

**MEDIA INDUSTRY AND BUSINESS IMPACT ANALYSIS**

The popularity of outdoor media has continuously increased over the past few years as evident from an acceleration of its advertising expenditures by 3.6%<sup>1</sup> YoY to THB 1,678mn in 3Q 2017, benefiting from the shift in people's behavior to spend more time outside as well as its strength as being a media that reaches consumers when they are on the go and creating brand awareness to an extensive reach.

On the contrary, Thailand's advertising industry remains sluggish, resulting in the contraction of advertising expenditures by 11.4% YoY to 26,351mn in the third quarter of 2017. Overall advertising spending was weighed down by TV sector (Analogue TV, Digital TV and Cable TV) which has the highest market share at 65.4% contracting 12.8% YoY to THB 17,226mn, followed by Traditional media (Newspaper, Magazines and Radio) which has 13.8% market share or THB 3,629mn, declined by 22.7% YoY.

In this quarter, MACO outperformed the media industry significantly, delivering solid operating revenue of THB 262mn, an increase by 52.1% YoY. The Company reported net profit of THB 60mn, increased by 183.0% YoY. For more details of the Company's performance, please see *3Q 2017 performance analysis*.

With the upcoming Royal Cremation Ceremonies for the late King in October 2017, MACO, as an outdoor media operator, has cooperated with advertising guidelines released by Media Agency Association Thailand (MAAT) and Digital Advertising Association (Thailand) (DAAT) by turning all digital screens to grayscale and turning off lighting on all static billboards during nighttime for one month. The Company expects that there will be a minimal impact of around 1% to the full-year performance which has already factored into the Company's annual growth forecast. Meanwhile, we already have seen signs of improvement in overall advertising sentiment in upcoming November and December 2017. Thus, we reiterate the revenue growth forecast for the Company at 20% for 2017.

---

<sup>1</sup> The Nielsen Company (Thailand) Co.,Ltd.

### 3Q 2017 CONSOLIDATED P&L SNAPSHOT

#### CONSOLIDATED P&L SNAPSHOT

THB (mn)	3Q 2016	2Q 2017	3Q 2017	QoQ (%)	YoY (%)
Operating Revenue	172	199	262	31.8%	52.1%
Cost of sales	79	87	106	21.7%	34.8%
Gross profit	94	112	156	39.7%	66.7%
Selling, General & Administrative Expense	71	64	79	22.1%	10.4%
EBITDA	34	66	106	60.5%	215.7%
<b>Net profit from operation</b>	<b>22</b>	<b>51</b>	<b>65</b>	<b>28.2%</b>	<b>198.2%</b>
<b>Net profit (exc. Minority Interest)</b>	<b>21</b>	<b>51</b>	<b>60</b>	<b>18.1%</b>	<b>183.0%</b>

Gross profit margin	54.3%	56.1%	59.5%		
EBITDA margin	19.5%	33.2%	40.5%		
NPAT margin (from operation)	12.7%	25.6%	24.9%		
NPAT margin (exc. Minority Interest)	12.3%	25.6%	22.9%		

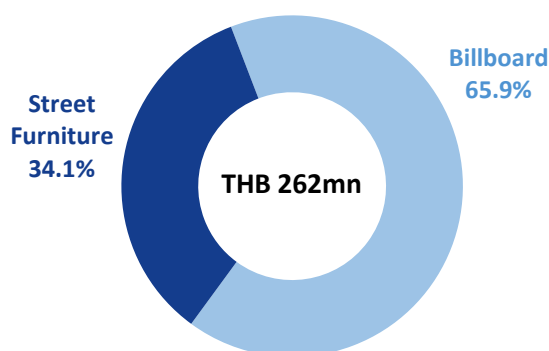
### 3Q 2017 PERFORMANCE ANALYSIS (YoY)

In 3Q 2017, the Company once again achieved an outstanding top and bottom line performance compared to the same quarter last year supported by;

