

BUY (From: SELL)**TP: Bt 100.00** (From: Bt 31.00)

Change in Recommendation

Upside : 32.9%

KCE Electronics Pcl (KCE TB)

A game changer

We upgrade KCE to BUY as we no longer see its earnings turnaround as a windfall, but as a long-term benefit from geopolitics, driven by expanding volume and a customer base that is reversing its three-year market share loss to Chinese peers. Our 2027F TP is Bt100/share.

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Upgrading to BUY

We upgrade KCE to BUY (from Sell) with earnings hikes of 0/35/95/137% in 2026-29F and a DCF-based 12-month TP (2027F base year) of Bt100 (from Bt31). 1) We see KCE's falling market share vs. Chinese peers reversing as geopolitics drives more order flows toward the company, a Thai firm with plants in Thailand. This is against our earlier concern that the flows were a windfall from Chinese peers selling more to other non-auto sectors to enjoy higher pricing. We now project KCE's EPS growth at 85/107/38% in 2026-28F. 2) In the process, KCE's customer base is expanding beyond Europe to US companies, while existing US customers are also placing larger orders. We expect US\$ sales growth of 21/64/17% in 2026-28F vs. -9% p.a. in 2023-25. 3) There is a remaining windfall for 1-2 quarters from a shortage of key raw material, fiberglass, that reduces price competition. 4) Given this earnings growth outlook, KCE's valuation looks attractive to us, trading at 30/21x PE multiples in 2027-28F.

Large order flows from the US

KCE benefits from large order flows, including from existing and new US customers, delivered from 3Q26 to 2028. We expect KCE's new existing US auto customer to become its biggest, at 15-20% of total sales, in 2027F, with its existing plants running full by 3Q27. KCE is expanding capacity by 1m sqft, or 28%, in 4Q27. We also expect KCE to secure orders from a new US telecom equipment maker and other customers, likely taking up 70% of its new capacity, which is scheduled to run at full utilization by 2Q28. We expect the new US telecom customer to, then, be KCE's largest customer at 17% of 2028F sales. We see KCE's customer base expanding and diversifying beyond Europe and the auto sector.

Margin story

KCE's gross margin contracted from 26.6% in 2021 to 18.9% in 2025 due to strong price competition from Chinese peers, lower utilization from declining sales, and a strong baht. We expect margins to reverse to 21.4/25.2/27.9% in 2026-28F due to rising utilization, lower price competition from peers due to a fiberglass shortage, and a weaker baht than over the past few years. Lower price competition has allowed KCE to increase selling prices to reflect raw material costs, especially fiberglass. For KCE, price adjustments lag cost increases. Following earlier cost increases, we expect KCE to raise selling prices in 3Q26 and again in October and January 2027.

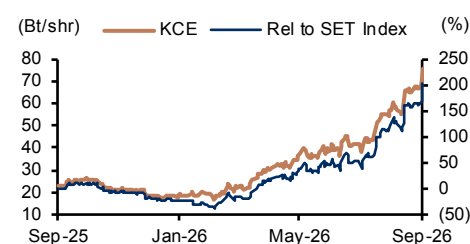
2H26F earnings outlook

In 3Q26F, with the new US orders and a price increase to reflect rising costs in the earlier quarter, we estimate earnings at Bt441m, up 51% y-y and 83% q-q. In 4Q26F, with more orders and another price increase, we estimate earnings of Bt573m, up 315% y-y and 30% q-q.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Sales	13,075	15,737	26,121	30,584
Net profit	833	1,453	3,012	4,156
Consensus NP	—	1,376	1,974	2,143
Diff frm cons (%)	—	5.6	52.6	94.0
Norm profit	785	1,453	3,012	4,156
Prev. Norm profit	—	1,444	2,223	2,127
Chg frm prev (%)	—	0.6	35.5	95.4
Norm EPS (Bt)	0.66	1.23	2.55	3.52
Norm EPS grw (%)	(52.6)	85.2	107.3	38.0
Norm PE (x)	113.4	61.2	29.5	21.4
EV/EBITDA (x)	48.5	34.1	20.2	15.2
P/BV (x)	6.8	6.8	6.4	6.1
Div yield (%)	1.6	1.6	3.4	4.7
ROE (%)	5.8	11.1	22.2	29.2
Net D/E (%)	(4.0)	2.0	73.3	101.4

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 29-Sep-26 (Bt)	75.25
Market Cap (US\$ m)	2,646.8
Listed Shares (m shares)	1,182.1
Free Float (%)	57.4
Avg. Daily Turnover (US\$ m)	35.4
12M Price H/L (Bt)	75.25/16.50
Sector	Electronics
Major Shareholder	Ongkosit Family 26.9%

Sources: Bloomberg, Company data, ttb wealth estimates

A game changer

We upgrade KCE to BUY with 0/35/95/137% earnings hikes in 2026-29F

We upgrade our rating for KCE Electronics Pcl (KCE TB) to BUY (from Sell) with significant earnings upgrades of 0/35/95/137% in 2026-29F and a higher DCF-based 12-month TP, using a 2027F base year, of Bt100 (from Bt31).

