

2Q 2018/19 HIGHLIGHTS

- **Total operating revenue increased significantly by 521.6% YoY to THB 15.8bn** predominantly as a result of higher operating revenue from the Mass Transit and Media businesses
- **Total Mass Transit revenue of THB 14.3bn**, a significant increase of 981.2% YoY or THB 12.9bn, largely from the start of recognising construction revenue for the Pink and Yellow lines, which contributed revenue of THB 11.8bn in this quarter
- **Revenue from the provision of Electrical and Mechanical (E&M) works and train procurement service for the Southern and Northern Green Line extensions rose to THB 1.5bn**, up 193.8% YoY
- **Mass Transit Operation & Maintenance (O&M) revenue increased 2.9% YoY to THB 452mn** from the contractually agreed increase in the operating fee of the existing green line extensions
- **2Q 2018/19 farebox revenue continued to grow at 2.1% YoY to THB 1,762mn**, from an increase in average fare (rose 3.7% YoY to THB 28.8 per trip)
- **Media business revenue of THB 1,205mn in 2Q 2018/19, increasing solidly by 24.2% or THB 235mn YoY**, from the strong performances of Outdoor Media and Office Media in Out-of-Home (OOH) Media business segments
- **Operating EBITDA of THB 1,401mn, an increase of THB 526mn or 60.2% YoY**, largely as a result of the improvements in operating performances of our Mass Transit and Media businesses
- **Recurring Net Profit (after MI) of THB 830mn, an increase of THB 460mn or 124.4% YoY**, chiefly from an increase in recurring gross profit, higher interest and investment income, being partially offset by higher finance cost and corporate income tax
- **Reported Net Profit (after MI) of THB 670mn, an increase of THB 17mn or 2.7% YoY**, from an increase in aforesaid recurring net profit, being partially offset by no repeat of the record of extraordinary gain from the restructuring of ChefMan business last year

SIGNIFICANT EVENTS

BTS GROUP

23 July 2018: The 2018 Annual General Meeting of Shareholders of BTS Group Holding Public Company Limited (BTSG or the Company) approved the issuance of BTS-W4 warrants (BTS-W4) up to 1,755mn units at a ratio of 9:1 with exercise price of THB 10.50. In addition, the Company paid a final dividend of approximately THB 2,191mn or THB 0.185 per share on 16 August 2018, bringing the total annual dividend paid up to THB 4,145mn (or THB 0.35 per share), or equivalent to an annual dividend yield of 3.95%.

7 September 2018: The Company issued THB 9,500mn senior unsecured debentures to institutional investors and high net worth investors. The debentures were issued in 3 tranches due in 2020, 2023, and 2028 with the coupon rate of 2.58%, 3.25% and 4.03%, respectively (the average coupon rate of 3.38%). The proceeds will mainly be used for repayment of existing debt and/or investment and/or financing the working capital of the Company. This debenture was rated "A / Stable" by TRIS on 31 August 2018.

13 September 2018: The Company has been officially selected by the Dow Jones Sustainability Indices (DJSI) Emerging Markets 2018 as the first Thai company in the Transportation category. The indices are categorised by industries with an assessment criteria focusing on economic, social and environmental performance, as well as an analysis of financial performance. Investment funds worldwide recognise and have adopted the DJSI accreditation for consideration when investing in companies and firms.

7 November 2018: The Executive Committee approved BTS-W4 issuance date as 30 November 2018. The term of BTS-W4 is one year from the issuance date which will be expired on 29 November 2019. The warrant holders can exercise their first rights of the BTS-W4 on the last business day of the first quarter from the issuance date. The exercise ratio is 1:1 at the price of THB 10.50 per share.

MASS TRANSIT

31 July 2018: Bangkok Mass Transit System Public Company Limited (BTSC) and Krungthep Thanakom Company Limited (KT) entered into a 30-year O&M Services Agreement of the Gold Line Project Phase 1 (Krung Thonburi BTS Station – Khlong San District Office, 1.7km and 3 stations) for a total O&M value of approximately THB 13,520mn (inclusive of VAT). Moreover, in order to maintain continuity of service for passengers and high standard of E&M works, BTSC has entered into a Sale and Installation of E&M Works Agreement on 27 February 2018, with a total value of approximately THB 765.59mn (inclusive of VAT). The commercial operation date for Gold Line Phase 1 is targeted by September 2020.

5 August 2018: The first in a series of 22 4-carriage trains from Siemens was successfully delivered. At least 6 of the 4-carriage trains are expected to be delivered and ready for operation by early December in order to accommodate the increase in passengers on the existing Green Line network, as well as in the Southern Green Line extension, where full operation is targeted to begin in December 2018.

12 November 2018: BSR Joint Venture, a Joint Venture between the Company, Sino-Thai Engineering & Construction PCL (STEC), and Ratchaburi Electricity Generating Holding PCL (RATCH), submitted its bid for the High Speed Rail Project (Don Muang - Suvarnabhumi - U-Ta Pao; 220km, 15 stations) to the State Railway of Thailand. The Company has entered into a joint venture agreement with STEC and RATCH to jointly invest and hold 60%, 20% and 20% in BSR for the High Speed Rail Project, respectively. The winning bidders are expected to be announced by early 2019.

