

2Q 2016/17 FINANCIAL HIGHLIGHTS

- **Fare-box revenue of the core system continues to grow resiliently at 7.2% YoY or THB 114.9mn to THB 1,716.6mn**
- **New quarterly ridership record of 61.7mn trips, or 5.5% growth YoY. Average fare of THB 27.8 per trip, an increase of 1.6% YoY**
- **Train Operation & Maintenance (O&M) revenue increased 4.1% YoY to THB 410.9mn** from the contractually agreed increase in the operating fee of the existing green line extensions
- **Media business revenue of THB 703.0mn in 2Q 2016/17, a 33.3% increase YoY and a 29.8% increase QoQ**
- **The launch of the fifth condominium project: “The Base Garden Rama9” under the BTS-SIRI Joint Venture with project value of THB 2.2bn.** 72% has been presold with foreign participation at a solid 24% during the pre-sales period
- **Services business revenue¹ rose by 20.3% YoY to THB 234.8mn** mainly from services projects of Bangkok Payment Solutions Co., Ltd. (“BPS”) and ChefMan restaurant
- **Pre-tax recurring profit (before MI) was THB 578.6mn in 2Q 2016/17, rose by 9.9% YoY** mainly from an increase in other recurring transactions (mainly from higher interest income as well as a decrease in share of net loss from associates/JVs)
- **Reported net profit (before MI) for 2Q 2016/17 increased by 12.2% to THB 624.2mn** primarily due to an increase in other recurring transactions as well as the recognition of some non-recurring gain

SIGNIFICANT EVENTS

- **28 June 2016:** BTSC entered into the agreement with Krungthep Thanakom (“KT”) to supply and install electrical and mechanical (E&M) system for Green Line South (Bearing-Samutprakarn) and Green Line North (Mo Chit-Sapan Mai-Khu Kot) extensions. Following this, on 30 June 2016, BTSC signed a contract with a contractors’ consortium (“Bombardier”, “STE-TL” and “AMR”) to supply and install the E&M systems for the two extensions.
- **22 July 2016:** The Annual General Meeting of Shareholders 2016 approved the issuance and offering of debentures of the Company in the principal amount not exceeding THB 30bn in order to support business expansion and operations as well as to refinance the Company’s debts. Also, the Company paid a final dividend of THB 4,024.5mn or THB 0.34 per share on 16 August 2016, taking the total annual dividend paid to THB 8,046.8mn (THB 0.68 per share).
- **15 August 2016:** BTS Group’s Executive Committee and SIRI’s Board of Directors approved to establish 10 new and additional 50 : 50 joint venture companies to the 15 existing joint venture companies, thereby bringing the total number of approved 50 : 50 joint venture companies to 25 to accommodate the development plan of new residential projects for sale under the Strategic Alliance Framework Agreement.
- **9 September 2016:** U City Public Co., Ltd. (“U City”), a 35.6% associate of BTS Group, acquired an office building for GBP 74.3mn, or THB 3,436mn on 33 Gracechurch Street in London, UK with a remaining lease term of over 145 years and a net leasable area of 9,701 sqm. The building is located adjacent to several mass transit lines at a prime CBD area in the city of London, with a favorable demand/supply dynamic and significant potential upside from rent reversion. U City seeks to invest in long-term real estate that benefits from close proximity to mass transit network and expects that this investment will be able to generate good long-term, diversified returns for the company and its shareholders.
- **23 September 2016:** VGI entered into the Malaysian market through joint venture: Titanium Compass (“TSCB”), which has been awarded a 10-year contract by the Mass Rapid Transit Corporation to manage advertising media across 31 stations of SBK Line with total length of 51 kilometers and 58 trains. This line is expected to start the first phase of operation at end of 2016 and is expected to serve 400,000 passengers per day in the first year.
- **3 November 2016:** BTSC was approved by the Securities and Exchange Commission, Thailand (SEC) to issue up to THB 22,000mn senior unsecured debentures. The bonds will be issued in four tranches due in 2019, 2021, 2023, and 2026. Subscription period is from 7 - 9 November 2016.
- **7 November 2016:** “BSR Joint Venture”, a Joint Venture between the Company, Sino-Thai Engineering & Construction PCL (“STEC”) and Ratchaburi Electricity Generating Holding PCL (“RATCH”), submitted a tender offer for the Pink line (Khae Rai to Min Buri; 34.5km, 30 stations) and Yellow line (Lad Prao to Sam Rong; 30.4km, 23 stations). These projects are under the Public Private Partnership (PPP) framework. The bid envelope opening date is set as the 17 November 2016 and the winning bidders are expected to be announced in early 2017.

- 7 November 2016:** The Extraordinary General Meeting of VGI's Shareholders approved the acquisition of Rabbit, 90% in Bangkok Smartcard System Co., Ltd. ("BSS") from BTSC and 90% in BSS Holdings Co., Ltd. ("BSSH") from BTS Group. The objective is to transform VGI's business from a pure media real estate agent to a "data-centric media hypermarket" by integrating rabbit's big data and data analytics on our existing Nationwide Integrated Media Platform.

