

(Translation)

**Bangkok Expressway Public Company Limited**  
**Description and Analysis of Financial Status and Operational Results**  
**for the year 2004**

**Business Overview**

Bangkok Expressway Public Company Limited and its subsidiary derived net profit in the year 2004 in the amount of Baht 1,916 Million, representing an increase by Baht 683 Million or 55.39 percent, as compared to Baht 1,233 Million in the year 2003. The result of increased in toll revenue and lower interest expenses as the interest rate decreased due to reduction of financing costs on September 30, 2003 which fully effected to the financial statement of the year 2004. As a result, the net profit margin in the year 2004 equaled 29 percent, representing an increase by 9 percent and net profit per share equaled Baht 2.49, representing an increase by 55 percent, as compared with the year 2003.

	<u>2004</u>	<u>2003</u>	<u>% Change</u>
<u>Operational Results</u> (Million Baht)			
Net Income	6,601	6,219	6.14
Net Profit	1,915	1,233	55.39
EBITDA	5,466	5,195	5.22
EPS	2.49	1.60	55.39
<u>Financial Ratios</u>			
	<u>2004</u>	<u>2003</u>	
Net Profit Margin	29.25%	19.94%	
Return on Equity	13.13%	8.58%	
Return on Total Assets	3.91%	2.44%	
Interest Coverage (times)	4.12	2.80	
Debt to Equity (times)	2.32	2.40	

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## **1. Analysis of Operational Results**

### **1.1 Toll Revenue and Other Revenue**

In the year 2004, the Company and the subsidiary had revenue in the amount of Baht 6,601 Million, representing an increase by Baht 382 Million or 6.14 percent from the previous year, with material particulars as follows:

1.1.1 Toll revenue equaled Baht 6,550 Million, representing an increase by Baht 366 Million or 5.92 percent from the previous year as follows :

The Suburban Expressway, which the Company and the subsidiary are entitled to receive all toll revenue.

- The Second Stage Expressway, Sector C, increased by 5.90 percent
- The Second Stage Expressway, Sector D, increased by 37.87 percent
- The Bang Pa-in – Pak Kret Expressway increased by 26.72 percent

The urban expressway, in respect of which revenue is shared under the contract between the Company and the Expressway and Rapid Transit Authority of Thailand

- The First Stage Expressway decreased by 0.80 percent
- The Second Stage Expressway, Sector A, increased by 3.74 percent
- The Second Stage Expressway, Sector B, decreased by 0.94 percent

1.1.2 Other revenue equaled Baht 51 Million , representing an increase by Baht 16 Million or 45.71 percent. The majority resulting from accounting profit from sale of investment in a subsidiary company.

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## **1.2 Expenses**

In the year 2004, the Company and its subsidiary incurred expenses in the amount of Baht 3,220 Million, representing an increase by Baht 303 Million or 10.39 percent from the previous year, with material particulars as follows:

- 1.2.1 Amortization of rights to operate the completed expressway sectors equaled Baht 1,988 Million, representing an increase by Baht 138 Million or 7.46 percent from the previous year, due to the increase in the volume of vehicles using the expressways.
- 1.2.2 Provision for compensation for site acquisition cost equaled Baht 306 Million, representing an increase by Baht 46 Million or 17.69 percent from the previous year. Such provision was recorded to cut the cost of the present value of the compensation to be paid to the Expressway and Rapid Transit Authority of Thailand.
- 1.2.3 Operating and administrative expenses equaled Baht 926 Million, representing an increase by Baht 119 Million or 14.75 percent from the previous year due to increase in expenditure for toll collection and traffic control system as well as for repairing and maintaining the expressway.

## **1.3 Interest Expenses**

In the year 2004, the Company and its subsidiary incurred interest expenses equal to Baht 1,326 Million, representing a reduction by Baht 527 Million or 28.44 percent from the previous year, as a result of the reduced rate of interest on loans. Such reduction was due to the fact that the Company reduced the financing costs since September 30, 2003 which fully effected to the financial statement of the year 2004, the principal decreased from loan repayment.

## **1.4 Corporate Income Tax**

In the year 2004, the Company and its subsidiary incurred corporate income tax equaled Baht 208 Million, representing a reduction by Baht 15 Million or 6.73 percent from the previous year.

