

## FY 2016/17 FINANCIAL HIGHLIGHTS

- **Mass Transit Operation & Maintenance (excluding interest income from train procurement) revenue increased 4.2% YoY to THB 1,661.0mn** from the contractually agreed increase in the operating fee of the existing green line extensions
- Revenues from installation and construction services and train procurement service rose from THB 94.4mn to THB 1.7bn chiefly due to the Company began investing in new Green Line extensions
- **New ridership record of 238.0mn trips, 2.4% growth YoY. Average fare of THB 27.9 per trip, an increase of 1.3% YoY**
- **Fare-box revenue of the core system continued to grow at 3.7% YoY or THB 239.0mn to THB 6,636.1mn. Share of net profit from investment in BTSGIF increased by 11.5% YoY to THB 945.0mn**
- **Media business revenue of THB 3,009.6mn in FY 2016/17, a 29.8% increase YoY or THB 691.2mn** largely from the consolidation of MACO (Outdoor Media) as well as BSS & BSSH - together known as Rabbit Group (Digital services Business)<sup>1</sup>
- **Share of net loss from BTS-SIRI Joint Venture in FY 2016/17 narrowed to THB 252.7mn from the transfer of 83% of The Line Sukhumvit 71 condominium units**
- **5 additional BTS-SIRI condominium projects: “The Line Asoke-Ratchada”, “The Base Rama 9”, “The Line Pradipat”, “The Line Sukhumvit 101” and “Khun by Yoo” (total project value of THB 19.2bn) were launched this year**
- **Services business revenue<sup>2</sup> increased by 51.0% YoY to THB 742.9mn** mainly from revenue from construction services, revenue from restaurant business and revenue from BPS
- **Pre-tax recurring profit (before MI) of THB 2,564.4mn, an increase of 4.5% YoY**
- Reported net profit (before MI) decreased by 49.1% to THB 2,235.7mn, predominantly from no repeat of recognition of extraordinary net gain on swap of investments with U City in the previous year
- **Full year 2016/17 dividend to shareholders<sup>3</sup> of THB 4,716.4mn, equivalent to an annual dividend yield of 4.0%**

## SIGNIFICANT EVENTS

### BTS GROUP

**17 May 2016:** BTS Group Holding Public Co., Ltd. (BTS Group or The Company) and Bangkok Mass Transit System Public Co., Ltd. (BTSC) were awarded “A (tha) / Stable” from Fitch Ratings (FITCH) and “A / Stable” from TRIS Rating (TRIS). Both ratings agencies have assessed the Company and BTSC as 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 at attractive rates.

**10 November 2016:** Following the BTS shareholders’ approval at the 2016 Annual General Meeting on 22 July 2016, BTSC issued THB 22,000mn senior unsecured debentures rated “A (tha) / Stable” and “A / Stable” by FITCH and TRIS, respectively. The bonds have been issued in four tranches due in 2019, 2021, 2023, and 2026 with an average coupon rate of 3.31%. The proceeds are mainly used to purchase new rolling stocks and fund electrical and mechanical systems (E&M) for the Northern (Mo Chit to Khu Khot; 18.2km, 16 stations) and Southern (Bearing to Samut Prakarn; 12.6km, 9 stations) Green Line extensions.

**9 January 2017:** The Board of Directors’ Meeting approved the interim dividend payment from the operating results of the six-month period (April 2016 – September 2016) and retained earnings at THB 0.165 per share or THB 1,953.1 mn in total. Based on the share price on 6 January 2017 at THB 8.60 (one day before BOD date), this is equivalent to a dividend yield of 3.8% on an annualised basis.

**29 May 2017:** The Board of Directors’ Meeting approved the final dividend payment for FY 2016/17 of up to THB 2,763.3mn or THB 0.175 per share<sup>3</sup>, taking the total annual dividend paid to THB 4,716.4mn, subject to shareholders’ approval. Based on the closing share price on 26 May 2017 at THB 8.30 (one day before BOD date), this is equivalent to a dividend yield of 4.0%.

### MASS TRANSIT

**23 May 2016:** BTSC signed contracts with Siemens Consortium (Siemens) and CRRC Changchun Railway Vehicles Co., Ltd. (CRRC) to procure 46 new 4-car trains (184 carriages) (Thailand’s largest single order of trains) for existing network, together with Southern and Northern Green Line extensions.

**28 June 2016:** BTSC entered into an agreement with Krungthep Thanakom Co., Ltd. (KT), to supply and install the E&M system for the Southern and Northern Green Line extensions. Following this, on 30 June 2016, BTSC signed a contract with the contractors, Bombardier Transportation Signal (Thailand) Co., Ltd., ST Electronics

(Thailand) Co., Ltd., and A.M.R. Asia Co., Ltd., to supply and install the E&M systems for the two extensions.

**7 November 2016:** BSR Joint Venture (BSR JV), 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.

**14 December 2016:** MRTA officially announced that BSR JV proposed the best offer for the Pink Line and the Yellow line.

**31 March 2017:** BTSC secured and concluded the Operating & Maintenance (O&M) contract with KT. The contract covers 30.8km of Green Line Northern and Southern extensions from Bearing to Samut Prakarn and from Mo Chit to Khu Khot. BTSC will operate and maintain the services of both extensions from 3 April 2017 - 2 May 2042.

## MEDIA

**31 May 2016:** VGI Global Media PCL (VGI) acquired an additional 375mn shares (or 12.46%) of Master Ad Public Company Limited (MACO). As a result, VGI held 1,126mn shares (37.42%) in MACO following its strategic plan to become a "Nationwide Integrated Media Platform" within 2 years. The transaction allowed VGI to consolidate MACO since 1 June 2016. As of 31 March 2017, VGI held 33.68% in MACO after MACO issued and offered newly issued ordinary shares in October 2016 to Ashmore OOH Media Limited (Ashmore OOH Media).

