

QUARTERLY BUSINESS HIGHLIGHTS – 3M 2020
Consolidated revenue decreased by 13.7% YoY to THB 612mn

- Advertising revenue increased by 3.1% YoY to THB 270mn
- System integration services revenue decreased by 23.6% YoY to THB 343mn
- **Full-quarter recognition of ‘International Advertising’**
- **Recognised net loss from non-recurring expenses of THB 180mn from impairment of assets, loss on disposal/write-off of assets and the adoption of TFRS 16**
- **Net profit from operation was THB 51mn, an increase of 25.0%**
- **Cash flow for the quarter from operating activities remains positive at THB 65mn**

KEY BUSINESS AND STRATEGIC UPDATES
1) CORPORATE’S ACTIONS AND SOCIAL RESPONSIBILITIES DURING COVID-19 PANDEMIC
Corporate’s Actions

EMPLOYEES	FINANCIAL MANAGEMENT
<ul style="list-style-type: none"> ● Provide COVID-19 insurance for all employees ● Conduct temperature screening at the office entry ● Supply the daily healthcare including face masks and alcohol gel ● Disinfect office spaces on a regular basis 	<p>I. Cost reduction</p> <ul style="list-style-type: none"> ● Negotiate to reduce rental fee with landlords in Thailand ● Discuss with international media concession owners to reduce or postpone the payment of minimum guarantee <p>II. Postponement of cash flow</p> <ul style="list-style-type: none"> ● Prioritise the use of money for current investment to minimise risk ● Suspend the potential new investments

Social Responsibilities

- The Company has also fulfilled various social responsibilities during this crisis. For instance, MACO has acted as a communication channel to educate people of self-protection and provide a list of hospitals to get test for COVID-19 through digital media. Furthermore, we joined hands with Phrae Ministry of Public Health to publicise the COVID-19 prevention measures and encourage Phrae citizens to stay home across our digital media in Phrae province.
- In addition, MACO has cooperated with Department of Mental Health to provide guidance of stress management during the movement control period on digital media. Lastly in support of “Klong Toey Dee Jung” project, the Company made the donation of face shields to Klong Toey community in order to prevent the spreading of Coronavirus.

2) UPDATE ON DOMESTIC MARKET
THAILAND

- In January 2020, the Company had completed assets optimisation by writing-off underperforming media assets, which generated negative gross profit and are duplicated in the areas. This optimisation will enable MACO to gain greater efficiency on Domestic Advertising performance under management of Plan B Media Public Company Limited (“PlanB”) and allow us to offer higher visibility media.
- In April 2020, MACO has changed its fiscal year to start in April to March (Previous: January to December), following to the approval at the Annual General Meeting of Shareholders held on 24 April 2019.

3) UPDATE ON INTERNATIONAL MARKET
INDONESIA

- In February 2020, PT Avabanindo Perkasa (“Otego”), the operator of MRT Jakarta red line (north-south) has completed its first phase of digital installation including platform screen doors, scrollers and pillars. This enhancement is anticipated to offer higher visual impact and allow Otego to offer more creative contents to advertisers.


3M 2020 CONSOLIDATED P&L SNAPSHOT

THB (mn)	3M 2019	3M 2020	YoY (%)
Operating revenue	710	612	-13.7%
Cost of sales	466	465	0.0%
Gross profit	244	147	-39.9%
SG&A	152	431	184.0%
SG&A (excl. non-recurring expenses)	152	209	38.0%
EBITDA	115	(68)	-159.4%
Adjusted EBITDA*	115	153	33.0%
Net profit (loss) (excl. minority interest)	40	(129)	-417.5%
Net profit from operation**	40	51	25.0%
Gross profit margin	34.4%	24.0%	
EBITDA margin	16.2%	-11.2%	
Adjusted EBITDA margin	16.2%	25.0%	
NPAT margin (excl. minority interest)	5.7%	-21.0%	
NPAT margin from operation	5.7%	8.3%	

