

Translation

## Overview

### Financial Highlights

- Total operating revenue of THB 2,434.4mn in 2Q 12/13, representing growth of 19.7% YoY
- Operating EBITDA<sup>1</sup> in 2Q 12/13 grew 18.1% YoY to THB 1,328.9mn
- Mass transit business unit revenue in 2Q 12/13 increased 13.7% YoY to THB 1,507.4mn
- 9.4% YoY growth in total quarterly ridership to 49.4mn passengers in 2Q 12/13 – a new quarterly record
- Average ridership for 2Q 12/13 of 593,426 passengers / weekday; 9.6% YoY growth
- Media revenue grew 38.5% YoY, reaching THB 724.7mn in 2Q 12/13
- Profit attributable to the equity holders of the Company of THB 691.2mn

### Quarterly Performance – 2Q 12/13

BTS Group Holdings Public Company Limited (“BTSG” or the “Company”) and subsidiaries (together, the “Group”) recorded consolidated total revenue of THB 2,771.1mn in 2Q 12/13, a decrease of 11.4% (or THB 357.3mn) from THB 3,128.4mn in 2Q 11/12. The decrease was due to no repeat of non-recurring revenue from the Treasury-related case received by the Group in 2Q 11/12. Operating revenue also rose 19.7% YoY to THB 2,434.4mn. The increase in operating revenues was on account of the improved performance from the Mass Transit and Media business sectors. Revenues from the Mass Transit, Media, Property and Services businesses accounted for 61.9%, 29.8%, 8.0% and 0.3% of total operating revenues respectively.

Operating Revenue <sup>2</sup> (THB mn)	2Q 12/13	% of Total <sup>2</sup>	2Q 11/12	% Change (YoY)	2Q 12/13 margin <sup>4</sup>	2Q 11/12 margin <sup>4</sup>
Mass Transit <sup>3</sup>	1,507.4	61.9%	1,325.7	13.7%	50.1%	47.4%
Media <sup>3</sup>	724.7	29.8%	523.3	38.5%	60.5%	63.0%
Property <sup>3</sup>	194.2	8.0%	184.9	5.0%	38.0%	22.4%
Services <sup>3</sup>	8.1	0.3%	-	N/A	-153.3%	N/A
<b>TOTAL<sup>2</sup></b>	<b>2,434.4</b>	<b>100.0%</b>	<b>2,033.9</b>	<b>19.7%</b>	<b>51.6%</b>	<b>49.1%</b>

<sup>1</sup> Operating EBITDA excludes non-recurring items

<sup>2</sup> Total operating revenue for 2Q 12/13 excludes other income of THB 336.7mn (2Q 11/12 THB 1,094.5mn) from gain (loss) on exchange, reversal of allowance for diminution in value of civil works awaiting transfer, revenue from court-ordered compensation, gain on sale of investment in subsidiary, interest income, dividend income, and others

<sup>3</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, 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.

<sup>4</sup> Operating gross profit margin

Although total expenses rose by 13.8% to THB 1,574.0mn mainly due to additional concession fees required paid to modern trade partners, the Group demonstrated a strong operating performance with its operating gross profit margin at 51.6% compared with 49.1% in the previous year largely as a result in operating leverage at the Mass transit business. Selling, service and administrative expenses rose 11.6% YoY or by THB 40.6mn to THB 391.7mn largely due to increase in Mass Transit, Media and Property SG&A expenses. This led to the improvement of operating EBITDA by 18.1% YoY to THB 1,328.9mn.

Finance costs increased by 6.4% YoY or THB 22.6mn to THB 378.2mn (1.4% or THB 5.2mn increase QoQ). All these taken into account, the Group reported consolidated profit for the 3 month period of THB 732.3mn (a 45.2% decrease from net profit of THB 1,337.4mn in 2Q 11/12) and profit attributable to the equity holders of the Company at THB 691.2mn (a decrease of THB 590.4mn compared to 2Q 11/12). However, the stronger business unit growth (see segmental performance) resulted in a healthier net recurring profit by 30.7% YoY to THB 430.5mn.

