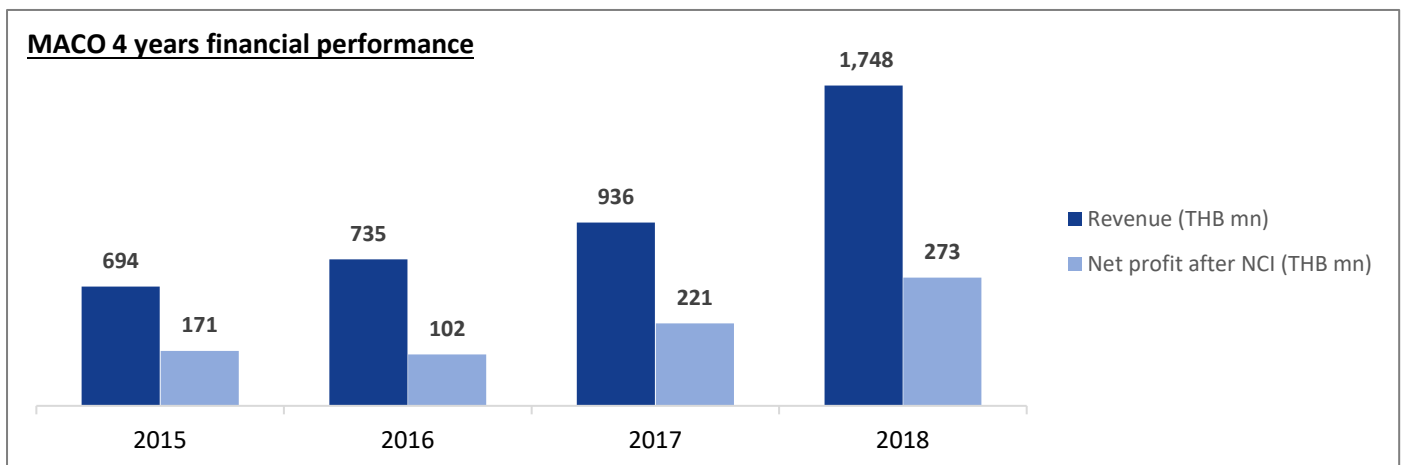


**MEDIA INDUSTRY AND BUSINESS IMPACT ANALYSIS**

The overall Thai advertising market has been recovering consistently since the beginning of 2018, reporting 4.0% growth in 2018<sup>1</sup>. Once again, Out-of-Home (OOH) and online advertising, in particular reported rigorous growth of 23.0% and 21.0%, respectively, whereas, print media continues its multi-year decline, down 25.0%. The advertising spending in TV improved by 3.0% in 2018<sup>2</sup>. Such positive trends in OOH and online have been fueled by lifestyle changes, whereby urban population nowadays tend to spend more time outside their homes; the rapid increase of the number of Internet users; and the growing recognition of these media as effective advertising and marketing tools.

2018 was another all-time high financial record for MACO – a culmination of 4 consecutive years of record-breaking achievement – having achieved revenue and net profit of 1,748mn and 273mn, respectively. Our robust operating and financial performance are a direct reflection of successful implementation of digitalisation strategy, strategic acquisitions as well as the expansion for growth in Southeast Asia. We successfully converted static billboards into digital billboards, which now cover 32 provinces in Thailand. This effort is expected to enhance our returns, generate higher yields and create more impact on behalf of advertisers. With the acquisition of Trans.Ad Solutions Co., Ltd. (“Trans.Ad”) and Roctec Technology Limited (“Roctec”) (collectively called “Trans.Ad Group”), MACO can fully leverage Trans.Ad Group’s capabilities to support changing media consumption behaviour and facilitate digitalisation of our media. Moreover, we continue to invest our resources in expanding in high potential markets such as through VGI Global Media (Malaysia) Sdn. Bhd. (“VGM”) in Malaysia, Indonesia and setup a subsidiary company in Singapore, in order to build a strong foundation for benefiting from further opportunities in Southeast Asia. *For more details of the Company's annual performance, please see 2018 performance analysis.*



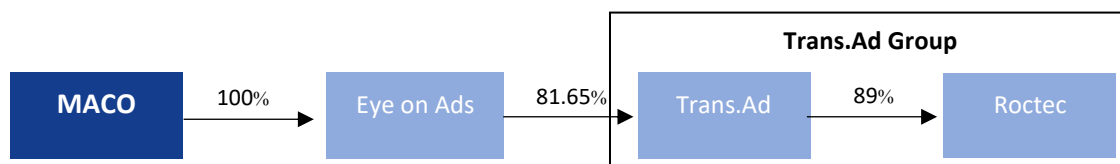
<sup>1</sup> Media Agency Association of Thailand (MAAT)

<sup>2</sup> Media Intelligence Co., Ltd.

