


18 November 2013

Media & Publishing

MCOT
MCOT

Current	Previous	Close
HOLD	HOLD	33.50

2014 TP	Exp Return	Support	Resistance	CGR 2012
36.00	+ 7.5%	33-32.50	35-36	

Consolidated earnings

BT (mn)	2011	2012	2013E	2014E
Normalized earnings	1,356	1,759	1,689	1,764
Net profit	1,356	1,759	1,633	1,764
Norm EPS (Bt)	1.97	2.56	2.46	2.57
EPS (Bt)	1.97	2.56	2.38	2.57
% growth Y-Y	-4.7	29.7	-7.1	8.0
Dividend (Bt)	2.00	2.30	2.12	2.29
BV/share (Bt)	11.05	11.61	11.88	12.16
EV/EBITDA (x)	8.0	7.3	7.7	7.3
Normalized PER (x)	17.0	13.1	13.6	13.0
PER (x)	17.0	13.1	14.1	13.0
PBV (x)	3.0	2.9	2.8	2.8
Dividend yield (%)	6.0	6.9	6.3	6.8
YE No. of shares (million)	687.1	687.1	687.1	687.1
No. of shares - full dilution	687.1	687.1	687.1	687.1
Par (Bt)	5	5	5	5

Source: Company data, FSS estimates

3Q13 net profit 4% below estimates
3Q13 net profit down 15.5% Q-Q and 21.7% Y-Y

MCOT's 3Q13 net profit came in at Bt376mn (-15.5% Q-Q, -21.7% Y-Y) owing to extra provisioning on court case related to Rai Som Co., Ltd. amounting to Bt56mn. The net profit figure is 4% below our estimates due to narrower-than-expected gross margin. Excluding the extra provisioning, the company's normalized earnings were equal to Bt431mn (-3.0% Q-Q, -10.1% Y-Y) due to declines in gross margin. In 3Q13, cost of service increased at a faster pace than revenue owing to a rise in the portion of programs that MCOT produced by itself, the production cost of "Roi Mua Sang Muang" program and expenses related to the staging of TBEX. However, ads revenue increased Q-Q.

9M13 profits down, cut 2013-2014E net profit

MCOT's 9M13 net profit and normalized earnings were equal to Bt1.2bn (-7% Y-Y) and Bt1.25bn (-2% Y-Y), respectively. For this reason, we revise down our 2013-2014E net profit by 8% to Bt1.63bn (-7% Y-Y) and by 9% to Bt1.8bn (+8% Y-Y), respectively. Following such cuts, our 2013-2014E normalized earnings are equal to Bt1.69bn (-4% Y-Y) and Bt1.8bn (+4% Y-Y). Looking ahead, we expect MCOT's 4Q13 profits to edge up Q-Q thanks to seasonal factors and the positive impact from program reshuffle, but decrease Y-Y.

Cut 2014 TP to Bt36, maintain HOLD rating

Likewise, we slash our 2014 TP from Bt42.50 to Bt36 (PE 14x, in line with five-year average PE, excluding digital TV). Finally, we reaffirm our HOLD rating on MCOT in the light of its upside of 7.5% to our 2014 TP, its 2013E dividend yield of 6.3% and the fact that the company was one of the four digital TV network providers or MUXs. Nonetheless, we flag the followings as risk, i.e. a more intense competition from the planned auction of 24 digital channels in mid-December 2013 - January 2014 and the company's weakness in terms of content. Note that MCOT plans to auction three channels, i.e. HD variety, SD variety and kids channel in order to reduce such risks. However, these channels are also likely to post a loss in their initial stage.

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3Q13 Earnings Results						Comment
(Bt mn)	3Q13	2Q13	%Q-Q	3Q12	%Y-Y	
Revenues	1,529	1,466	4.3	1,515	0.9	<ul style="list-style-type: none"> ■ Total revenue nearly matched our estimates. TV ads revenue stood at Bt1.07bn (+13% Q-Q, +1% Y-Y), in line with its industry peers. Radio ads revenue amounted to Bt248mn (+1% Q-Q, +1% Y-Y). Concession revenue from TVS was equal to Bt216mn (-21% Q-Q, +2% Y-Y). ■ Gross margin came in slightly lower than expected. ■ SG&A expenses were slightly below our estimates.
Cost of services	754	652	15.6	649	16.1	
Gross profit	775	814	-4.8	866	-10.5	
SG&A	294	311	-5.4	292	0.8	
Interest expense	3	3	-0.3	3	23.9	
Normalized earnings	431	445	-3.0	480	-10.1	
Net profit	376	445	-15.5	480	-21.7	
Gross margin (%)	50.7	55.5	-4.8	57.2	-6.4	
Norm profit margin (%)	28.2	30.3	-2.1	31.7	-3.5	
Net profit margin (%)	24.6	30.3	-5.8	31.7	-7.1	

Source: WORK

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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,
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Bangkok

Sindhorn 2

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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,
Klongtey North, Wattana,
Bangkok

Asoke

159 Sermit Tower 17th Floor,
Soi Sukumvit 21, Sukhumvit Road,
Klongtey 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,
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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

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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

Rang sit

1/832 Phaholyothin 60
Kukod, Lumlookka
Pratumtane

Nakornpathom

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

Chonburi

44 Vacheraprakran Road,
Tumbon Bangplasoi,
Aumphoe Muang, Chonburi

Samutsakorn

1045/16-17 Vichienchodok,
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

Hatyai 1

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

Hatyai 2

106 Prachathipat Road,
Aumphoe Hadyai, Songkhla

Hatyai 3

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

Phuket

22/18 Vanish Plaza Shopping
Mall, Luangporwatchalong Road,
Tumbon Talad Yai,
Aumphoe Meung, Phuket

Suratthani

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

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

Trang

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

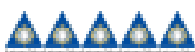
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Natapon	Khamthakreuu	Derivatives	0-2646-9820	natapon.k@fnsyrus.com

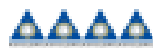
Recommendation Definitions

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.

