

## **BUSINESS HIGHLIGHTS 2018/19**

VGI exceeded its full year target revenue at THB 5,000mn, posting revenue at THB 5,158mn and net profit of THB 1,101mn.

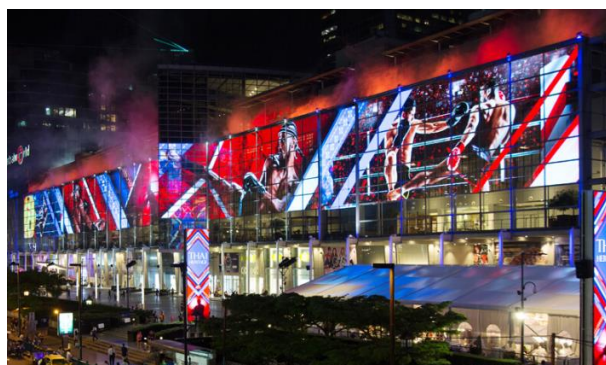
- **Record-breaking revenue of THB 5,158mn, an increase of 31.0% YoY**
  - Revenue from Out-of-Home business increased 8.1% YoY to THB 3,847mn.
  - Revenue from Digital services business increased 246.8% YoY to THB 1,311mn.
- **Net profit of THB 1,101mn, an increase of 30.1% YoY.**
- **No. of Rabbit cards reached 11.0mn, an increase of 23.0% in 2018/19, exceeding the full-year target at 10.5mn.**
- **No. of Rabbit LinePay users reached 5.5mn users, an increase of 83.0% in 2018/19, surpassing the full-year target at 5.3mn users.**
- **Delivered more than 200,000 smart product samples with Kerry.**

## **KEY BUSINESS AND STRATEGIC UPDATES**

In 2018/19, we have successfully transformed our business model from traditional offline Out-of-Home (“OOH”) media platform to be a complete ecosystem of Offline-to-Online (“O2O”) Solutions having Advertising, Payment and Logistics platforms.

### **1) ADVERTISING – LAYING A STRONG FOUNDATION FOR GROWTH BY MAKING STRATEGIC PARTNERSHIPS AND CREATING INNOVATIVE PRODUCTS**

- VGI has successfully acquired 18.6% stake in PlanB Media Public Company Limited (“PlanB”), Thailand’s leading OOH advertising media provider, with a total investment of THB 4,620mn. This partnership will place both companies at the top of Thailand’s OOH market with more than THB 12,000mn worth in media capacity. With PlanB’s media, engagement marketing and VGI’s O2O Solutions, both companies will be able to create new media packages that are powerful and measurable, which in turn will allow us to capture the market share beyond OOH. This acquisition is a reflection of our platform’s flexibility to embrace strategic partners and leverage their strength to create endless opportunities and incentives.



- The Company established a joint venture named VGI AnyMind Technology Company Limited with AdAsia Holdings (“AnyMind”), an AI solutions provider for the advertising, influencer marketing and human resource industries. The joint venture is owned 49.0% by VGI and 51.0% by AnyMind and others. Leveraging on AnyMind’s Technology and VGI Digital OOH media, VGI will be able to deliver performance-driven, dynamic and highly-targeted ads offline and online.



- The Company also entered into agreement to form a joint venture named VClick Technologies Company Limited (“VClick”). VClick is joint venture between iClick Interactive Asia Group Limited (49.0%) – the largest online marketing and data technology platform in China, VGI (30.0%) and others (21.0%). The partnership helps to capture advertising opportunities in the Chinese consumer market by using data through their AI technology, improving mobile applications and launching 10,000 mobile charging stations with LED displays through VGI’s network across Thailand.



- VGI unveiled 5 of its latest 45 metre-wide digital screens equipped with visual recognition technology at Chong Nonsi Station as a pilot phase. Thereby, enabling VGI to offer a creative platform with more impact with a measurable result. VGI expects to roll-out at an additional 3 BTS stations: Asoke, Phrom Phong and Sala Daeng by 2Q 2019/20.

