

BUY (Unchanged)

TP: Bt 48.00

(From: Bt 60.00)

Change in Numbers

Upside : 21.5%

23 APRIL 2024

KCE Electronics Pcl (KCE TB)

ราคาหุ้นสะท้อนปัจจัยลบแล้ว

เราลดคำแนะนำ “ซื้อ” KCE ด้วยราคาหุ้นลดลง 32% จากจุดสูงสุดในปี 2023 ซึ่งสะท้อนถึงการฟื้นตัวของธุรกิจที่ช้า แม้การเติบโตของยอดขายจะชะลอตัวลง แต่เราคาดว่าฐานกำไรที่ต่ำในปีที่แล้ว และมาตรการควบคุมต้นทุนจะยังคงผลักดันการเติบโตของ EPS ที่ 47/20% ในปี 2024-25F



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ปรับลดกำไร แต่ยังคงฟื้นตัว

เนื่องจากแนวโน้มการเติบโตของยอดขายที่ชะลอตัว เราจึงปรับประมาณการกำไรของ KCE ลง 14/10/6% ในปี 2024-26F และปรับลดราคาเป้าหมาย (ปีฐาน 2024) ลงเหลือ 48 บาท (จาก 60 บาท) อย่างไรก็ตาม เรายังคงแนะนำ “ซื้อ” 1) เรายังคงคาดว่า EPS จะเติบโตแข็งแกร่งที่ 47/20/11% ในปี 2024-26F แม้ว่าเราจะสมมติให้ยอดขายเติบโตเพียงเลขหลักเดียวตัวต่อตัว ต่อปี แต่เราคาดว่าอัตรากำไรจะเพิ่มขึ้นจากมาตรการควบคุมต้นทุน และผลของ operating leverage 2) ความล่าช้าในการปรับลดอัตราดอกเบี้ยของสหรัฐฯ ยังคงทำให้เงินบาทอ่อนค่าลง และเป็นผลบวกต่อ KCE ซึ่งมีความอ่อนไหวต่อค่าเงินบาท โดยเงินบาทที่อ่อนค่าลง 1% จะทำให้กำไรเพิ่มขึ้น 2.5% โบนัสเราคาดว่าค่าเงินบาทในปีนั้นยังคงอยู่ที่ 35.2 บาท/US\$ เทียบกับ 37.0 บาท ในช่วง YTD และ 3) ราคาหุ้น KCE ลดลง 32% จากจุดสูงสุดในปี 2023 และเราเชื่อว่าราคาหุ้นได้สะท้อนถึงแนวโน้มการฟื้นตัวของธุรกิจที่อ่อนแอแล้ว KCE ซื้อขายที่ 20 เท่า PE เทียบกับแนวโน้มการเติบโตของกำไรที่ยังคงแข็งแกร่ง

มาตรการควบคุมต้นทุน

KCE มีแผนลดต้นทุนการผลิตลง 250 ลบ. ต่อปี ในปี 2024-25 หรือประมาณ 30% ของฐานกำไรปี 2023 โดยมาตรการนี้ได้แก่ การติดตั้งเครื่องจักรเพื่อการผลิตแผ่นพิมพ์วงจร PCB มากกว่า 100 เครื่อง เพื่อทดแทนแรงงาน และผลิตสารเคมีประมาณหนึ่งในสามภายในบริษัท KCE เริ่มติดตั้งเครื่องจักรเมื่อต้นปีนี้ และคาดว่าจะการประหยัดต้นทุนจะเกิดขึ้นอย่างมีนัยสำคัญตั้งแต่ 2H24

อุตสาหกรรมรถยนต์ยังคงมีแนวโน้มเป็นบวก

แม้จะมีภัยคุกคามตามวัฏจักรจากการชะลอตัวของเศรษฐกิจโลก แต่ KCE ยังคงอยู่ในอุตสาหกรรมยานยนต์ซึ่งมีแนวโน้มเชิงโครงสร้างเป็นบวกในสัดส่วนที่สูง เนื่องจาก 1) ยอดขายรถยนต์ทั่วโลกยังคงเติบโต ด้วยการเติบโตของเศรษฐกิจทั่วโลก ทำให้ผู้คนสามารถซื้อรถยนต์ได้มากขึ้น 2) ชิ้นส่วนอิเล็กทรอนิกส์ในรถยนต์มีกระแสเติบโตอย่างมาก นอกจากนี้แนวโน้มเหล่านี้แล้ว เราคาดว่า KCE จะยังคงได้รับส่วนแบ่งตลาด PCB สำหรับรถยนต์เพิ่มขึ้นต่อเนื่อง เนื่องจากประสิทธิภาพด้านต้นทุน Exhibit 8 แสดงให้เห็นถึงการเติบโตด้านอิเล็กทรอนิกส์สำหรับยานยนต์ทั่วโลกของ KCE ที่โดดเด่นในช่วง 6 ปีที่ผ่านมา

