# BTS Group Holdings PCL

## 1Q 11/12 earnings presentation

17 August 2011

prepared by **Investor Relations** department
- BTS Group Holdings PCL -

*Your City Solutions*

- Mass Transit
- E-money Services
- Hotel Management Services
- Commercial
- Residential
- Construction Management Services
- Sports Club Management
- Commercial
- Modern Trade

# Disclaimer

Investment involves risk. Prospective should understand the characteristics of Securities and study information about BTS Group Holdings Public Company Limited (the "Company") before making a decision to invest in Securities.

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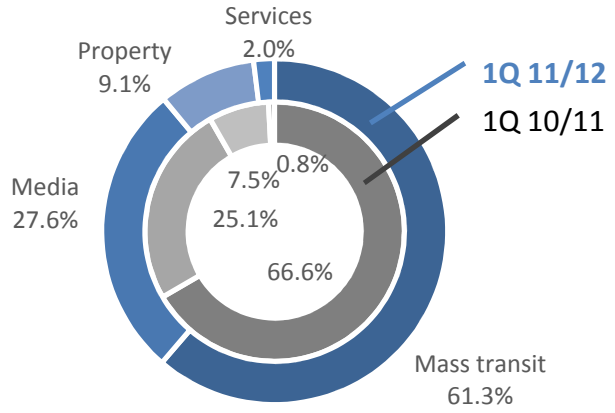
# 1Q 11/12 Overview

## Operational revenue increased 41.9% to THB 1.69bn

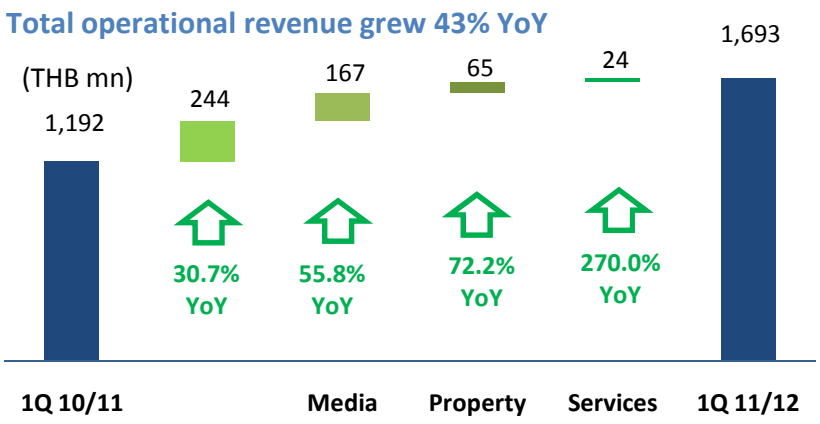
### P&L snapshot 1Q 11/12 (THB mn)

| Income Statement (THB mn) | 1Q 11/12 | 1Q 10/11 | % YoY |
|---|---|---|---|
| Operational revenue | 1,693 | 1,192 | 41.9% |
| Gross profit | 818 | 550 | 48.7% |
| Operational EBIT | 524 | 318 | 64.7% |
| EBITDA | 845 | 555 | 52.3% |
| EBT | 200 | (238) | N.A. |
| Net income | 157 | (256) | N.A. |
| Gross profit margin (%) | 48.3% | 46.1% | |
| Operational EBIT to sales ratio (%) | 30.2% | 26.2% | |
| EBITDA to sales ratio (%) | 49.4% | 36.8% | |
| EBT to sales ratio | 11.3% | -19.5% | |
| Net profit margin (%) | 7.7% | -21.7% | |

