

# KCE Electronics

(KCE.BK/KCE TB)\*

## Neutral - Maintained

Price as of 9 May 2023	40.75
12M target price (Bt/shr)	36.50
Unchanged/Revised up(down)(%)	(15.1)
Upside/downside (%)	(10.4)

### Key messages

กำไรจากธุรกิจหลักใน 1Q66 อยู่ที่ 314 ล้านบาท (-44% YoY, -38% QoQ) ต่ำกว่าประมาณการของเรา 26% เราแนะนำให้นักลงทุนจับตาดูผลการประกอบการ 2Q66 ว่าดีขึ้นหรือไม่และช่วยยืนยันมุมมองของเราเรื่องการ restock สินค้าในช่วงปลายของ correction phase เรายังคงคำแนะนำ “ถือ” และประเมินราคาเป้าหมายสิ้นปี 2566 ที่ 36.50 บาท อิงจาก PER ที่ 22.0x

### Trading data

Mkt cap (Btmn/US\$mn)	48,170/1,204
Outstanding shares (mn)	1,182
Foreign ownership (mn)	230
3M avg. daily trading (mn)	11
52-week trading range (Bt)	38.0 – 66.3
Performance (%)	3M 6M 12M
Absolute	-19.3 -9.9 -31.8
Relative	-14.0 -6.8 -29.3

### Quarterly EPS

EPS	Q1	Q2	Q3	Q4
2021	0.43	0.52	0.51	0.60
2022	0.50	0.49	0.56	0.42
2023	0.29			

### Share price chart



Source: SET

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

## ผลประกอบการ 1Q66: ต่ำกว่าประมาณการ

### Event

ผลประกอบการ 1Q66, ปรับประมาณการกำไร และราคาเป้าหมาย

### ผลประกอบการ 1Q66: ต่ำกว่าประมาณการอย่างมาก

กำไรสุทธิของ KCE ใน 1Q66 อยู่ที่ 314 ล้านบาท (-41% YoY, -31% QoQ) ต่ำกว่าประมาณการของเรา 19% และต่ำกว่าประมาณการของนักวิเคราะห์ในตลาด 24% แต่หากไม่รวมรายการพิเศษ กำไรจากธุรกิจหลักใน 1Q66 จะอยู่ที่ 314 ล้านบาท (-44% YoY, -38% QoQ) ต่ำกว่าประมาณการของเรา 26% เนื่องจาก i) ยอดขาย (ในสกุลดอลลาร์ฯ) ต่ำกว่าที่คาดไว้ 6% ii) อัตรากำไรขั้นต้นต่ำกว่าที่คาดไว้ 40bps และ iii) ค่าใช้จ่าย SG&A สูงกว่าที่คาดไว้ 11% ทั้งนี้ กำไรจากธุรกิจหลักใน 1Q66 คิดเป็น 14% ของประมาณการกำไรเต็มปีของเรา โดยยอดขายใน 1Q66 อยู่ที่ 4 พันล้านบาท (-11% YoY, -13% QoQ) แต่หากไม่รวมผลกระทบจากอัตราแลกเปลี่ยน ยอดขายใน 1Q66 จะอยู่ที่ 119 ล้านดอลลาร์ฯ (-13% YoY, -7% QoQ) คิดเป็น 24% ของประมาณการเต็มปีของเรา โดย 4-layer PCB ยังคงเป็นสินค้าหลักซึ่งคิดเป็น 36% ของยอดขายรวม ในขณะที่ยอดขายรายได้จากยุโรปมีสัดส่วนสูงที่สุดที่ 50% ของรายได้รวม ถึงแม้เราจะคาดไว้แล้วว่าอัตรากำไรขั้นต้นใน 1Q66 จะลดลง แต่ตัวเลขจริงยังออกมาต่ำกว่าที่เราคาดไว้อีกโดยอยู่ที่ 19.6% (-3.2ppts YoY, -1.5ppts QoQ) ค่าใช้จ่าย SG&A อยู่ที่ 480 ล้านบาท (ทรงตัว YoY, +3% QoQ) คิดเป็นสัดส่วน SG&A ต่อยอดขายที่ 11.9% (เทียบกับ 10.6% ใน 1Q65 และ 10.1% ใน 4Q65) ทั้งนี้ ค่าใช้จ่าย SG&A ที่เพิ่มขึ้นสะท้อนถึงค่าใช้จ่ายที่เกี่ยวข้องกับแรงงาน, R&D และประกันภัย

### ปรับลดประมาณกำไรลงอีกหลังจากที่ผลประกอบการออกมาต่ำกว่าเกินคาด

เราคาดว่ากำไรของ KCE จะต่ำที่สุดในไตรมาสแรก เพราะ i) ต้นทุนวัตถุดิบลดลง (ราคาทองแดง QTD ยังคงลดลง 8% YoY เหลือ US\$8,800/ton) หลังจากที่สูงขึ้น 17% YoY ใน 4Q65 และ 10% ใน 1Q66) ii) ยอดขายจะเพิ่มขึ้นจากปัญหาในสายโซ่อุปทานคลัสเตอร์ และ การ restock ในช่วงท้ายของ correction phase เราคาดว่า correction phase ของอุตสาหกรรมจะจบลงใน 4Q66 อย่างไรก็ตาม กำไรที่ต่ำกว่าที่คาดใน 1Q66 ทำให้เราปรับสมมติฐานใหม่ และปรับลดประมาณการกำไรปี 2566-2567F ลง 17% และ 13% ตามลำดับ (Figure 4)

