BUY (Unchanged)

Change in Numbers

TP: Bt 13.00 (From: Bt 17.00)

Upside : 23.8%

6 JANUARY 2023

BEC World Pcl (BEC TB)

End of the tunnel

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We reaffirm our BUY call on BEC expecting its earnings to have reached bottom in 2H22F with 45/20% growth in 2023-24F. Lights at the end of the tunnel for 2023F are an economic turnaround with ad-spending growth and price increases for its content-sales business.

Thanachart Securities

Drivers on the horizon

We reaffirm our BUY call on BEC expecting its earnings to reach bottom in 2H22F before turning around by 45/20% in 2023-24F. We see three key drivers. *First*, more solid momentum of economic growth in 2023F should help turn around TV ad spend after three bad years. *Second*, fresh content as opposed to re-running soaps this year should drive both revenue and margin. *Third*, BEC has increased pricing of its content sales for 2023 and most benefits should go straight to the bottom line. *Lastly*, we believe its 40% share price fall from last year's peak already reflects a weak 2H22F from limited fresh content and the delay of a content sales deal. We cut our earnings estimates by 41/36/36% in 2022-24F and lower our 2023F DCF-based TP to Bt13/share (from Bt17).

Content sales price hikes

BEC has increased the pricing of its content sales in 2023, and this is a key driver of its earnings turnaround. Content sales were at a low base of Bt640m in 2022F, falling from Bt826m in 2021, due to a purchase deal delay and less high-margin simulcast content. We expect the price increases to push up content sales growth by 15/10% in 2023-24F. Note that as the effect of price hikes can go mostly straight to the bottom line, the impact on earnings growth is much more significant.

TV industry to bottom out

Hit by three straight years of the COVID crisis and the Russia-Ukraine war's impact, TV ad spend fell 10% in 2020 and remains flat at +0.8/-1.9% in 2021-22F. With the economic turnaround firming up, we expect TV adex to turn around by 7/5/3% in 2023-25F, returning to pre-COVID level in 2024F. We expect BEC as a top player to beat the industry with 11/8% ad income growth in 2023-24F. A near-term industry driver for BEC is the upcoming general election as the top-rated news content channel. Note that we still assume TV ad spend continues losing market share to online media from 59-65% of total adex in 2015-2020 to 50-53% in 2022-25F.

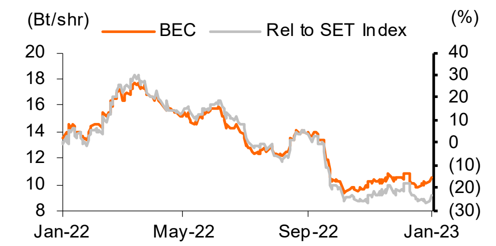
Better margin stories

There are two key margin stories for BEC and we estimate EBIT margin to rise from its bottom of 14% in 2022F to 17/19% in 2023-24F. Two key drivers are 1) content sales price increases and 2) a higher proportion of fresh content broadcasts vs. re-running programs, resulting in higher utilization and ad rates. We expect its utilization to rise back up to 74/76% in 2023-24F vs. 63/67/68% in 2020-22F. We also expect its blended ad rate to have bottomed in 2022 and recover by 2/5% in 2023-24F.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	5,680	5,149	5,720	6,214
Net profit	762	555	751	904
Consensus NP	—	698	858	977
Diff frm cons (%)	—	*(20.5)*	*(12.5)*	*(7.5)*
Norm profit	847	517	751	904
Prev. Norm profit	—	872	1,169	1,418
Chg frm prev (%)	—	*(40.7)*	*(35.8)*	*(36.2)*
Norm EPS (Bt)	0.4	0.3	0.4	0.5
Norm EPS grw (%)	na	(39.0)	45.2	20.5
Norm PE (x)	24.8	40.6	28.0	23.2
EV/EBITDA (x)	6.2	6.7	6.1	5.8
P/BV (x)	3.4	3.2	3.2	3.1
Div yield (%)	0.0	2.4	3.2	3.9
ROE (%)	14.6	8.1	11.4	13.4
Net D/E (%)	(27.7)	(41.1)	(40.4)	(35.8)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 6-Jan-23 (Bt)	10.50
Market Cap (US$ m)	616.8
Listed Shares (m shares)	2,000.0
Free Float (%)	38.4
Avg Daily Turnover (US$ m)	2.5
12M Price H/L (Bt)	17.70/9.35
Sector	MEDIA
Major Shareholder	Maleenont Family 45.5%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report ………….....……….…. P10

Drivers on the horizon

Expecting an earnings turnaround in 2023-24F with three drivers

We expect BEC World Pcl's (BEC) earnings to reach bottom in 2H22F given content sales delays and TV media spending having yet to stage a turnaround. We expect the company to experience an earnings turnaround in 2023-24F with 45/20% growth. We foresee the key drivers as follows:

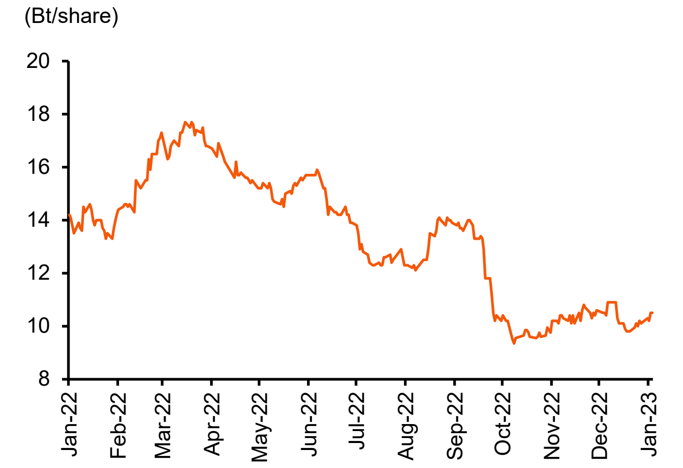
First, the strong tourism recovery, the effect on consumption and therefore more solid economic growth momentum in 2023F should support TV media spending turnaround momentum after three bad years.

