

Significant events

1. On March 30, 2018, Bangkok Expressway and Metro Public Company Limited (“the Company”) had refinanced long term loans for the Si Rat-Outer Ring Road Expressway Project (SOE) for total of Baht 10,000 Million with floating interest rate by issuing debentures with fixed interest rate from 2.05 to 3.01 percent per annum to reduce financial cost and risk management from floating interest rate. As a result, the Company has saved interest expense approximately by Baht 510 - 940 Million through the concession agreement period.
2. On June 28, 2018, the Company sold all 7.5 percent of investment in Xayaburi Power Company Limited (XPCL) to CK Power Public Company Limited (CKP) with total gains on sale of investment in the amount of Baht 184 Million, net of corporate income tax.
3. On July 16, 2018, the Company sold 111.2 million shares of CK Power Public Company Limited (CKP) to an unrelated company. As a result, the interest in the equity of CKP decreased from 19.34 percent to 17.83 percent. Following this sale, the Company reclassified the investment in CKP from investment in associated company to investment in available-for-sale securities, which consistent with the investment proportion and the purpose of the Company investment. The Company recorded gain on fair value adjustment of investment due to reclassification in the amount of Baht 2,030 Million, net of corporate income tax.
4. On September 21, 2018, the Supreme Administrative Court rendered the judgement of dispute regarding the competing road with the Udon Rattaya Expressway which Northern Bangkok Expressway Company Limited (NECL), the subsidiary of the Company, requiring Expressway Authority of Thailand (EXAT) to compensate for the revenue which decreased from the estimation as a result of its impacts from the competing road.

On October 2, 2018, the Council of Ministers then passed the resolution requiring that such state agency shall conduct negotiations with its disputing parties to mitigate the damage of the state and to ensure the justice for the people, provided that such negotiations shall be conducted transparently and legitimately by mainly taking into account the benefits of the nation. In this regard, EXAT and the Company/the subsidiary have reached a mutual agreement to settle the disputes in the best interests of the state, people and in fairness to both contractual parties. *(Please see details in notes of financial statement for the year 2018)*

EXAT and the Company/the subsidiary have agreed to settle the disputes under the Second Stage Expressway Agreement, the Agreement for the Extension of the Second Stage Expressway System (Sector D), and the Bang Pa-in - Pak Kret Expressway Agreement which have the total value of approximately Baht 137,517 Million, by means of review and amendment of the three Concession Agreements to be extended to end in 2057, toll rates shall be revised at a fixed rate to increase every 10 years and the Company shall have the duty to invest in improvement of the Second Stage Expressway in the total amount of approximately Baht 31,500 Million to solve the traffic congestion problem after the report of the Environmental Impact Assessment (EIA) of EXAT has been approved. In this regard, EXAT would propose the negotiation results to the Council of Ministers for consideration and approval in accordance with the process required by the Private Investment in State Undertakings Act B.E.2556 (2013). Nevertheless, there would be a change in the aforementioned guidelines as proposed.

EXAT and the Company/the subsidiary will sign the Amendment Agreements of the existing Concession Agreements after obtaining the approval from the shareholders' meeting and after obtaining the consent from the Council of Ministers.

5. On September 30, 2018, the Company has operated the Connection between the Si Rat-Outer Ring Road Expressway and the Northbound Si Rat Expressway (heading to Chaeng Watthana), approximately 360 meters, which is more convenient for the expressway users of the Si Rat - Outer Ring Road Expressway (Inbound) heading to Ngam Wong Wan, Chaeng Watthana and continuing to the Udon Rattaya Expressway heading to Muang Thong and Bang Pa-in by turning left before Bang Sue Interchange near the Suburban Metro Maintenance Center which can reduce travel time from using local road and traffic congestion on Kamphaeng Phet 2 Road.

Overview Operational Results

In the year 2018, the Company had the net profit attributable to equity holders of the Company in the amount of Baht 5,317 Million representing an increase from the previous year by Baht 2,194 Million or 70.3 percent from gain on fair value adjustment of investment due to reclassification, net of tax, in the amount of Baht 2,030 Million which is the non-cash gain and gain from operation increased by Baht 164 Million from the increase in revenue and the decrease in financial cost.

