

Translation

Overview

Financial Highlights

- Ridership growth trend continues. Total quarterly ridership of 39.4mn passengers in 1Q 11/12 despite seasonal low.
- Weekday average ridership for 1Q 11/12 of 504,263 passengers; the highest quarterly average so far. Year-over-year June ridership increase of 16%.
- New record revenue from Media business achieved; increasing 31.7% QoQ to THB 467.0mn in 1Q 11/12
- First revenue contribution from Abstracts condominium with 18 units transferred
- Total operating revenue of THB 1,692.7mn in 1Q 11/12, representing growth of 41.9% YoY
- Operating EBIT margin of 30.2% in 1Q 11/12, compared to 26.2% in 1Q 10/11 and 29.2% in 4Q 10/11
- Net income (attributable to shareholders) of the Group of THB 136.3mn, compared to net loss of THB 265.5mn in 1Q 10/11

Quarterly Performance – 1Q 11/12

BTSG Holdings Public Company Limited (“BTSG” or the “Company”) and subsidiaries (together, the “Group”) recorded consolidated total revenue of THB 1,766.8mn in 1Q 11/12, an increase of 44.7% (or THB 545.9mn) from THB 1,220.9mn in 1Q 10/11. Operating revenue also rose 41.9% to THB 1,692.7mn. The increase was as a result of both improved revenue across all our businesses as well as the lower base effect due to the political disturbances that impacted our business in 1Q 10/11. Revenues from the Mass Transit, Media, Property and Services businesses accounted for 61.3%, 27.6%, 9.1% and 2.0% of total operating revenues respectively.

Operating Revenue ² (THB mn)	1Q 11/12	% of Total ²	1Q 10/11	% Change (YoY)	1Q 11/12 margin ³	1Q 10/11 margin
Mass Transit ¹	1,037.9	61.3%	794.0	30.7%	46.0%	42.1%
Media	467.0	27.6%	299.7	55.8%	62.8 %	64.5%
Property ¹	154.5	9.1%	89.7	72.2%	19.1%	19.7%
Services ¹	33.3	2.0%	9.0	270.0%	53.6%	50.0%
TOTAL²	1,692.7	100.0%	1,192.5	41.9%	48.3%	46.1%

¹ Mass Transit revenues include Fare box revenue as well as Service Income from Train Operation Management. Property includes Sales from Real Estate, Rental and Service Income, and Construction & Services Businesses, but excludes Service income related to Thana City Sports & Golf Co. Ltd., which is classified as Services Business

² Total excludes other income of THB 74.1mn (1Q 11/12) and THB 28.5mn (1Q 10/11) from management income, interest income, gain on exchange and others

³ Gross profit margin

Total expenses rose by 20.2% to THB 1,211.1mn (and less than the increase in operating revenue) hence the Group saw an improvement in its gross margin to 48.3% compared with 46.1% in the previous year. Administrative expenses increased 36.3% or by THB 78.3mn to THB 294.1mn due to increase in headcount of staff and increase in professional fees.

This led to the improvement of operational EBIT⁴ by 64.7% YoY (and 6.4% QoQ) to THB 524.1mn. Finance costs fell by THB 97.0mn or 21.5% to THB 353.5mn as in 1Q 10/11, the Company incurred additional interest and finance costs from the BTSC acquisition loan. Besides operational items, the Group also benefited from non-recurring items in 1Q 10/11 of THB 74.1mn. This was due to a gain on exchange (THB 28.9mn) in relation to an accounting policy for the Euro component of the advance payment for new rolling stock (35 middle cars) and other income which mainly consisted of station linkage revenue (THB 7.2mn) and BTSC subcontract revenue (THB 7.6mn). All these taken into account, the Group reported consolidated Profit for the period of THB 157.0mn (compared to a net loss of THB 255.7mn in 1Q 10/11) and Profit attributable to the equity holders of the Company at THB 136.3mn (compared to net loss of THB 265.5mn)

Total assets at 30 June 2011 stood at THB 64,664.4mn, a 1.3% increase from 31 March 2011. In June, the Company increased capital by the issuance of 1,299.0mn common shares (as consideration for the shares of a group of specific investors in our subsidiary BTSC). This resulted in an increase in issued and fully paid-up capital to THB 36,600.5mn and share premium account of THB 350.7mn. Elsewhere, the company adopted a number of revised and new accounting standards, namely TAS 19 (Employee Benefits) and TAS 40 (Investment Property) the cumulative effects of which can be seen in Note 2 to the financial statements.

