

**DISCOUNTED CASH FLOW VALUATION OF VGI GLOBAL
MEDIA PUBLIC COMPANY LIMITED**



**A THEMATIC PAPER SUBMITTED IN PARTIAL
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entitled
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MEDIA PUBLIC COMPANY LIMITED**

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DISCOUNTED CASH FLOW VALUATION OF VGI GLOBAL MEDIA PUBLIC COMPANY LIMITED

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ABSTRACT

This thematic paper aims to value the stock price of VGI Global Public Company Limited (VGI) base on discounted cash flow valuation method which has the concept that stock price of the firm should reflect its fundamental value in term of cash flow, growth and risk. Together with strong performance and competitive cash operating cost among peers including expectation of economic growth in next year, we expect the bright future for VGI. As a result, the target price of VGI shall approximately equal to 5.41 Baht per share while the current price settles at 5.30 Baht per share which has an upside for 2.03%; anyway, the valuation is indicative to HOLD. However, there are variety of factors that are beyond control that would cause a fluctuation in Thai economic and media industry which might be directly impact to company's performance.

In conclusion, the valuation study is to suggest company intrinsic value which the method still has some limitations. Therefore, the value must be consider carefully. However, the study can still provide guidance on processes of intrinsic valuation for investors and interested person in material construction companies.

KEY WORDS: VGI / Valuation / Discounted Cash Flow / Construction Material

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LIST OF ABBREVIATIONS

BTSC	Bangkok Mass Transit System Public Company Limited
BTSG	BTS Group Holdings Public Company Limited
MACO	Master Ad Public Company Limited
POV	Point of View (POV) Media Group Company Limited
VGI Ad	VGI Advertising Media Company Limited
VGI Ad China	VGI Advertising China Company Limited
Midas	Midas Global Media Company Limited
BMA	Bangkok Metropolitan Administration, including other agencies that may have the authority to act on behalf of BMA; in this case, it means Krungthep Thanakom Company Limited.
Bangkok	Bangkok Province
Member of the Executive Committee	Member of the Executive Committee, who may be and/or not be the Company's directors
VGI Group	VGI Global Media Public Company Limited and its subsidiaries
SET	Stock Exchange of Thailand
Company / VGI	VGI Global Media Public Company Limited
VGI-W1 / VGI-W1 Warrants	Warrants to Purchase the Newly Issued Ordinary Shares of the Company No. 1 (VGI-W1)

Modern Trade	Modern retail stores characterized by countrywide network such as Tesco Lotus and Big C
BRT	Bus Rapid Transit (BRT) provides the mass transit in the urban and outlying areas. It is a bus using a speed higher than the normal bus by driving on the special lane that is separated from the main road. At present there is 12 stations altogether 16 kilometers, connecting Chong Nonsi along Narathiwas Road through Rama III Road to Ratchapruerk, and having the station connecting to BTS at Chong Nonsi Station
BTS SkyTrain	BTS Silom Line and BTS Sukhumvit Line, including BTS Silom Line Extension and BTS Sukhumvit Line Extension
BTS Silom Line	Comprising 7 stations (including Siam station) with a combined track length of 6.5 kilometers, connecting National Stadium Station and Saphan Taksin Station
BTS Sukhumvit Line	Comprising 17 stations (including Siam station) with a combined track length of 17 kilometers, connecting Mo Chit Station and On Nut Station
BTS Silom Line Extension	The 7.5 kilometers extension of BTS Silom Line, comprising 6 BTS stations, connecting Saphan Taksin Station and Bang Wa Station, where BTSC is a operation and maintenance service provider
BTS Sukhumvit Line Extension	The 5.25 kilometers extension of BTS Sukhumvit Line, comprising 5 BTS stations, connecting Bang Chak Station and Bearing Station
MRT	M.R.T. ChaloeM Ratchamongkhon, connecting from Hua Lamphong and Bang Sue, with combined track length of 20 kilometers, totaling 18 stations and having the station connecting to 3 BTS stations, i.e. Sala Deang Station, Asoke Station and Mo Chit Station
Airport Rail Link	Train Transportation System connecting to Suvarnabhumi Airport
MRTA	Mass Rapid Transit Authority of Thailand

Concession Agreement

Bangkok Mass Transit System Concession Agreement between the BMA and BTSC dated 9 April 1992, for the operation of BTS Silom Line and BTS Sukhumvit Line

Right to Manage Marketing Services in the BTS Sky Train System

License to Manage Marketing Services Agreement entered with BTSC, for being granted the Company an exclusive right to manage the advertising space and merchandising area in the BTS Skytrain system, both (a) BTS Silom Line and (b) BTS Sukhumvit Line

Right to Advertise in the Office Building Agreement

LCD screens installation and management in office building agreement, being granted the Company to manage the advertising space in the passenger lifts and the hall way and lobby of the office buildings

SEC

Securities and Exchange Commission

Digital Media

Multimedia

Static Media

Static picture, such as, vinyl sign, light box, trivision, escalator gateway, sticker on the floor, toilet mirrors

Multimedia

Advertising media which can present static picture, movie and sound in the form of short advertising film broadcasted on the digital screens, such as, plasma screen, LCD screen, LED screens

Media Agency

Advertising agency who provide strategic planning for use of various types of media as well as media budget planning and media usage decision making

CHAPTER I VALUATION

1.1 Highlights

Steadily step towards the leader of integrated media platform

1.1.1 A new transition towards the nationwide integrated media platforms

The company has projected itself to be the leader of nationwide integrated media platform within 2 years. The additional acquisition of MACO, the leading outdoor media in billboards and street furniture presence across the country could lift up VGI into leader in outdoor media market apart from its stronghold in transit media. In addition to existing office building media, VGI has accelerated the media capacity via its connection to cover additional numbers of office and residential building in the centre of Bangkok business district within 1 year.

1.1.2 Developing an in-house digital media

The company plans for an activation capability and begun to leverage a relationship with BSS Holdings Company Limited (“BSSH”) and its subsidiaries. Being a partnership with BSSH, VGI will gain an online media inventory, access to “offline” data and “online” data sources through Rabbit online web portal and Rabbit Line Pay app – a Joint Venture with Line. The company aims to become a one-stop, integrated online/offline media platform in which enable its customers to create “smarter” and targeted advertising campaign to achieve customer’s brand engagement across the nationwide.

1.1.3 Stronghold of mass transit media leadership

VGI as a sole media agent for BTS mass transit media operation, the revenue contributed by mass transit has proved to be the most resilient in terms of growth

and profit margin. The extension of Bangkok sky train network of pink and green line which will start operation in year 2020 could potentially bring the revenue stream to the company incredibly.

1.1.4 Recommendation for HOLD

VGI's current valuation with PER of 35x lower than an average PER of the OOH media industry and also the overall media segment (Figure 1.1). However, the current value is not bargain; we therefore maintain our HOLD rating for the stock since there is scope for upside to the firm's long-term growth potential from BTS-related media, outdoor and other media businesses. VGI's business transition will take time and require execution capability. VGI needs 2-4 quarter to restructure the organization internally and full business synergies. Thus, it is worth investors hold the stock.

Out-of-Home Media Industry	PER
VGI	35 x
MACO	42 x
PLANB	63 x
AQUA	13 x
Average PER of OOH Media	47 x
SET Media Industry	50 x

Figure 1.1 Average PER by Media Segment and SET Media Industry

1.2 Business Description

VGI Global Media Public Company Limited or VGI was established in 1995. The company operates as a provider of network advertising emphasizing on modern Lifestyle Out-of-Home Media (OOH) to covered the lifestyle of the new generation with the commercial area in Bangkok's CBD. In 1999, the company was granted the exclusive right from Bangkok Mass Transit Public Company Limited or BTSC to manage the advertising spaces and commercial areas on BTS Sky Train stations and for all BTS trains in BTS Sky Train System. On October 2012, the company

was successfully listed on the Stock Exchange of Thailand (SET) under the ticker symbol “VGI”. The major shareholders; BTSC and BTS Group Public Company Limited (BTSG) has accounted for a portion of 51% and 19.40% respectively while the free float accounted for 22.65%.

Strategy

The company aims to become a “Nationwide Integrated Media Platform, (Figure 1.2)” pursuing strategic alliances and acquisitions to present in diverse media segment including transit, office building, outdoor, aviation and digital. The company target MACO additional acquisition to broaden its outdoor presence across the country. Moreover to online media segment via the Rabbit acquisition which expected to complete by year 2017 (Figure 1.3). The 2 main business; BTS related transit media and office building media have been continuously expanded. This year the company expects to increase the occupancy rate in all existing media onto 7 new extension stations. In the office building media, the company expects to increase number of building to 160 buildings and 200 buildings in the next 2 years.



Figure 1.2 Nationwide Integrated Media Platform Strategy

The company aims to offer extensive service to become a smarter media provider for both product’s owners and consumers. The merging of Rabbit card with 2 million users database, the company can enable into larger data analytics in order to provide the media solution for the product’s owner to communicate widely to the con-

sumers in difference dimension of advertising medium in various outstanding locations where the company presence in.

Revenue Structure

VGI engaged in the provision of marketing and advertising services. As end of fiscal year 31 March 2016, the Company's business activities are divided into 3 main groups:

Mass Transit Media

VGI owns the right to manage media service and merchandising areas in the BTS Sky Train System. The License to Manage Marketing Service Agreement will be terminated in 17 years, on 4 December 2029. Mass transit media consists of Bangkok mass transit system (BTS) merchandising, which refers to the shops on the BTS stations, BTS advertising, Chulalongkorn University (CU) media, which comprises bus shelter and bus body media, and airport rail link (Figure 1.3). BTS Sky Train route is located within Bangkok's central business district and key commercial and residential areas, the company gain various competitive advantages i.e. being strategically located, having increasing viewership from the number of growing passengers on the rail mass transit and from being a highly effective media that get directly to the target group.

BTS-RELATED MEDIA PROFILE

No. of location:	30 stations/52 trains
Static Media:	> 4,000 displays
Digital Media:	2,029 screens
Viewer reach:	720,155 people/day
Merchandising space:	> 10,000 sqm.
Target viewer:	<ul style="list-style-type: none"> • Working people & younger generation • Age 15 – 35 • Middle Income

Figure 1.3 BTS – Related Media Profile

Outdoor media

The outdoor media has covered multimedia at various location i.e. office building and residence building, the digital screen networks both in Bangkok centric business area and across the country, aviation, large billboard, networking billboard, series pole and street furniture.

Office building and residential building: consist of digital screens which are installed inside elevators of office buildings or other waiting areas inside office buildings such as lobbies, Office building media, particularly inside the elevator are considered a captive media as there is limited space. In the office building media, the company was able to secure rights to 135 buildings, particularly grade A building in central business district area (Figure 1.4). Moreover, the company also gets into the residential building by being a partnership with Artista Media limited Partnership in order to expand the company's service and open a large market, considerably increasing in company's potential in media.

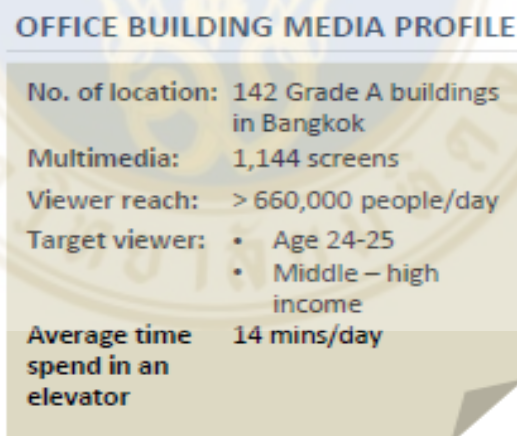


Figure 1.4 Office Building Media

Large billboard and street furniture: VGI has acquired the Master Ad Public Company Limited who operates in a media rental and advertising product such as large billboard, networking billboard, series pole, city vision BTS , Siam square billboard and city grip light express (Figure 1.5).

Product	Locations/Areas
Billboard	Bangkok & vicinity / 667 billboards
Street Furniture	In 69 provinces / 554 billboards
Transit	City grip light express & Mo Chit station / 124 signs & 7 light boxes

Figure 1.5 MACO Outdoor Media

Apart from an advertising media, VGI also provides other services such as media production, commercial media, radio spot advertising, and events.

Target Customers

The Company's customers can be classified into 2 types based on relationships as shown below.

Advertising Agency is accounted for 77.40 percent of total customer portfolio (Figure 1.6); the high percentage of advertising agency provides more efficiency for media space management as part of strategic planning in deploying various kinds of media. Agencies act like representatives of product and service owners in contacting the Company to produce and install advertising media for them. These agencies mostly look for big media companies who own a variety of advertising media that cover broader customer base as well as outstanding innovative products and services that effectively appeal to target customer groups.

Product and Service Owner is accounted for 22.60 percent (Figure 1.6). Customers who are product and service owners are small and medium-sized enterprises (SMEs), private companies, government agencies or state enterprises. These customers directly deal with the Company without going through agencies and hire the Company to produce and install advertising media for them.

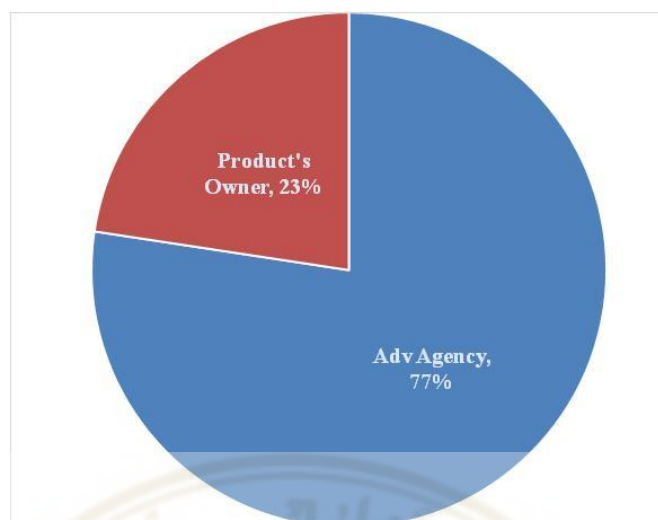


Figure 1.6 VGI's Target Customer

1.3 Industry Overview and Competitive Positioning

1.3.1 Macro-Economic Analysis

1.3.1.1 After a mild economic recovery from 2015, the country was in silence for the morning of great King Bhumiphol since October 13, 2016, the country overall economy expected to continue as smooth as before, except the weak sentiment of consumption for certain business i.e. entertainment and service industry which could temporarily drop. Forward into next 2-3 years economic outlook which forecasted the steady growth of 2.9 to 3.3 percent according to World Bank.