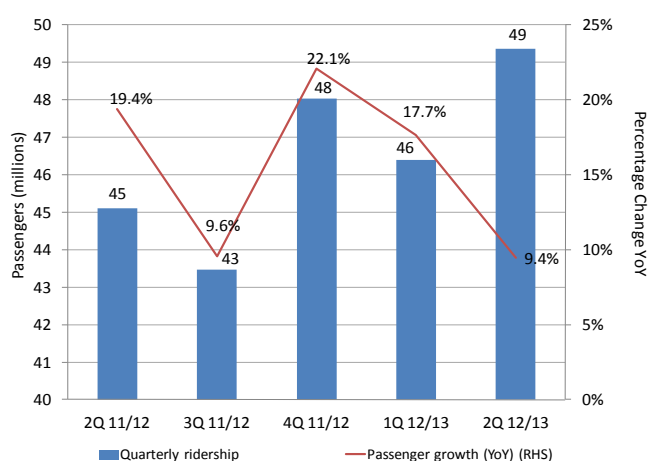
Total assets at 30 Sep 2012 stood at THB 65,562.5mn, a 2.0% decrease from 31 March 2012 mainly following the sale of land and projects awaiting development (Kamala). Total liabilities decreased from 31 March 2012 by 11.2% or THB 3,346.6mn to stand at THB 26,610.0mn largely due to the first tranche repayment of BTSC debenture (THB 2,500mn) in Aug 2012 and the continuing conversion of convertible bonds. On the equity side, additional 516.6mn ordinary shares issued from the conversion of convertible bonds. This resulted in an increase in the number of outstanding shares to 9,666.7mn shares and paid-up capital to THB 38,666.9mn.

## Major Developments in 2Q 12/13

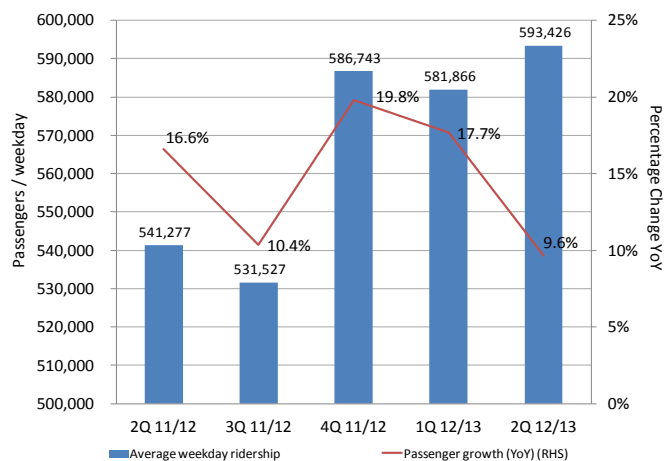
### Mass Transit Business

Total quarterly ridership grew 9.4% YoY to 49.4mn passengers in 2Q 12/13 (a new historical record) as a result of additional passengers from the Sukhumvit line extension (opened August 2011) and continued organic growth. Quarterly ridership rose by 6.4% QoQ from the previous quarterly record of 46.4mn passengers aided by seasonal effects from several public holidays and school holidays in 1Q 12/13. Average ridership per weekday also followed a similar trend, rising 9.6% YoY and 2.0% QoQ to 593,426 passengers per weekday.

Historical Quarterly Ridership (mn passengers / quarter)



Historical Average Weekday Ridership (passengers / weekday)



Mass Transit revenue increased by 13.7% or THB 181.8mn YoY to THB 1,507.4mn, supported by a 9.4% increase in total ridership, a 4.0% increase in the average fare (from THB 24.1 per trip to THB 25.1 per trip) mainly due to the increase in the 30-day trip pass and a 13.4% (or THB 31.8mn) 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 and the increased revenue from the revised O&M contract for Silom line extension.

