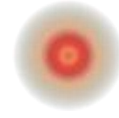


**Compliance Report based on:****AAOIFI Shariah Guidelines**

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**VGI PCL**

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**Description**

VGI Public Company Limited, formerly VGI Global Media Public Company Limited, is a Thailand-based Company engaged in the provision of marketing and advertising services. The Company's business activities are divided into three groups: mass transit, modern trade, and multimedia. 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. Modern trade includes sales floor media, which is a choice of various formats of media located at the point of purchase or nearby, and non-sale floor media located from the entrance area of the stores, car parks and mall areas, such as Tesco Lotus and Big C. Multimedia is the digital screen networks across the country, such as BTS and office towers.

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**Company Status**

IdealRatings analysts have issued a report regarding the company:

Name:	VGI PCL.	Core Business Activity:	Advertising/ Marketing
Ticker:	VGI	Exchange:	Stock Exchange of Thailand (Bangkok)
ISIN:	TH3740010Y09	Compliance Status:	<b>FAIL</b>
Country:	Thailand		

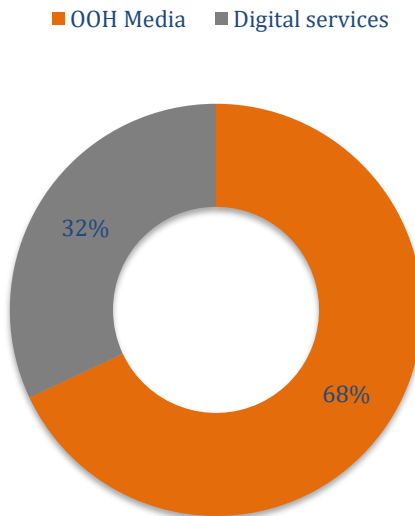
IdealRatings reviewed the most recent financial statements (2020Q1) ended 30/6/2019 for VGI PCL.

This report has been prepared to determine the Shariah compliance status of the company based on AAOIFI Shariah guidelines.

### Business Screening:

According to 2020Q1 financial statements the company generates its revenue from two main segments: Out-of-Home media and Digital services with the following percentages:

## 2020Q1 Revenue Segmentation



(Source: VGI PCL 2020Q1 Financial Statements)

### Business Segments Overview

- 1- **Out-of-Home (OOH) Media Segment:** The company offers its advertising services through this segment. Advertising business consists of five principal subsegments: 1) advertising in transit network (Transit media), 2) billboards and street furniture advertising (Outdoor media), 3) advertising in office buildings (Office media), 4) advertising in airports (Aviation) and 5) demonstration services (free products sampling) in modern trade and on BTS station (Activation). Based on AAOIFI Shariah principles, advertising services are not considered as prohibited operational activities, therefore the revenue generated from this segment is considered Shariah-Compliant.
- 2- **Digital Services:** is comprised of the revenue generating from:
  - a. **Trans.Ad group:** that provides design and installation services for multimedia display. For the fiscal period 2020Q1 ending June 30,2019 Trans.Ad represented 20.69% of VGI PCL's total revenue.
  - b. **Rabbit Group:** it represents 20.69% of the company's total revenue. it is a digital lifestyle solution with two key services: 1) payment and 2) services. Payments on the mass transit system and retail stores through the "rabbit card" and "RabbitLinePay", an e-wallet for both offline and online (e-commerce) payments. Both of "Rabbitcard" and e-wallet service "RabbitLinePay" are considered compliant services. On the other hand, Rabbit AEON and Rabbit Finance services are non-Shariah Compliant. Further details on the nature of services they provide are found in the section below.

Rabbit Group Non-Compliant Services

- A. **Rabbit AEON Member card:** it's a travel card for Bangkok Mass Transit System and Bangkok Bus Rabbit Transit System. The co-branded card offers non-compliant services such as access to personal credit facilities and loans from business partners of AEON's network. Accordingly, non-permissible income generated from this service was estimated to be 2.8% of total revenue.
- B. **Rabbit Finance:** Provides life and non-life insurance brokerage services as well as credit cards and personal loans. It is a partner with leading insurers and financial institutions in Thailand like Bangkok life Assurance and Citibank. In addition to providing a comparison of insurance premiums and credit card rates, they provide their customers with many special benefits and discounts if the service was done through rabbit finance. Accordingly, insurance and conventional interest-based banking non-permissible income from rabbit finance was estimated to be 1.4% for each.

The status of the company from a business activity is as follows:

	Threshold	Company	Compliance
Non-permissible Income	5%	5.53%	<b>FAIL</b>

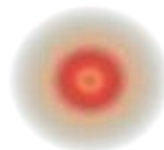
Financial Screening:

According to the most recent financial statements (2020Q1) ended 30/6/2019, the financial ratios with respect to AAOIFI Shariah guidelines for the company are as follows:

	Threshold	Company	Compliance
Interest bearing Investments Ratio	30%	3.36%	<b>PASS</b>
Interest-bearing Debts Ratio	30%	4.43%	<b>PASS</b>
Liquidity Ratio	67%	14.51%	<b>PASS</b>

Compliance Status:

Based on the available information and the above figures according to AAOIFI shariah guidelines, VGI PCL is to be considered **Shariah non-compliant**.





## Disclosures

This research is for our clients only. This research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The research reports are published at irregular intervals based on clients' request or as appropriate in our analysts' judgment.

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