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PB – IR/19-00004

Nov 13, 2019

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 Sep 30, 2019 (“3Q19”)

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 Sep 30, 2019 (a copy in Thai and English).
2. Management Discussion and Analysis (MD&A) for the three-month period ended Sep 30, 2019 (a copy in Thai and English).
3. The Company's performance report, Form F45-3 for the three-month period ended Sep 30, 2019 (a copy in Thai and English).

Please be informed accordingly.

Sincerely yours,

(Pinijsorn Luechaikajohnpan, Ph.D.)

Authorized Director

Company Secretary

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## 1. Executive Summary

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### 1.1 Performance Highlights for 3Q 2019

- The Company's advertising media business continued to grow satisfactorily in the 3rd quarter of 2019 at a rate of 3.5% compared to the same quarter of the previous year. New media development for out-of-home digital media, static media, airport media and in-mall media accounted for the growth.
- Utilization rate of 3Q 2019 stood at 74.8% or falling mildly from 81.2% of the same period of the previous year. This is due to the fact that various new media projects were launched in 2Q 2019 and it usually takes 3-6 months for the new projects to attain the standard level of utilization rate of the Company.
- Total revenue for 3Q 2019 slightly dropped -0.5% compared to the same period of the previous year due to the decrease in revenue from engagement marketing business.
- Total expenses for 3Q 2019 jumped 3.2% from the same period of the previous year due to the increase in selling, general and administrative expenses to support business expansion.
- Net profit was THB 185.7 million, rising 6.2% from the same period of the previous year thanks to out-of-home media business that enjoyed growth. This resulted in higher net profit margin from 14.6% of the same period last year to 15.5% in 3Q 2019.

## 1.2 Key Financial Highlights for 3Q 2019

Unit: THB Million	3Q/2018	3Q/2019	%Change (YoY)
Total Revenue	1,201.1	1,194.9	-0.5%
EBITDA	432.3	436.5	1.0%
Net Profit	174.8	185.7	6.2%

- Total Revenue stood at THB 1,194.9 million, a decrease of -0.5% from the same period of the previous year.
- EBITDA was THB 436.5 million, a increase of 1.0% from the same period of the previous year.
- Net Profit was recorded at THB 185.7 million, an increase of 6.2% from the same period of the previous year.

## 1.3 Summary of Other Important Details

- For the past quarter, the Company was in active pursuit of service capability enhancement to support the growing needs of media in the future, namely
  - Investment in Master Ad Public Company Limited (“MACO”), one of the leaders in billboard and street furniture media with extensive media coverage in its categories to mutually develop and strengthen capabilities in out-of-home media.
  - Collaboration between Plan B and CP All Public Company Limited (“CPALL”), the operator of 7-Eleven convenience stores to manage multimedia in 7-Eleven targeting over 2,000 branches within 2021.
  - Agent contract signing for marketing right management of Tokyo 2020 Olympics.
- The Company’s outlook for 2020
  - Despite uncertainties that are likely to prevail in the economy in 2020, the Company believes that its network of diversified media portfolio is able to address marketing needs of product and service owners. In addition, expanding engagement marketing content will better serve specific target groups. These factors will allow the Company to continue to expand at a higher rate than the industry.



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- o Plan B will share 15% of sales revenue from the management of all domestic advertising media of MACO comprising over 2,000 locations of large-sized billboards, street furniture and digital displays. Together with Plan B's media network, more than THB 1,000 million additional media capacity is expected to be ready for service in 2020.
- o Through media installment in over 2,000 locations of 7-Eleven, Plan B expected that over THB 1,000 million per annum of media capacity will be increased.
- o The Company will pursue continuous development in engagement marketing to build a tighter relationship between brands and consumers and enhance brand loyalty. Plan B will soon start managing marketing rights of Tokyo 2020 Olympics and revenue will be realized from the first quarter of 2020.