MEDIA

5 July 2018: The 2018 Annual General Meeting of Shareholders of VGI Global Media Public Company Limited (VGI) approved (i) the acquisition of 276,000 ordinary shares or 23% of total shares in Kerry Express (Thailand) for a total purchase price of THB 5.9bn, as well as (ii) the issuance and offering of 121,578,525 VGI's newly issued ordinary shares with a par value of THB 0.10, to the Sellers at the offering price of THB 7.28 per share, totaling THB 885.1mn. Kerry Express is the leading domestic express delivery services in Thailand with more than 800,000 parcels delivered a day. Completion took place in July 2018.

18 July 2018: The Extraordinary General Meeting of Shareholders of Master Ad Company Limited (MACO) approved the acquisition of 75% in VGI Global Media (Malaysia) Sdn Bhd (VGM) with a total investment value of THB 360mn. VGM will be the flagbearer in expanding OOH media business overseas as it invests in advertising-related companies in various potential areas such as, airport, office building and mass transit media.

July 2018: MACO via its subsidiary, Eye On Ads, successfully acquired 81.65% of Trans.Ad Solutions Company Limited (Trans.Ad), a multimedia display systems provider, with a total investment value of THB 388mn. Subsequently, Trans.Ad used the funds received from Eye On Ads to further invest in 89% of Roctec Technology Limited (Roctec). Roctec is a provider of multimedia & communications systems, system integrations and total network infrastructure based in Hong Kong. MACO expects to expand its digital network domestically and internationally.

1 August 2018: VGI completed its exercise of VGI's warrant number 1 (VGI-W1). VGI received total proceeds of THB 8.6bn, or 72% of maximum proceeds. Of this, BTSG and BTSC exercised its rights totaling THB 5.4bn. The cash received by VGI was utilised for the acquisition of Kerry Express, used for the subscription of shares in the announced rights offering of MACO and expansion of other digital and online-related businesses.

30 October 2018: Rabbit LinePay Company Limited (RLP) and BTSC announced the soft launch of "Bind, Tap & Ride" service across 20 BTS stations allowing more than 700,000 BTS users to bind their existing rabbit card with Rabbit LinePay into a single e-wallet. This represents a major milestone in driving the public towards a cashless society and creating the smoothest experience for BTS daily users as well as promoting a queue-free experience on the BTS system.

PROPERTY

12 October 2018: The Extraordinary Shareholders' Meeting of U City Public Company Limited (U City) approved a series of transactions, including (i) a reverse stock split of ordinary and preferred shares at a ratio of 100:1, which is expected to facilitate the stock's long-term trading liquidity, (ii) a minor capital increase through a private placement, for the purpose of facilitating the reverse stock split via a rounding of fractional shares and (iii) a capital reduction for the purpose of reducing the deficit in the separate financial statements of U City. Both of these key transactions are expected to considerably boost U City's attractiveness to future potential investors and be conducive to long-term shareholder value accretion.

1H 2018/19 P&L SNAPSHOT

Total consolidated revenue of 1H 2018/19 stood at THB 19,362mn, grew significantly by 219.3% YoY or THB 13,297mn. The substantial development of revenue was mainly attributed to (i) an increase in revenue from installation and construction services and train procurement service of THB 12.9bn, largely from the start of revenue recognition of the construction of Pink and Yellow lines, which contributed revenue of THB 11.8bn and (ii) an increase in interest income of THB 303mn, together with (iii) higher service income of THB 282mn or 9.6% YoY from healthy growth in our Media business. As a result of the aforementioned major revenue contributors, group operating EBITDA in 1H 2018/19 surged by THB 738mn or 41.2% YoY to THB 2,529mn. The Group recorded **net profit (before MI) of THB 1,330mn, increasing by THB 151mn or 12.8% YoY.** Net profit growth was mainly attributable to improvements in Mass Transit and Media business performance in particular, as well as the increase in interest income, being partially offset by higher finance cost and no recognition of a gain on sales and change in status of investment of THB 251mn from the restructuring of ChefMan business, which was recorded in 1H 2017/18.

2Q 2018/19 PERFORMANCE

The Group reported total consolidated revenues from continued operation of THB 16,213mn in 2Q 2018/19. This represented an increase of 461.0% YoY or THB 13,323mn from THB 2,890mn in 2Q 2017/18. The revenue growth was chiefly attributed to (i) an increase in revenue from installation and construction services and train procurement service of THB 13,132mn mainly from the inception of construction revenue recognition for the Pink and Yellow lines, (ii) growth in interest income of THB 169mn, chiefly from (a) receivables under an agreement with the government for the provision of E&M works and train procurement services for the Southern and Northern Green Line extensions and (b) receivables related to the Pink and Yellow lines. The revenue growth was partly offset by a decline in extraordinary gain from the restructuring of the ChefMan business, totaling THB 251mn (which was recorded in 2Q 2017/18).