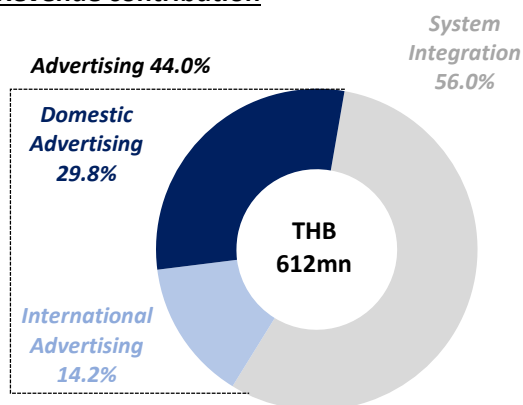
*Adjusted EBITDA was excluded non-recurring expenses from impairment of assets and loss on disposal/write-off of assets of THB 222mn

**Net profit from operation was the net profit attributable to equity owner of the Company and excludes non-recurring expenses of THB 180mn.

3M 2020 PERFORMANCE ANALYSIS (YOY)

In April 2020, MACO has changed its fiscal year to start from April to March (Previous: January to December), following to the approval of shareholders’ meeting held on 24 April 2019. Therefore, the statement of comprehensive income will demonstrate the performance of 12-month ended December 2019 and 3-month ended March 2020. However, the Company will analyse performance for the period of January-March 2020 (“3M 2020”) and January-March 2019 (“3M 2019”) in order to compare on a like-for-like basis.

During 3M 2020, MACO recorded an **operating revenue** of THB 612mn, a decrease of 13.7% from THB 710mn in 3M 2019. The decrease was mainly affected from the economic slowdown as a result from the COVID-19 pandemic, which started in early 2020. **Advertising business revenue** increased by 3.1% YoY, a contribution of 44.0% of total revenue or THB 270mn. The growth in this business unit was mainly driven by full-quarter consolidation of International Advertising operated by VGI Global Media (Malaysia) Sdn. Bhd. ("VGM"), which started in July 2019. **System Integration revenue** contributed 56.0% of total revenue or THB 343mn, decreased by 23.6% YoY. This was resulted from less revenue recognition from project management due to the aforementioned COVID-19 crisis.

Revenue contribution

Revenue by segment (THB mn)

	3M 2019	3M 2020	YoY (%)
Advertising	261	270	3.1%
Domestic Advertising	261	182	-30.2%
<i>Billboard & Other</i>	153	101	-34.2%
<i>Street Furniture & Digital</i>	108	81	-24.6%
International Advertising	-	87	n/a
System Integration	448	343	-23.6%
Total Revenue	710	612	-13.7%

Cost of sales slightly decreased from THB 466mn to THB 465mn, while cost-to-sales ratio increased from 65.6% to 76.0% in 3M 2020. The increase in cost-to-sales ratio was mainly driven from the full-quarter consolidation of International Advertising segment. 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 from 34.4% to 24.0%.

Selling, General and Administrative expenses ("SG&A") increased significantly by 184.0% YoY to THB 431mn. The increase was primarily from the non-recurring expenses from impairment of assets and loss on disposals/write-off of assets of THB 222mn, resulted in an increase in SG&A to revenue ratio from 21.4% to 70.4%. However, excluding the aforementioned items, the SG&A from normal operation increased by 38.0% YoY to THB 209mn from THB 152mn. While, SG&A from normal operation to revenue ratio increased from 21.4% to 34.1% in this quarter due to the aforementioned consolidation.

In 3M 2020, the Company recorded net loss from one-time expenses of THB 180mn from 1) impairment of assets, 2) loss on disposals/write-off of assets and 3) an adoption of new accounting standard (TFRS 16). This consequently led to the record of net loss of THB 129mn, a decrease of 417.5% YoY. Excluding the one-time expenses, the Company recorded **Net Profit from operation** of THB 51mn, an increase of 25.0% YoY.

FINANCIAL POSITION

From 1 January 2020, the Company has adopted the Thai Financial Reporting Standards (TFRS) 16 – Leases for its financial statement reporting for the first time. Under this new accounting standard, 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.

The Company has assessed the effect from the adoption of TFRS 16 to operating performance, as shown in below table.

