SELL (From: HOLD)

Change in Recommendation

TP: Bt 31.00 (From: Bt 16.00)

Downside : 27.9%

KCE Electronics Pcl (KCE TB)

Overvalued

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KCE's share price rallied 135% YTD on PCB price hikes and market share gains from Chinese competitors. At 35/23x 2026-27F PE, we believe the good news is in the price with competition to resume on easing supply constraints next year. We downgrade KCE to SELL.

Overvalued; downgrading to SELL

We downgrade KCE to SELL (from Hold). ***First***, despite being a high-quality company with a growth-mindset management team, we believe KCE's 135% YTD share price rise to trade at 35/23x in 2026-27F PE has reflected the good news from PCB price hikes to offset rising costs and market share gains from Chinese PCB makers. ***Second***, we see KCE's market share gain as temporary, with competition to resume in 2027F due to the new PCB supply. ***Third***, structurally, European car makers continue to suffer declining market share. KCE's main clients are in the supply chain of European cars. ***Lastly,*** despite quarter earnings in 1H26F likely haven't reflected the price increase and market share gain in 1H26F, we factor in these factors along with potential new orders and adjust our earnings forecasts by -16 to +30% in 2026-29F. Our EPS growth forecasts are 84/54% for 2026-27F, then to fall by 4-5% p.a. in 2028-29F. Together with a rollover to 2027F base year, our DCF-based TP rises to Bt31 (from Bt16).

Short-lived benefits

We expect KCE's US$ PCB sales to recover 8/3% in 2026-27F from a 9% p.a. contraction in 2023-25 amid weak EU car sales and intense competition from cheap Chinese PCB products. This recovery is due to the global PCB shortage amid strong AI capex, leading Chinese PCB makers (36% of global PCB supply) to raise selling prices by 40-50%. KCE decided to increase its selling price by only 10% from July this year in the hope of gaining market share. However, according to Bloomberg consensus, Chinese PCB makers plan to raise capex by 86% YoY this year with new capacity likely coming in 2027. We therefore expect resumption of strong competition as soon as next year and forecast 3-4% p.a. sales contraction in 2028-29F.

European car market share continues to decline

Our key concern for KCE is a structurally declining market share of European carmakers. KCE's key EU customers saw their sales falling 1.7% p.a. in 2023-25 and another 5.8% y-y in 1H26 due to a loss of market share to cheaper Chinese EV makers. Weak sales have caused some European car makers to switch to cheaper PCBs from Chinese makers. KCE is a higher-quality producer and has lost market share. KCE's US$ PCB sales fell 9.0% p.a. in 2023-25.

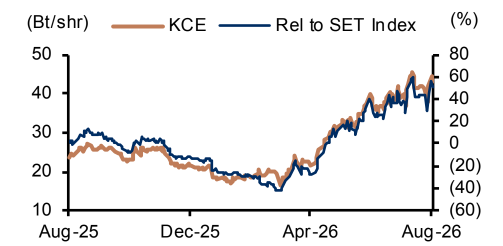
New orders factored in

We expect KCE to receive sizable new orders in 2027F from new US customers, with the orders to contribute around 10% of KCE's existing sales with the success of the orders depending on the commercial success of the customer's newly developed products. We factor these orders in at 4/6/7% of KCE's sales in 2027-29F.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Sales	13,075	14,074	14,726	14,285
Net profit	833	1,444	2,223	2,127
Consensus NP	—	1,076	1,367	1,640
Diff frm cons (%)	—	*34.2*	*62.6*	*29.7*
Norm profit	785	1,444	2,223	2,127
Prev. Norm profit	—	1,721	1,831	1,872
Chg frm prev (%)	—	*(16.1)*	*21.4*	*13.6*
Norm EPS (Bt)	0.66	1.22	1.88	1.80
Norm EPS grw (%)	(52.6)	84.0	54.0	(4.3)
Norm PE (x)	64.8	35.2	22.9	23.9
EV/EBITDA (x)	27.6	19.1	13.8	14.0
P/BV (x)	3.9	3.9	3.8	3.8
Div yield (%)	2.8	2.8	4.4	4.2
ROE (%)	5.8	11.0	16.7	15.7
Net D/E (%)	(4.0)	(3.1)	(7.0)	(10.6)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 4-Aug-26 (Bt)	43.00
Market Cap (US$ m)	1,521.4
Listed Shares (m shares)	1,182.1
Free Float (%)	57.4
Avg. Daily Turnover (US$ m)	26.8
12M Price H/L (Bt)	45.25/16.50
Sector	Electronics
Major Shareholder	Ongkosit Family 26.9%

Sources: Bloomberg, Company data, ttb wealth estimates

ESG Summary Report ……………..……………… P9

Overvalued

Downgrade to SELL

We downgrade KCE to SELL.

Ex 1: 12-month DCF-based TP Calculation Using A Base Year Of 2027F

(Bt m)	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	2037F	Terminal value
EBITDA	3,619	3,530	3,421	3,309	3,155	3,305	3,454	3,605	3,761	3,923	4,087	—
Free cash flow	2,590	2,782	2,932	2,837	2,633	2,817	3,048	3,031	3,467	3,616	3,867	49,008
PV of free cash flow	2,583	2,297	2,200	1,934	1,631	1,586	1,559	1,409	1,464	1,387	1,348	17,085

