

OVERVIEW

Translation

13th February 2013

Financial Highlights

- Total operating revenue of THB 2,725.1mn in 3Q 12/13, representing an increase of 36.8% YoY
- Operating EBITDA¹ in 3Q 12/13 grew 22.5% YoY to THB 1,309.6mn
- Mass transit business unit revenue in 3Q 12/13 increased 13.7% YoY to THB 1,529.4mn
- 15.7% YoY growth in total quarterly ridership to 50.3mn passengers in 3Q 12/13 – **a new quarterly record**
- Media revenue grew 49.7% YoY, reaching THB 749.2mn in 3Q 12/13
- Property revenue increased significantly YoY to THB 2,278.7mn
- Profit attributable to the equity holders of the Company, increasing 231.1% YoY to THB 1,088.4mn

Quarterly Performance – 3Q 12/13

BTS Group Holdings Public Company Limited (“BTSG” or the “Company”) and subsidiaries (together, the “Group”) recorded consolidated total revenue of THB 3,492.4mn in 3Q 12/13. This represented a significant increase of 63.9% (or THB 1,361.2mn) from THB 2,131.1mn in 3Q 11/12. The increase was primarily due to both stronger operating performance and a non-recurring revenue from gain on sale of investment in subsidiary (Nana). Operating revenue also grew 36.8% YoY to THB 2,725.1mn. The increase in operating revenues was on account of the improved performance from the Mass Transit, Media, and Property business sectors (see segmental performance for more details). Revenues from the Mass Transit, Media, Property and Services businesses accounted for 56.1%, 27.5%, 15.8% and 0.6% of total operating revenue, respectively.

Operating Revenue ² (THB mn)	3Q 12/13	% of Total ²	3Q 11/12	% Change (YoY)	2Q 12/13	% Change (QoQ)	3Q 12/13 margin ⁴	3Q 11/12 margin ⁴
Mass Transit ³	1,529.4	56.1%	1,345.5	13.7%	1,507.4	1.5%	43.2%	42.3%
Media ³	749.2	27.5%	500.6	49.7%	724.7	3.4%	60.3%	59.4%
Property ³	429.5	15.8%	145.3	195.5%	194.2	121.2%	37.5%	35.3%
Services ³	17.0	0.6%	-	N/A	8.1	109.6%	N/A	N/A
TOTAL²	2,725.1	100.0%	1,991.4	36.8%	2,434.4	11.9%	46.4%	46.0%

¹ Operating EBITDA excludes non-recurring items

² Total operating revenue for 3Q 12/13 excludes other income of THB 767.2mn (3Q 11/12 THB 139.8mn) from interest income, revenue from court-ordered compensation, gain on sale of investment in subsidiary, gain (loss) on exchange, 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

Although total expenses rose by 43.4% YoY to THB 1,991.1mn mainly due to cost of Abstracts Phahonyothin Park Condominium units sold and transferred, the Group demonstrated a strong operating performance with its operating gross profit margin increasing to 46.4% from 46.0% in the previous year as a result of operating leverage in the Mass Transit, Media and Property businesses. Despite the fact that SG&A expenses increased 72.0% YoY or by THB 220.5mn to THB 526.8mn (mainly due to the increase in Mass Transit, Media and Property SG&A expenses), operating EBITDA improved by 22.5% YoY to THB 1,309.6mn.

Finance costs decreased YoY by 35.3% or THB 126.0mn (38.8% or THB 146.8mn decrease QoQ) to THB 231.4mn. The reduction was mainly due to debt reduction, specifically from continued conversion of BTSG convertible bonds, maturity of the first tranche of BTSC Debenture (THB 2,500.0mn in Aug 2012) as well as other debt repayment. This resulted in a healthier net recurring profit, which increased by 78.2% YoY to THB 524.3mn. All these taken into account, the Group reported consolidated profit for the 3 month period of THB 1,172.2mn (a 236.7% increase from net profit of THB 348.1mn in 3Q 11/12) and profit attributable to the equity holders of the Company at THB 1,088.4mn (an increase of THB 759.6mn compared to 3Q 11/12).

