

FY 15/16 HIGHLIGHTS

- **New ridership record of 232.5mn trips, 6.3% growth YoY. Average fare of THB 27.5 per trip, an increase of 2.4% YoY**
- **Share of net profit from investment in BTSGIF increased by 17.0% YoY to THB 847.4mn**
- Total Media revenue declined by 29.3% YoY to THB 2,069.3mn mainly from the discontinuation of Modern Trade media although **revenue from Office Building and Other Media grew 38.0% YoY to THB 246.1mn**
- **VGI announced its strategic plan to become a “Nationwide Integrated Media Platform”** within 2 years, building 6 key nationwide segments: Transit, Office, Outdoor, Aviation, Digital and Activation media
- The Group recognised a **gain (before tax) on sale of property assets (disposal of shares in the 2 subsidiaries to U City) of THB 3,458.5mn** in 1Q 15/16
- **The launch of the first three condominium projects under the BTS-SIRI Joint Venture were successfully with 100% sold out** during first two days of pre-sales period, **generating THB 10.6bn of pre-sales**
- **Services business revenue¹ rose by 35.3% YoY to THB 741.0mn** mainly from services revenue generated from development of fare collection system for mass transit by Bangkok Payment Solutions Co., Ltd. (“BPS”) and construction revenue
- **Rabbit LINE Pay, Thailand 1st Integrated online & offline payment platform**, the cooperation between Rabbit Pay (our subsidiary) and Line, was established in April 2016
- **Pre-tax recurring profit (before MI) was THB 2,454.4mn in FY 15/16**, dropping 34.2% mainly from a reduction in services revenue, lower interest income, a decline in non-recurring gains (i.e. gain on sales of investments) as well as an increase in share of net loss from associates/JVs
- **Reported net profit (before MI) increased by 31.9% to THB 4,406.7mn** mainly from the recognition of net gain of THB 2,516mn on swap of investments with U City
- **Full year FY 15/16 dividend to shareholders² of THB 8,048.0mn, equivalent to a dividend yield of 7.75%**

ACCOUNTING AND RECLASSIFICATION

From 1 April 2014, BTS Group Holdings Public Company Limited (“the Company”) and its subsidiaries (together, the “Group”) have adopted TFRIC 12 – Service Concession Arrangements. This new standard provides accounting guidelines for concession operators for recognising and measuring the obligations and related rights in public-to-private service concession arrangements. Bangkok Mass Transit System Public Company Limited (“BTSC”), the subsidiary, provides services to procure electric trains (infrastructure) to be used in the provision of public services and to operate and maintain this infrastructure for a specified period of time under the 30-year O&M contract. BTSC is paid for its services over the period of the arrangement which is a public-to-private service concession arrangement. BTSC’s management, therefore, considers this arrangement under the 30-year O&M contract to be within the scope of TFRIC 12. The effects of the changes are recognised retrospectively in the financial statements.

SIGNIFICANT EVENTS

- **20 April 2015:** The completion of the disposal of all ordinary shares in two subsidiaries, (i) BTS Assets Co., Ltd. (“BTSA”), the owner of Eastin Grand Hotel Sathorn Bangkok (“EGS”) and land plots at Phaholyothin Road and (ii) Kamkoong Property Co., Ltd. (“KKP”), the owner of land plots at Phayathai Road to U City Public Company Limited (“U City”). Total sales consideration was THB 9,404.1mn and BTS Group received 35.64% of the newly issued ordinary shares as well as warrants of U City in exchange for the sale.
- **May 2015:** VGI fully exited Modern Trade media business. However, VGI signed a contract with BTSC, receiving rights to manage advertising and merchandising areas on 7 extension stations (On Nut to Bearing and Krungthong Buri to Wongwian Yai) from May 2015 to December 2029.
- **22 July 2015:** BTS Group and Sansiri Public Company Limited (“SIRI”) announced the expansion of the total project value under the 5-year strategic alliance framework agreement to THB 100bn (upsized from THB 25-30bn) with plans to develop approximately 25 condominium projects for sale within 500m of mass transit stations.
- **24 July 2015:** The Annual General Meeting of Shareholders 2015 approved the appointment of 2 new directors (Mr. Chulchit Bunyaketu and Dr. Karoon Chandrangsu), increasing the number of the directors from 12 to 14 directors.
- **17 August 2015:** The Company paid FY 14/15 final dividend of THB 3,547.6mn or THB 0.30 per share, taking the total annual dividend paid to THB 7,093.8mn (THB 0.60 per share). Based on the closing share price on 22 May 2015 (one day before the BOD date), this is equivalent to a dividend yield of 6.38%.

