

PB – IR/18-00001

May 14, 2018

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, 2018 (“1Q18”)

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, 2018 (a copy in Thai and English).
2. Management Discussion and Analysis (MD&A) for the three-month period ended March 31, 2018 (a copy in Thai and English).
3. The Company's performance report, Form F45-3 for the three-month period ended March 31, 2018 (a copy in Thai and English).

Please be informed accordingly.

Sincerely yours,

(Pinijorn Luechaikajohnpan, Ph.D.)  
Authorized Director

Company Secretary

Tel: +66 2 530-8053

Fax: +66 2 530-8057

## 1. Executive Summary

### 1.1 Key Financial Highlights for 1Q 2018

- Total Revenue was THB 804.5 million, an increase of 16.2% from the same period of the previous year.
- EBITDA was THB 280.0 million, an increase of 23.0% from the same period of the previous year.
- Net Profit was THB 139.1 million, an increase of 37.8% from the same period of the previous year.

Unit: Million THB	1Q 2017	1Q 2018	% Change (YoY)
Total Revenue	692.3	804.5	16.2%
EBITDA	227.6	280.0	23.0%
Net Profit	100.9	139.1	37.8%

### 1.2 Summary of Other Important Details

- The Company's total revenue reached THB 804.5 million which is the highest quarterly revenue since the Company's inception. The growth was derived from every media platform including transit media, static media, digital media, in-mall media and airport media which recorded strong growth rates of 8.1%, 13.3%, 16.8%, 20.1% and 90.9% consecutively from the corresponding period in the previous year.
- The Company managed to contain costs during the past quarter and selling, general and administrative expenses (SG&A) for the first quarter of 2018 declined from the same period last year. This was a result of to the termination of ESOP that no longer incurred any costs as well as the reduction in redundant expenses from the subsidiaries that the Company acquired over the past few years. Despite the increase in CAPEX of THB 372 million in 2017, the depreciation cost for the first quarter of 2018 dropped 2.7% from 4Q2017. The decrease in depreciation was from digital displays which have depreciation period of 5 years and for which some assets have been fully depreciated. These digital displays were still working properly and no additional investment for replacement was required.
- Growth in net profit outstripped total revenue growth for the first quarter of 2018. The net profit margin stood at 17.3%, rising from 14.6% in the first quarter of 2017 mainly because the utilization rate jumped to 68.1% from 60.5% for the same period of the previous year.

- The Company's key developments during the first quarter of 2018 that enhanced its capabilities to provide advertising media to meet future growth in demand are listed below.
  - The Company acquired 19.5% stake of Bangkok Metro Networks Co., Ltd. ("BMN") who manages commercial rights of the MRT Blue Line with a 30-year concession. This partnership is considered a preparation for development and management of advertising media and commercial spaces from various concessions BMN operates including the MRT Blue Line Extension and other MRT lines and new expressways for which the advertising rights will be auctioned in the future.
  - The Company acquired 50% ownership of W.P.S. Media Co., Ltd., an airport media service provider. This investment will enhance its capabilities in business expansion of airport media in the future.

#### The Company's outlook in 2018

- For 2018, the Company forecasts that overall media industry growth will resume as economic growth of Thailand is expected to reach between 3.6-4.6%<sup>1</sup>. The Company is confident that its extensive and diverse media network will meet marketing demands from product and service owners and the Company will manage to grow faster than the industry.
- The Company will further strengthen its partnership with BMN. In the short term, the two companies aim to develop advertising media in the MRT leveraging the experience and expertise of both parties to expand space for highly-effective media and enhance revenue generating capability. Moreover, MRT media can be bundled with Plan B's out-of-home media throughout Bangkok to boost utilization rates for both companies.