## 2. Economic and Media Industry Environment

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Thai economy during the third quarter of 2019 was still negatively affected by pressures from the state of global economy and worries from the US-China trade war. Economic growth was low in all sectors especially export which contracted 2.2%<sup>1</sup> for the first eight months of 2019 compared to the same period of the previous year. Moreover, manufacturing sector, service sector and tourism also showed signs of sluggish recovery. From these factors, the National Economic and Social Development Bureau (NESDB) forecast that GDP growth for 3Q 2019 will be below the previous estimate of 2.9%. The revised GDP growth is expected to be around 2.7-3.2%<sup>2</sup> compared to 4.1% of 2018.

Given the slower economic expansion, overall media industry is likely to experience modest growth. According to The Nielsen Company (Thailand) Limited, media industry was valued at THB 26,656 million for 3Q 2019 or growing at an anemic rate of 0.3% compared to the same period of the previous year. Even though radio media and cinema media enjoyed solid growth of over 3.2% and 47.4% respectively, other traditional media with higher market shares shrank in value. The market value of TV media, print media and magazine media declined -1.6%, -28.0% and -21.4% respectively. With regard to out-of-home media, the market value was recorded at THB 3,688 million or equivalent to an average 5.2% growth which outpaced the overall industry thanks mainly to growth in outdoor media, transit media and in-mall media of 0.8%, 10.3% and 6.5% respectively.

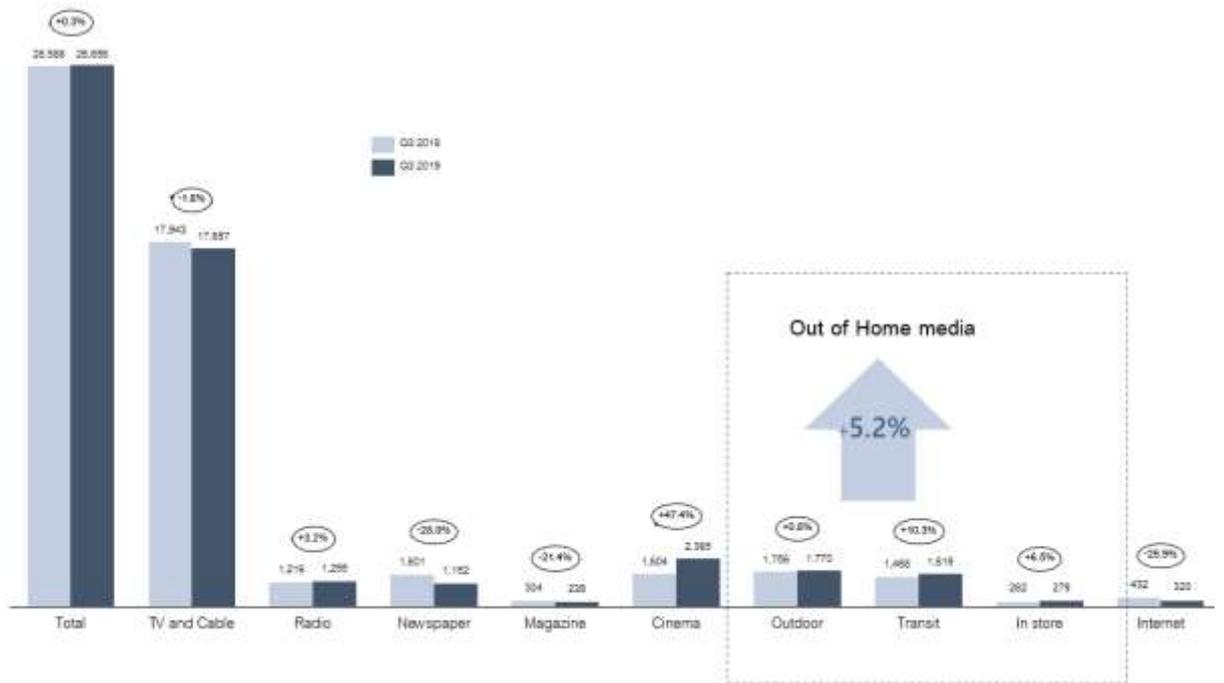
In spite of slow growth of overall media industry, Plan B still managed to expand faster than the overall industry. Total revenue from media services reached THB 960.6 million or rising 3.5% from the same period of the previous year. The growth was derived from not only variety enhancement and coverage extension of out-of-home media but also the expansion of engagement marketing business.

