

Singapore

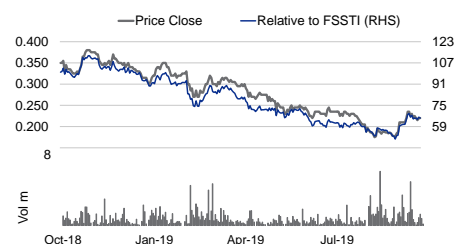
**ADD** (no change)

Consensus ratings*:	Buy 2	Hold 1	Sell 0
Current price:	S\$0.22		
Target price:	S\$0.32		
Previous target:	S\$0.37		
Up/downside:	43.5%		
CGS-CIMB / Consensus:	28.9%		
Reuters:	MM2A.SI		
Bloomberg:	MM2 SP		
Market cap:	US\$185.3m		
	S\$255.8m		
Average daily turnover:	US\$0.15m		
	S\$0.21m		
Current shares o/s:	1,163m		
Free float:	36.4%		

\*Source: Bloomberg

**Key changes in this note**

- FY20F EPS decreased by 4.9%.
- FY21F EPS decreased by 9.6%.
- FY22F EPS decreased by 8.2%.



Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	19.6	-10.2	-40.6
Relative (%)	21	-2.2	-37.2

<b>Major shareholders</b>	% held
Wee Chye Ang	45.9
Yeo Khoo Seng	9.2
Starhub Ltd	8.6

**Analyst(s)**

**NGOH Yi Sin**  
T (65) 6210 8604  
E yisin.ngoh@cgs-cimb.com

# mm2 Asia

## Set for the bigger stage

- We like mm2 as an integrated media play, with 15.0% FY20-22F PATMI CAGR underpinned by robust Unusual pipeline and cinema turnaround.
- Replication of More than Blue's success is a potential catalyst for the stock; its China box office also contributed to higher receivables in 1QFY20.
- Possible stake monetisation could lower net gearing and finance expenses by S\$1.2m-6.0m. We expect share price re-rating to follow. Maintain Add.

### Expect earnings growth to return from 2QFY3/20F

Our recent conversation with management reaffirmed our view that earnings growth will resume from 2Q20F after a lacklustre 1Q20 (PATMI -4.1% yoy), on a stronger pipeline by Unusual and post-production work. These, coupled with enhanced profitability of the cinema operations and more moderated growth in production budget, underpin our FY20-22F topline and PATMI CAGR of 7.8% and 15.0%, respectively. At 12.3x FY20F P/E (1 s.d. below historical mean and 60% lower than sector average), we think the tapering growth has been more than priced in and see potential upside from current level.

### Stake monetisation could add S\$1.0m-4.6m to FY20F earnings

While mm2's aggressive pursuit of acquisitions in the past has led to its high net gearing (0.85x as of end-1Q20), we see no repayment issue with its net debt/EBITDA still within debt covenant ratios. Debt restructuring remains on the cards, which include possible monetisation of its stakes in the three subsidiaries that could raise at least S\$20m-105m proceeds. Assuming all these go towards reducing borrowings, we estimate finance cost savings of S\$1.2m-6.0m, which could boost our FY20F earnings by S\$1.0m-4.6m (exclude one-off gains) and bring net gearing in the range of 0.4-0.7x. A share price re-rating should follow.

### Expect easing trade receivables in 3QFY20F

Trade receivables and film intangibles have been on a rising trend in tandem with mm2's increasing production topline and exposure to North Asia. Of the trade receivables which formed 2/3 of S\$173m receivables as at end 1Q20, we estimate c.S\$25m is related to the box office hit More than Blue in China (global box office of US\$153m). We expect more visible easing of trade receivables in 3Q20F, while receivables turnover has improved from 180-190 days on average over FY13-16, to c.130 days over FY17-19. Film intangibles also rose as the group acquired new film rights and more film under production gets completed.

### Still a growing integrated media play; maintain Add

We lower our FY20-22F EPS by 4.9-9.6% to reflect a stronger Unusual pipeline but less aggressive growth assumptions for mm2's core and post production segments. We maintain our Add call with a lower SOP-based TP of S\$0.32. Successive box office hits, faster cinema turnaround and successful debt restructuring are potential catalysts for the stock. Downside risks: production cost overruns and balance sheet mismanagement.

**Financial Summary**

	Mar-18A	Mar-19A	Mar-20F	Mar-21F	Mar-22F
Revenue (S\$m)	192.0	266.2	294.1	311.7	333.8
Operating EBITDA (S\$m)	62.9	75.1	107.9	117.0	126.3
Net Profit (S\$m)	22.40	19.14	20.85	26.00	29.12
Core EPS (S\$)	0.020	0.016	0.018	0.022	0.025
Core EPS Growth	14.5%	(16.8%)	8.9%	24.7%	12.0%
FD Core P/E (x)	11.12	13.37	12.27	9.84	8.78
DPS (S\$)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	3.96	6.79	5.00	4.30	3.55
P/FCFE (x)	56.36	2.04	NA	5.22	3.74
Net Gearing	(13.1%)	76.7%	74.4%	51.4%	27.7%
P/BV (x)	1.43	1.19	1.09	0.98	0.88
ROE	17.0%	9.7%	9.3%	10.5%	10.6%
% Change In Core EPS Estimates			(4.92%)	(9.61%)	(8.16%)
CGS-CIMB/Consensus EPS (x)			1.00	1.06	1.00

