

BEC World Pcl (BEC TB) - BUY

Analyst Meeting

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Advertising recovery in sight

- **Advertising income rebounded in Oct-Nov post-lockdown**
- **This has happened faster than we'd expected**
- **Earnings should recover from 4Q21F onwards**
- **We see some upside to our numbers. Maintain BUY**

- BEC's TV advertising income started to recover in October and November. Hence, it announced it would increase prime-time fresh content to seven days/week from the fourth week of November vs. four to five days/week since July. Its well-known weekend morning news program's utilization is almost full, while it saw a decent rebound in utilization for drama content in those months. BEC's ad income was bottoming out in 3Q21, down 7% y-y and 13% q-q. The recovery of ad spending is happening faster than we'd expected.
- The recovery of BEC's ad income is following the same trend as the industry's TV advertising expenditure that was reported to have improved 12% m-m (-5% y-y) in October, the second month post-lockdown easing.
- With higher fresh content on air, revenue from content sales overseas (so-called global content licensing GCL) and digital platforms should also recover q-q but drop y-y because of the high base effect.
- BEC also announced its plan to enter movies, music and artist management businesses to better utilize its pool of famous artists. The announcement of a movie-making detail under cooperation with a movie maker should be made next month, while music sung by its artists is targeted to be distributed via online channels at the beginning of 2022. Investment cost will likely be small. This is not yet in our numbers, and we don't expect significant contributions.
- Together with an advertising expenditure recovery, BEC expects to achieve double-digit growth in overall revenue in 2022. With falling rerun drama content, costs will likely increase to produce more fresh drama content. But additional revenue should be higher than additional expenses.
- In all, we believe 3Q21 marked the bottom for BEC with 4Q21F earnings set to recover q-q, though still decline y-y. We see some potential upside to our numbers. Maintain BUY.

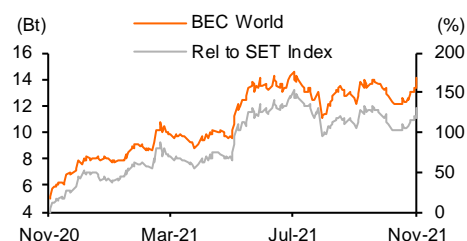
Key Valuations

Y/E Dec (Bt m)	2020	2021F	2022F	2023F
Revenue	5,861	5,364	6,259	6,896
Net profit	(214)	640	920	1,220
Norm net profit	(146)	640	920	1,220
Norm EPS (Bt)	(0.1)	0.3	0.5	0.6
Norm EPS gr (%)	na	na	43.8	32.6
Norm PE (x)	na	44.1	30.6	23.1
EV/EBITDA (x)	13.8	9.5	8.5	7.7
P/BV (x)	5.2	4.9	4.7	4.5
Div. yield (%)	0.0	2.0	2.9	3.9
ROE (%)	(2.6)	11.5	15.7	20.0
Net D/E (%)	7.4	(0.1)	2.1	5.1