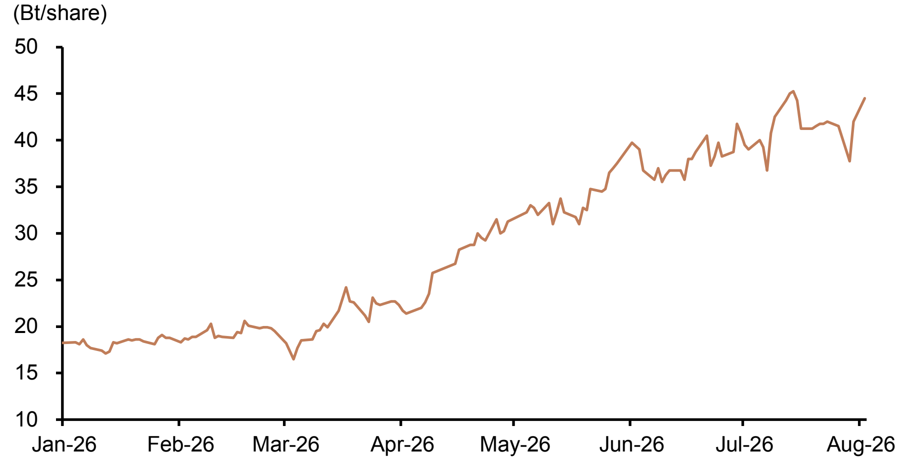
Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	1.0
WACC (%)	10.0
Terminal growth (%)	2.0
Enterprise value - add investments	36,482
Net debt	(413)
Minority interest	65
Equity value	36,831
# of shares (m)*	1,182
Target price/share (Bt)	**31**

Sources: Company data, ttb wealth estimates

A 135% share- price hike already reflects good news in our view

First, we believe the 135% YTD share-price rise, with KCE now trading at 35/23x PE in 2026-27F, has reflected the benefits from PCB price increases, cost pass-through and market-share gains from Chinese PCB makers.

Ex 2: Share Price Surged YTD

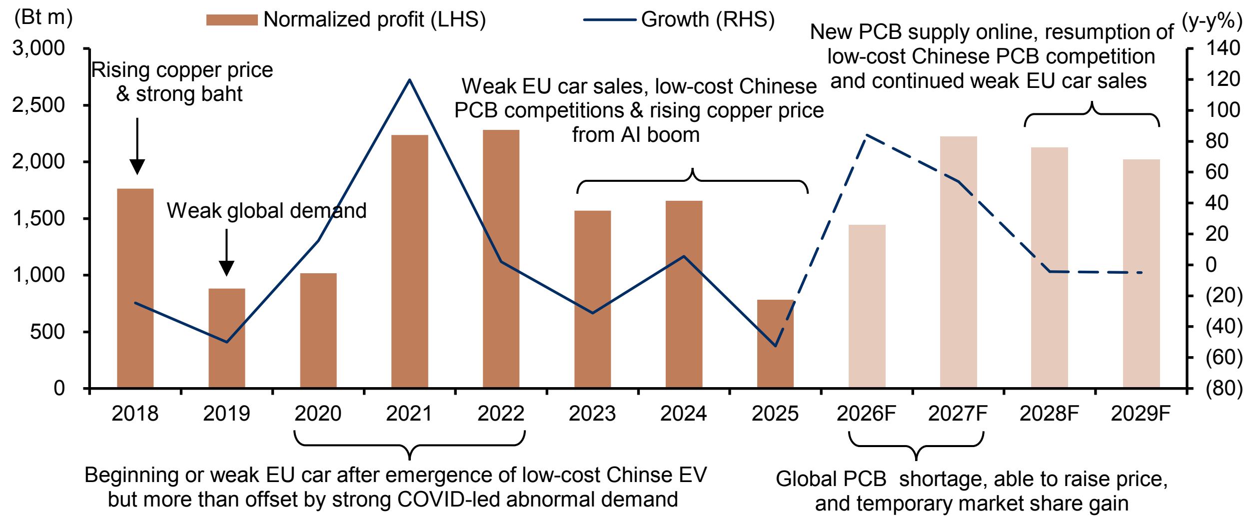


Sources: Bloomberg

We expect 84/54% EPS growth in 2026-27F followed by - 4-5% p.a. in 2028-29F

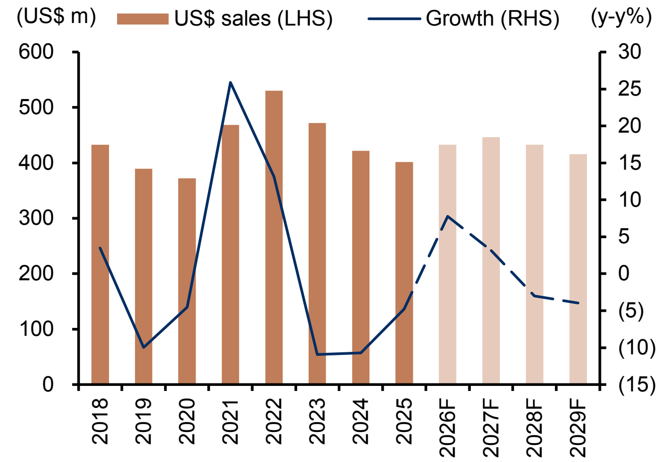
Although quarterly earnings have yet likely to reflect the price increases and market-share gains in 1H26, we factor in these benefits, along with potential new orders, and adjust our earnings forecasts by -16 to 30% in 2026-29F. We forecast earnings growth of 84/54% y-y in 2026-27F. However, we expect earnings to fall by 4-5% p.a. in 2028-29F, as we expect these benefits to be short-lived.

