

BTS RAIL MASS TRANSIT GROWTH INFRASTRUCTURE FUND

4Q 18/19 and FY 18/19 Management Discussion & Analysis

27 May 2019



QUARTERLY SUMMARY

- **Farebox revenue** in 4Q 18/19 grew by 2.1% YoY but down by 1.3% QoQ to THB 1,768.8mn.
- **Average fare** for 4Q 18/19 was THB 29.0 per trip, increasing 0.6% YoY but decreasing 0.4% QoQ
- **Quarterly ridership** in 4Q 18/19 was 61.1mn trips, increasing by 1.5% YoY but decreasing by 0.8% QoQ.
- **Total income** in 4Q 18/19 dropped 14.4% YoY and decreased 18.6% QoQ to THB 992.1mn.
- **Net investment income** in 4Q 18/19 declined 14.9% YoY and dropped by 18.1% QoQ to THB 979.9mn.
- **Changes in net assets resulting from operations** in 4Q 18/19 was THB (4,320.2)mn, decreasing 4.8 times YoY and 22.9 times QoQ mainly from the unrealised loss from the devaluation in the fair value of the investment in NRTA of THB 5,300.0mn.
- **Net investment income margin** in 4Q 18/19 was 98.8%, versus 99.3% in 4Q 17/18 and 98.2% in 3Q 18/19.
- **Distribution to unitholders** for 4Q 18/19 of THB 0.169 per unit, as a capital decrease, will be paid on 24 Jun 2019.
- As of 31 Mar 2019, **Net Asset Value (NAV)** was THB 60,119.3mn, equivalent to THB 10.3868 per unit.

FY 18/19 SUMMARY

- **Farebox revenue¹** in FY 18/19 rose 2.1% YoY to THB 6,962.5mn.
- **Average fare²** for FY 18/19 was THB 29.0 per trip, increasing 2.4% YoY.
- **Total ridership** in FY 18/19 was 241.0mn trips, slightly decreasing by 0.1% YoY.
- **Total income** in FY 18/19 was THB 4,620.7mn, down by 1.9% YoY.
- **Net investment income** in FY 18/19 declined 2.1% YoY to THB 4,525.4mn.
- **Changes in net assets resulting from operations** in FY 18/19 decreased by 1.4 times YoY to THB (1,774.6)mn primarily from the unrealised loss from the devaluation in the fair value of the investment in NRTA of THB 6,300.0mn.
- **Net investment income margin** in FY 18/19 was 97.9%, compared to 98.1% in FY 17/18.
- **Total distribution to unitholders** for FY 18/19 will be THB 0.780 per unit, dividing into dividend payout of THB 0.611 per unit and capital decrease of THB 0.169 per unit.

¹ After deducting the net free-trip allowance to passengers from train services disruption during June 2018 of THB 18.5mn. For the train services disruption during June 2018, the Fund recorded a free-trip allowance in 1Q 18/19 of THB 19.2mn. After the free-trip period was expired in 3Q 18/19, the Fund reversed the free-trip allowance by 0.6mn. The net free-trip allowance was therefore THB 18.5mn.

² Average fare is calculated based on the exclusion of the impact of free-trip allowance to passengers from train services disruption during June 2018. If deducting the free-trip allowance, average fare would be THB 28.9 per trip in FY 18/19.

FINANCIAL PERFORMANCE

Unit (THB mn)	4Q 18/19	4Q 17/18	% YoY	3Q 18/19	% QoQ	FY 18/19	FY 17/18	%YoY
Income from investment in NRTA* (see table below)	987.1	1,155.8	(14.6)%	1,214.4	(18.7)%	4,603.0	4,696.3	(2.0)%
Interest income	5.0	3.5	41.3%	4.5	11.9%	17.7	16.1	9.4%
Total Income	992.1	1,159.3	(14.4)%	1,218.9	(18.6)%	4,620.7	4,712.4	(1.9)%
Fund management fee and expenses	21.6	19.2	12.7%	20.7	4.6%	84.8	81.0	4.7%
Other expenses	(9.4)	(10.7)	12.5%	1.3	(846.3)%	10.5	9.9	5.8%
Total Expenses	12.2	8.5	44.7%	22.0	(44.1)%	95.3	90.9	4.8%
Net Investment Income	979.9	1,150.8	(14.9)%	1,196.9	(18.1)%	4,525.4	4,621.5	(2.1)%
Total Unrealised Gain (Loss) on Investments	(5,300.1)	0.1	N/A	(999.9)	(430.1)%	(6,300.0)	(399.9)	(1,475.2)%
Changes in Net Assets Resulting from Operations	(4,320.2)	1,150.9	(475.4)%	197.0	(2,292.6)%	(1,774.6)	4,221.6	(142.0)%
Net Investment Income Margin (%)	98.8%	99.3%		98.2%		97.9%	98.1%	

* Income from investment in net revenue purchase and transfer agreement (NRTA) is calculated from farebox revenue less operating and maintenance costs.

