How to Prepare for an International Roadshow

The Stock Exchange of Thailand
15 May 2015
Agenda

Section 1
WHY GO ON A ROADSHOW?

Section 2
WHAT YOU NEED TO BRING/HAVE

Section 3
IDENTIFYING AND UNDERSTANDING INVESTORS

Section 4
FORMULATING YOUR STORY
Why go on a roadshow?

- Increase awareness
- Expand Foreign Institutional Investor (FII) base
- Get proper valuation
- After sales services
  - Maintain relationship with investors

<table>
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<tr>
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<th>Get Proper Valuation</th>
<th>Expand FII Base</th>
<th>After Sales Services</th>
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<td>★★★</td>
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<tr>
<td>Properly valued</td>
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<td>★</td>
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Agenda

Section 1: WHY GO ON A ROADSHOW?

Section 2: WHAT YOU NEED TO BRING/HAVE

Section 3: IDENTIFYING AND UNDERSTANDING INVESTORS

Section 4: FORMULATING YOUR STORY
What you need to bring/have

- Your CEO/CFO
- Presentation
- Financial projection
- Q&A
- Product brochure
- Study analysts’ reports to understand how market sees you & key concerns
- Supporting documents

Source: SET and TRIS
Agenda

Section 1 WHY GO ON A ROADSHOW?

Section 2 WHAT YOU NEED TO BRING/HAVE

Section 3 IDENTIFYING AND UNDERSTANDING INVESTORS

Section 4 FORMULATING YOUR STORY
Identifying and understanding investors

• Greed and Fear

Reactions from funds on Thai political scene following the military coup

“Skeptical on the outcome of politics...reduced investment in Thailand as a result of the coup.”

Fund based in Boston

“Short term government is still impressive, yet concerned on long term uncertainty of the political scene after military government’s term is over.”

Fund based in Tokyo

• How investors from different nationalities differ

What funds from different countries think about BTS Group’s businesses

“It’s great that BTS Group has so many businesses and you are always seeking new growth opportunities in other areas.”

Fund based in Singapore

“BTS Group should spin off all the other businesses and just focus on Mass Transit as your core business.”

Fund based in London
Agenda

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FORMULATING YOUR STORY
Formulating your story

KEY POINTS

• Investment story/theme
• Business and financial targets
• Valuation
• Risks & challenges

PRESENTATION TIPS

• Sell your story
• Make it simple
  - Focus on key story
  - Digest into easily understandable revenue/earnings drivers
  - State targets
• Make it professional
  - consistent color theme, fonts, graphics, pictures, references
Formulating your story
Your investment story/theme

EXAMPLE FROM BTS GROUP

Summarize your selling points into simple bullets

Emphasize key business developments

Investment Highlights
- **GROWTH**
  - **INCREASE IN RIDERSHIP:** Prime beneficiary of mass transit development and market share shift from bus to rail. Increasing ridership on Core network; increasing ‘eyeballs’ for BTS-related media

- **SHAREHOLDER RETURN**
  - **HIGH DIVIDEND YIELD:** 3-year progressive dividend policy with minimum committed amount of THB 21bn
  - **SECURE BUSINESS:** Underlying concession with advertising rights on BTS until 2029; O&M contract until 2042

- **OPPORTUNITIES**
  - **STRONG FINANCIAL POSITION:** BTS Group has excess cash and liquid investments of THB 28.2bn
  - **FUTURE MASS TRANSIT LINES:** Potential developer and operator of future mass transit lines and extensions
  - **EXPANSION OF FRANCHISE:** Expansion of VGI Global Media franchise to new extension lines and other markets

Key Developments 2013/14
- **RIDERSHIP**
  - 2011/12: 176
  - 2012/13: 197
  - 2013/14: 215
  - **Increase:** 8.9%

- **MEDIA NET PROFIT**
  - 2011/12: 276
  - 2012/13: 502
  - 2013/14: 1,148
  - **Increase:** 27.1%

- **NET RECURRING PROFIT**
  - 2011/12: 1,047
  - 2012/13: 1,630
  - 2013/14: 2,642
  - **Increase:** 153.5%

- **DIVIDEND PAYMENT**
  - 2011/12: 2,748
  - 2012/13: 4,059
  - 2013/14: 7,071
  - **Increase:** 62.3%
Formulating your story
Your business and financial targets

EXAMPLE FROM BTS GROUP

State vision and business targets

Provide performance targets & financial guidance

BTS Group Vision 2018

"TO BE THAILAND'S LEADING MASS TRANSIT DEVELOPER AND OPERATOR"

2015/16 BTS Group Targets and CAPEX

BTS GROUP TARGETS

- MASS TRANSIT
  - 4 – 6% Ridership Growth
  - 2% Average Fare Increase
  - 3% O&M Revenue Growth

- MEDIA
  - 12% Revenue Contraction
  (excl. Modern Trade Media)

- PROPERTY
  - THB 620mn Residential Property Revenue
  - THB 590mn Commercial Property Revenue

- SERVICES
  - THB 10mn Rabbit Cards in circulation
  - 13 additional ChefMan branches

BTS GROUP CAPEX (THB mn)

- FY 15/16 TOTAL CAPEX**: THB 1,408MN
- THB 720mn
- THB 268mn
- THB 105mn

How to Prepare for an International Roadshow
BTS Group General Presentation
Section 3: Financial Summary

prepared by
BTS Group Holdings PCL
**Formulating your story**

**Your valuation**

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**EXAMPLE FROM BTS GROUP**

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Be aware of how the market sees your stock and how they differ from your internal valuation.