1.3.1.2 The execution of long-delayed transportation projects to make significant progress in 2017, as more than a dozen projects have cleared the bidding process and are now ready for construction. Sufficient transportation infrastructure is vital to putting Thailand on a higher growth trajectory, strengthening its competitiveness and improving the investment climate. Assuming good progress on the implementation of large-scale transportation projects, we expect Thailand to return to its potential growth of 4.0-5.0% by 2018.

1.3.1.3 To promote Digital economy, the government has earmarked THB 27.9bn of investment for 2017-21 in four areas: digital commerce, digital entrepreneurship, digital innovation and digital content. The focus will be on start-up businesses developing innovative business solutions such as e-commerce and e-payment. The government also established the Ministry of Digital Economy and Society in 2016. Thailand has 35mn internet subscriptions and 30mn social network subscriptions, according to a Board of Investment (BoI) report. It has 96.4mn registered mobile phone subscriptions, of which 34.6mn are smart phone subscriptions.

1.3.1.4 GDP driven mainly by private consumption, public spending and export of services (Figure 1.7). Domestic demand will remain a key driver of growth of government policies after the draft constitution was approved in the referendum. In particular, new investment in transportation infrastructure such as a dual track railway and Bangkok Mass Transit projects are expected to start in the second half of the year. Private consumption has continued strong expansion, supported by employment, farm income and government measure. The value of merchandise exports improved in many industries on account of rising demand for some products, expansion into new markets, and partly a result of the consolidation of product location for some products to Thailand such as hard disk drives and solar cells.

Expected GDP growth	2016	2017	2021*
	3.20%	3.20%	3.10%

Source : BOT's MPR Dec 2016 & IMF report Oct 2016

Figure 1.7 Expected GDP Growth Rate

1.3.1.5 The core inflation rate was expected to be unchanged from the previous estimate at 0.8% and 1.0% in 2016 and 2017 (Figure 1.8). An economic recovery with an increased demand is offset by a decline in costs, especially the lower oil price. The headline inflation forecast in 2016 and 2017 was also expected to remain unchanged from the previous estimation at 0.3% and 2% . It is revised down in line with a downward revision in the crude oil price forecast.

Percentage	2016	2017
Headline Inflation	0.3%	2.0%
Core Inflation	0.8%	1.0%

Source : BOT's MPR Dec 2016

Figure 1.8 Expected Inflation Rate

1.3.1.6 The current expansion of mass transportation in Bangkok implied greater access to more residual locations. As a result of mega transportation projects and mass transits route extension which expects BTS Sky Train to capture more strategic locations, the new routes present a lucrative opportunity in which dense customer traffic can be attained.

1.3.2 Industry Analysis

1.3.2.1 Thai Media Industry Outlook

1.3.2.1.1 Year 2016 still is on the looming year for Thai media industry, according to Media Agency Association of Thailand (MAAT) (Figure 1.9), the ads expenditure expecting to drop by 10 percent from previous year due to the media spending cut by top advertiser because of the morning period for King Bhumipol. Thai media affected by the slow rate of economic expansion in the past few years. Even though Thai economy managed to expand at a rate of 2.8% in 2015 compared to 0.9% in 2014, most of the key economic drivers were still weak. Export sector experienced a stagnant growth resulted from a slowdown in demand from ASEAN countries and China. Household income was low contributed by significantly low agricultural prices that led to a deceleration of private consumption. Precedent from the economic instability, most manufacturers and service providers slow down advertising spend and emphasized value for money under their limited budgets.

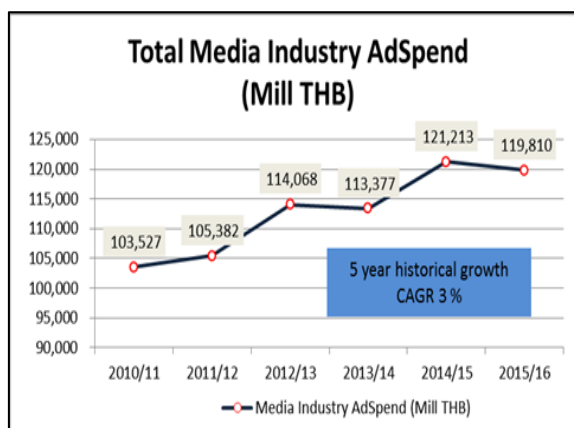
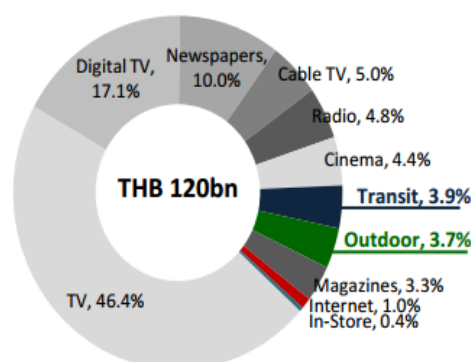


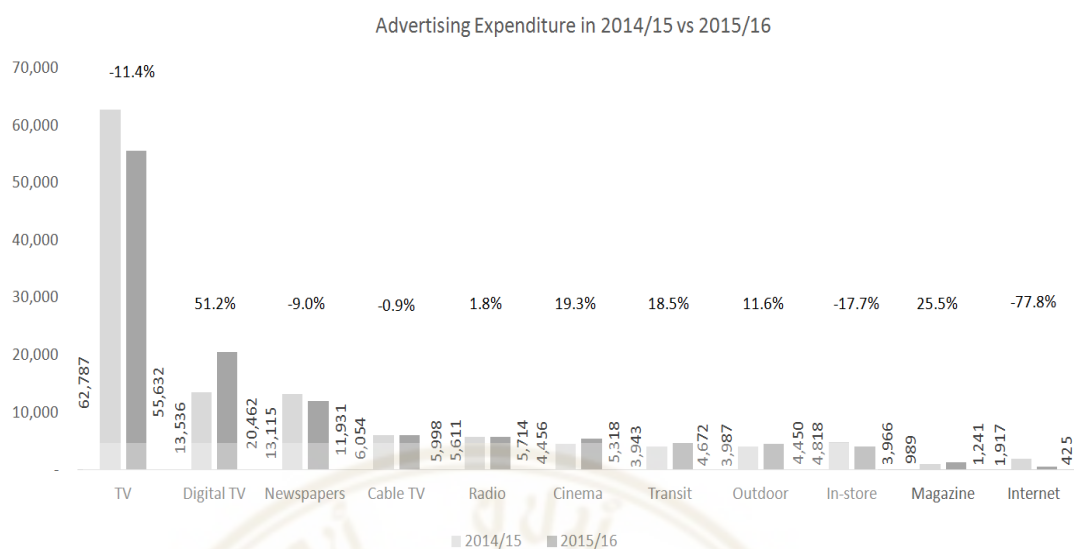
Figure 1.9 Historical data on Media Ads Spending (5 Years)

1.3.2.1.2 Thai economic grew slower than the expected from the Bank of Thailand's original estimate. The moderate expansion in GDP was mainly supported by higher government spending. Advertising expenditure contracted by 1.24% to THB 119,810mn (Figure 1.10), reflecting the overall sluggish economy. The biggest market share of a media industry is TV sector for 46.4%. Meanwhile market share for mass transit and outdoor media are 3.9% and 3.7% respectively. The growth of TV media sector has dramatically decline by 11.4% YoY. Despite the advertising industry's high vulnerability to economic conditions, after the liberalization of TV segment, digital TV was the best performing sector in the media industry, growing by 51.2% from THB 13,356mn to 20,462mn. The Transit Media Sector and the Outdoor Media Sector (in which the company also operates its business) grew by 18.5% and 11.6% YoY respectively (Figure 1.11).



Source: The Nielsen Company (Thailand) Limited.

Figure 1.10 Thai Advertising Expenditure



Source: The Nielsen Company (Thailand) Co., Ltd

Figure 1.11 Thai Advertising Growth Rate by Media Sector

1.3.2.2 Out-of-home media vs. Traditional Media Thailand

1.3.2.2.1 Out-of-home media (OOH) includes transit, outdoor and in-store media. The OOH spending was THB 9,547mn or 8% of Thailand's advertising spending, in total of THB 119,810 mn. OOH media has grown continuously at a higher rate each year compared to traditional media segment such as analog TV, radio, newspaper and magazines. Even though, the traditional media still had the highest market share at 64.4% of Thailand advertising spending, the trend is expected to move towards OOH media over time. This comes from the faster growth in advertising spending in OOH media during past 5 years (Figure 1.12).

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	5YRS CAGR (%)
TV	62,537.00	62,528.00	68,755.00	68,107.00	62,787.00	55,632.00	-2.30%
Digital TV	-	-	-	685.00	13,536.00	20,462.00	97.3%*
Newspapers	15,038.00	14,650.00	14,993.00	14,743.00	13,115.00	11,931.00	-4.50%
Cable TV	-	-	-	1,797.00	6,054.00	5,998.00	27.3%*
Radio	6,057.00	6,027.00	6,335.00	6,134.00	5,611.00	5,714.00	-1.20%
Cinema	6,382.00	7,231.00	7,205.00	5,360.00	4,456.00	5,318.00	-3.60%
Transit	2,262.00	2,650.00	3,189.00	3,533.00	3,943.00	4,672.00	15.60%
Outdoor	3,962.00	4,319.00	4,471.00	4,161.00	3,987.00	4,450.00	2.40%
In-store	5,764.00	5,715.00	5,662.00	5,508.00	4,818.00	3,966.00	-7.20%
Magazine	328.00	500.00	645.00	860.00	989.00	1,241.00	30.50%
Internet	1,198.00	1,760.00	2,813.00	2,488.00	1,917.00	425.00	-18.70%
Total Industry AdSpend	103,528.00	105,380.00	114,068.00	113,376.00	121,213.00	119,809.00	3.00%

Source: The Nielsen Company (Thailand) Co., Ltd

*Based on 2 years CAGR

Figure 1.12 Thai Advertising Media Spending 5 Years CAGR (%)

1.3.2.2.1 Out-of-home media (excluding in-store media) still in good shape, growth was sustained at two digit around 15% (YoY) from previous year amidst a stagnancy of the economy and overall advertising market. The reasons 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 offers better value for money compared to other traditional media such as newspapers or magazines. Besides, this type of advertising also aligns with urbanization and changing consumer behavior trend, as people spend more time outside their residences.

1.3.2.2.2 According to PwC Entertainment and Media forecast 2013-2017, Thailand's out-of-home revenues rose 34% to \$240 million in 2012 from \$179 million in 2008. The market is forecast to grow by an annual growth rate of 7.6% over the forecast period and will see revenues of \$346 million in 2017. The OOH market has benefited from growth in the numbers of retail chains, shopping malls and hypermarkets in the country and is characterized by a switch to digital out-of-home formats, which is now approaching 50% of spending, according to the local OOH advertising trade association (Figure 1.13).

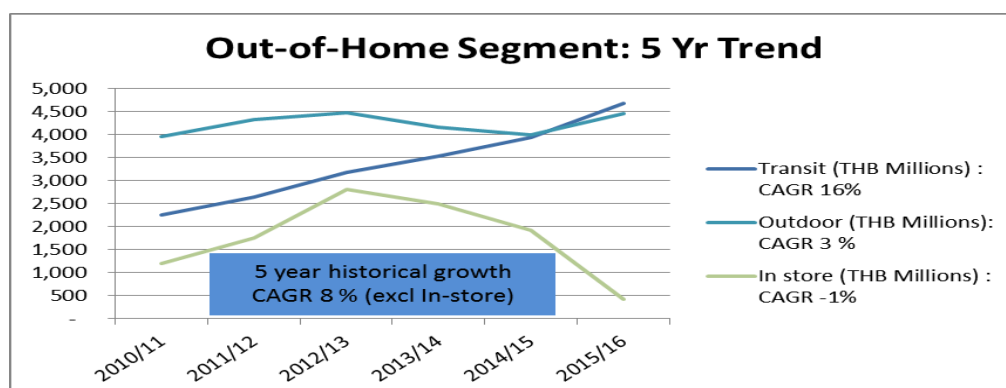


Figure 1.13 Trend of Ads Spending in Out-of Home Media in Past 5 Years

1.3.2.2.3 The mass transit expenditure was driven by the changing in commuting patterns. Urbanization continues to play a role in driving social changes in Thailand, correlating with the increase in growth of OOH media spending. During past 5 years, Transit and Outdoor media had compound annual growth rate (CAGR) of 15.6% and 2.4%, respectively conversely, the three lowest growth segments in Traditional media were TV, Radio, Newspaper and Magazines with CAGR of -2.3%, -1.2%, -4.5%, and -7.2% respectively. Hence, BTS-related revenue of the company remained in a positive side, showing 0.4% growth form THB 1,803mn to THB 1,813mn in year 2015 (Figure 1.14)

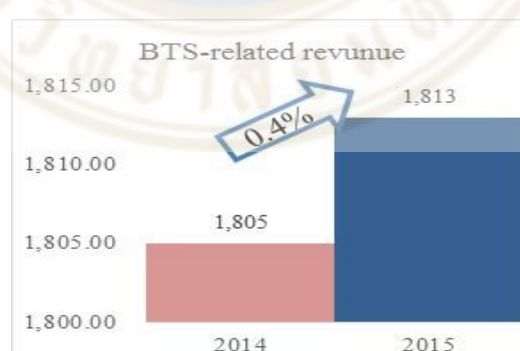


Figure 1.14 VGI's BTS Related Revenue

1.3.2.2.4 The emerging of urbanization trend throughout the country increases the demand for OOH media the opportunity arrives to media industry especially out of home media due to the surge of urbanization trend where people consume media in various channel. Urban lifestyle encourage the media

consumption demand. The more visibility, the more advantage to the business owners who have the power of advertising spending. Following this trend, the transportation connection is foreseen to extent towards out of downtown Bangkok i.e. extension of sky train and MRT lines throughout Bangkok suburban as well as the new regional airport building and cost low airline reachability.

1.3.2.2.5 Mass Transit Trend Analysis. BTS Sky Train's Core network ridership has increased significantly over the past 5 years from 145mn passengers to 233mn passengers in the year 2015 (Figure 1.15), representing CAGR of 10%. The growth in mass transit ridership has resulted in increased OOH media spending, as mention earlier for 15.6% of CAGR over the past 5 years. Furthermore, nowadays consumers are spending more time outside their home i.e. commuting in their car, in rail mass transit, buses, office buildings, shopping mall and airports.