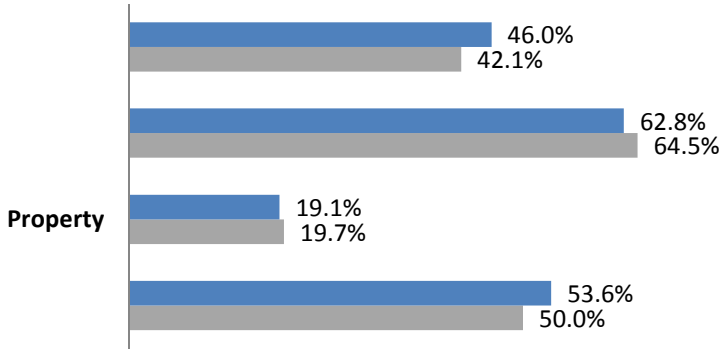
### Operational revenue 1Q 11/12




### Revenue comparison (YoY)




### Gross profit margin (%) by unit



# 1Q 11/12 Highlights

## Excellent growth in Mass transit and Media business

### Major developments by business unit in 1Q 11/12

**Mass transit**

- 1Q 11/12 annual ridership grew 38.8% to 39.4mn passengers with a new average quarterly passengers record of 504,263 per weekday
- June ridership grew 16.0% YoY in line with full year expectation
- Ready to operate the On-nut – Bearing extension

**Media**

- New record quarterly revenue of THB 467.0mn, growth 55.8% YoY
- Revenue from BTS-related media increased 30.2% YoY due to higher occupancy rate of on-station media and increase in pricing on In-train LCD
- Full quarter contribution from sales floor area of Tesco Lotus

**Property**

- Property revenue grew 72.2% YoY to THB 154.5mn
- First revenue contribution from Abstracts Sukhumvit 66/1

Abstracts Phahonyothin Park

Abstracts Sukhumvit 66 / 1

**Services**

- E-money license application granted
- BSS is now in the process of applying for ISO 270001
- 7 new hotel management contracts have been acquired

EASTIN HOTELS

HOTELS & RESORTS

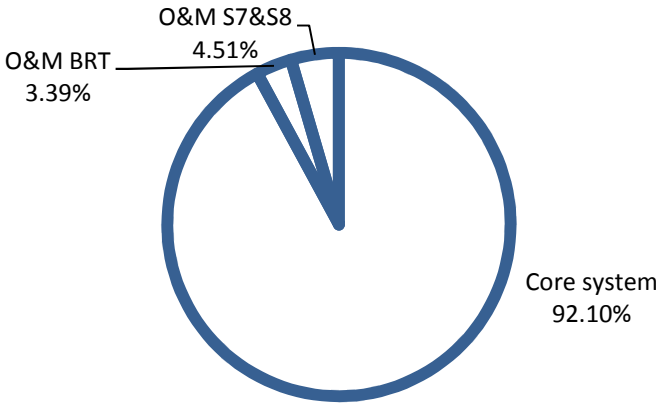
# Mass transit

## EBITDA jumped 48.8% YoY to THB 605.3mn

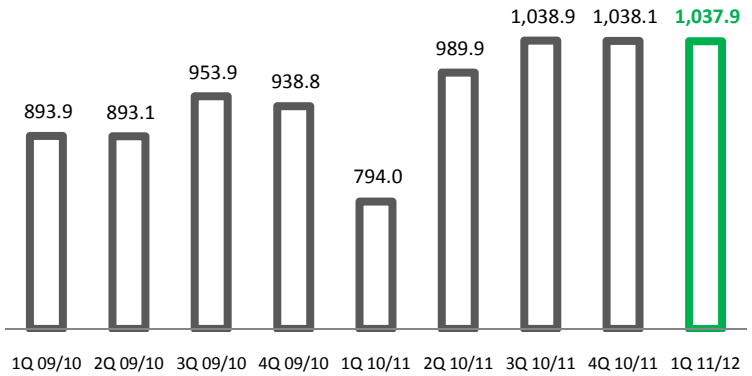
### Performance

| Mass transit (THB mn) | 1Q 11/12 | 1Q 10/11 | YoY | 4Q 10/11 | QoQ |
|---|---|---|---|---|---|
| Revenue | 1,037.9 | 794.0 | 30.7% | 1,038.1 | 0.0% |
| Costs of revenue | 560.6 | 459.5 | 22.0% | 578.1 | -3.0% |
| Gross Profit | 477.3 | 334.5 | 42.7% | 460.0 | 3.8% |
| EBIT | 335.2 | 212.3 | 57.9% | 325.3 | 3.0% |
| **EBITDA** | **605.3** | **406.8** | **48.8%** | **590.7** | **2.5%** |
| Gross margin (%) | 46.0% | 42.1% | | 44.3% | |
| EBIT margin (%) | 32.3% | 26.7% | | 31.3% | |
| EBITDA margin (%) | 58.3% | 51.2% | | 56.9% | |

