

## QUARTERLY BUSINESS HIGHLIGHTS – 1Q 2020/21

MACO's performance was dramatically affected from lower advertising demand due to the COVID-19 pandemic and global economic uncertainty.

- **Consolidated revenue decreased by 25.9% YoY to THB 512mn**
  - Advertising revenue decreased by 45.0% YoY to THB 144mn.
  - System integration services revenue decreased by 14.2% YoY to THB 368mn.
- **Recorded a share of loss from investment in joint ventures and associates of THB 92mn mainly resulted from the lower passengers in Mass Transit system in Indonesia.**
- **Net loss was THB 179mn with a net loss margin of 35.0%.**

## KEY BUSINESS AND STRATEGIC UPDATES

### Established a footprint in Vietnam market

- On 21 January 2020, MACO, through VGI MACO (Singapore) Private Limited<sup>1</sup> ("VGIMS"), announced to expand its footprint into the Vietnam market – a high growth potential country with nearly 100mn<sup>2</sup> population in 2019. VGIMS planned to invest 25.0% in VGI Vietnam Joint Stock Company ("VGI Vietnam") with a total investment of VND 347.7bn or an equivalent of THB 457mn<sup>3</sup>.
- During 1Q 2020/21, the Company sees a positive sentiment from the Prowtech's operation due to a sign of recovery in Outdoor media demand. Therefore, MACO will initially invest 15.0% in VGI Vietnam from subscribing its newly issued shares within Q2 2020/21. The remaining of 10.0% investment through the purchase of existing shares is expected to complete within Q3 2020/21.

### About VGI Vietnam

VGI Vietnam is a leading OOH media company with nationwide network coverage. Its network includes static billboards and digital screens in prime locations.

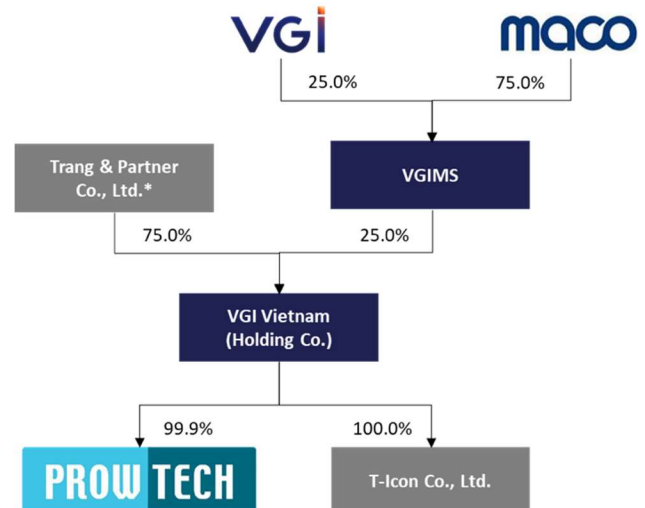
### Transaction Summary

% of investment: 25.0%

Total investment:

- VND 347.7bn or THB 457mn<sup>3</sup>
- (MACO THB 343mn and VGI THB 114mn)
  - 15.0% from newly issued shares – initial investment
  - 10.0% from existing shareholders

### Shareholding Structure



\*Trang & Partner Co., Ltd. is held 95.0% by Ms. Nguyen Thi Ngoc Trang (Seller) and the remaining 5.0% is held by Mr. Lan Tieu Phi (Seller's spouse)

<sup>1</sup> MACO holds 75.0% in VGIMS, while the remaining shareholding is held by VGI

<sup>2</sup> General Statistics Office of Vietnam

<sup>3</sup> Exchange rate is subject to BOT's average selling rates as of 9 Jan 2020 (THB 0.1315 = VND 100)

**1Q 2020/21 CONSOLIDATED P&L SNAPSHOT**

THB (mn)	1Q 2019/20 (Restated)	4Q 2019/20	1Q 2020/21	QoQ (%)	YoY (%)
Operating revenue	690	612	512	-16.4%	-25.9%
Cost of sales	429	465	453	-2.6%	5.7%
Gross profit	261	147	58	-60.2%	-77.7%
SG&A	188	431	210	-51.3%	11.7%
Share of profit (loss) from JVs & associates	(27)	1	(92)	-13,661.0%	-236.3%
EBITDA	112	(65)	(59)	10.3%	-152.5%
EBIT	65	(248)	(236)	4.8%	-465.7%
Interest expenses	3	39	40	2.4%	1093.6%
Tax	26	(83)	(13)	84.1%	-151.2%
<b>Net profit (loss)*</b>	<b>38</b>	<b>(129)</b>	<b>(179)</b>	<b>-39.2%</b>	<b>-571.1%</b>