- 6 October 2015:** The Company completed the disposal of 50% shares in Nuvo Line Agency Co., Ltd. (“Nuvo Line”) to SIRI. As a result, the Company’s shareholding in Nuvo Line decreased from 100% to 50% and Nuvo Line changed its status from a subsidiary to a joint venture company of BTS Group.
- 15 October 2015:** Bayswater Co., Ltd., a 50:50 owned affiliate of BTS Group and Grand Canal Land Public Company Limited (“GLAND”), won the auction for 48-2-96.8 rai (77,987.2sqm) land plot located at Phaholyothin Road near Ratchayothin intersection which is located 200m from the future Green Line extension station (N10).
- 18 November 2015:** BSS Holdings Co., Ltd. (“BSSH”), a wholly-owned subsidiary of the Company, and Kerry Logistics (Thailand) Co., Ltd. (“Kerry”) have invested 80% and 20%, respectively, in a new joint venture company named RabbitPay System Co., Ltd. (“RabbitPay”)
- 27 November 2015:** BSSH has completed the acquisition of shares in a group of companies which offers online insurance and financial products (25% in ASK Hanuman Co., Ltd. – currently known as Rabbit Internet Co., Ltd., 51% in ASK Direct Co., Ltd. and 51% in ASK Broker Association Co., Ltd.). The objective of this investment is to expand our services business to cover e-services pursuant to the service business development plan of BTS Group.
- 11 January 2016:** The Board of Directors approved the interim dividend payment for FY 15/16 from the operating results of the six-month period (1 April 2015 – 30 September 2015) at THB 0.34 per share or THB 4,022.3mn in total. Based on the closing share price on 8 January 2016 at THB 8.55 (one day before BOD date), this is equivalent to a dividend yield of 7.49% on an annualised basis.
- March 2016:** VGI announced its strategic plan to become a “Nationwide Integrated Media Platform” within 2 years, building 6 key nationwide segments: Transit, Office, Outdoor, Aviation, Digital and Activation media. Following this, VGI announced its agreement to acquire an additional 12.46% stake in Master Ad Public Company Limited (“MACO”), triggering a tender offer for all of the remaining of MACO shares. Through MACO, VGI will increase its outdoor media nationwide footprint which shall serve a long underserved customer base.
- 28 March 2016:** The Board of Director’s Meeting No.4/2016, resolved to appoint Mrs. Pitchitra Mahaphon as Independent Director and member of the Audit Committee of the Company, effective from 28 March 2016 onwards. Moreover, on the same day, we saw clearer progress on the green line extensions (from Bearing to Samut Prakarn and Mo Chit to Ku Kod) with responsibility transferred from Mass Transit Rapid Authority (“MRTA”) to Bangkok Metropolitan Authority (“BMA”).
- 31 March 2016:** RabbitPay and LINE Biz Plus Limited (“Line Biz Plus”) announced a 50:50 joint venture. RabbitPay (a subsidiary of the Company) invests 50% of LINE Biz Plus. Line Pay (Line’s payment platform) is renamed as “Rabbit Line Pay”, Thailand 1st integrated offline and online payment platform. The objective of this investment is to engage in the business of electronic and online payment.
- 8 April 2016:** The Company established KMJ 2016 Co.,Ltd, a subsidiary to engage in the restaurant, food and beverage business. The Company holds 51% of shares and Ms. Juthamas Sukumvitaya holds 49% of shares. The subsidiary has an initial capital of THB 41mn.
- 17 May 2016:** BTS Group and BTSC are rated “A” with a “Stable” Outlook from Fitch Ratings and TRIS Ratings. Both ratings agencies have assessed the Company and BTSC having solid, stable cash flow and profitability in its mass transit and media operations. The ratings will add flexibility to the Company to tap debt financing sources.
- 23 May 2016:** BTS signed the contract with Siemens Consortium (“Siemens”) and CRRC Changchun Railway Vehicles Co., Ltd. (“CRRC”) to procure 46 additional 4-car trains, totaling of 184 carriages (Thailand’s largest train order) to serve the increased patronage in existing network, together with green line south and north extensions.
- 27 May 2016:** The Board of Directors approved the final dividend payment for FY 15/16 of up to THB 4,025.6mn or THB 0.34 per share, taking the total annual dividend paid to THB 8,048.0mn, subject to shareholders’ approval. Based on the closing share price on 26 May 2015 at THB 9.00 (one day before BOD date), this is equivalent to a dividend yield of 7.75%.

BUSINESS IMPACT ANALYSIS

The Thai economy in 2015 posted moderate annual GDP growth of 2.8%. The GDP growth rate picked up from the previous year when the country was affected by political uncertainties. Growth was mainly due to higher government spending, but was weighed down by export contraction and weak consumption. In spite of this, we exceeded our targets for growth in our mass transit business, which remains highly resilient. In our property business, we recorded excellent presales on new launches under our joint venture with SIRI by selling-out all launched units within the first 2 days (see more details in *Segmental Performance* section).

For our **Mass Transit** business, Core Network fare-box revenue grew 8.9% YoY to THB 6.4bn in FY 15/16, exceeding 6 – 8% growth target. The growth was primarily attributed to organic growth, driven by urbanisation and developments along the mass transit lines, as well as the low base effect last year from the political unrest. Annual average fare increased by 2.4% YoY to THB 27.5 per trip, exceeding the Company's guidance of 2% growth. Moreover, during the year we saw clear progress on the green line extensions (from Bearing to Samut Prakarn and Mo Chit to Ku Kod) when they were transferred from MRTA to BMA on 28 March 2016.

FY 15/16 was another challenging year for our **Media** business, which is characteristically more sensitive to economic cyclicality. Annual advertisement spending contracted by 1.2% YoY. Our media revenue dropped 29.3% YoY. The decrease mainly came from the discontinuation of our modern trade media business and heightened competition among industry players. Excluding the impact of the modern trade Media termination, our adjusted VGI revenue to exclude Modern Trade media business grew 3.1% YoY. Revenues from BTS-related Media remained steadfast, affirming the quality and sustainability of this segment. As ridership continues to grow along current mass transit lines and new mass transit lines/extensions become operational, our business in this segment will be enhanced and create new prospects for VGI in the long-term.

This year was a remarkable start for our **Property** business under our partnership approach. Our first three “the Line” condominium projects were fully pre-sold within 2 days of each launch, generating THB 10.6bn of pre-sales. This result affirms the attractiveness of developments in close proximity to mass transit lines and the synergistic relationship with our joint venture partner. For our hotel portfolio, we saw improving operating performance from the buoyant tourism environment. International tourism arrivals in 2015 reached the highest level on record at 29.9mn and growing 20.5% YoY. As a result, our hotels achieved a blended occupancy rate of 84.4% in FY 15/16.

