

February 15, 2017

PB – IR/17-00001

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Subject: Submission of Financial Statements and the Management Discussion and Analysis of Plan B Media Public Company Limited (“the Company”) for the Fiscal Year 2016 ended December 31, 2016 (“FY16”)

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 Financial Statements for the Fiscal Year 2016 ended December 31, 2016 (a copy in Thai and English).
2. Management Discussion and Analysis (MD&A) for the Fiscal Year 2016 ended December 31, 2016 (a copy in Thai and English).
3. The Company's performance report, Form F45-3 for the Fiscal Year 2016 ended December 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 Summary of 2016 Business Performance

- Total revenue of the Company stood at THB 2,446.2 million or rose 12.5% from the previous year.
- EBITDA was recorded at THB 867.9 million or equivalent to -2.9% growth from the previous year.
- Net profit (excluding expenses from ESOP program and ESOP warrant that has no cash expense) was THB 384.0 million or slid 8.5% from the previous year.

	FY2014	FY2015	Change	FY 2016	Change
	THB (m)	THB (m)	(2014/2015)	THB (m)	(2015/2016)
Total Revenue	1,468.9	2,170.1	+47.7%	2,446.2	+12.5%
EBITDA	617.9	893.7	+44.6%	867.9	-2.9
Net Profit	207.4	400.2	+92.9%	351.6	-12.1%
Net Profit ¹	-	419.8	+102.4%	384.0	-8.5%
(Exclusive of IPO bonus and ESOP expenses)					

1.2 Summary of other important trends and results.

- Through the Company's continuous expansion according to its growth strategies to diversify its advertising media and extend its national footprint, the business in 2016 consistently delivered growth amidst a slowdown in advertising industry.
 - Total revenue of the Company reached THB 2,446.2 million or equivalent to a 12.5% growth compared to 2015 thanks to developments of new media as well as M&A activities during 2016.
 - Company's new media offering was well-received by the market and contributed to the growth. The utilization rate for new media developments reached 60.0% within the first three months after the launch.
- Revenue growth of the Company was derived mainly from continuous investments in new media and diversification of its media portfolio as well as acquisitions of out-of-home media

¹ Net profit is exclusive of personnel expenses related to ESOP program that were paid to employees and executives at the amount of THB 32.4 million.

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companies, such as digital media Plan B TV Nationwide in 44 provinces across the country, airport media and in-mall media in department stores. This resulted in a 37.4% jump in media capacity from last year to THB 4,011.1 million.

- Capacity expansion and media coverage extension drove fixed cost up from higher depreciation and rentals. Moreover, the revenue in the fourth quarter was dented by the mourning period. In 2016, the Company experienced a high fixed cost to revenue ratio and a lower net profit margin of 14.4%, compared to 18.4% from the same period of the previous year.
- Overall utilization rate dropped to 57.6% from 73.2% in 2015 as a result of new media expansion and continuous efforts in enhancing media capacity while it normally takes 3-6 months for the newly developed media to gain traction and attain standard utilization rate of the Company.
- Net profit was reported at THB 351.6 million or down 12.1% compared to last year. This came from the lower utilization rate and the revenue effect from the Company's participation in the mourning period. Nevertheless, excluding extraordinary expenses from ESOP Program 1 and Program 2 of THB 32.4 million, net profit would be THB 384.0 million.

- Business Outlook in 2017

- For 2017, the Company still emphasizes on generating revenue and promoting utilization rate from advertising media developed during 2016 with new media capacity of THB 767.3 million.
- The Company planned to expedite its business development plan as an official agency in commercial right management for the Football Association of Thailand (FAT) and Premier League (Thailand) Co., Ltd. (PLT). The revenue target from sport marketing business was set at THB 500-700 million per year. For 2017, the Company has secured the revenue for FAT and PLT over THB 510 million and will realize management fee revenue in the rate of 20% from the derived revenue for FAT and PLT.