### Revenue breakdown




### Historical revenue (THB mn)




### Key factors

- Total ridership reached 39.4mn passengers in 1Q 11/12, increased 0.2% QoQ despite seasonal low
- Average fare of THB 24.3 in 1Q 11/12
- June ridership increase of 16% YoY
- QoQ EBIT margin improved from 31.3% to 32.3% due to no bonus expense

# Mass transit

## Seasonal ridership confirms strong QoQ performance

### 1Q ridership growth (QoQ)

| Year | 1Q |
|---|---|
| 2011/12 | 0.2% |
| 2010/11 | -23.8% |
| 2009/10 | 0.4% |
| 2008/09 | -3.5% |
| 2007/08 | -5.7% |
| 2006/07 | -3.8% |
| 2005/06 | -1.6% |
| 2004/05 | -0.1% |
| 2003/04 | -6.3% |
| Average | -4.9% |

QoQ growth due to several factors including organic growth, new trains, new feeders

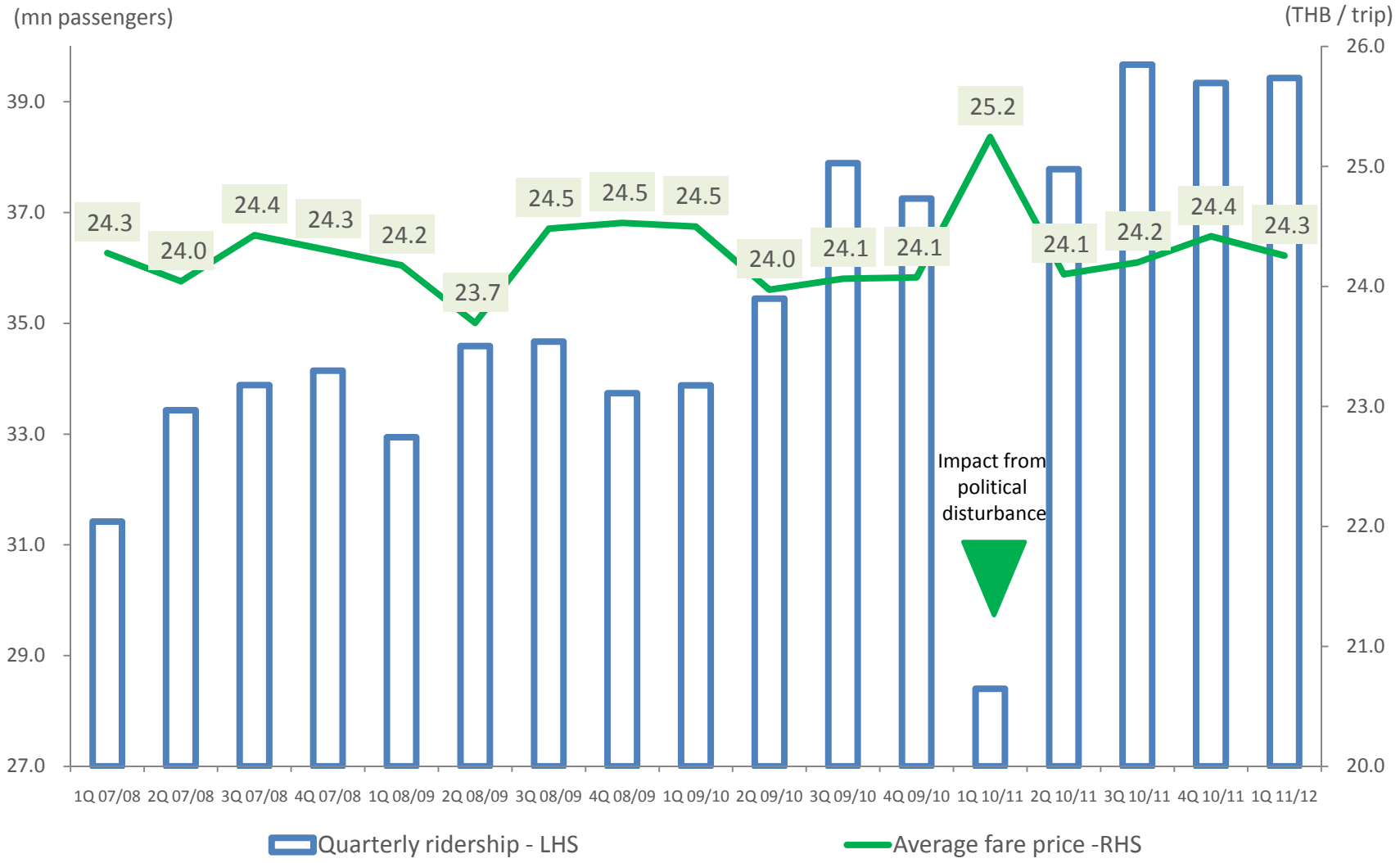
QoQ growth due to May 2009 opening of S7-S8 extension

