

YEARLY BUSINESS HIGHLIGHTS – 2019

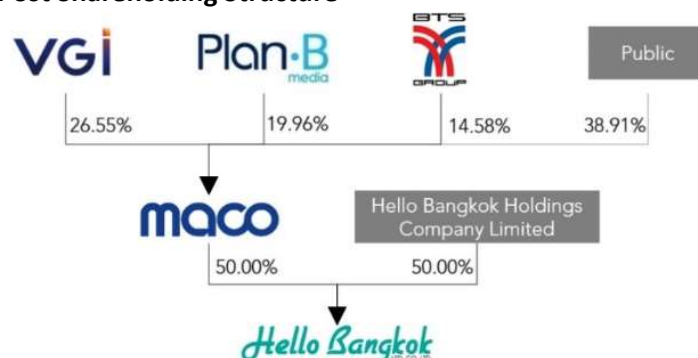
- **Consolidated revenue increased by 74.2% YoY to THB 2,954mn**
 - Advertising revenue increased by 28.9% YoY to THB 1,358mn
 - System integration services revenue increased by 148.5% YoY to THB 1,596mn
- **Ongoing revenue recognition from ‘International Advertising’**
- **Expanded our footprint to Vietnam market – the fastest growing economy in Southeast Asia**
- **Net profit excluding minority interest was THB 161mn**

KEY BUSINESS AND STRATEGIC UPDATE IN 2019

2019 was marked by notable strategic developments for MACO. The company has successfully laid the foundation for growth in Malaysia and Indonesia, as well as expanded its footprint in the Vietnam market – the fastest growing country in Southeast Asia. Within the domestic market, MACO has strengthened its media portfolio by integrating media operations in Thailand with Plan B Media Public Company Limited (“PlanB”) – the leading Out-of-Home (“OOH”) media player – thereby allowing it to secure domestic media performance while shifting its focus towards international expansion.

DOMESTIC MARKET – PLACING DOMESTIC MEDIA ASSETS UNDER THE MANAGEMENT OF PLANB
THAILAND

- On 14 January 2020, during the Extraordinary General Meeting (“EGM”) of Master Ad Public Company Limited (“MACO”, our subsidiary) shareholders approved 1) the acquisition of Hello Bangkok L E D Company Limited (“Hello LED”) with a total investment of THB 1,950mn, 2) the issuance of newly issued shares through Private Placement of 1,080mn shares to Plan B Media Public Company Limited (“PlanB”) at THB 1.4381 per share, totaling THB 1,553mn and 3) an agreement with PlanB on Advertising Media Management and Service Agreement. These transactions were completed on 30 January 2020.
- On 30 January 2020, MACO successfully completed the sale of newly issued shares to PlanB. Accordingly, PlanB now holds 19.96% shares in MACO. This has resulted in a dilution of VGI’s shareholding in MACO from 33.17% to 26.55%. VGI has also reduced its representatives in MACO’s Board of Directors to 2 out of 7 persons (previously: 5 out of 9 persons); therefore, it no longer has control in the company, resulting in the change of MACO’s status from a subsidiary to an associate company of VGI.
- After the restructuring, MACO will focus on international expansion across the ASEAN market as well as being the Outdoor domestic assets owner, while its media assets in Thailand will be managed by PlanB.
- Through the aforementioned transactions, it is anticipated that synergies across the VGI Group’s subsidiaries and associate companies will be enhanced following the workforce integration, which may lead to potential cost reductions. Moreover, attractive development opportunities are expected thanks to MACO’s and PlanB’s high-visibility billboards as well as the well-diversified media contents owned by PlanB, which will enable the Group to expand its media offerings on a massive scale.