Ex 1: Assumption Revisions

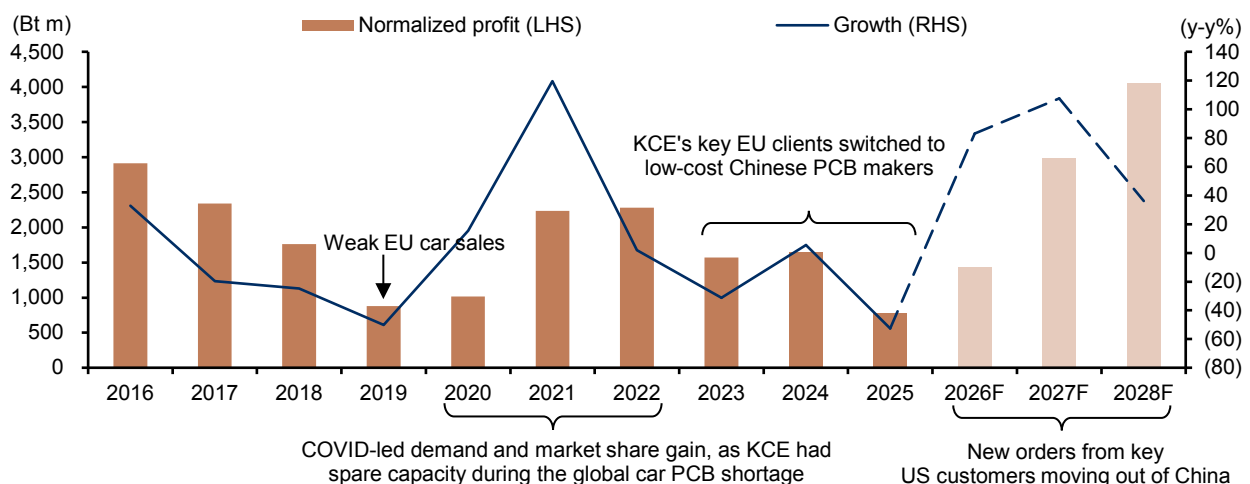
	2024	2025	2026F	2027F	2028F	2029F
Sales (Bt m)						
- New	14,833	13,075	15,737	26,121	30,584	34,400
- Old			14,074	14,726	14,285	13,719
- Change (%)			11.8	77.4	114.1	150.7
Gross margin (%)						
- New	21.7	18.9	21.4	25.2	27.9	28.6
- Old			23	27.1	27	26.7
- Change (ppt)			(1.6)	(1.9)	0.9	1.9
SG&A/sales (%)						
- New	11.5	13.3	11.6	11.4	11.1	11.1
- Old			12	10.2	10.4	10.5
- Change (ppt)			(0.4)	1.2	0.7	0.6
Normalized profit (Bt m)						
- New	1,655	785	1,453	3,012	4,156	4,783
- Old			1,444	2,223	2,127	2,021
- Change (%)			0.6	35.5	95.4	136.7

Sources: Company data, ttb wealth estimates

KCE's falling market share relative to Chinese peers is reversing with geopolitics

We believe KCE's loss of market share to Chinese peers is beginning to reverse, as geopolitical factors drive more orders toward KCE, a Thai company with production facilities in Thailand. This eases our earlier concern that the additional orders were just a temporary windfall caused by Chinese competitors shifting capacity toward higher-margin non-automotive segments. We now estimate KCE's EPS to grow 85/107/38% in 2026-28F.

Ex 2: Reversing Profit Trend



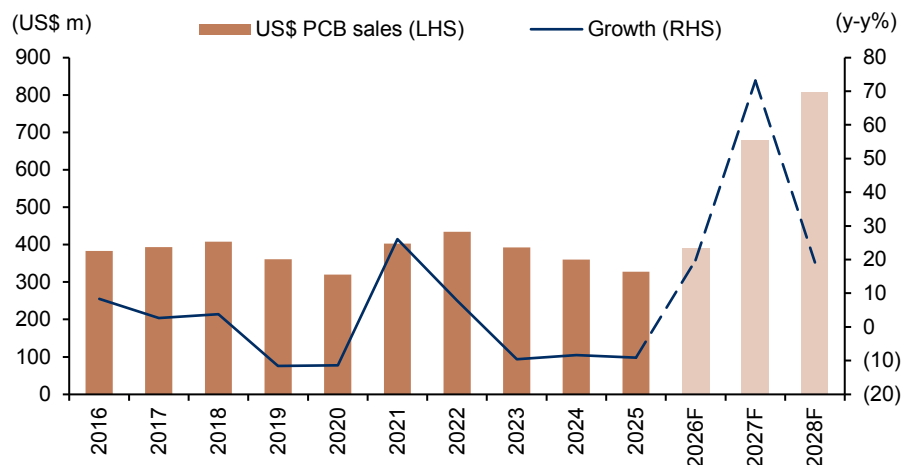
Sources: Company data, ttb wealth estimates

New orders from US customers from 3Q26-2028F

We expect KCE to begin delivering on new orders from 3Q26F through 2028F. We expect US\$ PCB sales growth of 20/73/19% in 2026-28F. This reverses the 9% p.a. sales contraction in 2023-25, when KCE lost market share to low-cost Chinese PCB makers.