Second, BEC plans to increase fresh content and reduce the re-running of soaps when the economy recovers. This would help drive both revenue and margin.

Third, BEC has been able to increase the pricing of its content sales in 2023F and most of the benefits should go straight to the bottom line.

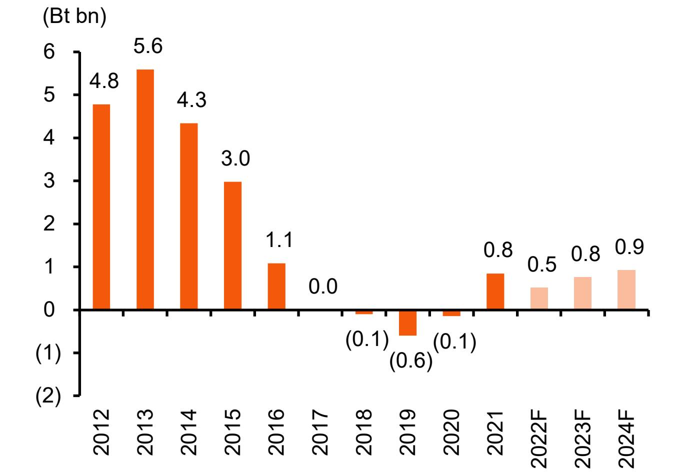
Lastly, we believe BEC's 40% share price fall from last year's peak already reflects a weak 2H22F from limited fresh content broadcasts and a delay in a content sales deal.

Ex 1: Share Price Reflects Weak 2H22F Profit



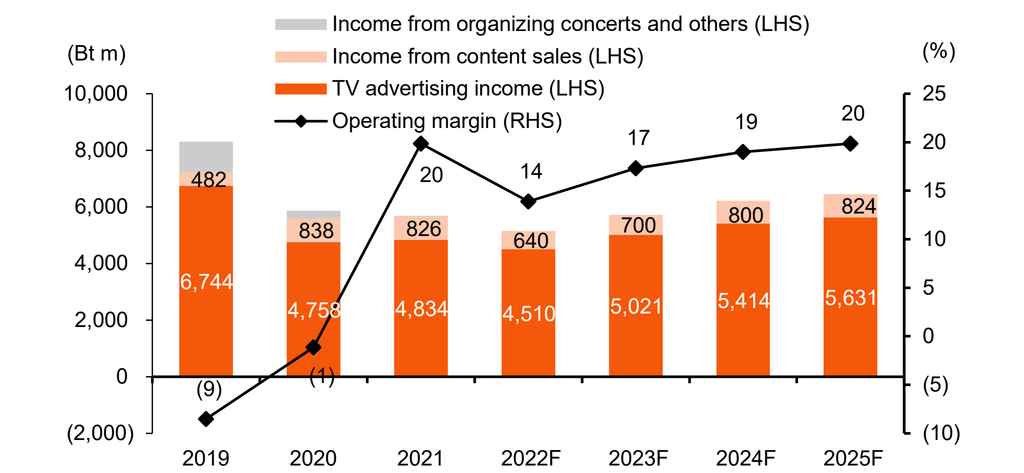
Source: Bloomberg

Ex 2: Expecting 2023-24F Earnings Turnaround By 45/20%



Sources: Company data, Thanachart estimates

Ex 3: Revenue Forecasts



Sources: Company data, Thanachart estimates

Cutting our earnings and lowering our 2023F DCF-based TP to Bt13/share

We cut our earnings forecasts by 41/36/36% in 2022-24F and lower our 2023F DCF-based TP to Bt13 (from Bt17). We slash our content sales revenue assumption by 30% to Bt640m in 2022F due to delays in content sales, and we lower our 2023-24F assumptions by 37/40% as well to be more conservative on its turnaround momentum due to the nature of bulk sales. We also cut our ad rate assumption by 6% in 2022F to reflect higher-than-expected re-running of soaps in 2H22F amid weaker advertising demand after flooding in several regions of Thailand. We then expect ad rate growth of 2/5% in 2023-24F

Ex 4: Key Earnings Revisions

	2019	2020	2021	2022F	2023F	2024F
TV - Ad rate (Bt/minute)						
New	102,500	85,900	82,000	75,932	77,451	81,323
Old				80,360	80,360	83,574
Change (%)				*(5.5)*	*(3.6)*	*(2.7)*
Content sales revenue (Bt m)						
New	482	838	826	640	700	800
Old				920	1,104	1,325
Change (%)				*(30.4)*	*(36.6)*	*(39.6)*
Normalized profit (Bt m)						
New	(596)	(146)	847	517	751	904
Old				872	1,169	1,418
Change (%)				*(40.7)*	*(35.8)*	*(36.2)*

Sources: Company data, Thanachart estimates

Content sales price increases

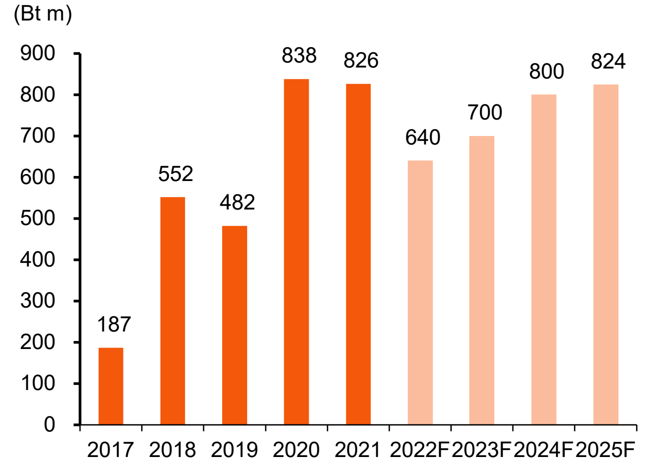
Asian content is becoming increasingly popular

Content sales are sales of its soap content to online platforms both in Thailand and abroad. To get high prices for content, BEC normally runs fresh content on its Ch.3 and then sells the content to online platforms. There are many streaming services that need supplies of content and Asian content is becoming increasingly popular, though it is still dominated by productions from South Korea and China. Given strong growth in online media, high rates of internet penetration and the adoption of international smartphones, along with its relatively large population, Thailand has emerged as one of the key destinations in Southeast Asia for online platform operators, which include over-the-counter (OTT) applications such as Netflix and WeTV and also social media platforms such as YouTube and Facebook. There are currently more than 10 OTT players in Thailand with likely more to come. These players are battling over local content to attract audiences, as local content is the key driver of OTT usage, especially in the Thai market.

