
Overview Operational Results

In the second quarter of the year 2016, the Company and its subsidiaries (“The Company”) reported the net profit attributable to equity holders by Baht 504 Million, increased 1.6 percent compared with a profit of Baht 496 Million at the same period of the previous year. In this quarter, total revenue has continuously increased, together with tax benefit from merger; nevertheless, net profit was reduced by prepayment fee from re-financing which recognized as expense total Baht 212 Million. In June 2016, the Company issued debentures, with maturity date 3 - 12 years, at the fixed interest rate of 2.22 - 3.61 per annum for total amount of Baht 15,000 Million for the purpose of reducing finance costs, funding for the Si Rat-Outer Ring Road Expressway Project. The Company accumulated six-months profit attributable to equity holders was in the amount of Baht 1,206 Million which increased from the same period of the previous year by Baht 132 Million or 12.3 percent.

Project status update : The MRT Purple Line project Bang Yai-Bang Sue section (Klong Bang Pai station - Tao Poon station) has completed and start operations on August 6, 2016 and the Si Rat-Outer Ring Road Expressway Project is scheduled to open on August 22, 2016 onwards.

Segmental performance

The Company is segmented by business units for Construction and Operation of Expressway Business, Mass Rapid Transit System Business and Commercial Development business.

1. Construction and Operation of Expressway Business

In the second quarter of the year 2016, Toll revenue represented Baht 2,197 Million, increased by Baht 66 Million or 3.1 percent from the same quarter of the previous year in all routes, particularly in the suburban expressway sectors due to real estate expansion and the declining price of fuel which led to the increase in traffic volume. Therefore, traffic volume for the First Stage Expressway and the Second Stage Expressway had increased on the average of 22,000 trips/day or 2.1 percent resulting in an increase by Baht 37 Million or 2.0 percent from the same quarter of the previous year. For the Bang Pa-in - Pak Kret Expressway, the traffic volume increased from the same quarter of the previous year on the average of 7,500 trips/day or 10.4 percent due to the city expansion and the development of area surrounded the expressway. As a result, toll revenue increased by Baht 29 Million or 10.1 percent compared to the same quarter of the previous year.

Cost of service for Construction and Operation of Expressway business, consisted of costs of toll, amortisation of rights to operate completed expressway sectors and compensation for site acquisition cost, for the second quarter of the year 2016 amounted to Baht 1,157 Million, representing an increase of Baht 38 Million or 3.4 percent from the same quarter of the previous year. This was mainly from an increase in traffic volume.

2. Operation Management of Mass Rapid Transit System Business

In the second quarter of the year 2016, Farebox revenue was reported at Baht 584 million which nearly the same as the second quarter of the year 2015 while the average ridership has increased 9,300 trips/day or 3.7 percent. As second quarter of previous year, the Company recorded revenue from unused fare card over the time limit which there is no such transaction in this year.