⁴ operational EBIT excludes other income of THB 74.1mn (1Q 11/12) and THB 28.5mn (1Q 10/11) from management income, interest income, gain on exchange and others



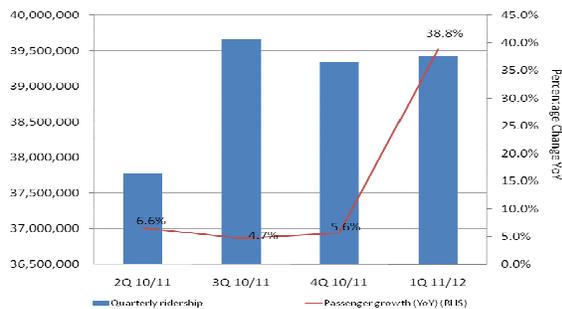
Major Developments in 1Q 11/12

Mass Transit Business

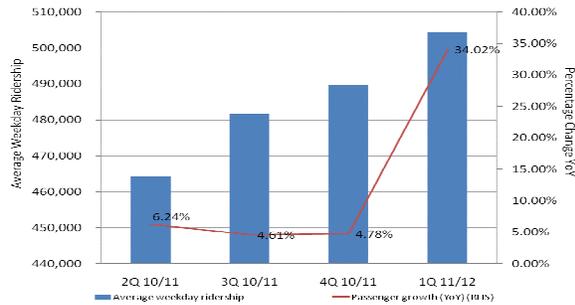
Ridership

The ridership trend remained firmly positive with 1Q 11/12 total quarterly ridership reaching 39.4mn passengers, a 0.2% increase compared to 4Q 10/11 and a 38.8% increase compared to 1Q 10/11. The strong YoY growth of 38.8% was primarily due to the low base effect (political disturbances in April and May 2010). 1Q represents the seasonal low for ridership (more public holidays) with ridership typically falling in 1Q compared with 4Q. As such, a 0.2% increase also reflects a strong performance. Further, the YoY ridership growth in June 2011 of 16.0% shows that the travelling demand for BTS SkyTrain remains strong and it is in line with our 2011/12 ridership growth target of 15%. Average weekday ridership reached a new record (504,263 passengers per weekday) in 1Q 11/12 compared to the previous record (489,762 passengers per weekday) achieved in 4Q 10/11.

Historical Quarterly Ridership (passengers / quarter)



Historical Average Weekday Ridership (passengers / weekday)



Overall Mass Transit revenue increased 30.7% YoY and was flat QoQ at THB 1,037.9mn in line with the ridership trend, although there was a slight contraction in the average fare falling 0.7% to THB 24.3 per trip. Cost of revenues increased 22.0% YoY and fell 3.0% QoQ to THB 560.6mn with this lower cost performance (no bonus contribution in 1Q 11/12) leading to an improvement in the gross profit margin to 46.0%. Total revenue from train operating management (O&M) increased by 6.0% YoY or 3.2% QoQ although there was a contraction in O&M margin due to pre-operating costs related to the soon-to-be-opened On-Nut Bearing extension.

SG&A expenses increased 16.3% YoY to THB 142.1mn due to consultant expenses in relation to the new signaling system and the On-nut – Bearing extension. QoQ, SG&A expenses slightly increased to 13.7% of mass transit revenues. Mass Transit EBIT margin improved to 32.3% (from 31.3% in 4Q 10/11 and 26.7% in 1Q 10/11).

Media Business

The Group's Media business quarterly performance continues from the last quarter with 55.8% YoY and 31.7% QoQ increase in revenues to THB 467.0mn. Revenue growth contribution came from both BTS-related media (increase of THB 66.8mn or 30.2% QoQ) and non BTS-related media (increase of THB 45.6mn or 34.1%). BTS-related media enjoyed higher occupancy rates across on-station static media and also was able to increase pricing on In-train LCD sales. In-Store media revenues benefited from the increased contribution from new contracts in Tesco Lotus.

The EBIT of the Media business also saw similar growth rising 58.7% YoY or 65.9% QoQ to THB 238.8mn. This was matched with an improvement in the EBIT margin to 51.1% compared to 50.2% in 1Q 10/11 and 40.6% in 4Q 10/11. The QoQ improvement was driven mainly by both increase in revenue and reduction in SG&A expenses due to no further requirement for market research expenses for new products.

Property Business

Property revenue for the Group increased 72.2% YoY or 0.5% QoQ to THB 154.5mn. This performance was driven by the first contribution from the transfer of Abstracts condominiums at Sukhumvit 66/1 but the QoQ performance was offset by a declining contribution from legacy projects such as revenues from construction management of National Housing Association (Baan Aur Athorn) and sales of Thana City project.