### Valuation & action

เราปรับลดราคาเป้าหมายสิ้นปี 2566 ลงจาก 43.00 บาทเหลือ 36.50 บาท อิงจาก PER ที่ 22.0x (ค่าเฉลี่ยในอดีต -0.5 S.D.) และคงคำแนะนำ “ถือ” เรายังแนะนำให้ติดตามผลการประกอบการ 2Q66 ว่าดีขึ้นหรือไม่และช่วยยืนยันมุมมองของเราเรื่องการ restock สินค้าในช่วงปลายของ correction phase

### Risks

ภัยธรรมชาติ, มีการปิดโรงงานนอกแผน, ลูกค้าเปลี่ยนไปสั่งซื้อสินค้าจาก supplier รายอื่น, ขาดแคลนวัตถุดิบ, เงินบาทแข็งค่าขึ้น (เราใช้สมมติฐานอัตราแลกเปลี่ยนปี 2566-67 ที่ 33.80 บาท/ดอลลาร์ฯ)

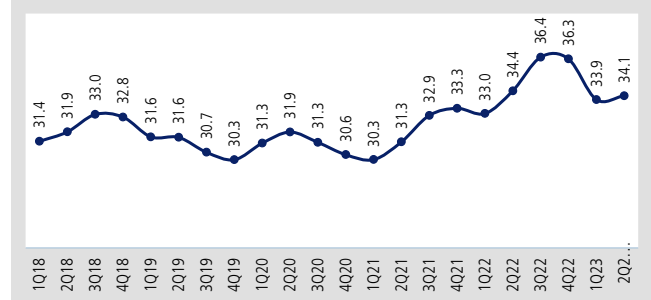
### Key financials and valuations

Year end Dec 31	Dec-20A	Dec-21A	Dec-22A	Dec-23F	Dec-24F
Revenue (Btmn)	11,527	14,938	18,456	17,119	18,082
Gross profit (btmn)	2,512	3,973	4,202	3,853	4,165
SG&A (Btmn)	1,449	1,656	1,898	1,883	1,989
Net profit (Btmn)	1,127	2,426	2,317	1,984	2,180
Normalized profit (Btmn)	1,018	2,237	2,302	1,953	2,180
EPS (Bt)	0.96	2.05	1.96	1.68	1.84
Normalized EPS (Btmn)	0.86	1.89	1.95	1.65	1.84
DPS (Btmn)	0.8	1.6	1.7	1.4	1.6
EPS growth (%)	20.0	114.7	(4.5)	(14.4)	9.9
Normalized EPS growth (%)	15.3	119.0	2.9	(15.2)	11.6
P/E (X)	48.0	46.5	20.9	24.7	22.1
P/B (X)	4.1	7.7	3.6	3.5	3.4
EV/EBITDA (X)	21.3	28.5	14.1	14.7	13.9
Net debt to Equity (%)	0.0	12.6	19.9	10.1	8.1
Dividend yield (%)	1.9	1.8	4.1	3.4	3.8
Return on Equity (%)	9.5	19.0	17.2	14.7	15.8

Source: Company data, KGI Securities Research

**Figure 1: Exchange rate**

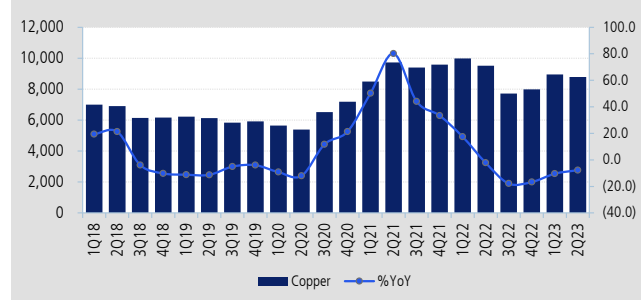
Bt/US\$



Source: Biznews, KGI Securities Research

**Figure 2: Copper price**

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



Source: Biznews, KGI Securities Research

**Figure 3: 1Q23F earnings review**

Btmn	1Q23	1Q22	%YoY	4Q22	%QoQ
Revenue from sales	4,025	4,532	(11.2)	4,623	(12.9)
Cost of goods sold	3,236	3,498	(7.5)	3,645	(11.2)
Gross profit	789	1,035	(23.7)	978	(19.3)
SG&A expense	480	479	0.3	467	2.9
EBIT	400	646	(38.1)	562	(28.8)
Non-op inc/(exp)	31	32	(2.5)	(7)	(580.0)
<b>Net profit</b>	<b>345</b>	<b>589</b>	<b>(41.4)</b>	<b>501</b>	<b>(31.0)</b>
Normalized profit	314	557	(43.6)	507	(38.0)
EPS (Bt)	0.29	0.50	(41.4)	0.42	(31.0)
Normalized EPS (Bt)	0.27	0.47	(43.6)	0.43	(38.0)
Percent	1Q23	1Q22	YoY ppts	4Q22	QoQ ppts
Gross margin	19.6	22.8	(3.2)	21.2	(1.5)
SG&A to sales	11.9	10.6	1.4	10.1	1.8
EBIT margin	9.9	14.3	(4.3)	12.2	(2.2)
Net margin	8.6	13.0	(4.4)	10.8	(2.2)
Assumption	1Q23	1Q22	%YoY	4Q22	%QoQ
Sales in US\$m	119	138	(13.3)	128	(6.9)
FX	33.7	32.9	2.5	36.0	(6.5)

