

BUSINESS HIGHLIGHTS 1Q 2020/21

Our overall performance was significantly affected by COVID-19 pandemic.

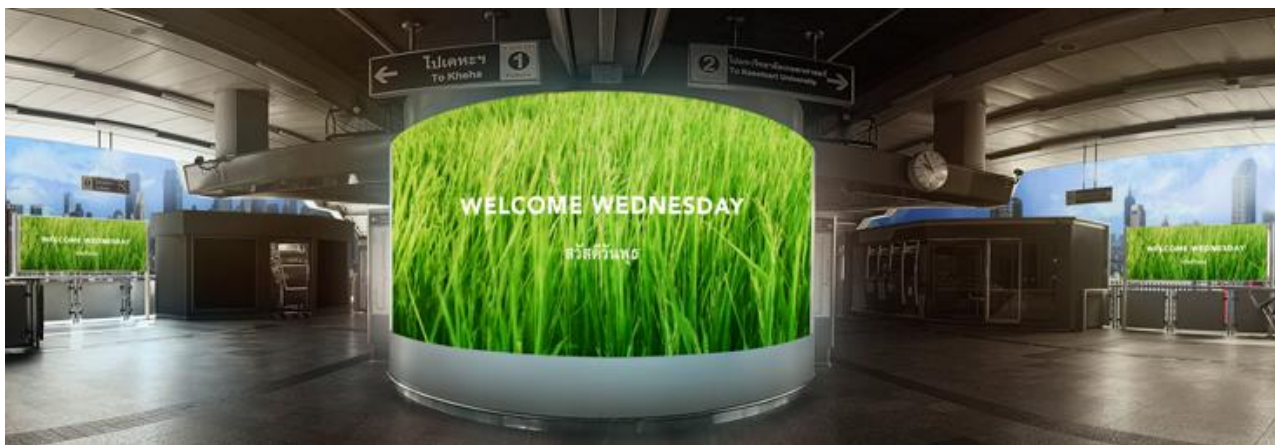
- **Total revenue was THB 445mn, a decrease of 50.6% YoY.**
 - OOH Advertising revenue decreased by 64.1% YoY to THB 266mn due to the COVID crisis, which led to a postponement of advertising spending.
 - Digital Services revenue increased by 12.1% YoY to THB 179mn from a full recognition of online advertising revenue from VGI Digital Lab.
- **Gross profit margin decreased to 25.2% due to the lower revenue base.**
- **Share of loss from investments in JVs and Associates was THB 22mn owing to the performance of Master Ad Public Company Limited as its operations particularly in international markets were severely impacted during the quarter as a result of the coronavirus pandemic.**
- **Posted net loss of THB 104mn, a decrease of 134.2% YoY.**

KEY BUSINESS AND STRATEGIC UPDATES

1) ADVERTISING

Created new Station Entrance Experience welcoming commuters on BTS stations

- VGI launched a new media package named 'Welcome Package' campaign, offering a powerful tool for creating awareness and impact for advertisers, who wish to deliver memorable impressions among the target consumers. This media package is the combination of 3 LED screens, which offered a panoramic view, each displaying eye-catching gimmick that simultaneously merge with one another at the entrance of BTS stations. The Welcome Package campaign has been rolled out on 18 stations and will start commercialisation in August 2020.



2) PAYMENT

Rabbit card

- The number of Rabbit Cards reaches 13.3mn cards, an increase of 2.5% from March 2020.

Rabbit LinePay

- Rabbit LinePay currently serves more than 7.7mn users, an increase of 4.9% from March 2020.

3) AWARD AND ACHIEVEMENT

- VGI was recognised for its strategic transformation from a traditional Out-of-Home media company into an integrated Offline-to-Online Solutions provider with the "ASEAN's Transformation Champions" accolade from Innosight, the leading growth strategy consulting company under Huron Consulting Group Inc., a global management consulting group. This recognition is yet another testament to VGI's limitless service potential and its position as the number one provider of pioneering solutions. (Please find more details of ASEAN's Transformation Champions at https://www.innosight.com/wp-content/uploads/2020/06/Innosight_ASEAN_Transformation-Champions.pdf).
- VGI has maintained its status as the only media company within the Thai media industry being listed in the SET50 Index of July – December 2020. The Company market capitalisation was THB 64,583.7mn as of 30 Jun 2020.