From 65% utilization in 2Q26, we expect KCE to reach full utilization in 3Q27F. KCE is expanding capacity by 1m sqft, or 28%, by 4Q27F. We believe KCE already has secured orders and expects them to fill the new capacity, which is scheduled to run at full utilization by 2Q28.

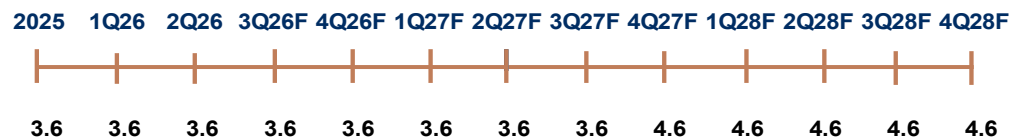
Ex 3: US\$ PCB Growth Assumptions



Sources: Company data, ttb wealth estimates

Ex 4: Capacity Timeline

Installed production capacity (m sqft/month)



Sources: Company data, ttb wealth estimates

Ex 5: Capacity And Growth

	2025	2026F	2027F	2028F
Year-end capacity (y-y%)	3.6	3.6	4.6	4.6
Effective capacity (y-y%)	3.6	3.6	3.9	4.6
Utilization rate (%)	63.7	69.2	93.3	86.9
US\$ sales (y-y%)	(5.3)	21.1	63.7	17.1

Sources: Company data, ttb wealth estimates

Order visibility

New orders are coming from several of its existing US customers

We see geopolitical shifts ending KCE's three-year market-share losses to low-cost Chinese PCB makers. New orders are coming from several of its existing US customers, and we expect an existing US automaker customer to become KCE's largest end customer from 2027, accounting for 15-20% of total sales and overtaking its current leading European automaker customer. We also expect KCE to secure orders from a new US telecom equipment maker and other customers, likely taking up 70% of its new capacity, which is scheduled to run at full utilization by 2Q28. We expect the new US telecom customer to, then, be KCE's largest customer at 17% of 2028F sales. The product involved is likely subject to geopolitical sourcing restrictions that limit production in China or Taiwan, supporting KCE's position as an alternative supplier.

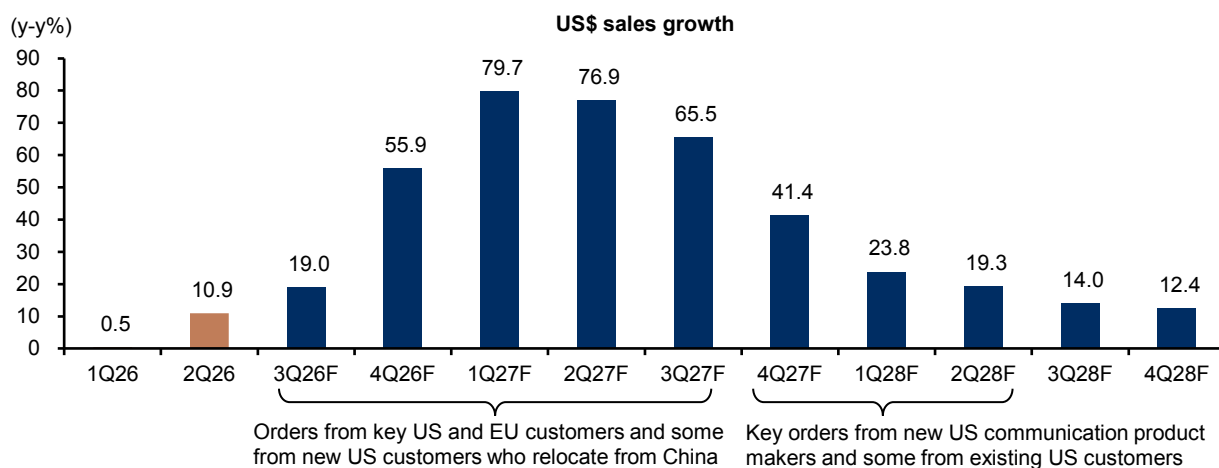
Another indication of this shift is the changing geographic mix of KCE's customer base. We expect KCE's US-based customers to become its largest customer group, accounting for about 39% of sales in 2028F, up from ~18% in 2025, while the share from European customers is expected to fall to 27% from 49% over the same period.