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## **2. Analysis of Financial Status**

### **2.1 Analysis of Assets**

The total assets of the Company and its subsidiary as at December 31, 2004 were in the amount of Baht 48,357 Million, representing a reduction by Baht 1,322 Million or 2.66 percent, as compared to the previous year, with the detail of significant increases and decreases as follows:

2.1.1 cash and cash equivalent and temporary investment funds, increased by Baht 343 Million or 72.21 percent.

2.1.2 In the year 2004, the company increased an investment in Bangkok Metro Public Company Limited amounting to Baht 275 Million. As at December 31, 2004, the Company holds shares in BMCL, representing 15.55 percent of the paid-up capital.

2.1.3 Construction in progress increased by Baht 22 Million due to the constructing of a flyover crossing Prachacheun Road so as to alleviate traffic volume from off-ramp at Prachachuen Road. The project started in October 2004 and will be completed by the third quarter of 2005.

2.1.4 Rights to operate the completed expressway sectors decreased by Baht 1,923 Million, as a result of amortization as expenses for the year 2004 from amortise as expenses with the volumn of venicles using the expressway.

In the year 2004, the company and its subsidiary had a total rate of return on assets, representing 3.91 percent ,an increase by 1.47 percent from the previous year.

### **2.2 Analysis of Liabilities**

Total liabilities of the Company and its subsidiary as at December 31, 2004 were in the amount of Baht 33,775 Million. The liabilities reduced by Baht 1,295 Million, representing 3.69 percent, the majority resulting from loan repayment. Debt to equity

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ratio decreased and Interest coverage ratio increased in the line with the decrease in loan.

### **2.3 Analysis of Shareholders' Equity**

Shareholders' equity of the Company and its subsidiary as at December 31, 2004 was in the amount of Baht 14,582 Million, representing a decrease by Baht 27 Million or 0.18 percent, as compared to the same date for the previous year, with the details of significant increases and decreases as follows:

2.3.1 Net profit from operations for the year 2004 was in the amount of Baht 1,916 Million, which is Baht 683 Million, representing 55.39 percent, higher than the previous year, equal to the return on equity of 13.14 percent, which is 4.69 percent higher than the previous year, namely 8.45 percent.

2.3.2 The Company made dividend payment of Baht 1,155 Million or Baht 1.50 per share for the operational results of the year 2003 in April 2004 in accordance with the resolution passed by the Ordinary General Meeting of Shareholders held on April 8, 2004 and made the interim dividend payment in September 2004 in the amount of Baht 770 Million or Baht 1.00 per share for the operational results of the first six months of the year 2004 in accordance with the resolution passed by Company's Board of Directors Meeting No. 3/2004.

The Company has registered capital in the amount of Baht 8,000 Million and has authorized and paid-up capital in the amount of Baht 7,700 Million, with appropriated accumulated profit of Baht 322 Million and unappropriated accumulated profit of Baht 1,712 Million.

### **3. Analysis of Cash Flow**

In the year 2004, the Company and its subsidiary earned cash flow from operations amounting to Baht 4,162 Million. The Company utilized the majority of cash to repay loans and make dividend payment, resulting in net reduction of loans by Baht 1,579 Million and dividend payment amounting to Baht 1,925 Million. Furthermore, the Company utilized cash for investment in Bangkok Metro Public Company Limited, improvement of off-ramps at Mahanakorn Road and Rama IX Road and

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the Prachacheun cross-over bridge construction. The remaining cash was utilized in temporary investment giving rise to good rate of return.

### **Conclusion of Opinion of the Management**

The financial statements in the year 2004 reflected continuous growth of the volume of vehicles using the expressways, particularly, the growth rate of the volume of vehicles in the suburban expressway, to which the Company and its subsidiary are entitled to receive all toll revenue, is rather high, resulting in continuous improvement of operational results.

The decrease in interest rate of long-term loans due to the reduction of financing costs by amending the Credit Facility Agreement in September 2003 with the existing lenders which fully effected to the financial statement of the year 2004, along with the reduction of principal resulting from repayment of loans, gave rise to significant reduction of interest expenses which is the primary expenses of the Company.

As a result of the above achievements in operations, the Company could make voluntary repayment to Baht 500 Million, beyond regular repayment in the amount of Baht 2,079 Million and dividend payment to shareholders at the rate of Baht 1.50 per share from the operational results for the year of 2003 as well as interim dividend payment for the first time in this year.