

BEC World Pcl (BEC TB) - BUY, Price Bt13.00, TP Bt14.00**Results Comment**

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Weak 3Q21 as expected

- BEC posted a weak-as-expected normalized profit of Bt142m in 3Q21, dropping 25% q-q but up 120% y-y due to low-base impact.
- Key draggers were weak advertising income amid the COVID crisis and weak content sales.
- Advertising income in 3Q21 (accounts for 84% of total revenue) decreased 7% y-y and 13% q-q.
- Revenue of content sales to overseas (global content licensing) and online platform in 3Q21 (accounts for 16% of total revenue) dropped 24% q-q due to the use of rerun conten but increased 24% y-y.
- Operating profit margin was 15.1% in 3Q21 vs. 16.6% in 2Q21 and 7.1% in 3Q20.
- 9M21 accounts for 74% of our full year projection. We expect improving q-q momentum in 4Q21F on higher content sales.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	1,323	1,718	1,308	1,505	1,272	Revenue	(15)	(4)	76	5,364	6,259
Gross profit	372	702	335	457	378	Gross profit	(17)	2	74	1,579	2,010
SG&A	278	322	146	207	186	SG&A	(10)	(33)	74	724	811
Operating profit	94	379	188	250	192	Operating profit	(23)	104	74	855	1,199
EBITDA	552	856	727	828	704	EBITDA	(15)	28	76	2,955	3,301
Other income	8	14	11	12	10	Other income	(15)	37	87	39	45
Other expense	0	0	0	0	0	Other expense					
Interest expense	30	28	24	24	24	Interest expense	1	(18)	77	94	94
Profit before tax	72	365	175	238	178	Profit before tax	(25)	147	74	800	1,150
Income tax	25	46	33	50	37	Income tax	(26)	47	75	160	230
Equity & invest. income	(0)	(0)	0	0	0	Equity & invest. income					
Minority interests	17	4	(0)	0	(0)	Minority interests					
Extraordinary items	(4)	(68)	(3)	(4)	1	Extraordinary items					
Net profit	60	254	139	185	143	Net profit	(23)	138	73	640	920
Normalized profit	64	323	142	188	142	Normalized profit	(25)	120	74	640	920
EPS (Bt)	0.03	0.13	0.07	0.09	0.07	EPS (Bt)	(23)	138	73	0.32	0.46
Normalized EPS (Bt)	0.03	0.16	0.07	0.09	0.07	Normalized EPS (Bt)	(25)	120	74	0.32	0.46
Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21		3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	2,751	2,565	3,057	3,588	4,017	Sales grow th	(39.0)	(15.1)	(20.1)	27.1	(3.8)
A/C receivable	1,148	1,117	934	937	995	Operating profit grow th	na	na	na	na	103.8
Inventory	4	2	2	2	2	EBITDA grow th	(0.7)	50.9	82.4	179.6	27.6
Other current assets	202	204	65	110	144	Norm profit grow th	na	na	na	na	120.2
Investment	27	0	0	0	0	Norm EPS grow th	na	na	na	na	120.2
Fixed assets	304	268	243	209	197	Gross margin	28.1	40.8	25.6	30.4	29.7
Other assets	5,841	5,362	5,424	5,094	4,678	Operating margin	7.1	22.1	14.4	16.6	15.1
Total assets	10,277	9,519	9,727	9,941	10,033	EBITDA margin	41.7	49.8	55.6	55.0	55.4
S-T debt	348	0	0	2,999	3,000	Norm net margin	4.9	18.8	10.9	12.5	11.1
A/C payable	710	474	516	535	475	D/E (x)	0.7	0.6	0.5	0.5	0.5
Other current liabilities	505	344	378	376	368	Net D/E (x)	0.1	0.1	(0.0)	(0.1)	(0.2)
L-T debt	2,999	2,999	2,999	0	0	Interest coverage (x)	18.6	30.8	30.1	34.3	29.0
Other liabilities	600	293	281	285	292	Interest rate	3.5	3.5	3.2	3.2	3.2
Minority interest	10	0	0	0	0	Effective tax rate	34.4	12.7	19.0	20.9	20.5
Shareholders' equity	5,106	5,409	5,552	5,746	5,898	ROA	2.5	13.0	5.9	7.7	5.7
Working capital	442	645	420	404	522	ROE	5.1	24.6	10.4	13.3	9.7
Total debt	3,347	2,999	2,999	2,999	3,000						
Net debt	596	434	(58)	(588)	(1,017)						

Sources: Company data, Thanachart estimates

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