

14. Management Discussion and Analysis for 2015

Bangkok Expressway and Metro Public Company Limited (the Company) arose from the Amalgamation between Bangkok Expressway Public Company Limited (BECL) and Bangkok Metro Public Company Limited (BMCL), which registered on December 30, 2015. As a result, the Company's separate financial statement presented its operation only for the period of December 30 to December 31, 2015.

However, as Amalgamation is the business combination under the common control which had no economic substance changes for the group structure, the consolidated financial information for the year ended December 31, 2015 and December 31, 2014 were presented to show its financial position, financial performance and cash flow according to the economic substance under common control. Those financial statements had been audited by the auditor.

Overall Operational Results

In the year 2015, the Company had the net profit attributable to equity holders in the amount of Baht 2,650 Million, representing a decrease from the previous year by Baht 95 Million or 3.5 percent. For the revenues, the Company had a gain on sales of investment in Bangkok Metro Public Company Limited, net of tax, in the amount of Baht 969 Million. Toll revenue increased by Baht 330 Million or 3.9 percent from the increase in traffic volume. Farebox revenue increased by Baht 126 Million or 5.6 percent from the increase in passenger volume and the revision of farebox rate effective on January 1, 2015. For the expenses, there was an increase from the previous year by Baht 729 Million, mainly from cost of toll, cost of farebox, amortization of rights to operate completed expressway sectors, amortization of intangible asset under the MRT Chaloem Ratchamongkhon Line Project which resulted to an increase from traffic and passenger volume. Finance cost increased mainly from the expenses related to the redemption of debentures.

Since the combination of Construction and Operation of Expressway Business and Operation Management of Mass Rapid Transit System Business, the Company had total revenue in the amount of Baht 13,105 Million and total asset in the amount of Baht 78,120 Million.

Segmental Performance

1. Construction and Operation of Expressway Business

In the year 2015, the Company had toll revenue in the amount of Baht 8,815 Million, representing an increase from the previous year by Baht 330 Million or 3.9 percent resulted from an increase in traffic volume from the economic recovery and the decrease in fuel price since the end of 2014 which led to the increase in activities volume. In addition, the opening of the Connected Ramp between the Second Stage Expressway System (Sector D) and Chaturathit Road had gradually continued to increase traffic volume into the system which currently has the traffic volume on the average of 12,700 trips/day. Therefore, traffic volume for the First Stage Expressway and the Second Stage Expressway had increased on the average of 33,000 trips/day or 3.2 percent from the previous year, resulting in the increase in toll revenue by Baht 254 Million or 3.5 percent compared to the previous year.

For the Bang Pa-in - Pak Kret Expressway, the traffic volume increased on the average of 5,000 trips/day or 7 percent from the previous year due to the city expansion and the development of area surrounded the expressway. Thereby, resulting in the increase in toll revenue by Baht 76 Million or 6.7 percent compared to the previous year.

Costs of service for Construction and Operation of Expressway Business, comprised of costs of toll, amortization of rights to operate completed expressway sectors and compensation for site acquisition cost, for the year 2015 amounted to Baht 4,662 Million representing an increase from the previous year by Baht 233 Million or 5.3 percent which mainly were expenses of employee who worked on the expressway and repair and maintenance cost of the Expressways.

2. Operation Management of Mass Rapid Transit System Business

In the year 2015, the Company had farebox revenue in the amount of Baht 2,374 Million, representing an increase from the previous by Baht 126 Million or 5.6 percent resulted from an increase in passenger volume

and the revision of farebox rate on January 1, 2015. The average ridership per working days increased from 291,092 trips per day to 299,811 trips per day and the average ridership increased from 253,255 trips per day to 260,325 trips per day.

