

QUARTERLY BUSINESS REVIEW – 1Q 2019

- Consolidated revenue increased by 149.3% to THB 689mn
 - Advertising revenue decreased by 5.5% to THB 261mn
 - System integration services revenue was recorded at THB 428mn
- EBITDA increased by 22.2% to THB 109mn
- Net profit from operation decreased by 13.5% to THB 44mn
- Dividend payment of 0.02 per share to be paid on 17 May 2019

KEY BUSINESS UPDATE

THAILAND

- MACO has completed the digital installation of its street furniture media at 23 BTS stations’ columns, and full commercialisation is expected to start in 3Q 2019.

Lightboxes at Surasak station



LED Screen at Chit Lom station



MALAYSIA

- Currently, VGI Global Media (Malaysia) Sdn Bhd (“VGM”) is managing advertising space on 31 stations and 58 trains of the Klang Valley Mass Rapid Transit system, or MRT, in Malaysia, with the SBK Line – one of the system’s main lines – recording more than 150,000 ridership per day.
- In this quarter, MACO has installed 42 additional digital screens at Kuala Lumpur International Airport Terminal 1 and 2. These screens are well-positioned to capture more than 60mn passengers annually.

Advertising at MRT-SBK line



Advertising at KL International Airport



INDONESIA

- In April 2019, the Red line (North – South) of Jakarta Mass Rapid Transit, or Jakarta MRT, in Indonesia has successfully commenced its operation. The line has a total distance of 15.7 kilometers spanning 13 stations. In terms of media, PT Avabanindo Perkasa (AVA), our associate company has already commercialised advertising spaces on 13 stations and 16 trains; while the line has recorded a ridership of more than 80,000 passengers per day during its first month of operation. Since the operation of business in Indonesia is still at infancy stage, the Company expects that it will not generate significant profit within this year.

Advertising at Jakarta MRT-Red line (North-South)

RIGHTS OFFERING AND DIVIDEND PAYMENT

- Received proceeds from the rights offering (RO) of THB 328mn through new issuance of 205mn ordinary shares at an offering price of THB 1.60 per share
- On 24 April 2019, the shareholder meeting has approved the cash dividend payment from the operating results of the second half of 2018 at THB 0.02 per share (total of THB 83mn). The dividend will be paid on 17 May 2019.

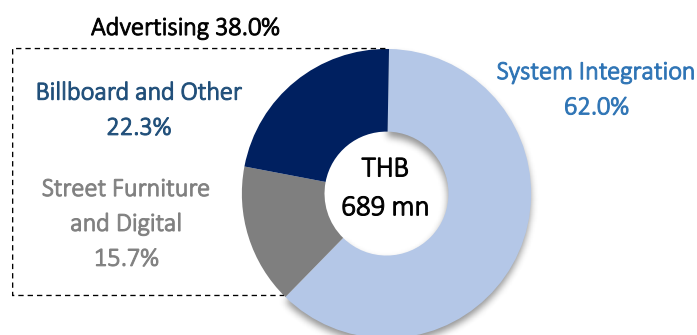
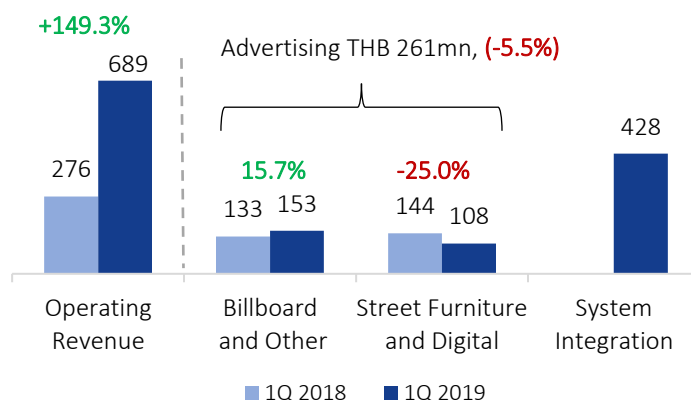
1Q 2019 CONSOLIDATED P&L SNAPSHOT