BEC has increased the pricing of its content sales in 2023

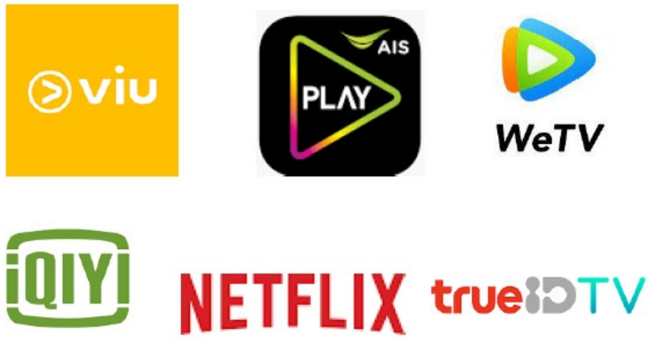
BEC is the #2 rated TV channel in Thailand, and we believe it also ranks second among TV operators in the online business. With the high popularity of its content, BEC has increased the pricing of its content sales in 2023. The price hikes will mostly go straight to the bottom line and, as such, this should be a key driver of its earnings turnaround. Content sales are already at a low base of Bt640m in 2022F, falling from Bt826m in 2021, due to a purchase deal delay and less high-margin simulcast content. We expect the price increase to push up content sales growth by 15/10% in 2023-24F.

Ex 5: Content Sales Revenue Forecasts



Sources: Company data, Thanachart estimates

Ex 6: Examples of Buyer Platforms

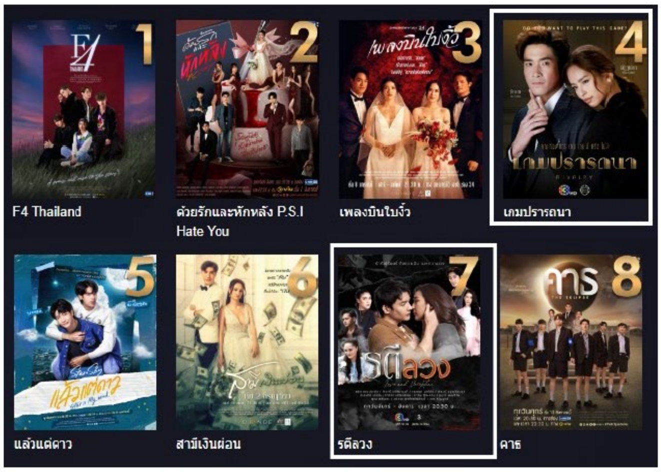


Source: Company data

Ex 7: BEC's Content Was Top Of Netflix's Charts

Source: Netflix

Ex 8: Two BEC Soaps On VIU 2022 Best Thai Series



Source: VIU

TV industry to bottom out

TV ad spending looks set to turnaround from 2023F

Thai TV ad spend has been hit for the past three years by the COVID crisis and the impact of the Russia-Ukraine war. TV ad spend fell by 10% in 2020 and has remained flat at +0.8/-1.9% in 2021-22F. With the economic turnaround now firming up, we expect TV adex to turn around by 7/5/3% in 2023-25F, returning to pre-COVID levels in 2024F. We still assume TV ad spend continues to lose market share to online media from 59-65% of total adex in 2015-2020 to 50-53% in 2022-25F.

We expect a market share gain for BEC

Against our TV adex growth forecast of 7/5% p.a., we estimate BEC to see its ad income grow more strongly by 11/8% in 2023-24F. First, the top players tend to gain market share early on when the industry recovers. BEC is the second-largest player after non-listed Channel 7. Second, BEC has the strongest news content among its peers. Please see Exhibits 14-16. As a result of its top-rated news content, BEC stands to gain TV adex share during the upcoming general election in 1H23. A reduction in the re-running of soap content when the economy recovers from 2023F would help drive BEC's TV ad income via pricing and utilization.

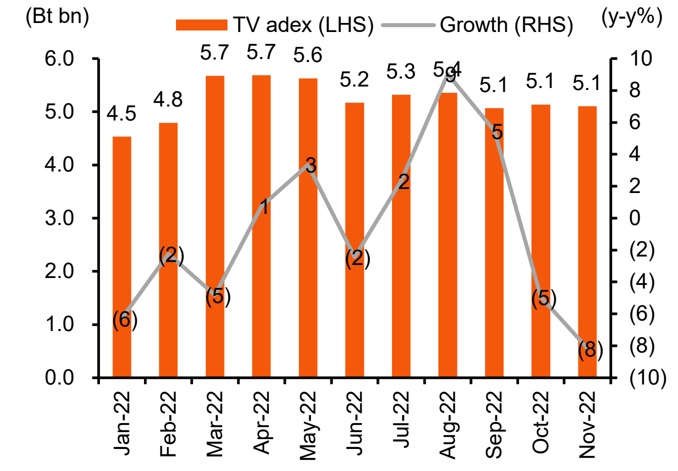
Ex 9: 11M22 TV Adex Falls 0.4% y-y…

(Bt m)	11M22	y-y%	Nov-22	y-y%	m-m%
Total adex	**108,467**	**10.2**	**10,415**	**7.1**	**5.1**
TV	57,733	(0.4)	5,105	(8.2)	(0.6)
Internet	24,354	7.8	2,269	4.5	0.0
Outdoor*	12,728	45.7	1,562	73.7	13.9
Cinema	6,966	153.6	805	73.9	59.4
Radio	2,769	(1.7)	256	(4.1)	3.2
Print	3,113	4.6	341	11.8	10.4
In-store	804	32.2	77	22.2	4.1

