

# Analyst Meeting No. 4/2006

## 3Q06 Performance Review



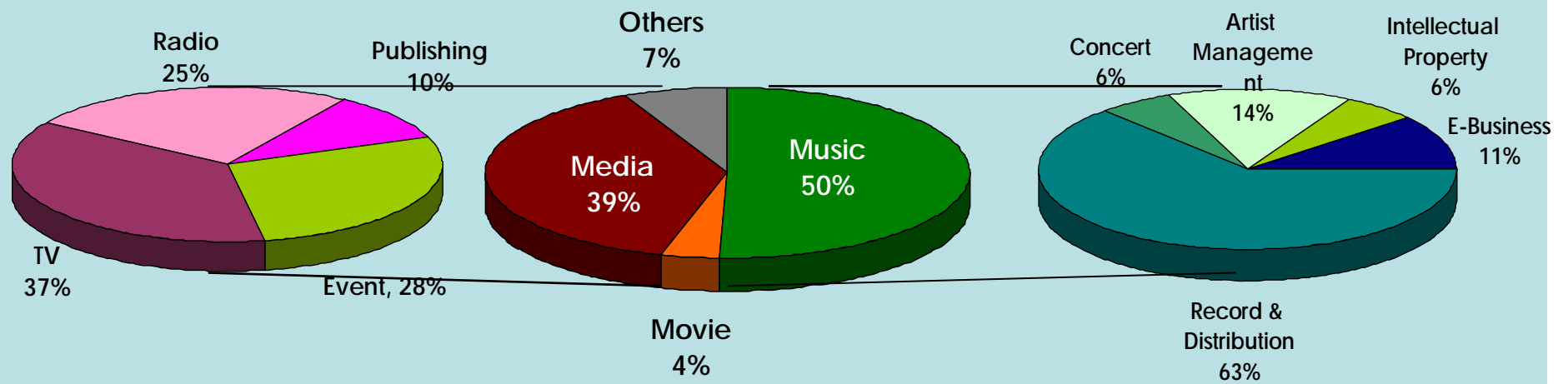
*17 November 2006*

## Disclaimer

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*Any statements contained in this document that are not historical facts are forward-looking statements. Words such as “believe”, “estimate”, “intend”, “may”, “will”, “expect” and “project” and similar expressions as they relate to the Company are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates.*

# 9M06 Revenue Contribution



## **1. Music Business**

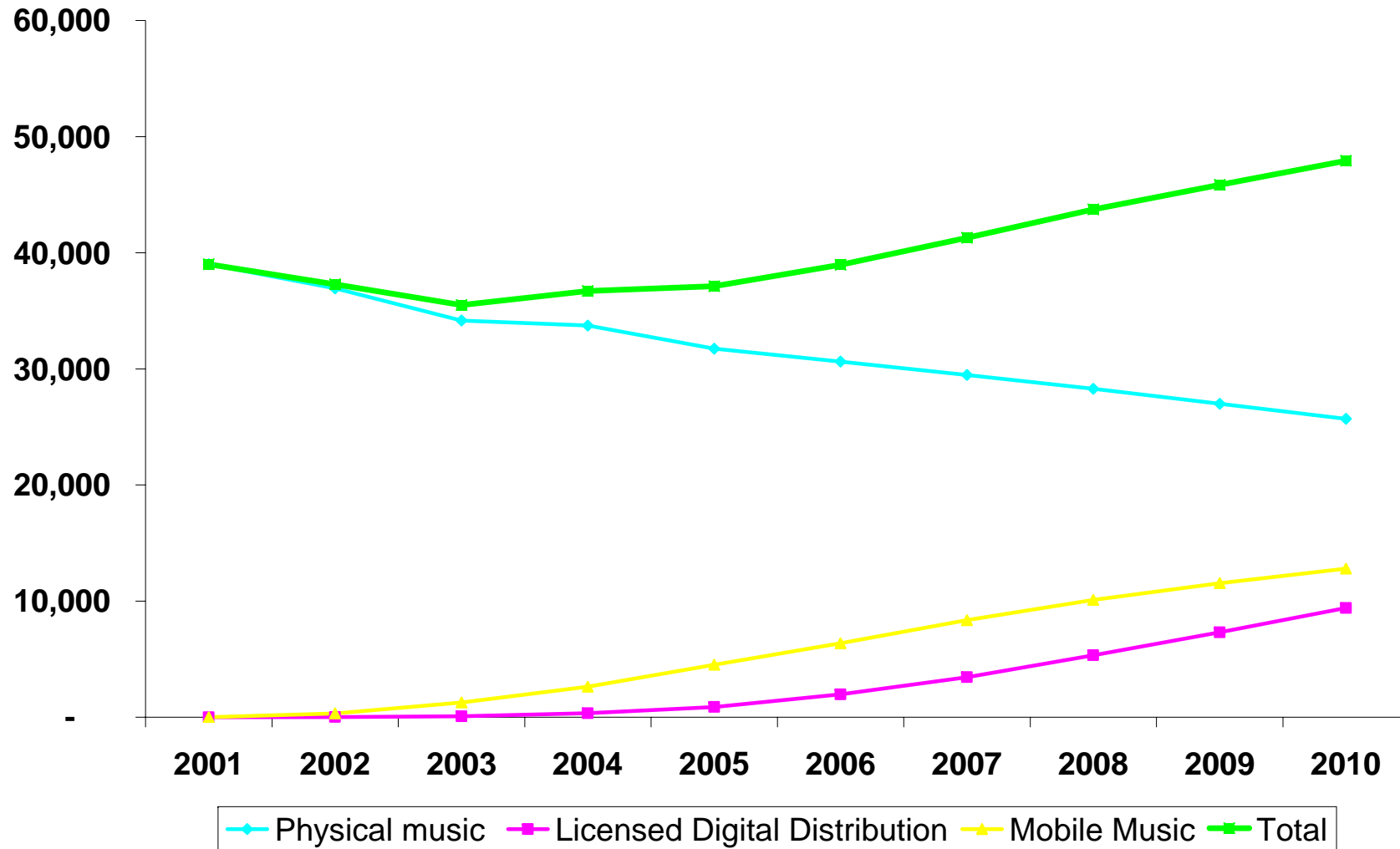
2. Movie Business

3. Media Business

4. Other Updates

5. Summary

# World Music Overview



## Physical Recorded Music Unit Sales (Millions)

Asia Pacific	2005	2006	2007	2008	2009	2010	CAGR
Australia	58.4	55.0	52.0	49.0	46.0	43.0	-4.4%
China	131.0	140.0	145.0	150.0	155.0	160.0	2.9%
Hong Kong	9.8	9.6	9.4	9.2	9.0	8.8	-1.7%
India	170.0	175.0	180.0	185.0	190.0	200.0	2.9%
Indonesia	41.2	41.0	40.0	39.0	38.0	37.0	-2.0%
Japan	336.5	325.0	315.0	305.0	295.0	285.0	-2.5%
Malaysia	6.3	6.2	6.1	6.0	5.9	5.8	-1.3%
New Zealand	8.1	8.0	7.9	7.8	7.7	7.6	-1.0%
Pakistan	41.5	42.0	41.5	41.0	40.5	40.0	-1.0%
Phillippines	5.8	5.5	5.3	5.1	4.9	4.7	-2.9%
Singapore	5.0	4.8	4.6	4.4	4.2	4.0	-3.3%
South Korea	11.0	10.0	9.0	8.0	7.0	6.0	-8.0%
Taiwan	14.8	14.0	13.0	12.0	11.0	10.0	-5.7%
<b>Thailand</b>	<b>34.0</b>	<b>33.0</b>	<b>32.0</b>	<b>31.0</b>	<b>30.0</b>	<b>29.0</b>	<b>-2.4%</b>
<b>Total</b>	<b>873.4</b>	<b>869.1</b>	<b>860.8</b>	<b>852.5</b>	<b>844.2</b>	<b>840.9</b>	<b>-0.6%</b>

Sources: Australia Record Industry Association, International Federation of the Phonographic Industry, International Federation of the Phonographic Industry Taiwan, PricewaterhouseCoopers LLP, Recording Industry Association of Japan, Wilkofsky Gruen Associates

