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Management Discussion and Analysis of the Company's Performance  
for the year ended 31 December 2018

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## 1. Overview of operating results of the Company and its subsidiaries

<i>Baht Million</i>	<i>2017</i>	<i>2018</i>	<i>+(-)</i>	<i>+(-) %</i>
<i>Total revenues</i>	1,155.58	1,422.61	267.03	23.11%
<i>EBIT</i>	325.40	354.24	28.84	8.86%
<i>Finance cost</i>	85.09	67.37	(17.72)	(20.83%)
<i>Income tax expenses</i>	52.64	59.19	6.55	12.44%
<b><i>Net profit</i></b>	<b>187.67</b>	<b>227.68</b>	<b>40.01</b>	<b>21.32%</b>
<i>Net profit ratio (ROS)</i>	16.24%	16.00%		
<i>Earnings per share (Baht)</i>	0.45	0.42	(0.03)	(6.67%)

### Total Revenue

For the year ended 31 December 2018, the Company and its subsidiaries earned a total revenue of THB 1,422.61 million, an increase of THB 267.03 million or 23.11% from the year of 2017. The total revenue of each operating segments for the year ended 31 December 2018 of the Company and its subsidiaries had changed from the last year as follows (1) Revenue from sales of program rights increased 23.07% (2) Revenue from advertising and media services decreased 22.33% and (3) Revenue from sales of products increased 95.65%.

### Net profit

For the year ended 31 December 2018, the Company and its subsidiaries had net profits of THB 227.68 million, an increase of THB 40.01 million or 21.32% from the year of 2017. Although the total revenue for the year ended 31 December 2018 increased 23.11% from the last year, the Company increased its content acquisition to support the growth of the business and the fact that in 2018 the Company has more advertising in various media in order to publicize and promote the content, resulting in a decrease in net profit ratio (ROS) from 16.24% in 2017 to 16.00% in 2018. The total expense to total revenue ratio decreased from 14.24% in 2017 to 13.23% in 2018.

## 2. Summary of operating results by business type

<i>Baht Million</i>	2017	2018	+ / (-)	+ / (-) %
<b>1. Content Business</b>				
<i>Revenue from sales of program rights</i>	1,070.71	1,317.74	247.03	23.07%
<i>Cost of program rights</i>	637.38	834.39	197.01	30.91%
<b>Gross profit of content business</b>	433.33	483.35	50.02	11.54%
<b>Gross profit margin</b>	40.47%	36.68%		
<b>2. Advertising and Media Business</b>				
<i>Revenue from services</i>	64.41	50.03	(14.38)	(22.33%)
<i>Cost of services</i>	22.65	30.80	8.15	35.98%
<b>Gross profit of advertising and media business</b>	41.76	19.23	(22.53)	(53.95%)
<b>Gross profit margin</b>	64.83%	38.44%		
<b>3. Product sales Business</b>				
<i>Revenue from sales of products</i>	18.64	36.47	17.83	95.65%
<i>Cost of product sales</i>	5.58	13.66	8.08	144.80%
<b>Gross profit of product sales business</b>	13.06	22.81	9.75	74.66%
<b>Gross profit margin</b>	70.06%	62.54%		
<b>Total Gross profit</b>	488.15	525.39	37.24	7.63%
<b>Total Gross profit margin</b>	42.31%	37.41%		

### Content Business

For the year ended 31 December 2018, the Company had revenue from program rights of THB 1,317.74 million, an increase of THB 247.03 million or 23.07% from the year of 2017, resulting from the Company has increased distribution channels to export content that the Company only sold in Thailand in the past. Moreover, there was increased sales, mostly Indian and Philippines content (which is 81.88% and 9.51% from the total sales of program rights), to digital TV station operators both existing customers and new customers.

Costs of program rights business mainly consist of amortization, dubbing and translation costs. For the year ended 31 December 2018 and 2017, costs of program rights business totaled THB 834.39 million and THB 637.38 million, respectively, an increase of 30.91%. Due to the Company had to invest more in its content to support the business growth of both export sales and local sales, the amortization of rights had increased and accordingly, its cost of program rights increased compared to the last year.

