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KEY HIGHLIGHTS

Sector

Media

Robust recovery may not be readily apparent in 3Q23.

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KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,494.02	(13.34)	(0.88)
SET50	917.39	(6.11)	(0.66)
Value (Btm) - SET	50,517		
Top 5 Sector			
BANK	383.08	(5.40)	(1.39)
PETRO	717.58	(15.38)	(2.10)
PROP	235.76	(2.75)	(1.15)
ENERG	20,926.47	(130.50)	(0.62)
ICT	161.17	(2.19)	(1.34)

Source: Bloomberg

TOP VOLUME

Symbol	Price (Bt)	Chg (%)	Volume ('000)
PTTEP	168.50	1.20	17,912.1
KBANK	123.00	(1.99)	21,623.6
SAV	15.30	0.00	127,771.6
SCB	102.00	(1.45)	21,952.9
BDMS	27.25	1.87	74,284.9

TOP GAINERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
B	0.06	20.00	17,801.1
VPO	1.00	17.65	34,740.7
TITLE	3.28	16.31	20,345.0
PPPM	0.08	14.29	1,667.9
TU-PF	0.67	13.56	0.1

TOP LOSERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
JCKH	0.04	(20.00)	3,601.2
SDC	0.06	(14.29)	3,006.3
ACC	0.70	(12.50)	8,110.6
SINO	1.75	(12.50)	131,617.2
EFORL	0.30	(11.76)	42,320.0

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	94.3	12.3	29.9	14.8
Dubai crude*	91.4	5.8	22.5	16.2
Baltic Dry Index	1,614.0	49.4	36.4	6.5
Gold Spot***	1,901.5	(0.7)	(0.6)	4.2

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(21.6)	(627.0)	(4,538.1)	(8,651.5)

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 36.42

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%)* - MLR = 6.85

SECTOR UPDATE

Media – Thailand

Robust Recovery May Not Be Readily Apparent In 3Q23

We have a neutral perspective on the media sector in 3Q23 due to subdued adex from diminished consumer confidence and the ambiguous stimulus policies of the new government. Looking ahead to 4Q23, an immediate robust recovery may not be readily apparent. However, we believe the sector's share prices have already factored in numerous challenges, and we anticipate a gradual improvement in the outlook. Maintain MARKET WEIGHT. Top picks: MAJOR and ONEE.

WHAT'S NEW

- **Slower-than-anticipated recovery of TV adex continuously pressures ads revenue in 3Q23.** From our channel check with TV broadcasting firms, TV adex is foreseen to be flat qoq due to: a) MNCs cutting their adex budgets on the back of weak consumer confidence, b) the sluggish pace of economic recovery, and c) the unclear landscape of stimulus policy after the election. In addition, according to Nielsen data, TV adex for Jul 23 stood at Bt5.1b, showing a stable yoy and qoq performance. For TV adex in Aug 23, the level did not deviate much from TV adex in Jul 23. Considering this, we anticipate that advertising income per minute and utilisation rates will remain steady. Despite the presence of compelling content, advertising revenue of Bec World (BEC) and The One Enterprise (ONEE) may not experience a robust recovery yet.

- **Revenue diversification will underpin TV players for the rest of the year.** Although advertising revenue is recovering slowly, we anticipate other businesses – such as selling copyright through over-the-top (OTT) platforms like VIU, Netflix, and Amazon Prime; organising events and concerts; and undertaking movie production with partners – to underpin overall revenue.

BEC has maintained its target of copyright revenue at Bt800m in 2023, bolstered by content sales through OTT platforms on the Date on Broadcasting (DOB) business model, including “The Betrayal”, “Doctor Detective”, and “Love Destiny 2”. Note that the company has reached 23% of its total copyright revenue target. Meanwhile, ONEE focuses on events and concerts, such as “The Golden Song The Golden Show Concert” and “Gemini Fourth My Turn Concert”, as well as the artiste management business.