Ex 3: Earnings Growth



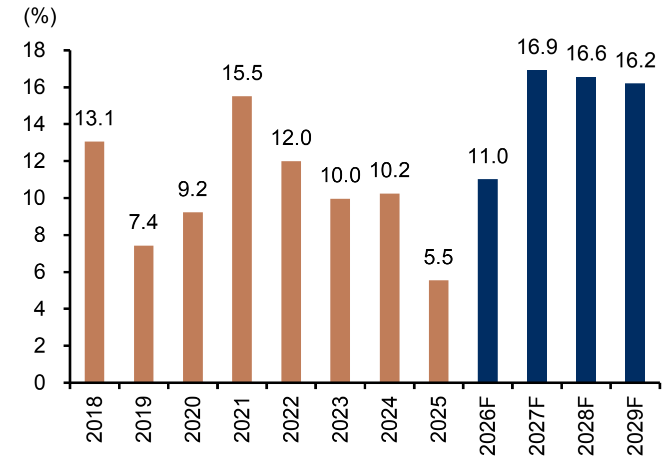
Sources: Company data, ttb wealth estimates

Ex 4: US$ Sales Growth



Sources: Company data, ttb wealth estimates

Ex 5: EBIT Margin



Sources: Company data, ttb wealth estimates

Our earnings assumptions

Our earnings-growth assumptions for 2026-27F are based on 8/3% p.a. sales growth and EBIT margin rising to 16.9% in 2027F from 5.5% in 2025, reflecting KCE's ability to raise selling prices, market share gains, and an operating leverage effect. Our forecast earnings declines of 4-5% p.a. in 2028-29F are based on sales contracting by 3-4% p.a. and EBIT margin falling to 16.2% in 2029F on the back the end of short-live market share gain and falling sales from the structural decline in EU car sales, and the resumption of intense competition in the PCB market, causing a reversal of operating impact.

Ex 6: Our Assumptions

	2023	2024	2025	2026F	2027F	2028F	2029F
US$ sales growth (%)	(10.9)	(10.7)	(4.8)	7.8	3.2	(3.0)	(4.0)
- Industry	7.6	(0.3)	0.5	(3.0)	(1.2)	(1.2)	(1.2)
- Market share and other factors**	(18.5)	(10.4)	(5.3)	5.8	(0.2)	(1.8)	(2.8)
- Selling price	0.0	0.0	0.0	5.0	4.6	0.0	0.0
Gross margin (%)	20.8	21.7	18.9	23.0	27.1	27.0	26.7
SG&A to sales (%)	10.9	11.5	13.3	12.0	10.2	10.4	10.5
EBIT margin (%)	10.0	10.2	5.5	11.0	16.9	16.6	16.2

Sources: Company data, ttb wealth estimates

Note: *: Industry growth is calculated from the weighted growth of global car sales and EU car shipments, according to our estimation of KCE's exposure.

**: Other factors include customer destocking impacts and new orders.

We expect the benefits to fade

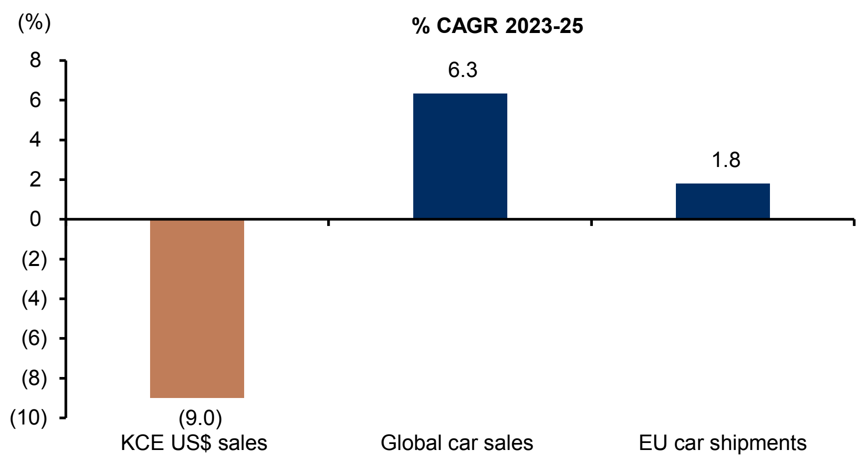
Second, we see the benefits from market-share gains will be short-lived and forecast earnings to contract by 4-5% p.a. in 2028-29F, following growth of 84/54% p.a. in 2026-27F.

We expect KCE's US$ PCB sales to grow by 8/3% in 2026-27F, after a 9% p.a. contraction in 2023-25 amid weak European car sales and competition from Chinese PCB products. KCE has gained market share from Chinese PCB makers, which account for about 36% of global PCB supply, after they raised selling prices by 40-50%. The price increases followed a PCB shortage, as AI capex shifted production capacity away from conventional industries such as automobiles. Chinese PCB makers raised prices by 40-50% this year, while KCE raised prices by 10%, claiming to only offset increases in raw-material costs, including copper and gold (also increased as they are used in high-demand AI data-center equipment), and therefore gained market share.

New PCB supply from 2027F

That being said, according to Bloomberg consensus, Chinese PCB makers plan to increase capex by 86% this year, with new capacity expected to come online in 2027. We see risk of competition returning from next year and forecast KCE's sales to contract by 3-4% p.a. in 2028-29F. We recap that although KCE is an established PCB maker with global production standards and European automakers as end customers – it has faced two structural challenges, weak EU car sales and cheap Chinese PCB price competition which caused sales to contract by 9.0% p.a. in 2023-25, vs. 6.3% p.a. growth in global car sales.

Ex 7: KCE Vs. Global Car Sales

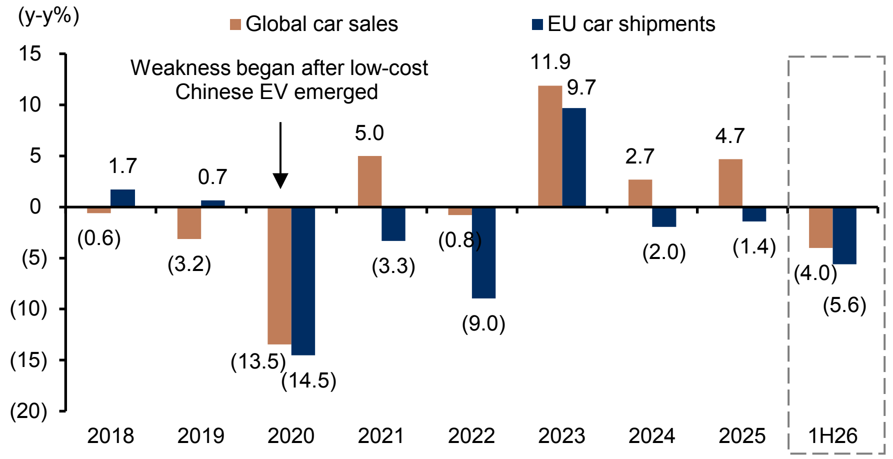


Sources: Company data, ttb wealth compilations

The first structural challenge: weak EU car sales

First is the decline in European automakers' global market share. Sales of KCE's key European end customers fell by 2.0/1.4% in 2024-25 and by 5.6% y-y in 1H26 due to market-share loss to Chinese EV makers, which offer stronger infotainment systems, software integration, smart-cabin functions, autonomous-driving features, and battery technology than many European cars.