The Company had revenue from Expressway business of Baht 10,174 Million, representing an increase by Baht 217 Million or 2.2 percent, revenue from Rail business of Baht 4,736 Million representing an increase by Baht 215 Million or 4.8 percent and revenue from Commercial Development business of Baht 705 Million representing an increase by Baht 30 Million or 4.4 percent. In addition, interest income amounted to Baht 435 Million was received from the MRTA under the concession agreement of the MRT Chalong Ratchadham Line Project (MRT Purple Line), which the Company had recorded since the fourth quarter of the year 2017 where the income is equal to the interest expense from the long term loan for investing in the MRT Purple Line. The MRTA is fully responsible for both loan repayment and interest expense in accordance to the concession agreement.

Cost of service amounted to Baht 9,775 Million representing an increase by Baht 569 Million or 6.2 percent mainly from the increase in repair and maintenance expense in accordance to the schedule together with the increase in amortization on rights to operate completed expressway sectors and amortization on intangible asset under concession agreement of the MRT Blue Line Project (non-cash expenses) which inline to the increase in traffic volume and ridership.

Selling and administrative expenses amounted to Baht 1,364 Million representing an increase by Baht 220 Million or 19.2 percent mainly from the pre-operating expense of the new project which cannot be recorded as cost of construction according to accounting standard and employee expense from legal severance pay rates for retirement according to the draft of a new Labour Protection Act.

Financial cost amounted to Baht 1,857 Million representing an increase by Baht 246 Million or 15.3 percent, mainly from interest expense amounting to Baht 435 Million from long term loan for investing in the MRT Purple Line which the MRTA is fully responsible according to the concession agreement (same amount of interest income as described above). However, if not included this transaction, financial cost decreased by Baht 189 Million from principle repayment and refinancing long term loan of SOE at the end of the first quarter of this year resulting to the decrease in financial cost.

Segmental performance

1. Expressway business

The Company had revenue from Expressway business of Baht 10,174 Million, representing an increase from the previous year by Baht 217 Million or 2.2 percent, mainly from the increase in toll revenue from SOE. In the year 2018, SOE average traffic volume was at 56,090 trips/day representing an increase by 12 percent when compared to the previous year in accordance to expressway users learning behavior, together with the opening of the Connection between the Si Rat-Outer Ring Road Expressway and the Northbound Si Rat Expressway (heading to Chaeng Watthana) on September 30, 2018. For the First Stage Expressway (FES) and the Second Stage Expressway (SES), toll revenue was slightly increased from the previous year. For the Bang Pa-in - Pak Kret Expressway (Sector C+), toll revenue increased by 5.3 percent due to the expansion of suburban area resulting to the traffic volume increased. Sector C+ average traffic volume in the year 2018 was at 91,076 trips/day representing an increase by 5.7 percent when compared to the previous year.

Cost of service for operation of Expressway business consisted of costs of toll, amortization of rights to operate completed expressway sectors and compensation for site acquisition cost. For the year 2018, the cost was at Baht 5,875 Million, representing an increase from the previous year by Baht 445 Million or 8.2 percent mainly from the amortization of rights to operate completed expressway sectors.

2. Rail business

The Company had revenue from Rail business of Baht 4,736 Million, representing an increase from the previous year by Baht 215 Million or 4.8 percent mainly from farebox revenue of the MRT Blue Line resulting from the connection between the MRT Purple Line Project and the MRT Blue Line Project in August 2017 which convenience and time efficiency for passengers as a result ridership of both projects increased. The average ridership of the MRT Blue Line Project in the year 2018 was at 311,538 trips/day representing an increase from the previous year by 5.5 percent and the average ridership per working days was at 360,735 trips/day representing an increase from the previous year by 5.5 percent.