QoQ, Mass Transit revenue followed a similar trend to ridership, increasing by 8.2% or THB 113.8mn mainly due to the increase in ridership and the increase in income from train operating management. This O&M revenue increased 4.3% or THB 11.1mn QoQ to THB 269.4mn largely due to the impact of the revised O&M contract for Silom line extension in May 2012.

Cost of revenues increased 7.7% or THB 54.0mn YoY as a result of higher ridership and higher O&M revenue. In particular, employee costs rose due to the higher number of employees were required for the On nut – Bearing extension, the indirect impact of the increased minimum wage as well as higher depreciation recorded (from higher ridership, new signaling system and new trains). Despite the YoY increase in expenses, the operating EBITDA margin of the mass transit business was steady at 67.7% (68.2% in 2Q 11/12).

### Media Business

The Group's Media business had another strong quarter as revenue increased 38.5% or THB 201.4mn YoY (13.7% or THB 87.3mn QoQ) to THB 724.7mn. The primary reason for the YoY increase was due to the high contribution from non-BTS related media which saw growth of 54.6% or THB 128.1mn YoY (5.8% or THB 20.0mn QoQ) to THB 362.7mn largely as a result of additional contracts signed with Tesco Lotus and Big C, particularly sales floor areas, the additional rights for advertising media in 4 additional office buildings from 47 buildings in 2Q 11/12, as well as the adjustment in selling strategy by bundling office building media with BTS related media. Revenue from BTS-related media reached THB 362.0mn; representing growth of 25.4% or 73.2mn YoY (22.8% or 67.3mn QoQ) largely due to a price increase for train body advertising and the increase in occupancy of train body, on-station, and LCD in-train as a result of the 12 additional 4-car trains.

Cost of revenues increased 47.8% or THB 92.6mn YoY (5.7% or THB 15.5mn QoQ) to THB 286.2mn with the increase attributable to the increased cost of concession paid in the growing modern trade business. Media SG&A increased 27.2% or THB 18.7mn YoY to THB 87.3mn as a result of increased salary, professional fee, and marketing expenses. In 2Q 12/13, proportion of BTS-related revenue is greater than that of non-BTS related revenue, and as such, the operating EBITDA margin of the Media business improved from 47.7% in 1Q 12/13 to stand at 52.5%.



## Property Business

Property revenues for the Group increased by 5.0% or THB 9.2mn YoY (25.2% or THB 39.1mn QoQ) to THB 194.2mn. The increase in revenue primarily came from Eastin Grand Hotel operations at Surasak BTS SkyTrain station (partial opening since May 2012) but was offset with a decline in revenue due to completion of the National Housing Association (NHA) contract (revenue recognised 2Q 12/13: THB 0mn, 2Q 11/12: THB 42.6mn) as well as fewer units transferred from Abstracts Sukhumvit 66/1 (2Q 12/13: 8 units, 2Q 11/12: 14 units).

Cost of revenues fell 16.1% or THB 23.1mn YoY to THB 120.5mn mainly due to there was no repeat of costs related to NHA project, however, property SG&A increased by THB 26.9mn or 31.9% YoY due to administrative and marketing expenses related to newly completed Eastin Grand Hotel.

## Services Business

Our Services business saw 2Q 12/13 revenues increase by THB 2.3mn QoQ to THB 8.1mn. This increase was primarily driven by the continuance of rabbit cards sale (common ticketing cards for Bangkok's mass transit network plus retail e-payment card). There was also THB 20.5mn cost of revenues as well as THB 19.3mn 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 4 new management contracts under the Eastin and U Hotels & Resorts brand regionally as follows i) U Tropicana Alibag India, 139 rooms (opening 2013) ii) U Sukhumvit Thailand, 90 rooms (opening 2013) and iii) U Avela Hua Hin, Thailand, 42 rooms (opening 2014) and iv) Eastin Hotel Hanoi (Army Hotel), 224 rooms (opening in 2014).

**HHT Construction (Thailand)** continues to make good progress with its construction management work at the BTS Group's Eastin Grand hotel on Sathorn (100% completed), Abstracts Sukhumvit 66/1 ("The Moon" phase 100% completed and "The Sun" 100% completed) and Abstracts Phahonyothin Park (77% completed) as of 30 Sep 2012.