IMPACTS FROM TFRS 16 IN 3M 2020	THB mn
Assets	2,233
Liabilities	2,198
Shareholders' Equity	35

ASSETS

ASSETS BREAKDOWN	31 DECEMBER 2019		31 MARCH 2020	
	(THB mn)	% out of total	(THB mn)	% out of total
Cash & cash equivalents and current investments	740	15.2%	1,216	13.2%
Trade & other receivables	847	17.4%	641	7.0%
Investment in joint venture and associates	181	3.7%	2,130	23.2%
Property, plant and equipment	931	19.1%	877	9.5%
Right-of-use assets	-	-	2,233	24.3%
Goodwill and Intangible assets	1,568	32.2%	1,467	16.0%
Other assets	608	12.5%	623	6.8%
Total assets	4,875	100.0%	9,187	100.0%

Total assets as of 31 March 2020 was reported at THB 9,187mn, an increase of THB 4,312mn or 88.4% from THB 4,875mn as of 31 December 2019. **Total current assets** were THB 2,221mn, which rose by 13.4% or THB 262mn. This was primarily attributable to an increase in 1) cash & cash equivalents of THB 498mn, which was offset by a decrease in 2) trade & other receivables of THB 206mn. **Total non-current assets** stood at THB 6,966mn, an increase of 138.9% or THB 4,050mn, primarily due to an increase in 1) rights-of-use assets of THB 2,233mn and 2) investment in Hello Bangkok LED Company Limited ("Hello Bangkok LED") of THB 1,955mn. The increase was mainly offset by a decrease in 3) intangible assets of THB 113mn.

Trade and other receivables were THB 641mn, a decrease of 24.4% or THB 206mn from THB 847mn as of 31 December 2019. The Company gives 90 days credit terms to customers. The average collection period as at the end of this quarter was 94 days compared to 96 days as of 31 December 2019.

AGEING OF TRADE RECEIVABLES (THB mn)	31 DECEMBER 2019	31 MARCH 2020
Not yet due	322	176
Up to 3 months	223	182
3 - 6 months	50	76
6 - 12 months	33	12
Over 12 months	33	13
Total	661	459
Allowance for doubtful debt	9	31

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND EQUITY BREAKDOWN	31 DECEMBER 2019		31 MARCH 2020	
	(THB mn)	% out of total	(THB mn)	% out of total
Short term loans	345	7.1%	1,030	11.2%
Trade and other payables	826	16.9%	864	9.4%
Deferred Incomes	184	3.8%	259	2.8%
Other current liabilities	202	4.2%	244	2.7%
Total lease liabilities	-	-	2,198	23.9%
Non-current liabilities	295	6.0%	288	3.1%
Total liabilities	1,852	38.0%	4,883	53.2%
Shareholders' equity	3,023	62.0%	4,304	46.8%
Total liabilities and equity	4,875	100.0%	9,187	100.0%

Total liabilities were THB 4,883mn, increasing by 163.7% or THB 3,031mn from THB 1,852mn as of 31 December 2019 mainly from 1) total lease liabilities of THB 2,198mn, 2) short-term loans financial institutions of THB 685mn, 3) deferred incomes of THB 75mn, 4) trade and other payables of THB 39mn and 5) other current liabilities of THB 40mn.

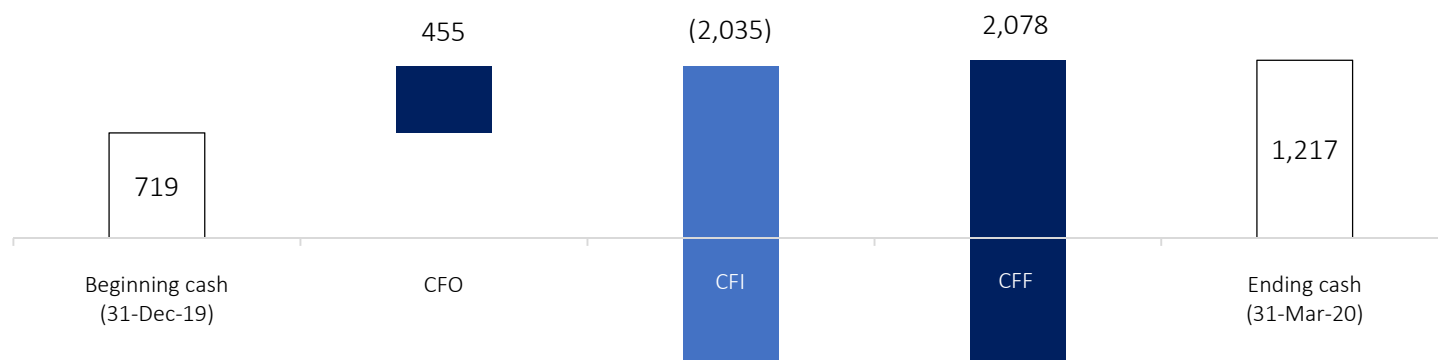
Total equity was THB 4,304mn rose by THB 1,281mn or 42.4%. This was attributed to an increase in premium on shares of THB 1,438mn, which was from the issuance of newly ordinary shares to PlanB of 1,080mn shares, amounting to THB 1,546mn. As of 31 March 2020, total equity included with equity attributable to owners of the Company of THB 4,090mn and non-controlling interests of the subsidiaries of THB 214mn.

