

QUARTERLY BUSINESS REVIEW – 3Q 2019

- Consolidated revenue increased by 54.0% YoY to THB 748mn
 - Advertising revenue increased by 68.9% YoY to THB 415mn
 - System integration services revenue increased by 38.7% YoY to THB 333mn
- Media operation in Malaysia reached its break-even of net profit for the first time since 2016
- Media operation in Indonesia reached profitability since its commercialisation in April 2019
- Net profit excluding minority interest was THB 42mn

KEY BUSINESS UPDATE
THAILAND – STRENGTHEN DOMESTIC OUTDOOR MEDIA

- On 30 October 2019, the Board of Directors approved the acquisition of 50.0% in Hello Bangkok L E D Company Limited with a total investment of THB 1,950mn and an issuance of 1,080mn newly issued shares through Private Placement to Plan B Media Public Company Limited (“PlanB”) at THB 1.4381 per share, totalling THB 1,553mn.
- After the acquisition takes place, PlanB will become the asset manager for all Master Ad Public Company Limited’s (“MACO”) domestic Outdoor media, including Static and Digital billboards and Street Furniture media (BTS Columns and flyovers); while MACO will fully focus on international expansion across the ASEAN market. This will enable MACO to leverage PlanB’s platform, contents, and secure minimum guarantee. Moreover, the integration efforts between MACO and PlanB would provide opportunities for cost-reduction going forward. The transaction is subject to be approved at the Extraordinary General Meeting on 17 December 2019.

Pre Shareholding Structure

Post Shareholding Structure

MALAYSIA – LAYING THE FOUNDATION FOR GROWTH IN MALAYSIAN MARKET

- In 3Q 2019, MACO, through VGI Global Media (Malaysia) Sdn. Bhd. (“VGM”) successfully acquired additional 40.0% in Puncak Berlian Sdn. Bhd. (“PBSB”) and secured a transferred media operation in offices and Malayan Railways from Redberry Sdn. Bhd., increasing its total shareholding in PBSB to 65.0%. Accordingly, PBSB is now a subsidiary of MACO, and the consolidation of its financial performance has also begun in this quarter.

INDONESIA – GENERATING PROFIT SINCE THE FIRST COMMERCIALISATION IN APRIL 2019

- Advertising in MRT Jakarta, red line (North – South) in Indonesia operated by PT Avabanindo Perkasa (“Otego”) has started to show a strong performance after its commercialisation in April 2019, with early profit being generated in this quarter. The media is now fully booked until the first quarter of next year.

3Q 2019 CONSOLIDATED P&L SNAPSHOT

THB (mn)	3Q 2018 (Restated)	2Q 2019	3Q 2019	QoQ (%)	YoY (%)
Operating revenue	486	690	748	8.4%	54.0%
Cost of sales	281	429	482	12.5%	71.8%
Gross profit	205	261	265	1.6%	29.5%
Selling, general & administrative expenses	128	185	239	29.4%	86.6%
EBITDA	120	115	116	0.8%	-3.7%
Net profit from operation	56	38	35	-7.4%	-37.2%
Net profit (exc. Minority Interest)	70	39	42	6.4%	-40.0%

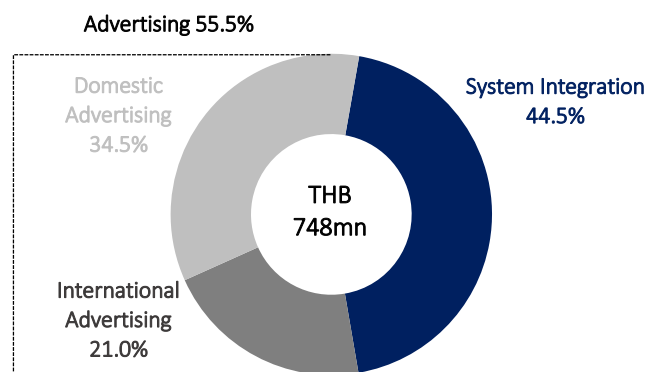
Gross profit margin	42.2%	37.9%	35.5%		
EBITDA margin	24.7%	16.6%	15.5%		
NPAT margin from operation	11.5%	5.5%	4.7%		
NPAT margin (exc. Minority Interest)	14.4%	5.7%	5.6%		

Remark: The Company restates the financial performance starting from 1 August 2018 after the measurement of fair value of Trans.Ad Group's identifiable assets was completed.