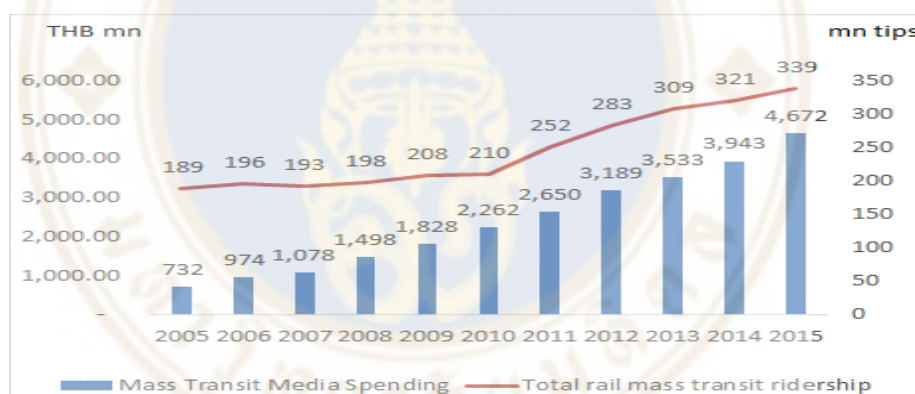


Figure 1.15 Growth in Mass Transit Ridership and OOH Media Spending

1.3.2.2.6 Transition to Multimedia. A remarkable change in the media prospect is the increasing dramatically of digital media (a media in form of file or digital use). According to figures released by the Digital Advertising Association, Thailand (DAAT), Thai digital advertisement spending has grown from THB 2,006mn in 2011 to THB 9,869mn in 2015, representing CAGR of 48.9%. Moreover, the market share of digital advertisement spending out of total advertisement spending has increased significantly from 1.9% to 7.0%. The growth of digital media is supported by its flexibility and scalability for advertisers to deliver messengers to a target audience.

1.3.3 Competition Analysis

Currently VGI have a strong presence in Thai local OOH media, as end of Mar 2016 its total market share has accounted for 22 percent in OOH. In Thailand there are a few key players in OOH as shown in Figure 1.16 & 1.17. Each player has various presences in different field. For mass transit media, it can be divided into train (sky train and subway), bus and aviation. The main players are VGI, PlanB and JC Decaux. Outdoor media has number of players as the more coverage medium type i.e. signpost, billboard, street furniture, office & high rise building, etc. By strategic acquiring MACO, VGI has moved itself to become the major player in outdoor media as MACO has its strong presence both in Bangkok and upcountry.

Company	Revenue(THBmn)	Net Profit(THBmn)
VGI	2,106	941
PLANB	2,170	400
MACO	694	171
AQUA	562	285

Data: Settrade

Figure 1.16 OOH Media List Players

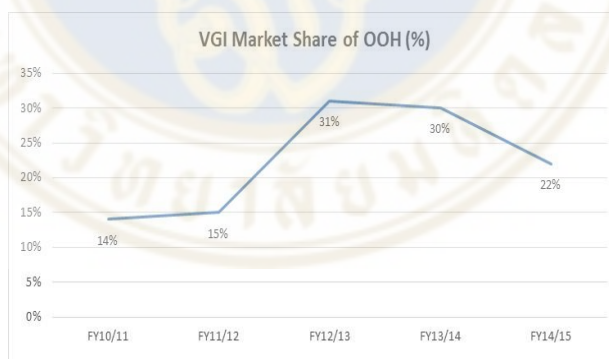


Figure 1.17 VGI Market Share of OOH (%)

Although, VGI has a few peers comparison, its market share in term of media network and its financial performance are as figure 1.18 below.

VGI	Network (unit)	Revenue (THB mn)	Rev. Con. (%)	MACO	Network (unit)	Revenue (THB mn)	Rev. Con. (%)	PlanB	Network (unit)	Revenue (THB mn)	Rev. Con. (%)
Transit	6,192	1,813	88.2%	Static	1,222	647	0.932	Digital	355	1,007	0.464
Digital	2,116	735		Static billboard	667	332		PlanB	170		
LC In-Train (screen)	1,430			Large Billboard	182			Hello BKK	78		
Platform Truss LED (screen)	21			Networking Billboard	215			Maxview	19		
E-Poster (screen)	25			PTT Poster	265			Air Traveller	88		
Platform Screen Door	640			Dindaeng	5			Static	1,125	584	0.269
Static	4,076	619		Street Furniture	555	315		PlanB	1,009		
Train body/In-Train (Train)	52			City Vision BTS	188			Hello BKK	128		
Station (panel)	4,024			City Vision Flyover	366						
Merchandising (sq.m.) & Others	8,800	459		Siam Square Billboard	1						
Off. Bldg. Media	1,282	201	9.8%	Transit	131	9	1.3%	Transit	3,500	510	23.5%
LCD (screen)	1,015	198		Griplight	124			MRT screen	1,000		
Frame (panel)	267	3		Mochit Station Pole	7			no. of bus	2,500		
Other Media	105	42	2.0%	Other		38	5.5%	In-store	1,300	53	2.4%
Mega LED (screen)	4							Other		16	0.7%
CU Project (bus)	25			Bangkok revenue		84%					95%
Chamchuri (screen)	33			Upcountry revenue		16%					5%
Empire Tower (screen)	43			Total	1,353	694	100%	Total	5,792	2,170	100%
Total	7,579	2,056	100%								

Figure 1.18 OOH Media Network and Financial Performance

1.3.3.1 The company has competitive advantage from being strategically located. Key players within the Thai Transit media are divided according to transportation type. For example, BTS Sky Train advertising is exclusively operated by VGI, bus advertising is mainly operated by PlanB and MRT underground advertising is mainly operated by BMN. As the BTS Sky Train route is located within Bangkok's central business district and key commercial and residential areas, the company has competitive advantages from being strategically located, from having increasing viewership from the number of growing passengers on the rail mass transit and from being a highly effective media that get directly to the target group (Figure 1.19)

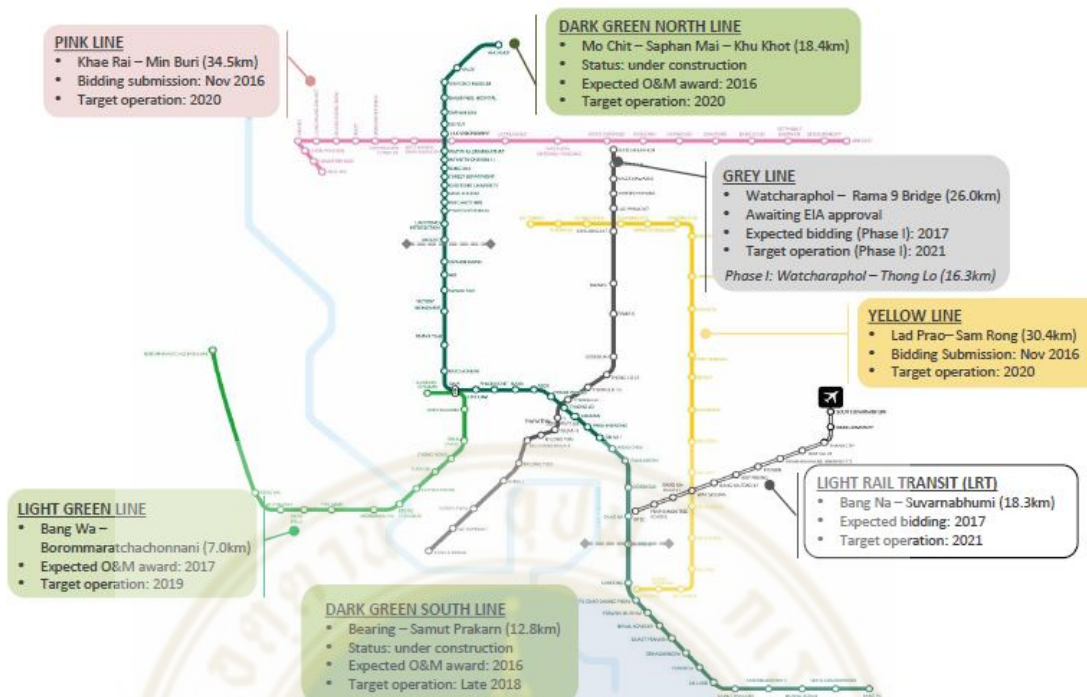


Figure 1.19 BTS Skytrain Strategically Location Benefits to VGI

1.3.3.2 VGI has enjoyed impressive revenue CAGR of 20.8% from BTS-related media during past 14 years (Figure 1.20). VGI processes exclusive right to manage 23 stations on the Core network, 7 station extension stations and all BTS trains which run through the key commercial, residential and office areas of central Bangkok. Strong growth in ridership, new train capacity, expansion of the rail mass transit network and new advertising technologies are the main contributing factors to the growth of BTS-related media.

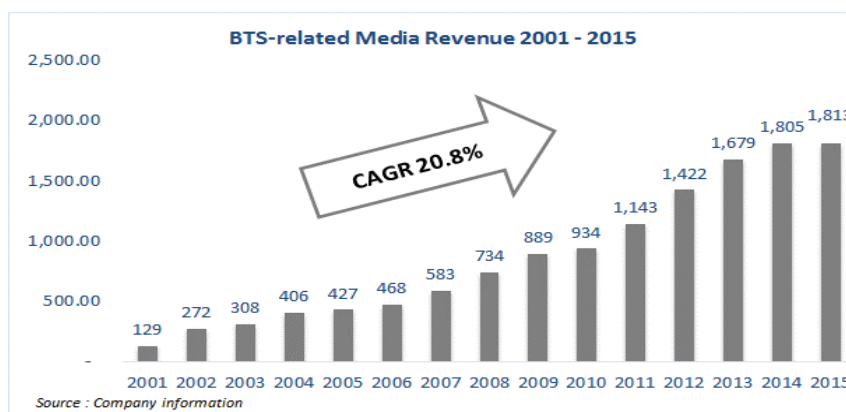


Figure 1.20 VGI’s Revenue CAGR (2001-2015)

1.3.3.3 VGI owned the largest Office Building media network in Bangkok. The company receives sole exclusive rights to install and manage LCD screens in elevators in office building by entering into agreement for a duration of each contract 3 – 5 years. The others competitors are only the owner of the landlord themselves. Moreover, the company became an exclusive sale agent for ARTISTA across 219 residential buildings to provide advertising service in office and residential buildings, covering 354 building with over 1,640 screens.

1.3.3.4 The more medium coverage, the more opportunity: during past few year, trend for the media budgeting has been allocated to different kinds of advertising because each type of media advertising has a different in its main feature or it's characteristic and different in the efficiency in communicating with consumer. The agency and the owner, both product and service, will provide the advertising with the constant frequency in the different channel that has the most fit and suitable to their target group and their budgeting in order to motivate the brand awareness, understand the feature of the product, expand the consumer base to be broader, and to emphasize on the brand royalty creation.

1.3.3.5 Competing for market share: nowadays, the competition in this industry does not to compete for the market share in the same pattern that try to get the market share in the same type of media but it is a competition to increase market share in every different kinds of advertising media. The media company who has their network in different type of media, will have more advantage in the high competition because they can fulfill the satisfaction of the product and service owners' need which lead to the media company will earn more market share of the media market. Moreover, the consumer behavior has been changed to be a multitasking thus, using a stand-alone media will not response to the consumer behavior that changed.

Therefore, media in the present is combined between a traditional and digital. The feedback from the media integration is in positive and continuously growing. There are new feature from the combination that generate new experience with an exotic to get into the content of media which make more interesting. While this new style of media has more popular, the traditional itself increases more advertising fee. This

will be another factor that motivate the product and service owner to pay attention on others media which is less expensive with an obviously outcome.

1.4 Investment Summary

1.4.1 An important transition to new stage of growth

As With the analysis and assumptions, we expect an upside gain of 2.03 percent at the target price of 5.41 THB, under the DCF model (averaged 13 % 5-yr 2 stage growth, 8.5% WACC, and 5% Terminal Growth) We are positive in VGI position as the out-of-home media market leader in regards to the market and industry outlook in medium to long term horizon.

The shift in focused business arena from Bangkok and vicinity towards the nationwide media platform is the main driving force for VGI to leverage itself in the media market position. The idea of integrated media platform (Figure 1.21) will potentially boost VGI revenue growth and having well diversified revenue contribution.

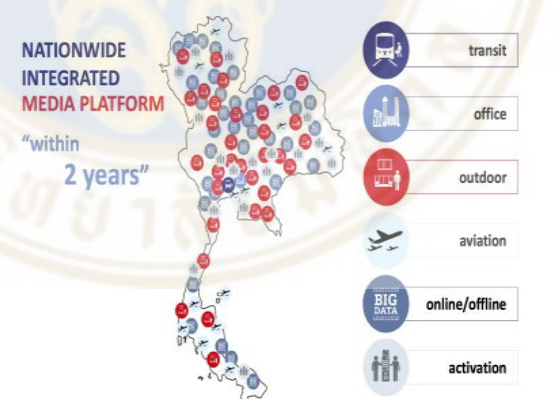


Figure 1.21 VGI Integrated Media Platform

1.4.2 Massive investment in strategic acquisition of MACO and Rabbit

VGI new vision has been launching in 2016, several projection on media coverage expansion aiming to be the leader of nationwide integrated media platform within 2 years. VGI acquired additional stake in MACO, the leading outdoor media in

billboards and street furniture presence across the country as to broaden its outdoor media sector from existing office building media and the current stronghold of transit media. In addition, the acquiring of Rabbit expecting to add new growth to the company in the creation of an innovative audience-targeted ads-media service. Large borrowing need to be funded both deal which worth in total for approx. 2 billion baht. VGI leverage expects to increase resulting the risk will be higher. The rate of return is somewhat unclear at this stage, we still be cautious and conservative on how to draw the revenue model from the new business service.

1.4.3 Developing an in-house digital media

The company plan for an activation capability and begun to leverage a relationship with BSS Holdings Company Limited (“BSSH”) and its subsidiaries. Being a partnership with BSSH, VGI will gain for an online media inventory, access to “offline” data sources such as Rabbit’s 5mn active card users and 2mn Carrot Reward members, and “online” data sources through Rabbit Online web portal and Rabbit Line Pay app – a Joint Venture with Line. The company aim to become a one-stop, integrated online/offline media platform and enable customers to create “smarter”, targeted advertising to activate customer/brand engagement across the nationwide segments.

1.4.4 No. 1 mass transit stronghold

The acceleration of capacity onto its existing mass transit media platform affirms the continual growth from its core business. BTS related unit proved to be the most resilient performer. With exclusive rights to manage advertising space on BTS sky train and extension lines until 2029 and after, ensures the revenue stream to VGI for long term period.