# Digital Music Trend

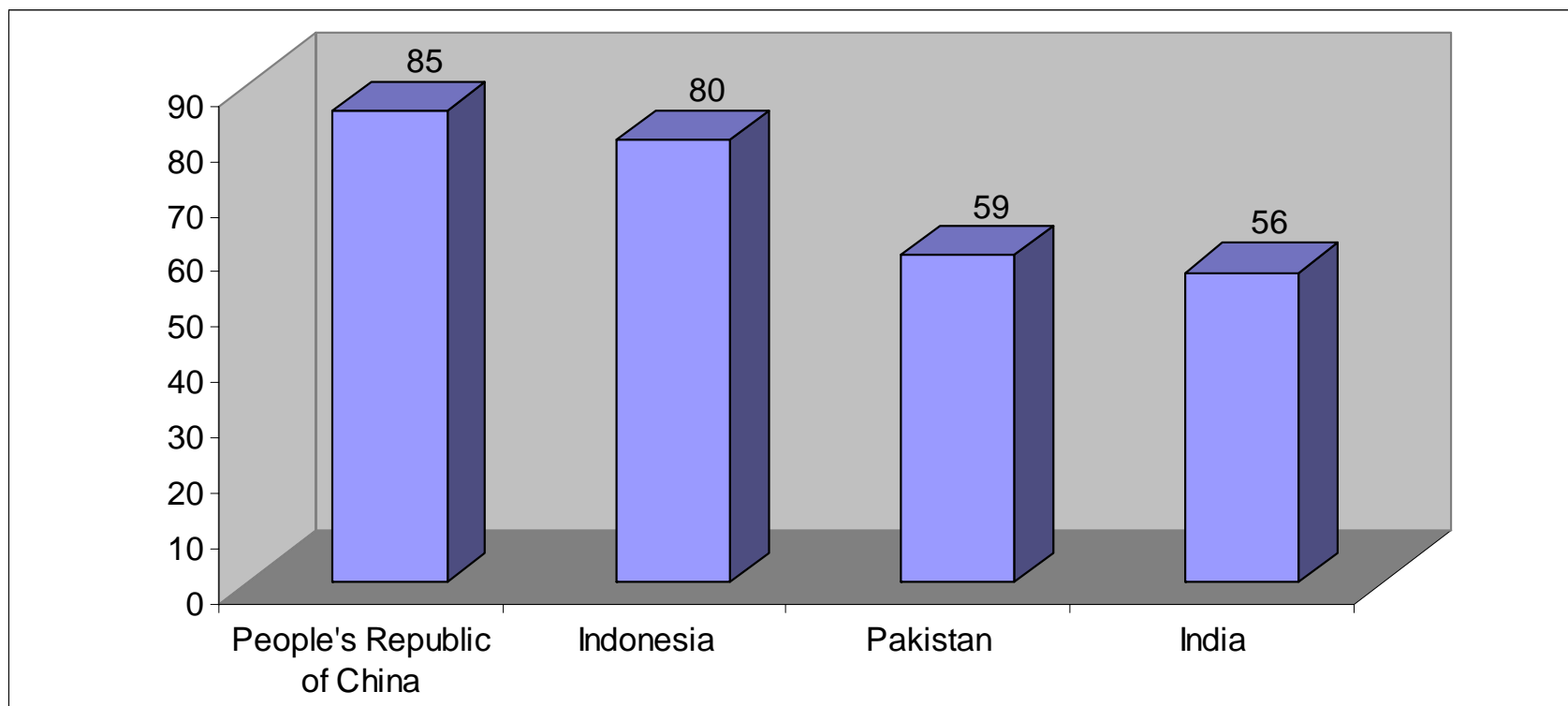
## % of digital revenue contribution trend

	2004	2005	2006	2007	2008	2009	2010
<b>Global</b>	8%	14%	23%	32%	42%	48%	54%
<b>United States</b>	5%	9%	16%	23%	30%	37%	42%
<b>EMEA</b>	8%	14%	19%	25%	32%	38%	43%
<b>Asia Pacific</b>	13%	24%	33%	41%	48%	53%	56%
<i>Japan</i>	1%	4%	11%	24%	45%	55%	62%
<i>South Korea</i>	7%	42%	73%	88%	95%	97%	98%
<b>GRAMMY</b>	8%	10%	11%				

Sources: Australia Record Industry Association, International Federation of the Phonographic Industry, International Federation of the Phonographic Industry Taiwan, PricewaterhouseCoopers LLP, Recording Industry Association of Japan, Wilkofsky Gruen Associates

\* % of digital revenue 9M06

## 2004 Piracy Rate (%)



Sources: International Federation of the Phonographic Industry

## International Music & Recording Company

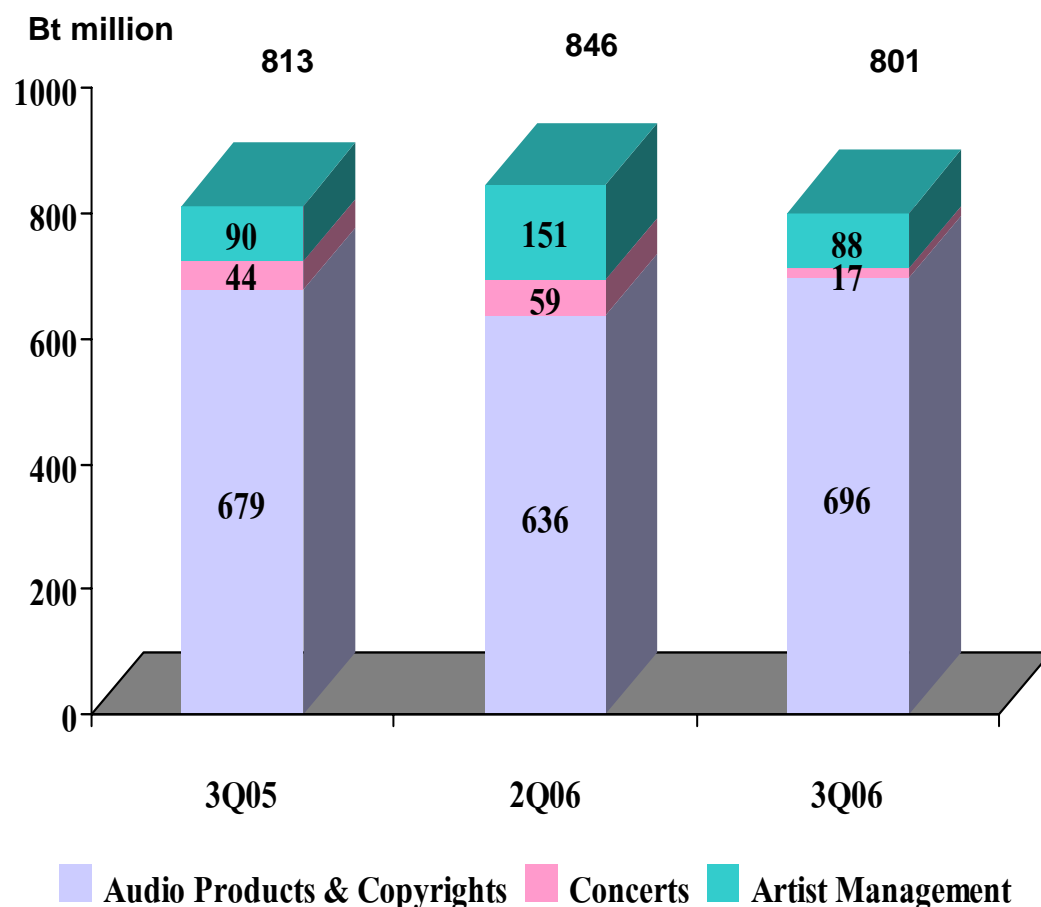
Revenue	2004	2005
Warner	\$2,548.00	\$3,502.00
EMI	£2,001.00	£2,079.90
Grammy	฿ 3,854.00	฿ 3,265.00

Net Income	2004	2005
Warner	\$ -270.00	\$ -169.00
EMI	£ 75.40	£ 86.10
Grammy	฿ 594.00	฿ 189.00

Net Margin	2004	2005
Warner	-11%	-5%
EMI	4%	4%
Grammy	15%	6%

Note : THB in million

# Music Business



**Note:** Audio products and copyrights include revenue from e-business and intellectual property

## Y-o-Y

- **Revenues** from overall music business decrease 1.5% from Bt 813 mn in 3Q05 to Bt 801 mn in 3Q06 due to less revenue from artist management unit since 3Q is low season for outdoor show

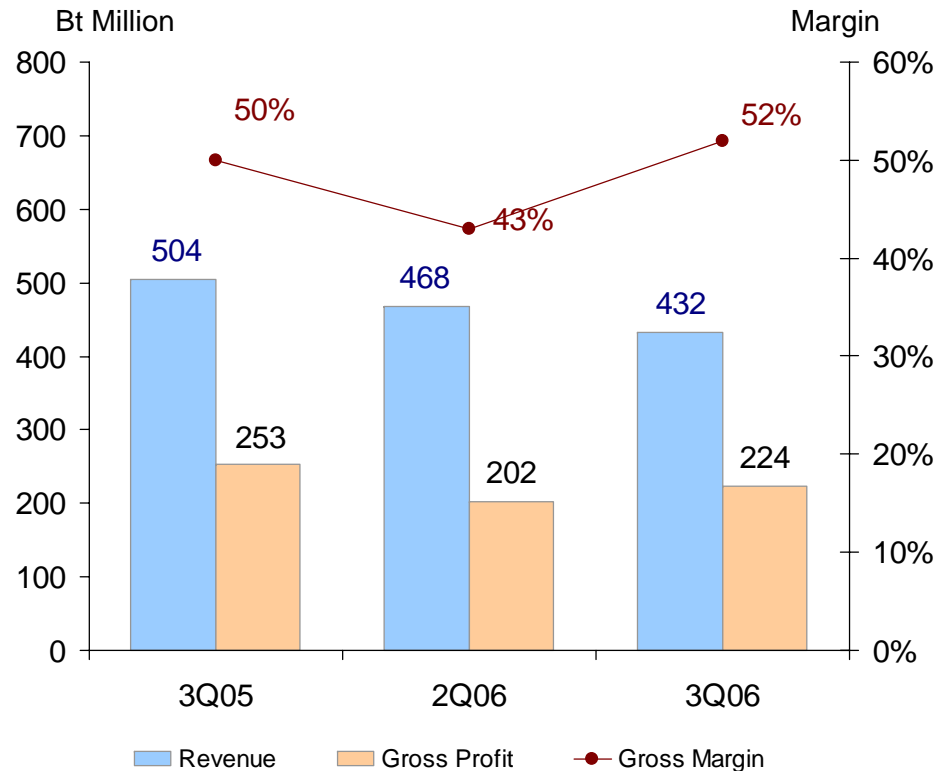
## Q-o-Q

- **Revenue** decreased by 5 % q-o-q
  - Audio products & copyrights : increased 9% since big albums were launched
  - Concert & Artist shows revenue decreased by 50% since normally 3Q is low season for show (Political situation and flood situation)

## Outlook

- Albums from artists with big potential for 4Q06 include:
  - Mai, See Fah-Project, Show Girls
  - Big Ass, Boy-Peace Maker, Clash
  - Golf-Mike, Dome
  - Bo Sunita, Rose

# Recording Business



## Y-o-Y

- **Revenues** decreased by 14% y-o-y as political situation and flood situation
- **Margin** increased to 52% in 3Q06, due to improved efficiency from cost control and media planning
- **Gross profit** decreased by 11% y-o-y due to less in sale