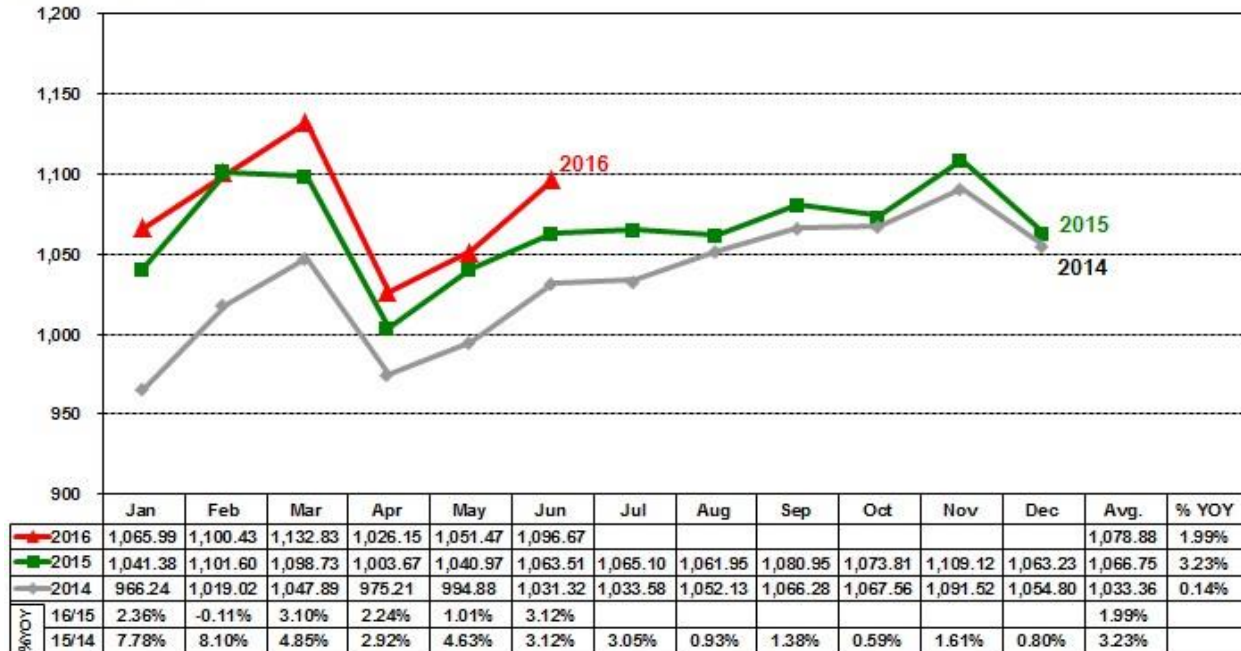
Cost of Operation Management of Mass Rapid Transit System Business, consisted of costs of farebox, amortisation of intangible asset under the MRT Chaloem Ratchamongkhon Line Project-MRT Operation and remuneration to the grantor. For the second quarter of the year 2016, amounted to Baht 495 Million, representing a decrease of Baht 41 Million or 7.6 percent from the same quarter of the previous year which mainly relating to decreasing of repair and maintenance expenses.

3. Commercial Development Business

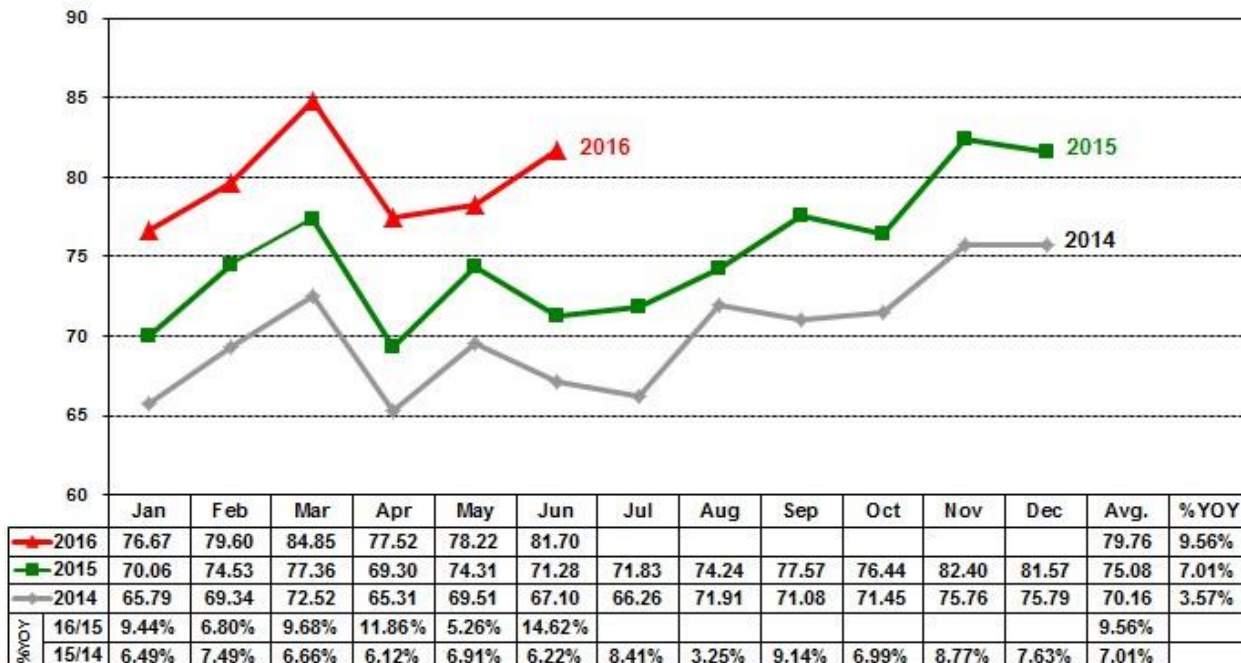
In the second quarter of the year 2016, total Commercial development revenue was reported at Baht 138 Million, representing a decrease from the same quarter of the previous year by Baht 5 Million or 3.5 percent which mainly from the downside factor of advertising business and economic. Costs of service for Commercial Development Business decreased which was aligned with a decrease of commercial development revenue.