---

<sup>1</sup>The Office of the National Economic and Social Development Board

- The media coverage in Bangkok and other provinces will be expanded to support urbanization in major cities in the upcountry consistent with the Company's media network expansion plans.
  - Digital media: The Company will expand its digital network by adding more than 100 digital displays in key strategic areas in Bangkok. Also, the Company plans to extend its national digital media footprint, Plan B TV Nationwide to reach 116 displays across Thailand by the end of 2018.
  - Airport media: Apart from providing Air Traveller media services in over 31 airports operated by the Airports of Thailand PLC ("AOT") and the Department of Airports, the Company plans to continue to extend its coverage further in the airports.
- The introduction of the ASEAN OOH Media Network Package is expected to further allow the key target group of large multinational corporations with consumer bases spreading across countries in ASEAN to better select an advertising media network that is more effective and faster in reaching consumers in the region under PlanB standards.
- The Company will continue to promote business development in agency services to derive additional revenues from the unutilized rights of the Football Association of Thailand (FAT) and Thai League Co., Ltd. (TL)

## 2. Economic and Media Industry Environment

During the first quarter of 2018, the global economy was negatively affected by the trade war between China and the U.S. which is currently under negotiation. This trade war has the potential to impact Thai economy both directly and indirectly especially the export sector in the event that import tariffs are raised by China and the U.S. as both countries are major destinations for Thailand's export products.

Nevertheless, the overall Thai economy is expected to continue to grow. In the first quarter of 2018, value of exports surged 9.9%<sup>2</sup> while durable goods consumption soared 6.2%<sup>3</sup>. This signifies the recovery of consumption by middle and higher income populations. In addition, the government implemented economic stimulus packages through various policies; for example, the welfare smart card policy for people with low income that will boost purchasing power and increase money in circulation in the economy. Thanks to these favorable factors, the Office of the National Economic and Social Development Board predicts that Thailand's GDP will grow at a rate of 3.6-4.6%<sup>4</sup> in 2018.

Media Agency Association of Thailand (MAAT) forecast that overall advertising media industry will grow 4.0% in 2018. Despite expectations of a mild growth rate, this signals a recovery of the media industry for the first time in three years as overall ad spend declined at -8.9% on average during the past 3 years. With regard to the out-of-home media industry, growth is expected to be strong at a rate of 11.5% for 2018. This is a result of the adoption by marketers of newly-developed digital out-of-home media in Bangkok and across the country which improve the utilization rates of out-of-home media.

Referring to data from the Nielsen Company (Thailand) Ltd., the value of advertising media industry in the first quarter of 2018 declined -7% from the same period of the previous year in contrast to the overall economy that was expanding. The key factor behind this is the -18.7% contraction of analog TV media market that has the highest market share in the media industry. Moreover, newspaper and magazine media markets also shrank significantly at -28.8% and -39.7% respectively. This resulted in a material drop in overall advertising media value. Out-of-home media grew at an anemic rate of 0.03% during the first quarter of 2018, higher than growth of the overall industry despite the low season of out-of-home media.