## Q-o-Q

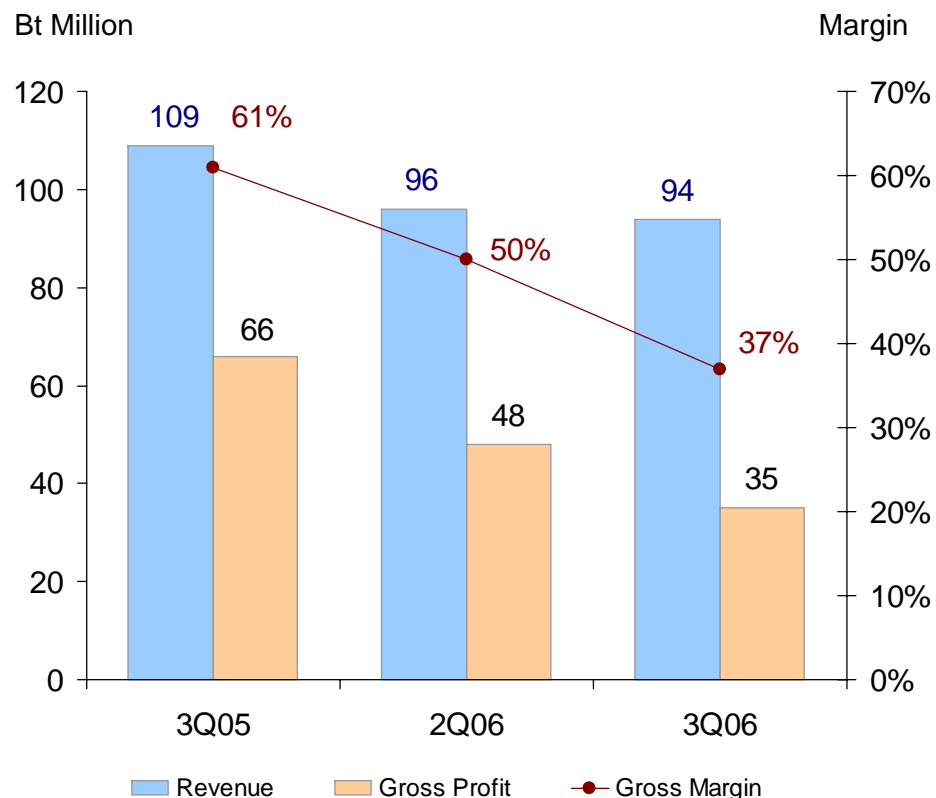
- **Revenues** decreased 8%
- **Margin and Gross profit** increased

## No. of albums released

New albums	30	31	36
Compilation	14	20	26
<b>Total</b>	<b>44</b>	<b>51</b>	<b>62</b>



# E-Business



(Bt Million)	3Q05	2Q06	3Q06
Revenue	109	96	94
Gross Profit	66	48	35
<i>Gross Margin</i>	<i>61%</i>	<i>50%</i>	<i>37%</i>

## Y-o-Y

- **Revenues** dropped by 16%
- **Margin** changed due to restructuring of copyright fee structure
- **Gross Profit** decreased to Bt 35 mn

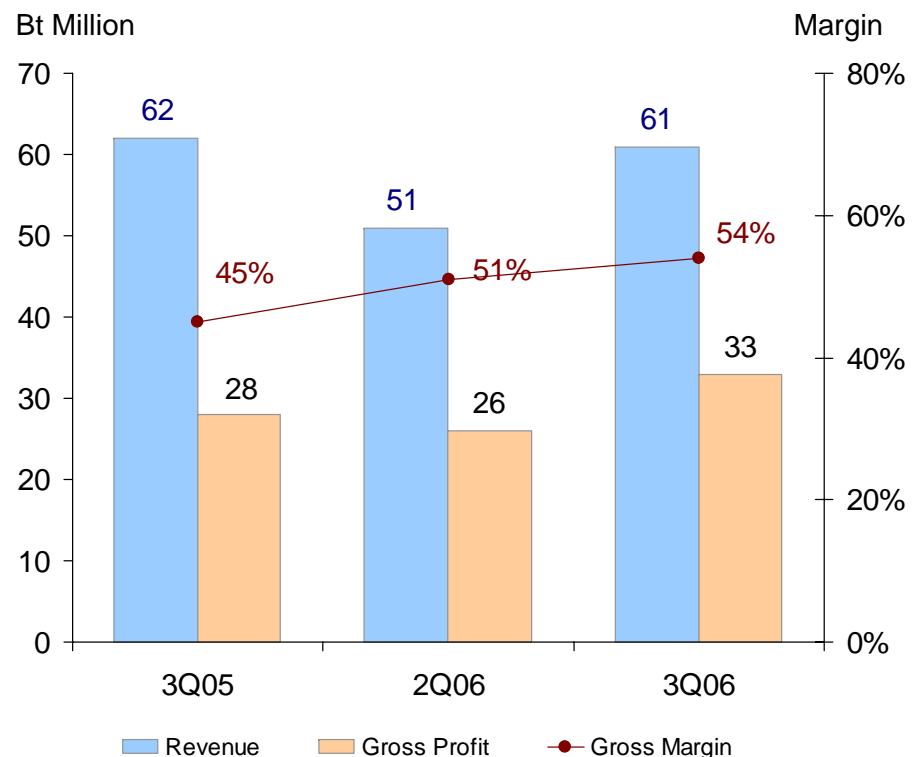
## Q-o-Q

- **Revenues** flat
- **Margin** dropped to 37% due to the increase in marketing expense to promote ikeyclub – full music download
- **Gross Profit** therefore decreased to Bt 35 mn

## Outlook

- **Via ikeyclub.com, GMMD got more than 100,000 download**
- **Start album download**

# Music Copyrights Management



\* Note: Intellectual properties generate copyright fees mainly from karaoke and audio services.

(Bt Million)	3Q05	2Q06	3Q06
Revenue	62	51	61
Gross Profit	28	26	33
<i>Gross Margin</i>	<i>45%</i>	<i>51%</i>	<i>54%</i>

## Y-o-Y

- **Revenues** flat
- **Margin** increased to 54%
- **Gross profit** increased 18% y-o-y

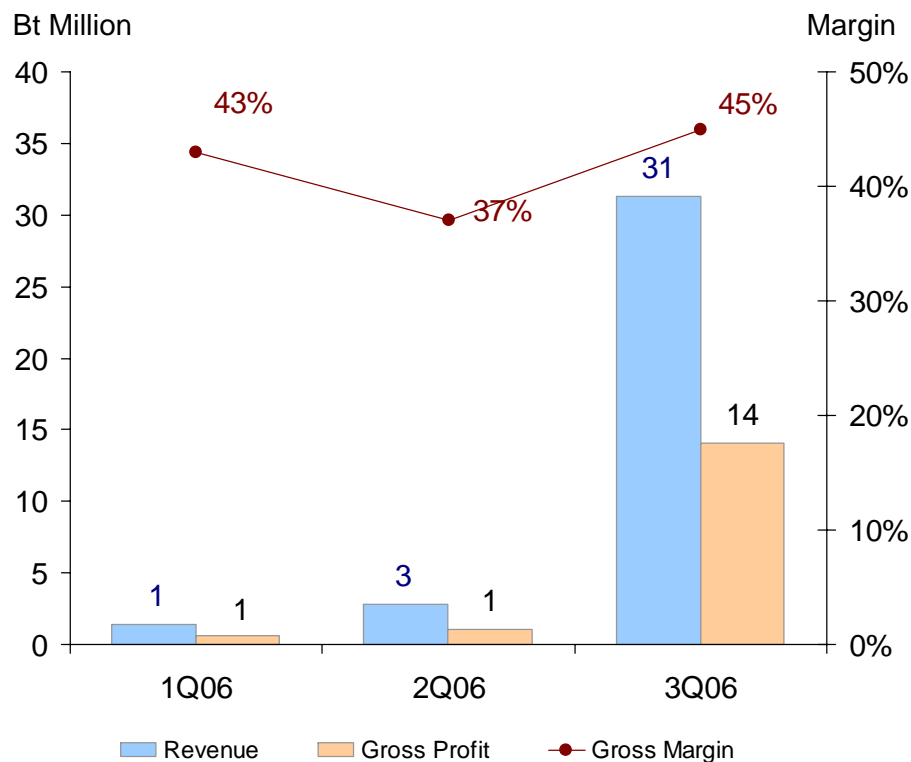
## Q-o-Q

- **Revenue** increase 20 % due to receiving collection from radio stations in July (Bt 5 mn)
- **Margin** slightly increased from 51% to 54%
- **Gross Profit** increased 27% q-o-q

## Outlook

- Music copyright revenue will increase from higher restaurant and karaoke collection (CK)
- Revenue for 2006 : target around Bt 230 mn

# Clean Karaoke



No. of Jukebox	134	267	1,842
(Bt Million)	<b>1Q06</b>	<b>2Q06</b>	<b>3Q06</b>
Revenue	1.4	2.8	31.3
EBITDA	-2.0	-2.7	6.0
<i>EBITDA Margin</i>	<i>-149%</i>	<i>-97%</i>	<i>19%</i>

- CK started operating in 4Q05 with 134 units
- CK fully operated with new partner in July 2006 with 1,842 units (Most of them located in modern trade)

