MEDIA INDUSTRY

In recent years, advertising industry has witnessed the shift in the media landscape brought about by the change in people's lifestyles and the way people consume media. The increasing popularity of mobile phones (or smartphones) as made content more accessible and ever-present. Advertisers have adjusted their budget allocation from conventional media such as TV, Newspaper, Magazine and Radio to other potential sectors to optimise communicability. Hence, advertising expenditures for the TV sector and traditional media have been in decline and is expected to be surpassed by OOH media (Outdoor, Transit and In-store media) and digital/online spending in the near future.

Master Ad Public Company Limited ("MACO") focuses on the Outdoor media segment, a beneficiary of the continuing structural shift in the media industry and the ongoing trend of people spending more time outdoors. Outdoor media's strength is as a medium that reaches consumers when they are on-the-go to create brand awareness with extensive reach. Over the last few years, the outdoor media segment has consolidated into a few well-resourced media operators. Competition has intensified, but so too has opportunity with widening audience reach. The demand of outdoor media has also grown with the implementation of the latest digital technologies. This has also uncovered considerable opportunity and flexibility to create greater awareness to brands/media buyers.

In order to accommodate growing demand in the outdoor media segment, the Company has aggressively expanded our media footprint through the acquisition of Multi Sign Company Limited ("Multi Sign") and Co-Mass Company Limited ("Co-Mass") in October 2016 and June 2017, respectively. This strategic move enabled us to jump our media coverage nationwide and gather wider audience reach. During 2017, MACO also has started to introduce digital media into its product portfolio with 35 large-format digital billboards located in the CBD of upcountry urban areas. These above-mentioned developments have already borne fruit in the form of our solid performance since 2017 and continued to be key growth drivers of our performance in 2Q 2018.

IMPORTANT EVENTS IN 2Q 2018

- In May 2018, Master & More Company Limited (“Master & More”), a wholly-owned subsidiary of MACO, has acquired all remaining shares of 20% in Open Play Company Limited (“Open Play”) with a total investment value of THB 39,000. After the acquisition, Master & More holds 100% of Open Play’ total shares. Open Play is a company that was granted the exclusive rights from PTT Public Company Limited to manage advertising space inside PTT Jiffy gas stations nationwide
- In June 2018, the Company acquired 14.89% of Landy Development Company Limited (“Landy”) through its wholly-owned subsidiary, Master & More, for THB 25mn. Before the acquisition, MACO directly holds 48.87% in this Company. After the transaction, MACO effectively holds 63.76% of Landy, changing the investment status of Landy from investment in an associate to investment in a subsidiary. Landy is in the office rental business which own MACO headquarter office.
- On 29 June 2018, Green Ad Company Limited, a wholly-owned subsidiary of MACO, has successfully acquired all remaining shares of 30% in Multi Sign, thereby increasing Green Ad’s stake in this company to 100%. For a total investment value of up to THB 203mn.
- On 9 July 2018, MACO’s Board of Directors approved Eye On Ads Company Limited (“Eye On Ads”), a wholly-owned subsidiary of MACO, to acquire 81.65% of Trans.Ad Solutions Co., Ltd. (“Trans.Ad”) with a total investment value of THB 388mn. Trans.Ad is total solutions provider which specialises in LED and special display products. In this regard, Trans.Ad will use the funds received from Eye On Ads to further invest 89% in Roctec Technology Limited (“Roctec”). Roctec is the market leader in multimedia display systems and networking infrastructure solutions based in Hong Kong. MACO expects to obtain expertise in media solutions, system integrations and networking infrastructure, especially in digital media assets in order to support the expansion of our digital network domestically and internationally.

