

BUSINESS HIGHLIGHTS 2Q 2020/21

VGI overcame lowest financial performance and recorded a net profit of THB 12mn in this quarter.

- **Total revenue was THB 717mn, a decrease of 30.9% YoY mainly due to the lower demand for advertising and marketing campaigns.**
 - OOH Advertising revenue decreased by 33.0% YoY to THB 480mn.
 - Digital Services revenue decreased by 26.2% YoY to THB 237mn.
- **Share of loss from investments in JVs and associates was THB 53mn owing to the performance of both domestic and international business from Master Ad Public Company Limited as a result of the coronavirus pandemic.**
- **Recorded net profit of THB 12mn with a net profit margin 1.7%.**

KEY BUSINESS AND STRATEGIC UPDATES

1) ADVERTISING

Closed Loop Marketing Solutions Employed to Complete Consumers' Journey

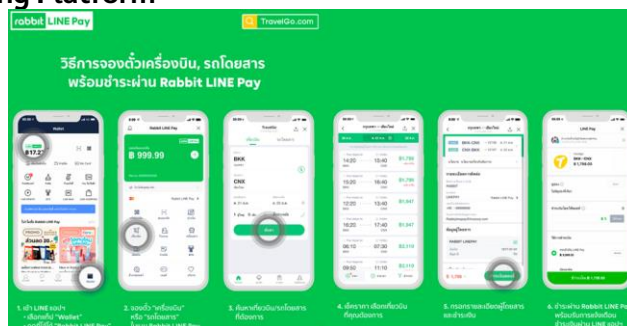
- VGI teamed up with Minere (Thailand) to launch a campaign integrating offline Out-of-Home media with Augmented Reality (AR) technology to attract consumers. Ran on our BTS train wrap (inside & outside), this campaign was able to catch the attention of BTS passengers throughout Central Bangkok. In addition, engagement with passengers was built through the use of a 'Recall' application for scanning QR code to receive a discount e-coupon for Minere water, which helped convert interest into real purchase. This illustrates VGI's success in employing closed loop marketing solutions to meet advertisers' needs.



2) PAYMENT

Partnered with the Leading Online Travel Booking Platform

- Rabbit LinePay Company Limited ("RLP") has partnered with eLong International Travel (Hong Kong) Limited or 'TravelGo.com', the leading Chinese online travel booking platform, to provide an exclusive online transportation reservation services through RLP. This strategic cooperation will allow us to provide seamless and high-quality mobile travel service.



- Under this exclusive partnership, TravelGo.com will allow the customers to book flights, buses and hotels through RLP. Currently, the users can access to 'Flight' and 'Bus' features in RLP to book domestic flight and bus ticket in Thailand, while the 'Hotel' booking features is expected to launch within 1Q 2021/22.

Rabbit card

- The number of Rabbit Cards reaches 13.6mn cards, an increase of 4.6% from March 2020.

Rabbit LinePay

- RLP currently serves more than 7.9mn users, an increase of 8.2% from March 2020.

3) LOGISTICS

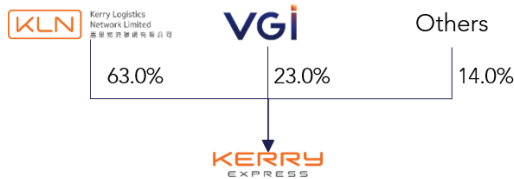
Positive Sentiment from Kerry Express Plan's to Initial Public Offerings

- On 25 August 2020, Kerry Express (Thailand) Public Company Limited ("Kerry Express") has submitted the filing to The Securities and Exchange Commission (SEC) for an Initial Public Offerings (IPO) of 300mn ordinary shares with a par value at THB 0.50. As a result, VGI will dilute our shareholding in Kerry Express from 23.0% to 19.0%. (Please find more details at <https://market.sec.or.th/public/ipos/IPOSEQ01.aspx?TransID=305545>)

Shareholding Structure

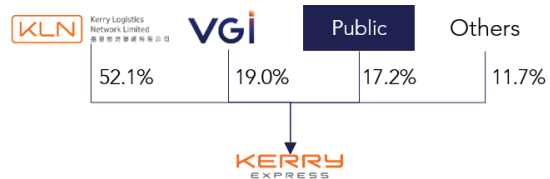
Pre Shareholding Structure:-

Total shares of 1,440mn shares



Post Shareholding Structure:-

Total shares of 1,740mn shares*



*Based on IPO 300mn shares without an exercise of ESOP.

