

MCOT Public Company Limited

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Ref: MCOT/ 6138/1809
 May 11, 2016

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 periods ended March 31, 2016

Dear Madam,

On May 11, 2016, the Board of Directors' Meeting No. 5/2016 has resolved to approve the financial statements for 3-month periods ended March 31, 2016, which were reviewed by the Office of the Auditor General of Thailand and the Audit Committee of MCOT Plc., the details of which are as follows:

Management's Discussion and Analysis (MD&A) on the Company's operating results for the 3-months period ended March 31, 2016 and 2015

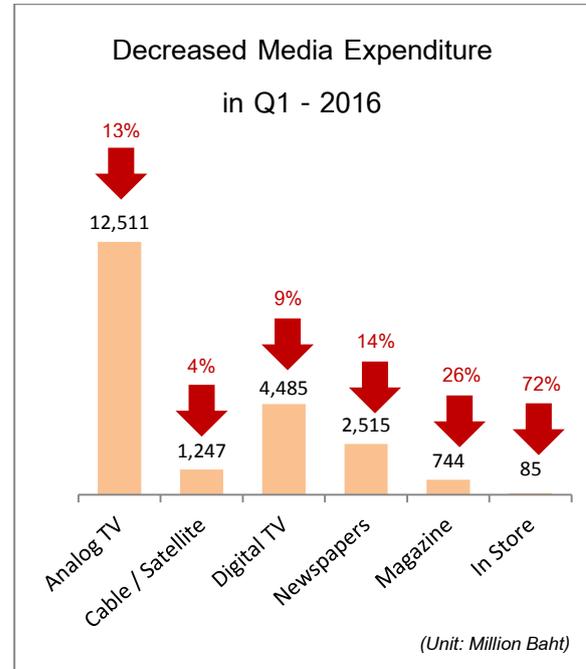
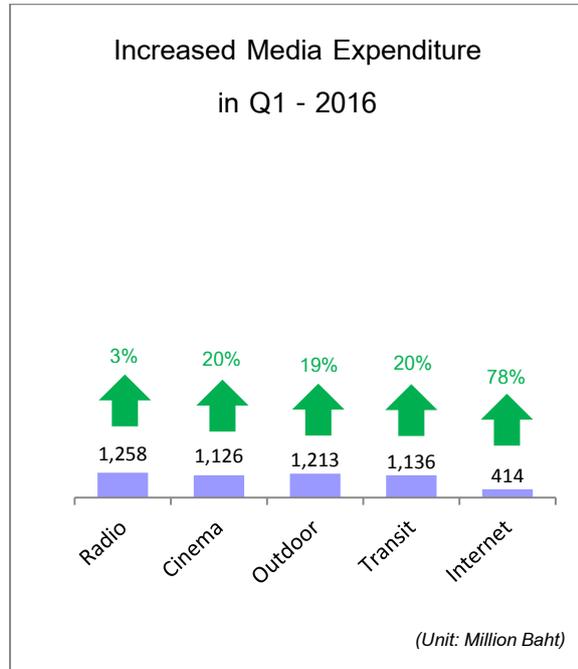
In Q1 – 2016, the Company's net profit totaled Baht 152 million, a 1,482% decrease from the same period of last year.

The Company's and its subsidiaries' operating results

	Unit: Million Baht (Reviewed)		
	Jan.-Mar. 2016	Jan.-Mar. 2015 (Restated)	% Changes
Total Revenue	721	888	-19
Television	250	387	-35
Radio	194	204	-5
New Media	51	54	-6
Broadcast Network Operation Service	85	48	77
Joint Operations	106	101	5
Additional income from agreements	12	11	9
Others	23	83	-72
Total Expenses	906	873	4
Net Profit (loss)	(152)	11	-1,482
EPS (loss)	(0.21)	0.02	-1,150
Parent Company Profit (loss)	(147)	16	-1,019
Net Profit of Minority Interest (loss)	(5)	(5)	-

Overall Industry

In Q1–2016, advertising industry still suffered from continued sluggish economy. Many companies in a private sector decided to slow down their advertising spending. According to Nielsen Thailand, advertising spending in the industry in Q1 – 2016 dropped 8.58%, compared to the same period of last year. Of the total value of Baht 26,734 million, advertising spent through analog TV and digital TV was valued at Baht 12,511 million and Baht 4,485 million (a 13% and 9% drop from last year) respectively. Details of advertising values are indicated below.



Meanwhile, the television industry was impacted by several factors including the increased number of digital TV channels, the rearrangement of channel numbering, relinquishment of the 2 digital channels and a decline in traditional TV viewership. The aforementioned factors have affected all digital TV operators including MCOT.

Total revenue

The Company's operating results were inevitably affected by the increasingly intensified competition among digital TV operators and decreased advertising spending as mentioned earlier. As a result, the total revenue in Q1 – 2016 dropped 19% to Baht 721 million, the details of which are as follows:

- TV (35%)
- Radio (27%)
- Joint Operations (16%)
- New Media (7%)
- Broadcast Network Operation Service (12%)
- Others (3%)

TV remained the major source of revenue. Due to a significant decline in TV revenue compared to last year, MCOT sought new opportunities to generate additional revenue including broadcast of MCOT's copyrighted content on digital media, artist management, and non-broadcast business to compensate the loss in TV revenue.

