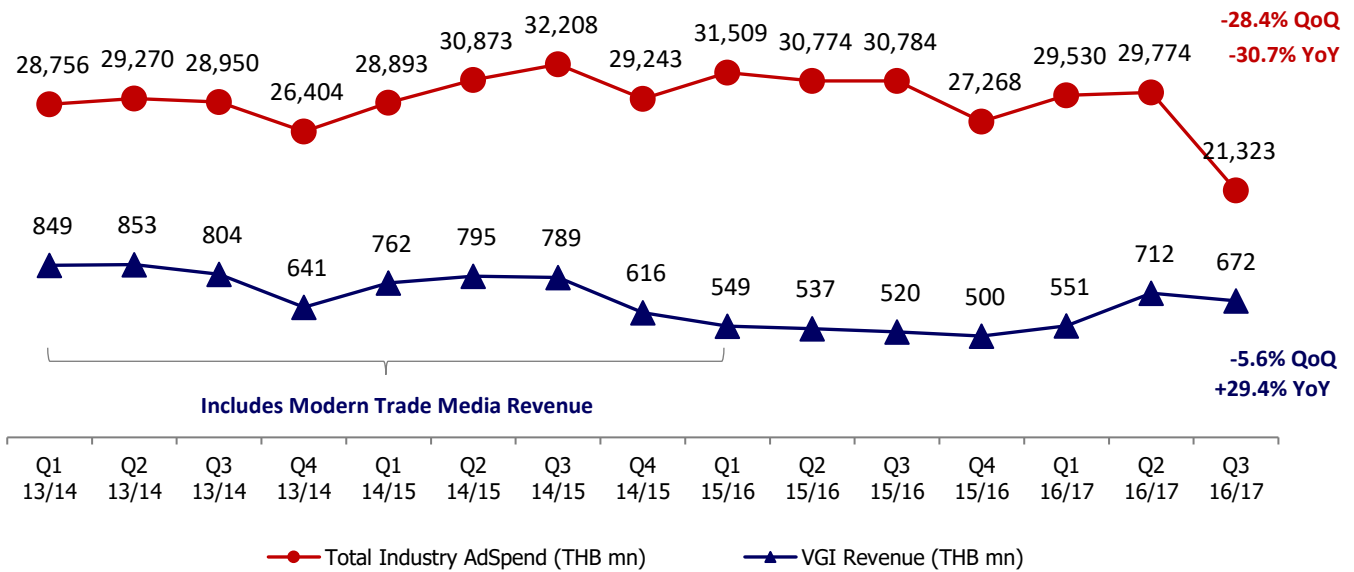


MEDIA INDUSTRY AND BUSINESS IMPACT ANALYSIS

THAI ADVERTISING SPENDING VS VGI REVENUE (THB mn)



Source: The Nielsen Company (Thailand) Limited and VGI Global Media Plc

Thai advertising expenditures reported a double digit decline of 28.4% QoQ and 30.7% YoY in 3Q 2016/17, mainly due to the suspension of all advertising during the official 30-day mourning period tribute to the late King as well as subdued macroeconomic situation in Thailand. TV sector, which totals more than half of the total advertising expenditures, declined by 36.7% QoQ and 39.3% YoY. Traditional Media (including Newspaper, Radio and Magazine) has been acceleration in the downturn during the past years due to the shift towards digital and mobile platforms, reporting a decrease of 11.2% QoQ and 30.5%YoY in 3Q 2016/17. Out-of-Home and Online media – our focus segments – recorded a 9.3% and 19.3% QoQ decrease, respectively, meanwhile, outperformed the industry, showing an increase of 28.5% YoY and 36.9% YoY, respectively. The outperformance was mainly driven by the shift in people’s behavior to spend more time Out-of-Home and online. The Out-of-Home sector also benefitted from the low-base effect YoY.

