

Hold (unchanged)

Share price: Bt33.00
 Target price: B34.00 (from Bt31.50)

Suttatip Peerasub
 Suttatip.P@maybank-ke.co.th
 (02) 658 6300

Stock Information

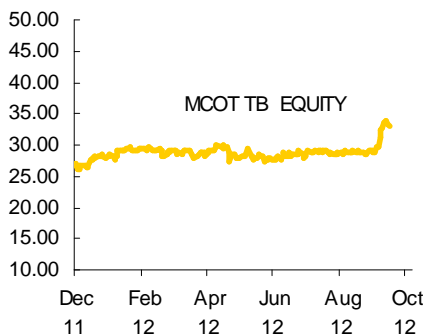
Description : The Company operates various mass media businesses such as Modernine TV Station, MCOT radio stations and The Thai News Agency with subsidiaries involving in the business of television program, documentary production and all types of entertainment business.

Ticker : MCOT
 Shares Issued (mn) : 687
 Market Cap (Btmn): 22,674
 Market Cap (US\$m): 737.97
 3-mth Avg. Daily Turnover (Btmn): 22.01
 SET Index: 1,292.48
 Free float (%): 22.72

Major Shareholders : %
 กระทรวงการคลัง 65.80
 ธนาคารออมสิน 11.48

Key Indicators

ROE – annualised (%) 22.8
 Net cash (Btmn): Net cash
 NTA/share (Bt): 2.8
 Interest cover (x): 322.4

Historic Chart

Performance

52-week High/Low Bt34.25/Bt24.20

| | 1-mth | 3-mth | 6-mth | 1-yr | YTD |
|--------------|-------|-------|-------|------|------|
| Absolute (%) | mc | 15.8 | 17.9 | 35.2 | 23.4 |
| Relative (%) | 11.1 | 7.9 | 5.3 | -3.4 | -2.1 |

MCOT PCL (MCOT)

Target price raised with HOLD maintained

MCOT is forecast to deliver a healthy 3Q12 result, with significant growth coming in 4Q12, thanks to rising utilisation and higher ad rates. However, we have lowered our 2013 forecast to reflect the higher competition and risk of program revamps. We see uncertainty arising in network services and content providers for digital TV. Given the attractive dividend yield, we are maintaining our Hold rating, with a roll-over 2013 TP of Bt34.00.

Expect a healthy 3Q12 with solid 4Q12 growth. We expect the 3Q12 net profit at Bt422mn, dropping 5% QoQ on seasonal factors, but rising 17% YoY. Note that the 3Q11 financial statement will be restated as the Bt405mn in additional revenue from the concession renewal fee for Channel 3 booked in 3Q11, was changed to recognition over a 10-year period. The 3Q12 growth will be attributed to ad industry growth with ad rate hikes of 7-10% and estimated utilisation of 85%, from 75% in 3Q11. However, costs and expenses will also increase on higher production costs and salary adjustments. The 4Q12 results will grow substantially on the seasonal effect and the low 4Q11 base hurt by the flood.

Earnings revised down. We have revised down the 2013 earnings by 4% to reflect the higher competition from satellite TV and the Channel 9 program reshuffle. A rising number of in-house programs will provide upside for ad revenue, but production costs will also increase. The program revamp will take time to prove successful and build ratings.

To step in network service and digital TV. MCOT proposes to apply for a network service license for digital TV and expects to also bid for five digital TV channels. Channel 9 will start digital system broadcasting along with the current analog TV signal given that all broadcasting will turn digital in 2015, under the AEC. According to the NBTC, commercial digital TV will begin with 24 channels, which will cause higher competition over the long term. In the near term, the existing free TV operators will maintain their competitive advantage. The audience for digital TV is expected to be limited for some time as set-top-boxes or digital receivers will be required for digital TV.

Maintain Hold. Even with an earnings downgrade, our TP is revised from Bt31.50 to Bt34.00 based on the rollover to 2013. The financial position remains solid with an attractive dividend yield of 6-7%. Maintain Hold.