3Q 2019 PERFORMANCE ANALYSIS (YoY)

In 3Q 2019, the Company's Operating revenue was THB 748mn, an increase by 54.0% YoY from the first consolidation of International Advertising operated by VGI Global Media (Malaysia) Sdn. Bhd. ("VGM") which began in this quarter and the full-quarter consolidation of Trans.Ad Group. However, within the domestic market, due to the low seasonality, which led to lower occupancy in Street Furniture and Digital segment, resulting in a lower-than-expected growth in the Domestic Advertising front.

In this quarter, the Company also started to break down revenue from International Advertising in order to reflect on its international expansion strategy. Accordingly, the revenue contribution was divided into 1) Domestic Advertising revenue of 34.5% (or THB 258mn); 2) International Advertising revenue of 21.0% (or THB 157mn); and 3) System Integration revenue of 44.5% (or THB 333mn).

Revenue contribution

Revenue by segment (THB mn)

	3Q 2018	3Q 2019	YoY (%)
Advertising	245	415	68.9%
Domestic Advertising	245	258	5.2%
<i>Billboard & Other</i>	122	138	13.5%
<i>Street Furniture & Digital</i>	124	120	-3.0%
International Advertising	-	157	n/a
System Integration	240	333	38.7%
Total Revenue	486	748	54.0%

Cost of sales increased by 71.8% from THB 281mn in 3Q 2018 to THB 482mn mainly due to the aforementioned consolidation which was the main driver in increasing the cost-to-sales ratio from 57.8% to 64.5% in this quarter. VGM's cost structure is higher than MACO's domestic business due to higher expenses from concession in Transit and Airport Media, while Trans.Ad Group's cost is mainly from hardware and software. As a result, overall **gross profit margin** was decreased from 42.2% to 35.5% in this quarter.

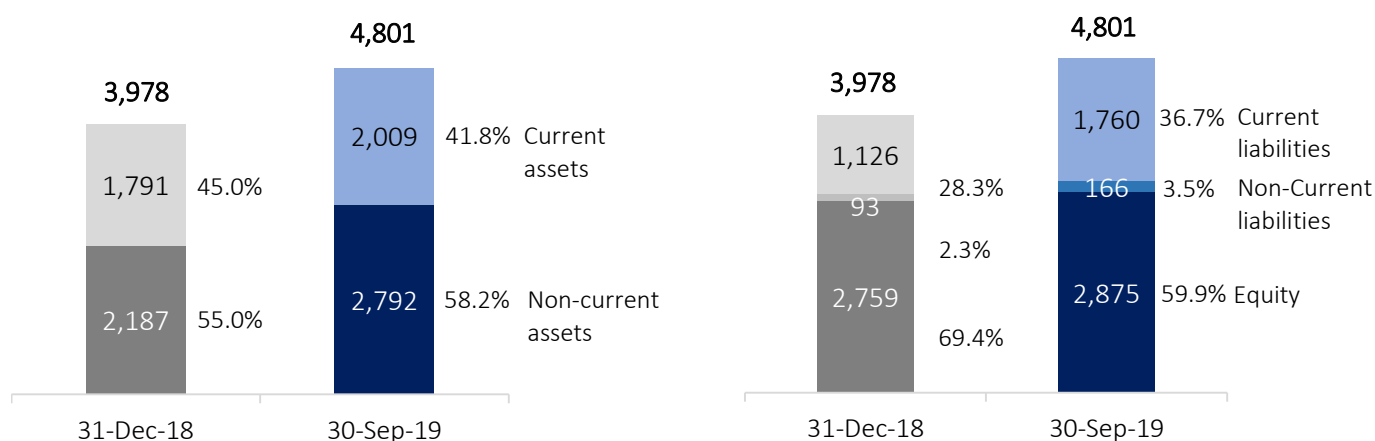
Selling, General and Administrative expenses ("SG&A") grew by 86.6% YoY from THB 128mn to THB 239mn primarily due to the consolidation of VGM and Trans.ad Group. SG&A to sales ratio increased from 26.4% in 3Q 2018 to 32.0% in this quarter.

During this period, the Company's media operation in Malaysia market reached its break-even of net profit for the first time since 2016, while the Indonesia market also began to generate early profit. Despite the positive sentiment in the oversea markets, the Company's faced challenges from the sluggish performance in the domestic front, which resulted in a decrease in **Net profit attributable to equity** of THB 42mn with a **Net profit margin** of 5.6%.