2Q 2016/17 PERFORMANCE

The Group recorded consolidated total revenue of THB 2,050.1mn in 2Q 2016/17. This represented an increase of 8.4% YoY or THB 159.3mn from THB 1,890.8mn in 2Q 2015/16. The revenue growth was largely due to (i) a growth in services income of THB 352.7mn from higher O&M, Media and Services businesses as well as revenues from installation services for system works of THB 87.0mn, which is largely from revenue from installation services for green line extensions (E&M systems), (ii) an increase in interest income of THB 85.5mn mainly from loans to related parties, (iii) an increase in extraordinary gain recognised as a gain on a reversal of creditors per debt rehabilitation plan of THB 78.9mn. The increase was partially offset with (iv) a reduction in revenue from sales of real estate of THB 205.7mn, as there was no remaining backlog of Abstracts Phahonyothin Park (Tower A) under former subsidiary, Nuvo Line, which subsequently became a BTS-SIRI JV company in 3Q 2015/16, (v) a decrease in gain on sales of investment of THB 61.3mn and (vi) a reduction in gain from sales of assets of THB 71.4mn mainly from gain from sales of equipment related to the exited Modern Trade business of VGI (which was recorded in 2Q 2015/16).

Operating Revenue and Operating Gross Profit Margin by BU

Operating Revenue ² (THB mn)	2Q 2016/17	% of Total ²	2Q 2015/16	% of Total ²	% Change (YoY)	2Q 2016/17 GP Margin ⁵	2Q 2015/16 GP Margin ⁵
Mass Transit³	642.3	37.3%	650.8	38.2%	(1.3)%	64.6%	68.1%
Media	703.0	40.8%	527.4	31.0%	33.3%	68.2%	72.1%
Property⁴	142.3	8.3%	330.7	19.4%	(57.0)%	37.8%	38.1%
Services¹	234.8	13.6%	195.1	11.4%	20.3%	20.6%	26.7%
TOTAL²	1,722.3	100.0%	1,704.1	100.0%	1.1%	57.9%	58.8%

¹ Services revenue includes sales from BSS, revenue from Carrot, revenue from BPS, revenue from HHT construction, revenue from ChefMan Restaurants and revenue from Rabbit Internet Group (formerly known as ASK Hanuman group)

² Operating revenue from the operational performances from 4 BUs + share of net profit (loss) from BTSGIF + interest income from train procurement; EXCLUDES interest income, dividend income and non-recurring items

³ Mass Transit revenues include:

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

⁴ 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.

⁵ Operating gross profit calculated based on the operational performances from 4 BU, share of net profit (loss) from BTSGIF and interest income from train procurement

⁶ Operating EBITDA calculated based on the operational performances from 4 BU, share of net profit (loss) from BTSGIF and interest income from train procurement; 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

⁷ Recurring profit calculated based on the operational performances from 4 BU, share of net profit (loss) from BTSGIF, interest income from train procurement and other associates and joint ventures as well as other recurring items which are interest income and other recurring items (before MI)

⁸ 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 (if any)

Total operating revenue² in 2Q 2016/17 grew by 1.1% YoY or THB 18.3mn to THB 1,722.3mn largely as a result of higher operating revenue from train O&M, Media and Services business, which increased by 4.1%, 33.3% and 20.3% respectively. Nevertheless, the increase in operating revenue was partially offset with a 57.0% YoY decrease in Property operating revenue from a reduction in sales of real estate (see details in *Segmental Performance* section). Revenues from the Mass Transit, Media, Property and Services businesses accounted for 37.3%, 40.8%, 8.3% and 13.6% of total operating revenue, respectively.

Total consolidated expenses and SG&A amounted to THB 1,312.2mn in 2Q 2016/17, an increase of THB 67.0mn or 5.4% YoY mainly from (i) an increase in cost of services and servicing expenses of THB 233.6mn largely due to higher costs related to Mass Transit, Media and Services business units as well as costs from installation services for E&M works and (ii) the increase in selling and administrative expenses of THB 52.9mn largely from the increased staff cost, SG&A expenses of MACO following the consolidation as well as SG&A of Services BU

(see details in *Segmental Performance* section). The increase was partially offset with (iii) a decline in cost of sales of real estate of THB 121.6mn which was in line with the decrease in sales of real estate as aforementioned and (iv) a decrease in loss on provision for revenues being lower than the minimum guaranteed amounts paid to MACO of THB 136.6mn at VGI.