## Financial Ratios

Key financial ratios	2Q 12/13	2Q 11/12	1Q 12/13
<i>Profitability ratios</i>			
Gross operating profit margin (%)	51.6%	49.1%	49.6%
Selling and administrative expenses to operating sales ratio (%)	16.2%	15.1%	16.5%
EBITDA margin (%) <sup>A</sup>	59.0%	68.3%	51.7%
Operating EBITDA margin (%) <sup>B</sup>	54.6%	55.3%	53.3%
Accounting net profit margin (%) <sup>A</sup>	24.9%	41.0%	13.8%
Operating net profit margin (%) <sup>B</sup>	15.8%	13.2%	14.4%
ROA (%) <sup>C</sup>	2.6%	2.1%	3.4%
ROE (%) <sup>C</sup>	4.6%	3.9%	6.4%
<i>Leverage</i>			
Total liability to total asset (times)	0.41x	0.42x	0.45x
Total liability to total equity (times)	0.68x	0.72x	0.80x
Net debt to equity (times)	0.55x	0.60x	0.66x
Net debt to operating EBITDA (times) <sup>C</sup>	4.54x	6.59x	5.44x
Interest coverage (times) <sup>D</sup>	3.51x	3.17x	3.13x
<i>Per share ratios</i>			
Earnings per share (THB) <sup>E</sup>	0.0744	0.1401	0.0338
Operating cash flow per share (THB)	0.123	0.032	0.027
Free cash flow per share (THB)	0.129	0.031	0.032
Enterprise value per share (THB)	8.06	6.35	7.76
Book value per share (THB)	4.03	4.12	4.07

<sup>A</sup> Include non-recurring items

<sup>B</sup> Exclude non-recurring items

<sup>C</sup> Calculated based on 'last-12-month operating EBITDA'

<sup>D</sup> Operating EBITDA divided by finance cost (period only)

<sup>E</sup> Calculated based on weighted average number of ordinary shares at new par value (THB 4.0 per share)



## Management Outlook

As part of Bangkok Mass Transit System Public Company Limited ("BTSC") ongoing capacity expansion programme, the first 4 of 35 new single car trains arrived in Thailand on August 27<sup>th</sup> and began service on the Sukhumvit line on November 2<sup>nd</sup>. The remaining single car trains continue to arrive in stages and by end FY12/13 we expect all trains on the Sukhumvit line to be 4-car trains. The capacity expansion programme also includes an additional 5 four-car trains and will result in a cumulative 36% increase in the number of cars in service before the end of FY13/14.

In line with the Group's policy to slow down its property development business, BTSC completed the disposal of its investment in Kamala Beach Resort & Hotel Management Co., Ltd. on September 12<sup>th</sup>. The Group received THB 1,643mn for the divestment and recognised a capital gain of THB 289mn. Moreover, on October 30<sup>th</sup>, the Group disposed of its entire investment in Kampoo Property Company Limited (land plot next to Nana BTS SkyTrain station). The Group received THB 1,811mn and expects to recognise a net capital gain of approximately THB 700mn in 3Q 12/13.

On October 11<sup>th</sup>, VGI Global Media Public Company, a subsidiary of the Group was successfully listed on the Thai Stock Exchange under the ticker symbol "VGI". BTS Group continues to hold an effective shareholding of 69.4% of VGI via its subsidiary BTSC and the market capitalisation of VGI was THB 19.0bn as of November 1<sup>st</sup> and the Company expects to recognise a net capital gain from sale of shares of approximately 1,500mn in 3Q 12/13.

Further, on October 5<sup>th</sup>, BTSC received payment from the Treasury department in relation to court-related compensation. This was recognised in the Group profit and loss statement in 2Q 11/12 following the court announcement but payment (in the amount of THB 1,119.3mn) was received on October 5<sup>th</sup>, and will strengthen cash flow for 3Q 12/13.

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Rangsin Kritalug

(Director)