt)	0.3	0.4	0.4	0.3	0.2	0.2	0.2	0.2	0.3	0.1	0.2	0.4
<b>Margin (%)</b>												
Gross profit margin	25.8	27.8	27.0	22.8	21.1	19.0	20.7	20.4	24.0	18.2	19.0	24.2
Operating EBIT margin	13.1	15.4	15.3	10.7	8.8	7.3	7.7	8.5	11.5	4.0	8.6	13.9
Operating EBITDA margin	19.8	21.8	21.8	18.5	16.6	15.5	15.8	16.7	19.5	16.3	18.2	20.5
Net profit margin	15.7	15.3	15.2	11.1	8.6	5.3	8.3	8.7	13.0	3.4	9.2	11.1
<b>Growth (%YoY)</b>												
Revenue growth	(2.7)	(0.6)	2.5	(5.4)	(9.5)	(17.9)	(16.3)	(9.5)	4.7	(28.9)	(11.9)	17.8
Operating EBIT growth	(32.1)	(16.0)	(8.7)	(43.9)	(39.1)	(61.3)	(57.7)	(28.1)	36.6	(60.8)	(2.2)	93.1
Operating EBITDA growth	(22.7)	(10.5)	(4.3)	(29.0)	(23.9)	(41.8)	(39.5)	(17.9)	22.8	(25.3)	1.6	44.2
Net profit growth	(18.2)	(17.0)	(8.6)	(40.5)	(50.4)	(71.5)	(54.4)	(29.2)	58.2	(55.1)	(2.0)	51.2
Normalized profit growth	(34.2)	(14.4)	(8.8)	(44.1)	(39.5)	(62.1)	(58.1)	(30.7)	39.7	(63.3)	(17.1)	95.3

Source: KGI Research

## Peer comparison – Key valuation stats

	Rating	Target price (Bt)	Current price (Bt)	Upside (%)	20 core EPS (Bt)	21F core EPS (Bt)	22F core EPS (Bt)	21F PER (X)	22F PER (X)	21F PBV (X)	20 Div yield (%)	21F Div yield (%)	20 ROAE (%)	21F ROAE (%)	20 EPS growth (%)	21F EPS growth (%)	22F EPS growth (%)	21F Sales (US term) growth (%)	22F Sales (US term) growth (%)
DELTA*	Underperform	215.00	290.00	(25.9)	5.5	6.2	7.6	46.5	38.1	8.8	1.1	1.3	20.1	19.7	139.9	9.5	22.2	14.9	15.0
HANA*	Neutral	56.00	55.25	1.4	2.2	2.3	2.8	23.6	19.6	2.0	3.5	3.3	9.1	8.6	(39.3)	1.9	37.2	15.7	15.5
KCE*	Underperform	48.00	56.00	(14.3)	0.9	1.2	1.5	46.3	38.3	5.3	1.9	1.9	9.5	11.7	20.0	26.5	20.8	20.4	10.2
SVI	Neutral	5.00	5.15	(2.9)	0.2	0.2	0.3	21.1	17.3	2.6	2.1	1.4	18.3	12.5	84.7	(23.5)	22.1	12.0	18.0
<b>Sector</b>	<b>Underweight</b>				<b>2.2</b>	<b>2.5</b>	<b>3.0</b>	<b>34.4</b>	<b>28.3</b>	<b>4.7</b>	<b>2.2</b>	<b>2.0</b>	<b>14.2</b>	<b>13.1</b>	<b>51.3</b>	<b>3.6</b>	<b>25.6</b>	<b>15.7</b>	<b>14.6</b>

Source: Company data, KGI Research

## Balance Sheet

As of 31 Dec (Btmn)	2018	2019	2020	2021F	2022F
<b>Total Assets</b>	<b>18,121</b>	<b>16,501</b>	<b>17,377</b>	<b>17,392</b>	<b>17,582</b>
<b>Current Assets</b>	<b>7,969</b>	<b>6,640</b>	<b>8,185</b>	<b>7,914</b>	<b>8,566</b>
Cash&ST Investment	1,383	957	2,342	2,093	2,189
Inventories	3,192	2,622	2,594	2,478	2,694
Account Receivable	3,273	2,973	3,174	3,260	3,592
Other	122	88	74	84	92
<b>Non-current Assets</b>	<b>10,152</b>	<b>9,861</b>	<b>9,192</b>	<b>9,478</b>	<b>9,016</b>
LT Investment	205	199	187	215	236
Net Fixed Assets	9,364	8,918	8,107	8,292	7,750
Others	583	744	898	971	1,030
<b>Total Liabilities</b>	<b>6,114</b>	<b>4,739</b>	<b>5,315</b>	<b>5,017</b>	<b>4,901</b>
<b>Current liabilities</b>	<b>5,196</b>	<b>3,651</b>	<b>4,216</b>	<b>4,247</b>	<b>4,372</b>
Account Payable	2,796	2,293	2,458	2,478	2,694
ST borrowing	2,202	1,067	1,283	1,283	1,283
Others	199	292	475	487	395
<b>Long-term liabilities</b>	<b>918</b>	<b>1,088</b>	<b>1,099</b>	<b>770</b>	<b>530</b>
Long-term debts	659	724	676	289	0
Others	259	364	423	481	530
<b>Shareholders' Equity</b>	<b>12,007</b>	<b>11,762</b>	<b>12,062</b>	<b>12,375</b>	<b>12,681</b>
Common stock	586	586	589	589	589
Capital surplus	1,907	1,907	2,050	2,050	2,050
Retained earnings	9,448	9,231	9,375	9,688	9,994
Preferred stock	0	0	0	0	0