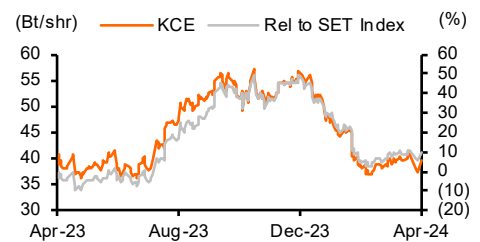
คาดการณ์ผลการดำเนินงาน 1Q24F

เราคาดว่ากำไรปกติใน 1Q24F ของ KCE จะอยู่ที่ 470 ลบ. เพิ่มขึ้น 50% y-y จากฐานที่ต่ำ และ 3% q-q ปัจจัยขับเคลื่อนหลักคืออัตรากำไรที่เพิ่มขึ้นจากยอดขายที่เพิ่มขึ้น การประหยัดต้นทุน และเงินบาทที่อ่อนค่า KCE คาดว่าอัตรากำไรขั้นต้นจะขยายตัวไปจากมาตรการประหยัดต้นทุนที่กล่าวข้างต้น แม้จะมีความกังวลของตลาดต่อแนวโน้มยอดขายรถยนต์ทั่วโลก แต่ KCE ยังคงมียอดขายคำสั่งซื้อเติบโตใน 2Q24

COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Sales	16,344	17,513	18,631	19,489
Net profit	1,720	2,303	2,768	3,080
Consensus NP	—	2,097	2,400	2,694
Diff frm cons (%)	—	9.8	15.4	14.3
Norm profit	1,569	2,303	2,768	3,080
Prev. Norm profit	—	2,689	3,084	3,290
Chg frm prev (%)	—	(14.3)	(10.2)	(6.4)
Norm EPS (Bt)	1.3	1.9	2.3	2.6
Norm EPS grw (%)	(31.2)	46.8	20.2	11.3
Norm PE (x)	29.8	20.3	16.9	15.2
EV/EBITDA (x)	17.3	13.4	11.3	9.8
P/BV (x)	3.4	3.1	2.8	2.5
Div yield (%)	1.5	2.0	2.4	2.7
ROE (%)	11.6	16.0	17.3	17.3
Net D/E (%)	2.8	(0.6)	(5.5)	(15.5)

PRICE PERFORMANCE



COMPANY INFORMATION

Price: (Bt) as of 23-Apr-24	39.50
Market Cap (US\$ m)	1,260.1
Listed Shares (m shares)	1,182.1
Free Float (%)	59.1
Avg. Daily Turnover (US\$ m)	10.4
12M Price H/L (Bt)	57.25/36.00
Sector	Electronics
Major Shareholder	Ongkosit Family 23.5%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P8

กรุณาอ่านรายงานฉบับสมบูรณ์
ในรายงานฉบับภาษาอังกฤษ



Ex 1: Assumption Revisions

	2021	2022	2023	2024F	2025F	2026F
Sales (Bt m)						
New	14,938	18,456	16,344	17,513	18,631	19,489
Old				18,639	19,736	20,379
Change (%)				(6.0)	(5.6)	(4.4)
Gross margin (%)						
New	26.6	22.8	20.8	24.4	26.2	26.9
Old				25.5	26.7	27.0
Change (ppt)				(1.1)	(0.4)	(0.1)
SG&A/sales (%)						
New	11.1	10.8	10.9	10.8	10.8	10.5
Old				10.3	10.3	10.2
Change (ppt)				0.5	0.5	0.3
Normalized profit (Bt m)						
New	2,237	2,281	1,569	2,303	2,768	3,080
Old				2,689	3,084	3,290
Change (%)				(14.3)	(10.2)	(6.4)

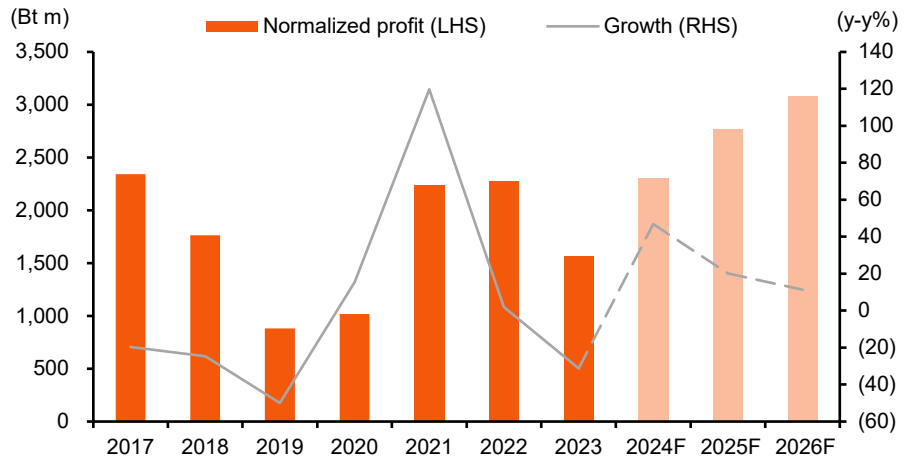
Sources: Company data, Thanachart estimates

Ex 2: Our Assumptions

	2020	2021	2022	2023	2024F	2025F	2026F
Year-end capacity (million sq ft per month)	2.7	3.0	3.3	4.0	4.0	4.7	0.0
Year-end capacity growth (%)	0.0	11.1	10.0	21.2	0.0	17.5	0.0
Effective capacity (million sq ft per month)	2.7	2.8	3.2	3.5	3.7	4.1	4.7
Effective capacity growth (%)	0.0	1.9	17.3	7.8	6.7	10.8	14.6
Global car sales growth (%)	(15.0)	3.0	(2.6)	7.0	2.0	7.0	5.0
US\$ sales growth (%)	(5.3)	25.9	11.1	(10.9)	5.9	8.9	7.1
Baht/US\$ assumption	31.3	32.0	35.1	34.8	35.2	34.4	33.6
Baht sales growth (%)	(4.7)	29.6	23.6	(10.1)	7.2	6.4	4.6
HDI proportion (%)	16.0	20.0	25.9	33.2	33.6	36.0	38.0
Gross margin (%)	21.8	26.6	23.4	20.8	24.4	26.2	26.9
SG&A to sales (%)	12.6	11.1	10.8	10.9	10.8	10.8	10.5