Total consolidated expenses from continued operation amounted to THB 14,835mn in 2Q 2018/19, an increase of THB 13,075mn or 742.9% YoY largely from (i) recognition of construction cost for the Pink and Yellow lines, (ii) an increase in cost of E&M installation and train procurement service for the aforementioned Southern and Northern green line extensions and (iii) higher selling and administrative expenses of THB 333mn, chiefly from (a) SG&A expenses related to the ongoing expansion of our Media business and (b) booking of the remaining World Cup TV rights for Thailand co-sponsorship expense of THB 100mn this quarter.

Reported share of net profit from associates/JVs (including share of profit in BTSGIF) was THB 109mn (compared to share of net loss of THB 108mn in 2Q 2017/18). The YoY increase of THB 217mn was mainly from narrowed share of net loss from U City and the recognition of a share of net profit from Kerry Express since August 2018. Finance costs increased by 25.1% YoY or THB 80mn to THB 398mn, primarily from interest expense of (i) THB 7bn BTSG debentures issued by BTSG in December 2017 and (ii) THB 9.5bn BTSG debentures issued by BTSG on 7 September 2018.

As a result, **recurring net profit (after minority interests of THB 165mn) stood at THB 830mn, an increase of 124.4% YoY or THB 460mn** chiefly from an increase in recurring gross profit, an increase in interest and investment income, being partially offset by higher finance cost and corporate income tax. Similarly to the growth in recurring net profit, **profit attributable to the equity holders of the Company increased by 2.7% YoY or THB 17mn to THB 670mn**, predominantly from an increase in recurring net profit, being partially offset by no repeat of recognition of an extraordinary gain from the restructuring of ChefMan business. The net profit margin attributable to the equity holders of the Company in 2Q 2018/19 was 4.1% (versus 21.0% in 2Q 2017/18). The decrease in net profit margin was mainly from the recognition of construction revenue for the aforesaid Pink and Yellow lines and services income for the provision of E&M works and train procurement which have lower margins.

OPERATING REVENUE AND OPERATING GROSS PROFIT MARGIN BY BU

Operating Revenue ¹ (THB mn)	2Q 2018/19	% of Total ¹	2Q 2017/18	% of Total ¹	% Change (YoY)	2Q 2018/19 GP Margin ⁶	2Q 2017/18 GP Margin ⁶
Mass Transit	14,255 ²	90.2%	1,318	51.9%	981.2%	7.6%	43.8%
Media ³	1,205	7.6%	970	38.1%	24.2%	62.1%	68.1%
Property	87 ⁴	0.6%	159	6.3%	(45.2)%	16.3%	32.2%
Services ⁵	258	1.6%	95	3.7%	172.0%	N.A.	6.3%
Total¹	15,806	100.0%	2,543	100.0%	521.6%	11.5%	50.9%

¹ Operating revenue from the operational performance of 4 BUs EXCLUDES non-mass transit related interest income, dividend income and non-recurring items

² 2Q 2018/19 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 as well as Interest Income under purchase and installation of operating system agreement
- iii) Services Income from the provision of E&M works and the train procurement service for the Southern and Northern Green Line extensions
- iv) Construction revenue and the interest income related to the Pink and Yellow lines

³ Media revenue includes performances of VGI Group and Rabbit Group. Rabbit group (classified to be under Digital Services Business) comprises of BSS & BSSH and subsidiaries but excludes two companies which are Bangkok Payment Solutions Co., Ltd. (BPS) and Rabbit Rewards Co., Ltd. (RR)

⁴ 2Q 2018/19 Property includes Sales from Real Estate, Rental and Service Income, Revenue from Thana City Golf & Sports Club

⁵ Services revenue includes revenue from Rabbit Rewards, BPS, HHT construction and ChefMan Restaurants (up to 3 August 2017).

⁶ Operating gross profit calculated based on the operational performance of 4 BUs

⁷ Operating EBITDA calculated based on the operational performance of 4 BUs EXCLUDES non-mass transit related interest income, dividend income, share of net profit (loss) from other associates (except from BTSGIF) and joint ventures and other non-recurring items

(THB mn)	2Q 2018/19	2Q 2017/18*	% YoY
Operating revenues	15,806	2,543	521.6%
Other recurring revenues	440	263	67.5%
Total recurring revenues	16,246	2,806	479.1%
Operating costs	13,981	1,247	1,020.9%
Operating selling and administrative expenses	617	612	0.8%
Operating EBITDA	1,401	875	60.2%
Finance cost	398	318	24.9%
Pre-tax recurring profit	1,249	627	99.1%
Non-recurring items	(160)	283	(156.4)%
Earnings before tax	1,089	910	19.7%
Corporate income tax	254	169	50.7%
Minority interests	165	89	86.2%
Recurring net income (loss) to equity holders of the parent	830	370	124.4%
Net income (loss) to equity holders of the parent	670	653	2.7%