1.4.5 VGI pursue organic growth inside and outside Thailand

Including the acquired stake in MACO and AERO media which contributing the positive organic growth out of main revenue source in other media platforms for instant LED billboard, mega LED, E-Poster, office and condo building and aviation airports across the country. Lately the joint venture with Malaysia strategic part-

ner will open VGI into international arena and establish a footprint in transit, in-store, cinema and outdoor media in Malaysian market with exclusive concessionaires (Figure 1.22)

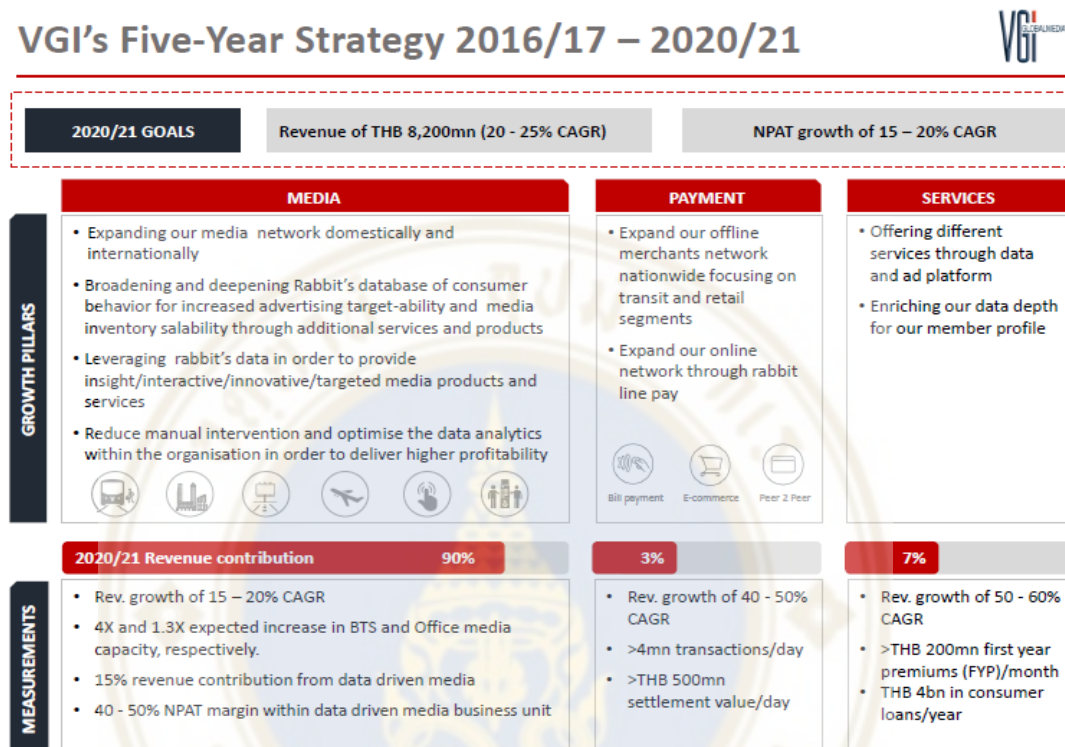


Figure 1.22 VGI's Five-Year Strategy

1.5 Valuation (Multiples Method)

1.5.1 Target Price based on a Discounted Cash Flow Model – Free Cash Flow to Firm, FCFF

We evaluated VGI by using Discounted Cash Flow method. We are confident that the most appropriate techniques for VGI is Free Cash Flow to Firm. The former incorporates the long-term growth opportunity and with a strength point in the cost of debt.

1.5.2 Discounted Cash Flow Model: Free Cash Flow to Firm (FCFF)

This method is suitable for VGI as the company has low level on the leverage and the cost of debt position in a very satisfy rate. It takes in consideration the time value of money. The company's growth prospect reflects the free cash flow value of the company and accounts for future growth as well as a long-term perspective. The base price from this model is THB 5.41.

The primary components of our FCFF model are (1) 5-year forecasted cash flow, (2) terminal value, and (3) weighted average cost of capital.

1.5.3 5-year forecasted cash flow assumptions

1.5.3.1 Sales Forecast: the five-year projected cash flows are derived from increasing sales, from an increase of the BTS's passengers which is considered as an output of the company, an increase in the same media network and an aggressive in business expansion.

1.5.3.2 BTS-related revenue: A strong growth in ridership, new train capacity, expansion of the rail mass transit network and new advertising technologies are the main contributing factors to the growth of BTS-related revenue. The BTS's total ridership growth in past 5 years and past 10 years were on average was 10.14% and 6.06% respectively (Figure 1.23). There are also a mega projects and route extension of mass transit which will feed more on the passengers. Under BTS-related revenue, it can be divided into 2 source of income, BTS mass transit revenue and merchandising revenue. The growth of BTS-related revenue mainly drives from continuously increasing on the number of ridership while the selling price is expected to slightly increase.

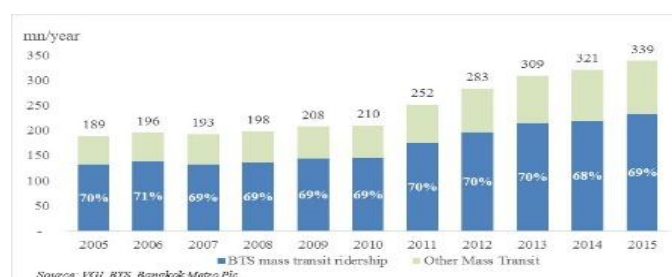


Figure 1.23 BTS's Total Ridership Growth in Past 5 Years

1.5.3.3 Office Building revenue: VGI will continue to grow its footprint in major office building throughout Bangkok. The revenue growth is driven by the expansion of the network to 160 buildings in 2016 and reaching 200 units in next 2 years, as well as an increase in selling prices by 7% according to the growth from the previous year rate.

1.5.3.4 MACO (Outdoor media) revenue: As a portion of MACO towards VGI revenue distribution as 25% (Figure 1.24) from a fully controlling on the Board of Directors, we do roughly forecast in this segment by using an average revenue growth in the past 5 years historical data. The conservative growth rate is 5% (average 5 years historical growth rate).

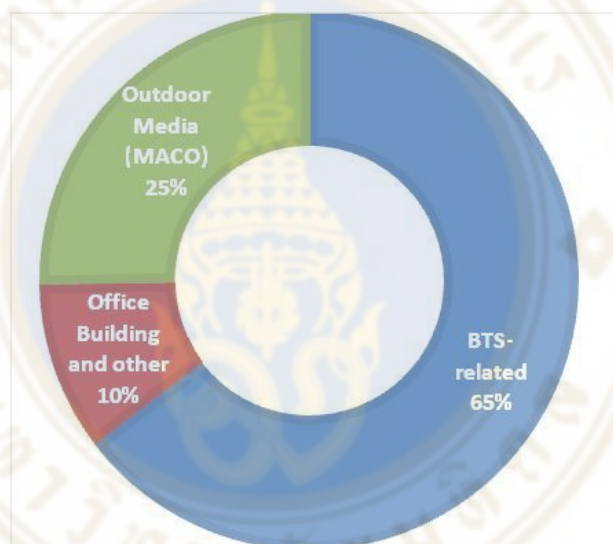


Figure 1.24 VGI's Revenue Distribution

1.5.4 Strong and increasing margins

Gross profit exhibits an increasing and stable strong fundamental. For an increasing in gross profit to around 67% in the next 5 year forecasting, the overall cost of services are decreased due to the termination of a modern trade segment which its cost was 75% of the total revenue. This effects to the margin improves. Also the company obtains the sole rights to manage an advertising on the BTS Sky Train with a specific rate on concession fee. Thus, we are confident that the company will maintain a high margin level.

1.5.5 SG&A grows in line with sales revenue

The percentage of SG&A has been constant for over 5 years. With the trend and the company historical data shows the percentage in 2% and 11% in selling expense and administrative expense respectively. However, since the company needs to consolidate the financial statement with MACO, starting this year, the average growth rate of SG&A will slightly increase by 1% from 9% to 10%. Trend and historical data suggest us to convince that the company has ability to strictly control this SG&A in line of company expenditure.

1.5.6 Capital expenditure, CAPEX

In the year 2016, the company announced to acquire an additional 12.46% of MACO from an existing shareholders and also others acquisition. The estimated investments are THB 412.5mn and THB 439mn for MACO and its subsidiary. Moreover, there will be CAPEX on the company management with an approximately THB 150mn each year during 5 years projected.

1.5.7 Terminal Value

The perpetual growth of 5% is an organic growth of the company only in the BTS-related revenue. The growth rate based on 5% projected growth rate in ridership for only core line BTS Sky Train. According to the 3.0% projected in GDP of Thailand in the next 5 years by International Monetary Fund (IMF), we are certain that the selling price will not be in negative and the company will able to attain 5% perpetual growth rate.

1.5.8 Weighted average cost of capital, WACC

The Cost of Equity was calculated by the CAPM model, using the 10-year government bond risk-free rate of 2.74%, the expected market return of 7.96% from Page Stern (Aswath Damodaran) and adjusted beta of 0.752 (Bloomberg) to reflect the Cost of Equity of 8.73%. Meanwhile, the cost of debt after tax is 3.0% from an interest rate of 3.75% (company data). The WACC is 8.49% by the weight between debt of 4% and market value of equity at 96% (Figure 1.25).

Cost of Equity		Cost of Debt	
10-Yr Risk Free Rate	2.74%	Int. Rate	3.75%
MRP (Page Stern)	7.96%	Tax Rate	20%
Beta	0.75		
Ke	8.73%	Kd	3.00%
We	96%	Wd	4%
Weight Average Cost of Capital			8.49%

Figure 1.25 WACC

1.5.9 Target Price is THB 5.41

The valuation is assigned on the DCF model. We believe that DCF will reflect the intrinsic value of VGI and its price in longer horizon 5 years. From the DCF model, the expected share price is THB 5.41. Compared to current price of THB 5.30, there is a time to hold in this stock as there is some upside loss of 2.03% by the end of 2016 (Figure 1.26). The target has an upside gain from comparing with a price on 7th December 2016 due to company's fiscal year end of March.

Total Value of Firm	38,682.66
Value of Debt	1,563.16
Value of Equity	37,119.50
# of shares	6,864.00
Expected Share Price	5.41
Current Price	5.30
Upside	2.03%

Figure 1.26 Target Price

1.5.10 Sensitivity Analysis

The FCFF model relies mostly on the WACC and Terminal Value, which are determined largely by the assumed perpetual growth rate. The target price may be altered substantially should there be any changes to the WACC and Terminal which represents a large lump sum amount of the discounted cash

Our base case assumed weight average cost of capital at 8.49% for a stock price of THB 5.41. However, if WACC declines by 10%, the stock price will increase to THB 7.18, while an increase in 20% of WACC will decrease stock price to THB 3.60. In contrast, the decrease in 1% of terminal value will decrease stock price for

THB 4.33 while an increase in 1% of terminal value can effect to stock price for THB 7.35.

% Deviation from	WACC		% Deviation from	Terminal Value (TV)	
	WACC	Share Price		TV	Share Price
		5.41			5.41
-20%	6.79%	10.64	-2%	3.00%	3.64
-10%	7.64%	7.18	-1%	4.00%	4.33
0%	8.49%	5.41	0%	5.00%	5.41
10%	9.34%	4.33	1%	6.00%	7.35
20%	10.19%	3.60	2%	7.00%	11.91

Figure 1.27 Sensitivity Analysis Changing in WACC and Terminal Value

	Price per share (THB)				
	Terminal Value				
	5.4	3%	4%	5%	6%
%WACC	6.79%	5.34	7.04	10.64	23.34
	7.64%	4.34	5.37	7.18	11.21
	8.49%	3.64	4.33	5.41	7.35
	9.34%	3.13	3.62	4.33	5.46
	10.19%	2.71	3.06	3.54	4.24

Figure 1.28 Sensitivity Analysis Changing in both WACC and Terminal Value

At 8.49% in WACC and 5% terminal value, VGI's stock price will be THB 5.41. However, in the worst case scenario, if WACC is 10.19% and Terminal Value pointed on 3% growth, our stock price will drop to THB 2.71. On the other hand, 6.79% of WACC and Terminal Value at 6%, the stock price will result in a higher price of THB 23.34.

1.6 Financial Analysis

1.6.1 Earnings

VGI is the market leader in out of home media sector, the forecasted revenue contribution in 2016 showing the growing part of office building revenue from 2 percent in 2015 up to 11 percent in 2016. VGI is planning to diversify the revenue contribution via the strategic investment in M&A.

The revenue was little dropped in 2015 mainly from BTS-related media which faced challenges from overall media spending decline as price dumping from other media players. Nevertheless, the company was able to overcome by improve its gross profit margin year on year, reflecting the efficient cost of service management that reducing from 45 percent in FY2015 to 37 percent in 2016 (Figure 1.29).

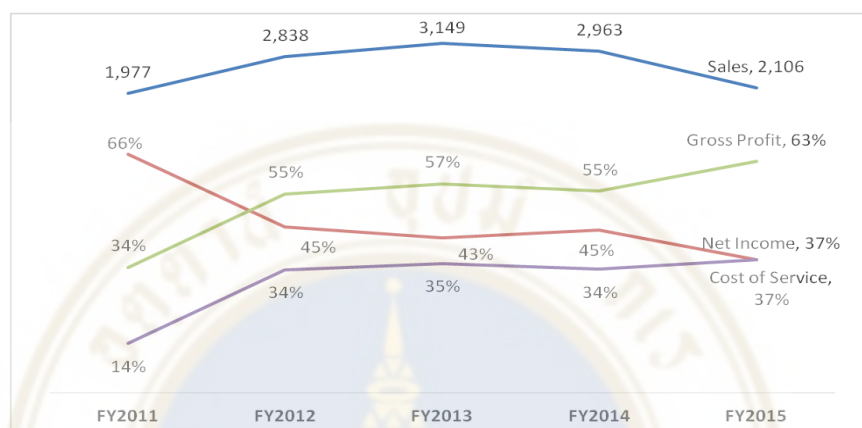
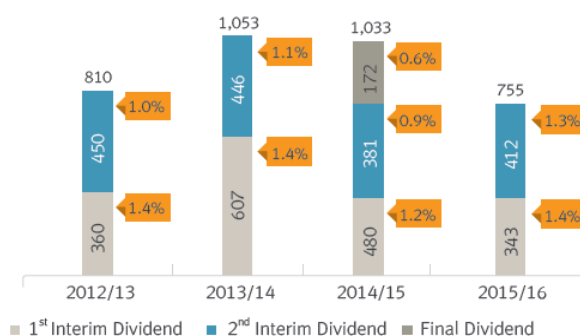


Figure 1.29 VGI's Income Statement Analysis

1.6.2 Cash Flow

The cash flow estimation indicated that the company can generate higher cash from business operating which can be covered new investment plan in year 2016 i.e. acquisition of MACO and joint venture project. The company has strictly maintained its dividend policy of not less than 50 percent of NI either in form of cash or stock. Since there was cash excess in cash flow, the company decided to pay back short term loan and paid dividend more than target of 50 percent (Figure 1.30).



Note:

- Dividend yield is calculated using VGI closing share price one day before the date of Board of Director Meeting approving the relevant dividend.