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<sup>1</sup> Source: Ministry of Commerce

<sup>2</sup> Source: Bank of Thailand

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Overall Media Spending for 3Q 2018 and 3Q 2019 (THB Million)<sup>3</sup>

Spending on out-of-home media jumped significantly at a rate of 5.2% during the third quarter of 2019 which is stronger than the muted growth of overall advertising industry of 0.3%.

<sup>3</sup> Source: The Nielsen Company (Thailand) Limited

### 3. Key Development for 3Q 2019

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The Company continued to progress on expanding service areas for out-of-home media and promoting variety of media offering in order to effectively reach target groups. Besides, engagement marketing business was actively pursued by adding more diverse content to the portfolio. For 3Q 2019, the Company engaged in the following key developments.

#### July 2019

Plan B signed a contract to become an official agent to manage marketing rights of Tokyo 2020 Olympics consisting of 1. Live broadcasting rights 2. Sponsorship rights 3. Content management rights. The objective of this initiative is to create viewing opportunities and promote participation of the biggest sporting events of mankind for Thai people so that everyone can enjoy the experience of viewing the events and sending moral support to Thai national team to achieve Olympic gold medals together.



August 2019

The Company inaugurated “Lido Connect” media service that combined digital media and static media together to renovate Lido Multiplex located in the heart of Siam Square to be colorful and spectacular. The new look will attract tourists and passersby in the surrounding areas.

Samples of Static Media and Digital Media in Front of Lido Multiplex



September 2019

The Company signed an advertising media management contract with CP All Public Company Limited to extend its retail media services to 7-Eleven stores. A nationwide coverage target of 2,000 locations was set to be attained within 2021.

Samples of Advertising Media Inside 7-Eleven



## 4. Summary of Performance

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### 4.1 Service Revenue

For the third quarter of 2019, Plan B recorded total service revenue of THB 1,175.9 million, a small drop of -1.5% from the same period of the previous year as a result of declining revenue from engagement marketing business. Nevertheless, revenue from advertising media business sustained moderate growth of 3.5% compared to the same period last year. Revenue by type of media is summarized below.

4.1.1 Revenue from digital media topped THB 511.3 million, equal to 6.2% growth compared to the same period last year. The revenue increase was driven mainly by the launch of Bangkok Jam digital media service of 50 displays since the first quarter as well as higher utilization rate of digital media that adjusted upward to reach 83.1%.

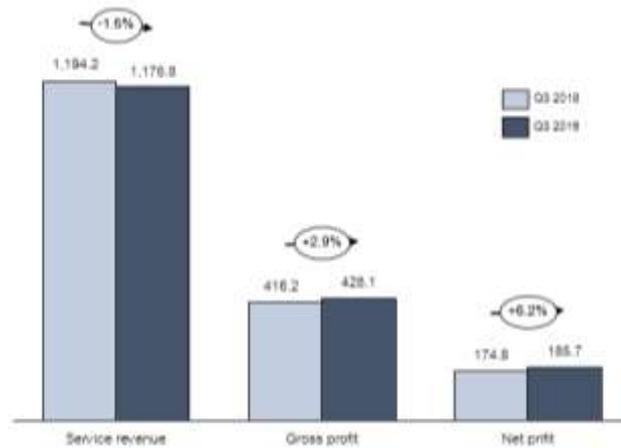
4.1.2 Revenue from static media rose to THB 227.0 million, increasing 0.8% compared to the same period last year. The revenue increased as the Company started to realize revenue from Splash Media Company Limited (“Splash”) the Company acquired in May 2019. However, inclusion of advertising media from Splash for the first time last quarter put a dent on the utilization rate of static media. The Company expected that the utilization rate of advertising media of Splash will soon improve to meet the standard level of utilization rate of the Company thanks to Plan B’s salesforce and marketing capabilities.

4.1.3 Revenue from transit media dropped slightly at a rate of 1.8% from the third quarter of 2018 to THB 127.9 million in the third quarter of 2019 as utilization rate adjusted downward a little.

4.1.4 Revenue from retail media stood at THB 40.4 million, equal to an 8.3% surge from the similar period last year. The growth was from higher utilization rate and the introduction of Paragon Motion Box media service since the first quarter.