Source: Nielsen

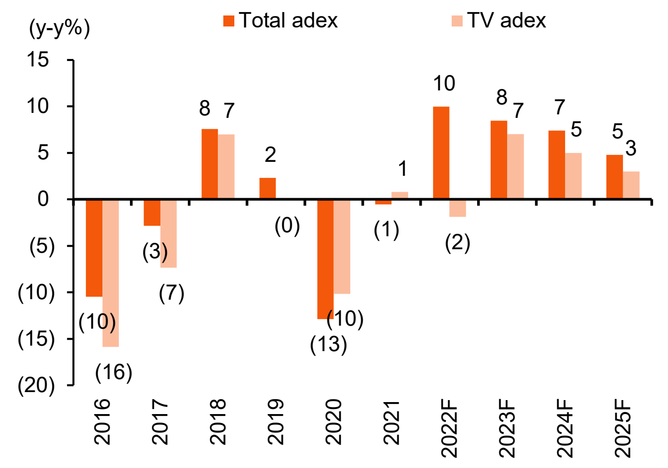
Note: *Including transit

Ex 10: …Turned To Positive Growth Of +2% y-y In July



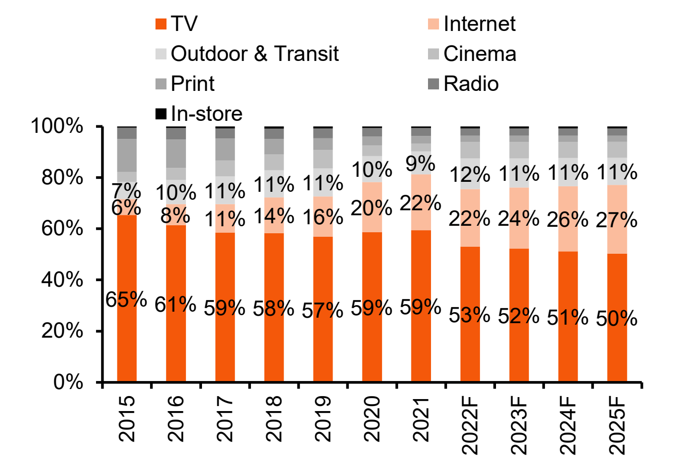
Source: Nielsen

Ex 11: We Estimate 7/5% TV Adex Growth In 2023-24F…



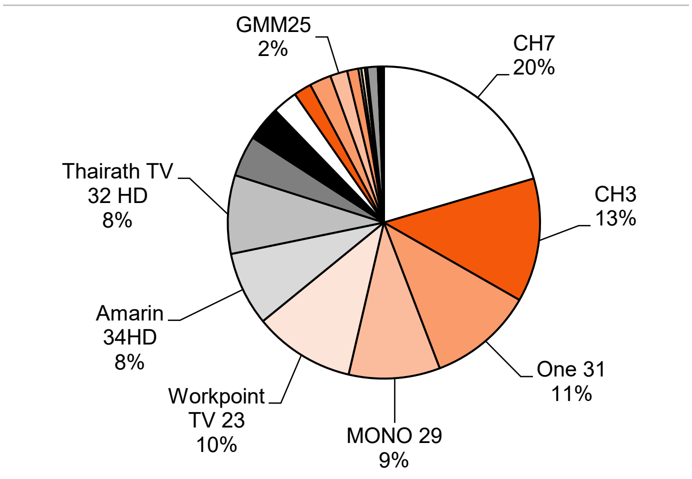
Sources: Nielsen, Thanachart estimates

Ex 12: …And Assume TV Adex Share Falls Through 2024F



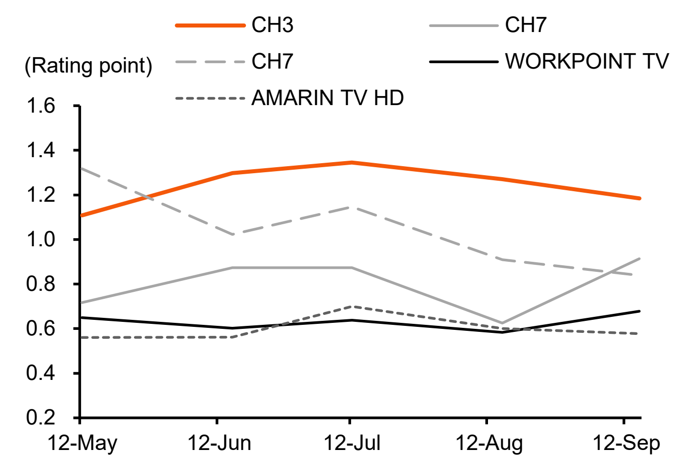
Sources: Nielsen, Thanachart estimates

Ex 13: TV Viewership Market Share In Oct-Nov 2022



Source: Nielsen

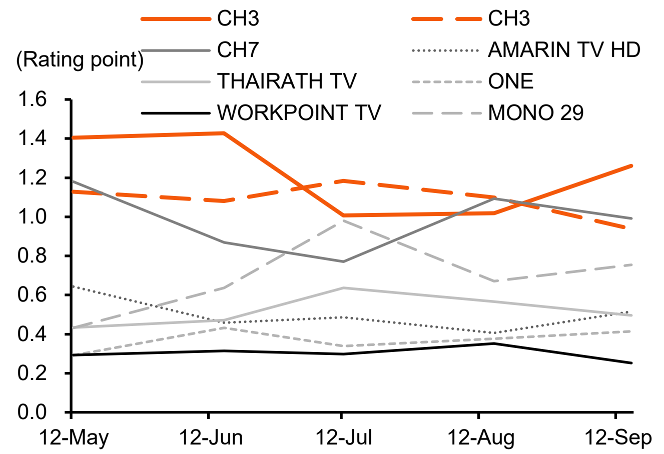
Ex 14: Strong TV Rating News Programs – Morning News