2. Media Industry and Business Impact Analysis

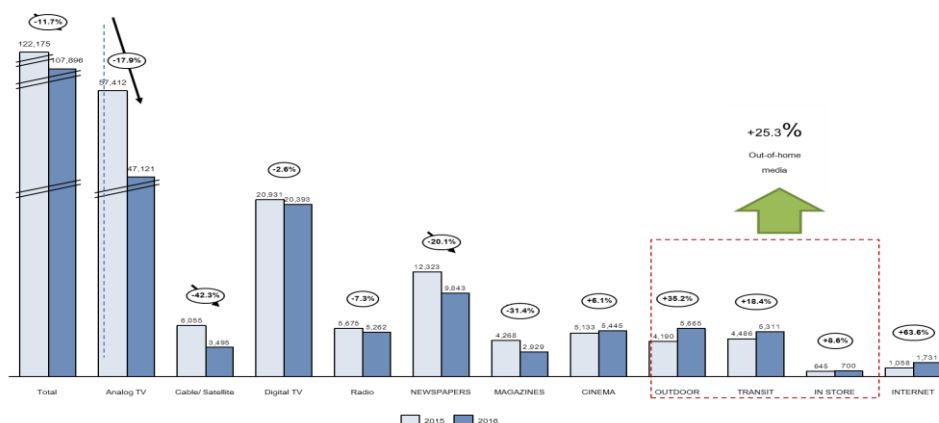
Overall Thai economy pointed to a positive direction and is expected to expand at a rate of 3.2%² in 2016 compared to 2.8% in 2015 due to economic stimulus packages from the government that promoted investment expenditure in the past year. Private consumption also showed an upward trend from domestic factors while income in agricultural sector gradually improved after the drought. Export sector also experienced growth since the third quarter of 2016. Tourism sector remains the major catalyst driving the economy as number of tourists shot up 12.4% for the first nine months of 2016.

Despite more favorable economic backdrop and trends, most manufacturers and service providers were still cautious and cut down on their advertising spend. Furthermore, advertising spend in the fourth quarter of 2016 was directly affected by the mourning period where advertising media operators participated in showing condolences for the King's pass for 30 days. The advertising spend slid 11.7%³ compared to the same period of the previous year. TV media (analog, digital and cable) with market share of 65.8% of the total market value fell significantly 15.9% from the previous year while advertising spend in print ads also plummeted 23.0%. On the contrary, internet media surged 74.9% from increasing popularity in online social media and measurement effectiveness as well as target group access that could generate online sales directly. This made businesses shift their spending from traditional media to online media. With regard to out-of-home media, growth was sustained at 25.3% from previous year in spite of a sluggish growth in overall advertising market. The reasons are that this type of advertising was favored by manufacturers with budget constraints and was less affected by the trend towards online media. Besides, this type of advertising media aligns with urbanization and changing consumer behavior trend, as people spend more time outside their residences.

Despite a large contraction of 11.7% of overall advertising industry, media business of the Company still recorded a solid growth. Total revenue of the Company increased 12.5% from the previous year, significantly higher than the industry average. Investments in new media development of the Company and the shift of marketers from traditional media like television and publications contributed to this outperformance as they allocated their budgets more to out-of-home media with lower advertising fees and better consumer behavior fit since people tend to spend more time on the move. In 2016, the penetration rate for out-of-home media (including transit media, outdoor media and in-store media) rose to 10.8% from 7.6% in the same period in 2015.