Operating costs increased by 3.4% YoY to THB 725.8mn largely from higher operating costs of Media (largely from the consolidation of MACO), Services and Mass Transit business units. As operating costs increased at a higher rate than the increase in operating revenues, the Group operating gross profit margin⁵ decreased to 57.9% from 58.8% in 2Q 2015/16. Group operating EBITDA⁶ was THB 623.0mn, a decrease of THB 117.5mn or 15.9% YoY primarily due to higher costs and SG&A expenses. The operating EBITDA⁶ margin correspondingly decreased to 36.2% in 2Q 2016/17 from 43.5% in 2Q 2015/16 mainly from the aforesaid increase in costs and SG&A expenses as well as higher contribution of Media business (after consolidation of MACO) and Services business which have lower margins. Finance costs increased by 28.9% YoY or THB 20.1mn to THB 89.6mn primarily from the increase in interest expense of bills of exchange, which was issued during 1H 2016/17, yet partially offset with the repayment of the last tranche of BTSC debenture (THB 1,347.5mn) in August 2016.

Pre-tax recurring profit⁷ for this quarter was THB 578.6mn, gaining 9.9% YoY from THB 526.4mn in 2Q 2015/16 as a result of an increase in other recurring transactions of THB 203.8mn (from THB -37.3mn to THB 166.5mn). The increase in other recurring transactions in this quarter was mainly from higher interest and investment income of THB 137.3mn as well as a contraction in share of net loss from associates/JVs (not including share of profit in BTSGIF) of THB 51.9mn. Net recurring profit (before MI) in 2Q 2016/17 was THB 445.4mn, increasing 5.8% YoY from THB 421.0mn in 2Q 2015/16. Reported income tax expense was THB 133.2mn, increasing 32.3% YoY from THB 100.6mn in 2Q 2015/16 primarily from higher quarterly earnings.

Taking into account all the aforesaid transactions, the Group's consolidated net profit stood at THB 624.2mn (increasing 12.2% YoY) and profit attributable to the equity holders of the Company of THB 548.1mn (increasing 15.7% YoY). Net profit margin⁸ attributable to the equity holders of the Company in 2Q 2016/17 was 25.4% (versus 24.0% in 2Q 2015/16). The increase in net profit and net profit margin was mainly due to higher interest income, the reduction in share of net loss from associates/JVs as well as the recognition of non-recurring gain.

SEGMENTAL PERFORMANCE

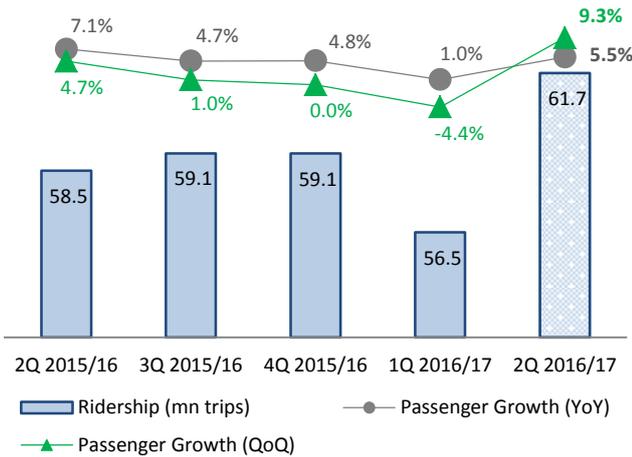
MASS TRANSIT BUSINESS

Total Mass Transit revenue was THB 642.3mn, dropping slightly by 1.3% YoY, affected by a reduction in share of net profit from BTSGIF. O&M revenue, conversely, rose by 4.1% or THB 16.0mn YoY to THB 410.9mn. The increase was attributable to the contractually agreed increase in the operating fee of the Green Line – Sukhumvit extension and Silom extension.

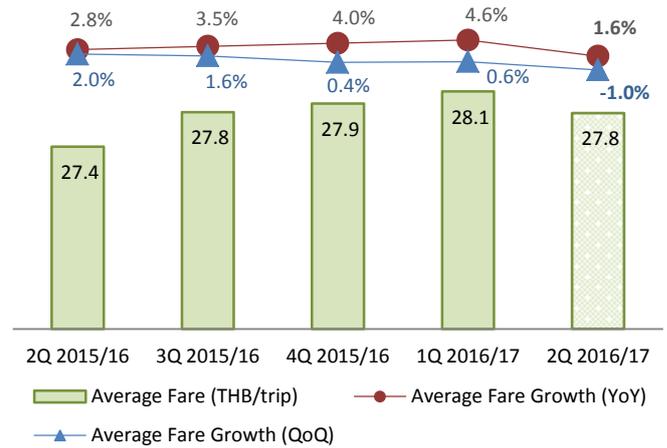
Fare-box revenue of the core network continues to grow resiliently at 7.2% YoY or THB 114.9mn to THB 1,716.6mn supported by ridership growth and the increase in average fare. A new quarterly historical record for ridership was reached at 61.7mn trips, up 5.5% YoY mainly driven by organic growth and last year's low base effect from the bombing at Ratchaprasong intersection. Average fare was THB 27.8 per trip, an increase of 1.6% YoY from the discontinuation of discounts given to stored value rabbit cards in January 2016. Nevertheless, the company recorded share of net profit from investment in BTSGIF in 2Q 2016/17 of THB 199.0mn, which softened by THB 23.6mn or 10.6% YoY. The contraction was primarily due to higher CAPEX, mainly from the first payment of new rolling stocks which will be used in the core network (THB 195mn).

