



MANAGEMENT DISCUSSION AND ANALYSIS 2Q/2020

August 14, 2020

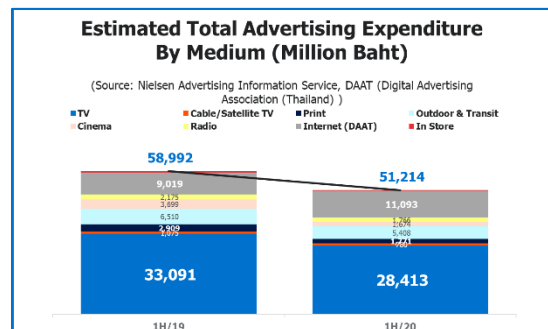
Executive Summary

Economic Overview and Market Situation

Economic conditions in 2Q/20 worsened significantly as the global economy slipped into recession following the outbreak of the COVID-19 virus that caused countries to Lockdown, affecting the global economy as well as the second wave of the epidemic in some countries.

For Thailand, lockdown announcement was made since March, stipulating curfew period and various measures to prevent the spread of COVID-19 virus, and disrupted the Thai economy. Both the tourism and export sectors were sluggish and the confidence in the business sector greatly deteriorated. Unemployment had risen along with the temporary closing or business close-downs. Despite a gradual relaxation of measures since May, the economic could not quickly recover as business operations still had to observe the social distancing measures and the New Normal behaviors which led to higher operating costs especially in the service sector.

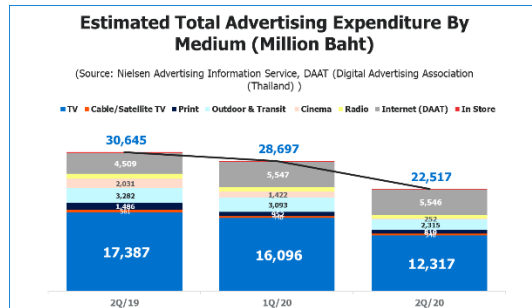
According to Nielsen Media Research ("Nielsen"), the estimated advertising expenditures (AdEx) in the first half of 2020 was at Baht 51,214 million, a decrease of Baht 7,778 million or decreased 13%



compared to the first half of 2019 at Baht 58,992 million.

The media that significantly declined was Cinema media which declined 55% and Print media which declined 39%. Total TV group spending (TV + Cable/Satellite TV) was at Baht 29,193 million, lower by Baht 4,973 million or down 15% compared with the first half of 2019 while Internet/Digital media was at Baht 11,093 million, an increase of Baht 2,074 million or 23% growth.

TV group continued to dominate in media spending and accounted for about 57%.



The estimated advertising expenditures (AdEx) in 2Q/20 was at Baht 22,517 million, decreasing 22% QoQ from 1Q/20 at Baht 28,697 million and declining 27% YoY from 2Q/19. The Lockdown resulted in high contraction of many media, such as Cinema media with spending of Baht 252 million or decreased 82% QoQ from 1Q/20 at Baht 1,422 million and decreased 88% YoY from 2Q/19 at Baht 2,031 million. In-Store media spending was at Baht 109 million or dropped 46% QoQ from 1Q/20 at Baht 200 million and declined 60% YoY from 2Q/19 at Baht 271 million. Cable/Satellite TV

spending was at Baht 340 million, decreased by 23% QoQ compared to 1Q/20 at Baht 440 million and decreased by 39% YoY compared to 2Q/19 at Baht 561 million.

The total TV group spending (TV + Cable/Satellite TV) was at Baht 12,657 million, a decline of 23% QoQ compared to 1Q/20 at Baht 16,536 million and dropped 29% YoY compared to 2Q/19 at Baht 17,948 million.

In the first half of 2020, advertising spending had declined in the four main industry groups compared with the first half of 2019, namely the Food & Beverage (declined 22%), Personal Care & Cosmetic (declined 10%), Media & Marketing (declined 2%), and Automotive (declined 32%).

Important changes in 2Q/20

In 2Q/20, BEC Group had simulcast two Thai dramas (1. My Husband in Law and 2. Prophecy of Love) to China via Tencent Video and via WeTV, which can be viewed both in Thailand and abroad.