FY 15/16 PERFORMANCE

The Group recorded consolidated total revenue of THB 10,065.0mn in FY 15/16. This represented an increase of 23.9% YoY or THB 1,939.0mn from THB 8,126.0mn in FY 14/15. The increase was primarily due to (1) a record of gain (before tax) on sale of property assets (disposal of shares in the 2 subsidiaries to U City) of THB 3,458.5mn in 1Q 15/16 and (2) an increase in dividend income of THB 239.1mn. The increase was partially offset with (3) a reduction in service income of THB 709.4mn mainly from softer Property and Media revenues (see details in *Segmental Performance* section), (4) a decline in interest income of THB 552.6mn mainly from the decrease in investment balance under treasury management and (5) a reduction in gain on sales of assets of THB 270.3mn largely due to an extraordinary gain recognised in FY 14/15 from the gain on sale of 5-rai land at Mo Chit to SIRI-JVCo1 of THB 367.5mn.

Despite higher Mass Transit revenue and an increase in revenue from Services business unit, operating revenue³ fell by 13.4% YoY or THB 954.6mn to THB 6,147.5mn largely as a result of the reduction in Property and Media revenue. Media revenue contracted from our prudent decision to discontinue the Modern Trade Media business. Property operating revenue contracted from the previous year, as result of our divestment of EGS to U City in April 2015 and lower backlog of Abstracts Phahonyothin Park (Tower A) that was transferred during year compared to the previous year (see details in *Segmental Performance* section). Future recorded income from these assets will consequently be shifted from revenues to share of income from investments in associates and joint-ventures. Revenues from the Mass Transit, Media, Property and Services businesses accounted for 39.7%, 33.7%, 14.6% and 12.1% of total operating revenue, respectively.

Operating Revenue and Operating Gross Profit Margin by BU

Operating Revenue ³ (THB mn)	FY 15/16	% of Total ³	FY 14/15	% of Total ³	% Change (YoY)	FY 15/16 GP Margin ⁶	FY 14/15 GP Margin ⁶
Mass Transit⁴	2,440.7	39.7%	2,273.5	32.0%	7.4%	64.5%	64.1%
Media	2,069.3	33.7%	2,926.0	41.2%	(29.3)%	71.1%	59.5%
Property⁵	896.5	14.6%	1,354.8	19.1%	(33.8)%	39.6%	43.9%
Services¹	741.0	12.1%	547.8	7.7%	35.3%	16.4%	26.5%
TOTAL³	6,147.5	100.0%	7,102.1	100.0%	(13.4)%	57.3%	55.5%

Total consolidated expenses and SG&A reached THB 4,662.5mn in FY 15/16, an increase of THB 213.2mn or 4.8% YoY mainly from (1) recording an allowance for diminution in value of investment of THB 497.2mn as other expenses for the year, (2) the net increase in selling and administrative expenses of THB 383.9mn largely from expenses related to the transfers of assets under the property business restructuring during 3Q 15/16, yet mostly offset by (3) a decline in cost of services of THB 379.7mn primarily from lower costs in the Media and Commercial Property businesses (see details in *Segmental Performance* section) as well as (4) a reduction in cost of sales of real estate of THB 65.7mn following the divestment of 50% shares in Nuvo Line to SIRI in October 2015.

Operating costs decreased by 17.0% YoY to THB 2,624.6mn. As operating costs decreased at a higher rate than the decline in operating revenues, the Group operating gross profit margin⁶ improved to 57.3% from 55.5% in the previous year. As a result of the aforementioned changes, the Group operating EBITDA⁷ was THB 2,560.0mn, a decrease of THB 276.2mn or 9.7% YoY. However, the operating EBITDA⁷ margin improved to 41.6% in FY 15/16 (versus 39.9% in FY 14/15) from higher contribution of higher margin Mass Transit business as well as from lower contribution of Modern Trade Media businesses. Finance costs fell by 28.2% YoY or THB 113.8mn to THB 289.7mn primarily as the Group repaid the fourth tranche of BTSC debentures (THB 1,468.9mn) during 2Q 15/16.

Other recurring profit⁸ fell by THB 1,126.8mn or 64.1% YoY to THB 632.0mn largely from the increase in share of net loss from investments in joint ventures/associates (not including share of profit in BTSGIF) of THB 458.9mn, a reduced interest income as aforesaid as well as a decrease in gain on sales of equity investments of THB 182.3mn in this year. Despite lower finance costs, pre-tax recurring profit⁸ for this year was THB 2,454.4mn, decreasing 34.2% YoY from THB 3,731.7mn in FY 14/15 as a result of lower operating revenue and the reduction in other recurring profit. Reported income tax expense was THB 1,121.4mn (FY 14/15: THB 733.0mn) primarily from the income tax on gain on swap of investments with U City.

Taking into account all the aforesaid transactions, the Group recorded a consolidated net profit of THB 4,406.7mn (increasing 31.9% YoY) and profit attributable to the equity holders of the Company of THB 4,141.1mn (increasing 40.7% YoY). Net profit margin⁹ attributable to the equity holders of the Company in FY 15/16 was 39.4% (versus 31.0% in FY 14/15) The improvement in net profit and net profit margin from previous year mainly due to the recognition of gain on swap of investments with U City and lower finance cost.

¹ Services revenue includes sales from BSS, revenue from Carrot, revenue from BPS, revenue from HHT construction and revenue from ChefMan Restaurants.

² Subject to shareholders' approval of the final dividend of THB 0.34 per share. Dividend yield based on share price as of date prior to Board of Directors' approval of relevant dividend payment

³ Operating revenue from the operational performances from 4 BUs and share of net profit (loss) from BTSGIF; EXCLUDES interest income, dividend income and non-recurring items

⁴ Mass Transit revenues include:

- i) Share of net profit (loss) from BTSGIF (included in 'Share of profit (loss) from investments in associates' in Statement of comprehensive income)
- ii) Service Income from Train & Bus Operation Management (included in 'Service income' under 'Revenues from provision of operating services')

⁵ 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.