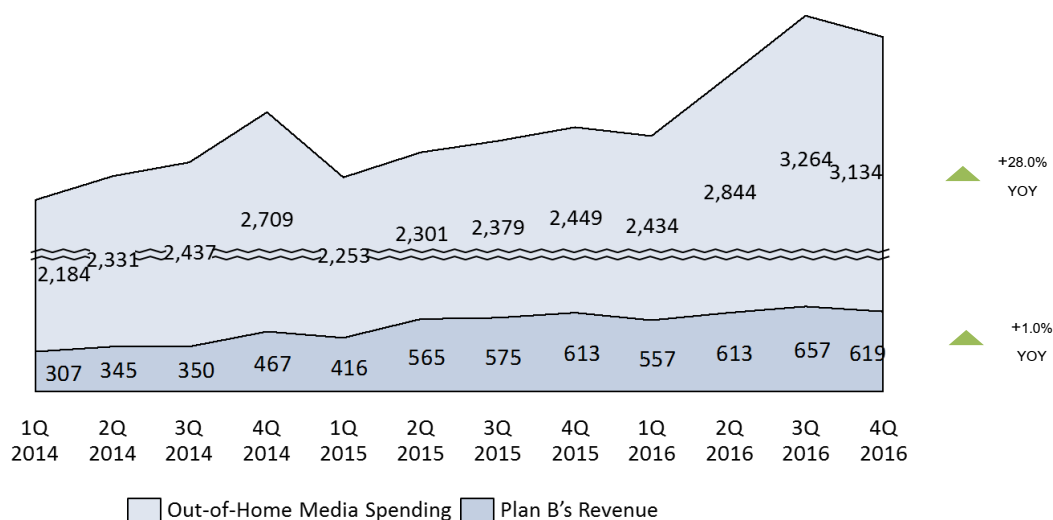
² Source: The Office of National Economic and Social Development Board

³ Source: The Nielsen Company (Thailand) Limited



Overall Spend in Advertising Industry 2015-2016⁴ (THB million)

Out-of-home media grew significantly in 2016 at a rate of 25.3% compared to the previous year while overall advertising industry shrank remarkably at 11.7%



Advertising Spend for Out-of-Home Media Compared to Quarterly Revenue of the Company⁵ (THB Million)

Total revenue of the Company in Q42016 was at THB 618.9 million which is equivalent to 1.0% growth from the same period last year.

⁴ Source: The Nielsen Company (Thailand) Limited

⁵ Source: The Nielsen Company (Thailand) Limited and The Company's data

3. Key Developments in 2016

In line with the Company's plan to expand out-of-home media to enhance varieties of media offering to support growing media demand in the future, the Company engaged in the following business development initiatives in 2016 as summarized below:

January 2016 The static media service launched in Udonthani province starting from 50 billboards to extend the coverage of street furniture media additional to its existing offering in Chiangmai province.

Nationwide City Network Static Media: Nationwide City Network in Udonthani Province



March 2016 The expansion of airport media through a 100% acquisition of Tuna Advertising Co., Ltd. "Tuna". Tuna is an airport media operator with a diversified media portfolio including billboard outside airport, billboard inside airport, digital billboard and luggage trolley covering 25 airports operated by Airports of Thailand (AOT).

April 2016 The appointment to be the official agency of the Football Association of Thailand ("FAT") and Premier League (Thailand) Co., Ltd. ("PLT") to manage their commercial rights from 2017-2020. The Company will represent FAT and PLT in distributing their rights; for example:

- Rights to sourcing revenue from live-broadcast and to rerun the tape of all Football matches arranged by FAT and PLT except for the Thai League and Division 1.
- Rights in seeking sponsorship to support football matches and other activities organized by FAT and PLT.

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- Rights in distributing contents owned by FAT and PLT to seek revenue through publications, radio media, TV media, electronic media, wireless media and other telecommunication media domestically and internationally.
- Rights in production and distribution of merchandises of FAT and PLT.

Sport Marketing : The Official Agency in Right Distribution and Management for FAT and PLT



- May 2016 The establishment of Plan B (Malaysia) SDN. BHD to develop media advertising business for transit media, static media and digital media in Malaysia.
- May 2016 The premiere of large-sized digital media service in front of Show DC retail complex on Rama 9.