Source: Company data, KGI Securities Research

**Figure 4: Earnings revision**

Btmn	2023F			2024F		
	Revised	Previous	% chg	Revised	Previous	% chg
Revenue	17,119	17,473	(2.0)	18,082	18,457	(2.0)
Gross profit	3,853	4,213	(8.5)	4,165	4,450	(6.4)
SG&A	1,883	1,835	2.6	1,989	1,938	2.6
Net profit	1,984	2,343	(15.3)	2,180	2,501	(12.8)
<b>Normalized profit</b>	<b>1,953</b>	<b>2,343</b>	<b>(16.7)</b>	<b>2,180</b>	<b>2,501</b>	<b>(12.8)</b>
EPS (Bt)	1.7	2.0	(15.3)	1.8	2.1	(12.8)
Normalized EPS (Bt)	1.7	2.0	(16.7)	1.8	2.1	(12.8)
Key financial ratio	Revised	Previous	ppts chg	Revised	Previous	ppts chg
GPM	22.5	24.1	(1.6)	23.0	24.1	(1.1)
SG&A to sales	11.0	10.5	0.5	11.0	10.5	0.5
Key assumption	Revised	Previous	% chg	Revised	Previous	% chg
Sales in US\$m	506	506	0.0	535	535	0.0
Exchange rate (Bt/US)	33.8	34.5	(2.0)	33.8	34.5	(2.0)

Source: Company data, KGI Securities Research

**Figure 5: Key assumptions**

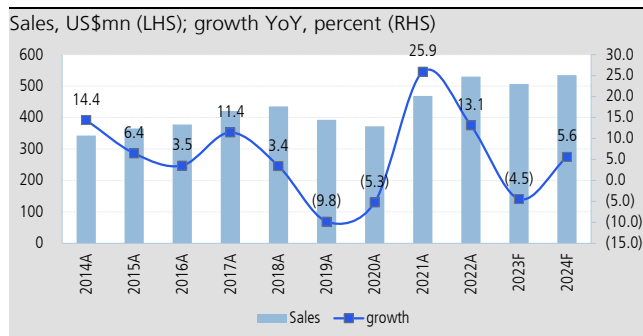
Assumption	Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Sales	US\$mn	365	378	421	436	393	372	469	530	506	535
Sales growth	%YoY	6.4	3.5	11.4	3.4	(9.8)	(5.3)	25.9	13.1	(4.5)	5.6
Gross margin	Percent	31.4	34.9	30.0	26.0	20.3	21.8	26.6	22.8	22.5	23.0
Exchange rate	Bt/US\$	34.1	36.5	33.7	32.1	30.8	31.0	31.9	34.8	33.8	33.8

Source: KGI Securities Research

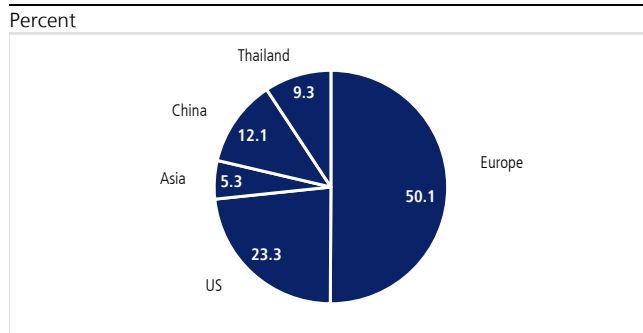
**Figure 6: Company profile**

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.

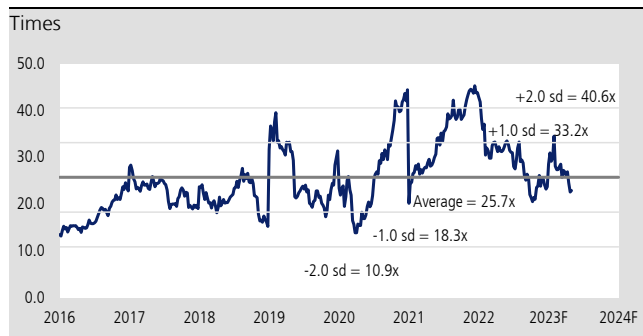
Source: Company data

**Figure 8: Sales assumption**


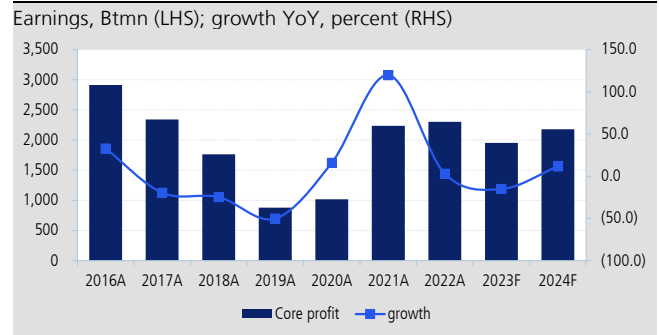
Source: Company data, KGI Securities Research