⁶ Operating gross profit calculated based on the operational performances from 4 BU and share of net profit (loss) from BTSGIF

⁷ Operating EBITDA calculated based on the operational performances from 4 BU and share of net profit (loss) from BTSGIF; EXCLUDES interest income, dividend income, share of net profit (loss) from other associates (except from BTSGIF) and joint ventures, non-recurring items from sales of net fare-box revenue to BTSGIF and other non-recurring items

⁸ Recurring profit calculated based on the operational performances from 4 BU and share of net profit (loss) from BTSGIF and other associates and joint ventures as well as other recurring items which are interest income and other recurring items (before MI)

⁹ Net profit margin calculated from net profit attributable to the equity holders of the Company / total revenue per financial statement + share of profit/ (loss) from investments in JVs and associates + gross revenue under profit / (loss) from discontinued operation for the year)

SEGMENTAL PERFORMANCE

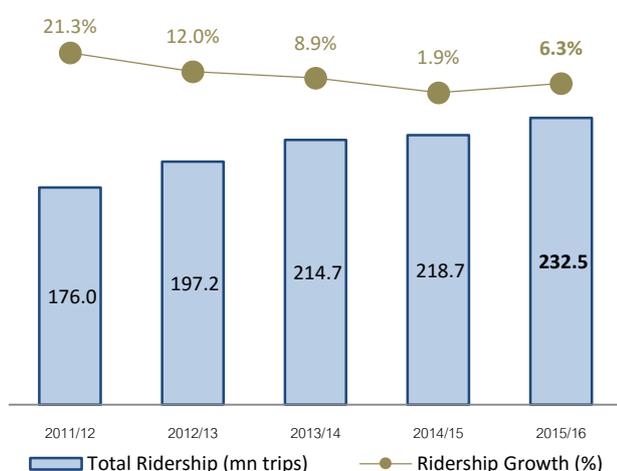
MASS TRANSIT BUSINESS

Total Mass Transit revenue⁴ increased 7.4% YoY to THB 2,440.7mn supported by an increase in share of net profit from BTSGIF and higher O&M income. O&M revenue rose by 2.8% or THB 44.0mn YoY to THB 1,593.3mn, mainly attributable to the contractually agreed increase in the operating fee of Green Line – Sukhumvit extension and Silom extension.

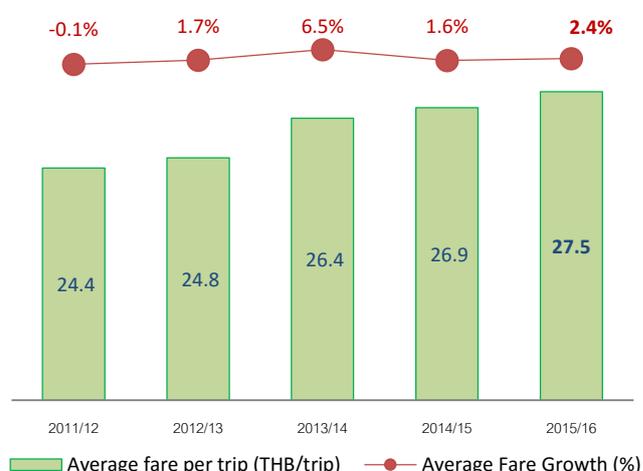
Share of net profit from investment in BTSGIF in FY 15/16 increased by THB 123.1mn or 17.0% YoY to THB 847.4mn, which resulted from an improved underlying core network performance. Fare-box revenue of the core system rose by 8.9% YoY or THB 523.1mn to THB 6,397.1mn attributable to ridership growth and the increase in average fare. Total ridership peaked at 232.5mn trips, up 6.3% YoY mainly from organic growth and low base effect last year from the political unrest. Average fare was THB 27.5 per trip, an increase of 2.4% YoY from the adjustment in card promotions on the monthly passes in July 2015 and the discontinuation of discounts given to stored value rabbit cards in January 2016.

Cost of Mass Transit revenue increased by THB 50.1mn or 6.1% YoY to THB 865.4mn largely from higher repair and maintenance expenses and wages. As operating cost increased at a lower rate than the increase in operating revenue, the operating EBITDA margin improved 65.4% YoY in FY 15/16 (versus 64.8% in FY 14/15).

5-year Historical Ridership and % YoY Growth



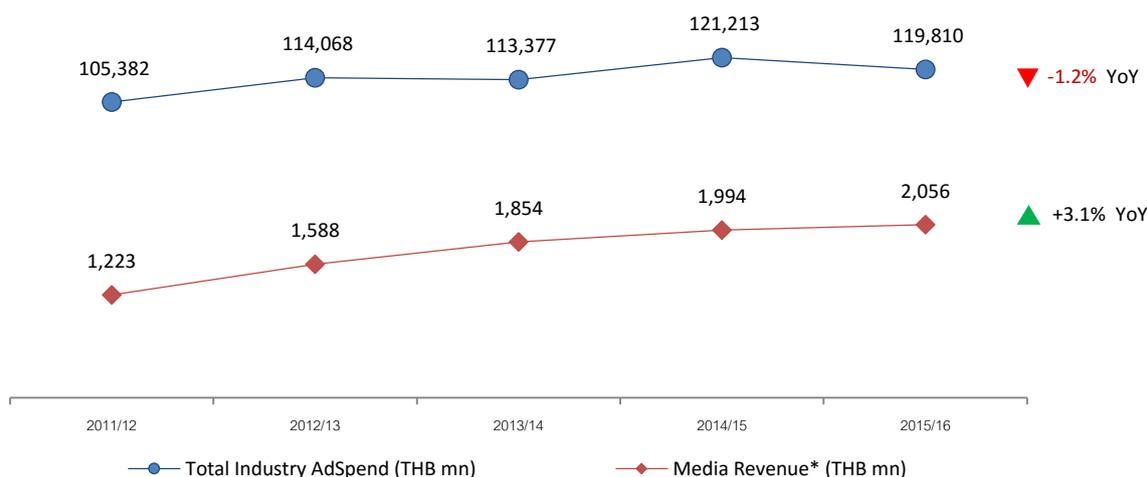
5-year Historical Average Fare and % YoY Growth