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### BTSG Analyst Consensus (Nov 2014 – Now)

<table>
<thead>
<tr>
<th>BROKER</th>
<th>FAIR VALUE (THB)</th>
<th>FY 14/15 FORECAST (THB mn)</th>
<th>FY 15/16 FORECAST (THB mn)</th>
<th>REPORT DATE</th>
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<tr>
<td></td>
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<td>REVENUE</td>
<td>OPERATING EBITDA</td>
<td>CORE NET PROFIT</td>
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<td>BoA Merrill Lynch</td>
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<td>Macquarie Securities</td>
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<td>KTB/TOC Securities</td>
<td>Trading Buy 13.10</td>
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<td>IV Global</td>
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<td>CIMB Securities</td>
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<td>Kim Eng Securities</td>
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<td>JP Morgan</td>
<td>Overweight 11.50</td>
<td>7,066</td>
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<td>2,664</td>
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**AVERAGE**

| MAX  | 11.40 | 11.40 | 3,241 | 2,392 |
| MIN  | 8.00  | 8.00  | 3,216 | 2,103 |

**Note:** Foreign brokers or brokers which distributed their report through their international partner.
Formulating your story
Your risks and challenges

EXAMPLE FROM BTS GROUP

Identify your risks and challenges.

Determine measures and strategies to mitigate risks and manage expectations.

How to Prepare for an International Roadshow

preparation by BTS Group Holdings PCL 13
Other tips

DURING THE ROADSHOW

• Present each session with enthusiasm as if it were your very first time
• Help each other: when one person gets stuck, the other person jumps in
• Take turns presenting

AFTER THE ROADSHOW

• Keep a record of investors met and their concerns
• Roadshow summary for internal circulation
• Revert on pending questions
• Follow up on investor feedback

How to Prepare for an International Roadshow
Example of Q&A

QUESTIONS:

GENERAL
1. Guidance for FY 15/16
2. What is the dividend policy?
3. How did you determine the absolute amount for the dividend?
4. How did the Group get into the 4 businesses?
5. What is the core competency of the Group?
6. What is the ballpark figure for normalised capex? At: Less than THB 1bn/year excluding mass transit.
7. Are there any new areas that the Group is expecting to expand into? At: No.
8. What is the Group’s expected returns? At: 10-15%
9. Are you affiliated with any political parties? At: No, it is very important for us to maintain neutrality so we can work with everyone.
10. How long has the management been with the company?
11. How many % of the shares does the family own?
12. How involved is the family in the business?
13. What will the Group structure look like in 5 years?
14. What can go wrong in a business structure like BTS Group? At: Difficult to pinpoint one factor. For example, during the political demonstrations, we benefited from higher ridership in the short term, but we were also affected by the curfew.
15. What will the Group cash flow look like? At: THB 4-5 bn.
16. Is there a target on the growth rates? At: Not a specific figure. Focus is on mass transit and getting extensions.
17. What are the negative points of the Company? At: Maybe risk of delays in mass transit projects if there is a change in government.
18. Are you comfortable with the current government? At: They can do many things that are good for the country because there is no opposition but their execution is too slow.
19. Which segment is the most stable for the Group? At: Mass transit has always been stable. Media is more cyclical. Services is fast growing.
20. Does the minimum wage grow every year in Thailand? At: No
21. Why did you spread out the dividend payments over 3 years?
22. How do you decide how to allocate resources to each BU? At: We allocate our resources to mass transit and media because they are high margin businesses. Each business must be able to be self-sustaining. Net cash is ear-marked for mass transit.
23. What is the Group’s debt situation? At: Only bonds outstanding, but already set aside sinking fund (THB 5bn). Interest rates at 5-6%. Net cash is THB 28bn.
24. What will the capital structure in 5 years look like? At: Consolidated D/E of 2.6x during the years when we are capex heavy but proceeds from the warrants will bring down D/E once we repay the banks. This will be EPS accretive.

MASS TRANSIT
1. What are the possibilities that there will be new lines in operation within the next 2-3 years?
2. Does the gap between authorised fare and effective fare exist due to government intervention?
At: No, the authorised fare goes up in line with CPI but effective fare is the optimum fare based on affordability and suitability
3. How much investment is needed for the new lines?
4. Fare increase mechanism
5. What is the IRR for the core network?
6. Is there a lot of difference between bus & BTS fares?
7. Capital structure outlook for mass transit business
8. How many competitors for new lines?
9. Why did the other companies who bought the tender documents for the Purple Line fail?
10. How certain is the mass transit build out? At: Any government that comes into power tries to push mass transit projects.
Greed and Fear

![Diagram showing the balance between Story, Greed, Fear, and Numbers.的故事，贪婪，恐惧，和数字之间的平衡。]

16