**Figure 10: Sales breakdown**


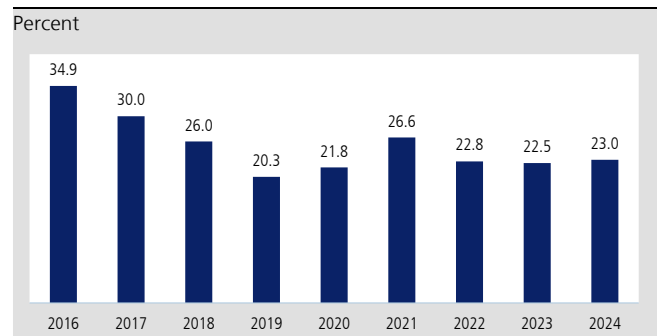
Source: Company data, KGI Securities Research

**Figure 12: PER Band**


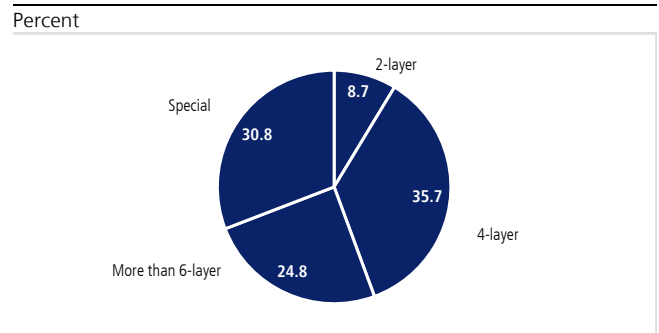
Source: KGI Securities Research

**Figure 7: Core profit**


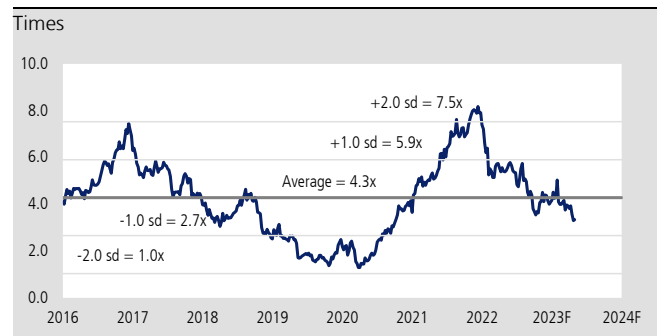
Source: Company data, KGI Securities Research