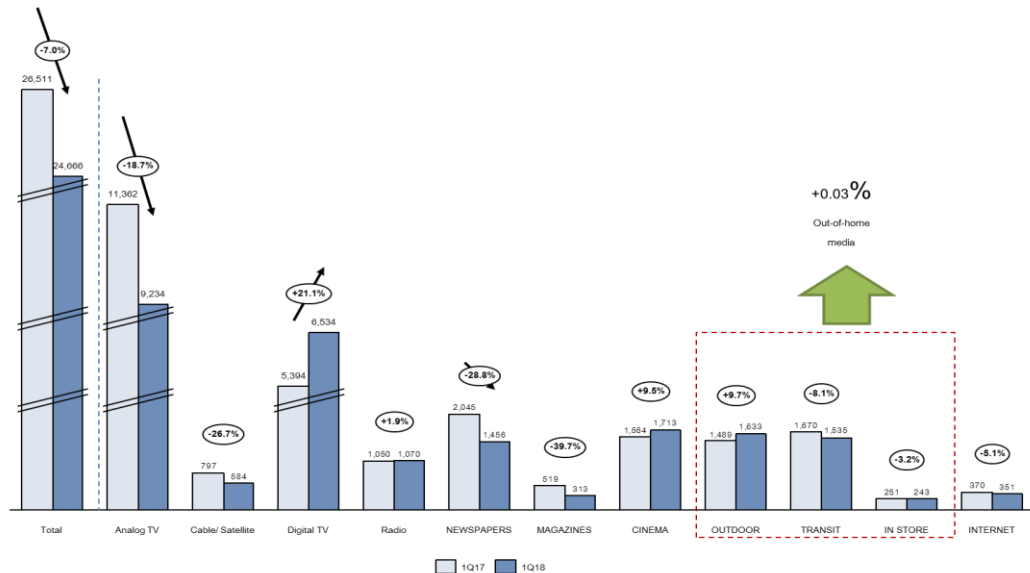
Plan B has the capabilities in providing the most diverse advertising media services from transit media, static media, digital media, in-mall media, airport media to online media. Furthermore, its sports marketing is expanding where Plan B exclusively manages all commercial rights of the Football Association

<sup>2</sup> Bank of Thailand

<sup>3</sup> Bank of Thailand

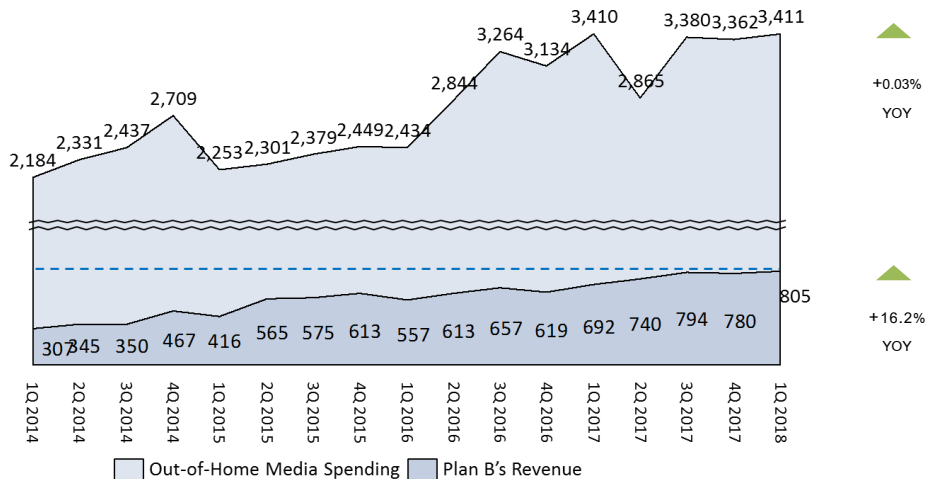
<sup>4</sup> The Office of the National Economic and Social Development Board

of Thailand and Thai League Co., Ltd. This increasingly diversified business portfolio enables Plan B to tap into higher advertising budgets of its customers. Consequently, Plan B topped THB 804.5 million in total revenue or experiencing 16.2% growth from the same period last year, the highest quarterly revenue since the inception of the Company.



Overall Media Spending for 1Q 2017 and 1Q 2018 (THB Million)

Spending for out-of-home media stabilized with 0.03% growth on average for the first quarter of 2018 compared to the similar period of 2017 while the overall advertising industry continued to contract at a rate of -7.0%.



Overall Media Spending Compared to the Company's Total Revenue by Quarter (THB Million)

Total revenue of the Company for the first quarter of 2018 stood at THB 804.5 million. This is equivalent to 16.2% growth compared to the same period of the previous year. Total revenue of the first quarter of 2018 is at the highest level since the Company's inception.

<sup>5</sup> Source: The Nielsen Company (Thailand) Ltd.

<sup>6</sup> Source: The Nielsen Company (Thailand) Ltd.