## INTELLIGENT DIGITAL OOH: Chong Nonsi Station





## 2) PAYMENT – ENHANCING PAYMENT SERVICES AND MAKING STRATEGIC PARTNERSHIPS WITH THE NO.1 PLAYERS IN VARIOUS INDUSTRIES TO MOVE TOWARDS A CASHLESS SOCIETY

- VGI has partnered with SAHA Lawson Company Limited and SAHA Pathana Inter-Holding Public Company Limited. This is another step on our path to establishing our O2O ecosystem through Lawson stores, where Rabbit Card and Rabbit LinePay will facilitate seamless payment for a better consumer retail experience. Currently, Lawson convenience stores are present on Thong Lo, Ploen Chit and Sala Daeng station and they have plans to open the services on all 30 BTS stations.

### Rabbit card

- The number of Rabbit Cards is 11.0mn cards, increasing 23.0%, exceeding the full-year target of 10.5mn cards.

### Rabbit LinePay

- During 2018/19, Rabbit LinePay (“RLP”) continued to enhance its payment services to move towards a cashless society. As a result, VGI continued to experience strong user base growth on RLP. As at end of March 2019, RLP serves more than 5.5mn users, representing an increase of 2.6mn users or 83.0% from March 2018, surpassing the full-year target of 5.3mn users. This growth has been spurred by ongoing improvements in user interface, a successful user acquisition programme, as well as synergies with BTS Group (“BTS”), the leading rail mass transit operator and Advance Infor Services Public Company Limited (“AIS”), the number 1 telecommunications operator in Thailand.

## 3) LOGISTICS – PARTNERSHIP WITH THAILAND’S LEADER IN PARCEL DELIVERY AND EXTRACTING SYNERGIES FROM NEW MARKETING SOLUTIONS

- VGI successfully acquired 23% in Kerry Express (Thailand) Limited (“Kerry”) with a total investment of THB 5,901mn. Kerry is the no.1 parcel delivery services with 1.2mn parcels delivered daily. This acquisition is a significant step for VGI to establish an O2O ecosystem covering Advertising, Payment and Logistics business. By enhancing the logistics capabilities within our portfolio, the Company is very well positioned to deliver customer experience facilitated by better physical connectivity through Kerry.
- After the acquisition, we launched “Smart Sampling” through Kerry’s network which goes beyond just product giveaways by allowing brands to do multiple offline and online marketing activities, simultaneously to targeted demographics. After launching the service for almost 8 months, we have delivered more than 200,000 samples for top FMCG brands. In addition, we have also launched new media on 300 trucks of Kerry, which run around Bangkok and vicinities. This media enhanced our clients’ advertising to reach more than 10.8mn people in Bangkok and nearby provinces daily.



- Recently, VGI and Kerry have continued to enhance their delivery services with the launch of Kerry parcel shops on 2 BTS stations – Phrom Phong and Thong Lo; thereby facilitating a seamless O2O ecosystem flow in terms of speed, coverage and deliverables via the country’s best parcel delivery platform.



## 2018/19 SNAPSHOT & ANALYSIS

### CONSOLIDATED P&L SNAPSHOT

THB (mn)	2017/18	2018/19	YoY (%)
Operating revenue	3,936	5,158	31.0%
Cost of sales	1,535	2,283	48.7%
Gross profit	2,401	2,875	19.7%
EBITDA	1,691	2,111	24.8%
EBIT	1,258	1,625	29.2%
Interest expenses	88	67	-23.8%
Tax	241	352	45.8%
Net profit <sup>1</sup>	846	1,101	30.1%
Gross profit margin	61.0%	55.7%	
EBITDA margin	43.0%	40.9%	
Net profit margin	21.5%	21.4%	

<sup>1</sup>As shown in financial statement, excluding minority interest.

