



MANAGEMENT DISCUSSION AND ANALYSIS 1Q/2023

May 12, 2023

BEC Group reported net profit attributable for the first three-months of 2023 performance at Baht 3.7 million, with Cash and cash equivalents of Baht 3,997 million as at ending 1Q/23

Executive Summary

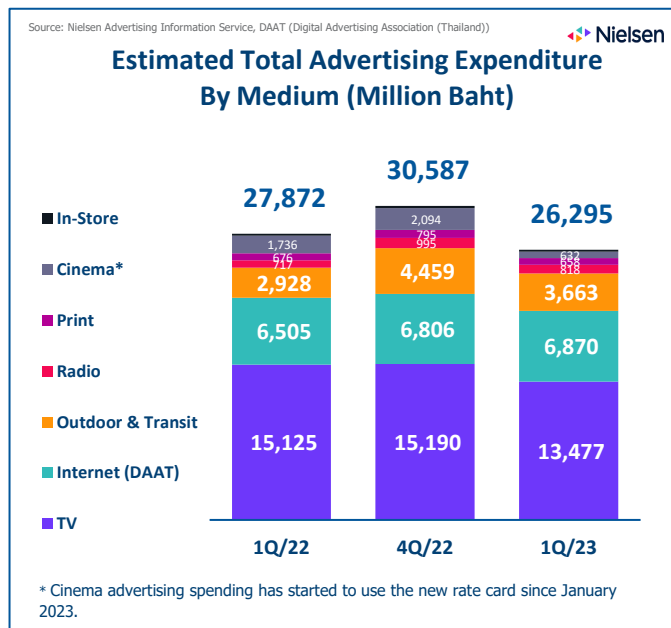
- In the first quarter of 2023, the global economic outlook remained uncertain. The Thai economy was pressured by production costs, cost of living, inflation, persistently high household debt as well as political uncertainties which could affect investment confidence and spending. From the upcoming transition in the government, many businesses have reduced their advertising spending, causing a 10.9% YoY decreased in advertising expenditure on television media from 1Q/22. Despite this decline, television remained the primary advertising medium, accounting for the largest market share of approximately 51.3%.
- BEC World Public Company Limited (“BEC Group” or “The Company”) reported net profit attributable to the Company in 1Q/23 at Baht 3.7 million, decreasing 97.8% YoY from 1Q/22. Gross Profit margin decreased to 18.5% in 1Q/23 from 29.5% in 1Q/22. The Company continued to make profit performance consecutively since 3Q/20 to this quarter.
- In 1Q/23, revenue from Global Content Licensing and Digital Platform business amounted to Baht 81.1 million or accounting for 8.1% of revenues from operation.
- Cash and cash equivalents in the statement of financial position increased by 1.1% or Baht 45 million to Baht 3,997.3 million as of March 31, 2023, from Baht 3,952.2 million as of December 31, 2022. The Company had a net cash flow from operating activities of Baht 554 million in this quarter.

Economic Overview and Market Situation

In 1Q/23, Thai economy continued to face uncertain recovery. Notwithstanding the support from improving tourism sector, Thailand exports declined due to the global economic slowdown on the back of constrained private sector spending. The global economic uncertainty, along with accelerated policy interest rate hikes, particularly in the US, the banking crisis in both the US and Europe as well as high inflation had increased the risk of recession. This situation adversely affected and put pressure on the export sector whereas the overall exports in this year might contract. Furthermore, the pressures of cost of production, cost of living, inflation, and household debt problems continued to pose risks to domestic spending, contributing to the decreasing trend in economic recovery.



Additionally, political uncertainty from the transition to the new government might have impacted investment confidence and spending and resulted in a further slowdown in advertising spending by multinational companies or brands in the first quarter of 2023.

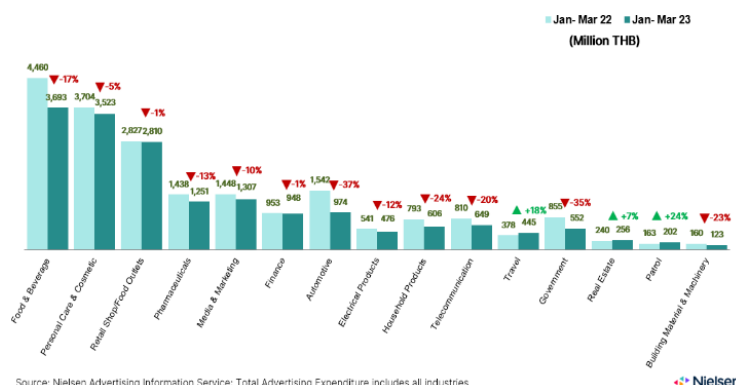


According to Nielsen Media Research ("Nielsen"), advertising expenditures (AdEx) in Thailand for the first quarter of 2023 were estimated at Baht 26,295 million, which was a decrease of 5.7% YoY from 1Q/22 at Baht 27,872 million, and a decrease of 14% QoQ from 4Q/22 at Baht 30,587 million. The Outdoor & Transit media saw the most significant increase in 1Q/23 compared to 1Q/22, increasing by 25.1% YoY to Baht 3,663 million as people returned to normal life after the COVID-19 situation subsided, and the tourism sector gradually recovered but decreased by 17.9% QoQ from 4Q/22.