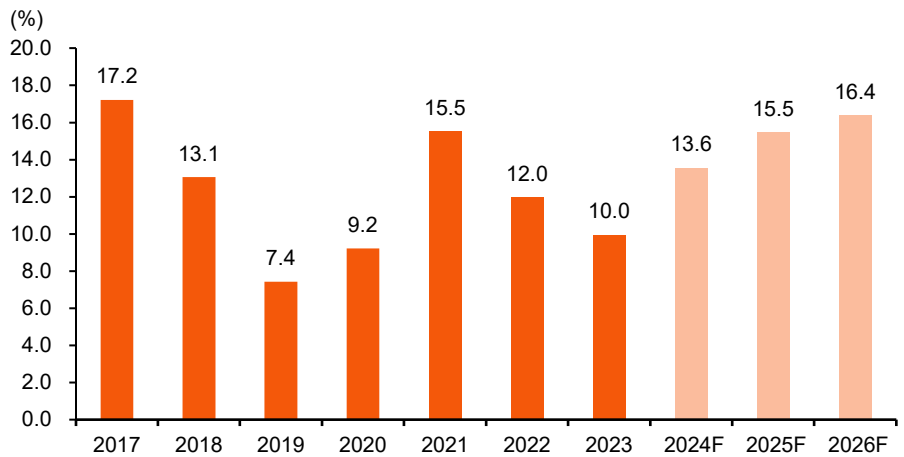
Sources: Company data, Thanachart estimates

Ex 3: Normalized Earnings Growth



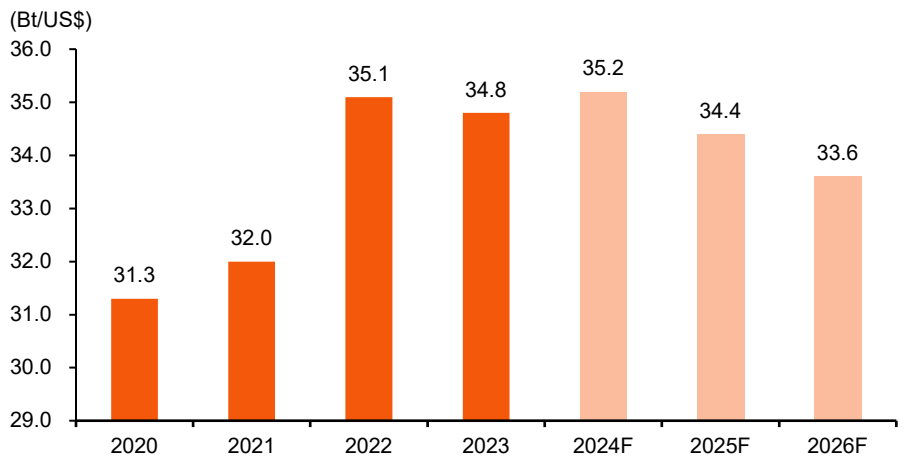
Sources: Company data, Thanachart estimates

Ex 4: EBIT Margin



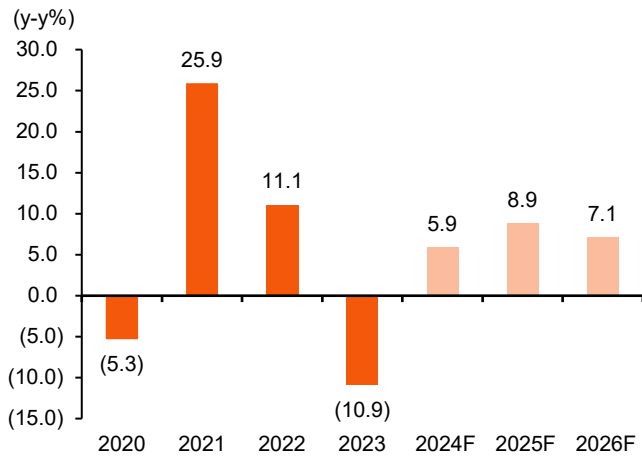
Sources: Company data, Thanachart estimates

Ex 5: Our Baht/US\$ Assumptions



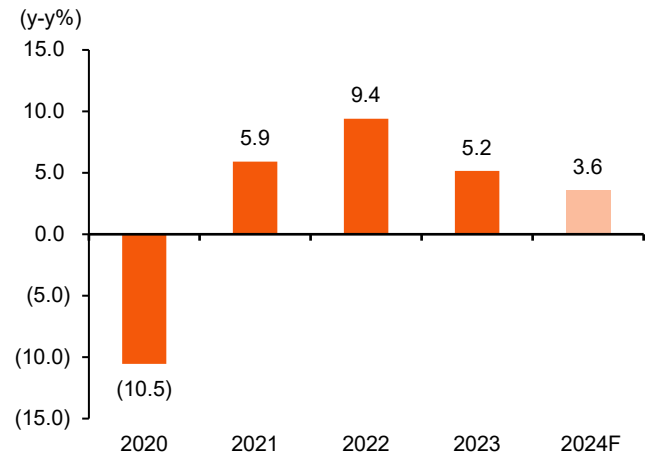
Sources: Bloomberg, Thanachart estimates