Cost of Rail business consisted of costs of farebox, O&M cost and amortization of intangible asset under the MRT Blue Line Project. For the year 2018, the cost was at Baht 3,687 Million, representing an increase from the previous year by Baht 127 Million or 3.6 percent mainly from the repair and maintenance expense.

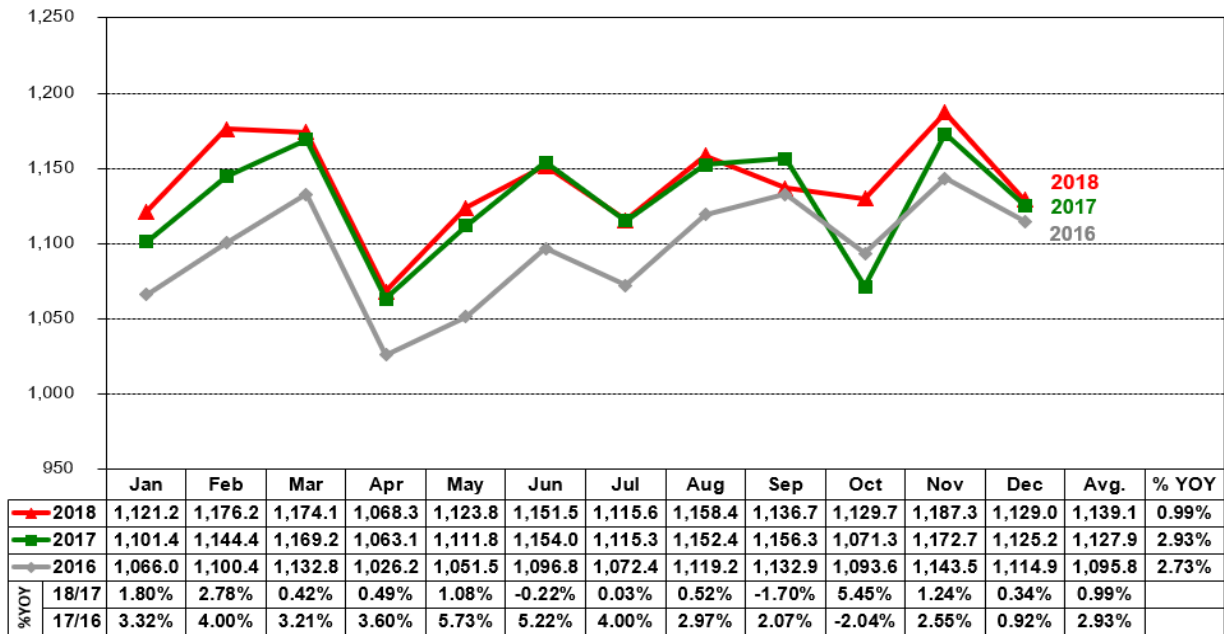
3. Commercial Development Business

In the year 2018, total commercial development revenue was Baht 705 Million, representing an increase from the previous year by Baht 30 Million or 4.4 percent from the increase in retail and advertising revenue.

Cost of Commercial Development business for the year 2018 was at Baht 213 Million, representing a decrease from the previous year by Baht 3 Million or 1.4 percent.

