

May 12, 2016

PB – IR/16-00002

May 12, 2016

Subject: Submission of Financial Statements and the Management Discussion and Analysis of Plan B Media Public Company Limited (“the Company”) for the three-month period ended March 31, 2016 (“1Q16”)

To: The President  
The Stock Exchange of Thailand

We are pleased to submit the following documents:

1. A copy of the Company Only and Consolidated Interim Financial Statements for the three-month period ended March 31, 2016 (a copy in Thai and English).
2. Management Discussion and Analysis (MD&A) for the three-month period ended March 31, 2016 (a copy in Thai and English).
3. The Company's performance report, Form F45-3 for the three-month period ended March 31, 2016 (a copy in Thai and English).

Please be informed accordingly.

Sincerely yours,

(Pinijorn Luechaikajohnpan, Ph.D.)  
Authorized Director

## 1. Executive Summary

### 1.1 Key Financial Highlights for 1Q 2016

- Total Revenue was THB 557.1 million for the quarter, an increase of 34.0% from the corresponding period of the previous year.
- EBITDA was THB 188.8 million for the quarter, an increase of 17.7% from the corresponding period of the previous year.
- Net Profit was THB 60.4 million for the quarter, an increase of 11.3% from the corresponding period of the previous year.

	1Q 2016 THB (m)	% change (YoY)
Total Revenue	557.1	34.0%
EBITDA	188.8	17.7%
Net Profit	60.4	11.3%

### 1.2 Summary of other important trends and results.

- Although the Thai economy is likely to be sluggish in 2016, the Company has continued to invest in the development of its media platform in order to shore up our competitiveness and to enhance our service offering in the future. This expansion is to meet the long term growth of the out-of-home media.
- Our commitment to the continuous development of new media assets has increased depreciation and rental expense as parts of fixed costs. As a result, the ratio of fixed costs to total revenue during 1Q 2016, which is a low season, was relatively high resulting in a net profit margin of 11.1%, which is less than the average net profit margin of 19.3% for the period of 2015.
- The Company's achieved relatively high growth in 1Q 2016 despite anemic expansion in the advertising industry in the same period.
  - Total revenue of the Company grew significantly, up 34.0% from the same period last year, while the overall media industry and out-of-home media segment expanded at -8.6% and +7.4% respectively from the same period last year.
  - The growth in revenue is a result of our continuing effort to develop new products and diversify our media portfolio; consequently, media capacity for 1Q 2016 was THB 906.5 million, an increase of 48.3% from the same period last year.
  - Overall utilization rate for 1Q 2016 declined to 59.3% from 66.7% in 1Q 2015 due to low season period and a slower economy.
  - Net profit for 1Q 2016 was reported at THB 60.4 million, an 11.3% increase from the same period last year.

- Key developments in our media diversification and expansion of coverage since the beginning of 2016 were as follows;
  - o A business expansion in the Air Traveller media segment to operate in 28 airports operated by the Department of Airports through acquisition of Tuna Advertising Co., Ltd. (“Tuna”). This has enabled the Company to have the highest coverage of airports, with a total of 34 airports nationwide.
  - o Being appointed as an official agency for the period of 2017 – 2020 to manage various media and event rights of the Football Association of Thailand (“FAT”) and Premier League (Thailand) Co., Ltd. (“PLT”) including; Rights to sourcing revenue from live-broadcast and reruns of all Football matches, Rights to derive supporting income for arranging Football matches and ancillary activities, Rights to use the content of FAT and PLT to seek the income on any channels and Rights to produce and sell the premium products of FAT and PLT.
  - o Out-of-home media business expansion in Malaysia by setting up Plan B (Malaysia) SDN. BHD (“Plan B Malaysia”) to expand its advertising media business over various platforms including; transit media, static media and digital media.
- Near term strategy and developments in 2016:
  - o A coverage extension of out-of-home media to span across the country to support growth of upcountry provinces including billboard media such as Street Furniture and Plan B TV Nationwide digital media.
  - o An expansion of media in airports to capitalize on the growth in air travel. Currently, the Company offers Air Traveller media services in 34 airports operated by the Airports of Thailand PLC (“AOT”) and the Department of Airports and aims to expand its presence to improve its coverage and gain better access to marketing target groups.
  - o Developing the business into agency services to derive revenue from the unutilized media and event rights of FAT and PLT, starting from 2H2016.
  - o A development of other formats of media apart from out-of-home media by enhancing the WiFi services on buses to offer more service varieties.
  - o An extension of out-of-home media to other potential countries in ASEAN to tap into regional consumers.