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

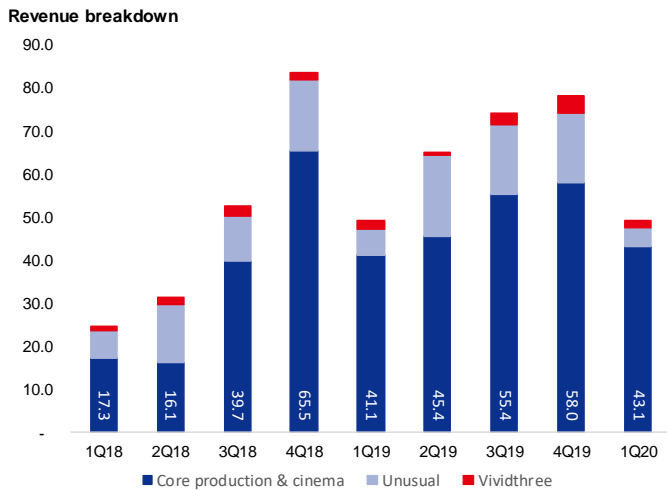
## Set for the bigger stage

### We project 3-year topline and PATMI CAGR of 7.8% and 15.0% respectively >

In 1QFY20, mm2 recorded 4.1% yoy lower core PATMI of S\$7.0m, on the back of lower earnings contribution from core production, Unusual and Vividthree. We saw improved profitability of cinema operations, which was the key positive this quarter, thanks to a 300bp yoy increase in occupancy rate and better advertising contracts; we suspect the higher financing costs (increase of S\$27.5m short-term debt from end 4Q19 to 1Q20, mainly for working capital needs) could have been a drag on core production earnings.

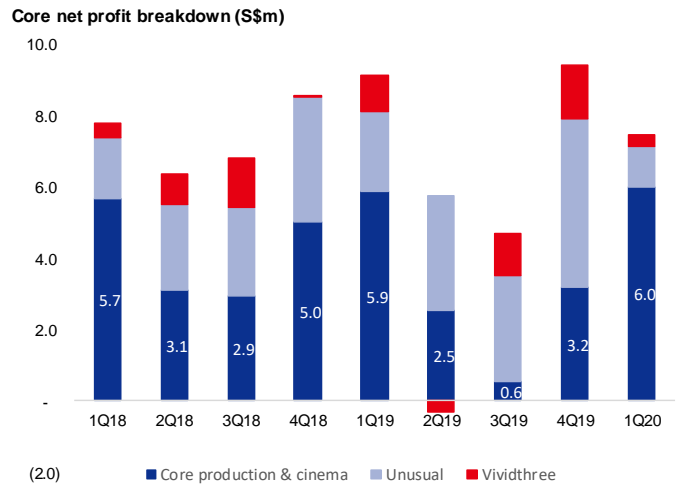
We expect earnings growth to be stronger in subsequent quarters, underpinned by a stronger project pipeline for Unusual (Figure 5), and the launch of Vividthree's Train to Busan travelling sets in new locations. While mm2 shows signs of tapering growth, we still expect its topline and core PATMI to increase at FY20-22F CAGR of 7.8% and 15.0% respectively, driven by Unusual's growth trajectory, and cost synergies from cinema turnaround.

Figure 1: Revenue breakdown (S\$ m)



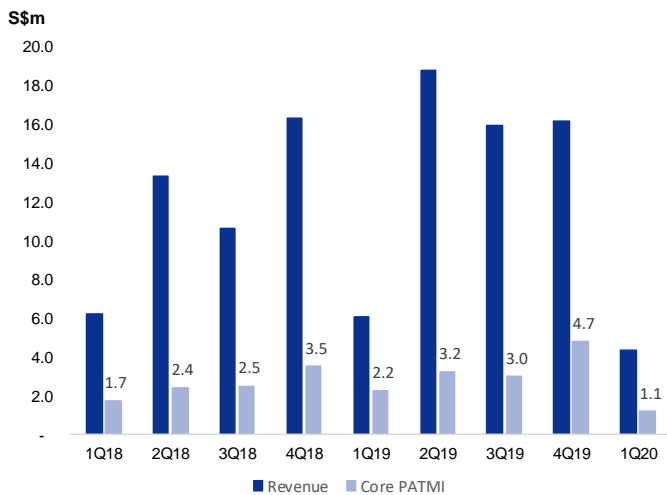
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Net profit breakdown (S\$ m)



