


14 November 2012

**Media & Publishing**
**MCOT**
**MCOT**
**Current Previous Close**  
**BUY BUY 33.50**
**2013 TP Exp Return Support Resistance CGR 2011**  
**38.50 + 14.9% 33-32.50 34-35 **
**Consolidated earnings**

BT (mn)	2010	2011	2012E	2013E
Normalized earnings	1,423	1,356	1,692	1,874
Net profit	1,423	1,356	1,692	1,874
Normalized EPS (Bt)	2.07	1.97	2.46	2.73
Reported EPS (Bt)	2.07	1.97	2.46	2.73
% Reported EPS growth	2.5	-4.7	24.7	10.7
Dividend (Bt)	1.90	2.00	2.09	2.32
BV/share (Bt)	11.18	11.05	11.29	11.55
EV/EBITDA (x)	7.7	7.6	7.3	6.8
PER (x)	16.2	17.0	13.6	12.3
PER (x) - normalized	16.2	17.0	13.6	12.3
PBV (x)	3.0	3.0	2.9	2.8
Dividend yield (%)	5.7	6.0	6.2	6.9
YE No. of shares (million)	687.1	687.1	687.1	687.1
No. of share - full dilution	687.1	687.1	687.1	687.1
Par (Bt)	5	5	5	5

Source: Company data, FSS estimates

**3Q12 net profit well above our forecast**
**3Q12 net profit up by 8.2% Q-Q and 33.1% Y-Y**

MCOT's 3Q12 net profit of Bt480mn (+8.2% Q-Q, +33.1% Y-Y) was well above our estimate at Bt410mn due to the company's wider-than-projected gross margin at 57.2% (vs. our estimate of 54.7%) and its lower-than-anticipated tax rate of 21.1% (vs. our forecast of 24%). These Q-Q and Y-Y increases in MCOT's 3Q12 net profit were driven mainly by the 4.5% Q-Q and 15.4% Y-Y gains in its revenue even though the third quarter of the year is normally the low season for the industry. The factors that made possible the aforementioned increases in MCOT's 3Q12 revenue included the London 2012 Summer Olympics, the ongoing recovery in ad spending, as well as the hikes in its ad rates. By contrast, MCOT's 3Q12 gross margin narrowed by 1.9% Q-Q owing to higher production costs for its TV programs, especially after the company made improvements to TV news program in July 2012. In addition, MCOT's expenses related to the activities for its radio programs increased in 3Q12. On a Y-Y basis, MCOT's gross margin widened in 3Q12.

**Revise up 2012-2013E net profit estimates by 5%**

We raise our forecast for MCOT's 2012E net profit by 5% to Bt1.69bn (+24.7% Y-Y). Note that the company's 9M12 net profit of Bt1.28bn (+4% Y-Y) accounted for 76% of our new projection. Likewise, we upgrade our 2013E net profit estimate by 5% to Bt1.87bn (+10.7% Y-Y).

**Raise 2013E TP from Bt36.50 to Bt38.50; reiterate BUY rating**

Due to the aforementioned upward revisions to our 2012-2013E net profit forecasts, we raise our 2013E target price (TP) to Bt38.50 (PE 14x). Note that the company's current share price implies an upside potential of 14.9% to our new 2013E TP. Furthermore, for 2012-2013E the company offers an attractive dividend yield of 6.2% - 6.9% per annum. Finally, potential sources of upside to our new 2012-2013E net profit projections and our new 2013E TP include: 1) if MCOT is granted a license to become a network provider in the auction that will take place in 1Q13E, and 2) if its bids for the right to operate 1-2 digital TV channels are successful. In our view, MCOT will have the upper hand in the network provider license auction given its current network.

3Q12 Earnings Results						Comment
(Bt mn)	3Q12	2Q12	%Q-Q	3Q11	%Y-Y	
Revenues	1,515	1,450	4.5	1,313	15.4	<ul style="list-style-type: none"> <li>MCOT's 3Q12 ad revenue (accounting for 86% of its total revenue) increased by 7.7% Q-Q and 20.6% Y-Y.</li> <li>MCOT's 3Q12 gross margin of 57.2% beat our estimate of 54.7%</li> <li>MCOT's 3Q12 SG&amp;A expenses fell short of our expectation by 5%.</li> <li>MCOT's 3Q12 tax rate of 21.1% was lower than our forecast of 24%.</li> </ul>
Cost of services	649	593	9.4	572	13.5	
Gross profit	866	857	1.1	741	16.8	
SG&A	292	299	-2.8	271	7.8	
Normalized earnings	480	443	8.2	360	33.1	
Net profit	480	443	8.2	360	33.1	
Gross margin (%)	57.2	59.1	-1.9	56.4	0.7	
Norm earnings margin (%)	31.7	30.6	1.1	27.4	4.2	
Net profit margin (%)	31.7	30.6	1.1	27.4	4.2	