**September 2016:** VGI entered into the Malaysian market through a 19% investment (with an option to invest up to 30%) in Titanium Compass Sdn Bhd (TCSB). On 28 September 2016, TCSB was successfully awarded a 10-year contract by the Mass Rapid Transit Corporation to manage advertising media across 31 stations of Sungai Buloh – Kajang Line (SBK Line) or Klang Valley MRT (KV MRT) with total length of 51 kilometers and 58 trains.

**November 2016:** VGI acquired 40% of ordinary shares of Demo Power (Thailand) Company Limited (Demo Power) with a total investment of THB 412.5mn. Demo Power is the largest demonstration service company in Asia, with a network covering more than 1,000 stores nationwide in Thailand and more than 10 years' experience in the demonstration/sampling business.

**21 March 2017:** The Company sold 90% of the ordinary shares in Bangkok Smartcard System Co., Ltd. (BSS), which the Company held via BTSC, to VGI. In addition, the Company sold 90% and 10% of the ordinary shares in BSS Holdings Co., Ltd. to VGI and Bangkok Bank PCL, respectively. After the completion, BSSH and BSS still remain as subsidiaries of the Company. For more details, please see in *segmental performance "Media Business"*.

## PROPERTY

**15 August 2016:** The Executive Committee's Meeting of the Company and the Board of Directors' Meeting of Sansiri PCL (SIRI) approved to establish 10 new additional 50 : 50 joint venture companies, thereby bringing the total number of approved 50 : 50 joint venture companies to 25 to accommodate the development of new residential projects for sale under the Strategic Alliance Framework Agreement.

**8 September 2016:** U City PCL (U City), a 35.6% associate of BTS Group, acquired an office building for GBP 74.3mn (THB 3,436mn) at 33 Gracechurch Street in London, UK with a remaining lease term of approximately 145 years and leasable area of approximately 9,701 sqm. The building is located adjacent to several mass transit lines and within the City of London – a prime CBD area - with a favorable demand/supply dynamic and possesses significant potential upside from rent reversion.

**23 February 2017:** U City signed an agreement to acquire a pan-European hotel portfolio, along with a hotel management company and associated brands, at the enterprise value of approximately EUR 330mn (THB 12,300mn) and the purchase price of approximately EUR 170mn or THB 6,336mn in order to continue its strategic expansion into Europe and build a portfolio of income generating assets. Upon completion, which is expected by June 2017, U City's hospitality business will expand considerably and diversify geographically across a further 9 European countries.

**14 March 2017:** The Company sold 50% of ordinary shares in Keystone Estate Co., Ltd. (Keystone), which is held by its subsidiary Unicorn Enterprise Co., Ltd. (Unicorn) and set up a new joint venture company named Keystone Management Co., Ltd. (Keystone Management) in order to engage in the development and operation of an international school at Thana City. As a result, Unicorn's shareholding in Keystone decreased from 100% to 50% and Keystone changed its status from a subsidiary to a joint venture of the Company.

**3 May 2017:** U City signed an agreement to invest in an additional office building on 6-14 Underwood Street, London, UK in the amount of approximately GBP 7.3mn or THB 328.6mn. The investment, which is expected to complete in June 2017, is a complementary addition to its existing portfolio of recurring income properties and enlarges U City's footprint in London, following the acquisition of an office building at 33 Gracechurch Street in September 2016.

## BUSINESS IMPACT ANALYSIS

Thailand's annual GDP grew 3.2% in 2016. The growth rate picked up modestly from the previous year (GDP growth of 2.8% in 2015) largely from public spending, tourism and the recovery of the exports. However, the year was not without its challenges. The tragic passing of His Majesty King Bhumibol Adulyadej affected our Media business in particular.

For our **Mass Transit** business, fare-box revenue of the core network continued to grow at 3.7% YoY or THB 239.0mn to THB 6.6bn in FY 2016/17 primarily driven by the increase in ridership (up 2.4% YoY to 238.0mn trips) and the increase in average fare (up 1.3% YoY to THB 27.9 per trip). However, the lower-than-expected ridership growth (actual growth of 2.4% versus target of 5-6%) was mainly affected by the cancellation of several events during the official mourning period in respect to His Majesty the King's passing and tepid private consumption growth. Despite this, farebox revenue continued to grow, illustrating the business' characteristic resilience. As the overall network expands and the number of people with access to mass transit increases, our Mass Transit business will be a key beneficiary.

**Media** advertising expenditure reported a double digit decline by 11.2% YoY to THB 106.7bn in 2016/17, mainly due to the one-month moratorium on digital advertising and the postponement of entertainment/celebratory/social activities during the mourning period subsequent to His Majesty the King's passing. Our media revenue increased 29.8% YoY, slight below the Company's revised guidance of 30% growth (VGI revised Media targeted revenue from THB 3.1bn to THB 2.7bn in November 2016). The slower-than-expected Media revenue growth was mainly from suspending all digital media advertisements and replacing them with mourning content during the 30-day mourning period. The media business is particularly sensitive to the macroeconomic situation in Thailand, which remains subdued. We expect our Media business to continue to grow considerably by the fundamental drivers of mass transit line expansion, new office building supply, digitisation of billboards and the the integration of VGI's newly acquired business segment "Digital Services Business".

2016/17 was another challenging year for our **Property** business. Largely as a result of modest GDP growth, consumer sentiment and purchasing power remain subdued. Moreover, following several years of accumulating household debt, thereby banks have decelerated their loan growth with tightened lending standards. Hence developers have shifted focus to upper-scale projects, creating fierce competition and generally slower sales rates. The tourism market remains relatively buoyant with international arrivals growing 9.0% from the previous year to reach 32.6mn. Our hotels continued to benefit from this backdrop, though the cancellation of celebratory and corporate events during the mourning period has affected hotel food & beverage (F&B) revenues in particular and our recent expansion of U Inchantree Kanchanaburi from 26 keys to 50 keys was only partially operational for the year, which has lowered overall occupancy and RevPAR for our hotels. This is expected to normalise in the year ahead.

