

Hold (unchanged)

Share price: Bt48.75
Target price: Bt50.00 (from Bt48.00)

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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. In addition, it also operates joint operating agreements such as Bangkok Entertainment Co., Ltd. operating the television broadcasting for TV Channel 3, and True Visions PCL operating the business of membership-based cable TV under the name of True Visions.

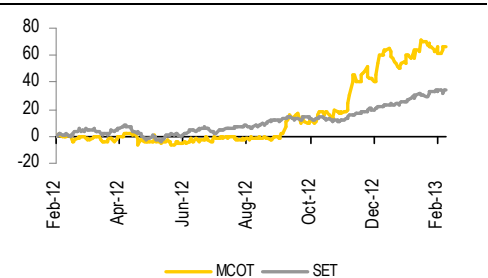
Ticker :	MCOT
Shares Issued (mn) :	687
Market Cap (Btmn):	33,496
Market Cap (US\$m):	1,116.5
3-mth Avg. Daily Turnover (Btmn):	55.35
SET Index:	1,541.58
Free float (%):	

Major Shareholders :	%
The Ministry of Finance	65.80
Government Savings Bank	11.48

Key Indicators

ROE – annualised (%)	24.7
Net cash (Btmn):	Net cash
NTA/shr (Btmn):	12.0
Interest cover (x):	182.7

Historical Chart



Performance

52-week High/Low	Bt51.25/Bt27.00				
	1-mth	3-mth	6-mth	1-yr	YTD
Absolute (%)	6.0	33.6	69.6	65.3	3.7
Relative (%)	1.2	13.5	35.0	24.4	-6.3

MCOT PCL (MCOT)

Positive outlook with upside from digital TV

The 4Q12 profit beat our estimate due to the below-estimate expenses. We maintain our 2013F net profit growth at 14%, driven by ad industry growth, ad rate hikes, increasing portion of in-house programs and more revenue from government projects. An upside to our forecast will come from the digital TV business with network and infrastructure license bidding opening for application in March. However, this stock has a limit upside to our revised TP of Bt50 after rolling the TP over to the next 12 months. We thus rate a Hold with an expected 5% dividend yield.

Better-than-estimated 4Q12 result. The net profit was flat QoQ, but surged 264% YoY to Bt481mn due to the low 4Q11 base. TV revenue expanded 51% YoY. The gross margin rose to 60.6% after an ad rate hike, with higher utilisation, coupled with a dramatic increase in satellite transponder rentals and satellite ad revenue. Expenses were lower than our estimate from the adjustment in salaries that was already booked in 2Q12-3Q12. Overall, the 2012 net profit grew 30% YoY to Bt1.759bn, driven by TV business with higher utilisation with rising ad rates, increasing income from satellite TV and a decline in the effective tax rate.

Maintain 2013 profit growth at 14%. We maintain our 2013 forecast at Bt2.011bn (Bt2.93/share), up 14% YoY, driven by 8-10% expected growth of the ad industry, higher ad rates by 5-25% (effective March), increased self produced programmes from 48% to 51% to reach 71% by 2016. MCOT also expects around Bt800mn in revenue from advertising and marketing activities for the government and state enterprises, up from Bt500mn in 2012. MCOT estimates Bt65mn in income from the co-operation with a Korean company to manage the website, *Soompai.com*.

Joint alliance for network and infrastructure services. In March, MCOT will request a license to operate a network and infrastructure services for Digital TV. MCOT is likely to join with TPBS and TOT. The license bidding for Digital TV stations has been postponed from July to 4Q13 or early 2014. MCOT is considering the conditions and license fees now and if the price is too high, MCOT may decide to not participate.

Hold call. We have a positive view on MCOT from the growth prospects and the upside from digital TV. We have rolled the TP over to the next 12 months and have a new DCF-based TP of Bt50, up from Bt48. However, with a limited upside, we reiterate a Hold call. MCOT has a 2H12 dividend of Bt1.30/share (XD 14 March) or a 2.7% half-year yield.