Ex 8: Declining EU Car Sales

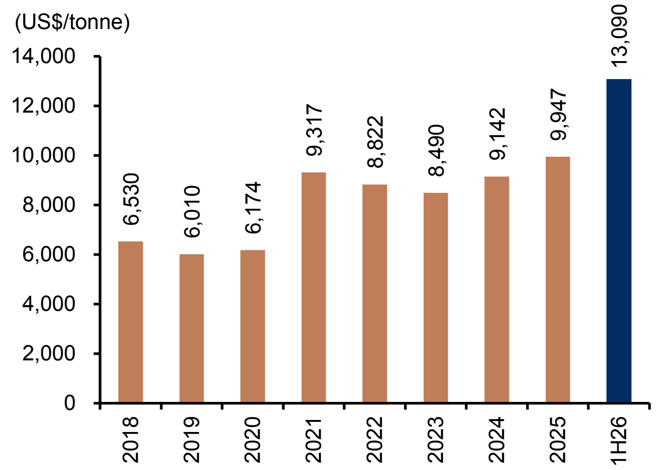


Sources: Company data, ttb wealth compilations

The second structural challenge: Chinese PCB makers' intense price cuts

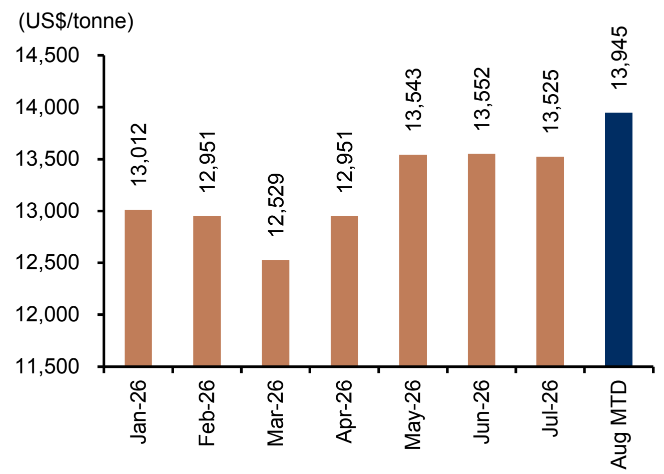
Second, weak sales have caused some European automakers to switch to cheaper PCBs from Chinese suppliers. China already had excess PCB capacity following the expansion of its EV industry, and suppliers therefore offered discounted prices and exported excess supply to overseas customers. European automakers, which face competition and pressure to cut costs, have shifted to cheaper products. KCE produces higher-quality PCBs and has lost market share. There is also another risk from prolonged rising PCB raw-material costs, including copper. Copper prices rose by 9% y-y in 2025 and 31% y-y in 1Q26 due to AI demand, before another supply shortage in 2Q26 following the Middle East war. So far in August, copper prices have not fallen from the peak reached in May-June, despite the impact of the war having subsided. Due to the strong AI capex, it is estimated that copper prices will remain in the high demand further. Note that KCE and other automotive PCB makers have been able to raise selling prices this year because of the PCB shortage, while they are normally unable to pass on cost increases because of aforementioned weak automotive demand and pricing competition. After PCB supply normalizes in 2027F, we see a risk that copper prices will continue to rise while KCE's ability to raise selling prices declines.

Ex 9: Copper Price Seeing A Structural Increase



Source: ttb wealth compilations

Ex 10: Copper Price Not Slowing Down After The War



Source: ttb wealth compilations

We factor in new orders

In this report, we factor in contributions from new orders at 4/6/7% of KCE's sales in 2027-29F. KCE expects to receive new orders from US customers in 2027F and expects these orders to contribute more than 10% of its existing sales. KCE has not disclosed the product details but said it has completed the development phase with the customers. The contribution will depend on the commercial success of the customers' products.

Ex 11: Earnings Revisions

	2024	2025	2026F	2027F	2028F	2029F
Sales (Bt m)						
- New	14,833	13,075	14,074	14,726	14,285	13,719
- Old			13,915	13,860	13,860	13,200
- Change (%)			*1.1*	*6.3*	*3.1*	*3.9*
Gross margin (%)						
- New	21.7	18.9	23.0	27.1	27.0	26.7
- Old			24.5	24.3	24.3	24.2
- Change (ppt)			*(1.5)*	*2.8*	*2.7*	*2.5*
SG&A/sales (%)						
- New	11.5	13.3	12.0	10.2	10.4	10.5
- Old			11.6	11.1	10.9	11.5
- Change (ppt)			*0.4*	*(0.9)*	*(0.5)*	*(1.0)*
Normalized profit (Bt m)						
- New	1,655	785	1,444	2,223	2,127	2,021
- Old			1,721	1,831	1,872	1,550
- Change (%)			*(16.1)*	*21.4*	*13.6*	*30.4*