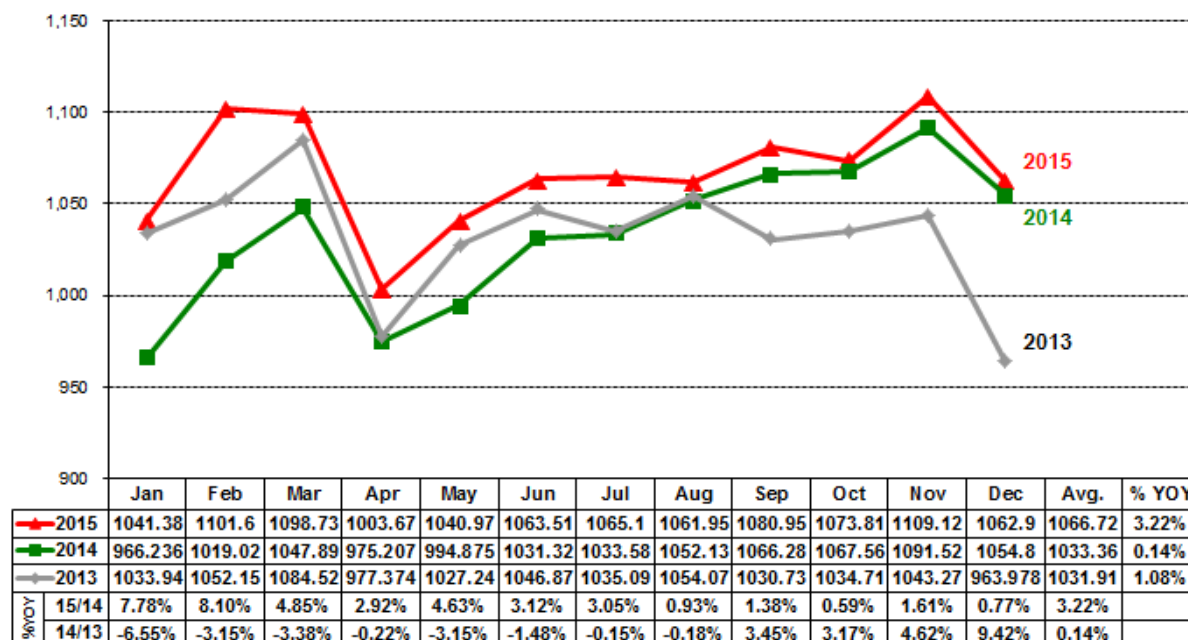
Costs of service for Operation Management of Mass Rapid Transit System Business, comprised of costs of farebox, amortization of intangible asset under the MRT Chaloe M Ratchamongkhon Line Project-MRT Operation and remuneration to the grantor, for the year 2015 amounted to Baht 2,193 Million representing an increase from the previous year by Baht 282 Million or 14.8 percent which mainly from maintenance expenses cost of M&E systems and remuneration to the grantor which increased by the contract.

3. Commercial Development Business

In the year 2015, the Company had commercial development revenue in the amount of Baht 549 Million, representing an increase from the previous by Baht 48 Million or 9.6 percent which mainly from the growth of the advertising media procurement and revenues from royalties fee in telecommunications service. Costs of service for Commercial Development Business increased which was aligned with an increase of commercial development revenue.

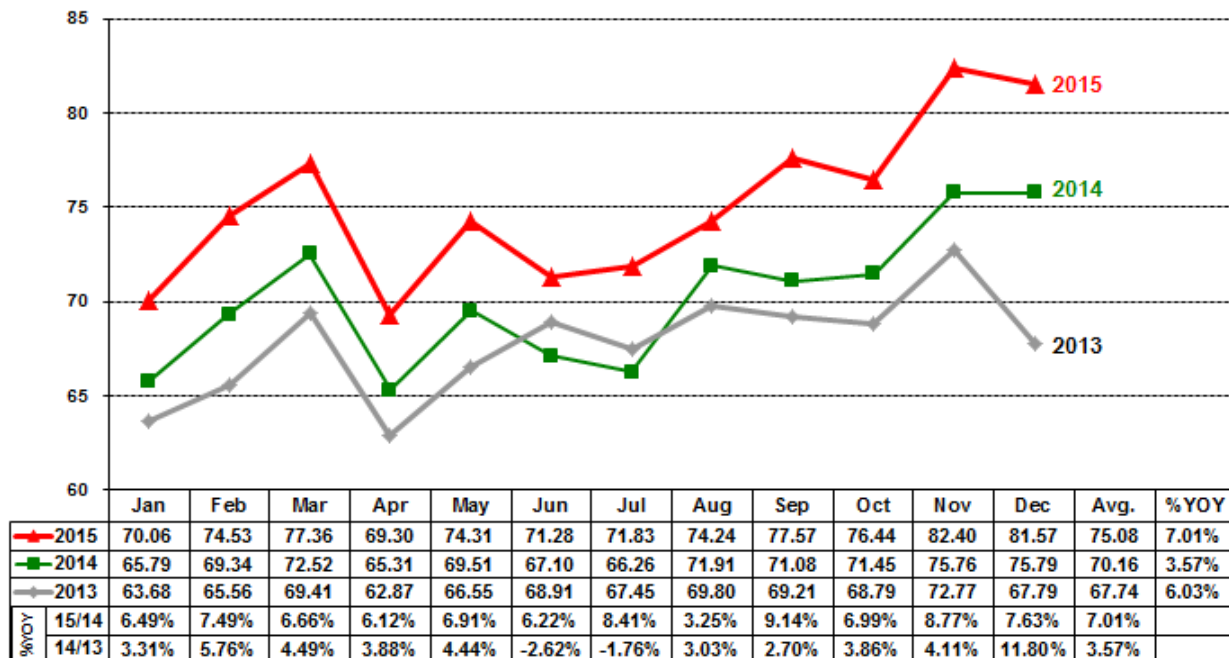
Average Daily Traffic Volume for the First Stage Expressway and the Second Stage Expressway