3) SOCIAL RESPONSIBILITIES

- VGI partnered with Pomelo Fashion Company Limited ("Pomelo"), the Southeast Asia's leading Omni-Channel fashion platform, to promote environmental sustainability through 'Trash to Treasure' project. Together, we created a circular economy by upcycling vinyl from VGI's used billboards and repurposing them for Pomelo's packaging across all Pomelo's physical stores Tap.Try.Buy shop online and try on in store concept. The collaboration in return helps VGI slash its vinyl waste by 3.5 tons, while Pomelo is able to cut back more than 200,000 pieces of single-use packaging – a viable solution that reduces trash and carbon emission.



- VGI together with Kerry Express, Rabbit and clients have promoted a relief campaign namely 'We're sharing for Thais' delivering 20,000 charity boxes with essential supplies in order to supported Thai people who affected by the COVID-19 crisis.

4) AWARD AND RECOGNITION



- Rabbit Card won Superbrands Award for its e-Money services under the Banking/Finance and Credit Card category from Superbrands Thailand, which is part of the world's largest independent arbiter of branding. As part of the Thailand 4.0 policy, Rabbit Card was the leading pioneer in driving the country towards a cashless society with its wide variety of products and services covering all modes of transportation. This award thus attests to our brand's ability to penetrate into all forms lifestyle consumption.

VGI PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION & ANALYSIS 2Q 2020/21 ENDED 30 SEPTEMBER 2020

9 NOV 2020

2Q 2020/21 SNAPSHOT & ANALYSIS

CONSOLIDATED P&L SNAPSHOT

THB (mn)	2Q 2019/20 (Restated)	1Q 2020/21	2Q 2020/21	QoQ (%)	YoY (%)
Operating revenue	1,038	445	717	61.0%	-30.9%
Cost of sales	(534)	(333)	(430)	29.1%	-19.5%
Gross profit	504	112	287	155.7%	-43.0%
SG&A	(224)	(241)	(234)	-2.9%	4.5%
Share of profit (loss) from JVs & associates	29	(22)	(53)	-144.0%	-282.6%
EBITDA	501	(22)	140	733.9%	-72.0%
EBIT	414	(129)	28	121.7%	-93.2%
Interest expenses	(20)	(17)	(19)	9.4%	-5.5%
Tax	(53)	23	(16)	-170.6%	69.1%
Net profit*	355	(104)	12	111.4%	-96.7%

Gross profit margin	48.6%	25.2%	40.1%		
EBITDA margin	48.2%	-5.0%	19.6%		
Net profit margin	34.2%	-23.3%	1.7%		

*As shown in financial statement, excluding minority interest.

REVENUE BREAKDOWN (THB mn)

THB (mn)	2Q 2019/20 (Restated)	1Q 2020/21	2Q 2020/21	QoQ (%)	YoY (%)
OOH Advertising	717	266	480	80.4%	-33.0%
Transit	545	236	417	76.5%	-23.5%
Office and Other	77	30	63	111.5%	-18.1%
Outdoor	95	-	-	n/a	-100.0%
Digital Services	321	179	237	32.4%	-26.2%
Total revenue	1,038	445	717	61.0%	-30.9%

% Contribution to total revenue

THB (mn)	2Q 2019/20 (Restated)	1Q 2020/21	2Q 2020/21
OOH Advertising	69.0%	59.8%	67.0%
Transit	52.5%	53.1%	58.2%
Office and Other	7.4%	6.7%	8.8%
Outdoor	9.1%	-	-
Digital Services	31.0%	40.2%	33.0%
Total revenue	100.0%	100.0%	100.0%

PERFORMANCE ANALYSIS (2Q 2020/21 vs 2Q 2019/20)

The Company got off to slow start for the fiscal year 2020/21 as result of the COVID-19 pandemic, which has plunged the global economy into a severe contraction. Moreover, economic uncertainties coupled with political tension in Thailand have led several companies to cut back on their advertising spending, having a significant impact on our advertising business. Nevertheless, based on quarterly comparison, strong recovery could be seen across all of our business segments, with a recorded revenue growth and net profit of 61.0% QoQ and 111.4% QoQ, respectively. This was mainly due to the gradual return to normalcy and upsurge in daily mobility as evidenced by an increase in ridership as well as number of people in office buildings, leading to higher demand for advertising and consumer spending. Additionally, the immediate actions the Company took in response to the pandemic – including reducing maintenance and employee expenses and negotiating discounts with landlords and service providers – helped contribute to our ability to rebound quickly as proven by the positive net profit recorded in 2Q 2020/21.

In 2Q 2020/21, the Group's **operating revenue** declined by 30.9% YoY to THB 717mn, with our **OOH Advertising revenue** contributing 67.0%, and **Digital Services revenue** contributing 33.0% of our total revenue.

OOH Advertising segment revenue was THB 480mn, a decrease of 33.0% YoY. This was mainly due to the aforementioned economic challenges, which led to the lower demand for advertising and marketing campaigns.

- **Transit media revenue** was THB 417mn, a decrease of 23.5% YoY from THB 545mn.
- **Office and Other media revenue** was THB 63mn, a decrease of 18.1% YoY from 77mn.