MEDIA BUSINESS

Slow economic growth continued to undermine business confidence and consumer spending. In a tough growth environment, businesses tend to cut expenditures, and advertising expenditure is often one of the first expenses to be cut. Overall annual media spending fell 1.2% YoY. A reduction in media spending usually intensifies competition among industry players. Revenue growth becomes challenging and margins may be affected from package prices being slashed. In spite of this, VGI continued to see growth across its core business. Adjusted VGI revenue, excluding the impact of the modern trade business termination, grew 3.1% YoY to THB 2,056mn.

Thai Annual Advertising Spending VS Media Revenue*



Sources: The Nielsen Company (Thailand) Limited

* Adjusted VGI revenue to exclude Modern Trade media business

Total media revenue decreased by 29.3% YoY to THB 2,069.3mn primarily as a result of the discontinuation of Modern Trade Media business reflecting a slow down in economic activities. However, the decrease was partially offset with Office Building and Other Media, which continued to grow encouragingly by 38.0% YoY.

BTS-related Media revenue reached 1,773.7mn, decreased slightly by 0.1% from prior year. The growth in BTS-related media revenue was less than expected as it faced challenges from overall media spending decline, nevertheless, in the future, we stand to benefit immensely from mass transit network expansion over the long-run.

Modern Trade Media revenue was THB 49.5mn, a decline of 94.9% YoY from THB 972.1mn in the previous year. This business has been discontinued since May 2015.

Office Building and Other Media revenue was THB 246.1mn, increasing 38.0% from THB 178.4mn in the previous year. Key growth drivers came from the increase in additional office buildings, exceeding our target of 123 building by securing rights to 135 buildings. Revenue from Other Media also increased YoY mainly from the commission fee for being a sole agent for Midas Global Media Limited.

Cost of revenue decreased 49.5% YoY or THB 586.8mn to THB 598.3mn mainly from the reduction in costs associated with the discontinuation of Modern Trade Media. The decrease was partially offset with (1) an increase in maintenance cost of equipment and system for the new digital media (Platform Truss LED, Platform Screen Door and E-Poster), (2) rental cost of digital screens at Victory Monument, (3) expenses from rights to manage the media and merchandising spaces of the 7 new BTS extension stations and (4) higher depreciation of the new digital media installed across the existing BTS SkyTrain network as well as in additional office buildings, static media and on the 7 BTS extension stations. As a result of the discontinuation of the lower margin Modern Trade Media business, the operating EBITDA margin in this year improved to 64.0% (versus 52.3% in FY 14/15).

More commentary on Media business can be found in *FY 15/16 VGI Global Media's management discussion and analysis*

<http://vqi.listedcompany.com/misc/MDNA/20160511-vqi-mdna-fy20152016-en.pdf>

PROPERTY BUSINESS

On 20 April 2015, the company disposed all ordinary shares in two subsidiaries; (i) BTSA, the owner of Eastin Grand Hotel Sathorn Bangkok ("EGS") and land plots at Phaholyothin Road and (ii) KKP, the owner of land plots at Phayathai Road, to U City. The fair value of investment was THB 9,468.8mn and BTS Group received 35.64% of the newly issued ordinary shares as well as warrants of U City in exchange for the sale. BTS Group recognised the net gain on swap of investments with U City of THB 2,516mn.

In 2015, the launch of the first three condominium projects (The Line Jatujak-Mochit, The Line Sukhumvit 71 and The Line Ratchathewi) under the BTS-SIRI joint venture were successfully 100% sold out during 1-2 days of pre-sales period with total project value of THB 10.6bn. The idiosyncrasies of Thai real estate accounting practices requires the Company to record a share of loss from BTS-SIRI joint ventures of THB 271.0mn mainly from the selling and marketing expenses related to The Line projects, while revenues are to be booked later upon

transfer of presold units. The Line Sukhumvit 71 is expected to be transferred at the end of FY 16/17 with revenue recognition of approximately THB 2.0bn.

Property operating revenue was THB 896.5mn, decreasing 33.8% YoY from THB 1,354.8mn in FY 14/15 due to the reduction in both Residential Property and Commercial Property revenue.

Residential Property revenue decreased by 27.2% YoY or THB 113.2mn to THB 302.4mn in FY 15/16. The decrease is mainly due to the lower backlog of Abstracts Phahonyothin Park (Tower A) that was transferred during year compared to the previous year.

Commercial Property revenue was THB 593.6mn, a reduction of 36.3% YoY or THB 338.7mn mainly as a result of our disposal of EGS to U City since 20 April 2015. Income from EGS will subsequently be recorded as share of income from investments in associates. However, the decrease was partially offset with the increase in revenue from U Sathorn Hotel of THB 113.1mn. The Company recognised a share of loss from U City of THB 144.0mn in FY 15/16.

Operating costs decreased 28.7% YoY or THB 218.1mn to THB 541.5mn mainly as there were lower costs related to the transfer of units of Abstracts Phahonyothin Park (Tower A) as well as no costs related to EGS (following the disposal of the hotel to U City). Property SG&A expenses also decreased by 35.9% YoY or THB 205.7mn to THB 367.7mn largely from the reduction in expenses related to Abstracts Phahonyothin Park (Tower A) and EGS. The operating EBITDA margin dropped to 9.6% in FY 15/16 (13.4% in FY 14/15).

