

SECTOR UPDATE

Media – Thailand

Recommend Selective Plays Amid Unexciting Sector Earnings Momentum

The media companies under our coverage are expected to see improved earnings in 4Q24 and 2025. However, TV adex is expected to grow slowly. Meanwhile, adex from internet, cinema and OOH media has recovered substantially. MAJOR and PLANB are the two beneficiaries. We downgrade the sector to MARKET WEIGHT due to unexciting earnings momentum.

WHAT'S NEW

- **Slow growth in traditional media channels.** The advertising expenditure (adex) data from Nielsen in 1Q24 and 2Q24 showed overall increases of 6% yoy and 3% yoy respectively. Internet media, cinema media, and out-of-home (OOH) media were the three segments that grew continuously in 1H24. On the other hand, traditional media channels like TV, radio and print have decreased.
- **Sector earnings growth expected in 4Q24.** The earnings of companies under our coverage for 9M24 increased by 3% yoy, primarily driven by PLANB, which reported a yoy growth of 14%. However, the earnings of BEC and MAJOR declined by 5% yoy and 4% yoy respectively. Earnings in the media sector are projected at Bt992m in 4Q24 with a growth of 10% yoy and 83% qoq. Among our covered companies in the media sector, MAJOR's earnings are expected to edge down 9% yoy due to the high base from the admission revenue of Thai movies in 4Q23. For the OOH media segment, PLANB is projected to report robust earnings growth of 21% yoy in 4Q24. For the TV broadcast players, TV adex is expected to rise gradually in the last quarter, supporting earnings growth for BEC and ONEE. MAJOR is expected to be the primary driver of earnings growth in the media sector for 4Q24 with a 507% qoq growth, underpinned by increased admission revenue from Thai movies, revenue from local movies in collaboration with BEC and the seasonal effect.
- **Media spending expected to improve with GDP growth.** Thailand's media spending growth has historically had a strong correlation of 84% with Thailand's GDP growth. In 2025, Thailand's GDP is projected to expand by 2.9%. According to PWC, overall media spending is expected to increase by 4%. However, the growth in TV adex is expected to be limited, as a portion of media expenditure continues to shift toward other media channels. OOH media expenditure is expected to grow from the recovery in mobility. Similarly, cinema media expenditure is projected to improve, supported by the return of blockbuster films and the continued positive momentum of local movies.
- **No clear direction for renewal of digital TV licence.** The digital TV licence will expire in 2029. However, there is currently no update on the new bidding process or the implemented policies. We expect the licence renewal cost to decline due to reduced demand from bidders.

ACTION

- **Downgrade the media sector from OVERWEIGHT to MARKET WEIGHT with MAJOR and PLANB as our top picks.** We believe that the slower growth of TV adex continues to pressure the earnings of TV players such as BEC and ONEE. Nevertheless, PLANB is expected to grow sustainably, driven by the consistent expansion of OOH media adex, with PLANB benefiting significantly from its dominant position in the domestic market. In addition, we have the most optimistic outlook for MAJOR's earnings in 2025, supported by an increased number of blockbuster releases and the promising success of Thai movies. As a result, we expect a gradual improvement in the media sector's earnings in 2025.

PEER COMPARISON

Company	Rec.	Last Price (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US\$m)	Net Profit		PE		Net EPS Growth 2025F (%)	P/B 2025F (x)	Yield 2025F (%)	ROE 2025F (%)
						2024F (Btm)	2025F (Bt m)	2024F (x)	2025F (x)				
BEC	HOLD	4.08	4.50	10.3	247	245	281	33.2	29.0	14.5	1.9	2.0	4.4
MAJOR	BUY	14.80	19.00	28.4	371	729	981	16.8	12.5	34.5	2.2	5.1	15.8
ONEE	BUY	3.98	4.81	20.6	286	545	623	17.4	15.2	14.3	1.3	6.6	8.7
PLANB	BUY	7.35	9.00	22.4	953	1,080	1,155	29.2	27.3	7.0	3.1	1.2	11.5
Sector					1,857	2,600	3,040	25.4	22.7	14.6	2.5	2.3	11.0

Source: UOB Kay Hian

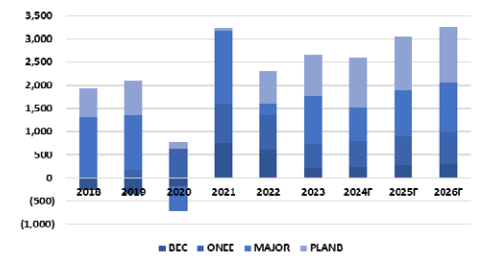
MARKET WEIGHT (Downgraded)