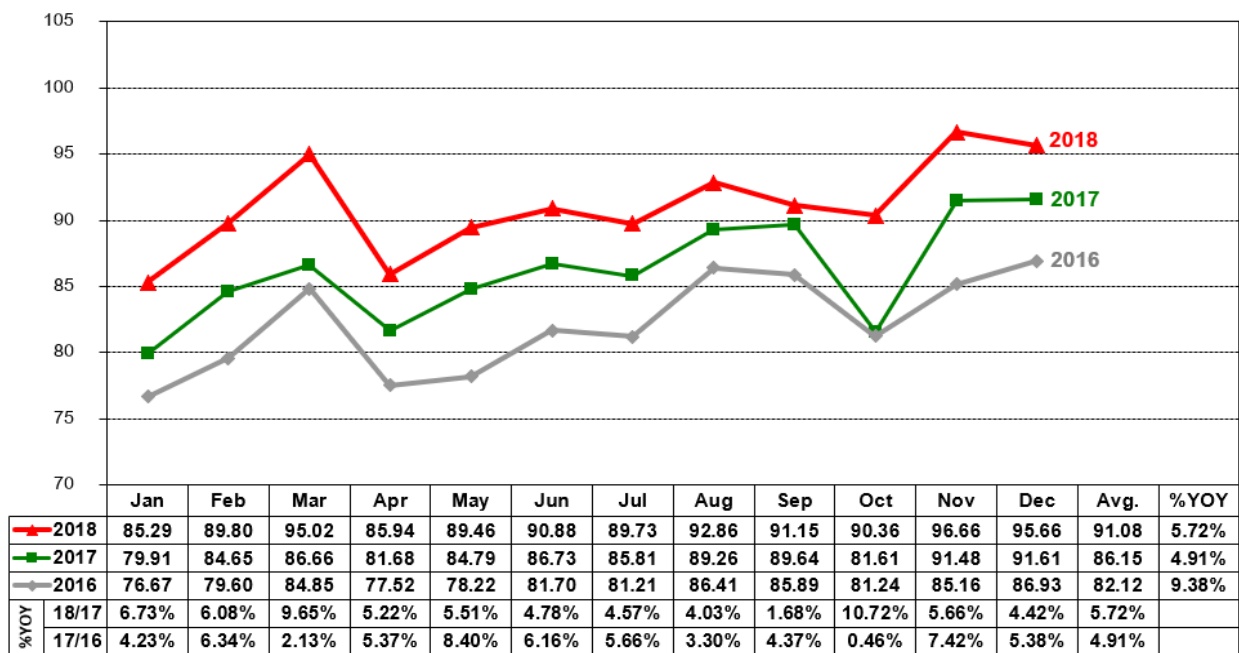
Average Daily Traffic Volume for the First Stage Expressway, the Second Stage Expressway and the Si Rat-Outer Ring Road Expressway

(Thousand Trips / Day)



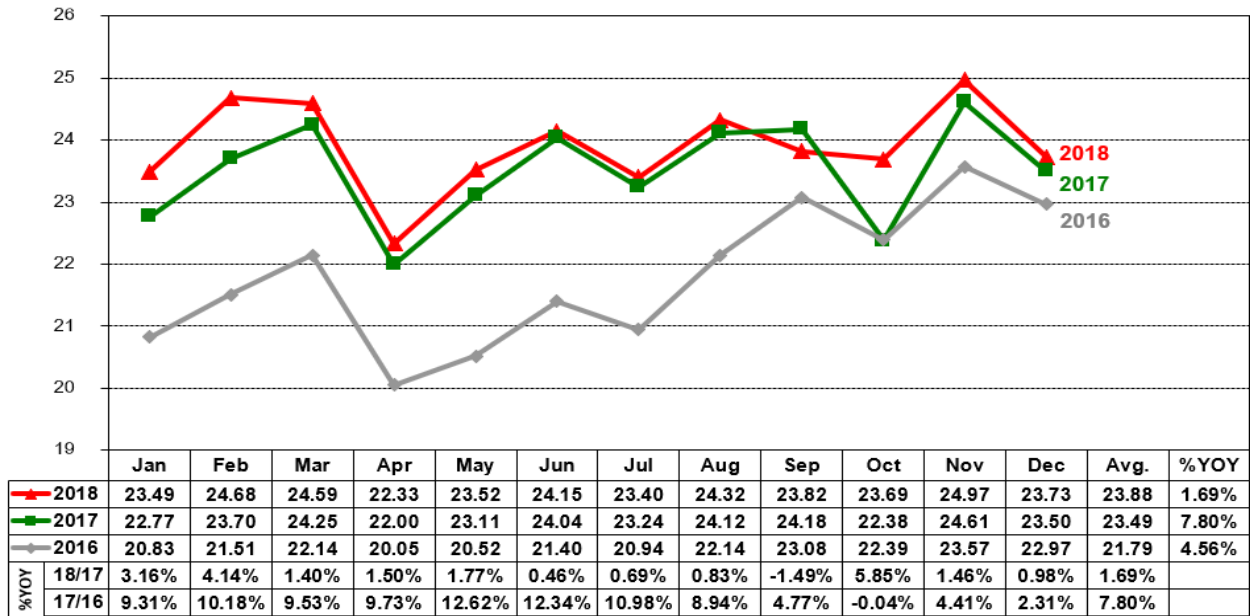
Average Daily Traffic Volume for the Bang Pa-in - Pak Kret Expressway