Post Shareholding Structure


INTERNATIONAL MARKET – EXPANDING INTERNATIONALLY ACROSS ASEAN COUNTRIES
MALAYSIA

- In August 2019, MACO, through VGI Global Media (Malaysia) Sdn. Bhd. (“VGM”) successfully acquired additional 40.0% in Puncak Berlian Sdn. Bhd. (“PBSB”) with a total investment of MYR 9.6mn or equivalent to THB 72mn as well as secured a transferred media operation in offices and Malayan Railways from Redberry Sdn. Bhd., increasing its total shareholding in PBSB to 65.0%. PBSB is a holding company, which engages in OOH media business in various segments, including Transit, Office and Aviation in Malaysia and Indonesia.

INDONESIA

- In April 2019, the red line (North-South) of Jakarta Mass Rapid Transit, or MRT Jakarta, operated by PT Avabanindo Perkasa has started its first commercialisation.

VIETNAM

- On 21 January 2020, MACO, through VGI MACO (Singapore) Private Limited¹ (“VGIMS”), expanded its footprint into the Vietnam market – a high growth potential country with 6.9%² GDP expansion and more than 100mn³ population in 2019. VGIMS will 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 (THB 343mn by MACO and THB 114mn by VGI). VGI Vietnam is a leading OOH media company with nationwide network coverage. Its network includes static billboards and digital screens in prime locations. This investment will allow MACO to leverage its know-how to increase potentiality and strengthen VGI Vietnam. The transaction is expected to be completed within March 2020.

RIGHTS OFFERING AND DIVIDEND PAYMENT

- In March 2019, the Company received proceeds from a rights offering (“RO”) of THB 328mn through new issuance of 205mn ordinary shares at an offering price of the THB 1.60 per share, to the existing shareholders at a ratio of 10 existing ordinary shares for 1 newly issued ordinary shares. The Company has already used the proceeds from the RO to renovate the Street Furniture under BTS columns.
- Interim cash dividend of THB 0.012 per share (a total of THB 52mn) paid on 6 September 2019.
- On 11 February 2020, Board of Directors’ resolved to approve the cash dividend payment from the operating results for the 2H 2019 of the Company’s performance to shareholders a total not exceeding THB 86.59mn, at a rate of THB 0.016 per share for shareholders named at Record Date on 20 March 2020. The payment date of the interim dividend will be 15 May 2020. (Subject to the resolution of Annual General Meeting of Shareholder, which will be held on 29 April 2020).

AWARDS AND RECOGNITION

- The Company won the Best Investor Relations Award and Outstanding Investor Relations Award from SET Awards 2019. The award was given to listed companies with outstanding performance in investor relations activities organised by the Stock Exchange of Thailand (SET) and Money & Banking Magazine. MACO is one of the companies that received this award in the group of companies with market capitalisation between THB 3,000 and 10,000mn.



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

² Asian Development Bank

³ General Statistics Office of Vietnam

2019 CONSOLIDATED P&L SNAPSHOT

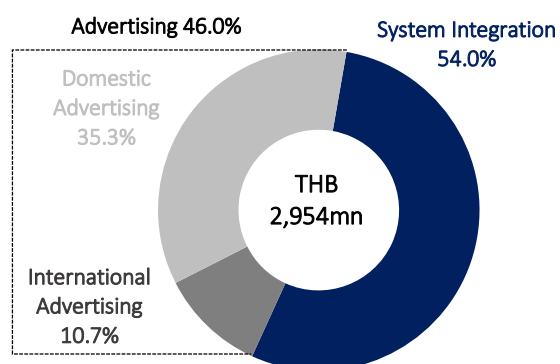
THB (mn)	2018 (Restated)	2019	YoY (%)
Operating revenue	1,696	2,954	74.2%
Cost of sales	901	1,901	111.1%
Gross profit	795	1,052	32.3%
Selling, general & administrative expenses	487	815	67.3%
EBITDA	441	459	4.1%
Net profit from operation	232	135	-41.8%
Net profit (exc. Minority Interest)	272	161	-41.0%
Gross profit margin	46.9%	35.6%	
EBITDA margin	26.0%	15.5%	
NPAT margin from operation	13.7%	4.6%	
NPAT margin (exc. Minority Interest)	16.1%	5.4%	

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.

