

Translation

## Overview

### Financial Highlights

- New historic record for revenue of both Mass Transit and Media business divisions
- Total quarterly ridership reaches 45.1mn passengers in 2Q 11/12 representing 19.4% YoY growth
- Weekday average ridership for 2Q 11/12 of 541,275 passengers representing a 16.6% YoY growth
- Media business revenue rises 51.6% YoY (12.1% QoQ) to THB 523.3mn
- Total operating revenue of THB 2,033.9mn in 2Q 11/12, representing growth of 36.1% YoY
- Operating EBITDA<sup>4</sup> margin increased to 52.8% in 2Q 11/12, compared to 52.4% in 1Q 11/12 and 37.2% in 2Q 10/11
- Profit attributable to the equity holders of the Company of THB 1,281.6mn (an increase of 116.8% YoY)

### Quarterly Performance – 2Q 11/12

BTS Group Holdings Public Company Limited (“BTSG” or the “Company”) and subsidiaries (together, the “Group”) recorded consolidated total revenue of THB 3,128.4mn in 2Q 11/12, an increase of 40.7% (or THB 905.6mn) from THB 2,222.8mn in 2Q 10/11. Operating revenue also rose 36.1% to THB 2,033.9mn. The increase in operating revenues was on account of the improved revenue performance in all our business sectors. The Group also realised non-recurring revenues totaling THB 1,049.4mn related to the favourable verdict by the Supreme Administrative Court in relation to construction costs of the BTSC depot. Revenues from the Mass Transit, Media, Property and Services businesses accounted for 65.2%, 25.7%, 7.5% and 1.7% of total operating revenues respectively.

Operating Revenue <sup>2</sup> (THB mn)	2Q 11/12	% of Total <sup>2</sup>	2Q 10/11	% Change (YoY)	2Q 11/12 margin <sup>3</sup>	2Q 10/11 margin
Mass Transit <sup>1</sup>	1,325.7	65.2%	989.9	33.9%	48.7%	42.3%
Media	523.3	25.7%	345.2	51.6%	63.0%	65.6%
Property <sup>1</sup>	152.2	7.5%	137.0	11.1%	16.8%	-50.1%
Services <sup>1</sup>	32.8	1.7%	22.6	45.1%	48.2%	45.1%
<b>TOTAL<sup>2</sup></b>	<b>2,033.9</b>	<b>100.0%</b>	<b>1,494.7</b>	<b>36.1%</b>	<b>50.0%</b>	<b>39.3%</b>

<sup>1</sup> Mass Transit revenues include Fare box revenue as well as Service Income from Train Operation Management. Property includes Sales from Real Estate, Rental and Service Income, and Construction & Services Businesses, but excludes Service income related to Thana City Sports & Golf Co. Ltd., which is classified as Services Business

<sup>2</sup> Total operating revenue for 2Q 11/12 excludes other income of THB 45.0mn (2Q 10/11 THB 19.6mn) from management income, interest income and others and loss on exchange of THB 40.8mn (2Q 11/12 THB 4.0mn) and non-recurring revenue of THB 1,049.4mn

<sup>3</sup> Gross profit margin

Total expenses rose by 10.3% to THB 1,383.7mn (and less than the increase in operating revenue) hence the Group saw a strong improvement in its operating gross margin to 50.0% compared with 39.3% in the previous year. Selling and service expenses fell 47.6% or by THB 44.3mn to THB 48.8mn largely as there was no repeat of the marketing expenses associated with the launch of Abstracts condominium brand in 2Q 10/11.