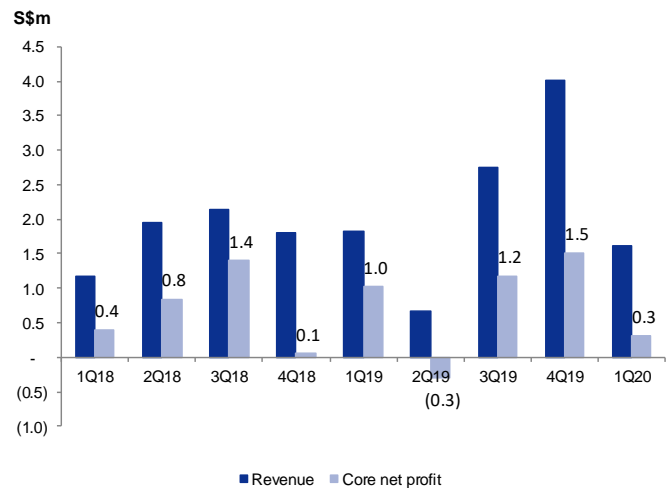
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: We expect subsequent quarters to be stronger for Unusual given the high seasonality and stronger pipeline



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: 1Q20 was down yoy and qoq for Vividthree due to softer demand for Train to Busan in Beijing



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: Strong pipeline for Unusual (most artistes below are doing multiple shows)**

When	Artiste	Event	Country	Venue	Capacity (pax)
Jul-19	GFriend	GO GO GFRIEND Asia tour	Singapore	The Star Theatre	5,000
Jul-19	Apollo 11	the Immersive Live Show	Los Angeles, US	Lunar Dome at the Rose Bowl	1,600
Jul-19	Westlife	The Twenty Tour	Bangkok, Thailand	Impact Arena, Muang Thong Thani	11,440
Aug-19	Richard Clayderman	Asia Tour 2019	Singapore	The Star Theatre	5,000
Aug-19	Westlife	The Twenty Tour	Singapore	National Stadium	23,000
Aug-19	BBC earth	Walking with Dinosaurs	Singapore	Singapore Indoor Stadium	12,000
Aug-19	Disney	Disney on Ice Presents Frozen	Korea	Mokdong Ice Rink	5,000
Aug-19	Kang Daniel	Colour On Me	Singapore	Singapore Indoor Stadium	12,000
Sep-19	Andy Lau	My Love World Tour	Singapore	Singapore Indoor Stadium	12,000
Oct-19	Apollo 11	the Immersive Live Show	Houston Texas, US	Lunar Dome outside Space Center Houston	1,600
Dec-19	JJ Lin	Sanctuary 2.0	Singapore	National Stadium	23,000

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

### Repayment not an issue, but faster debt restructuring could boost earnings and share price ➤

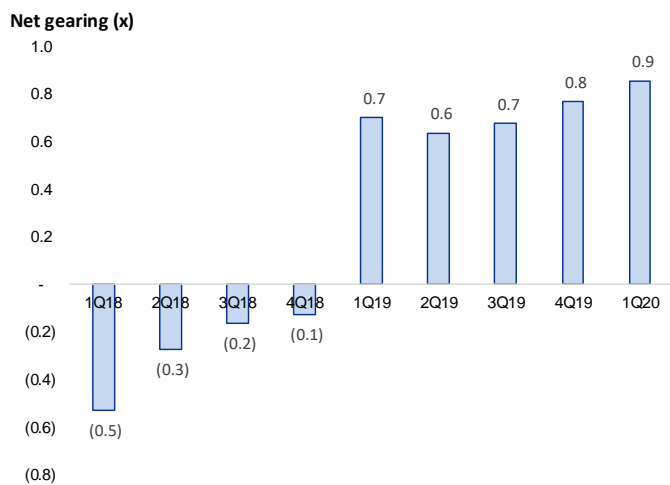
To finance the S\$230m acquisition of Cathay Cineplexes in Singapore, mm2 took on various debt instruments (Figure 6) and turned from net cash position to net gearing ratio of 0.85x as of end 1QFY20. We believe the group will be able to handle its debt burden as the net debt/EBITDA continues to be within debt covenant ratios, and efforts to restructure its debt or lower interest costs will improve its bottom-line and re-rate the stock. Given the working capital intensive nature of the core production business, we think the options for mm2 to deleverage its balance sheet are full or partial monetisation of its stakes in Unusual (39.2%), Vividthree (41.5%) and/or cinema operations (100%).

**Figure 6: Financing undertaken by mm2 towards the Cathay acquisition**

Period	Details	Amount (S\$m)
Feb-18	Issuance of convertible debt securities by MM Connect at 2% pa; IPO or redeem by Feb 2021	47.9
Mar-18	Establishment of US\$300m multicurrency MTN programme (7%, due 2021)	50.0
Mar-19	Refinancing of loan facility with UOB (5-year, 5% floating rate)	115.0