(Thousand Trips / Day)



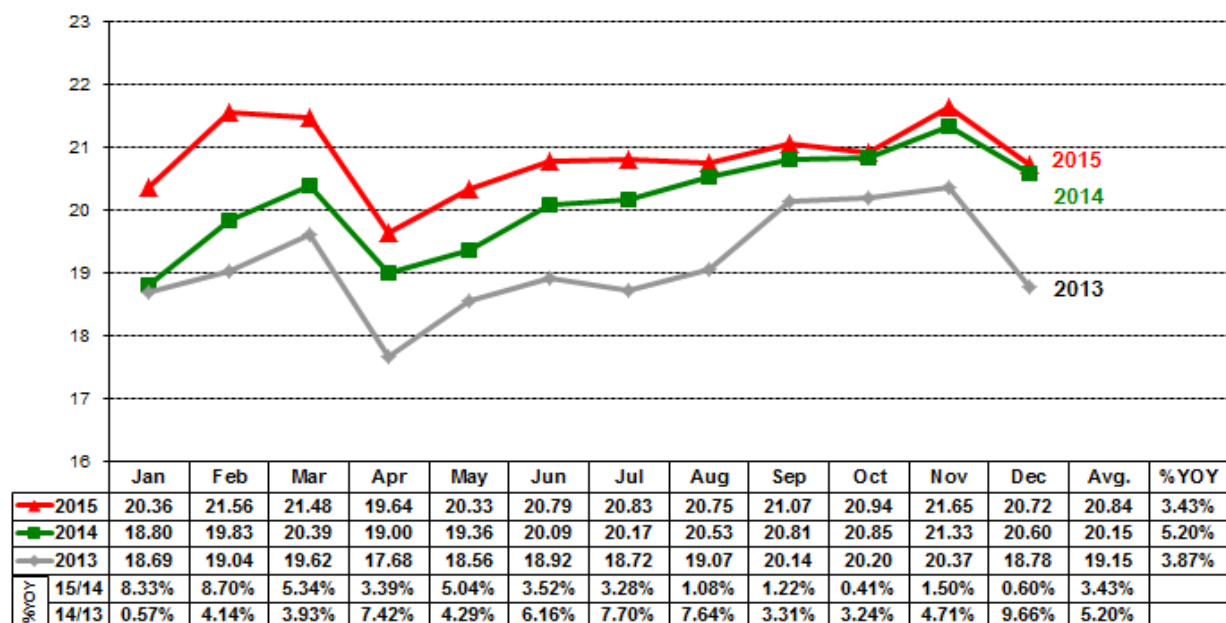
Average Daily Traffic Volume for the Bang Pa-in - Pak Kret Expressway

(Thousand Trips / Day)



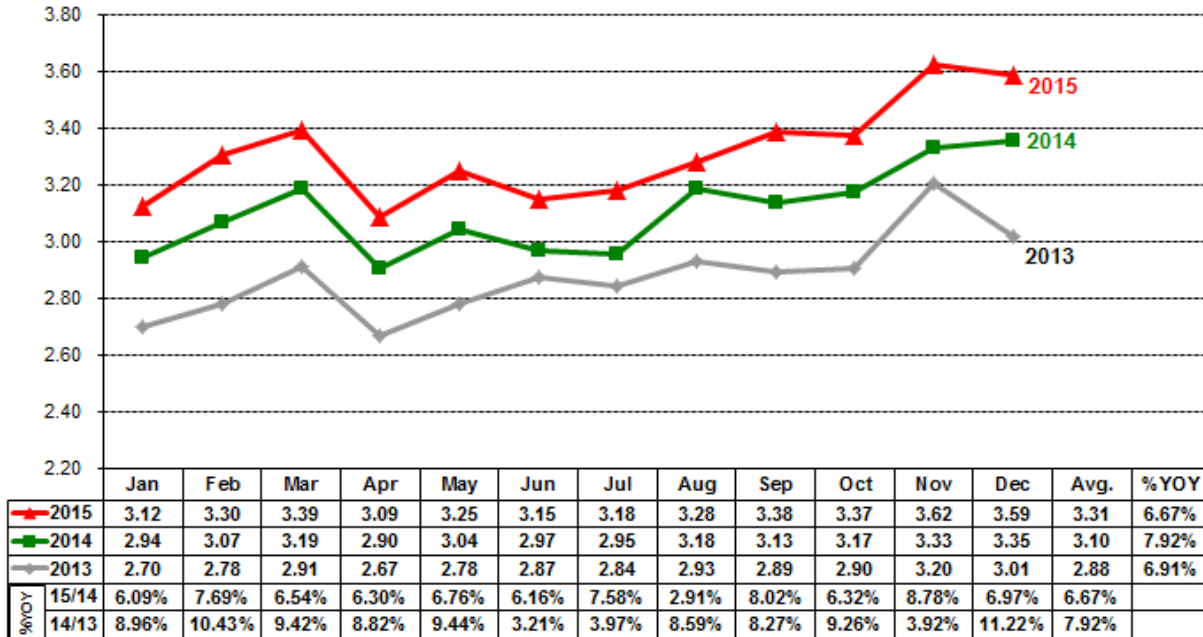
Average Toll Revenue for the First Stage Expressway and the Second Stage Expressway