MCOT – Summary Earnings Table

| FYE: Dec 31 (Btmn) | 2010 | 2011 | 2012F | 2013F | 2014F |
|-----------------------------|-------|----------|----------|----------|----------|
| Revenue | 5,263 | 5,142 | 5,676 | 6,161 | 6,665 |
| EBITDA | 2,556 | 2,598 | 2,780 | 2,955 | 3,193 |
| Recurring Net Profit | 1,423 | 1,356 | 1,675 | 1,857 | 2,031 |
| Recurring Basic EPS (Bt) | 2.07 | 1.97 | 2.44 | 2.70 | 2.96 |
| EPS growth (%) | 2.4 | (4.7) | 23.5 | 10.9 | 9.4 |
| DPS (Bt) | 1.90 | 2.00 | 2.20 | 2.35 | 2.50 |
| PER | 15.9 | 16.7 | 13.5 | 12.2 | 11.2 |
| EV/EBITDA (x) | 7.5 | 7.2 | 6.7 | 6.2 | 5.6 |
| Div Yield (%) | 5.8 | 6.1 | 6.7 | 7.1 | 7.6 |
| P/BV(x) | 3.0 | 3.0 | 2.9 | 2.8 | 2.7 |
| Net Gearing (%) | | Net cash | Net cash | Net cash | Net cash |
| ROE (%) | 18.7 | 17.6 | 21.4 | 22.8 | 23.9 |
| ROA (%) | 14.1 | 12.8 | 15.5 | 16.5 | 17.3 |
| Consensus Net Profit (Btmn) | - | - | 1,598 | 1,683 | 1,750 |

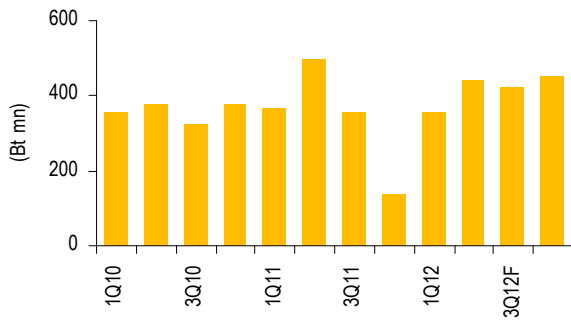
Source: Company reports and KELIVE Research estimates.

Table 1: MCOT 3Q12 preview

| (Btmn) | 3Q12F | 2Q12 | QoQ | 3Q11 | YoY | 9M12F | 2012F | 9M/2012F |
|-------------------|-------|-------|------|-------|------|-------|-------|----------|
| Sales | 1,438 | 1,450 | (1%) | 1,315 | 9% | 4,153 | 5,676 | 73% |
| TV income | 966 | 976 | (1%) | 855 | 13% | 2,761 | 3,803 | 73% |
| Radio income | 230 | 234 | (2%) | 225 | 2% | 661 | 901 | 73% |
| Joint operations | 231 | 228 | 1% | 224 | 3% | 697 | 932 | 75% |
| Additional income | 12 | 12 | 0% | 10 | 12% | 35 | 41 | 86% |
| COGS | 604 | 593 | 2% | 572 | 6% | 1,787 | 2,366 | 76% |
| Gross profit | 834 | 857 | (3%) | 743 | 12% | 2,367 | 3,310 | 71% |
| Gross margin (%) | 58.0% | 59.1% | N.A. | 56.5% | N.A. | 57.0% | 58.3% | N.A. |
| SG&A | 316 | 299 | 6% | 271 | 17% | 879 | 1,294 | 68% |
| EBITDA | 711 | 743 | (4%) | 650 | 9% | 2,048 | 2,780 | 74% |
| EBITDA margin (%) | 47.8% | 49.4% | N.A. | 47.6% | N.A. | 47.6% | 47.4% | N.A. |
| Normalised profit | 422 | 443 | (5%) | 361 | 17% | 1,220 | 1,675 | 73% |
| Net profit | 422 | 443 | (5%) | 361 | 17% | 1,220 | 1,675 | 73% |
| EPS (Bt) | 0.61 | 0.65 | (5%) | 0.53 | 17% | 1.78 | 2.44 | 73% |