- **TV players are nearing the end of a challenging year.** In 2023, the prospects of TV broadcaster players are heavily influenced by a multitude of factors, such as: a) a sluggish economy resulting in reduced consumer spending and increased cost control by TV agencies, b) the ongoing downward trend in the TV industry as online platforms continue to gain market share, and c) the prevailing uncertainty in Thai politics. Looking ahead in 4Q23, a robust recovery may not be immediately evident, but we believe the share prices of the sector have discounted many headwinds and we expect a gradual improvement in the outlook ahead.

PEER COMPARISON

Company	Ticker	Rec.	Last Price (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US\$m)	PE 2022 (x)	PE 2023F (x)	PE 2024F (x)	EPS CAGR 2022-24F (%)	PEG 2023F (x)	P/B 2023F (x)	Yield 2023F (%)	ROE 2023F (%)
Bec World	BEC TB	HOLD	7.10	8.20	15.5	394	34.2	30.1	21.4	26.3	2.2	3.3	2.7	7.5
Major Cineplex Group	MAJOR TB	BUY	13.60	18.00	32.4	338	48.3	13.6	10.6	112.9	0.1	1.9	7.4	12.4
The One Enterprise	ONEE TB	BUY	4.24	5.55	30.9	280	13.5	19.1	16.0	(8.2)	(0.7)	1.3	2.1	7.2
Sector						1,012	33.1	21.5	16.3			2.3	4.1	9.1

Source: UOB Kay Hian

MARKET WEIGHT

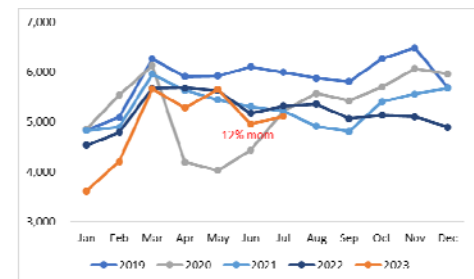
(Maintained)

TOP PICK

Company	Rec	Share price (Bt)	Target price (Bt)
ONEE	BUY	4.24	5.55
MAJOR	BUY	13.60	18.00

Source: UOB Kay Hian

TV ADEX REVENUE



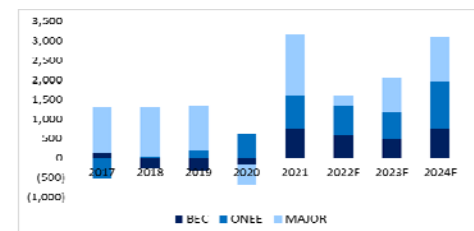
Source: Nielsen, UOB Kay Hian

TV ADEX BY SEASONALITY

Year	Q1	Q2	Q3	Q4
2017	17,624	17,356	17,269	13,901
2018	16,242	10,269	17,957	17,913
2019	16,199	17,947	17,691	18,452
2020	16,533	12,656	16,218	17,742
2021	15,686	16,388	14,941	16,644
2022	15,000	16,485	15,749	15,139
Total	97,284	99,101	99,825	99,791

Source: Nielsen, UOB Kay Hian

NET PROFIT OUTLOOK IN 2023



Source: BEC, ONEE, MAJOR, UOB Kay Hian

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- Limited number of movie releases leads decent outlook of MAJOR in 3Q23.** For cinema operators like Major Cineplex (MAJOR), we expect a softer revenue qoq due to a smaller number of blockbuster movies. 3Q23's movies lined up for screening include Mission: Impossible – Dead Reckoning Part One (Bt85m), Oppenheimer (Bt68m), Meg 2: The Trench (Bt68m), Long Live Love (Bt65m), and Barbie (Bt54m). The combined revenue of these movies was Bt340m, decreasing from Bt566m in 2Q23. Our analysis also indicates a correlation between admission revenue and revenue reported from box office of 90% over the last five years and over the last 22 quarters. Consequently, we anticipate a decrease in admission revenue in 3Q23.

- Expect number of cinema-goers to continuously grow.** We have started to see a positive signal from solid occupancy rate in 2Q23 with the number of cinema-goers reaching 7.1m (a remarkable increase of 62% yoy and 58% qoq). This surge in attendance, leading to an occupancy rate of 52% in 2Q23 (2Q22: 31%, 1Q23: 32%), has made us positive of a recovery to pre-pandemic levels. Before the pandemic, the projected occupancy rate was in the range of 50-70%, but the pandemic caused a precipitous decline in occupancy rate to 0-30%. Looking ahead, we believe the robust occupancy rate in 2H23 will improve consistently, riding on a number of blockbuster movies and heightened enthusiasm among consumers for the cinema experience.