SERVICES BUSINESS

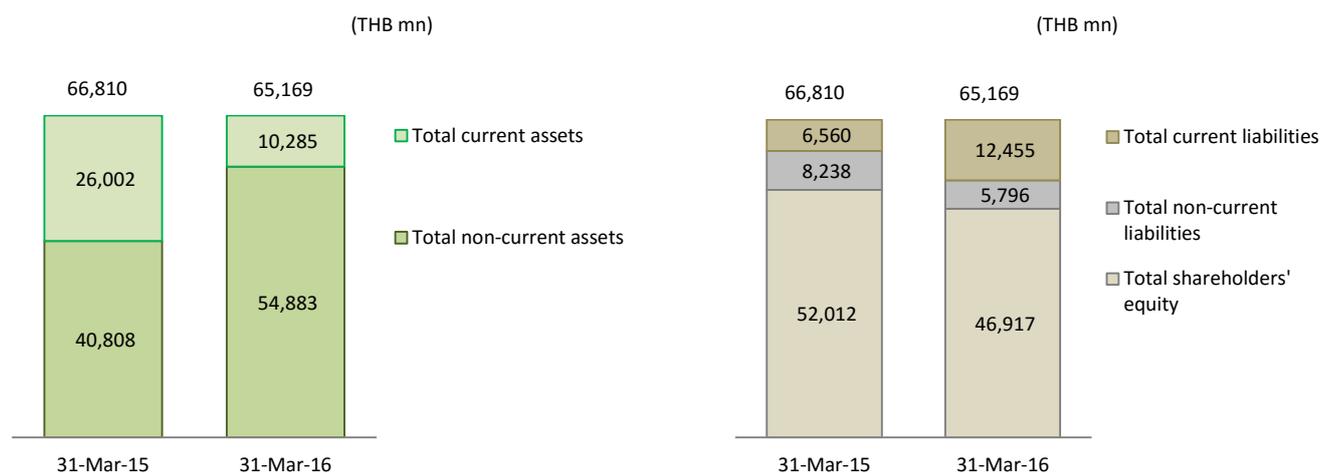
Services business revenue increased by THB 193.2mn or 35.3% YoY to THB 741.0mn. This increase was primarily due to (1) growth in services revenue generated from development of fare collection system for mass transit by BPS which increased by THB 66.5mn YoY, (2) services revenue generated from HHT construction which increased by THB 56.0mn YoY, (3) an increase in royalty fee and marketing Co-Promotion on Rabbit card of THB 33.9mn YoY and (4) an increase in revenue from ChefMan Restaurants, which increased by THB 30.5mn or 9.8% YoY to THB 341.1mn.

Operating costs increased by 53.8% YoY or THB 216.5mn to THB 619.4mn. There was also THB 242.9mn of SG&A expenses, an increase of 29.6% YoY. Key costs and SG&A items were mainly from food & beverage cost at ChefMan Restaurants, staff costs as well as from pre-opening marketing and advertising campaigns of ChefMan Buffet branch at CentralWorld in February 2016.

Share of Income / (Loss) from Investments in Joint Ventures & Associates (as of 31 March 2016)

	Amount (THB mn)
Share of income/ (loss) from investments in joint ventures	
ATS (AEON-rabbit)	8.5
Bayswater	(71.9)
BTS-SIRI JV Projects	(271.0)
Midas	(5.2)
Total	(339.6)
Share of income/ (loss) from investments in associates	
Aero Media	6.4
Absolute Hotel Services (AHS)	12.0
BTSGIF	847.4
MACO	29.2
U CITY	(144.0)
Total	751.0

FINANCIAL POSITION



Total assets as of 31 March 2016 stood at THB 65,168.7mn, a decrease of THB 1,641.6mn or 2.5% from 31 March 2015. Total current assets stood at THB 10,285.3mn, decreasing by 60.4% or THB 15,716.6mn. The decrease was primarily attributed to (1) a reduction in cash and cash equivalents of THB 7,747.3mn (see further details in *Cash Flow* section), (2) the decrease in “non-current assets classified as held for sale” of THB 4,576.2mn following the de-recognition of assets in relation to the disposal of shares in BTSA and KKP to U City on 20 April 2015, (3) a decline in current investments of THB 1,705.2mn largely resulted from the reallocation from current investment to the investment in subsidiaries and BTS-SIRI Joint Venture projects and (4) a decrease in real estate development costs of THB 1,610.7mn following the divestment of 50% shares in Nuvo Line to SIRI in October 2015.

Total non-current assets was THB 54,883.4mn, an increase of 34.5% or THB 14,075.0mn primarily attributable to (1) an increase in investments in associates of THB 7,008.0mn mainly from the 35.64% investment in U City (of THB 7,427.0mn) and (2) an increase in loans to related parties of THB 5,189.4mn or 683.6% YoY mainly from long-term loans to Bayswater (THB 3,901.3mn) and BTS-SIRI Joint Venture projects, (3) an increase in land and projects awaiting development of THB 1,019.3mn and (4) an increase in investment in joint ventures (up THB 524.1mn or 459.8%) largely from the investments in BTS-SIRI Joint Venture projects.