*includes performances from discontinued operation

Total operating revenue¹ in 2Q 2018/19 reached THB 15,806mn, a significant increase of 521.6% YoY or THB 13,263mn. Revenues from the Mass Transit, Media, Property and Services businesses accounted for 90.2%, 7.6%, 0.6% and 1.6% of total operating revenue, respectively. The sharp rise in operating revenue was largely as a result of higher Mass Transit, Media and Services operating revenues, which increased by 981.2%, 24.2% and 172.0% YoY respectively. The growth was chiefly from (i) the aforesaid recognition of construction revenue for the Pink and Yellow lines as well as (ii) an increase in the recognition of E&M revenue and the train procurement services revenue for the Southern and Northern Green Line extensions. Nevertheless, the increase in operating revenue was partially offset by a decrease of 45.2% or THB 72mn YoY in Property operating revenue primarily from the deconsolidation of Unicorn Enterprise Company Limited (UE), following the entire business transfer (EBT of UE) to U City in 4Q 2017/18.

Operating costs were THB 13,981mn, increasing by 1,020.9% or THB 12,734mn YoY, primarily from construction costs for the Pink and Yellow lines, as well as higher cost recognition for the provision of E&M works and train procurement services for the aforesaid Southern and Northern Green Line extensions. Operating gross profit⁶ grew 40.8% YoY to THB 1,824mn and **operating EBITDA⁷ rose by THB 526mn or 60.2% YoY to THB 1,401mn**. As construction revenue for the aforesaid Pink and Yellow lines and services income for the provision of E&M works and train procurement have lower margins, operating gross profit margin declined to 11.5% from 50.9% in the prior year and operating EBITDA margin decreased to 8.9% in 2Q 2018/19 from 34.4% in 2Q 2017/18.

SEGMENTAL PERFORMANCE

MASS TRANSIT BUSINESS

Total Mass Transit revenue was THB 14,255mn, a significant growth of 981.2% YoY or THB 12,937mn, primarily due to (i) the recognition of construction revenue for the Pink and Yellow Lines, (ii) higher services revenue for the provision of E&M works and the train procurement service for the Southern and Northern Green Line extensions, (iii) higher interest income related to Green Line extensions and the Pink and Yellow Lines and (iv) higher O&M revenue from green line extensions.

In 2Q 2018/19, the Company began to recognise **construction revenue for the Pink and Yellow Lines** of THB 11.8bn and continued to recognise **services revenue from the provision of E&M works and the train procurement service** of THB 1.5bn (increased from THB 0.5bn in the prior year) for the aforesaid Southern and Northern Green Line extensions, both according to progress of work completion.

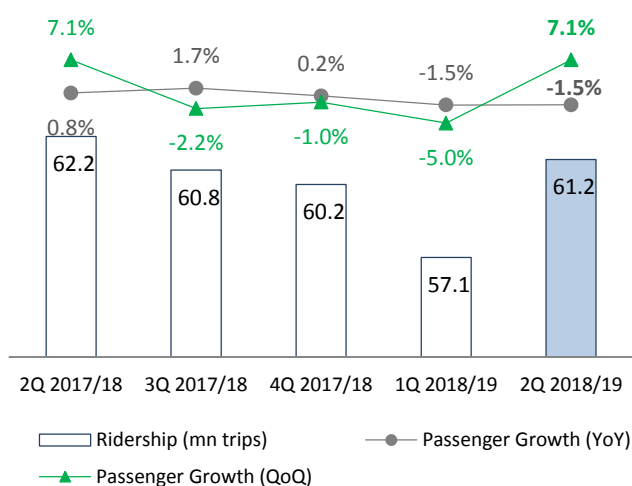
Interest income related to Green Line extensions, Pink and Yellow Lines also rose from the previous year (up 196.5% YoY or THB 160mn) to THB 242mn, chiefly as a result of the aforementioned provision of services for the Southern and Northern Green Line extensions as well as interest income from receivable related to the aforesaid Pink and Yellow Lines.

O&M Revenue (excluding interest income related to Green Line extensions, Pink and Yellow Lines) rose by 2.9% YoY or THB 13mn to THB 452mn. The increase was mainly attributable to the contractually agreed increase in the operating fee of the existing Green Line extensions.