Trans.Ad Products and Services*

Roctec Products and Services*

*More commentary on the Trans.Ad transaction can be found in Report on http://maco.listedcompany.com/newsroom/090720182008370772E.pdf and http://maco.listedcompany.com/misc/PRESN/20180719-maco-vgm-and-tranad-transaction.pdf

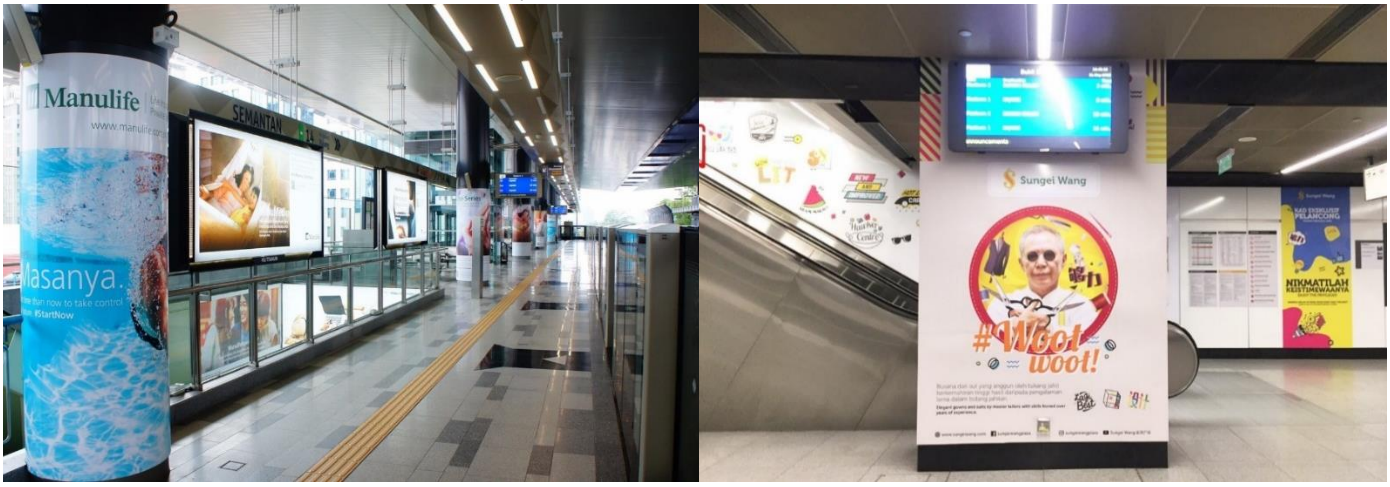
- On 18 July 2018, shareholders at Extraordinary General Meeting (EGM) resolved to approve the acquisition of 75% in VGI Global Media (Malaysia) Sdn. Bhd ("VGM") with a total investment value of THB 360mn. This transaction is expected to complete within the 4th quarter of 2018. VGM is a holding company investing in advertising related companies in mass transit systems, airports, cinemas, highways, major supermarkets and office buildings. The expected benefits from the transaction are 1) increasing exposure to new opportunities in overseas markets, especially in South East Asia countries where advertising market is still immature, 2) enhancing the variety of our media portfolio and expand our media coverage and 3) supporting the business operation of MACO in Malaysia, and 4) strengthening overall bargaining power from increased scale.

VGM Business Overview*

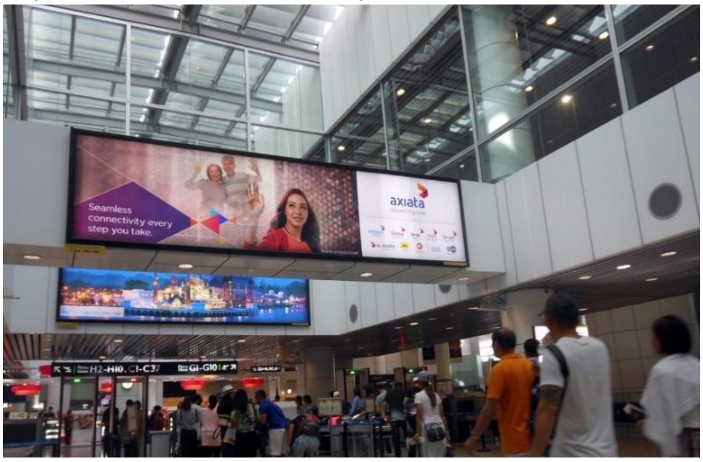
	Transit	Airport	Cinema & Retail	Outdoor	Other
Entity	Titanium Compass **(TCSB)** PT Avabanindo Perkasa **(AVA)**	Meru Utama **(MUSB)**	Focus Media (Network) **(FMN)** Point cast (M) **(PCSB)**	Redberry Outdoors **(RBO)** Ten Plus Recourses **(TPSB)**	Puncak Berlian **(PBSB)** Redberry Media **(RMSB)** Nova Berry **(NBSB)**
Business/Concession	**TCSB:** Holds 10-year advertising concession in the MRT SBK Line in Malaysia **AVA:** Holds 20-year advertising concession for MRT system in Indonesia (North – South Line)	**MUSB:** Holds 7 years concession for manage advertising space in KL International airport 1 and 2 and Senal Airport	**FMN:** Operates advertising in 3 cinema chains and digital media business in office building **PCSB:** Operates the media at payment cashiers in major hypermarket stores throughout Malaysia	**RBO:** Operates media on 918 buses and billboards on highway **TPSB:** Manages digital billboard (E-bunting) in Malaka state, Malaysia	**PBSB:** Investment Holding Company **RMSB:** Investment Holding Company **NBSB:** No operation at the present
Network	**TCSB:** 31 MRT stations 58 trains 232 carriages **AVA:** 13 MRT stations 16 trains 96 carriages	**MUSB:** 354 static panels 3 aero trains 114 panels of link bridge 285 digital screen	**FMN:** 37 cinema locations 302 cinema halls 2 large LCD screens **PCSB:** 52 supermarkets	**RBO:** 11 static billboards 918 buses in KL and Penang **TPSB:** 45 street bunting panels	