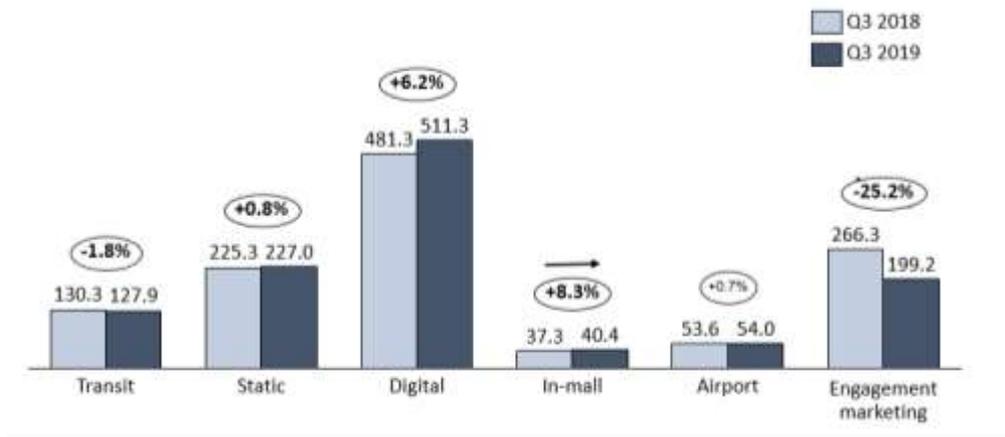
4.1.5 Revenue from airport media advanced 0.7% from the same period of the previous year to stand at THB 54.0 million. This is a result of the commencement of new media services at Suvarnabhumi Airport such as Supreme Entry located near the arrivals.

4.1.6 Revenue from engagement marketing business experienced a major decline of 25.2% owing to lower revenue from music marketing. Despite the temporary slowdown, the Company still estimated that engagement marketing business will achieve robust growth in the future from music marketing business through new content formats that deliver higher revenue. Additionally, marketing right management for Tokyo 2020 Olympics will act as another key revenue driver starting the first quarter of 2020.



Total Service Revenue, Gross Profit and Net Profit 3Q 2018 and 3Q 2019 (THB Million)

Total service revenue of Plan B adjusted slightly downward while gross profit net profit edged up compared to the same period of 2018.



Revenue by Type of Media for 3Q 2018 and 3Q 2019 (THB Million)

Revenue from digital media, in-mall media and airport media managed to grow thanks to new media development during the past year. Revenue from other types of media stabilized and revenue from engagement marketing business fell during the past quarter as revenue-generating activities stalled.

## 4.2 Costs

Total costs of the Company for the third quarter of 2019 stood at THB 948.5 million, an increase of 3.2% from the same period of the previous year. The small jump in total costs came from rising selling, general and administrative expenses to facilitate the expansion of new businesses. Details of changes in important expenses are listed below:

4.2.1 Service costs for the third quarter of 2019 declined at a rate of 2.3% from the same period last year to stay at THB 766.8 million given the lower costs of music marketing business that were in line with decelerating sales. Costs of advertising media business rose softly according to higher rent, electricity and maintenance costs from new media development and service area expansion.

4.2.2 Selling, general and administrative expenses for the period of 3Q 2019 amounted to THB 181.7 million, a drastic 35.5% surge from 3Q 2018. The spike in SG&A expenses was caused by growing expenses related to personnel to support new businesses such as Tokyo 2020 Olympics marketing right management business and online gaming business as well as higher administrative expenses of music marketing business from additional local expansion.

Moreover, higher SG&A expenses were derived from the consolidation of financial statements of subsidiaries that Plan B acquired during the past year. Note that SG&A expenses to total revenue ratio edged up from 11.2% in the third quarter of 2018 to 15.2% in the third quarter of 2019. Nevertheless, this ratio is likely to fall in the future as new businesses the Company developed begin to generate sales and realize their revenue.

## 4.3 Profit

For the third quarter of 2019, the Company registered net profit of THB 185.7 million or climbing at a rate of 6.2% from the same period last year as a result of robust growth in out-of-home media business. Net profit margin modestly improved from 14.6% in 3Q 2018 to 15.5% in 3Q 2019 thanks to the higher revenue contribution from out-of-home media business.