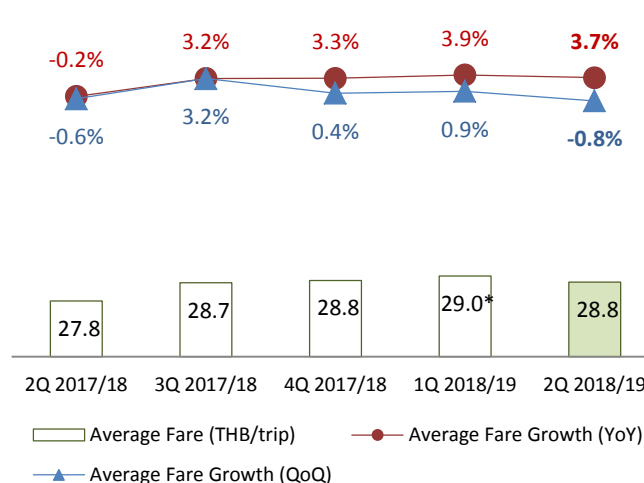
Quarterly farebox revenue of the core network continued to grow at 2.1% YoY or THB 36mn to THB 1,762mn, driven by an increase in average fare (up 3.7% YoY to THB 28.8 per trip) from the fare increase since October 2017 and the adjustments to the promotional price for stored-value card since April 2018. However, the increase in quarterly farebox revenue was partly offset by a decline in quarterly ridership (drop 1.5% YoY to 61.2mn trips) partly as a result of passengers' sensitivity to the fare increases in core SkyTrain network. Despite the increase in farebox revenue, **share of net profit from investment in BTSGIF** declined slightly by 1.1% YoY or THB 3mn to THB 244mn.

More commentary on Core Network performance can be found in *2Q 2018/19 BTSGIF management discussion and analysis*.

Historical Ridership and % Growth



Historical Average Fare and % Growth



*Excluding the impact of free-trip allowance to passengers from train services disruption

Mass Transit costs increased by THB 12,437mn to THB 13,178mn largely from the recognition of construction cost for the aforesaid Pink and Yellow Lines as well as higher cost of services related to the provision of E&M works and train procurement service for the aforementioned Southern and Northern Green Line extensions. Operating EBITDA margin declined considerably to 7.6% from 44.5% in previous year, as a result of the abovementioned provision of services, which have lower margin. If the aforesaid construction and the provision of E&M works and train procurement services were excluded, the operating EBITDA margin for the Mass Transit business was 74.6%.

MEDIA BUSINESS

Our Media business continued benefit from the implementation of VGI's growth strategy. Total Media revenue grew solidly by 24.2% YoY or THB 235mn in 2Q 2018/19 from THB 970mn in the previous year to THB 1,205mn. The increase was primarily driven by encouraging growth in the OOH media segment as well as the consolidation of Trans.Ad and Roctec, collectively called "Trans.Ad Group" by MACO. Through this strategic acquisition, MACO has become their major shareholder and has consolidated their financial statements from August 2018 onwards.

Media Revenue (THB mn)	2Q 2018/19	% of Total	2Q 2017/18	% of Total	% Change (YoY)
OOH media	909	75.5%	879	90.7%	3.4%
Transit	535	44.4%	565	58.2%	(5.3)%
Outdoor	266	22.0%	232	23.9%	14.6%
Office & Other	109	9.1%	83	8.6%	31.7%
Digital Services	296	24.5%	91	9.3%	226.1%
Total	1,205	100.0%	970	100.0%	24.2%

OOH Media includes Transit, Outdoor and Office Building and Other Media. OOH media contributed 75% of total Media revenue or THB 909mn. Revenue in the OOH media segment rose by 3.4% or THB 30mn YoY, largely from revenue growth of Outdoor and Office & Other media businesses. However, Transit media revenue declined by 5.3% YoY or THB 30mn to THB 535mn. The reduction was primarily due to the expiry of O2O solutions campaign contracts on BTS stations, which decreased their contribution to the Transit media sector this

quarter. The decrease, however, is expected to be short-term as the contracts of O2O campaigns were mostly terminated in June 2018, a normal budget-end period for agencies and clients. Hence, normalised booking levels is expected in 2H 2018/19.

Digital Services Business contributed 25% of total revenue or THB 296mn, a considerable increase of 226.1% YoY or THB 205mn, mainly due to the consolidation of Trans.Ad Group.

Cost of Sales increased by 47.4% YoY from THB 310mn to THB 457mn, chiefly due to the consolidation of Trans.Ad Group. Operating EBITDA margin for our Media business this quarter declined to 44.6% from 53.5% in the previous year largely from the aforesaid consolidation of Trans.Ad Group, which has lower margin than other Media segments.

More commentary on Media business can be found in *2Q 2018/19 VGI Global Media's management discussion and analysis*:

<http://vgi.listedcompany.com/newsroom/071120181955410810E.pdf>

PROPERTY BUSINESS

Following the completion of the EBT of UE to U City, the majority of the BTS's property business, including 3 hotels; U Sathorn, U Chiang Mai, U Inchantree Kanchanaburi, TST Tower office building, land and our 50% stake in the JV with Sansiri, were deconsolidated on 16 March 2018. The majority of BTS's property-related income is hence recognised as a share of net profit/ (loss) from U City (equity method). Nevertheless, certain assets remain directly held by the Company and these will continue to generate and contribute to BTS's property revenue.

Total property operating revenue in 2Q 2018/19 decreased by 45.2% YoY to THB 87mn, which was primarily attributable to the deconsolidation of the aforementioned property business. Total operating costs decreased in tandem with the decline in operating revenue, falling by 32.4% YoY or THB 35mn to THB 73mn.