VGI PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION & ANALYSIS 1Q 2020/21 ENDED 30 JUNE 2020

11 AUG 2020

1Q 2020/21 SNAPSHOT & ANALYSIS

CONSOLIDATED P&L SNAPSHOT

THB (mn)	1Q 2019/20 (Restated)	4Q 2019/20	1Q 2020/21	QoQ (%)	YoY (%)
Operating revenue	902	827	445	-46.1%	-50.6%
Cost of sales	(383)	(468)	(333)	-28.8%	-12.9%
Gross profit	519	359	112	-68.7%	-78.4%
SG&A	(220)	(595)	(241)	-59.5%	9.4%
Share of profit (loss) from JVs & associates	24	(1)	(22)	-3,870.2%	-190.5%
EBITDA	481	(53)	(22)	57.9%	-104.6%
EBIT	396	(136)	(129)	-5.4%	-132.6%
Interest expenses	(21)	(16)	(17)	11.5%	-18.3%
Tax	(72)	(5)	23	-610.6%	-132.3%
Gain from change of status	-	550	-	n/a	n/a
Net profit*	304	364	(104)	-128.6%	-134.2%

Gross profit margin	57.6%	43.4%	25.2%		
EBITDA margin	53.3%	-6.4%	-5.0%		
Net profit margin	33.7%	44.0%	-23.3%		

*As shown in financial statement, excluding minority interest.

REVENUE BREAKDOWN (THB mn)

THB (mn)	1Q 2019/20 (Restated)	4Q 2019/20	1Q 2020/21	QoQ (%)	YoY (%)
OOH Advertising	742	500	266	-46.8%	-64.1%
Transit	587	394	236	-39.9%	-59.7%
Office and Other	91	91	30	-67.4%	-67.2%
Outdoor	64	15	-	n/a	n/a
Digital Services	160	327	179	-45.2%	12.1%
Total revenue	902	827	445	-46.1%	-50.6%

% Contribution to total revenue

THB (mn)	1Q 2019/20 (Restated)	4Q 2019/20	1Q 2020/21
OOH Advertising	82.3%	60.4%	59.8%
Transit	65.1%	47.6%	53.1%
Office and Other	10.1%	11.0%	6.7%
Outdoor	7.1%	1.8%	n/a
Digital Services	17.7%	39.6%	40.2%
Total revenue	100.0%	100.0%	100.0%

PERFORMANCE ANALYSIS (1Q 2020/21 vs 1Q 2019/20)

The COVID-19 pandemic with lockdown measures had a massive impact on our businesses. The temporary halt in daily mobility and economic uncertainties led many companies to react rapidly and reduce their advertising spending in an unprecedented scale, which significantly affected our **OOH Advertising business**. Our **Digital Services business** was also affected by the lockdown measures particularly in offline payment where physical transaction is required. The impact was partially offset by online payment which benefited from more online transactions. Our **Logistics business** witnessed rapid growth thanks to a huge surge in online shopping resulting from the stay-at-home and lockdown orders. Our group's **operating revenue** declined by 50.6% YoY to THB 445mn in 1Q 2020/21, with our **OOH Advertising revenue** contributing 59.8%, and **Digital Services revenue** contributing 40.2% of our total revenue.

OOH Advertising segment revenue was THB 266mn, a decrease of 64.1% YoY. The decline was mainly due to the aforementioned COVID-19 crisis and the resulting extreme global economic uncertainties which led several businesses to reduce their advertising spending.

- **Transit media revenue** was THB 236mn, a decrease of 59.7% YoY from THB 587mn.
- **Office and Other media revenue** was THB 30mn, a decrease of 67.2% YoY from 91mn.