### PERFORMANCE ANALYSIS (2018/19 vs 2017/18)

2018/19 was another robust year for VGI. The Company has not only achieved its targets, but also delivered a new record financial performance. Such positive results clearly demonstrate VGI's success in applying the right strategy to become a fully integrated Offline-to-Online ("O2O") Solutions provider with a complete ecosystem, encompassing Advertising, Payment and Logistics platforms. The categorisation of accounting for each of these platforms is different, with Advertising recorded under the OOH media segment; Payment under the Digital Services segment, and most of the Logistics performance recorded under the equity method.

### REVENUE BREAKDOWN (THB mn)

THB (mn)	2017/18	2018/19	YoY (%)	% Contribution to total revenue	
				2017/18	2018/19
<b>OOH media</b>	<b>3,559</b>	<b>3,847</b>	<b>8.1%</b>	<b>90.4%</b>	<b>74.6%</b>
Transit	2,262	2,354	4.1%	57.5%	45.6%
Outdoor	958	1,079	12.6%	24.3%	20.9%
Office and Other	338	414	22.4%	8.6%	8.0%
<b>Digital Services<sup>1</sup></b>	<b>378</b>	<b>1,311</b>	<b>246.8%</b>	<b>9.6%</b>	<b>25.4%</b>
<b>Total revenue</b>	<b>3,936</b>	<b>5,158</b>	<b>31.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<sup>1</sup>Digital services revenue is comprised of the revenue generating from 1) Rabbit Group and 2) Trans.Ad Group under MACO

In 2018/19, **OOH media segment** revenue increased by 8.1% YoY, representing a contribution of 74.6% to total revenue or THB 3,847mn. The growth in OOH media revenue resulted from encouraging growth in all business units.

Within OOH media, **Transit media** revenue increased by 4.1% YoY to THB 2,354mn, mainly from the higher occupancy of digital media and merchandising space, in particular. However, growth was somewhat offset by the renovation impact of upgrading of our digital OOH advertising media ('VGI Immerse' at 4 BTS stations: Chong Nonsi, Asoke, Phrom Phong and Sala Daeng). The Company expects that Transit media revenue should scale up after the completion of the aforementioned renovation.

**Office Building and Other media** segment revenue grew significantly, increasing by 22.4% YoY to THB 414mn. Revenue growth was mainly from a higher utilisation rate, price increases in January 2018 and 2019 as well as additional revenue recognition from the Other media segment. During 2018/19, we successfully added 6 new contracts to the office building portfolio, sustaining our leadership in this segment with a total of 180 buildings under management and 1,358 digital screens.

Meanwhile, **Outdoor media segment** revenue increased by 12.6% YoY to THB 1,079mn, mainly due to the ongoing revenue recognition of 35 digital billboards, which was rolled out in July 2017. (Please find more details of the Outdoor media segment in 1Q 2019 MACO's management discussion and analysis <http://maco.listedcompany.com/misc/mdna/20190514-maco-mdna-1q2019-en.pdf>)

**Digital Services segment** contributed 25.4% of total revenue or THB 1,311mn, which grew substantially by 246.8% YoY, mainly due to the eight-month consolidation of Trans.Ad Group (a system integration and total solutions services provider) by MACO. The segment also benefited from the growth of Rabbit Group, which was mainly from an increase in project management fees, higher lead generation revenue as well as the increase in average number of policies sold from the boarder offering of insurance products.

Revenue growth is also reflected in **cost of sales** which came to THB 2,283mn, increasing 48.7% YoY. The increase was primarily due to the consolidation of Trans.Ad Group, which was the main driver in increasing the Cost-to-sales ratio to

44.3% from 39.0%. Overall **Gross profit** was up 19.7% YoY from THB 2,401mn to THB 2,875mn, while **Gross profit margin** decreased to 55.7% (prior year: 61.0%).