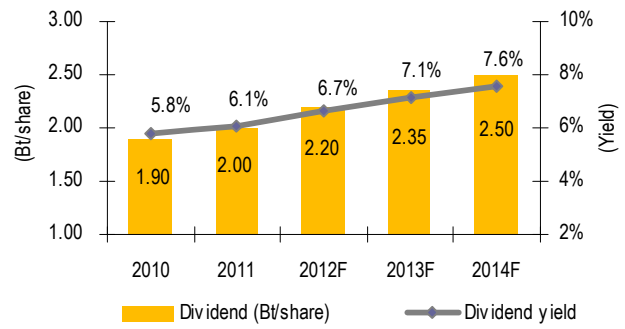
Note : Restated 3Q11 Source : Company reports and KELIVE Research estimates.

Chart 1: Quarterly earnings



Source: Company reports and KELIVE Research estimates.

Chart 2: Dividend payment and yield



Source: Company reports and KELIVE Research estimates.

INCOME STATEMENT (Btmn)

| FY December | 2011 | 2012F | 2013F | 2014F |
|---------------------------------|--------------|--------------|--------------|--------------|
| Revenue | 5,142 | 5,676 | 6,161 | 6,665 |
| EBITDA | 2,598 | 2,780 | 2,955 | 3,193 |
| Depreciation & Amortisation | 541 | 571 | 599 | 616 |
| Operating Profit (EBIT) | 2,057 | 2,209 | 2,356 | 2,577 |
| Interest (Exp) / Inc | 10 | 7 | 7 | 9 |
| Associates | 0 | 0 | 0 | 0 |
| One-offs | 0 | 0 | 0 | 0 |
| Pre-Tax Profit | 2,047 | 2,201 | 2,348 | 2,568 |
| Tax | 671 | 506 | 470 | 514 |
| Minority Interest | 20 | 20 | 22 | 23 |
| Net Profit | 1,356 | 1,675 | 1,857 | 2,031 |
| Recurring Net Profit | 1,356 | 1,675 | 1,857 | 2,031 |
| Revenue Growth % | (2.3) | 10.4 | 8.5 | 8.2 |
| EBITDA Growth (%) | 1.6 | 7.0 | 6.3 | 8.1 |
| EBIT Growth (%) | (0.1) | 7.4 | 6.7 | 9.4 |
| Net Profit Growth (%) | (4.7) | 23.5 | 10.9 | 9.4 |
| Recurring Net Profit Growth (%) | (4.7) | 23.5 | 10.9 | 9.4 |
| Tax Rate % | 32.8 | 23.0 | 20.0 | 20.0 |

BALANCE SHEET (Btmn)

| FY December | 2011 | 2012F | 2013F | 2014F |
|----------------------------------|---------------|---------------|---------------|---------------|
| Fixed Assets | 4,303 | 4,410 | 4,362 | 4,299 |
| Other LT Assets | 200 | 200 | 200 | 200 |
| Cash / ST Investments | 4,108 | 4,031 | 4,432 | 4,831 |
| Other Current Assets | 2,040 | 2,310 | 2,507 | 2,709 |
| Total Assets | 10,652 | 10,951 | 11,501 | 12,040 |
| ST Debt | 7 | 12 | 17 | 21 |
| Other Current Liabilities | 1,571 | 1,750 | 1,886 | 2,065 |
| LT Debt | 6 | 12 | 17 | 20 |
| Other LT Liabilities | 1,410 | 1,198 | 1,304 | 1,251 |
| Minority Interest | 63 | 83 | 105 | 128 |
| Shareholders' Equity | 7,595 | 7,896 | 8,173 | 8,556 |
| Total Liabilities-Capital | 10,652 | 10,951 | 11,501 | 12,040 |
| Share Capital (mn) | 3,435 | 3,435 | 3,435 | 3,435 |
| Gross Debt / (Cash) | 13 | 24 | 34 | 41 |
| Net Debt / (Cash) | Net cash | Net cash | Net cash | Net cash |
| Working Capital | 469 | 560 | 622 | 644 |