**Figure 9: Gross margin assumption**


Source: Company data, KGI Securities Research

**Figure 11: Sales breakdown**


Source: Company data, KGI Securities Research

**Figure 13: PBV Band**


Source: KGI Securities Research

## Quarterly Income Statement

	Mar-21A	Jun-21A	Sep-21A	Dec-21A	Mar-22A	Jun-22A	Sep-22A	Dec-22A	Mar-23A
<b>Income Statement (Btmn)</b>									
<b>Revenue</b>	<b>3,415</b>	<b>3,536</b>	<b>3,789</b>	<b>4,198</b>	<b>4,532</b>	<b>4,667</b>	<b>4,634</b>	<b>4,623</b>	<b>4,025</b>
Cost of good sold	2,560	2,509	2,760	3,136	3,498	3,603	3,509	3,645	3,236
<b>Gross profit</b>	<b>855</b>	<b>1,027</b>	<b>1,029</b>	<b>1,062</b>	<b>1,035</b>	<b>1,064</b>	<b>1,125</b>	<b>978</b>	<b>789</b>
Operating expense	402	457	395	401	479	450	501	467	480
Other income	40	64	27	72	53	63	54	54	56
<b>Operating profit</b>	<b>492</b>	<b>633</b>	<b>661</b>	<b>733</b>	<b>609</b>	<b>677</b>	<b>678</b>	<b>565</b>	<b>365</b>
Depreciation of fixed asset	251	254	258	219	259	268	276	236	272
<b>Operating EBITDA</b>	<b>743</b>	<b>887</b>	<b>918</b>	<b>952</b>	<b>868</b>	<b>945</b>	<b>954</b>	<b>801</b>	<b>637</b>
<b>Non-Operating income</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
Other non-op. income	0	0	0	0	0	0	0	0	0
<b>Non-Operating expense</b>	<b>(10)</b>	<b>(13)</b>	<b>(9)</b>	<b>(12)</b>	<b>18</b>	<b>22</b>	<b>2</b>	<b>(24)</b>	<b>(24)</b>
Interest expense	(10)	(13)	(9)	(12)	(12)	(17)	(19)	(24)	(24)
Other non-op. expense	0	0	0	0	30	39	22	0	0
Equity income	4	4	4	5	5	4	5	4	5
Pre-tax profit	559	684	658	781	634	635	683	538	377
Current taxation	(49)	(56)	(45)	(71)	(35)	(54)	(22)	(32)	(25)
Minorities	7	11	9	9	10	9	5	6	6
Extra items	73	59	2	55	62	10	41	(7)	31
<b>Net profit</b>	<b>503</b>	<b>618</b>	<b>604</b>	<b>701</b>	<b>589</b>	<b>572</b>	<b>655</b>	<b>501</b>	<b>345</b>
<b>Normalized profit</b>	<b>430</b>	<b>559</b>	<b>602</b>	<b>646</b>	<b>557</b>	<b>602</b>	<b>636</b>	<b>507</b>	<b>314</b>
EPS (Bt)	0.4	0.5	0.5	0.6	0.5	0.5	0.6	0.4	0.3
Normalized EPS (Bt)	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.3
<b>Margin (%)</b>									
Gross profit margin	25.0	29.0	27.2	25.3	22.8	22.8	24.3	21.2	19.6
Operating EBIT margin	14.4	17.9	17.4	17.5	13.4	14.5	14.6	12.2	9.1
Operating EBITDA margin	21.8	25.1	24.2	22.7	19.2	20.2	20.6	17.3	15.8
Net profit margin	14.7	17.5	15.9	16.7	13.0	12.3	14.1	10.8	8.6
<b>Growth (%YoY)</b>									
Revenue growth	4.8	66.2	39.2	22.8	32.7	32.0	22.3	10.1	(11.2)
Operating EBIT growth	31.4	347.2	182.4	75.0	23.7	6.9	2.6	(22.9)	(40.2)
Operating EBITDA growth	16.8	120.4	85.7	47.7	16.9	6.5	3.9	(15.9)	(26.7)
Net profit growth	18.5	766.0	141.6	84.2	17.1	(7.4)	8.5	(28.6)	(41.4)
Normalized profit growth	24.1	330.5	234.4	78.6	29.5	7.7	5.7	(21.5)	(43.6)

Source: Company data, KGI Securities Research

## Balance Sheet

As of 31 Dec (Btmn)	2020	2021	2022	2023F	2024F
<b>Total Assets</b>	<b>17,377</b>	<b>21,951</b>	<b>20,993</b>	<b>20,778</b>	<b>20,662</b>
<b>Current Assets</b>	<b>8,185</b>	<b>11,794</b>	<b>11,079</b>	<b>11,054</b>	<b>11,039</b>
Cash&ST Investment	2,342	1,966	1,145	1,702	1,194
Inventories	2,594	4,841	4,908	4,543	4,766
Account Receivable	3,174	4,394	4,900	4,690	4,954
Other	74	592	127	118	124
<b>Non-current Assets</b>	<b>9,192</b>	<b>10,157</b>	<b>9,914</b>	<b>9,724</b>	<b>9,623</b>
LT Investment	187	195	190	188	190
Net Fixed Assets	8,107	8,979	8,864	8,715	8,584
Others	898	983	860	821	849
<b>Total Liabilities</b>	<b>5,315</b>	<b>8,509</b>	<b>7,548</b>	<b>7,157</b>	<b>6,618</b>
<b>Current liabilities</b>	<b>4,216</b>	<b>6,948</b>	<b>6,244</b>	<b>6,623</b>	<b>6,231</b>
Account Payable	2,458	4,246	3,249	3,634	3,813
ST borrowing	1,283	1,798	2,173	2,173	2,173
Others	475	904	822	817	245
<b>Long-term liabilities</b>	<b>1,099</b>	<b>1,561</b>	<b>1,305</b>	<b>533</b>	<b>387</b>
Long-term debts	676	1,117	904	165	0
Others	423	444	401	368	387
<b>Shareholders' Equity</b>	<b>12,062</b>	<b>13,442</b>	<b>13,445</b>	<b>13,621</b>	<b>14,044</b>
Common stock	589	591	591	591	591
Capital surplus	2,050	2,146	2,157	2,157	2,157
Retained earnings	9,375	10,621	10,616	10,791	11,215
Preferred stock	0	0	0	0	0