Property gross profit reached THB 29.5mn for the quarter compare to THB 17.7mn in 1Q 10/11 and negative gross profit of THB 8.4mn in 4Q 10/11. The 18 units transferring of Abstracts Sukhumvit 66/1 condominium (revenue recognition of THB 61.3mn and average gross profit margin of 28.7%) shored 1Q 11/12 gross profit margin up to 19.1% from negative 5.5% in 4Q 10/11. Although the loss was less than the negative THB 81.9mn EBIT in 4Q 10/11, the results were impacted by ongoing fixed cost and expenses related to property developments (Abstracts Phahonyothin Park, Abstracts Sukhumvit 66/1 and Hotel at Surasak BTS Station).

Services Business

Our Services business saw revenue increase 270.0% YoY or fall 5.6% QoQ to THB 33.3mn. Services revenue is dominated by contribution from Thana City Golf and the reduction was as a result of the passing of the peak season (3Q and 4Q). Services gross margin increased to 53.6%, and the EBIT margin was 2.5%.

Absolute Hotel Services Co. Ltd (AHS) continued acquiring new 7 management contracts under Eastin Easy and U Hotels & Resorts brand regionally during the period.

New contracts secured

U Hotels & Resorts	Eastin Hotels / Residence and Eastin Easy
Vietnam: U Nha Trang (120 rooms opening 2012)	Vietnam: Eastin Easy GTC Hanoi (70 rooms opening in 2011)
Vietnam: U Vung Tau (150 rooms opening 2012)	Vietnam: Eastin Easy Tao (80 rooms opening 2012)
Vietnam: U Sapa, (56 rooms opening in 2013)	
Vietnam: U Dalat (126 rooms opening 2013)	
India: U Lonavala (86 rooms opening 2013)	

Financial Ratios

Key financial ratios	1Q 11/12	1Q 10/11	4Q 10/11
<i>Profitability ratios</i>			
Gross profit margin (%)	48.3%	46.1%	43.4%
Selling and administrative expenses to sales ratio (%) ⁵	19.3%	20.9%	17.9%
EBIT margin (%) ⁶	30.2%	26.2%	29.2%
EBITDA margin (%) ⁷	49.4%	36.8%	45.7%
EBT margin (%) ⁷	11.3%	-19.5%	-1.1%
Net profit margin (%)	7.7%	-21.7%	-3.8%
ROA (%)	0.21%	-0.43%	-0.10%
ROE (%)	0.36%	-0.74%	-0.17%
<i>Leverage</i>			
Total liability to total asset (times)	0.42x	0.41x	0.41x
Total liability to total equity (times)	0.72x	0.70x	0.69x
Net debt to equity (times)	0.56x	0.55x	0.55x
Interest coverage (times) ⁸	1.56x	0.47x	0.96x
<i>Per share ratios</i>			
Earnings per share (THB)	0.002	-0.005	-0.001
Operating cash flow per share (THB)	0.008	0.003	0.010
Free cash flow per share (THB)	-0.002	-0.016	-0.005
Enterprise value per share (THB) ⁹	0.93	1.12	0.97
Book value per share (THB)	0.66	0.66	0.68

⁵Selling and administrative expenses include management benefit expenses

⁶Exclude gain on exchange

⁷Include gain on exchange

⁸Earnings before tax and interest divided by finance cost

⁹The calculation is based on stock price as of 8/8/2011



Management Outlook

The election of a new government dominates current headlines as the business community grapples to understand the impact of a Pheu Thai led coalition Government on the economy. Thailand's first female Prime Minister and cabinet was endorsed in August 2011 and the Pheu Thai party has once again re-affirmed its commitment to transportation projects.

Standout proposed policies that may be considered to affect the BTS Group business include the (i) flat THB 20 fare for rail travel and (ii) increase in the minimum wage. With regards to these, the BTS Group will closely observe any developments and stand ready to support the Government in pursuit of any social policies but firmly expects that any agreements will not have any detrimental effect on the Company's rights under its Concession Agreement. Further, as employed staff of BTS fall within a higher wage bracket, the proposed minimum wage hike will not impact us materially. However, there may be some minor passing through of costs through some of the outsourced workers such as contract cleaning and security guards.

Politics aside, the growth trend in ridership is expected to continue unabated in the next quarter. Most significantly, the On nut – Bearing extension will commence operation on 12th August on the occasion of H.M. Queen Sirikit's birthday and will contribute to further growth in ridership on our Core Network as well as supplement O&M income. Further, we expect continued growth in our Media business in line with our full year growth forecasts and our property income profile will also be boosted by further transfer of units at Abstracts Sukhumvit 66/1.

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Rangsin Kritalug

(Director)