Sources: Company data, ttb wealth estimates

Valuation Comparison

Ex 12: Valuation Comparison With Regional Peers

Name	BBG code	Market	EPS growth 26F (%)	EPS growth 27F (%)	PE 26F (x)	PE 27F (x)	P/BV 26F (x)	P/BV 27F (x)	EV/EBITDA 26F (x)	EV/EBITDA 27F (x)	Div. yield 26F (%)	Div. yield 27F (%)
TTM Technologies Inc	TTMI US	USA	63.7	32.0	30.1	22.8	6.5	5.6	19.3	15.5	na	na
Chin-Poon Industrial	2355 TT	Taiwan	25.0	15.0	19.8	17.2	0.9	0.9	7.1	6.2	3.0	3.4
Tripod Technology Corp	3044 TT	Taiwan	43.5	29.9	14.1	10.8	3.3	2.9	8.0	6.5	4.2	5.6
CMK Corp	6958 JP	Japan	(54.0)	40.4	24.8	17.6	0.6	0.6	6.1	5.6	4.4	4.5
Meiko Electronics	6787 JP	Japan	40.3	33.1	20.7	15.6	3.6	3.0	12.4	9.2	0.7	0.9
Delta Electronics	DELTA TB*	Thailand	77.1	62.3	77.4	47.7	25.9	18.5	56.8	35.4	0.4	0.7
Hana Microelectronics	HANA TB*	Thailand	13.8	20.6	40.7	33.7	1.2	1.2	11.0	9.8	1.2	1.5
KCE Electronics	KCE TB*	Thailand	84.0	54.0	35.2	22.9	3.9	3.8	19.1	13.8	2.8	4.4
Average			**36.7**	**35.9**	**32.9**	**23.5**	**5.7**	**4.6**	**17.5**	**12.8**	**2.4**	**3.0**

Source: Bloomberg

Note: * ttb wealth estimates, using ttb wealth normalized EPS

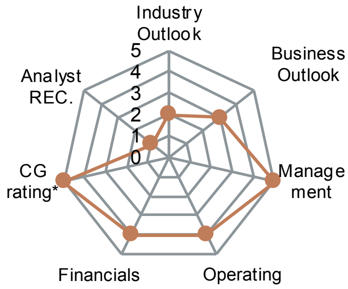
Based on 4 August 2026 closing prices

COMPANY DESCRIPTION

KCE Electronics Public Company Limited (KCE) and its subsidiaries manufacture and export double-sided and multi-layer printed circuit boards (PCBs) under the KCE trademark. The company has two PCB factories in Thailand. KCE is one of the leading global suppliers of PCBs to the automotive sector, and these account for more than 70% of its total sales.

Source: ttb wealth

COMPANY RATING



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

Source: ttb wealth; *CG Rating

TTB WEALTH'S SWOT ANALYSIS

S — Strength

- Proven as a high-quality PCB maker for the high-standard EU automotive supply chain.
- Completed upstream to downstream business integration.
- One of the low-cost, high-quality PCB manufacturers.

W — Weakness

- Capital-intensive business, particularly for machinery.
- Revenue still concentrated with a few large customers.

O — Opportunity

- Potential penetration of the Japanese market.
- Positive growth outlook in the automotive electronics industry.
- Expanding into other industries such as industrial and high-end consumer products.

T — Threat

- Highly focused on the EU automotive industry, which faces structural decline.
- Facing competition from low-cost Chinese PCB manufacturers.

CONSENSUS COMPARISON

	Consensus	ttb wealth	Diff
Target price (Bt)	37.24	31.00	-17%
Net profit 26F (Bt m)	1,076	1,444	34%
Net profit 27F (Bt m)	1,367	2,223	63%
Consensus REC	**BUY: 6**	**HOLD: 5**	**SELL: 6**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings forecasts are higher than the Bloomberg consensus which we attribute to us having earlier factored in the impact of KCE's market share gain after competitors raised selling price aggressively.
- However, our TP is lower than the Street's' which we attribute to us factored in a falling sales in the long-term due to structurally decline EU car sales and intense PCB market competition.

Sources: Bloomberg consensus, ttb wealth estimates

RISKS TO OUR INVESTMENT CASE

- A stronger-than-expected turnaround in the global automotive market presents the key upside risk to our projections and TP.
- Falling copper price presents a secondary upside risk to our estimates.
- Prolonged supply shortages in the PCB market also present another upside risk to our estimates.

Source: ttb wealth

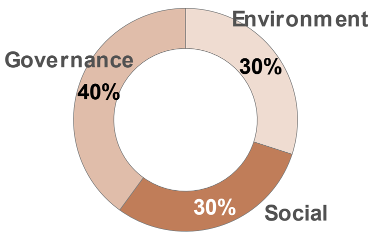
KCE

KCE Electronics Pcl

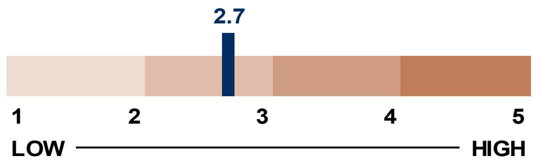
Sector: Technology | Electronic Components

ESG & Sustainability Report

ESG Weighting



ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	ttb wealth ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
KCE	YES	AA	-	2.71	0	68.5	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI)
MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)
Note: Please see third party on “terms of use” toward the back of this report.

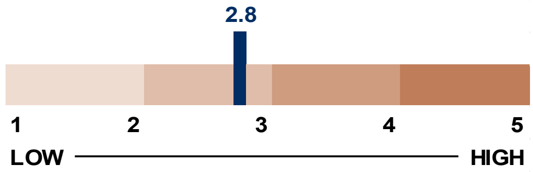
ESG Summary

- KCE is one of the world’s top ten manufacturers of automotive PCBs. The company supplies PCBs to Tier 1 and Tier 2 suppliers, with European car brands being its end customers. KCE has two PCB manufacturing factories in Thailand.
- We assign KCE a moderate ESG score of 2.7, in-line the electronics sector average of 2.7. The main drag is its low Governance (G) score of 2.3. Its Environmental (E) score is 2.8, which we consider moderate, while its Social (S) score of 3.2 is decent.
- For the E pillar, KCE’s score is moderate at 2.8. KCE has a clear emissions-reduction roadmap and has made good progress. However, energy and waste management performances have declined and weigh on its E score.
- KCE’s S score is decent at 3.2. The company has strong product-quality protocols and clear programs to support employee skills development and well-being.
- We assign KCE a low G score of 2.3, reflecting our concerns about its business sustainability and innovation. The company relies heavily on the European automotive industry, which is facing intense competition and losing market share to Chinese brands. However, KCE receives high scores in ethics and transparency, supported by clear disclosures and a clean compliance record.