**IMPORTANT EVENTS IN 2018**

2018 was another important milestone for MACO as we successfully expanded our media coverage in Southeast Asia through our presence in Malaysia and Indonesia, as well as making strategic investments in system integration and printing to support our expansion of our media network for the whole group. In addition, MACO recently received approval to renovate street furniture media on BTS columns, which is expected to be a key growth driver for 2019.

- January**
  - Continued the process towards digitisation by replacing static billboards with digital screens. Currently, MACO has a total of 35 digital screens covering 32 provinces under management.
- June**
  - Acquired an additional 30% in Multi Sign Company Limited (“Multi Sign”) with a total investment value of THB 203mn. Hence, MACO has a total of 100% shareholding in the company. The transaction enables MACO to have full-control in managing Multi Sign Outdoor media, which has more than 600 billboards across Thailand.
- July**
  - MACO successfully acquired 81.65% of Trans.Ad – a multimedia display systems provider and 89% in Roctec – a provider of multimedia & communications systems, system integrations and total network infrastructure with a total investment value of THB 388mn. MACO expects to obtain their expertise and integrate them into its digital media business in order to support the expansion of the digital network of the Company Group domestically and internationally.



- August**
  - Received proceeds from a rights offering (“RO”) of THB 1,376mn through new issuance of 688mn ordinary shares at an offering price of THB 2.00 per share, to the existing shareholders at a ratio of 5 existing ordinary shares for 1 newly issued ordinary shares. The Company has already used the proceeds from the RO for acquiring additional stakes in Multi Sign, investing in Trans.Ad Group, VGM and Gold Star Group Company Limited (“GSG”).
- October**
  - Incorporated a subsidiary company in Singapore namely VGI MACO (Singapore) Private Limited (“VGI MACO”). VGI and MACO holds a 75% and 25% stake in the company, respectively. Later, VGI MACO has entered into a joint venture agreement with Sinarmas Group in order to engage in OOH media, payment system and CRM royalty programme business in Indonesia.
- November**
  - Received the approval to renovate street furniture media on BTS columns by the Bangkok Metropolitan Administration. MACO will leverage the benefits of digitalising its prime media inventory - such as higher visual impact advertising - by converting its existing 188 static street furniture panels to 42 LED screens and 180 lightboxes. This will increase our media capacity by THB 200mn to THB 1,700mn in 2019. The renovation is expected to start commercialisation in 2Q2019.
  - Expanded our presence in the Malaysian and Indonesian market by acquiring 75% in VGM. Strengthening our international footprint is an integral part of MACO’s strategy and VGM will be the flagbearer in expanding our Out-of-Home (“OOH”) media business overseas. (please find more details of VGM business as below photo.)