### YoY Growth

- **Full year target remains at +15%**
- Will observe On nut – Bearing extension ridership before considering target revision

# Mass Transit

## Long term ridership growth trend continues



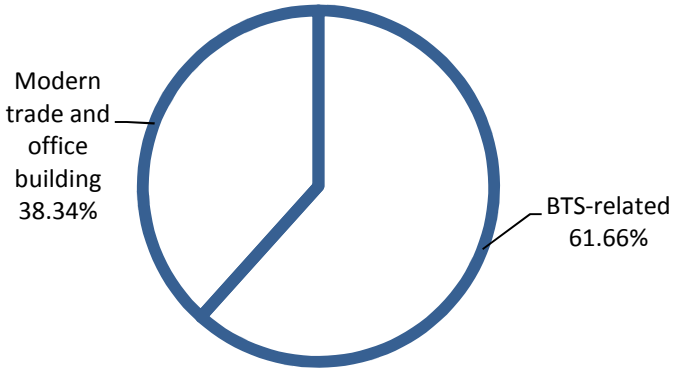
# Media

## Impressive growth in BTS and non-BTS business

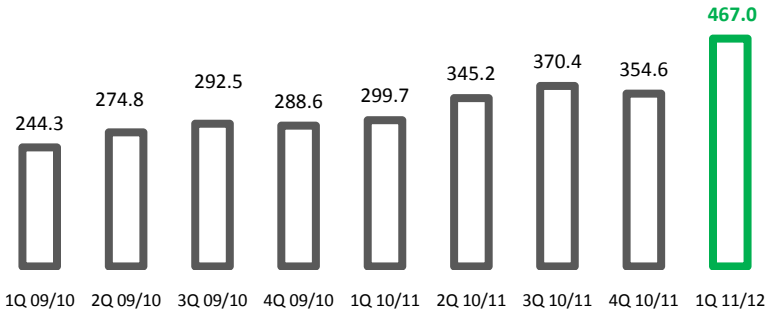
## Performance

| Media | 1Q 11/12 | 1Q 10/11 | YoY | 4Q 10/11 | QoQ |
|---|---|---|---|---|---|
| Revenue | 467.0 | 299.7 | 55.8% | 354.6 | 31.7% |
| Costs of revenue | 173.8 | 106.3 | 63.5% | 137.3 | 26.6% |
| Gross Profit | 293.2 | 193.4 | 51.5% | 217.2 | 34.9% |
| EBIT | 238.8 | 150.5 | 58.7% | 143.9 | 65.9% |
| **EBITDA** | **262.7** | **172.9** | **52.0%** | **165.7** | **58.6%** |
| Gross margin (%) | 62.8% | 64.5% | | 61.3% | |
| EBIT margin (%) | 51.1% | 50.2% | | 40.6% | |
| EBITDA margin (%) | 56.3% | 57.7% | | 46.7% | |

## Revenue breakdown




## Historical revenue (THB mn)




## Key factors

- Revenue from BTS business increased 38.2% YoY or 30.2% QoQ, due to higher revenue of on-station static media and in-train LCD media.
- Revenue from non-BTS business jumped 95.9% YoY to THB 179.0mn, due to new contracts in Tesco Lotus
- EBIT margin of Media business improved to 51.1%, due to reduction in SG&A expenses