FINANCIAL POSITION

In this quarter, the Company restated the consolidated financial position as at 31 December 2018 to reflect the fair value of Trans.Ad Group's assets after the measurement of fair value of Trans.Ad Group'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 Trans.Ad Group" of THB 274mn in non-current assets, which was replaced by 1) intangible assets of THB 192mn and goodwill of THB 155mn in non-current assets, 2) non-controlling interests of Trans.Ad Group of THB 38mn in equity, 3) deferred tax liabilities of THB 32mn in non-liabilities and 4) unappropriated retained earnings of THB 3mn.

(THB mn)



ASSETS

ASSETS BREAKDOWN	31 DECEMBER 2018 (Restated)		30 SEPTEMBER 2019	
	(THB mn)	% out of total	(THB mn)	% out of total
Cash & cash equivalents and Current investments	653	16.4%	819	17.1%
Trade & other receivables	710	17.8%	875	18.2%
Property, plant and equipment	613	15.4%	945	19.7%
Goodwill and Intangible assets	1,055	26.5%	1,160	24.1%
Other assets	947	23.8%	1,002	20.9%
Total assets	3,978	100.0%	4,801	100.0%

*The Company restates the financial performance starting from 1 August 2018 after the measurement of fair value of Trans.Ad Group's identifiable assets was completed.

Total assets as of 30 September 2019 was reported at THB 4,801mn, an increase of THB 823mn or 20.7% from THB 3,978 as of 31 December 2018. **Total current assets** were THB 2,009mn, which rose by 12.2% or THB 218mn. This was primarily attributable an increase in 1) cash and cash equivalents and current investment of THB 166mn and 2) Trade and other receivables of THB 165mn. **Total non-current assets** stood at THB 2,792mn, an increase of 27.6% or THB 605mn primarily due to an increase in 1) property, plant and equipment of THB 332mn and 2) Goodwill and Intangible assets of THB 105mn.

Trade and other receivables were THB 875mn, an increase of 23.3% or THB 165mn from THB 710mn 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 98 days compared to 114 days as of 31 December 2018.

AGEING OF TRADE RECEIVABLES (THB mn)	31 DECEMBER 2018 (Restated)	30 SEPTEMBER 2019
Not yet due	273	258
Up to 3 months	145	215
3 - 6 months	67	51
6 - 12 months	13	27
Over 12 months	11	28
Total	509	549
Allowance for doubtful debt	6	9

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND EQUITY BREAKDOWN	31 DECEMBER 2018 (Restated)		30 SEPTEMBER 2019	
	(THB mn)	% out of total	(THB mn)	% out of total
Short term loans	299	7.5%	702	14.6%
Trade and other payables	525	13.2%	781	16.3%
Deferred Incomes	228	5.7%	235	4.9%
Other current liabilities	73	1.8%	73	1.5%
Non-current liabilities	93	2.3%	135	2.8%
Total liabilities	1,219	30.6%	1,926	40.1%
Shareholders' equity	2,759	69.4%	2,875	59.9%
Total liabilities and equity	3,978	100.0%	4,801	100.0%

*The Company restates the financial performance starting from 1 August 2018 after the measurement of fair value of Trans.Ad Group's identifiable assets was completed.

Total liabilities were THB 1,926mn, increasing by 58.0% or THB 708mn from THB 1,219mn as of 31 December 2018 mainly from increase in 1) short term loans of THB 402mn, 2) trade and other payables of THB 256mn and 3) long term loans of THB 30mn.