**Analyst : Pornsook Amonvadekul**

Register No.: 004973

Tel.: +662 646 9964

email: pornsook.a@fnsyrus.com

www.fnsyrus.com

**Finansia Syrus Securities Public Company Limited**
**Head Office**

999/9 The offices at Central World  
17th, 18th, 25th Fl.,  
Rama 1 Rd., Patumwan,  
Bangkok

**Alma Link**

9th, 14th, 15th Fl.,  
Alma Link Building 25  
Soi Chidlom, Ploenchit, Lumpini,  
Patumwan, Bangkok

**Amarin Tower**

496-502 Amarin Tower  
20th Floor, Pleonchit,  
Lumpini, Pathumwan,  
Bangkok

**Sindhorn 1**

130-132 Sindhorn Building 1,  
2nd Floor, Wireless Road,  
Lumpini, Pathumwan,  
Bangkok

**Sindhorn 2**

130-132 Sindhorn Building 3,  
24th Floor, Wireless Road,  
Lumpini, Pathumwan,  
Bangkok

**Sindhorn 3**

130-132 Sindhorn Building 3,  
19th Floor, Wireless Road,  
Lumpini, Pathumwan,  
Bangkok

**Sukhumvit 21**

50 GMM Grammy Place  
15th Floor, Sukhumvit 21 Road,  
Klongtuey North, Wattana,  
Bangkok

**Asoke**

159 Sermit Tower 17th Floor,  
Soi Sukumvit 21, Sukhumvit Road,  
Klongtuey North, Wattana,  
Bangkok

**Silom**

191 Silom Complex Building  
Unit 2,3-1 21st Floor, Silom Road,  
Silom, Bangrak,  
Bangkok

**Fortune Town**

1 Fortune Town Building,  
23rd Floor, Zone B3,  
Rachadapisek Road, Dindaeng,  
Bangkok

**Italthai Tower**

2034/52 Italthai Tower,  
11st Floor, Unit 11-07/01,  
New Petchburi Road, Bangkok,  
Huaykwang, Bangkok

**Thaisummit Tower 1**

1768 Thaisammit Tower Building,  
2nd Floor, New Petchburi Road,  
Bangkapi, Huaykwang,  
Bangkok

**Thaisummit Tower 2**

1768 Thaisammit Tower Building,  
4nd, 31th Floor, New Petchburi  
Road, Bangkapi, Huaykwang,  
Bangkok

**Pinklao 1**

7/129-221 Central Pinklao Office  
Building, Room 1404, 14th Fl.,  
Baromratchonnane Road,  
Arunamarin, Bangkokknoi, Bangkok

**Pinklao 2**

7/3 Central Tower B, Pinklao,  
Room 1408, 14th Floor,  
Baromratchonnane Road,  
Arunamarin, Bangkokknoi, Bangkok

**Pinklao 3**

7/3 Central Tower B, Pinklao,  
16th Floor, Baromratchonnane  
Road, Arunamarin, Bangkokknoi,  
Bangkok

**Central Rattatibet**

68/127 Moo 8 Rattatibet Road,  
Tumbon Banggrasor,  
Aumphoe Muang,  
Nonthaburi

**Ladprao**

555 Rasa Tower 2, 11st Floor,  
Unit 1106, Phaholyothin Road,  
Chatuchak, Bangkok

**Prachachuen**

105/1 B Building, 4th Floor,  
Thessabansongkhrao Road,  
Ladyao, Jutajak, Bangkok

**Bangna**

1093 Tower 1 Office, 19th Floor,  
Room 1093/105 Moo 12,  
Bangna-Trad Road, Bangna,  
Bangkok

**Bangkapi**

3105 N Mark Building, 3rd Floor,  
Room A3 R02, Ladprao Road,  
Klongjan, Bangkapi, Bangkok

**Nakornpathom**

28/16-17 Yingpao Road,  
Tumbon Sanamjan,  
Aumphoe Muang, Nakornpathom

**Chonburi**

44 Vacheraprakran Road,  
Tumbon Bangplasoi,  
Aumphoe Muang, Chonburi

**Samutsakorn**

1045/16-17 Wichienchodok,  
Tumbon Mhachai, Aumphoe  
Meungsamutsakorn,  
Samutsakorn

