

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)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25	(Bt m)	q-q%	y-y%	% 2025F	2025A	2026F
Revenue	3,239	3,324	3,285	3,444	3,021	Revenue	(12)	(7)	93	13,075	14,502
Gross profit	584	579	595	736	558	Gross profit	(24)	(4)	76	2,119	3,379
SG&A	404	410	435	474	423	SG&A	(11)	5	101	1,394	1,763
Operating profit	180	168	160	262	135	Operating profit	(48)	(25)	47	725	1,616
EBITDA	457	449	438	533	404	EBITDA	(24)	(12)	70	1,824	2,739
Other income	61	48	55	70	43	Other income	(39)	(29)	67	216	327
Other expense	0	0	0	0	0	Other expense				0	0
Interest expense	10	8	10	10	8	Interest expense	(15)	(13)	107	36	40
Profit before tax	232	208	204	323	170	Profit before tax	(47)	(27)	50	904	1,903
Income tax	28	29	22	27	29	Income tax	7	3	87	106	127
Equity & invest. income	6	3	3	3	4	Equity & invest. income	15	(35)	67	12	19
Minority interests	(7)	(6)	(6)	(7)	(7)	Minority interests	na	na	na	(26)	(6)
Extraordinary items	79	54	3	6	(15)	Extraordinary items	na	na	na	48	0
Net profit	282	230	182	297	124	Net profit	(58)	(56)	49	833	1,789
Normalized profit	202	176	179	292	138	Normalized profit	(53)	(32)	46	785	1,789
EPS (Bt)	0.24	0.19	0.15	0.25	0.10	EPS (Bt)	(58)	(56)	49	0.70	1.51
Normalized EPS (Bt)	0.17	0.15	0.15	0.25	0.12	Normalized EPS (Bt)	(53)	(32)	46	0.66	1.51
Balance Sheet (consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25	(%)	4Q24	1Q25	2Q25	3Q25	4Q25
Cash & ST investment	1,566	2,176	1,679	1,542	1,969	Sales growth	(20.9)	(12.1)	(18.1)	(9.4)	(6.7)
A/C receivable	3,646	3,504	3,244	3,388	2,829	Operating profit growth	(63.7)	(62.8)	(70.2)	(25.4)	(24.9)
Inventory	3,675	3,572	3,753	3,762	3,705	EBITDA growth	(40.2)	(37.6)	(44.3)	(14.1)	(11.7)
Other current assets	68	55	79	72	73	Norm profit growth	(56.7)	(58.3)	(66.3)	(24.5)	(31.6)
Investment	184	186	174	175	177	Norm EPS growth	(56.7)	(58.3)	(66.3)	(24.5)	(31.6)
Fixed assets	7,645	7,474	7,472	7,325	7,267	Gross margin	18.0	17.4	18.1	21.4	18.5
Other assets	1,631	1,633	1,991	1,925	1,908	Operating margin	5.6	5.1	4.9	7.6	4.5
Total assets	18,416	18,600	18,392	18,189	17,930	EBITDA margin	14.1	13.5	13.3	15.5	13.4
S-T debt	1,064	886	1,287	952	1,041	Norm net margin	6.2	5.3	5.5	8.5	4.6
A/C payable	2,843	2,998	2,748	2,970	2,553	D/E (x)	0.1	0.1	0.1	0.1	0.1
Other current liabilities	78	108	84	52	78	Net D/E (x)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)
L-T debt	52	5	79	454	395	Interest coverage (x)	47.8	54.5	43.3	54.5	48.5
Other liabilities	560	553	670	670	666	Interest rate	3.8	3.3	3.6	2.8	2.3
Minority interest	62	63	58	53	60	Effective tax rate	12.1	13.8	10.6	8.3	16.9
Shareholders' equity	13,756	13,987	13,465	13,037	13,136	ROA	4.4	3.8	3.9	6.4	3.1
Working capital	4,478	4,077	4,248	4,179	3,982	ROE	5.9	5.1	5.2	8.8	4.2
Total debt	1,116	891	1,366	1,406	1,436						
Net debt	(450)	(1,285)	(313)	(135)	(533)						

Sources: Company data, Thanachart estimates

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