CASH FLOW (Btmn)

| FY December | 2011 | 2012F | 2013F | 2014F |
|------------------------------------|----------------|----------------|----------------|----------------|
| Profit before taxation | 2,047 | 2,201 | 2,348 | 2,568 |
| Depreciation | 541 | 571 | 599 | 616 |
| Net interest receipts / (payments) | 10 | 7 | 7 | 9 |
| Working capital change | 218 | (90) | (62) | (23) |
| Cash tax paid | (671) | (506) | (470) | (514) |
| Others (inc. exceptional items) | (30) | (28) | (29) | (33) |
| Cash flow from operations | 2,116 | 2,155 | 2,394 | 2,624 |
| Capex | (409) | (678) | (551) | (553) |
| Disposals / (purchases) | 0 | 0 | 0 | 0 |
| Others | (1,097) | 275 | (500) | (350) |
| Cash flow from investing | (1,506) | (403) | (1,051) | (903) |
| Debt raised / (repaid) | 820 | (410) | 205 | (103) |
| Equity raised / (repaid) | 9 | 20 | 22 | 23 |
| Dividends (paid) | (1,443) | (1,374) | (1,580) | (1,649) |
| Interest payments | 10 | 7 | 7 | 9 |
| Others | (10) | (8) | (7) | (9) |
| Cash flow from financing | (614) | (1,764) | (1,353) | (1,728) |
| Change in cash | (5) | (12) | (9) | (7) |

RATES & RATIOS

| FY December | 2011 | 2012F | 2013F | 2014F |
|-----------------------|----------|----------|----------|----------|
| EBITDA Margin % | 48.9 | 47.4 | 46.5 | 46.4 |
| Op. Profit Margin % | 38.7 | 37.6 | 37.0 | 37.4 |
| Net Profit Margin % | 25.5 | 28.5 | 29.2 | 29.5 |
| ROE % | 17.6 | 21.4 | 22.8 | 23.9 |
| ROA % | 12.8 | 15.5 | 16.5 | 17.3 |
| Net Margin Ex. EI % | 25.5 | 28.5 | 29.2 | 29.5 |
| Dividend Cover (x) | 1.0 | 1.1 | 1.2 | 1.2 |
| Interest Cover (x) | 208.2 | 295.7 | 322.4 | 274.8 |
| Asset Turnover (x) | 0.5 | 0.5 | 0.5 | 0.6 |
| Asset / Debt (x) | 3.6 | 3.7 | 3.6 | 3.6 |
| Debtors Turn (days) | 63.4 | 48.0 | 50.0 | 50.0 |
| Creditors Turn (days) | 24.9 | 21.0 | 22.0 | 22.0 |
| Inventory Turn (days) | 3.2 | 3.0 | 3.3 | 3.3 |
| Net Gearing % | Net cash | Net cash | Net cash | Net cash |
| Debt / EBITDA (x) | Net cash | Net cash | Net cash | Net cash |
| Debt / Market Cap (x) | Net cash | Net cash | Net cash | Net cash |

Source: Company reports and KELIVE Research estimates.

RESEARCH OFFICES

REGIONAL

P K BASU

Regional Head, Research & Economics
(65) 6432 1821 pk.basu@maybank-ke.com.sg

WONG Chew Hann, CA

Acting Regional Head of Institutional Research
(603) 2297 8686 wchewh@maybank-ib.com

