

Grammy penetrates Digital TV Market, releasing “ONE” and “GMM CHANNEL” as successful drivers

“From now on, the competition in digital TV market will become more intense, yet we have fully prepared to penetrate it,” said Ms. Boosba Daoreung, Group Chief Executive Officer of GMM Grammy Public Company Limited, who appointed Mr. Takonkiet Viravan to operate “**one channel**” (number 31 or 41 in satellite television), and Mrs. Saithip Monthrikul Na Audhaya to operate “**GMM CHANNEL**” (number 25 or 35 in satellite television). With the great talents and dedications of both directors, together with the outstanding contents and staffs, the company is confident that its digital television business has a high growth prospect to drive corporate performance in the coming future.

The program scheduling strategy for “**one channel**” is split into phases. The first phase, began on 1st August, 2014, featuring two new sitcoms “*Pror mee ter*” and “*Gene den*”, famous game show from Hollywood “*Celebrity Game Night*”, financial variety show “*Khor Ruay Duay Kon*” to explore and smoothly simplify your financial world, and the well-known reality show “*The Star*”. The Company also continuously adds new programs to fulfill the schedule. Moreover, the news program from the professional team led by Narakon Tiyayon will also be scheduled in the channel, giving audiences the creative and impartial. “one channel” will absolutely attract a huge number of audiences.

“**GMM CHANNEL**” which has changed its name from “BIG”, gather a pile of GMM Grammy top-rated contents, such as the popular series “*Hormones the series season 2*” also love series based on actual events from the top radio station “*CLUB FRIDAY THE SERIES 5 Love and secret*”, including “*O:IC*”, “*Live@G*”, “*Wake Club*”, and “*Sister Day*”. Not only that, but also entertaining variety show as “*Sanzab station*” and sport programs, especially “*Sky Walker and Sportlulla*”. With the popular TV programs and diverse audience base, it helps “GMM CHANNEL” easily get a huge chunk of market share. The Company is currently selecting the television programs from the outsider productions to serve the different audiences, which will be scheduled in the coming days.

For 2Q14 operating result, the revenue from sales and service increases compared to the last quarter, but lower down 18% Y-o-Y due to the political unrest. The company was literally affected by the critical situation, which pressed the company to postpone many shows and concerts. In addition, the introduction of digital television business slows down the advertising market, contributing to

decreasing the advertising budget in media business section of the company, including television, radio and publishing business. Nevertheless, after the political unrest has been resolved, the resilient economy and stock market is seen. The company, therefore, is confident that revenue from advertising in the third quarter will resume from downtrend and maintain at the same level as last year.

For the new businesses, home shopping has faced an extremely high growth for over 127% Y-o-Y with daily sales constantly rising. The company expects that this business will generate positive return within the fourth quarter this year. Meanwhile, platform business has the revenue from sale of “GMM Z set-top-box” increasing approximately 7% in this quarter due to broader customer base watching football premier league, resulting in total 2.7 million boxes in the market.

In Pay TV business, the company partnered with CTH, one of Pay TV service providers in Thailand to improve the management and services. The synergic strategy would lead this business to the success with several benefits in terms of connection, marketing, entertainment, contents and 5 million customers. As such, this lessens competition and lowers cost, contributing to the significantly higher income and better financial status.

“In conclusion, revenue proportion from the new business increases up to 30 percent of total revenue from sales and services, while the revenue from existing businesses decrease Y-o-Y due to the political uncertainty and the shift of advertising budget and concerts to the latter half of year. Despite a net loss of 913 million baht in 2Q14 caused by huge investments in new businesses, we are confident to make a financial turnaround by the end of this year. Even though our interest bearing debt-to-equity ratio is 2.99, we are financially strong. After changing the strategy of Pay TV business, Fitch Ratings revised GMM Grammy outlook to ‘Positive’ from ‘Stable’ and affirms at ‘BBB+’ and ‘F2’ for long-term credit and short-term credit respectively. This reflects less risk factors and stronger financial status. Moreover, according to Board of Directors meeting on 13 August 2014, approval was given to increase the Company’s registered capital by issuing new ordinary shares to existing shareholders up to 63.63 million shares at the par value of THB 1 per share, at the price of THB 13.50 per share, on a pro rata basis of share (Rights Offering) with the ratio of 10 existing shares for 1 newly issued ordinary share. In addition, up to 120 million newly issued shares at the par value of THB 1 per share would also be allocated and offered to specific persons under the private placement scheme with the determination of the offering price through “Book-Building” method and the offering price shall not be lower than the offering price to the Company’s existing shareholders pro rata to their shareholding (Rights Offering). The Board of Directors

will proceed to bring the agenda for further approval by the Extraordinary General Meeting of Shareholders on 24 September 2014. Subsequent to the increase in registered capital, GMM Grammy equity base would be strengthened, leading to a significant improvement in financial leverage and debt to equity measurement.” said Ms. Boosba Daoreung.

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For more information please contact Anchalee Jieratham, Head of IR
Tel. 0 2 669 9952 , email : ir@gmmgrammy.com