2019 PERFORMANCE ANALYSIS (YoY)

MACO recorded an operating revenue of THB 2,954mn, an increase of 74.2% YoY. The growth was mainly driven by 1) the full-year consolidation of the System Integration segment through Trans.Ad Group and 2) the 5-month consolidation of International Advertising operated by VGI Global Media (Malaysia) Sdn. Bhd. ("VGM"), which began in August 2019. However, the company faced challenges within the Domestic Advertising segment, resulting from loss incurred during the renovation of its Street Furniture & Digital media, which led to a decline in overall revenue in this segment.

In this year, the revenue contribution was divided into 1) Domestic Advertising revenue of 35.3% (or THB 1,042mn), 2) International Advertising revenue of 10.7% (or THB 316mn) and 3) System Integration revenue of 54.0% (or THB 1,596mn).

Revenue contribution

Revenue by segment (THB mn)

	2018 (Restated)	2019	YoY (%)
Advertising	1,054	1,358	28.9%
Domestic Advertising	1,054	1,042	-1.1%
<i>Billboard & Other</i>	522	581	11.3%
<i>Street Furniture & Digital</i>	531	461	-13.2%
International Advertising	-	316	n/a
System Integration	642	1,596	148.5%
Total Revenue	1,696	2,954	74.2%

Cost of sales increased by 111.1% YoY from THB 901mn to THB 1,901mn mainly due to the aforementioned consolidation which was the main driver in increasing the cost-to-sales ratio from 53.1% to 64.4% in this year. 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 46.9% to 35.6%.

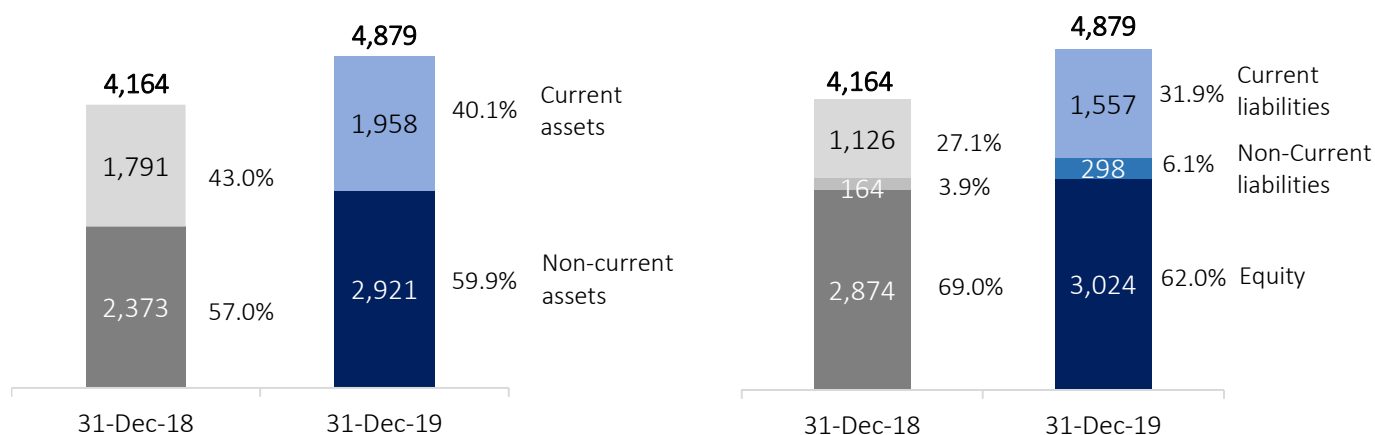
Selling, General and Administrative expenses (“SG&A”) grew by 67.3% YoY from THB 487mn to THB 815mn primarily due to the consolidation of VGM and Trans.ad Group. SG&A to sales ratio decreased from 28.7% to 27.6% in this year due to revenue increasing at a higher rate than expenses.