THAM Mun Hon

Regional Strategist
(852) 2268 0630 thammunhon@kimeng.com.hk

ONG Seng Yeow

Regional Products & Planning
(852) 2268 0644 ongsengyeow@maybank-ke.com.sg

MALAYSIA

WONG Chew Hann, CA *Head of Research*
(603) 2297 8686 wchewh@maybank-ib.com

- Strategy
- Construction & Infrastructure

Desmond CH'NG, ACA

(603) 2297 8680 desmond.chng@maybank-ib.com

- Banking - Regional

LIAW Thong Jung

(603) 2297 8688 tjliaw@maybank-ib.com

- Oil & Gas

- Automotive

- Shipping

ONG Chee Ting, CA

(603) 2297 8678 ct.ong@maybank-ib.com

- Plantations

Mohshin AZIZ

(603) 2297 8692 mohshin.aziz@maybank-ib.com

- Aviation

- Petrochem

- Power

- Power

YIN Shao Yang, CPA

(603) 2297 8916 samuel.y@maybank-ib.com

- Gaming – Regional

- Media

- Power

- Power

TAN CHI WEI, CFA

(603) 2297 8690 chiwei.t@maybank-ib.com

- Construction & Infrastructure

- Power

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ECONOMICS

Suhaimi ILIAS

Chief Economist
▪ Singapore | Malaysia
(603) 2297 8682 suhaimi_ilias@maybank-ib.com

Luz LORENZO

Economist
▪ Philippines | Indonesia
(63) 2 849 8836 luz_lorenzo@maybank-atrke.com

SINGAPORE

Stephanie WONG *Head of Research*

(65) 6432 1451 swong@maybank-ke.com.sg

- Strategy
- Small & Mid Caps

Gregory YP

(65) 6432 1450 gyap@maybank-ke.com.sg

- Technology & Manufacturing

- Telcos - Regional

Wilson LIEW

(65) 6432 1454 wilsonliaw@maybank-ke.com.sg

- Hotel & Resort

- Property & Construction

James KOH

(65) 6432 1431 jameskoh@maybank-ke.com.sg

- Logistics

- Resources

- Consumer

- Small & Mid Caps

YEAK Chee Keong, CFA

(65) 6433 5730 yeakcheekeong@maybank-ke.com.sg

- Healthcare

- Offshore & Marine

Alison FOK

(65) 6433 5745 alisonfok@maybank-ke.com.sg

- Services

- S-chips

Bernard CHIN

(65) 6433 5726 bemarkchin@maybank-ke.com.sg

- Transport (Land, Shipping & Aviation)