The Company earned gross profits from program rights business for the year ended 31 December 2018 and 2017 in a total of THB 483.35 million and THB 433.33 million, respectively, an increase of 11.54%. The gross profit margin for the year ended 31 December 2018 and 2017 was 36.68% and 40.47%, respectively. The drop of gross profit margin contradicts the rise of the revenue from the expansion of

business of the Company due to the increase of cost of program right which was invested during the period to support the business growth.

In addition, the Company has an outstanding backlog as of 31 December 2018 of THB 665.36 million which is composed of THB 378.95 million for the local sales and THB 286.41 million or USD 8.95 million for the export sales.

### Advertising and Media Business

For the year ended 31 December 2018, the Company and its subsidiaries earned service income totaled THB 50.03 million, a decrease of THB 14.38 million or 22.33% from the year of 2017. This was mainly due to the reduction of advertising budgets that have been allocated from the advertising agency to the subsidiary's channel was reduced. As a result of the debtor's management of the Group, the subsidiary was delaying the advertising slot sale with some customers.

### Product Sales Business

For the year ended 31 December 2018, the Company earned revenue from product sales in total of THB 36.47 million, an increase of THB 17.83 million or 95.65% from the last year due to the rise of major customers.

### Other Income

Other income of the Company and its subsidiaries consists of agent fee income, interest income, gain on asset sales, gain on exchange rate and gain on short-term investment. For the year ended 31 December 2018, other income totaled THB 18.37 million, an increase of THB 16.54 million or 903.83% from the year of 2017. This came from gain on exchange rate of THB 11.80 million, agent fee income of THB 2.53 million and gain on short-term investment of THB 1.81 million.

### Expenses

#### Selling and service Expenses

<i>Baht Million</i>	<i>2017</i>	<i>2018</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Expense from Event</i>	14.67	20.79	6.12	41.72%
<i>Advertising and marketing expenses</i>	13.71	25.33	11.62	84.76%
<i>Others</i>	3.75	5.59	1.84	49.07%
<i>Selling and service expenses</i>	32.13	51.71	19.58	60.94%

For the year ended 31 December 2018, selling and service expenses increased THB 19.58 million from the year of 2017 due to the higher expenses from organizing events, advertising and public relation to promote its contents. Such promotion strategy resulted in continuous growth in revenue form program right of the Company.

### Administrative Expenses

<i>Baht Million</i>	<i>2017</i>	<i>2018</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Employee and executive expenses</i>	67.77	86.79	19.02	28.07%
<i>Advisor expenses</i>	12.69	11.53	(1.16)	(9.14%)
<i>Tax and penalties</i>	22.47	0.25	(22.22)	(98.89%)
<i>Allowance for doubtful accounts (reversal)</i>	(0.31)	(0.40)	(0.09)	(29.03%)
<i>Others</i>	29.81	39.64	9.83	32.98%
<b><i>Administrative expenses</i></b>	<b>132.43</b>	<b>137.81</b>	<b>5.38</b>	<b>4.06%</b>

Administrative expense for the year ended 31 December 2018 totaled THB 137.81 million, an increase of THB 5.38 million or 4.06% from the year of 2017. This was due to (1) Rise of the employee and executive expenses of THB 19.02 million or 28.07% which consistent with an increases in number of employee in order to support the growth of the business, (2) Rise of others expense of THB 9.83 million or 32.98%. The Company had started to export the program rights in this year, consequently, there was expenses related to the operation fees, on the other hand (3) There was decreased in tax and penalties due to the Company incurred tax and penalties provision in the first quarter of 2017 approximately THB 22.11 million. However, the Company fully settled such provision in the second quarter of 2017. No more of such expense incurred in the current period.

### Financial Costs

For the year ended 31 December 2018, the Company had financial costs in total of THB 67.37 million, a decrease of THB 17.72 million or 20.83% from the year of 2017 due to the fact that the Company managed to effectively control finance expense by repayment of short-term borrowings which had high interest costs such as factoring and promissory notes.