Source: Nielsen

Note: Ch7 has two news programs in the morning

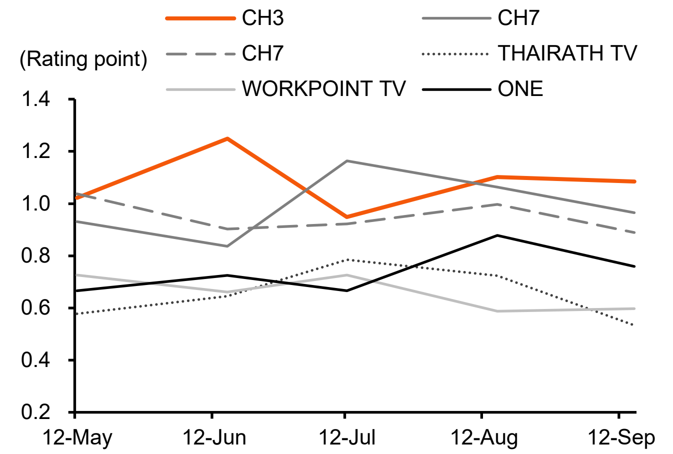
Ex 15: Strong TV Rating News Programs – Mid-day News



Source: Nielsen

Note: Ch 3 has two news programs at mid-day

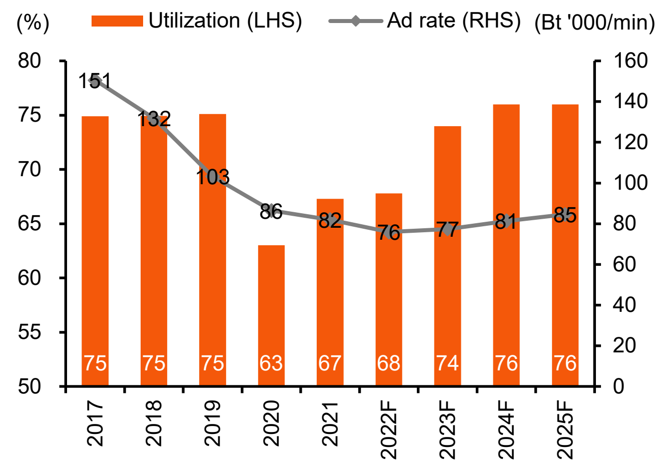
Ex 16: Strong TV Rating News Programs – Evening News



Source: Nielsen

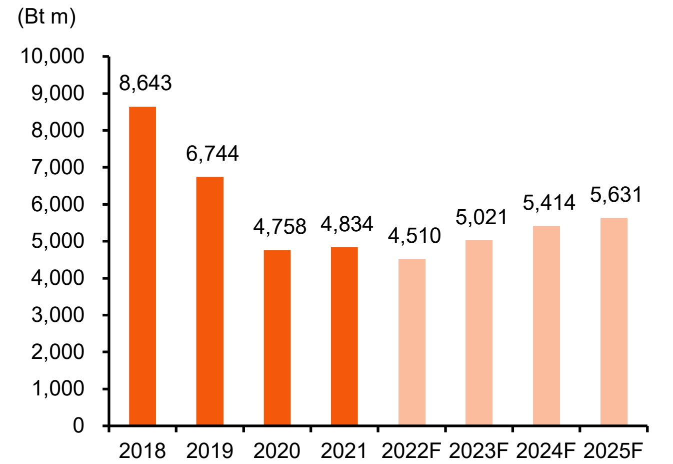
Note Ch 7 has two news programs in the evening

Ex 17: Utilization And Ad Rate Forecasts



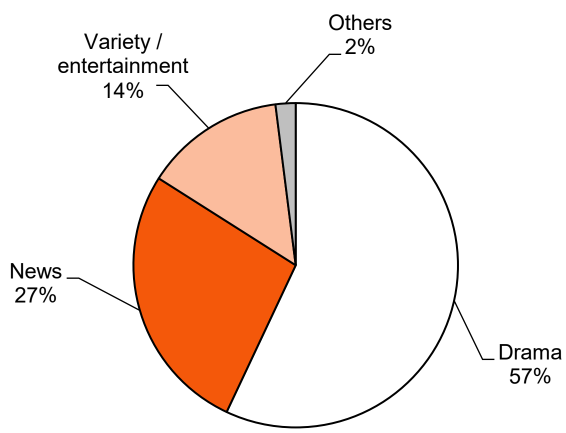
Sources: Company data, Thanachart estimates

Ex 18: BEC's Advertising Revenue Forecast



Source: Company data, Thanachart estimates

Ex 19: 2021 BEC's Advertising Revenue Breakdown



Source: Company data

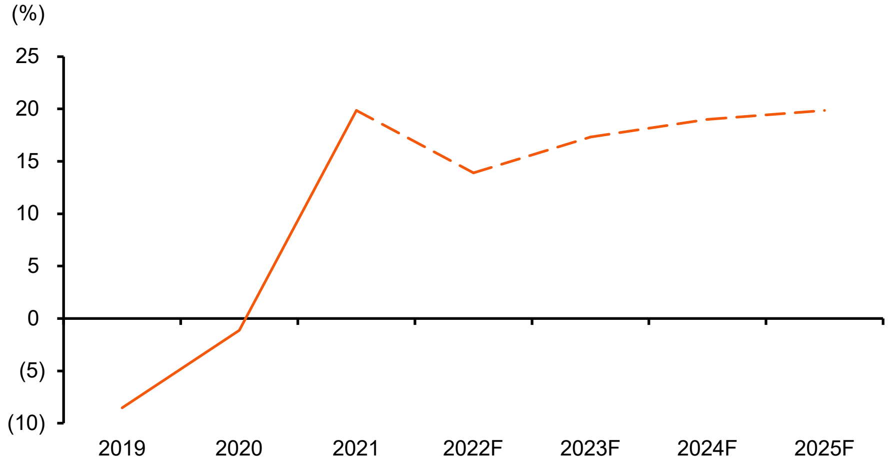
Ex 20: Strong Line-up Of Upcoming 2023 Dramas