Ex 6: KCE's US\$ Sales Growth



Sources: Company data; Thanachart estimates

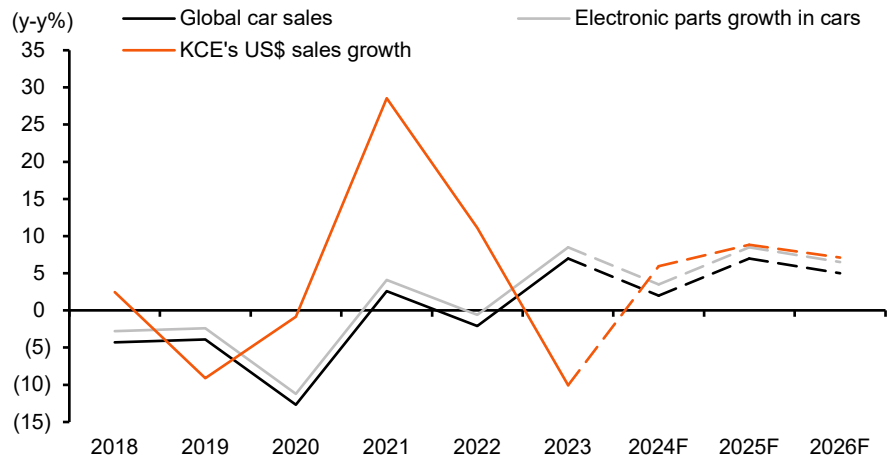
Ex 7: End Clients' Growth



Source: Bloomberg

Note: End customers include leading listed EU and US car manufacturers

Ex 8: KCE Vs. Auto Electronic Parts Vs. Global Car Sales



Sources: Company data, Thanachart compilation, Thanachart estimates

Ex 9: KCE's Margins Vs. Peers'

	TTM Technologies TTMI US	Meiko Electronics 6787 JP	CMK Corp 6958 JP	Chin-poon Industrial 2355 TT	KCE Electronics KCE TB
Revenues (US\$ m)					
2023A	2,233	1,237	620	537	477
2024F	2,334	1,203	593	557	505
2025F	2,467	1,322	629	613	550
2026F	na	1,448	630	676	589
Normalized profits (US\$ m)					
2023A	140	65	14	24	45
2024F	152	68	17	36	65
2025F	172	75	27	40	80
2026F	na	88	38	37	92
Gross margin (%)					
2023A	18.5	15.6	15.1	13.1	20.8
2024F	19.8	17.1	na	14.9	24.4
2025F	20.3	17.4	na	15.2	26.2
2026F	na	17.4	na	14.0	26.9
Net margin (%)					
2023A	2.1	5.3	2.2	4.3	9.7
2024F	6.3	5.7	2.8	6.4	13.1
2025F	6.7	5.7	4.3	6.5	14.8
2026F	na	6.0	5.5	5.5	15.8
ROE (%)					
2023A	na	12.8	2.9	4.8	11.6
2024F	na	12.0	4.7	7.6	16.0
2025F	na	11.8	7.3	8.4	17.3
2026F	na	12.6	9.3	na	17.3

Sources: Bloomberg, Company data, Thanachart estimates

Ex 10: 12 Month DCF-based TP Calculation Using A Base Year of 2024F

(Bt m)	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	Terminal value
EBITDA	3,470	4,067	4,445	4,725	5,244	5,964	6,732	7,562	8,459	9,428	9,442	—
Free cash flow	1,275	1,829	3,118	3,405	3,986	4,547	5,223	5,958	6,752	7,609	8,225	97,302
PV of free cash flow	1,275	1,508	2,335	2,315	2,461	2,548	2,658	2,656	2,720	2,771	2,708	28,961
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	9.6											
Terminal growth (%)	2.0											
Enterprise value (add investments)	57,365											
Net debt (2023)	390											
Minority interest	61											
Equity value	56,914											
# of shares (m)	1,182											
Target price/share (Bt)	48											

Sources: Company data, Thanachart estimates

Note: * We assume a full dilution impact from outstanding ESOP shares

Valuation Comparison

Ex 11: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div. yield —	
			24F (%)	25F (%)	24F (x)	25F (x)	24F (x)	25F (x)	24F (%)	25F (%)	24F (%)	25F (%)
TTM Technologies Inc	TTMI US	USA	na	13.0	9.8	8.7	0.9	0.9	6.2	5.6	na	na
Chin(Poon Industrial	2355 TT	Taiwan	58.8	6.6	13.2	12.4	1.0	0.9	4.5	1.6	5.0	5.7
Tripod Technology Corp	3044 TT	Taiwan	27.1	22.0	12.8	10.5	1.9	1.8	5.7	5.0	4.4	5.4
CMK Corp	6958 JP	Japan	57.1	48.3	13.7	9.2	0.6	0.6	7.2	5.4	2.1	3.3
Meiko Electronics	6787 JP	Japan	16.1	9.9	12.2	11.1	1.4	1.3	9.2	7.5	1.2	1.2
SVI Pcl	SVI TB	Thailand	26.0	10.0	12.4	11.2	1.9	1.7	10.6	9.6	2.8	3.1
Delta Electronics	DELTA TB*	Thailand	12.5	10.0	43.7	39.7	10.8	9.2	33.5	29.9	0.8	1.0
Hana Microelectronics	HANA TB*	Thailand	(25.4)	10.3	20.8	18.8	1.1	1.1	8.9	7.9	2.4	2.7
KCE Electronics	KCE TB*	Thailand	46.8	20.2	20.3	16.9	3.1	2.8	13.4	11.3	2.0	2.4
Average			27.4	16.7	17.7	15.4	2.5	2.3	11.0	9.3	2.6	3.1