## 2. Media Industry and Business Impact Analysis

In 1H2016, Thailand continued to experience an economic slowdown indicated by 2.8%<sup>1</sup> GDP growth for the period. The Thai economic growth slowed primarily due to weak private consumption particularly in the agricultural sector where farmers suffered from long nationwide drought and declining crop prices. In addition, the government's stimulus plan at the end of 2015 has accelerated the national consumption towards the end of last year. The private consumption index decreased from 3.0 in 4Q 2015 to 2.0 in 1Q 2016. However, the Thai economy has exhibited positive signs of recovery through export growth (1.1% YoY), increasing growth in the number of foreign tourists (15.4% YoY), and growth in Government spending (8.3% YoY). These positive factors should contribute to moderate economic growth in the second half of 2016. GDP growth forecast for 2H 2016 is 3.0%.

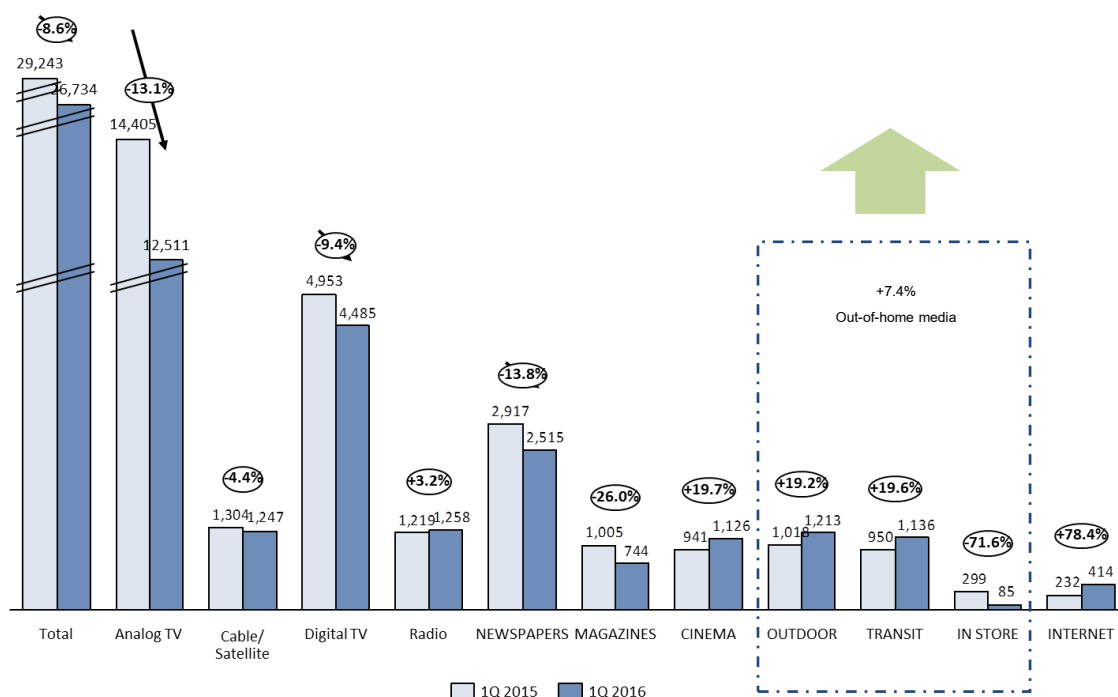
As a result of the economic slowdown and sluggish demand in the advertising industry in Q1 2016, many manufacturers and service providers also slowed their advertising spend. This led to a decrease in overall advertising spending of -8.6%<sup>2</sup> in 1Q 2016 compared to the same period last year. Advertising spend across various channels experienced different growth profiles. Advertising spend on TV (including analog, digital and cable TV) contracted -11.7% from the same period last year. For online media, the growth was at 78.4% year-on-year driven by rising popularity of online social media. Besides, businesses spent more on online media rather than other traditional media due to improved performance measurement and its ability to generate online sales instantly. For out-of-home media (excluding in-mall media), growth was 19.4% from the same period last year amidst a weaker economy and advertising market. The reasons for the relative outperformance of out-of-home media are that this type of advertising is favored by consumer goods companies with budget constraints and is less affected by the trend towards online media. Furthermore, out-of-home media also aligns with continued urbanization trends and trends in consumer behavior, with people spending more time outside their residences. (Spending on in-mall media dropped -71.6% as the spending data since May 2015 excludes media in Big C Super Centre and Tesco Lotus. This number, therefor is not indicative of the real trend.)