Figure 1.30 VGI Dividend Record

1.6.3 Balance Sheet & Financing

The acquisition of MACO in FY2016 and 2017 have added to VGI asset and liability consolidation. The company decided to go for borrowing to fund the deal, hence short term debt increasing from previous year. However, the company balance sheet remains solid with sufficient liquidity. Both current ratio and quick ratio has been well-managed (current ratio approaching 1 to above) except in FY2015 that the company had loaded with the short term borrowing from acquiring new company.

Short Term Liquidity Risk	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16
Current ratio (x)	0.96	2.71	2.14	0.73	1.02
Quick ratio (x)	0.86	2.61	2.12	0.71	0.92

Figure 1.31 VGI's Short Term Liquidity Ratio

1.6.4 Common size analysis

1.6.4.1 The common size analysis to see which part is a major item in income statement, by scale each item as percentage base (100%). Cost of sales as end of 2015 accounted for 37 percent of sales reduce from 45 percent in previous year. The lower percentage cost of sale means higher gross profit margin for VGI. Compared with Plan B the major competitor in OOH arena, the cost of sale accounted double size from VGI 63 percent. This shows that VGI has competitive advantage in term of cost management over Plan B. Selling and administrative expenses accounted for 15 percent as similar to Plan B. The bottom line of net income for VGI accounted

for 39 percent which 20 percent higher than Plan B given the low cost of sale making VGI outpaced its peer in term of net profit margin (Figure 1.32).

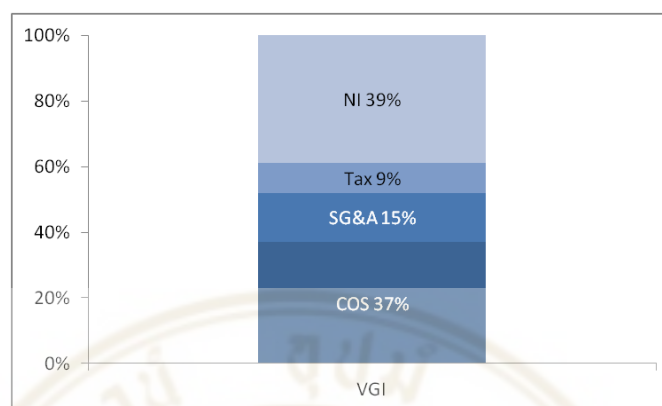


Figure 1.32 VGI's Income Statement

1.6.4.2 In term of total asset base at end of 2015 position, Property, Plant and Equipment has accounted the major part in both VGI and Plan B 39 percent and 37 percent respectively. VGI investment in subsidiary took the significant percentage of total asset as their aim to expand business portfolio both in and outside Thailand. Cash and cash equivalent accounted only 12 percent of total asset while Plan B has larger cash holding at 29 percent. From the graph below we can imply that the company loaded more on non-current asset at 73 percent, whereas current asset accounted only 27 percent. Different from Plan B which equally weight on current and non-current 50:50 portion (Figure 1.33).

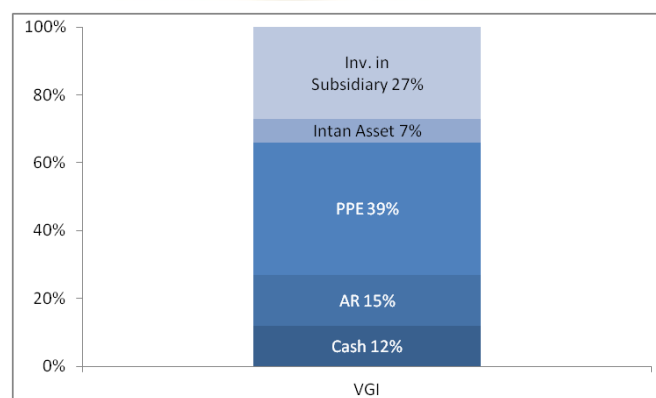


Figure 1.33 VGI's Asset Analysis

1.6.4.3 Liability and shareholder's equity, both VGI and PlanB has heavily financed with equity part which accounted for 72 percent for VGI and 88 percent for Plan B. Liability in term of debt accounted only around 10 percent (Figure 1.34).

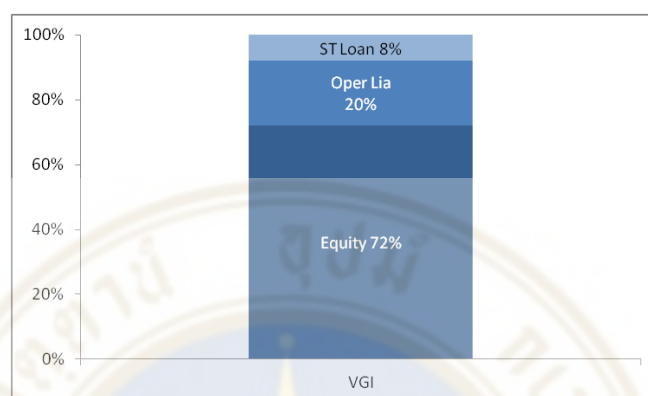


Figure 1.34 VGI's Liability & Shareholder's Equity Analysis

1.6.5 Trend analysis

1.6.5.1 Income statement; please take note that VGI was launched its IPO since Oct 2012, and Plan B started in SET in year 2014, therefore the information available for comparison is insufficient for Plan B to compare in same timeframe.

Over the 4 years period, VGI service revenue had CAGR of 5 percent growth which considered in line with the overall Thai Media industry growth, the main contribution come from mass transit media which generated 2 digit growths for past 5 year. The reducing in revenue trend from CY 2013 to 2015 was due to the political crisis and massive demonstration around Bangkok which severely affected Thai OOH media. Cost of sale also had the similar trend with revenue which good for the company that sale and cost of sales moves in the same direction. SG&A somewhat tend to move closed to sale but slightly higher during the last 2 years. Compared with Plan B, its main rival which revenue on the trend up in the past 2 years. Plan B is the leading player in outdoor media which cover around Bangkok and across country. Plan B lately has focused on the digital media which tend to overcome traditional media. The demand for digital media has increasing, hence driving Plan B growth.

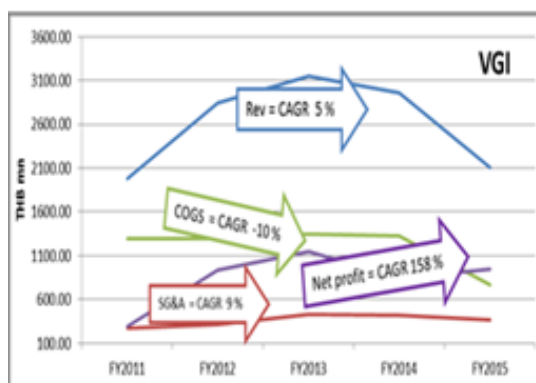


Figure 1.35 VGI Income Statement Trend Analysis

1.6.5.2 For the major trend changed in balance sheet, PPE had significant increased from around 200 mill THB to 1200 Mill THB in 5 years, more than 400 percent growth from year one. PPE including the all media signpost, screens and billboard on BTS station sand office building around Bangkok. Secondly cash and cash equivalent had reducing as those were transformed in term of investment in new business expansion and loan to subsidiaries. Last item is equity which had enormously increased in the past 5 years, the capital structure had changed from liability based to equity, which increased almost 600 percent. For Plan B the asset trend had remained flat in past 2 year, while cash increased a lot. Same trend on equity (Figure 1.36& 1.37).

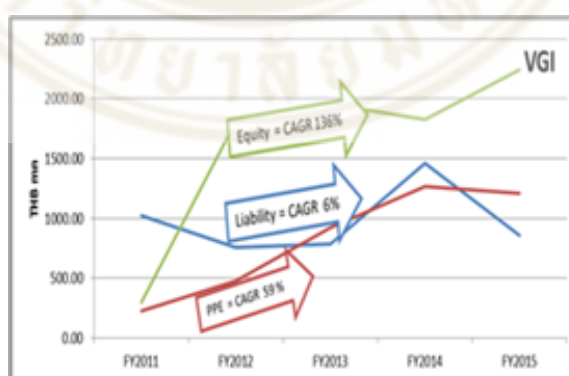


Figure 1.36 VGI Assets Trend Analysis

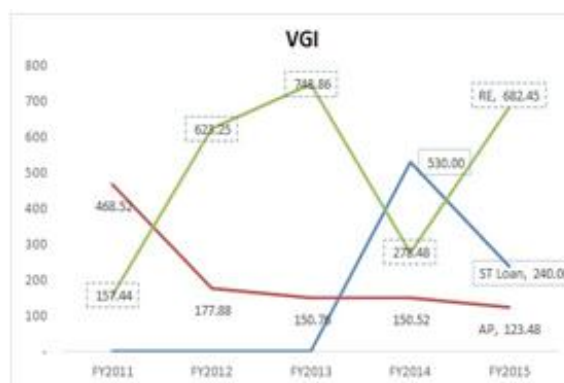


Figure 1.37 VGI Liabilities Trend Analysis

1.6.6 Financial Ratio Analysis

1.6.6.1 Return : Overall VGI return indication i.e. ROA, ROE was reduce through years, it could be the reason that the asset had not been utilized fully capacity, the large investment on PPE cannot generate the return as it should (Figure 1.38). VGI had impressive ROE during CY 2013 - 2014 because of historical high revenue and lower equity value. Compared with Plan B which most ratio shown positive improvement of asset utilization.

	FY2013/14	FY2014/15	FY2015/16
Financial Ratios VGI			
ROA (%)	43%	35%	25%
Profit Margin (%)	36%	34%	39%
Tax Efficiency (x)	1.01	1.03	1.00
Total Asset Turnover (x)	1.19	0.98	0.66
ROE (%)	61%	55%	39%
ROA (%)	43%	35%	25%
Earnings Leverage (x)	1.00	0.99	0.99
Capital Structure Leverage (x)	1.41	1.59	1.57
Turnover Ratios			
Asset Turnover (x)	1.19	0.98	0.66
Fixed Asset Turnover (x)	4.51	2.71	1.70
AR Turnover (x)	4.93	5.26	4.59
AP Turnover (x)	8.17	8.79	5.61

Figure 1.38 VGI Ratio of Return

1.6.6.2 Liquidity and Solvency Risk : VGI current ratio near 1 which considered fair for the company at least it had the ability to pay debt, however the trend of short term liquidity was not good as its quick ratio has under 1, meaning the amount of cash and short term investment and AR might not liquid enough to pay

debt. Long term solvency risk was in the very good status as it had no leverage and high TIE, which means the company had much more than enough capacity of borrowing to use (Figure 1.39). Plan B short term liquidity was in good status in end of 2015, even though previous year look bad, ratio under 1. Long term solvency risk had lower capability than VGI comparing TIE rate of 41 times while VGI had 89 times.

	FY2013/14	FY2014/15	FY2015/16
	Financial Ratios VGI		
Short Term Liquidity Risk			
Current Ratio (x)	2.14	0.73	1.02
Quick Ratio (x)	2.12	0.71	0.92
Inventory Conversion Period : ICP (Days)	0	0	0
Receivables Collection Period : RCP (Days)	74	69	80
Payable Deferral Period : PDP (Days)	45	42	65
Cash Conversion Cycle : CCC (Days)	29	28	15
Long Term Solvency Risk			
Net Debt/Equity ratio (%)	40%	80%	38%
Time Interest Earned (x)	2,101	129	89

Figure 1.39 VGI Ratio of Risk

1.7 Investment Risk

1.7.1 Main revenue contribution rely on few business partner (BTSC)

Since core revenue contribution mainly driven by BTS business related which account of around 80 percent of total revenue. The risk is high if the company loses its right to manage media services on BTS sky train and stations.

For outdoor media, the management concession renewal with its related parties schedule every 3-5 years. The concession rights have high direct impact to the business operation, if the company fails to renew or contract being terminated.

1.7.2 Reliance on media agencies

As 70 percent of VGI customer base on private media agency, hence the revenue growth is subject to media consumption rate by certain group of products which could be rise and fall to the country economy growth.

1.7.3 Massive borrowing for M&A

VGI has relied on borrowing to fund the M&A deal total borrowing amount of 2 billion THB, as the result the risk has been increasing. The burden on interest expenses can impact on the company's profit during the loan term.

1.7.4 Media business varies by the overall economic situation

The country economic uncertainty play a vital role in determine the mood of media spending due to various uncertainties such as political uncertainty from low credibility of military government, no foreseeable of election coming. World economy uncertainty from international trade protectionism etc. All these factors could impact the consumption demand and media advertising spending.

1.7.5 Competition with other media service providers

In OOH media has divide into few segment of transit and outdoor where number of players from both local and international play a competitive role. Location is the prime to competition in which determines the pricing power of media provider. The company can be overtaken by other competitors if it cannot response to the customer's requirement timely and in cost-effective manners.

1.7.6 Change in advertising law

Rule and regulation on media control imposed by the government which could impact the way the company operate business i.e. more compliance require, more resource allocation to look over.

