

## QUARTERLY HIGHLIGHTS

### TOTAL REVENUE

THB 5,911mn  
 ▼14% YoY

### NET PROFIT

THB 474mn  
 ▼18% YoY

### MIX REVENUE

THB 1,284mn  
 ▲34% YoY

### O&M REVENUE

THB 1,662mn  
 ▲7% YoY

## 2Q 2022/23 EXECUTIVE SUMMARY

In 2Q 2022/23, BTS Group Holdings PCL (BTS Group or the Company) delivered **Total Reported (consolidated) Revenue** of THB 5,911mn, decreasing by 13.9% YoY or THB 952mn. The decline was mostly attributed to development of new rail lines reaching the tail-end of development, resulting in THB 1,473mn lower revenues from contracting works. However, the decline was offset by an increase of THB 464mn in service income and sales, driven by a robust revenue growth in MIX business and a resilient revenue stream from O&M contracts in MOVE business.

**Total Reported (consolidated) Expenses** decreased 15.8% YoY to THB 4,086mn in line with the reduction in revenues, but with a higher degree.

BTS Group recorded **Recurring EBITDA** of THB 1,682mn, a decrease of 14.8% YoY or THB 292mn, largely from a softer performance from MIX and MATCH businesses. For MIX business, the weaker recurring EBITDA was due to higher SG&A expenses resulting from business expansion and consolidation of VGI's subsidiaries. A record of unrealised loss from mark-to-market on financial investment portfolio was driving a sluggish performance in MATCH business. However, this was partially compensated by a stronger recurring EBITDA from MOVE business driven by a higher share of profit from investment in BTSGIF and a higher mass transit related interest income.

**Reported Net Profit Attributable to The Company** was THB 474mn, contracting 17.7% YoY or THB 102mn and **Net Profit Margin\*** was 8.0%, decreasing from 8.4% in 2Q 2021/22.

**Total Assets** as of 30 September 2022 stood at THB 257,742mn, slightly increased from 31 March 2022.

Receivables from government authorities and provision of Electrical & Mechanical works (E&M) increased from THB 89,544mn to THB 94,938mn. Excluding extinguished receivables related to VGI's RO subscription, BTS Group's balance sheet remains strong with the adjusted debt ratio\* of 1.54x.

\*see **Key Financial Ratios** section for calculation methodology

## STOCK INFORMATION (as of 14 November 2022)

<b>Ticker:</b>	BTS TB Equity
<b>Closing Share Price:</b>	8.30
<b>52-week High:</b>	10.20
<b>52-week Low:</b>	7.85
<b>Shares Outstanding (mn shares):</b>	13,164.5
<b>Market Cap (THB mn):</b>	99,008
<b>Market Cap (USD mn):</b>	2,750
Bank of Thailand THB/USD = 36.004	

## 1H 2022/23 P&L SNAPSHOT

**Total Reported (consolidated) Revenue of 1H 2022/23** stood at THB 11,193mn, a decrease of 31.5% YoY or THB 5,142mn. The decline in revenue was due to (i) a drop in revenues from contracting works of THB 5,896mn, predominantly from a reduction in construction revenues from the Pink and Yellow Lines, (ii) lower gain on sale of land of THB 460mn, coupled with (iii) no record on gain on financial instruments in 1H 2022/23. However, the decrease was partially offset by (iv) an increase in service income and sales of THB 1,062mn following MIX's revenue growth (v) gain on sales of investments in associates of THB 411mn and (vi) a higher interest income of THB 189mn.

The group **Recurring EBITDA** in 1H 2022/23 was THB 3,570mn, a decline of THB 717mn or 16.7% YoY. The recurring EBITDA from MOVE business has continued to expand owing to a resilient O&M performance and interest income. Nonetheless, it was outweighed by a negative contribution from the mark-to-market of an unrealised loss on financial investments under MATCH business and share of loss from Kerry under MIX business. Despite the decline in recurring EBITDA, recurring EBITDA margin increased to 42.1%.