**Chachoengsao**

233-233/2 1st Floor, Moo 12,  
Sukprayoon Road,  
Tumbon Namuang, Aumphoe  
Muang, Chachoengsao

**Chiangmai 1**

308 Chiang Mai Land,  
Chang Klan R., Chang Klan  
Muang  
Chiangmai

**Chiangmai 2**

310 Chiang Mai Land,  
Chang Klan R., Chang Klan  
Muang  
Chiangmai

**Khonkaen 1**

311/16 2nd Floor, Klangmeung  
Road, Tumbon Nai Meung,  
Aumphoe Meung,  
Khonkaen

**Khonkaen 2**

26/9 Moo 7 2nd Floor,  
Srijan new Road, Tumbon  
Nai Meung, Aumphoe Meung,  
Khonkaen

**Measai**

119 Moo 10,  
Tumbon Maesai,  
Aumphoe Muang, Cheangrai

**Suratthani**

173/83-84 Moo 1  
Watpho-Bangyai Road.,  
Tumbon Makamtia,  
Aumphoe Mueang, Suratthani

**Hatyai 1**

29 Lee Garden Plaza Hotel,  
6th Floor, Unit 601/3,  
Prachathipat Road, Tumbon  
Hatyai, Aumphoe Hatyai, Songkhla

**Hatyai 2**

106 (Mezzanine) New Season  
Hotel, Prachathipat Road,  
Aumphoe Hadyai, Songkhla

**Hatyai 3**

200/222, 200/224, 200/226  
Juldiss Hadyai Plaza, 2nd Floor,  
Building, Niphath Uthit 3 Road,  
Aumphoe Hadyai, Songkhla

**Phuket**

22/16-17 Vanish Plaza Shopping  
Mall, Luangporwatchalong Road,  
Tumbon Talad Yai,  
Aumphoe Meung, Phuket

**Trang**

59/28 Huaiyod Road,  
Tumbon Thaptieng,  
Aumphoe Meungtrang, Trang

**Krabi**

223/20 Mharaj Road,  
Tumbon Paknam,  
Aumphoe Meung, Krabi

**Pattane**

300/69-70 Moo 4,  
Tumbon Ruramirae,  
Aumphoe Meung, Pattane

**Udonthani**

104/6, 2 fl., ICBC Bank Tower  
Udon Dusadee Road,  
Tumbon Mak Khaeng,  
Aumphoe Muang Udon Thani,  
Udon Thani

**Khonkaen**

4/6, 2 fl., ICBC Bank Tower  
Khang Meung Road,  
Tumbon Nai Meung,  
Aumphoe Meung Khonkaen,  
Khonkaen

**Analyst - Finansia Syrus Securities**

Jitra	Amornthum	Head of Research	0-2646-9966	jitra.a@fnsyus.com
Pornsook	Amonvadekul	Telecom/ Media/ Transportation/ Steel	0-2646-9964	pornsook.a@fnsyus.com
Songklod	Wongchai	Energy/ Petrochemical/ Cement	0-2646-9817	songklod.w@fnsyus.com
Sunanta	Vasapinyokul	Banks/ Finance/ Securities	0-2646-9680	sunanta.v@fnsyus.com
Worarat	Powpaka	Property	0-2646-9856	worarat.p@fnsyus.com
Sureeporn	Teewasuwet	Agri/ Food/ Commerce/ Electronic	0-2646-9972	sureeporn.t@fnsyus.com
Amnart	Ngosawang	Construction Materials / Transportation	0-2646-9712	amnart.n@fnsyus.com
Somchai	Anektaweepon	Technical	0-2646-9967	somchai.a@fnsyus.com
Natapon	Khamthakreaau	Derivatives	0-2646-9820	natapon.k@fnsyus.com

**Recommendation Definitions**

BUY	The latest close is below our target price and the estimated upside is 10% or more.
HOLD	The latest close is below our target price and the estimated upside is 0-10%.
SELL	The latest close is above our target price.
TRADING BUY	The latest close is above our target price but the price is expected to be driven by short-term positive factors
OVERWEIGHT	The estimated return is higher than the market average.
NEUTRAL	The estimated return is the same as the market average.
UNDERWEIGHT	The estimated return is lower than the market average