We see KCE's growth outlook as highly visible, with deliveries expected from 3Q26F through 2028F. KCE's US\$ PCB sales grew 2% y-y in 1H26. We expect KCE's sales to grow by 38% y-y, or 32% h-h, in 2H26F. Half of this comes from higher selling prices to pass on higher raw-material prices, and the other half from volume growth from new orders. KCE foresees another 73% y-y sales growth in 2027, when it expects its existing factory capacity to reach full utilization, up from 65% in 2Q26.

Among the new orders, we expect about 80% to come from existing customers, mainly US companies relocating production out of China, e.g., the aforementioned leading US car manufacturer, while the rest would come from new customers. KCE plans to expand capacity in 4Q27 and expects it to be taken up by 2Q28. For this new capacity, existing customers should account for only about 30%. The remaining 70% will likely be taken up by new customers, with the aforementioned US telecommunications-related product maker taking up about half of the capacity.

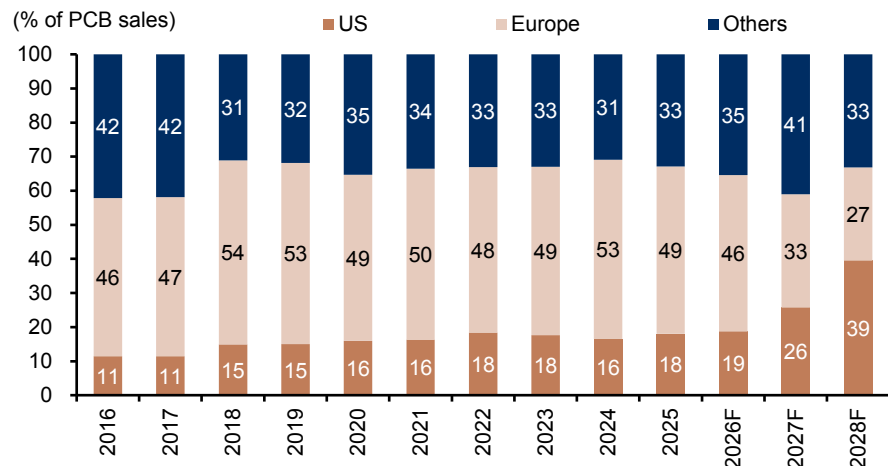
KCE is considering expanding capacity further by about 1m sqft by the end of 2027. According to KCE, large order interest is still under discussion. The metric the company is observing is customer-paid, developed product prototypes, which come before mass-order contracts. This currently stands about 200% above the 2025 level.

Ex 6: Order Timeline And Growth



Sources: Company data, ttb wealth estimates

Ex 7: Customer Breakdown



Sources: Company data, ttb wealth estimates

Our assumptions

We still expect some of the business to face Chinese competition

In our assumption of 85/107/38% profit growth in 2026-28F, we incorporate the aforementioned new-order growth for KCE. We factor in continued market-share losses for KCE among its existing EU clients to low-cost Chinese PCB makers at 3-4% p.a. However, new orders from US companies more than offset this.

Ex 8: Our Assumptions

	2018	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F
Capacity at year end (m sqft/month)	3.3	3.4	3.0	3.3	3.6	3.6	3.6	3.6	3.6	4.6	4.6
Effective capacity (m spft/month)	3.3	3.3	3.1	3.0	3.5	3.6	3.6	3.6	3.6	3.9	4.6
- Growth (%)	5.7	0.0	(4.6)	(2.0)	16.0	2.1	0.0	0.0	0.0	8.3	27.8
- Utilization (%)	83.2	73.8	68.2	87.0	78.4	63.2	62.4	63.7	69.2	93.3	86.9
US\$ sales growth (%)	3.7	(9.8)	(5.3)	25.9	13.1	(10.9)	(10.7)	(5.3)	21.1	63.7	17.1
- PCB sales growth (%)	3.7	(11.6)	(11.4)	26.1	7.9	(9.6)	(8.4)	(9.1)	19.8	73.2	19.1
- Volume growth (%)	2.0	(11.2)	(12.1)	23.4	0.8	(9.8)	(5.5)	(7.3)	8.2	36.4	19.1
- Pricing growth (%)	1.7	(0.4)	0.7	2.2	7.0	0.2	(3.1)	(2.0)	10.7	27.0	0.0
- Non-PCB sales growth (%)	17.7	9.4	131.6	49.4	12.5	(14.1)	(17.0)	(4.9)	76.6	12.7	0.0
PCB factory sales by region (% of PCB sales)											
- US	15.0	15.0	16.0	16.3	18.4	17.6	16.5	18.0	18.7	25.7	39.5
- Europe	54.0	53.1	48.7	50.1	48.5	49.4	52.6	49.1	45.9	33.3	27.3
- Others	31.1	31.9	35.4	33.6	33.1	33.0	30.9	32.9	35.4	41.0	33.2
Gross margin (%)	26.0	20.3	21.8	26.6	22.8	20.8	21.7	18.9	21.4	25.2	27.9
SG&A to sales (%)	12.9	13.3	12.6	11.1	10.8	10.9	11.5	13.3	11.6	11.4	11.1
EBIT margin (%)	13.1	7.0	9.2	15.5	12.0	10.0	9.5	5.5	9.7	13.7	16.8