Overall, the Group recorded **Reported Net Profit Attributable to The Company** of THB 1,010mn, a decline of 48.4% YoY or THB 949mn, following the softened recurring EBITDA and higher finance costs.

## AWARDS AND RECOGNITION

### **4 August 2022: 6<sup>th</sup> Consecutive Year Constituent of the FTSE4Good Index Series**

BTS Group was recognised as a member of FTSE4Good Index Series for the 6<sup>th</sup> consecutive year. The index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

### **10 October 2022: 4<sup>th</sup> Consecutive Year Inclusion in the Thailand Sustainability Investment List (THSI) 2022**

BTS Group was included in the THSI 2022 for the 4<sup>th</sup> consecutive year from the Stock Exchange of Thailand (SET). The inclusion has reflected BTS Group's unwavering efforts to further develop its ESG practices as an essential part of the Company's operational identity.

## KEY DEVELOPMENTS IN 2Q 2022/23

### **SUSTAINABILITY AT BTS GROUP**

#### **17 August 2022: First Digital Sky Library on BTS National Stadium Station**

VGI PCL (VGI), BTS Group's subsidiary, unveiled its first digital sky library at BTS's National Stadium Station. The facility is equipped with Wi-Fi service enabling commuters to download e-books onto their phones via QR codes to read during their journey. The initiative is part of the National Reform Committee to promote lifelong learning among the Thai population.

### **MOVE**

#### **2 August 2022: Pink Line Extension**

Bangkok Land PCL held a signing ceremony with Northern Bangkok Monorail Co., Ltd., BTS Group's subsidiary and the operator of the Pink Line Monorail, to build the Pink Line Extension to Muang Thong Thani adding two more stations: IMPACT Muang Thong Thani Station (Challenger 1) and Muang Thong Thani Lake Station. The project is expected to be completed and operational by 2025.

#### **12 October 2022: Yellow Line First Trial Run**

Eastern Bangkok Monorail Co., Ltd., BTS Group's subsidiary and the operator of the Yellow Line Monorail, successfully completed the longest trial run through 16 stations. The Yellow Line Monorail, Lat Phrao – Samrong station, covers a total distance of 30.4 km with 23 stations and expected to fully commence in 2023.

#### **9 November 2022: 11<sup>th</sup> “Excellent” Corporate Governance from the Thai Institute of Directors Association (IOD)**

BTS Group was assessed as “Excellent” in Corporate Governance Scoring for an 11<sup>th</sup> consecutive year by IOD, with support from SET. This recognition affirms the Company's commitment to business growth on the basis of good governance and sustainable development and its ability to take into account the interests of all stakeholders, strengthening their confidence while supporting sustainable business development.

#### **28 October 2022: VGI Wins Best Investor Relations Award for the 2<sup>nd</sup> year**

VGI won the Best Investor Relations Awards for 2<sup>nd</sup> year amongst listed companies with a market capitalisation valued between THB 30bn to THB 100bn. VGI was nominated for the 4<sup>th</sup> consecutive year for Outstanding Investor Relations Awards from SET Awards 2022 organised by SET and Banking and Finance magazine.

### **MATCH**

#### **15 August 2022: Launch of New Joint Venture to Oversee Commercial Operations in U-Tapao International Airport**

UTB Co., Ltd. (UTB), a new joint venture project formed with Bangkok Airways PCL (BA) and Sino-Thai Engineering and Construction PCL (STEC), where BTS Group, BA and STEC hold 55%, 25% and 20%, respectively. UTB is positioned to manage the Airport City in U-Tapao International Airport and Eastern Airport City projects.