This led to the improvement of operating EBITDA by 92.8% YoY (and 21.0% QoQ) to THB 1,073.6mn. Finance costs were stable at THB 355.5mn compared to THB 353.5mn in 1Q 11/12. Besides operating items, the Group also benefited from non-recurring revenue in 2Q 10/11 of THB 1,049.4mn. This was due to the reversal of a previous allowance for loss in value of civil works amounting to THB 705.2mn as well as compensation (interest charges) related to the allowance of THB 344.2mn. Further there was a loss on exchange (THB 40.8mn) in relation to an accounting policy for the Euro component of the advance payment for new rolling stock (35 middle cars). All these taken into account, the Group reported consolidated profit for the 3 month period of THB 1,337.4mn (a 121.3% increase to net profit of THB 604.2mn in 2Q 10/11) and profit attributable to the equity holders of the Company at THB 1,281.6mn (an increase of 116.8% compared to THB 591.2mn in 2Q 10/11).

Total assets at 30 September 2011 stood at THB 64,901.5mn, a 1.7% increase from 31 March 2011. In June, the Company increased capital by the issuance of 1,299.0mn common shares (as consideration for the shares of a group of specific investors in our subsidiary BTSC). This resulted in an increase in issued and fully paid-up capital to THB 36,600.5mn and share premium account of THB 350.7mn. Long term debt also increased by THB 1,012.0mn as the Group drew down for the development of its Property projects.

<sup>4</sup> operating EBITDA excludes non-recurring items

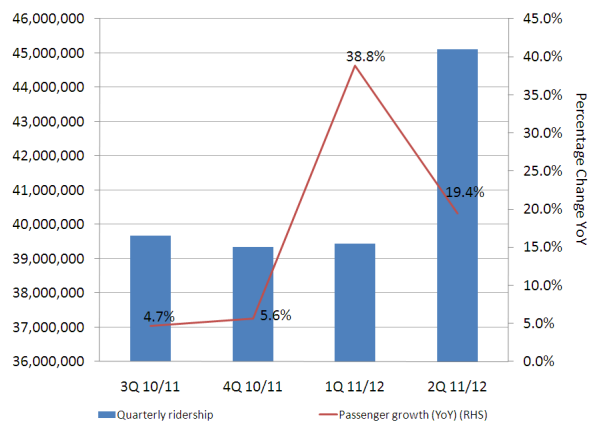
## Major Developments in 2Q 11/12

### Mass Transit Business

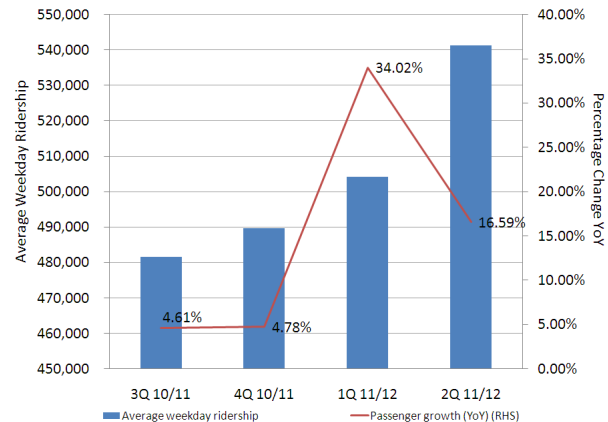
#### Ridership

Ridership grew apace in 2Q 11/12 reaching 45.1mn passengers, surpassing the previous quarterly record (39.7mn passengers achieved in 3Q 10/11) by some way. In 2Q 11/12, YoY growth was 19.4% with QoQ growth also reaching 14.4%. Average ridership per weekday also followed the same trend rising 16.6% YoY (or 7.3% QoQ) to 541,275 passengers. The key growth factor aside from organic growth was the opening of the On nut – Bearing extension midway through 2Q on 12<sup>th</sup> August 2011.

Historical Quarterly Ridership (passengers / quarter)



Historical Average Weekday Ridership (passengers / weekday)



Overall Mass Transit revenue increased in excess of ridership due to the increased contribution of operation and maintenance (O&M) revenue from new extensions. Mass Transit revenue increased by 33.9% or THB 335.8mn YoY (or 27.7% or THB 287.8mn QoQ) to THB 1,325.7mn.