Sector: Technology | Electronic Components

We assign a moderate 2.8 E score to KCE, vs. the sector average of 3.0. KCE has a clear emissions-reduction roadmap and has made good progress toward its goal. However, weak energy and waste management weigh on the score.

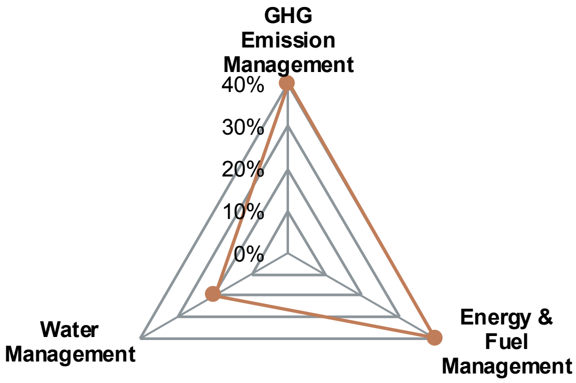
Environment (E) Rating



ENVIRONMENT

- **Energy & Fuel Management**
- **GHG Emission Management**
- **Water Management**

SCALE WEIGHTING



Our Comments

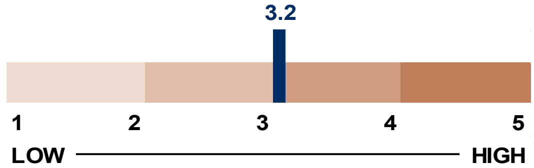
- We assign KCE a moderate E score of 2.8 for KCE. KCE has strong carbon management practices, which are key to the E pillar. However, it performs poorly in energy and waste management.
- **Carbon management:** KCE has set a net-zero emissions target for 2050. It plans to reduce Scope 1 emissions (direct emissions from its own production operations) and Scope 2 emissions (emissions from purchased electricity) by 30% by 2030. In 2025, KCE had made 63% progress toward this target. Scope 1 emissions are already low because KCE relies mainly on electricity rather than combustion. KCE is reducing Scope 2 emissions by replacing conventional energy with renewable energy. However, KCE does not have a Scope 3 reduction target, which we believe is due to its limited control over suppliers' emissions. Nevertheless, KCE plans to reduce Scope 3 emissions through supplier engagement, ESG screening, and the promotion of recycled materials.
- **Energy management:** This is a weak area for KCE. The company aims to reduce energy use per square foot by 10% from the 2022 base year. However, energy use increased by 6% in 2025 from the 2022 level, although KCE has already improved production efficiency through automation. Regarding renewable energy, KCE has installed rooftop solar panels, but renewable energy accounts for only 3% of its total electricity use, and KCE has not disclosed plans to increase this share substantially.
- **Water and waste management:** KCE has delivered mixed performance in this area. It performed well in water management, with water withdrawal declining by 11% in 2025 from the 2022 level, exceeding its 10% reduction target, via workflow improvements and water-efficient technologies. However, total waste generation remained unchanged in 2025 from the 2023 level. KCE plans to reduce waste through recycling, but we believe a portion of the waste comes from PCB production scrap, some of which cannot be recycled or reused.

Sources: ttb wealth, Company data

Sector: Technology | Electronic Components

We assign a decent 3.2 S score to KCE vs. the sector average of 2.9. KCE has strong product-quality protocols, which reflects its long-standing global positioning as an auto PCB maker, and clear programs to support employee skills and well-being.

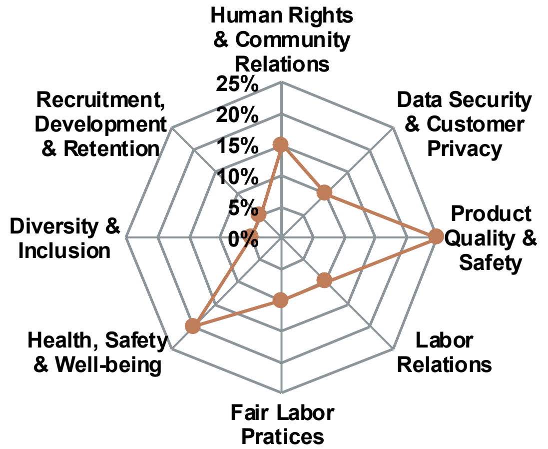
Social (S) Rating



SOCIAL	Our Comments

- **Data Security & Customer Privacy**
- **Diversity & Inclusion**
- **Fair Labor Practices**
- **Health, Safety & Well-being**
- **Human Rights & Community Relations**
- **Labor Relations**
- **Product Quality & Safety**
- **Recruitment, Development & Retention**

SCALE WEIGHTING



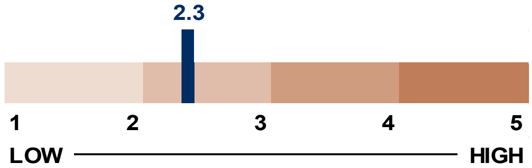
- We assign KCE a decent an S score of 3.2, compared with the sector average of 2.9. The score reflects KCE's strong practices in product safety and quality and staff-management areas.
- **Health and safety:** KCE integrates employee well-being into its remuneration structure, with a clear focus on improving workforce healthcare. KCE also complies with recognized standards and has obtained ISO 45001 certification for occupational health and safety management systems.
- **Product safety and quality:** This is a strong area for KCE, supported by a robust framework of international certifications. KCE has obtained ISO 9001 (Quality Management), IATF 16949 (Automotive Quality), ISO 14001 (Environmental Management), and TISAX (Automotive Information Security) certifications. Customer satisfaction reached 91% in 2025. Automotive customers conducting VDA 6.3 process audits gave the company an average score of 90% (Grade A, High Potential), with no short-term follow-up audit required. KCE has disclosed no major product safety incidents.
- **Staff management:** KCE performs well in this area. Training hours per employee reached 27 hours in 2025, exceeding the company's KPI target of 24 hours. Employee engagement was relatively decent at 75.3% in 2025. KCE also provides development programs and benefits that extend beyond work-related training and support broader employee well-being. These include a provident fund; life, health, accident, and disability insurance; an Employee Joint Investment Program (EJIP); a welfare committee; an employee committee; and a labor union.
- **Social responsibility:** KCE maintains a standard level of CSR engagement and provides scholarships, disaster relief and support for vulnerable groups, as well as educational support programs.