CASH FLOW

As of 31 March 2020, the Company had **net cash from operating activities** of THB 455mn. **Net cash used in investing activities** was THB 2,035mn, mainly from cash paid for 1) cash paid for purchase of investment in Hello Bangkok LED of THB 1,950mn and 2) acquisitions of equipment of THB 103mn. **Net cash received from financing activities** was THB 2,078mn. The key components are cash received from 1) net cash received from an issuance of newly ordinary shares to PlanB of THB 1,545mn and 2) increase in short-term loans from financial institutions of THB 685mn. However, the increase was partially offset by cash paid for 3) lease liabilities of THB 162mn.

12-MONTH CASH FLOW SNAPSHOT

(THB mn)



KEY FINANCIAL RATIOS

		3M 2019	3M 2020			31-Dec 2019	31-Mar- 2020
Profitability Ratios				Liquidity Ratios			
Gross profit ¹	(%)	33.7%	24.0%	Current ratio	(times)	1.3	0.8
Operating EBITDA	(%)	16.2%	-11.2%	Quick ratio ⁶	(times)	1.2	0.8
Net profit (incl. minority interest)	(%)	6.9%	-33.4%	Account receivable turnover	(times)	3.8	4.0
Net profit ²	(%)	5.7%	-21.0%	Average collection period ⁷	(days)	96	94
Return on equity ³	(%)	11.8%	-0.2%	Payable days	(days)	126	143
Efficiency Ratios				Efficiency Ratios			
Return on assets ⁴	(%)	10.3%	-1.5%	Liability to Equity	(times)	0.6	1.1
Return on fixed assets ⁵	(%)	50.3%	-12.3%	Debt to equity	(times)	0.2	0.3
Asset turnover	(times)	0.7	0.4				

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)

2019/20 CONSOLIDATED P&L SNAPSHOT (UNAUDITED)

THB (mn)	2018/19	2019/20	YoY (%)
Operating revenue	2,129	2,856	34.2%
Cost of sales	1,257	1,901	51.2%
Gross profit	872	955	9.5%
SG&A	527	1,094	107.6%
SG&A (excl. non-recurring expenses)	527	872	65.4%
EBITDA	467	275	-93.6%
Adjusted EBITDA*	467	497	6.4%
Net profit (loss) (excl. minority interest)	260	-9	-103.3%
Net profit from operation**	260	171	-34.2%

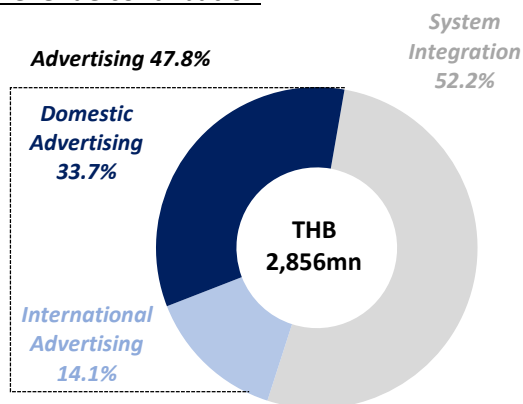
Gross profit margin	41.0%	33.4%
EBITDA margin	21.9%	9.6%
Adjusted EBITDA margin	21.9%	17.4%
NPAT margin (excl. minority interest)	12.2%	-0.3%
NPAT margin from operation	12.2%	6.0%

*Adjusted EBITDA was excluded non-recurring expenses from impairment of assets and loss on disposal/write-off of assets of THB 222mn

**Net profit from operation was the net profit attributable to equity owner of the Company and excludes non-recurring expenses from loss on impairment & write-off assets THB -174mn and impact from new accounting standard (IFRS 16) THB -6mn

In 2019/20, the Company recorded an **operating revenue** of THB 2,856mn, an increase of 34.2% from THB 2,129mn in 2018/19. The growth was mainly driven by 1) the full-year consolidation of the **System Integration** segment through Trans.Ad Group and 2) the 9-month consolidation of **International Advertising** operated by VGI Global Media (Malaysia) Sdn. Bhd. ("VGM"), which started in July 2019.