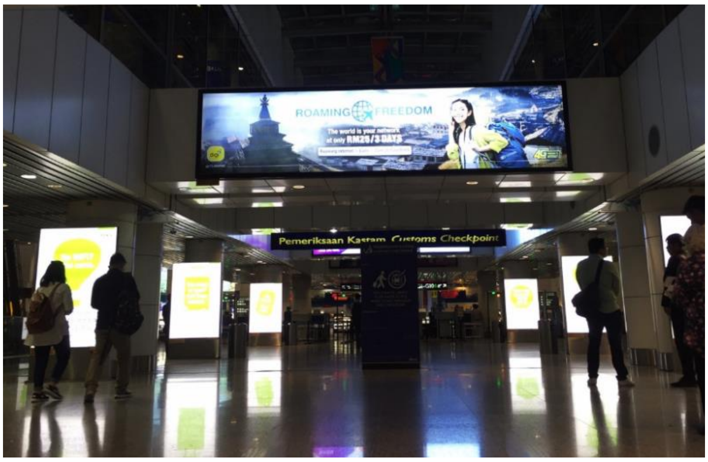
*More commentary on the VGM transaction can be found in Report on http://maco.listedcompany.com/newsroom/270620181831240885E.pdf, http://maco.listedcompany.com/newsroom/270620181831360124E.pdf and http://maco.listedcompany.com/misc/PRESN/20180719-maco-vgm-and-tranad-transaction.pdf.

Transit Media in MRT Network ,SBK Line, Malaysia



Airport Media in KLIA 1-2 , Malaysia





DIVIDEND PAYMENTS

- On 25 April 2018, shareholders at the Annual General Meeting resolved to approve the cash dividend payment from the operating results of 2H 2017 of THB 0.018 per share (totaling THB 62mn). The total 2017 dividend payout was THB 122mn. The dividend was paid to shareholders on 18 May 2018.

2Q 2018 CONSOLIDATED P&L SNAPSHOT

CONSOLIDATED P&L SNAPSHOT

THB (mn)	2Q 2017	1Q 2018	2Q 2018	QoQ (%)	YoY (%)
Operating revenue	199	290	280	-3.4%	40.9%
Cost of sales	87	109	103	-5.8%	17.8%
Gross profit	112	181	177	-2.0%	59.0%
Selling, general and administrative expenses	64	119	106	-10.7%	64.2%
EBITDA	66	90	102	12.6%	53.6%
Net profit from financial statement	**51**	**54**	62	13.6%	21.3%
Net profit (exc. Minority Interest)	**51**	**53**	62	18.2%	22.8%
Gross profit margin	56.1%	62.4%	63.3%		
EBITDA margin	33.2%	31.1%	36.2%		
NPAT margin (from financial statement)	25.6%	18.7%	22.0%		
NPAT margin (exc. Minority Interest)	25.6%	18.2%	22.3%		

2Q 2018 PERFORMANCE ANALYSIS (YoY)

In 2Q 2018, the Company reported a consolidated **operating revenue** of THB 280mn, a significant increase of 40.9% YoY from THB 199mn in 2Q 2017. The improved performance was mainly driven by the ongoing revenue recognition of 35 digital billboards, which was rolled out in July 2017 and the full-year consolidation of Co-Mass, which was acquired in June 2017.