Source: Bloomberg

Note: *Thanachart estimates, using Thanachart normalized EPS

Based on 23 April 2024 closing prices

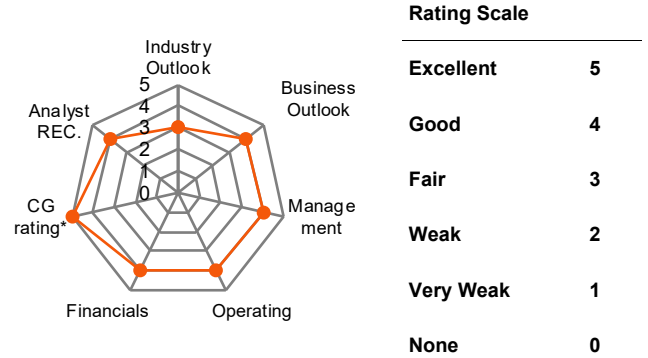
กรุณาอ่านรายงานฉบับสมบูรณ์ในรายงานฉบับภาษาอังกฤษ

COMPANY DESCRIPTION

บริษัท เคซีอี อิเล็กทรอนิกส์ จำกัด (มหาชน) และบริษัทย่อยประกอบธุรกิจผลิตและส่งออกแผ่นพิมพ์วงจรไฟฟ้า (PCB) ชนิดสองหน้า และชนิด หลายชั้นภายใต้เครื่องหมายการค้า KCE บริษัทมีฐานการผลิต 5 โรงงาน โดยมีโรงงานทำ PCB 3 แห่ง โรงงานทำลามิเนต 1 แห่ง และโรงงาน ทำเคมีอีก 1 แห่ง ซึ่งตั้งอยู่ใน 4 พื้นที่ในประเทศไทย KCE เป็นหนึ่งใน ผู้ผลิตแผ่นพิมพ์วงจรไฟฟ้าที่ใหญ่ที่สุดในกลุ่มอุตสาหกรรมยานยนต์ ซึ่งคิดเป็นกว่า 70% ของยอดขายทั้งหมดของบริษัท

Source: Thanachart

COMPANY RATING



Source: Thanachart; *CG Rating

Rating Scale	
Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

THANACHART'S SWOT ANALYSIS

S — Strength

- มียอดขายจากกลุ่มอุตสาหกรรมยานยนต์ที่ค่อนข้างแน่นอนอยู่มาก
- ดำเนินธุรกิจตั้งแต่ต้นน้ำถึงปลายน้ำซึ่งสอดคล้องกันอย่างชัดเจน
- เป็นผู้ผลิต PCB สำหรับยานยนต์ที่มีต้นทุนต่ำที่สุด

O — Opportunity

- โอกาสเพิ่มส่วนแบ่งทางการตลาดในตลาดประเทศญี่ปุ่น
- แนวโน้มการเติบโตในอุตสาหกรรมอิเล็กทรอนิกส์ยานยนต์ยังสดใส
- การขยายตัวไปยังอุตสาหกรรมอื่น เช่น สินค้าเพื่ออุตสาหกรรม และสินค้าอุปโภคบริโภค high-end

W — Weakness

- เป็นธุรกิจที่ใช้เงินลงทุนสูง โดยเฉพาะการซื้อเครื่องจักรการผลิต
- รายได้ยังคงกระจุกตัวอยู่มากในลูกค้ารายใหญ่น้อยราย

T — Threat

- เหตุการณ์ภายนอกที่เหนือความคาดหมาย เช่น น้ำท่วมสถานการณ์การเมือง อาจส่งผลกระทบต่อการทำงาน
- ความล่าช้าของการขยายโรงงาน อาจส่งผลเสียต่อการรับรองปริมาณและคุณภาพการผลิตให้แก่ลูกค้า

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	46.08	48.00	4%
Net profit 24F (Bt m)	2,097	2,303	10%
Net profit 25F (Bt m)	2,400	2,768	15%
Consensus REC	BUY: 9	HOLD: 9	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- ประเมินการกำไรและราคาเป้าหมายของเราสูงกว่าของตลาด เนื่องจากเรามองบวกมากขึ้นต่อค่าใช้จ่ายที่ลดลง และแนวโน้มรายได้ของ KCE