## Financial Position

<i>Baht Million</i>	<i>30-Dec-13</i>	<i>29-Sep-14</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<b>Assets</b>				
<i>Cash, Cash equivalents and current investments</i>	925.49	138.76	(786.73)	(85.01%)
<i>Trade and other accounts receivable</i>	739.98	1,117.59	377.61	51.03%
<i>Other current assets</i>	72.21	82.73	10.52	14.57%
<i>Advance payment for purchased program rights</i>	102.90	655.21	552.31	536.74%
<i>Program rights</i>	1,184.27	1,181.01	(3.26)	(0.28%)
<i>Other non-current assets</i>	113.69	75.90	(37.79)	(33.24%)
<b>Total assets</b>	<b>3,138.54</b>	<b>3,251.20</b>	<b>112.66</b>	<b>3.59%</b>
<b>Liabilities</b>				
<i>Short-term loan from financial institutions</i>	523.14	93.95	(429.19)	(82.04%)
<i>Current portion of debentures</i>	599.04	-	(599.04)	(100.00%)
<i>Other current liabilities</i>	173.50	198.17	24.67	14.22%
<i>Debentures - net of current portion</i>	-	885.00	885.00	100.00%
<i>Other non-current liabilities</i>	16.48	20.02	3.54	14.02%
<b>Total liabilities</b>	<b>1,312.16</b>	<b>1,197.14</b>	<b>(115.02)</b>	<b>(8.77%)</b>
<b>Total shareholders' equity</b>	<b>1,826.38</b>	<b>2,054.06</b>	<b>227.68</b>	<b>7.61%</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,138.54</b>	<b>3,251.20</b>	<b>112.66</b>	<b>3.59%</b>

## Total Assets

The Company and its subsidiaries had total assets as at 31 December 2018 of THB 3,251.20 million, an increase of THB 112.66 million from 31 December 2017 or 3.59%, due to as follows:

- (1) Cash, cash equivalents and current investments decreased THB 786.73 million due to the Company increase in its purchases of program rights in 2018 in order to support the growth of business of the Company and the repayment of short-term borrowings from financial institutions in order to reduce the financial cost. As at 31 December 2018, the balance of short-term investments was THB 12.87 million which consisted of investment in Thanachart Cash Management Fund and Phatra Money Positive Fund.
- (2) Trade and other accounts receivable increased THB 377.61 million or 51.03%. This is in accordance with the increase of the revenue of the Company. Moreover, the balance of trade accounts receivable which was overdue by 6 - 12 months was THB 302.84 million, it has been collected in total of THB 115.06 million (up to 27 February 2019). Although the balance of trade accounts receivable which was overdue by 6 - 12 months increased from the balance as at 31 December 2017, the management still believes that the Company could collect debt from the main customers based on the past experience.

- (3) Advance payment for purchased program rights increase THB 552.31 million or 536.74% because of the reservation in content rights to support the growth of the business. The balance of this account can be categorized as follow: (1) Advance payment for extend the program rights amounting THB 122.20 million (2) Advance payment for reserve the program rights to sale in Thailand amounting to THB 65.05 million and (3) Advance payment for reserve the program rights to export sales amounting to THB 451.68 million to support the growth of the export sales of program rights of the Company.
- (4) Program rights decrease THB 3.26 million or 0.28%. During this year, the Company had invested by purchase the content rights of THB 776.14 million and the amortization expense was THB 779.40 million.
- (5) Other assets decrease THB 37.79 million, the balance of other assets as at 31 December 2017 is mainly composed of restricted bank deposit to secure the short-term loans. As a result of reduced the credit line of the loan, the Company deposit those unrestricted bank account to invest in trading securities that provide better returns than bank deposits.

#### **Total Liabilities**

The Company and its subsidiaries had total liabilities as at 31 December 2018 of THB 1,197.14 million, a decrease of THB 115.02 million or 8.77%. As a result of repaid short-term borrowing from financial institutions in order to reduce the financial cost, the balance of short-term loans as at 31 December 2018 decreased from last year about THB 429.19 million or 82.04%. Moreover, the Company issued the debentures twice in this year, the 2-year debenture and 1-year 11-month 28-day debenture, which totaling amount is THB 900 million. The proceeds were used for repayment of the matured debenture in this year and used as the working capital for its operation.

#### **Shareholders' equity**

As at 31 December 2018, the Company and its subsidiaries had total shareholders' equity of THB 2,054.06 million, an increase of THB 227.68 million. The increase was due to the normal operating profit of the Company and its subsidiaries.