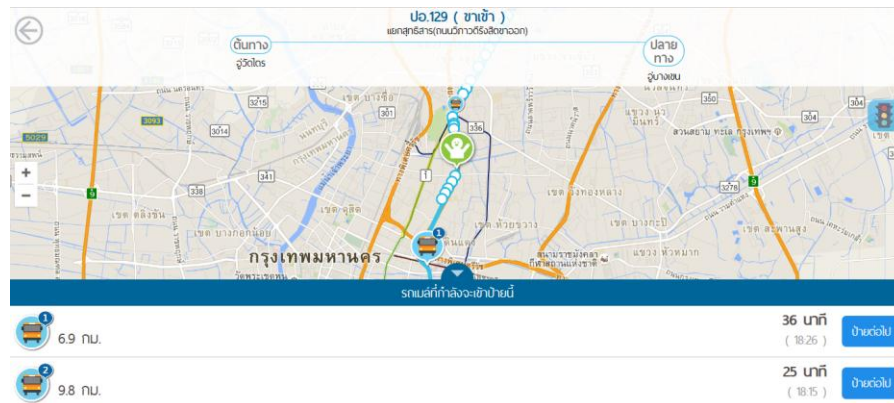
Digital Media: Large-sized Digital Screen front of Show DC Retail Complex on Rama 9



- July 2016 The launch of CityGlide.com, a website that offers GPS service for commuters to search and locate nearest buses and calculate estimated time arrivals that helps commuters plan their trips and enhances their quality of living in using bus services.

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GPS-enabled Bus Search Service through www.CityGlide.com



August 2016 The acquisition of Bright Sky Media Co., Ltd. (Bright Sky) to expand and diversify airport media business. Bright Sky is an advertising media provider with innovative and diverse offering of media including touchscreen media with mobile phone charging station, digital media and static media with a footprint of 22 airports operated by Airports of Thailand (AOT) and Department of Airports.

Samples of Touchscreen Digital Media in Passenger Area at the Airport of Bright Sky Media Co., Ltd.



August 2016 The service commencement of digital media network Plan B TV Nationwide through 60 screens in 44 provinces to extend its digital media coverage throughout the country.

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Digital Media: Plan B TV Nationwide in 44 Provinces Across Thailand



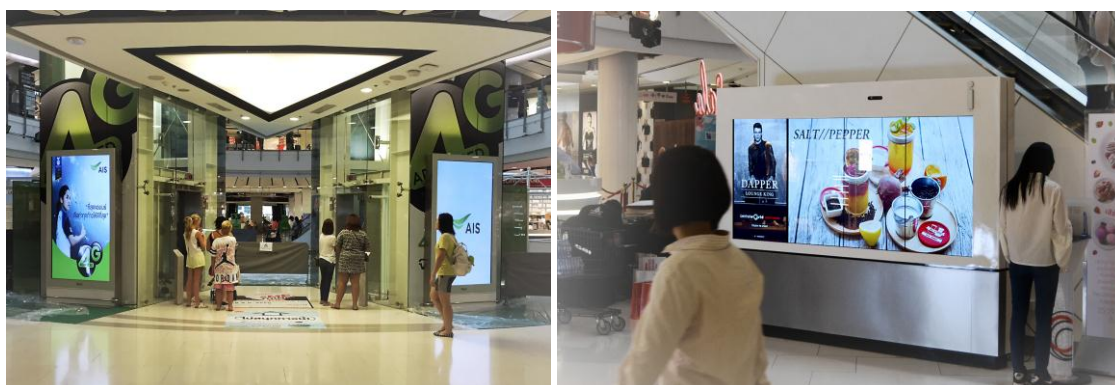
August 2016 The development of new transit media format on buses using EL technology to enhance visibility and attraction at night with neon-like glows starting with 120 air-conditioned buses.

Advertising Media with Equipped EL Technology on Buses



September 2016 The launch of Central In-store Network digital media service of 10 screens in Central World and Central Rama 9 department stores.

In-mall Media: LED Screens at Glass Elevator Hall in Central World Department Store



4. Performance Analysis for 2016

4.1 Service Revenue

The Company earned THB 2,422.0 million in revenue from its services in 2016 or 12.5% higher from last year. The growth came majorly from continuous media capacity expansion that enhanced revenue for all key media types during the first nine months of the year. The business alliance with Hello Bangkok LED Co., Ltd. ("Hello Bangkok") also unlocked the potential of the Company in outdoor static media. Revenue from digital media moved in tandem with gradual capacity expansion and positive reception from the market. Besides, in-mall media registered stronger revenue from extended areas of coverage during the past year. Additionally, the Company started to realize the revenue from management fees from FAT and PLT during the latter half of 2016. Revenue by types of media can be outlined below.