MCOT – Summary Earnings Table

FYE: Dec 31 (Btmn)	2010	2011	2012	2013F	2014F
Revenue	5,263	5,142	5,729	6,402	7,016
EBITDA	2,556	2,598	2,872	3,134	3,432
Recurring Net Profit	1,423	1,356	1,759	2,011	2,219
Recurring Basic EPS (Bt)	2.07	1.97	2.56	2.93	3.23
EPS growth (%)	2.4	(4.7)	29.7	14.3	10.3
DPS (Bt)	1.90	2.00	2.30	2.50	2.80
PER	23.5	24.7	19.0	16.7	15.1
EV/EBITDA (x)	11.8	11.3	10.1	9.1	8.1
Div Yield (%)	3.9	4.1	4.7	5.1	5.7
P/BV(x)	4.4	4.4	4.2	4.0	3.8
Net Gearing (%)		Net cash	Net cash	Net cash	Net cash
ROE (%)	18.8	17.8	22.6	24.7	26.1
ROA (%)	14.1	12.8	16.1	17.4	18.2
Consensus Net Profit (Btmn)	-	-	1,759	1,880	2,006

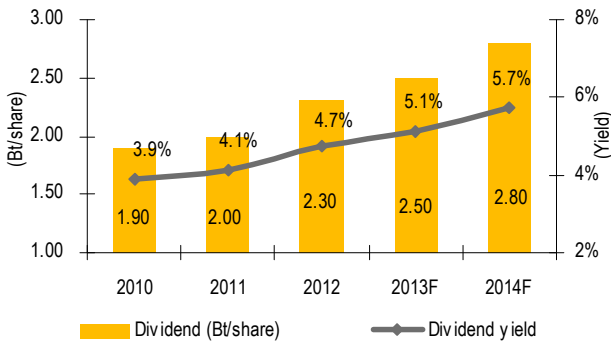
Source: Company reports and MBKET.

MCOT 4Q12 results

(Btmn)	4Q12	3Q12	QoQ	4Q11	YoY	Comment
Sales	1,499	1,515	(1%)	1,084	38%	
TV income	1,007	1,058	(5%)	665	51%	Ad rate hike / Satellite transponder rental & ad income
Radio income	267	245	9%	210	27%	Healthy growth fuelled from on ground activities
Joint operation	214	201	7%	209	2%	
Additional income	12	12	0%	-	N.A.	Channel 3 concession renewal income
COG	591	649	(9%)	587	1%	
Gross profit	908	866	5%	497	83%	
Gross margin (%)	60.6%	57.2%	N.A.	45.8%	N.A.	
SG&A	332	292	13%	272	22%	Below expectations
EBITDA	790	745	6%	424	86%	
EBITDA margin (%)	50.4%	47.9%	N.A.	37.2%	N.A.	
Net profit	481	480	0%	132	264%	Strong YoY growth from low base
EPS (Bt)	0.70	0.70	0%	0.19	264%	

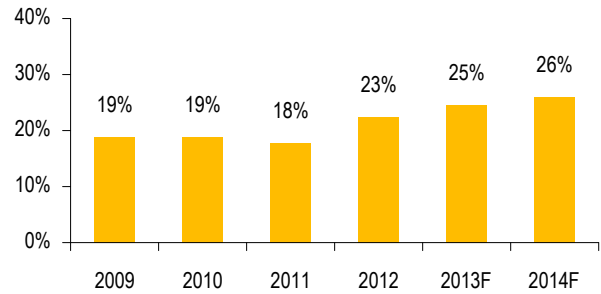
Source : Company reports and MBKET

Chart 1: Dividend payment and yield



Source: Company reports and MBKET

Chart 2: ROE



Source: Company reports and MBKET

INCOME STATEMENT (Btmn)

FY December	2011	2012	2013F	2014F
Revenue	5,142	5,729	6,402	7,016
EBITDA	2,598	2,872	3,134	3,432
Depreciation & Amortisation	541	542	576	611
Operating Profit (EBIT)	2,057	2,330	2,557	2,821
Interest (Exp)/Inc	10	10	14	15
Associates	0	0	0	0
One-offs	0	0	0	0
Pre-Tax Profit	2,047	2,319	2,543	2,806
Tax	671	551	521	575
Minority Interest	20	10	11	12
Net Profit	1,356	1,759	2,011	2,219
Recurring Net Profit	1,356	1,759	2,011	2,219
Revenue Growth %	(2.3)	11.4	11.7	9.6
EBITDA Growth (%)	1.6	10.5	9.1	9.5
EBIT Growth (%)	(0.1)	13.3	9.8	10.3
Net Profit Growth (%)	(4.7)	29.7	14.3	10.3
Recurring Net Profit Growth (%)	(4.7)	29.7	14.3	10.3
Tax Rate %	32.8	23.8	20.5	20.5

