

OVERVIEW

Translation

FINANCIAL HIGHLIGHTS

- **New historical record for quarterly ridership; 53.5mn trips in 2Q 13/14, representing 8.4% growth YoY**
- **Quarterly average fare also increased 5.5% YoY to THB 26.5 per trip**
- **Fare-box revenue reached the highest one-day record at THB 19.0mn** on 30 August 2013
- **Revenue for Media business of THB 847.2mn in 2Q 13/14, representing 16.9% growth YoY**
- **Property business net operating profit of THB 495.4mn in 2Q 13/14, a 127.8% YoY increase**
- **1H 13/14 net cash from operating activities increased by 61.8% YoY to THB 2,319.8mn**
- **Net income attributable to the equity holders of the Company increased 98.0% YoY to THB 959.1mn**
- **Recurring net profit margin increased to 28.3% from 8.8% in 2Q 12/13**

Note: On 17 April 2013, Bangkok Mass Transit System Plc (BTSC) sold the future net fare-box revenues under its concession contract with the Bangkok Metropolitan Administration for the BTS SkyTrain Core Network (original mass transit line in Bangkok, covering 23 stations in Sukhumvit and Silom lines, with a combined track length of 23.5km) to BTS Rail Mass Transit Growth Infrastructure Fund (BTSGIF). Although the transaction occurred in 1Q 13/14, in accordance with TFRS5 - Non-current Assets Held for Sale and Discontinued Operations, the Company is required to separately present the assets, liabilities and profitability of the asset held for sale in the financial statements. As such, in the balance sheet as at 31 March 2013, "Elevated rail project costs" have been re-classified to "Non-current assets held for sale", and revenue net of costs and expenses from the Core network have been presented as a single line item 'profit from discontinued operations' within the Income Statement. For more information, please refer to Note 21 to 2Q 13/14 financial statements.

QUARTERLY PERFORMANCE - 2Q 13/14

BTS Group Holdings Public Company Limited ("BTSG" or the "Company") and subsidiaries (together, the "Group") recorded consolidated total revenue of THB 2,893.2mn in 2Q 13/14. This represented an increase of 89.0% (or THB 1,362.6mn) from THB 1,530.7mn in 2Q 12/13. The increase was primarily due to the stronger property operating performance, gain from land sale and higher interest income. In spite of the sale of Net fare-box revenues to BTSGIF, operating revenue¹ (which already includes shares of net profit in BTSGIF of THB 174.4mn) fell by only 4.2% YoY to THB 2,332.5mn, as the improved performance of Media, Property and Services business sectors largely offset the net effect of BTSGIF. Revenues from the Mass Transit, Media, Property and Services businesses accounted for 22.2%, 36.3%, 39.3% and 2.2% of total operating revenue, respectively.

Operating Revenue ¹ (THB mn)	2Q 13/14	% of Total ¹	2Q 12/13	% of Total ¹	% Change (YoY)	2Q 13/14 Margin ⁴	2Q 12/13 Margin ⁴
Mass Transit²	518.4	22.2%	1,507.4	61.9%	(65.6%)	61.1%	50.1%
Media	847.2	36.3%	724.7	29.8%	16.9%	62.8%	60.5%
Property³	916.7	39.3%	194.2	8.0%	372.0%	40.8%	38.0%
Services	50.2	2.2%	8.1	0.3%	515.1%	37.6%	N/A
TOTAL¹	2,332.5	100.0%	2,434.5	100.0%	(4.2%)	53.2%	51.6%

Operating costs decreased by 7.4% YoY to THB 1,091.5mn largely from the reduction in costs related to the core network sold to BTSGIF, which offset the increase in operating costs of Media, Property, and Services business sectors (see segmental performance for more details). As a result of cost efficiency and the one-third investment of the units in BTSGIF, the Group operating gross profit margin⁴ improved to 53.2% from 51.6% in the previous year. Although operational performance in Media, Property and Services businesses improved, coupled with the recognition of share of net profit from BTSGIF, the Group operating EBITDA⁵ margin still declined from 53.1% in 2Q 12/13 to 39.4% this quarter due to the higher proportion contribution of lower margin Mass Transit O&M and Property businesses. SG&A expenses increased by 69.8% YoY or by THB 189.9mn to THB 461.8mn.