#### **30 September 2022: BTS Group to acquire 41% stake in TNL to tighten strategic partnership with Saha Group**

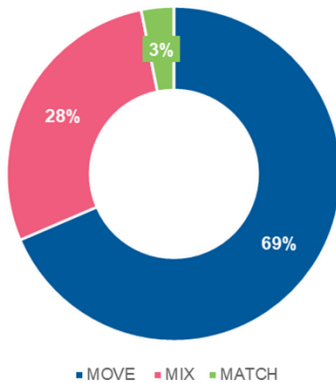
BTS Group has entered a cooperation as shareholders of Thanulux PCL (TNL), a subsidiary of Saha Pathana Inter-Holding PCL (SPI) – an investment arm of Saha Group. The transaction is the first substantial flagship business to form stronger ties between BTS Group and Saha Group. This is to expand and diversify BTS Group's MATCH business portfolio, starting with property backed lending aimed at high net worth customers.

#### **30 September 2022: U City Unveils New Identity**

U City PCL (U City) announced its new identity under the name of 'Rabbit Holdings PCL' providing new perspective to its shareholders and investors. The objective is to reflect the change in long-term business direction to primarily focus in the financial services business allowing U City to create synergies among companies within BTS Group and partnership network under BTS Group's 3M strategy.

## OPERATIONAL PERFORMANCE

### Revenue Contribution



	Operating Revenue (THB mn)			GP margin (%)	
	2Q 2022/23	2Q 2021/22	YoY	2Q 2022/23	2Q 2021/22
<b>MOVE</b>	3,107	4,493	(30.8)%	37.3%	27.1%
<b>MIX</b>	1,284	959	33.9%	27.6%	20.0%
<b>MATCH</b>	142	92	54.3%	(9.9)%	(60.9)%
<b>Total</b>	<b>4,533</b>	<b>5,544</b>	<b>(18.2)%</b>	<b>33.0%</b>	<b>24.4%</b>

In 2Q 2022/23, **Total Operating Revenues** were THB 4,533mn, decreasing by 18.2% YoY or THB 1,011mn. Revenues from MOVE, MIX and MATCH businesses accounted for 69%, 28% and 3% of total operating revenues, respectively.

The decline in operating revenue was mainly due to the development of new rail lines under MOVE businesses reaching the tail-end of development. This resulted in decreased revenues from the Pink and Yellow Line projects (civil and E&M works).

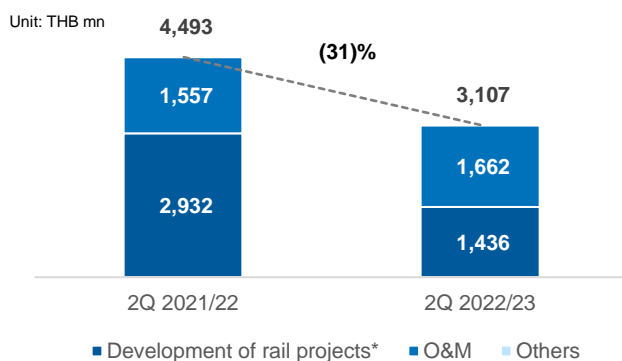
However, the weakening in operating revenue was partially compensated by a resilient and steady growth in O&M revenue from MOVE business and a higher operating revenue from MIX and MATCH business.

The **Total Operating Costs** were THB 3,035mn, a decrease of 27.6% YoY. The operating costs declined in line with the total operating revenue at a higher degree.

Consequently, BTS Group booked **Operating Gross Profit** of THB 1,498mn, an increase of 10.8% YoY and **Operating Gross Profit Margin** of 33.0%, increasing from 24.4% within the same quarter of last year.

## SEGMENTAL PERFORMANCE

### MOVE BUSINESS



(\*) Development of rail projects include Green Line Extensions and Pink and Yellow Lines

Total **MOVE Revenue** was THB 3,107mn, decreasing by 30.8% YoY. The decrease in MOVE revenue on YoY basis were mainly due to lower revenue from the construction of Pink and Yellow Lines of 53.1% or THB 1,533mn. The decrease was partially offset by (i) an increase in O&M revenue of THB 105mn or 6.7% YoY, from the contractually agreed increase in operating fee of the Green and Gold Lines and (ii) an increase in service income of THB 38mn or 85.0% YoY from the

provision of E&M works and train procurement services of the Green Line extensions.

