

KCE Electronics Pcl (KCE TB) - HOLD, Price Bt20.30, TP Bt16.00**Results Comment**

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Weaker-than-expected 4Q25 results

- KCE reported net earnings of Bt124m. Excluding FX loss, normalized earnings of Bt138m fell by 32% y-y and 53% q-q, as 4Q is a seasonally weak holiday quarter. Earnings came in below our expectations mainly due to weaker sales.
- US\$ PCB sales fell by 8% y-y, which we believe was driven by weak global auto sales, compounded by KCE's key EU auto customers losing market share to cheaper Chinese EV brands. Moreover, KCE's high-margin HDI PCB contribution fell by 12% y-y, likely as EU auto brands pushed to cut costs to improve competitiveness.
- Gross margin was 18.5% in 4Q25, improving from 18.0% in 4Q24. Despite negative operating leverage from weaker sales volume, a stronger baht against the US\$, and a lower HDI mix, KCE benefited from its automotive transformation cost-saving strategy. Gross margin declined to 21.4% in 3Q25 mainly due to lower production volume and a stronger baht.
- SG&A to sales rose to 14.0% from 12.5% last year due to negative operating leverage. The ratio largely stabilized q-q.
- We expect pressure to continue, and with rising copper prices, KCE's key raw material, we see downside risk to our earnings forecast.

Income Statement (consolidated)					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25
Revenue	3,239	3,324	3,285	3,444	3,021
Gross profit	584	579	595	736	558
SG&A	404	410	435	474	423
Operating profit	180	168	160	262	135
EBITDA	457	449	438	533	404
Other income	61	48	55	70	43
Other expense	0	0	0	0	0
Interest expense	10	8	10	10	8
Profit before tax	232	208	204	323	170
Income tax	28	29	22	27	29
Equity & invest. income	6	3	3	3	4
Minority interests	(7)	(6)	(6)	(7)	(7)
Extraordinary items	79	54	3	6	(15)
Net profit	282	230	182	297	124
Normalized profit	202	176	179	292	138
EPS (Bt)	0.24	0.19	0.15	0.25	0.10
Normalized EPS (Bt)	0.17	0.15	0.15	0.25	0.12

Balance Sheet (consolidated)					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25
Cash & ST investment	1,566	2,176	1,679	1,542	1,969
A/C receivable	3,646	3,504	3,244	3,388	2,829
Inventory	3,675	3,572	3,753	3,762	3,705
Other current assets	68	55	79	72	73
Investment	184	186	174	175	177
Fixed assets	7,645	7,474	7,472	7,325	7,267
Other assets	1,631	1,633	1,991	1,925	1,908
Total assets	18,416	18,600	18,392	18,189	17,930
S-T debt	1,064	886	1,287	952	1,041
A/C payable	2,843	2,998	2,748	2,970	2,553
Other current liabilities	78	108	84	52	78
L-T debt	52	5	79	454	395
Other liabilities	560	553	670	670	666
Minority interest	62	63	58	53	60
Shareholders' equity	13,756	13,987	13,465	13,037	13,136
Working capital	4,478	4,077	4,248	4,179	3,982
Total debt	1,116	891	1,366	1,406	1,436
Net debt	(450)	(1,285)	(313)	(135)	(533)

Sources: Company data, Thanachart estimates

Income Statement 12M as					
(Bt m)	q-q%	y-y%	% 2025F	2025A	2026F
Revenue	(12)	(7)	93	13,075	14,502
Gross profit	(24)	(4)	76	2,119	3,379
SG&A	(11)	5	101	1,394	1,763
Operating profit	(48)	(25)	47	725	1,616
EBITDA	(24)	(12)	70	1,824	2,739
Other income	(39)	(29)	67	216	327
Other expense				0	0
Interest expense	(15)	(13)	107	36	40
Profit before tax	(47)	(27)	50	904	1,903
Income tax	7	3	87	106	127
Equity & invest. income	15	(35)	67	12	19
Minority interests	na	na	na	(26)	(6)
Extraordinary items	na	na	na	48	0
Net profit	(58)	(56)	49	833	1,789
Normalized profit	(53)	(32)	46	785	1,789
EPS (Bt)	(58)	(56)	49	0.70	1.51
Normalized EPS (Bt)	(53)	(32)	46	0.66	1.51

Financial Ratios (%)					
	4Q24	1Q25	2Q25	3Q25	4Q25
Sales growth	(20.9)	(12.1)	(18.1)	(9.4)	(6.7)
Operating profit growth	(63.7)	(62.8)	(70.2)	(25.4)	(24.9)
EBITDA growth	(40.2)	(37.6)	(44.3)	(14.1)	(11.7)
Norm profit growth	(56.7)	(58.3)	(66.3)	(24.5)	(31.6)
Norm EPS growth	(56.7)	(58.3)	(66.3)	(24.5)	(31.6)
Gross margin	18.0	17.4	18.1	21.4	18.5
Operating margin	5.6	5.1	4.9	7.6	4.5
EBITDA margin	14.1	13.5	13.3	15.5	13.4
Norm net margin	6.2	5.3	5.5	8.5	4.6
D/E (x)	0.1	0.1	0.1	0.1	0.1
Net D/E (x)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)
Interest coverage (x)	47.8	54.5	43.3	54.5	48.5
Interest rate	3.8	3.3	3.6	2.8	2.3
Effective tax rate	12.1	13.8	10.6	8.3	16.9
ROA	4.4	3.8	3.9	6.4	3.1
ROE	5.9	5.1	5.2	8.8	4.2

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