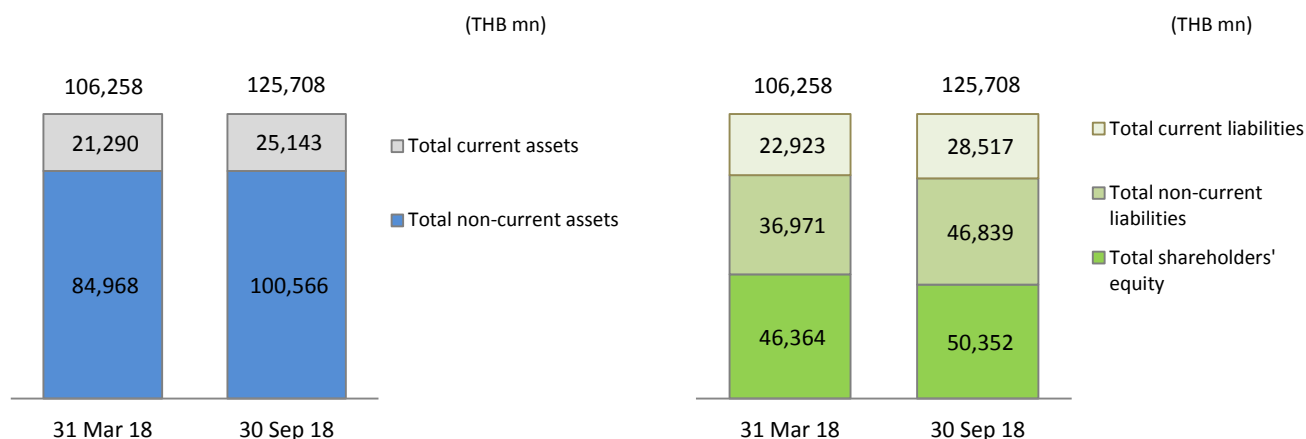
Commercial Property revenue this quarter was THB 73mn, which now mainly comprises of revenue from Thana City Golf & Sports Club. The decrease of THB 72mn or 49.8% YoY in Commercial Property revenue was chiefly due to the deconsolidation of the 3 aforesaid hotels and TST Tower office following the EBT of UE to U City. The Company recognised narrower share of net loss from investment in U City, our associate, of THB 99mn (compared to a share of net loss of THB 336mn in the previous year) mainly from lower loss on impairment of assets, the transfer progress of Sansiri-JVs and improved operating performance of its hospitality business.

Residential Property increased by 1.7% YoY or THB 0.2mn to THB 14mn.

SERVICES BUSINESS

2Q 2018/19 Services business revenue increased by THB 163mn or 172% YoY to THB 258mn. The growth was chiefly due to an increase in the revenue generated from HHT construction Company Limited. Services business costs also increased by THB 185mn or 208% YoY to THB 274mn. SG&A expenses amounted to THB 25mn, a decrease of THB 17mn or 41.1% YoY.

FINANCIAL POSITION



Total assets as of 30 September 2018 stood at THB 125,708mn, an increase of THB 19,450mn or 18.3% from 31 March 2018. The increase was primarily attributed to (i) an increase in unbilled receivables under agreements with government authorities of THB 6,674mn from (a) civil construction of the Pink and Yellow Lines and interest income related to such unbilled receivables and (b) train procurement services and interest income related to the aforesaid services for the Southern and Northern Green Line extensions, (ii) an increase in elevated train project costs of THB 5,845mn from the provision of E&M works related to the aforesaid Pink and Yellow Lines, (iii) an increase in investments in associates of THB 5,594mn mainly from the investment of VGI in Kerry Express in July 2018, (iv) an increase in current investments of THB 3,373mn, (v) an increase in receivable under purchase and installation of operating system agreement of THB 1,854mn from the provision of E&M works for the aforesaid Southern and Northern Green Line extensions and (vi) an increase in cash & cash equivalents of THB 622mn (see cash movement in *Cash Flow* section). The increase, however, was partially offset by (vii) a reduction in other long term investments of THB 3,330mn and (viii) a decline in advances to contractors and for acquisitions of assets of THB 1,873mn.

Total liabilities increased from 31 March 2018 by 25.8% or THB 15,461mn to stand at THB 75,356mn largely due to (i) an increase in long term debentures due to the newly-issued THB 9,500mn debenture in September 2018, (ii) an increase in trade and other payables of THB 3,424mn mainly in relation with the construction of the Pink and Yellow Lines and (iii) an increase in bills of exchange payable of THB 1,545mn.