Gross profit margin	37.9%	24.0%	11.4%		
EBITDA margin	16.2%	-10.7%	-11.5%		
Net profit (loss) margin	5.5%	-21.0%	-35.0%		

\*Net profit (loss) attributable to equity owner of the Company

**Revenue by segments (THB mn)**

	1Q 2019/20 (Restated)	4Q 2019/20	1Q 2020/21	QoQ (%)	YoY (%)
<b>Advertising</b>	<b>262</b>	<b>270</b>	<b>144</b>	<b>-46.6%</b>	<b>-45.0%</b>
<b>Domestic Advertising</b>	<b>262</b>	<b>182</b>	<b>97</b>	<b>-46.7%</b>	<b>-62.9%</b>
<i>Billboard &amp; Other</i>	150	101	66	-34.9%	-56.2%
<i>Street Furniture &amp; Digital</i>	112	81	31	-61.5%	-71.9%
<b>International Advertising</b>	<b>0</b>	<b>87</b>	<b>47</b>	<b>-46.2%</b>	<b>n/a</b>
<b>System Integration</b>	<b>428</b>	<b>343</b>	<b>368</b>	<b>7.3%</b>	<b>-14.2%</b>
<b>Total Revenue</b>	<b>690</b>	<b>612</b>	<b>512</b>	<b>-16.4%</b>	<b>-25.9%</b>

**% Contribution to total revenue**

	1Q 2019/20 (Restated)	4Q 2019/20	1Q 2020/21
<b>Advertising</b>	<b>37.9%</b>	<b>44.0%</b>	<b>28.1%</b>
<b>Domestic Advertising</b>	<b>37.9%</b>	<b>29.8%</b>	<b>19.0%</b>
<i>Billboard &amp; Other</i>	21.8%	16.5%	12.9%
<i>Street Furniture &amp; Digital</i>	16.2%	13.3%	6.1%
<b>International Advertising</b>	<b>0.0%</b>	<b>14.2%</b>	<b>9.2%</b>
<b>System Integration</b>	<b>62.1%</b>	<b>56.0%</b>	<b>71.9%</b>
<b>Total Revenue</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**1Q 2020/21 PERFORMANCE ANALYSIS (YOY)**

In 1Q 2020/21, MACO recorded an **operating revenue** of THB 512mn, a decrease of 25.9% YoY. The decrease of overall performance was significantly affected from the coronavirus outbreak, which started since early of 2020. This led to an enforcement of strict measures, for instance, operational lock-down, state quarantines and travel restrictions in Thailand, Malaysia and Indonesia. Consequently, most of business activities were temporarily suspended, resulting in a drop in Out-of-Home media audiences.

**Advertising business revenue** contributed 28.1% of total revenue or THB 144mn decreased by 45.0% YoY. The decline was mainly from the aforementioned impact and economic uncertainties, which led several businesses reduce their advertising spending.

- **Domestic advertising revenue** was THB 97mn, a decrease of 62.9% YoY.
- **International advertising revenue** was THB 47mn. In this quarter, MACO recognised the full-quarter consolidation of VGI Global Media (Malaysia) Sdn. Bhd. (“VGM”), which started since July 2019. However, the operation in Malaysia and Indonesia were affected severely from the COVID crisis due to the reduce in advertising spending resulted from the lower passengers in Transit and Airport – its main media sector.

**System Integration revenue** contributed 71.9% of total revenue or THB 368mn, decreased by 14.2% YoY. This was resulted from less revenue recognition from project management.

**Cost of sales** increased by 5.7% YoY to THB 453mn mainly due to the full-quarter consolidation of International Advertising segment, which was the main driver in increasing the **cost-to-sales ratio** from 62.1% to 88.6% in this quarter. VGM’s cost structure is higher than MACO’s Domestic Advertising segment due to higher cost from concession in Transit and Airport media. As a result, overall **gross profit margin** was decreased by from 37.9% to 11.4%.

**Selling, General and Administrative expenses (“SG&A”)** increased by 11.7% YoY to THB 210mn. The increase was primarily from the aforementioned consolidation. **SG&A to revenue ratio** increased from 27.2% to 41.0%.

The Company recorded a **share of loss from investment in joint ventures & associates** of THB 92mn. The recognition of share of loss was mainly from the severely impact from COVID-19 pandemic in Indonesia market.

As a result of the aforementioned circumstance, the Company recorded **net loss** of THB 179mn in this quarter, a decrease of 571.1% YoY with a **net loss margin** of 35.0%.