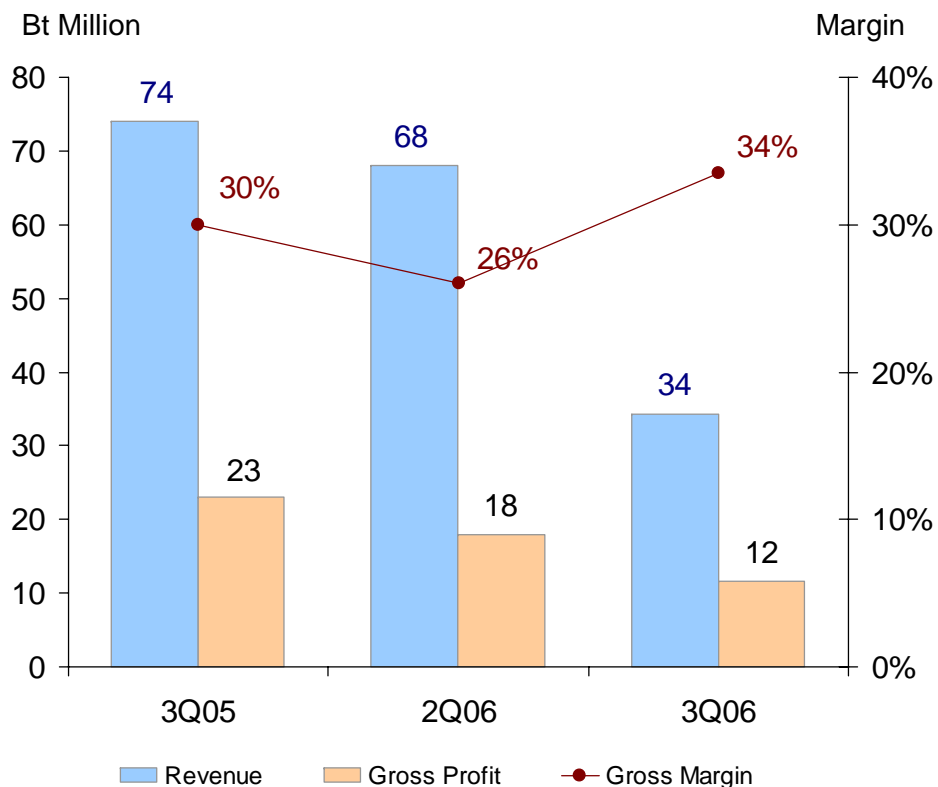
## Q-o-Q

- **Revenue** increased from 3 mil. baht to 31 mil baht
- **EBITDA Margin** increased from -2% to 19%

## Outlook

- **My Album** will be launched in December 06
  - Start at The Mall – Ngamwongwan, Bangkok, Bang-Kae
  - Package star at minimum 200 baht/album

# Show Biz



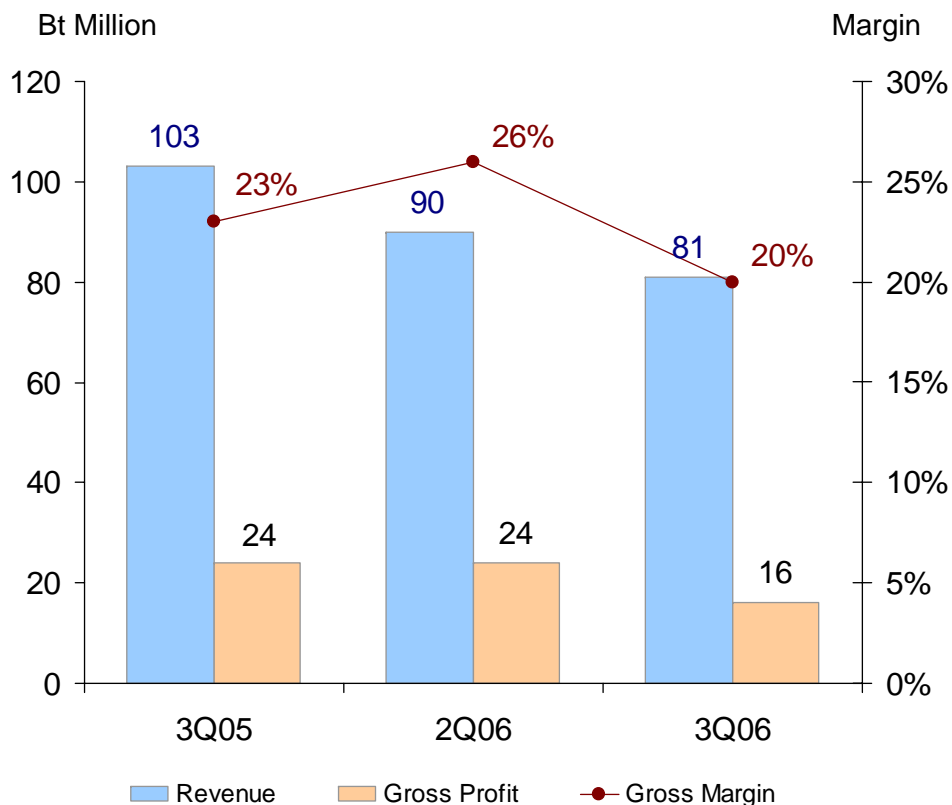
(Bt Million)	3Q05	2Q06	3Q06
Revenue	74	68	34
Gross Profit	23	18	12
<i>Gross Margin</i>	<i>30%</i>	<i>26%</i>	<i>34%</i>

## Y-o-Y and Q-o-Q

- **Revenues** decreased both y-o-y and q-o-q since most of show in 3Q06 were postponed to 4Q06
- **Margins** increased to 34%
- **Gross profit** dropped 48% y-o-y and 33% q-o-q
- **Planned Concerts / Shows in 4Q06**
  - Golf & G-JR 7 October 2006
  - See-Fah Concert 29 October 2006
  - Charin BSO 11-12 November 2006
  - Marsha Open-Heart 25 November 2006
  - Mai-Green Concert 2 December 2006
  - Sleepless Society 2 16 December 2006
  - Nantida Concert 23 December 2006

(expected revenue from ticket sale & by product sale)

# Artist Management (A-RA-TIST)



(Bt Million)	3Q05	2Q06	3Q06
Revenue	103	90	81
Gross Profit	24	24	16
<i>Gross Margin</i>	<i>23%</i>	<i>26%</i>	<i>20%</i>

## Y-o-Y

- **Revenues** decreased 27% y-o-y since flood and Politic
- **Margins** dropped to 20%
- **Gross profit** decreased by 33%

## Q-o-Q

- **Revenues** decreased 11% due to seasonal effect (rainy season – less outdoor shows)
- **Margins** decreased to 20%
- **Gross Profit** decreased by 33%

## Outlook

- Artists' s schedule in 4Q06 is almost fully booked

# Integrated Marketing

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## Successful Projects in 3Q06

- MAMA Instant Noodle – DJ Series
- Yamaha – Golf-Mike

*(Million Bt)*

Revenue	28
Gross Margin	10%

1. Music Business

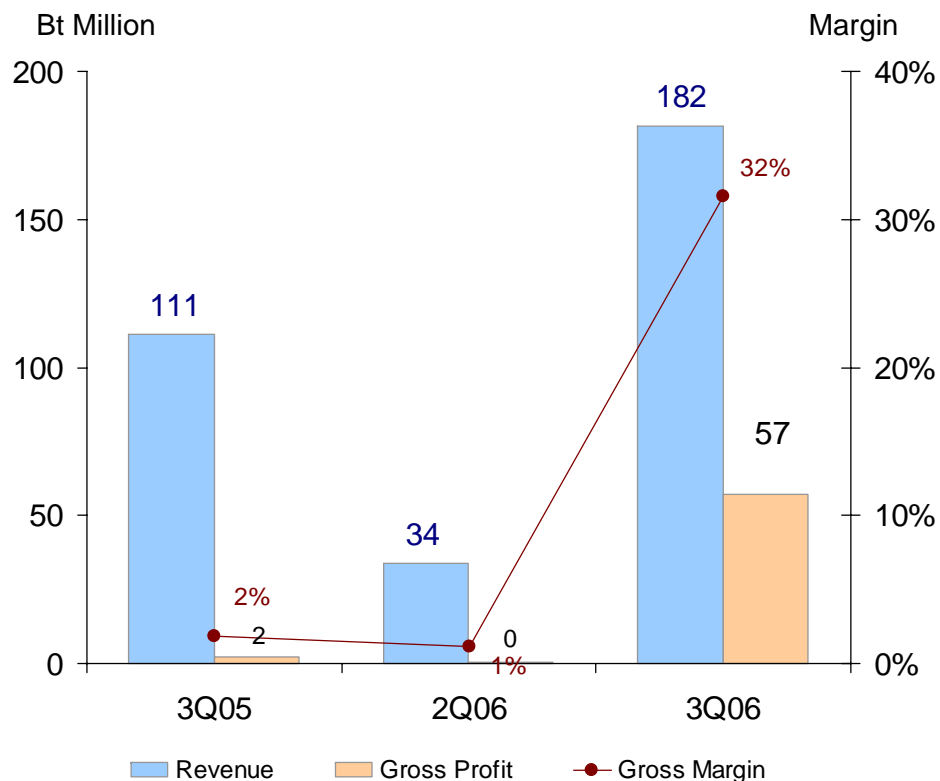
**2. Movie Business**

3. Media Business

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5. Summary

# Performance – Movies



(Bt Million)	3Q05	2Q06	3Q06
Revenue	111	34	182
Gross Profit	2.0	0.38	57
<i>Gross Margin</i>	<i>1.80%</i>	<i>1.%</i>	<i>31%</i>

## Y-o-Y

**Revenue** in 3Q06 significantly increased :

- 3 movies release → Gang Chanee, Goay, and Seasons Change
- 1 movie released in 3Q05 – Wai Onlawon

## Q-o-Q

**Margin** : improved to 32%

- Goay and Seasons Change perform quite well from box office revenue (more than 50 MB)
- Commercial Film generated revenue amount of 30 MB (YAMAHA- My Fino, FANCL, MAMA DJ, LAY'S Mayonnaise Sea Food )

## Box Office (MN)

3Q05	3Q06
Wai Olawon (25mn)	- Gang Chanee (50 mn)
	- Goay (67mn)
	- Seasons Change (68mn)