Total equity increased from 31 March 2018 by THB 3,989mn or 8.6% YoY to THB 50,352mn, mainly from an increase in non-controlling interests in subsidiaries of THB 5,138mn, of which chiefly from an increase in (i) non-controlling interests of VGI's group of THB 2,706mn as a result of an increase in VGI's shareholder equity following the exercise of its warrants, (ii) non-controlling interests of STEC and RATCH's stake (totaling 25%) in the issuing of additional ordinary shares in Northern Bangkok Monorail Co., Ltd. and Eastern Bangkok Monorail Co., Ltd. of THB 1,650mn under the consolidation of the Pink and Yellow Lines projects and (iii) non-controlling interests of MACO of THB 654mn from the issuance of new MACO's ordinary shares through rights offering in August 2018. The increase, however, was partially offset by (iv) a decrease in retained earnings of THB 1,676mn, mainly due to the dividend payment of THB 2,191mn and the reduction of paid-up capital by writing-off the unsold treasury stock under the share repurchase programme of THB 542mn, offset with 1H 2018/19 net profit of THB 1,057mn. As of 30 September 2018, total issued and fully paid-up shares of BTS Group stood at 11,845.2mn shares. Return on equity for 2Q 2018/19 was 10.3% which increased from 4.7% in 2Q 2017/18.

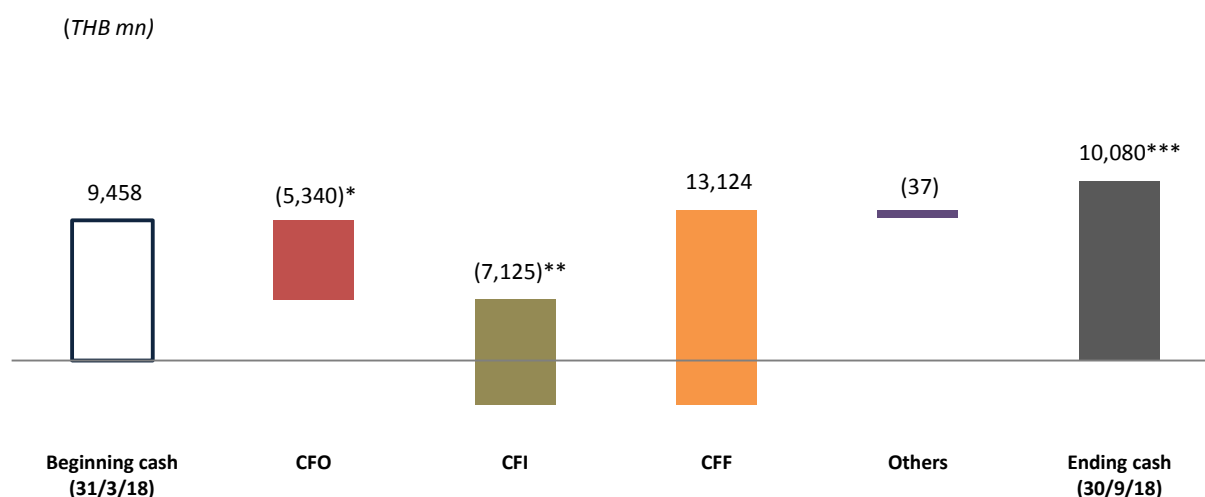
CASH FLOW

For 6-month ended 30 September 2018, **cash and cash equivalents** stood at THB 10,080mn, an increase of 6.6% or THB 622mn. Cash used in operating activities was THB 4,362mn (versus cash used in operating activities of THB 2,758mn in 1H 2017/18). This was derived from profit before tax of THB 1,696mn, being partially offset by (i) non-cash reconciling items of THB 526mn and (ii) changes in net working capital of THB 5,532mn, chiefly from (a) net investment for construction of the Pink and Yellow Lines of THB 2.6bn and (b) net investment for E&M works and trains procurement for the Southern and Northern Green Line extensions of THB 2.3bn. After deducting net cash paid for corporate income tax of THB 526mn (1H 2017/18: THB 451mn) and net cash paid for interest expenses of THB 452mn (1H 2017/18: THB 371mn), **net cash used in operating activities** was THB 5,340mn.

Net cash used in investing activities was THB 7,125mn. The key components were (i) cash paid for purchases of investments in Kerry Express of THB 5.0bn, (ii) net investment for construction of the Pink and Yellow Lines of THB 3.7bn, partially offset with (iii) net cash received from sales of treasury investment of THB 1.0bn and (iv) dividend received of THB 845mn and (v) interest income of THB 511mn.

Net cash from financing activities was THB 13,124mn. The key components were (i) an increase in long-term debentures of THB 9,500mn from BMSG newly issued debenture in September 2018, (ii) net cash received from non-controlling interests from the exercise of VGI warrants of THB 3,173mn, (iii) cash received from non-controlling interests for issuances of ordinary shares of subsidiaries of THB 2,359mn following (a) the consolidation of Northern Bangkok Monorail Co., Ltd. and Eastern Bangkok Monorail Co., Ltd., totaling THB 1,650mn and (b) the issuance of new MACO's ordinary shares through rights offering in August 2018 of THB 709mn, (iv) a net increase of bills of exchange of THB 1,412mn, partially offset with (v) dividend payment of THB 2,185mn in August 2018.