Sources: ttb wealth, Company data

Sector: Technology | Electronic Components

We assign a low 2.3 G score to KCE, in-line with the sector average of 2.3. The score reflects KCE's heavy reliance on the red-ocean automotive industry, and its board structure is less than ideal. However, KCE scores highly in ethics and transparency.

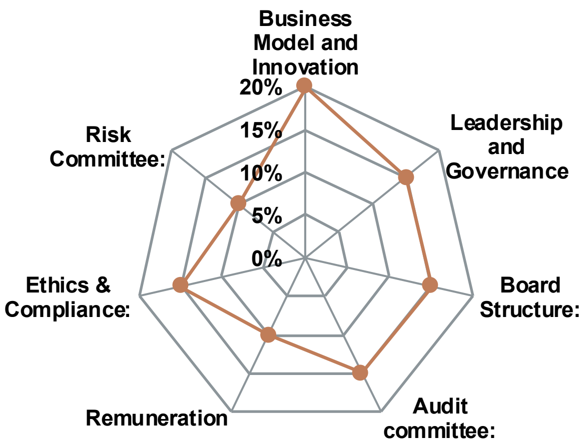
Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

- **Audit committee**
- **Board Structure**
- **Business Model and Innovation**
- **Ethics & Compliance**
- **Leadership and Governance**
- **Remuneration**
- **Risk Committee**

SCALE WEIGHTING



Our Comments

- We assign KCE a low G score of 2.3. The score reflects our concerns about KCE's business sustainability and innovation, given the company's heavy reliance on the structurally declined European automotive industry, as well as a non-ideal board structure. However, KCE scores highly in ethics and transparency, supported by clear disclosures and a clean compliance record.
- **Business sustainability and innovation:** This is a weak area, in our view. First, over 70% of KCE's revenue is linked to the European automotive industry. The industry faces intense competition, as KCE's European automotive customers have been losing market share to lower-cost Chinese EV manufacturers. Second, although KCE offers high-quality PCBs, it also faces intense pricing competition from lower-cost PCB manufacturers. In terms of innovation, KCE has diversified around 25% of its revenue into non-automotive industries. However, we see further diversification as challenging because new industries require technologies that differ significantly from those used in KCE's core automotive business and are naturally smaller in scale, making it difficult for new customers to offset weakness in the automotive segment.
- **Board structure:** The board chairman is not independent and also holds an executive role. In addition, only 44% of its nine-member board comprises independent directors, compared with the ideal ratio of two-thirds.
- **Committees:** KCE has established the required committees, including the Audit, Risk Management, and Remuneration Committees.
- **Ethics and transparency:** KCE has a clean compliance record, with no reported cases of corruption, conflicts of interest, or code-of-conduct violations in 2025. The Audit Committee identified no internal-control deficiencies, while the external auditors raised no concerns.

Sources: ttb wealth, Company data

Strong 2026-27F to be short-lived, in our view

In a net cash position

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Sales	14,833	13,075	14,074	14,726	14,285
Cost of sales	11,611	10,607	10,837	10,734	10,428
Gross profit	**3,222**	**2,468**	**3,237**	**3,993**	**3,857**
% gross margin	21.7%	18.9%	23.0%	27.1%	27.0%
Selling & administration expenses	1,703	1,743	1,689	1,501	1,492
Operating profit	**1,519**	**725**	**1,548**	**2,491**	**2,365**
% operating margin	10.2%	5.5%	11.0%	16.9%	16.6%
Depreciation & amortization	1,067	1,099	1,086	1,127	1,166
EBITDA	**2,585**	**1,824**	**2,634**	**3,619**	**3,530**
% EBITDA margin	17.4%	14.0%	18.7%	24.6%	24.7%
Non-operating income	321	216	230	230	230
Non-operating expenses	0	0	0	0	0
Interest expense	(52)	(36)	(44)	(46)	(34)
Pre-tax profit	**1,788**	**904**	**1,734**	**2,675**	**2,561**
Income tax	120	106	298	460	440
After-tax profit	**1,668**	**798**	**1,436**	**2,215**	**2,120**
% net margin	11.2%	6.1%	10.2%	15.0%	14.8%
Shares in affiliates' Earnings	17	12	13	14	14
Minority interests	(30)	(26)	(5)	(6)	(7)
Extraordinary items	(7)	48	0	0	0
NET PROFIT	**1,648**	**833**	**1,444**	**2,223**	**2,127**
Normalized profit	**1,655**	**785**	**1,444**	**2,223**	**2,127**
EPS (Bt)	1.39	0.70	1.22	1.88	1.80
Normalized EPS (Bt)	1.40	0.66	1.22	1.88	1.80