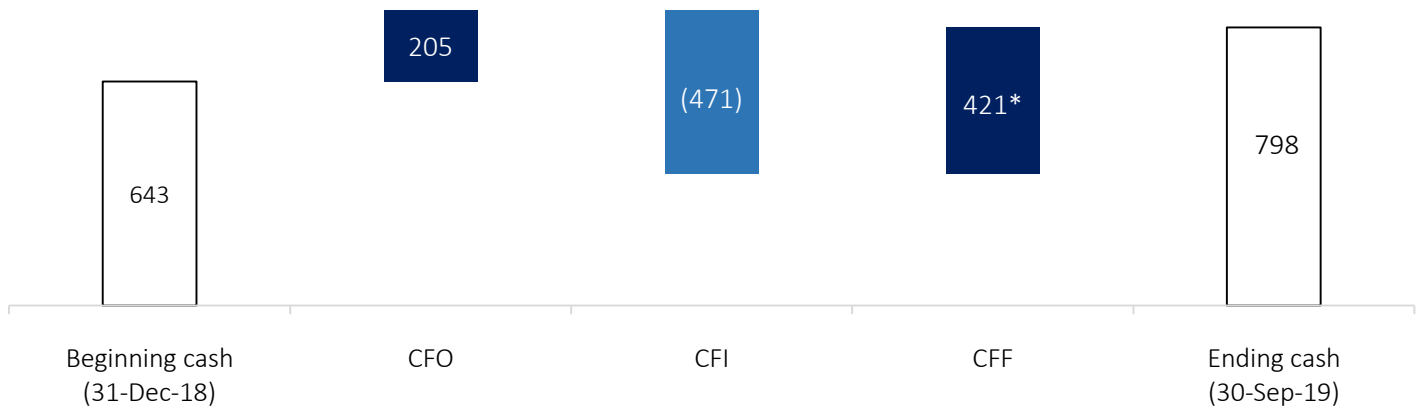
Total equity was THB 2,875mn rose by THB 116mn or 4.2%. This was attributed to an increase in premium on shares of THB 308mn which was from the rights offering (“RO”) subscription of 205mn shares, amounting to THB 328mn. As of 30 September 2019, total equity included with equity attributable to owners of the Company of THB 2,686mn and non-controlling interests of the subsidiaries of THB 189mn.

CASH FLOW

As of 30 September 2019, the Company had **net cash from operating activities** of THB 205mn primarily from cash from operating activities of THB 291mn which was partially offset by cash paid for corporate income tax of THB 85mn. **Net cash used in investing activities** was THB 471mn, mainly from cash paid for 1) acquisition of equipment of THB 296mn from expansion of media capacity, 2) short-term loans to related parties of THB 122mn and 3) net cash paid for investment in subsidiaries of THB 47mn. **Net cash received from financing activities** was THB 424mn. The key components are cash received from 1) short-term loans of THB 362mn and 2) proceeds from RO of THB 328mn. However, the increase was partially offset by a decrease in cash used for 3) dividend paid of THB 135mn and 4) an investment in Co-Mass Company Limited and Puncak Berlian Sdn. Bhd. of THB 131mn.

9-MONTH CASH FLOW SNAPSHOT

(THB mn)



*Included translation adjustment of THB 3mn

KEY FINANCIAL RATIOS

		3Q 2018	3Q 2019			31-Dec 2018	30-Sep 2019
Profitability Ratios				Liquidity Ratios			
Gross profit ¹	(%)	42.4%	35.5%	Current ratio	(times)	1.6	1.1
Operating EBITDA	(%)	24.7%	15.5%	Quick ratio ⁶	(times)	1.6	1.1
Net profit (from operation)	(%)	14.4%	5.6%	Account receivable turnover	(times)	3.2	3.7
Net profit (after MI) ²	(%)	11.5%	4.7%	Average collection period ⁷	(days)	114	98
Return on equity ³	(%)	13.4%	7.3%	Payable days	(days)	162	140
Efficiency Ratios				Leverage Ratios			
Return on assets ⁴	(%)	12.0%	6.5%	Liability to Equity	(times)	0.4	0.7
Return on fixed assets ⁵	(%)	66.7%	36.6%	Debt to equity	(times)	0.1	0.2
Asset turnover	(times)	0.5	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

Moving forward, the Company will place a stronger focus on international markets while placing domestic media assets under the management of Plan B Media Public Company Limited (“PlanB”), which shall guarantee a secured performance domestically. The proposed share purchase in Hello Bangkok L E D Company Limited and share issue to PlanB constitute a vote of confidence in our ability to effectively expand into international markets and PlanB’s capability to leverage our domestic outdoor media assets, particularly in integrating its marketing contents with the largest outdoor media outlets.

In this newly created structure, subject to the Extraordinary General Meeting’s approval on 17 December 2019, our domestic business is expected to benefit from the maximisation of our selling capacity, which will lead to significant cost-reduction opportunities, thereby improving overall margin. Meanwhile, we also expect our international markets to start making significant contributions to the overall sale portfolio.



Tamonwan Narintavanich
(Chief Financial Officer)