ONG Kian Lin

(65) 6432 1470 ongkianlin@maybank-ke.com.sg

- REITs / Property

Wei Bin

(65) 6432 1455 weibin@maybank-ke.com.sg

- S-chips

- Small & Mid Caps

INDONESIA

Katarina SETIAWAN *Head of Research*

(62) 21 2557 1125 ksetiawan@maybank-ke.co.id

- Consumer

- Strategy

- Telcos

Lucky ARIESANDI, CFA

(62) 21 2557 1127 lariesandi@maybank-ke.co.id

- Base metals

- Coal

- Oil & Gas

Rahmi MARINA

(62) 21 2557 1128 rmarina@maybank-ke.co.id

- Banking

- Multifinance

Pandua ANUGRAH

(62) 21 2557 1137 panugrah@maybank-ke.co.id

- Auto

- Heavy equipment

- Plantation

- Toll road

Adi N. WICAKSONO

(62) 21 2557 1130 anwicaksono@maybank-ke.co.id

- Generalist

Anthony YUNUS

(62) 21 2557 1134 ayunus@maybank-ke.co.id

- Cement

- Infrastructure

- Property

Arwani PRANADJAYA

(62) 21 2557 1129 apranadjaya@maybank-ke.co.id

- Technicals

PHILIPPINES

Luz LORENZO *Head of Research*

(63) 2 849 8836 luz_lorenzo@maybank-atrke.com

- Strategy

Laura DY-LIACCO

(63) 2 849 8840 laura_dyliacco@maybank-atrke.com

- Utilities

- Conglomerates

- Telcos

Lovell SARREAL

(63) 2 849 8841 lovell_sarreal@maybank-atrke.com

- Consumer

- Media

- Cement

Kenneth NERECINA

(63) 2 849 8839 kenneth_nerecina@maybank-atrke.com

- Conglomerates

- Property

- Ports/ Logistics

Katherine TAN

(63) 2 849 8843 kat_tan@maybank-atrke.com

- Banks

- Construction

Ramon ADVIENTO

(63) 2 849 8842 ramon_adviento@maybank-atrke.com

- Mining

THAILAND

Sukit UDOMSIRIKUL *Head of Research*

(66) 2658 6300 ext 5090
Sukit.u@maybank-ke.co.th

Maria LAPIZ *Head of Institutional Research*

Dir (66) 2257 0250 | (66) 2658 6300 ext 1399
Maria.L@maybank-ke.co.th

- Consumer/ Big Caps

Andrew STOTZ *Strategist*

(66) 2658 6300 ext 5091
Andrew@maybank-ke.co.th

Mayuree CHOWIKRAN

(66) 2658 6300 ext 1440 mayuree.c@maybank-ke.co.th

- Strategy

Suttatip PEERASUB

(66) 2658 6300 ext 1430 suttatip.p@maybank-ke.co.th

- Media

- Commerce

Sutthichai KUMWORACHAI

(66) 2658 6300 ext 1400 sutthichai.k@maybank-ke.co.th

- Energy

- Petrochem

Termporn TANTIVIVAT

(66) 2658 6300 ext 1520 termporn.t@maybank-ke.co.th

- Property

Woraphon WIROONSRI

(66) 2658 6300 ext 1560 woraphon.w@maybank-ke.co.th

- Banking & Finance

Jaroontan WATTANAWONG

(66) 2658 6300 ext 1404 jaroontan.w@maybank-ke.co.th

- Transportation

- Small cap.

Chatchai JINDARAT

(66) 2658 6300 ext 1401 chatchai.j@maybank-ke.co.th

- Electronics

Pongrat RATANATAVANANANDA

(66) 2658 6300 ext 1398 pongrat.R@maybank-ke.co.th

- Services/ Small Caps

VIETNAM

Michael KOKALARI, CFA *Head of Research*

(84) 838 38 66 47 michael.kokalari@kimeng.com.vn

- Strategy

Nguyen Thi Ngan TUYEN

(84) 844 55 58 88 x 8081 tuyen.nguyen@kimeng.com.vn

- Food and Beverage

- Oil and Gas

Ngo Bich VAN

(84) 844 55 58 88 x 8084 van.ngo@kimeng.com.vn

- Banking

Trinh Thi Ngoc Diep

(84) 844 55 58 88 x 8242 diep.trinh@kimeng.com.vn

- Technology

- Utilities

- Construction

Dang Thi Kim THOA

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| | |
|-------------|--|
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| HOLD | Return is expected to be between - 10% to +10% in the next 12 months (excluding dividends) |
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| | | |
|--|--------------------------|---|
| Adex = Advertising Expenditure | FCF = Free Cashflow | PE = Price Earnings |
| BV = Book Value | FV = Fair Value | PEG = PE Ratio To Growth |
| CAGR = Compounded Annual Growth Rate | FY = Financial Year | PER = PE Ratio |
| Capex = Capital Expenditure | FYE = Financial Year End | QoQ = Quarter-On-Quarter |
| CY = Calendar Year | MoM = Month-On-Month | ROA = Return On Asset |
| DCF = Discounted Cashflow | NAV = Net Asset Value | ROE = Return On Equity |
| DPS = Dividend Per Share | NTA = Net Tangible Asset | ROSF = Return On Shareholders' Funds |
| EBIT = Earnings Before Interest And Tax | P = Price | WACC = Weighted Average Cost Of Capital |
| EBITDA = EBIT, Depreciation And Amortisation | P.A. = Per Annum | YoY = Year-On-Year |
| EPS = Earnings Per Share | PAT = Profit After Tax | YTD = Year-To-Date |
| EV = Enterprise Value | PBT = Profit Before Tax | |

 **Malaysia**

Maybank Investment Bank Berhad
(A Participating Organisation of
Bursa Malaysia Securities Berhad)
33rd Floor, Menara Maybank,
100 Jalan Tun Perak,
50050 Kuala Lumpur
Tel: (603) 2059 1888;
Fax: (603) 2078 4194

Stockbroking Business:
Level 8, Tower C, Dataran Maybank,
No.1, Jalan Maarof
59000 Kuala Lumpur
Tel: (603) 2297 8888
Fax: (603) 2282 5136