Nielsen adjusted the Rate Card for estimated cinema advertising expenditure in January 2023.

As a result, the AdEx of Cinema in 1Q/23 decreased by as much as 63.6% YoY from 1Q/22 and decreased by 69.8% QoQ from 4Q/22. Total advertising spending of TV group (TV + Cable/Satellite TV) in 1Q/23 was at Baht 13,477 million, a decrease of 10.9% YoY from 1Q/22 at Baht 15,125 million and a decrease of 11.3% QoQ from 4Q/22 at Baht 15,190 million. However, TV group remained the main medium for advertising spending and accounted for about 51.3% of the total spending.

THAILAND MEDIA SPENDING



The top three industries with the highest advertising spending in 1Q/23 were:

1. Food & Beverage Industry, with a market value of Baht 3,693 million, decreasing 17% YoY from 1Q/22.
2. Personal Care and Cosmetic Industry, with a market value of Baht 3,523 million, decreasing 5% YoY from 1Q/22.
3. Retail Shop/Food Outlets with a market value of Baht 2,810 million, decreasing 1% YoY from 1Q/22.



Significant Developments in 1Q/23

In 1Q/23, BEC group had significant business development as follows:

1. Global Content Licensing (GCL) Business continued to expand. In 1Q/23 the Company had sold 3 simulcast dramas to many countries as follows:

- You Touched My Heart via VIU in Indonesia.
- Devil in Law via VIU in Malaysia, Indonesia, Singapore.
- Royal Doctor via Netflix and VIU in Thailand, Laos, Cambodia, Myanmar, Vietnam, Singapore, and Malaysia.



However, most of Royal Doctor's revenue would be recognized in 2Q/23 as only 3 episodes were shown in 1Q/23.

2. Digital Platform Business.

The Company has announced a business partnership project with AIS to launch a special happiness campaign for AIS customers with entertainment experiences which transcends the TV through the 3Plus Premium package. Packed with various premium content, the objective is to increase the number of 3Plus premium subscribers.



BEC WORLD PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS 1Q/2023



Consolidated Performance Summary

STATEMENT OF INCOME (Consolidated)	1Q/23		1Q/22		4Q/22		YoY		QoQ	
	M.TH.B	%	M.TH.B	%	M.TH.B	%	(+/-)	%	(+/-)	%
Revenues from Operation*	995.9	100.0%	1,240.9	100.0%	1,223.8	100.0%	(245.0)	-19.7%	(227.9)	-18.6%
Advertising income	907.3	91.1%	1,096.0	88.3%	1,045.0	85.4%	(188.8)	-17.2%	(137.7)	-13.2%
Income from copyright and other services	88.6	8.9%	144.9	11.7%	178.8	14.6%	(56.3)	-38.8%	(90.2)	-50.5%
Total Cost	(811.3)	-81.5%	(875.1)	-70.5%	(828.5)	-67.7%	(63.8)	-7.3%	(17.2)	-2.1%
Cost of sales and services	(811.3)	-81.5%	(875.1)	-70.5%	(828.5)	-67.7%	(63.8)	-7.3%	(17.2)	-2.1%
Gross Profit	184.6	18.5%	365.8	29.5%	395.3	32.3%	(181.2)	-49.5%	(210.7)	-53.3%
Selling and Admin Expenses	(166.2)	-16.7%	(172.8)	-13.9%	(217.7)	-17.8%	(6.6)	-3.8%	(51.5)	-23.7%
Operating Profit	18.4	1.8%	193.0	15.6%	177.6	14.5%	(174.6)	-90.5%	(159.2)	-89.7%
Other income	3.0	0.3%	12.7	1.0%	(3.9)	-0.3%	(9.6)	-76.0%	7.0	177.4%
Reverse (Impairment loss) in accordance with Financial Reporting Standard No. 9	1.5	0.2%	27.6	2.2%	3.1	0.3%	26.1	94.6%	1.6	51.2%
Share of Profit from investments in joint ventures	2.7	0.2%	-	0.0%	4.1	0.3%	2.7	0.0%	(1.4)	-34.2%
Earning Before Interest and Tax [EBIT]	25.6	2.1%	233.3	18.8%	180.8	14.8%	(207.7)	-89.0%	(155.2)	-85.8%
Interest income	6.1	0.6%	1.1	0.1%	7.4	0.6%	5.0	456.5%	(1.4)	-18.4%
Finance costs	(27.5)	-2.8%	(23.5)	-1.9%	(28.2)	-2.3%	4.0	16.8%	(0.7)	-2.5%
Profit (Loss) before income tax expense	4.2	0.4%	210.8	17.0%	160.1	13.1%	(206.6)	-98.0%	(155.9)	-97.4%
Income tax expense	(0.5)	0.0%	(37.0)	-3.0%	(11.2)	-0.9%	(36.6)	-98.8%	(10.7)	-95.9%
Profit (Loss) for the period	3.7	0.4%	173.8	14.0%	148.9	12.2%	(170.1)	-97.8%	(145.1)	-97.5%
Net Profit (Loss) attributable to BEC World	3.7	0.4%	173.8	14.0%	148.9	12.2%	(170.1)	-97.8%	(145.1)	-97.5%
Non-controlling interests	(0.0)	0.0%	0.0	0.0%	0.0	0.0%	(0.0)	-125.0%	(0.0)	-149.7%