### 3. Key Developments for 1Q 2018

The Company continues to expand its out-of-home advertising media business to enhance its capabilities in providing services and to capture growing future demand. Key developments are summarized below.

- The Company acquired 19.5% stake of Bangkok Metro Networks Co., Ltd. ("BMN") who manages commercial rights of the MRT Blue Line with a 30-year concession. This partnership provides a strong platform to for the development and management of advertising media and commercial spaces from various concessions BMN operates, including the MRT Blue Line Extension and other MRT lines and new expressways for which the advertising rights will be auctioned in the future.

Samples of Billboards in MRT Stations



- The Company acquired a 50% stake in W.P.S Media Co., Ltd., an out-of-home airport media service provider with 150 mobile charging stations in Suvarnabhumi airport. This acquisition allows a wider variety of media offerings in Suvarnabhumi airport beyond its existing services and further enhances overall media capabilities.

Samples of mobile charging stations in Suvarnabhumi airport



- The Company launched its street furniture media in Pattaya as a static media service to extend its service coverage of this media category. Pattaya is the fourth city with this service after Bangkok, Chiang Mai and Udonthani.

Samples of Nationwide City Network in Pattaya



## 4. Summary of Performance

---

### 4.1 Service Revenue

For the first quarter of 2018, the Company recorded total service revenue of THB 797.0 million, an increase of 16.6% from the same period of the previous year thanks mainly to the continuous expansion in its media capacity especially digital out-of-home media and airport media. Revenue by type of media is outlined below.

4.1.1 Revenue from static media rose to THB 230.7 million, equal to 13.3% growth compared to the same period last year. The revenue increase was derived from higher utilization rates.

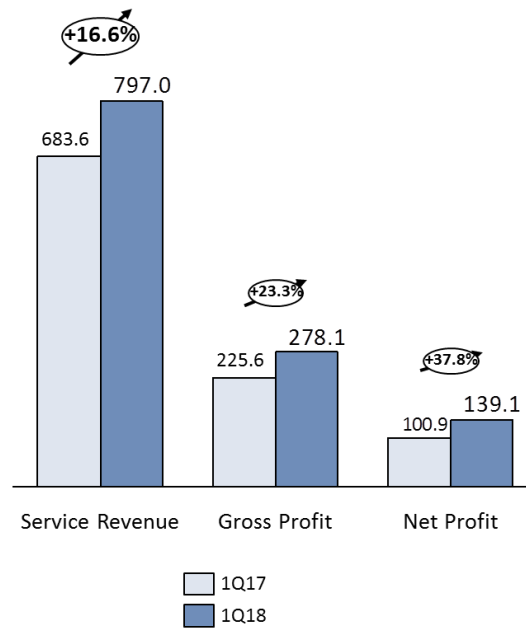
4.1.2 Revenue from digital media was THB 330.0 million increasing by 16.8% over the same period in 2017. The growth was mainly driven by the expansion of media capacity and overall utilization rate improvement from the same period last year.

4.1.3 Revenue from transit media grew modestly at a rate of 8.1% from the first quarter of 2017 to THB 108.2 million in the first quarter of 2018 as utilization rates adjusted upward from last year.

4.1.4 Revenue from in-mall media stood at THB 31.7 million, equal to a 20.1% increase from the same period last year. The growth came from higher utilization rates.