## FY 2016/17 PERFORMANCE

The Group recorded consolidated total revenue of THB 9,618.3mn in FY 2016/17. This represented a decrease of 4.5% YoY or THB 450.6mn from THB 10,068.9mn in FY 2015/16. The decline in revenue was largely from (i) no repeat of an extraordinary gain (before tax) of THB 3,458.5mn recognised in the previous year from the swap of investments with U City and (ii) a reduction in revenue from sales of real estate of THB 264.5mn, as there was no remaining backlog of Abstracts Phahonyothin Park (Tower A) under our former subsidiary, Nuvo Line, which subsequently became a BTS-SIRI JV company in 3Q 2015/16. However, the decline was partially offset with (iii) an increase in revenues from installation and construction services and train procurement service under concession agreement of THB 1,654.0mn mostly from the provision of E&M works and the train procurement service for the Southern (Bearing to Samut Prakan) and Northern (Mo Chit – Khu Kot) Green Line extensions of approximately THB 1.4bn, (iv) a growth in service income of THB 844.2mn from higher Mass Transit, Media and Services businesses, (v) an increase in interest income of THB 262.4mn mainly from higher loans to joint venture companies and

cash balance, (vi) an increase in gain on sales of investments of THB 232.8mn and (vii) gain on change in status of investment of THB 207.4mn from gain from fair value measurement in MACO at the acquisition date.

Total operating revenue<sup>6</sup> in FY 2016/17 grew by 37.0% YoY or THB 2,325.9mn to THB 8,606.2mn largely as a result of higher operating revenue from Mass Transit, Media and Services businesses, which increased by 64.6%, 29.8% and 51.0% respectively. Nevertheless, the increase in operating revenue was partially offset with a 31.2% YoY decrease in Property operating revenue primarily from a reduction in sales of real estate. Revenues from the Mass Transit, Media, Property and Services businesses accounted for 49.2%, 35.0%, 7.2% and 8.6% of total operating revenue, respectively.

### Operating Revenue and Operating Gross Profit Margin by BU

Operating Revenue <sup>6</sup> (THB mn)	FY 2016/17	% of Total <sup>6</sup>	FY 2015/16	% of Total <sup>6</sup>	% Change (YoY)	FY 2016/17 GP Margin <sup>7</sup>	FY 2015/16 GP Margin <sup>7</sup>
Mass Transit <sup>4</sup>	4,236.6	49.2%	2,573.5	41.0%	64.6%	49.7%	66.4%
Media <sup>1</sup>	3,009.6	35.0%	2,318.4	36.9%	29.8%	65.3%	69.3%
Property <sup>5</sup>	617.1	7.2%	896.5	14.3%	(31.2)%	37.7%	39.6%
Services <sup>2</sup>	742.9	8.6%	492.0	7.8%	51.0%	21.5%	24.7%
<b>TOTAL<sup>6</sup></b>	<b>8,606.2</b>	<b>100.0%</b>	<b>6,280.3</b>	<b>100.0%</b>	<b>37.0%</b>	<b>51.9%</b>	<b>60.4%</b>

<sup>1</sup> Media revenue includes performances of VGI Group and Rabbit Group. Rabbit group (classified to be under Digital Services Business) comprises of subsidiaries of BSS & BSSH but excludes two companies which are Bangkok Payment Solutions Co., Ltd. (BPS) – under former subsidiary; BSSH and Rabbit Rewards Co., Ltd. (RR). VGI consolidated full-year results of Rabbit Group under common control basis into its Company, therefore, the VGI Group's financial statements were restated as if the combination had taken place since 1 April 2014.

<sup>2</sup> Services revenue includes revenue from Rabbit Rewards, revenue from BPS, revenue from HHT construction and revenue from ChefMan Restaurants

<sup>3</sup> Subject to shareholders' approval, the Board of Directors approved the final dividend of THB 0.175 per share or equivalent to the dividend payment in the amount of not exceeding THB 2,763.3mn (calculated based on the assumption that all remaining BTS-W3 Warrants and BTS-WB Warrants are fully exercised, the number of shares with the right to receive dividend will total 15,790.0mn shares). Dividend yield based on share price as of date prior to Board of Directors' meeting

<sup>4</sup> Mass Transit revenue includes:

- 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') and Interest Income from Train Procurement)
- iii) Services Income from the provision of E&M works and the train procurement service

<sup>5</sup> Property includes Sales from Real Estate, Rental and Service Income, Revenue from group of Hotels and Service income related to Thana City Golf & Sports Club Co., Ltd.

<sup>6</sup> Operating revenue from the operational performance of 4 BUs EXCLUDES interest income, dividend income and non-recurring items

<sup>7</sup> Operating gross profit calculated based on the operational performance of 4 BUs

<sup>8</sup> Operating EBITDA calculated based on the operational performance of 4 BUs EXCLUDES interest income, dividend income, share of net profit (loss) from other associates (except from BTSGIF) and joint ventures and other non-recurring items

<sup>9</sup> Recurring profit calculated based on the operational performance of 4 BUs and other associates and joint ventures as well as other recurring items which are interest income and other recurring items (before MI)

<sup>10</sup> 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 consolidated expenses and SG&A amounted to THB 6,465.6mn in FY 2016/17, an increase of THB 1,786.9mn or 38.2% YoY mainly from (i) an increase in cost of installation and construction services and train procurement service under concession agreement of THB 1,438.3mn, which are largely costs related to the provision of E&M works and the train procurement service for the Southern and Northern Green Line extensions, (ii) an increase in selling and administrative expenses of THB 539.3mn mainly from the increase in staff cost, SG&A expenses of MACO following the consolidation into VGI as well as higher SG&A of Services BU and (iii) an increase in cost of services and servicing expenses of THB 495.4mn largely due to higher operating costs chiefly related to Media business.

Operating costs increased by 66.4% YoY to THB 4,141.9mn largely from recognising costs for the provision of E&M works as well as the train procurement service for the Southern and Northern Green Line extensions as well as costs related to the consolidation of MACO (Media BU). As operating revenue increased more than operating costs, operating gross profit<sup>7</sup> grew 17.7% YoY to THB 4,464.3mn. Nonetheless, as operating costs increased at a higher rate than the increase in operating revenues together with higher contribution from Mass Transit business due to the provision of E&M works and the train procurement service which has a lower margin, the Group operating gross profit margin decreased to 51.9% from 60.4% in FY 2015/16.

