

17 November 2014

Media & Publishing

MCOT
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Current	Previous	Close	2015 TP	Exp Return	Support	Resistance	CGR 2014
SELL	SELL	19.70	14.00	- 28.9%	19.60-19	20.50-21.50	

Consolidated earnings

BT (mn)	2012	2013	2014E	2015E
Normalized earnings	1,759	1,586	589	632
Net profit	1,759	1,530	589	632
Norm EPS (Bt)	2.56	2.31	0.86	0.92
EPS (Bt)	2.56	2.23	0.86	0.92
% growth Y-Y	29.7	-13.0	-61.5	7.2
Dividend (Bt)	2.30	2.11	0.73	0.78
BV/share (Bt)	11.61	11.50	11.63	11.76
EV/EBITDA (x)	5.5	5.6	12.0	12.6
Normalized PER (x)	7.7	8.5	23.0	21.4
PER (x)	7.7	8.8	23.0	21.4
PBV (x)	1.7	1.7	1.7	1.7
Dividend yield (%)	11.7	10.7	3.7	4.0
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

3Q14 net profit nearly matches estimates
3Q14 net profit down 44.9% Q-Q and 79.2% Y-Y

MCOT's 3Q14 net profit comes in at Bt90mn, nearly matches our estimates of Bt91mn. It implies sharp losses of 44.9% Q-Q and 79.2% Y-Y. Excluding provision of Bt56mn in relation to a court case with Raisom booked in 3Q13, the company's normalized earnings tumble 44.9% Q-Q and 76.1% Y-Y.

In 3Q14, revenues decreased 3.3% Q-Q and plunged 28.8% Y-Y after concession revenue plummeted 34.1% Q-Q and 44.3% Y-Y. The economy was yet to fully recover and there was competition from 24 new digital TV channels. Hence, TV ads revenue fell 1% Q-Q and 32.6% Y-Y (vs. the industry's fall of 8% Y-Y). Radio ads revenue jumped 14.7% Q-Q and inched up 0.9% Y-Y. Cost of service increased 4.0% Q-Q, including amortization expense of Bt67mn for the two digital TV channels that it owns.

9M14 net profit plunges 62% Y-Y; further cut earnings estimates

MCOT's 9M14 profits are equal to Bt450mn (-62% Y-Y). It is sufficient to secure just 54% of our full-year estimates of Bt835mn (-47% Y-Y). For this reason, we further slash our 2014E profits by 42% to Bt589mn (-63% Y-Y). Looking ahead, we expect both revenues and profits to only recover slightly in 4Q14 owing to the company's lack of leadership. For 2015, we cut our profits estimates by 27% to Bt632mn (+7.2% Y-Y). Meanwhile, there is news that MCOT is about to have a new president. The company is now negotiating over remuneration package. Besides a president, MCOT is also looking for a CFO.

Retain SELL rating after 2015 TP cut to Bt14

MCOT currently trades above our 2015 TP of Bt14 which was slashed from Bt18x (PE 15x). With that, we maintain our SELL rating on MCOT.

3Q14 Earnings Results

(Bt mn)	3Q14	2Q14	%Q-Q	3Q13	%Y-Y	Comment
Revenues	1,088	1,126	-3.3	1,529	-28.8	<ul style="list-style-type: none"> ■ Revenues are in line. ■ Gross margin of 34.9% is wider than our estimate of 33.1%. ■ SG&A expenses come in as expected. ■ Other income is below our estimates. ■ Tax rate of 23.3% is higher than our estimate of 21%.
Cost of services	708	681	4.0	754	-6.0	
Gross profit	380	445	-14.6	775	-51.0	
SG&A	288	283	1.9	294	-2.1	
Interest expense	4	3	3.1	3	10.9	
Normalized earnings	90	163	-44.9	431	-79.2	
Net profit	90	163	-44.9	376	-76.1	
Gross margin (%)	34.9	39.5	-4.6	50.7	-15.8	
Norm profit margin (%)	8.2	14.5	-6.2	28.2	-20.0	
Net profit margin (%)	8.2	14.5	-6.2	24.6	-16.3	

Source: WORK

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1093 Tower 1 Office, 19th Floor,
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Bangkok

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130-132 Sindhorn Building 1,
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Bangkok

Sindhorn 2

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24th Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Sindhorn 3

135-132 Sindhorn Building 3,
19th Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Ladprao

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Unit 1106, Phaholyothin Road,
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Prachachuen

105/1 B Building, 4th Floor,
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Ladyao, Jutujak, Bangkok

Rang sit

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Kukod, Lumlookka
Pratumtanee

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Bangkapi, Huaykwang,
Bangkok