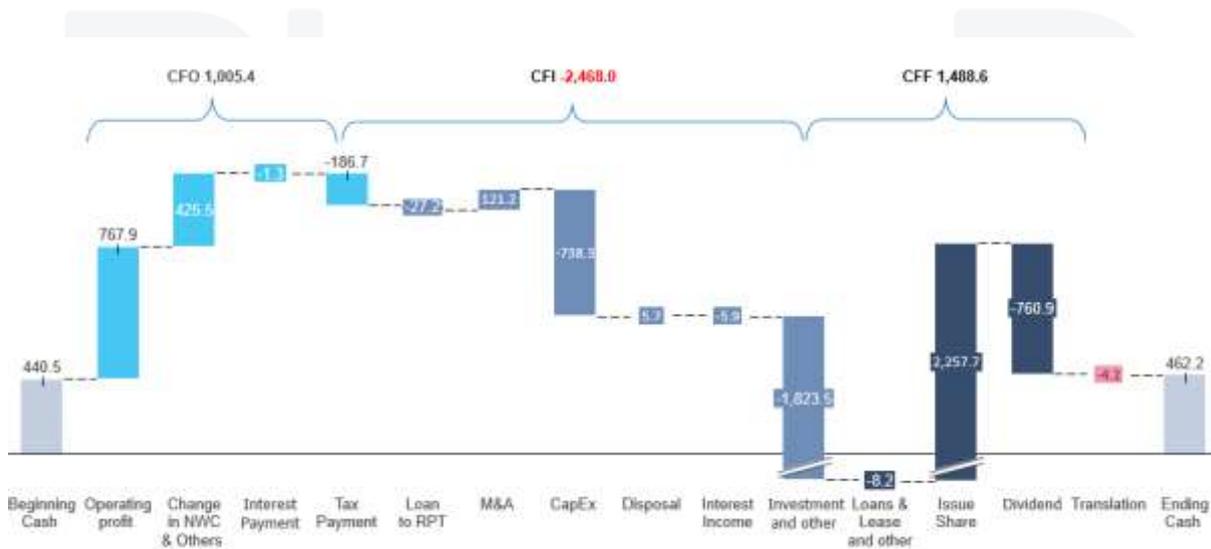
#### 4.4 Financial Position

As of 30 September 2019, the Company held total assets of THB 7,716.6 million, growing 30.2% from the end of last year due to cash and temporary investment received from issuing new shares and business expansion.

The Company's total liabilities stood at 1,061.4 million, a decrease of 26.5% from the end of 2018 thanks to lower trade payables and deferred income from revenue recognition during the year.

Shareholder's equity increased 50.7% from the end of last year to 6,655.2 million as a result of the issuance of new ordinary shares and higher retained earnings.

#### 4.5 Liquidity and Cash Flow Position



The Company had cash and cash equivalents at the end of 3Q 2019 in the amount of 462.2 THB million, increasing by 21.7 THB million from the ending period of 2018. During the period, the Company recorded 1,005.4 THB million net cash provided by operating activities; 2,468.0 THB million net cash used in investing activities, 738.3 THB million for Capital expenditure and 1,823.5 THB million for investment; and 1,488.6 THB million net cash provided in financing activities. The cash at the ending period is sufficient to fund capital expenditure and projects.

5. Key Financial Ratio Position

Profitability Ratios		3Q 2018	3Q 2019
Gross Profit <sup>4</sup>	(%)	34.6	35.8
EBITDA	(%)	36.0	36.5
EBIT	(%)	23.7	20.6
Net Profit	(%)	14.6	15.5
Return on equity <sup>5</sup>	(%)	18.3	11.1

Liquidity Ratio		3Q 2018	3Q 2019
Current Ratio	(Times)	1.8	4.4
Quick Ratio <sup>6</sup>	(Times)	1.3	3.7
Average collection period	(Days)	83	105
Payment days	(Days)	114	90

Efficiency Ratios		3Q 2018	3Q 2019
Return on assets <sup>7</sup>	(%)	14.6	9.5
Asset turnover	(Times)	1.0	0.6