(Million Baht / Day)



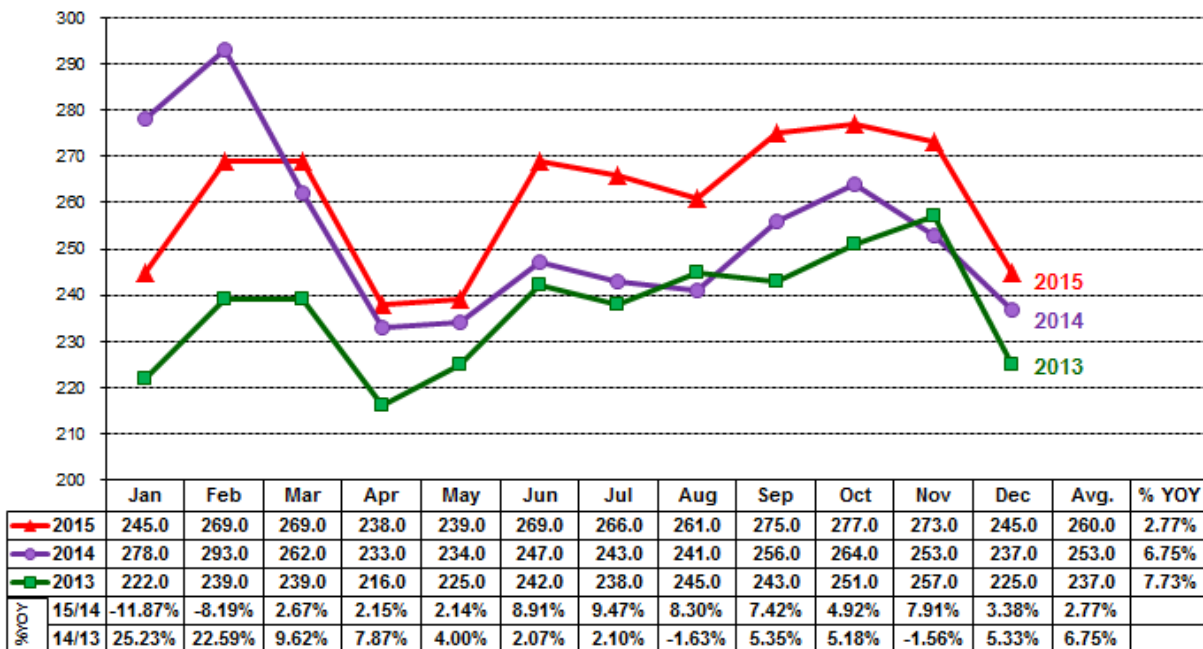
Average Daily Toll Revenue for the Bang Pa-in - Pak Kret Expressway

(Million Baht / Day)