Farebox revenue grew 19.6% and in line with the YoY ridership trend to THB 1,088.1mn as the average fare was stable at THB 24.1 per trip (2Q 10/11 THB 24.1/trip). O&M income however, grew significantly, rising 197.4% or THB 157.7mn YoY (189.8% or THB 155.6mn QoQ) to THB 237.5mn as the Group recognised revenue relating to the operation and pre-operation of the On nut – Bearing extension which began commercial operations on 12 August 2011.

Cost of revenues rose 19.0% or THB 108.5mn YoY to THB 679.5mn and SG&A expenses rose 15.4% or THB 20.2mn, with the latter increase related to the aforementioned loss on currency in relation to the purchase of rolling stock. As a result we have seen the Mass Transit operating EBITDA margin improve strongly to 67.0% compared to 57.8% (2Q 10/11).

#### Media Business

The Group's Media business showed a continued improvement on last quarter's record performance, with revenue rising by THB 56.3mn or 12.1% QoQ (THB 178.1mn or 51.6% YoY) to THB 523.3mn. Revenue contribution from BTS-related media was THB 288.7mn, representing growth of 0.3% QoQ (or THB 0.8mn) or 32.3% growth YoY (or THB 70.6mn), with the pricing increase in on-train LCDs and increased occupancy rates being the main contributor to the YoY growth. Revenue contribution from the non-BTS media was THB 234.6mn, representing growth of 31.0% QoQ (or THB 55.5mn) and 84.7% YoY (or THB 107.5mn). Growth in non-BTS media revenue is attributable to new contracts signed for Tesco Lotus and BigC which began to derive revenue in 3Q 10/11 and 2Q 11/12 respectively.

Cost of revenues rose at a similar rate to revenues QoQ, reaching THB 193.6mn (a 11.4% increase QoQ or 63.1% increase YoY). SG&A expenses rose 23.1% YoY (or THB 13.0mn) to THB 69.0mn. The YoY rate of increase in Cost of revenues was more than corresponding revenue increase due to the lower media utilisation rate experienced during the initial period of new modern trade contracts. In spite of this and the higher proportion of non BTS media business, the operating EBITDA margin of the Media business remained stable at 55.8% compared to 56.2% in 2Q 10/11.

## Property Business

Property revenue for the Group increased by 11.1% YoY to THB 152.2mn. However, this represented a slight fall (1.5%) QoQ as the company transferred 14 units of Abstracts Sukhumvit 66/1 (compared to 18 units in 1Q 11/12) contributing THB 49.4mn of revenues to the Property division. Elsewhere, revenue from commercial property (serviced apartment, office and hotel business) increased 17.8% QoQ or 24.3% YoY to THB 41.9mn. This improved performance was on the back of improved occupancy of the Group's hotel business.

Cost of revenues for the Property division fell 38.4% or THB 79.0mn YoY to THB 126.6mn. Recall that in 2Q 10/11 the Company recognised an impairment of real estate inventory of Thana City of THB 81.6mn. Property gross profit reached THB 25.6mn (compared with loss of THB 68.6mn in 2Q 10/11 and profit of 29.5mn in 1Q 11/12). SG&A expenses fell 17.5% YoY (but was flat QoQ) to THB 76.1mn. The YoY reduction is due to the marketing expenses incurred in 2Q 10/11 from the Abstracts condominium brand launch.

## Services Business

Our Services business saw another stable quarter, with revenue of THB 32.8mn. However this represented a 45.3% increase YoY as in 2Q 10/11, Thana City Golf course was partly under renovation. The division's gross profit margin was 48.2% and EBITDA margin 2.4%.

**Absolute Hotel Services Co. Ltd (AHS)** continued with the acquisition of 11 new management contracts under the Eastin and U Hotels & Resorts brand regionally during the period.