Source: KGI Securities Research

## Key Ratios

Year to 31 Dec	2020	2021	2022	2023F	2024F
<b>Growth (%YoY)</b>					
Sales	(4.7)	29.6	23.6	(7.2)	5.6
OP	19.7	115.5	0.4	(13.9)	10.0
EBITDA	10.8	61.5	(2.9)	(6.3)	5.0
NP	20.6	115.3	(4.5)	(14.4)	9.9
Normalized profit	15.8	119.7	2.9	(15.2)	11.6
EPS	20.0	114.7	(4.5)	(14.4)	9.9
Normalized EPS	15.3	119.0	2.9	(15.2)	11.6
<b>Profitability (%)</b>					
Gross margin	21.8	26.6	22.8	22.5	23.0
Operating margin	10.1	16.9	13.7	12.7	13.2
EBITDA margin	19.9	24.8	19.5	19.7	19.6
Net margin	9.8	16.2	12.6	11.6	12.1
ROAA	6.7	12.3	10.8	9.5	10.5
ROAE	9.5	19.0	17.2	14.7	15.8
<b>Stability</b>					
Gross debt/equity (%)	44.1	63.3	56.1	52.5	47.1
Net debt/equity (%)	0.0	12.6	19.9	10.1	8.1
Interest coverage (x)	22.4	62.4	35.5	24.1	34.4
Interest&ST debt coverage (x)	1.0	1.5	1.1	1.0	1.1
Cash flow interest coverage (x)	43.1	27.7	30.5	44.1	42.9
Cash flow/interest&ST debt (x)	1.9	0.7	1.0	1.8	1.3
Current ratio (x)	1.9	1.7	1.8	1.7	1.8
Quick ratio (x)	1.3	1.0	1.0	1.0	1.0
Net debt (Btmn)	4	1,689	2,670	1,374	1,143
<b>Per share data (Bt)</b>					
EPS	1.0	2.1	2.0	1.7	1.8
Normalized EPS	0.9	1.9	1.9	1.7	1.8
CFPS	2.1	1.0	1.9	3.4	2.5
BVPS	10.2	11.4	11.4	11.5	11.9
Sales/share	9.8	12.6	15.6	14.5	15.3
EBITDA/share	1.9	3.1	3.0	2.9	3.0
DPS	0.8	1.6	1.7	1.4	1.6
<b>Activity</b>					
Asset turnover (x)	0.7	0.7	0.9	0.8	0.9
Days of receivables	101	107	97	100	100
Days of inventory	105	161	126	125	125
Days of payable	100	141	83	100	100
Cash cycle	106	127	139	125	125

Source: KGI Securities Research

## Profit & Loss

Year to Dec 31 (Btmn)	2020	2021	2022	2023F	2024F
<b>Revenue</b>	<b>11,527</b>	<b>14,938</b>	<b>18,456</b>	<b>17,119</b>	<b>18,082</b>
Cost of good sold	9,015	10,965	14,254	13,266	13,918
<b>Gross profit</b>	<b>2,512</b>	<b>3,973</b>	<b>4,202</b>	<b>3,853</b>	<b>4,165</b>
Operating expense	1,449	1,656	1,898	1,883	1,989
Other income	106	202	224	208	220
<b>Operating Profit</b>	<b>1,169</b>	<b>2,519</b>	<b>2,529</b>	<b>2,178</b>	<b>2,396</b>
Depreciation of fixed asset	1,009	982	1,039	1,149	1,131
<b>Operating EBITDA</b>	<b>2,178</b>	<b>3,501</b>	<b>3,568</b>	<b>3,327</b>	<b>3,527</b>
<b>Non-operating income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest income	0	0	0	0	0
Other non-op income	0	0	0	0	0
<b>Non-operating expense</b>	<b>(57)</b>	<b>(44)</b>	<b>(163)</b>	<b>(92)</b>	<b>(70)</b>
Interest expense	(57)	(44)	(72)	(92)	(70)
Other non-op expense	0	0	(91)	0	0
<b>Equity income/(loss)</b>	<b>10</b>	<b>17</b>	<b>19</b>	<b>17</b>	<b>18</b>
<b>Pretax profit</b>	<b>1,230</b>	<b>2,683</b>	<b>2,490</b>	<b>2,134</b>	<b>2,344</b>
Current taxation	(87)	(221)	(144)	(123)	(135)
Minorities	16	35	29	27	29
Extra item	109	190	106	31	0
<b>Net profit</b>	<b>1,127</b>	<b>2,426</b>	<b>2,317</b>	<b>1,984</b>	<b>2,180</b>
<b>Normalized profit</b>	<b>1,018</b>	<b>2,237</b>	<b>2,302</b>	<b>1,953</b>	<b>2,180</b>
EPS (Bt)	0.96	2.05	1.96	1.68	1.84
Normalized EPS (Bt)	0.86	1.89	1.95	1.65	1.84

Source: KGI Securities Research

## Cash Flow

Year to Dec 31 (Btmn)	2020	2021	2022	2023F	2024F
<b>Operating cash flow</b>	<b>2,480</b>	<b>1,210</b>	<b>2,198</b>	<b>4,077</b>	<b>3,014</b>
Net profit	1,127	2,426	2,317	1,984	2,180
Depreciation&Amortization	1,009	982	1,039	1,149	1,131
Change in working capital	344	(2,198)	(1,159)	945	(297)
Others					
<b>Investment cash flow</b>	<b>(562)</b>	<b>(1,855)</b>	<b>(861)</b>	<b>(969)</b>	<b>(1,023)</b>
Net CAPEX	(197)	(1,854)	(924)	(1,000)	(1,000)
Change in LT investment	12	(8)	5	3	(2)
Change in other assets	11	35	42	0	0
Free cash flow	1,918	(645)	1,337	3,109	1,991
<b>Financing cash flow</b>	<b>(533)</b>	<b>268</b>	<b>(2,158)</b>	<b>(2,551)</b>	<b>(2,499)</b>
Change in share capital	3	2	0	0	0
Net change in debt	294	1,314	156	(743)	(743)
Change in other liabs	(829)	(1,048)	(2,314)	(1,808)	(1,756)
<b>Net cash flow</b>	<b>1,385</b>	<b>(377)</b>	<b>(821)</b>	<b>558</b>	<b>(508)</b>