**FINANCIAL POSITION**

From 1 January 2020, the Company has adopted Thai Financial Reporting Standards (TFRS) 9 – Financial Instruments and TFRS 16 – Leases as per the following details.

- Under TFRS 9, the Company is required to classify the derivatives and credit losses as financial assets. The Company will measure fair value of all derivatives and recognised in profit and loss statement, while the credit losses is to consider as impairment of trade receivables.
- Under TFRS 16, the Company is required to record lease contract which has outstanding period of more than 12 months in the financial statements. The affected lease contracts related to the lease of space of advertising, office building space, motor vehicles and equipment.

**ASSETS**

ASSETS BREAKDOWN	31 MARCH 2020		30 JUNE 2020	
	(THB mn)	% out of total	(THB mn)	% out of total
Cash & cash equivalents and current investments	1,216	13.2%	1,099	12.5%
Trade & other receivables	641	7.0%	631	7.2%
Investment in joint venture and associates	2,129	23.2%	2,030	23.1%
Property, plant and equipment	877	9.5%	861	9.8%
Right-of-use assets	2,233	24.3%	2,033	23.2%
Goodwill and Intangible assets	1,467	16.0%	1,434	16.3%
Other assets	624	6.8%	688	7.8%
<b>Total assets</b>	<b>9,187</b>	<b>100.0%</b>	<b>8,776</b>	<b>100.00%</b>

**Total assets** as of 30 June 2020 was reported at THB 8,776mn, a decrease of 4.5% or THB 411mn from THB 9,187mn as of 31 March 2020. **Total current assets** were THB 2,132mn, decreasing by 3.9% or THB 86mn, primarily from a decrease of 1) cash & cash equivalents of THB 118mn. However, the decrease in current asset was offset by an increase in 2) advances to contractors of THB 28mn. **Total non-current assets** stood at THB 6,644mn, decreasing by 4.7% or THB 325mn, primarily due to a decrease in 1) rights-of-use assets of THB 200mn, 2) investments in joint venture and associates of THB 99mn and 3) intangible assets of THB 23mn.

**Trade and other receivables** were THB 631mn, a decrease of 1.6% or THB 10mn from THB 641mn as of 31 March 2020. The average collection period as at the end of this quarter was 108 days compared to 94 days as of 31 March 2020.

AGEING OF TRADE RECEIVABLES (THB mn)	31 MARCH 2020	30 JUNE 2020
Not yet due	176	182
Up to 3 months	182	134
3 - 6 months	76	72
6 - 12 months	12	66
Over 12 months	13	13
<b>Total</b>	<b>459</b>	<b>467</b>
Allowance for doubtful debt	31	31

**LIABILITIES AND SHAREHOLDERS' EQUITY**

LIABILITIES AND EQUITY BREAKDOWN	31 MARCH 2020		30 JUNE 2020	
	(THB mn)	% out of total	(THB mn)	% out of total
Short term loans	1,030	11.2%	970	11.1%
Trade and other payables	864	9.4%	924	10.5%
Deferred Incomes	259	2.8%	272	3.1%
Other current liabilities	244	2.7%	686	7.8%
Total lease liabilities	2,198	23.9%	1,580	18.0%
Non-current liabilities	288	3.1%	385	4.4%
<b>Total liabilities</b>	<b>4,883</b>	<b>53.2%</b>	<b>4,817</b>	<b>54.9%</b>
<b>Shareholders' equity</b>	<b>4,304</b>	<b>46.8%</b>	<b>3,959</b>	<b>45.1%</b>
<b>Total liabilities and equity</b>	<b>9,187</b>	<b>100.0%</b>	<b>8,776</b>	<b>100.0%</b>

**Total liabilities** were THB 4,818mn, decreasing by 1.3% or THB 65mn from THB 4,883mn as of 31 March 2020 mainly from the decrease in 1) total lease liabilities of THB 189mn, 2) short-term loans financial institutions of THB 60mn. Nevertheless, there were partially offset by an increase in 3) long-term loans of THB 102mn, 4) trade and other payables of THB 60mn, 5) deferred incomes of THB 13mn and 6) income tax payable of THB 5mn.