Finance costs decreased YoY by 54.0% or THB 204.3mn to THB 173.9mn. The reduction was mainly due to the Group's debt repayment to financial institutions, leading to a decrease in interest costs. Consolidated Group Income tax fell to THB 215.9mn as a result of deferred tax adjustments. Recurring net profit margin⁶ for 2Q 13/14 was 28.3%, compared to 8.8% in 2Q 12/13 due to improved operational performance, the recognition of share of net profit in BTSGIF as well as the increase in interest income of THB 315.7mn mainly from proceeds from BTSGIF as well as a reduction in finance costs. Taking into account all the aforesaid transactions, the Group recorded a consolidated profit of THB 1,100.3mn (increasing 112.4% YoY) and profit attributable to the equity holders of the Company of THB 959.1mn (increasing 98.0% YoY).

¹ Operating revenue from the operational performances from 4 BUs and share of net profit (loss) from BTSGIF, EXCLUDES interest income, non-recurring items which are gain from land sale, and other non-recurring items

² Mass Transit revenues include:

- i) Share of net profit (loss) from BTSGIF (included in 'share of income (loss) from investments in associates' in Statement of comprehensive income)
- ii) Service Income from Train & Bus Operation Management (included in 'service income' under 'revenue from providing of train operation service' per NTFS 31)

³ 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.

⁴ Operating gross profit margin calculated based on the operational performances from 4 BUs and share of net profit (loss) from BTSGIF

⁵ Operating EBITDA calculated based on the operational performances from 4 BUs, share of net profit (loss) from BTSGIF, EXCLUDES non-recurring items which are dividend income, interest income, gain from sales of net fare-box revenue to BTSGIF, other non-recurring items

⁶ Net recurring profit calculated based on the operational performances from 4 BUs, share of net profit (loss) from BTSGIF and AHS, as well as including other recurring items which are interest income and other recurring items (before MI)

BALANCE SHEET AND CASH FLOW

Total assets as of 30 September 2013 stood at THB 76,234.6mn, a 13.3% increase from 31 March 2013. Total current assets reduced by 42.2% to THB 30,186.6mn mainly due to the de-recognition of non-current assets held for sale of THB 42,123.1mn from the Group balance sheet, in accordance with TFRS 5 following the sale of future net fare-box revenues. This was partially offset with i) the increase in cash by THB 3,508.5mn and ii) the increase in current investments by THB 17,217.3mn, reflecting the treasury management of sales proceeds from BTSGIF. Total non-current assets rose by 205.5% to THB 46,048.0mn largely from the increase in i) investment in associates by THB 14,160.0mn (primarily from the Group's investment in one-third of the units of BTSGIF) and ii) other long-term investments by THB 13,789.0mn (largely from the investment in fixed deposits of THB 10,256.5mn and the long-term portion of THB 3,091.4mn of sales proceeds from BTSGIF placed at a financial institution in order to secure the principal and interest payment obligations with respect to BTSC's Long Term Debentures).

Total liabilities decreased from 31 March 2013 by 3.9% or THB 658.3mn to stand at THB 16,130.9mn largely due to i) deferred tax liabilities which increased THB 2,572.4mn from 1Q 13/14 in accordance with TAS12 Income Taxes, ii) provision for future liabilities from Special Business Tax levied on BTSGIF, to be absorbed by the Company of THB 1,062.7mn, which offset with the effect of iii) the repayment of bank loans (THB 3,241.0mn) and iv) the second tranche repayment of BTSC debenture (THB 2,081.3mn) in Aug 2013. Total equity increased by THB 9,602.0mn or 19.0% to THB 60,103.7mn. This increase was attributable to i) increase in retained earnings of THB 7,018.7mn largely from the gain from the sale of future net fare-box revenues to BTSGIF which offset by 4,739.4mn dividend payment and ii) increase in paid-up capital by THB 1,678.3mn to THB 46,104.8mn resulting from the issuance of additional 419.6mn ordinary shares from the third exercise of BTS-W2, which brought issued and fully paid-up shares to increase to 11,526.2mn shares.

