



**MANAGEMENT DISCUSSION AND ANALYSIS**

**2Q/2021**

August 13, 2021

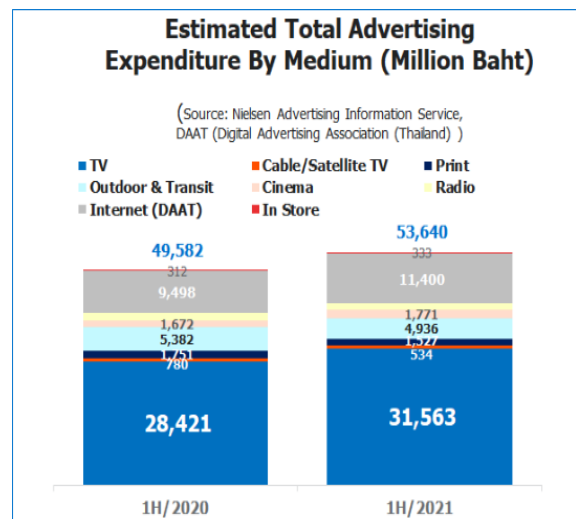
**Executive Summary**

- BEC World Public Company Limited or (“BEC Group”, “the Company”) reported net profit attributable to the Company increasing 169.2% from 2Q/20 to Baht 184.7 million. The performance of the company has turned around to profit for four consecutive quarters since 3Q/20.
- Although the third wave of COVID-19 pandemic continued to pressure the economic recovery, the overall advertising spending in 2Q/21 expanded from the adjustment of advertisers.
- BEC has improved the entire news program slots and featured highly popular of news anchor such as Khun Sorayuth Suthassanachinda to host the show. BEC also introduced new Thai Drama Series which have continuous high popularity and flexibility in scheduling the contents/programs according to advertising spending. Consequently, the total revenue of the BEC group increased both from 2Q/20 and from 1Q/21 continuously.
- Based on BEC Group’s “Single Content Multiple Platform” strategy, the Global Content Licensing business and Digital Platform business’s revenue have significantly expanded which in the quarter had a total revenue of Baht 225.8 million.
- Cash and cash equivalents in the statement of financial position increased by Baht 1,099.4 million or 39.9% from the end of 2020 to Baht 3,587.7 million at the end of 2Q/21, with a net cash flow from operations of Baht 1,844.9 million. This is the result of substantial performance improvement when compared with 2Q/20.

**Economic Overview and Market Situation**

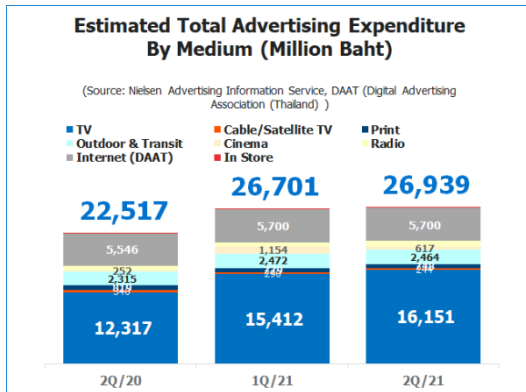
The Thai economy in 2Q21 continued to be affected by the third wave of the COVID-19 pandemic since April 2021 which directly affected private consumption. Despite various ongoing stimulus measures from the government, the household spending remained restrained. Meanwhile, the tourism sector had not been able to recover from the situation and employment rate remained at a low level. Furthermore, the number of daily infections has been increasing continuously since April 2021 and currently at a high level while vaccination is delayed and could prolong the pandemic wave and affect the overall recovery of the Thai economy.

According to Nielsen Media Research (“Nielsen”), the estimated advertising expenditures (“AdEx”) in 1H/21 was at Baht 53,640 million, increasing of Baht 4,058 million or 8.2% YoY from 1H/20.