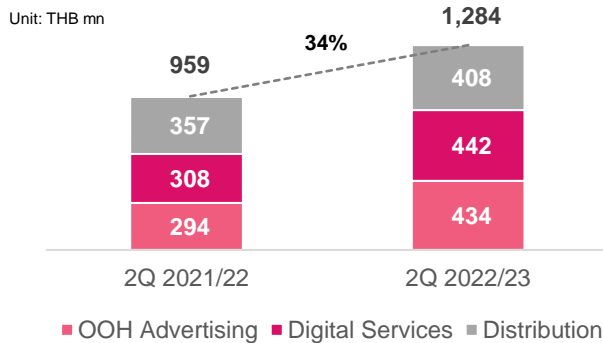
The **Mass Transit Related Interest Income** was THB 948mn, increasing 15.2% YoY or THB 125mn, primarily from higher interest income from receivables related to the Green Line extension, Pink and Yellow projects.

**Gross Margin of MOVE business** improved to 37.3% in 2Q 2022/23, comparing to 27.1% in 2Q 2021/22, due to the reduced recognition of the construction revenue for the Pink and Yellow Lines which have lower margins.

In this quarter, the Company recognised **Share of Profit from Investments** in BTS Rail Mass Transit Growth Infrastructure Fund (BTSGIF) of THB 98mn (compared to share of loss of THB 48mn in 2Q 2021/22). There has been a substantial rise in BTSGIF's farebox revenue on the Core Line Network, increasing 289.4% YoY, driven by an increase of 277.6% YoY in ridership (demonstrating strong recovery back to pre-pandemic levels) and an increase of 3.1% YoY in average fare.

More commentary on the Core Network performance can be found in FY 2Q 2022/23 BTSGIF management discussion and analysis: <https://classic.set.or.th/set/pdfnews.do?newsId=16683774003740&sequence=0>

## MIX BUSINESS



**Total MIX Revenue** in 2Q 2022/23 was THB 1,284mn, increasing by 33.9% YoY or THB 325mn, thanks to the improving economic landscape.

- **OOH Advertising Revenue** was THB 434mn, improving by 47.7% YoY or THB 140mn. The increase was mainly driven by higher transit media revenue (resulting from a significant increase in BTS ridership) and sales of Street Furniture media.
- **Digital Services Revenue** was THB 442mn, increasing by 43.6% YoY or THB 134mn, mainly driven by higher lead generation, commission and project management fees under Rabbit Group.
- **Distribution Revenue** was THB 408mn, increasing by 14.1% YoY or THB 50mn from higher sales of Fanslink\* and the consolidation of NINE\*\*.

**Gross Margin of MIX business** jumped to 27.6% in 2022/23, comparing to 20.0% in the same quarter of last year. However, SG&A expenses under MIX business sharply increased YoY from business expansion and consolidation of subsidiaries.

In 2Q 2022/23, BTS Group Recorded **Share of Loss from Investments** in Kerry Express (Thailand) Public Company Limited (Kerry) of THB 156mn associated with the ongoing aggressive pricing strategy in the logistics industry. In addition, BTS Group also recognised **Share of Profit from Investment** in Jay Mart Public Company Limited (JMART) of THB 82mn in this quarter based on its outstanding performance, demonstrating the development after acquiring JMART in December 2021.

More commentary on VGI can be found in 2Q 2022/23 VGI's management discussion and analysis: <https://classic.set.or.th/set/pdfnews.do?newsId=16681202859680&sequence=2022134304>

(\*) Fanslink Communication PCL, an Omni-channel e-Commerce service provider and leading brand management for Chinese brands

(\*\*) Nation International Edutainment PCL (NINE) generates from 3 businesses, comprising 1) Merchandising spaces rental business on BTS stations, 2) Retail business under Turtle brand and 3) Publishing business (NINE's former business operation). The performance from Merchandising spaces rental is recorded under OOH Advertising segment, while Retail and Publishing performance is recorded under MIX's Distribution segment.