### New contracts secured

U Hotels & Resorts	Eastin Hotels / Residence and Eastin Easy
<b>India</b>	<b>India</b>
U Candolim Goa - 58 rooms opening 2012	Eastin Easy Tarapur – 32 rooms opening 2012
U Navi Mumbai -35 rooms opening 2012	Eastin Easy Kohlapur – 70 rooms opening 2013
U Umargam – 60 rooms opening 2013	Eastin Easy Citizen Ahmedabad – 50 rooms opening 2012
	Eastin Easy Sun Mapusa Goa – 75 rooms opening 2014
	<b>Vietnam</b>
	Eastin Easy LTT Hanoi – 56 rooms opening 2011
	Eastin Easy GTC Hanoi – 70 rooms opening 2011
	Eastin Hotel Nha Trang --200 rooms opening 2014
	Eastin Hotel Westlake Hanoi – 150 room opening 2014

**Hip Hing Construction (Thailand)** continues to make good progress with its construction management work at the BTS Group's hotel project at Surasak (88% completed), Abstracts Sukhumvit 66/1 ("The Moon" phase 100% completed and "The Sun" 98% completed) and Abstracts Phahonyothin Park (31% completed) as of 30 Sep 2011

## Financial Ratios

Key financial ratios	2Q 11/12	2Q 10/11	1Q 11/12
<i>Profitability ratios</i>			
Gross profit margin <sup>5</sup> (%)	50.0%	39.3%	48.3%
Selling and administrative expenses to sales ratio (%)	15.7%	22.6%	19.3%
EBITDA margin (%) <sup>6</sup>	68.3%	57.2%	49.4%
Operating EBITDA margin (%) <sup>5</sup>	52.8%	37.2%	52.4%
Operating EBIT margin (%) <sup>5</sup>	35.4%	17.4%	30.2%
EBT margin (%) <sup>6</sup>	44.4%	28.5%	11.3%
Net profit margin (%)	41.0%	26.6%	7.7%
ROA (%)	2.11%	1.53%	1.05%
ROE (%)	3.64%	2.53%	1.81%
<i>Leverage</i>			
Total liability to total asset (times)	0.42x	0.39x	0.42x
Total liability to total equity (times)	0.72x	0.65x	0.72x
Net debt to equity (times)	0.60x	0.52x	0.56x
Interest coverage (times) <sup>7</sup>	4.91x	2.90x	1.56x
<i>Per share ratios</i>			
Earnings per share (THB)	0.022	0.011	0.002
Operating cash flow per share (THB)	0.005	0.006	0.008
Free cash flow per share (THB)	0.000	-0.007	-0.002
Enterprise value per share (THB) <sup>8</sup>	1.02	1.24	1.09
Book value per share (THB)	0.66	0.67	0.66

<sup>5</sup> Based on operating and recurring revenue only

<sup>6</sup> Includes non-recurring revenue and expenses

<sup>7</sup> Earnings before tax and interest divided by finance cost

<sup>8</sup> The calculation is based on stock price as of 30/9/2011 (THB 0.59 / share)



## Management Outlook

On October 7th, 2011, BTSC was awarded the operation and maintenance (O&M) contract for the Silom line extension from Wongwian Yai to Bang Wa. The extension is 5.3km long with an additional 4 stations and is expected to be operational from 5th December 2012. This will generate additional recurring revenue for the Group of around THB 604mn (excluding VAT) in the first year. In anticipation of the additional ridership, BTSC has also entered into an agreement to acquire five new 4-car trains which are anticipated to be delivered by late 2013.

The flooding of Central Thailand and Bangkok has had a devastating effect on many parts of local industry and community. As such we expect our Media business will be adversely affected due to the delay of advertising budgets. Our full year revenue growth forecast is therefore adjusted downwards to 20% growth (from 40% growth) compared to FY 2010/11. The BTS SkyTrain however, has so far been able to maintain full operation. Whilst we anticipate that 3Q ridership will be impacted by the additional national holidays declared and reduced commuters during the flood, BTS SkyTrain ridership has a proven track record for fast reversion to normal ridership following the end of such interruptions hence we still expect to achieve our full year target of 15% ridership growth.

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Rangsin Kritalug

(Director)