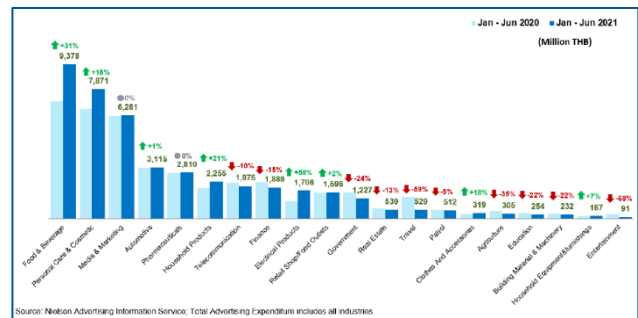
The biggest increase was from the Internet media, which increased 20.0% YoY, Television media (TV) increased 11.1% YoY and In-store advertising media (In-Store) increased by 6.7% YoY. The total TV (TV+Cable/Satellite TV) spending was at Baht 32,097 million, an increase of 9.9% YoY, although Cable/Satellite TV decreased by 31.5% YoY compared to the first half of 2020. The TV group was still the main advertising media and had the most market share of about 59.8%.



While the AdEx in 2Q/21 was at Baht 26,939 million, an increase of Baht 4,422 million or 19.6% YoY from 2Q/20 at Baht 22,517 million and increased by Baht 238 million or 0.9% QoQ from 1Q/21 at Baht 26,701 million. The total television group is still the main advertising media and had the most market share of approximately 60.9%. The media with the highest increase in 2Q/21 was from the Cinema media which increased

144.8% YoY from 2Q/20 but decreased 46.5% QoQ from 1Q/21, while the In-Store media increased 59.6% YoY from 2Q/20 and increased 9.4% QoQ from 1Q/21. The media with the highest decline was the TV-Cable/Satellite, decreasing by 28.2% YoY from 2Q/20 and 15.9% QoQ from 1Q/21, while Print media decreased by 8.7% YoY from 2Q/20 and by 4.0% QoQ from 1Q/21.

The total TV (TV + Cable / Satellite TV) spending was at Baht 16,395 million, increasing 29.5% YoY from 2Q/20 and expanding 4.4% QoQ from 1Q/21.



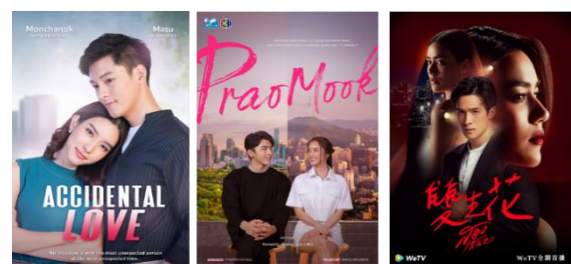
Overall, the advertising spending in the first half of 2021 compared to the first half of 2020 for the Food & Beverage segment increased by 31%, the Personal Care & Cosmetic segment increased by 18%, the Automotive Group increased by 1% while the Telecommunications group dropped by 10% and Finance Group decreased by 15%.

**Significant Developments In 2Q/21**



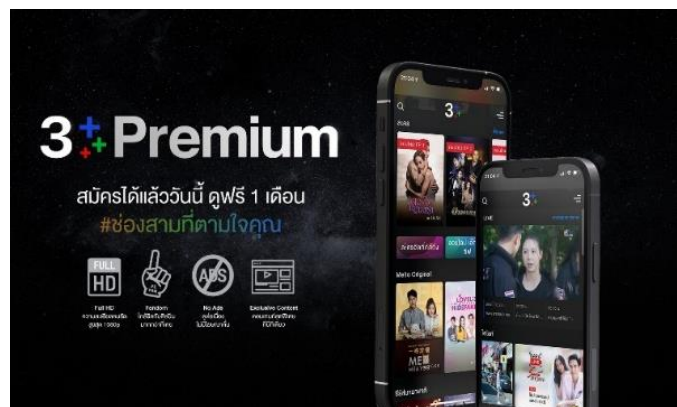
In 2Q/21, BEC group has adjusted the program schedule for various broadcasts i.e. new news programs such as "KanKao Chao Troo News" and "Khao Sam Si" program as well as increasing the broadcasting time of morning news program "Rueng Lao Chao Nee" by 25 minutes and the return of news anchor "Mr. Sorayuth Suthassanachinda" to the news programs "Rueng Lao Sao Artit" and "Rueng Lao Chao Nee" since May 1, 2021. In addition, there was an adjustment of broadcasting time of evening news program "Rueng Den Yen Nee" to air before the pre-prime time drama. New drama content was used during the Pre-Prime Time to generate additional revenue based on the growth in advertising spending during that period. Consequently, the new dramas in the Pre-Prime Time period have been well received by the market and the audience consistently since the beginning of the year. This allows the company to generate significantly increase of advertising revenue.