4.1.1 Revenue from outdoor static media soared to THB 692.1 million or equivalent to 18.5% growth compared to last year. This is a result of revenue streams from outdoor static media added from Hello Bangkok.

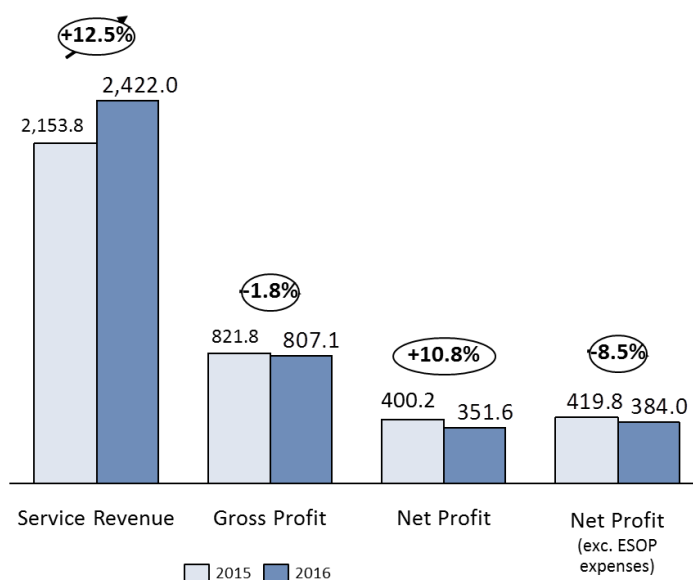
4.1.2 Revenue from digital media was recorded at THB 1,040.2 million or an increase of 3.3% from the same period last year. Even though this revenue was directly impacted by the condolence during 30-day mourning period around the amount of one-month sales of digital media, growth was still maintained thanks to incessant expansion of digital media during the year; for instance, Plan B TV Nationwide, upcountry digital media services across Thailand that include 60 screens in 44 provinces which started in the third quarter of 2016.

4.1.3 Revenue from transit media slightly dropped 5.4% from 2014 to THB 482.6 million in 2016 due to overall sluggish economy together with a slump in revenue from advertising media in buses since advertisers changed their behaviors to favor new and innovative out-of-home media such as digital media. Furthermore, revenue derived from digital screens in MRT media was also affected by the mourning period in the fourth quarter. Nevertheless, a new fleet of buses which will be introduced in 2017 will regain demands for this type of media given new image of these buses will make the media more attractive. Apart from that, the extension of MRT Purple Line will further increase passenger traffic and value of advertising media of MRT Blue Line the Company currently operates.

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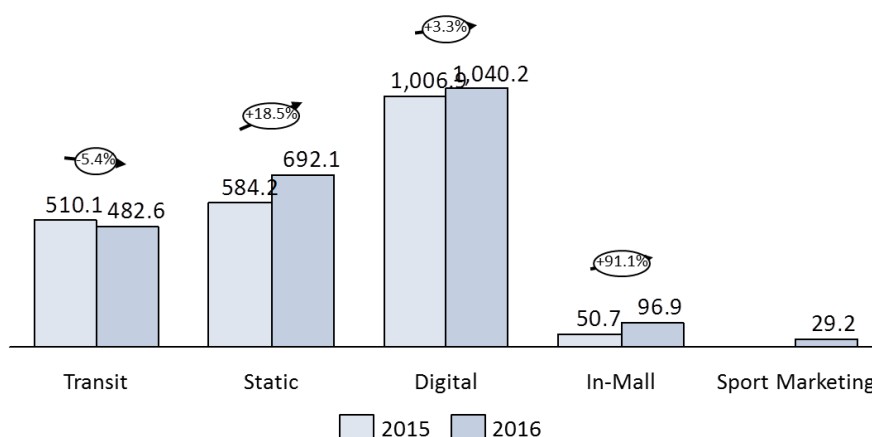
4.1.4 Revenue from in-mall media skyrocketed 91.1% from the previous year to reach THB 96.9 million in 2016. The growth came from the expansion of new media in Big C Supercenter that started since the second quarter of 2016.