Cost of Mass Transit revenue increased by THB 19.8mn or 9.6% YoY to THB 227.3mn stemmed largely from payroll expenses. As operating cost increased, whilst, operating revenue decreased in this quarter, the operating EBITDA margin dropped to 65.8% from 68.9% in the same period last year.

5-quarter Historical Ridership and % Growth



5-quarter Historical Average Fare and % Growth

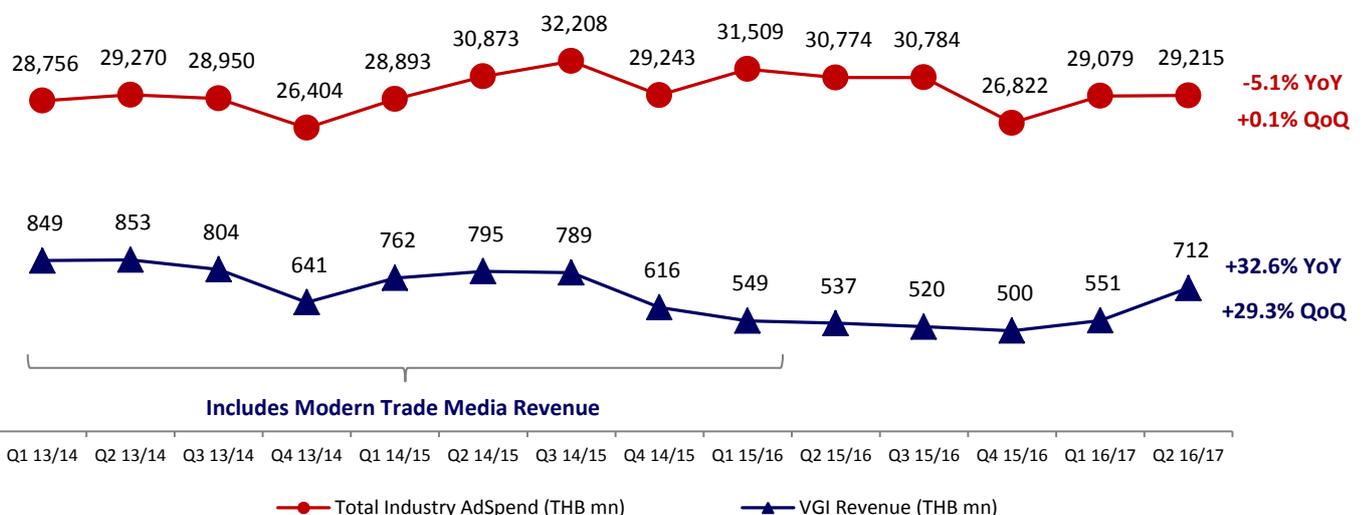


MEDIA BUSINESS

This quarter, overall Thai advertising expenditure remained soft, showing a decline of 5.1% YoY. However, advertising expenditure slightly improved by 0.1% QoQ, mainly supported by growth of OOH media and Online media segment. It is expected that OOH media and Online media as a percentage of total advertising spend is set to increase over time correlating with the increase in average time spent outdoors and a more mobile lifestyle of people.

VGI revenue increased by 33.3% YoY to THB 703.0mn in 2Q 2016/17, outperforming the industry against a challenging backdrop. Revenue growth was largely as a result of the full quarter effect of the consolidation of MACO's Outdoor media segment, which started in June 2016 and the robust performance across all Media segments. BTS-related media revenue rose by 1.4% YoY to THB 473.5mn despite the slowdown of the overall advertising industry. Revenue from Office Building and Other Media (including MACO's revenue which represents Outdoor media revenue) reached THB 229.5mn, a significant increase of 274.4% YoY or THB 168.2mn. The growth was driven by the consolidation of MACO's revenue of THB 152.9mn in this quarter as well as the on-track increase in the number of office buildings, which grew to 146 buildings from 118 buildings in 2Q 2015/16.

Thai Advertising Spending VS Media Revenue*



Sources: The Nielsen Company (Thailand) Limited
 *Media revenue per VGI financial statement

The significant increase in revenue was accompanied by disproportionately higher increase in cost of sales. Cost of sales increased by 51.9% YoY or THB 76.4mn to THB 223.6mn mainly due to the consolidation of MACO (Outdoor media) as well as higher costs related to lease and depreciation expenses in Outdoor media. Media's SG&A also increased to THB 173.7mn (up 93.3% YoY or THB 83.8mn) as a consequence of the full quarter consolidation of the Outdoor media segment.

As operating cost and SG&A increased at a higher rate than the increase in operating revenue, the operating EBITDA margin for Media in this quarter decreased to 51.0% (versus 63.2% in 2Q 2015/16).

More commentary on Media business can be found in *2Q 2016/17 VGI Global Media's management discussion and analysis* <http://vgi.listedcompany.com/misc/MDNA/20161103-vgi-mdna-2q20162017-en.pdf?version=2>

PROPERTY BUSINESS

Property operating revenue in this quarter was THB 142.3mn, decreasing 57.0% YoY from THB 330.7mn in 2Q 2015/16 due to the reduction in Residential Property revenue, yet, partially offset with the growth in commercial property revenue.