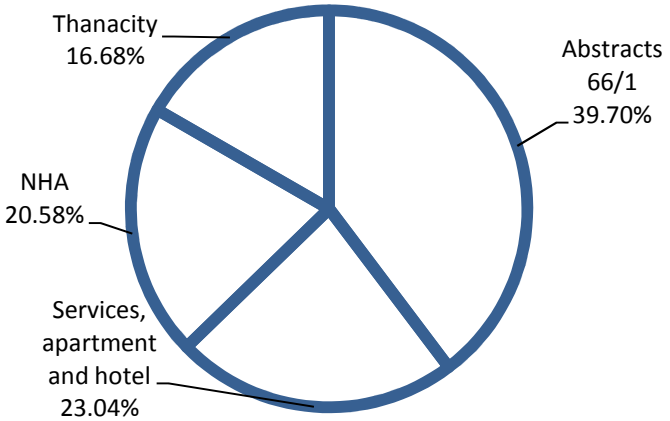
# Property

## Revenue jumped 72.2% YoY to THB 154.5mn

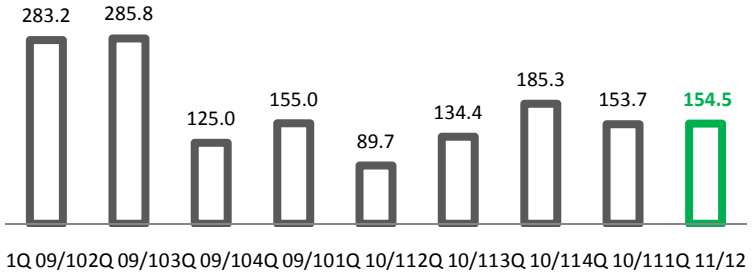
## Performance

| Property | 1Q 11/12 | 1Q 10/11 | YoY | 4Q 10/11 | QoQ |
|---|---|---|---|---|---|
| Revenue | 154.5 | 89.7 | 72.2% | 153.7 | 0.5% |
| Costs of revenue | 125.0 | 72.1 | 73.4% | 162.1 | -22.9% |
| Gross Profit | 29.5 | 17.7 | 67.0% | (8.4) | -451.0% |
| EBIT | (31.9) | (13.4) | 138.2% | (81.9) | -61.1% |
| **EBITDA** | **(12.6)** | **2.5** | **-601.0%** | **(61.8)** | **-79.7%** |
| Gross margin (%) | 19.1% | 19.7% | | -5.5% | |
| EBIT margin (%) | -20.6% | -14.9% | | -53.3% | |
| EBITDA margin (%) | -8.1% | 2.8% | | -40.2% | |

## Revenue breakdown




## Historical revenue (THB mn)




## Key factors

- First revenue contribution from Abstracts Sukhumvit 66/1 of THB 61.3mn (average selling price of THB 77,273 per SQM)
- QoQ gross profit margin improved from negative 5.5% to 19.1% due to solid gross margin of Abstracts Sukhumvit 66/1 of 28.7%

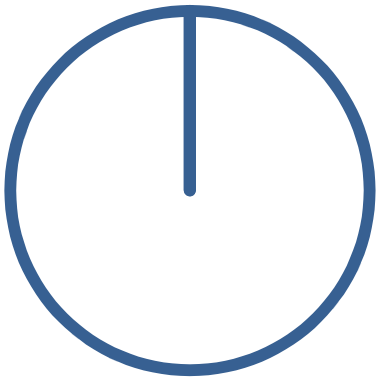
# Services

## Stable contribution from Thana City Golf

## Revenue breakdown

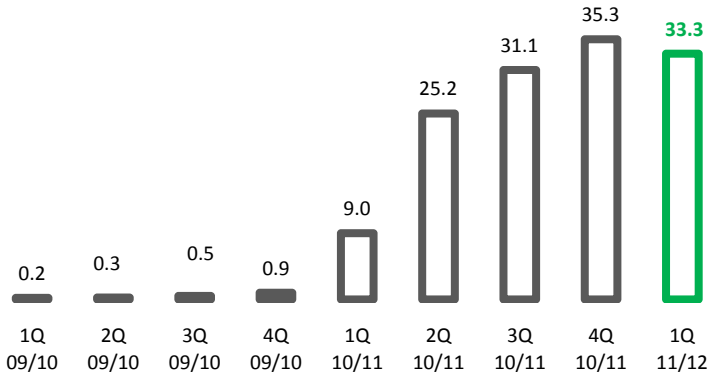
| Service | 1Q 11/12 | 1Q 10/11 | YoY | 4Q 10/11 | QoQ |
|---|---|---|---|---|---|
| Revenue | 33.3 | 9.0 | 270.0% | 35.3 | -5.6% |
| Costs of revenue | 15.5 | 4.5 | 243.6% | 18.2 | -15.1% |
| Gross Profit | 17.8 | 4.5 | 296.4% | 17.1 | 4.6% |
| EBIT | 0.8 | (3.8) | -121.8% | 0.8 | 10.2% |
| **EBITDA** | **2.3** | **(3.6)** | **-163.6%** | **2.0** | **13.8%** |
| Gross margin (%) | 53.6% | 50.0% | | 48.4% | |
| EBIT margin (%) | 2.5% | -42.6% | | 2.2% | |
| EBITDA margin (%) | 6.8% | -39.7% | | 5.7% | |