Source: KGI Research

## Key Ratios

Year to 31 Dec	2018	2019	2020	2021F	2022F
<b>Growth (%YoY)</b>					
Sales	(1.5)	(13.5)	(4.7)	14.7	10.2
OP	(24.5)	(49.1)	19.7	36.9	19.3
EBITDA	(13.8)	(34.1)	10.8	18.8	8.7
NP	(20.8)	(53.6)	20.6	26.5	20.8
Normalized profit	(24.7)	(50.2)	15.8	40.0	20.8
EPS	(20.8)	(53.6)	20.0	26.5	20.8
Normalized EPS	(24.7)	(50.2)	15.3	40.0	20.8
<b>Profitability (%)</b>					
Gross margin	26.0	20.3	21.8	24.0	25.0
Operating margin	13.7	8.1	10.1	12.1	13.1
EBITDA margin	22.5	17.1	19.9	20.6	20.4
Net margin	14.4	7.7	9.8	10.8	11.8
ROAA	11.2	5.4	6.7	8.2	9.9
ROAE	17.3	7.9	9.5	11.7	13.8
<b>Stability</b>					
Gross debt/equity (%)	50.9	40.3	44.1	40.5	38.7
Net debt/equity (%)	13.7	9.3	0.0	(1.1)	(4.9)
Interest coverage (x)	20.0	17.9	22.4	27.4	40.8
Interest&ST debt coverage (x)	0.9	1.0	1.0	1.2	1.4
Cash flow interest coverage (x)	25.0	36.5	43.1	44.8	52.4
Cash flow/interest&ST debt (x)	1.2	2.0	1.9	2.0	1.9
Current ratio (x)	1.5	1.8	1.9	1.9	2.0
Quick ratio (x)	0.9	1.1	1.3	1.3	1.3
Net debt (Btmn)	1,646	1,092	4	(134)	(617)
<b>Per share data (Bt)</b>					
EPS	1.7	0.8	1.0	1.2	1.5
Normalized EPS	1.5	0.7	0.9	1.2	1.5
CFPS	2.3	1.9	2.1	2.2	2.1
BVPS	10.2	10.0	10.2	10.5	10.8
Sales/share	11.9	10.3	9.8	11.2	12.4
EBITDA/share	2.7	1.8	1.9	2.3	2.5
DPS	1.1	0.8	0.8	1.1	1.3
<b>Activity</b>					
Asset turnover (x)	0.8	0.7	0.7	0.8	0.8
Days of receivables	85	90	101	90	90
Days of inventory	113	99	105	90	90
Days of payable	99	87	100	90	90
Cash cycle	99	102	106	90	90

Source: KGI Research

## Profit & Loss

Year to Dec 31 (Btmn)	2018	2019	2020	2021F	2022F
<b>Revenue</b>	<b>13,982</b>	<b>12,097</b>	<b>11,527</b>	<b>13,221</b>	<b>14,567</b>
Cost of good sold	10,351	9,644	9,015	10,048	10,926
<b>Gross profit</b>	<b>3,631</b>	<b>2,454</b>	<b>2,512</b>	<b>3,173</b>	<b>3,642</b>
Operating expense	1,804	1,569	1,449	1,679	1,850
Other income	92	92	106	106	117
<b>Operating Profit</b>	<b>1,919</b>	<b>977</b>	<b>1,169</b>	<b>1,600</b>	<b>1,908</b>
Depreciation of fixed asset	955	978	1,009	1,115	1,042
<b>Operating EBITDA</b>	<b>2,873</b>	<b>1,954</b>	<b>2,178</b>	<b>2,715</b>	<b>2,950</b>
<b>Non-operating income</b>	<b>66</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest income	0	0	0	0	0
Other non-op income	66	0	0	0	0
<b>Non-operating expense</b>	<b>(110)</b>	<b>(61)</b>	<b>(57)</b>	<b>(59)</b>	<b>(47)</b>
Interest expense	(110)	(61)	(57)	(59)	(47)
Other non-op expense	0	0	0	0	0
<b>Equity income/(loss)</b>	<b>22</b>	<b>19</b>	<b>10</b>	<b>13</b>	<b>15</b>
<b>Pretax profit</b>	<b>2,083</b>	<b>1,034</b>	<b>1,230</b>	<b>1,554</b>	<b>1,876</b>
Current taxation	(49)	(41)	(87)	(109)	(131)
Minorities	19	15	16	20	22
Extra item	186	56	109	0	0
<b>Net profit</b>	<b>2,015</b>	<b>934</b>	<b>1,127</b>	<b>1,425</b>	<b>1,723</b>
<b>Normalized profit</b>	<b>1,763</b>	<b>879</b>	<b>1,018</b>	<b>1,425</b>	<b>1,723</b>
EPS (Bt)	1.7	0.8	1.0	1.2	1.5
Normalized EPS (Bt)	1.5	0.7	0.9	1.2	1.5