In 2Q/21, BEC Group had simulcast three dramas abroad, namely "Accidental Love", "Prao Mook", and "The Unidentical Twins" and the announcement of cooperation with Netflix to simulcasting 6 dramas to the Netflix platform including "Dare To Love", "The Deadly Affair", "Help Me Oh My Ghost", "I See Dead People", "Game of Outlaws", and



"The miracle of Teddy Bear". All the 6 titles will gradually be broadcast and revenue recognition will take place during 3Q/21 to 1Q/22.

The Digital Platform business has cooperated with Muse Innovation Co., Ltd. (MUZE), a leader in website and application software development as a partner in the creation and development of OTT (Over The Top) system continuously since the beginning of 2021. The development has improved CH3 Plus's digital competitiveness, including adjusting the way its content and entertainment are presented to be more modern and more in line with consumers' behavior in the digital era. Furthermore, in 2Q/21, there was exclusive content for "CH3Plus Premium" or CH3 Plus subscribers in the subscription system. On April 26, 2021, the activity "3Plus The Moment: Meaningful Day" with actor Meen Peerawit was well received with good response.





**Consolidated Performance Summary**

STATEMENT OF INCOME (Consolidated)	2Q/21		2Q/20		1Q/21		YoY		QoQ	
	M.TH.B	%	M.TH.B	%	M.TH.B	%	(+/-)	%	(+/-)	%
<b>Total Revenues</b>	<b>1,504.7</b>	100.0%	<b>1,183.8</b>	100.0%	<b>1,308.2</b>	100.0%	320.9	27.1%	196.5	15.0%
Advertising income	1,222.3	81.2%	887.0	74.9%	1,174.5	89.8%	335.3	37.8%	47.7	4.1%
Income from copyright and other services	282.4	18.8%	284.6	24.0%	133.7	10.2%	(2.1)	-0.8%	148.8	111.3%
Income from organizing concerts and shows	-	0.0%	2.5	0.2%	-	0.0%	(2.5)	-100.0%	-	0.0%
Sales of goods	-	0.0%	9.7	0.8%	-	0.0%	(9.7)	-100.0%	-	0.0%
<b>Total Cost</b>	<b>(1,047.7)</b>	-69.6%	<b>(1,020.4)</b>	-86.2%	<b>(973.3)</b>	-74.4%	27.4	2.7%	74.4	7.6%
Cost of sales and services	(1,047.7)	-69.6%	(1,016.0)	-85.8%	(973.3)	-74.4%	31.7	3.1%	74.4	7.6%
Cost of organizing concerts and shows	-	0.0%	(4.3)	-0.4%	-	0.0%	(4.3)	-100.0%	-	0.0%
<b>Gross Profit</b>	<b>457.0</b>	30.4%	<b>163.5</b>	13.8%	<b>334.9</b>	25.6%	293.5	179.5%	122.1	36.5%
Selling and Admin Expenses	(207.2)	-13.8%	(368.8)	-31.1%	(146.4)	-11.2%	(161.6)	-43.8%	60.8	41.5%
Other income	12.2	0.8%	14.3	1.2%	10.9	0.8%	(2.1)	-14.5%	1.3	12.1%
Non-Recurring Item - Loss on valuation of investments in non-marketable equity securities	(2.6)	-0.2%	-	0.0%	-	0.0%	2.6	100.0%	2.6	100.0%
Impairment loss in accordance with Financial Reporting Standard No. 9	(1.0)	-0.1%	-	0.0%	(3.2)	-0.2%	1.0	100.0%	(2.2)	100.0%
Share of profit (loss) of associates held by subsidiary	-	0.0%	(1.2)	-0.1%	-	0.0%	1.2	100.0%	-	0.0%
Finance costs	(24.1)	-1.6%	(29.8)	-2.5%	(24.1)	-1.8%	(5.7)	-19.2%	(0.0)	0.0%
<b>Profit (Loss) before income tax expense</b>	<b>234.3</b>	15.6%	<b>(222.0)</b>	-18.8%	<b>172.1</b>	13.2%	456.3	205.5%	62.2	36.1%
Income tax (expense) revenue	(49.6)	-3.3%	(78.4)	-6.6%	(33.3)	-2.5%	(28.8)	-36.7%	16.3	49.1%
<b>Profit (Loss) for the period</b>	<b>184.7</b>	12.3%	<b>(300.4)</b>	-25.4%	<b>138.8</b>	10.6%	485.1	161.5%	45.9	33.0%
<b>Net Profit (Loss) attributable to BEC World</b>	<b>184.7</b>	12.3%	<b>(266.8)</b>	-22.5%	<b>138.8</b>	10.6%	451.4	169.2%	45.9	33.0%
Non-controlling interests	-	0.0%	(38.4)	-3.2%	-	0.0%	38.4	100.0%	-	0.0%