4.1.5 Revenue from sport marketing was added to another source of revenue. The Company brought in THB 177.8 million in revenue for FAT and PLT in 2016. The Company received management fees at 15% of the revenue or equivalent to revenue from management fees of THB 26.7 million.



Total Revenue, Gross Profit and Net Profit 2015-2016 (THB million)

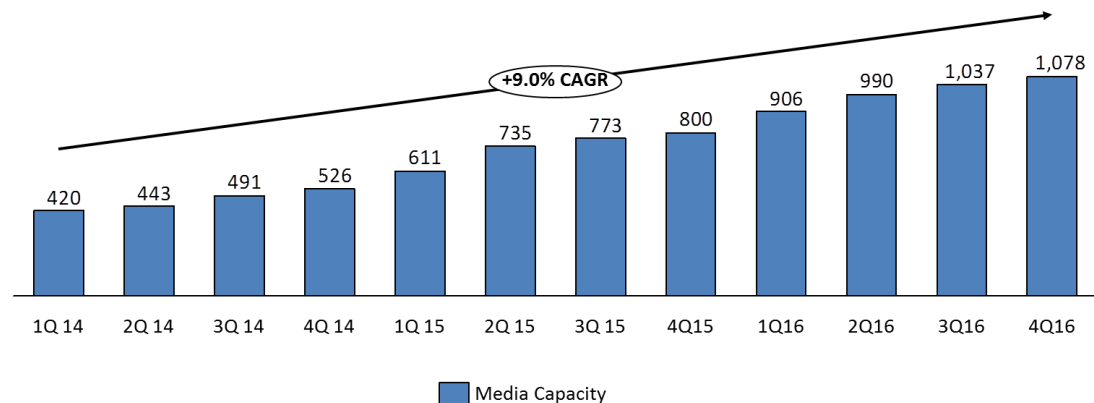
Net profit of the Company experienced a slowdown compared to last year due to declining utilization rate from 73.2% in 2015 to 57.6% in 2016 as well as the Company's cost structure with high proportion of fixed cost.



Revenue by Media 2015-2016 (THB million)

Revenue from static media and digital media managed to grow despite the impact of the mourning period during the fourth quarter while in-mall media registered 91.1% growth in revenue from last year led by the expansion of new media in Big C Supercenter.

Through our commitment in expanding current media network together with our continuous introductions and developments of new forms of media to the market since 2014, our media capacity in the fourth quarter of 2016 reached THB 1,077.7 million or shot up 34.8% from the same period last year. This represents a capability enhancement of the Company's services to support long-term demand growth of out-of-home media.



Quarterly Media Capacity 1Q 2014 - 4Q 2016 (THB million)

The Company constantly invested in the development of new media to enhance its revenue generating capability. Media capacity recorded an average of 9.0% growth from 1Q2014 to 4Q2016.

4.2 Cost

Total cost of the Company stood at THB 2,022.8 million or jumped 22.6% from the same period last year. The key contributors to higher cost are revenue sharing expenses paid to Hello Bangkok that moved in parallel with rising sales revenue as well as service cost that edged up from depreciations of investments from the previous year. Cost comprises the following details;

4.2.1 Service cost in 2016 climbed 21.6% from last year to THB 1,639.1 million mainly due to expenses from revenue sharing paid to Hello Bangkok at the rate of 80% of sales revenue together with rising depreciations from business expansion. Another factor accounted for higher cost is variable costs that move in tandem with business expansion such as rentals, electricity charges, maintenance expenses.

The hike in service cost at 21.6% outpaced slow sales growth of 12.5% that was negatively affected by the mourning period. Consequently, gross profit margin in 2016 slid to 33.0% from 37.9% in 2015.

