

Translation

Overview

Financial Highlights

- Operating EBITDA¹ in 1Q 12/13 grew 35.9% YoY to THB 1,167.6mn
- Total operating revenue of THB 2,192.0mn in 1Q 12/13, representing growth of 29.5% YoY
- Mass Transit business unit revenue in 1Q 12/13 increased 34.3% YoY to THB 1,393.6mn
- 17.7% YoY growth in total quarterly ridership to 46.4mn passengers in 1Q 12/13
- Average ridership for 1Q 12/13 of 581,866 passengers / weekday; 15.4% YoY growth
- Media revenue grew 36.5% YoY, reaching THB 637.4mn in 1Q 12/13
- Profit attributable to the equity holders of the Company of THB 309.3mn

Quarterly Performance – 1Q 12/13

BTS Group Holdings Public Company Limited (“BTSG” or the “Company”) and subsidiaries (together, the “Group”) recorded consolidated total revenue of THB 2,235.7mn in 1Q 12/13, an increase of 26.5% (or THB 468.9mn) from THB 1,766.8mn in 1Q 11/12. Operating revenue also rose 29.5% YoY to THB 2,192.0mn. The increase in operating revenues was on account of the improved revenue performance from the Mass Transit and Media business sectors. Revenues from the Mass Transit, Media, Property and Services businesses accounted for 63.6%, 29.1%, 7.1% and 0.3% of total operating revenues respectively.

Operating Revenue ² (THB mn)	1Q 12/13	% of Total ²	1Q 11/12	% Change (YoY)	1Q 12/13 margin ⁴	1Q 11/12 margin ⁴
Mass Transit ³	1,393.6	63.6%	1,037.9	34.3%	50.1%	44.1%
Media ³	637.4	29.1%	467.0	36.5%	57.5%	62.8%
Property ³	155.1	7.1%	187.8	-17.4%	23.4%	25.1%
Services ³	5.8	0.3%	-	N/A	-240.6%	N/A
TOTAL²	2,192.0	100.0%	1,692.7	29.5%	49.6%	47.1%

¹ Operating EBITDA excludes non-recurring items

² Total operating revenue for 1Q 12/13 excludes other income of THB 43.7mn (1Q 11/12 THB 74.1mn) from gain (loss) on exchange, reversal of (loss from) doubtful debts, interest income and others.

³ 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, Construction & Services Businesses and Service income related to Thana City Golf & Sports Club Co. Ltd, Note that income related to Thana City Golf & Sports Club Co. Ltd was reclassified from Services Business to Property business in 4Q 11/12.

⁴ Operating gross profit margin

Total expenses rose by 22.3% to THB 1,481.0mn (and less than the increase in operating revenue) and the Group saw an improvement in its operating gross profit margin to 49.6% compared with 47.1% in the previous year. Selling, service and administrative expenses rose 13.3% YoY or by THB 41.5mn to THB 352.9mn largely due to increase in Media and Property SG&A expenses.

This led to the improvement of operating EBITDA by 53.3% YoY to THB 1,167.6mn. Finance costs increased by 5.5% YoY or THB 19.4mn to THB 372.9mn (2.0% or THB 7.3mn increase QoQ). The Group also realised non-recurring expenses totaling THB 13.4mn mainly related to loss on exchange. All these taken into account, the Group reported consolidated profit for the 3 month period of THB 326.1mn (a 107.7% increase from net profit of THB 157.0mn in 1Q 11/12) and profit attributable to the equity holders of the Company at THB 309.3mn (an increase of THB 173.0mn compared to 1Q 11/12).

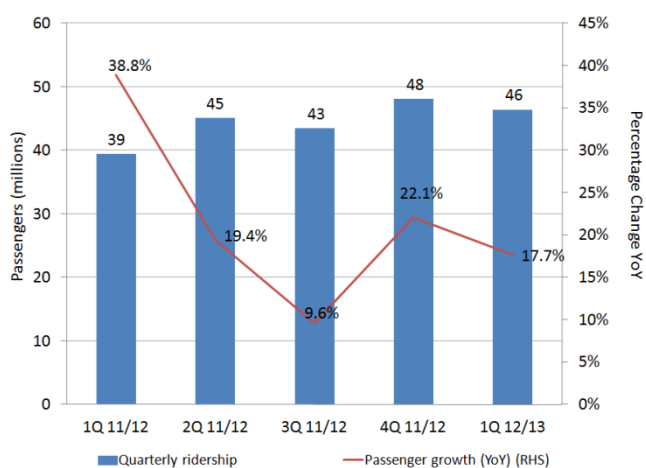
Total assets at 30 June 2012 stood at THB 67,275.6mn, a 0.6% increase from 31 March 2012 mainly from the increase trade and other receivables by THB 360.4mn or 32.6%. On the funding side the Company issued additional 64.7mn ordinary shares from the conversion of convertible bonds (bond principal amount of THB 55.0mn at the conversion price of THB 0.85 per share). This resulted in an increase in the number of outstanding shares to 57,253.0mn shares and the paid-up capital at THB 36,641.9mn.