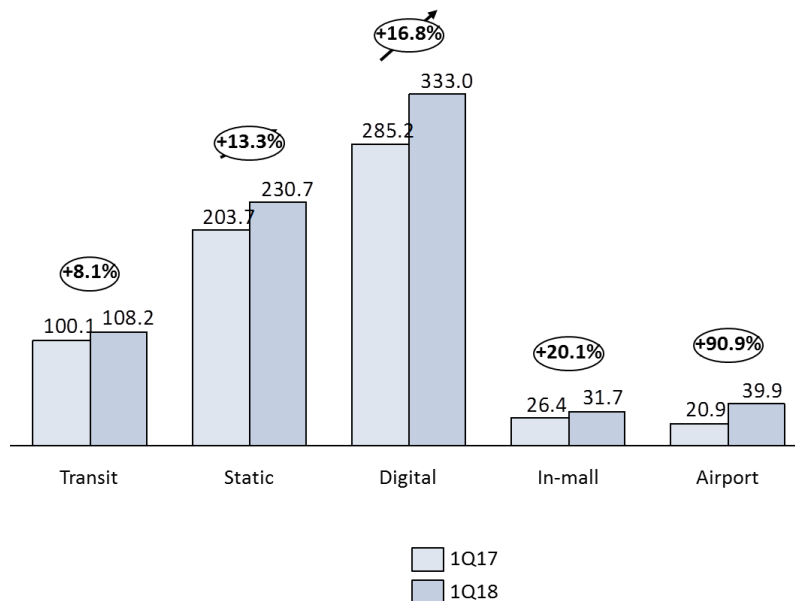
4.1.5 Revenue from airport media surged 90.9% from the same period last year to top THB 39.9 million. This is a result of the development of airport media, additional revenue from new concessions as well as rising utilization rates.





Total Revenue, Gross Profit and Net Profit 1Q 2017 and 1Q 2018 (THB Million)

The Company's gross profit and net profit grew faster than total revenue due to the higher average utilization rate across all assets, increasing from 60.5% in the first quarter of 2017 to 68.1% in the first quarter of 2018.



Revenue by Type of Media for 1Q 2017 and 1Q 2018 (THB Million)

Digital media and airport media enjoyed strong revenue growth compared to the same period of the previous year as a result of continuous media capacity expansion in 2017. Other types of media also recorded higher revenue thanks to rising utilization rates.

#### 4.2 Cost

Total costs of the Company for the first quarter of 2018 stood at THB 635.4 million, an increase of 10.2% from the same period last year. The hike in total costs came from service costs that edged up from higher sales during the quarter. Details of expenses are listed below:

4.2.1 Service costs for the first quarter of 2018 rose 12.8% from the same period last year to THB 526.4 million due to higher rents from the expansion of service areas and revenue sharing expense that moved in tandem with growing sales. Moreover, variable costs also shot up according to capacity expansion e.g. electricity and maintenance costs. Even though the Company had an additional THB 372 million in CAPEX during 2017, depreciation cost in the first quarter of 2018 dropped -2.7% from 4Q2017. The decrease in depreciation was from digital displays with have a depreciation period of 5 years and were fully depreciated. These digital displays were still working properly and no additional investment for replacement was required.

4.2.2 Selling, general and administrative expenses for the first quarter of 2018 amounted to THB 109.0 million, a mild -1.0% drop from the same period of the past year. The decline was a result of the termination of ESOP as well as the reduction in redundant expenses from the subsidiaries that the Company acquired during the past few years

#### 4.3 Profit

For the first quarter of 2018, the Company recorded a net profit of THB 139.1 million growing significantly 37.8% from the same period of the previous year. New media development throughout the past years, enhanced revenue-generating capacity as well as the success in cost control contributed to this net profit growth. The net profit margin rose to 17.3% in the first quarter of 2018 compared to 14.6% in the same period of the previous year.

