

QUARTERLY BUSINESS HIGHLIGHTS – 2Q 2020/21

MACO’s performance was significantly affected by low advertising demand due to the prolonged impact of the COVID-19 pandemic, which has plunged the global economy into a deep recession.

Operating revenue decreased by 32.2% YoY to THB 507mn

- Advertising revenue decreased by 56.8% YoY to THB 179mn.
- System integration services revenue decreased by 1.5% YoY to THB 328mn.
- **Recorded a share of loss from investment in joint ventures and associates of THB 53mn mainly resulting from a severe COVID-19 impact in the Indonesian market.**
- **Net loss was THB 161mn with a net loss margin of 31.7%.**
- **However, EBITDA was a lower negative of THB 44mn. Our cash loss is small measured against the scale of the crisis.**

KEY BUSINESS AND STRATEGIC UPDATES

THE ADJUSTMENT OF MINIMUM GUARANTEE FOR PLANB

- On 30 January 2020, MACO had entered into an Advertising Media Management and Service Agreement (“Agreement”) with Plan B Media Public Company Limited (“PlanB”). Under this Agreement, PlanB became the exclusive assets manager for all MACO’s media in Thailand with a minimum guarantee of THB 175mn per quarter starting in July 2020.
- On 11 August 2020, MACO’s Board of Directors approved the adjustment of minimum guarantee under the aforementioned Agreement for 2Q 2020/21 (July – September 2020) from THB 175mn to THB 84mn per quarter as a result of the COVID-19 crisis during the first 6 months of this year. Nevertheless, PlanB delivered sales of THB 93mn, which is above the adjusted minimum guarantee for 2Q 2020/21.

Summary of Advertising Media Management and Service Agreement:-

Duration:	July 2020 – December 2024
Minimum Guarantee:	<ul style="list-style-type: none"> ○ July 2020 – September 2020 = THB 84mn ○ October 2020 – December 2024 = THB 175 per quarter
Revenue sharing:	85 – 90% of total revenue to MACO

2Q 2020/21 CONSOLIDATED P&L SNAPSHOT

THB (mn)	2Q 2019/20 Restated	1Q 2020/21 Restated	2Q 2020/21	QoQ (%)	YoY (%)
Operating revenue	748	512	507	-0.9%	-32.2%
Cost of sales	482	453	466	2.8%	-3.3%
Gross profit	265	58	41	-30.1%	-84.6%
SG&A	242	208	211	1.5%	-12.9%
Share of profit (loss) from JVs & associates	(5)	(92)	(53)	-42.4%	908.7%
EBITDA	113	(60)	(44)	-26.5%	-139.2%
EBIT	37	(236)	(217)	-8.1%	-679.6%
Interest expenses	5	40	40	-1.6%	660.1%
Tax	(1)	(13)	(2)	-82.2%	364.8%
Net profit (loss)*	41	(179)	(161)	-10.1%	-497.1%

Gross profit margin	35.5%	11.4%	8.0%		
EBITDA margin	15.1%	-11.8%	-8.7%		
Net profit (loss) margin	5.4%	-35.0%	-31.7%		

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

Revenue by segments (THB mn)

	2Q 2019/20 Restated	1Q 2020/21 Restated	2Q 2020/21	QoQ (%)	YoY (%)
Advertising	415	144	179	24.3%	-56.8%
Domestic Advertising	258	97	122	26.0%	-52.6%
<i>Billboard & Other</i>	138	66	71	8.5%	-48.3%
<i>Street Furniture & Digital</i>	120	31	51	63.8%	-57.6%
International Advertising	157	47	57	20.8%	-63.8%
System Integration	333	368	328	-10.8%	-1.5%
Total Revenue	748	512	507	-0.9%	-32.2%

% Contribution to total revenue

	2Q 2019/20 Restated	1Q 2020/21 Restated	2Q 2020/21
Advertising	55.5%	28.1%	35.3%
Domestic Advertising	34.5%	19.0%	24.1%
<i>Billboard & Other</i>	18.4%	12.9%	14.1%
<i>Street Furniture & Digital</i>	16.1%	6.1%	10.1%
International Advertising	20.9%	9.2%	11.2%
System Integration	44.5%	71.9%	64.7%
Total Revenue	100.0%	100.0%	100.0%

2Q 2020/21 PERFORMANCE ANALYSIS (YOY)

In 2Q 2020/21, MACO recorded an **operating revenue** of THB 507mn, a decrease of 32.2% YoY. The decline on overall performance was from the prolonged impact of COVID-19 pandemic, which resulted in more lockdowns and travel restrictions in several countries including Thailand, Malaysia and Indonesia – the Company’s major markets. In Thailand, despite the success in containing the COVID-19, economic growth is forecasted to contract by -7.8%¹; the lowest growth among ASEAN countries. In addition, a range of political issues are loading to an uncertain economic recovery.

Advertising business revenue contributed 35.3% of total revenue or THB 179mn, decreasing by 56.8% YoY. The decline is a result of the aforementioned COVID-19 crisis, which has caused a considerable drop in advertising spending.