Major Developments in 1Q 12/13

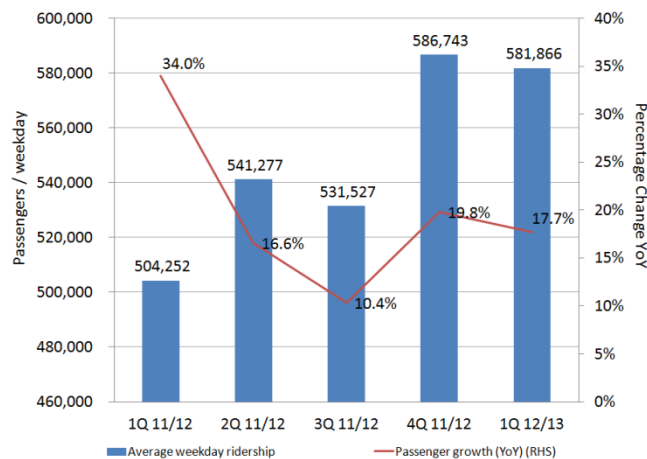
Mass Transit Business

Total quarterly ridership grew 17.7% YoY to 46.4mn passengers in 1Q 12/13 as a result of additional passengers from the Sukhumvit line extension (opened August 2011) and continued organic growth. Ridership however, fell by 3.4% QoQ from the previous quarterly record (48.0mn passengers achieved in 4Q 11/12). Recall that 1Q sees a seasonal decline in ridership (compared with 4Q) due to several public holidays and school holidays. Average ridership per weekday also followed a similar trend, rising 15.4% YoY but dropping 0.8% QoQ to 581,866 passengers per weekday.

Historical Quarterly Ridership (passengers / quarter)



Historical Average Weekday Ridership (passengers / weekday)



Mass Transit revenue increased by 34.3% or THB 355.7mn YoY to THB 1,393.6mn, supported by a 17.7% increase in total ridership, a 0.9% increase in the average fare (from THB primarily 24.2 / trip to THB 24.5 per trip) and a 215.1% (or THB 176.3mn) increase in O&M income. The increase in O&M income relates to the Sukhumvit line (On nut – Bearing extension) which opened in August 2011.

QoQ, Mass Transit revenue followed a similar trend to ridership, decreasing by 5.1% or THB 74.3mn QoQ primarily due to the seasonal drop ridership but also as a result of lower income from train operating management. This O&M revenue fell 11.2% or THB 32.7mn QoQ to THB 258.3mn as there was no repeat of previous quarter's pre-operation revenue from the Sukhumvit line (On nut – Bearing) extension.

Cost of revenues increased 19.7% or THB 114.6mn YoY as a result of higher ridership and higher O&M revenue. In particular, more employees were required for the newly opened On nut – Bearing extension and there was higher depreciation recorded (from higher ridership, new signaling system and new trains). However, as a result of increased operating leverage, the operating EBITDA margin of the mass transit business increased to 68.4% from 60.1% in 1Q 11/12.

Media Business

The Group's Media business had another strong quarter as revenue increased 37.1% or THB 172.4mn QoQ (36.5% or THB 170.4mn YoY) to THB 637.4mn. The primary reason for the increase was due to the high contribution from non-BTS related media which saw growth of 57.1% or THB 124.5mn QoQ (91.4% or THB 163.7mn YoY) to THB 342.7mn largely as a result of new contracts signed with Tesco Lotus and BigC. Revenue from BTS-related media reached THB 294.7mn; representing growth of 19.4% or 47.9mn QoQ (largely due to the post flood recovery in advertising spending).

Cost of revenues increased 18.0% or THB 41.3mn QoQ (55.7% or THB 96.9mn YoY) to THB 270.7mn with the increase attributable to the increased cost of concession paid in the growing modern trade business. Media SG&A increased 44.3% or THB 27.7mn to THB 90.3mn QoQ as a result of increased salary, commission and marketing expenses. 1Q 12/13 revenue increased greater than cost increased, consequently the operating EBITDA margin of the Media business reached at 47.7% compared to 43.9% in 4Q 11/12.