VGI’s total revenue for the third quarter decreased by 5.6% QoQ to THB 672mn, the decline was mainly driven by a 28.4% QoQ drop in total advertising expenditures. The Company posted relatively strong growth of 29.4% on a year-over-year performance basis. The underlying factor for this growth was once again higher revenue in the Outdoor segment from the consolidation of Master Ad Public Company Limited (MACO) made in June 2016.

IMPORTANT EVENTS IN 3Q 2016/17

- On 7 November 2016, the shareholder at Extraordinary General Meeting approved the acquisition of 90% in Bangkok Smartcard System Co., Ltd. (“BSS”) and 90% in BSS Holdings Co., Ltd. (“BSSH”) with total investment of THB 1,956.5mn. The transaction is expected to complete within 31 March 2017.
- In November 2016, VGI completely acquired 40% of ordinary shares of Demo Power (Thailand) Company Limited (“Demo Power”) with a total investment of THB 412.5mn. Demo Power is the largest demonstration service company in Asia, with a network covering more than 1,000 stores nationwide in Thailand and more than 10 years’ experience in the demonstration/sampling business. Demo Power has significant expansion opportunity by leveraging VGI’s leading position in mass transit media and office building media. We believe this strategic investment complements our existing network base, will generate additional revenue in as well as fulfill our objective to become a full-suite media company.

Demo Power

Services



Business partners

Exclusivity right



Non-exclusivity right



- Over the 9-month period 2016/17, VGI secured 25 additional contracts our office building portfolio, thereby achieving ahead of time this year’s target. VGI now has 160 office buildings (1,231 screens) in its portfolio, securing more than 70% market share in grade A&B office buildings.
- On 16 December 2016, Sungai Buloh-Kajang (SBK) Line opened its first phase of operation. The route covers 21 kilometres with 12 stations between the Sungai Buloh and the Semantan station. The remaining 30 kilometres and 19 stations start from Semantan to Kajang station, which is expected to open within July 2017. At completion, SBK line will have 51 kilometres with a total of 31 stations. Through our joint venture in Titanium Compass Sdn Bhd (“TCSB”), it is expected that TCSB will commence a trail advertising operations within 1Q 2017/18 and commence a full advertising operations by July 2017 across SBK line.

SBK Line



3Q 2016/17 SNAPSHOT & ANALYSIS

CONSOLIDATED P&L SNAPSHOT

THB (mn)	3Q 2015/16	2Q 2016/17	3Q 2016/17	QoQ (%)	YoY (%)
Operating revenue	520	712	672	-5.6%	29.4%
Cost of sales	178	273	274	0.3%	54.6%
Gross profit	342	438	398	-9.2%	16.3%
EBITDA	335	332	254	-23.4%	-24.2%
Net profit from operation (excl. NCI)	209	204	146	-28.6%	-30.2%
Net profit FS (excl. NCI)	232	198	124	-37.1%	-46.5%

GP margin	65.8%	61.6%	59.2%		
EBITDA margin	64.5%	46.6%	37.8%		
NPAT margin from operation (excl. NCI)	40.2%	28.7%	21.7%		
NPAT margin FS (excl. NCI)	44.7%	27.7%	18.5%		

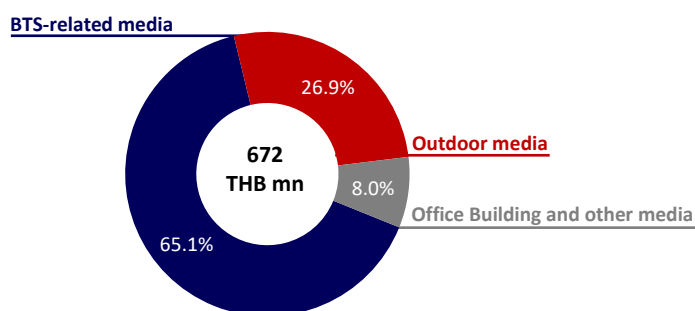
Note: The Company reclassified commission rebate in cost of sales to be selling expense, which started in 1Q 2016/17 onwards. Reclassified the calculation of net profit from operation by excluding share of profit (loss) from investments in a joint venture and associates as well as non-controlling interests of the subsidiaries.