Residential Property revenue declined by 96.9% YoY or THB 204.5mn to THB 6.6mn in 2Q 2016/17. The decrease was mainly due to no remaining backlog of Abstracts Phahonyothin Park (Tower A) to be transferred compared to the previous year (2Q 2015/16: transferred 62 units). Note that Abstracts project under Nuvo Line (our former subsidiary) which has since 3Q 2015/16 been deconsolidated as a 50% BTS-SIRI joint venture company.

In 2Q 2016/17, the new launch of the fifth condominium project (The BASE Garden Rama 9) under the BTS-SIRI joint venture with a project value of THB 2.2bn, was 72% sold during the pre-sales period with 24% foreign participation. During the same period, 128 units of 291 total units (44%) of The Line Sukhumvit 71 (the second launched project) has been transferred, with an average selling price of THB 169k per sqm. SIRI and the Company expects to complete the transfer all units of this project by January 2017, with revenue recognition totaling approximately THB 2.0bn. The company recorded a narrowing YoY share of loss from BTS-SIRI joint ventures of THB 28.3mn in 2Q 2016/17 as a result of revenue of THB 863.8mn from The Line Sukhumvit 71 project being more than offset by cost of sales, selling and marketing expenses of launched and upcoming projects, during the period.

Commercial Property revenue was THB 135.6mn, an increase of 13.5% YoY or THB 16.2mn mainly as a result of an increase in revenue from U Sathorn Hotel of 26.4% or THB 7.7mn and higher rental and services revenue of 18.9% YoY or THB 5.8mn to THB 36.3mn. Note that in this quarter, the Company recognised a share of loss from our associate, U City, of THB 26.6mn.

Operating costs decreased by 56.8% YoY or THB 116.1mn to THB 88.5mn as there were no costs related to the transfer of units of Abstracts Phahonyothin Park (Tower A). Property SG&A expenses also reduced by 21.1% YoY or THB 21.7mn to THB 81.1mn, largely due to no expenses attributed to Abstracts Phahonyothin Park (Tower A). The operating EBITDA margin dropped to -3.4% in 2Q 2016/17 (versus 13.9% in 2Q 2015/16).

SERVICES BUSINESS

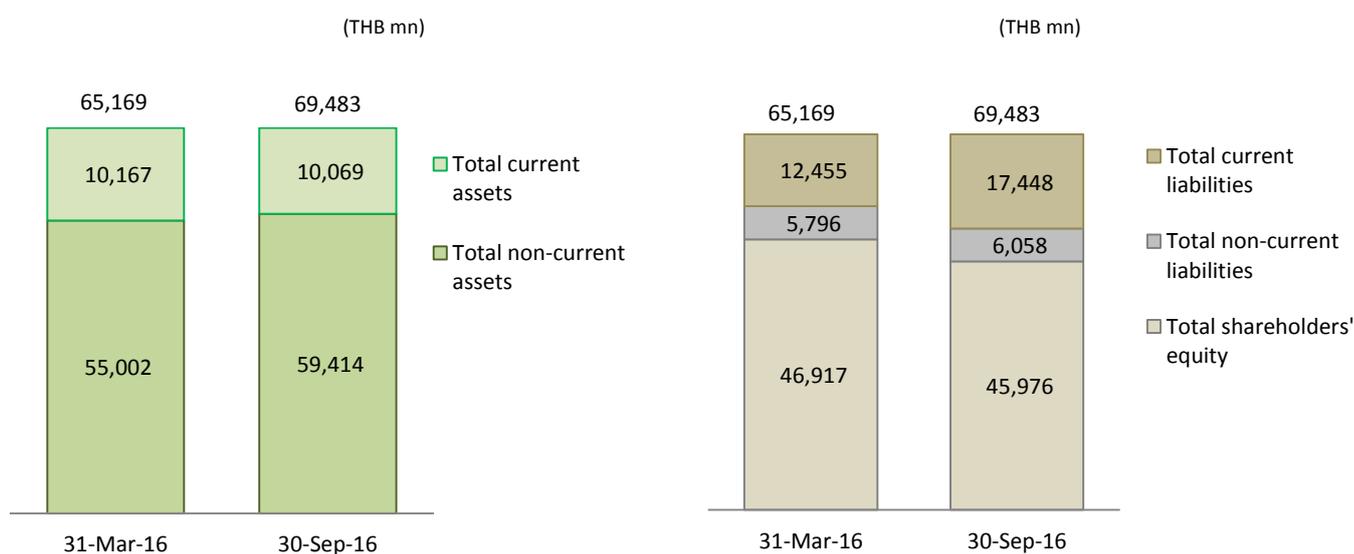
Services business revenue increased by THB 39.7mn or 20.3% YoY to THB 234.8mn. This growth was primarily due to (i) an increase in revenues of THB 28.7mn, mainly attributable to the development of the fare collection system, other software as well as sale of card reader systems by BPS, (ii) an increase in insurance commission revenue and content advertising revenue generated by Rabbit Internet Group of THB 20.3mn and (iii) an increase in revenue from ChefMan Restaurants, which increased by THB 15.6mn or 15.7% YoY to THB 115.5mn largely from new ChefMan branch 'Buffet at Central World' (officially opened in February 2016).