## MATCH BUSINESS

**Total MATCH revenue** in 2Q 2022/23 was THB 142mn, increasing 54.3% YoY or THB 50mn, mainly from higher rental and services revenue of THB 38mn from the operation of Thana City Golf & Sports Club.

In 2Q 2022/23, the Company recorded a lower **Share of Loss from Investments** in U City of THB 130mn in contrast to share of loss of THB 161 in 2Q 2021/22. The improvements were primarily from:

- Record of insurance revenue from Rabbit Life Insurance PCL (Rabbit Life)
- Higher hotel revenue due to the easing of COVID-19 control measures across Thailand and Europe and the recovery of hotel business and tourism sector
- Gain from disposition of property (hotels in Europe)

More commentary on U City can be found in 3Q 2022 U City's management discussion and analysis: <https://classic.set.or.th/set/pdfnews.do?newsId=16683774018620&sequence=0>

MATCH is the BTS Group's platform to establish strategic alliances and leverage our unique and proprietary MOVE and MIX platforms in order to provide our partners with more REACH and insight. Our investments in JMART, SINGER, Rabbit Life, TBN\* and TNL\*\* in this year are a part of our 3M strategy to increase the value of our group and partners, eventually strengthening business possibilities and creating additional business synergies in the near future.

(\*) TBN Software PCL (TBN), a leading low-code solution provider

(\*\*) Thanulux PCL (TNL), a property backed lender targeted high net worth customers

## BALANCE SHEET

**Total assets** as of 30 September 2022 stood at THB 257,742mn, a slight increase of 0.8% or THB 1,932mn from 31 March 2022, mainly due to an increase in:

- Receivables from government authorities and provision of E&M work totalling of THB 5,394mn
- Other financial assets of THB 3,749mn
- Cash and cash equivalents of THB 3,519mn
- Elevated train project costs of THB 2,609mn recognised from the construction of the Pink and Yellow Lines.

The increase in total assets was partially offset by a decrease in:

- Extinguished receivables related to VGI RO subscription amounting to THB 12,917mn.
- Investment in associates of THB 1,312mn

**Total liabilities** as of 30 September 2022 stood at THB 170,659mn, an increase of 0.6% or THB 976mn from 31 March 2022. The increase was mainly from:

- Net long-term debentures of THB 9,693mn from the issuance of the BTS Group's SLB of THB 11,000mn in May 2022, were partially offset by the repayment of the second tranche (in May 2022) of THB 1,300mn of the THB 13,000mn Green Bond issued in May 2019
- Net long-term loans from financial institutions of THB 3,747mn chiefly from drawdown of syndicate loan of the Pink & Yellow Lines.

However, the increase in total liabilities were partly offset by a decrease in:

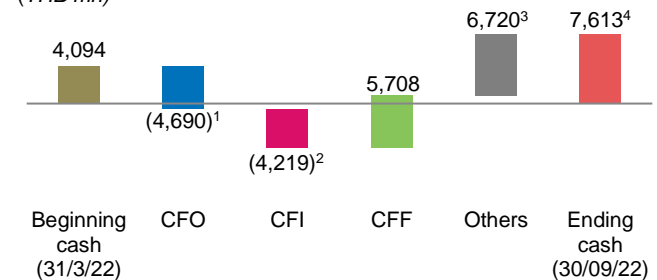
- Short-term loans from financial institutions and bills of exchange payable of THB 10,774mn
- Other financial liabilities of THB 1,595mn.

**Total equity** as of 30 September 2022 was THB 87,083mn, an increase of 1.1% or THB 955mn from 31 March 2022. The increase was primarily attributed to an increase in non-controlling interest of the subsidiaries of THB 1,782mn, chiefly from a subscription of newly issued ordinary shares in NINE through a right offering with final stake at 59.9% by Point of View Media Group Company Limited (POV), BTS Group's subsidiary.

As of 30 September 2022, issued and fully paid-up shares of BTS Group stood at 13,167.6mn shares (13,164.5mn shares as of 31 March 2022).