4.2.2 Selling, general and administrative expenses amounted to THB 383.7 million in 2016 or equivalent to 27.0% increase from the same period last year. The main cause is SG&A cost from new subsidiaries acquired in the past year as well as growing personnel expenses from larger manpower in 2016. SG&A cost to total revenue ratio in 2016 stood at 15.7% or increased mildly from 13.9% last year as a result of mergers and acquisitions during the period. Nevertheless, this ratio is expected to decline in the future when economies of scale and cost reduction from overlapped administrative expenses materialize.

4.3 Profit

In 2016 the Company recorded a net profit of THB 351.6 million which is equivalent to a 12.1% decline from previous year. Net profit margin also fell to 14.4% in 2016 compared to 18.4% last year. The downward movements in net profit and net profit margin came from lower utilization rate and negative impacts to revenue from 30-day mourning period. Moreover, the Company experienced a rising fixed cost (e.g. depreciations, rentals) from continuous new media development. This led to a high fixed cost to revenue ratio and low net profit margin especially during the period of weak demand in advertising media under sluggish economic situation. Nevertheless, exclusive of extraordinary expenses from ESOP Program 1 and Program 2 with the amount of THB 32.4 million, the Company's net profit would be THB 384.0 million while net profit margin would be 15.7%.

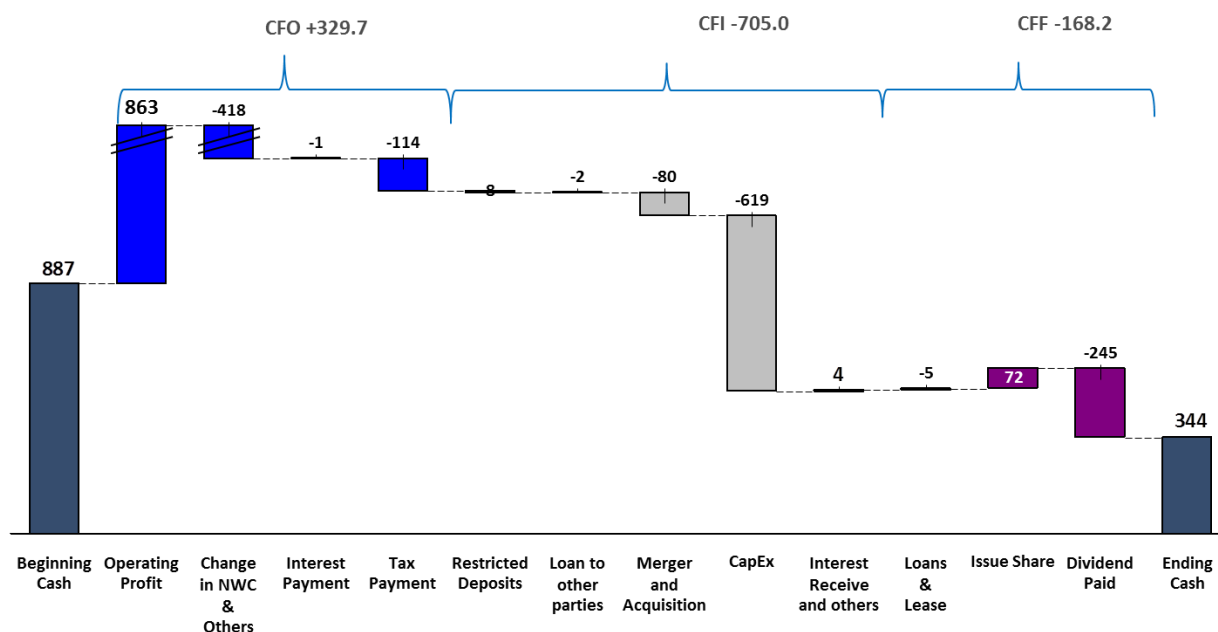
4.4 Financial Position

As of 31 December 2016, the Company held total assets of THB 3,672.5 million or up modestly at the rate of 8.3% from the previous year due to additional assets from business expansion.

The Company's total liabilities jumped 20.3% from 2015 to reach THB 496.4 million due to higher account payable from its business expansion.

Shareholders' equity of the Company was at THB 3,176.1 million or equivalent to a 6.6% increase from 2015. This is due to rising retained earnings after a deduction of THB 245.5 million dividend payment in 2016.