In this year, the revenue contribution was divided into 1) Domestic Advertising revenue of 33.7% (or THB 963mn), 2) International Advertising revenue of 14.1% (or THB 403mn) and 3) System Integration revenue of 52.2% (or THB 1,490mn).

Revenue contribution

Revenue by segment (THB mn)

	2018/19	2019/20	YoY (%)
Advertising	1,039	1,366	31.5%
Domestic Advertising	1,039	963	-7.3%
<i>Billboard & Other</i>	531	529	-0.4%
<i>Street Furniture & Digital</i>	508	435	-14.4%
International Advertising	-	403	n/a
System Integration	1,090	1,490	36.7%
Total Revenue	2,129	2,856	34.1%

Cost of sales increased by 51.2% YoY from THB 1,257mn to THB 1,901mn mainly due to the consolidation of VGM and Trans.Ad Group. 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.

Selling, General and Administrative expenses ("SG&A") increased significantly by 107.6% YoY to THB 1,094mn. The increase was primarily from the non-recurring expenses from impairment of assets and loss on disposals/write-off of assets of THB 222mn, resulted in an increase in SG&A to revenue ratio from 24.8% to 38.3%. However, excluding the aforementioned items, the SG&A from normal operation increased by 65.4% YoY to THB 872mn from THB 527mn. While, SG&A from normal operation to revenue ratio increased from 24.8% to 30.5% in this year due to the aforementioned consolidation of VGM and Trans.ad Group, including the consolidation of Gold Star Group Co., Ltd., which started in December 2019.

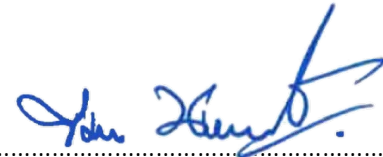
In 2019/20, the Company recorded net loss from one-time expenses of THB 180mn from 1) impairment of assets, 2) loss on disposals/write-off of assets and 3) an adoption of new accounting standard (TFRS 16). This consequently led to the record of net loss of THB 9mn, a decrease of 103.3% YoY. Excluding the one-time expenses, the Company recorded **Net Profit from operation** of THB 171mn, a decrease of 34.2% YoY. The lower-than-expected net profit performance was partially impacted from the economic slowdown as a result from the COVID-19 pandemic, which started in early 2020.

MANAGEMENT OUTLOOK

The coronavirus outbreak, which began at the start of 2020, has had unprecedented impact on the global economy, therefore, this year will be very challenging for all businesses. As for the Thai economy, the Bank of Thailand has projected the GDP growth in 2020 to contract to -8.1% from an earlier forecast of -5.3%, making it the lowest economic growth country among its ASEAN peers, while ASEAN's GDP growth is expected to also contract to 1.0%¹.

For 2020/21, we expect to see negative impact on our Advertising business both in domestic and international market due to the soft demand from advertisers. System integration business would also affect from an implementation of lock-down measures that restricts an entering into the work site as well as the postponement of new projects negotiation. Despite an uncertainty outlook as a result from COVID-19 pandemic, MACO will ensure to maintain our leadership in the outdoor advertising network in Thailand through professional management of PlanB. As for focal strategy of MACO to explore internationally, the potential investments shall need the postponement, resulting from the enforcement of quarantine measures by each government. Nevertheless, we will continue with the strategic plan to increase overseas coverage in our media portfolio after the situation becomes better.

Lastly, the Company would like to extend our best wishes to everyone as we continue fighting this battle against COVID-19 and hope for the globe to pass through this difficult time.



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Tamonwan Narintavanich
(Chief Financial Officer)

¹ Asian Development Bank