Average Daily Traffic Volume for the First Stage Expressway and the Second Stage Expressway

(Thousand Trips / Day)

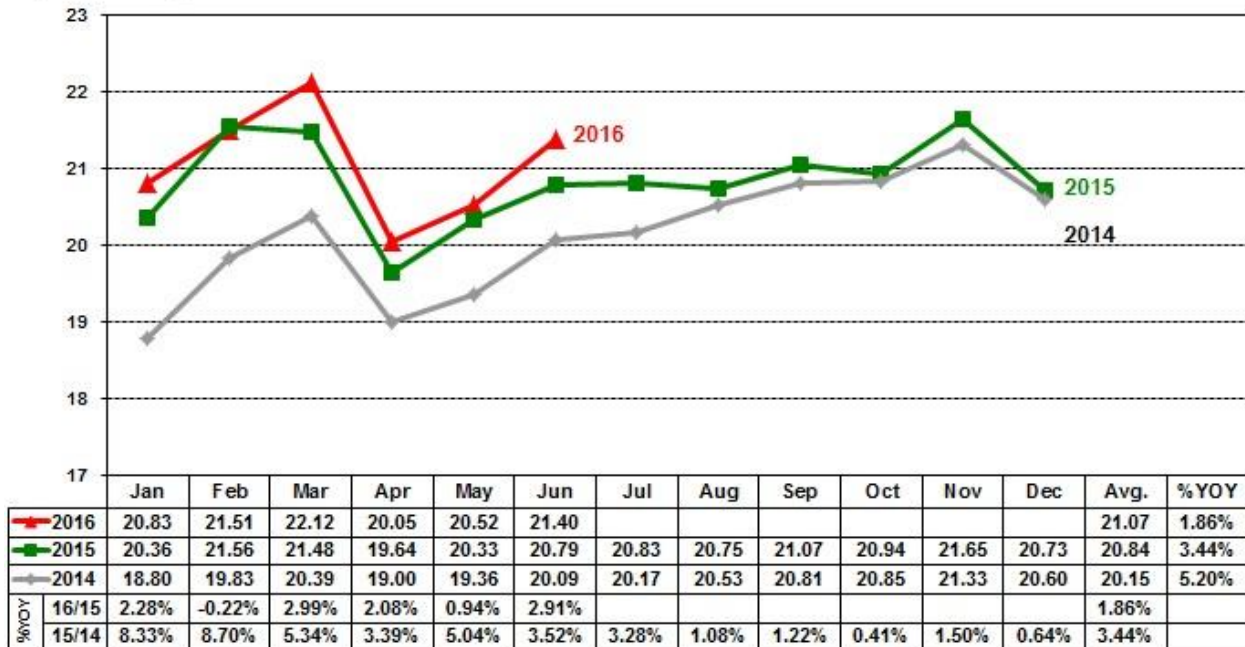

Average Daily Traffic Volume for the Bang Pa-in - Pak Kret Expressway

(Thousand Trips / Day)