In this quarter, **Billboard media**[1] contributed 74.0% of total operating revenue whilst **Street Furniture media** contributed the remaining of 26.0%.

Cost of sales grew by 17.8% from THB 87mn in 2Q 2017 to THB 103mn in 2Q 2018. This was mainly due to the aforementioned consolidation and cost of digital billboards network. As operating revenue increased more than cost of sale, **Gross profit margin** grew to 63.3% from 56.1% in the same period last year.

Selling, general and administrative expenses ("SG&A") increased by 64.2% YoY from THB 64mn to THB 106mn. In this quarter, the Company recognised acquisition-related expenses of VGM and Trans.Ad of around THB 8mn and purchase price allocation (PPA) from Co-Mass's consolidation of THB 9mn.

As a result, **net profit** attributable to the equity holders of the Company increased by 22.8% to THB 62mn from THB 51mn in the same period last year. However, **net profit margin** slightly decreased to 22.3% from 25.6% in 2Q 2017 due to the higher SG&A in the quarter.

[1] Billboard media includes revenue from both static and digital billboard and revenue from creative production.

FINANCIAL POSITION (THB mn)

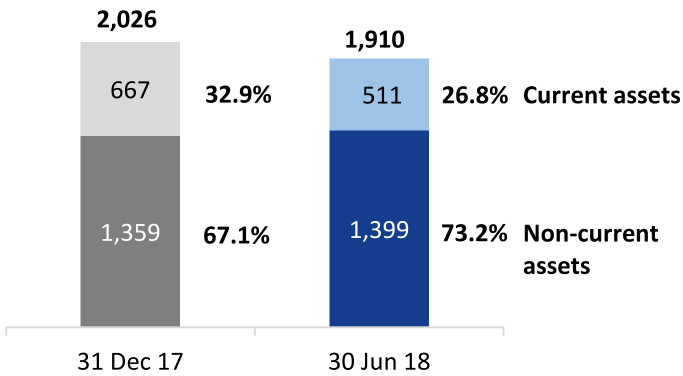
In this quarter, there were 3 significant changes in the Company's financial position include;

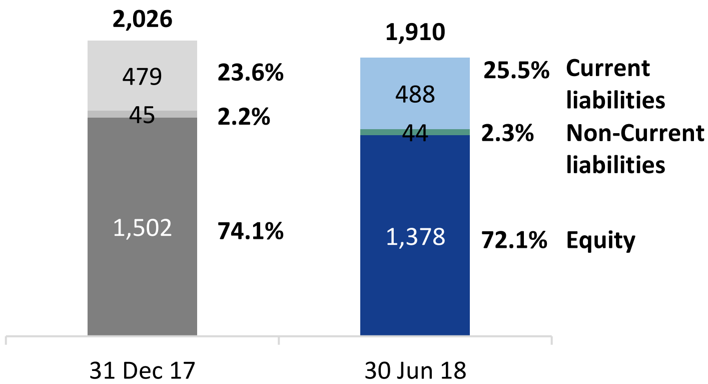
1) The Company restated the consolidated financial position as at 31 December 2017 to reflect the fair value of Co-Mass's assets after the measurement of fair value of Co-Mass's identifiable assets was completed. The restatement involved eliminating the "estimated amount by which costs of the acquisition of investment exceed identifiable net assets of Co-mass" of THB 281mn in non-current assets, which was replaced by 1) goodwill of THB 262mn and an intangible assets of THB 36mn in non-current assets, 2) deferred tax liabilities of THB 7mn in non-liabilities, and 3) non-controlling interests of Co-mass of THB 9mn in equity.

2) The Company recognised a deficit from the change in the ownership interests in Multi Sign of THB 173mn after MACO completely acquired the remaining 30% of Multi Sign's shares. The deficit of THB 173mn was calculated based on the differences between the purchase price of the 30% investment in Multi Sign of THB 203mn and the adjusted non-controlling interests of it of THB 29mn.