In light of the ongoing expansion, **selling, general and administrative expenses (“SG&A”)** also increased by 17.8% YoY or THB 217mn from THB 1,217mn to THB 1,434mn. Nevertheless, the ratio of SG&A to revenue improved, by decreasing to 27.8% (prior year: 30.9%).

During this year, the Group recorded **share of (loss) from investments in joint ventures and associates** of THB 21mn. Despite the recognition of share of profit from Kerry, the loss in 2018/19 was mainly from the expansion of Rabbit LinePay.

As many of our newly developed and acquired business have different cost structures such as Trans.Ad Group, where its business is operating in a manner similar to a contractor and relies on a relatively greater proportion of high cost assets such as computers, software and installation, our margin will continue to be influenced by several factors such as 1) an increasingly diversified revenue and earnings base, 2) the inclusion of newly acquired companies such as Kerry and Trans.Ad Group, 3) international expansion through MACO in Southeast Asia region. Despite the effect of the abovementioned long-term investments, our net profit margin is targeted to remain within the 20-25% range in 2019/20.

Overall, VGI Group continues its profitable growth course throughout 2018/19 with **net profit** of THB 1,101mn (prior year: THB 846mn), an increase of 30.1% YoY.

## FINANCIAL POSITION

### ASSETS

ASSETS BREAKDOWN	31 MARCH 2018 (Restated)		31 MARCH 2019	
	(THB mn)	% out of total	(THB mn)	% out of total
Cash & cash equivalents and short-term investments	1,905	19.8%	2,516	11.1%
Trade & other receivables	1,143	11.9%	1,728	7.6%
Equipment – net	1,615	16.8%	1,982	8.8%
Investment in JVs, associates and other long-term investments	1,421	14.8%	12,004	52.9%
Goodwill and excess of acquisition costs and net assets	1,748	18.2%	2,229	9.8%
Other assets	1,799	18.7%	2,229	9.8%
<b>Total assets</b>	<b>9,632</b>	<b>100.0%</b>	<b>22,687</b>	<b>100.0%</b>

**Total assets** as of 31 March 2019 stood at THB 22,687mn, an increase of THB 13,055mn or 135.5% from THB 9,632mn as of 31 March 2018.

**Total current assets** were THB 5,332mn, increasing by 43.9% or THB 1,627mn, primarily from 1) an increase in cash & cash equivalents and short-term investments of THB 611mn, mainly from the cash received from VGI-W1 and rights offering issued by MACO, 2) an increase in trade & other receivables of THB 585mn (see further details in trade and other receivable section), 3) loans to related parties of THB 203mn, 4) bank account for advances received from cardholders of THB 59mn, 5) prepaid expenses of THB 55mn.

**Total non-current assets** stood at THB 17,355mn, increasing by 192.8% or THB 11,428mn, due to 1) an increase in investment in JVs, associates companies and other long-term investments of THB 10,583mn, which was mainly from the investment in Kerry in July 2018 and PlanB in March 2019, 2) an increase in excess of acquisition costs and net assets of THB 480mn from the acquisition in Trans.Ad Group and Gold Star Group Company Limited (“Gold Star”) by MACO and 3) an increase in equipment – net of THB 367mn, mainly from plant and equipment of MACO.

**Trade and other receivables** were THB 1,728mn, an increase of THB 585mn. The increase in account receivables comprised of 1) trade receivables of THB 357mn and 2) other receivables of THB 228mn. The increase was in-line with higher sales in 2018/19. The Company gives 60 – 90 days credit terms to customers. For accounts receivables of more than 120 days, the Company has a policy for allowance for doubtful accounts, which also considers the customers’ payment history and credit-worthiness. As of 31 March 2019, the allowance for doubtful accounts was THB 30mn. Average collection period as at end of this quarter was 102 days compared to 88 days as of 31 March 2018. The increase in the 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 MARCH 2018 (Restated)	31 MARCH 2019
Not yet due	647	814
Up to 6 months	164	288
Over 6 months	22	80
<b>Total</b>	<b>833</b>	<b>1,183</b>
<b>% of total trade and other receivables</b>	<b>72.9%</b>	<b>68.4%</b>
Allowance for doubtful debt	36	30
<b>% of total trade and other receivables</b>	<b>3.2%</b>	<b>1.8%</b>