For the six months ended 30 September 2013, net cash from operating activities increased 61.8% to THB 2,319.8mn compared to THB 1,433.6mn in the previous year. Key contributors of the increase were improved profit, cash received from units transferred of Abstracts Phahonyothin Park Project, the increase in cash received for interest income, and the reduction in cash paid for interest expenses. Net cash from investing activities stood at THB 9,833.5mn from THB 968.5mn last year. Key items include the proceeds from the sale of net fare-box revenue to BTSGIF, the reinvestment in BTSGIF units and the treasury management of surplus cash proceeds from the sale. Net cash used in financing activities was THB 8,645.4mn compared to THB 2,808.2mn last year, mainly from debt repayment of THB 5,421.3mn and dividend payment of THB 4,739.4mn. As a result, the consolidated cash flow statements showed an increase of THB 3,508.5mn in cash and cash equivalents to THB 7,021.8mn from the previous year (ended 31 March 2013) of THB 3,513.3mn.

SEGMENTAL PERFORMANCE

MASS TRANSIT BUSINESS

In accordance with the financial statements, total Mass Transit² revenue dropped 65.6% YoY to THB 518.4mn. As a result of the sale of net fare-box revenue to BTSGIF, fare-box revenue (from THB 1,238.1mn) and cost of fare-box (from THB 610.9mn) both decreased 100.0% YoY to THB 0.0mn. SG&A decreased 65.5% YoY from THB 120.1mn in 2Q 12/13 to THB 41.4mn as the associated SG&A fell in line with the decrease in fare-box revenue.

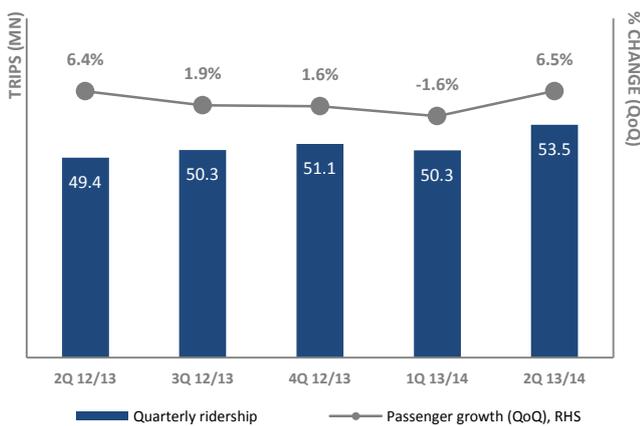
In order to enable analysis of underlying performance on a comparable basis to previous quarters, the following section analyses fare-box revenues, O&M revenues and their associated costs and SG&A for the full quarters of 2Q 13/14 and 2Q 12/13 irrespective of whether BTSG or BTSGIF had the rights to such revenues.



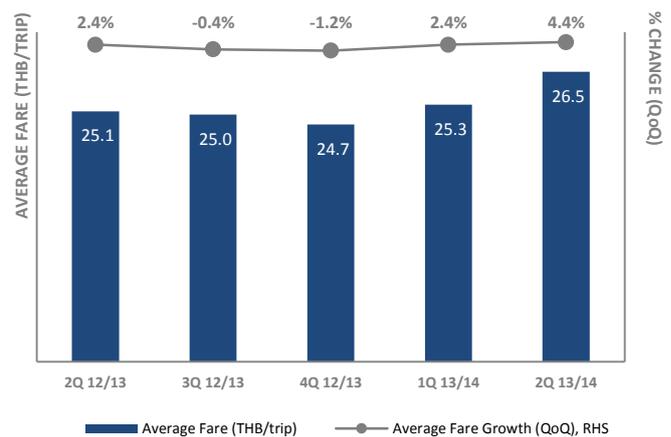
Total revenue from the Mass Transit business increased by 16.8% YoY to THB 1,760.9mn supported by an increase in fare-box revenue and an increase in train operating & management (O&M) income. Fare-box revenue increased 14.4% (or THB 178.8mn) to THB 1,416.9mn on account of ridership growth (up 8.4% YoY to 53.5mn trips) and the increased average fare (which rose by 5.5% YoY to THB 26.5 per trip, following the recent fare hike on 1 June 2013). Key ridership growth factors included the commencement of trial operations in 2 stations of the Silom line (Bang Wa) extension, which fed more passengers to the Core Network and the introduction of additional carriages into service (all trains on the Sukhumvit line were extended from 3-car trains to 4-car trains since May 2013). Income from train operating management rose by 27.7% or THB 74.7mn YoY to THB 344.0mn, mainly attributable to the additional service income from the Silom line extension from Wongwian Yai (S8) to Pho Nimit (S9) in January 2013, and to Talat Phlu (S10) in February 2013.