# Update on Outlook

- **GTH:** Movies expected to launch in 4Q06 are on schedule:

- **4Q2006**

- หมากเตะรีเทิร์นส



19 October 2006

- เก้า..เก้า



4 December 2006

- **Year 2007**

Movies to launch in pipeline approx. 10 movies

1. Music Business

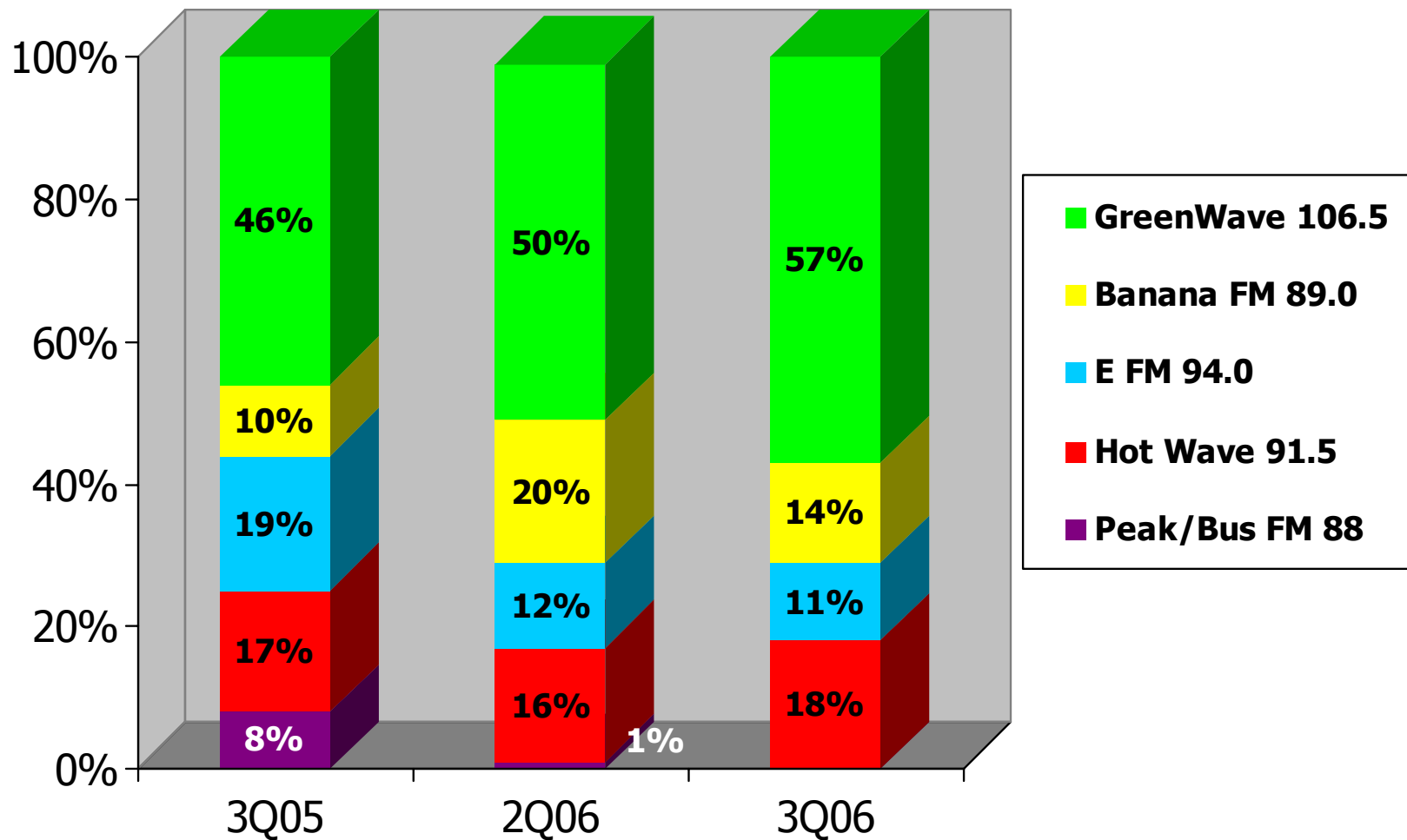
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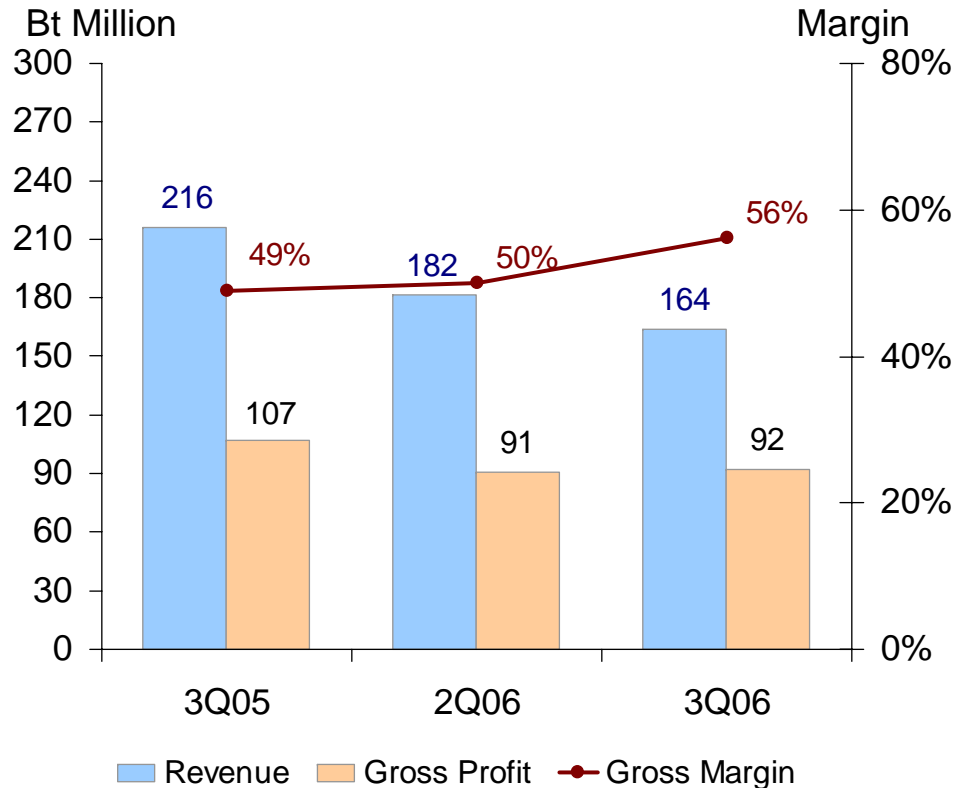
5. Summary

# Radio : Revenue Contribution by Stations



# stations	5	5	4

# Performance – Radio



# stations	3Q05	2Q06	3Q06
	5	4	4

Focus on 4 music stations clear content format

## Y-o-Y

**Revenues** decreased 24% y-o-y

- Uncertainty in economic and politic
- Competitive environment
- Reduce music stations from 5 to 4
- Reduce in ad spending

**Gross Margin** increased from 49% to 56%

**Gross profit** declined 14%

## Q-o-Q

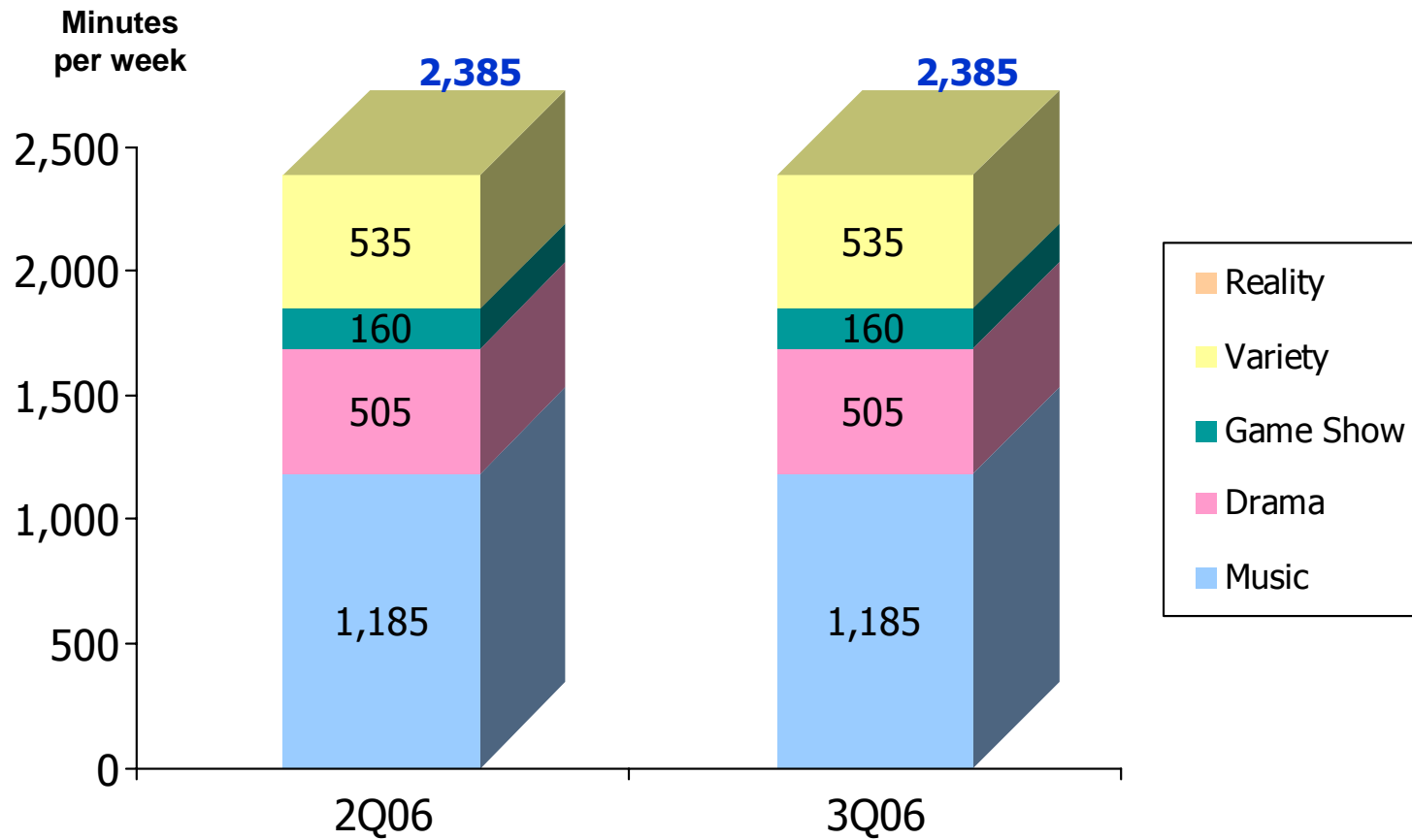
**Revenues** decreased 9.9% due to low season