*Revenues from Operation (excluding other income) for analysis in the Management Discussion and Analysis.

REVENUE

BEC Group's advertising income in 1Q/23 was at Baht 907.3 million, decreasing 17.2% YoY from 1Q/22 at Baht 1,096 million and decreasing 13.2 % QoQ from 4Q/22 at Baht 1,045 million. The decrease of revenue in 1Q/23 from the 1Q/22 and from the 4Q/22 was attributed to a decrease in minutes used due to high global inflation and political uncertainty ahead of the general election. As a result, many businesses delayed their advertising spending for marketing communication campaigns in various channels and television and simply monitored the situation.

In 1Q/23, income from Copyright and Other Services was at Baht 88.6 million or decreasing 38.8% YoY from 1Q/22 and decreasing 50.5% QoQ from 4Q/22. Revenue from Global Content Licensing Business was at Baht 26.4 million, decreasing Baht 27.9 million or 51.4% YoY from 1Q/22 and decreasing Baht 79.1 million or 75.0% QoQ from 4Q/22 due to postponed overseas sales of dramas in the end of 1Q/23 to 2Q/23 of which revenue would be recognized in the following quarters. Revenue from Digital Platform Business in this quarter at Baht 54.7 million, decreased Baht 32.7 million or 37.4% YoY from 1Q/22 and decreased Baht 18.6 million or 25.4% QoQ from 4Q/22 as first-run dramas decreased in this quarter. The combined revenue of the two businesses amounted to Baht 81.1 million or decreasing Baht 60.6 million YoY from 1Q/22 and accounting for 8.1% of revenues from operation.

BEC Group's revenue from operation in 1Q/23 was at Baht 995.9 million decreasing Baht 245 million or 19.7% YoY from 1Q/22 and decreasing Baht 227.9 million or 18.6% QoQ from 4Q/22. In addition, the advertising income remained the main source of income for the BEC Group, accounting for 91.1% of the revenues from operation.



COST OF SALES

Cost of sales and services in 1Q/23 was at Baht 811.3 million, decreasing Baht 63.8 million or 7.3% YoY from 1Q/22 at Baht 875.1 million and decreasing Baht 17.2 million or 2.1% YoY from 4Q/22 at Baht 828.5 million. The decline was primarily due to lower drama and series amortization in line with the broadcast program re-scheduling where the prime-time airtime decreased to 1.30 hours from 2.00 hours last year, effective January 20, 2023. Additionally, depreciation costs were reduced in line with assets' useful life and ongoing cost control.

GROSS PROFIT

As the operating income of the BEC group decreased more than the total cost of sales of the BEC group, the gross profit of the BEC group in 1Q/23 was at Baht 184.6 million or decreased 49.5% YoY from 1Q/22 at Baht 365.8 million and decreased 53.3% QoQ from 4Q/22 at Baht 395.3 million, with a gross profit margin of BEC Group at 18.5% in 1Q/23.

BEC Group's selling and administrative expenses in 1Q/23 amounted to Baht 166.2 million, decreasing Baht 6.6 million or 3.8% YoY from 1Q/22 and decreasing Baht 51.5 million or 23.7% QoQ from Q4/2022, mainly from lower drama marketing expenses.

In 1Q/23, BEC group had a reversal in accordance with Financial Reporting Standard No. 9 at Baht 1.5 million, decreased Baht 26.1 million YoY from 1Q/22 at Baht 27.6 million as the Company was able to collection long overdue trade account receivables in 2022.