## CASH FLOW

(THB mn)



<sup>1</sup> CFO after

- Net corporate income tax of THB 553mn
- Net interest expenses of THB 2,200mn
- An increase in a receivable under agreements with government authority of THB 3.9bn mainly from the provision of the O&M services for the Green Line extensions
- Investment for construction of the Pink and Yellow Lines of THB 0.4bn

<sup>2</sup> CFI included net investment for construction of the Pink and Yellow Lines of THB 1.6bn

<sup>3</sup> Others include cash to be received from subscription VGI'RO of THB 6,669mn

<sup>4</sup> Excluding liquid investments of THB 11.3bn

As of 30 September 2022, **cash and cash equivalents** stood at THB 7,613mn, an increase of 86.0% or THB 3,519mn from 31 March 2022. Cash used in operating activities was THB 1,936mn (versus cash used in operating activities of THB 3,992mn in 6M 2021/22). This was derived from profit before tax of THB 1,709mn, being partially offset by (i) non-cash reconciling items of THB 205mn and (ii) decrease in net working capital of THB 3,851mn. After deducting cash paid for interest expense of THB 2,200mn (6M 2021/22: THB 1,964mn) and net cash paid for corporate income tax of THB 553mn (6M 2021/22: THB 1,621mn), **net cash used in operating activities** was THB 4,690mn.

**Net cash used in investing activities** was THB 4,219mn. The key components were (i) net cash paid for acquisitions of financial assets of THB 3,850mn, (ii) net investment in construction of the Pink and Yellow Lines of THB 1,563mn, partially offset by (iii) net cash received from investments in subsidiaries of THB 720mn largely from POV subscribed newly issued ordinary shares of NINE and (iv) net cash received from investments in associates of THB 523mn, mainly from JMART and Kerry.

**Net cash from financing activities** was THB 5,708mn. The key components were (i) net cash received of THB 9,700mn from issuance of the BTS Group's sustainability-linked bond debentures of THB 11,000mn on 6 May 2022, being partially offset by the repayment of the second tranche (in May 2022) of THB 1,300mn of the THB 13,000mn Green Bond issued in May 2019, (ii) cash received from long-term loans from financial institutions of THB 3,745mn, being partially offset by (iii) net cash paid in short-term loan from financial institutions and bills of exchange payables of THB10,848, (iv) cash paid for short-term loans from related parties of THB 525mn and (v) cash paid for purchases of investments in subsidiary of THB 455mn.

**BTS GROUP FINANCIAL SUMMARY (CONSOLIDATED)**

STATEMENT OF COMPREHENSIVE INCOME (THB mn)	2Q 2022/23	2Q 2021/22	% YoY
Service and sales income	2,983	2,520	18%
Revenues from contracting works	1,526	2,999	(49%)
Interest income	1,012	896	13%
Other income <sup>1</sup>	390	450	(13%)
<b>Reported revenues</b>	<b>5,911</b>	<b>6,863</b>	<b>(14%)</b>
Expenses <sup>2</sup>	3,093	4,233	(27%)
SG&A expenses	874	621	41%
Other expenses	119	0	n/a
<b>Reported expenses</b>	<b>4,086</b>	<b>4,854</b>	<b>(16%)</b>
Share of profit/ (loss) from investments in associates / JVs	(116)	(236)	n/a
Finance cost	(936)	(838)	n/a
<b>Profit before income tax expenses</b>	<b>773</b>	<b>936</b>	<b>(17%)</b>
Income tax	(301)	(336)	n/a
<b>Profit for the period</b>	<b>472</b>	<b>600</b>	<b>(21%)</b>
<b>Reported net profit attributable to the company<sup>3</sup></b>	<b>474</b>	<b>576</b>	<b>(18%)</b>

<sup>1</sup> Other income includes rental income, dividend income and other income stated in audited financial statement

<sup>2</sup> Expenses include cost of services and sales and cost of contracting works