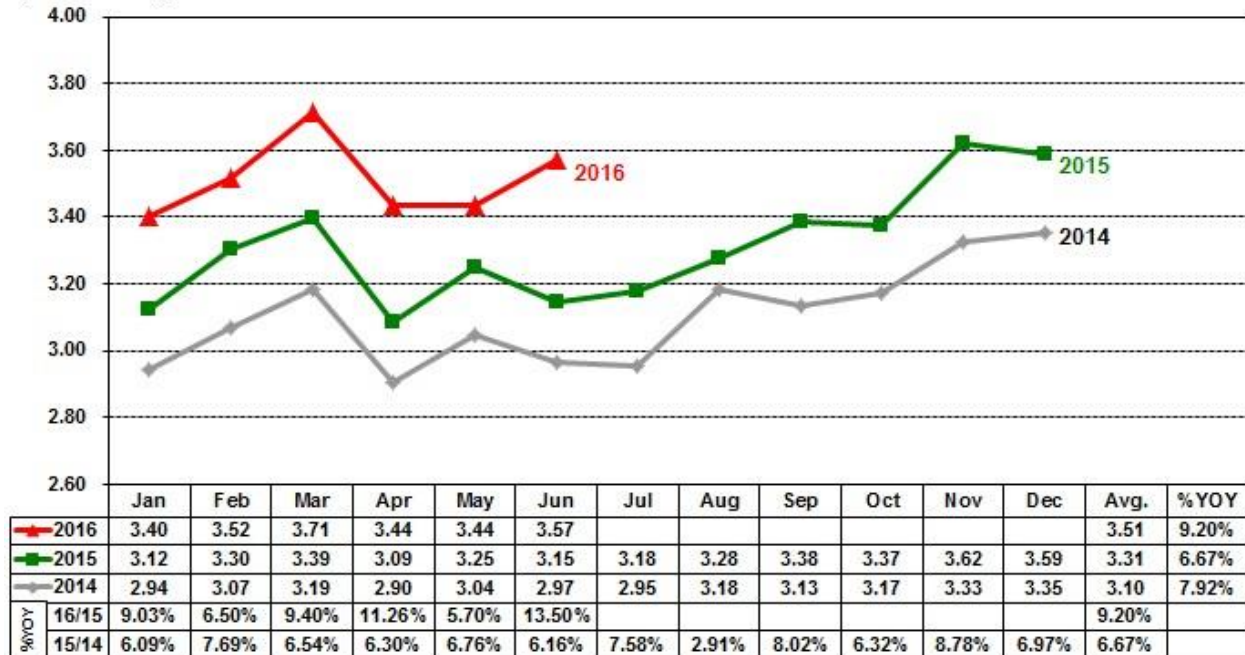


Average Daily Toll Revenue for the First Stage Expressway and the Second Stage Expressway

(Million Baht / Day)