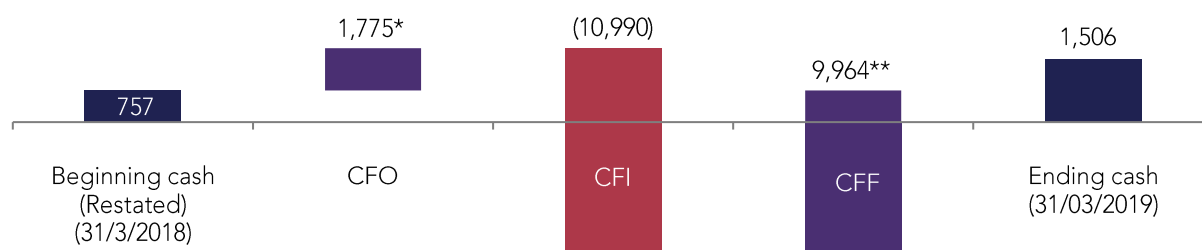
## LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND EQUITY BREAKDOWN	31 MARCH 2018 (Restated)		31 MARCH 2019	
	(THB mn)	% out of total	(THB mn)	% out of total
Short term loans	230	2.4%	1,739	7.7%
Trade & other payables	285	3.0%	498	2.2%
Accrued expenses	571	5.9%	841	3.7%
Current portion of long-term loans from financial institutions	44	0.5%	50	0.2%
Other current liabilities	918	9.5%	1,490	6.6%
Long term loan	1,489	15.5%	1,439	6.3%
Other non-current liabilities	169	1.8%	183	0.8%
<b>Total liabilities</b>	<b>3,706</b>	<b>38.5%</b>	<b>6,240</b>	<b>27.5%</b>
Shareholders' equity	5,926	61.5%	16,447	72.5%
<b>Total liabilities and equity</b>	<b>9,632</b>	<b>100.0%</b>	<b>22,687</b>	<b>100.0%</b>

**Total liabilities** were THB 6,240mn, an increase of THB 2,534mn or 68.4% from THB 3,706mn as of 31 March 2018 mainly from an increase in 1) short term loans of THB 1,509mn as well as investment in PlanB, including 2) unearned revenues of THB 404mn, 3) accrued expenses of THB 270mn and 4) trade and other payables of THB 213mn.

**Total equity** was THB 16,447mn, increasing by THB 10,522mn or 177.6%, mainly due to an increase in 1) premium on share capital of THB 9,349mn, 2) non-controlling interests of the subsidiaries of THB 1,251mn and 3) retained earnings of THB 315mn. The increase in premium on share capital comprised of 2 components including the exercise of VGI-W1 of THB 8,492mn and the private placement issued for Kerry of THB 857mn. However, the increase in equity was partially offset by 4) deficit from changes in the ownership interests from subsidiaries of THB 419mn.

## LIQUIDITY AND CASH FLOW (THB mn)



\*After tax and net tax refund (THB -313mn) and interest expense (THB -65mn)

\*\*Included translation adjustment of (THB -7.9mn)

For the twelve months ended 31 March 2019, **Cash and cash equivalents** was THB 1,506mn, an increase of 98.9% or THB 749mn. Cash from operating activities was THB 2,154mn, increasing by 32.2% or THB 524mn. After deducting cash paid for corporate income tax net of tax refund of THB 313mn (2017/18: THB 275mn) and cash paid for interest expenses of THB 65mn (2017/18: THB 83mn), **Net cash from operating activities** was THB 1,775mn. **Net cash used in investing activities** was THB 10,990mn. The key components was cash paid for 1) an investment in Kerry of THB 5,016mn, PlanB Media of THB 4,620mn, Gold Star Group of THB 239mn and Trans.Ad Group of THB 188mn and 2) cash paid for LED billboards and the system upgrade for LCD screens in trains and LCD screens in office buildings and other of THB 541mn. **Net cash from financing activities** was THB 9,971mn primarily from cash received from proceeds from exercise of warrants of THB 8,615mn, proceeds from MACO's rights offering of THB 1,077mn and short term loans of THB 1,499mn