(Thousand Trips / Day)



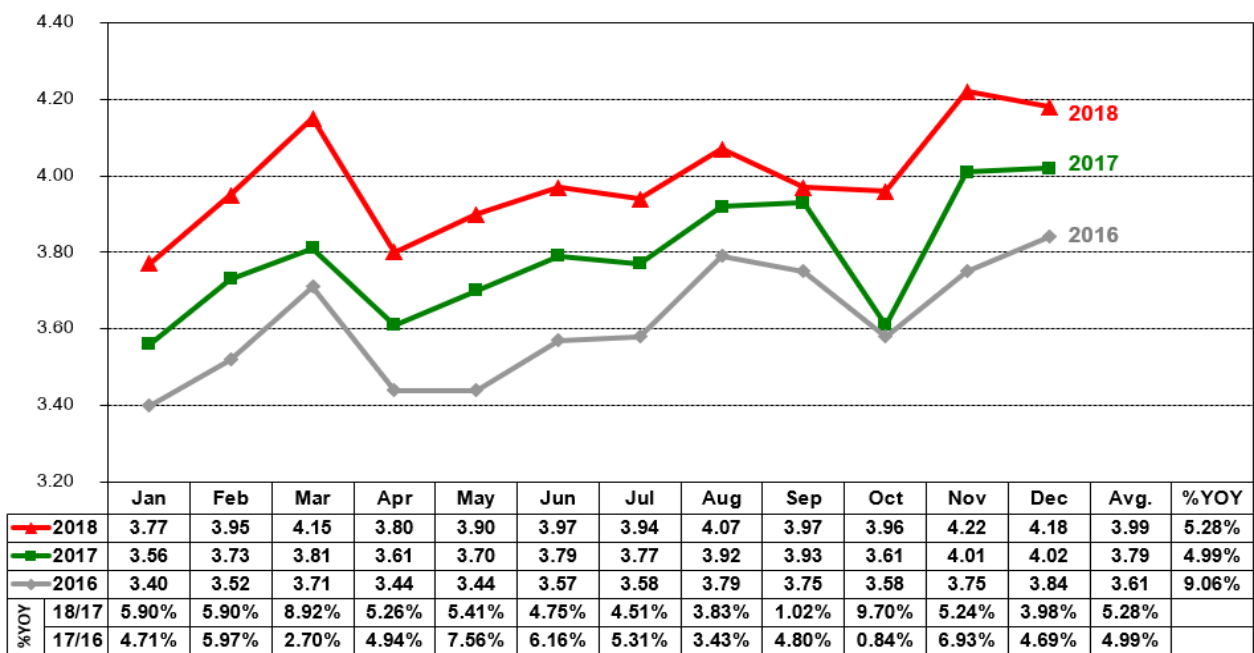
Average Daily Toll Revenue for the First Stage Expressway, the Second Stage Expressway and the Si Rat-Outer Ring Road Expressway

(Million Baht / Day)