PERFORMANCE ANALYSIS (3Q 2016/17 vs 3Q 2015/16)

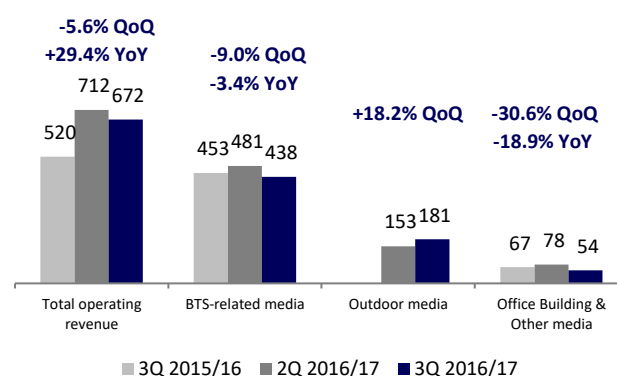
In 3Q 2016/17, the VGI Group’s **operating revenue** increased by 29.4% YoY from THB 520mn to THB 672mn driven by the higher revenue from **Outdoor media** segment after the consolidation of MACO in June 2016, which reported a revenue of THB 181mn in this quarter. In tribute to the passing of the late King and in cooperation with the government’s guideline to replace all advertisements in digital media with mourning content during the 30-day mourning period, VGI’s digital media revenue has been affected. **BTS-related media** and **Office Building and Other media revenue**, which include significant digital media, saw a decrease of 3.4% YoY to THB 438mn and 18.9% YoY to THB 54mn, respectively.

In this quarter, BTS-related media revenue contributed 65.1% of total revenue, Outdoor media contributed 26.9% of total revenue whilst Office Building and Other media contributed the remaining 8.0%

REVENUE CONTRIBUTION



REVENUE (THB MN)



Cost of Sale increased 54.6% YoY from THB 178mn to THB 274mn, mainly due to the consolidation of MACO (Outdoor media) and higher costs related to BTS-related media’s maintenance. This resulted in a decrease in **gross profit margin** to 59.2% in 3Q 2016/17 from 65.8% in the same period last year. The expansion of VGI also noticeably drove up the **Selling, General and Administrative expenses** by 170.6% to THB 235mn mainly from acquisition and business development expenses. These abovementioned expenses coupled with lower-than-expected revenue growth as a result of mourning period led to a lower **net profit from operation**, amounting to THB 124mn which decreased by 46.5% YoY from THB 232mn in the same period last year.

FINANCIAL POSITION**ASSETS**

ASSETS BREAKDOWN	31 MARCH 2016		31 DECEMBER 2016	
	(THB mn)	% out of total	(THB mn)	% out of total
Cash & cash equivalents and short-term investments	360	11.6%	826	14.8%
Trade & other receivables	399	12.9%	607	10.8%
Equipment – net	1,211	39.1%	1,335	23.8%
Investment in JVs, associates and other long-term investments	772	24.9%	656	11.7%
Other assets	357	11.5%	2,176	38.9%
Total assets	3,099	100.0%	5,600	100.0%

Total assets as of 31 December 2016 stood to THB 5,600mn, an increase of THB 2,501mn or 80.7% from THB 3,099mn as of 31 March 2016. **Total current assets** were THB 1,675mn, increasing by 100.1% or THB 838mn. The increase was primarily attributed to the consolidation of MACO's financial statement following the increase in our ownership stake in MACO from 24.96% to 33.77% as well as the consolidation of Multi Sign Company Limited's ("Multi Sign") financial statement after a 70% acquisition by MACO in October 2016, these resulted in 1) an increase in cash & cash equivalents and short-term investments of THB 466mn, 2) an increase in trade and other receivables of THB 208mn (see further details in Trade and other receivable section), 3) an increase in prepaid expense from rental cost of MACO's billboard of THB 69mn and 4) an increase in short-term loans to related parties THB 30mn.