CASH FLOW (Btmn)

FY December	2011	2012	2013F	2014F
Profit before taxation	2,047	2,319	2,543	2,806
Depreciation	541	542	576	611
Net interest receipts/(payments)	10	10	14	15
Working capital change	780	232	114	28
Cash tax paid	(671)	(551)	(521)	(575)
Others (inc. exceptional items)	(30)	(20)	(25)	(27)
Cash flow from operations	2,677	2,533	2,701	2,858
Capex	(887)	(572)	(645)	(546)
Disposal/(purchase)	0	0	0	0
Others	(1,097)	(759)	(286)	(560)
Cash flow from investing	(1,984)	(1,330)	(931)	(1,106)
Debt raised/(repaid)	736	177	(89)	44
Equity raised/(repaid)	9	(4)	11	12
Dividends (paid)	(1,443)	(1,374)	(1,718)	(1,786)
Interest payments	10	10	14	15
Others	(10)	(10)	(14)	(15)
Cash flow from financing	(698)	(1,201)	(1,796)	(1,729)
Change in cash	(5)	2	(26)	23

Source: Company reports and MBKET estimates.

BALANCE SHEET (Btmn)

FY December	2011	2012	2013F	2014F
Fixed Assets	4,303	4,250	4,319	4,253
Other LT Assets	678	760	760	760
Cash/ST Investments	4,192	4,610	5,067	5,541
Other Current Assets	1,479	1,627	1,729	1,929
Total Assets	10,652	11,248	11,875	12,483
ST Debt	7	6	20	8
Other Current Liabilities	1,571	1,952	2,168	2,395
LT Debt	6	5	16	6
Other LT Liabilities	1,410	1,247	1,328	1,288
Minority Interest	63	59	70	82
Shareholders' Equity	7,595	7,980	8,272	8,705
Total Liabilities-Capital	10,652	11,248	11,875	12,483
Share Capital (m)	3,435	3,435	3,435	3,435
Gross Debt/(Cash)	13	10	36	14
Net Debt/(Cash)	Net cash	Net cash	Net cash	Net cash
Working Capital	(92)	(325)	(439)	(466)

RATES & RATIOS

FY December	2011	2012	2013F	2014F
Gross Margin %	57.6	57.7	57.9	58.0
EBITDA Margin %	48.9	48.4	47.4	47.4
Op. Profit Margin %	38.7	39.2	38.7	39.0
Net Profit Margin %	25.5	29.6	30.4	30.7
ROE %	17.8	22.6	24.7	26.1
ROA %	12.8	16.1	17.4	18.2
Net Margin Ex. EI %	25.5	29.6	30.4	30.7
Dividend Cover (x)	1.0	1.1	1.2	1.2
Interest Cover (x)	208.2	229.8	182.7	188.3
Asset Turnover (x)	0.5	0.5	0.5	0.6
Asset/Debt (x)	3.6	3.5	3.4	3.4
Debtors Turn (days)	60.9	44.6	45.0	44.0
Creditors Turn (days)	24.9	21.9	23.0	22.0
Inventory Turn (days)	3.1	4.9	7.0	7.0
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

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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	

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THAI INSTITUTE OF DIRECTORS ASSOCIATION (IOD) CORPORATE GOVERNANCE REPORT RATING 2012