**Gross Margin** increased to 56% due to closing 2 loss stations.

**Gross Profit** increased 1% to Bt 92 mn

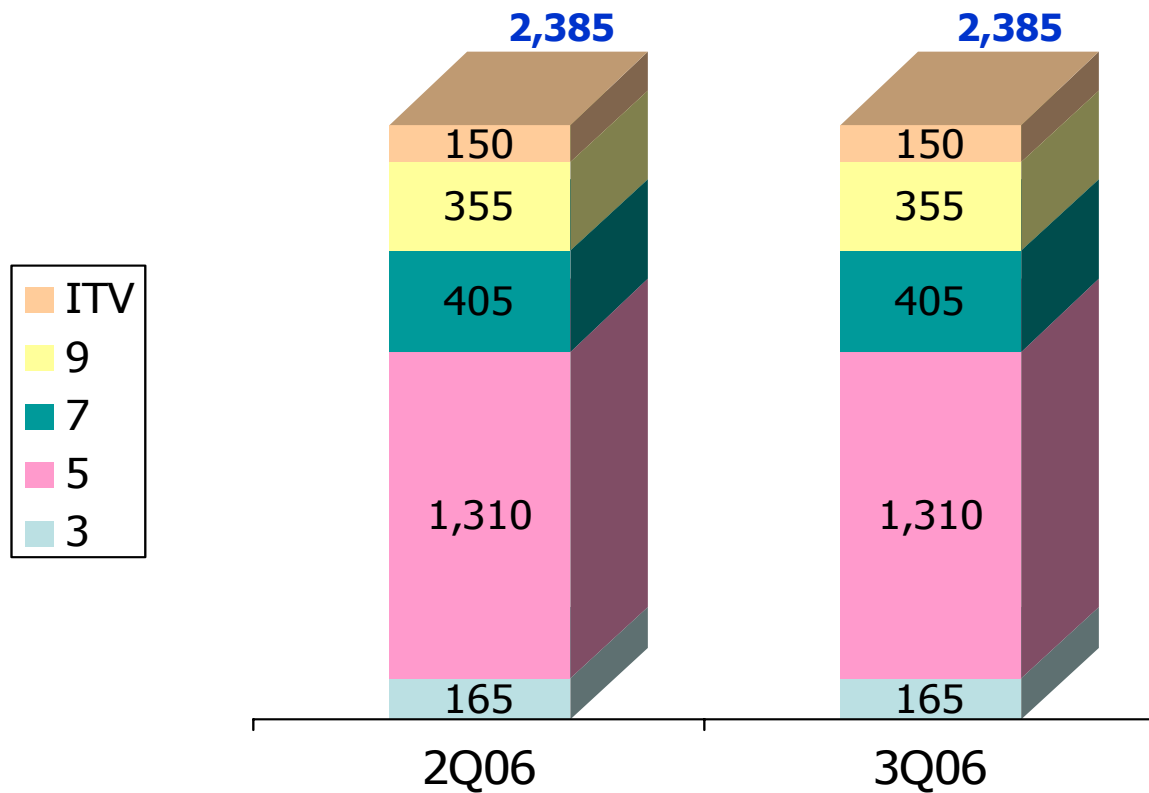
(Bt Million)	3Q05	2Q06	3Q06
Revenue	216	182	164
Gross Profit	107	91	92
<i>Gross Margin</i>	<i>49%</i>	<i>50%</i>	<i>56%</i>

# TV - Airtime by Type of Program



Total	35 hrs 45 mins	35 hrs 45 mins
Scenario	4 hrs	4 hrs
Grand total	39 hrs 45 mins	39 hrs 45 mins