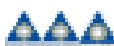
Thai Institute of Directors Association (IOD) - Corporate Governance Report Rating 2012


										Score Range	Rating	Description
ADVANC	BCP	DRT	IRPC	NOBLE	QH	SC	SYMC	TOP		100-90		Excellent
AOT	BECL	EASTW	KBANK	PHOL	RATCH	SCB	THAI	TSST		80-89		Very Good
ASIMAR	BKI	EGCO	KKP	PS	ROBINS	SCC	TIP	TTA		70-79		Good
BAFS	BMCL	ERW	KTIB	PSL	RS	SE-ED	TIPCO			60-69		Satisfactory
BANPU	BTS	GRAMMY	LPN	PTT	SAMART	SIM	TISCO			50-59		Pass
BAY	CPN	HEMRAJ	MCOT	PTTTP	SAMTEL	SIS	TKT			<50	no logo given	n/a
BBL	CSL	ICC	NKI	PTTGC	SAT	SNC	TMB					



2S	BROOK	DTAC	HMPRO	MACO	OFM	S & J	SSSC	THRE	TSC
ACAP	BWG	DTC	HTC	MAKRO	OGC	S&P	STANLY	TIC	TSTH
AF	CENDEL	ECL	IFEC	MBK	OSIHI	SABINA	STEC	TICON	TTW
AIT	CFRESH	EE	INTUCH	MBKET	PAP	SAMCO	SUC	TIW	TUF
AKR	CGS	EIC	ITD	MFC	PDI	SCCC	SUSCO	TK	TVO
AMATA	CHOW	ESSO	IVL	MFEC	PE	SCG	SVI	TLUXE	UAC
AP	CIMBT	FE	JAS	MINT	PG	SCSMG	SYNTEC	TMT	UMI
ASK	CK	FORTH	KCE	MODERN	PHATRA***	SFP	TASCO	TNITY	UP
ASP	CM	GBX	KGI	MTI	PJW	SITHAI	TCAP	TNL	UPOIC
AYUD	CPALL	GC	KSL	NBC	PM	SMT	TCP	TOG	UV
BEC	CPF	GFPT	L&E	NCH	PR	SPALI	TFD	TPC	VIBHA
BFIT	CSC	GL	LANNA	NINE	PRANDA	SPCG	TFI	TRC	VNT
BH	DCC	GLOW	LH	NMG	PRG	SPI	THANA	TRT	WACOAL
BIGC	DELTA	GUNKUL	LRH	NSI	PT	SPPT	THCOM	TRU	YUASA
BJC	DEMCO	HANA	LST	OCC	PYLON	SSF	THIP	TRUE	ZMICO

***PHATRA was voluntarily delisted from the Stock Exchange of Thailand effectively on September 25, 2012.



AEONTS	BGT	CMO	GENCO	JTS	LHBANK	NC	PTL	SGP	SWC	TPAC	UT
AFC	BLA	CNS	GFM	JUBILE	LHK	NNCL	Q-CON	SIAM	SYNEX	TPCORP	VARO
AGE	BNC	CNT	GLOBAL	JUTHA	LIVE	NTV	QLT	SIMAT	TBSP	TPIPL	WAVE
AH	BOL	CPL	GOLD	KASET	LOXLEY	OSK	QTC	SINGER	TCB	TPP	WG
AHC	BROCK	CRANE	HFT	KBS	MAJOR	PAE	RASA	SIRI	TEAM	TR	WIN
AI	BSBM	CSP	HTECH	KC	MATCH	PATO	RCL	SKR	TF	TTCL	WORK
AJ	BTNC	CSR	HYDRO	KDH	MATI	PB	RICH	SMIT	TGCI	TWFP	
ALUCON	BUI	CTW	IFS	KIAT	MBAX	PICO	ROJNA	SMK	THANI	TYCN	
AMANAH	CCET	DRACO	IHL	KKC	M-CHAI	PL	RPC	SOLAR	TKS	UBIS	
APCO	CEN	EASON	ILINK	KTC	MDX	POST	SAM	SPC	TMD	UEC	
APCS	CHUO	EMC	INET	KWC	MJD	PPM	SCBLIF	SPG	TMI	UIC	
APRINT	CI	EPCO	IRC	KWH	MK	PREB	SCP	SSC	TNH	UMS	
ARIP	CIG	FNS	IRCP	KYE	MOONG	PRECHA	SEAFCO	SST	TNPC	UOBKH	
AS	CIMBI***	FOCUS	IT	LALIN	MPIC	PRIN	SENA	STA	TOPP	UPF	
ASIA	CITY	FSS	JMART	LEE	MSC	PSAAP	SF	SVOA	TPA	US	

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