OUR TOP PICK

Company	Ticker	Rec	Current Price (Bt)	Target Price (Bt)
Major Cineplex	MAJOR TB	BUY	14.80	19.00
PLANB	PLANB TB	BUY	7.35	9.00

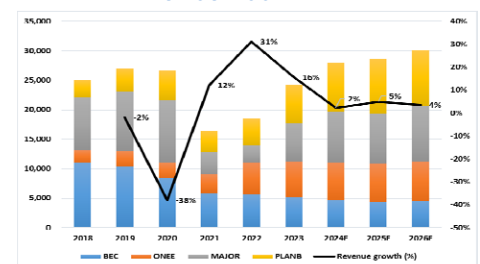
Source: UOB Kay Hian

NET PROFIT OUTLOOK



Source: Respective companies, UOB Kay Hian

YEARLY REVENUE OUTLOOK



Source: Respective companies, UOB Kay Hian

ANALYST(S)

Kampon Akaravarinchai  
+662 659 8031  
kampon@uobkayhian.co.th

ASSISTANT ANALYST

Nichapa Ratchabandit

- TV broadcast players still have several challenges in 2025.** Media adex is expected to grow slightly yoy from the better economic outlook, stimulus policy and growth in the tourism sector. However, we maintain a neutral view of TV broadcast players due to the sluggish recovery in TV adex, which remains the primary revenue source for BEC and ONEE, accounting for 80% and 50% of their total revenues respectively. Traditional media channels like TV advertising might stabilise in 2025, though they continue to face challenges from growth in internet advertising, over-the-top (OTT) and OOH media, where many agencies are now shifting their budgets. BEC and ONEE have expanded to alternative business segments, which will underpin TV broadcast players' earnings growth. Both BEC and ONEE have seen an increase in revenue from selling content rights to OTT platforms. Additionally, both companies have diversified their revenue portfolios to idol marketing, artist management, events, and concerts. These business segments have shown consistent growth, helping to offset the sluggish growth in revenue from TV advertising.

- Cinema players to have brightest outlook in 2025.** We expect the earnings of cinema operators to improve significantly since there is less impact from the soft improvement of media advertising spending compared to peers. The main driver of cinema operators is the performance of movies. Thus, we believe the blockbusters in 2025 and the consistently strong performance of Thai movies will significantly contribute to earnings growth. After the COVID-19 pandemic, Thai movies have stood out, consistently breaking revenue records. Many local movies like *Sup-Pa-Rer*, *Tee-Yod*, *Tee-Yod 2* raked in higher admission revenue than Hollywood movies. Additionally, we foresee a higher number of cinemagoers, driven by: a) the strong performance of both blockbusters and local movies, and b) less interruption from OTT since it has less impact, reflected by a steady global subscriber count for platforms like Netflix and Disney+. As a result, the revenue from concession and advertising could increase along with admission revenue.

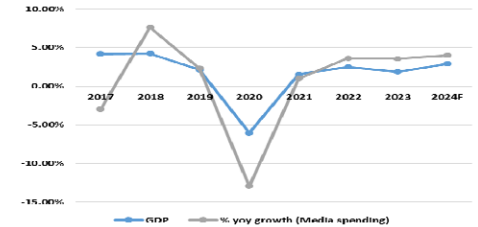
- OOH media players.** 9M24 earnings for OOH players such as PLANB and VGI grew by 14% yoy and 18% yoy, which is higher than other media players like TV players and cinema operators. We expect OOH advertising spending in 2025 to continually improve with less disruption compared to traditional advertising channels. Also, there is a stronger rate of growth over other media from increasing mobility (transit ridership and plane passengers) which resulted in higher advertising reach.

**2025 EARNINGS OUTLOOK**

- ONEE: Content driving earnings.** ONEE's earnings in 2025 are expected to show moderate improvement at Bt623m, up 14% yoy, supported by its position as a market leader in premium content tailored for diverse audience groups. This has led to the consistent growth of TV advertising. Additionally, revenue from its idol marketing business is projected to grow, driven by the increasing popularity of its content. In terms of its copyright business, ONEE has been a leader with highly rated content during prime time. In addition, the continued popularity of ONEE's content could underpin the revenue from the copyright business since more content is sold through OTT platforms like Netflix, Disney+, WeTV and VIU. As a result, although ONEE is facing challenges due to a drop in TV advertising demand, ONEE has implemented strategic measures to diversify its portfolio, enabling it to outperform industry peers.