Owing to higher operating gross profit, Group operating EBITDA<sup>8</sup> increased by THB 235.5mn or 8.7% YoY to THB 2,928.3mn. The operating EBITDA margin however, decreased to 34.0% in FY 2016/17 from 42.9% in FY 2015/16 mainly from the aforesaid lower operating gross profit margin and higher SG&A expenses.

Revenue from non-operating recurring transactions increased by THB 360.9mn or 72.3% YoY to THB 860.1mn. The increase was mainly from a combination of (i) the increase in interest and investment income of THB 358.8mn from higher cash balance and loans to joint venture companies as well as an increase in gain on sale of investment of THB 188.0mn, being offset with (ii) an increase in share of net loss from associates/JVs (not including share of profit in BTSGIF) of THB 121.8mn. Finance costs increased by 123.2% YoY or THB 356.9mn to THB 646.6mn primarily from the increase in interest expense of bills of exchange together with the interest expense of new BTSC debenture of THB 22bn (issued on 10 November 2016) of THB 282.9mn. Pre-tax recurring profit<sup>9</sup> for this year was THB 2,564.4mn, increasing 4.5% YoY from THB 2,454.5mn in FY 2015/16 mainly due to total revenue (both operating revenue and non-operating recurring transactions) increased more than the increase in total costs.

Reported income tax expense was THB 657.6mn, versus THB 1,121.1mn in FY 2015/16. The decrease was primarily from lower profit. Taking into account all the aforesaid transactions, the Group's consolidated net profit stood at THB 2,235.7mn (decreasing 49.1% YoY) and profit attributable to the equity holders of the Company was THB 2,003.5mn (decreasing 51.5% YoY). The net profit margin attributable to the equity holders of the Company<sup>10</sup> in FY 2016/17 was 20.0% (versus 39.4% in FY 2015/16). Despite the increase in pre-tax recurring profit, reported net profit and net profit margin decreased mainly due to no repeat of the abovementioned extraordinary net gain recognised in the previous year from the swap of investments with U City.

### SEGMENTAL PERFORMANCE

#### MASS TRANSIT BUSINESS

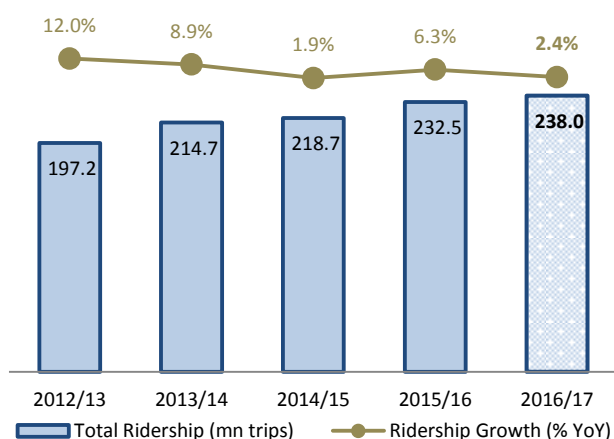
Total Mass Transit revenue was THB 4,236.6mn, a significant increase of 64.6% YoY, primarily due to (i) higher O&M revenue, (ii) an increase in share of net profit from BTSGIF and (iii) a recognition of services revenue of the provision of E&M works and the train procurement service for Northern (Mo Chit – Khu Kot) and Southern (Bearing to Samut Prakan) Green Line extensions.

**O&M revenue** (excluding interest income from train procurement) rose by 4.2% or THB 67.7mn YoY to THB 1,661.0mn. The increase was mainly attributable to the contractually agreed increase in the operating fee of the existing Green Line – Sukhumvit extension and Silom extension. The interest income from the procurement of train and the provision of E&M works also rose from the previous year (up 40.4% YoY or THB 53.7mn) to THB 186.5mn largely as a result of the provision of E&M works and the train procurement service for the Southern and Northern Green Line extensions.

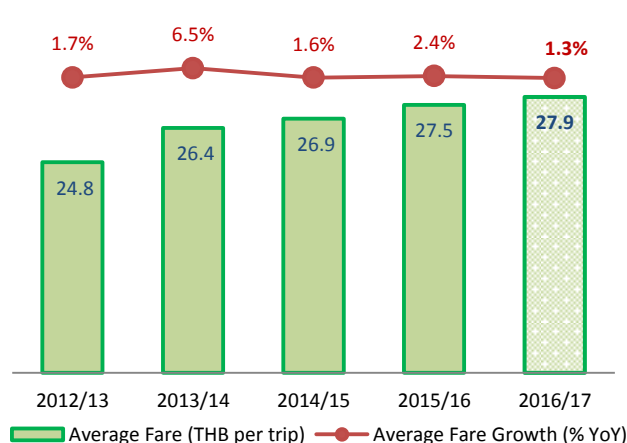
Despite the mourning period following the passing of His Majesty King Bhumibol Adulyadej, annual fare-box revenue of the core network continued to grow at 3.7% YoY or THB 239.0mn to THB 6,636.1mn mainly driven by the increase in ridership (up 2.4% YoY to 238.0mn trips) and the increase in average fare (up 1.3% YoY to THB 27.9 per trip). The improved performance in the core network resulted in an increase in **share of net profit from investment in BTSGIF** (up THB 97.6mn or 11.5% YoY) to THB 945.0mn.

Additionally, in FY 2016/17, the Company recognised **services revenue of the provision of E&M works and the train procurement service** for the aforesaid Southern and Northern Green Line extensions according to the percentage of work completion of THB 1.4bn.

5-year Historical Ridership and % YoY Growth



5-year Historical Average Fare and % YoY Growth



Cost of Mass Transit revenue increased in line with the increase in revenue. This increased by THB 1,266.0mn or 146.3% YoY to THB 2,131.4mn largely from the recognition of cost of services related to the provision of E&M works and the train procurement service for the aforesaid Southern and Northern Green Line extensions. The operating EBITDA margin declined to 50.4% from 67.2% as a result of the record of the provision of E&M works and the train procurement service which has a lower margin compared to other Mass Transit sub-segments. However, if we excluded the provision of E&M works and the train procurement service, the operating EBITDA margin of the Mass Transit business would reach 70.0% from 67.2% in FY 2015/16.