**VGM Business Overview\***

	<b>Transit</b>	<b>Airport</b>	<b>Cinema &amp; Retail</b>	<b>Outdoor</b>	<b>Other</b>
<b>Entity</b>	Titanium Compass ( <b>TCSB</b> ) PT Avabanindo Perkasa ( <b>AVA</b> )	Meru Utama ( <b>MUSB</b> )	Focus Media (Network) ( <b>FMN</b> ) Point cast (M) ( <b>PCSB</b> )	Redberry Outdoors ( <b>RBO</b> ) Ten Plus Recourses ( <b>TPSB</b> )	Puncak Berlian ( <b>PBSB</b> ) Redberry Media ( <b>RMSB</b> ) Nova Berry ( <b>NBSB</b> )
<b>Business/Concession</b>	<b>TCSB:</b> Holds 10-year advertising concession in the MRT SBK Line in Malaysia  <b>AVA:</b> Holds 20-year advertising concession for MRT system in Indonesia (North – South Line)	<b>MUSB:</b> Holds 7 years concession for managing advertising space in KL International airport 1 and 2 and Senal Airport	<b>FMN:</b> Operates advertising in 3 cinema chains and digital media business in office building  <b>PCSB:</b> Operates the media at payment cashiers in major hypermarket stores throughout Malaysia	<b>RBO:</b> Operates media on buses in KL and Penang and manage billboards on KAJANG SILK Highway and Duta Ulu-Kelang Expressway  <b>TPSB:</b> Manages digital billboard (E-bunting) in Malaka state, Malaysia	<b>PBSB:</b> Investment Holding Company <b>RMSB:</b> Investment Holding Company and MOF License Holder <b>NBSB:</b> No operation at the present
<b>Network</b>	<b>TCSB:</b> 31 MRT stations 58 trains 232 carriages  <b>AVA:</b> 13 MRT stations 16 trains 96 carriages	<b>MUSB:</b> 354 static panels 3 Aero trains 114 panels of link bridge 158 panels of PBL 285 Digital screen	<b>FMN:</b> 2 large LED screens 37 cinema locations 302 cinema halls  <b>PCSB:</b> 52 supermarkets 875 screens 80 office buildings	<b>RBO:</b> 11 static billboards 918 buses in KL and Penang 14 KTM train stations  <b>TPSB:</b> 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>

**VGM's products**



**December**

- Acquired 60% in GSG – a design and printing provider for media production, especially BTS Sky Train and Office media wrap. MACO expects to obtain GSG’s expertise in media production and installation to support the Group’s media network expansion.

**DIVIDEND PAYMENTS**

- On 12 September 2018, the Board of Directors meeting (“BOD”) resolved to approve the interim dividend payment from the operating results of 1H 2018 at THB 0.018 per share (totaling THB 74mn).
- On 11 February 2019, BOD resolved to approve the cash dividend payment from the operating results for the 2H 2018 of the Company’s performance to shareholders a total not exceeding THB 82.53mn, at a rate of THB 0.020 per share for shareholders named at book closing on 22 March 2019 (Record Date). The payment date of the interim dividend will be 17 May 2019 (subject to the resolution of Annual General Meeting of Shareholders, which will be held on 24 April 2019).

**2018 CONSOLIDATED P&L SNAPSHOT**

**CONSOLIDATED P&L SNAPSHOT**

THB (mn)	2017	2018	YoY (%)
Operating revenue	936	1,748	86.8%
Cost of sales	390	900	131.1%
Gross profit	546	847	55.1%
Selling, general & administrative expenses	313	525	67.7%
<b>EBITDA</b>	<b>342</b>	<b>444</b>	<b>29.9%</b>
<b>Net profit from operation</b>	<b>209</b>	<b>235</b>	<b>12.6%</b>
<b>Net profit (exc. Minority Interest)</b>	<b>221</b>	<b>273</b>	<b>23.4%</b>
Gross profit margin	58.4%	48.5%	
EBITDA margin	36.5%	25.4%	
NPAT margin from operation	22.3%	13.5%	
NPAT margin (exc. Minority Interest)	23.6%	15.6%	

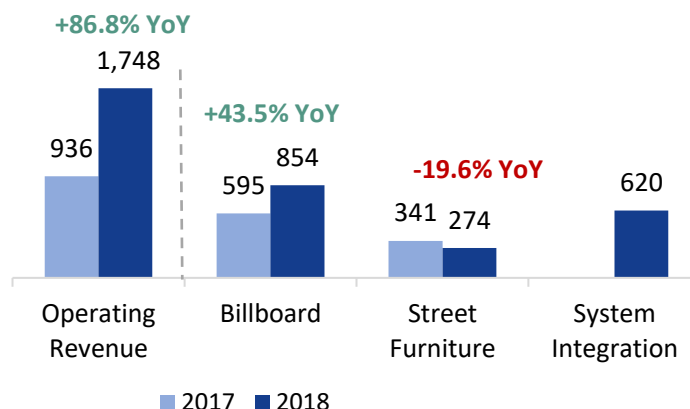
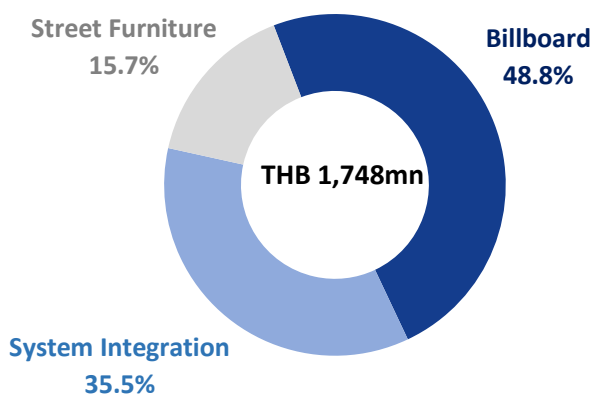
\* The Company restated the financial performance from 26 January 2017 after the consolidation of VGM under the common control basis.