## Performance



TCG
100%

## Historical revenue (THB mn)



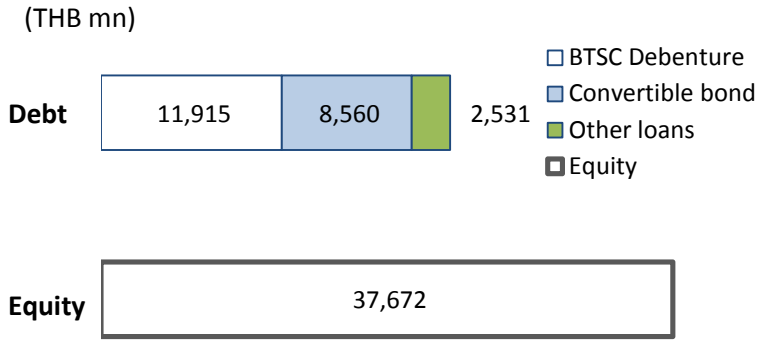

## Key factors

- Revenue from Thana City Golf fell 5.6% QoQ to THB 33.3mn due to low season effect
- EBIT margin remained at 2.5% compare to 2.2% in 4Q 10/11

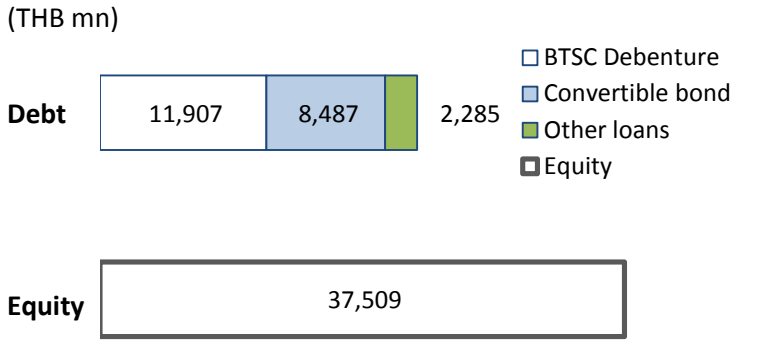
# Capital structure

## Net debt to equity ratio stabilised at 0.56x

### 30 June 2011

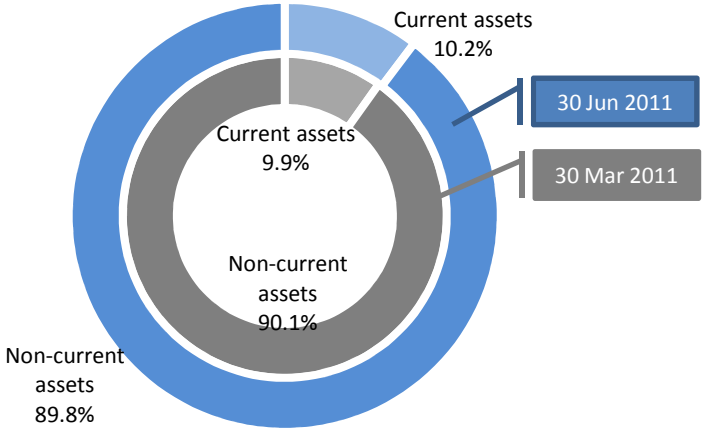



### 31 March 2011

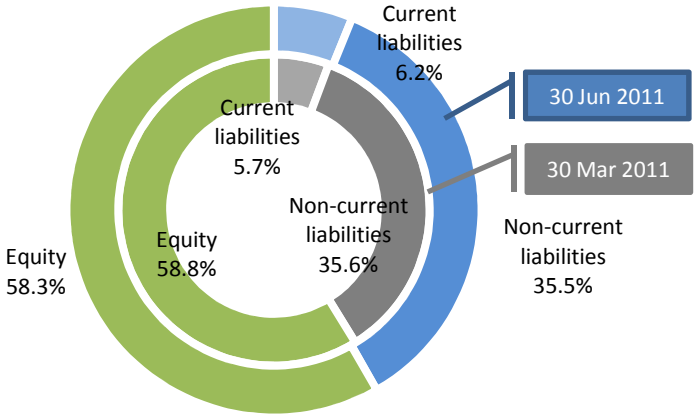



June 2011: increased paid-up capital by THB 831.3mn (through issuance of 1.3bn new shares).

### Assets breakdown




### Liabilities and equity breakdown



# Summary of income statement

## 1Q 11/12 income statement (THB mn)

| Income Statement (THB mn) | 1Q 11/12 | 1Q 10/11 | % YoY | 4Q 10/11 | % QoQ |
|---|---|---|---|---|---|
| Operational revenue | 1,692.7 | 1,192.5 | 41.9% | 1,581.6 | 7.0% |
| Other operational income | 45.2 | 22.7 | 99.2% | 107.1 | -57.8% |
| **Total revenue** | **1,737.9** | **1,215.2** | **43.0%** | **1,688.7** | **2.9%** |
| Operational costs | 874.9 | 642.3 | 36.2% | 895.7 | -2.3% |