## MEDIA BUSINESS

In FY 2016/17, total advertising expenditures reported a double digit decrease by 11.2% YoY to THB 106.7bn, mainly due to the one-month moratorium on digital advertising and postponement of activities during the mourning period subsequent to the passing of His Majesty King Bhumibol Adulyadej. Nevertheless, Out-of-Home media (which includes Transit, Outdoor and In-store media - collectively, "OOH") and Online media – the two segments which VGI focuses on – recorded THB 12.0bn and THB 1.7bn in advertising expenditure, an increase of 25.5% and 35.9%, respectively. VGI outperformed the overall industry, benefiting from a shift in people's behaviour to spend more time outside and the rapidly growing influence of Online media, albeit from a low base.

VGI revenue increased by 29.8% YoY to THB 3,009.6mn in FY 2016/17. The growth stemmed from both M&A transactions and organic growth of existing entities. VGI consolidated (i) Master Ad Public Company Limited (MACO) – Outdoor Media in June 2016 and (ii) Rabbit Group – Digital services Business under its common control basis in March 2017.

Following its strategy "to become a Data Centric Media Hypermarket" (DCMH), VGI is currently establishing a well diversified media portfolio by restructuring and focusing on two main businesses comprising "OOH Media" and "Digital Services Business". As a DCMH VGI aims to offer increasingly expanding, data-enhanced, omni-channel media services that offer versatile, measurable and targeted advertising capabilities for VGI's customers. VGI's customers will in turn stand to benefit from potentially higher return on investment and a more sophisticated suite of services.

**OOH Media** includes Transit, Outdoor and Office Building and Other Media. OOH media contributed 87.7% of total Media revenue or THB 2,639.9mn. Revenue from OOH media increased by THB 570.6mn, or 27.6% YoY attributable to the recognition of the consolidated revenue from MACO (Outdoor segment). Within OOH Media, **Transit Media** revenue rose by 2.8% to THB 1,823.7mn. **Outdoor Media** revenue was THB 548.9mn after the consolidation of MACO. The growth of MACO itself was mainly from an expansion through the acquisition of 70.0% in Multi Sign Co., Ltd. Meanwhile, **Office Building and Other Media** segment remains encouraging, recording revenue growth of 8.6% YoY at THB 267.3mn mainly from the continued increase in the number of office buildings (162 buildings from 135 buildings in FY 2015/16) – surpassing VGI's target.

**Digital Services Business** contributed 12.3% of total revenue or THB 369.7mn. Revenue increased by THB 120.6mn or 48.4% YoY. This robust growth was mainly due to an increase in the revenue generated from (i) a growth in the revenue from system development, card issuing fee and marketing and co-promotion revenue of Rabbit cards and (ii) an increase in insurance commission revenue and IT services revenue generated by Rabbit Internet Group.

Cost of Sales increased 46.7% YoY from THB 710.9mn to THB 1,042.8mn, mainly due to additional cost of sales from the abovementioned newly acquired entities. Media SG&A expenses also expanded by THB 461.3mn to THB 908.3mn. This increase was almost entirely attributed to the acquisition of MACO's outdoor media segment and one-time expenses related its integration. These abovementioned increase in costs, coupled with lower-than-expected revenue growth largely as a result of mourning period led to a lower operating EBITDA margin for Media in this year, decreasing to 46.7% from 60.2% in the previous year.

More commentary on Media business can be found in *FY 2016/17 VGI Global Media's management discussion and analysis*

<http://vgi.listedcompany.com/misc/MDNA/20170517-vgi-mdna-fy20162017-en.pdf>

## PROPERTY BUSINESS

Property operating revenue in this year was THB 617.1mn, decreasing 31.2% YoY from THB 896.5mn in FY 2015/16 primarily due to the reduction in Residential Property revenue.

**Residential Property** revenue declined by THB 263.8mn or 87.2% YoY to THB 38.6mn in FY 2016/17 as a result of no revenue recognition from Abstracts Phahonyothin Park Tower A condominium (which used to be under Nuvo Line) following the divestment of 50% shares in Nuvo Line to SIRI in October 2015.

In this fiscal year since September 2016, we have been transferring 242 units of our first project: The Line Sukhumvit 71 (totaling 291 units and valued at THB 2.0bn) and we expect to complete the transfer all units of this project by 2017/18. The company, therefore, recorded a narrowing share of loss from BTS-SIRI joint ventures of THB 252.7mn in FY 2016/17 (versus THB 271.0mn in FY 2015/16) as the

aforementioned transferred revenue from The Line Sukhumvit 71 project offset the cost of sales and the selling and marketing expenses of upcoming projects and projects launched during the year. 5 additional condominium projects under BTS-SIRI Joint Venture have been launched in FY 2016/17: The Line Asoke-Ratchada, The Base Rama 9, The Line Pradipat, The Line Sukhumvit 101 and Khun by Yoo, with total project value of THB 19.2bn.

**Commercial Property** revenue decreased by 2.5% YoY or THB 15.1mn to THB 578.5mn. The decline was mainly from no revenue of Eastin Grand Hotel Sathorn (EGS) this year since its disposal to U City on 20 April 2015. The Company recognised a share of loss from our associate, U City, of THB 178.9mn (compared to THB 144.0mn in prior year) from one-off due diligence and advisory costs related to acquisitions and higher finance costs from the acquisition of an office building in London.

Operating costs decreased by 29.0% YoY or THB 156.9mn to THB 384.6mn as there were no costs related to the sales of Abstracts Phahonyothin Park Tower A (following the divestment of 50% shares in Nuvo Line to SIRI) as well as no costs related to EGS (following the disposal of the hotel to U City). Property SG&A expenses also decreased by 12.3% YoY or THB 45.2mn to THB 322.5mn largely from the reduction in expenses related to Abstracts Phaholyothin Park (Tower A) and EGS.