THB (mn)	1Q 2018	1Q 2019	YoY (%)
Operating revenue	276	689	149.3%
Cost of sales	109	457	318.9%
Gross profit	167	232	38.6%
Selling, general & administrative expenses	112	147	31.4%
EBITDA	89	109	22.2%
Net profit from operation	51	44	-13.5%
Net profit (exc. Minority Interest)	53	37	-30.2%
Gross profit margin	60.5%	33.7%	
EBITDA margin	32.3%	15.8%	
NPAT margin from operation	18.4%	6.4%	
NPAT margin (exc. Minority Interest)	19.1%	5.4%	

* IFRS 15 is effective for financial statement reporting periods beginning on after 1 January 2018

1Q 2019 PERFORMANCE ANALYSIS (YoY)

Since 2018, MACO has added new products from new acquisitions and business development to its portfolio, therefore, our product segment has been re-classified as follows:

Revenue contribution

Revenue by segment (THB mn)


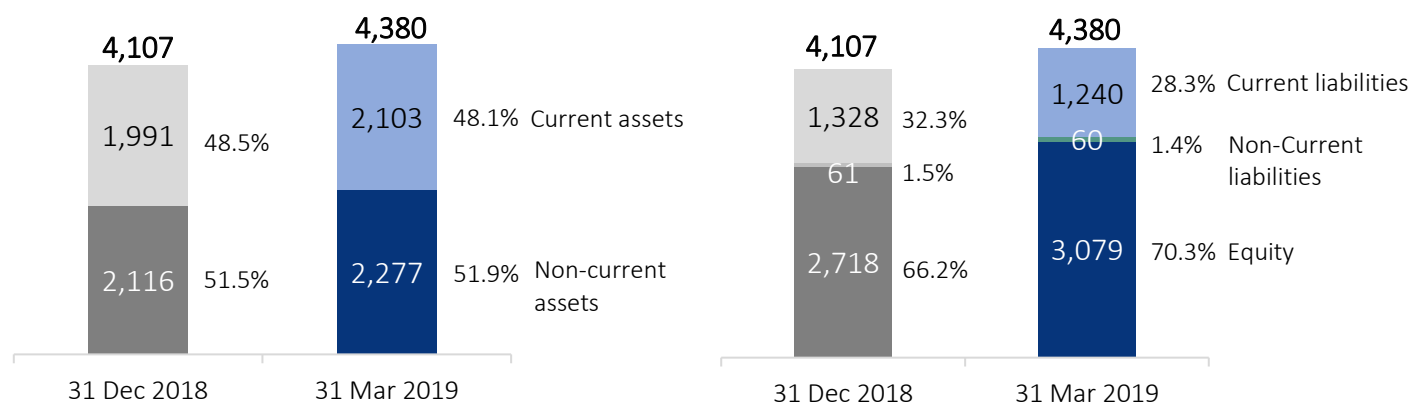
In this quarter, the Company reported a consolidated **operating revenue** of THB 689mn, an increase of 149.3% YoY. The revenue comprised Billboard and Other revenue of THB 153mn, Street Furniture and Digital revenue of THB 108mn and System Integration Services revenue of THB 428mn. The revenue growth mainly resulted from the consolidation of Trans.Ad Solutions Company Limited and Roctec Technology Limited, collectively called "Trans.Ad Group", which was acquired in August 2018.

Cost of sales increased by 318.9% from THB 109mn in 1Q 2018 to THB 457mn, mainly due to the aforementioned consolidation. Trans.Ad Group's cost structure is characteristically higher than MACO's core business which is advertising, as a result of higher expenses from hardware and software.

Selling, General and Administrative expenses (“SG&A”) grew by 31.4% YoY from THB 112mn to THB 147mn primarily due to the consolidation of Trans.ad Group. SG&A to sales ratio decreased significantly from 40.4% in 1Q 2018 to 21.3% in this quarter.

Net profit attributable to the equity holders of the Company decreased by 30.2% from THB 53mn to THB 37mn with a decline of **Net profit margin** of 5.4% from 19.1% in 1Q 2018. The lower-than-expected net profit’s performance was negatively impacted by an unexpected event in Malaysia, where a government-linked sector that is one of our major clients in airport advertisement has cut back its spending due to the country’s sluggish economy, leading to cancellations of some of our long-term contracts. To address this issue, we have been relentless in identifying new clients to replace those cancelled contracts.