 **Philippines**

**Maybank ATR Kim Eng Securities
Inc.**
17/F, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines 1200

Tel: (63) 2 849 8888
Fax: (63) 2 848 5738

 **South Asia Sales Trading**

Kevin Foy
kevinfoy@maybank-ke.com.sg
Tel: (65) 6336-5157
US Toll Free: 1-866-406-7447

 **Singapore**

**Maybank Kim Eng Securities Pte Ltd
Maybank Kim Eng Research Pte Ltd**
9 Temasek Boulevard
#39-00 Suntec Tower 2
Singapore 038989

Tel: (65) 6336 9090
Fax: (65) 6339 6003

 **Hong Kong**

Kim Eng Securities (HK) Ltd
Level 30,
Three Pacific Place,
1 Queen's Road East,
Hong Kong

Tel: (852) 2268 0800
Fax: (852) 2877 0104

 **Thailand**

**Maybank Kim Eng Securities
(Thailand) Public Company
Limited**
999/9 The Offices at Central World,
20th - 21st Floor,
Rama 1 Road Pathumwan,
Bangkok 10330, Thailand

Tel: (66) 2 658 6817 (sales)
Tel: (66) 2 658 6801 (research)

 **North Asia Sales Trading**

Eddie LAU
eddielau@kimeng.com.hk
Tel: (852) 2268 0800
US Toll Free: 1 866 598 2267

 **London**

**Maybank Kim Eng Securities
(London) Ltd**
6/F, 20 St. Dunstan's Hill
London EC3R 8HY, UK

Tel: (44) 20 7621 9298
Dealers' Tel: (44) 20 7626 2828
Fax: (44) 20 7283 6674

 **Indonesia**

PT Kim Eng Securities
Plaza Bapindo
Citibank Tower 17th Floor
Jl Jend. Sudirman Kav. 54-55
Jakarta 12190, Indonesia

Tel: (62) 21 2557 1188
Fax: (62) 21 2557 1189

 **Vietnam**

In association with
Maybank Kim Eng Securities JSC
1st Floor, 255 Tran Hung Dao St.
District 1
Ho Chi Minh City, Vietnam

Tel : (84) 844 555 888
Fax : (84) 838 38 66 39

 **New York**

**Maybank Kim Eng Securities
USA Inc**
777 Third Avenue, 21st Floor
New York, NY 10017, U.S.A.

Tel: (212) 688 8886
Fax: (212) 688 3500

 **India**

Kim Eng Securities India Pvt Ltd
2nd Floor, The International 16,
Maharishi Karve Road,
Churchgate Station,
Mumbai City - 400 020, India

Tel: (91).22.6623.2600
Fax: (91).22.6623.2604

 **Saudi Arabia**

In association with
Anfaal Capital
Villa 47, Tujjar Jeddah
Prince Mohammed bin Abdulaziz
Street P.O. Box 126575
Jeddah 21352

Tel: (966) 2 6068686
Fax: (966) 26068787

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THAI INSTITUTE OF DIRECTORS ASSOCIATION (IOD) CORPORATE GOVERNANCE REPORT RATING 2011

