

MCOT - MCOT

Market Stock Exchange of Thailand
Sector Media and Publishing
Reuters MCOT.BK
Bloomberg MCOT TB

BUY

Closing Price
Bt30.25

12-month target price
Bt36 (+19.0%)

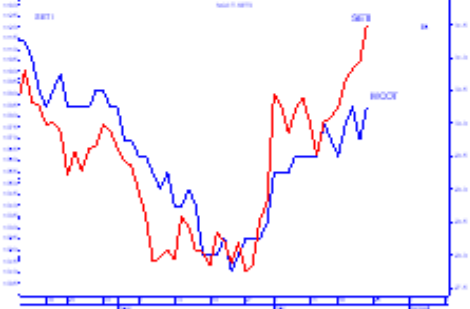
(Unchanged)

Price

Last Price	30.25
52wk High (08/03/2554)	32.25
52wk Low (17/08/2553)	25.75
Shares Outstanding (mil)	687.10
Market Cap (Btm)	20,784.75
Avg. Daily Turnover (Btm)	13.21
Free float (%)	22.71
PE (X)	10.73
PB (X)	2.51

Price performance %

	1M	3M	6M
Absolute	7.1%	-3.2%	0.0%
Relative	-2.4%	-4.6%	-11.4%



Major Shareholders (21/03/11)

1 MOF	65.80
2 Government Saving Bank	11.48
3 Thai NVDR Co., Ltd.	2.23

CG Report - 2010



12.96% YoY earnings growth expected in 2Q11

- State-run broadcaster MCOT is expected to report 2Q11 total revenue growth of 8.08% YoY driven by growth in TV business. Despite the still-high levels of expenses on election news reports, we estimate MCOT will post 2Q11 net profit growth of 12.96% YoY to Bt414.20m. We also forecast MCOT to pay a 1H11 dividend of Bt0.86/share.
- The additional compensation of Bt405m to be paid by BEC is not subject to compliance with the Public-Private Joint Venture Act as it is not related to the 10-year extension of the joint operation contract of color television transmission. The compensation would be booked in 3Q11.
- We raise our 2011 net profit outlook for MCOT to Bt1,934.72m from a previous view of Bt1,651.23m to factor in the additional compensation of Bt405m to be paid by BEC. We also revise upwards our 2011 price target for MCOT to Bt36.40/share. We maintain a 'BUY' rating on MCOT.

12.96% YoY earnings growth expected in 2Q11

The data compiled by The Nielsen Company (Thailand) showed ad expenditures through MCOT-run Modernine TV rose 8.13% YoY and 9.39% QoQ in 2Q11. MCOT's primetime utilization rate exceeded 100% with non-primetime utilization rate at 85% in 2Q11. TV ad rates were also raised at the start of the year and there were a number of events during the period and a seasonal program, a reality TV singing competition 'The Star 7' which ended in Jun 2011. On this basis, TV revenue is projected to be up 12% YoY though there were election-related programs, which generated little revenues in 2Q11. Radio and joint venture revenues are expected to be flat. Total revenue for the quarter is forecast to grow 8.08% YoY to Bt1,425.62m. Costs and SG&A expenses are predicted to rise 8.15% and 1.45% YoY respectively. Even though costs and expenses were exceptionally high in 2Q10 due to news reports on political protests and crack-downs, election news reports and production of election-related programs in Jun 2011 would however keep expenses at high levels in addition to costs of new media business and consulting fees related to organizational restructuring. Overall we estimate MCOT will report 2Q11 net profit growth of 12.96% YoY and 13.66% QoQ to Bt414.20m. We also forecast MCOT to pay a 1H11 dividend of Bt0.86/share.

Compensation of Bt405m to be paid by BEC to be booked in 3Q11 as payment not subject to compliance with Public-Private Joint Venture Act

MCOT said in a filing to the stock exchange last week that the Council of State gave an opinion that its contract with BEC could immediately be extended for

Conso' Ending	Profits (Btm)	EPS (Bt)	DPS (Bt)	BV (Bt)	ROE (%)	P/E (x)	Yield (%)	P/BV (x)
12/08 A	1,228	1.79	1.43	10.47	17.32	16.90	4.73	2.89
12/09 A	1,390	2.02	1.80	10.90	18.92	14.98	5.95	2.78
12/10 A	1,423	2.07	1.80	11.15	18.78	14.61	5.95	2.71
12/11 E	1,935	2.82	2.09	12.07	24.25	10.73	6.91	2.51
12/12 E	1,822	2.65	2.30	12.62	21.48	11.42	7.60	2.40

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another 10 years as BEC has fully complied with the following two precedent conditions specified in the contract:

- (1) It has broadcast its programs in the central and regional areas throughout the period specified in the contract with no violation of contract, and
- (2) It has improved its equipment necessary for its continuous broadcasting with the cost of not less than Bt50m after obtaining approval from MCOT of its project proposal.

Earlier MCOT said that BEC has fully complied with the precedent conditions specified in the contract. The additional compensation of Bt405m to be paid by BEC is also not subject to compliance with the Public-Private Joint Venture Act as it is not related to the 10-year extension of the joint operation contract of color television transmission. For this reason, the compensation would then be booked in 3Q11.

Earnings upgrade for 2011

We stick to our view that momentum is likely to pick up in the second half of this year especially in 3Q11 as expenses should fall back due to the absence of early retirement expenses of Bt119.40m recorded in 3Q10 and there will be a lineup of events and seasonal programs such as the reality TV singing competition True Academy Fantasia (AF8) and a robot competition.

The additional compensation of Bt405m to be paid by BEC in 3Q11 prompts us to raise our 2011 net profit outlook for MCOT to Bt1,934.72m from a previous view of Bt1,651.23m. We also revise upwards our 2011 price target for MCOT to Bt36.40/share based on a P/E multiple of 15x plus after-tax gain per share on compensation of Bt405m to be paid by BEC. We maintain a 'BUY' rating on MCOT.

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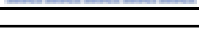
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Results Presentation

Score Range	Number of Logo
Less than 50	No logo given
50 - 59	
60 - 69	
70 - 79	
80 - 89	
90 - 100	

The disclosure of the survey result of the Thai Institute of Directors Association (IOD) regarding corporate governance is made pursuant to the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative disclosed to the public and able to be accessed by a general public investor. The results, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that data. Phillip Securities (Thailand) of securities company does not confirm nor certify the accuracy of such survey result.