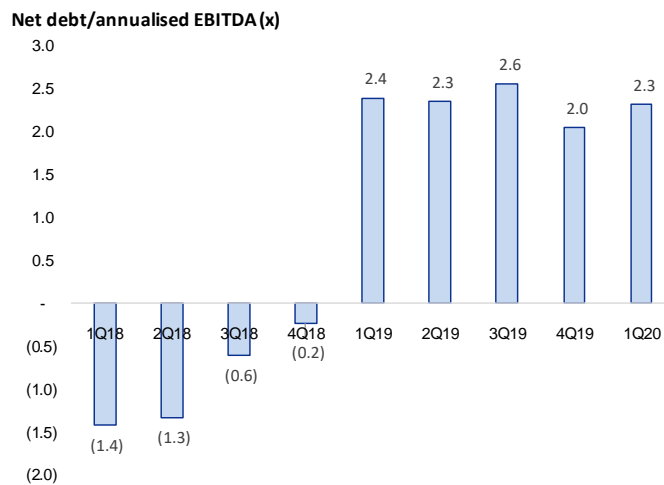
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 7: Acquisition of GV Singapore cinema turned mm2 into net debt position**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 8: But net debt/ annualised EBITDA remains within its debt covenant ratio**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Depending on the option elected, mm2 could raise proceeds of at least S\$20m-105m, assuming the divestments are done at current market valuations (or acquisition cost for the cinema stake) and all proceeds are utilised towards paring down its debt position. These could translate into estimated finance cost savings of S\$1.2m-6.0m based on 6% average cost of debt. Our scenario analysis (Figure 9) shows that a stake divestment of the cinema business would be the best option in terms of earnings increment; any divestment carried out at higher valuations would present further earnings upside and re-rating to the stock.

**Figure 9: Scenario analysis of various restructuring options on FY3/20F earnings**

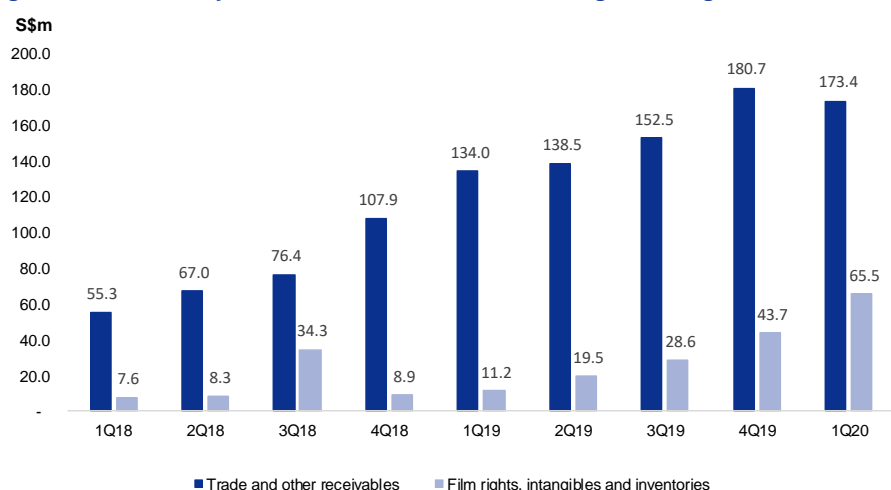
Proceeds (\$m)	6% average cost – (a)		Earnings dilution from stake divestment – (b)			Overall earnings impact (\$m) on FY20F – (a+b)			FY20F Net gearing (x)
	Finance cost savings (\$m)		Unusual	Vividthree	Cinema	Unusual	Vividthree	Cinema	
20	1.2		(1.2)	(1.1)	(0.2)	-	(0.1)	1.0	0.7
40	2.4		(2.4)	na	(0.5)	-	na	1.9	0.6
60	3.6		(3.6)	na	(0.8)	-	na	2.8	0.5
80	4.8		(4.8)	na	(1.1)	-	na	3.7	0.5
100	6.0		(5.9)	na	(1.4)	0.1	na	4.6	0.4

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

### Higher receivables and intangibles, but overall receivables' turnover days improved ➤

As the group grows its production revenue and exposure in North Asia, we noted that its trade receivables have been steadily rising (Figure 10), which we attribute partly to the tedious approval process for government grants and collection of box office receipts in China (could take up to 6 months). Of the S\$173m receivables at end-1Q20, approximately 2/3 relates to trade receivables and c.S\$25m stems from the More than Blue box office in China (which concluded its screening in Apr 2019 and should contribute to more visible improvement in trade receivables in 3QFY20F). Average turnover days for the group's trade receivables have shown some improvement, from 180-190 days over FY13-16 to c.130 days over FY17-19. Film rights and related intangible assets also grew significantly in 1Q20 (S\$21.6m higher qoq) due to the purchase of new film rights for production purposes, and completed films under production.

**Figure 10: Trend analysis of trade receivables and film rights/intangibles/inventories**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## VALUATION AND RECOMMENDATION

### Still positive on this small-cap media play, maintain Add ►

We cut our FY20-22F EPS by 4.9-9.6% on the back of i) stronger Unusual pipeline, and ii) more moderate growth assumptions for the core and post production revenue. Our SOP-based TP thus drops to S\$0.32, which implies 14.9x CY20F P/E and offers more than 40% upside from current price level. We like mm2 for its integrated capabilities across the media value chain and increasing traction in North Asia. It is also a less expensive proxy to growing Asia media content. Maintain Add. The stock currently trades at 10.3x CY20F P/E, vs industry average of 31.4x and 1 s.d. below its historical mean of 19.6x. Faster cinema turnaround and successful debt restructuring could re-rate the stock; downside risks include production cost overruns and balance sheet mismanagement.