### SERVICES BUSINESS

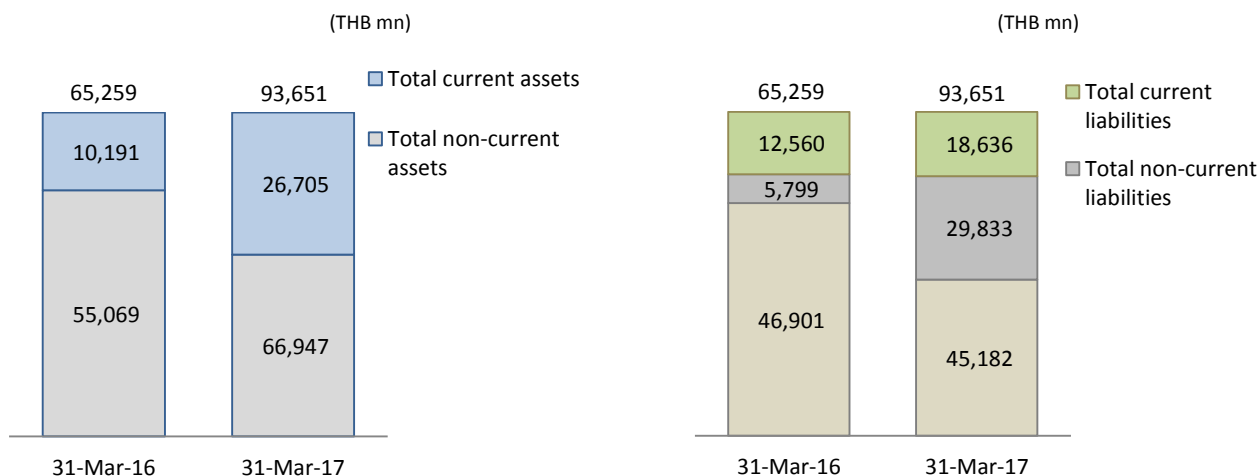
Services business revenue increased by THB 250.9mn or 51.0% YoY to THB 742.9mn. The sizeable growth was mainly due to an increase in the revenue generated from (i) HHT construction, which increased by THB 147.4mn and (ii) an increase in revenue from ChefMan Restaurants, which increased by THB 64.6mn or 18.9% YoY to THB 405.7mn largely from full year revenue generated from new ChefMan branch 'Buffet at Central World' (officially opened in February 2016).

Operating costs increased by 57.3% YoY or THB 212.4mn to THB 583.0mn largely from an increase in costs of construction. SG&A expenses amounted to THB 311.6mn, an increase of THB 52.7mn or 20.3% YoY. Key SG&A items were mainly from higher staff cost and expenses related to ChefMan Restaurants.

### Share of Income / (Loss) from Investments in Joint Ventures & Associates

Amount (THB mn)	FY 2016/17	FY 2015/16
<b>Share of income/ (loss) from investments in joint ventures</b>		
ATS (AEON-rabbit)	12.9	8.5
Bayswater	(117.9)	(71.9)
BTS-SIRI JV Projects	(252.7)	(271.0)
Keystone & Keystone Management	(0.2)	-
MIDAS	-	(5.2)
Rabbit LINE Pay	(40.7)	-
Titanium Compass	(1.7)	-
<b>Total</b>	<b>(400.3)</b>	<b>(339.6)</b>
<b>Share of income/ (loss) from investments in associates</b>		
Absolute Hotel Services (AHS)	7.7	12.0
Aero Media	(3.0)	6.4
BTSGIF	945.0	847.4
Demo Power	8.0	-
MACO*	4.1	29.2
MACO's associates	4.6	-
U CITY	(178.9)	(144.0)
<b>Total</b>	<b>787.4</b>	<b>751.0</b>

### FINANCIAL POSITION



**Total assets** as of 31 March 2017 stood at THB 93,651.3mn, an increase of THB 28,391.9mn or 43.5% from 31 March 2016. Total current assets stood at THB 26,704.7mn, increasing by 162.1% or THB 16,514.2mn. The increase was primarily attributed to (i) a net increase in cash & cash equivalents (see cash movement in *Cash Flow* section) and current investments of THB 14,440.9mn largely from proceeds of BTSC debenture (THB 22bn), (ii) an increase in trade and other receivables of THB 1,090.4mn and (iii) an increase in advances to contractors of THB 619.6mn largely from the recognition of advance payment to E&M contractors for the aforesaid Southern and Northern Green Line extensions projects.

Total non-current assets were THB 66,946.6mn, an increase of 21.6% or THB 11,877.7mn primarily due to (i) an increase in other long-term investment of THB 3,769.5mn largely from the investment of proceeds from THB 22bn debenture whilst awaiting investment in new lines, (ii) an increase in long-term loans to related parties of THB 3,277.0mn to THB 9,225.5mn mainly from loans to BTS-SIRI Joint Venture projects, (iii) an increase in deposits and advances for asset acquisitions of THB 2,337.7mn mainly from the advance payment of THB 2,384mn for 46 new 4-car trains, (iv) an increase in investments in joint ventures of THB 1,760.2mn mainly from investments in Rabbit Line Pay, Keystone and Keystone Management as well as BTS-SIRI Joint Venture projects, (v) the consolidation of MACO and Multi Sign's financial statement which largely resulted in (a) an increase in goodwill of THB 1,250.6mn, (b) higher intangible assets of THB 349.2mn and (vi) the increase in receivable under purchase and installation of operating system agreement of THB 712.1mn as well as net receivable under concession agreements of THB 689.6mn largely from the provision of E&M works and the train procurement service for the Southern and Northern Green Line extensions. The increase was partially offset with (vii) a decline in restricted deposits of THB 1,153.7mn following the release of collateral in relation to an offshore loan and (viii) and a reduction in investments in associates of THB 1,012.8mn mainly from (a) BTSGIF (share of profit in BTSGIF was more than offset with dividend income and capital reduction) and U City (share of loss in U City and a loss in other comprehensive income), (b) the consolidation of MACO (change from associate company to subsidiary) into VGI yet partially offset with (c) 40% investment in Demo Power in November 2016 and (ix) a decrease in land and projects awaiting development of THB 1,011.2mn following a 50% divestment of Keystone shares.