Digital Services segment revenue increased by 12.1% YoY to THB 179mn. This was mainly due to the full revenue recognition of VGI Digital Lab, which began in 2Q 2019/20. Meanwhile, Rabbit Group's performance, especially in its offline payment, was adversely affected by lower ridership and the operational restrictions in the retail sector; nonetheless, its online payment benefited from more transactions through online channels.

Other income was THB 21mn decreased by 70.7% YoY due to a decrease in dividend income from investments.

Cost of sales was THB 333mn declined by 12.9% YoY. **Cost-to-sales ratio** increased to 74.8% in this quarter (prior year: 42.4%). The significant increase in cost-to-sales ratio was primarily due to a decrease in revenue base.

As a result, **gross profit** decreased by 78.4% YoY to THB 112mn, while the **gross profit margin** decreased to 25.2% (prior year: 57.6%).

Selling, general and administrative expenses ("SG&A") increased by 9.4% YoY to THB 241mn due to extraordinary expenses such as social responsibility projects. Consequently, **SG&A to revenue ratio** increased to 54.1% (prior year: 24.4%).

The Group recorded **share of loss from investments in joint ventures and associates** of THB 22mn (prior year: share of gain of THB 24mn). Despite the positive sentiment of Kerry Express (Thailand) Company Limited's operations, the recognition of share of loss was mainly due to the significant impact from COVID-19 pandemic in domestic and international advertising of Master Ad Public Company Limited and subsidiaries.

As a result from the aforementioned circumstance, the Company recorded a **net loss** of THB 104mn, a decrease of 134.2% YoY with a **net loss margin** of 23.3%.

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, derivatives and expected credit losses as financial assets/liabilities. The Company will measure fair value of equity investment and all derivatives 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 JUNE 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%	931	4.8%
Trade & other receivables	1,061	6.2%	669	3.4%
Equipment – net	1,142	6.7%	1,241	6.4%
Investment in JVs, associates and other long-term investments and other non-current financial assets	11,851	69.4%	14,360	73.9%
Goodwill	236	1.4%	236	1.2%
Other assets	2,057	12.0%	1,981	10.2%
Total assets	17,077	100.0%	19,420	100.0%

Total assets as of 30 June 2020 stood at THB 19,420mn, an increase of THB 2,343mn or 13.7% from THB 17,077mn as of 31 March 2020.

Total current assets were THB 2,285mn, decreasing by 12.3% or THB 321mn, primarily from a decrease in 1) trade & other receivables of THB 391mn (see further details in trade and other receivable section) and 2) short term loans to related parties of THB 133mn. 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 201mn.

Total non-current assets stood at THB 17,134mn, increasing by 18.4% or THB 2,664mn, due to an increase in 1) investment in JVs, associates companies and other long-term investments and other non-current financial assets of THB 2,509mn, which was mainly from the investment in Plan B Media Public Company Limited (“PlanB”) and iClick Interactive Asia Group Limited and 2) right-of-use assets of THB 373mn. This increase was mainly offset by a decrease in deferred tax assets of THB 433mn.

Trade and other receivables were THB 669mn, decreasing by 36.9% or THB 391mn due to a decrease in revenue. As of 30 June 2020, the loss allowance was THB 196mn. Average collection period as at end of this quarter was 89 days compared to 97 days as of 31 March 2020.

AGING OF TRADE RECEIVABLES (THB mn)	31 MARCH 2020	30 JUNE 2020
Not yet due	596	214
Up to 6 months	253	226
Over 6 months	129	149
Loss allowance	195	196
Total	784	395
% of total trade and other receivables	74.0%	59.1%

VGI PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION & ANALYSIS 1Q 2020/21 ENDED 30 JUNE 2020