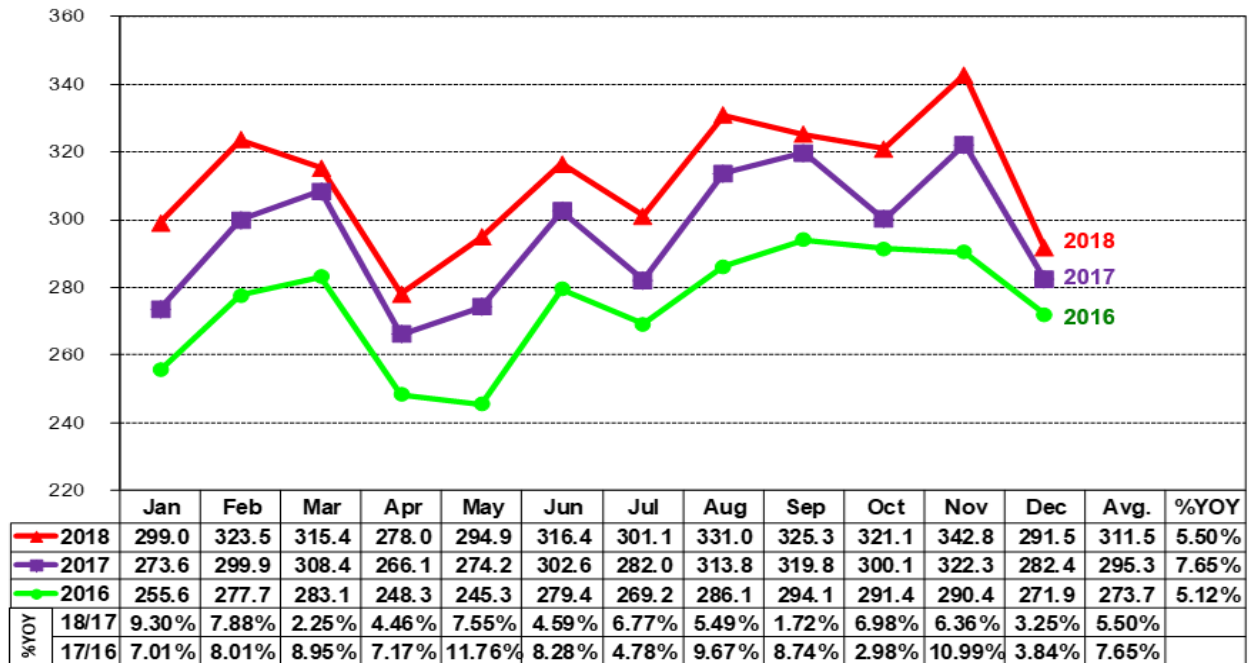
Average Daily Toll Revenue for the Bang Pa-in - Pak Kret Expressway

(Million Baht / Day)