**Total liabilities** increased from 31 March 2016 by 164.0% or THB 30,110.8mn to stand at THB 48,469.2mn largely due to (i) a net increase in debentures of THB 20,631.0mn from (a) new BTSC debenture (after issuing costs) of THB 21,978.4mn offset with (b) a repayment of the last tranche of the previous BTSC debenture of THB 1,347.5mn, (ii) an increase in bills of exchange payable of THB 10,457.0mn and (iii) an increase in trade and other payables of THB 1,179.5mn. However, the increase was partially offset with (iv) a repayment of net loans from financial institutions of THB 2,061.3mn.

**Total equity** decreased from 31 March 2016 by THB 1,718.9mn or 3.7% YoY to THB 45,182.1mn mainly attributable to (i) a reduction in unappropriated deficits of THB 3,979.5mn from dividend payment being partially offset with (ii) an increase in non-controlling interest of the subsidiaries of THB 1,584.2mn following the VGI's consolidation (MACO and Rabbit Group) and (iii) the increase in surplus from the changes in the ownership interests in subsidiaries of THB 490.4mn, which was primarily the result of the Company decreasing its shareholding in (a) VGI (sale to strategic investors) from 74.3% to 71.6% and (b) BSSH from 100% to 64.4% as part of the Rabbit Group transaction. As of 31 March 2017, total issued and fully paid-up shares stood at 11,935.0mn shares. Return on equity for FY 2016/17 was 4.86%, which decreased from 8.88% in FY 2015/16.



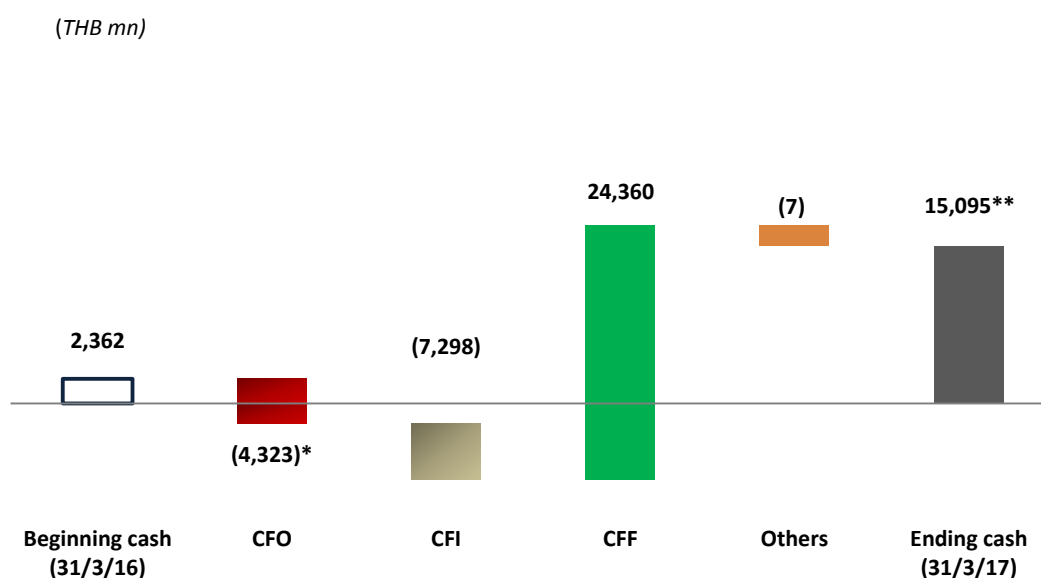
### CASH FLOW

For the year ended 31 March 2017, **cash and cash equivalents** stood at THB 15,094.5mn, an increase of 539.0% or THB 12,732.3mn. Cash used in operating activities was THB 3,484.0mn (versus THB 2,248.3mn cash from operating activities). The key components were from (i) an increase in advances to purchase of assets (payment of rolling stocks) and an increase in advances to contractors (E&M works) of THB 3,041.1mn, (ii) an increase in receivable under concession agreement and receivable under purchase and installation of operating system agreement of THB 1,371.3mn following the provision of E&M works as well as the train procurement service for the Southern and Northern Green Line extensions, (iii) an increase in trade and other receivables. After deducting cash paid for corporate income tax of THB 747.5mn (FY 2015/16: THB 1,808.3mn) and cash paid for interest expenses of THB 91.3mn (FY 2015/16: THB 175.0mn), **net cash used in operating activities** was THB 4,322.8mn.

**Net cash used in investing activities** was THB 7,297.9mn. The key components were (i) net cash paid for purchases of other long-term investments of THB 3,466.0mn and net increase in current investments of THB 1,561.0mn following the treasury management, (ii) net cash paid for loans to related parties of THB 3,130.3mn and cash paid for purchases of investments in joint ventures of THB 1,214.2mn (mainly from investments in BTS-SIRI Joint Venture projects and Rabbit Line Pay), (iii) net cash paid for purchases of property, plant and equipment of THB 847.5mn, (iv) cash paid for purchases of land and projects awaiting development of THB 493.2mn, (v) dividend income of THB 1,727.1mn, (vi) a decrease in restricted deposits of THB 1,153.7mn following the release of collateral in relation to an offshore loan and (vii) interest income of THB 645.8mn.

**Net cash from financing activities** was THB 24,359.8mn mainly from (i) a net cash received for long-term debentures of THB 20,628.4mn (ii) a net increase in bills of exchange payables of THB 10,273.3mn, (iii) a net cash received mainly from sale of VGI shares of THB 1,281.6mn, (iv) dividend payment of THB 5,951.4mn and (v) a net cash paid for loans from financial institutions of THB 2,071.9mn.