**2018 PERFORMANCE ANALYSIS (YoY)**

We’ve successfully expanded our media network nationwide, turning 35 static billboards to digital screens, and strengthening the Company’s foundation by acquiring Trans.Ad Group, VGM and GSG. These enable MACO to achieve the highest revenue in its history. the Company’s consolidated **Operating revenue** increased by 86.8% from THB 936mn in 2017 to THB 1,748mn. The revenue comprised of advertising services revenue of THB 1,127mn, and system integration and total solution services revenue of THB 620mn arising from the 5 months consolidation of Trans.Ad Group which was acquired in August 2018.

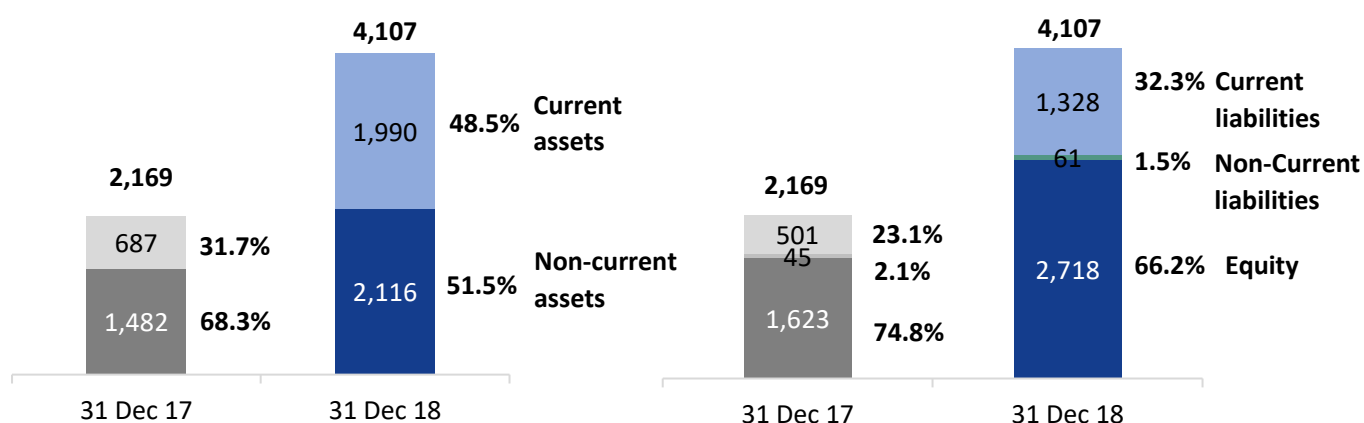
**2018 REVENUE CONTRIBUTION (THB mn)**

**2018 REVENUE BY SEGMENTS (THB mn)**



**Cost of sales** grew by 131.1% from THB 390mn in 2017 to THB 900mn in this year, mainly due to the aforementioned consolidation. Trans.Ad Group’s cost structure is characteristically higher than MACO’s core business, as a result of higher computer, software and installation expenses. The cost of sales comprised of cost of advertising services of THB 425mn and cost of system integration and total solution services of THB 475mn.

**Selling, General and Administrative expenses (“SG&A”)** increased by 67.7% YoY from THB 313mn to THB 525mn, primarily due to the 5 months consolidation of Trans.ad Group. SG&A to sales ratio decreased significantly from 33.5% in 2017 to 30.0% in 2018. **Net profit** attributable to the equity holders of the Company increased by 23.4% to THB 273mn from THB 221mn last year. **Net profit margin** decreased to 15.6% from 23.6% in 2017. In the future, we expect MACO will benefit from economies of scale synthesised from Trans.Ad Group and their support of our media digitalisation strategy.