Sources: Company data, ttb wealth estimates

The margin story

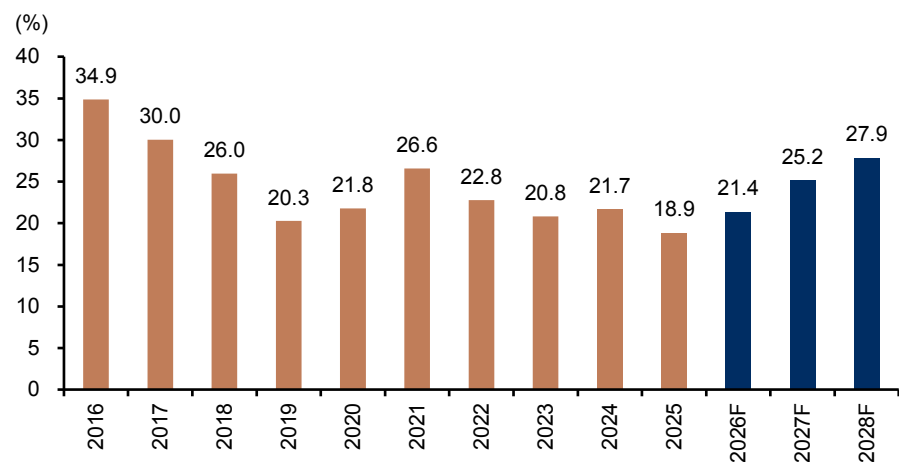
Gross margin to also improve given higher utilization

KCE's gross margin contracted from 26.6% in 2021 to 18.9% in 2025 due to fierce price competition from Chinese peers, lower utilization from declining sales, and the strong baht. We expect margins to reverse to 21.4/25.2/27.9% in 2026-28F due to rising utilization, less price competition from peers due to the fiberglass raw-material shortage, and a weaker baht than in the past few years.

Lower price competition has allowed KCE to increase selling prices to reflect higher raw-material costs, especially for fiberglass. We expect KCE to increase selling prices in 3Q26 and again in October and January 2027. Note that the increase in selling prices does not improve KCE's gross margin, but offsets rising raw-material prices. KCE does not expect further increase in raw-material prices after new supply, e.g. fiberglass, comes online from early 2027, and thus does not foresee raising selling prices further. The increase in KCE's gross margin is mainly due to higher utilization, cost-saving strategies implemented during the business downcycle in earlier years, and a weaker baht compared to prior years.

A windfall remains for one to two quarters due to the fiberglass shortage, which reduces price competition. However, as mentioned earlier in the profit growth assumption section, we assume pricing competition will resume from low-cost Chinese PCB makers once new supply emerges in early 2027. However, we expect the impact to be limited due to KCE's aforementioned new orders, which are focused on customers reducing production in China.

Ex 9: Gross Margin To Improve



Sources: Company data, ttb wealth estimates

Ex 10: 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	4,906	6,804	7,931	9,212	10,191	11,002	12,273	14,714	17,080	19,353	20,921	—
Free cash flow	(6,508)	(90)	1,028	7,143	8,403	8,980	5,472	11,634	14,417	16,715	18,475	234,140
PV of free cash flow	(6,490)	(74)	771	4,870	5,206	5,054	2,798	5,407	6,088	6,413	6,441	81,624
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	10.0											
Terminal growth (%)	2.0											
Enterprise value - add investments	118,108											
Net debt	266											
Minority interest	65											
Equity value	117,778											
# of shares (m)*	1,182											
Target price/share (Bt)	100											

Sources: Company data, ttb wealth estimates

Valuation Comparison**Ex 11: Valuation Comparison With Regional Peers**

Name	BBG code	Market	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div. yield —	
			26F	27F	26F	27F	26F	27F	26F	27F	26F	27F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
TTM Technologies Inc	TTMI US	USA	96.8	42.9	25.7	18.0	6.5	5.3	17.3	12.9	na	na
Chin-Poon Industrial	2355 TT	Taiwan	25.0	15.0	20.8	18.1	0.9	0.9	7.4	6.5	2.9	3.3
Tripod Technology Corp	3044 TT	Taiwan	63.0	31.5	16.4	12.5	4.2	3.7	9.5	7.7	3.5	4.8
CMK Corp	6958 JP	Japan	(18.0)	36.3	16.9	12.4	0.7	0.6	na	na	3.6	3.6
Meiko Electronics	6787 JP	Japan	46.3	36.5	20.3	14.9	3.6	3.0	12.6	8.3	0.7	1.0
Delta Electronics	DELTA TB*	Thailand	48.4	93.6	90.6	46.8	26.6	18.7	64.6	33.8	0.3	0.7
Hana Microelectronics	HANA TB*	Thailand	69.5	61.0	40.4	25.1	1.7	1.7	15.9	11.5	1.2	2.0
KCE Electronics	KCE TB*	Thailand	85.2	107.3	61.2	29.5	6.8	6.4	34.1	20.2	1.6	3.4
Average			52.0	53.0	36.5	22.2	6.4	5.0	23.1	14.4	2.0	2.7

Source: Bloomberg

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

Based on 29 September 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, which accounts for more than 70% of its total sales.