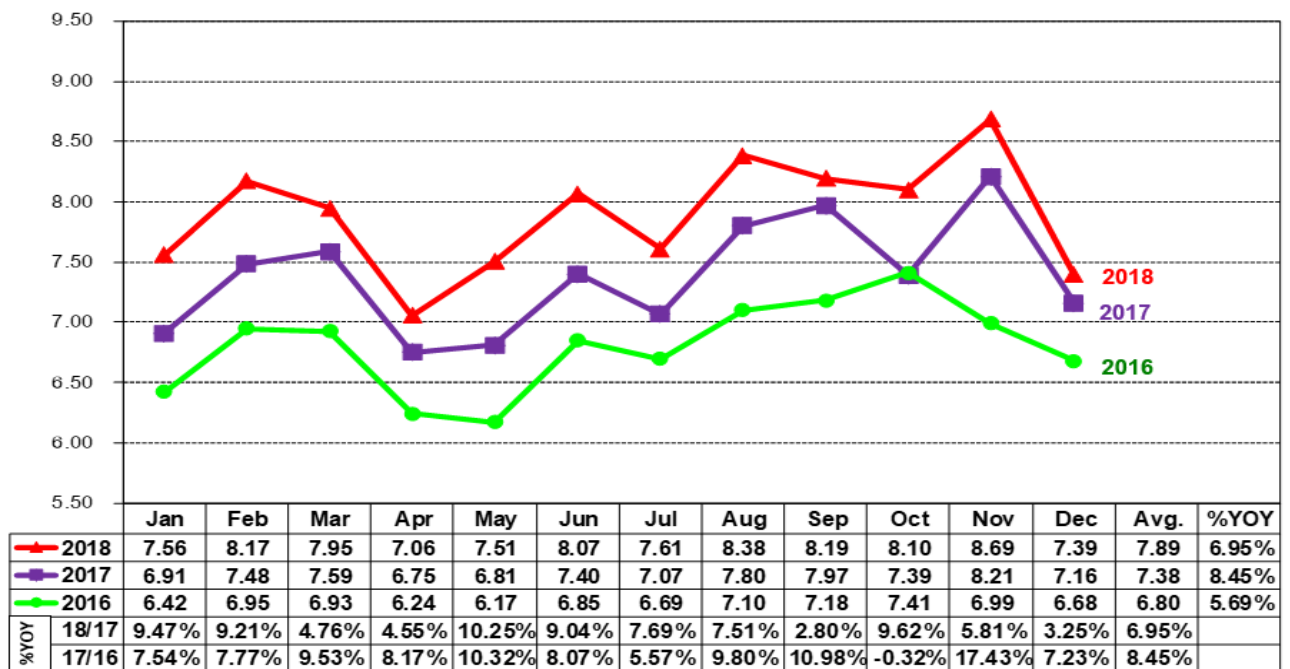
Average Daily Ridership for Blue Line

(Thousand Trips / Day)



Average Daily Farebox Revenue for Blue Line

(Million Baht / Day)



Financial Position

As at December 31, 2018, the Company and its subsidiaries had total assets amounted to Baht 103,831 Million, representing an increase by Baht 4,912 Million or 5 percent when compared with total assets as at December 31, 2017 mainly from the increase in construction in process of the Blue Line Extension Project. Total liabilities amounted to Baht 68,219 Million, representing an increase by Baht 479 Million or 0.7 percent. Total shareholders' equity amounted to Baht 35,612 Million, representing an increase from the previous year by Baht 4,433 Million or 14.2 percent when compared to the end of the year 2017 resulted from the net profit from operation.

Cash Flows

For the year 2018, the Company and its subsidiaries generated cash flows from operating activities amounting to Baht 8,067 Million. Cash used in investing activities amounting to Baht 7,353 Million detailed as follow; (1) payment for the M&E equipment of the MRT Blue Line Project in the amount of Baht 10,145 Million, (2) investment in the Si Rat-Outer Ring Road Expressway Project in the amount of Baht 285 Million, (3) acquisition of fixed assets and other assets in the net amount of Baht 51 Million, (4) cash receipt from sales of investments and addition investment in subsidiary in the net amount of Baht 2,448 Million and (5) dividend received and interest income in the amount of Baht 680 Million. The Company and its subsidiaries utilized cash of Baht 2,815 Million from financing activities due to (1) repayment of long term loans in the net amount of Baht 8,175 Million, (2) dividend payment in the amount of Baht 1,987 Million, (3) payment of interest and finance cost in the amount of Baht 1,837 Million, (4) repayment of short term loan in the net amount of Baht 816 Million and (5) received from issuance of debentures in the amount of Baht 10,000 Million.

As at December 31, 2018, the Company and its subsidiaries had cash and cash equivalents amounting to Baht 526 Million, representing a decrease from the end of the previous year by Baht 2,101 Million.

Significant Financial Ratios*

For the year 2018, the Company had Net Profit Margin ratio at 20.35 percent, Return on Equity ratio at 9.90 percent, Return on Total Assets ratio at 3.76 percent which was nearly to the previous year, Debt to Equity ratio at 1.59 times and Net Interest Bearing Debt to Equity ratio at 1.34 times which was lower than the rate stated in the loan and debenture agreements at 2.5 times.

* The operational results were calculated based on the consolidated financial statements which consist of the Expressway Business, Rail 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.

Not include transaction related to the novation of the M&E systems under the concession agreement of the MRT Chalong Ratchadham Line Project which the MRTA is fully responsible for both loan repayment and interest expense in accordance to the concession agreement and gain on fair value adjustment of investment due to reclassification which was recorded in the third quarter of the year 2018.