SHARE OF PROFIT (LOSS) FROM JOINT VENTURE

In 1Q/23, the Company recognized the share of profit from the "Buaphan Fan Yap " joint venture according to the equity method in line with the investment proportion in the amount of Baht 2.7 million while recognizing in the amount of Baht 4.1 million in 4Q/22.

FINANCE COSTS

BEC Group's Finance Costs in 1Q/23 was at Baht 27.5 million, increased Baht 4 million YoY from 1Q/22 at Baht 23.5 million but decreased Baht 0.7 million QoQ from 4Q/22 at Baht 28.2 million.

INCOME TAX EXPENSES

Income tax expenses of BEC Group in 1Q/23 was at Baht 0.5 million, decreasing Baht 36.6 million or 98.8% YoY from 1Q/22 and decreasing Baht 10.7 million or 95.9% QoQ from 4Q/22 in line with the decreased in profit before taxes for 1Q/23.

CONCLUSION

In conclusion, BEC Group reported a consolidated net profit attributable to BEC World of Baht 3.7 million, decreasing Baht 170.1 million or 97.8% YoY from 1Q/22 and decreasing Baht 145.1 million or 97.5% QoQ from 4Q/22. In addition, BEC Group had a net cash from operation of Baht 554 million and Cash and Cash equivalents of Baht 3,997.3 million as of ending 1Q/23.

DRIVING BUSINESS FOR BEC GROUP'S SUSTAINABILITY

BEC Group is committed to driving the business towards sustainable growth. The Company prioritizes managing its organization under the principles of good corporate governance while also taking into account the well-being of the environment, society, and community. This approach aims to provide a strong foundation for the organization, enabling it to generate long-term income and profits that benefit all stakeholders, even amid an uncertain economy. As a result, the Company has experienced success in its business operations. In the first quarter of 2023, BEC Group has undertaken several initiatives related to Environment, Social and Governance (ESG), including:

Environmental Aspect

- On March 10, 2023, Channel 3 actively participated in a seminar and site visit to the "Klang Island Community Comprehensive Waste Management Model Project" located at the Queen's 80th Anniversary Park, 100 Years of the Ministry of Transport (Sukhumvit 48/1). This model community has successfully implemented a waste management system with the cooperation of every household in the community, resulting in a reduction of more than 50% or approximately 4.9 tons of waste per year in the sample households. Furthermore, this initiative has contributed to a reduction in community expenses by approximately 107,400 baht per year. By showcasing this project, Channel 3 is promoting and supporting sustainable practices in waste management for a better environment and community.
- BEC World Public Company Limited is participating in the "Turn off the lights for 1 hour to reduce global warming: 60+ Earth Hour" campaign. The Company encourages people to turn off unnecessary lights for one hour to reduce global warming, in line with 7,000 cities around the world that participate in this event on the last Saturday of March every year. This year's event was on Saturday, March 25, 2023, from 8:30 PM to 9:30 PM, with the goal of reducing global warming and greenhouse gas emissions by reducing energy consumption.



Social and Community Aspect

- BEC World Public Company Limited has signed an academic cooperation agreement with several universities in order to promote learning through professional experience (Work Based Learning), create quality personnel, and enhance public relations about recruitment in various positions within the company. The agreement also includes the exchange of knowledge through various activities in collaboration with educational institutions. During the first quarter of 2023, BEC World signed an MoU with three universities - Suan Sunandha Rajabhat University, Huachiew Chalermprakiet University, and Chitralada Technology Institute.





- On March 23, 2023, the Company held "BEC World 2023 Townhall" from 3:30 PM to 5:00 PM via MS Team and Onsite (Floor 8, Maleenont Building 2) for employees to meet with top executives

Mr. Surin Krittayaphongphun (President of TV Business)

- Overview of business operations 2022
- Business direction 2023

Mr. Apicha Honghirunruang (President of BEC Studio)

- Virtual Production, the real world and the virtual world and cooperation between bureaus
- International Partnership

- Channel 3 is closely monitoring the 2023 election situation and has launched a special program called "Change or Continue". The program airs every Tuesday from 10:30 PM to 11:30 PM, with the first episode premiering on Tuesday, March 28, 2023. Each episode will feature a discussion with the "key politician" of each political party, providing viewers with valuable insights into the upcoming election.



Governance Aspect

- To promote good corporate governance, the Company has published an E-magazine every week featuring various topics such as the Personal Data Protection Act, which includes the right to access and obtain a copy of personal data, and the "Transparency, No Corruption" resolution as part of the Company's "Act on 3" New Year's resolutions.



Best regards,

(Piriya-dit Choophungart)
Executive Vice President, Finance & Accounting
BEC World Public Company Limited