| Selling and Administrative expenses | 336.2 | 253.6 | 32.6% | 301.9 | 11.4% |
| Income (loss) from investment in associates | (2.7) | (1.0) | N.A. | 1.3 | N.A. |
| **Operational EBIT** | **524.1** | **318.2** | **64.7%** | **492.4** | **6.4%** |
| Finance cost | 353.5 | 450.5 | -21.5% | 463.6 | -23.8% |
| Non-operational items* | 28.9 | (105.5) | N.A. | (47.5) | N.A. |
| **EBT** | **199.5** | **(237.8)** | **N.A.** | **(18.7)** | **N.A.** |
| Income tax | 42.5 | 17.9 | 137.0% | 23.3 | 82.2% |
| Minority interests | 20.6 | 9.8 | 110.7% | 22.8 | -9.7% |
| **Net income attributable to equity holders of the parent** | **136.3** | **(265.5)** | **N.A.** | **(64.9)** | **N.A.** |
| **EPS (THB per share)** | **0.0024** | **(0.0048)** | **N.A.** | **(0.0012)** | **N.A.** |

*1Q 11/12: gain on exchange of THB 28.9mn
1Q 10/11: gain on exchange of THB 5.8mn and expenses relating to business combination under common control of THB 111.3mn
4Q 10/11: gain on exchange of THB 9.7mn, expenses relating to business combination under common control of THB 60.1mn and revenue from sales of right claim of 2.9mn