FINANCIAL POSITION (THB mn)



ASSETS

ASSETS BREAKDOWN	31 DECEMBER 2018		31 MARCH 2019	
	(THB mn)	% out of total	(THB mn)	% out of total
Cash & cash equivalents and Current investments	653	15.9%	797	18.2%
Trade & other receivables	968	23.6%	826	18.9%
Property, plant and equipment	613	14.9%	799	18.2%
Goodwill and Intangible assets	707	17.2%	705	16.1%
Other assets	1,166	28.4%	1,253	28.7%
Total assets	4,107	100.0%	4,380	100.0%

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Total assets as of 31 March 2019 was reported at THB 4,380mn, an increase of THB 273mn or 6.6% from THB 4,107mn as of 31 December 2018. **Total current assets** were THB 2,103mn, which rose by 5.7% or THB 113mn. This was primarily attributable an increase in 1) cash and cash equivalents of THB 145mn, 2) short-term loans to related parties of THB 79mn and 3) prepaid expenses of THB 54mn. The increase was partially offset by a decrease in trade and other receivables of THB 142mn. **Total non-current assets** stood at THB 2,277mn, an increase of 7.6% or THB 160mn primarily due to an increase in property, plant and equipment of THB 187mn mainly from the renovation of Street Furniture media. However, this was partially offset by the investments in associates of THB 20mn.

Trade and other receivables were THB 826mn, a decrease of 14.7% or THB 142mn from THB 968mn as of 31 December 2018. The Company gives 90 days credit terms to customers. The average collection period as at the end of this quarter was 95 days compared to 139 days as of 31 December 2018. The increase in average collection period was because of Trans.Ad Group 's consolidation, where some of its customers are government agencies that have credit terms of not less than 90 days.

AGEING OF TRADE RECEIVABLES (THB mn)	31 DECEMBER 2018	31 MARCH 2019
Not yet due	273	227
Up to 3 months	145	160
3 - 6 months	67	30
6 - 12 months	13	27
Over 12 months	11	11
Total	509	455
Allowance for doubtful debt	6	7

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND EQUITY BREAKDOWN	31 DECEMBER 2018		31 MARCH 2019	
	(THB mn)	% out of total	(THB mn)	% out of total
Short term loans from financial institutions	260	6.3%	39	0.9%
Short term loans from related parties	39	0.9%	70	1.6%
Trade and other payables	504	12.3%	620	14.2%
Accrued expenses	23	0.6%	30	0.7%
Deferred Incomes	444	10.8%	424	9.7%
Other current liabilities	58	1.4%	57	1.2%
Non-current liabilities	61	1.5%	61	1.4%
Total liabilities	1,389	33.8%	1,301	29.7%
Shareholders' equity	2,718	66.2%	3,079	70.3%
Total liabilities and equity	4,107	100.0%	4,380	100.0%

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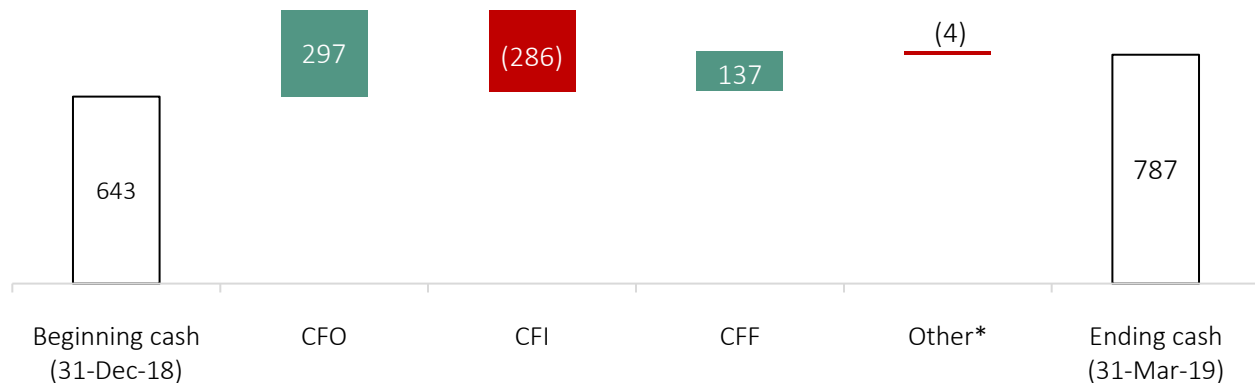
Total liabilities were THB 1,301mn, decreasing by 6.3% or THB 88mn from THB 1,389mn as of 31 December 2018 mainly from a decrease in short-term loans from financial institutions of THB 231mn. However, a decrease was primarily offset by an increase in trade and other payables of THB 116mn and an increase in short-term loans from related parties of THB 31mn.