The Company still recorded strong growth despite the decline in overall advertising spend. Total revenue of the Company jumped 34.0% from the same period last year, significantly higher than the industry average. Investment in new media development and the shift of advertisers from traditional media like television and publications contributed to the outperformance as advertisers spent more on out-of-home media where advertising rates are lower and better fit with current consumer behavior trends. In 1Q 2016, the advertising share of out-of-home media (including transit media, outdoor media and in-mall media) rose to 8.8% from 6.7% in the same period last year.

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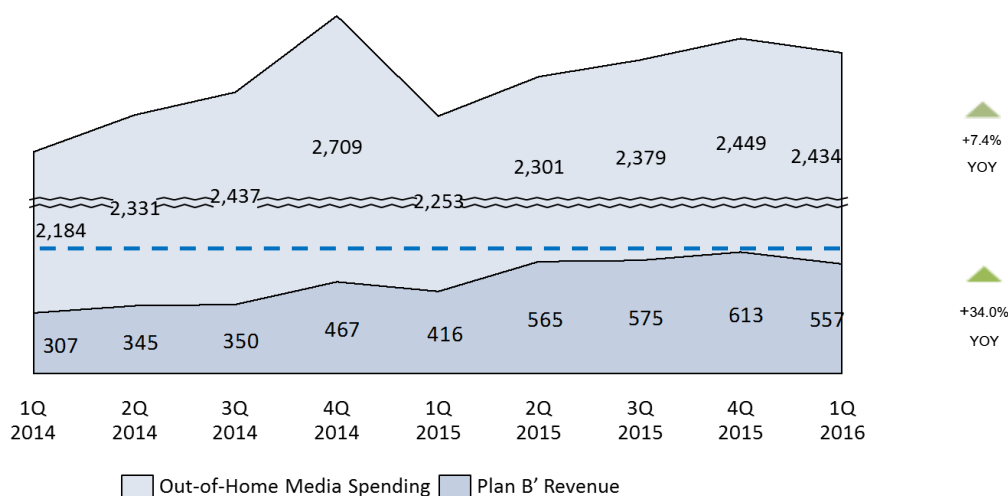
<sup>1</sup> Source: Kasikorn Research Center

<sup>2</sup> Source: The Neilsen Company



### Overall media spending for 1Q 2015 and 1Q 2016<sup>3</sup> (THB million)

Advertising spending on out-of-home media grew at +7.4% in 1Q 2016 compared to last year while overall advertising industry significantly dropped at a rate of -8.6%.



### Spending on Out-of-home media and Plan B's revenue<sup>4</sup> 1Q 2014 – 1Q 2016 (THB Million)

Total revenue of the Company in 1Q 2016 was at THB 557.1 million which is equivalent to 34.0% growth from the same period last year. The first quarter is a low season for the advertising business. Total revenue tends to grow gradually from the first quarter to the fourth quarter, which is the quarter with the highest advertising spending of the year.