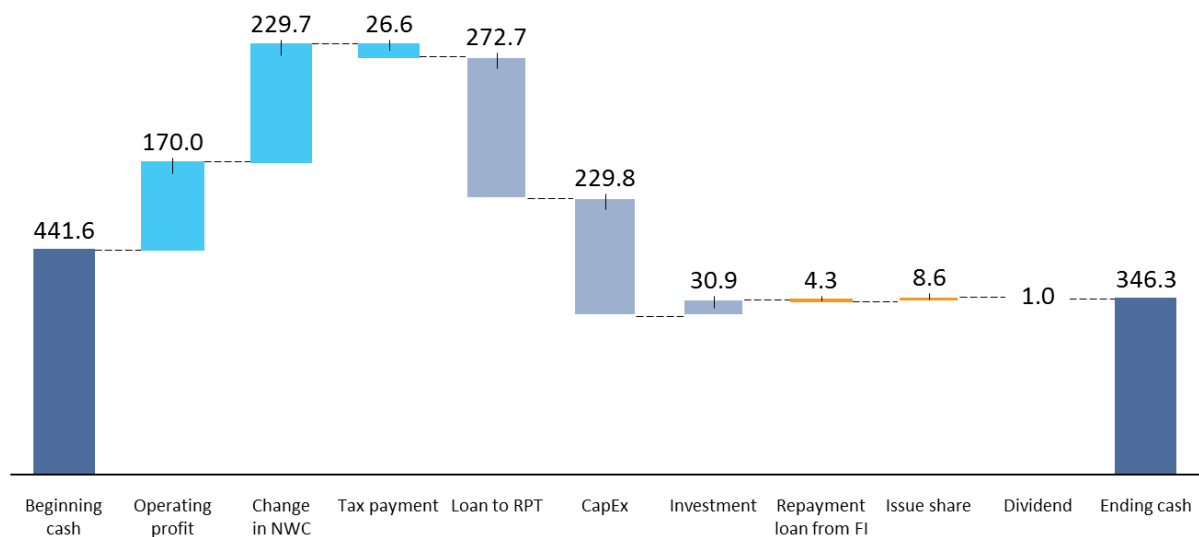
#### 4.4 Financial Position

As of March 31, 2018, total assets of the Company were THB 4,536.9 million which increased by 8.01% from year end 2017. The increase in total assets was mainly due to business expansion.

The Company's total liabilities were equal to THB 608.9 million, which increased by 33.68% from year end 2017 due to growth in account payable from increased sales revenue.

The total shareholders' equity was THB 3,785.6 million which slightly increased by 4.05%. This was attributable to the increase in retained earnings appropriated from net profit for the period.

#### 4.5 Liquidity and Cash Flow Position



The Company had cash and cash equivalents at the end of 1Q 2018 in the amount of THB 346.3 million, decreasing by THB 95.3 million from the ending period of 2017. During the period, the Company recorded THB 373.1 million net cash provided by operating activities; THB 471.7 million net cash used in investing activities; and THB 4.5 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 Position

Profitability Ratios		1Q 2017	1Q 2018
Gross Profit <sup>7</sup>	(%)	32.6	34.6
EBITDA	(%)	32.9	34.8
EBIT	(%)	16.9	21.2
Net Profit	(%)	14.6	17.3
Return on equity <sup>8</sup>	(%)	12.3	15.0

Liquidity Ratio		1Q 2017	1Q 2018
Current Ratio	(Times)	3.0	2.8
Quick Ratio <sup>9</sup>	(Times)	2.1	1.7
Average collection period	(Days)	112	104
Payment days	(Days)	80	81

Efficiency Ratios		1Q 2017	1Q 2018
Return on assets <sup>8</sup>	(%)	10.6	12.7
Asset turnover	(Times)	0.7	0.7

Leverage Ratio		1Q 2017	1Q 2018
Liability to Equity	(Times)	0.20	0.20

<sup>7</sup> Calculated on Total Revenues

<sup>8</sup> Annualized by using the quarter no. x 4

<sup>9</sup> (Cash and Cash Equivalents + Trade and other receivables) / Current Liabilities

## 6. Trends and Developments in 2018

The Thai economy in 2018 is expected to pick up as the economic outlook shows clear signs of expansion such as increasing durable goods consumption and continuously improving confidence indices that depicts confidence of both the consumer and business sectors in the future economic conditions. Besides, exports are likely to keep up their pace of growth whilst the number of foreign tourists is also surging materially. With these positive drivers, Thai GDP for 2018 is estimated to grow by 3.6-4.6%<sup>10</sup>