Net profit attributable to equity holders of the Company decreased by 41.0% YoY to THB 161mn with a **Net profit margin** of 5.4%. The lower-than-expected net profit performance was negatively impacted by an expected event in Malaysia, where advertisers cut back their spending due to the country’s sluggish economy during the first half of 2019. In addition, there was a straight line concession adjustment of its international media operation in accordance to the Thai accounting standard, which led to higher expenses.

FINANCIAL POSITION

In 2019, 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 (38)mn in equity, 3) deferred tax liabilities of THB (32)mn in non-liabilities and 4) unappropriated retained earnings of THB (3)mn.

(THB mn)



ASSETS

ASSETS BREAKDOWN	31 DECEMBER 2018 (Restated)		31 DECEMBER 2019	
	(THB mn)	% out of total	(THB mn)	% out of total
Cash & cash equivalents and Current investments	653	15.7%	740	15.2%
Trade & other receivables	710	17.1%	847	17.4%
Property, plant and equipment	613	14.7%	931	19.1%
Goodwill and Intangible assets	1,453	34.9%	1,518	31.1%
Other assets	735	17.7%	844	17.3%
Total assets	4,164	100.0%	4,879	100.0%

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.

Total assets as of 31 December 2019 was reported at THB 4,879mn, an increase of THB 716mn or 17.2% from THB 4,164 as of 31 December 2018. **Total current assets** were THB 1,958mn, which rose by 9.4% or THB 168mn. This was primarily attributable an increase in 1) trade and other receivables of THB 137mn, 2) advance payment and other prepaid expenses of THB 31mn **Total non-current assets** stood at THB 2,921mn, an increase of 23.1% or THB 548mn primarily due to an increase in 3) property, plant and equipment of THB 318mn, 4) goodwill and intangible assets of THB 64mn, 5) investment in associates and joint ventures of THB 70mn, 6) prepaid rental of THB 55mn, and 7) estimation of difference between cost of investment and identifiable net assets of THB 52mn.

Trade and other receivables were THB 847mn, an increase of 19.3% or THB 137mn 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 year was 96 days compared to 114 days as of 31 December 2018.

AGEING OF TRADE RECEIVABLES (THB mn)	31 DECEMBER 2018 (Restated)	31 DECEMBER 2019
Not yet due	273	322
Up to 3 months	145	223
3 - 6 months	67	50
6 - 12 months	13	35
Over 12 months	11	33
Total	509	661
Allowance for doubtful debt	6	9

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND EQUITY BREAKDOWN	31 DECEMBER 2018 (Restated)		31 DECEMBER 2019	
	(THB mn)	% out of total	(THB mn)	% out of total
Short term loans	299	7.2%	492	10.1%
Trade and other payables	587	14.1%	826	16.9%
Deferred Incomes	166	4.0%	183	3.8%
Other current liabilities	73	1.8%	56	1.1%
Non-current liabilities	164	3.9%	298	6.1%
Total liabilities	1,290	31.0%	1,855	38.0%
Shareholders' equity	2,874	69.0%	3,024	62.0%
Total liabilities and equity	4,164	100.0%	4,879	100.0%

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.

Total liabilities were THB 1,855mn, increasing by 43.8% or THB 565mn from THB 1,290mn as of 31 December 2018 mainly from increase in 1) trade and other payables of THB 239mn, 2) short term loans of THB 193mn, 3) long term loans of THB 88mn, and 4) employee benefit liabilities of THB 20mn.