6 months Cash Flow Snapshot



* CFO: After

1. Corporate income tax of THB 526mn

2. Interest expenses of THB 452mn

3. Net investment for construction of the Pink and Yellow Lines of THB 2.6bn

4. Net investment for E&M works and trains procurement for the Southern and Northern Green Line extensions of THB 2.3bn

** CFI: After net investment for construction of the Pink and Yellow Lines of THB 3.7bn

*** Excluding liquid investments of THB 19.6bn

KEY FINANCIAL RATIOS

	2Q 2018/19	2Q 2017/18*	1Q 2018/19
<u>Profitability ratios</u>			
Gross operating profit margin (%)	11.5%	50.9%	48.2%
Operating EBITDA margin (%) ^A	8.9%	34.4%	37.0%
Recurring pre-tax profit margin (%) ^B	7.7%	22.4%	22.2%
Net profit margin (%) ^C	4.1%	21.0%	11.6%
ROA (%) ^D	4.4%	2.5%	4.6%
ROE (%) ^E	10.3%	4.7%	10.1%
<u>Liquidity ratio</u>			
Current ratio (times)	0.88x	0.91x	0.95x
<u>Leverage ratios</u>			
Interest bearing debt to equity (times)	1.15x	0.97x	1.02x
Adjusted net debt ^F to equity (times)	0.56x	0.30x	0.39x
Adjusted net debt ^F to recurring EBITDA (times)	4.38x	3.36x	3.23x
Interest coverage (times) ^G	3.52x	2.75x	3.58x
<u>Per share ratios^H</u>			
Basic earnings per share (THB)	0.06	0.06	0.03
Book value per share (THB)	4.25	3.88	4.10

Note:

* Includes performances from discontinued operation

^A Excludes non-operating items and interest income

^B Calculated based on pre-tax recurring profit / total recurring revenue

^C Calculated based on accounting net profit (after 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 period

^D Calculated based on accounting net profit / total average assets

^E Calculated based on accounting net profit / total average shareholders' equity

^F Calculated based on interest bearing debt - cash and cash equivalent and liquid investment - cash to be received from clearing house-share subscription of subsidiary

^G Calculated based on operating EBITDA / finance cost

^H Calculated based on weighted average number of shares at par value of THB 4.0 per share

MANAGEMENT OUTLOOK

Within our **Mass Transit** business, construction of the Pink and Yellow lines kicked-off in June 2018. According to the Mass Rapid Transit Authority (MRTA), civil construction progress was 11% for the Pink and 10% for the Yellow line (as of September 2018). We maintain our target operational commencement date of October 2021 for both main lines.

As of September 2018, civil works construction of the Southern Green Line extension (Samrong-Samut Prakarn) was 100% complete, while E&M works is 73% complete and in the final stage of construction. According to a statement by the Ministry of Transport, the operational commencement date will be on 6 December 2018 and will include a free-trip period of 4 months from December 2018 –March 2019. Civil works for the Northern Green Line extension (Mo Chit-Saphan Mai-Khukot) per MRTA report was 82% completed as of end October 2018. The first station is expected to be opened by August 2019 and full operation by 2020. The Company reiterates its anticipation of O&M revenue growing 30% in FY 2018/19, driven largely by the full operation of the Southern Green Line extension.

The company purchased the Request For Proposal (RFP) of the High Speed Rail Project in June 2018. The project is a 220km High Speed Rail line linking 3 Airports (Don Muang-Suvarnabhumi- U-Tapao) and has an estimated total project value of THB 221bn under a 50-year PPP net-cost-with-subsidy model. On 12 November 2018, BSR having completed their feasibility study has officially submitted the bid envelope to the SRT. On the following day, all bid envelopes were opened, signaling the start of the bid review process by the government. The winning bidders are expected to be announced by early 2019. Following an assiduously conducted feasibility study process, we are confident that our proposal is prudent and value-accretive.

In our **Media business**, we are encouraged by VGI's outlook for the advertising sector. With the upcoming election in early 2019, VGI anticipates that advertisement spending will benefit from macroeconomic upswing and positive sentiment. The E-commerce market is expected to increase by 30% per year¹ driven by the ever-changing lifestyle of consumers and the shift to online. With the aforementioned favorable outlook as well as the consolidation of Trans.Ad Group, VGI has revised up its 2018/19 revenue target from THB 4,400-4,600mn to THB 5,000mn and still expects net profit margin of 20%-25%.

In our **Property business**, U City completed a series of remedial transactions such as (i) the capital reduction to clear U City's deficit and (ii) a reverse-stock split at a ratio of 100:1. Both of these key transactions are expected to considerably boost U City's attractiveness to future potential investors and be conducive to long-term shareholder value accretion. Furthermore, U City also expects to make further progress in divesting the remaining THB 2.3bn in its non-core assets during the final quarter of 2018. With these transactions, U City is laying a solid foundation for its investment to power the turnaround of its businesses in 2019.

.....

Rangsin Kritalug

(Executive Director and Chief Operating Officer)

Sources: ¹Thai e-Commerce Association