**Figure 11: Earnings revisions**

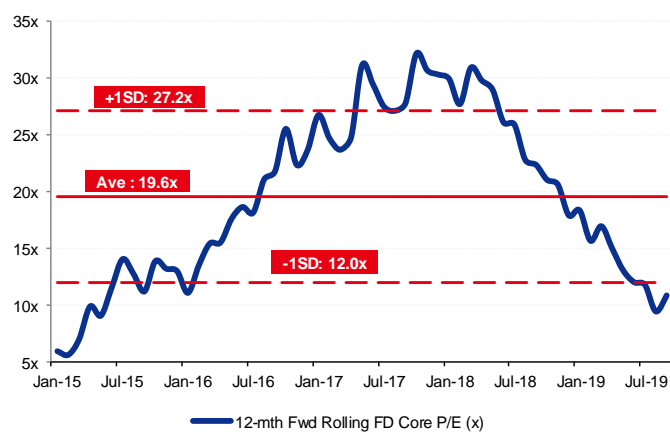
Earnings Revision	FY2020F			FY2021F			FY2022F		
	Old	New	% change	Old	New	% change	Old	New	% change
<b>mm2 (FYE March)</b>									
Revenue (S\$m)	297.2	294.1	-1.0%	326.4	311.7	-4.5%	350.0	333.8	-4.6%
Production & distribution related (S\$m)	108.4	103.3	-4.6%	119.2	108.5	-9.0%	125.2	113.9	-9.0%
Post-production (S\$m)	11.0	9.0	-18.2%	14.0	10.0	-28.6%	16.0	11.0	-31.3%
Cinema (S\$m)	107.8	107.8	0.0%	113.2	113.2	0.0%	118.8	118.8	0.0%
Unusual/ Entertainment (S\$m)	70.0	74.0	5.7%	80.0	80.0	0.0%	90.0	90.0	0.0%
Gross Margin (%)	46%	46%	0%	46%	46%	0%	45%	45%	0%
Core net profit (S\$m)	34.9	32.4	-7.4%	43.8	38.5	-12.0%	47.7	43.1	-9.6%
Core PATMI (S\$m)	21.9	20.9	-4.9%	28.8	26.0	-9.6%	31.7	29.1	-8.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

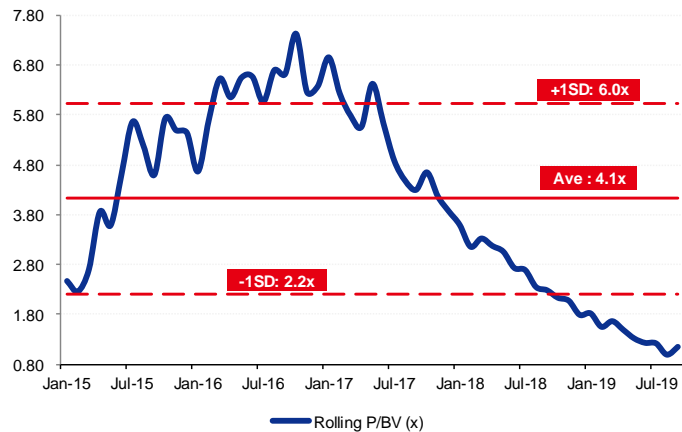
**Figure 12: SOP-based valuation**

Net profit breakdown by segment	Stake	FY3/20 (S\$m)	FY3/21 (S\$m)	CY20 (S\$m)	Applied P/E multiple (x)	Valuation basis	CY20F Value (S\$m)	Per share (S\$)
Core production and distribution	100.0%	10.2	13.7	12.8	15	40% discount to sector average	192.3	0.17
Vividthree	41.5%	2.7	3.0	2.9	-	Market value	20.8	0.02
Cinema operations	100.0%	3.2	4.1	3.9	12	40% discount to sector average	46.4	0.04
Unusual Productions	39.2%	16.3	17.8	17.4	-	Market value	107.7	0.09
<b>Total</b>		<b>32.4</b>	<b>38.5</b>	<b>37.0</b>			<b>367.1</b>	<b>0.32</b>
Core PATMI		20.9	26.0	24.7				
Shares outstanding (m)							1,162.8	
Equity Value per share (S\$)								<b>0.32</b>
Implied CY20F P/E based on TP								14.9

SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 13: Historical 12-mth Fwd Rolling FD Core P/E (x)**


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 14: Historical 12-mth Fwd Rolling P/BV (x)**


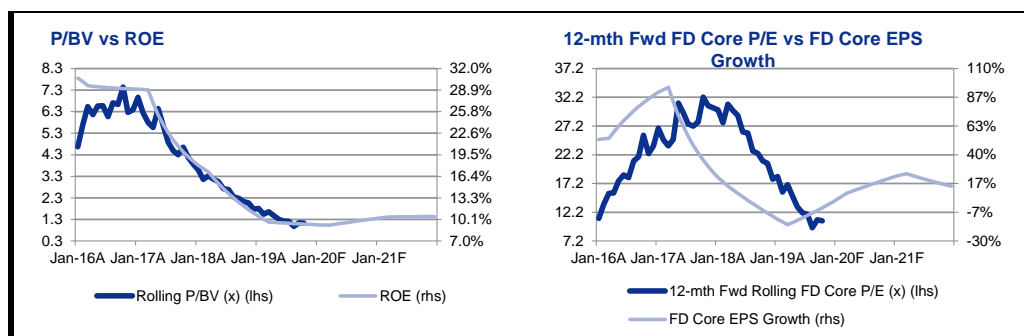
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 15: Peers comparison**