*Note: The expected return may change as market risks increase or decline.*

**Thai Institute of Directors Association (IOD) - Corporate Governance Report Rating 2011**


ADVANC	BKI	GRAMMY	LPN	PTTCH**	SC	TIPCO
AOT	BMCL	HEMRAJ	MCOT	PTTEP	SCB	TISCO
BAFS	CPN	ICC	NMG	QH	SCC	TKT
BANPU	CSL	IRPC	PS	RATCH	SE-ED	TMB
BAY	EASTW	KBANK	PSL	ROBINS	SIS	TOP
BBL	EGCO	KK	PTT	RS	THRE	
BCP	ERW	KTB	PTTAR**	SAT	TIP	

**Score Range**

100-90  
80-89  
70-79  
60-69  
50-59  
<50

**Rating**


no logo given

**Description**

Excellent  
Very Good  
Good  
Satisfactory  
Pass  
n/a



ACAP	BROOK	DTC	KCE	MFC	PG	SEAFCO	STEC	TNITY	TYM
AF	BTS	ECL	KEST	MFEC	PHATRA	SFP	SUSCO	TNL	UAC
AMANAH	BWG	FORTH	KGI	MILL	PM	SICCO**	SVI	TOG	UMI
AMATA	CENDEL	GBX	KSL	MINT	PR	SINGER	SYMC	TPC	UP
AP	CGS	GC	KWC	MK	PRANDA	SIRI	SYNTEC	TRC	UPOIC
ASIMAR	CIMBT	GFPT	L&E	MTI	PRG	SITHAI	TASCO	TRT	UV
ASP	CK	GLOW	LANNA	NBC	PT	SMT	TCAP	TRU	VNT
AYUD	CM	HANA	LH	NCH	PYLON	SNC	TFD	TRUE	WACOAL
BEC	CPALL	HMPRO	LOXLEY	NINE	S&J	SPALI	TFI	TSC	WAVE
BECL	CPF	HTC	LRH	NKI	S&P	SPI	THAI	TSTE	ZMICO
BFIT	CSC	IFEC	LST	NOBLE	SABINA	SPPT	THCOM	TSTH	
BH	DELTA	INET	MACO	OCC	SAMCO	SSF	THIP	TTA	
BIGC	DEMCO	INTUCH	MAJOR	OGC	SCCC	SSSC	TIC	TTW	
BJC	DRT	IVL	MAKRO	OISHI	SCG	STA	TK	TUF	
BLA	DTAC	JAS	MBK	PB	SCSMG	STANLY	TMT	TVO	



2S	BAT-3K	CNS	FSS	ITD	MATI	OFM	QLT	SMK	TF	TPIPL	VARO
A	BGT	CNT	GENCO	JTS	MBAX	PAF	RASA	SMM	TGCI	TPP	VIBHA
AEONTS	BLAND	CPI	GFM	JUTHA	M-CHAI	PAP	RCI	SPC	THANA	TR	VNG
AFC	BNC	CPL	GL	KASET	MCS	PATO	RCL	SPC	THANI	TTCL	WG
AGE	BOL	CRANE	GLAND	KDH	MDX	PDI	ROJNA	SST	TICON	TTI	WORK
AH	BROCK	CSP	GLOD	KH	MJD	PHOL	RPC	STAR	TIW	TWFP	YUASA
AHC	BSBM	CSR	GUNKUL	KKC	MOONG	PICO	SAUCE	SUC	TKS	TWZ	
AI	BTNC	CTW	GYT	KMC	MPIC	PL	SCBLIF	SVOA	TLUXE	TYCN	
AIT	CCET	DCC	HFT	KTC	MSC	POST	SCP	SWC	TMD	UBIS	
AJ	CFRESH	DRACO	HTECH	KWH	NC	PPM	SENA	SYNEX	TNH	UEC	
AKR	CHARAN	EASON	IFS	KYE	NEP	PREB	SHANG	TBSP	TNPC	UOBKH	
APRINT	CI	EIC	ILINK	LALIN	NNCL	PRECHA	SIAM	TCB	TOPP	UPF	
APURE	CITY	ESSO	IRC	LEE	NSI	PRIN	SIMAT	TCC	TPA	US	
AS	CMO	FE	IRCP	LHK	NTV	PTL	SKR	TCP	TPAC	UT	
ASK	CMR	FOCUS	IT	MATCH	NWR	Q-CON	SMIT	TEAM	TPCORP	UVAN	

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