Source: Company data

Better margin stories

We foresee three key margin stories for BEC and we estimate EBIT margin to rise from its bottom of 14% in 2022F to 17/19% in 2023-24F. Two key drivers are 1) content sales price increases and 2) a higher proportion of fresh content broadcasting vs. the re-running programs, resulting in higher utilization and ad rates. We expect its utilization to rise back to 74/76% in 2023-24F vs. 63/67/68% in 2020-22F. We also expect its blended ad rate to have bottomed in 2022 and to recover by 2/5% in 2023-24F.

Ex 21: Operating Margin



Sources: Company data, Thanachart estimates

Ex 22: 12-month DCF-based TP Calculation, Using A Base Year Of 2023F

(Bt m)		2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Terminal Value
EBITDA		3,007	3,206	3,300	3,313	3,337	3,361	3,384	3,405	3,425	3,443	3,459	—
Free cash flow		2,346	2,522	2,617	2,590	2,610	2,631	2,651	2,669	2,687	2,702	2,717	28,152
PV of free cash flow		2,339	2,051	1,919	1,714	1,524	1,379	1,247	1,128	1,019	921	793	8,214
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.3												
WACC (%)	10.9												
Terminal growth (%)	2.0												
Enterprise value - add investments	24,248												
Net debt (2022F)	(2,671)												
Minority interest	—												
Equity value	26,919												
# of shares (m)	2,000												
Target price/share (Bt)	**13.0**												

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 23: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth 22F (%)	EPS growth 23F (%)	PE 22F (x)	PE 23F (x)	P/BV 22F (x)	P/BV 23F (x)	EV/EBITDA 22F (x)	EV/EBITDA 23F (x)	Div. yield 22F (%)	Div. yield 23F (%)
Entertainment Ne	ENIL IN	India	na	na	na	35.5	na	na	9.1	6.2	na	na
Sun TV Network	SUNTV IN	India	3.9	11.3	11.1	10.0	2.1	1.9	5.9	5.4	4.2	4.7
Zee Entertainment	Z IN	India	(6.9)	43.2	24.6	17.2	2.0	1.9	15.3	11.4	1.3	1.6
Surya Citra Media	SCMA IJ	Indonesia	(24.8)	19.8	12.9	10.7	2.0	1.8	9.9	8.2	2.5	3.6
Media Nusantara	MNCN IJ	Indonesia	(3.9)	17.5	4.2	3.6	0.5	0.5	3.2	2.9	3.8	5.7
Beijing Gehua	600037 CH	China	60.0	14.6	34.0	29.7	0.9	0.9	4.0	3.9	1.0	1.0
Media Prima Bhd	MPR MK	Malaysia	5.6	1.6	7.8	7.4	0.7	0.7	2.2	2.1	4.8	5.0
BEC World*	BEC TB	Thailand	(39.0)	45.2	40.6	28.0	3.2	3.2	6.7	6.1	2.4	3.2
MAJOR Cineplex*	MAJOR TB	Thailand	na	10.6	15.0	13.6	2.1	2.1	9.1	8.0	5.3	5.9
The One Enterprise*	ONEE TB	Thailand	(23.3)	20.2	24.0	19.9	2.5	2.3	7.7	6.7	1.7	2.0
Plan B Media*	PLANB TB	Thailand	na	33.8	49.7	37.1	3.9	3.7	9.3	8.4	0.7	1.3
RS Pcl*	RS TB	Thailand	117.6	79.1	56.9	31.7	6.8	6.3	22.2	13.4	1.4	2.5
VGI Global Media**	VGI TB	Thailand	na	75.6	76.1	43.4	1.8	1.7	45.7	38.0	0.7	2.0
Average			**9.9**	**31.0**	**29.7**	**22.1**	**2.4**	**2.3**	**11.6**	**9.3**	**2.5**	**3.2**

Source: Bloomberg

Note: * Thanachart estimates using normalized EPS growth

** VGI's fiscal year ends in March.

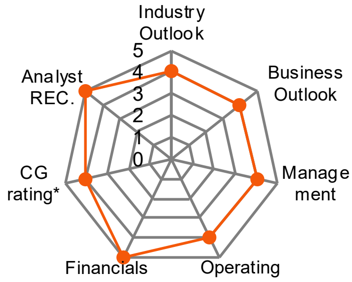
Based on 6-Jan-23 closing price

COMPANY DESCRIPTION

BEC World Pcl (BEC) is a diversified media holding company. The firm is involved in television broadcasting and content sales to online platforms and abroad.

Source: Thanachart

COMPANY RATING



Rating Scale	
Very Strong	**5**
Strong	**4**
Good	**3**
Fair	**2**
Weak	**1**
None	**0**

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- BEC has a strong balance sheet.
- BEC has its own actors and actresses.
- Audience share is in second place behind Channel 7.

W — Weakness

- Dependent on domestic consumption momentum.

O — Opportunity

- Online content market in Thailand and abroad.

T — Threat

- The digital platform's increasing market share offers more choices to advertisers and could pose a threat to BEC's ad rate hikes going forward.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	11.97	13.00	9%
Net profit 22F (Bt m)	698	555	-21%
Net profit 23F (Bt m)	858	751	-12%
Consensus REC	**BUY: 9**	**HOLD: 0**	**SELL: 2**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2022-23F net profits are lower than the Street's, which we attribute to us being more conservative on content sales assumption. Meanwhile, our DCF-based TP is 9% higher than the Bloomberg consensus numbers.