Source: ttb wealth

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.

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.

CONSENSUS COMPARISON

	Consensus	ttb wealth	Diff
Target price (Bt)	59.15	100.00	69%
Net profit 26F (Bt m)	1,376	1,453	6%
Net profit 27F (Bt m)	1,974	3,012	53%
Consensus REC	BUY: 9	HOLD: 7 SELL: 2	

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings forecasts are TP are higher than the Streets', which we attribute to our expectation that KCE will receive more orders from US customers, resulting in lower business volatility in the future.

Sources: Bloomberg consensus, ttb wealth estimates

COMPANY RATING



Rating Scale

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

Source: ttb wealth; *CG Rating

W — Weakness

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

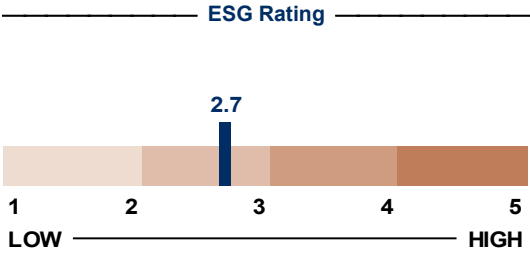
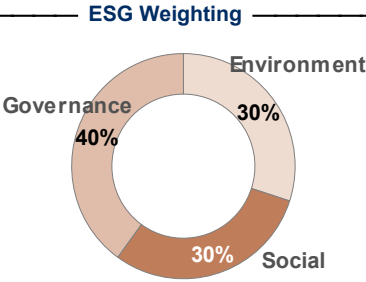
T — Threat

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

RISKS TO OUR INVESTMENT CASE

- Weaker-than-expected turnaround in the global automotive market presents the key downside risk to our forecasts.
- Higher-than-expected copper price presents a secondary downside risk to our estimates.

Source: ttb wealth



	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

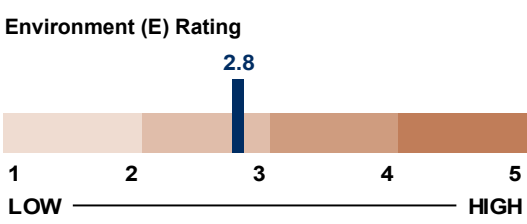
Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI)
MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)
Note: Please see third party on “terms of use” toward the back of this report.

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 with 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 performance has declined and weighs 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 faces intense competition and is losing market share to Chinese brands. However, KCE scores highly on ethics and transparency, supported by clear disclosures and a clean compliance record.



We assign KCE a moderate 2.8 E score, 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.

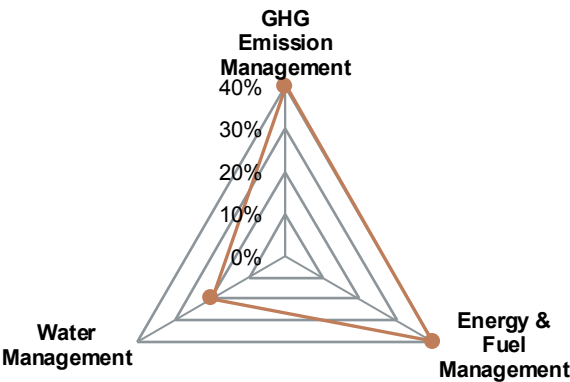


ENVIRONMENT

Our Comments

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

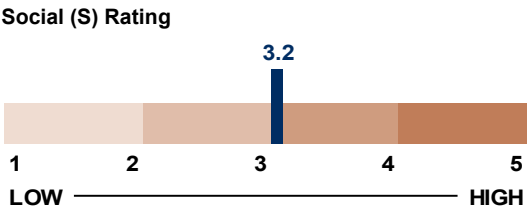
SCALE WEIGHTING



- We assign KCE a moderate E score of 2.8. 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 a 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