Satisfactory economic expansion during the first quarter of 2018 together with favorable economic outlook for the last 9 months of 2018 will ramp up purchasing power and household income and should increase the demand for advertising media from manufacturers and service providers as they seek to promote their competitiveness and capitalize on solid economic growth to boost sales revenue. The Company predicts that the overall advertising market in 2018 will directly benefit from the economic growth. Consequently, the Company has a strong belief that because of its diversified media network that best addresses the marketing needs of product and service owners, Plan B's growth should outstrip the industry average as has happened in the recent past. The following are the key drivers to the growth:

- The Company will continue to expand its out-of-home media network in Bangkok as well as upcountry to support urbanization in major provinces according to its media network expansion plan below.
  - Digital media: the Company aims to extend its coverage of its digital media network in Bangkok which has been well-received by the market in the past few years. In 2018, the Company plans to extend its digital media footprint to key strategic locations in Bangkok with over 100 digital displays. Plus, the Company will further expand Plan B TV Nationwide media network coverage beyond its current 96 locations to over 116 locations across the country.
  - Airport media: apart from the Company's current Air Traveller media service offering in 31 airports operated by Airports of Thailand and Department of Airports, the Company expects to expand its advertising media space in airports to enhance its capability to reach target groups of over 148 million travelers, businessmen and tourists, either Thais or foreigners who have high purchasing power.
- The Company plans to promote strong collaboration with BMN which manages commercial rights for the MRT Blue Line. In the short term, the two companies will mutually develop advertising media

<sup>10</sup> The Office of the National Economic and Social Development Board

along the MRT leveraging the experience and expertise of both parties to expand space for highly-effective media and enhance revenue generating capability. Moreover, MRT media can be bundled with Plan B's out-of-home media throughout Bangkok to boost utilization rates for both. In the future, opportunities lie in joint business development efforts in managing commercial rights granted for projects under BMN; for example, the right to manage commercial space in MRT stations comprising: 1) Advertising media management; 2) Commercial space development; and 3) Information and communication system services. The opportunity from these commercial rights, if well executed, will add further value to the business in the near future, especially from route extension of MRT Blue Line increasing train numbers (from 19 to 54 trains), connecting more stations (from 18 to 38 stations) whilst increasing the distance to transit (from 20 kilometers to 47 kilometers) by 2020 according to MRT's plan. Additionally, there are business opportunities from various mega projects under development in a foreseeable future that will increase the number of passengers from 400,000 passengers per day to 1 million passengers per day. This joint investment will also allow both Plan B and BMN to commercially develop expressway projects including Sirat expressway and other expressway advertising concessions in the future where BMN is a concessionaire. This initiative will help the Company target groups of expressway users of over 2 million people a day. With significant growth potential for businesses related to the MRT and expressways, the potential revenue opportunity for BMN is expected to be approximately THB 1,200-1,500 million per year.

- The Company has introduced the ASEAN OOH Media Network Package that allows it to target the key group of large multinational corporations with consumer bases spreading across countries in ASEAN. These advertisers are able to select an advertising media network that is more effective and faster in reaching consumers in the region under Plan B's standards. Moreover, with high-value regional package offerings, Plan B has a competitive edge over other players in other countries thanks to pricing proposition and other sales promotional campaigns. In addition, regional packages align better with regional budgets and help the Company compete with media service providers in each country.
- The Company has a goal to further develop its business as a rights management agency. The purpose is to derive revenue from unutilized rights of Football Association of Thailand (FAT) and Thai League Co., Ltd. especially in manufacturing and distributing merchandise with FAT copyrights. The Company can generate revenue from products and services that require FAT's logo to add value and boost sales. In addition, the Company has an opportunity to generate extra revenue during the end of 2018 from AFF Suzuki Cup, the ASEAN Football Championship for which Thailand will be the official host.