Sources: Bloomberg consensus, Thanachart estimates

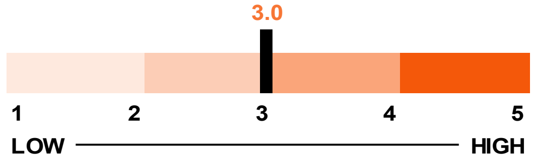
RISKS TO OUR INVESTMENT CASE

- The key downside risk to our call would be if online content sales come in lower than our expectation.
- A secondary downside risk would be if BEC's improving utilization is lower than we currently anticipate.
- A secondary downside risk would be if the cost of producing its own TV programs is higher than we currently estimate.
- Another downside risk would be if media disruption developments take place faster than we expect.
- Another downside risk would be if the domestic ad spending recovery is slower than we assume presently.

Source: Thanachart

BEC is a media firm and a top player in the TV industry. Its business nature doesn't involve many environmental issues. However, our ESG score of 3.0 is at the average of our coverage universe. We expect the score to improve with more initiatives and clearer plans and targets. The company is also using more technology in its content production process.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	Arabesque S-Ray (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
BEC	-	-	-	-	66.26	50.45	16.86	-	4.0

Sources: SETTRADE, SETTHSI Index, Thailand Sustainability Investment (THSI), The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, Arabesque S-Ray®, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" toward the back of this report.

Factors	Our Comments
ENVIRONMENT – **Environmental Policies & Guidelines** – **Energy Management** – **Carbon Management** – **Water Management** – **Waste Management**	▪ BEC owns licenses to operate two TV channels and produces media content to serve its own channels and sell to other platforms. Its business nature doesn't produce much greenhouse gas (GHG), though content production can have some environmental impact. ▪ BEC has set up a Sustainable Development Committee to manage issues of waste, GHG, environmental & natural resources, energy, electricity, and water supply. The company is in the process of collecting data on carbon emissions. ▪ BEC in 2021 had environmental content in more than 5% of its news programs to raise awareness about climate change. ▪ BEC destroyed 12,410kg of used program/drama video tapes in 2021 by separating them as recycled waste and non-recyclable waste. It also reduced paper usage by 675 reams.
SOCIAL – **Human Rights** – **Staff Management** – **Health & Safety** – **Product Safety & Quality** – **Social Responsibility**	▪ BEC conducts its operations according to the principles and the intentions as declared in the Universal Declaration of Human Rights (UDHR). It also continuously reports news to motivate people to understand the importance of human rights. ▪ It claims to have a good health and safety work environment with zero work-related fatalities and a zero lost-time injury frequency rate. ▪ All employees are represented by labor unions. It has a good 41:59 ratio of male to female employees but doesn't employ disabled workers. It has only a 6% staff turnover ratio. ▪ BEC has a Corporate Governance Committee to conduct sustainability management and social responsibility with CSR activities.
GOVERNANCE & SUSTAINABILITY – **Board** – **Ethics & Transparency** – **Business Sustainability** – **Risk Management** – **Innovation**	▪ BEC has a 13-member board of directors (BOD), of whom four are company executives. Some 38% of members are independent directors and 38% are also women. The board chairman and CEO are different persons. ▪ Its audit & risk committee has at least three independent members and one of them must have expertise in finance and accounting. There are at least seven risk management meetings per year. ▪ BEC has channels to receive complaints/whistleblowing, clear guidance on complaints/ whistleblowing, and complainant/whistleblower protection procedures for individuals within the organization and external parties. ▪ BEC ensures that its BOD sets goals that are suitable for its business environment and business capacity, both financial and non-financial, and taking into consideration surrounding factors of the business, business opportunities, and risks. ▪ BEC plans to adopt new technology to lower production and filming work, which in turn would reduce waste and its carbon footprint.

Sources: Thanachart, Company data

We project a 2023-24F earnings turnaround of 45/20%

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	5,861	5,680	5,149	5,720	6,214
Cost of sales	4,583	3,789	3,634	3,839	4,082
Gross profit	**1,278**	**1,891**	**1,515**	**1,881**	**2,132**
% gross margin	21.8%	33.3%	29.4%	32.9%	34.3%
Selling & administration expenses	1,344	763	799	891	952
Operating profit	**(66)**	**1,128**	**716**	**991**	**1,180**
% operating margin	-1.1%	19.9%	13.9%	17.3%	19.0%
Depreciation & amortization	2,102	1,987	2,009	2,016	2,026
EBITDA	**2,036**	**3,115**	**2,725**	**3,007**	**3,206**
% EBITDA margin	34.7%	54.8%	52.9%	52.6%	51.6%
Non-operating income	47	47	39	43	47
Non-operating expenses	0	0	0	0	0
Interest expense	(117)	(97)	(108)	(95)	(96)
Pre-tax profit	**(135)**	**1,078**	**646**	**938**	**1,130**
Income tax	98	231	129	188	226
After-tax profit	**(233)**	**847**	**517**	**751**	**904**
% net margin	-4.0%	14.9%	10.0%	13.1%	14.6%
Shares in affiliates' Earnings	(2)	0	0	0	0
Minority interests	90	(0)	0	0	0
Extraordinary items	(68)	(86)	38	0	0
NET PROFIT	**(214)**	**762**	**555**	**751**	**904**
Normalized profit	**(146)**	**847**	**517**	**751**	**904**
EPS (Bt)	(0.1)	0.4	0.3	0.4	0.5
Normalized EPS (Bt)	(0.1)	0.4	0.3	0.4	0.5