Balance Sheet and Cash Flow

Total assets as of 31 December 2012 stood at THB 65,289.8mn, a 2.4% decrease from 31 March 2012 as BTS Group used cash proceeds from land sales to repay debt. Total liabilities decreased from 31 March 2012 by 43.3% or THB 12,970.3mn to stand at THB 16,986.3mn largely due to the continuing conversion of BTSG convertible bonds (THB 7,851.9mn), the first tranche repayment of BTSC debenture (THB 2,500.0mn) in Aug 2012, as well as repayment of bank loans (THB 2,845.0mn). On the equity side, total equity increased by THB 11,371.2mn or 30.8% to THB 48,303.4mn. This increase was attributable to i) increase in paid-up capital to THB 43,701.3mn resulting from additional 1,775.2mn ordinary shares issued from the conversion of convertible bonds which brought outstanding shares to increase to 10,925.3mn shares; and ii) surplus from sale of investment in subsidiary (VGI). Note that the gain on sale of VGI shares was recorded in the consolidated balance sheet as equity under 'surplus from the changes in the ownership interests in subsidiaries' but not recorded in the profit & loss account, as the changes in the Company's ownership interest in a subsidiary do not result in a loss of control.

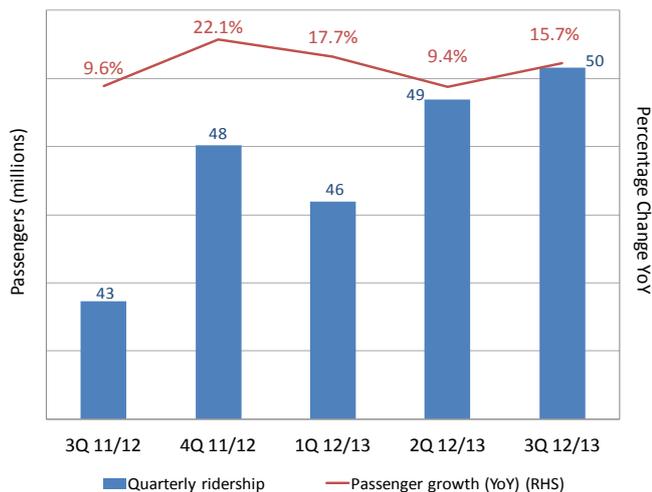
For the nine-months ended 31 December 2012, net cash provided from operating activities was at THB 3,321.3mn compared to THB 1,292.1mn in the previous year. Key contributors of the increase were improved profit and a reduction in accrued income following receipt of payment from the Treasury Department and a reduction in O&M receivable. Net cash generated from investing activities stood at THB 4,665.8mn. Key items were proceeds from the sale of investment in subsidiaries (Kamala, Nana, and VGI). Net cash used in financing activities was at THB 6,805.7mn mainly from debt repayment and dividend payment. As a result, the consolidated cash flow statements showed an increase of THB 1,183.2mn in cash and cash equivalents to THB 2,516.5mn from the previous year of THB 1,333.2mn.

SEGMENTAL PERFORMANCE

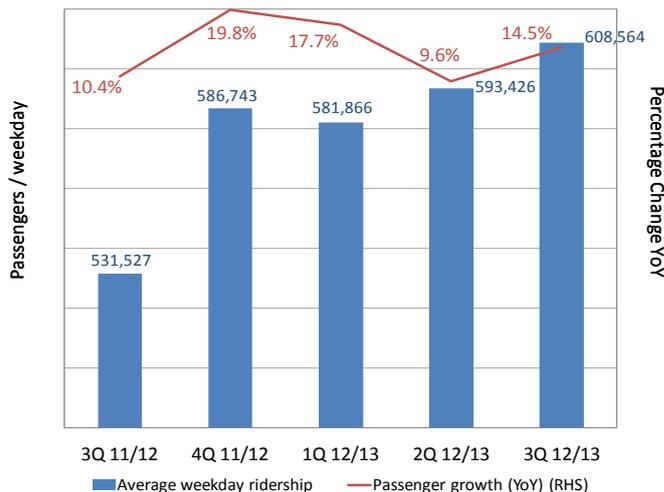
Mass Transit Business

Total quarterly ridership grew 15.7% YoY to 50.3mn passengers in 3Q 12/13 (representing a new record in BTSC's operational history) as a result of additional passengers from the Sukhumvit line extension (On nut – Bearing, opened in August 2011), continued organic growth, and a lower base in 3Q 11/12 in relation to the flooding in the Bangkok metropolitan area during October to November 2011. Quarterly ridership rose by 1.9% QoQ from the previous record of 49.4mn as organic growth was able to offset what is normally a seasonal decline. Average weekday ridership also reached a new record (608,564 passengers per weekday) in 3Q 12/13, which followed a similar trend with an increase of 14.5% YoY and 2.6% QoQ.