3) The change in investment status of Landy, after Master & More acquired an additional 14.89% of the company, thereby taking the Group's shareholding in Landy to 63.76%. Landy's financial statement was included in the consolidated financial statements since 26 June 2018, as a result the Company recognised additional net assets from Landy of THB 96mn. The key components were 1) property, plant and equipment of 50mn, 2) investment property of THB 28mn, and 3) cash and cash equivalents of THB 22mn.

More commentary on 2Q 2018 financial statement can be found in *Notes to interim consolidated financial statements for the three-month and six-month periods ended 30 June 2018* (Note 5.1-5.3).





ASSETS

ASSETS BREAKDOWN	31 DECEMBER 2017		30 JUNE 2018	
	(THB mn)	% out of total assets	(THB mn)	% out of total assets
Cash and cash equivalents and current investments	203	10.0%	135	7.1%
Trade and other receivables	345	17.0%	241	12.6%
Building and equipment and investment properties	506	25.0%	624	32.7%
Goodwill and Intangible assets	726	35.8%	714	37.4%
Other assets	246	12.1%	196	10.2%
Total assets	**2,026**	**100.0%**	**1,910**	**100.0%**

Total assets as of 30 June 2018 stood at THB 1,910mn, a decrease of THB 117mn or 5.8% from THB 2,026mn as of 31 December 2017. The decrease was primarily attributed to 1) a decrease in trade and other receivables of THB 104mn, 2) a decrease in cash and cash equivalents of THB 60mm, 3) a reduction in investments in associates of THB 37mn from the change in investment status of Landy and 4) a decrease in other non-current assets of THB 27mn. The increase, however, was partially offset with 5) an increase in building and equipment of THB 89mn which mainly came from Landy's asset as well as 6) an increase in investment properties of THB 28mn, largely from the consolidation of Landy.

Trade and other receivables were THB 241mn, a decrease of THB 104mn or 30.2% from THB 345mn as of 31 December 2017. The Company gives 90 days credit terms to customers. The average credit terms paid by customers was 58 days as of 30 June 2018 and 69 days as of 31 December 2017.

AGEING OF TRADE RECEIVABLES (THB mn)	31 DECEMBER 2017	30 JUNE 2018
Not yet due	124	112
Up to 3 months	89	15
3 - 6 months	0	8
6 - 12 months	0	1
Over 12 months	13	8
Total	**227**	**145**
Allowance for doubtful debt	11	7

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND EQUITY BREAKDOWN	31 DECEMBER 2017		30 JUNE 2018	
	(THB mn)	% out of total liabilities and equity	(THB mn)	% out of total liabilities and equity
Short term loans from financial institutions	230	11%	250	13%
Trade and other payables	157	8%	173	9%
Accrued expenses	78	4%	48	3%
Other current liabilities	14	0%	17	0%
Non-current liabilities	45	2%	44	2%
Total liabilities	524	26%	532	28%
Shareholders' equity	1,502	74%	1,378	72%
Total liabilities and equity	**2,026**	**100%**	**1,910**	**100%**

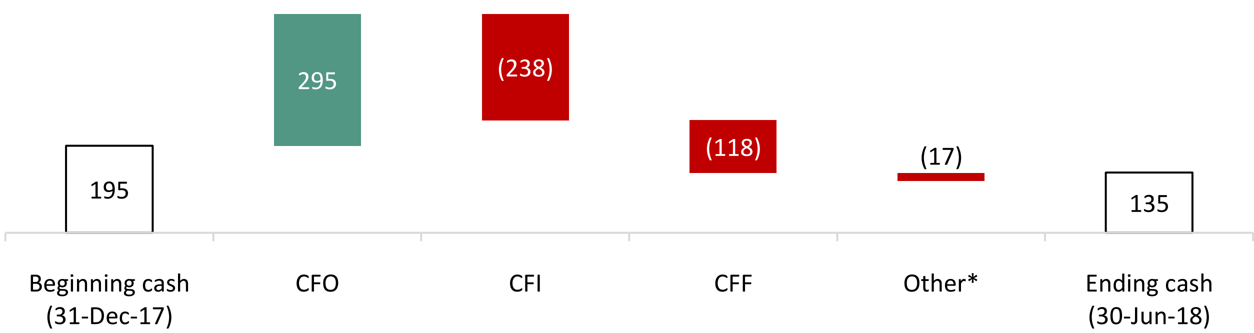
Total liabilities were THB 532mn, increasing by 1.5% or THB 8mn from THB 524mn as of 31 December 2017. This was mainly from an increase in short term loans from financial institutions of THB 20mn and trade and other payables of THB 16mn. The increase, however, was partially offset with a decrease in accrued dividend of THB 26mn.