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



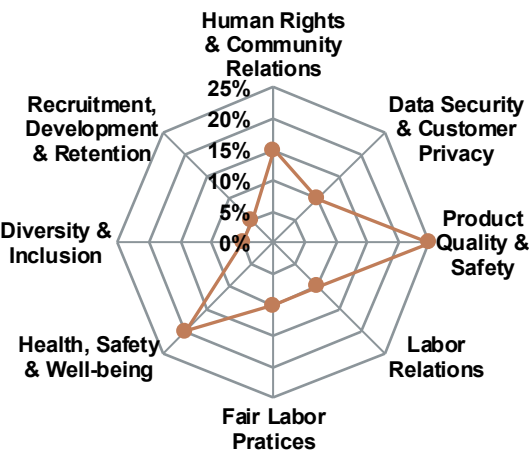
SOCIAL

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

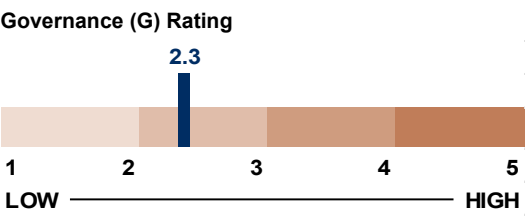
- We assign KCE a decent S score of 3.2, compared with the sector average of 2.9. The score reflects KCE’s strong practices in product safety and quality and staff management areas.
- **Health and safety:** KCE integrates employee well-being into its remuneration structure, with a clear focus on improving 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.

SCALE WEIGHTING



Sources: ttb wealth, Company data

We assign KCE a low 2.3 G score, in line with the sector average. 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.

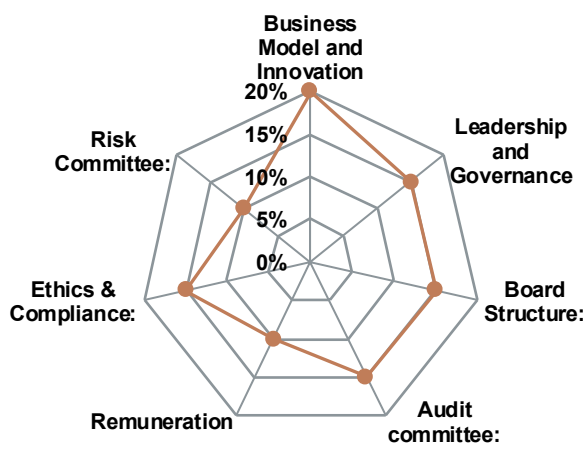


GOVERNANCE & SUSTAINABILITY

Our Comments

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

SCALE WEIGHTING



- 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 declining European automotive industry and its 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 audit, risk management, and remuneration.
- **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

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Sales	14,833	13,075	15,737	26,121	30,584
Cost of sales	11,611	10,607	12,371	19,548	22,055
Gross profit	3,222	2,468	3,366	6,573	8,530
% gross margin	21.7%	18.9%	21.4%	25.2%	27.9%
Selling & administration expenses	1,703	1,743	1,833	2,984	3,383
Operating profit	1,519	725	1,533	3,589	5,146
% operating margin	10.2%	5.5%	9.7%	13.7%	16.8%
Depreciation & amortization	1,067	1,099	1,086	1,317	1,658
EBITDA	2,585	1,824	2,619	4,906	6,804
% EBITDA margin	17.4%	14.0%	16.6%	18.8%	22.2%
Non-operating income	321	216	230	230	230
Non-operating expenses	0	0	0	0	0
Interest expense	(52)	(36)	(52)	(189)	(365)
Pre-tax profit	1,788	904	1,710	3,629	5,011
Income tax	120	106	266	624	862
After-tax profit	1,668	798	1,445	3,005	4,149
% net margin	11.2%	6.1%	9.2%	11.5%	13.6%
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	1,453	3,012	4,156
Normalized profit	1,655	785	1,453	3,012	4,156
EPS (Bt)	1.39	0.70	1.23	2.55	3.52
Normalized EPS (Bt)	1.40	0.66	1.23	2.55	3.52

*A new, more sustainable,
growth cycle*

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Current assets:	8,955	8,577	10,315	15,127	16,994
Cash & cash equivalent	1,566	1,969	2,500	2,500	2,500
Account receivables	3,646	2,829	3,405	5,652	6,618
Inventories	3,675	3,705	4,322	6,829	7,704
Others	68	73	88	147	172
Investments & loans	184	177	177	177	177
Net fixed assets	7,645	7,267	7,076	13,856	17,297
Other assets	1,631	1,908	2,308	3,809	4,465
Total assets	18,416	17,930	19,876	32,968	38,933
LIABILITIES:					
Current liabilities:	3,986	3,672	5,081	14,115	18,024
Account payables	2,843	2,553	2,977	4,705	5,308
Bank overdraft & ST loans	996	793	1,527	7,045	9,542
Current LT debt	68	248	478	2,206	2,988
Others current liabilities	78	78	99	159	186
Total LT debt	52	395	761	3,509	4,753
Others LT liabilities	560	666	816	1,341	1,573
Total liabilities	4,598	4,734	6,658	18,964	24,350
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	10,500	11,280	11,852
Shareholders' equity	13,756	13,136	13,153	13,933	14,505
Liabilities & equity	18,416	17,930	19,876	32,968	38,933