At MCOT, we all work together towards a common goal of promoting transparency and anti-corruption to achieve sustainable development.

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Due to an imbalance between revenue and expenses, MCOT experienced an over 20% drop in net profit, compared to the same period of last year. The explanation of the Company's management with regard to the aforementioned changes and its measures to enhance competitiveness is as follows:

Television revenue

In Q1 – 2016, TV revenue amounted to Baht 250 million, a 35% drop compared to the same period of last year. MCOT's TV revenue comprised:

- Advertising (56%)
- Time-rental (15%)
- Special projects in collaboration with government and state enterprises (24%)
- Other operations (5%)

The severe competition among the digital TV operators and the seasonality of the lowest advertising spending in the first quarter caused MCOT's TV revenue generated from advertising to decline over 38%, compared to the same period of last year. Similarly, such situation was facing other traditional TV operators since advertisers chose spending on the new digital TV channels. Meanwhile, several private companies decided to slow down on their TV advertising spending. To tackle the issue, in late 2015, MCOT adopted a sales strategy enabling direct communication with advertisers rather than through agencies.

To improve the Company's competitiveness, MCOT carried out programming revamp setting a noticeable time slot for variety programs, game shows and series. Examples of the new programs included **ID Lucky Number**, **Life Cycling**, **Fitness Sa Ded Yard** and **Part Time the Series**. At the same time, it appeared that other existing variety programs such as **Kao Dung Kham Wela**, **Ngan Wat Festival**, **Cash Cab Thailand** and **Borisat Ha Mai Jumkud** were expected to gain more popularity among viewers. After the launch of a promotional campaign giving away attractive prizes to the audience of 9 MCOT HD in late 2015, the new campaign **Tune into Happiness (Perd Sanook Sook Sanan)** was later launched to increase ratings of MCOT 9 HD and audience engagement in the channel.

Radio revenue

MCOT radio network set a clearly defined character, positioning and target audience of each station and continuously enhanced production and marketing effectiveness through producing programs meeting listeners' needs. Also, each station organized a series of on-ground activities to enhance audience engagement, for example, **Superstar Ha Hey** organized by

FM 95 MHz, a talk show **Thailand, Step forward** organized by FM 96.5 MHz to celebrate the station's 12th anniversary and **Charity Run 2016** by FM 99 MHz. Moreover, the radio network leveraged its business through broadcast of programs on mobile applications.

In Q1 – 2016, radio revenue amounted to Baht 194 million, a 5% drop compared to the same period of last year. MCOT's radio revenue comprised:

- Central radio stations (69%)
- Regional radio stations (26%)
- Special projects in collaboration with government and state enterprises (5%)

FM 95 MHz was the highest revenue generating station, followed by FM 100.5 MHz and FM 107 MHz.

New Media

MCOT continuously developed and leveraged its new media businesses to maximize utilization of its existing resources. New media strategies included production of programs to be broadcast on MCOT's satellite channels: MCOT 1 and MCOT World, provision of C-Band and Ku-Band satellite TV channels

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rental service to other satellite operators and broadcast of MCOT's owned content on online media platforms such as YouTube and websites. In Q1 – 2016, new media revenue amounted to Baht 51 million, a 6% drop compared to the same period of last year, due to a decline in the number of the lessees for the C-Band satellite TV channel rental service.

Joint Operations

MCOT's Q1 – 2016 joint operations revenue of Baht 118 million, a 5% increase compared to the same period of last year, included revenue from the Agreements with 2 private operators: Bangkok Entertainment Company Limited and True Visions Cable Company Limited.

Broadcasting Network Operation Service (BNO)

In Q1 – 2016, MCOT's revenue from BNO amounted to Baht 85 million, a 77% increase compared to the same period of last year, due to an increased number of clients. Currently, the BNO service was able to cover 80% of the households nationwide, in accordance with the timeframe set by the National Broadcasting and Telecommunication Commission.

Total expenses

Total expenses in Q1 – 2016 amounted to Baht 906 million, a 4% increase from the same period of last year. Of the total expenses, operating expense that was the Company's major expense accounted for 69%. Although there was an increase in the cost of outsourcing production of programs including **Ngan Wat Festival, Borisat Ha Mai Jumkad, ID Lucky Number** and **Fitness Sa Ded Yard**, MCOT was able to effectively manage cost of its self-produced programs, resulting in a slight increase in operating expense, compared from the same period of last year. Due to the Company's ability in controlling sales and administration expenses, a 7% decrease in these expenses was found, compared to the same period of last year.

Net Profit

Due to an imbalance between revenue and expenses, MCOT experienced a loss of Baht 152 million in Q1 – 2016, which dropped 1,482% compared to the same period of last year.

Assets, Liabilities and Shareholder's Equity

	Unit: Million Baht (Reviewed)		
	March 31, 2016	March 31, 2015	% Change
Assets	11,479	11,642	-1
Liabilities	4,282	4,260	1
Shareholder's Equity	7,197	7,382	-3

As of March 31, 2016, the Company had total assets of Baht 11,479 million, total liabilities of Baht 4,282 million and shareholder's equity of 7,197 million. This represented the Company's financial strength.

Sincerely yours,



(Miss Thanaporn Thaweepanich)

Vice President, Corporate Secretary Department

MCOT Public Company Limited

Authorized to sign on behalf of the company

Investor Relations

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