Table 1.1 VGI Risk Matrix

Likelihood/Consequence	Insignificant	Negligible/Minor	Moderate	Extensive	Significant
Almost Certain			Media business varies by the overall economic situation		
Likely					
Possible		Reliance on major media agencies			
Unlikely			Competition with other media service providers		
Rare				License to Manage Marketing Services	
Very High (VH)	Immediate action require by the Executive with detailed planning, allocation of resources and regular monitoring				
High (H)	High risk, senior management attention needed				
Medium (M)	Management responsibility must be specified				
Low (L)	Monitoring and manage by routine procedures				
Very Low (VL)	Manage by routine procedures				

CHAPTER II

DATA

2.1 VGI Business Structure

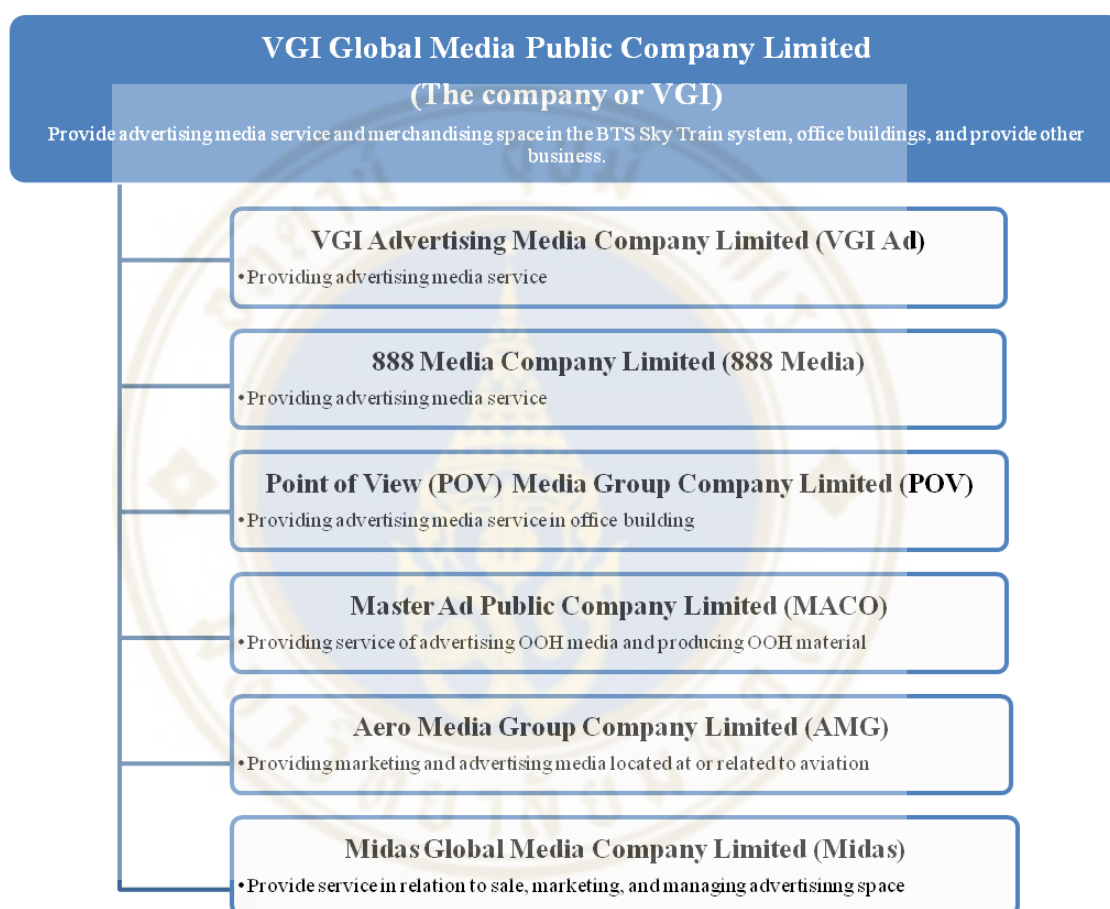


Figure 2.1 VGI Business Structures as of 30 September 2016

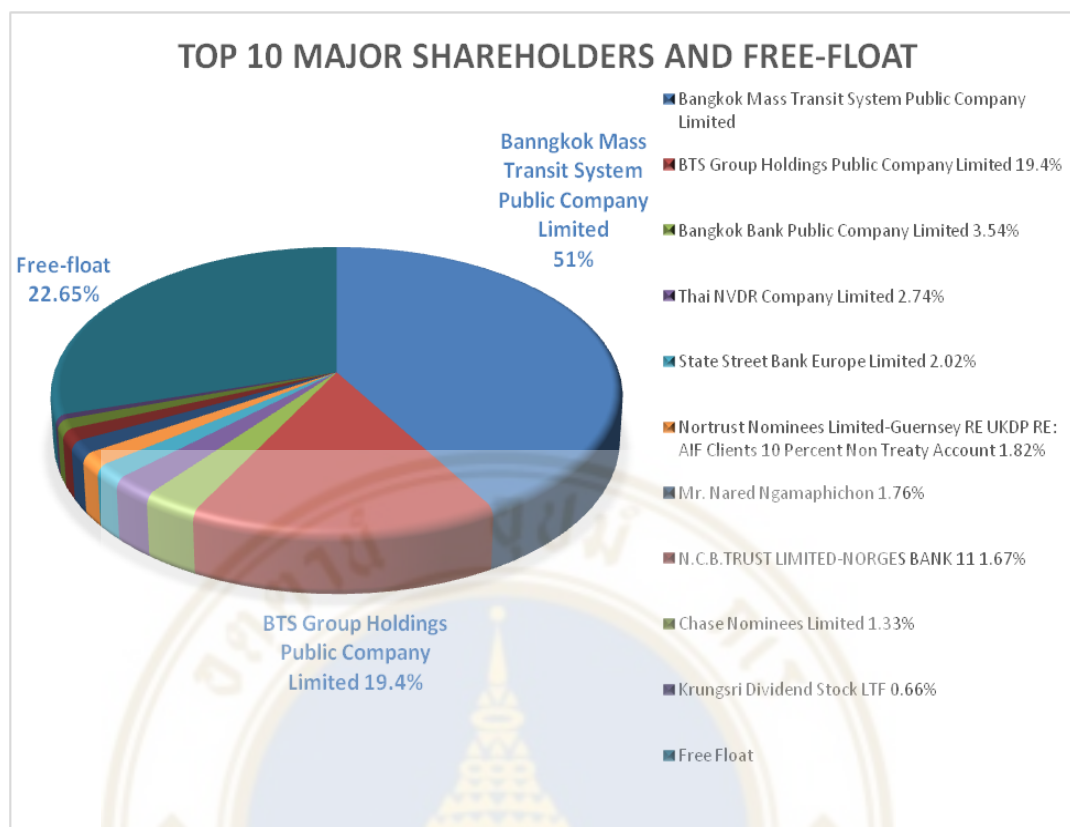


Figure 2.2 VGI Major Shareholders and Free Float

Table 2.1 Board of directors

<i>Rank</i>	<i>Management</i>	<i>Position</i>
1.	Mr. Kavin Kanjanapas	Chairman of the Executive Committee
2.	Mr. Marut Arthakaivalvatee	Member of the Executive Committee and Chief Executive Officer
3.	Mr. Chan Kin Tak	Member of the Executive Committee and Chief Operating Officer
4.	Mrs. Oranuch Rujirawona	Member of the Executive Committee and Chief Sales and Marketing Officer
5.	Mr. Chavin Kalayanamitr	Member of the Executive Committee and Chief Technology Officer
6.	Mrs. Suparanan Tanviruch	Member of the Executive Committee and Chief Financial Officer
7.	M.L. Kriengkrai Hastindra	Member of the Executive Committee and Deputy Chief Sales and Marketing Officer
8.	Ms. Daranee Phanklin	Financial Controller
9.	Mrs. Pitchapaksorn Jitopas	Billing and Accounting Director

2.2 SWOT Analysis

2.2.1 Strengths

2.2.1.1 VGI has exclusive rights from BTSC to manage advertising and merchandising area on BTS Sky Train which the right will be terminated together with concession contract between BTSC and Bangkok Metropolitan Administration (BMA) in December 2029. This can ensure that VGI will have more or less stability income.

2.2.1.2 Most of the area located in the commercial area in Bangkok's Central Business District where is crowded with many people such as BTS's trains and stations, A grade and high office buildings, LED screen at all four junction of the Victory Monument, Clock tower in many provinces.

2.2.1.3 The advertising media is set in a several format which is not only in a printing or poster media but also in form of digital media that has a movement and the sound.

2.2.1.4 VGI has corporate with alliances such as MACO who is a leader in a media of billboard, Midas Global Media, the best leader in technology and LED screen in Thailand, and LED Advance who has a rights to manage an area in the airport. VGI tries to be strengthening in the market.

2.2.1.5 VGI is a leader in the Out-Of-Home media who has an income in the top rank with a low cost of service. It causes to the company to have high net cash company that make VGI has high liquidity to invest more in advertising media or joint venture.

2.2.2 Weakness

2.2.2.1 VGI signed the contract with a little number of partners of contract. The incomes of the company are mainly come from BTS who give exclusive rights to only VGI and MACO in a percentage of 62% and 28% respectively. The gross profit from BTS is 70% and MACO for 51% from company's gross profit margin. Then, it can be huge effect if the company lose the contract in operating.

2.2.2.2 VGI relies on a big agency of advertising media. The customers of the company can be divided into two group, agency group and product and service owner. The company has around 20 agencies as a customer and company generate income from big 10 agencies for 2,045 million baht or around 72.97% of total revenue, as of 31 March 2016. This will be a company risk from the big agency that not encourages using VGI's service.

2.2.2.3 The company relies on a few service providers in the technology and maintenance network system. VGI has provided the media in form of static media and multimedia. For the multimedia, the company has a central control which some of them came from aboard and it needed to be continues maintenance. It leads to the high cost of maintenance and the staff of the company lack of the knowledge and skill to take care of the system. Thus, the company needs to depend more on the high cost maintenance from aboard.

2.2.3 Opportunities

2.2.3.1 During a past few year, media budgeting trend to be allocated in different types of advertising. The media company who has variety type of advertising that covers all target groups will have more advantage to gain more market share due to the responsiveness to the media's purchasers. Then, if the company can response to those media's purchasers, it will be an opportunities for the company to expand and earn more market share.

2.2.3.2 The consumer behaviour has been changed to be a multitasking thus, using a stand-alone media will not response to the consumer behavior that changed. Therefore, media in the present is combined between a traditional and digital. The feedback from the media integration is in positive way and continuously growing. There are new feature from the combination that generate new experience with an exotic to get into the content of media which make more interesting. While this new style of media has more popular, the company needs to adapt themselves by creating media to support a life style of the consumer.

2.2.3.3 While the traditional media has increased an advertising fee. This will be another factor that the product and service owners are interested

in others media including Out-Of-Home media which is less expensive and meet their target.

2.2.3.4 At present, consumers spent more their time outside the house. It will be an opportunities for the product and service owner to select an appropriate media to reach to consumer. From the company's research, it found out that the product and service owner decided to use VGI as a media to advertise their product because the company can get through the consumers, fulfill the owner's needs, enhance product and company image, and create an outstanding to the brand. VGI also improves and develop media channel in order to meet with the media purchaser.

2.2.3.5 VGI is a subsidiary of BTSC and it will be an opportunity for the company to have an exclusive right to operate the advertising on the further expansion of the mass transit. The government paid attention to the infrastructure in Thailand to expand from Bangkok to the rural area. This will motivate people to transport more with the mass transit and it will be a chance for VGI to gain benefit from mass transit network.

2.2.3.6 AEC will be another opportunities for VGI to expand the business into the member of AEC and improve the efficiency in competition for the company.

2.2.4 Threat

2.2.4.1 Media business has a direct variation to Thai economic. Trend of the media will go in the same direction with the economic situation at that time. If the economics of the country is in the good condition, the media budgeting from the product and service owner will be in a high level as the consumer expenditure that will affect an increase in income for the media company. In contrast, if the economic is not certain, it will effect to less spending from the consumer and the media owner will cut the budget of advertising down which effect directly to the media company. As a political issue in Thailand during 2013 to mid 2014, it effected to economic especially to the expenditure from the consumer and media budgeting had been cut.

2.2.4.2 The revenue growth also has a direct variation to the ridership of mass transit. The number of ridership of BTS is another factor for the product and service owner to allocate budget on the advertising. Therefore, the unex-

pected situation that can effect to the number ridership of BTS such as protest, strike or bomb, will has significantly effect to the income of the media company.

2.2.4.3 VGI has policy to keep updating the change in law, regular and policy which concerning to advertising in order to be ready for the changing and find new way.

2.2.4.4 The business expansion or investment with other associated that expert indifferent kind of media will be an obstacle because those companies want to reserve the market for themselves.

2.3 Five Forces Analysis

2.3.1 Bargaining Power of buyer (High)

The media buyer has more bargaining power and has more choice with the same budgeting. There are many kind of media provided to the purchaser. They can select the most suitable media in order to meet with their target market. Then, an existing media or the traditional media needs to improve itself to maintain the ability in competition.

2.3.2 Bargaining Power of Supplier (Moderate)

The first supplier is a producer such as banner, structure that does not have too much bargaining power due to many of producers. Another supplier group are the landlord, owner of rental space. They has more bargaining power than the first group because they can select to give a rental to the one who is interested in while every company need to have the best location for the advertising.

2.3.3 Threat of New Entrance (Low)

It is difficult for the new entrance to run business in this industry because this business requires the high investment. The Out-Of-Home media is considered as consolidate. There must be a few media company to cover a half of a market share. In Thailand, there are only 2 companies but gain a half market share of media. Once, VGI invested in stock of Maco Master Ad. It shows that even a big company still need

to have partner to be more strong especially, advertising media in mass transit also has a monopolized trade which different upon the type of transportation. However, there is an advantage to keep more localize from the foreign investor.

2.3.4 Threat of Substitute Product or Service (High)

A direct substitute product is not found yet but there will be the technology that will have more important role due to the limited area and scarce resource. It is a result in having a new technology to generate value of this industry for example, a LED board can provide more than one advertising in only one screen.

An indirect substitute product such as traditional media, television, newspaper, still have more popular but declining growth and less expansion than the Out-Of-Home media.

2.3.5 Rivalry among Existing competitors (High)

Media industry has high competition due to variety of media provide to the media purchasers. The competition of media in nowadays is not only compete for a market share in the same sector but it is a competitive to gain on every sector of media. A media company who has variety types of media and cover all the target groups will have high advantage in competition which lead to gain more market share.

2.4 Corporate Governance and Management Practices

The Company's Board of Directors has established a policy on corporate governance that is in accordance with the principles and guidelines on good corporate governance of The Stock Exchange of Thailand and recommendations of the Thai Institute of Directors (IOD). The Company's corporate governance policy is divided into 5 sections as follows: (1) Right of Shareholders (2) Equitable Treatment of Shareholders (3) Awareness of the Role of Stakeholders (4) Information Disclosure and Transparency (5) Responsibilities of the Board of Directors.

2.4.1 Right of Shareholders

The Company places emphasis on the rights of shareholders as the true owner of the Company. The shareholders are encouraged to exercise their fundamental rights, e.g. sale, purchase or transfer of shares, profit sharing, receipt of the adequate information either via the Company's or the SET's websites or other channels, attendance at shareholders' meetings to acknowledge the Company's annual business performance, and voting rights at the shareholders' meetings to approve significant matters as specified by law, such as the appointment or removal of directors, directors' remuneration, the appointment of the auditor and determination of the auditor's fee, dividend payment or suspension of dividend payment, any capital increase and issuance of new shares, and making enquires or comments on the matters that the Board of Directors presents or requests for approval at the shareholders' meeting.

2.4.1.1 The Board of Directors must hold the Annual General Meeting of Shareholders within 4 months from the end of the Company's fiscal year. Other shareholders' meetings shall be called Extraordinary General Meetings and are to be held when deemed necessary and appropriate. The Company has appointed a Company Secretary to ensure that shareholders' meetings are called and held as required by law and in accordance with the guidelines for shareholders' meetings as stipulated by the SET. In the shareholders' meeting, the Company arranges for its legal advisor to provide legal advice and act as a moderator in the inspection and vote counting, as well as the financial advisor to provide an explanation or answer to enquiries in the complicated matters proposed to the meeting. The Company also arranges the Company's Auditors to present at the Annual General Meeting of Shareholders on the agenda of the approval of the Company's financial statements.