Total equity was THB 1,378mn, fell by THB 124mn or 8.3%. This was attributed the deficit from the change in the ownership interests in Multi Sign of THB 172mn, being partially offset by an increase unappropriated retained earnings of THB 53mn. As of 30 June 2018, total equity attributable to owners of the Company stood at THB 1,306mn and non-controlling interests of the subsidiaries at THB 72mn.

CASH FLOW

For the six months ended 30 June 2018, **cash and cash equivalents** stood at THB 135mn, a decrease of 30.9% or THB 60mn. Cash from operating activities was THB 324mn (vs cash from operating activities of THB 117mn in 6M 2017). This was derived from profit before tax of THB 144mn, being adjusted by 1) an increase in net non-cash reconciling items of THB 79mn and (2) an increase in net working capital of THB 102mn. After deducting net cash paid for corporate income tax of THB 36mn (6M 2017: THB 27mn) and net cash paid for interest expenses of THB 3mn (6M 2017: THB 2mn), **net cash from operating activities** was THB 295mn. **Net cash used in investing activities** was THB 238mn. The key components were 1) cash paid for investments in a subsidiary of THB 165mn, largely from an investment in Multi Sign and 2) acquisition of equipment of 82mn from digital billboards installment. **Net cash used in financing activities** was THB 118mn. The key components are 1) cash paid from dividend payment of THB 94mn and 2) cash paid for the remaining price of the shares of Multi Sign of THB 44mn in 1Q 2018.

6 MONTHS CASH FLOW SNAPSHOT



*Other was the translation adjustments

KEY FINANCIAL RATIOS

		2Q 2017	2Q 2018			2Q 2017	2Q 2018
Profitability Ratios				**Liquidity Ratios**			
Gross profit [1]	(%)	56.1%	63.3%	Current ratio	(times)	0.9	1.1
EBITDA	(%)	33.2%	36.2%	Quick ratio[6]	(times)	0.9	1.5
Net profit (from FS)	(%)	25.6%	22.0%	Account receivable turnover	(times)	2.9	4.5
Net profit (after MI) [2]	(%)	25.6%	22.3%	Average collection period[7]	(days)	80	58
Return on equity[3]	(%)	11.8%	20.1%	Payable days	(days)	98	143
Efficiency Ratios				**Leverage Ratios**			
Return on assets[4]	(%)	9.8%	16.7%	Liability to Equity	(times)	0.6	0.3
Return on fixed assets[5]	(%)	45.5%	63.4%	Debt to equity	(times)	0.2	0.2
Asset turnover	(times)	0.5	0.6				

[1] Calculated from operating revenue
[2] Net Profit attributable to equity holders of the Company/ operating revenue
[3] 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)
[4] 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)
[5] 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)
[6] (Current Assets – Inventory) / Average Current Liabilities at the end of this quarter
[7] 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 this quarter, the Company grew substantially on the back of the full-year consolidation and digitisation of our media platforms. We expect to see continuing improvement in the Company's performance in the second half of this year from billboard network expansion, an improvement in media utilisation rate and consolidation of the newly-acquired subsidiaries, Trans.Ad and Roctec.

Strengthening our international footprint, especially in Malaysia, is an integral part of the Company's strategy. Back in 2015, MACO initiated its first overseas expansion in the Malaysian market through its 40% investment in Eyeball Channel Sdn. Bhd. Today, with the support of our shareholders and all stakeholders, we are going to take a major new step to become the flag bearer of the VGI Group in expanding the out-of-home media business overseas. This opportune time will allow MACO to strengthen and advance its media network in Malaysia and potentially enter into Indonesia. In the next 1-2 years, our efforts will focus on ensuring that those companies synthesise synergies for MACO. Though we foresee future challenges in this expansion, we are nevertheless committed and shall continue to endeavor to create value for our shareholders.

T. Narin

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Tamonwan Narintavanich

(Chief Financial Officer)