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	Core P/E (x) CY19F	CY20F	3-year EPS CAGR (%)	P/BV (x) CY19F	CY20F	Recurring ROE (%) CY19F	CY20F	Dividend Yield (%) CY19F	CY20F
mm2 Asia	mm2 SP	ADD	0.22	0.32	185	12.5	10.3	11.6%	1.1	1.0	9.4%	10.2%	na	na
<b>Movie/ TV production</b>														
Spackman Entertainment Group L	SEG SP	Not rated	0.01	na	10	na	na	na	na	na	na	na	na	na
Alibaba Pictures Group Ltd	1060 HK	Not rated	1.26	na	4,278	na	35.5	na	2.0	1.9	2.0%	5.6%	na	na
Zhejiang Talent Television & F	300426 CH	Not rated	6.33	na	366	na	na	na	na	na	na	na	na	na
Zhejiang Huace Film & TV Co Lt	300133 CH	Not rated	6.60	na	1,621	26.0	19.0	45.5%	1.6	1.5	4.6%	5.9%	0.3%	0.5%
Studio Dragon Corp	253450 KS	Add	66,500	80,000	1,561	68.4	45.5	38.8%	4.4	4.0	6.6%	9.1%	0.0%	0.0%
CJ ENM	035760 KS	Add	155,200	250,000	2,844	12.7	8.7	36.4%	1.1	1.0	9.7%	12.2%	1.0%	1.5%
Huayi Brothers Media Corp	300027 CH	Not rated	4.73	na	1,849	26.3	20.1	na	1.5	1.4	4.8%	5.9%	0.6%	0.6%
<b>Simple average</b>						<b>33.3</b>	<b>25.8</b>	<b>40.2%</b>	<b>2.1</b>	<b>2.0</b>	<b>5.5%</b>	<b>7.8%</b>	<b>0.5%</b>	<b>0.6%</b>
<b>Cinema Theatres</b>														
Wanda Film Holding Co Ltd	002739 CH	Not rated	17.41	na	5,062	22.0	18.6	na	2.2	2.0	9.8%	10.3%	0.9%	1.1%
Orange Sky Golden Harvest Ente	1132 HK	Not rated	0.27	na	96	na	na	na	na	na	na	na	na	na
Major Cineplex Group PCL	MAJOR TB	Add	23.10	30.00	678	22.0	19.1	na	3.2	3.1	14.4%	16.5%	5.2%	5.1%
<b>Simple average</b>						<b>22.0</b>	<b>18.8</b>	<b>na</b>	<b>2.7</b>	<b>2.6</b>	<b>12.1%</b>	<b>13.4%</b>	<b>3.1%</b>	<b>3.1%</b>
<b>Concert/ Events production</b>														
Unusual Ltd	UNU SP	Not rated	0.26	na	194	20.3	13.0	18.4	4.0	3.1	25.3%	23.6%	na	na
Live Nation Entertainment Inc	LYV US	Not rated	69	na	14,837	227.8	106.7	na	10.6	8.0	4.8%	8.1%	0.0%	0.0%
YG Entertainment Inc	122870 KS	Not rated	22850	na	349	48.1	20.0	16.1	1.2	1.2	2.2%	5.3%	0.7%	0.7%
Media Asia Group Holdings Ltd	8075 HK	Not rated	0.07	na	18	na	na	na	na	na	na	na	na	na
SM Entertainment Co Ltd	041510 KS	Not rated	34150	na	671	34.8	22.0	10.4	1.7	1.7	5.1%	7.6%	0.2%	0.6%
<b>Simple average</b>						<b>103.6</b>	<b>49.6</b>	<b>13.2%</b>	<b>4.5</b>	<b>3.6</b>	<b>4.0%</b>	<b>7.0%</b>	<b>0.3%</b>	<b>0.4%</b>
<b>Simple average (overall excluding mm2)</b>						<b>53.0</b>	<b>31.4</b>	<b>26.7%</b>	<b>3.1</b>	<b>2.7</b>	<b>7.2%</b>	<b>9.4%</b>	<b>1.3%</b>	<b>1.4%</b>

SOURCES: CGS-CIMB, COMPANY REPORTS, BLOOMBERG (as of 6 October 2019)