2.4.1.2 The Company assigned Thailand Securities Depository Company Limited, its securities registrar, to deliver the invitation, stating the place, date and time of the meeting together with the meeting's agenda and sufficient supporting documents for each agenda item to shareholders no less than 7 days before the shareholders' meeting as required by law in order to allow shareholders sufficient time to study the documents. The documents must include detailed objectives and the reason for each proposed agenda item, as well as the comments of the Board of Directors on each agenda item. There shall be no hidden agenda or other agenda item not stated

in the invitation to the shareholders' meeting for the consideration and approval of the shareholders, except for urgent matters that arise after the invitation is sent. The Company will send an English version of the invitation and supporting documents to foreign shareholders. The Company also publishes the invitation together with the supporting documents on the Company's website in advance. In addition, the invitation shall be announced through a Thai newspaper for 3 consecutive days prior to the meeting date.

2.4.1.3 Before the each meeting, the Company Secretary introduces to the meeting the Board of Directors, executives, the Company's auditor and legal advisor who acts as a moderator. The Company Secretary shall also inform the meeting about the voting procedures and vote counting in the meeting. After the information has been provided for each agenda, the Chairman of the Meeting shall give floor to all attendants to express opinions or enquiries relevant to the agenda. The enquiries shall be answered clearly and precisely and given adequate time for debate. For the agenda on the appointment of directors, the shareholders will vote for each director individually and separately. Also, the minutes of meetings shall be completely recorded and can be reviewed by shareholders. The resolutions of the meeting are also to be clearly recorded with details of approved, non-approved, and abstention votes for all agenda items which require a vote, as well as recording opinions, suggestions and answers to the material questions relating to each agenda item. The Company shall summarize the significant resolutions to the SET's website within the same day as the meeting, or at least no later than 9.00 a.m. of the following business day. The minutes of the shareholders' meeting shall be submitted to the SET within 14 days, as well as published on the Company's website.

2.4.2 Equitable Treatment of Shareholders

2.4.2.1 In advance of the Annual General Meeting of Shareholders, the Company shall allow minority shareholders to propose agenda items and nominate candidates to be elected as directors. The objective is to promote the equitable treatment of shareholders. Shareholders with a combined holding of at least 5% of the Company's total issued shares that have continually held such shares for at least 6 months prior to the nomination, are entitled to propose agenda items and nominate

candidates to be elected as directors. The Company will publish such criteria on the Company's website as well as publish an announcement on the SET's website. The Company will give shareholders the opportunity to propose meeting agenda items and nominate candidates within the period set forth by the Company.

2.4.2.2 To maintain the rights of those shareholders who cannot attend the meeting in person, the Company is to attach a proxy form to the invitation and clearly state the list of documents and evidence required for the appointment of a proxy. The shareholders may assign a representative or an independent director to attend the meeting and cast the vote on his/her behalf. The Company will specify in the invitation the name of at least 1 independent director, whom a shareholder can give proxy to. The Company will also disclose the invitation and proxy forms, together with details and procedures on the Company's website.

2.4.2.3 The Company favors no particular group of stakeholders, giving all equal access to its public information, through the Company's website at www.vgi.co.th

2.4.3 Awareness of the Role of Stakeholders

2.4.3.1 The Company is aware of the role of stakeholders and pays close attention to the significance of the rights of all groups of stakeholders, such as shareholders, employees, customers and business partners, as well as the public and the community, by ensuring that they are treated properly, equitably and honestly. The Company realizes that the good relationship with all groups of stakeholders is significant for long-term development and sustained growth of the Company and its subsidiaries. Therefore, the Company stipulates the written policy and guidelines on treatment of stakeholders as set forth in Section 3 of the Code of Conduct and distributes this to all executives and employees of the Company for their acknowledgement and compliance.

2.4.3.2 The Company has provided a channel for all stakeholders to communicate or express any concerns directly to the Board of Directors. The stakeholders may submit the complaint to the Company Secretary Office by email at companysecretary@vgi.co.th or by letter to the Company's address, or to the Secretary of the Audit Committee at internalaudit@vgi.co.th. All stakeholders' communication

will be kept confidential and the Company Secretary will collect all concerns and report to the Board of Directors.

2.4.4 Information Disclosure and Transparency

2.4.3.1 The Board of Directors has a duty to fully, sufficiently, reliably and on a timely basis disclose financial and non-financial information to all shareholders and stakeholders to ensure equal treatment. The Company shall develop the Company's website and regularly update information to ensure its completeness, accuracy and timeliness. Such disclosure shall be compiled with care, clarity, accuracy and transparency and also conveyed in a simple and concise language.

2.4.3.2 The Company is in the process of establishing an Investor Relations Unit to provide important business information and financial information to investors, financial institutions and analysts.

2.4.3.3 The Company has a policy to disclose significant information to the public, namely the Company's objectives, financial status and performance, shareholding structure, voting rights, list of directors, members of the sub-committees and executives including their shareholding, material foreseeable risk factors related to the business operations and finances, corporate governance structures and policies as well as directors' responsibilities regarding the financial report and the report of the Chairman of the Audit Committee, information on the numbers of meetings each director and member of the Audit Committee attended in comparison with the number of meetings of the Board of Directors and the Audit Committee, as well as the profile of each director and executive, the criteria for determining the remuneration of the directors and executives, including the remuneration of directors individually, to report the information regarding the Company's business operations, information affecting the Company's share price, investment decision or the rights and benefits of shareholders in accordance with the notification of the SET and relevant laws and regulations. Additionally, the Company also discloses information as required by relevant regulations and law, including the financial reports and the Annual Report for investors, shareholders and potential investors to use in making investment decisions, via the SET and the Company's website.

2.4.5 Responsibilities of the Board of Directors

The Company's Board of Directors, Audit Committee, Executive Committee and Nomination and Remuneration Committee shall review and study guidelines on supervision and management of the Company. All directors shall have the independence to express their opinions on the Company's operations to ensure that the business is efficiently, accurately and transparently administered by the Management.

2.5 Income Statement

Table 2.2 Income Statement including projections

	FY14/15A	FY15/16A	FY16/17F	FY17/18F	FY18/19F	FY19/20F	FY20/21F
Sales Growth Rate(%)							
BTS-related			1,853.61	1,985.71	2,105.81	2,233.81	2,370.26
Office Building and other			297.64	408.01	462.25	494.61	529.23
Outdoor Media (MACO)			743.13	788.46	827.89	869.28	912.75
Total Operating Revenue	2,962.69	2,105.73	2,894.39	3,182.18	3,395.94	3,597.70	3,812.24
Interest Income	47.23	42.11	49.00	67.98	67.98	67.98	67.98
Total Operating Revenue	3,009.92	2,147.84	2,943.39	3,250.17	3,463.92	3,665.68	3,880.22
Cost of Service							
BTS-related			-448	-479	-508	-539	-572
Office Building and other			-160	-219	-248	-266	-284
Outdoor Media (MACO)			-352	-373	-392	-411	-432
Total Cost of Service	-1,325	-769	-959	-1,072	-1,148	-1,216	-1,288
SG&A							
VGI							
%SG&A to sales	-72.95	-52.62	-47	-52	-56	-59	-63
%Admin to sales	-344.07	-309.81	-324	-356	-380	-402	-426
MACO							
%SG&A to sales	-62.68	-22.60	-64	-68	-71	-75	-79
%Admin to sales	-131.32	-68.47	-128	-135	-142	-149	-157
Total SG&A			-562	-611	-649	-686	-725
Depreciation Exp.	-160.30	-180.14	-174	-135	-132	-132	-134
Earnings before Interest and Tax (EBIT)	1,065	1,156	1,373.38	1,499.42	1,598.54	1,695.71	1,799.23
Interest Expense	-9.85	-11.42	-18	-59	-31	-30	-24
Earnings before Tax (EBT)	1,055	1,145	1,355.32	1,440.80	1,567.05	1,665.66	1,775.54
Tax Expense	-217.70	-204.05	-271	-288	-313	-333	-355
Net Income before MI	838	722	1,084.25	1,152.64	1,253.64	1,332.52	1,420.43
Minority Interest			-679	-721	-785	-834	-889
Net Profit after MI			405.73	431.32	469.11	498.63	531.53
Dividends	-965	-515	867.40	922.11	1,002.91	1,066.02	1,136.35
Addition to Retained Earnings	0	207	216.85	230.53	250.73	266.50	284.09

2.6 Balance Sheet

Table 2.3 Balance Sheet including projections

	FY14/15A	FY15/16A	FY16/17F	FY17/18F	FY18/19F	FY19/20F	FY20/21F
Assets							
Cash	187	112	517	495	491	496	498
S-T Investment	307	248	323	323	323	323	323
Trade Accounts and Note Receivable - net	519	399	503	451	477	464	470
Short term loans to subsidiaries	0	0	0	0	0	0	0
Current Portion of Long-Term Loans	4	54	107	107	107	107	107
Prepayment	12	15	37	40	43	46	48
Other Current Asset	14	10	11	19	18	19	19
Total Current Asset	1,042	837	1,497	1,436	1,460	1,454	1,465
Investment in associates	695	742	633	633	633	633	633
Long term investment	40	30	22	22	22	22	22
Current Portion of Long-Term Loans-net	35	54	65	65	65	65	65
Property, plant and equipment	1,262	1,211	1,296	1,303	1,322	1,348	1,380
Goodwill	79	79	1,329	1,329	1,329	1,329	1,329
Intangible assets - net	23	33	387	381	383	385	388
Deferred income tax asset	78	35	0	0	0	0	0
Other Non Current Asset	32	79	136	155	156	157	158
Total Non-Current Assets	2,244	2,262	3,869	3,890	3,911	3,940	3,976
Total Assets	3,286	3,099	5,366	5,325	5,371	5,393	5,441
Liabilities							
Short term loans from financial institution	530	240	1,563	840	801	632	518
Trade accounts and notes payable	151	123	290	373	332	352	342
Current Portion of Deferred Income	34	48	41	41	41	41	41
Other Current Liabilities	719	410	968	1,347	1,222	1,127	1,014
Total Current Liabilities	1,433	822	2,862	2,601	2,395	2,152	1,915
Net of current portion of Deferred Income			0				
Deferred Tax Liabilities			0				
Employee Benefits Obligation	17	29	43	43	43	43	43
Unearned revenues	7	6	0	0	0	0	0
Other Non-Current Liabilities			10	15	12	12	12
Total Non Current Liabilities	24	35	53	43	43	43	43
Total Liabilities	1,457	857	2,915	2,644	2,438	2,195	1,958
Share Capital - common share at Baht 0.1 each	0	858					
Common Stock	0	858					
Issued and paid-up -6,864,321,852 shares	686	686	686	686	686	686	686
Common Stock	686	686					
Premium on share capital	863	865	865	865	865	865	865
Retained Earnings	278	682	899	1,130	1,381	1,647	1,931
Appropriated for legal reserve	85	86	86	86	86	86	86
Unappropriated	193	597	813	1,044	1,295	1,561	1,845
OTHER COMPONENTS OF EQUITY			118	118	118	118	118
SURPLUS (DEFICIT) FROM BUSINESS COMBIN	1	8					
Non-Controlling Interest							
Total Equity	1,829	2,242	2,451	2,682	2,932	3,199	3,483
Total Liabilities & Equity	3,286	3,099	5,366	5,325	5,371	5,393	5,441

2.7 Statement of Cash Flow

Table 2.4 Statement of Cash Flow including projections

Cash Flow Statement	FY14/15A	FY15/16A	FY16/17F	FY17/18F	FY18/19F	FY19/20F	FY20/21F
PROFIT (LOSS) BEFORE FINANCIAL COSTS AND/OR DEPRECIATION AND AMORTISATION		1144.57	1,084.25	1,152.64	1,253.64	1,332.52	1,420.43
DEPRECIATION		170.09					
SHARE OF (PROFIT) LOSS FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		-30.38					
OTHER RECONCILIATION ITEMS		28.56					
CASH FLOWS FROM (USED IN) OPERATIONS BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES		1182.28	1,275.90	1,346.66	1,416.64	1,494.80	1,578.22
(INCREASE) DECREASE IN OPERATING ASSETS		147.64	-103.73	51.86	-25.93	12.97	-6.48
(INCREASE) DECREASE IN TRADE ACCOUNT AND OTHER RECEIVABLES - OTHER PARTIES		137.75					
(INCREASE) DECREASE IN TRADE ACCOUNT AND OTHER PAYABLES - OTHER PARTIES		-37.37					
INTEREST PAID		-10.53	-18	-59	-31	30.05	23.69
INCOME TAX PAID		-241.16	-204	-271	-288	-313	(333.13)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		784.73	1,116.57	1,152.09	1,029.43	1,185.12	1,204.51
(INCREASE) DECREASE IN SHORT-TERM INVESTMENTS		99.26	-1,563				
(INCREASE) DECREASE IN LONG-TERM INVESTMENTS		0.00					
(INCREASE) IN LONG-TERM INVESTMENTS		0.00					
(INCREASE) DECREASE IN INVESTMENT IN SUBSIDIARIES AND ASSOCIATES		2.76					
(INCREASE) IN INVESTMENT IN SUBSIDIARIES AND/OR ASSOCIATES		-100.00					
DECREASE IN INVESTMENT IN SUBSIDIARIES AND/OR ASSOCIATES		102.76					
(INCREASE) DECREASE IN OTHER INVESTMENT		0.00					
DECREASE IN OTHER INVESTMENT		0.00					
(INCREASE) IN LONG-TERM LOANS - RELATED		-80.00					
PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT		26.66					
(INCREASE) IN INTANGIBLE ASSETS		-2.59					
INTEREST RECEIVED		18.16	49.00	67.98	67.98	67.98	67.98
OTHER ITEMS		0.00					
NET CASH PROVIDED BY (USED IN) INVESTING		-55.09	-1324.14	-251.59	-30.28	-114.91	-66.06
INCREASE (DECREASE) IN BORROWINGS LOAN FROM FINANCIAL INSTITUTIONS		-290.00	1479.51	-723.41	-38.30	-169.67	-113.61
INCREASE (DECREASE) IN FINANCE LEASE CONTRACT LIABILITIES		0.00					
NET CASH PROVIDED BY (USED IN) FINANCING		-804.82	612.11	-922.11	-1002.91	-1066.02	-1136.35
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT		-75.18	404.53	21.61	3.76	4.19	2.10
INCREASE (DECREASE) DIFFERENCES ON FINANCIAL STATEMENTS TRANSLATION		0.30	0.0				
CASH AND CASH EQUIVALENTS, BEGINNING BALANCE		187.04	112.15	516.69	495.08	491.32	495.51
CASH AND CASH EQUIVALENTS, ENDING BALANCE		112.15	516.69	495.08	491.32	495.51	497.61