4.5 Liquidity and Cash Flow



At the end of 2016 fiscal year, the Company held cash and equivalents including short-term investments of THB 343.7 million, down THB 543.4 million from the end of last year. During the period, net operating cash flow and net cash flow from investment were at THB 329.7 and -705.0 million respectively. Cash flow from investment activities was derived mainly from 1) An investment in equipment to expand advertising media services of THB 619.3 million and 2) A decrease of THB 458.4 million in temporary investments. Regarding to net cash flow from financing activities, the number stood at THB 168.2 million coming from 2 key transactions which are 1) dividend payment of THB 245.5 million and 2) proceeds from the issuance of ordinary shares under ESOP program with the amount of THB 67.4 million. Cash and equivalents including short-term investments at the end of the accounting year were deemed sufficient for its business expansion and other projects in the future.

5. Key Financial Ratios

Profitability Ratios		2015	2016
Gross Profit ⁶	(%)	37.9	33.0
EBITDA	(%)	41.1	35.5
EBIT	(%)	23.9	17.3
Net Profit	(%)	18.4	14.4
Return on equity	(%)	21.7	11.4
Liquidity Ratio		2015	2016
Current Ratio	(Times)	4.1	3.4
Quick Ratio ⁷	(Times)	3.8	2.4
Average collection period	(Days)	96.2	107
Payment days	(Days)	76.6	69.7
Efficiency Ratios		2015	2016
Return on assets	(%)	14.5	10.0
Asset turnover	(Times)	0.8	0.7
Leverage Ratio		2015	2016
Liability to Equity	(Times)	0.16	0.14

⁶ Calculated on Total Revenues

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

6. Trends and Developments in 2017

Thai economy is expected to stay on its recovery path from last year as a result of various drivers. Stimulus policies from the government initiated in 2016, a higher government expenditure in investment in 2017 as well as agricultural sector that bounced back since the last quarter of 2016 will contribute to the brighter outlook of overall economy. The Office of National Economic and Social Development Board predicted that Consumer Confidence Index and Business Confidence Index in 2017 will both improve from last year according to an expected recovery of world economy together with domestic expansion resulted from the mentioned factors.

Supported by positive domestic economic factors mentioned above, overall advertising industry looks more promising. Media Agency Association of Thailand (MAAT) forecast that total advertising spend for overall industry in 2016 will grow at a rate of 10.0% from 2015. Hence, the Company has its trust in its diversified media network that the Company will be able to best respond to marketing needs from product and service owners. Furthermore, with its business strategies to develop suitable media that are cost-effective and tangibly measurable, the Company will definitely repeat its glorious history to continue to outperform the industry. The following strategies will contribute to its future growth:

- The Company is committed to enhancing revenue-generating capability and utilization rate from existing advertising media developed in 2016 with the media capacity of THB 767.3 million. The Company will speed up its marketing to introduce new developed media to the market and make sure that advertisers realize the effectiveness, value for money and measurable performance of each type of advertising media. Timeline was set at 6 months for the target utilization rate of new media to attain Company's standard level.
- Out-of-home media coverage will be extended to gain national footprint to support urbanization in upcountry provinces across Thailand according to the following media network expansion plan below:
 - Airport media – apart from the Company's current Airport media service offering in 34 airports operated by Airports of Thailand and Department of Airports, the Company will not stop to expand advertising media space in airports. The focus will be on developing advertising media alongside with innovations to accommodate travelers and add values to its advertising media.

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- New business development as an official agency in distributing commercial rights of FAT and PLT will commence officially from 2017-2020 while the revenue aspiration from this business was projected at THB 500-700 million per year.
- Expansion of media business in ASEAN region is another key strategic direction. The Company has a plan to extend its out-of-home media by adopting successful Thailand model and business plan in other countries in ASEAN and finding right business partners with experience and knowledge of respective markets to attain its goals of reaching regional footprints of providing media services to all consumers. High potential ASEAN countries such as Malaysia, Indonesia and the Philippines are the priorities for this regional expansion.