Total equity was THB 3,079mn rose by THB 361mn or 13.3%. This was attributed to an increase in premium on shares of THB 308mn which was from the RO subscription of 205mn shares, amounting to THB 328mn. As of 31 March 2019, total equity included with equity attributable to owners of the Company of THB 2,884mn and non-controlling interests of the subsidiaries of THB 195mn.

CASH FLOW

As of 31 March 2019, the Company had **net cash from operating activities** of THB 297mn primarily from cash from operating activities of THB 323mn which was partly offset by cash paid for corporate income tax of THB 25mn. **Net cash used in investing activities** was THB 286mn, mainly from cash paid for acquisition of equipment of THB 208mn from expansion of media capacity and cash paid for short-term loans to related parties of THB 79mn. **Net cash received from financing activities** was THB 137mn. The key components are cash received from RO proceeds of THB 328mn and short-term loans of VGM from VGI of THB 30mn. However, these was partially offset by cash used for short-term bank loan repayment of THB 221mn.

THREE-MONTH CASH FLOW SNAPSHOT



*Other was the translation adjustments

KEY FINANCIAL RATIOS

		1Q 2018	1Q 2019			31-Dec 2018	31-Mar 2019
Profitability Ratios				Liquidity Ratios			
Gross profit ¹	(%)	60.5%	33.7%	Current ratio	(times)	1.5	1.7
Operating EBITDA	(%)	32.3%	15.8%	Quick ratio ⁶	(times)	1.5	1.5
Net profit (from operation)	(%)	18.4%	6.4%	Account receivable turnover	(times)	2.6	3.8
Net profit (after MI) ²	(%)	19.1%	5.4%	Average collection period ⁷	(days)	139	95
Return on equity ³	(%)	18.0%	11.8%	Payable days	(days)	157	186
Efficiency Ratios				Leverage Ratios			
Return on assets ⁴	(%)	16.4%	10.3%	Liability to Equity	(times)	0.5	0.5
Return on fixed assets ⁵	(%)	79.4%	50.3%	Debt to equity	(times)	0.1	0.04
Asset turnover	(times)	0.6	0.7				

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 previous year and at end of this year)

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

⁵ 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)

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

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

MANAGEMENT OUTLOOK

There were 2 major unexpected events in 2019. First, in Thailand, the effect of the renovation of Street Furniture resulting in lower revenue as the Company had to compensate loss during the installation. Moreover, the Company will be able to commercialise aforementioned assets in 3Q 2019. Hence, as the depreciation expense has already been recorded before the recognition of revenue, this will partially impact our bottom-line this year.

Another unforeseen event occurred in Malaysia. A government-linked sector that is one of our major clients in airport advertisement has cut back its spending due to the country's sluggish economy, leading to cancellations of some of our long-term contracts. To address this issue, we have been relentless in identifying new clients to replace those cancelled contracts; while we foresee the situation in Malaysia to be gradually resolved by the second half of 2019.

Given the aforementioned challenges, our net profit margin is expected to decline from double-digit to single-digit level. However, we reiterate the revenue forecast for MACO at a growth rate of 30 – 35%, or standing at the range of THB 2,300 – 2,400mn. Despite the unexpected circumstances, we aim to turn those challenges to our advantage and strengthen ourselves to keep afloat according to our business plan, as we embark on identifying new potential business opportunities in Malaysia.



Tamonwan Narintavanich
(Chief Financial Officer)