Sources: Bloomberg consensus, Thanachart estimates

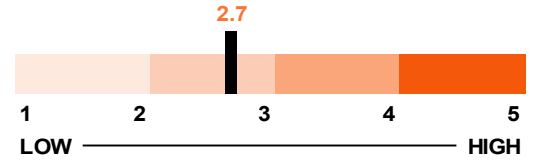
RISKS TO OUR INVESTMENT CASE

- การฟื้นตัวที่ช้าของตลาดรถยนต์โลกที่ช้ากว่าคาดเป็นความเสี่ยงที่สำคัญต่อประมาณการกำไรและราคาเป้าหมายของเรา
- ราคาวัตถุดิบที่เกี่ยวข้องกับทองแดงที่เพิ่มขึ้นอย่างมากจะเป็นความเสี่ยงอีกประการหนึ่งต่อประมาณการ
- ความผันผวนของอัตราแลกเปลี่ยนที่รุนแรง เช่น เงินบาทที่แข็งค่าขึ้นอย่างมากเมื่อเทียบกับดอลลาร์สหรัฐฯ จะเป็นความเสี่ยงต่อประมาณการของเรา

Source: Thanachart

KCE เป็นหนึ่งในสิบผู้ผลิตแผ่นพิมพ์วงจรอิเล็กทรอนิกส์ (PCB) รายใหญ่ที่สุดของโลก โรงงานของบริษัท ปล่อยก๊าซเรือนกระจกบางส่วน และบริษัทฯ ได้ดำเนินมาตรการเพื่อลดการปล่อยก๊าซเรือนกระจก อย่างไรก็ตามเราให้คะแนน ESG สำหรับ KCE ที่ 2.7 ซึ่งอยู่ในระดับปานกลาง เนื่องจากเป้าหมายและแผน ESG โดยรวมยังไม่ชัดเจน

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
KCE	-	-	-	-	53.82	61.91	24.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
 Note: Please see third party on "term of use" in the following back page.

Factors	Our Comments
<p>ด้านสิ่งแวดล้อม (ENVIRONMENTAL)</p> <ul style="list-style-type: none"> - นโยบายและแนวทางปฏิบัติด้านสิ่งแวดล้อม - การบริหารจัดการพลังงานไฟฟ้า - การบริหารจัดการก๊าซเรือนกระจก - การบริหารจัดการน้ำ - การบริหารจัดการของเสีย 	<ul style="list-style-type: none"> - KCE เป็นผู้ผลิตแผ่นวงจรพิมพ์อิเล็กทรอนิกส์ (PCB) ระดับโลก บริษัท มีโรงงานสองแห่งที่เปิดดำเนินการในประเทศไทย โรงงานของบริษัท ปล่อยก๊าซเรือนกระจก (GHG) และมลพิษอื่นๆ KCE อ้างว่าบริษัท ได้ดำเนินการมาตรการต่างๆ เพื่อลดการปล่อยมลพิษ อย่างไรก็ตาม บริษัท ยังไม่ได้ระบุเป้าหมายและแผนงานที่ชัดเจนเพื่อให้บรรลุเป้าหมาย - KCE ใช้ซอฟต์แวร์การจัดการโลจิสติกส์ในการคำนวณเส้นทางการขนส่งที่ประหยัดน้ำมันที่สุดเพื่อลดมลพิษทางอากาศ - KCE กำลังเปลี่ยนผลิตภัณฑ์ที่เกี่ยวข้องกับสำนักงานหลายอย่าง เช่น กระดาษถ่ายเอกสาร โทเนอร์ หลอด LED และตู้เย็น ให้เป็นมิตรกับสิ่งแวดล้อมมากขึ้น - KCE ยุติการใช้โฟมในบรรจุภัณฑ์ของผลิตภัณฑ์ และเปลี่ยนไปใช้กระดาษรีไซเคิลเพื่อลดของเสียอันตราย
<p>ด้านสังคม (SOCIAL)</p> <ul style="list-style-type: none"> - การปฏิบัติตามหลักสิทธิมนุษยชน - การดูแลพนักงาน - สุขอนามัยและความปลอดภัย - ความปลอดภัยและคุณภาพของผลิตภัณฑ์ - การมีส่วนร่วมพัฒนาชุมชน และสังคม 	<ul style="list-style-type: none"> - KCE มีนโยบายยุติความสัมพันธ์กับซัพพลายเออร์ที่ละเมิดสิทธิแรงงาน เช่น การใช้แรงงานเด็ก - บริษัท จัดให้มีประกันสุขภาพและประกันอุบัติเหตุสำหรับพนักงาน และประกันสุขภาพสำหรับครอบครัวพนักงาน - KCE ให้การสนับสนุนอย่างจริงจังในเรื่อง อาหารและน้ำดื่มแก่ผู้ยากไร้ เช่น ผู้ประสบอุทกภัย และผู้ได้รับผลกระทบจากโควิด
<p>ด้านบรรษัทภิบาลและเศรษฐกิจ (GOVERNANCE & SUSTAINABILITY)</p> <ul style="list-style-type: none"> - โครงสร้างของคณะกรรมการบริษัท - จริยธรรมและความโปร่งใส - ความยั่งยืนของธุรกิจ - การบริหารความเสี่ยง - นวัตกรรม 	<ul style="list-style-type: none"> - KCE มีคณะกรรมการบริษัทจำนวน 9 คน ซึ่งเราถือว่าเป็นขนาดที่เหมาะสมกับขนาดและขอบเขตของธุรกิจ ในจำนวนสมาชิกเก้าคน สามคนเป็นกรรมการอิสระ มีกรรมการหญิงสามคน สมาชิกแปดคนรวมทั้งประธานมีสัดส่วนการถือหุ้นใน KCE - KCE ได้กระจายความเสี่ยงผลิตภัณฑ์จากที่มีเพียง PCB สำหรับกลุ่มยานยนต์ ซึ่งปัจจุบันมีสัดส่วนประมาณ 70% ของรายได้ทั้งหมด ส่วนที่เหลือมาจากกลุ่มผู้บริโภค อุตสาหกรรม และการแพทย์ - KCE มีความกระตือรือร้นในการพัฒนากระบวนการอัตโนมัติเพื่อลดแรงงาน แม้ว่าจะเป็นแบบค่อยเป็นค่อยไป