Rattanatibet

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

Sriracha

135/99 (G fl.) Sukumvit Road,
Tumbon Sriracha
Aumphoe Sriracha, Chonburi

Khonkaen 1

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

Khonkaen 3

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

Udonthani

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

Chiangmai

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

Chiangmai 2

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

Chiangmai 3

Maliplace Building 32/4 moo 2
1 fl., B1-1, B1-2 room
Tumbon Maehia
Chiangmai

Chiangrai

353/15 Moo 4,
Tumbon Rimkok
Aumphoe Muang, Cheangrai

Measai

119 Moo 10,
Tumbon Maesai,
Aumphoe Muang, Cheangrai

Nakornratchasima

1242/2 A3 room, 7 fl.,
The Mall Ratchasima
Mittraphap rood Tumbon Nai Muang
Aumphoe Muang Nakornratchasima
Nakornratchasima

Samutsakorn

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

Nakornpathom

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

Phuket

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

Hatyai 1

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

Krabi

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

Trang

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

Suratthani

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

Pattane

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

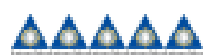
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Recommendation Definitions

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 2014


BAF	EGCO	IRPC	KTB	PTTEP	SAT	SIM	TOP
BGP	GRAMMY	IVL	MINT	PTTGC	SC	SPALI	
BTS	HANA	KBANK	PSL	SAMART	SCB	TISCO	
CPN	INTUCH	KKP	PTT	SAMTEL	SE-ED	TMB	

Score Range

100-90

80-89

70-79

60-69

50-59

<50

Rating


no logo given

Description

Excellent

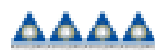
Very Good

Good

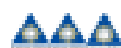
Satisfactory

Pass

n/a



AAV	BAY	CFRESH	DTC	HMPRO	MACO	OCC	PR	SAMCO	SSI	TIP	TSTE
ACAP	BBY	CIMBT	EASTW	ICC	MC	OFM	PRANDA	SCC	SSSC	TIPCO	TSTH
ADVANC	BECL	CK	EE	KCE	MCOT	PAP	PS	SINGER	STA	TK	TTA
ANAN	BIGC	CNT	ERW	KSL	NBC	PE	PT	SIS	SVI	TKT	TTW
AOT	BKI	CPF	GBX	LANNA	NCH	PG	QH	SITHAI	TCAP	TNITY	TVO
ASIMAR	BLA	CSL	GC	LH	NINE	PHOL	RATCH	SNC	TF	TNL	UAC
ASK	BMCL	DELTA	GFPT	LHBANK	NKI	PJW	ROBINS	SNP	THAI	TOG	VGI
ASP	BROOK	DRT	GUNKUL	LOXLEY	NMG	PM	RS	SPI	THANI	TRC	VNT
BANPU	CENDEL	DTAC	HEMRAJ	LPN	NSI	PPS	S&J	SSF	THCOM	TRUE	WACOAL



2S	BEC	DEMCO	IRCP	MOONG	PTG	SPC	TIC	UPOIC
AF	BFIT	DNA	ITD	MPG	QLT	SPCG	TICON	UT
AH	BH	EA	KBS	MTI	QTC	SPPT	TIW	UV
AHC	BJC	ESSO	KGI	NC	RCL	SST	TKS	UWC
AIT	BJCHI	FE	KKC	NTV	SABINA	STANLY	TLUXE	VIH
AJ	BOL	FORTH	KTC	NUSA	SALEE	STEC	TMI	WAVE
AKP	BTNC	FPI	L&E	NWR	SCBLIF	STPI	TMT	WHA
AKR	BWG	GENCO	LRH	NYT	SCCC	SUC	TNDT	WIN
AMANAH	CCET	GL	LST	OGC	SCG	SWC	TPC	WINNER
AMARIN	CGD	GLOBAL	MAJOR	OISHI	SEAFCO	SYMC	TPCORP	YUASA
AMATA	CGS	GLOW	MAKRO	PACE	SEAOIL	SYNEX	TRT	ZMICO
AP	CHOW	GOLD	MATCH	PATO	SFP	SYNTEC	TRU	
APCO	CI	HOTPOT	MBK	PB	SIAM	TASCO	TSC	
APCS	CKP	HTC	MBKET	PDI	SIRI	TBSP	TTCL	
AQUA	CM	HTECH	MEGA	PICO	SKR	TEAM	TUF	
ARIP	CMR	HYDRO	MFC	PPM	SMG	TFD	TVD	
AS	CSC	IFS	MFEC	PPP	SMK	TFI	TWFP	
ASIA	CSP	IHL	MJD	PREB	SMPC	THANA	UMI	
AYUD	CSS	INET	MODERN	PRG	SMT	THIP	UP	
BEAUTY	DCC	IRC	MONO	PRIN	SOLAR	THREL	UPF	

IOD (IOD Disclaimer)

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