



## Management Discussion and Analysis

First quarter ended March 31, 2023

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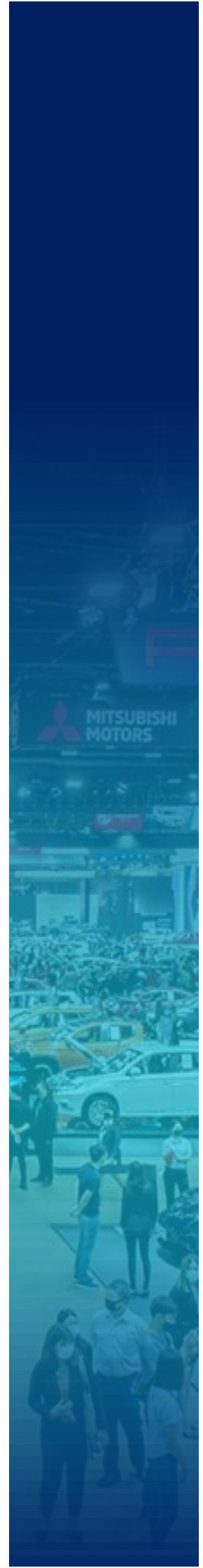
GRAND PRIX INTERNATIONAL PUBLIC COMPANY LIMITED

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## **Business Overview**

Grand Prix International Public Company Limited (the “Company” or “GPI”) involves in the business of organizing exhibitions and marketing activities, as well as digital media and print media business related to the automotive industry and printing services. The main source of revenue for the company comes from organizing exhibitions and marketing activities, such as Bangkok International Motor Show, Bangkok Used Car Show, and Digital Motor Sport.

## **Industry Overview**

The result of the survey of the industrial confidence index in March 2023 was at the level of 97.8, which has continuously increased for 3 months and is the highest in 10 years since January 2013. The factor supporting this growth is the expansion of objectives within the country. While the tourism sector is continuously recovering due to the expansion of international tourists and the government's measures to promote domestic tourism, there are still negative factors, particularly the increasing production costs, including raw material prices and electricity costs, as well as fluctuating energy prices. At the same time, the rising interest rates also put pressure on businesses. In addition, weak foreign demand due to the global economic downturn and the volatility of the Thai baht exchange rate are also risky factors that the government should expedite in addressing

For the media industry, the Media Agency Association of Thailand (MAAT) predicts a positive outlook for media usage this year, with an overall growth rate of 5.65 percent. However, this projection is subject to economic factors such as inflationary conditions. The growth of advertising revenue in the media industry continues to come from online media, which has experienced continuous growth. Whether it is during periods of pandemic outbreak or when approaching the end of the COVID-19 pandemic, social media remains the most popular among consumers.



Facebook is the most popular social media platform among Thai internet users, followed by LINE. Besides Facebook and LINE, TikTok has been steadily gaining popularity in Thailand as a social media platform. The number of TikTok users in Thailand increased by 24.8 percent in 2022, reflecting the continuous growth of social media usage at a high level. This popularity has made short-form videos the preferred format, especially for mobile viewing, aligning with the era where people have convenient access to smartphones.

Furthermore, due to the easing of the COVID-19 situation, out-of-home media has gained popularity as consumers have returned to their normal lives, engaging in more travel and outdoor activities. It is anticipated that the out-of-home media sector will experience a growth rate of around 9%. Television media is expected to grow by approximately 6.30%, while print media is expected to show improved prospects with a growth rate of 1%.

For Automotive Industry, the Federation of Thai Industries (FTI) has revealed that the automotive industry produced a total of 507,787 vehicles from January to March 2023. This represents a 5.77 percent increase compared to the same period in 2022. The production figures for the first quarter of this year provide confidence that the annual target of 1,950,000 vehicles can be achieved. This target includes 900,000 vehicles for domestic sales, an increase of 6.36 percent, and 1.05 million vehicles for export, an increase of 1.22 percent. However, it is important to monitor the negative factors, such as the banking crisis, which may affect the purchasing power of trading partners.

In addition, the trend of electric vehicles (EVs) is growing as confidence in using electric cars increases. Global car manufacturers have decided to invest in building production facilities and establishing sales offices in Thailand, driven by the increasing demand for electric vehicles. Key factors contributing to this growth include the price, which is lower than 1 million baht, supported by government measures to incentivize buyers and reduce tax rates. In the first quarter of 2023, there were 21,052 newly registered electric vehicles, representing a significant increase of 624.93 percent compared to the first quarter of the previous year. It is projected that the total number of electric vehicle registrations in 2023 will reach 35,000 units.



However, we must closely monitor the important issue of the price of lithium, a critical component in battery production, which is expected to increase significantly. This will exert pressure on the selling prices of electric vehicles to adjust accordingly. Currently, the price of lithium in the global market has increased by more than sevenfold.

*Source: Industrial Confidence Index for the year 2566*

*Media Agency Association of Thailand (MAAT)*

*Thai Automotive Industry Association: Production, Sales, and Export Statistics for the Automotive Industry.*



## Performance summary

The company's performance based on the consolidated financial statements for the three-month period ending on March 31, 2023, and 2022

Income Statement (Million Baht)	Q1		% Change
	2023	2022	
Revenue from sales & services	439.40	398.94	10.14%
Gross profit	251.23	196.67	27.74%
Gross profit margin (%)	57.18%	49.30%	15.98%
SG&A	(60.83)	(57.76)	5.32%
Profit (Loss) of associate companies using the equity method	5.14	(2.20)	-333.51%
Net profit for the period	158.67	111.53	42.27%
Net profit margin (%)	36.11%	27.96%	29.16%

### Revenue from sales and services

As of March 31, 2023, the company had revenue from sales and services according to the consolidated financial statements of 439.40 million baht, an increase of 10.17 percent compared to the same period last year. This was due to the revenue from the 44<sup>th</sup> Bangkok International Motor Show, which increased.