Sources: Company data, ttb wealth estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Earnings before tax	1,788	904	1,710	3,629	5,011
Tax paid	(140)	(105)	(257)	(572)	(843)
Depreciation & amortization	1,067	1,099	1,086	1,317	1,658
Chg In working capital	965	496	(768)	(3,027)	(1,238)
Chg In other CA & CL / minorities	(22)	(15)	10	(37)	(3)
Cash flow from operations	3,657	2,379	1,782	1,311	4,584
Capex	(541)	(628)	(800)	(8,000)	(5,000)
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)	(325)	(1,053)	(503)
Cash flow from investments	(1,345)	(892)	(1,145)	(9,073)	(5,523)
Debt financing	(983)	368	1,329	9,994	4,523
Capital increase	0	0	0	0	0
Dividends paid	(1,565)	(1,447)	(1,436)	(2,233)	(3,584)
Warrants & other surplus	(16)	(5)	0	0	0
Cash flow from financing	(2,564)	(1,084)	(106)	7,762	938
Free cash flow	2,312	1,487	637	(7,762)	(938)

VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	53.7	113.4	61.2	29.5	21.4
Normalized PE - at target price (x)	71.4	150.7	81.4	39.2	28.4
PE (x)	54.0	106.8	61.2	29.5	21.4
PE - at target price (x)	71.7	142.0	81.4	39.2	28.4
EV/EBITDA (x)	34.2	48.5	34.1	20.2	15.2
EV/EBITDA - at target price (x)	45.5	64.5	45.2	26.2	19.5
P/BV (x)	6.5	6.8	6.8	6.4	6.1
P/BV - at target price (x)	8.6	9.0	9.0	8.5	8.1
P/CFO (x)	24.3	37.4	49.9	67.9	19.4
Price/sales (x)	6.0	6.8	5.7	3.4	2.9
Dividend yield (%)	1.6	1.6	1.6	3.4	4.7
FCF Yield (%)	2.6	1.7	0.7	(8.7)	(1.1)
(Bt)					
Normalized EPS	1.40	0.66	1.23	2.55	3.52
EPS	1.39	0.70	1.23	2.55	3.52
DPS	1.20	1.20	1.23	2.55	3.52
BV/share	11.64	11.11	11.13	11.79	12.27
CFO/share	3.09	2.01	1.51	1.11	3.88
FCF/share	1.96	1.26	0.54	(6.57)	(0.79)

Sources: Company data, ttb wealth estimates

*KCE is inexpensive against
its growth, in our view*

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate					
Sales (%)	(9.2)	(11.9)	20.4	66.0	17.1
Net profit (%)	(4.1)	(49.5)	74.5	107.3	38.0
EPS (%)	(4.1)	(49.5)	74.5	107.3	38.0
Normalized profit (%)	5.5	(52.6)	85.2	107.3	38.0
Normalized EPS (%)	5.5	(52.6)	85.2	107.3	38.0
Dividend payout ratio (%)	86.1	170.4	100.0	100.0	100.0
Operating performance					
Gross margin (%)	21.7	18.9	21.4	25.2	27.9
Operating margin (%)	10.2	5.5	9.7	13.7	16.8
EBITDA margin (%)	17.4	14.0	16.6	18.8	22.2
Net margin (%)	11.2	6.1	9.2	11.5	13.6
D/E (incl. minor) (x)	0.1	0.1	0.2	0.9	1.2
Net D/E (incl. minor) (x)	(0.0)	(0.0)	0.0	0.7	1.0
Interest coverage - EBIT (x)	29.3	19.9	29.5	18.9	14.1
Interest coverage - EBITDA (x)	49.9	50.1	50.4	25.9	18.6
ROA - using norm profit (%)	8.8	4.3	7.7	11.4	11.6
ROE - using norm profit (%)	12.1	5.8	11.1	22.2	29.2
DuPont					
ROE - using after tax profit (%)	12.2	5.9	11.0	22.2	29.2
- asset turnover (x)	0.8	0.7	0.8	1.0	0.9
- operating margin (%)	12.4	7.2	11.2	14.6	17.6
- leverage (x)	1.4	1.4	1.4	2.0	2.5
- interest burden (%)	97.2	96.1	97.0	95.0	93.2
- tax burden (%)	93.3	88.3	84.5	82.8	82.8
WACC (%)	10.0	10.0	10.0	10.0	10.0
ROIC (%)	10.1	4.8	10.3	22.1	17.6
NOPAT (Bt m)	1,417	640	1,295	2,971	4,261
invested capital (Bt m)	13,306	12,603	13,419	24,193	29,287

Sources: Company data, ttb wealth estimates

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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 tracks 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
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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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For sectors, an “Overweight” sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. “Underweight” is used when we have SELLs on majority of the stocks we cover by market cap. “Neutral” is used when there are relatively equal weightings of BUYs and SELLs.

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