Leverage Ratio		3Q 2018	3Q 2019
Liability to Equity	(Times)	0.35	0.16

<sup>4</sup> Calculated on Total Revenue

<sup>5</sup> Annualized by using the quarter no. X 4

<sup>6</sup> (Cash and Cash Equivalents + Trade and other receivables) / Current Liabilities

<sup>7</sup> Annualized by using the quarter no. X 4

## 6. Trends and Developments in 2020

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Under slackening global economy plagued by trade war and other international disputes that are hitting an impasse and strongest Thai baht in 6 years which harms export, the outlook of Thai economy is far from promising. Government measures and expenditures are critical to bolster the recovery of economic activities in the domestic market and boost demand and household income. The forecast of Thailand's economic growth for 2020 was revised down to the level below 3.0%<sup>8</sup>

Spotting the growth potential of out-of-home media which exceeds the overall media industry, the Company has no plan to hold back its investments and development to further expand its service footprints amidst volatile economic conditions in 2020. Thanks to our diverse, extensive and innovative media portfolio and budding engagement marketing business, Plan B will be able to cater to the needs of marketers. The Company remains unwavering in laying strong foundation to make further investments to enhance competitiveness and serve expanding customer base. Our strategic intents for 2020 include

- The Company will continue to promote variety of its media offering as well as extend the coverage its out-of-home media according to the media network expansion plan below.
  - Retail Media: Plan B aims to invest and manage digital media in 7-Eleven with a plan to steadily install its digital media in 2,000 outlets within 2021. This will increase its media capacity of over THB 1,000 baht annually.
  - Static Media: Through collaboration between Plan B and MACO, Plan B will be responsible for managing all domestic advertising media of MACO with over 2,000 locations. As a result, media capacity of Plan B is expected to grow more than THB 1,000 million and revenue will be realized as soon as 1Q 2020.

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<sup>8</sup> Source: Kasikorn Research Center

- Digital media: The Company planned to extend its digital media network further for major landmarks in Bangkok to maintain its leadership in digital out-of-home media in the future.
- Other media: The Company intends to expand other out-of-home media through partnership with government agencies and private companies to offer advertising media that reach diverse groups of target markets.
- The Company will actively and continuously develop and expand its engagement marketing business in order to enhance communication effectiveness between consumers and product and service brands as well as promote brand loyalty desired by marketers. The Company currently has 3 categories of quality content which are sports, music and esports. In the future, the Company planned to develop other types of content to respond to diverse interests of consumer groups. Important initiatives include
  - Content management of Tokyo 2020 Olympics under a partnership with dentsu X (Thailand) Company Limited: Plan B set a goal to promote participation of the greatest sporting events of mankind by extending viewing opportunities to all Thai people across the country through various viewing channels anywhere, anytime and via any platform. Additionally, Plan B will organize different activities to unite and send encouragement to Thai national athletes during preparations and practices one year prior to the Olympics as well as to disseminate content related to the Olympics through all media networks and platforms Plan B and its partners operate nationwide. Under the partnership, Plan B was granted rights that include 1. Live broadcasting rights 2. Sponsorship rights 3. Content management rights.
  - Music marketing business development through Independent Artist Management Company Limited (“iAM”): Previously named BNK48 Office Company Limited, iAM’s mission is to offer full services in investment and management of diverse portfolios of artists, singers and influencers under 3 core businesses per following.

- 1) Idol management business under AKB48 model. The Company will still provide various forms of entertainment via BNK48 who has been and will continue to remain Thai people's favorite as new albums and other works of new batches are created. Plus, the localized model such as CGM48 in Chiangmai will be duplicated for other regions across the country.
- 2) Idol management business for male artists. Under a joint venture with Dream Society Management Company Limited ("DMS"), Plan B and DMS will adjust BNK48 business model to revolutionize Thai male idol industry to be different and appealing starting with a program called "The Brothers, School of Gentlemen"
- 3) Talent management business. This business engages in managing artists, singers, actors, and influencers to diversity content in order to tap into target groups or all ages and genders. Plan B is currently under negotiation of acquiring potential talents both locally and internationally.