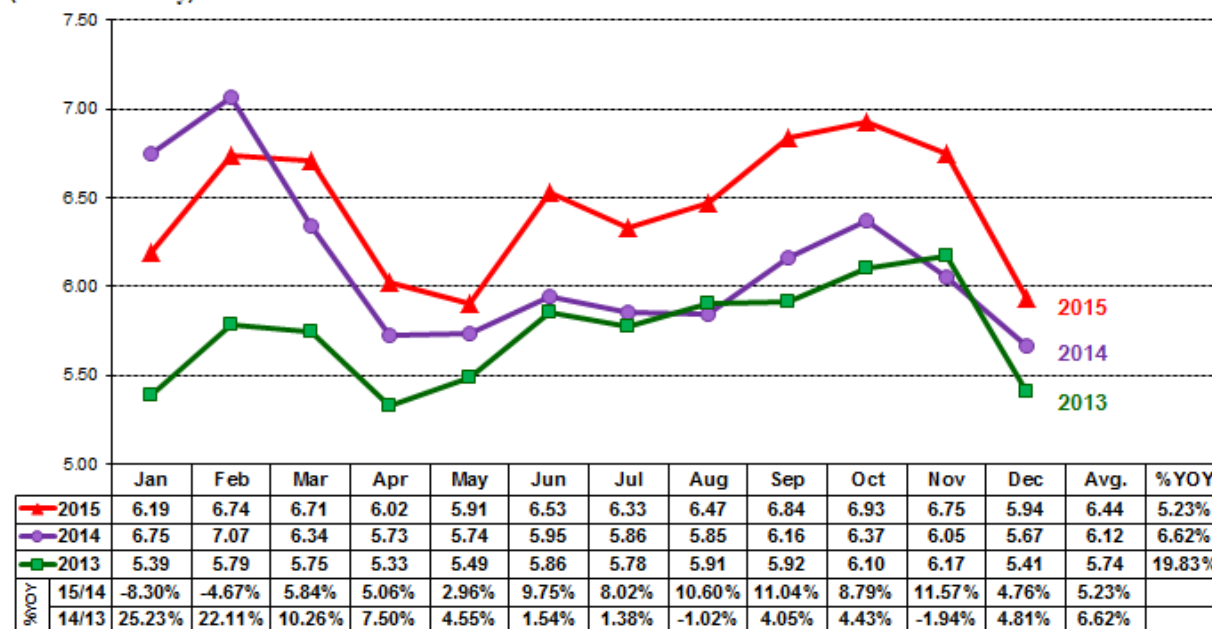
Average Daily Ridership : the MRT Chaloem Ratchamongkhon Line

(Thousand Trips / Day)



Average Daily Revenue : the MRT ChaloeM Ratchamongkhon Line

(Million Baht/ Day)



Financial Position

As at December 31, 2015, the Company had total assets amounted to Baht 78,120 Million increased by Baht 8,094 Million mainly from the progress of the construction of the Si Rat-Outer Ring Road Expressway Project. At the end of 2015, the construction in process was at the rate of 85 percent in accordance with the plan and expected to be completed and opened as per the contract by the year 2016. Total liabilities amounted to Baht 48,990 Million increased by Baht 5,173 Million mainly from draw down of loan for the Si Rat-Outer Ring Road Expressway Project. Prior the Amalgamation, at the end of 2015, the Company redeemed all debentures by draw down of short-term loan from financial institution. Currently, the Company is under the financial restructure arrangement. Total shareholders' equity amounted to Baht 29,130 Million increased by Baht 2,921 Million from its operation.

Cash Flows

For the year 2015, the Company and its subsidiaries generated cash flows from operating activities amounting to Baht 3,293 Million, utilized cash of Baht 4,758 Million from investing activities as follows (1) investment in the Si Rat-Outer Ring Road Expressway Project and additional lane construction in the amount of Baht 7,450 Million, (2) paid for the M&E Equipment for the MRT ChaloeM Ratchamongkhon Line Project and investment in the MRT purple line project in the amount of Baht 276 Million, (3) received from sales of investments and additional investment in associate in the net amount of Baht 2,474 Million (4) received of dividend and interest from investments in the amount of Baht 538 Million and (5) acquisition of fixed assets and other assets in the net amount of Baht 44 Million.

The Company and its subsidiaries had net cash of Baht 3,571 Million from financing activities as follows (1) draw down of short-term loan in the amount of Baht 20,410 Million, (2) draw down of long-term loans in the net amount of Baht 5,316 Million, (3) redemption of debentures in the amount of Baht 19,400 Million, (4) dividend payment in the amount of Baht 1,925 Million and (5) payment of interest and financial fee amounting to Baht 830 Million.

As at December 31 2015, the Company and its Subsidiaries had cash and cash equivalents amounting to Baht 4,483 Million, representing an increase from the end of the previous year by Baht 2,106 Million.

Significant Financial Ratios*

In the year 2015, the Company had Net Profit Margin ratio at 20.22 percent decreased by 2.88 percent compared with the previous year, Return on Equity ratio at 9.76 percent decreased by 1.27 percent compared with the previous year and Return on Total Assets ratio at 3.65 percent decreased by 0.51 percent compared with the previous year due to the decrease in its operation. In addition, Debt to Equity ratio at 1.68 times increased from the previous year due to withdrawal loan for the construction of the Si Rat-Outer Ring Road Expressway Project.

- * 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.