Note: From December 8, 2020, the Company has removed BEC-Tero Entertainment Public Company Limited financials from the Company's consolidated financial statements.

**Revenue**

BEC Group's advertising income in 2Q/21 stood at Baht 1,222.3 million, 37.8% YoY increased from 2Q/20 and 4.1% QoQ increased from 1Q/21. The increase in revenue was from higher advertising minutes sold and the growth in number of customers as a result of the efforts to boost sales in a highly competitive environment during the Covid-19 pandemic in which the number of daily infections had increased continuously during 2Q/21. The content improvement, both in news programs and drama series, had helped increase minutes sold during the quarter irrespective of the removal of BEC-Tero Entertainment Public Company Limited ("Tero") financials from the Company's consolidated financial statements. The removal would reduce both income and expenses according to the new structure in 2021.

Income from copyrights and other services was at Baht 282.4 million, decreased 0.8% YoY from 2Q/20 but increased 111.3% QoQ from 1Q/21. The increases QoQ was from the Global Content Licensing business which started to simulcast dramas in 2Q/20 and the growth of Digital Platform business, which grew in accordance with the use of new contents for broadcasting and sales of content licensing model to various digital platforms in Thailand. The Global Content Licensing business and Digital Platform business's revenue amounted to Baht 225.8 million in this quarter, accounting 15.0% of the total revenue of the BEC group.

Income from organizing concerts and shows decreased to zero because the Company sold its investment in Tero and removed it from the Company's consolidated financial statements.

BEC Group's overall income for 2Q/21 was at Baht 1,504.7 million, an increase of 27.1% YoY from 2Q/20 and increased 15.0% QoQ from 1Q/21. Advertising sales of Channel 33 remained the main source of income for the BEC Group, accounting for 81.2% of total income.

**Cost**

Cost of sales and services for 2Q/21 was at Baht 1,047.7 million, increasing 2.7% YoY from 2Q/20 and increasing 7.6% QoQ from 1Q/21, mainly because of the cost from broadcasting volleyball programs and the cost of drama amortization. Cost of drama amortization increased from more First-Run drama broadcasts from 2Q/20 and 1Q/21 during Pre-Prime Time Drama and Prime Time Drama.

**Gross Profit**

Gross profit in 2Q/21 was at Baht 457.0 million, or increased 179.5% YoY from 2Q/20, and increased 36.5% QoQ from 1Q/21, with the support of growth from global content licensing and digital platform business. The gross profit margin in 2Q/21 is 30.4%

BEC Group's selling and administrative expenses was Baht 207.2 million, which decreased 43.8% YoY from 2Q/20, from cost reduction, downsizing and removing Tero's financials from the Company's consolidated financial statements but increased 41.5% QoQ from 1Q/21, due to higher selling and administrative expenses from higher sales in 2Q/21.

**Financial Cost**

BEC's financial cost for 2Q/21 was at Baht 24.1 million, decreased 19.2% YoY from 2Q/20 and stable from 1Q/21.



**Conclusion**

In conclusion, BEC Group reported consolidated net income attributable to BEC World of Baht 184.7 million increasing 169.2% YoY from 2Q/20 and increased 33.0% QoQ from 1Q/21. Moreover, BEC group had a

net cash flow from operation of Baht 1,844.9 million and Cash and cash equivalents of Baht 3,587.7 million as at ending 1Q/21, which increased by Baht 1,099.4 million from the ending year 2020.

Best regards,

A handwritten signature in black ink, appearing to be 'P' followed by a stylized 'A'.

(Piriyadit Choophungart)

Executive Vice President, Finance & Accounting

BEC World Public Company Limited