- **Domestic advertising revenue** was THB 122mn, a decrease of 52.6% YoY. In this quarter, MACO recorded a revenue sharing at 85-90% from Plan B Media Public Company Limited under the Advertising Media Management and Service Agreement, which started in July 2020.
- **International advertising revenue** was THB 57mn, a decrease of 63.8% YoY.

System Integration revenue contributed 64.7% of total revenue or THB 328mn decreasing by 1.5% YoY.

Cost of sales decreased from THB 482mn to THB 466mn or THB 16mn due to the exercise of assets optimisation in the last quarter. **Cost-to-sales ratio** increased from 64.5% to 92.0% in 2Q 2020/21. The significant increase in cost-to-sales ratio was from primarily from a decrease in revenue base.

As a result, **gross profit** decreased by 84.6% YoY to THB 41mn, while **gross profit margin** decreased to 8.0% from 35.5% in the same period last year.

Selling, General and Administrative expenses (“SG&A”) decreased by 12.9% YoY to THB 211mn. This was mainly from the relocation of the sales and marketing team to PlanB under Advertising Media Management and Service Agreement. **SG&A to revenue ratio** increased from 32.4% to 41.6%.

In this quarter, the Company recorded a **share of loss from investment in joint ventures & associates** of THB 53mn. The recognition of share of loss was mainly from the severe COVID-19 impact in Indonesia market.

As a result of the aforementioned circumstance, the Company recorded **net loss** of THB 161mn in this quarter, a decrease of 497.1% YoY with a **net loss margin** of 31.7%. **EBITDA** for this quarter is a negative of THB 44mn.

¹ Bank of Thailand

FINANCIAL POSITION

From 1 January 2020, the Company has adopted Thai Financial Reporting Standards (TFRS) which consists of 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 SEPTEMBER 2020	
	(THB mn)	% out of total	(THB mn)	% out of total
Cash & cash equivalents and current investments	1,216	13.2%	1,200	13.2%
Trade & other receivables	641	7.0%	574	6.3%
Investment in joint venture and associates	2,129	23.2%	2,264	25.0%
Property, plant and equipment	877	9.5%	878	9.7%
Right-of-use assets	2,233	24.3%	1,993	22.0%
Goodwill and Intangible assets	1,467	16.0%	1,434	15.8%
Other assets	624	6.8%	717	7.9%
Total assets	9,187	100.0%	9,060	100.0%

Total assets as of 30 September 2020 was reported at THB 9,060mn, a decrease of 1.4% or THB 127mn from THB 9,187mn as of 31 March 2020.

Total current assets were THB 2,191mn, decreasing by 1.2% or THB 27mn, primarily from a decrease in 1) trade and other receivables of THB 67mn, which was mainly offset by an increase in 2) advances to contractors of THB 34mn.

Total non-current assets stood at THB 6,870mn, decreasing by 1.4% or THB 99mn, primarily from a decrease in 1) right-of-use assets of THB 240mn due to the exercise of assets optimisation and 2) goodwill and intangible assets of THB 33mn. The decrease in non-current assets was partially offset by an increase in 3) investments in joint venture and associates of THB 135mn and 4) deferred tax assets of THB 38mn.

Trade and other receivables were THB 574mn, a decrease of 10.4% or THB 67mn from THB 641mn as of 31 March 2020, which was mainly from the provision for doubtful debt and cash received. The average collection period as at the end of this quarter was 107 days compared to 94 days as of 31 March 2020.

AGEING OF TRADE RECEIVABLES (THB mn)	31 MARCH 2020	30 SEPTEMBER 2020
Not yet due	176	150
Up to 3 months	182	108
3 - 6 months	76	86
6 - 12 months	12	109
Over 12 months	13	19
Total	459	472
Allowance for doubtful debt	31	85

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND EQUITY BREAKDOWN	31 MARCH 2020		30 SEPTEMBER 2020	
	(THB mn)	% out of total	(THB mn)	% out of total
Short-term loans from financial institutions	1,030	11.2%	1,250	13.8%
Trade and other payables	864	9.4%	1,031	11.4%
Advances received from employers and unearned revenue	259	2.8%	277	3.1%
Other current liabilities	227	2.5%	286	3.2%
Lease liabilities	2,196	23.9%	2,001	22.1%
Other non-current liabilities	307	3.3%	431	4.8%
Total liabilities	4,883	53.2%	5,277	58.2%
Shareholders' equity	4,304	46.8%	3,784	41.8%
Total liabilities and equity	9,187	100.0%	9,060	100.0%

Total liabilities were THB 5,277mn, increasing by 8.1% or THB 394mn from THB 4,883mn as of 31 March 2020 mainly from the increase in 1) loans of THB 397mn, which was mainly for the investment in VGI Vietnam Joint Stock Company, 2) trade and other payables of THB 167mn and 3) advances received from employers and unearned revenue of THB 18mn. This increase was mainly offset by a decrease in 4) lease liabilities of THB 194mn from to the exercise of assets optimisation.