Cost of Mass Transit revenue, including SG&A, rose by 17.5% or THB 152.7mn YoY to THB 1,024.6mn, tied to higher ridership. Key cost items were cost of fare-box which increased in line with the ridership growth, cost of train operation in relation with the higher O&M income as well as depreciation recorded (from higher ridership and new trains). As costs and SG&A increased less than the revenue growth, this led to the improvement in operating EBITDA margin to 68.5% in 2Q 13/14 (versus 66.2% in 2Q 12/13).

Historical Quarterly Ridership (mn trips / quarter)



Historical Quarterly Average Fare (THB / trip)



MEDIA BUSINESS

Our Media business revenue rose 16.9% (or THB 122.5mn) YoY to THB 847.2mn. Factors contributing to our Media revenue came from the revenue growth across all three business segments.

BTS-related Media revenue was THB 426.1mn, representing growth of 17.7% or THB 64.1mn YoY. This was mainly due to i) increase in capacity from the trains as a result of BTSC's 35 single-car trains' introduction into service, ii) the increase in rent for long-term contracts of merchandising space on the BTS stations which became effective this year, along with iii) the increased occupancy of small rental shops on the stations, which grew with increased ridership.

Revenue from Modern Trade Media reached THB 367.2mn, representing growth of 18.2% or 56.5mn YoY primarily due to full recognition of revenue from additional contracts of sales floor areas and multimedia which were acquired in 2012.

Office Building & Other Media revenue reached THB 53.9mn, representing growth of 3.5% or THB 1.8mn YoY. The increase was mainly due to i) adjustment in selling strategy by bundling Office Building media with BTS-related digital media, ii) higher sales from additional office buildings and iii) the rights to advertise in Chulalongkorn University's bus system (CU Bus).

Cost of revenue increased 10.2% or THB 29.2mn YoY to THB 315.4mn and Media SG&A increased 11.9% or THB 10.4mn YoY to THB 97.7mn which in line with sales growth. As a result of the improvement in operational performance and economies of scale, the operating EBITDA margin of the Media business grew to 53.3% in 2Q 13/14 (52.1% in 2Q 12/13).

PROPERTY BUSINESS

Property operating revenue grew by THB 722.5mn YoY to THB 916.7mn. The increase was mainly driven by sales of real estate of THB 660.5mn (largely in relation to 201 transferred units of Tower A from Abstracts Phahonyothin Park, which started transferring in December 2012) and revenue from Eastin Grand Hotel operations at Surasak BTS SkyTrain station, which had its grand opening in October 2012. Presales of Abstracts condominium projects reached 89% as of 30 September 2013. Furthermore, the Group recognised a gain on the sales of land at Bang Pakong and Bangna KM 18 of THB 379.3mn.

Operating costs rose at a lower rate than operating revenues. An increase of THB 422.5mn YoY to THB 543.0mn was mainly from costs from transferred units of Abstracts Phahonyothin Park and costs related to Eastin Grand Hotel. Property SG&A expenses increased by THB 103.8mn or 93.4% YoY to THB 214.9mn mainly driven by expenses related to transfers from Abstracts Phahonyothin Park, including transfer fees, marketing expenses, sales commission and depreciation expenses of Eastin Grand Hotel. Due to the improved operating performance, the Property business proved to be profitable this quarter, with operating EBITDA margin improving to 21.6% and net operating profit reaching THB 495.4mn.

SERVICES BUSINESS

2Q 13/14 Services business revenues increased by THB 42.1mn YoY to THB 50.2mn. This increase was primarily due to the growth in royalty fee incurred from the co-ordination between the company and the business partner in issuance of the co-branded rabbit card. The co-branded rabbit card still maintains its functions in common ticketing cards for Bangkok's Mass transit network and retail e-payment card. The co-branded rabbit has been launched since March 2013. However, there was also THB 31.3mn cost of revenue as well as THB 22.1mn SG&A expenses. Key cost items were depreciation (for hardware, software and machines) and staff cost.