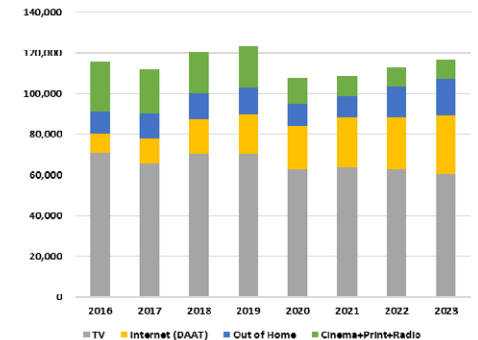
- PLANB: Domestic leader to exhibit earnings growth.** PLANB's earnings growth is expected to continue in 2025, up 7% yoy to Bt1,155m, driven by the favorable outlook for the OOH media segment. This segment has consistently grown over the pre-COVID-19 levels, with the utilisation rate of PLANB consistently improving, reaching an all-time high on a qoq basis. While PLANB's growth prospects may appear moderate due to its dominant 70% share of the domestic media market, PLANB will still benefit from: a) increasing adex from the recovery of the economy and GDP, which will benefit PLANB's revenue as it exhibits a strong correlation to GDP growth, b) mobility recovery likely enhancing demand for OOH media, c) expansion of media capacity by approximately 5% (PLANB is planning to shift from static media in high-traffic advertising locations to digital media, combined with redesigned media packages, which is anticipated to improve utilisation rates and gross profit margin), and d) positive momentum in engagement businesses such as boxing and broadcasting.

**CORRELATION OF GDP VS MEDIA SPENDING GROWTH IN THAILAND**



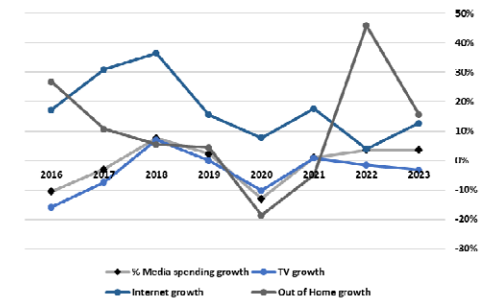
Source: UOB Kay Hian

**THAILAND MEDIA SPENDING**



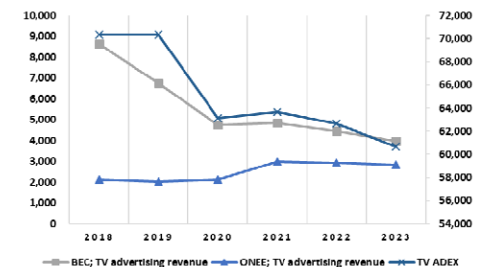
Source: BEC, ONEE, MAJOR, PLANB, UOB Kay Hian

**MEDIA SPENDING GROWTH**



Source: BEC, ONEE, MAJOR, PLANB, UOB Kay Hian

**TV ADEX AND TV ADVERTISING REVENUE OF BEC AND ONEE**



Source: BEC, ONEE, UOB Kay Hian

• **MAJOR: 2025 a year of major blockbusters.** MAJOR is expected to report strong earnings growth in 2025, up 35% yoy to Bt981m, driven by a robust lineup of blockbuster releases. Additionally, the positive momentum in local film production is expected to support higher admission revenues. Management forecasts that overall ticket sales in 2024 and 2025 will return to pre-COVID-19 levels at 36m, and 40m respectively, mainly driven by ticket sales of local movies at 9.7m and 20m respectively. The continued appeal of blockbusters and local films is likely to attract more audiences to theaters, which will drive the revenue growth in concession and advertising. Furthermore, the popularity of local films is expected to enhance revenue from MAJOR's collaborations with local productions, as the number of cooperative projects increases in 2025. Notable blockbuster titles slated for release in 2025 include *Captain America: Brave New World*, *Avatar 3*, *Thunderbolts*, and *Jurassic World: Rebirth*.

• **BEC: Earnings growth from cost reduction.** We project BEC's 2025 earnings to gradually increase by 14% yoy to Bt281m, mainly supported by a reduction in the SG&A-to-sales from the company's restructuring efforts and an improvement in gross profit margins driven by increased utilisation of re-run content. However, revenue growth is expected to remain modest, as a significant portion of BEC's revenue continues to depend on TV advertising (approximately 80%) while the growth of adex in TV media has continually decreased. Copyright revenue is expected to show improvement, driven by an increase in content sales to OTT platforms.