### Gross profit (loss)

As of March 31, 2023, the company had a gross profit of 251.23 million baht, an increase of 27.74 percent compared to the previous year. The main reason was an increase in revenue from the 44<sup>th</sup> Bangkok International Motor Show.

### Selling and administrative expenses (SG&A)

As of March 31, 2023, the company had selling and administrative expenses of 60.83 million baht, an increase of 5.32 percent compared to the same period last year. The main reason for the increase was attributed to higher salary and welfare expenses.



### Profit (loss) of associate companies using the equity method

The profit (loss) of associate companies using the equity method for the quarter ending on March 31, 2023 was 5.14 million baht, which decreased by 333.51 percent compared to the same period of the previous year. The main reason was due to the increased revenue of the associate companies, and the change from loss to profit from operating the electricity generation business.

### Net profit for the period

The net profit (loss) summary for the three-month period ending on March 31, 2023, in the consolidated financial statements, shows a net profit of 158.67 million baht, representing a net profit margin of 36.11% of the revenue. This increase in net profit is attributed to the company's increased revenue and profit from investments in associate companies.

The company has revenue from sales and services classified by business group as follows:

Business	Q1		% Change YoY
	2023	2022	
1. Exhibition and Event Organizing	427.76	376.78	13.53%
2. Print and Digital Media	7.77	10.51	-26.09%
3. Printing	3.70	8.96	-58.69%
4. Others	0.17	2.69	-93.49%
<b>Total Revenue from Sales and Services</b>	<b>439.40</b>	<b>398.94</b>	<b>10.14%</b>

### Exhibition and Event Organizing Business

As of March 31, 2023, revenue from the exhibition and marketing promotion business group increased by 13.53% compared to the same period of the previous year. The main reason for this increase was the revenue from organizing the 44<sup>th</sup> Bangkok International Motor Show. In the current year, there was an expansion of booth spaces to accommodate the increased



demand from automotive industry players, which resulted in higher revenue from the exhibition.

### **Print and Digital Media**

As of March 31, 2023, the revenue from the media and digital media business group decreased by 26.09 percent compared to the same period last year. The main reason for this decline was a decrease in advertising services and magazine sales revenue, due to changing consumer behavior and increased access to news and media through various online platforms that are faster and more diverse than before.

### **Printing**

As of March 31, 2023, the revenue from the printing and publishing business group decreased by 58.69 percent compared to the same period last year. The main reason for this decline was the rapid changes in digital technology trends and consumer behavior, which significantly impacted the operations of printing and publishing businesses. The increasing popularity of online media has led to a decrease in revenue for the printing and publishing industry.

### **Others**

As of March 31, 2023, other business groups experienced a decrease of 93.49 percent compared to the same period last year. The main reason for this decline was a decrease in revenue from collectible car sales and revenue from car customization services for racing purposes.

### **Financial Structure**

<b>Financial Structure (Million Baht)</b>	<b>Q1/2023</b>	<b>Year 2022</b>	<b>% Change</b>
Total Assets	1,194.26	797.07	49.83
Total Liabilities	338.67	76.15	344.75
Total Shareholder's Equity	855.59	720.92	18.68



## Total Assets

The total assets as of March 31, 2023, according to the financial statements, amount to 1,194.26 million baht. This represents an increase of 49.83% compared to the end of the fiscal year 2022. The main reasons for this increase are higher cash and cash equivalents, as well as an increase in trade receivables due to the organization of the 44<sup>th</sup> Bangkok International Motor Show.

## Total Liabilities

The total liabilities as of March 31, 2023, according to the financial statements, amount to 338.67 million baht. This represents an increase of 344.75% compared to the end of the fiscal year 2565. The main reasons for this increase are higher trade payables and advance income from the organization of the 44<sup>th</sup> Bangkok International Motor Show.

## Total Shareholder's Equity

The shareholders' equity as of March 31, 2023, according to the financial statements, amounts to 855.59 million baht. This represents an increase of 18.68% compared to the end of the fiscal year 2022. The main reasons for this increase are the company's increased revenue and profitability, resulting in an increase in retained earnings that have not yet been allocated.

## Cash Flows Analysis

As of March 31, 2023, the company had cash and cash equivalents of 301.94 million baht. This represents an increase of 276.65 million baht compared to the end of the fiscal year 2022

<b>Cash flow statement ended 31 March 2023</b>	<b>Million Baht</b>
Net cash flow from operating activities	247.35
Net cash flow from investing activities	-24.51
Net cash flow from financing activities	53.81
<b>The net increase in cash and cash equivalents.</b>	<b>276.65</b>





- Net increase in cash from operating activities, primarily driven by advance receipts from organizing the 44<sup>th</sup> Bangkok International Motor Show.
- Net decrease in cash from investment activities, primarily due to cash payments for loans to affiliated companies and cash payments for the purchase of land, buildings, and equipment.
- Net increase in cash from financing activities, primarily due to the receipt of short-term loans from financial institutions to be used for organizing the 44<sup>th</sup> Bangkok International Motor Show event.

### Key Financial Ratios

Key Financial Ratios	Q1	
	2023	2022
Gross Profit Margin (%)	57.18	49.30
EBITDA Margin (%)	43.68	35.76
Return on Equity (%)	9.76	5.37
Return on Asset (%)	16.65	5.04
Current Ratio (Times)	1.90	1.85
D/E Ratio (Times)	0.40	0.42
Earnings per share (Baht)	0.26	0.19

*-Mr. Peeraphong Eamlumnow-*

Chief Growth Officer / Chief Financial Officer