<sup>3</sup> Before adjusting non-controlling interests of the subsidiaries

STATEMENT OF FINANCIAL POSITION (THB mn)	30-Sep-22	31-Mar-22	% Change
Current assets	14,418	23,143	(38%)
Non-current assets	243,324	232,667	5%
<b>Total assets</b>	<b>257,742</b>	<b>255,810</b>	<b>1%</b>
Current liabilities	39,547	47,468	(17%)
Non-current liabilities	131,112	122,215	7%
<b>Total liabilities</b>	<b>170,659</b>	<b>169,683</b>	<b>1%</b>
Issued and fully paid capital	52,671	52,658	0%
Retained earnings	(8,282)	(7,214)	n/a
Other items in shareholders' equity <sup>4</sup>	16,847	16,618	1%
Non-controlling interest of the subsidiaries	25,847	24,065	7%
<b>Total shareholders' equity</b>	<b>87,083</b>	<b>86,128</b>	<b>1%</b>
<b>Total liabilities and shareholders' equity</b>	<b>257,742</b>	<b>255,810</b>	<b>1%</b>

<sup>4</sup> Other items in shareholders' equity includes all items that apart from Issued and fully paid capital and retained earnings

DEBT INFORMATION (THB mn)	30-Sep-22	31-Mar-22	% Change
Gross interest-bearing debt	153,481	151,282	1%
Adjusted net debt <sup>5</sup>	134,531	125,824	7%

<sup>5</sup> Adjusted Net Debt = Interest Bearing Debt – Cash and Cash Equivalent and Liquid Investment

CASH FLOW STATEMENT (THB mn)	1H 2022/23	1H 2021/22	% YoY
Earnings Before Tax	1,709	2,697	(37%)
<b>Cash from (used in) operating activities</b>	<b>(1,936)</b>	<b>(3,992)</b>	<b>n/a</b>
Cash paid for interest expenses	(2,200)	(1,964)	n/a
Cash paid for corporate income tax	(563)	(1,625)	n/a
Cash received for corporate income tax	10	5	112%
<b>Net cash from operating activities</b>	<b>(4,690)</b>	<b>(7,576)</b>	<b>n/a</b>
<b>Net cash from investing activities</b>	<b>(4,219)</b>	<b>(5,811)</b>	<b>n/a</b>
<b>Net cash from financial activities</b>	<b>5,708</b>	<b>15,459</b>	<b>(63%)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(3,201)</b>	<b>2,072</b>	<b>n/a</b>
Others <sup>6</sup>	6,720	71	n/a
<b>Cash and cash equivalents at beginning of the year</b>	<b>4,094</b>	<b>3,829</b>	<b>7%</b>
<b>Cash and cash equivalents at end of the year</b>	<b>7,613</b>	<b>5,972</b>	<b>27%</b>

<sup>6</sup> Others include effect of exchange rate for cash and cash equivalents and cash received from clearing house - share subscription of subsidiary

## KEY FINANCIAL RATIOS

	2Q 2022/23	2Q 2021/22	1Q 2022/23
<b>Profitability ratios</b>			
Gross operating profit margin (%)	33.0%	24.4%	35.4%
Recurring net profit margin (%) <sup>A</sup>	6.6%	8.7%	9.2%
Net profit margin (%) <sup>B</sup>	8.0%	8.4%	10.1%
ROA (%) <sup>C</sup>	1.2%	2.9%	1.2%
ROE (%) <sup>D</sup>	3.5%	8.7%	3.6%
<b>Liquidity ratio</b>			
Current ratio (times)	0.36x	0.42x	0.45x
<b>Leverage ratios</b>			
Interest bearing debt to equity (times)	1.76x	1.69x	1.69x
Adjusted net debt <sup>E</sup> to equity (times)	1.54x	1.44x	1.47x
Interest coverage (times) <sup>F</sup>	1.80x	2.36x	2.13x
<b>Per share ratios<sup>G</sup></b>			
Basic earnings per share (THB)	0.04	0.04	0.04
Book value per share (THB)	6.61	5.84	6.70

**Note:**

<sup>A</sup> Calculated based on recurring net profit / total recurring revenue

<sup>B</sup> Calculated based on accounting net profit (after MI) / total accounting revenue