Sources: Thanachart, Company data

INCOME STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Sales	18,456	16,344	17,513	18,631	19,489
Cost of sales	14,254	12,941	13,238	13,740	14,245
Gross profit	4,202	3,403	4,275	4,891	5,244
% gross margin	22.8%	20.8%	24.4%	26.2%	26.9%
Selling & administration expenses	1,988	1,774	1,899	2,008	2,051
Operating profit	2,214	1,629	2,376	2,883	3,193
% operating margin	12.0%	10.0%	13.6%	15.5%	16.4%
Depreciation & amortization	1,082	1,096	1,094	1,184	1,252
EBITDA	3,295	2,724	3,470	4,067	4,445
% EBITDA margin	17.9%	16.7%	19.8%	21.8%	22.8%
Non-operating income	294	190	182	186	189
Non-operating expenses	0	0	0	0	0
Interest expense	(72)	(104)	(65)	(70)	(44)
Pre-tax profit	2,435	1,715	2,493	2,999	3,338
Income tax	144	131	199	240	267
After-tax profit	2,292	1,583	2,293	2,759	3,071
% net margin	12.4%	9.7%	13.1%	14.8%	15.8%
Shares in affiliates' Earnings	19	14	15	16	16
Minority interests	(29)	(28)	(5)	(6)	(7)
Extraordinary items	36	150	0	0	0
NET PROFIT	2,317	1,720	2,303	2,768	3,080
Normalized profit	2,281	1,569	2,303	2,768	3,080
EPS (Bt)	2.0	1.5	1.9	2.3	2.6
Normalized EPS (Bt)	1.9	1.3	1.9	2.3	2.6

With multiple supporting factors, we expect strong earnings growth

BALANCE SHEET

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
ASSETS:					
Current assets:	11,079	10,079	11,168	12,121	12,903
Cash & cash equivalent	1,153	1,818	2,500	3,000	3,400
Account receivables	4,900	4,379	4,692	4,991	5,221
Inventories	4,908	3,793	3,880	4,027	4,175
Others	119	90	97	103	107
Investments & loans	190	185	185	185	185
Net fixed assets	8,864	8,124	8,742	9,272	8,869
Other assets	860	804	880	953	1,013
Total assets	20,993	19,193	20,975	22,531	22,971
LIABILITIES:					
Current liabilities:	6,244	4,562	4,773	4,640	3,526
Account payables	3,249	2,728	2,791	2,897	3,003
Bank overdraft & ST loans	2,173	1,280	1,398	1,198	279
Current LT debt	738	425	464	398	93
Others current liabilities	84	128	119	147	152
Total LT debt	904	503	549	470	109
Others LT liabilities	401	380	426	465	497
Total liabilities	7,548	5,444	5,748	5,574	4,133
Minority interest	56	61	66	72	79
Preferreds shares	0	0	0	0	0
Paid-up capital	591	591	591	591	591
Share premium	2,157	2,161	2,161	2,161	2,161
Warrants	1	0	0	0	0
Surplus	(34)	(39)	(39)	(39)	(39)
Retained earnings	10,675	10,976	12,449	14,172	16,046
Shareholders' equity	13,389	13,689	15,162	16,885	18,759
Liabilities & equity	20,993	19,193	20,975	22,531	22,971

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Earnings before tax	2,435	1,715	2,493	2,999	3,338
Tax paid	(220)	(126)	(201)	(230)	(265)
Depreciation & amortization	1,082	1,096	1,094	1,184	1,252
Chg In working capital	(1,569)	1,116	(338)	(341)	(271)
Chg In other CA & CL / minorities	(115)	89	2	28	14
Cash flow from operations	1,613	3,890	3,049	3,640	4,068
Capex	(924)	(313)	(1,667)	(1,667)	(800)
Right of use	6	(15)	(20)	(20)	(20)
ST loans & investments	0	0	0	0	0
LT loans & investments	5	5	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	14	(28)	(54)	(62)	(57)
Cash flow from investments	(899)	(351)	(1,741)	(1,748)	(877)
Debt financing	266	(1,453)	202	(345)	(1,585)
Capital increase	10	4	0	0	0
Dividends paid	(2,399)	(1,441)	(830)	(1,046)	(1,206)
Warrants & other surplus	80	17	0	0	0
Cash flow from financing	(2,042)	(2,873)	(627)	(1,391)	(2,791)
Free cash flow	688	3,577	1,383	1,973	3,268