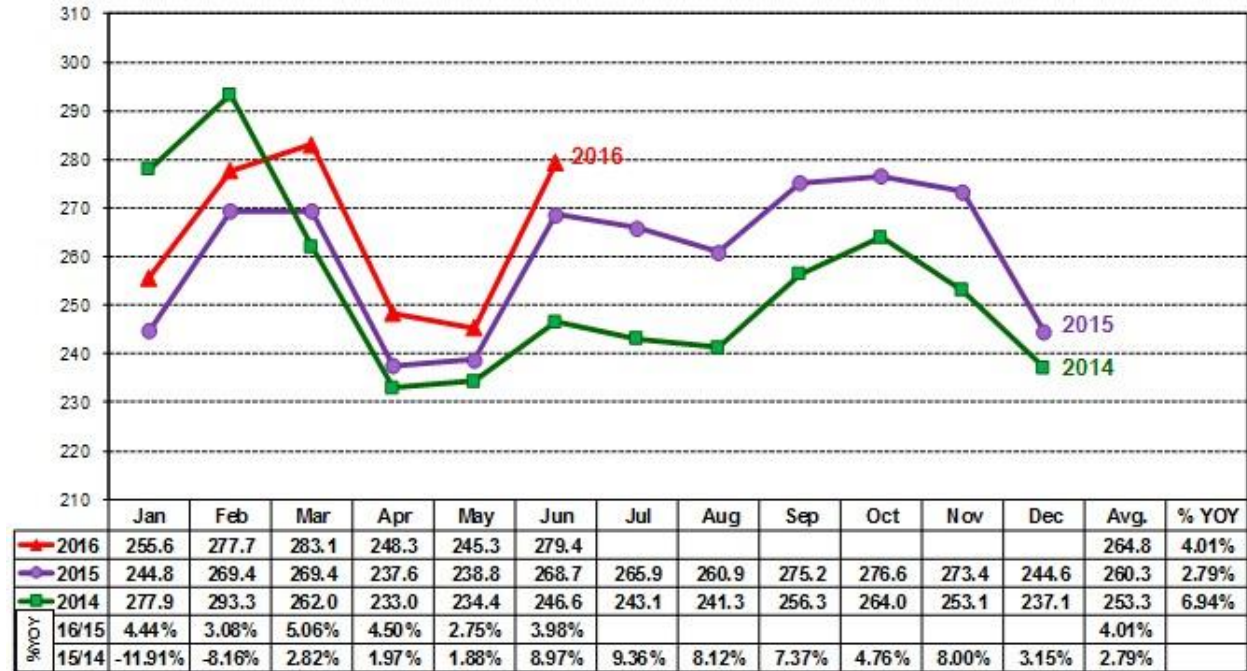

Average Daily Toll Revenue for the Bang Pa-in - Pak Kret Expressway

(Million Baht / Day)



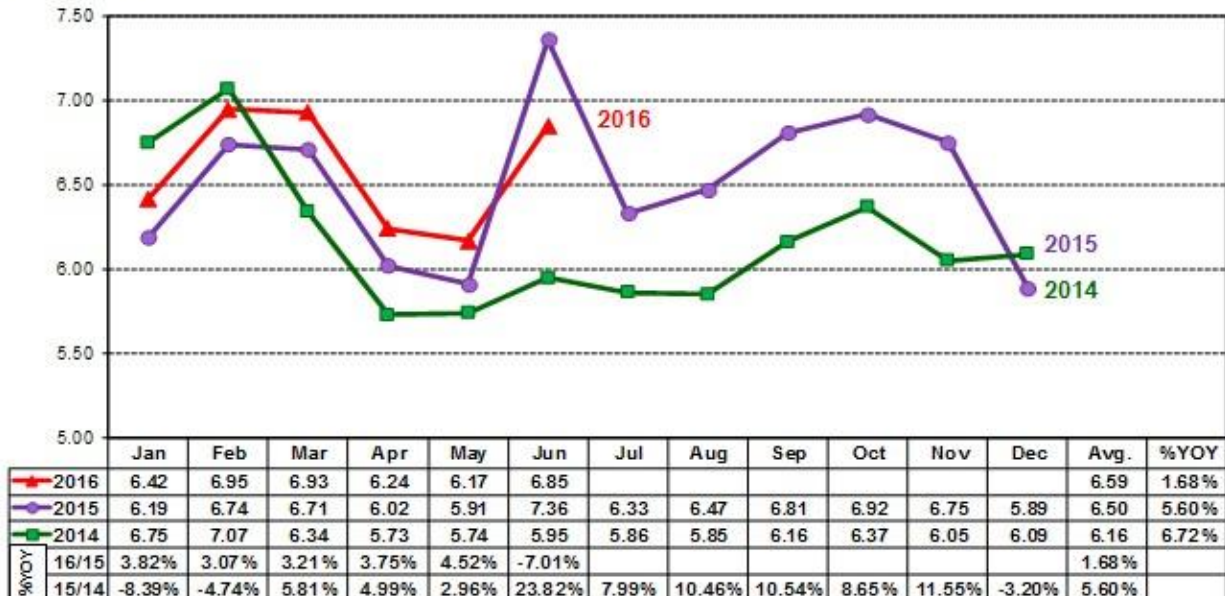
Average Daily Ridership for the MRT Chaloem Ratchamongkhon Line

