

MCOT Public Company Limited



63/1 Rama IX Road, Huaykwang

Bangkok 10310 Thailand

Phone +66 (0) 2201 6000

Fax +66 (0) 2245 1435

E-mail Contact@mcot.net

www.mcot.net

Ref: MCOT/ 6100(4)/713

February 24, 2015

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 the year ended December 31, 2014

Dear Madam,

On February 24, 2015, The Board of Directors' Meeting No. 3/2015 has resolved to approve the Company's 2014 financial statements ended December 31, 2014, which were audited by the Office of the Auditor General of Thailand and the Audit Committee of MCOT Plc.

Details of Management's Discussion and Analysis (MD&A) on operating results of the Company based on the financial statements for the year 2014, ended December 31, 2014 are as follows:

The Company's net profit of Baht 480.8 million in 2014, or a 69% decrease from last year, includes a net profit of Baht 503.8 million of the Parent Company's and a net profit of Baht 23 million of minority shareholders.

Operating Results and Its Subsidiaries

	Unit: Million Baht (Audited)		
	2014	2013	% Change
Total Revenue	4,454	5,984	-26
TV Revenue + digital terrestrial broadcast network service	2,484	3,484	-29
New Media	278	338	-18
Radio Revenue	929	957	-3
JV	546	889	-39
Additional income from the agreement of understanding	47	47	-
Other Revenues	170	269	-37
Expenses	3,829	4,061	-6
Net Profit	481	1,528	-69
Minority	(23)	1	
Parent	504	1,527	-67
EPS (Baht)	0.73	2.22	-67

Total revenue According to Media Agency Association of Thailand's report, advertising spending in various types of media in 2014 decreased 2%. Advertising spending on analog television dropped 8% compared to the same period of last year, while that on digital television was on the rise. In April 2014, MCOT began broadcasting the 2 new digital terrestrial channels that were 1) MCOT Family (channel 14) and 2) MCOT HD (channel 30) that was simulcasting programs of Modernine TV. The Company's 2014 total revenue of Baht 4,454 million, a 26%

decrease compared to the same period of last year, included revenue from television (54%), radio (21%), joint operations or concession (12%), new media and MCOT satellite network (6%), digital terrestrial broadcast network service (1%) and others. A significant decrease was found in joint operations or concession, television, and others revenue, compared to the same period of last year. Details of the Company's revenue are as follows:

Television revenue Television revenue in 2014 was amounted to Baht 2,484 million, a 29% decrease compared to the same period of last year. Such amount of revenue consisted of revenue from Modernine TV, MCOT HD and MCOT Family, which was Baht 2,419 million, and revenue from digital terrestrial broadcast network service, which was amounted to Baht 65 million. At the end of 2014, Modernine TV that was being simulcast via MCOT HD (channel 30), was ranked fourth in terms of the overall audience shares. Of the total TV revenue, advertising accounted for 64%. In 2014, advertising revenue dropped 34%, compared to the same of last year, due to a drop in the average ratings of Modernine TV, an increased digital terrestrial TV channels, competitive advertising rates offered by new operators, and a decrease in prime time and non-prime time utilization compared to Q 3 - 2014. In 2014, own programs and co-produced programs including "Tok Mun Ban Teung" and "Tok Man Hun Sa" appeared to respond to the audience needs resulting an increase in ratings and revenue. Moreover, existing programs such as "Evening News", "Modernine Cartoon", "Klook Wong Kao", "Kam Pee Vi Thi Ruay" and "Nine Entertain", continue to generate revenue for the Company.

Revenue generated from special projects in 2014 accounted for 22% of the TV revenue. Despite a decrease in special project revenue compared to last year caused by several factors including economic impacts and political uncertainty in the first of half of 2014, MCOT was able to consistently generate revenue from special projects sponsored by governmental and state enterprises, for example, Bank for Agriculture and Agricultural Co-Operatives (Hoom Pan Din Documentary), National Health Security Office, PTT Plc. and Bangkok Metropolitan Administration. Modernine TV was well prepared for digital broadcast competition in 2015 and still adhered to the concept of "Knowledge – Based Society". In early February 2015, Modernine TV officially announced its programming to be broadcast in March 2015 under the theme of "Krob Kub Jor" (completely comprehensive content on screen).

