



ทะเบียนเลขที่ 0107538000673

บริษัท บีอีซี เวิลด์ จำกัด (มหาชน)

BEC WORLD PUBLIC COMPANY LIMITED

February 23, 2017

To: President,
Stock Exchange of Thailand.

Re: Submission of Financial Statements for the Year 2016

Enclosures: Financial Statements for the Year ended December 31, 2016 and the relevant management discussion and analysis with the reasons of the changes more than 20%.

We are sending you herewith the enclosed financial statements of the company and the consolidated statement of the group for the year ended December 31, 2016, which were audited by the Auditor and our Audit Committee has already reviewed them.

For the year 2016, the group, BEC World, was able to made Baht1,218.3 million as its net profit for the shareholders of BEC World; which is Baht 1,764.4 million lower than that of the prior year, downs 59.2%. The decline of profit was mainly a resultant of the big drop of our advertising income of our main business activity i.e. "Channel 3" as the demand for our advertising air-time during the day-time had dropped a lot throughout the year and our business was also suspended for over a month during the last quarter of the year. Even we were able to make more income from the 2 new digital terrestrial, DTTV, channels and also able to reduce our operating costs substantially but unfortunately the drop of our operating costs is not able to cover the drop of our main adverting income thus the net profit for the shareholders of BEC World is decreased year-on-year at the high amount and high rate as discussed further in the attached management discussion and analysis.

Please be informed accordingly.

Sincerely Yours,

(Chatchai Thiamtong)
Vice President – Finance



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บริษัท บีอีซี เวิลด์ จำกัด (มหาชน)

BEC WORLD PUBLIC COMPANY LIMITED

BEC World Plc.

Consolidated Financial Statements for the year 2016

Management Discussion and Analysis:

Business Environment:

During the year 2016, “Nielsen Media Research” [Nielsen] reported that the advertising spending (Adex) continued its downward trend from the beginning of the year. Even there were improvements during the second and the third quarters, but the Adex are still lower year-on-year. During the last quarter of the year, the Adex fell deeply, especially after the sad news in the afternoon of the October 13th which caused the suspense of entertain and media businesses for more than a month afterward that. Nielsen reported that the advertising industry shrank 12 percent year-on-year in 2016 whereas Televisions fell deeper but still the major medium in the industry holding a lion share of the Adex as usual. When looking at the sources of the spending, Nielsen also reported that when compares with prior year most of the big advertisers spend less Adex this year whereas the biggest advertiser cut its spending over 40 percent; even there were those who still increased their spending but the increase is small. However, as the entertain and media businesses were suspended for more than a month in the last quarter of the year, therefore the year-on-year comparisons were distorted and may not represent the true behavior of the advertisers.

Structure Changes:

During the year, 2016, the structure of BEC World group is unchanged.

Operating Results:

Due to the accounting policy for investments, the reported profit as shown in the separate statements is difference from that shown in the consolidated statements. This MD&A will discuss those numbers shown in the consolidated statements in order to avoid any confusion.

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BEC WORLD PUBLIC COMPANY LIMITED

Revenues:

For the year 2016, BEC World group generated lower year-on-year “advertising income” as the loading on our mainstream business, “Channel 3”, had dropped as market sentiment and incentive for the advertisers to complete in the market deteriorated by economic conditions which caused many of our advertisers to reduce their spending with us and also because our business was suspended for over a month from the afternoon of the October 13th. Our “advertising income” in the year 2016 was only Baht11,151.2 million, Baht3,045.5 million lower decreased 21.5% year-on-year, even we had higher income from our 2 new DTTV channels by about Baht100 million. During the year 2016, we had more than 100 new advertisers but the number of our supporters in 2016 is still smaller than that of the 2015 as those who stopped spending are out-numbered those who started becoming our new supporters. Our income from organizing concerts and shows is also lower year-on-year as the international concerts had moved to our associated joint venture company since the beginning of the 2nd half of 2015; our “copyrights and other services income” and our “sales of goods” are also lower year-on-year in line with the market conditions.

Costs and Operating Expenses:

“Costs of services”, especially those not related to “concerts and shows”, decreased 8.9% year-on-year, lowered down by Baht814.8 million. Majority of the decrease are programming costs and cost of goods and services which were declined in line with the revenue. In fact, almost all of our cost items were decreased from the prior year’s base except DTTV’s net-works service costs which increased in line with its expansion plan and depreciation as we had expanded our investment during the last 2 years. Our “selling expenses” also decreased by Baht149.3 million lowered year-on-year by 25.3% partly as a direct results of the decrease of our revenue. However, our “administration expenses” increased year-on-year 1.2% Baht18.7 million higher as we had higher provision for doubtful debts. Our “finance costs” also higher year-on-year as we are transforming from an excess cash company to a proper capital structured company consequent of the invest in DTTV since 2014 and partly from the change of accounting policy during the prior year in recognition of the Digital channels’ license cost that now splits in to “costs” and “finance costs” which also caused bigger costs in the early stage of the license period than that of the latter part. Anyhow, BEC World group are trying to do our best to control the increases of our operating costs to minimize the wastes and to ensure that they are not inflated much more than necessary while waiting for the readiness of the market and the advertising spending potential.

Financial positions:

Our total assets at the end of 2016 are at about the same when compared with balance at the end of the prior year both the current assets and the non-current part. However, our liabilities increased about Baht1,050 million as we have higher short-term borrowings from payments for DTTV licenses and related investments. Our “shareholders’ equity” decreased in line with the lowered down profit as mentioned. However, BEC World’s financial positions are strong having reasonable low liabilities and generated high funds from operation as usual.