## BY THE NUMBERS



### Profit & Loss

(\$m)	Mar-18A	Mar-19A	Mar-20F	Mar-21F	Mar-22F
<b>Total Net Revenues</b>	<b>192.0</b>	<b>266.2</b>	<b>294.1</b>	<b>311.7</b>	<b>333.8</b>
<b>Gross Profit</b>	<b>87.3</b>	<b>124.2</b>	<b>134.6</b>	<b>142.4</b>	<b>151.7</b>
<b>Operating EBITDA</b>	<b>62.9</b>	<b>75.1</b>	<b>107.9</b>	<b>117.0</b>	<b>126.3</b>
Depreciation And Amortisation	(22.7)	(20.8)	(44.0)	(47.0)	(51.0)
<b>Operating EBIT</b>	<b>40.3</b>	<b>54.3</b>	<b>63.9</b>	<b>70.0</b>	<b>75.3</b>
Financial Income/(Expense)	(4.9)	(17.9)	(19.0)	(18.0)	(17.0)
Pretax Income/(Loss) from Assoc.	0.1	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	1.2	3.4	0.0	0.0	0.0
<b>Profit Before Tax (pre-EI)</b>	<b>36.6</b>	<b>39.8</b>	<b>44.9</b>	<b>52.0</b>	<b>58.3</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>36.6</b>	<b>39.8</b>	<b>44.9</b>	<b>52.0</b>	<b>58.3</b>
Taxation	(7.1)	(11.1)	(12.6)	(13.5)	(15.2)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>29.5</b>	<b>28.7</b>	<b>32.4</b>	<b>38.5</b>	<b>43.1</b>
Minority Interests	(7.1)	(9.6)	(11.5)	(12.5)	(14.0)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>22.4</b>	<b>19.1</b>	<b>20.9</b>	<b>26.0</b>	<b>29.1</b>
Recurring Net Profit	22.4	19.1	20.9	26.0	29.1
<b>Fully Diluted Recurring Net Profit</b>	<b>22.4</b>	<b>19.1</b>	<b>20.9</b>	<b>26.0</b>	<b>29.1</b>

### Cash Flow

(\$m)	Mar-18A	Mar-19A	Mar-20F	Mar-21F	Mar-22F
<b>EBITDA</b>	<b>62.9</b>	<b>75.1</b>	<b>107.9</b>	<b>117.0</b>	<b>126.3</b>
Cash Flow from Inv. & Assoc.	(0.1)	(0.0)	0.0	0.0	0.0
Change In Working Capital	(57.3)	(55.0)	(86.2)	(31.5)	(20.8)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(0.0)	(2.2)	0.0	0.0	0.0
Other Operating Cashflow					
Net Interest (Paid)/Received	(4.5)	(17.6)	(19.0)	(18.0)	(17.0)
Tax Paid	(5.2)	(9.8)	(12.6)	(13.5)	(15.2)
<b>Cashflow From Operations</b>	<b>(4.1)</b>	<b>(9.5)</b>	<b>(9.8)</b>	<b>54.0</b>	<b>73.3</b>
Capex	(10.2)	(4.1)	(5.0)	(5.0)	(5.0)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	(41.4)	10.3	(3.3)	0.0	0.0
Other Investing Cashflow	(0.0)	(22.9)	0.0	0.0	0.0
<b>Cash Flow From Investing</b>	<b>(51.6)</b>	<b>(16.8)</b>	<b>(8.3)</b>	<b>(5.0)</b>	<b>(5.0)</b>
Debt Raised/(repaid)	60.2	151.7	0.0	0.0	0.0
Proceeds From Issue Of Shares	64.1	0.0	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid					
Preferred Dividends					
Other Financing Cashflow					
<b>Cash Flow From Financing</b>	<b>124.2</b>	<b>151.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Total Cash Generated	68.5	125.4	(18.1)	49.0	68.3
<b>Free Cashflow To Equity</b>	<b>4.4</b>	<b>125.4</b>	<b>(18.1)</b>	<b>49.0</b>	<b>68.3</b>
<b>Free Cashflow To Firm</b>	<b>(50.8)</b>	<b>(8.4)</b>	<b>0.9</b>	<b>67.0</b>	<b>85.3</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(S\$m)	Mar-18A	Mar-19A	Mar-20F	Mar-21F	Mar-22F
Total Cash And Equivalents	93.2	18.6	0.4	49.4	117.7
Total Debtors	107.9	180.7	159.3	173.6	176.3
Inventories	0.4	0.4	0.4	0.4	0.4
Total Other Current Assets	34.7	88.0	99.3	101.0	102.7
<b>Total Current Assets</b>	<b>236.3</b>	<b>287.6</b>	<b>259.4</b>	<b>324.4</b>	<b>397.1</b>
Fixed Assets	42.1	36.4	35.6	34.6	33.4
Total Investments	2.6	2.8	2.8	2.8	2.8
Intangible Assets	299.2	333.3	366.6	370.7	374.8
Total Other Non-Current Assets	2.0	5.6	60.4	36.4	11.6
<b>Total Non-current Assets</b>	<b>345.9</b>	<b>378.1</b>	<b>465.4</b>	<b>444.5</b>	<b>422.6</b>
Short-term Debt	5.0	36.8	36.8	36.8	36.8
Current Portion of Long-Term Debt					
Total Creditors	273.0	131.4	80.1	85.7	93.4
Other Current Liabilities	13.0	27.4	42.4	42.4	42.4
<b>Total Current Liabilities</b>	<b>291.0</b>	<b>195.6</b>	<b>159.3</b>	<b>164.9</b>	<b>172.6</b>
Total Long-term Debt	61.0	186.2	186.2	186.2	186.2
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	10.5	5.9	68.9	68.9	68.9
<b>Total Non-current Liabilities</b>	<b>71.4</b>	<b>192.1</b>	<b>255.1</b>	<b>255.1</b>	<b>255.1</b>
Total Provisions	11.3	11.5	11.5	11.5	11.5
<b>Total Liabilities</b>	<b>373.7</b>	<b>399.1</b>	<b>425.8</b>	<b>431.4</b>	<b>439.1</b>
Shareholders' Equity	178.6	214.2	235.0	261.0	290.1
Minority Interests	29.9	52.5	64.0	76.5	90.5
<b>Total Equity</b>	<b>208.5</b>	<b>266.6</b>	<b>299.0</b>	<b>337.5</b>	<b>380.6</b>