Digital Services segment revenue decreased by 26.2% YoY to THB 237mn, which mainly from a decrease in online advertising revenue.

Other income was THB 28mn decreased by 73.6% YoY due to a decrease in dividend income from investments.

Cost of sales declined by 19.5% YoY to THB 430mn. **Cost-to-sales ratio** increased by 59.9% in this quarter (prior year: 51.4%). The increase in cost-to-sales ratio was partially due to a decrease in revenue base.

As a result, **gross profit** decreased by 43.0% YoY to THB 287mn, while **gross profit margin** decreased to 40.1% (prior year: 48.6%).

Selling, general and administrative expenses (“SG&A”) increased by 4.5% YoY to THB 234mn, mainly from non-recurring expenses. However, excluding these expenses, the Company was able to reduce SG&A to THB 210mn, a decrease of 5.9% YoY.

The Group recorded **share of loss from investments in joint ventures and associates** of THB 53mn (prior year: share of gain of THB 29mn), which was primarily from the loss from domestic and international business from Master Ad Public Company Limited as a result of the coronavirus pandemic.

Altogether, the Company's earnings overcame its lowest financial performance, bouncing back from net loss to **net profit** at THB 12mn in 2Q 2020/21.

VGI PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION & ANALYSIS 2Q 2020/21 ENDED 30 SEPTEMBER 2020

9 NOV 2020

FINANCIAL POSITION

From 1 April 2020, the Company has adopted Thai Financial Reporting Standards 9 (TFRS 9) – Financial Instruments and Thai Financial Reporting Standards 16 (TFRS 16) – Leases for its financial statement reporting for the first time.

- Under TFRS 9, the Company is required to classify the equity investment and derivatives as financial assets/liabilities and recognise an allowance for expected credit losses on its financial assets. The Company will measure fair value of equity investment and all derivatives as applied hedge accounting in other comprehensive income. The expected 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 short-term investments and other current financial assets	730	4.3%	788	4.1%
Trade & other receivables	1,061	6.2%	751	3.9%
Equipment – net	1,142	6.7%	1,231	6.4%
Investment in JVs, associates and other long-term investments and other non-current financial assets	11,851	69.4%	14,164	73.8%
Goodwill	236	1.4%	236	1.2%
Other assets	2,057	12.0%	2,031	10.6%
Total assets	17,077	100.0%	19,201	100.0%

Total assets as of 30 September 2020 stood at THB 19,201mn, an increase of THB 2,124mn or 12.4% from THB 17,077mn as of 31 March 2020.

Total current assets were THB 2,221mn, decreasing by 14.8% or THB 385mn, primarily from a decrease in 1) trade & other receivables of THB 310mn (see further details in trade and other receivable section) and 2) short term loans to related parties of THB 133mn, which reclassified to long term loan to related parties. However, the decrease in current asset was mainly offset by an increase in 3) cash & cash equivalents and short-term investments and other current financial assets of THB 58mn.

Total non-current assets stood at THB 16,979mn, increasing by 17.3% or THB 2,509mn, due to an increase in 1) investment in JVs, associates companies and other long-term investments and other non-current financial assets of THB 2,313mn, which was mainly from the investment in Plan B Media Public Company Limited and iClick Interactive Asia Group Limited and 2) right-of-use assets of THB 459mn. This increase was partially offset by a decrease in 3) deferred tax assets of THB 443mn and 4) equipment – net of THB 90mn.

Trade and other receivables were THB 751mn, decreasing by 29.2% or THB 310mn due to a decrease in revenue. As of 30 September 2020, the loss allowance was THB 192mn. Average collection period as at end of this quarter was 103 days compared to 97 days as of 31 March 2020.

AGING OF TRADE RECEIVABLES (THB mn)	31 MARCH 2020	30 SEPTEMBER 2020
Not yet due	596	313
Up to 6 months	253	89
Over 6 months	129	270
Loss allowance	195	192
Total	784	479
% of total trade and other receivables	74.0%	63.8%

VGI PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION & ANALYSIS 2Q 2020/21 ENDED 30 SEPTEMBER 2020