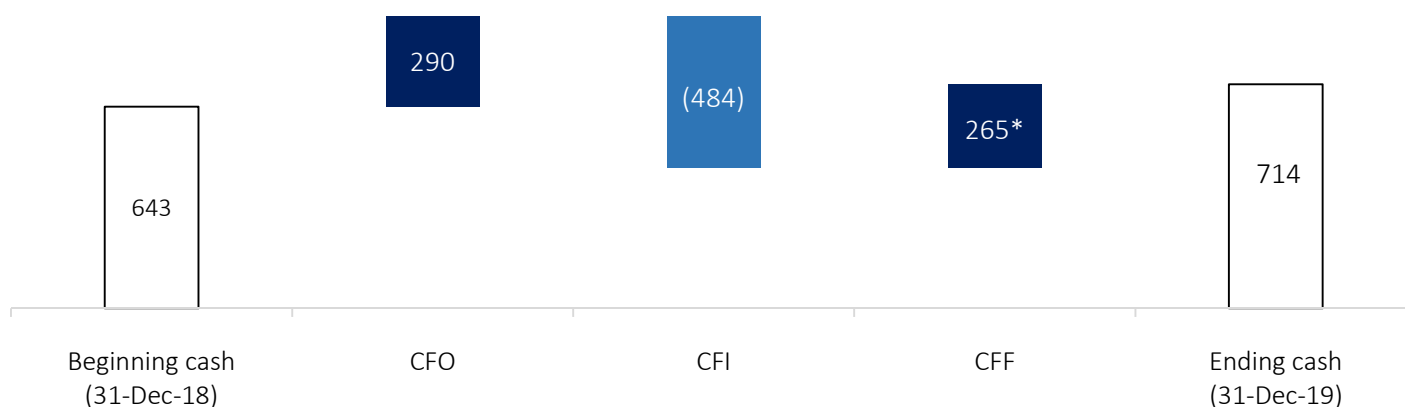
Total equity was THB 3,024mn rose by THB 151mn or 5.3%. This was attributed to an increase in premium on shares of THB 308mn, which was from the rights offering subscription of 205mn shares, amounting to THB 328mn. As of 31 December 2019, total equity included with equity attributable to owners of the Company of THB 2,720mn and non-controlling interests of the subsidiaries of THB 305mn.

CASH FLOW

As of 31 December 2019, the Company had **net cash from operating activities** of THB 290mn primarily from cash from operating activities of THB 389mn which was mainly offset by cash paid for corporate income tax of THB 97mn. **Net cash used in investing activities** was THB 484mn, mainly from cash paid for 1) acquisition of equipment of THB 349mn from expansion of media capacity, 2) short-term loans to related parties of THB 120mn and 3) net cash paid for investment in subsidiaries of THB 28mn. **Net cash received from financing activities** was THB 265mn. The key components are cash received from 1) proceeds from RO of THB 346mn and 2) short-term and long-term loans of THB 270mn. However, the increase was partially offset by a decrease in cash used for 3) an investment in subsidiaries of THB 198mn and 4) dividend paid of THB 153mn.

12-MONTH CASH FLOW SNAPSHOT

(THB mn)



*Included translation adjustment of THB 5mn

KEY FINANCIAL RATIOS

	2018 (Restated)	2019	31-Dec 2018 (Restated)	31-Dec 2019
Profitability Ratios			Liquidity Ratios	
Gross profit ¹	(%) 46.9%	35.6%	Current ratio	(times) 1.6
Operating EBITDA	(%) 26.0%	15.5%	Quick ratio ⁶	(times) 1.6
Net profit (from operation)	(%) 13.7%	4.6%	Account receivable turnover	(times) 3.2
Net profit (after MI) ²	(%) 16.1%	5.4%	Average collection period ⁷	(days) 114
Return on equity ³	(%) 13.7%	6.1%	Payable days	(days) 138
Efficiency Ratios			Leverage Ratios	
Return on assets ⁴	(%) 10.2%	5.1%	Liability to Equity	(times) 0.4
Return on fixed assets ⁵	(%) 58.4%	29.7%	Debt to equity	(times) 0.0
Asset turnover	(times) 0.6	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

Following the Extraordinary General Meeting’s approval on 14 January 2020, MACO’s domestic media operation is now transferred under the management of Plan B Media Public Company Limited, who will guarantee a secured performance domestically. Moving forward, the company’s direction is to continue exploring potential investments across ASEAN countries, which is expected to deliver worthwhile returns for its shareholders.

This year, MACO will change its fiscal year from January to December to April to March. Therefore, the company’s target guidance for the next fiscal year will be provided in April 2020.

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Tamonwan Narintavanich
(Chief Financial Officer)