### Key Ratios

	Mar-18A	Mar-19A	Mar-20F	Mar-21F	Mar-22F
Revenue Growth	101%	39%	10%	6%	7%
Operating EBITDA Growth	52.1%	19.4%	43.7%	8.4%	7.9%
Operating EBITDA Margin	32.8%	28.2%	36.7%	37.5%	37.8%
Net Cash Per Share (S\$)	0.02	(0.18)	(0.19)	(0.15)	(0.09)
BVPS (S\$)	0.15	0.18	0.20	0.22	0.25
Gross Interest Cover	8.17	3.04	3.36	3.89	4.43
Effective Tax Rate	19.4%	27.9%	28.0%	26.0%	26.0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	146.6	197.9	211.5	194.9	191.3
Inventory Days	1.86	1.00	0.83	0.78	0.73
Accounts Payables Days	557.1	519.8	242.6	178.7	179.5
ROIC (%)	48.6%	27.1%	13.2%	11.7%	12.8%
ROCE (%)	20.6%	14.0%	12.5%	12.8%	12.8%
Return On Average Assets	9.21%	7.47%	7.39%	7.56%	7.57%

### Key Drivers

	Mar-18A	Mar-19A	Mar-20F	Mar-21F	Mar-22F
TV Adex Rate (% Change)	N/A	N/A	N/A	N/A	N/A
Average Utilisation Rate (%)	N/A	N/A	N/A	N/A	N/A
Prime Time Utilisation Rate (%)	N/A	N/A	N/A	N/A	N/A
Non Prime Time Utilisation Rate (%)	N/A	N/A	N/A	N/A	N/A
Programming Costs (% Change)	65.4%	4.9%	5.2%	5.0%	5.0%
Newspaper adex rev. grth (%)	257.6%	123.7%	7.0%	5.0%	5.0%
Newspaper ASP (% Change)	N/A	N/A	N/A	N/A	N/A
Newspaper circulation grth (%)	N/A	N/A	N/A	N/A	N/A
Newsprint Cost (% Change)	N/A	N/A	N/A	N/A	N/A

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#### **Corporate Governance Report:**

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	

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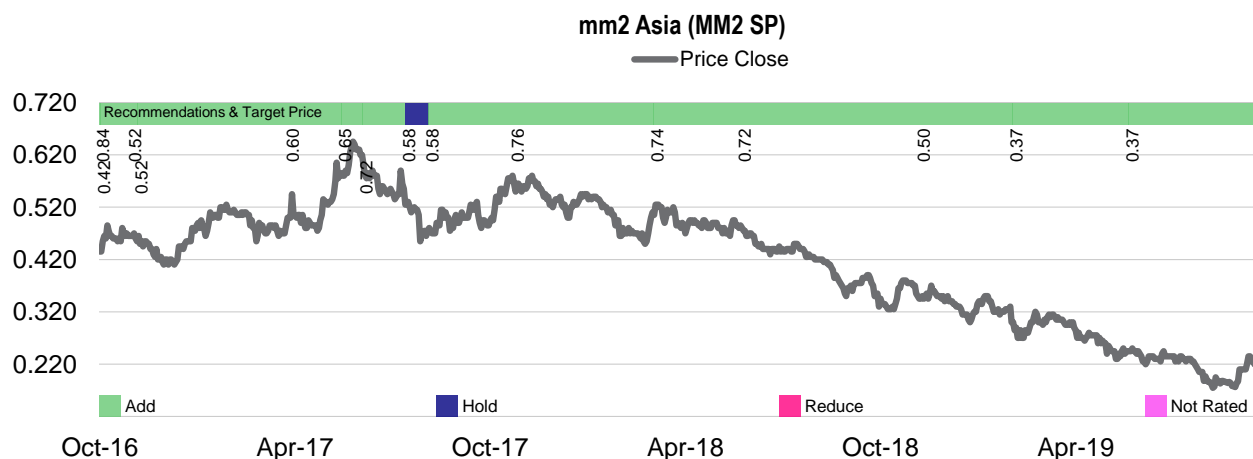
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2019		
791 companies under coverage for quarter ended on 30 June 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	57.9%	4.2%
Hold	26.5%	1.8%
Reduce	15.5%	0.4%

Spitzer Chart for stock being researched ( 2 year data )



**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018**

**ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **DELTA** - Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HREIT** - Excellent, Certified, **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD\*** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **JWD** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **OSP** – not available, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PR9** – not available, n/a, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **S** – Very Good, n/a, **SAMART** - Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, Declared, **TMB** - Excellent, Certified, **TNR** – Very Good, Declared, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Very Good, Certified, **WORK** – Good, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 31, 2018) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

\* The company, its director or management had been reportedly accused for breaching proper corporate governance such as violation of the SEC's regulations or charged with corruption.

**Recommendation Framework****Stock Ratings**

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

**Sector Ratings**

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

**Country Ratings**

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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