11 AUG 2020

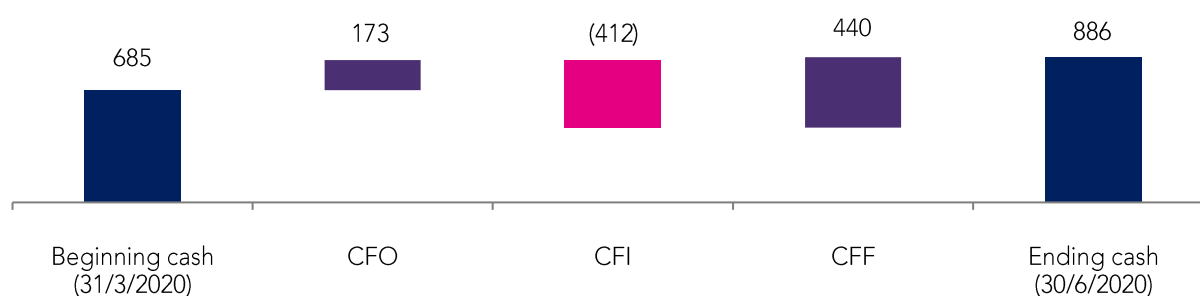
LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND EQUITY BREAKDOWN	31 MARCH 2020		30 JUNE 2020	
	(THB mn)	% out of total	(THB mn)	% out of total
Short term loans	450	2.6%	560	2.9%
Trade & other payables	464	2.7%	359	1.9%
Accrued expenses	561	3.3%	428	2.2%
Current portion of long-term loans from financial institutions	239	1.4%	220	1.1%
Other current liabilities	945	5.5%	1,070	5.5%
Long term loan	1,200	7.0%	1,166	6.0%
Other non-current liabilities	140	0.8%	553	2.8%
Total liabilities	3,999	23.4%	4,357	22.4%
Shareholders' equity	13,078	76.6%	15,063	77.6%
Total liabilities and equity	17,077	100.0%	19,420	100.0%

Total liabilities were THB 4,357mn, an increase of THB 357mn or 8.9% from THB 3,999mn as of 31 March 2020 mainly from an increase in lease liabilities of THB 417mn.

Total equity was THB 15,063mn, increasing by THB 1,986mn or 15.2%, 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 1,798mn.

LIQUIDITY AND CASH FLOW (THB mn)



For the three months ended 30 June 2020, **net cash from operating activities** was THB 173mn. **Net cash used in investing activities** was THB 412mn mainly from cash paid for 1) purchase of equity investments of THB 313mn and 2) acquisition of equipment of THB 105mn. **Net cash received from financing activities** was THB 440mn. The key components were cash received from 3) non-controlling interests for issuance of ordinary shares of subsidiaries of THB 366mn and 4) short term loans of THB 110mn.

VGI PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION & ANALYSIS 1Q 2020/21 ENDED 30 JUNE 2020

11 AUG 2020

FINANCIAL RATIOS

Profitability Ratios		1Q 2019/20 (Restated)	1Q 2020/21	Liquidity Ratios		31 MAR 2020	30 JUN 2020
Gross profit	(%)	57.6%	25.2%	Current ratio	(times)	1.0	0.9
Operating EBITDA	(%)	53.3%	-5.0%	Quick ratio	(times)	0.9	0.8
Cash-to-net profit	(%)	19.6%	-134.3%	Account receivable turnover	(times)	3.8	4.1
Net profit (excl. NCI)	(%)	31.2%	-22.3%	Average collection period	(days)	97.1	89.1
Return on equity	(%)	8.6%	7.4%	Payable days	(days)	75.4	79.2
Efficiency Ratios				Leverage Ratios			
Return on assets	(%)	5.6%	5.6%	Liability to equity	(times)	0.3	0.3
Return on fixed assets	(%)	80.5%	108.9%	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 2018/19 and 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 1Q 2020/21 as an average of balance at the end of March 2020 and June 2020.

MANAGEMENT OUTLOOK

The coronavirus pandemic has adversely affected the Thai economy since the beginning of 2020. The Bank of Thailand's has revised the country's GDP growth forecast in 2020 down from -5.3% to -8.1%, which carries significant implications for all businesses. With the looming possibility of a new wave of COVID-19 and pressure on both the economy and politics in Thailand, our businesses particularly in advertising remain volatile with low visibility. Nevertheless, thanks to our diversified portfolio, solid financial position and most importantly the dedicated employees across our Group's companies, we strongly believe VGI is well-positioned to benefit from the rebound once the crisis is over.

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