### 12 months Cash Flow Snapshot



\* After (i) tax of THB 747.5mn (ii) interest expense of THB 91.3mn as well as (iii) investment in E&M works and trains procurement of THB 4.4bn

\*\* Excluding liquid investments of THB 19.7bn

### KEY FINANCIAL RATIOS

	FY 2016/17	FY 2015/16	FY 2014/15
<b>Profitability ratios</b>			
Gross operating profit margin (%)	51.9%	60.4%	55.5%
Selling and administrative expenses to operating sales ratio (%)	24.6%	24.6%	22.0%
Operating EBITDA margin (%) <sup>A</sup>	34.0%	42.9%	39.9%
Accounting EBITDA margin (%)	41.2%	59.7%	52.0%
Recurring pre-tax profit margin (%) <sup>B</sup>	27.1%	36.2%	42.1%
Net recurring profit margin (%) <sup>B</sup>	20.1%	33.7%	34.7%
Accounting net profit margin (%) <sup>C</sup>	22.3%	41.9%	35.2%
ROA (%) <sup>D</sup>	2.81%	6.65%	5.00%
ROE (%) <sup>E</sup>	4.86%	8.88%	6.42%
<b>Liquidity ratio</b>			
Current ratio (times)	1.43	0.81	3.96
<b>Leverage ratios</b>			
Total liabilities to total asset (times)	0.52x	0.28x	0.22x
Total liabilities to total equity (times)	1.07x	0.39x	0.28x
Interest bearing debt to equity (times)	0.85x	0.20x	0.09x
Net debt to equity (times)	0.51x	0.15x	(0.11 x)
Net debt to operating EBITDA (times)	7.93x	2.57x	(1.96 x)
Interest coverage (times) <sup>F</sup>	4.53x	9.30x	7.03x
<b>Per share ratios<sup>G</sup></b>			
Basic earnings per share (THB)	0.169	0.349	0.248
Operating cash flow per share (THB)	(0.365)	0.022	(0.006)
Free cash flow per share (THB)	(0.483)	(0.116)	(0.149)
Enterprise value per share (THB)	10.74	9.73	8.83
Book value per share (THB)	3.82	3.96	4.38

**Note:**

<sup>A</sup> Excludes non-operating items and interest income

<sup>B</sup> Calculated based on recurring profit (before MI) / total recurring revenue

<sup>C</sup> 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

<sup>D</sup> Calculated based on accounting net profit (before MI) / total assets

<sup>E</sup> Calculated based on accounting net profit (before MI) / total shareholders' equity

<sup>F</sup> Calculated based on operating EBITDA / finance cost

<sup>G</sup> Calculated based on weighted average number of shares at par value of THB 4.0

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**MANAGEMENT OUTLOOK**

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In our **Mass Transit** business, we expect ridership growth and fare increase of 3-5% and 1%, respectively. Driven by organic growth, real estate development along mass transit lines and newly opened additional station (Sam Rong Station - E15) of Southern Green Line extension in April 2017. Furthermore, BTSC has secured considerable, long-term, future revenue with the signing of O&M contracts for Southern and Northern Green Line extensions (from Bearing to Samut Prakarn and from Mo Chit to Khu Khot) in March 2017. These additional 30.8km of lines are expected to generate THB 4.5 – 5bn in revenue once fully operational in 2020.

We expect to imminently conclude negotiations and sign contracts for both the Pink and Yellow Lines. Once the MRTA has handed over the required land, construction of the main lines can begin immediately, taking up to 39 months to complete. We estimate that full operation for both lines to be in 2020. The BSR JV proposed extensions to the Pink and Yellow Lines (under “the third envelope”) that should feed additional ridership. These extensions will require further legal processes such as EIA and Cabinet approvals, which may take at least 1 year to conclude.

In FY 2017/18 we expect additional lines to be open for bidding, such as the 16.3km Grey (Phase 1) Line, the 18.3km LRT Line and the 39.6km Orange Line. As a result of BSR JV being awarded the best bid for Pink and Yellow Lines, we believe we are in a much stronger position to win the Grey Line. This is because the Grey Line connects with both the Pink, the Yellow and the Green Line, allowing us to offer more seamless connections between these lines. The LRT Line is expected to be awarded to BTS as it connects with the Green Line and its depot is proposed to be situated on BTS Group land at Thana City that we have earmarked to the BMA without charge. We expect to participate in the bidding process for O&M services for the Orange line.

In our **Media** business, VGI will continue to pursue its goal to become a “Data-centric Media Hypermarket” – a one-stop shop for “Out-of-Home” media that is enhanced with the newly acquired “digital/data” business. We expect to extract and realise more shareholder and customer value from synergies of our well-diversified business platforms and our enlarged media inventory. Total Media revenue in FY 2017/18 is expected to reach THB 4,000mn driven by robust performance across all of our business segments. Transit media revenue is expected to reach THB 2,150mn, primarily from an increase in rack-rate and occupancy that is in part bolstered by synergies from Rabbit Media. Outdoor Media is expected to recognise revenue of THB 950mn, mainly from the full year consolidation of MACO’s acquisition of Multisign Company Limited last year, additional M&A and digital conversion of static billboards. Total Media CAPEX for 2017/18 is expected to be THB 700mn, comprising of THB 340mn at VGI level, THB 210mn from MACO and THB 150mn from Rabbit Group.

Further information about VGI’s target for FY 2017/18 can be found at: <http://vgi.listedcompany.com/misc/presentation/20170405-vgi-target.pdf>

Our **Property** business will continue to build on progress achieved under our BTS-SIRI JV. We expect to launch at least 4 new projects with a total value of THB 12bn. After two years of losses during construction of our first projects, we now expect our collaboration to turn profitable with a share of net profit from the JV from transfers of The Line Jatujak – Mochit and remaining units of The Line Sukhumvit 71, adding some uplift to our earnings profile for FY 2017/18. Furthermore, we expect to benefit from steady growth in our commercial revenue, targeted to reach THB 650mn, supported by a robust tourism environment. Total Property CAPEX for FY 2017/18 is expected at THB 1,450mn, comprising of renovations and improvements at Thana City of THB 880mn that will add value uplift; investment of THB 300m for construction of a recurring income property at Thana City and land acquisition of THB 270mn.

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Rangsin Kritalug

(Executive Director and Chief Operating Officer)