Operating costs increased by 30.4% YoY or THB 43.5mn to THB 186.4mn largely driven by an increase in costs of new branches of ChefMan restaurant, insurance commission cost and content advertising cost of Rabbit Internet Group and costs related to aforesaid BPS projects. SG&A expenses amounted to THB 82.3mn, an increase of 56.9% or THB 29.8mn YoY. Key SG&A items were mainly from higher staff cost and marketing expenses related to Rabbit Internet Group and BSSH.

Share of Income / (Loss) from Investments in Joint Ventures & Associates in 2Q 2016/17

	Amount (THB mn)
Share of income/ (loss) from investments in joint ventures	
ATS (AEON-rabbit)	3.4
Bayswater	(32.0)
BTS-SIRI JV Projects	(28.3)
Rabbit LINE Pay	(9.3)
Total	(66.3)
Share of income/ (loss) from investments in associates	
Absolute Hotel Services (AHS)	1.5
BTSGIF	199.0
Aero Media	0.1
U CITY	(26.6)
MACO's associates	1.5
Total	175.5

FINANCIAL POSITION



Total assets as of 30 September 2016 stood at THB 69,482.9mn, an increase of THB 4,314.2mn or 6.6% from 31 March 2016. Total current assets stood at THB 10,068.8mn, decreasing by 1.0% or THB 97.9mn. The decrease was primarily attributed to a decline in current investments of THB 1,543.4mn largely from the repayment of the last tranche of BTSC debenture. The decrease, however, was partially offset with (i) an increase in advances to contractors of THB 800.1mn largely from the recognition of first advance payment to E&M contractors for the Green lines, (ii) an increase in real estate development costs of 219.9mn from the land acquisition at Thana City area and (iii) an increase in cash and cash equivalents of THB 159.6mn (see further details in *Cash Flow* section).

Total non-current assets was THB 59,414.2mn, an increase of 8.0% or THB 4,412.2mn primarily attributable to (i) the consolidation of MACO's financial statement which largely resulted in (a) an increase in goodwill of THB 880.2mn, (b) higher intangible assets of THB 322.1mn and (c) a reduction in investments in associates of THB 1,011.2mn, (ii) an increase in loans to related parties of THB 1,568.6mn to THB 7,517.2mn mainly from loans to BTS-SIRI Joint Venture projects and Bayswater, (iii) an increase in deposits and advances for asset acquisitions of THB 1,258.1mn mainly from the first payment of new rolling stocks which will be used in the extensions of THB 1,230mn,

(iv) an increase in other long-term investment of THB 912.5mn and (v) an increase in investment in joint venture of THB 727.5mn mainly from investments in Rabbit Line Pay and BTS-SIRI Joint Venture projects. The increase was partially offset with (vi) a decline in restricted deposits of THB 1,154.1mn following the release of collateral in relation to an offshore loan.

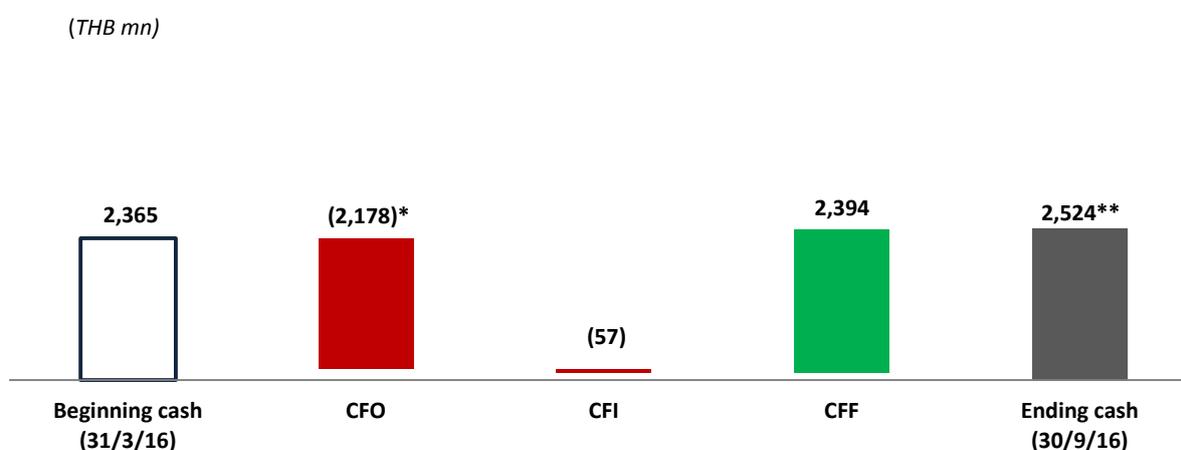
Total liabilities increased from 31 March 2016 by 28.8% or THB 5,254.6mn to stand at THB 23,506.4mn largely due to an increase in bills of exchange payable of THB 10,111.6mn. However, the increase was partially offset with (i) a repayment of net loans from financial institutions of THB 3,595.7mn, (ii) a repayment of the last tranche of BTSC debenture of THB 1,347.5mn and (iii) a reduction in the creditors per rehabilitation plan of THB 174.4mn resulting from the reversal of creditor per rehabilitation plan according to the final order from the Supreme Court on 24 August 2016.