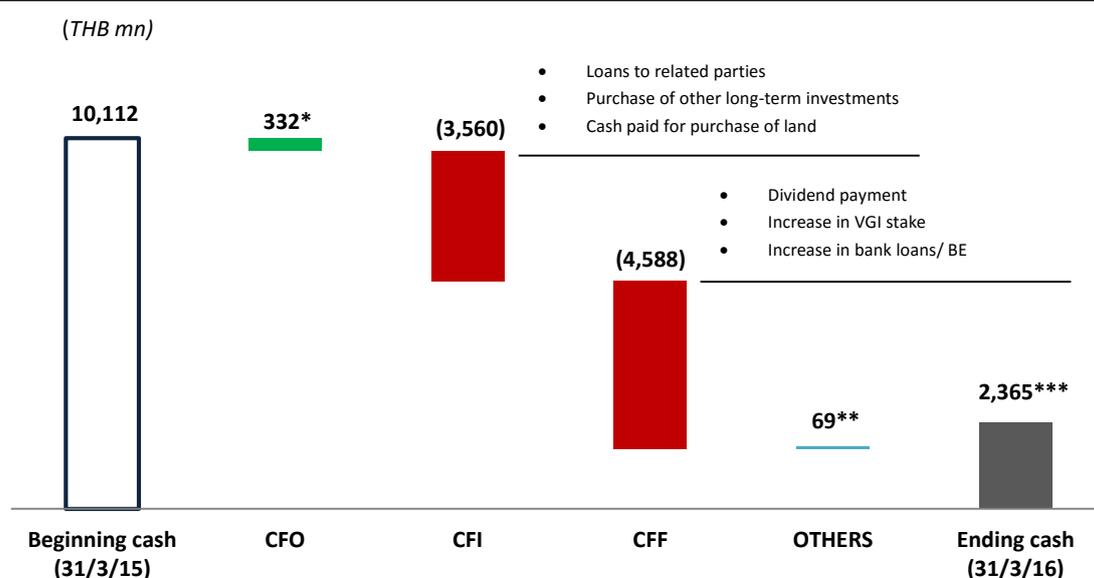
Total liabilities increased from 31 March 2015 by 23.3% or THB 3,454.0mn to stand at THB 18,251.8mn largely due to (1) higher net loans from financial institutions of THB 3,275.1mn, (2) an increase in bill of exchange payable of THB 2,917.3mn which was issued for Treasury Management purposes. However, the increase was partially offset with (3) the fourth tranche repayment of BTSC debentures in August 2015 and (4) the decrease in “liabilities directly associated with assets classified as held for sale” of THB 515.8mn mainly from the de-recognition of liabilities (related to U City transaction).

Total equity decreased by THB 5,095.6mn or 9.8% to THB 46,916.9mn mainly attributable to (1) the increase in unappropriated deficit of THB 3,221.8mn (mainly from the dividend payment of THB 7.6bn, offset with net profit of THB 4.1bn) as well as (2) a reduction in surplus from the changes in the ownership interests in subsidiaries of THB 1,412.8mn, which was primarily the result of the Company increasing its shareholding in VGI from 69.6% to 74.3%. As of 31 March 2016, total issued and fully paid-up shares stood at 11,929.3mn shares. Return on equity for FY 15/16 was 9.4%, which increased from 6.4% in 2014/15 as a result of the improved net profit and decreased equity.

CASH FLOW

For the year ended 31 March 2016, **cash and cash equivalents** reached THB 2,364.7mn, a decrease of 76.6% or THB 7,747.3mn. Despite lower Media and Property revenues, cash from operating activities was THB 2,315.7mn, increasing THB 412.9mn or 21.7% primarily from the decrease in trade and other receivables. After deducting cash paid for corporate income tax of THB 1,808.3mn (FY 14/15: THB 1,669.0mn) and cash paid for interest expenses of THB 175.0mn (FY 14/15: THB 304.4mn), **net cash from operating activities** was THB 332.3mn. **Net cash used in investing activities** was THB 3,559.7mn. The key components are (1) an increase in net long-term loans to related parties of THB 5,236.4mn mainly from long-term loans to Bayswater and BTS-SIRI Joint Venture projects, (2) net cash paid for purchases of other long-term investments of THB 3,127.9mn, (3) cash paid for purchase of land and projects awaiting development of THB 1,019.3mn, (4) the decrease in current investment of THB 3,688.1mn and (5) dividend received of THB 1,580.6mn. **Net cash used in financing activities** was THB 4,588.2mn mainly from (1) dividend payment of THB 7,557.4mn, (2) cash paid for purchases of investments in subsidiaries of THB 1,543.2mn (increase in shareholding in VGI), (3) the cash paid for the repayment of the fourth tranche of BTSC debenture of THB 1,468.9mn, (4) net increase in short-term loans from financial institutions of THB 3,220.0mn and (5) a net increase in bills of exchange payable of THB 2,905.7mn.

Twelve-Months Cash Flow Snapshot



* After tax (THB 1,808.3mn) and interest expense (THB 175.0mn)

** Cash and cash equivalents of BTSA and KKP as well as Nuvo Line (presented as assets held for sale at beginning and ending of the year)

*** Excluding BTSC sinking fund and THB 14.1bn liquid investments

KEY FINANCIAL RATIOS

Profitability ratios	FY 15/16	FY 14/15	FY 13/14
Gross operating profit margin (%)	57.3%	55.5%	51.4%
Selling and administrative expenses to operating sales ratio (%)	22.9%	22.0%	19.5%
Operating EBITDA margin (%) ^A	41.6%	39.9%	36.3%
Accounting EBITDA margin (%)	59.6%	52.0%	77.0%
Recurring pre-tax profit margin (%) ^B	36.2%	42.1%	36.2%
Net recurring profit margin (%) ^B	33.7%	34.7%	25.4%
Accounting net profit margin (%) ^C	41.9%	35.2%	54.4%
ROA (%) ^D	6.8%	5.0%	17.6%
ROE (%) ^E	9.4%	6.4%	22.7%
Liquidity ratio			
Current ratio (times)	0.83x	3.96x	4.36x
Leverage ratios			
Total liabilities to total asset (times)	0.28x	0.22x	0.22x
Total liabilities to total equity (times)	0.39x	0.28x	0.29x
Interest bearing debt to equity (times)	0.20x	0.09x	0.11x
Net debt to equity (times)	0.15x	(0.11)x	(0.03)x
Net debt to operating EBITDA (times)	2.70x	(1.96)x	(0.65)x
Interest coverage (times) ^F	8.84x	7.03x	4.94x
Per share ratios^G			
Basic earnings per share (THB)	0.3501	0.2482	1.0781
Operating cash flow per share (THB)	0.028	(0.006)	0.097
Free cash flow per share (THB)	(0.110)	(0.149)	(0.046)
Enterprise value per share (THB)	9.73	8.83	9.11
Book value per share (THB)	3.97	4.38	5.09

Note:

^A Excludes non-operating items and interest income

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

^C Calculated based on accounting net profit (before MI) / total accounting revenue including shares of income / (loss) from investments in associates and JVs and gross revenue under profit from discontinued operation for the year

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

^E Calculated based on accounting net profit (before MI) / 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

For our **Mass Transit** business, we target 4 – 6% ridership growth for FY 16/17 based on a combination of organic growth and new real estate developments along the mass transit line. The average fare is expected to increase by 1% from the full year effect of the adjustment in card promotions. We also project our current O&M revenue to grow by 3 – 4% next year.