Source: KGI Securities Research

## Rates of Return on Invested Capital

Year	1- $\frac{\text{COGS}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Operating expense}}{\text{Revenue}}$	= $\frac{\text{Operating margin}}{\text{Revenue}}$
2020	78.2%	8.8%	12.6%	0.5%
2021	73.4%	6.6%	11.1%	8.9%
2022	77.2%	5.6%	10.3%	6.9%
2023F	77.5%	6.7%	11.0%	4.8%
2024F	77.0%	6.3%	11.0%	5.8%
Year	1/ $\frac{\text{Working capital}}{\text{Revenue}}$	+ $\frac{\text{Net PPE}}{\text{Revenue}}$	+ $\frac{\text{Other assets}}{\text{Revenue}}$	= $\frac{\text{Capital Turnover}}{\text{Revenue}}$
2020	0.0	0.7	0.8	0.7
2021	(0.1)	0.6	0.9	0.8
2022	(0.1)	0.5	0.7	0.9
2023F	0.1	0.5	0.7	0.8
2024F	(0.0)	0.5	0.7	0.9
Year	1/ $\frac{\text{Operating margin}}{\text{Revenue}}$	x $\frac{\text{Capital turnover}}{\text{Revenue}}$	x $\frac{\text{Cash tax rate}}{\text{Revenue}}$	= $\frac{\text{After-tax return on Inv. capital}}{\text{Revenue}}$
2020	0.5%	0.7	7.1%	0.0%
2021	8.9%	0.8	8.3%	0.6%
2022	6.9%	0.9	5.8%	0.4%
2023F	4.8%	0.8	5.8%	0.2%
2024F	5.8%	0.9	5.8%	0.3%

Source: KGI Securities Research

## KCE Electronics PCL - Recommendation & target price history



Date	Rating	Target	Price
30-Mar-23	Neutral	43.00	46.25
8-Feb-23	Underperform	43.00	50.50
10-Nov-22	Neutral	43.00	45.25
4-Oct-22	Neutral	47.00	42.75
11-Aug-22	Outperform	66.00	57.00
4-Jul-22	Outperform	69.00	56.50
12-May-22	Outperform	75.00	61.25

Source: KGI Securities Research

# Corporate Governance Report of Thai Listed Companies



## Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	EGCO	ELECTRICITY GENERATING	PTTEP	PTT EXPLORATION AND PRODUCTION
ADVANC	ADVANCED INFO SERVICE	GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL
AMA	AMA MARINE	GGC	GLOBAL GREEN CHEMICALS	PYLON	PYLON
AMATA	AMATA CORPORATION	GPSC	GLOBAL POWER SYNERGY	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	HANA	HANA MICROELECTRONICS	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
AOT	AIRPORTS OF THAILAND	HMPRO	HOME PRODUCT CENTER	RS	RS
AP	ASIAN PROPERTY DEVELOPMENT	INTUCH	SHIN CORPORATION	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	IRPC	IRPC	SCC	THE SIAM CEMENT
BCP	THE BANGCHAK PETROLEUM	IVL	INDORAMA VENTURES	SCCC	SIAM CITY CEMENT
BCPG	BCPG	KBANK	KASIKORNBANK	SEAFCO	SEAFCO
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KCE	KCE ELECTRONICS	SMPC	SAHAMITR PRESSURE CONTAINER
BEC	BEC WORLD	KKP	KIATNAKIN BANK	SPALI	SUPALAI
BEM	BANGKOK EXPRESSWAY AND METRO	KTB	KRUNG THAI BANK	SPRC	STAR PETROLEUM REFINING
BGRIM	B. GRIMM POWER	KTC	KRUNGTHAI CARD	SVI	SVI
BPP	BANPU POWER	LH	LAND AND HOUSES	TACC	T.A.C. CONSUMER
BTS	BTS GROUP HOLDINGS	LPN	L.P.N. DEVELOPMENT	TCAP	THANACHART CAPITAL
CENTEL	CENTRAL PLAZA HOTEL	MAKRO	SIAM MAKRO	THCOM	THAI COM
CK	CH. KARNCHANG	MBK	MBK	TISCO	TISCO FINANCIAL GROUP
CKP	CK POWER	MINT	MINOR INTERNATIONAL	TOP	THAI OIL
CPALL	CP ALL	MTC	MUANGTHAI CAPITAL	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	PLANB	PLAN B MEDIA	TTB	TMBTHANACHART BANK
CPN	CENTRAL PATTANA	PSH	PRUKSA HOLDING	VGI	VGI GLOBAL MEDIA
DELTA	DELTA ELECTRONICS (THAILAND)	PTG	PTG ENERGY	WHA	WHA CORPORATION
DTAC	TOTAL ACCESS COMMUNICATION	PTT	PTT	WHAUP	



## Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
BAM	BANGKOK COMMERCIAL ASSET MANAGEMENT	GULF	GULF ENERGY DEVELOPMENT	SAPPE	SAPPE
BBL	BANGKOK BANK	JMT	JMT NETWORK SERVICES	SAWAD	SIRISAWAD POWER 1979
CBG	CARABAO GROUP	LPH	LADPRAO GENERAL HOSPITAL	SINGER	SINGER THAILAND
CHG	CHULARAT HOSPITAL	M	MK RESTAURANT GROUP	SPA	SIAM WELLNESS GROUP
COM7	COM7	MAJOR	MAJOR CINEPLEX GROUP	TFG	THAIFOODS GROUP
DOHOME	DOHOME	MEGA	MEGA LIFESCIENCES	TKN	TAOKAENOI FOOD & MARKETING
ERW	THE ERWAN GROUP	NETBAY	NETBAY	ZEN	ZEN CORPORATION GROUP
GLOBAL	SIAM GLOBAL HOUSE	OSP	OSOTSPA		



## Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	ESSO	ESSO (THAILAND)	SF	SIAM FUTURE DEVELOPMENT
BH	BUMRUNGRAD HOSPITAL	HUMAN	HUMANICA	SISB	SISB
EKH	EKACHAI MEDICAL CARE	RBF	R&B FOOD SUPPLY	TPCH	TPC POWER HOLDING

## Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
IIG	I&I GROUP	OR	PTT OIL AND RETAIL BUSINESS	STGT	SRI TRANG GLOVES (THAILAND)
KEX	KERRY EXPRESS (THAILAND)	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION		

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
ADVANC	ADVANCED INFO SERVICE	GLOBAL	SIAM GLOBAL HOUSE	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	GPSC	GLOBAL POWER SYNERGY	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BBL	BANGKOK BANK	HMPRO	HOME PRODUCT CENTER	ROBINS	ROBINSON DEPARTMENT STORE
BCH	BANGKOK CHAIN HOSPITAL	IRPC	IRPC	SCC	THE SIAM CEMENT
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KBANK	KASIKORN BANK	SIRI	SANSIRI
BIGC	BIG C SUPERCENTER	KCE	KCE ELECTRONICS	SPALI	SUPALAI
CK	CH. KARNCHANG	KKP	KIATNAKIN BANK	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
DCC	DYNASTY CERAMIC	KTB	KRUNG THAI BANK	TCAP	THANACHART CAPITAL
DELTA	DELTA ELECTRONICS (THAILAND)	LPH	LADPRAO GENERAL HOSPITAL	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	PACE	PACE DEVELOPMENT CORPORATION	TMT	THAI METAL TRADE
EGCO	ELECTRICITY GENERATING	PTT	PTT	TOP	THAI OIL
GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL		

### Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	ERW	THE ERWAN GROUP	SAPPE	SAPPE
AP	ASIAN PROPERTY DEVELOPMENT	GLOW	GLOW ENERGY	SAWAD	SRISAWAD POWER 1979
BA	BANGKOK AIRWAYS	GUNKUL	GUNKUL ENGINEERING	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	ILINK	INTERLINK COMMUNICATION	SCN	SCAN INTER
BCP	THE BANGCHAK PETROLEUM	KTC	KRUNGTHAI CARD	SEAFICO	SEAFICO
BH	BUMRUNGRAD HOSPITAL	LH	LAND AND HOUSES	SVI	SVI
BJCHI	BJC HEAVY INDUSTRIES	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CBG	CARABAO GROUP	MAKRO	SIAM MAKRO	TKN	TAOKAENOI FOOD & MARKETING
CENDEL	CENTRAL PLAZA HOTEL	MALEE	MALEE SAMPRAN	TMB	TMB BANK
CHG	CHULARAT HOSPITAL	MINT	MINOR INTERNATIONAL	TRT	TIRATHAI
CKP	CK POWER	MODERN	MODERNFORM GROUP	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	NOK	NOK AIRLINES	TVO	THAI VEGETABLE OIL
CPN	CENTRAL PATTANA	PTTEP	PTT EXPLORATION AND PRODUCTION		
DTAC	TOTAL ACCESS COMMUNICATION	PYLON	PYLON		

### Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
BEM	BANGKOK EXPRESSWAY AND METRO	MTLS	MUANGTHAI LEASING	SPRC	STAR PETROLEUM REFINING
CPALL	CP ALL	SCI	SCI ELECTRIC		

### No progress

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	BPP	BANPU POWER	FN	FN FACTORY OUTLET
BCPG	BCPG	BTS	BTS GROUP HOLDINGS	TPCH	TPC POWER HOLDING

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 2703B-2704, Tower A , Shanghai Dawning Centre,500 Hongbaoshi RoadShanghai, PRC 201103
	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 Telephone886.2.2181.8888 • Facsimile886.2.8501.1691
<b>Hong Kong</b>		41/F CentralPlaza, 18 Harbour Road, Wanchai, Hong Kong Telephone 852.2878.6888 Facsimile 852.2878.6800
<b>Thailand</b>	Bangkok	8th - 11th floors, AsiaCentreBuilding 173 South Sathorn Road, Bangkok10120, 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.  Excess return = 12M target price/current price-
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.