Property Business

Property revenue for the Group fell by 17.4% or THB 32.6mn YoY to THB 155.1mn. The decline in revenue was due to completion of the National Housing Association (NHA) contract (revenue recognised 1Q 12/13: THB 0mn, 1Q 11/12: THB 31.8mn) as well as fewer units transferred from Abstracts Sukhumvit 66/1 (1Q 12/13: 10 units, 1Q 11/12: 18 units) offset by increased revenue from commercial real estate due to the opening of Eastin Grand hotel.

Cost of revenues fell 15.5% or THB 21.8mn YoY to THB 118.8mn as a result of the lower revenues, however, property SG&A increased by THB 34.6mn or 49.2% due to payroll and marketing expenses related to newly completed Eastin Grand Hotel at Sathorn.

Services Business

Our Services business saw 1Q 12/13 revenues increase by THB 5.1mn QoQ to THB 5.8mn. This increase was primarily driven by the sale of rabbit cards (common ticketing cards for Bangkok's mass transit network plus retail e-payment card). There was also THB 19.9mn cost of revenues as well as THB 26.6mn SG&A expenses related to the establishment of the rabbit card and Carrot Rewards programme.

Absolute Hotel Services Co. Ltd (AHS) continued with the acquisition of 3 new management contracts under U Hotels & Resorts brand in India during the period for the following properties i) U Tropicana Alibag, 140 keys (opening 2013) ii) U Manor, 150 keys (opening 2013) and iii) U Lonavala, 90 keys (opening 2014).

HHT Construction (Thailand) continues to make good progress with its construction management work at the BTS Group's Eastin Grand hotel on Sathorn (99% completed), Abstracts Sukhumvit 66/1 ("The Moon" phase 100% completed and "The Sun" 100% completed) and Abstracts Phahonyothin Park (64% completed) as of 30 June 2012.

Financial Ratios

Key financial ratios	1Q 12/13	1Q 11/12	4Q 11/12
<i>Profitability ratios</i>			
Gross operating profit margin (%)	49.6%	47.1%	50.6%
Selling and administrative expenses to operating sales ratio (%)	16.5%	17.8%	16.1%
EBITDA margin (%) ^A	52.6%	49.4%	53.0%
Operating EBITDA margin (%) ^B	53.3%	50.8%	55.8%
Accounting net profit margin (%) ^A	13.8%	7.7%	15.8%
Operating net profit margin (%) ^B	14.4%	7.0%	16.1%
ROA (%) ^C	3.4%	1.0%	3.2%
ROE (%) ^C	6.4%	1.9%	6.1%
<i>Leverage</i>			
Total liability to total asset (times)	0.45x	0.42x	0.45x
Total liability to total equity (times)	0.80x	0.72x	0.81x
Net debt to equity (times)	0.66x	0.56x	0.67x
Net debt to operating EBITDA (times) ^C	5.45x	7.36x	5.83x
Interest coverage (times) ^D	3.13x	2.43x	3.27x
<i>Per share ratios</i>			
Earnings per share (THB)	0.0054	0.0024	0.0063
Operating cash flow per share (THB)	0.004	0.008	0.008
Free cash flow per share (THB)	-0.004	-0.003	0.004
Enterprise value per share (THB)	1.24	1.09	1.24
Book value per share (THB)	0.65	0.66	0.65

^A Include non-recurring items

^B Exclude non-recurring items

^C Calculated based on 'last-12-month operating EBITDA'

^D Operating EBITDA divided by finance cost (period only)

**Management Outlook**

On August 10th, the Company's shares began to trade on the Thai stock exchange at the new par value of THB 4 per share. The increase in par value from THB 0.64 per share was approved at the Annual General Meeting of Shareholders on 26 July 2012. This will bring the Company's par value closer in line with other companies in the SET50 Index. It will also reduce the trading bid / offer spread of BTS shares (measured as a percentage of the share price) which may improve trading liquidity. Turnover value for BTS shares averaged THB 179.9mn (USD 5.8mn) per day in the first six months of 2012.

The Group is also in the process of application for the listing of its Media business (via VGI Global Media Public Company Limited) on the Thai Stock Exchange. The listing is subject to approval from the Thai Securities and Exchange Commission and also subject to market conditions.

Looking ahead to 2Q 12/13, we are eagerly anticipating delivery of our new rolling stock. The first of the 35 single cars will arrive in Thailand on 28 August 2012, and following testing are expected to be in service within November 2012. The remaining cars will arrive within 3Q 12/13. On the operations side, for 2Q 12/13, we would typically expect ridership to increase from the seasonal lows of 1Q (school holidays as well as additional public holidays) and look forward to providing you with further updates in November.

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Rangsin Kritalug

(Director)