We are delighted to inform that on 28 March 2016, the Mass Rapid Transit Authority of Thailand (MRTA) signed an MoU to transfer responsibility for the Green Line Northern and Southern extensions to the Bangkok Metropolitan Authority (BMA) in accordance with the governments “single regulator, single operator” policy. As such, we are poised to be awarded new operating contracts for these 31.4km of Green Line extensions in 2016. The first station of the Green Line South extension is expected to begin operating in March 2017. Following to this, on 23 May 2016, BTSC signed contracts with suppliers: Siemens and CRRC, to procure 46 additional 4-car trains (totaling of 184 carriages). The trains will be used to accommodate the increase in ridership on the existing network and the green line extensions mentioned above.

The government has reaffirmed its commitment to expanding Bangkok’s rail network. During the year it has expedited the process to approve concessions under public private partnerships. The Pink (Khae Rai to Min Buri; 36.0km, 30 stations) and Yellow (Lad Prao to Sam Rong; 30.4km, 23 stations) lines are the first to be expected to be awarded under the new approval framework. We expect the first of these to be awarded by 2017. The government has further authorised the BMA to proceed on new extensions and other feeder systems: The Green Line West (Bang Wa to Borommaratchachonnani; 7.0km, 6 stations), which is expected to start operating in 2019; the bidding for The Grey Line (Watcharaphol to Thong lo - phase I; 16.3km, 15 stations) is expected to be in 2017 and targeted for operation in 2019; The Light Rail Transit (LRT) - Bang Na to Suvarnabhumi Airport (18.3km, 14 stations) is expected to be tendered within 2017 and opened for service by 2019.

We target **Media** revenue to grow by 50% in FY 16/17 mainly from the consolidation of MACO’s financial statement. BTS-related Media revenue is expected to increase by 6% YoY, primarily from an increase in occupancy rates in all existing media and 7 new extension stations. In the Office Building Media, we expect to see healthy revenue growth of 25% driven by the expansion of the network to 160 buildings (135 buildings as of March 2016) as well as an increase in package prices by 20%. Moreover, we have also identified substantial expansion opportunities in underserved Grade B office buildings. For outdoor Media revenue (post-MACO acquisition), is expected to recognise revenue of THB 800mn in FY 16/17. MACO’s media capacity is expected to increase from THB 900mn in 2015 to THB 1,300mn in 2016 as a result of the network expansion both in Bangkok and upcountry. Lastly, other Media revenue, which includes projects such as Chamchuri Square, Empire Tower, Wi-Fi projects, Upcountry Co Mass and clock towers, are expected to grow by 240% YoY. VGI aims to become a “nationwide integrated media platform,” or “NIMP” within 2 years, hence, FY 16/17 will be a year of pursuing strategic alliances or acquisitions in diverse media segments, including transit, office building, outdoor, aviation, big data and activation. Further information about NIMP strategy can be found at: *VGI Global Media Annual Report FY 15/16, Section 2.4*.

On the **Property** side, we expect Commercial Property revenue to contribute THB 620mn to the Group, consisting primarily of revenues from our hotel portfolio and Thana City Golf Course & Sports Club. Residential Property is expected to contribute THB 60mn from housing projects in Thana City. BTS-SIRI Joint Venture has plans to launch 6 additional Residential Property projects in 2016 with total project value of THB 23bn. We expect to recognise revenues from our first JV project: The Line Sukhumvit 71, from transfers in FY 16/17 onwards. However, the Company will still record minimal share of loss from the JV (approx. THB 100mn) in FY 16/17, since most of the projects will not start transferring until 2018 and beyond. As such, we expect to see share of profit from JVs being recorded from FY 17/18 onwards. U City, our commercial property associate also expects to develop its initial properties along the mass transit routes within FY 16/17, starting with a 120,000sqm mixed-use building located in a prime area adjacent to Phayathai BTS station and Airport Link station.

Within our **Services** business, we are targeting a total of 6.5 million rabbit cards in circulation and 3 million Carrot Rewards members. We expect the number of retail outlet acceptants to increase from 1,200 to 2,000 this year and the number of readers to grow from 3,000 to 4,500 readers. We eagerly anticipate the emergence of the first integrated offline-online e-wallet service in Thailand. Our joint venture with LINE to create Rabbit Line Pay, merges a substantial Rabbit card base with the most popular messaging app in Thailand. The integrated service not only significantly increases our fee-income potential but through data gathering and analytics of consumer behavior, we enhance our media business by offering to customers smarter, targeted advertising and activation capabilities.

For FY 16/17 and beyond, the Company’s dividend policy reverts to ‘no less than 50% of the net income after tax in accordance with the Company’s financial statements (on a standalone basis)’. Given the investment cycle that the existing opportunity set provides, it is reasonable to expect a decline in BTS Group’s absolute dividend payment, although we would aim to pay a dividend that is competitive with the constituent companies of the SET50 Index.

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Rangsin Kritalug

(Executive Director and Chief Operating Officer)