| | | | | | | Score Range | Number of Logo | Description |
|---------|--------|---------|-----------|---|---------|-----------------------------------|----------------|--------------|
| ADVANC | BMCL | ICC | PS | ROBINS | THRE | 90-100 | ▲▲▲▲▲ | Excellent |
| AOT | CPN | IRPC | PSL | RS | TIP | 80-89 | ▲▲▲▲ | Very Good |
| BAFS | CSL | KBANK | PTT | SAT | TIPCO | 70-79 | ▲▲▲ | Good |
| BANPU | EASTW | KK | PTTAR *** | SC | TISCO | 60-69 | ▲▲ | Satisfactory |
| BAY | EGCO | KTB | PTTCH *** | SCB | TKT | 50-59 | ▲ | Pass |
| BBL | ERW | LPN | PTTEP | SCC | TMB | Lower than 50 | No logo given | N/A |
| BCP | GRAMMY | MCOT | QH | SE-ED | TOP | *** PTTAR and PTTCH are now PTTGC | | |
| BKI | HEMRAJ | NMG | RATCH | SIS | | | | |
| ▲▲▲▲▲ | | | | | | | | |
| ACAP | BWG | GC | LANNA | NINE | S&P | SPPT | THCOM | TSTH |
| AF | CENTEL | GFPT | LH | NKI | SABINA | SSF | THIP | TTA |
| AMANAHA | CGS | GLOW | LOXLEY | NOBLE | SAMCO | SSSC | TIC | TTW |
| AMATA | CIMBT | HANA | LRH | OCC | SCCC | STA | TK | TUF |
| AP | CK | HMPRO | LST | OGC | SCG | STANLY | TMT | TVO |
| ASIMAR | CM | HTC | MACO | OISHI | SCSMG | STEC | TNITY | TYM |
| ASP | CPALL | IFEC | MAJOR | PB | SEAFCO | SUSCO | TNL | UAC |
| AYUD | CPF | INET | MAKRO | PG | SPF | SVI | TOG | UMI |
| BEC | CSC | INTUCH | MBK | PHATRA | SICCO * | SYMC | TPC | UP |
| BECL | DELTA | IVL | MFC | PM | SINGER | SYNTEC | TRC | UP OIC |
| BFIT | DEMCO | JAS | MFEC | PR | SIRI | TASCO | TRT | UV |
| BH | DRT | KCE | MILL | PRANDA | SITHAI | TCAP | TRU | VNT |
| BIGC | DTAC | KEST ** | MINT | PRG | SMT | TFD | TRUE | WACOAL |
| BJC | DTC | KGI | MK | PT | SNC | TFI | TSC | WAVE |
| BLA | ECL | KSL | MTI | PYLON | SPALI | THAI | TSTE | ZMICO |
| BROOK | FORTH | KWC | NBC | S&J | SPI | | | |
| BTS | GBX | L&E | NCH | ** KEST is now MBKET, * SICCO has been delisted | | | | |
| ▲▲▲▲▲ | | | | | | | | |
| 2S | BOL | DCC | IRC | MBAX | PHOL | SENA | TCP | TR |
| A | BROCK | DRACO | IRCP | M-CHAI | PICO | SHANG | TEAM | TTCL |
| AEONTS | B SBM | EASON | IT | MCS | PL | SIAM | TF | TTI |
| AFC | BTNC | EIC | ITD | MDX | POST | SIMAT | TGCI | TWFP |
| AGE | CCET | ESSO | JTS | MJD | PPM | SKR | THANA | TWZ |
| AH | CFRESH | FE | JUTHA | MOONG | PREB | SMIT | THANI | TYCN |
| AHC | CHARAN | FOCUS | KASET | MPIC | PRECHA | SMK | TICON | UBIS |
| AI | CI | FSS | KDH | MSC | PRIN | SMM | TIW | UEC |
| AIT | CITY | GENCO | KH | NC | PTL | SPC | TKS | UOBKH |
| AJ | CMO | GFM | KKC | NEP | Q-CON | SPG | TLUXE | UPF |
| AKR | CMR | GL | KMC | NNCL | QLT | SST | TMD | US |
| APRINT | CNS | GLAND | KTC | NSI | RASA | STAR | TNH | UT |
| APURE | CNT | GOLD | KWH | NTV | RCI | SUC | TNPC | UVAN |
| AS | CPI | GUNKUL | KYE | NWR | RCL | SVOA | TOPP | VARO |
| ASK | CPL | GYT | LALIN | OFM | ROJNA | SWC | TPA | VIBHA |
| BAT-3K | CRANE | HFT | LEE | PAF | RPC | SYNEX | TPAC | VNG |
| BGT | CSP | HTECH | LHK | PAP | SAUCE | TBSP | TPCORP | WG |
| BLAND | CSR | IFS | MATCH | PATO | SCBLIF | TCB | TPJPL | WORK |
| BNC | CTW | ILINK | MATI | PDI | SCP | TCC | TPP | YUASA |

Source: Thai Institute of Directors (IOD)

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