9 NOV 2020

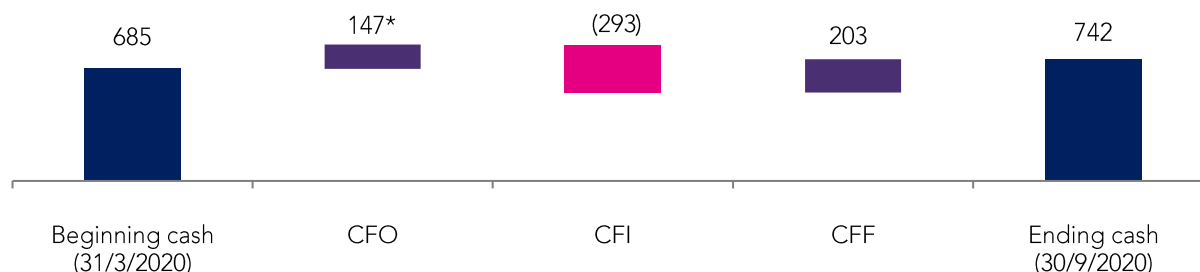
LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND EQUITY BREAKDOWN	31 MARCH 2020		30 SEPTEMBER 2020	
	(THB mn)	% out of total	(THB mn)	% out of total
Short term loans	450	2.6%	500	2.6%
Trade & other payables	464	2.7%	280	1.5%
Accrued expenses	561	3.3%	450	2.3%
Current portion of long-term loans from financial institutions	239	1.4%	211	1.1%
Other current liabilities	945	5.5%	997	5.2%
Long term loan	1,200	7.0%	1,192	6.2%
Other non-current liabilities	140	0.8%	603	3.1%
Total liabilities	3,999	23.4%	4,232	22.0%
Shareholders' equity	13,078	76.6%	14,968	78.0%
Total liabilities and equity	17,077	100.0%	19,201	100.0%

Total liabilities were THB 4,232mn, an increase of THB 233mn or 5.8% from THB 3,999mn as of 31 March 2020 mainly from 1) an increase in lease liabilities of THB 505mn. However, this increase was offset by a decrease in 2) trade & other payables of THB 184mn.

Total equity was THB 14,968mn, increasing by THB 1,890mn or 14.5%, mainly due to an increase in other components of shareholders' equity, which arose mainly from the gain on changes in value of financial assets of THB 1,801mn.

LIQUIDITY AND CASH FLOW (THB mn)



*After tax and net tax refund (THB -101mn) and interest expense (THB -36mn)

For the six months ended 30 September 2020, **net cash from operating activities** was THB 147mn. **Net cash used in investing activities** was THB 293mn mainly from cash paid for 1) capital expenditures of THB 277mn, 2) purchase of equity net with sales of equity instruments of THB 186mn and 3) purchase of investment in joint ventures and associates of THB 84mn. These were offset by 4) dividend income of THB 245mn. **Net cash received from financing activities** was THB 203mn. The key components were cash received from 5) non-controlling interests for issuance of ordinary shares of subsidiaries of THB 366mn and 6) dividend payment of THB 138mn.

VGI PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION & ANALYSIS 2Q 2020/21 ENDED 30 SEPTEMBER 2020

9 NOV 2020

FINANCIAL RATIOS

Profitability Ratios		2Q 2019/20 (Restated)	2Q 2020/21	Liquidity Ratios		31 MAR 2020	30 SEP 2020
Gross profit	(%)	48.6%	40.1%	Current ratio	(times)	1.0	0.9
Operating EBITDA	(%)	48.2%	19.6%	Quick ratio	(times)	0.9	0.8
Cash-to-net profit	(%)	43.7%	-93.9%	Account receivable turnover	(times)	3.8	3.6
Net profit (excl. NCI)	(%)	31.1%	1.6%	Average collection period	(days)	97.1	102.6
Return on equity	(%)	8.4%	4.9%	Payable days	(days)	75.4	78.3
Efficiency Ratios				Leverage Ratios			
Return on assets	(%)	5.5%	3.7%	Liability to equity	(times)	0.3	0.3
Return on fixed assets	(%)	85.2%	82.0%	Debt to equity	(times)	0.1	0.1
Assets turnover	(times)	0.3	0.2				

Remark:

- Financial ratios were calculated based on The Stock Exchange of Thailand's formula.
- Following to the deconsolidation of MACO on 30 January 2020, the Company had restated profit and loss statement in 2Q 2019/20. The statement of financial position only as end of March 2020 had reflected the aforementioned deconsolidation. Therefore, the Company calculated the ratio, which related to statement of financial position in 2Q 2020/21 as an average of balance at the end of March 2020 and September 2020.

MANAGEMENT OUTLOOK

During the first nine months of 2020, many businesses were confronted with unprecedented challenges from COVID-19 and the intensified political situation in Thailand, particularly ad-reliant companies, including our advertising business which represents a significant contribution segment of VGI. Nevertheless, we were able to return to achieving positive earnings in 2Q 2020/21, thanks largely to the tireless efforts and dedication of all our teams across the Group's companies.

Looking ahead, we will continue to focus on stabilising our liquidity and maintaining a strong balance sheet in order to be ready to turn a profit from the economic rebound. With our effective strategy and diversified portfolio, we strongly believe VGI is well-positioned to deliver short and long term growth.

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Chitkasem Moo-Ming
(Chief Financial Officer)
VGI Public Company Limited