VALUATION

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Normalized PE (x)	20.5	29.8	20.3	16.9	15.2
Normalized PE - at target price (x)	24.9	36.2	24.6	20.5	18.4
PE (x)	20.2	27.2	20.3	16.9	15.2
PE - at target price (x)	24.5	33.0	24.6	20.5	18.4
EV/EBITDA (x)	15.0	17.3	13.4	11.3	9.8
EV/EBITDA - at target price (x)	18.0	21.0	16.3	13.7	12.1
P/BV (x)	3.5	3.4	3.1	2.8	2.5
P/BV - at target price (x)	4.2	4.1	3.7	3.4	3.0
P/CFO (x)	29.0	12.0	15.3	12.8	11.5
Price/sales (x)	2.5	2.9	2.7	2.5	2.4
Dividend yield (%)	4.1	1.5	2.0	2.4	2.7
FCF Yield (%)	1.5	7.7	3.0	4.2	7.0
(Bt)					
Normalized EPS	1.9	1.3	1.9	2.3	2.6
EPS	2.0	1.5	1.9	2.3	2.6
DPS	1.6	0.6	0.8	1.0	1.1
BV/share	11.3	11.6	12.8	14.3	15.9
CFO/share	1.4	3.3	2.6	3.1	3.4
FCF/share	0.6	3.0	1.2	1.7	2.8

Sources: Company data, Thanachart estimates

*KCE's PE is not expensive,
in our view*

FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Growth Rate					
Sales (%)	23.6	(11.4)	7.2	6.4	4.6
Net profit (%)	(4.5)	(25.8)	33.9	20.2	11.3
EPS (%)	(4.5)	(25.8)	33.9	20.2	11.3
Normalized profit (%)	2.0	(31.2)	46.8	20.2	11.3
Normalized EPS (%)	2.0	(31.2)	46.8	20.2	11.3
Dividend payout ratio (%)	81.6	41.2	41.2	41.2	41.2
Operating performance					
Gross margin (%)	22.8	20.8	24.4	26.2	26.9
Operating margin (%)	12.0	10.0	13.6	15.5	16.4
EBITDA margin (%)	17.9	16.7	19.8	21.8	22.8
Net margin (%)	12.4	9.7	13.1	14.8	15.8
D/E (incl. minor) (x)	0.3	0.2	0.2	0.1	0.0
Net D/E (incl. minor) (x)	0.2	0.0	(0.0)	(0.1)	(0.2)
Interest coverage - EBIT (x)	30.7	15.7	36.5	41.4	72.0
Interest coverage - EBITDA (x)	45.7	26.2	53.3	58.5	100.3
ROA - using norm profit (%)	10.6	7.8	11.5	12.7	13.5
ROE - using norm profit (%)	17.0	11.6	16.0	17.3	17.3
DuPont					
ROE - using after tax profit (%)	17.1	11.7	15.9	17.2	17.2
- asset turnover (x)	0.9	0.8	0.9	0.9	0.9
- operating margin (%)	13.6	11.1	14.6	16.5	17.4
- leverage (x)	1.6	1.5	1.4	1.4	1.3
- interest burden (%)	97.1	94.3	97.5	97.7	98.7
- tax burden (%)	94.1	92.3	92.0	92.0	92.0
WACC (%)	9.6	9.6	9.6	10.1	10.1
ROIC (%)	14.3	9.4	15.5	17.6	18.4
NOPAT (Bt m)	2,083	1,504	2,186	2,652	2,938
invested capital (Bt m)	16,051	14,079	15,073	15,950	15,839

Sources: Company data, Thanachart estimates

ESG Information - Third Party Terms

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3. Refinitiv (0-100)
4. S&P Global (0-100)
5. Moody's ESG Solutions (0-100)
6. SET ESG Rating (BBB-AAA)

SETESG Index (SETESG)

The SETESG Index reflects the price movement of stock of companies that have sustainable business practices which consider environmental, social and governance (ESG) aspect.

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SET ESG Index (SET ESG)

Currently, long-term investment guidelines abroad are beginning to focus on investing in companies that have sustainable business practices. which considers environmental, social and governance factors (Environmental, Social and Governance or ESG) of the company in making investment decisions along with analyzing the company's financial data.

Stock Exchange Has prepared the results of evaluating sustainable stocks which are stocks of listed companies (SETESG Rating) as an alternative for investors who want to invest in stocks of listed companies that are outstanding in ESG, including to support listed companies with operations. sustainable business Taking into account all stakeholders in both social and environmental aspects. There is a management process to create sustainability for the organization, such as risk management. Supply chain management and innovation development. Therefore, the SETESG index was created to be an index that reflects the price movement of a group of securities. of companies with sustainable business operations that meet the required size and liquidity criteria

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Score range	Description
CCC - B	LAGGARD: A company lagging its industry based on its high exposure and failure to manage significant ESG risks
BB - BBB - A	AVERAGE : A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
AA - AAA	LEADER: A company leading its industry in managing the most significant ESG risks and opportunities

The Dow Jones Sustainability Indices (DJSI)

The Dow Jones Sustainability Indices (DJSI) are a family of best-in-class benchmarks for investors who have recognized that sustainable business practices are critical to generating long-term shareholder value and who wish to reflect their sustainability convictions in their investment portfolios. The family was launched in 1999 as the first global sustainability benchmark and tracks the stock performance of the world's leading companies in terms of economic, environmental and social criteria. Created jointly by S&P Dow Jones Indices and SAM, the DJSI combine the experience of an established index provider with the expertise of a specialist in Sustainable Investing to select the most sustainable companies from across 61 industries. The indices serve as benchmarks for investors who integrate sustainability considerations into their portfolios, and provide an effective engagement platform for investors who wish to encourage companies to improve their corporate sustainability practices.

S&P Global Market Intelligence

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

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90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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