(Thousand Trips / Day)



Average Daily Revenue for the MRT Chaloem Ratchamongkhon Line

(Million Baht / Day)



Financial Position

As at June 30, 2016, the Company and its subsidiaries's total assets were at Baht 81,253 Million, representing an increase of 3,158 million compared with total assets as at December 31, 2015, mainly contributed from project of the Si Rat-Outer Ring Road Expressway construction for the amount of Baht 3,575 Million. The Company reported its total liabilities at Baht 52,084 Million, representing an increase of Baht 3,119 Million compared with total liabilities as end of year 2015, primarily from Long-term loans which increased from carrying out project of the Si Rat-Outer Ring Road Expressway construction. Total shareholders' equity amounted to Baht 29,169 Million, increased by Baht 39 Million compared with total shareholders' equity as end of year 2015, resulting from six-month net profit by Baht 1,206 Million and decreased from paying dividends of Baht 1,070 Million. However, the Company reported unrealized Loss on Change in Fair Value of financial derivative instrument in Other Comprehensive Income total Baht 100 Million.

Cash Flows

For the six months of the year 2016, the Company and its subsidiaries generated cash flows from operating activities amounting to Baht 2,050 Million. Cash used in investing activities total Baht 5,756 Million for (1) investment in the Si Rat-Outer Ring Road Expressway Project and the Electronic Toll Collection system by Baht 4,245 Million, (2) investment in current investments and other long-term investment by Baht 1,472 Million, (3) investment in the M&E equipment of the MRT Chaloem Ratchamongkhon Line Project and investment in the MRT purple Line Project by Baht 532 Million, (4) investment in equipment and other assets by Baht 123 Million and (5) received cash from sale of current investments and dividends by Baht 616 Million.

The Company had net cash of Baht 3,496 Million from financing activities, contributing from issuing debentures Baht 15,000 Million, repaid long-term loans by Baht 2,182 Million, repaid short-term loans by Baht 8,000 Million, paid dividend by Baht 1,070 Million and paid interest by Baht 252 Million.

As at June 30 2016, the Company and its subsidiaries had cash and cash equivalents amounting to Baht 4,273 Million, representing a decrease from the end of the year 2015 by Baht 210 Million.

Significant Financial Ratios*

In the second quarter of the year 2016, the Company had Net Profit Margin ratio at 17.14 percent, Return on Equity ratio at 9.62 percent, Return on Total Assets ratio at 3.52 percent and Debt to Equity ratio at 1.79 percent, which those ratios were nearly with the previous year's ratio.

* The operational results were calculated based on the consolidated financial statements which consist of the operation of Construction and Operation of Expressway Business, Operation Management of Mass Rapid Transit System Business, Commercial Development Business, the manufacture and distribution of treated water business and electricity production business. Therefore, there was no similar type of business in the industry that can be used as a benchmark for comparison.

(Translation)

Bangkok Expressway and Metro Public Company Limited
Management Discussion and Analysis for the Quarter Ended on June 30, 2016