Total non-current assets stood at THB 3,925mn, an increase of 73.5% or THB 1,663mn primarily due to the abovementioned acquisition resulting in 1) an increase in goodwill of THB 1,251mn, 2) an increase in Intangible assets - net of THB 353mn, 3) an increase in Equipment –net of THB 124mn, 4) an increase in other non-current assets of THB 57mn, the increase was partially offset by a decrease in investment in associated company of THB 109mn as a result of the change in ownership in MACO from associated company to VGI's subsidiary, however, investment in associated company was increased from 30 September 2016 due to the acquisition in Demo Power in November 2016.

Trade and other receivables were THB 607mn, an increase of THB 207mn. The increase was in-line with higher sales in 3Q 2016/17. The Company gives 60 – 90 days credit terms to customers. For accounts receivables of more than 120 days, the Company has a policy for allowance for doubtful accounts, which also considers the customers' payment history and credit-worthiness. As of 31 December 2016, the allowance for doubtful accounts was THB 33mn, an increase of THB 23mn following our consolidation of MACO.

AGEING OF TRADE RECEIVABLES (THB mn)	31 MARCH 2016	31 DECEMBER 2016
Not yet due	340	385
Up to 6 months	34	193
Over 6 months	10	22
Total	384	600
% of total receivables	96.2%	98.9%
Allowance for doubtful debt	10	33
% of total receivables	2.4%	5.4%

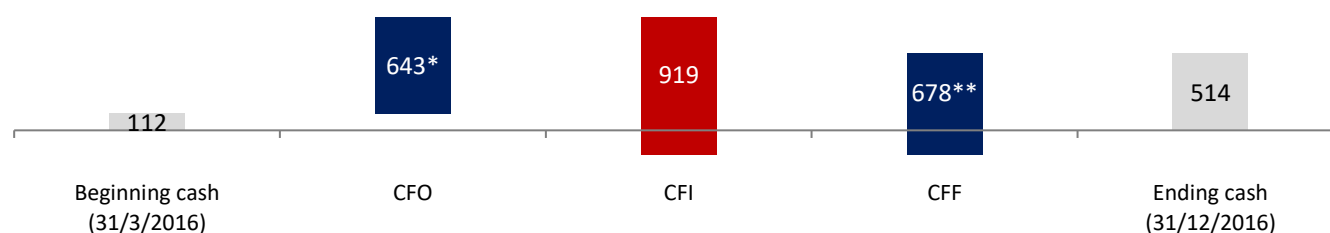
LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND EQUITY BREAKDOWN	31 MARCH 2016		31 DECEMBER 2016	
	(THB mn)	% out of total	(THB mn)	% out of total
Short term loans	240	7.7%	940	16.8%
Trade & other payables	123	4.0%	448	8.0%
Accrued expenses	277	8.9%	343	6.1%
Other current liabilities	182	5.9%	229	4.1%
Non-current liabilities	35	1.1%	134	2.4%
Total liabilities	857	27.7%	2,094	37.4%
Shareholders' equity	2,242	72.3%	3,506	62.6%
Total liabilities and equity	3,099	100.0%	5,600	100.0%

Total liabilities were THB 2,094mn, an increase of THB 1,237mn or 144.4% from THB 857mn as of 31 March 2016 mainly from increase in 1) short-term loans of THB 700mn to finance acquisition of MACO and Demo Power 2) trade and other payables of THB 324mn, 3) accrued expenses of THB 67mn, and 4) non-current liabilities of THB 99mn mainly from deferred tax liabilities of THB 75mn.

Total equity was THB 3,506mn growing by THB 1,264mn or 56.4%. This was attributable to an increase in retained earnings from the 3 months operating performance. Return on equity for 3Q 2016/17 was 28.7%.