Historical Quarterly Ridership (mn passengers / quarter)



Historical Average Weekday Ridership (passengers / weekday)



The above performance was reflected in 3Q 12/13 Mass Transit revenues, which saw 13.7% growth or THB 183.9mn YoY to THB 1,529.4mn. One of the reasons for the significant increase was from the operating performance in 3Q 11/12 which was negatively impacted by the floods. Beyond that, the increase in Mass Transit revenue was in line with the 15.7% growth in ridership. Average fare was steady at THB 25.0 (THB 24.8 per trip in 3Q 11/12).

Cost of Mass transit revenue increased 11.8% or THB 91.7mn YoY in line with higher ridership and a lower base in 3Q 11/12 in relation to the flooding impact. Key cost items were higher depreciation recorded (from higher ridership, new signaling system and new trains) and employee costs which mainly rose from the indirect impact of the increased minimum wage. As a result of the lack of other recurring income from subcontract work which recorded in 3Q 11/12, the operating EBITDA margin of the Mass Transit business fell to 60.4% (64.4% in 3Q 11/12).

Media Business

The Group's Media business had another strong quarter as revenue increased 49.7% or THB 248.7mn YoY (3.4% or THB 24.5mn QoQ) to THB 749.2mn across its business segments.

BTS-related media revenue was THB 369.4mn, representing growth of 23.9% or THB 71.2mn YoY. The growth in BTS-related revenue came from i) the 12 additional 4-car trains, which led to an increase in capacity of train body, in-train static and digital media; ii) the increase in occupancy in static and digital advertising areas on BTS stations; and iii) a price and occupancy increase in merchandising space. The main reason for the QoQ revenue increase of 2.1% or THB 7.4mn was due to growth of in-train digital media and a price increase of merchandising space.

Revenue from Modern Trade media reached THB 333.1mn, representing growth of 82.9% or 151.0mn YoY largely due to higher revenue from additional contracts signed with Tesco Lotus and Big C in sales floor areas, and a lower base in 3Q 11/12 in relation to the aforementioned flood. Revenue improved by 7.2% or THB 22.4mn QoQ, which can be attributed to seasonality.

Office Building & other media revenue reached THB 46.8mn, representing growth of 130.6% or THB 26.5mn YoY. The increase was driven by the additional rights secured for advertising media in 4 office buildings, the adjustment in sales strategy by bundling Office Building media with BTS-related media, and a new contract to advertise in Chulalongkorn University's bus system.

Cost of revenue increased 46.2% or THB 94.0mn YoY (3.9% or THB 11.1mn QoQ) to THB 297.3mn with the increase attributable to the increased cost of concession paid in the growing modern trade business. Media SG&A increased 37.7% or THB 27.1mn YoY to THB 99.0mn as a result of increased salary and marketing expenses. In 3Q 12/13, although the revenue proportion of Modern Trade media (which has lower margin) was greater than that of the same period in the previous year, an increase in efficiency, along with economies of scale across the board, caused the operating EBITDA margin of the Media business to improve from 51.3% in 3Q 11/12 to stand at 52.7%.

Property Business

Property revenue increased significantly by THB 2,133.4mn YoY to THB 2,278.7mn. The increase was attributable to both non-recurring revenue from the disposal of the Group's entire investment in Kampoo Property Company Limited (land plot next to Nana BTS SkyTrain station) for THB 1,849.2mn as well as an improvement in operating revenue. Property operating revenue increased by THB 284.2mn YoY to THB 429.5mn. The increase in operating performance was primarily driven by i) revenue in relation to 55 units transferred from Abstracts Phahonyothin Park (started transferring in Dec 2012); and ii) revenue from Eastin Grand Hotel operations at Surasak BTS SkyTrain station which had its grand opening in Oct 2012.

Operating costs rose at a lower rate than operating revenues. An increase of THB 174.4mn YoY to THB 268.4mn was mainly from costs from transferred units of Abstracts Phahonyothin Park and the newly completed Eastin Grand Hotel. Property SG&A expenses increased by THB 63.4mn or 71.4% YoY mainly driven by expenses related to transfers from Abstracts Phahonyothin Park, including transfer fee, marketing expenses, sales commission and depreciation expenses of Eastin Grand Hotel. Due to the improvement in operating performances, coupled with the aforementioned sale of land at Nana, this resulted in a positive EBIT margin of 31.9% in this quarter.