**FINANCIAL POSITION (THB mn)**

**ASSETS**

ASSETS BREAKDOWN	31 DECEMBER 2017		31 DECEMBER 2018	
	(THB mn)	% out of total	(THB mn)	% out of total
Cash & cash equivalents and Current investments	211	9.7%	653	15.9%
Trade & other receivables	351	16.2%	968	23.6%
Building and equipment	486	22.4%	613	14.9%
Goodwill and Intangible assets	726	33.5%	707	17.2%
Other assets	395	18.2%	1,166	28.4%
<b>Total assets</b>	<b>2,169</b>	<b>100.0%</b>	<b>4,107</b>	<b>100.0%</b>

\* The Company restated the financial performance from 26 January 2017 after the consolidation of VGM under the common control basis.

**Total assets** as of 31 December 2018 stood at THB 4,107mn, an increase of THB 1,938mn or 89.3% from THB 2,169mn as of 31 December 2017. **Total current assets** were THB 1,990mn, which rose by 189.6% or THB 1,303mn. This was primarily attributable 1) an increase in trade and other receivables of THB 616mn, 2) an increase in cash and cash equivalents of THB 449mn, and 3) an increase in short-term loans of VGM to Titanium Compass Sdn Bhd ("TCSB") and Meru Utama Sdn Bhd ("MUSB") of THB 124mn.

**Total non-current assets** stood at THB 2,116mn, an increase of 42.8% or THB 635mn primarily due to 1) an increase in the differences between the price paid by the company and the targeted company's book value of THB 487mn after the acquisition of Trans.Ad Group and GSG, and 2) an increase in building and equipment of THB 127mn mainly from Landy, GSG and Trans.Ad Group consolidation.

**Trade and other receivables** were THB 968mn, which rose by 175.4% or THB 616mn from THB 351mn as of 31 December 2017. The Company gives 90 days credit terms to customers. The average credit terms paid by customers was 77 days as of 31 December 2018 and 69 days as of 31 December 2017.

**AGEING OF TRADE RECEIVABLES (THB mn) 31 DECEMBER 2017 31 DECEMBER 2018**

Not yet due	124	293
Up to 3 months	89	144
3 - 6 months	0	67
6 - 12 months	0	13
Over 12 months	13	11
<b>Total</b>	<b>227</b>	<b>528</b>
Allowance for doubtful debt	11	6

**LIABILITIES AND SHAREHOLDERS' EQUITY**

LIABILITIES AND EQUITY BREAKDOWN	31 DECEMBER 2017		31 DECEMBER 2018	
	(THB mn)	% out of total	(THB mn)	% out of total
Short term loans from financial institutions	230	10.6%	270	6.6%
Short term loans from related parties	16	0.7%	39	1.0%
Trade and other payables	163	7.5%	504	12.3%
Accrued expenses	78	3.6%	39	0.9%
Deferred Incomes	7	0.3%	444	10.8%
Other current liabilities	7	0.3%	31	0.8%
Non-current liabilities	45	2.1%	61	1.5%
<b>Total liabilities</b>	<b>546</b>	<b>25.2%</b>	<b>1,388</b>	<b>33.8%</b>
Shareholders' equity	1,623	74.8%	2,718	66.2%
<b>Total liabilities and equity</b>	<b>2,169</b>	<b>100.0%</b>	<b>4,107</b>	<b>100.0%</b>

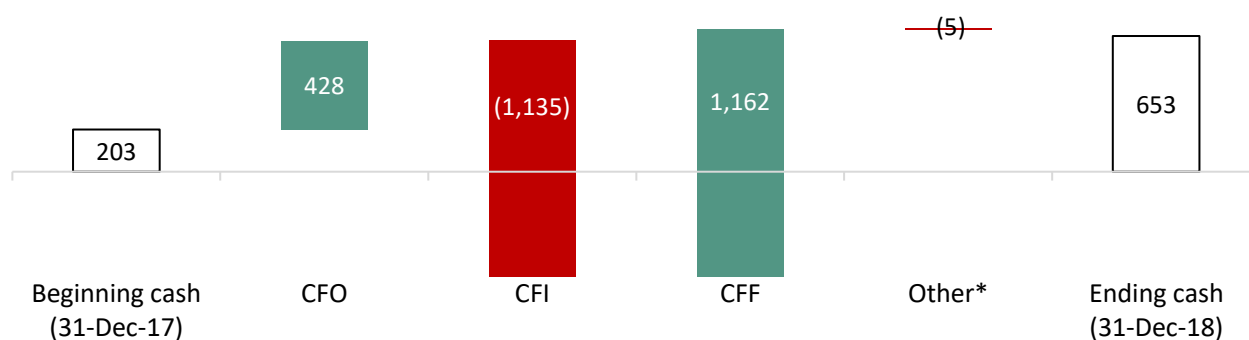
The Company restated the financial performance from 26 January 2017 after the consolidation of VGM under the common control basis.