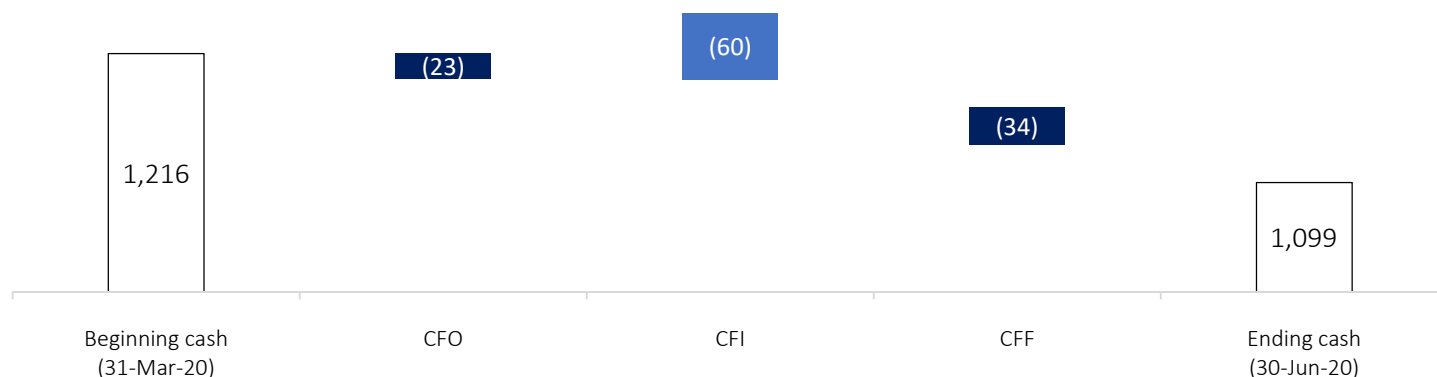
**Total equity** was THB 3,959mn declined by THB 345mn or 8.0%. This was mainly attributed to a decrease of 1) unappropriated retained earnings of THB 179mn and 2) non-controlling interests of the subsidiaries of THB 113mn. As of 30 June 2020, total equity included with equity attributable to owners of the Company of THB 3,857mn and non-controlling interests of the subsidiaries of THB 101mn.

**CASH FLOW**

As of 30 June 2020, the Company had **net cash used in operating activities** of THB 23mn. **Net cash used in investing activities** was THB 60mn, mainly from cash paid for 1) acquisition of equipment of THB 62mn. **Net cash used in financing activities** was THB 39mn. The key components are cash paid for 1) short-term loans from financial institutions of THB 315mn, which was partially offset by the increase in 2) short-term loans from financial institutions of THB 255mn.

**3-MONTH CASH FLOW SNAPSHOT**

(THB mn)



\*Included translation adjustment of THB 5mn

**KEY FINANCIAL RATIOS**

		1Q 2019/20	1Q 2020/21		31-Mar- 2020	30-Jun- 2020	
<b>Profitability Ratios</b>				<b>Liquidity Ratios</b>			
Gross profit <sup>1</sup>	(%)	37.9%	11.4%	Current ratio	(times)	0.8	0.8
Operating EBITDA	(%)	16.2%	-11.5%	Quick ratio <sup>6</sup>	(times)	0.8	0.7
Net profit (incl. minority interest)	(%)	5.1%	-51.5%	Account receivable turnover	(times)	4.0	3.4
Net profit <sup>2</sup>	(%)	5.5%	-35.0%	Average collection period <sup>7</sup>	(days)	94	108
Return on equity <sup>3</sup>	(%)	10.5%	-6.7%	Payable days	(days)	143	152
<b>Efficiency Ratios</b>				<b>Efficiency Ratios</b>			
Return on assets <sup>4</sup>	(%)	9.1%	-6.1%	Liability to Equity	(times)	1.1	1.2
Return on fixed assets <sup>5</sup>	(%)	43.2%	-47.0%	Debt to equity	(times)	0.3	0.3
Asset turnover	(times)	0.8	0.4				


Remark:

- Financial ratios were calculated based on The Stock Exchange of Thailand's formula.

**MANAGEMENT OUTLOOK**

The Coronavirus outbreak has continued to affect the global economy during the first 6 months of 2020. It is expected to depress economic activity for the rest of 2020. In Thailand, the Bank of Thailand has revised downwards its GDP growth forecast from -5.3% to -8.1% for 2020, projecting the worst recession since Tom Yung Kung crisis in 1997. Furthermore, Malaysia and Indonesia, our major international business locations, also forecast economic growth<sup>4</sup> to contract by -6.2% and -4.4%, respectively. This year will, therefore, be a most difficult year for all businesses.

For MACO, we expect the Company's performance to be negatively affected by the aforementioned circumstances. Nevertheless, we will continue to ensure business stability by ensuring that MACO maintains a sufficiently strong cash flow. Once the global market recovers, we will build on strong fundamentals and resume on international growth to become the Out-of-Home Media leader in ASEAN as originally planned.



Tamonwan Narintavanich  
(Chief Financial Officer)

<sup>4</sup> IMF, World Economic Outlook database