KEY FINANCIAL RATIOS

<i>Profitability ratios</i>	2Q 13/14	2Q 12/13*	1Q 13/14*
Gross operating profit margin (%)	53.2%	51.6%	51.1%
Selling and administrative expenses to operating sales ratio (%)	19.1%	16.2%	17.2%
Accounting EBITDA margin (%)	55.6%	59.0%	90.6%
Operating EBITDA margin (%) ^A	39.4%	53.1%	38.4%
Accounting net profit margin (%) ^B	38.0%	18.7%	69.9%
Net recurring profit margin (%) ^C	28.3%	8.8%	22.5%
ROA (%) ^D	20.0%	2.2%	18.7%
ROE (%) ^E	26.1%	3.8%	27.1%
<i>Leverage ratios</i>			
Total liabilities to total asset (times)	0.21x	0.41x	0.23x
Total liabilities to total equity (times)	0.27x	0.68x	0.31x
Net debt to equity (times)	(0.01x)	0.55x	0.05x
*Net debt to operating EBITDA (times)	(0.08x)	4.75x	0.61x
*Interest coverage (times) ^F	5.29x	3.42x	5.07x
<i>Per share ratios^G</i>			
*Basic earnings per share (THB)	0.0831	0.0522	0.9487
*Operating cash flow per share (THB)	0.134	0.128	0.067
*Free cash flow per share (THB)	0.078	0.057	0.027
Enterprise value per share (THB)	8.88	8.39	8.13
Book value per share (THB)	5.21	4.19	5.34

Note:

* Includes profit from discontinued operation

^A Excludes non-recurring items

^B Calculated based on accounting net profit (before MI) / total accounting revenue

^C Calculated based on net recurring profit (before MI) / total recurring revenue

^D Calculated based on accounting net profit (before MI) / average total assets

^E Calculated based on accounting net profit (before MI) / average total shareholders' equity

^F Calculated based on operating EBITDA / finance cost

^G Calculated based on weighted average number of shares at par value of THB 4.0

MANAGEMENT OUTLOOK

In spite of the fare increase on 1 June 2013, ridership hit a new quarterly record of 53.5mn trips. Both quarterly ridership and YTD ridership have grown 8.4% YoY, still within the targeted range of 7% - 10% annual growth. All five new 4-car trains will be delivered by end of November 2013 and will be available for service within end of December 2013 in order to support the increasing patronage on the new Silom Line Extension. For the Green line Silom extension (additional 4 stations to Bang Wa), construction continues apace and the extension is expected to be fully operational by December 2013. For the Green line southern extension from Bearing – Samut Prakarn (9 stations, 12.8 km), civil works construction has now progressed past 15% (as of 30 September 2013) and the bidding for the operating contract is now expected in early 2014. Furthermore, on 15 October 2013, the Cabinet approved the construction of the Green line northern extension (Mo Chit – Saphan Mai – Kukod; 16 stations, 18.4km) which is under the authority of the Mass Rapid Transit Authority (MRTA). Construction is expected to start in 2014.

On the Media side, we expect 3Q 13/14 results to outperform QoQ as the media industry heads into its seasonal peak period. Moreover, the Company expects to see additional revenue contribution starting at the end of 3Q 13/14 from BTS-related Media as a result of the commencement of sales of the platform truss LEDs and the delivery of additional five 4-car trains. Within Modern Trade Media, we expect to see the adjustment in sales strategy by launching more customised packages. Further, for Office Building and Other Media, the Company has recently acquired 24 additional contracts into the portfolio.

Within the Services business, over 1.8 million Rabbit cards were issued as of October 2013. This number is expected to reach over 2.0 million cards within FY 13/14. In addition, on 1 November 2013, Rabbit, in collaboration with AIS, launched the AIS mPAY Rabbit which allows customers to use mobile phones that support Near Field Communication (NFC) technology as a common ticketing system across the BTS mass transit system network and retail e-payment. As of 10 October 2013, we have over 37 brand partners and over 705 shops with 1,005 readers that support retail e-payment from Rabbit and NFC. We target to increase merchant partners to 1,500 shops by FY 13/14.

On 11 October 2013, the Extraordinary General Meeting of Shareholders No. 1/2013 resolved to approve the issuance of BTS warrant 3 (BTS-W3) of 3.97bn units in order to enhance the financial strength of the Company to have financial flexibility in proceeding with the future mass transit projects. The BTS-W3 warrants were allocated to the existing shareholders of the Company through a rights offering at the allocation ratio of 3 existing ordinary shares for 1 warrant. The term of BTS-W3 is 5 years from the issuance date, exercisable after the third year from the issuance date at the exercise price of THB 12 per share (the exercise ratio is 1 warrant for 1 ordinary share). The issuance date was 1 November 2013 and the first day trade is expected to be on 18 November 2013.

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Rangsin Kritalug

(Executive Director and Chief Operating Officer)