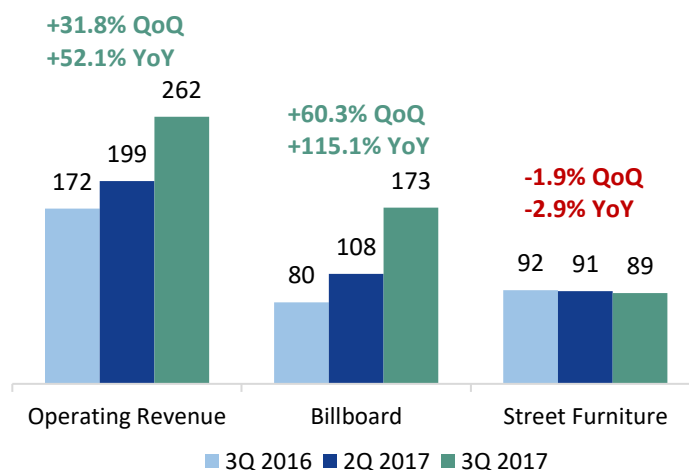
- 1) The consolidation of outdoor media operators, namely in Multi Sign Company Limited (“Multi Sign”) and COMASS Company Limited (“COMASS”), which started in October 2016 and July 2017, respectively. The acquisition has increased MACO’s media network and expanded its presence nationwide. The expansion increased MACO media capacity by more than 55% from THB 900 (pre-consolidation) to THB 1,400mn.
- 2) The launch of 1<sup>st</sup> phase of CBD LED Network, which consists of 21 LED billboards across 19 provinces. This rollout has transitioned MACO from a pure static media operator to a digital-static integrated media operator in order to capture the ever changing of modern lifestyle media.

Owing to the above-mentioned factors, the Company’s **Operating revenue** increased by 52.1% from THB 172mn in 3Q 2016 to THB 262mn. **Billboard revenue**<sup>2</sup>, saw a significant increase of 115.1% YoY to THB 173mn. **Street Furniture revenue**, slightly decreased by 2.9% YoY to THB 89mn. In this quarter, Billboard revenue contributed 65.9% of total revenue whilst Street Furniture revenue contributed the remaining 34.1%.

### 3Q 2017 REVENUE CONTRIBUTION (THB mn)



### 3Q 2017 REVENUE BY SEGMENTS (THB mn)



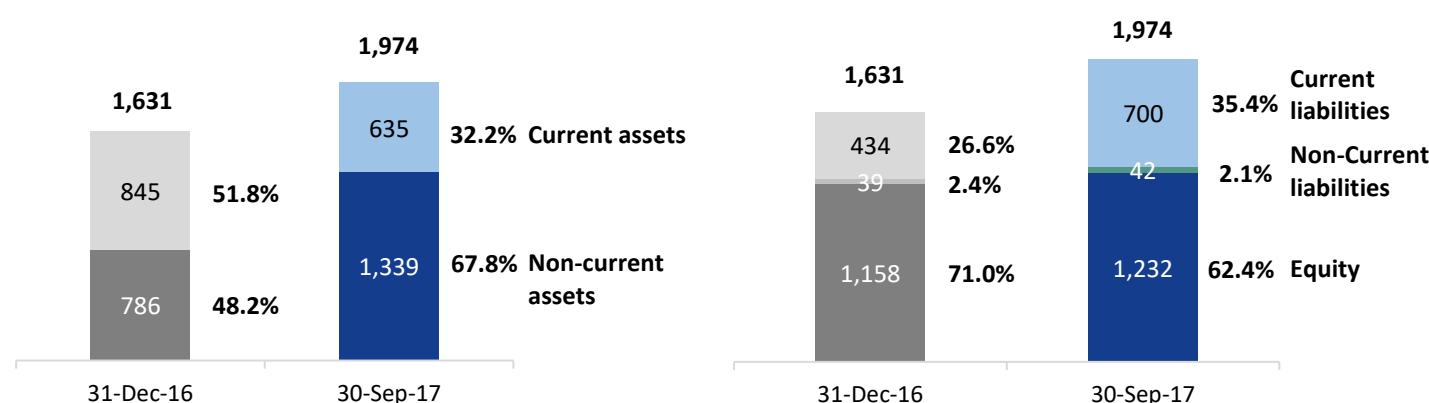
<sup>2</sup> Billboard revenue includes static and digital billboard revenue

**Cost of sale** grew by 34.8% YoY from THB 79mn to THB 106mn, mainly due to the aforementioned consolidation and cost of LED screens. As operating revenue increased more than cost of sale, **Gross profit margin** grew to 59.5% from 54.3% last year.

**Selling, General and Administrative** increased by 10.4% YoY from THB 71mn to THB 79mn, primarily due to the consolidation. SG&A to sales ratio decreased significantly from 41.4% in 3Q 2016 to 30.0%. As a result, **net profit attributable to the equity holders of the Company** increased by 183.0% to THB 60mn from THB 21mn in the same period last year and **Net profit margin attributable to the equity holders of the Company** increased to 22.9% from 12.3% in 3Q 2016.

## FINANCIAL POSITION

MACO started the consolidation of COMASS's statements of financial position (balance sheet) since 30 June 2017 (the date on which the transaction has been completed), therefore, the movement of financial position was primarily attributed to aforementioned acquisition.