ACTION

- Maintain MARKET WEIGHT on the media sector with ONEE and MAJOR as our top picks.** We maintain MARKET WEIGHT on the media sector mainly due to concerns on TV adex direction due to a cloudy outlook of the stimulus policy of the new government and the sluggish economy leading to reduced budget spending of many agencies. Also, there is a downside risk where the market might revise down earnings, putting pressure on share prices. Considering these factors, we advise investors to consider stocks that are less affected by adex, such as MAJOR. We also like ONEE as it has several revenue streams due to its diversified portfolio.

VALUATION

- BEC: Maintain HOLD with a target price of Bt8.20.** Our target price is based on 25x 2023F PE, in line with the domestic media industry's 2023F PE mean. We peg valuation of BEC at mean PE as BEC has the copyright revenue to support in 2H23. Also, we expect earnings rebound for BEC in 2024 due to low base earnings in 2023. Hence, we see downside risk as the market might revise down earnings in 2023 and thus maintain HOLD on BEC.

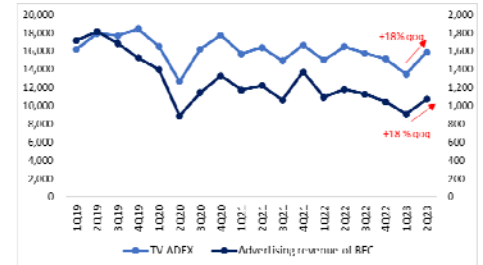
- ONEE: Maintain BUY with a target price of Bt5.55.** Our target price is based on 21x 2024F PE, in line with the domestic media industry's -0.5SD to 2023F PE. ONEE's share price has fallen 58% since our downgrade recommendation on 10 Feb 23 on concerns of weak TV adex. We believe the negatives have been priced in. We also expect ONEE's 2H23 outlook to improve due to the variety of revenue streams.

- MAJOR: Maintain BUY with a target price of Bt18.00.** Our target price is based on 13x 2024F PE and -1SD to its five-year PE mean. We still like MAJOR as there are many blockbuster movies in 3Q23. The stock is also less impacted by adex compared with other players in the media industry.

SECTOR CATALYSTS

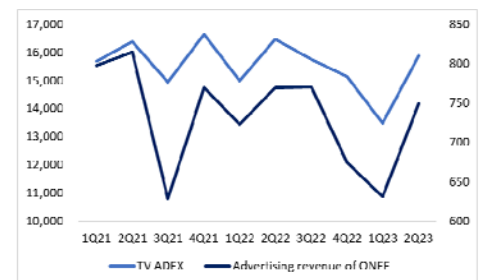
- For TV broadcaster players:** Solid economic growth, strong consumer spending, robust TV adex, and impressive contents of dramas, news, and series.
- For cinema operators:** Strong line-up of blockbuster movies, growth in cinema adex, and higher number of cinema-goers.

CORRELATION OF TV ADEX AND BEC'S ADVERTISING REVENUE



Source: BEC, UOB Kay Hian

ONEE'S ADVERTISING REVENUE AND TV ADEX



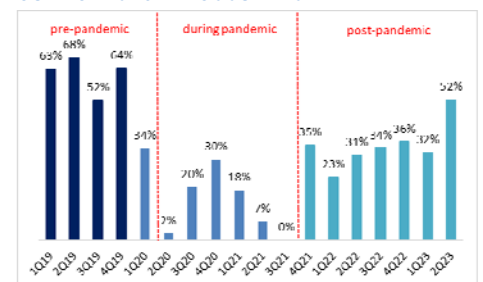
Source: ONEE, UOB Kay Hian

BLOCKBUSTER REVENUE (2023)



Source: MAJOR, UOB Kay Hian

OUR FORECASTED OCCUPANCY RATE



Source: MAJOR, UOB Kay Hian

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