<sup>3</sup> Source: The Nielsen Company

<sup>4</sup> Source: The Nielsen Company and Plan B Media

## 3. Key Development for 1Q 2016

Despite slowdown advertising demand during 1Q 2016 due to seasonality, the Company continued to diversify its out-of-home media to enhance the variety of media offerings. Key developments are summarized below;

- A business expansion in the Air Traveller media segment to operate advertising media covering 28 airports operated by the Department of Airports through the 100% acquisition of Tuna. The expansion increased the Company's presence in airports to 34 nationwide, which is the widest coverage.
- In April 2016, the Company was elected as official agency for the period of 2017 - 2020 to manage various media and event rights of the Football Association of Thailand ("FAT") and Premier League (Thailand) Co., Ltd. ("PLT") as follows;
  - Rights to sourcing revenue from live-broadcast and to rerun the tape of all Football matches arranged by the Football Association except for the Thai League, Division 1 and Division 2.
  - Rights to derive supporting income for the arrangement of the Football matches and ancillary activities for FAT and PLT.
  - Rights to use the content which are the rights of FAT and PLT to derive income by way of printing, radio broadcasting, television broadcasting, electronics, wireless and any other telecommunications, domestically and overseas.
  - Rights to produce and sell the premium products of FAT and PLT.
- Out-of-home media business expansion in Malaysia by setting up Plan B (Malaysia) SDN BHD ("Plan B Malaysia"). Plan B Malaysia is in process of incorporation and intends to expand its advertising media business in Malaysia across various platforms including; transit media, static media and digital media.

## 4. Performance Analysis for 1Q 2016

### 4.1 Service Revenue

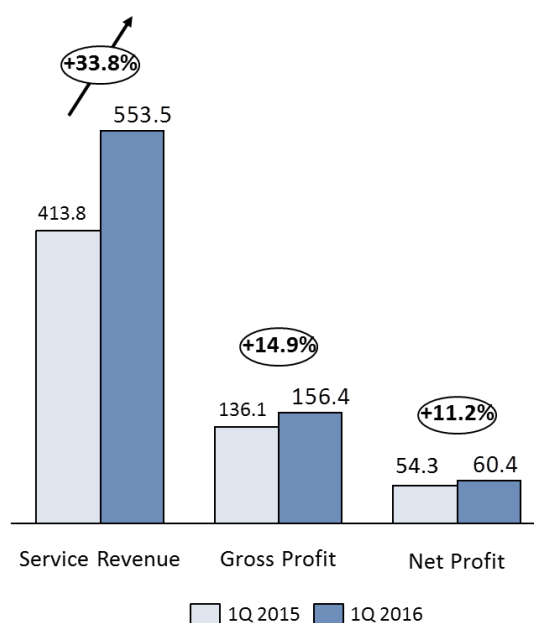
The Company's service revenue for 1Q 2016 stood at THB 553.5 million, a significant rise of 33.8% from last year. The increase was mainly due to static media and digital media capacity expansion from the partnership with Hello Bangkok. This additional revenue from Hello Bangkok will have a full year effect in 2016. Moreover, the Company heavily invested in new media assets in the previous year; as a result, the revenue from static media and digital media grew 86.1% and 26.2% from the same period last year respectively. Revenue for 1Q 2016 by types of media is outlined below.

4.1.1 Revenue from outdoor static media soared to THB 193.2 million equivalent to 86.1% growth on the same period in the previous year. Revenue from outdoor static media of Hello Bangkok and the additional new media such as billboards on express ways (Flyover 2.0) and an expansion in outdoor static media network in Chiang Mai commenced in 2015 and contributed to this growth.

4.1.2 Revenue from digital media was THB 232.4 million or an increase of 26.2% from last year. The contributing factor for this substantial rise in revenue was additional revenue from digital media of Hello Bangkok.