<sup>C</sup> Calculated based on accounting net profit / total average assets

<sup>D</sup> Calculated based on accounting net profit / total average shareholders' equity

<sup>E</sup> Calculated based on interest bearing debt - cash and cash equivalent and liquid investment, Cash to be received from clearing house - share subscription of subsidiary and Receivable from subscription for newly issued ordinary shares of subsidiary

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

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

## MANAGEMENT OUTLOOK

In 2H 2022/23, inflation remains a concern and is forcing central bankers globally to push their rates higher for longer. Bank of America forecasts the Fed to raise its policy rate by 50bps in December 2022, making the terminal rate closer to 5.00% by the first quarter of 2023\*. However, with the Bank of Thailand's determination to support the domestic economy, Thailand's key interest rate is expected to rise more gradually. This may result in the Thai baht coming under pressure from large and widening rate differential and current account deficits. As the majority of the business operations are conducted within Thailand and our MOVE contracts are adjusted in accordance to inflationary fluctuations, BTS Group's revenue is relatively shielded against the aforementioned headwinds.

Despite political disruptions with regards to new rail projects, we see resilience of MOVE revenue driven by the recognition of the pre-agreed increasing O&M revenue, we are also expecting an improvement in the share of net profit from investment in BTSGIF driven by ridership recovery. The ridership on the Green Line Core Network continued to gradually rebound, reaching up to over 500k trips during weekday in October 2022 or 70% compared to the pre-COVID level\*\* at 756k trips. Recently, on 8 November 2022 - Loy Krathong Festival, the ridership was 596k trips, the daily highest level since the outbreak of COVID-19. Hence, we anticipate the ridership recovery to reach 80-90% compared to the pre-COVID levels by the year end and may reach the pre-COVID levels by April 2023 given the current recovery momentum.

For MIX business, global economy uncertainties are expected to have minimal impact on VGI's performance as most of its businesses are reliant on the domestic market. Further, we anticipate healthy growth in the OOH Advertising business supported by a faster-than-expected BTS ridership rebound. In the Distribution business, VGI aims to focus on margin to improve its business efficiency. Therefore, the Advertising business will be the key growth drivers within the coming quarters due to high seasonality as brands will have higher ad expenditure as they plan for media campaigns next year.

In the latest partnership in our MATCH business, BTS Group will invest 41% stake in TNL\*\*, an entity set to be the flagship for stronger ties between BTS Group and Saha Group. This MATCH showcase will allow BTS Group to diversify its business portfolio into the property backed lending for high-net worth customers. As part of the transaction, U City will dispose of its stake in seven real estate development joint venture companies and subsidiaries with Noble Development Public Company Limited (Noble) to TNL\*\*\*. In addition to its transformation toward the financial services, U City has also announced to rename to Rabbit Holdings Public Company.

Furthermore, Rabbit Life (life insurance business under U City) is optimistic on meeting its total target life insurance premium of THB 2,000mn this year, supported by increasing revenue during the high season when the populace begins their tax planning.

In summary, BTS Group is relatively well positioned against the volatility in the global market caused by rising inflation. As we expect to see the Thai economy continue to maintain its recovery pace owing to the rebound in private consumption and tourism, this is anticipated to benefit BTS Group's overall businesses, notably in our MOVE business which will boost the level of ridership. The ridership rebound will also enhance the OOH revenue under MIX business along with elevated advertising expenditure during high seasonality. Moreover, it will be another dynamic quarter for MATCH business as the TNL's deal finalises and U City makes further strides towards its transition into the financial services business.

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Rangsin Kritalug

(Executive Director and Chief Operating Officer)

(\*) Reuters (4 November 2022) - Banks raise Fed terminal rate forecasts after Powell's hawkish tone

(\*\*) pre-COVID ridership is the average daily ridership in October 2019

(\*\*\*) the transactions are subject to shareholders' approval at U City and TNL's Extraordinary General Meeting of Shareholders, which will be held within 3Q 2022/23.