Total equity decreased from 31 March 2016 by THB 940.4mn or 2.0% YoY to THB 45,976.5mn mainly attributable to a reduction in unappropriated deficits of THB 2,928.3mn, being partially offset with the increase in surplus from the changes in the ownership interests in subsidiaries of THB 1,356.4mn, which was primarily the result of the Company decreasing its shareholding in VGI from 74.3% to 70.4% and an increase in non-controlling interests of the subsidiaries of THB 696.0mn largely following the consolidation of MACO. As of 30 September 2016, total issued and fully paid-up shares stood at 11,934.9mn shares. Return on equity for 2Q 2016/17 was 4.2%, which decreased from 10.2% in 2Q 2015/16.

CASH FLOW

For the six months ended 30 September 2016, **cash and cash equivalents** stood at THB 2,524.2mn, an increase of 6.7% or THB 159.6mn. Cash used in operating activities was THB 1,739.7mn, increasing THB 3,111.2mn primarily from an increase in advances to contractors (E&M works), an increase in advances to purchase of assets (first payment of rolling stocks) and an increase in real estate development costs. After deducting cash paid for corporate income tax of THB 368.6mn (1H 2015/16: THB 550.8mn) and cash paid for interest expenses of THB 69.9mn (1H 2015/16: THB 102.6mn), **net cash used in operating activities** was THB 2,178.3mn. **Net cash used in investing activities** was THB 57.4mn. The key components were (i) net cash paid for loans to related parties of THB 1,461.6mn, (ii) net cash paid for purchases of other long-term investments of THB 985.3mn, (iii) cash paid for purchases of investments in joint ventures of THB 951.7mn (mainly from investments in Rabbit Line Pay and BTS-SIRI Joint Venture projects), (iv) a decrease in current investments of THB 1,733.3mn, (v) a decrease in restricted deposits of THB 1,154.1mn following the release of collateral in relation to an offshore loan and (vi) dividend income of THB 870.3mn. **Net cash from financing activities** was THB 2,393.7mn mainly from (i) a net increase in bills of exchange payables of THB 10,041.0mn, (ii) cash received from sale of VGI shares of THB 1,479.9mn, (iii) dividend payment of THB 4,011.3mn, (iv) net cash paid for loans from financial institutions of THB 3,606.3mn and (v) cash paid for a repayment of last tranche of BTSC debenture of THB 1,348.5mn.

Six-Months Cash Flow Snapshot



* After tax (THB 368.6mn) and interest expense (THB 69.9mn)

** Excluding liquid investments of THB 13.6bn

KEY FINANCIAL RATIOS

Profitability ratios	2Q 2016/17	2Q 2015/16	1Q 2016/17
Gross operating profit margin (%)	57.9%	58.8%	58.8%
Selling and administrative expenses to operating sales ratio (%)	28.7%	21.6%	25.7%
Operating EBITDA margin (%) ^A	36.2%	43.5%	40.9%
Accounting EBITDA margin (%)	45.6%	42.3%	50.5%
Recurring pre-tax profit margin (%) ^B	30.6%	31.6%	35.2%
Net recurring profit margin (%) ^B	23.6%	25.3%	26.5%
Accounting net profit margin (%) ^C	28.9%	28.2%	32.0%
ROA (%) ^D	3.1%	8.1%	2.8%
ROE (%) ^E	4.2%	10.2%	3.8%
Liquidity ratio			
Current ratio (times)	0.58x	1.91x	0.86x
Leverage ratios			
Total liabilities to total asset (times)	0.34x	0.21x	0.28x
Total liabilities to total equity (times)	0.51x	0.27x	0.39x
Interest bearing debt to equity (times)	0.31x	0.06x	0.20x
Net debt to equity (times)	0.26x	0.03x	0.13x
Net debt to operating EBITDA (times)	4.68x	0.59x	2.39x
Interest coverage (times) ^F	6.95x	10.65x	7.22x
Per share ratios^G			
Basic earnings per share (THB)	0.0463	0.0401	0.0463
Operating cash flow per share (THB)	(0.211)	(0.009)	0.027
Free cash flow per share (THB)	(0.231)	(0.020)	(0.001)
Enterprise value per share (THB)	9.91	10.08	10.40
Book value per share (THB)	3.88	4.23	4.10

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

Within the **Mass Transit business**, the civil works for Green Line – South (Bearing – Samut Prakarn; 12.8km, 9 stations) extension is 98% completed and Green Line North (Mo Chit – Saphan Mai – Ku Kot; 18.4km, 16 stations) extension is 15% completed (data as of September 2016). In May 2016, BTSC signed an agreement to procure 46 4-car trains from suppliers: Siemens and CRRC in order to accommodate future demand on the core network and extension lines. Subsequently, in June 2016, BTSC entered into a THB 19bn agreement with KT on the procurement of E&M systems and installation to facilitate the completion of the Green Line extensions (South: by Dec 2018 and North: by 2020).