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Current assets:	8,955	8,577	9,410	9,519	9,314
Cash & cash equivalent	1,566	1,969	2,500	2,500	2,500
Account receivables	3,646	2,829	3,045	3,186	3,091
Inventories	3,675	3,705	3,786	3,750	3,643
Others	68	73	79	83	80
Investments & loans	184	177	177	177	177
Net fixed assets	7,645	7,267	7,076	6,746	6,379
Other assets	1,631	1,908	2,071	2,184	2,141
Total assets	**18,416**	**17,930**	**18,734**	**18,625**	**18,011**
LIABILITIES:					
Current liabilities:	3,986	3,672	4,212	3,812	3,384
Account payables	2,843	2,553	2,608	2,583	2,510
Bank overdraft & ST loans	996	793	1,152	856	582
Current LT debt	68	248	361	268	182
Others current liabilities	78	78	91	104	109
Total LT debt	**52**	**395**	**574**	**426**	**290**
Others LT liabilities	560	666	734	778	768
Total liabilities	**4,598**	**4,734**	**5,520**	**5,016**	**4,442**
Minority interest	62	60	65	71	78
Preferreds shares	0	0	0	0	0
Paid-up capital	591	591	591	591	591
Share premium	2,161	2,161	2,161	2,161	2,161
Warrants	0	0	0	0	0
Surplus	(70)	(99)	(99)	(99)	(99)
Retained earnings	**11,074**	**10,483**	**10,496**	**10,885**	**10,837**
Shareholders' equity	13,756	13,136	13,149	13,538	13,491
Liabilities & equity	**18,416**	**17,930**	**18,734**	**18,625**	**18,011**

Sources: Company data, ttb wealth estimates

KCE is overvalued, in our view

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Earnings before tax	1,788	904	1,734	2,675	2,561
Tax paid	(140)	(105)	(298)	(455)	(444)
Depreciation & amortization	1,067	1,099	1,086	1,127	1,166
Chg In w orking capital	965	496	(241)	(130)	129
Chg In other CA & CL / minorities	(22)	(15)	19	18	25
Cash flow from operations	**3,657**	**2,379**	**2,301**	**3,235**	**3,436**
Capex	(541)	(628)	(800)	(700)	(700)
Right of use	(29)	14	(20)	(20)	(20)
ST loans & investments	0	0	0	0	0
LT loans & investments	1	7	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(776)	(285)	(170)	(146)	(46)
Cash flow from investments	**(1,345)**	**(892)**	**(990)**	**(866)**	**(766)**
Debt financing	(983)	368	651	(537)	(495)
Capital increase	0	0	0	0	0
Dividends paid	(1,565)	(1,447)	(1,431)	(1,833)	(2,175)
Warrants & other surplus	(16)	(5)	0	0	0
Cash flow from financing	**(2,564)**	**(1,084)**	**(780)**	**(2,370)**	**(2,670)**
Free cash flow	**2,312**	**1,487**	**1,311**	**2,370**	**2,670**

VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	30.7	64.8	35.2	22.9	23.9
Normalized PE - at target price (x)	22.1	46.7	25.4	16.5	17.2
PE (x)	30.8	61.0	35.2	22.9	23.9
PE - at target price (x)	22.2	44.0	25.4	16.5	17.2
EV/EBITDA (x)	19.5	27.6	19.1	13.8	14.0
EV/EBITDA - at target price (x)	14.0	19.8	13.8	9.9	10.0
P/BV (x)	3.7	3.9	3.9	3.8	3.8
P/BV - at target price (x)	2.7	2.8	2.8	2.7	2.7
P/CFO (x)	13.9	21.4	22.1	15.7	14.8
Price/sales (x)	3.4	3.9	3.6	3.5	3.6
Dividend yield (%)	2.8	2.8	2.8	4.4	4.2
FCF Yield (%)	4.5	2.9	2.6	4.7	5.3
(Bt)					
Normalized EPS	1.40	0.66	1.22	1.88	1.80
EPS	1.39	0.70	1.22	1.88	1.80
DPS	1.20	1.20	1.22	1.88	1.80
BV/share	11.64	11.11	11.12	11.45	11.41
CFO/share	3.09	2.01	1.95	2.74	2.91
FCF/share	1.96	1.26	1.11	2.00	2.26

Sources: Company data, ttb wealth estimates

Improving profitability in 2026-27F but risks of prolonged rising copper price after that

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate					
Sales (%)	(9.2)	(11.9)	7.6	4.6	(3.0)
Net profit (%)	(4.1)	(49.5)	73.4	54.0	(4.3)
EPS (%)	(4.1)	(49.5)	73.4	54.0	(4.3)
Normalized profit (%)	5.5	(52.6)	84.0	54.0	(4.3)
Normalized EPS (%)	5.5	(52.6)	84.0	54.0	(4.3)
Dividend payout ratio (%)	86.1	170.4	100.0	100.0	100.0
Operating performance					
Gross margin (%)	21.7	18.9	23.0	27.1	27.0
Operating margin (%)	10.2	5.5	11.0	16.9	16.6
EBITDA margin (%)	17.4	14.0	18.7	24.6	24.7
Net margin (%)	11.2	6.1	10.2	15.0	14.8
D/E (incl. minor) (x)	0.1	0.1	0.2	0.1	0.1
Net D/E (incl. minor) (x)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)
Interest coverage - EBIT (x)	29.3	19.9	35.3	54.4	69.9
Interest coverage - EBITDA (x)	49.9	50.1	60.1	79.0	104.3
ROA - using norm profit (%)	8.8	4.3	7.9	11.9	11.6
ROE - using norm profit (%)	12.1	5.8	11.0	16.7	15.7
DuPont					
ROE - using after tax profit (%)	12.2	5.9	10.9	16.6	15.7
- asset turnover (x)	0.8	0.7	0.8	0.8	0.8
- operating margin (%)	12.4	7.2	12.6	18.5	18.2
- leverage (x)	1.4	1.4	1.4	1.4	1.4
- interest burden (%)	97.2	96.1	97.5	98.3	98.7
- tax burden (%)	93.3	88.3	82.8	82.8	82.8
WACC (%)	10.0	10.0	10.0	10.0	10.0
ROIC (%)	10.1	4.8	10.2	16.2	15.6
NOPAT (Bt m)	1,417	640	1,282	2,063	1,958
invested capital (Bt m)	13,306	12,603	12,736	12,589	12,046

Sources: Company data, ttb wealth estimates

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