## FINANCIAL RATIOS

Profitability Ratios				Liquidity Ratios			
		2017/18	2018/19			31-Mar 2018	31-Mar 2019
Gross profit	(%)	61.0%	55.7%	Current ratio	(times)	1.8	1.2
Operating EBITDA	(%)	43.0%	40.9%	Quick ratio	(times)	1.2	0.8
Cash-to-net profit	(%)	101.1%	109.2%	Account receivable turnover	(times)	4.1	3.6
Net profit (excl. NCI)	(%)	20.7%	20.5%	Average collection period	(days)	88.4	101.6
Return on equity	(%)	26.9%	10.5%	Payable days	(days)	97.6	62.6
Efficiency Ratios				Leverage Ratios			
Return on assets	(%)	9.6%	6.8%	Liability to equity	(times)	0.6	0.4
Return on fixed assets	(%)	75.2%	81.6%	Debt to equity	(times)	0.3	0.2
Assets turnover	(times)	0.5	0.3				

Remark:

- During April – September 2018, the warrant holders exercised 1,121mn shares to purchase newly issued ordinary shares of THB 7.00 baht per share. In addition, the Company issued 122mn ordinary shares to the existing shareholders of Kerry Express (Thailand) Limited. Hence, the Company recorded "Premium on share capital" in statements of financial position as of 31 March 2019.
- Financial ratios were calculated based on The Stock Exchange of Thailand's formula.

## MANAGEMENT OUTLOOK

2018/19 was a successful and eventful year for VGI. Not only did we exceed our targets, but we also set new performance records. These positive developments reflect the consistent execution of O2O Solutions across our ecosystem, namely the Advertising, Payment and Logistics platforms.

For 2019/20, VGI forecasts our growth approximately 20%, with a revenue target of THB 6,000 – 6,200mn, and EBITDA and net profit margins in the range of 40 – 45% and 20 – 25%, respectively. Our key growth drivers are expected to come from the following:

**Advertising** – Our advertising business will benefit from utilising 10 new trains within BTS fleet expansion. We also foresee more revenue generating opportunities from our ongoing digital transformation strategy, particularly the roll out of new digital screens at Asoke, Phrom Phong and Sala Daeng BTS stations scheduled to be completed by 2Q 2019/20, and the use of innovative technology to provide precise, targeted and measurable advertising. Moreover, we have established a new business unit under the name "Digital Lab" to grab the digital advertising market share, which has grown significantly in the past few years. Lastly, we aim to extract synergies from our collaboration with PlanB to deliver optimal value for clients through our OOH media network, which is centralised for cost efficiency, and explore new marketing channels together.

**Payment** – We will continue to expand the user base of Rabbit card and Rabbit LinePay and improve users' experience by providing seamless cashless payments. This year, we expect the number of Rabbit cards to grow from 11.0mn to 15.0mn cards, an increase of 36% YoY, and the number of Rabbit LinePay users to grow from 5.5mn to 8.0mn, an increase of 45% YoY.

**Logistics** – Kerry will organically expand its logistics network to accommodate the rise of e-Commerce. To date, Kerry has already opened its parcel shops on 2 BTS stations – Phrom Phong and Thong Lo – and has a plan to open additional shops across all the BTS network. Accordingly, the Company expects to see more synergies with Kerry from such expansion as well as new product development, including smart sampling and Kerry's truck media.

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 VGI Global Media plc