Fitch and TRIS has re-affirmed BTS Group's and BTSC's rating at 'A(thai)' with a "Stable" outlook after the THB 22,000mn debenture issuance by BTSC. The proceeds will be used to fund BTSC's mass transit business capex and investments. Fitch and TRIS believe the companies' net leverage and interest coverage ratios are expected to improve from 2020/21 onwards bolstered by an increase in train procurement and operation and maintenance (O&M) revenues of the aforementioned extension lines. Stable future cash inflows will further support the Group from our holdings in BTSGIF and media business, which are expected to continue to grow in-line with increased ridership and rail coverage.

We expect to be awarded the O&M contracts for the combined 31.2km South and North extensions by the end of 2016, prior to the scheduled operation of first station: Samrong (E15) in March 2017 on the Green Line South extension. The bidding of the Pink (Khae Rai to Min Buri; 34.5km, 30 stations) and Yellow (Lad Prao to Sam Rong; 30.4km, 23 stations) lines under the PPP framework, passed its first milestone with BTSG submitting a tender offer under a joint venture named "BSR Joint Venture" with Sino-Thai Engineering & Construction PCL ("STEC") and Ratchaburi Electricity Generating Holding PCL ("RATCH") on 7 November 2016. All proposals will begin to be reviewed from 17 November 2016 onwards and we expect the winning bids to be announced by early 2017.

In our **Media business**, the inexorable shift towards mobile devices as the increasingly popular channel for media consumption has steered allocation of advertising budgets towards online media. Anticipating this expanding opportunity, VGI continues to pursue its strategic aim of broadening its media network and audience reach, whilst developing its nascent data-driven media offering through its 90% acquisition of BTSG's subsidiaries: BSS and BSSH. By integrating offline OOH media with online media and nurturing its data analytics capability, VGI expects to unlock considerable synergies and tap potential in a burgeoning market for targeted advertising, as well as deliver more optimised and measurable campaigns.

This quarter witnessed the ignition of VGI's newly added growth engines with the full-quarter consolidation of MACO, 33.88% owned by VGI (as of 26 October 2016), increasing its ownership stake in Aero Media to 28.00% (as of 17 October 2016) and the acquisition of 90.00% of Rabbit (BSS and BSSH). By the end of our fiscal year, VGI also expects to make an acquisition that will add the "activation" business into its fold. Following a near THB 3.0bn worth of acquisitions, VGI's media inventory expands to nationwide coverage with an audience reach that leaps from 1.9mn people per day to 25.0mn people per day, whilst its media capacity increases considerably from THB 3.9bn to THB 7.3bn. Furthermore, VGI has successfully entered the Malaysian market through its joint venture: "Titanium Compass", which has been awarded a 10-year contract by the Mass Rapid Transit Corporation of Malaysia. The contract covers rights to provide advertising services across 31 stations in KL MRT1 ("SBK Line") with a system length of 51km and 58 trains.

Following the passing of HM King Bhumibol Adulyadej, the Media Agency Association of Thailand has forecasted that advertising spending on all media outlets is expected to fall by at least 5% in 3Q 2016/17 mainly due to the official 30 days mourning period. VGI remains cautious and conservatively expects that there will be an impact for approximately 1 month on the digital media segment during 3Q 2016/17. Further information about VGI can be found at *VGI Global Media MD&A 2Q 2016/17*.

In our **Property business**, BTS-SIRI JV launched its second project this year: The Base Garden Rama 9 in September. With a total project value of THB 2.2bn, 72% has been sold with foreign participation at 24% and we expect to begin recognising revenues from this project in May 2019. Within the next two quarters we expect to launch up to 4 additional projects worth approximately THB 20bn. In October, we have begun to transfer ahead of schedule for our first project: The Line Sukhumvit 71 with transfer completion expected to be by the end of January 2017. Over that time period, we expect to recognise revenues of THB 2.0bn. As a result of aforementioned transfers within 2Q 2016/17, our JV backlog now stands at THB 14.1bn.

In September, our associate company U City, acquired an office building for GBP 74.3mn, or THB 3,436mn on 33 Gracechurch Street in London, UK with a remaining lease term of over 145 years and a net leasable area of 9,701 sqm. The building is located adjacent to several mass transit lines at a prime CBD area in the city of London, with a favorable demand/supply dynamic and significant potential upside from rent reversion. Henceforth, we expect the building to generate stable, long-term and diversified recurring income.

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Rangsin Kritalug

(Executive Director and Chief Operating Officer)