

MCOT Public Company Limited

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Ref: MCOT/ 6100(5)/4177
November 12, 2014

The Stock Exchange of Thailand
Attn: The President

Re: The Management's Discussion and Analysis on the Company's Operating Results based on the Financial Statements for 3-month and 9-month periods ended September 30, 2014

Dear Madam,

On November 12, 2014, the Board of Directors' Meeting No. 25/2014 resolved to approve the financial statements for 3-month and 9-month periods ended September 30, 2014, which were reviewed by the Office of the Auditor General of Thailand and the Audit Committee.

Please find below details of Management's Discussion and Analysis (MD&A) on the Company's operating results based on the Financial Statements for the 3-month and 9-month periods, ended September 30, 2014 and 2013, and operating results of the Company and its subsidiaries.

Unit: Million Baht (Reviewed)

	Jul.-Sep. 2014	Jul.-Sep. 2013	% Changes
Total Revenues	1,119	1,579	-29
TV Revenue	718	1,065	-33
Radio Revenue	250	248	1
JV	109	204	-47
Additional income from the agreement of understanding	12	12	-
Other Revenues	30	50	-39
Expenses	1,000	1,107	-10
Net Profit	91	376	-76
EPS (Baht)	0.13	0.55	-76
Parent	90	377	-76
Minority	1.3	-0.6	316

Unit: Million Baht (Reviewed)

	Jan.-Sep. 2014	Jan.-Sep. 2013	% Changes
Total Revenues	3,372	4,496	-25
TV Revenue	2,099	2,868	-27
Radio Revenue	655	691	-5
JV	455	685	-34
Additional income from the agreement of understanding	35	35	-
Other Revenues	128	218	-41
Expenses	2,811	2,992	-6
Net Profit	436	1,197	-64
EPS (Baht)	0.66	1.74	-62
Parent	450	1,196	-62
Minority	-14.5	1.1	-1,418

The Company's total revenue in Q 3-2014 and for the 9-month period of 2014 amounted to 1,119 million Baht and 3,372 million Baht, respectively, a 29% and 25% decrease compared to the same period last year and a 5% decline compared to Q2-2014. The Company's revenue for the 9-month period of 2014 included revenue from TV (56%), radio (19%), new media (6%), joint operation (15%) and others (4%), the details of which are as follows:

Television revenue

Advertising spending in the TV industry dropped by 7% compared to last year due to political situation. Despite the government's economic stimulus measures in Q 3-2014, the spending on public relations campaigns continued to decelerate which affected the overall TV industry. During the 9-month period of 2014, TV Business was able to generate 2,099 million which consist of Modernine TV, MCOT Family (Channel 14), New Media Business, and Broadcast Network Operator services.

Ranked No. 3 in TV market share, Modernine TV carried out a simulcast of programming on MCOT Variety HD (channel 30). The Most of revenue was from advertising. The Station's revenue decreased 31%, compared to the same period last year due to a drop in revenue from news, cartoon series and time-shared programmes, in spite of an increase in utilization during the prime-time slots, compared to Q 2 - 2014. This was partly due to increasing number of digital terrestrial TV channels and competitive pricing offered by new operators.

After its second phrase of broadcast in October 2014, MCOT Family (Channel 14) was able to attract advertising agencies' attention to some extent. However, its ratings remained relatively low during its inauguration as compared to those of Modernine TV.

Revenue generated through new media distribution for the 9-month period of 2014 amounted to 205 million Baht, a 21% decrease compared to the same period last year. Such decrease was partly due to the commencement of digital terrestrial TV broadcast resulting in a decline in satellite TV ratings as well as expiration and termination of the Agreements between MCOT and some satellite channel operators who leased its satellite transponders (MCOT Satellite Network). MCOT operated 11 channels on C band Satellite (self-operated channels included MCOT 1 and MCOT World) and provided Ku band transponder rental service.

Radio was the Company's best performing business unit with higher operating results than that of the overall industry which decreased over 13%. For the 9-month period of 2014, MCOT Radio Network generated 655 million Baht in revenue, a 5% drop compared to the same period last year. However, the revenue decline was better than that of the overall industry. Considering the performance of each individual radio station, it was found that FM 99 MHz., Active Radio, experienced revenue growth from last year, partly resulted from the World Cup 2014. The revenue structure of MCOT Radio Network comprised revenue from central radio stations (61%), regional radio stations (33%) and special projects and others (6%). The highest revenue generating stations in Q 3-2014 were FM 95 MHz, FM 96.5 MHz. and FM 107 for Life and Music, respectively.

Joint Operation

MCOT generated revenue from joint operation with private operators including 1) Bangkok Entertainment Company Limited, 2) True Visions Public Company Limited, and 3) True Visions Cable Company Limited. During the 9-month period of 2014, revenue from joint operation with True Visions Plc. decreased, compared to the same period last year. In September 30, 2014, the Joint Operation Agreement for the Provision of Subscription Television services through Satellite with True Visions Plc. was expired, while that with True Visions Cable Plc. would remain in effect until 2019.

Total expenses

The Company's total expenses decreased 10% and 6%, compared to Q 3-2013 and the 9-month period last year. TV and radio operating expenses during the 9-month period amounted to 1,823 million Baht, which accounted for 65% of the total expenses. Operating expenses included programme production expense, signal transmission expense in compliance with the must-carry regulations for general broadcast and license fee to operate two digital terrestrial channels. In addition, in Q 3 -2014 for the first time, MCOT was required to make a fully amortising payment for the license fee of approximately 67 million Bath. In total, MCOT paid 115 million Baht for amortisation of the license fee during the 9-month period of 2014.

Joint-operation operating expenses rose 50%, compared to the 9-month period last year, due to a recording of approximately 120 million Baht for depreciation of assets ownership transferred from Thai Television Channel 3 to MCOT, for example; broadcast equipment used for high-definition programme production and live broadcast via satellite, in compliance with the Agreement on Joint Operation Agreement between MCOT and BEC. Such equipment was being used by BEC for its broadcast operations.

Sales expenses dropped 33%, compared to the same period last year. The drop was proportionate to that in revenue from TV and radio.

Net Profit The Company's net profit of 91 million Baht in Q3-2014, a 76 % decrease compared to the same period of the last year, includes a net profit of 90 million Baht of the shareholders of the parent company or 0.13 Baht per share.

A net profit of 436 million Baht for the 9-month period of 2014, a 64 decrease compared to the same period of last year, includes a net profit of 450 million Baht of the shareholders of the parent company or 0.66 Baht per share.

As of September 30, 2014, the total assets of 13,487 million Baht, total liabilities of 6,077 million Baht and total shareholder's equity of Baht 7,410 million represented the Company's financial strength.

Sincerely yours,



(Mr.Thanachai Wongthongsri)
Executive Vice President
MCOT Public Company Limited
Authorized to sign on behalf of the company

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