


1 August 2014

**Media & Publishing**

**MCOT**

**MCOT**

**Current**      **Previous**      **Close**  
**SELL**          **SELL**              **25.75**

**2015 TP**      **Exp Return**      **Support**      **Resistance**      **CGR 2013**  
**18.00**        **- 30.1%**        **25.50-25**      **26.25-27**      

**Consolidated earnings**

BT (mn)	2012	2013	2014E	2015E
Normalized earnings	1,759	1,586	835	869
Net profit	1,759	1,530	835	869
Norm EPS (Bt)	2.56	2.31	1.21	1.27
EPS (Bt)	2.56	2.23	1.21	1.27
% growth Y-Y	29.7	-13.0	-45.4	4.1
Dividend (Bt)	2.30	2.11	1.03	1.08
BV/share (Bt)	11.61	11.61	11.06	11.07
EV/EBITDA (x)	5.5	5.4	9.5	9.9
Normalized PER (x)	10.1	11.2	21.2	20.3
PER (x)	10.1	11.6	21.2	20.3
PBV (x)	2.2	2.2	2.2	2.2
Dividend yield (%)	8.9	8.2	4.0	4.2
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

**Share data**

Close (31/07/2014)	25.75
SET Index	1,502.39
Foreign limit/actual (%)	15.00/4.53
Paid-up shares (million)	687.10
Free float (%)	22.72
Market cap (Bt mn)	17,692.80
Avg daily T/O (Bt mn) (2014 YTD)	16.53
hi, lo, avg (Bt) (2014 YTD)	31.75, 25.50, 27.69

Source: Setsmarts

**2Q14 profits set to be poorer than previously expected, pressured by digital TV costs**

Our forecasts call for MCOT's 2Q14 profits to be lower than what we have previously anticipated. Specifically, we expect the company's profit to fall 6.9% Q-Q and 58.6% Y-Y. With that, we have revised down our 2014E profits by 26% to Bt835mn (-45% Y-Y) owing to negative impact from political rallies, the lack of strong management team, and loss from the two digital TV channels in the first three years after operation. Following such cut, we have rolled over to our 2015 TP of Bt18 (PE 14x). Finally, we retain our SELL rating on MCOT.

**Expect 2Q14 profits to continue to fall 6.9% Q-Q and 58.6% Y-Y**

Our forecasts call for MCOT's 2Q14 profits to amount to Bt184mn (-6.9% Q-Q, -58.6% Y-Y). In 2Q14, revenues likely recovered 9.1% Q-Q, but tumbled 21.0% Y-Y owing to negative impact from economic slowdown and from political standoff before the military takeover in late May, both of which had an impact on ads revenue and revenue from the state projects. Costs likely increased at a faster pace than revenues due to realization of costs related to the two digital TV channels (i.e. HD and kid channels), Bt50mn of which is amortization expense for the auction fee.

**Revise down 2014-2015E profits by 25-26%, respectively**

We have decreased our 2014-2015E profits by 25% to Bt835mn (-47% Y-Y) and by 26% to Bt869mn (+4.1% Y-Y), respectively. Such downward revision reflects the poor 2Q14 profits outlook, the lack of key executives after the company's management quitted lately, weak content, loss from the two digital TV channels and from operation of digital network (MUX) in the first three years after operation as operating cost is set to exceed ads revenue.

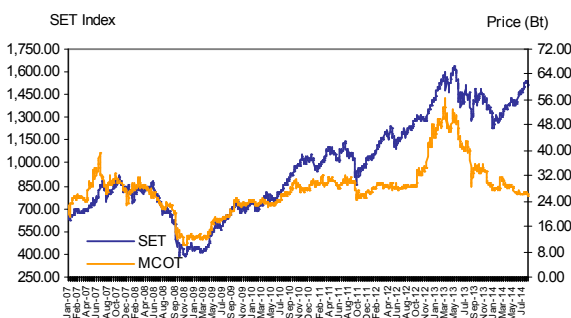
**Maintain SELL rating after rolling over to 2015 TP of Bt18**

Following such cut, we have rolled over to our 2015 TP of Bt18 (PE 14x). The stock now trades above our 2015 TP, while we expect 2014-2015 annualized dividend yield to decrease to 4%-4.2% from 8%-9% in the past 2-3 years. For this reason, we retain our SELL rating on MCOT.