Source: KGI Research

## Cash Flow

Year to Dec 31 (Btmn)	2018	2019	2020	2021F	2022F
<b>Operating cash flow</b>	<b>2,746</b>	<b>2,232</b>	<b>2,480</b>	<b>2,639</b>	<b>2,470</b>
Net profit	2,015	934	1,127	1,425	1,723
Depreciation&Amortization	955	978	1,009	1,115	1,042
Change in working capital	(224)	320	344	99	(294)
Others					
<b>Investment cash flow</b>	<b>(740)</b>	<b>(500)</b>	<b>(562)</b>	<b>(1,384)</b>	<b>(567)</b>
Net CAPEX	(809)	(532)	(197)	(1,300)	(500)
Change in LT investment	72	6	12	(28)	(22)
Change in other assets	(3)	26	11	0	0
Free cash flow	2,006	1,732	1,918	1,255	1,903
<b>Financing cash flow</b>	<b>(1,763)</b>	<b>(2,157)</b>	<b>(533)</b>	<b>(1,504)</b>	<b>(1,807)</b>
Change in share capital	0	0	3	0	0
Net change in debt	(481)	(978)	294	(392)	(391)
Change in other liabs	(1,282)	(1,180)	(829)	(1,113)	(1,417)
<b>Net cash flow</b>	<b>243</b>	<b>(425)</b>	<b>1,385</b>	<b>(250)</b>	<b>96</b>

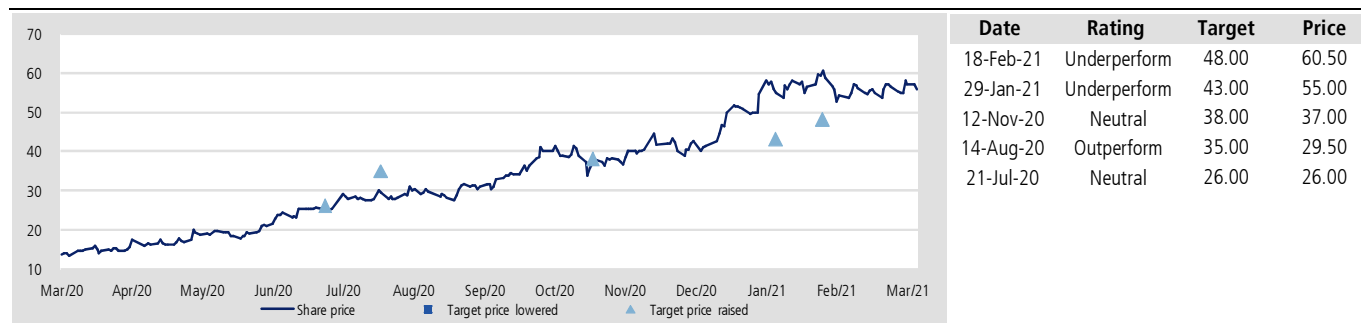
Source: KGI Research

## Rates of Return on Invested Capital

Year	1 -	COGS Revenue	+	Depreciation Revenue	+	Operating expense Revenue	=	Operating margin
2018		74.0%		6.8%		12.9%		6.2%
2019		79.7%		8.1%		13.0%		-0.8%
2020		78.2%		8.8%		12.6%		0.5%
2021F		76.0%		8.4%		12.7%		2.9%
2022F		75.0%		7.2%		12.7%		5.1%
Year	1/	Working capital Revenue	+	Net PPE Revenue	+	Other assets Revenue	=	Capital Turnover
2018		(0.0)		0.7		0.6		0.8
2019		0.0		0.7		0.6		0.7
2020		0.0		0.7		0.8		0.7
2021F		0.0		0.6		0.7		0.8
2022F		(0.0)		0.5		0.7		0.8
Year	1/	Operating margin	x	Capital turnover	x	Cash tax rate	=	After-tax return on Inv capital
2018		6.2%		0.8		2.3%		0.1%
2019		-0.8%		0.7		3.9%		0.0%
2020		0.5%		0.7		7.1%		0.0%
2021F		2.9%		0.8		7.0%		0.2%
2022F		5.1%		0.8		7.0%		0.3%

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	KASIKORN BANK	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 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

<b>China</b>	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
<b>Taiwan</b>	Taipei	700 Mingshui Road, Taipei, Taiwan Telephone 886.2.2181.8888 · Facsimile 886.2.8501.1691
<b>Hong Kong</b>		41/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong Telephone 852.2878.6888 Facsimile 852.2878.6800
<b>Thailand</b>	Bangkok	8th - 11th floors, Asia Centre Building 173 South Sathorn Road, Bangkok 10120, Thailand Telephone 66.2658.8888 Facsimile 66.2658.8014
<b>Singapore</b>		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.