Balance sheet still strong, on our estimates

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	3,889	5,708	5,581	5,702	5,538
Cash & cash equivalent	2,598	4,718	4,675	4,695	4,445
Account receivables	1,117	830	762	846	919
Inventories	2	0	0	0	0
Others	171	159	144	160	174
Investments & loans	41	70	70	70	70
Net fixed assets	268	184	259	526	782
Other assets	5,321	4,361	3,620	3,513	3,636
Total assets	**9,519**	**10,323**	**9,530**	**9,810**	**10,027**
LIABILITIES:					
Current liabilities:	818	3,835	688	785	821
Account payables	474	390	378	400	425
Bank overdraft & ST loans	0	0	0	0	0
Current LT debt	0	3,000	0	0	0
Others current liabilities	344	445	309	385	396
Total LT debt	**2,999**	**0**	**2,004**	**2,001**	**2,003**
Others LT liabilities	293	295	339	362	382
Total liabilities	**4,110**	**4,130**	**3,031**	**3,148**	**3,206**
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	2,000	2,000	2,000	2,000	2,000
Share premium	1,167	1,167	1,167	1,167	1,167
Warrants	0	0	0	0	0
Surplus	(73)	(50)	(50)	(50)	(50)
Retained earnings	**2,315**	**3,076**	**3,382**	**3,545**	**3,704**
Shareholders' equity	5,409	6,193	6,498	6,661	6,821
Liabilities & equity	**9,519**	**10,323**	**9,530**	**9,810**	**10,027**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

We factor in capex for BEC Studios' business over 2022-24F

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	(135)	1,078	646	938	1,130
Tax paid	(97)	(246)	(123)	(191)	(224)
Depreciation & amortization	2,102	1,987	2,015	2,024	2,035
Chg In w orking capital	(0)	205	57	(63)	(48)
Chg In other CA & CL / minorities	(276)	128	(127)	63	(5)
Cash flow from operations	**1,593**	**3,153**	**2,468**	**2,771**	**2,889**
Capex	(55)	(21)	(200)	(400)	(400)
Right of use	(95)	75	(30)	(30)	(30)
ST loans & investments	0	0	0	0	0
LT loans & investments	78	(28)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(1,410)	(1,082)	(1,036)	(1,731)	(1,965)
Cash flow from investments	**(1,481)**	**(1,056)**	**(1,266)**	**(2,161)**	**(2,395)**
Debt financing	(330)	1	(996)	(3)	1
Capital increase	0	0	0	0	0
Dividends paid	0	0	(250)	(588)	(745)
Warrants & other surplus	(0)	22	0	0	0
Cash flow from financing	**(330)**	**23**	**(1,245)**	**(590)**	**(744)**
Free cash flow	**1,538**	**3,132**	**2,268**	**2,371**	**2,489**

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	na	24.8	40.6	28.0	23.2
Normalized PE - at target price (x)	na	30.7	50.3	34.6	28.8
PE (x)	na	27.6	37.8	28.0	23.2
PE - at target price (x)	na	34.1	46.8	34.6	28.8
EV/EBITDA (x)	10.5	6.2	6.7	6.1	5.8
EV/EBITDA - at target price (x)	13.0	7.8	8.6	7.8	7.3
P/BV (x)	3.9	3.4	3.2	3.2	3.1
P/BV - at target price (x)	4.8	4.2	4.0	3.9	3.8
P/CFO (x)	13.2	6.7	8.5	7.6	7.3
Price/sales (x)	3.6	3.7	4.1	3.7	3.4
Dividend yield (%)	0.0	0.0	2.4	3.2	3.9
FCF Yield (%)	7.3	14.9	10.8	11.3	11.9
(Bt)					
Normalized EPS	(0.1)	0.4	0.3	0.4	0.5
EPS	(0.1)	0.4	0.3	0.4	0.5
DPS	0.0	0.0	0.2	0.3	0.4
BV/share	2.7	3.1	3.2	3.3	3.4
CFO/share	0.8	1.6	1.2	1.4	1.4
FCF/share	0.8	1.6	1.1	1.2	1.2

Sources: Company data, Thanachart estimates

We estimate profitability levels to increase in 2023-24F

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(29.5)	(3.1)	(9.3)	11.1	8.6
Net profit (%)	na	na	(27.1)	35.2	20.5
EPS (%)	na	na	(27.1)	35.2	20.5
Normalized profit (%)	na	na	(39.0)	45.2	20.5
Normalized EPS (%)	na	na	(39.0)	45.2	20.5
Dividend payout ratio (%)	0.0	0.0	90.0	90.0	90.0
Operating performance					
Gross margin (%)	21.8	33.3	29.4	32.9	34.3
Operating margin (%)	(1.1)	19.9	13.9	17.3	19.0
EBITDA margin (%)	34.7	54.8	52.9	52.6	51.6
Net margin (%)	(4.0)	14.9	10.0	13.1	14.6
D/E (incl. minor) (x)	0.6	0.5	0.3	0.3	0.3
Net D/E (incl. minor) (x)	0.1	(0.3)	(0.4)	(0.4)	(0.4)
Interest coverage - EBIT (x)	na	11.7	6.6	10.4	12.3
Interest coverage - EBITDA (x)	17.5	32.2	25.2	31.6	33.3
ROA - using norm profit (%)	na	8.5	5.2	7.8	9.1
ROE - using norm profit (%)	na	14.6	8.1	11.4	13.4
DuPont					
ROE - using after tax profit (%)	na	14.6	8.1	11.4	13.4
- asset turnover (x)	0.6	0.6	0.5	0.6	0.6
- operating margin (%)	na	20.7	14.7	18.1	19.7
- leverage (x)	1.9	1.7	1.6	1.5	1.5
- interest burden (%)	724.6	91.8	85.7	90.8	92.2
- tax burden (%)	na	78.6	80.0	80.0	80.0
WACC (%)	10.9	10.9	10.9	10.9	10.9
ROIC (%)	(1.1)	15.3	12.8	20.7	23.8
NOPAT (Bt m)	(66)	886	573	793	944
invested capital (Bt m)	5,810	4,475	3,828	3,968	4,378

Sources: Company data, Thanachart estimates

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90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69		Satisfactory
50-59	▲▲	Pass
Below	▲	N/A

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