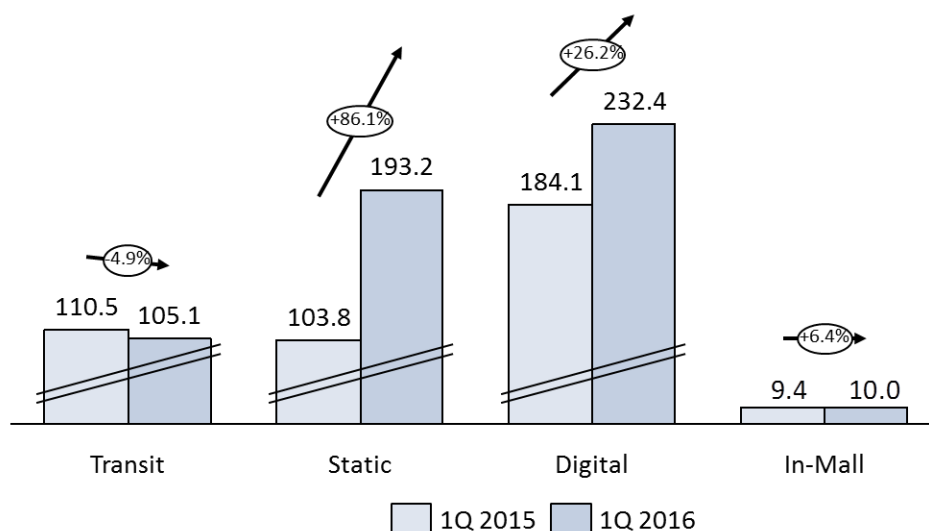
4.1.3 Revenue from transit media decreased 4.9% from the same period last year to THB 105.1 million as a result of sluggish economic conditions. Furthermore, the contributing factor for weakened revenue was a slowdown in bus media segment as marketers switched their preference to new media platforms such as digital media. However, the new bus fleet, expected to be delivered within this year, should help increase demand for bus media due to the new bus appearance making these advertising media more attractive. Moreover, new extended services on the Purple MRT line, expected to be in service within 2016, will increase the number of MRT passengers and consequently raise the media value for the Company's transit media on the Blue MRT line.

4.1.4 Revenue from in-mall media stood at THB 10.0 million in 1Q 2016 equivalent to a 6.4% increase from the same period of last year.



## Revenue, Gross Profit and Net Profit for 1Q 2015 and 1Q 2016 (THB Million)

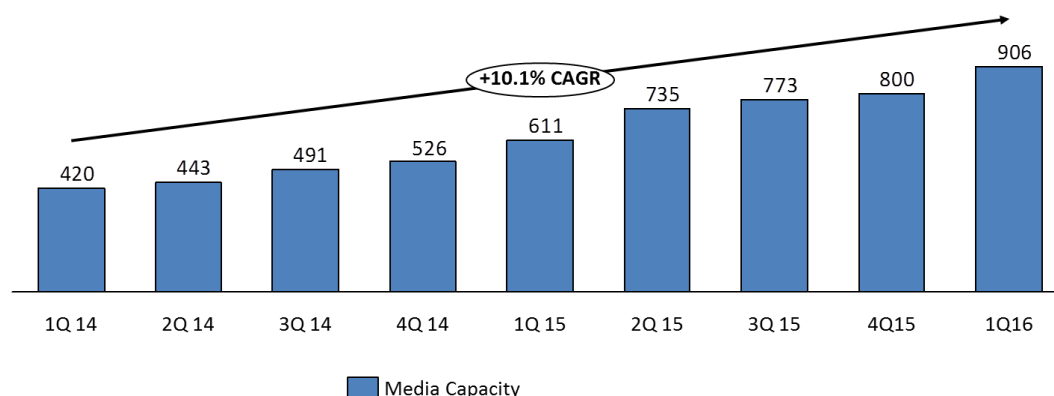
Gross profit and net profit of the Company experienced a slower growth compared to the growth in total revenue due to lower utilization rates which declined from 66.7% to 59.3% and the Company's high operating leverage.



## Revenue by Media for 1Q 2015 and 1Q2016 (THB Million)

Revenue for static media and digital media grew at relatively high rate comparing to the same period last year as a result of the contribution from Hello Bangkok media with fully realized revenue in 2016.

Through our commitment to expanding our current media network together with our continuous introduction and development of new forms of media to the market since 2014, our media capacity in 1Q 2016 surged to THB 906.5 million or up 48.4% from the same period last year. Despite low season for advertising media in 1Q 2016, the Company continued to develop new media in order to shore up its competitiveness and support long term growth in demand for out-of-home media. Therefore, the overall utilization rate for 1Q 2016 declined to stand at 59.3%.