**2Q14 Preview**

(Bt mn)	2Q14E	1Q14	%Q-Q	2Q13	%Y-Y
Service revenue	1,158	1,062	9.1	1,466	-21.0
Cost of services	663	593	12.0	652	1.8
Gross profit	495	469	5.5	814	-39.2
SG&A	311	280	11.3	296	-
Norm profit	184	198	-6.9	445	-58.6
Net profit	184	198	-6.9	445	-58.6
Gross margin	42.7	44.2	-1.5%	55.5%	-12.8%
SG&A% of Sales	25.9	25.3	0.6%	20.2%	5.7%
Net margin	15.9	18.6	-2.7%	30.3%	-14.4%

Source: FSS Estimates



Source: SET

**Analyst: Pornsook Amonvadekul**

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Income Statement (Consolidated)					
(Bt mn)	2011	2012	2013	2014E	2015E
Revenues	5,143	5,729	5,715	5,279	5,910
Cost of sales	2,175	2,422	2,727	3,280	3,840
Gross profit	2,968	3,307	2,989	2,000	2,070
SG&A	1,080	1,186	1,264	1,113	1,163
Operating profit	1,888	2,121	1,725	886	907
Other revenue	169	209	268	172	196
EBIT	2,057	2,330	1,993	1,058	1,103
EBITDA	2,555	2,853	2,542	1,634	1,707
Interest charges	10	10	10	11	12
Tax on income	671	551	396	212	221
Earnings after tax	1,376	1,768	1,586	836	870
Minority interest	(20)	(10)	(1)	(1)	(1)
Norm profit	1,356	1,759	1,586	835	869
Extra ordinary	0	0	-56	0	0
Net profit	1,356	1,759	1,530	835	869

Cash Flow Statement (Consolidated)					
(Bt mn)	2011	2012	2013	2014E	2015E
Net profit	1,356	1,759	1,530	835	869
Depreciation etc.	499	523	549	576	604
Change in working capital	225	165	-472	572	75
Other adjustments	0	0	0	0	0
Cash flow from operation	2,079	2,447	1,607	1,982	1,549
Capital expenditure	-410	-668	-605	-2,781	-2,512
Others	0	0	2	3	4
Cash flow from investing	-410	-668	-603	-2,778	-2,508
Free cash flow	1,670	1,781	1,004	-795	-959
Net borrowings	0	0	0	0	0
Equity capital raised	0	0	0	0	0
Paid dividend	-1,374	-1,580	-1,450	-710	-739
Others	408	-165	172	-133	138
Cash flow from financing	-966	-1,745	-1,278	-843	-601
Net change in cash	704	35	-274	-1,638	-1,560

Balance Sheet (Consolidated)					
(Bt mn)	2011	2012	2013	2014E	2015E
Cash	4,575	4,610	4,337	2,699	1,139
Account receivable	698	786	850	766	871
Inventory	5	40	51	61	71
Other current asset	871	801	994	904	1,027
Total current asset	6,148	6,238	6,232	4,429	3,109
Investment	90	566	585	585	585
PPE	4,303	4,091	4,147	6,351	8,259
Other assets	111	354	205	216	228
Total assets	10,654	11,250	11,170	11,584	12,183
Short term loan	0	0	0	0	0
Account payable	87	139	256	260	306
Current maturity	0	0	0	0	0
Other current liabilities	1,491	1,818	1,514	1,935	2,224
Total current liabilities	1,578	1,958	1,770	2,196	2,531
Non-current liabilities	1,416	1,292	1,439	1,300	1,432
Total liabilities	2,994	3,209	3,208	3,495	3,963
Registered capital	3,435	3,435	3,435	3,435	3,435
Paid up capital	3,435	3,435	3,435	3,435	3,435
Share premium	1,107	1,107	1,107	1,107	1,107
Legal reserve	384	385	386	386	388
Retained earnings	2,669	3,054	2,973	3,099	3,229
Minority interest	63	59	61	62	63
Shareholders' equity	7,596	7,981	7,902	8,028	8,159