Services Business

Our Services business saw 3Q 12/13 revenues increase by THB 8.9mn QoQ to THB 17.0mn. This increase was primarily due to the increase of revenue in HHT construction services, coupled with the continuance of Rabbit card sale (common ticketing cards for Bangkok's mass transit network and retail e-payment card). There was also THB 26.7mn cost of revenue as well as THB 26.2mn 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 the Eastin and U Hotels & Resorts brand regionally as follows: i) U Hang Chuoi Hanoi, Vietnam (opening in 2013); ii) U Lonavala (opening in 2013); and iii) Eastin Easy Citizen Ahmedabad (opening in 2013).

HHT Construction (Thailand) continued to make good progress with its construction management work at the BTS Group's project at Abstracts Phahonyothin Park (90% completed) as of 31 December 2012.

KEY FINANCIAL RATIOS

	3Q 12/13	3Q 11/12	2Q 12/13
Profitability ratios			
Gross operating profit margin (%)	46.4%	46.0%	51.6%
Selling and administrative expenses to operating sales ratio (%)	16.8%	15.8%	16.2%
EBITDA margin (%) ^A	56.1%	52.7%	59.0%
Operating EBITDA margin (%) ^B	48.1%	53.7%	54.6%
Accounting net profit margin (%) ^A	31.2%	15.4%	24.9%
Operating net profit margin (%) ^B	15.9%	13.2%	15.8%
ROA (%) ^C	4.0%	2.6%	2.7%
ROE (%) ^C	5.4%	4.7%	4.6%
Leverage ratios			
Total liability to total asset (times)	0.26x	0.43x	0.41x
Total liability to total equity (times)	0.35x	0.77x	0.68x
Net debt to equity (times)	0.21x	0.62x	0.55x
Net debt to operating EBITDA (times) ^D	2.07x	6.26x	4.54x
Interest coverage (times) ^E	5.66x	2.99x	3.51x
Per share ratios^F			
Earnings per share (THB)	0.1038	0.0359	0.0744
Operating cash flow per share (THB)	0.157	0.059	0.123
Free cash flow per share (THB)	0.144	-0.009	0.129
Enterprise value per share (THB)	8.16	7.15	8.06
Book value per share (THB)	4.03	4.15	4.03

^A Includes non-recurring items^C Calculated based on 'last-12-month accounting net profit (incl. MI)'^E Operating EBITDA divided by finance cost (period only)^B Excludes non-recurring items^D Calculated based on 'last-12-month operating EBITDA'^F Calculated based on weighted average number of ordinary shares at new par value (THB 4.0 per share)

Management Outlook

The rail mass transit network expansion continues and in February, Bangkok Mass Transit System Public Company Limited ("BTSC") and the Bangkok Metropolitan Administration ("BMA") commenced trial operations of the Silom line extension from Wongwian Yai (S8) to Talat Phlu (S10) in January and February 2013, respectively. The remaining 2 stations namely, Wuthakat (S11) and Bang Wa (S12) are expected to be operational by end 2013. In parallel, the Company continues to advance its capacity expansion programme. Currently, BTSC has already added new 13 carriages into service on the Sukhumvit line. We expect all trains on the Sukhumvit line to be 4-car trains by end FY 12/13. For 4Q 12/13, we expect the ridership growth trend to continue and expect that we will achieve the lower end of our full year 12% - 15% target range for fiscal year ridership growth in spite of a delay in the trial operating of Silom line extension due to flooding in 2011.

Within our Media business, the outstanding growth in BTS-related revenue and non BTS-related revenue (including In-store and office buildings revenue) for the past three quarters puts us on track to achieve the fiscal year target of 40% media revenue growth. We have also revised upwards our FY 13/14 guidance to expect media revenue to grow by approximately 30% compared to FY 12/13E, with the growth coming from both mass transit media (additional rolling stock advertising space, increased occupancy at non-prime stations, price increases) and in-store media (increase in modern trade media occupancy and consequent increase in efficiency, expansion of 10 office buildings).

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Rangsin Kritalug

(Executive Director and Chief Operating Officer)