## ASSETS

ASSETS BREAKDOWN	31 DECEMBER 2016		30 SEPTEMBER 2017	
	(THB mn)	% out of total assets	(THB mn)	% out of total assets
Cash & cash equivalents and Current investments	484	29.7%	203	10.3%
Trade & other receivables	276	16.9%	295	14.9%
Building and equipment	176	10.8%	460	23.3%
Goodwill and Intangible assets	437	26.8%	712	36.0%
Other assets	258	15.8%	304	15.5%
<b>Total assets</b>	<b>1,631</b>	<b>100.0%</b>	<b>1,974</b>	<b>100.0%</b>

**Total assets** as of 30 September 2017 stood at THB 1,974mn, an increase of THB 343mn or 21.0% from THB 1,631mn as of 31 December 2016. **Total current assets** were THB 635mn, decreasing by 24.9% or THB 210mn. This was primarily attributable to the decrease in cash, cash equivalents and current investments of THB 282mn, which mainly due to a several investments comprising of a purchase of 74 billboards, an investment in 21 LED screens, an investment in COMASS and dividend payment. The decrease was offset by the increase in 1) prepaid expenses of THB 27mn, 2) trade and other receivables of THB 18mn (see *Trade and other receivables* section), and 3) other current assets of THB 22mn.

**Total non-current assets** stood at THB 1,339mn, an increase of 70.3% or THB 553mn primarily due to 1) the increase in building and equipment of THB 283mn, which mainly from the recognition of billboard structure of THB 147mn, an increase in work in process of LED screens installation of THB 127mn and the recognition of COMASS's assets after consolidation of THB 43mn and 2) the increase in the differences between the price paid by the Company and the targeted company's book value of THB 282mn after the acquisition of COMASS.

**Trade and other receivables** were THB 295mn, an increase of THB 18mn or 6.7% from THB 276mn as of 31 December 2016. The Company gives 90 days credit terms to customers. The average credit terms paid by customers was 70 days as of 30 September 2017 and 77 days as of 31 December 2016.

<b>AGEING OF TRADE RECEIVABLES (THB mn)</b>	<b>31 DECEMBER 2016</b>	<b>30 SEPTEMBER 2017</b>
Not yet due	134	128
Up to 3 months	47	37
3 - 6 months	-	4
6 - 12 months	-	1
Over 12 months	14	11
<b>Total</b>	<b>195</b>	<b>181</b>
Allowance for doubtful debt	14	11

### LIABILITIES AND SHAREHOLDERS' EQUITY

<b>LIABILITIES AND EQUITY BREAKDOWN</b>	<b>31 DECEMBER 2016</b>		<b>30 SEPTEMBER 2017</b>	
	<b>(THB mn)</b>	<b>% out of total liabilities and equity</b>	<b>(THB mn)</b>	<b>% out of total liabilities and equity</b>
Short term loans from financial institutions	-	-	455	23.0%
Trade & other payables	327	20.1%	171	8.7%
Accrued expenses	91	5.6%	68	3.5%
Other current liabilities	16	1.0%	6	0.3%
Non-current liabilities	39	2.4%	42	2.1%
<b>Total liabilities</b>	<b>473</b>	<b>29.0%</b>	<b>742</b>	<b>37.6%</b>
Shareholders' equity	1,158	71.0%	1,232	62.4%
<b>Total liabilities and equity</b>	<b>1,631</b>	<b>100.0%</b>	<b>1,974</b>	<b>100.0%</b>

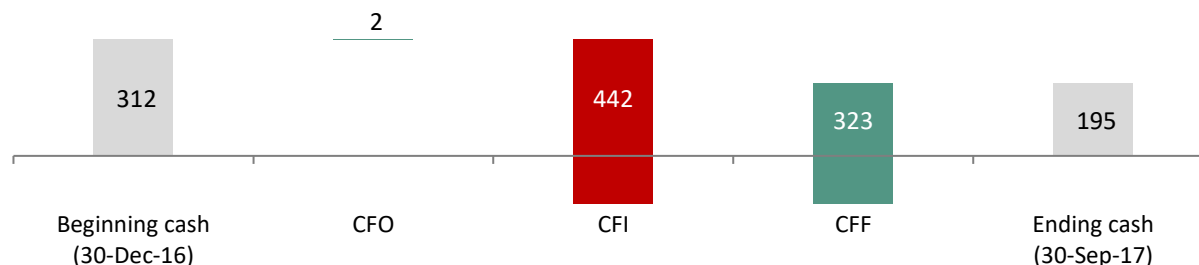
**Total liabilities** were THB 742mn, increasing by 56.9% or THB 269mn from THB 473mn as of 31 December 2016 mainly from an increase in 1) short-term loan from financial institution of THB 455mn to finance COMASS's acquisition and the investment of CBD LED network and 2) provision for long-term employee benefits of THB 6mn. The increase was partially offset by a decrease in 1) trade and other payables of THB 156mn owing to the payment on investment purchase of Multi Sign and COMASS, 2) dividend payable of THB 21mn and 3) current portion of long-term loan from financial institution of THB 8mn.