Important Ratios (Consolidated)					
	2011	2012	2013	2014E	2015E
<b>Growth (%)</b>					
Revenue	-2.6	11.4	-0.2	-7.6	11.9
EBITDA	1.5	11.6	-10.9	-35.7	4.5
Net profit	-5.9	29.7	-13.0	-45.4	4.1
Norm profit	-5.9	29.7	-9.9	-47.4	4.1
<b>Profitability Ratios (%)</b>					
Gross profit margin	57.7	57.7	52.3	37.9	35.0
EBITDA margin	49.7	49.8	44.5	31.0	28.9
EBIT margin	40.0	40.7	34.9	20.0	18.7
Norm profit margin	26.4	30.7	27.7	15.8	14.7
Net profit margin	26.4	30.7	26.8	15.8	14.7
Normalized ROA	12.7	15.6	14.2	7.2	7.1
Normalized ROE	17.9	22.0	20.1	10.4	10.7
Normalized ROCE	23.8	22.7	25.1	21.2	11.3
<b>Risk (x)</b>					
D/E	0.4	0.4	0.4	0.4	0.5
Net D/E	net cash	net cash	net cash	net cash	net cash
Net debt/EBITDA	net cash	net cash	net cash	net cash	net cash
<b>Per share data (Bt)</b>					
Reported EPS	2.51	2.56	2.23	1.21	1.27
Normalized EPS	2.51	2.56	2.31	1.21	1.27
EBITDA	4.07	4.15	3.70	2.38	2.48
FCF	2.52	2.59	1.46	-1.16	-1.40
Book value	11.05	11.61	11.50	11.68	11.87
Dividend	2.00	2.30	2.11	1.03	1.08
Par (Bt)	5.00	5.00	5.00	5.00	5.00
<b>Valuations (x)</b>					
P/E	13.0	10.1	11.6	21.2	20.3
Norm P/E	13.0	10.1	11.2	21.2	20.3
P/BV	2.3	2.2	2.2	2.2	2.2
EV/EBITDA	5.9	5.5	5.4	9.5	9.9
Dividend yield (%)	7.8	8.9	8.2	4.0	4.2

Source: Company data, FSS research

**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,  
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,  
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

**Rang sit**

1/832 Phaholyothin 60  
Kukod, Lumlookka  
Pratumthane

**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

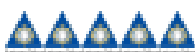
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Sunanta	Vasapinyokul	Banks/ Finance/ Securities	0-2646-9680	sunanta.v@fnsyrus.com
Worarat	Powpaka	Property	0-2646-9856	worarat.p@fnsyrus.com
Sureeporn	Teewasuwet	Agri/ Food/ Commerce/ Electronic	0-2646-9972	sureeporn.t@fnsyrus.com
Amnat	Ngosawang	Construction Materials / Transportation	0-2646-9712	amnat.n@fnsyrus.com
Veeravat	Virochpoka	Health Care Services / Tourism & Leisure	0-2646-9821	veeravat.v@fnsyrus.com
Somchai	Anektaweepoon	Technical	0-2646-9967	somchai.a@fnsyrus.com
Natapon	Khamthakreaau	Derivatives	0-2646-9820	natapon.k@fnsyrus.com
Mathee	Rumphasakul	Global Market	0-2646-9805	mathee.r@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 2013**