## Quarterly Media Capacity for 1Q 2014 to 1Q 2016 (THB Million)

The Company constantly invests in the development of new media to enhance its revenue generating capability. Media capacity recorded a CAGR of 10.1% growth from 1Q 2014 to 1Q 2016.

## 4.2 Cost

Total costs of the Company for 1Q 2016 were THB 476.8 million, increasing 39.9% from the same period last year. The major factors were service cost increases from revenue sharing to Hello



Bangkok and from an increase in depreciation in investments in the previous year. Expenses comprise the followings:

4.2.1 Cost of service for 1Q 2016 rose 43.2% from last year to THB 400.8 million mainly due to revenue sharing expense paid to Hello Bangkok (80% of revenue from Hello Bangkok's assets). The increase in cost of service was also driven by depreciation of investment in new media platforms. In addition, the increase in cost of service was a result of rising variable costs, such as rental cost, electricity cost and maintenance cost, relating to business expansion.

4.2.2 Selling, general and administrative expenses amounted to THB 76.1 million in 1Q 2016, a 24.5% increase from the same period last year. The key factor is marketing expenses such as legal advisors expenses for a merger of its subsidiaries as well as expenses relating to employees that increased in line with higher employee numbers. The SG&A cost to revenue ratio in 1Q 2016 stood at 13.7% which was less than 14.7% last year as a result of better economies of scale.

4.2.3 Financial cost in 1Q 2016 fell to THB 0.04 million from THB 8.4 million from the same period of last year. This is due to the fact that the Company used the proceeds from its IPO to pay all debts from financial institutions in February 2015. As a result, the Company had no interest bearing debt as of the ending period.

#### 4.3 Net Profit

In 1Q 2016 the Company earned a net profit of THB 60.4 million, an 11.3% increase from the previous year due to the development of new media assets as well as enhanced revenue generating capability.

Net profit margin was 11.1% in 1Q 2016 compared to 13.1% last year. The lower margin for the period was mainly contributed by weaker utilization rates. Moreover, continuously investing in new media development led to an increase in depreciation and rental expenses as parts of fixed costs; as a result, the ratio of fixed cost to total revenue during 1Q 2016, which is a low season, was higher which reduced the net profit margin.

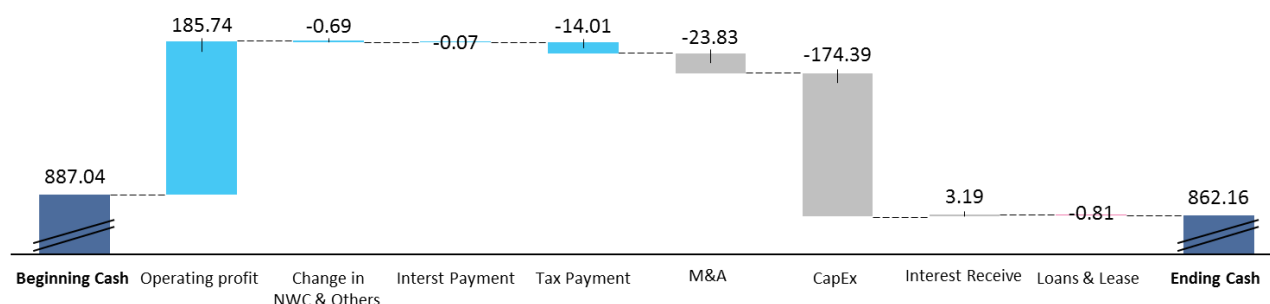
#### 4.4 Financial Position

As of March 31, 2016, total assets of the Company were THB 3,529.3 million which increased by 4.0% from year end 2015. The slight increase in total assets was mainly due to business expansion.

The Company's total liabilities were equal to THB 483.9 million, which increased by 17.3% from year end 2015 due to growth in account payable from business expansion.

The total shareholders' equity was THB 3,045.4 million which slightly increased by 2.2%. This was attributable to the increase in retained earnings appropriated from net profit for the period.