Consolidated Performance Summary

STATEMENT OF INCOME (Consolidated)	2Q/19		1Q/20		2Q/20		YoY		QoQ	
	M.TH.B	%	M.TH.B	%	M.TH.B	%	(+/-)	%	(+/-)	%
Total Revenues	2,092.3	100.0%	1,636.5	100.0%	1,183.8	100.0%	(908.5)	-43.4%	(452.7)	-27.7%
Advertising income	1,814.8	86.7%	1,400.0	85.5%	887.0	74.9%	(927.8)	-51.1%	(513.0)	-36.6%
Income from copyright and other services	246.2	11.8%	219.6	13.4%	284.6	24.0%	38.4	15.6%	65.0	29.6%
Income from organizing concerts and shows	19.3	0.9%	6.1	0.4%	2.5	0.2%	(16.8)	-87.0%	(3.6)	-59.2%
Sales of goods	12.0	0.6%	10.8	0.7%	9.7	0.8%	(2.3)	-18.8%	(1.1)	-9.9%
Total Cost	(1,870.5)	-89.4%	(1,595.4)	-97.5%	(1,020.4)	-86.2%	(850.1)	-45.4%	(575.1)	-36.0%
Cost of sales and services	(1,858.2)	-88.8%	(1,589.7)	-97.1%	(1,016.0)	-85.8%	(842.2)	-45.3%	(573.7)	-36.1%
Cost of organizing concerts and shows	(12.3)	-0.6%	(5.7)	-0.4%	(4.3)	-0.4%	(8.0)	-64.7%	(1.4)	-24.5%
Gross Profit	221.8	10.6%	41.1	2.5%	163.5	13.8%	(58.4)	-26.3%	122.4	298.1%
Selling and Admin Expenses	(363.7)	-17.4%	(379.6)	-23.2%	(330.8)	-27.9%	(32.8)	-9.0%	(48.8)	-12.9%
Other income	30.3	1.4%	11.6	0.7%	14.3	1.2%	(16.0)	-52.8%	2.6	22.7%
Estimate of compensation according to the verdict	-	0.0%	-	0.0%	(42.7)	-3.6%	42.7	0.0%	42.7	0.0%
Share of profit (loss) of associates held by subsidiary	13.3	0.6%	(0.7)	0.0%	(1.2)	-0.1%	(14.5)	-108.7%	(0.5)	-71.4%
Finance costs	(31.2)	-1.5%	(29.3)	-1.8%	(29.8)	-2.5%	(1.4)	-4.5%	0.5	1.8%
Profit before income tax expense	(129.5)	-6.2%	(356.9)	-21.8%	(226.8)	-19.2%	(97.3)	-75.1%	130.1	36.5%
Income tax (expense) revenue	29.5	1.4%	51.5	3.1%	(78.4)	-6.6%	107.9	366.1%	129.9	252.2%
Profit for the period	(100.0)	-4.8%	(305.4)	-18.7%	(305.2)	-25.8%	(205.2)	-205.1%	0.2	0.1%
Net Profit attributable to BEC World	(103.6)	-5.0%	(275.2)	-16.8%	(266.8)	-22.5%	(163.1)	-157.4%	8.4	3.1%
Non-controlling interests	3.6	0.2%	(30.2)	-1.8%	(38.4)	-3.2%	(42.0)	-1166.5%	(8.2)	-27.2%
EBITDA	606.9	29.0%	379.7	23.2%	338.6	28.6%	(268.2)	-44.2%	(41.1)	-10.8%

Revenue

BEC Group's advertising income for 2Q/20 was at Baht 887.0 million, decreased by 51.1% YoY from 2Q/19 and decreased by 36.6% QoQ from 1Q/20. The lower advertising income was mainly from the lower advertising minutes sold from the higher price competition and significant contraction in advertising spending following the impact of COVID-19 despite an increase in television viewership during the period from the Country's Lockdown. In addition, income from organizing concerts and shows decreased to Baht 2.5 million or decreased by 87.0% YoY from 2Q/19 and decreased 59.2% QoQ from 1Q/20 due to the postponement or cancellation of various concerts/shows.

Income from copyrights and other services was at Baht 284.6 million, an increase of 15.6% YoY from 2Q/19 and increased 29.6% QoQ from 1Q/20 mainly from an increase of income from Global Content Licensing from selling more Thai dramas to foreign countries and partial recognition of revenue from simulcasting of the two dramas to China in this second quarter.

BEC Group's overall income for 2Q/20 was at Baht 1,183.8 million, which decreased 43.4% YoY from 2Q/19 and decreased 27.7% QoQ from 1Q/20.

Advertising sales of Channel 3 remained the main source of income for the BEC Group, accounting for 74.9% of total income.

Expenses

Total expenses of BEC Group for 2Q/20 was at Baht 1,020.4 million, which decreased 45.4% YoY from 2Q/19 and decreased 36.0% QoQ from 1Q/20.

Cost of sales and services for 2Q/20 was at Baht 1,016.0 million, which decreased 45.3% YoY from 2Q/19 and decreased 36.1% QoQ from 1Q/20. This is due to the reduction of cost of sales and services, such as the rerun of prime time dramas and the programming adjustment by dividing the Prime Time drama into two periods to be in line with the lower income during the COVID-19 epidemic.

On account of the postponement or cancellation of various concerts/shows, the cost of organizing concerts and shows for 2Q/20 decreased to Baht 4.3 million or decreased 64.7% YoY from 2Q/19 and decreased 24.5% QoQ from 1Q/20.

Gross Profit

Gross Profit for 2Q/20 was at Baht 163.5 million, which decreased 26.3% YoY from 2Q/19 but



increased 298.1% QoQ from 1Q/20 with gross profit margin of 13.8%

BEC Group's selling and administrative expenses was at Baht 330.8 million, which decreased 9% YoY from 2Q/19 and decreased 12.9% QoQ from 1Q/20.

Further to BEC-TERO Entertainment Public Company Limited (BEC-TERO)'s, a subsidiary of the Company, dispute concerning a breach of contract and demand for damages in the Singapore Arbitration Court in 2017, the BEC-TERO and the plaintiff had been in negotiation to settle the dispute in June 2020. Accordingly, BEC-TERO has recognized the expenses and potential liabilities arising from the outcome of the lawsuit amounting to USD 1.38 million or equivalent to Baht 42.7 million in 2Q/20.

Financial Cost

Financial cost for 2Q/20 was at Baht 29.8 million decreased 4.5% YoY from 2Q/19 but increased 1.8% QoQ from 1Q/20.

Income Tax (Expenses) Revenue

BEC Group's income tax in 2Q/20 was at Baht 78.4million, which increased 366.1% YoY from 2Q/19 and increased 252.2% QoQ from 1Q/20.

In 2Q/20, BEC Group had written-off some deferred tax assets in order to be in line with estimated future tax profit to be incurred.

Conclusion

In conclusion, BEC Group reported consolidated net loss attributable to BEC World of Baht 266.8 million, with a net cash flow from operation of Baht 647.7 million and Cash and cash equivalents of Baht 2,447.3 million as at ending 2Q/20.

Best regards,

(Piriya-dit Choophungart)

Executive Vice President

Financial & Accounting

BEC World Public Company Limited