ADVANC	BROOK
AOT	BTS
ASIMAR	CIMBT
BAFS	CK
BANPU	CPF
BAY	CPN
BBL	CSL
BCP	DRT
BECL	DTAC
BKI	EASTW

EGCO	KKP
ERW	KTB
GRAMMY	LPN
HANA	MCOT
HEMRAJ	MINT
ICC	NKI
INTUCH	NOBLE
IRPC	PAP
IVL	PG
KBANK	PHOL

PR	RS
PRANDA	S&J
PS	SAMART
PSL	SAMTEL
PTT	SAT
PTTEP	SC
PTTGC	SCB
QH	SCC
RATCH	SCSMG
ROBINS	SE-ED

SIM	TCAP
SIS	THAI
SITHAI	THCOM
SNC	THRE
SPALI	TIP
SPI	TISCO
SSI	TKT
SSSC	TMB
SVI	TNITY
SYMC	TOP

TRC	TRC
TRUE	TRUE
TTW	TTW
TVO	TVO
UV	UV
VGI	VGI
WACOAL	WACOAL

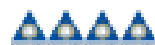
**Score Range**

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

**Rating**

**Description**

Excellent
Very Good
Good
Satisfactory
Pass
n/a



25	ASK
ACAP	ASP
AF	AYUD
AHC	BEC
AIT	BFIT
AKP	BH
AMANAH	BIGC
AMARIN	BJC
AMATA	BLA
AP	BMCL
APCO	BWG
APCS	CCET
ASIA	CENDEL

CFRESH	ESSO
CGS	FE
CHOW	FORTH
CM	GBX
CNT	GC
CPALL	GFPT
CSC	GL
DCC	GLOW
DELTA	GOLD
DTC	GSTEL
ECL	GUNKUL
EE	HMPRO
EIC	HTC

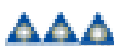
IFEC	LH
INET	LHBANK
ITD	LHK
JAS	LIVE
JUBILE	LOXLEY
KBS	LRH
KCE	LST
KGI	MACO
KKC	MAJOR
KSL	MAKRO
KWC	MBK
L&E	MBKET
LANNA	MFC

MFEC	PB
MODERN	PDI
MTI	PE
NBC	PF
NCH	PJW
NINE	PM
NMG	PPM
NSI	PPP
NWR	PREB
OCC	PRG
OFM	PT
OGC	PYLON
OISHI	QTC

RASA	SPCG
SABINA	SPPT
SAMCO	SSF
SCCC	STANLY
SCG	STEC
SEAFCO	SUC
SFP	SUSCO
SIAM	SYNTEC
SINGER	TASCO
SIRI	TCP
SKR	TF
SMT	TFD
SNP	TFI

THANA	TPIPL
THANI	TRT
THIP	TRU
TICON	TSC
TIPCO	TSTE
TK	TSTH
TLUXE	TTA
TMILL	TTCL
TMT	TUF
TNL	TWFP
TOG	TYM
TPC	UAC
TPCORP	UMI

UMS
UP
UPOIC
UT
VIBHA
VIH
VNG
VNT
YUASA
ZMICO



A	ARIP
AAV	AS
AEC	BAT-3K
AEONTS	BCH
AFC	BEAUTY
AGE	BGT
AH	BLAND
AI	BOL
AJ	BROCK
AKR	BSBM
ALUCON	CHARAN
ANAN	CHUO

CI	DRACO
CIG	EA
CITY	EARTH
CMR	EASON
CNS	EMC
CPL	EPCO
CRANE	F&D
CSP	FNS
CSR	FOCUS
CTW	FPI
DEMCO	FSS
DNA	GENCO

GFM	IT
GJS	JMART
GLOBAL	JMT
HFT	JTS
HTECH	JUTHA
HYDRO	KASET
IFS	KC
IHL	KCAR
ILINK	KDH
INOX	KTC
IRC	KWH
IRCP	LALIN

LEE	NIPPON
MATCH	NNCL
MATI	NTV
MBAX	OSK
MDX	PAE
PRINC	PATO
MJD	PICO
MK	PL
MOONG	POST
MPIC	PRECHA
MSC	PRIN
NC	Q-CON

QLT	SMIT
RCI	SMK
RCL	SOLAR
ROJNA	SPC
RPC	SPG
SCBLIF	SIRICHA
SCP	SSC
SENA	STA
SF	SUPER
SGP	SVOA
SIMAT	SWC
SLC	SYNEX

TBSP	TNPC
TCCC	TOPP
TEAM	TPA
TGCI	TPP
TIC	TR
TIES	TTI
TIW	TVD
TKS	TVI
TMC	TWZ
TMD	UBIS
TMI	UEC
TNDT	UOBKH

UPF
UWC
VARO
VTE
WAVE
WG
WIN
WORK

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