## 4.5 Liquidity and Cash Flow



The Company had cash and cash equivalents at the end of 1Q 2016 in the amount of THB 862.2 million, decreasing by THB 24.8 million from the ending period of 2015. During the period, the Company recorded THB 171.1 million net cash provided by operating activities; THB 195.0 million net cash used in investing activities; THB 0.8 million net cash used in financing activities. The cash at the ending period is sufficient to fund capital expenditure and projects.

## 5. Key Financial Ratio

Profitability Ratios		1Q 2015	1Q 2016
Gross Profit <sup>5</sup>	(%)	32.7	28.1
EBITDA	(%)	38.6	33.9
EBIT	(%)	18.0	14.3
Net Profit	(%)	13.1	11.1
Return on equity <sup>6</sup>	(%)	13.2	13.3

Liquidity Ratio		1Q 2015	1Q 2016
Current Ratio	(Times)	4.1	3.6
Quick Ratio <sup>7</sup>	(Times)	2.7	3.0
Average collection period	(Days)	102	103
Payment days	(Days)	84	75

Efficiency Ratios		1Q 2015	1Q 2016
Return on assets <sup>5</sup>	(%)	8.4	7.1
Asset turnover	(Times)	0.6	0.6

Leverage Ratio		1Q 2015	1Q 2016
Liability to Equity	(Times)	0.14	0.16

<sup>5</sup> Calculated on Total Revenues

<sup>6</sup> Annualized by using the respective quarter

<sup>7</sup> (Cash and Cash Equivalents + Trade and other receivables) / Current Liabilities

## 6. Management Outlook and Development for 2016

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The Thai economy remained on a slower growth path in 1Q 2016 and the recovery for the second half of 2016 mainly depends on the Government's fiscal stimulus packages to support private economic activities and stimulate private consumption. The economic uncertainties will directly affect how businesses spend their budgets and manage their advertising spending more carefully. Moreover, lifestyle changes by urban consumers who tend to stay at home less are a main driving factor that attracts more advertising budgets from manufacturers and service providers to out-of-home media.

Although the Thai economy in the short run remains sluggish, the Company believes in the long term growth in demand for out-of-home media. Hence, the Company has continued to invest and develop advertising media space opportunistically to enhance its competitiveness and increase its service offerings in the future. This expansion reflects our commitment and vision to become a regional leader in ASEAN in the out-of-home media business. In 2016, the Company is prepared to continue its business expansion to increase its competitive advantage and sustain its growth as outlined below.

- Expansion of out-of-home media to reach nationwide coverage to respond to growth of major upcountry provinces across the country according to our media network expansion plan as follows;
  - o Outdoor Static Media - through the development of street furniture media network in major provinces across the country. At present, street furniture media is already premiered in Chiang Mai and is expected to extend to other provinces such as Udon Thani during the first half of 2016.
  - o Digital Media - through the expansion of Plan B TV Nation Wide to reach a national footprint. This will allow increased coverage of the Company's digital media platform.
  - o Air Traveller Media -the Company already offers air traveller media in 34 airports operated by AOT and the Department of Airports. Furthermore, the Company aims to expand its presence in this channel to improve its coverage and gain better access to over 125 million business and tourist travellers with high purchasing power, which grew drastically at a rate of 23.6<sup>8</sup>% in 2015.
- Business developing as an agency to derive revenue from various media and event rights of FAT and PLT, starting from 2H2016. These activities allow the Company to be ready for being the official agency during 2017 – 2020.
- Continuous out-of-home media innovation development to diversify its media offering to better cater to marketing demands from businesses, not only in out-of-home media that the Company focuses on but also through other channels such as online advertising. The Company launched On WiFi last year and is expected to reach a coverage of 1,500 buses in 2018.

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<sup>8</sup> Source: AOT and Department of Airport

- Expansion of media business in the ASEAN region. The Company has a plan to extend its out-of-home media by adopting Thailand model and business plan which has proved to be successful in other countries in ASEAN. Another key strategy is to find the right business partners with experience and knowledge of respective markets to attain its goals of reaching regional footprints for its media platforms. High potential ASEAN countries such as Malaysia, Indonesia and the Philippines are the priorities for this regional expansion.