**Total equity** was THB 1,232mn rose by THB 74mn or 6.4%. This was attributed to an increase in unappropriated retained earnings and non-controlling interests of the subsidiaries. Total equity included with equity attributable to owners of the Company of THB 1,162mn and non-controlling interests of the subsidiaries of THB 71mn.

### CASH FLOW

As of 30 September 2017, the Company had **net cash from operating activities** of THB 2mn primarily from cash from operating activities of THB 50mn and interest income of THB 4mn which was mainly offset by cash paid for corporate income tax and interest expenses of THB 49mn and THB 3mn, respectively. **Net cash used in investing activities** was THB 442mn, mainly from cash paid to invest in Multi Sign and COMASS of THB 315mn and cash paid to invest in other assets of THB 306mn which comprising of the investment in LED screen project and the purchase of billboard structures. Such cash used in abovementioned was offset by cash received from sales of current investment of THB 194mn, cash received from repayment of short-term loans to related parties of THB 8mn, and cash received from sales of equipment of THB 9mn. **Net Cash from financing activities** was THB 323mn. The key components are cash received from long-term loans from financial institution of THB 455mn used for aforementioned investment, nevertheless, the increase was offset by dividends paid of THB 118mn and a repayment of long-term loan from financial institution and finance lease of THB 13mn.

NINE-MONTH CASH FLOW SNAPSHOT



KEY FINANCIAL RATIOS

		3Q 2016	3Q 2017		3Q 2016	3Q 2017
<b>Profitability Ratios</b>				<b>Liquidity Ratios</b>		
Gross profit <sup>1</sup>	(%)	54.3%	59.5%	Current ratio	(times)	2.4
Operating EBITDA	(%)	19.5%	40.5%	Quick ratio <sup>6</sup>	(times)	2.4
Net profit (from operation)	(%)	12.7%	24.9%	Account receivable turnover	(times)	2.3
Net profit (after MI) <sup>2</sup>	(%)	12.3%	22.9%	Average collection period <sup>7</sup>	(days)	62
Return on equity <sup>3</sup>	(%)	21.2%	15.7%	Payable days	(days)	68
<b>Efficiency Ratios</b>				<b>Leverage Ratios</b>		
Return on assets <sup>4</sup>	(%)	19.5%	13.1%	Liability to Equity	(times)	0.5
Return on fixed assets <sup>5</sup>	(%)	124.9%	65.7%	Debt to equity	(times)	0.0
Asset turnover		0.7	0.6			

<sup>1</sup> Calculated from operating revenue

<sup>2</sup> Net Profit attributable to equity holders of the Company/ operating revenue

<sup>3</sup> Net Profit (Annualised) / Average Total Shareholders' equity (average of outstanding at end of the same period in the previous year and at end of this quarter)

<sup>4</sup> Earnings before interest and tax (Annualised) / Average Total Assets (average of outstanding at end of the same period in the previous year and at end of this quarter)

<sup>5</sup> Earnings before interest and tax (Annualised)/ Net Average Non-current Asset (average of outstanding at end of the same period in the previous year and at end of this quarter)

<sup>6</sup> (Current Assets – Inventory) / Average Current Liabilities at the end of this quarter

<sup>7</sup> Trade receivables (average of outstanding at end of the same period in the previous year and at end of this quarter) / Operating Revenue (Annualised)

**MANAGEMENT OUTLOOK**

In 3Q 2017, we successfully accomplished the Company's roadmaps by once again delivering highest top-line and bottom-line results in the Company's history.

Our 4Q 2017 performance is expected to slightly impact by the Royal Cremation Ceremonies for the late King during October 2017. Since the most of our media network is static format, there will be only minimal impact. This downward trend development was more than offset by the continued positive growth sentiment of advertising spending in November and December 2017, driven by the economic rebound in exports, tourism and automotive sector. Moreover, Thailand is expected to hold a general election in November 2018, therefore directly supporting the media industry overall. We reiterate the revenue growth forecast for the Company at 20% for 2017.

Going forward, MACO is aiming to modernise the outdoor media network in upcountry to respond customers' demands and create value added to the Company's portfolio by converting existing billboards in prime locations of CBD area from static billboard to digital screens. The Company expects to have 30 LED screens in the first of 2018 and to complete 50 screens on total within the second quarter of 2018.



.....  
Tamonwan Narintavanich  
(Chief Financial Officer)