# Summary of balance sheet

| Balance Sheet (THB mn) | 30 June 2011 | 31 March 2011 | %QoQ |
|---|---|---|---|
| Cash and cash equivalents | 2,103.1 | 1,825.4 | 15.2% |
| Account receivables | 731.4 | 571.9 | 27.9% |
| Real estate development costs | 2,856.8 | 2,947.7 | -3.1% |
| Other current assets | 936.2 | 948.2 | -1.3% |
| Elevated project costs | 44,283.4 | 44,443.0 | -0.4% |
| Land and project under development | 2,812.9 | 2,692.9 | 4.5% |
| Property, plant and equipment | 5,592.5 | 5,337.5 | 4.8% |
| Other non-current assets | 5,348.1 | 5,059.4 | 5.7% |
| **Total assets** | **64,664.4** | **63,826.2** | **1.3%** |
| Short-term loan from financial institution | 500.0 | 500.0 | 0.0% |
| Account Payable | 413.4 | 267.5 | 54.6% |
| Account Payable from subsidiaries' acquisition | | 21,155.7 | -100.0% |
| Other current liabilities | 3,069.9 | (18,261.5) | N.A. |
| Long-term loan - net of current portion | 2,031.1 | 1,785.3 | 13.8% |
| Long-term debentures | 11,914.8 | 11,906.6 | 0.1% |
| Convertible debentures – liability component | 8,560.5 | 8,486.8 | 0.9% |
| Other non-current liabilities | 9,063.4 | 8,963.2 | 1.1% |
| **Total liabilities** | **26,992.6** | **26,316.7** | **2.6%** |
| Issued and fully paid capital at Par THB 0.64 | 36,600.5 | 35,769.1 | 2.3% |
| Share premium (discount) | 350.7 | - | N.A. |
| Retained earnings | (1,684.7) | (1,821.1) | N.A. |
| Other shareholders' equity | 363.9 | 481.7 | -24.5% |
| **Equity attributable to company's shareholders** | **35,630.4** | **34,429.8** | **3.5%** |
| Non-controlling interest of subsidiaries | 2,041.4 | 3,079.7 | -33.7% |
| **Total shareholders' equity** | **37,671.8** | **37,509.5** | **0.4%** |
| **Total liabilities and shareholders' equity** | **64,664.4** | **63,826.2** | **1.3%** |

# Summary of cash flow statement

| Cash Flow Statement (THB mn) | 1Q 11/12 | 4Q 10/11 | %QoQ |
|---|---|---|---|
| Income (loss) before tax | 199.5 | (31.1) | N.A. |
| Adjustment to reconcile income (loss) before tax: | | | |
| Depreciation and amortisation | 69.9 | 70.8 | -1.3% |
| Spare parts and elevated project costs amortisation | 250.6 | 256.5 | -2.3% |
| Other adjustments | 342.0 | 461.8 | -25.9% |
| Decrease (Increase) in operating assets | (288.6) | (275.9) | N.A. |
| Increase (Decrease) in operating liabilities | 96.0 | 558.6 | -82.8% |
| Cash paid for interest expenses | (189.4) | (484.8) | N.A. |
| Cash paid for corporate income tax | (23.1) | (21.4) | N.A. |
| Cash received for interest income | 4.7 | 3.6 | 31.0% |
| **Net cash from (used in) operating activities** | **471.0** | **537.9** | **-12.4%** |
| Increase in elevated rail project costs | (36.5) | (92.5) | N.A. |
| Increase in advances for asset acquisitions | (204.9) | (164.1) | N.A. |
| Cash paid for purchases of property, plant and equipment | (317.6) | (578.7) | N.A. |
| Cash paid for purchases of condominiums and fixtures for lease | 0.3 | (0.1) | N.A. |
| Others | (19.8) | (275.9) | N.A. |
| **Net cash used in investing activities** | **(578.5)** | **(1,111.3)** | **N.A.** |
| Dividend paid | 0.0 | (717.6) | N.A. |
| Increase in long-term loans | 389.9 | 203.1 | 92.0% |
| Cash paid for long-term loans | 0.0 | (8,755.5) | N.A. |
| Cash received from issuance of convertible debentures | 0.0 | 0.0 | N.A. |
| Others | 0.0 | 10,000.0 | -100.0% |
| **Net cash from (used in) financial activities** | **389.9** | **(270.0)** | **N.A.** |
| **Net increase (decrease) in cash** | **277.6** | **(840.2)** | |
| **Cash at the end of the period** | **2,103.1** | **1,825.4** | |

# Outlook

## Mass transit

- Start the On nut – Bearing extension operation on 12 August 2011 with expected additional ridership of 50,000 – 60,000 passengers per weekday
- Begin realising O&M revenue from the On nut – Bearing extension
- Liaise with BMA to develop Wongwianyai – Bangwa extension

## Property

- Continue transferring condominium units of Abstracts Sukhumvit 66/1
- Strengthen marketing activities of Abstracts condominium in order to boost presales rate
- Target soft opening of Hotel at BTS Surasak station in 3Q 11/12

## Media

- Start realising revenue from new sales floor area of Big C in July 2011
- Boost up the revenue of sales floor media which is the prime area and high value in advertisers' aspect

## Services

- Begin trail run process of common ticketing system with E-money service
- Public launch of common ticketing system expected calendar Q1 2012
- Continue to acquire new hotel management contracts following AHS expansion strategy