▲▲▲▲▲						Score Range	Number of Logo	Description
ADVANC	BKI	GRAMMY	NUBLE	KS	SNC	90-100	▲▲▲▲▲	Excellent
AOT	BMCL	HEMRAJ	PHOL	SAMART	SYMC	80-89	▲▲▲▲▲	Very Good
ASIMAR	BTS	IRPC	PS	SAMTEL	THAI	70-79	▲▲▲▲	Good
BAFS	CPN	KBANK	PTT	SAT	TIP	60-69	▲▲▲	Satisfactory
BANPU	CSL	KK	PTTEP	SCB	TISCO	50-59	▲▲	Pass
BAY	DRT	KTB	PTTGC	SCC	TKT	Lower than 50	▲	N/A
BBL	EASTW	LPN	QH	SE-ED	TMB	TTA	No logo given	
BCP	EGCO	MCOT	RATCH	SIM	TOP			
BECL	ERW	NKI	ROBINS	SIS	TSTE			
▲▲▲▲▲								
2S	BWG	ECL	ITD	MINT	PM	SPCG	THCOM	TSC
ACAP	CENDEL	EE	IVL	MODERN	PR	SPI	THIP	TSTH
AF	CFRESH	EIC	JAS	MTI	PRANDA	SPPT	THRE	TTW
AIT	CGS	ESSO	KCE	NBC	PRG	SSF	TIC	TUF
AKR	CHOW	FE	KGI	NCH	PT	SSSC	TICON	TVO
AMATA	CIMBT	FORTH	KSL	NINE	PYLON	STANLY	TIW	UAC
AP	CK	GBX	L&E	NMG	S&J	STEC	TK	UMI
ASK	CM	GC	LANNA	NSI	S&P	SUC	TLUXE	UP
ASP	CPALL	GFPT	LH	OCC	SABINA	SUSCO	TMT	UPDIC
AYUD	CPF	GL	LRH	OFM	SAMCO	SM	TNITY	UV
BEC	CSC	GLOW	LST	OGC	SCCC	SYNTEC	TNL	VBHA
BFIT	DCC	GUNKUL	MACO	OISHI	SCG	TASCO	TOG	VNT
BH	DELTA	HANA	MAKRO	PAP	SCSMG	TCAP	TPC	WACOAL
BIGC	DEMCO	HMPRO	MBK	PDI	SFP	TCP	TRC	YUASA
BJC	DTAC	HTC	MBKET	PE	SITHAI	TFD	TRT	ZMICO
BROOK	DTC	IFEC	MFC	PG	SMT	TFI	TRU	
		INTUCH	MFEC	PJW	SPALI	THANA	TRUE	
▲▲▲▲▲								
AEONTS	BROCK	EASON	JMART	MAJOR	POST	SF	TEAM	UEC
AFC	BSBM	BMC	JTS	MATCH	PPM	SGP	TF	UIC
AGE	BTNC	EPCO	JUBILE	MATI	PREB	SIAM	TGCI	UMS
AH	BUI	FNS	JUTHA	MBAX	PRECHA	SIMAT	THANI	UOBKH
AHC	CCET	FOCUS	KASET	M-CHAI	PRIN	SINGER	TKS	UPF
AI	CEN	KBS	KBS	MDX	PSAAP	SIRI	TMD	US
AJ	CHUD	GENCO	KC	MJD	PTL	SKR	TMI	UT
ALUCON	CI	GFM	KDH	MK	Q-CON	SMIT	TNH	VARO
AMANAH	CIG	GLOBAL	KIAT	MOONG	QLT	SMK	TNPC	WAVE
APCO	CITY	GOLD	KKC	MPIC	QTC	SOLAR	TOPP	WVG
APCS	CMD	HFT	KTC	MSC	RASA	SPC	TPA	WIN
APRINT	CNS	HTECH	KWC	NC	RCL	SPG	TPAC	WORK
ARIP	CNT	HYDRO	KWH	NNCL	RICH	SSC	TPCORP	
AS	CPL	IFS	KYE	NTV	ROJNA	SST	TIPL	
ASIA	CRANE	IHL	LALIN	OSK	RPC	STA	TPP	
BGT	CSP	ILINK	LEE	PAE	SAM	SVDA	TR	
BLA	CSR	INET	LHBANK	PATO	SCBLIF	SWC	TTCL	
BNC	CTW	IRC	LHK	PB	SCP	SYNEX	TWFP	
BOL	DRACO	IRCP	LIVE	PICO	SEAFCD	TBSP	TYCN	
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