Source: Thanachart estimates

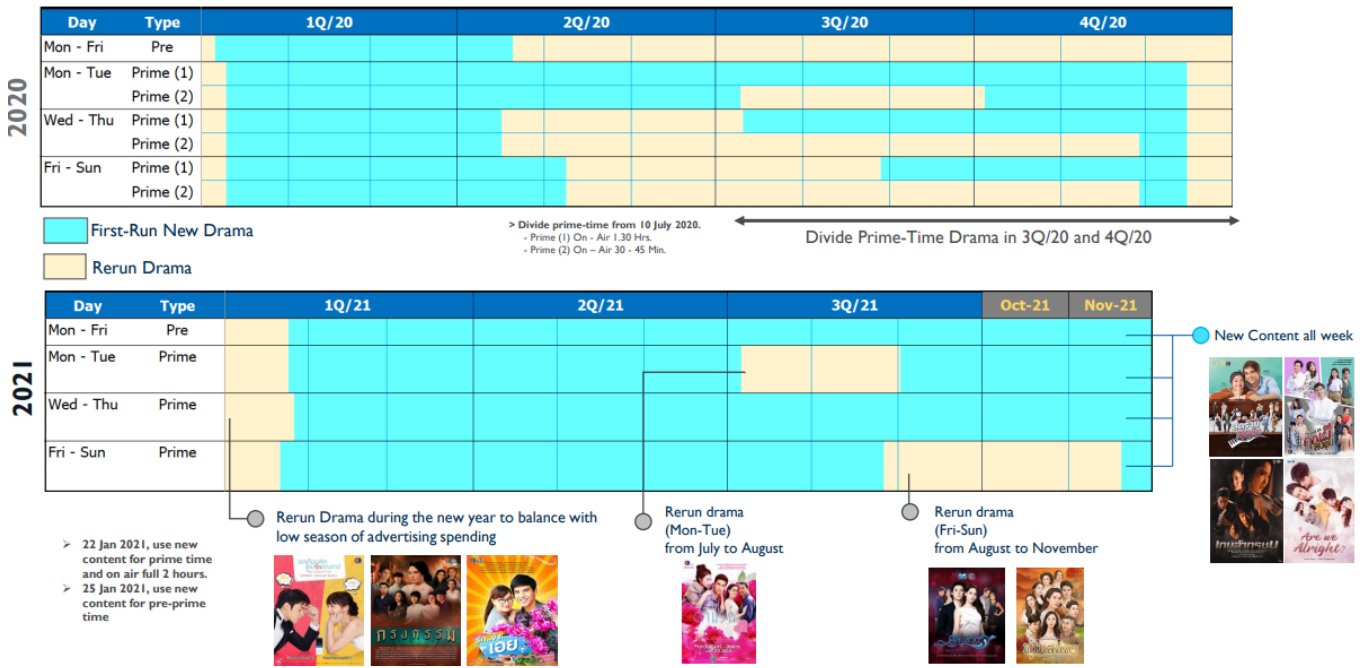
Stock Data

Closing price (Bt)	14.10
Target price (Bt)	14.00
Market cap (US\$ m)	866
Avg daily turnover (US\$ m)	9.9
12M H/L price (Bt)	14.60/5.05

Price Performance

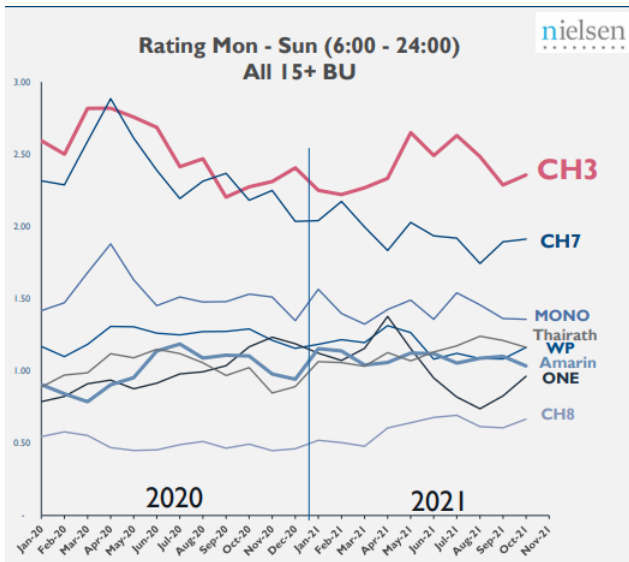
Source: Bloomberg

Ex 1: BEC Raises Higher Fresh Drama Prime-Time Content



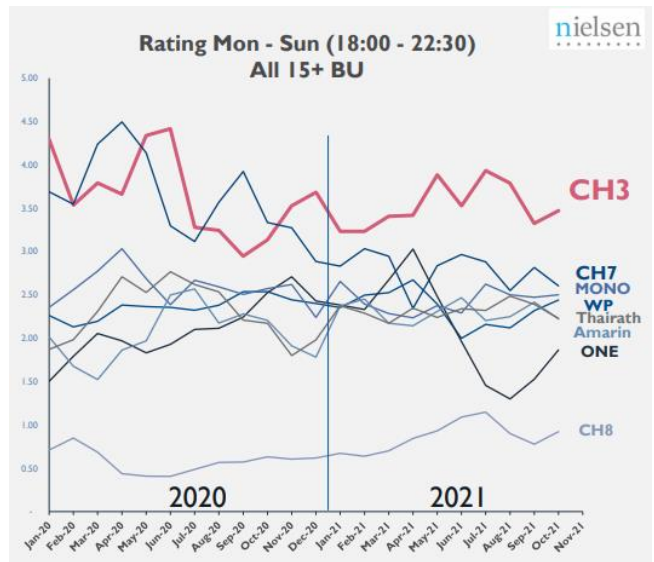
Source: Company data

Ex 2: BEC TV Rating Started To Improve



Sources: Company data; Nielsen

Ex 3: BEC TV Rating Started To Improve



Sources: Company data; Nielsen

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