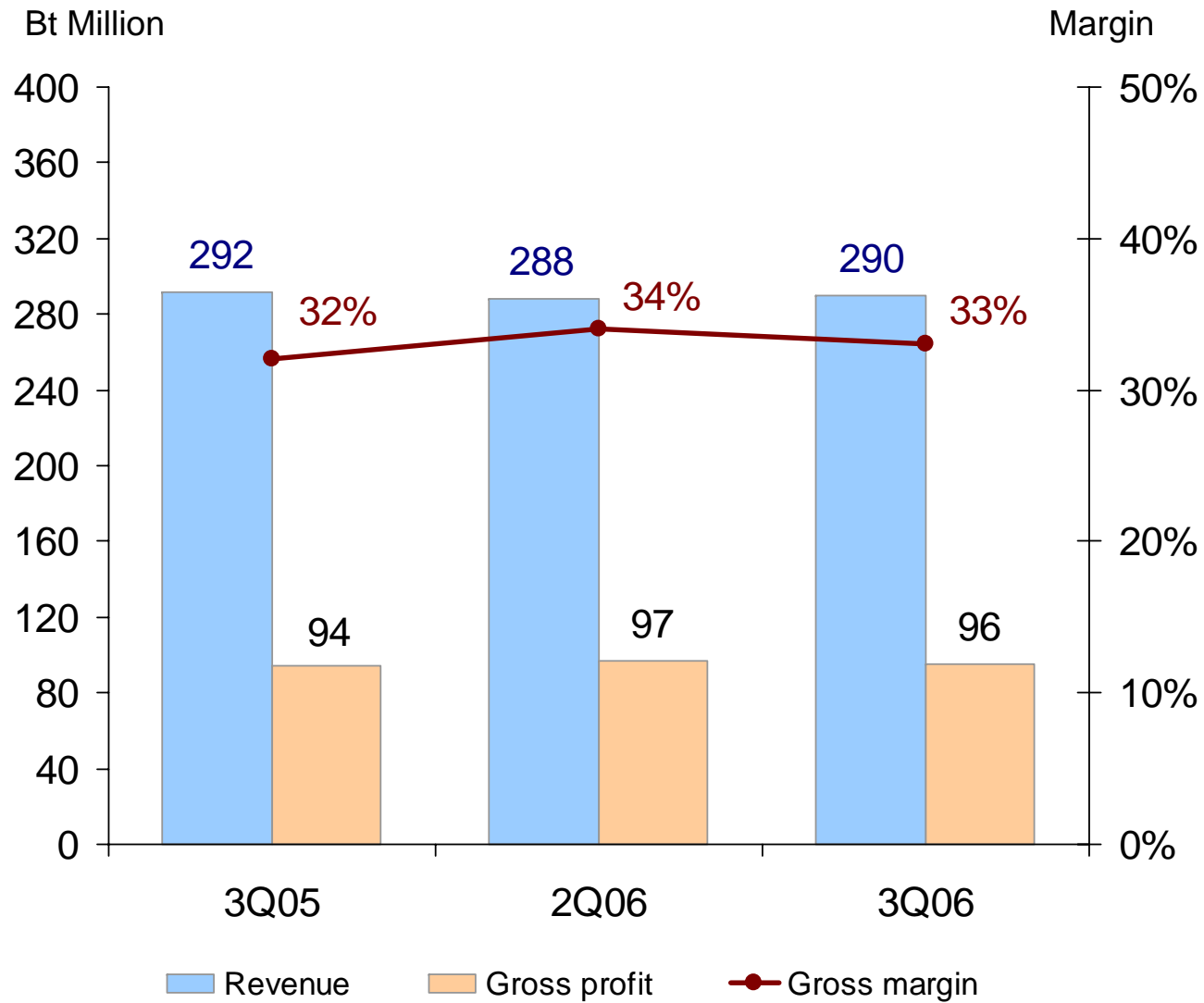
# TV - Airtime by Channel



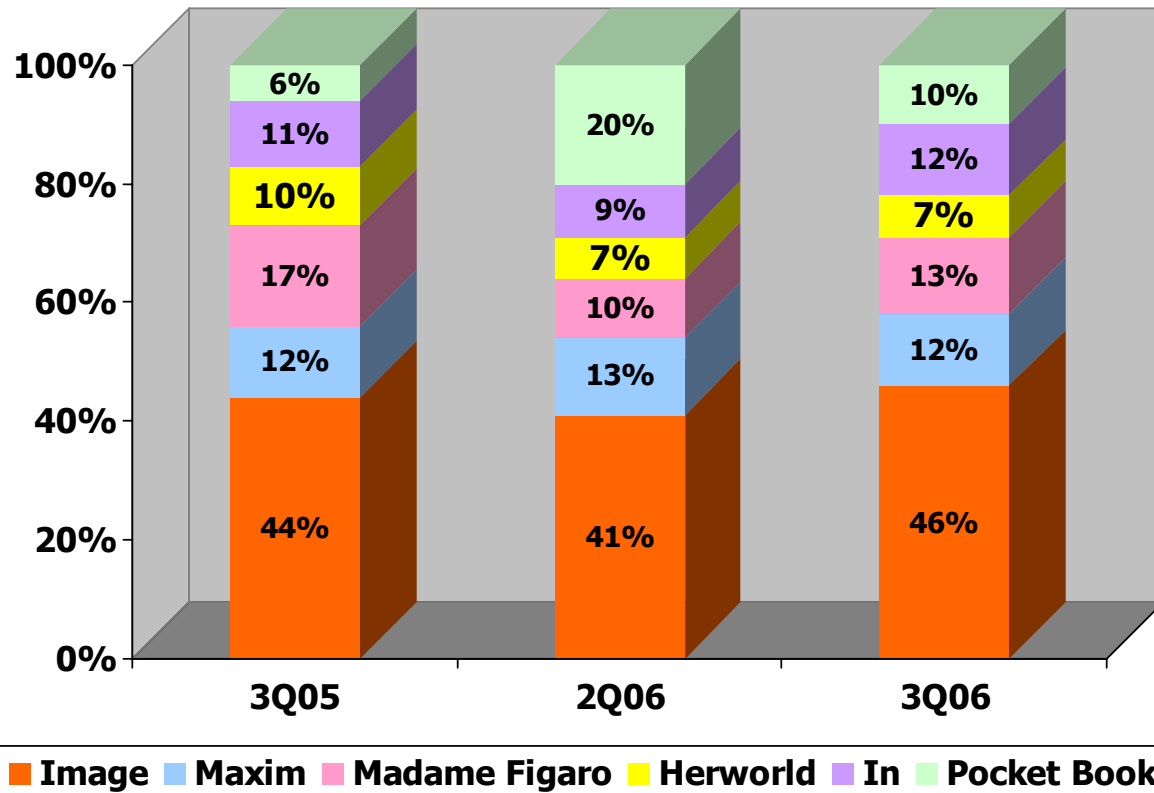
Total	35 hrs 45 mins	35 hrs 45 mins
Scenario	4 hrs	4 hrs
Grand total	39 hrs 45 mins	39 hrs 45 mins



# Performance – TV



# Publishing - Revenue Contribution (include pocket book)



No. of

Magazine

5

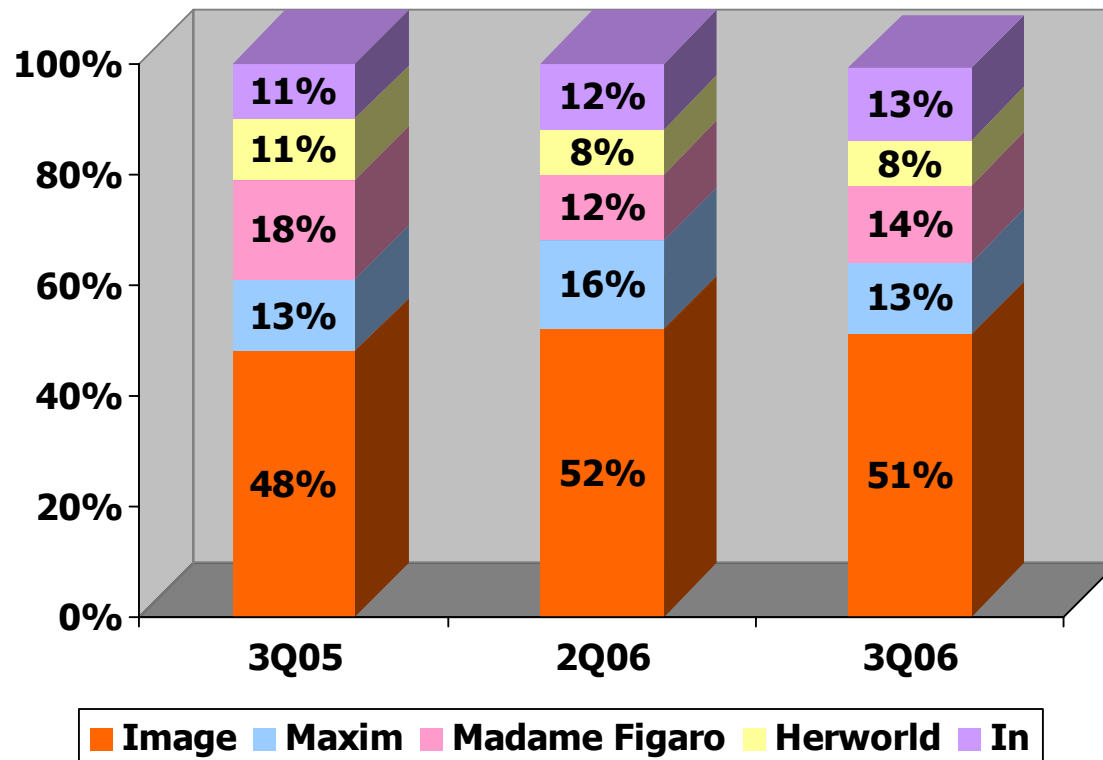
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## Y-o-Y , Q-o-Q

- *Image* remained the major contributor
- Book Fair, major revenue contributor for pocket books, held in April and October every year

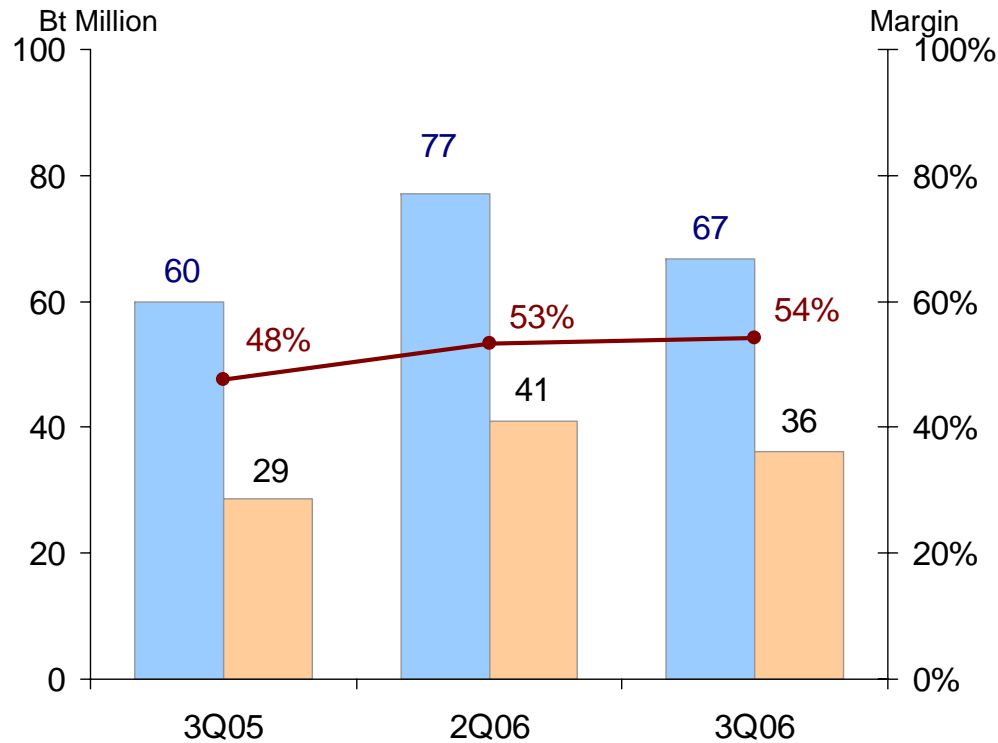
# Publishing - Revenue Contribution by Magazine



- Image remained the major contributor of 51% while Her World contributed the least of 8%



# Performance – Publishing



Revenue Gross Profit Gross Margin

(Bt Million)	3Q05	2Q06	3Q06
Revenue	60	77	67
Gross Profit	29	41	36
<i>Gross Margin</i>	<i>48%</i>	<i>53%</i>	<i>54%</i>

## Y-o-Y

**Revenues** increased 12% due to the increase in sale from In Magazine and pocket book

**Gross Margin** increased to 54%

**Gross profit** therefore increased 24%

## Q-o-Q

**Revenues** decreased 13% due to higher sales of pocket books from the book fair in April

**Gross Margin** improve 1 %

**Gross Profit** decreased 12 %

## Local Magazine

**Uni-Sex** : Image

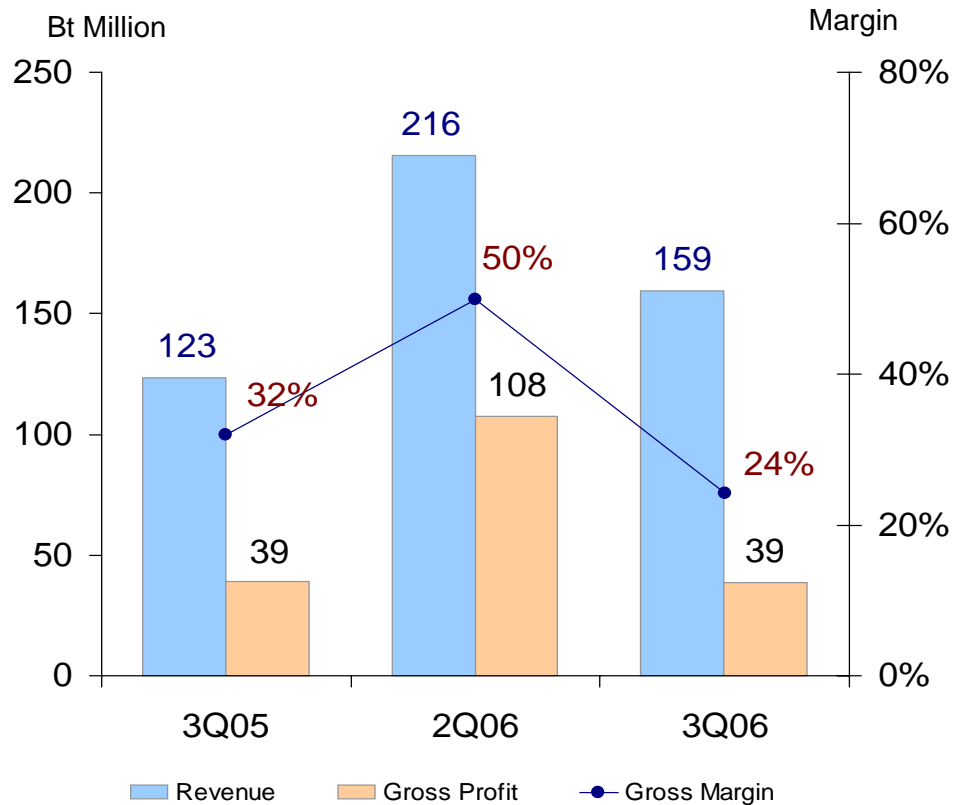
**Entertainment** : In

## Foreign-affiliated

**Women** : Madame Figaro,  
Her World

**Men** : Maxim

# Performance – Event Management



(Bt Million)	3Q05	2Q06	3Q06
Revenue	123	216	159
Gross Profit	39	108	39
<i>Gross Margin</i>	<i>32%</i>	<i>50%</i>	<i>24%</i>