**EARNINGS REVISION**

• For BEC, we revise our earnings forecasts for 2024 and 2025 by 15% and 23% respectively, reflecting slower-than-expected revenue growth and more conservative assumptions to gross profit margins. Nevertheless, we reduce the SG&A-to-sales to account for the company's restructuring efforts.

**EARNINGS REVISION**

(Btm)	2024F			2025F		
	New	Old	% Chg	New	Old	% Chg
Sales	4,413	4,191	5%	4,573	4,573	0%
Net profit	245	290	-15%	281	367	-23%
Gross profit margin (%)	24.5	25.8	-1.3	24.5	29.1	-4.6
SG&A-to-sales (%)	16.0	16.3	-0.3	15.5	19.3	-3.8

Source: BEC, UOB Kay Hian

**VALUATION**

• **BEC: Downgrade to HOLD with a target price of Bt4.50.** Our target price is based on 31x 2025F, at -1SD to its four-year PE mean. We downgrade to HOLD as we believe the sluggish improvement in TV adex, which remains its primary revenue source, will persist. Apart from the company's restructuring efforts aimed at cost reduction, there are no new catalysts.

• **ONEE: Maintain BUY with a target price of Bt4.81.** Our target price is based on 21x 2025F, at its five-year PE mean. We believe that its earnings will trend upward in 2025 due to upcoming content, with the upward trend of the idol marketing business.

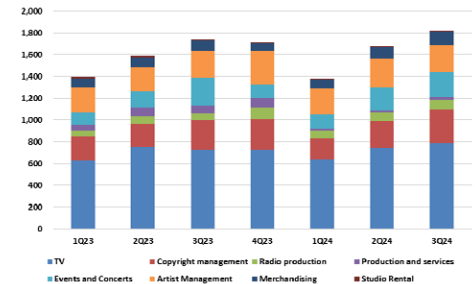
• **MAJOR: Maintain BUY with a target price of Bt19.00.** Our target price is based on 2025F EPS and pegged at 16x PE, equivalent to its three-year mean. We like MAJOR as we expect it to report stronger 2025 earnings due to a higher number of blockbusters and the positive sentiment of Thai movies. MAJOR will also be less impacted by the slower improvement in adex than its peers.

• **PLANB: Maintain BUY with a target price of Bt9.00.** Our target price is based on the DCF methodology. We still like PLANB as it is the market leader in the domestic market, and there are more upcoming projects, which will increase media capacity and utilisation rate. We believe that the share price correction should have priced in the slower earnings growth momentum.

**SECTOR CATALYSTS**

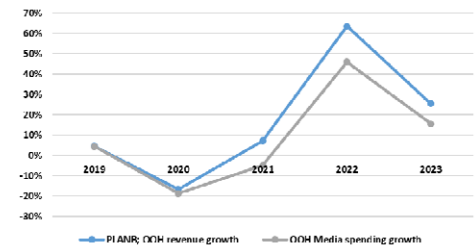
- **TV broadcaster players:** Solid economic growth, increasing consumer demand, and impressive content.
- **OOH advertising players:** Increasing mobility and economic growth.
- **Cinema operators:** Strong lineup of blockbuster movies and positive momentum of local movies.

**ONEE'S REVENUE BREAKDOWN**



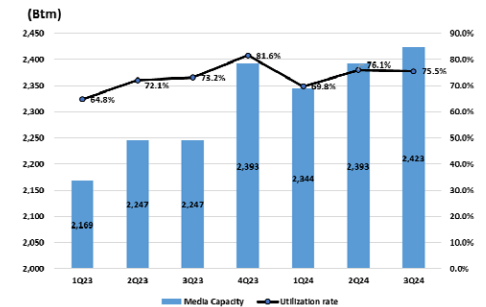
Source: ONEE, UOB Kay Hian

**OUT-OF-HOME MEDIA SPENDING GROWTH AND OUT-OF-HOME REVENUE GROWTH OF PLANB**



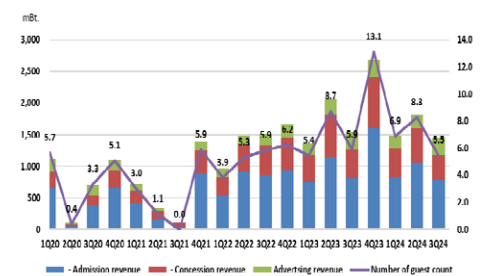
Source: PLANB, UOB Kay Hian

**PLANB'S MEDIA CAPACITY AND UTILISATION RATE**



Source: PLANB, UOB Kay Hian

**MAJOR'S REVENUE VS ATP**



Source: MAJOR, UOB Kay Hian

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