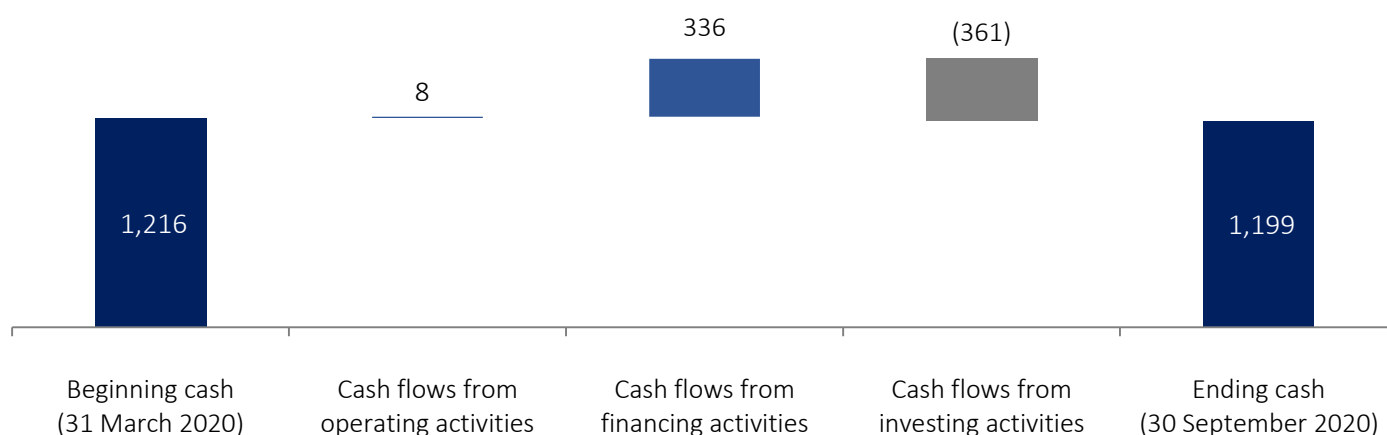
Total equity was THB 3,784mn decreased by THB 520mn or 12.1%. This was mainly attributed to a decrease in 1) retained earnings of THB 340mn and 2) non-controlling interests of the subsidiaries of THB 142mn.

CASH FLOW

As of 30 September 2020, the Company had **net cash from operating activities** of THB 8mn. **Net cash received from financing activities** was THB 350mn. The key components were cash received from 3) short-term and long-term loans from financial institutions of THB 733mn, which was partially offset by the decrease in 4) short-term loans from financial institutions of THB 320mn. **Net cash used in investing activities** was THB 361mn, mainly from cash paid for 1) purchases of investments in associate of THB 283mn and 2) acquisition of equipment of THB 96mn.

6-MONTH CASH FLOW SNAPSHOT

(THB mn)



*Included translation adjustment of THB 14mn

KEY FINANCIAL RATIOS

		2Q 2019/20	2Q 2020/21		31-Mar- 2020	30-Sep -2020	
Profitability Ratios				Liquidity Ratios			
Gross profit	(%)	35.5%	8.1%	Current ratio	(times)	0.8	0.7
Operating EBITDA	(%)	15.5%	-8.7%	Quick ratio	(times)	0.8	0.7
Net profit (incl. minority interest)	(%)	5.6%	-50.2%	Account receivable turnover	(times)	4.0	3.4
Net profit	(%)	4.7%	-31.7%	Average collection period	(days)	94	107
Return on equity	(%)	7.3%	-13.3%	Payable days	(days)	143	173
Efficiency Ratios				Efficiency Ratios			
Return on assets	(%)	6.5%	-9.8%	Liability to Equity	(times)	1.1	1.4
Return on fixed assets	(%)	36.6%	-71.8%	Debt to equity	(times)	0.3	0.4
Asset turnover	(times)	0.7	0.4				

Remark:

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

MANAGEMENT OUTLOOK

The COVID-19 pandemic has plunged the global economy into a deep recession. The ASEAN economy, our main market, has been affected more severely due to the prolonged crisis after new waves in Malaysia and the extension of the large-scale social restrictions in Jakarta. With this, the 2020 GDP growth in Malaysia and Indonesia was forecasted to contract by $-6.0\%^2$ and $-1.5\%^2$, respectively. Nevertheless, the Company foresees recovery in Vietnam, which demonstrated the strongest GDP growth in ASEAN with an estimated growth at $1.6\%^2$ in 2020. On the domestic side, Thailand's economic outlook remains uncertain due to pressure on both the economic front and greater political issues. Therefore, 2020 will be the most difficult and unpredictable year for the Company.

For MACO, we expect the Company's performance to be negatively affected by the aforementioned circumstances. Nevertheless, we will closely monitor the impact arising from the crisis and continue to ensure business stability with sufficiently strong cash flows.



Tamonwan Narintavanich
(Chief Financial Officer)

² International Monetary Fund