## Y-o-Y

- **Revenues** increased 30%
- **Margin** decreased from 32% to 24% since
  - In August most of sale were government events which less margin than private events
  - In September – Aveo event received slim margin but to win client and ensure long term contact
- **Gross profit** remain the same

## Q-o-Q

- **Revenues** decreased 26% due to in 2Q06 most of the revenue came from project for the King's 60<sup>th</sup> Anniversary Accession to the Throne
- **Margin** drop to 24%
- **Gross Profit** decreased from Bt 108 mn to Bt 39 mn

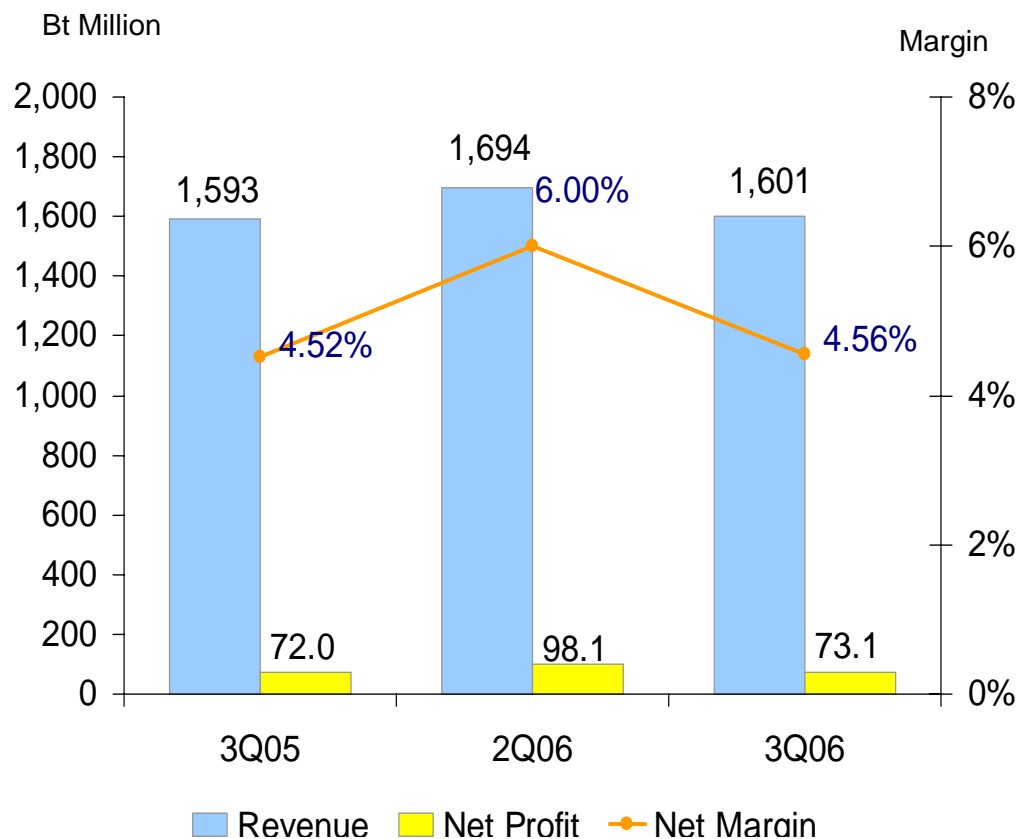
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# GMM Grammy



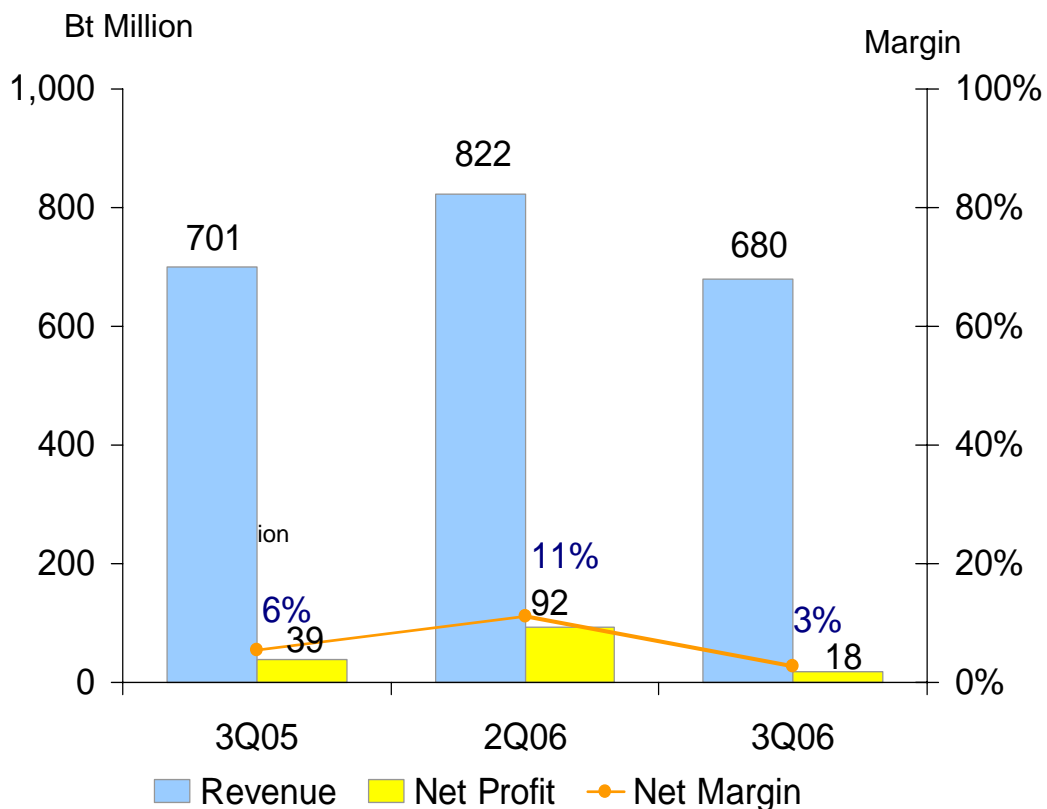
## Y-o-Y

- **Revenues** flat
- **Net margin** flat
- **EBIT** decreased 3%
- **Net profit** increased 1.5%

## Q-o-Q

- **Revenues** decreased 5.5% mainly from seasonal effect (Radio, Artists Management)
- **Net margin** decreased to 4.6%
- **Net profit** decreased to Bt 73.1 mn

# GMM Media



## Y-o-Y

- **Revenues** decreased 3% y-o-y from
  - Reduce in radio station from 5 to 4
  - Uncertainties in economic and politic
- **Net Margin** decreased to 3% due mainly to
  - Pressure on the margin of radio business
  - Higher cost and expenses from marketing promotion and interest expenses
- **EBIT** decreased by 26%
- **Net profit** decreased 54%

## Q-o-Q

- **Revenues** decreased 17% due to
  - Reduce in radio station from 5 to 4
  - Seasonal effect: reduce in ad spending
  - Uncertainties in economic and politic
- **Net Margin** decreased from 11% to 3%

## GMM Grammy Balance Sheet

Balance Sheet (MB)	2Q06	3Q06
Cash and cash equivalent	1,758.18	1,271.53
Long-term investment	1,900.89	1,788.02
PPE – net	924.58	1,083.51
<b>Total Asset</b>	<b>7,409.79</b>	<b>7,190.13</b>
Bank Loan	1,745.05	1,457.03
Other liabilities	1,646.07	1,745.00
<b>Total Liabilities</b>	<b>3,391.12</b>	<b>3,202.03</b>
<b>Minority Shareholder Equity</b>	<b>757.69</b>	<b>804.44</b>
	<b>3,260.98</b>	<b>3,183.66</b>
Net interest-bearing D/E	Net Cash	0.06X
Interest-bearing D/E	0.54X	0.46X

## GMMM Balance Sheet

Balance Sheet (MB)	2Q06	3Q06
Cash and cash equivalent	511.59	445.24
Long-term investment	1,520.60	1,458.80
Leasehold & equipment-net	467.89	511.09
<b>Total Asset</b>	<b>3,500.82</b>	<b>3,343.84</b>
Current Liabilities	995.05	957.03
Non-current liabilities	548.43	532.91
<b>Total Liabilities</b>	<b>1,543.48</b>	<b>1,489.94</b>
<b>Minority Shareholder Equity</b>	<b>287.24</b>	<b>287.51</b>
<b>Shareholder Equity</b>	<b>1,670.10</b>	<b>1,566.41</b>
Net interest-bearing D/E	0.29X	0.33X
Interest-bearing D/E	0.60X	0.61X

Thank you