**Total liabilities** were THB 1,388mn, increasing by 154.3% or THB 842mn from THB 546mn as of 31 December 2017 mainly from an increase in 1) an increase in deferred income of THB 437mn from deposits paid by customers who use system integration and total solution services of Trans.Ad Group and 2) an increase in trade and other payables of THB 341mn, mainly from the consolidation of Trans.Ad Group. The increase, however, was primarily offset by a decrease in dividend payable of subsidiaries of THB 39mn

**Total equity** was THB 2,718mn rose by THB 1,095mn or 67.5%. This was attributed to an increase in premium on shares of THB 1,307mn which was from the RO of 688 million shares, amounting to THB 1,376mn. As of 31 December 2018, total equity included with equity attributable to owners of the Company of THB 2,528mn and non-controlling interests of the subsidiaries of THB 189mn.

**CASH FLOW**

As of 31 December 2018, the Company had **net cash from operating activities** of THB 428mn primarily from cash from operating activities of THB 497mn and interest income of THB 4mn which was mainly offset by cash paid for corporate income tax and interest expenses of THB 79mn and THB 3mn, respectively. **Net cash used in investing activities** was THB 1,135mn, mainly from 1) net cash paid to invest in Trans.Ad Group of THB 190mn, VGM of THB 360mn and GSG of THB 239mn 2) cash paid for acquisition of equipment THB 139mn from media inventory expansion and 3) cash paid for short-term loans of VGM to TCSB and MUSB of THB 124mn. **Net cash from financing activities** was THB 1,162mn. The key components are cash received from RO proceeds of THB 1,376mn which was partially offset by cash used for 1) dividend payment of THB 182mn and 2) settlement on payables for investment in Trans.Ad Group of THB 44mn

**TWELVE-MONTH CASH FLOW SNAPSHOT**


\*Other was the translation adjustments

**KEY FINANCIAL RATIOS**

		2017	2018			2017	2018
<b>Profitability Ratios</b>				<b>Liquidity Ratios</b>			
Gross profit <sup>1</sup>	(%)	58.3%	48.5%	Current ratio	(times)	1.4	1.5
Operating EBITDA	(%)	36.5%	25.4%	Quick ratio <sup>6</sup>	(times)	1.4	1.5
Net profit (from operation)	(%)	22.3%	13.5%	Account receivable turnover	(times)	5.3	4.7
Net profit (after MI) <sup>2</sup>	(%)	23.6%	15.6%	Average collection period <sup>7</sup>	(days)	69	77
Return on equity <sup>3</sup>	(%)	17.4%	13.8%	Payable days	(days)	145	81
<b>Efficiency Ratios</b>				<b>Leverage Ratios</b>			
Return on assets <sup>4</sup>	(%)	14.0%	10.2%	Liability to Equity	(times)	0.4	0.5
Return on fixed assets <sup>5</sup>	(%)	80.4%	58.2%	Debt to equity	(times)	0.1	0.1
Asset turnover	(times)	0.5	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 previous year and at end of this year)

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

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

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

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

\* The Company restated the financial performance from 26 January 2017 after the consolidation of VGM under the common control basis.

**MANAGEMENT OUTLOOK**

As we proceed through the first quarter of 2019, global growth is slowing from softening international trade. Thailand's economy is also expected to be impacted from the global slowdown, as is indicated by the downwards revision of its 2019 GDP from 3.9% to 3.8% by the World Bank. Despite this backdrop, we believe that the overall sentiment in Thailand will improve significantly, as a result of the upcoming election in March 2019, which is anticipated to be a catalyst for investment and consumption. Hence, we anticipate that advertisement spending will also benefit from the aforesaid.

For MACO, we expect that the synergies from integration and consolidation of acquisitions over the past year will generate more revenue in return. All told, we forecast revenue growth of 30% - 35%.



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