2.8 Financial Ratios

Table 2.5 Summary of key financial ratios

Financial Ratios VGI	Formular	2011/FY2012 (A)	2012/FY2013 (A)	2013/FY2014 (A)	2014/FY2015 (A)	2015/FY2016(A)
ROA (Percentage)	Profit Margin*Tax efficiency*Total asset turnover	21%	47%	43%	28%	30%
Profit Margin (Percentage)	EBIT*(1-Ts)/Sales	15%	32%	36%	29%	44%
Tax Efficiency (Times)	EBIT*(1-Ta)/EBIT*(1-Ts)	0.93	0.99	1.01	0.99	1.03
Total Asset Turnover (Times)	Sales/Avg.Total Asset	1.50	1.46	1.19	0.98	0.66
ROE (Percentage)	ROA*Earning Leverage*Capital Structure Leverage	95%	86%	61%	44%	46%
ROA (Percentage)	NOPAT/Avg.Total Asset	21%	47%	43%	28%	30%
Earning Leverage (Times)	NI/NOPAT	1.00	1.00	1.00	0.99	0.99
Capital Structure Leverage (Times)	Avg.Total Asset/Avg.Equity	4.48	1.84	1.41	1.59	1.57
Turnover Ratios						
Asset Turnover (Times)	Sales/Avg.Total Asset	1.50	1.46	1.19	0.98	0.66
Fixed Asset Turnover (Times)	Sales/Avg.Fixed Asset	8.68	8.09	4.51	2.71	1.70
Inventory Turnover (Times)	Sales/Avg.Total Asset	0.00	0.00	0.00	0.00	0.00
AR Turnover (Times)	Sales/Avg.AR	4.08	4.92	4.93	5.3	4.6
AP Turnover (Times)	COGS/Avg.AP	2.77	3.99	8.17	8.79	5.61
Short Term Liquidity Risk						
Current ratio (Times)	Current Asset/Current Liabilities	0.96	2.71	2.14	0.73	1.02
Quick ratio (Times)	Cash+ST invest+AR/Current Liabilities	0.85	2.54	2.05	0.69	0.89
Receivables Collection Period : RCP (365/AR Turnover		89	74	74	69	80
Payables Deferral Period : PDP (DA 365/AP Turnover		132	91	45	42	65
Cash Conversion Cycle : CCC (DAY) ICP+RCP-PDP		-43	-17	29	28	15
Long Term Solvency Risk						
Debt ratio (Percentage)	TL/TA	78%	29%	29%	44%	28%
D/E ratio (Percentage)	TL/TE	3.48	0.42	40%	80%	38%
Time Interest Earned (Times)	EBIT/Interest Expense	839	551	2101	108	101
Valuation Ratio						
EPS	NI/No. of share	0.28	0.30	0.33	0.12	0.14

2.9 Peer's Comparison-PLANB

2.9.1 Common size Analysis-VGI vs PlanB

2.9.1.1 Income Statement Comparison: The common size analysis to see which part is a major item in income statement; by scale each item as percentage base (100%). Cost of sales as end of 2015 accounted for 37 percent of sales reduce from 45 percent in previous year. The lower percentage cost of sale means higher gross profit margin for VGI. Compared with Plan B the major competitor in OOH arena, the cost of sale accounted double size from VGI 63 percent. This shows that VGI has competitive advantage in term of cost management over Plan B. Selling and administrative expenses accounted for 15 percent as similar to Plan B. The bottom line of net income for VGI accounted for 39 percent which 20 percent higher than Plan

B given the low cost of sale making VGI outpaced its peer in term of net profit margin (Figure 2.3).

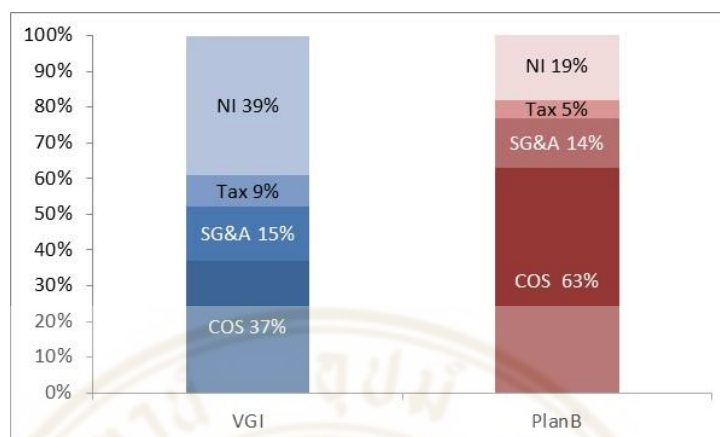


Figure 2.3 VGI's Income Statement Comparison –VGI vs PlanB

2.9.1.2 In term of total asset base at end of 2015 position, Property, Plant and Equipment has accounted the major part in both VGI and Plan B 39 percent and 37 percent respectively. VGI investment in subsidiary took the significant percentage of total asset as their aim to expand business portfolio both in and outside Thailand. Cash and cash equivalent accounted only 12 percent of total asset while Plan B has larger cash holding at 29 percent. From the graph below we can imply that the company loaded more on non-current asset at 73 percent, whereas current asset accounted only 27 percent. Different from Plan B which equally weight on current and non-current 50:50 portion (Figure 2.4).

Liability and shareholder's equity, both VGI and PlanB has heavily financed with equity part which accounted for 72 percent for VGI and 88 percent for Plan B. Liability in term of debt accounted only around 10 percent (Figure 2.4).

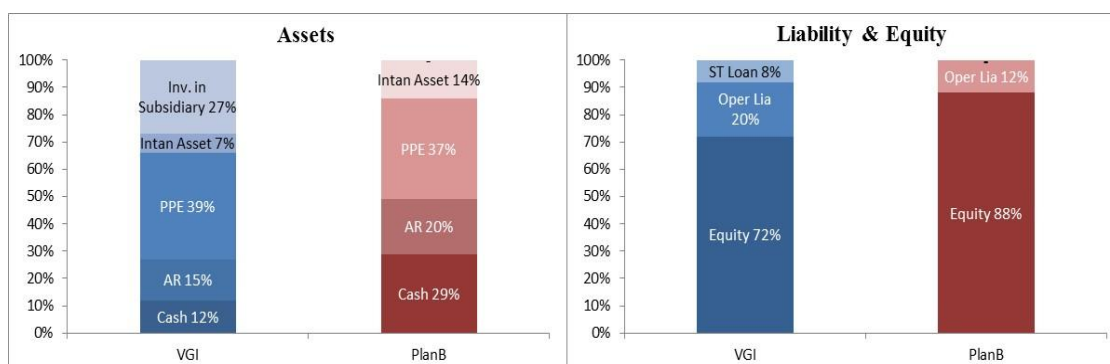


Figure 2.4 VGI's Balance Sheet Comparison –VGI vs PlanB

2.9.2 Trend Analysis -VGI vs PlanB

Please take note that VGI was launched its IPO since Oct 2012, and PlanB started in SET in year 2014, therefore the information available for comparison is insufficient for Plan B to compare in same timeframe.

2.9.2.1 Income Statement: Over the 4 years period, VGI service revenue had CAGR of 5 percent growth which considered in line with the overall Thai Media industry growth, the main contribution come from mass transit media which generated 2 digit growths for past 5 year. The reducing in revenue trend from CY 2013 to 2015 was due to the political crisis and massive demonstration around Bangkok which severely affected Thai OOH media. Cost of sale also had the similar trend with revenue which good for the company that sale and cost of sales moves in the same direction. SG&A somewhat tend to move closed to sale but slightly higher during the last 2 years. Compared with Plan B, its main rival which revenue on the trend up in the past 2 years. Plan B is the leading player in outdoor media which cover around Bangkok and across country. Plan B lately has focused on the digital media which tend to overcome traditional media. The demand for digital media has increasing, hence driving Plan B growth (Figure 2.4).

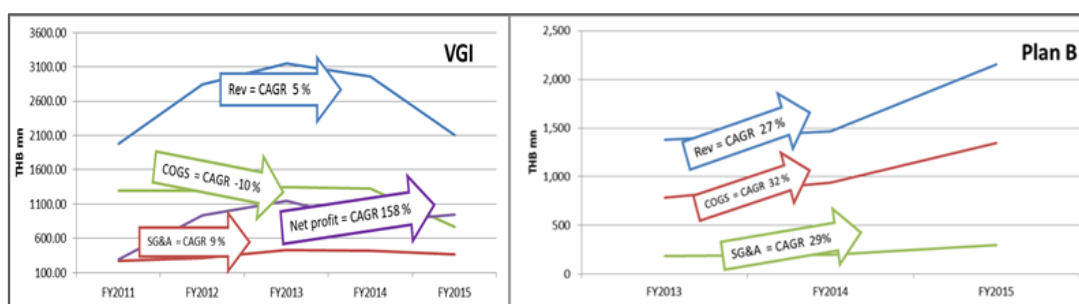


Figure 2.5 Trend Analysis; Income Statement – VGI vs PlanB

2.9.2.2 Balance Sheet; For the major trend changed in balance sheet, PPE had significant increased from around 200 mill THB to 1200 Mill THB in 5 years, more than 400 percent growth from year one. PPE including the all media signpost, screens and billboard on BTS station sand office building around Bangkok. Secondly cash and cash equivalent had reducing as the those were transformed in term of investment in new business expansion and loan to subsidiaries. Last item is equity which had enormously increased in the past 5 years, the capital structure had changed from liability based to equity, which increased almost 600 percent. For Plan B the asset trend had remain flat in past 2 year, while cash increased a lot. Same trend on equity (Figure 2.5 & 2.6)

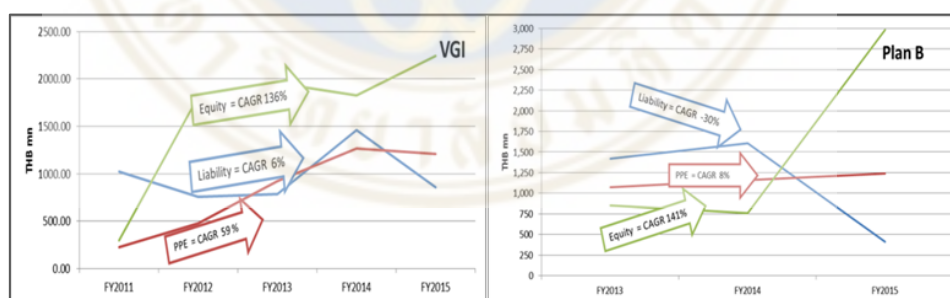


Figure 2.6 Trend Analysis; Balance Sheet (Assets) – VGI vs PlanB

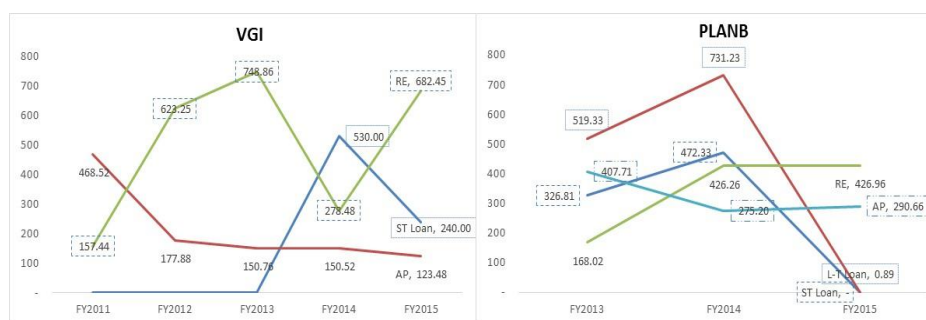


Figure 2.7 Trend Analysis; Balance Sheet (Liabilities & Equity) – VGI vs PlanB

2.9.2.3 Return Analysis; Overall VGI return indication i.e. ROA, ROE was reduce through years, it could be the reason that the asset had not been utilized fully capacity, the large investment on PPE cannot generate the return as it should (Appendix 12). VGI had impressive ROE during CY 2013 - 2014 because of historical high revenue and lower equity value. Compared with Plan B which most ratio shown positive improvement of asset utilization.

	FY2013/14	FY2014/15	FY2015/16	2013	2014	2015
	Financial Ratios VGI			Financial Ratios PlanB		
ROA (%)	43%	35%	25%	9%	11%	14%
Profit Margin (%)	36%	34%	39%	16%	18%	19%
Tax Efficiency (x)	1.01	1.03	1.00	0.87	0.96	1.00
Total Asset Turnover (x)	1.19	0.98	0.66	0.61	0.63	0.75
ROE (%)	61%	55%	39%	20%	26%	22%
ROA (%)	43%	35%	25%	9%	11%	14%
Earnings Leverage (x)	1.00	0.99	0.99	0.86	0.83	0.98
Capital Structure Leverage (x)	1.41	1.59	1.57	2.66	2.88	1.54
Turnover Ratios						
Asset Turnover (x)	1.19	0.98	0.66	0.61	0.63	0.75
Fixed Asset Turnover (x)	4.51	2.71	1.70	1.29	1.31	1.79
AR Turnover (x)	4.93	5.26	4.59	3.28	3.28	3.77
AP Turnover (x)	8.17	8.79	5.61	1.92	2.76	4.77

Figure 2.8 Return Analysis – VGI vs PlanB

2.9.2.6 Risk Analysis; VGI current ratio near 1 which considered fair for the company at least it had the ability to pay debt, however the trend of short term liquidity was not good as its quick ratio has under 1, meaning the amount of cash and short term investment and AR might not liquid enough to pay debt. Long term solvency risk was in the very good status as it had no leverage and high TIE, which means the company had much more than enough capacity of borrowing to use (Appendix 12). Plan B short term liquidity was in good status in end of 2015, even

though previous year look bad, ratio under 1. Long term solvency risk had lower capability than VGI comparing TIE rate of 41 times while VGI had 89 times.

	FY2013/14	FY2014/15	FY2015/16	2013	2014	2015
	Financial Ratios VGI			Financial Ratios PlanB		
Short Term Liquidity Risk						
Current Ratio (x)	2.14	0.73	1.02	0.67	0.69	4.09
Quick Ratio (x)	2.12	0.71	0.92	0.55	0.61	3.82
Inventory Conversion Period : ICP (Days)	0	0	0	0	0	0
Receivables Collection Period : RCP (Days)	74	69	80	111	111	97
Payable Deferral Period : PDP (Days)	45	42	65	190	132	77
Cash Conversion Cycle : CCC (Days)	29	28	15	-78	-21	20
Long Term Solvency Risk						
Net Debt/Equity ratio (%)	40%	80%	38%	166%	213%	14%
Time Interest Earned (x)	2,101	129	89	7	6	41

Figure 2.9 Risk Analysis – VGI vs PlanB



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