LIQUIDITY AND CASH FLOW (THB mn)



*After tax (THB 165mn) and interest expense (THB 12mn)

**Included translation adjustment of THB 4mn

For the nine months ended 31 December 2016, **cash and cash equivalents** reached THB 514mn, an increase of 358.2% or THB 402mn mainly from the consolidation of MACO. Cash from operating activities was THB 819mn, decreasing by 13.7% or THB 129mn. After deducting cash paid for corporate income tax of 165mn (9M 15/16: THB 229mn) and cash paid for interest expenses of THB 12mn (9M 15/16: THB 9mn), **net cash from operating activities** was THB 643mn. **Net cash used in investing activities** was THB 919mn. The key components are cash paid for purchase of MACO, Demo Power and Aero Media of THB 473mn, THB 380mn and THB 80mn, respectively. **Net cash from financing activities** was THB 674mn, primarily from short-term loans from financial institution of THB 1,000mn and cash received from an issuance of ordinary shares to Ashmore OOH Media of THB 428mn, nevertheless, the increase was offset by dividend payment and long-term loans repayment of THB 412mn and THB 307mn, respectively.

FINANCIAL RATIOS

Profitability Ratios		3Q 2015/16	3Q 2016/17	Liquidity Ratios		3Q 2015/16	3Q 2016/17
Gross profit ¹	(%)	65.8%	59.2%	Current ratio	(times)	1.1	0.9
Operating EBITDA	(%)	64.5%	37.8%	Quick ratio ⁵	(times)	1.1	0.8
Cash-to-net profit	(%)	89.9%	114.8%	Account receivable turnover	(times)	3.8	4.6
Net profit (excl. NCI)	(%)	44.7%	18.5%	Average collection period	(days)	96.9	79.1
Return on equity ²	(%)	31.6%	28.7%	Payable days	(days)	105.8	152.3
Efficiency Ratios				Leverage Ratios			
Return on assets ³	(%)	21.6%	18.5%	Liability to Equity	(times)	0.5	0.6
Return on fixed assets ⁴	(%)	75.1%	85.1%	Debt to equity	(times)	0.1	0.3
Asset turnover	(times)	0.6	0.5				

¹ Calculated from revenue from services

² Net Profit (Annualised) / Average Total Shareholders' equity (average of outstanding at end of the same period in the previous year and at end of this quarter)

³ Net Profit (Annualised) / Average Total Assets (average of outstanding at end of the same period in the previous year and at end of this quarter)

⁴ (Net Profit + Depreciation) / Net Average Non-current Asset (average of outstanding at end of the same period in the previous year and at end of this quarter)

⁵ Current Assets – Other Current Assets / Average Current Liabilities (average of outstanding at end of the same period in the previous year and at end of this quarter)

MANAGEMENT OUTLOOK

2016 marked by soft economic growth and the passing of the late King in October. As a result, overall advertising expenditures fell nearly by 11.8% in 2016, its worst drop in almost a decade.

Going forward, The Bank of Thailand is forecasting an increase in GDP of 3.2% for the full year of 2017. The advertising market is expected to be in-line with macroeconomic growth. The Media Agency Association of Thailand forecasts that advertising expenditures will expand by 3-5%. The improvement should be supported by the better momentum of consumer sentiment as well as spending after the cessation of advertisings during the mourning period (low-base effect) at the end of last quarter of 2016.

The Company has an optimistic outlook on the advertising industry in 2017. The Company believes that synergies from various acquisitions such as MACO (Outdoor), Rabbit (Digital/Online), Aero Media (Aviation) and Demo Power (Activation) are expected to stimulate revenue and profit for the year 2017/18 but this increase is to be somewhat offset by the pre-agreed hike in BTS concession fees from 5% to 10% to be incurred from May 2017. The Company will disclose our 2017/18 target in our next full year 2016/17 management discussion and analysis.

Lastly, the Board of Director meeting held on 1 February 2017 resolved to approve the payment of the interim dividend for the first half of the Company's performance to shareholders of a total not exceeding THB 240.3mn, at a rate of THB 0.035 per share. The Record Date will be on 15 February 2017 and the payment date of the interim dividend will be 27 February 2017.

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Chitkasem Moo-Ming
(Chief Financial Officer)