BEC World Pcl (BEC TB) - BUY, Price Bt15.20, TP Bt16.00

Results Comment

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Strong 4Q21, beat us and street

- BEC reported a much stronger-than-expected normalized profit in 4Q21, a post-lockdown business recovery, that beat us and street by 20% and 28% respectively. Key beat was lower-than-expected cost as BEC continued to air re-run content. 2021 normalized profit checked in at 107% of our full-year forecast.
- 4Q21 normalized profit registered Bt340m, up 140% q-q and 5% y-y. Key drivers were recovery in TV ad income while production cost was relatively flat.
- TV advertising income (accounts for 86% of total revenue) which grew 29% q-q and 4% y-y.
- Revenue of content sales to overseas (global content licensing) and online platform in 4Q21 (accounts for 14% of total revenue) dropped 42% y-y (+5% q-q) due to low fresh content in the quatre and cancellation of a simulcast to China.
- Operating profit margin was 28.9% in 4Q21 vs. 15.1% in 3Q21 and 22.1% in 4Q20.
- Extra items, a total expense of Bt45m, were mainly impairment loss determined in accordance with TFRS 9
- We expect ad income will continue to recover this year with higher portion of new content to attract eyeball. We maintain our earnings projection and TP.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Revenue	1,718	1,308	1,505	1,272	1,595
Gross profit	**702**	**335**	**457**	**378**	**721**
SG&A	322	146	207	186	259
Operating profit	379	188	250	192	462
EBITDA	**847**	**727**	**828**	**704**	**884**
Other income	14	11	12	10	14
Other expense	0	0	0	0	0
Interest expense	28	24	24	24	24
Profit before tax	**365**	**175**	**238**	**178**	**451**
Income tax	46	33	50	37	112
Equity & invest. income	(0)	0	0	0	0
Minority interests	4	(0)	0	(0)	(0)
Extraordinary items	(55)	(3)	(4)	1	(45)
Net profit	**268**	**139**	**185**	**143**	**295**
Normalized profit	**323**	**142**	**188**	**142**	**340**
EPS (Bt)	0.13	0.07	0.09	0.07	0.15
Normalized EPS (Bt)	0.16	0.07	0.09	0.07	0.17

Income Statement			12M as		
(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	25	(7)	100	5,680	6,396
Gross profit	**91**	**3**	**105**	**1,891**	**2,125**
SG&A	40	(19)	99	799	854
Operating profit	140	22	109	1,092	1,271
EBITDA	**25**	**4**	**101**	**3,080**	**3,372**
Other income	32	(0)	116	47	46
Other expense					
Interest expense	(1)	(13)	102	97	53
Profit before tax	**153**	**23**	**110**	**1,043**	**1,264**
Income tax	205	141	122	231	253
Equity & invest. income					
Minority interests					
Extraordinary items					
Net profit	**107**	**10**	**101**	**762**	**1,011**
Normalized profit	**140**	**5**	**107**	**812**	**1,011**
EPS (Bt)	107	10	101	0.38	0.51
Normalized EPS (Bt)	140	5	107	0.41	0.51

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	2,565	3,057	3,588	4,017	4,718
A/C receivable	1,117	934	937	995	830
Inventory	2	2	2	2	0
Other current assets	204	65	110	144	159
Investment	0	0	0	0	0
Fixed assets	268	243	209	197	184
Other assets	5,362	5,424	5,094	4,678	4,431
Total assets	**9,519**	**9,727**	**9,941**	**10,033**	**10,323**
S-T debt	0	0	2,999	3,000	3,000
A/C payable	474	516	535	475	390
Other current liabilities	344	378	376	368	445
L-T debt	2,999	2,999	0	0	0
Other liabilities	293	281	285	292	295
Minority interest	0	0	0	0	0
Shareholders' equity	**5,409**	**5,552**	**5,746**	**5,898**	**6,193**
Working capital	645	420	404	522	440
Total debt	2,999	2,999	2,999	3,000	3,000
Net debt	**434**	**(58)**	**(588)**	**(1,017)**	**(1,718)**

Financial Ratios					
(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Sales growth	(15.1)	(20.1)	27.1	(3.8)	(7.1)
Operating profit growth	na	na	na	103.8	21.7
EBITDA growth	49.5	82.4	179.6	27.6	4.3
Norm profit growth	na	na	na	120.2	5.3
Norm EPS growth	na	na	na	120.2	5.3
Gross margin	40.8	25.6	30.4	29.7	45.2
Operating margin	22.1	14.4	16.6	15.1	28.9
EBITDA margin	49.3	55.6	55.0	55.4	55.4
Norm net margin	18.8	10.9	12.5	11.1	21.3
D/E (x)	0.6	0.5	0.5	0.5	0.5
Net D/E (x)	0.1	(0.0)	(0.1)	(0.2)	(0.3)
Interest coverage (x)	30.5	30.1	34.3	29.0	36.6
Interest rate	3.5	3.2	3.2	3.2	3.2
Effective tax rate	12.7	19.0	20.9	20.5	24.7
ROA	13.0	5.9	7.7	5.7	13.4
ROE	24.6	10.4	13.3	9.7	22.5

Sources: Company data, Thanachart estimates

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