New media business revenue in 2014 was amounted to Baht 278 million, a 18% decrease compared to the same period of last year. The decrease was partly due to low ratings of satellite television after digital terrestrial broadcast and expiration or termination of the Agreements on Satellite TV Channel Rental (MCOT Satellite Network) between MCOT and some operators. Currently, MCOT operated television channels on C band Satellite (self-operated channels included MCOT 1 and MCOT World) and offered Ku band transponder rental service.

In addition, in 2014, MCOT sought new sources of revenue including SMS services, marketing-promotion activities and special activities arrangement, examples of which were 9 Entertain Surprising Trip and Miss Thailand Pageant.

Radio revenue Despite an 11% decrease in radio advertising spending in the industry in 2014 compared to the same period of last year, MCOT radio business yielded satisfactory performance. Although the Company experienced a decline in radio revenue, such decline is lower than that in the market. In 2014, radio revenue was amounted to Baht 929 million, a 3% decrease compared to the same period of last year. Of the total radio revenue, central radio revenue accounted for 61%, regional radio revenue accounted for 33%, and special project and Seed MCOT revenue accounted for the rest.

Regarding MCOT's self-operated radio business (separate financial statements), it was found that revenue from each radio station increased 4% in 2014. However, the overall results dropped when consolidating revenue of radio with that of SeedMCOT Co., Ltd., MCOT's subsidiary company. FM. 99 MHz (Active Radio) was the fastest growing station who experienced 20% of growth with 2014 World Cup Tournament activities arrangement, while FM. 95 MHz was the highest revenue generating station. Moreover, other 53 regional radio stations continued to grow with a 21% increase compared to the same period of last year.

In addition to advertising time selling, additional activities were organized in collaboration with sponsors enabling MCOT radio stations to generate additional revenue higher than that of the market. MCOT radio stations managed to consistently maintain growth in spite of decreased popularity of radio caused by arising competitors in other media. Both central and regional

stations were able to maintain their market shares and audience base. FM 95 MHz, FM 99 MHz (Active Radio) and FM 107 MHz (MET 107) were able to gain popularity among the audiences and remained the number one station in their respective segment.

Joint Operations (concession)

MCOT generated revenue from joint operation agreement with private operators including. In 2014, the joint operation revenue dropped 39% due to a decrease in revenue shared with True Visions Plc. The Joint Operation Agreement for the Provision of Subscription Television services through Satellite with True Visions Plc. was expired on September 30, 2014, while that with True Visions Cable Plc. would remain in effect until 2019. Likewise, the Agreement between MCOT and Bangkok Entertainment Co., Ltd. would expire in 2020.

Total expenses Total expenses in 2014 was amounted to Baht 3,829 million, a 6% decrease from last year. Of the total expenses, operating expense (TV, new media and radio) accounted for 65%, management expense accounted for 23%, sales expense accounted for 7% and joint operating and other expenses accounted for the rest. In 2014, sales expense dropped 29% from 2013, which was proportionate to the Company's revenue decrease. The operating expense dropped 4% although the Company was required to bear various types of expenses including program production, signal connection for digital broadcast under the National Broadcasting and Telecommunication Commission (NBTC)'s must-carry rules, commercial terrestrial digital license fee and increased amortization of the license fee. In 2014, the Company paid the amortization fee of Baht 183 million to the NBTC.

In 2014, the joint-operating expenses increased 57% compared to last year, due to a transfer of asset ownership including studio equipment used for broadcast in high – definition system and satellite broadcast equipment from Bangkok Entertainment Co., Ltd. to MCOT in compliance with the Agreement on Joint Operation Agreement. Currently, such equipment was being used by Bangkok Entertainment Co., Ltd.

Net Profit The Company's net profit of Baht 481 million in 2014, a 69% decrease compared to last year, included a net profit of Baht 504 million of the shareholders of the parent company or 0.73 Baht per share.

Assets, Liabilities and Shareholder's Equity

	2014	2013	Unit: Million Baht (Audited) % Change
Assets	12,989	11,168	16
Liabilities	5,534	3,208	72
Shareholder's Equity	7,455	7,960	-6

In 2014, the Company had total assets of Baht 12,989 million, total liabilities of Baht 5,534 million (due to a recording of license fee to operate 2 commercial digital terrestrial channels for Baht 2,210 million) and total shareholder's equity of Baht 7,455 million.

Sincerely yours,



(Mr. Yuthasak Supasorn)
Executive Vice President and Chief Financial Officer
MCOT Public Company Limited
Authorized to sign on behalf of the company

Investor Relations
Tel. 0 2201 6661, 0 2201 6388
Fax: 0 2245 1854