INCOME FROM INVESTMENT IN NRTA

Unit (THB mn)	4Q 18/19	4Q 17/18	% YoY	3Q 18/19	% QoQ	FY 18/19	FY 17/18	%YoY
Farebox revenues	1,768.8	1,731.8	2.1%	1,791.8	(1.3)%	6,962.5	6,821.3	2.1%
Total operating and maintenance costs	781.7	576.0	35.7%	577.4	35.4%	2,359.5	2,125.0	11.0%
Employee expenses	152.3	165.5	(8.0)%	246.8	(38.3)%	785.5	759.2	3.5%
Maintenance costs	130.8	129.4	1.1%	112.8	16.0%	467.6	464.2	0.7%
Utilities expenses	94.2	93.7	0.6%	94.9	(0.7)%	384.2	375.7	2.3%
Property insurance premium	21.4	21.8	(1.8)%	0.1	N/A	21.5	21.8	(1.6)%
Selling expenses	11.6	22.9	(49.4)%	20.1	(42.3)%	77.8	82.2	(5.3)%
Administrative and other expenses	32.2	33.7	(4.4)%	32.9	(2.3)%	114.8	101.1	13.6%
Capital expenditures	339.2	109.0	211.0%	69.8	385.7%	508.1	320.8	58.4%
Total income from investment in NRTA	987.1	1,155.8	(14.6)%	1,214.4	(18.7)%	4,603.0	4,696.3	(2.0)%
Income from investment in NRTA margin (%)	55.8%	66.7%		67.8%		66.1%	68.8%	

4Q 18/19 PERFORMANCE

TOTAL INCOME

Total income for 4Q 18/19 was THB 992.1mn, down 14.4% YoY and down 18.6% QoQ, largely from lower income from investment in NRTA of the Core BTS SkyTrain network under the concession agreement. The income from investment in NRTA decreased 14.6% YoY and 18.7% QoQ to THB 987.1mn.

In this quarter, **farebox revenue** was THB 1,768.8mn, up 2.1% YoY but down 1.3% QoQ. YoY increase was primarily led by the ridership growth and increase in average fare. QoQ decrease was due to lower ridership from lower days in this quarter and a decrease in average fare. Please refer to section "4Q 18/19 and FY 18/19 BTS Operational Performance" for more details.

4Q 18/19 **operating and maintenance costs** were THB 781.7mn, increasing 35.7% YoY and 35.4% QoQ. YoY and QoQ increases were principally from an increased CAPEX; the main CAPEX components in 4Q 18/19 were Automatic Fare Collection (AFC) system upgrade of THB 225.4mn, rolling stocks of THB 69.0mn and radio upgrade of THB 29.4mn, compared to rolling stocks of THB 89.8mn last year, and compared to AFC system upgrade of THB 41.5mn and rolling stocks of THB 11.5mn last quarter. QoQ increase in CAPEX was partially offset by lower employee expenses from bonus paid in previous quarter.

In this quarter, **income from investment in NRTA margin** dropped to 55.8%, compared to 66.7% in the same quarter last year and 67.8% in the previous quarter, primarily from increase in operating and maintenance costs as explained previously.

TOTAL EXPENSES

4Q 18/19 total expenses were THB 12.2mn, rising by 44.7% YoY from higher professional fees for appraisal of investment and recognising book closing expenses this period. However, total expenses fell by 44.1% QoQ, as a result of the reversal of incentive fee for BTSC this quarter.

NET INVESTMENT INCOME

BTSGIF recorded net investment income of THB 979.9mn in 4Q 18/19, down by 14.9% YoY and 18.1% QoQ.

In 4Q 18/19, net investment income margin was 98.8% compared to 99.3% in 4Q 17/18 and 98.2% in previous quarter.

UNREALISED GAIN (LOSS) ON INVESTMENTS

In 4Q 18/19, BTSGIF recognised an unrealised loss on investment of THB 5,300.1mn (non-cash expense) primarily from the devaluation in the fair value of its investment in NRTA of THB 5,300.0mn, following the Fund's reappraisal (which must be done every 3 years). The appraisal value decreased from the previous report due to a decrease in projected net farebox revenue. Projected farebox revenue decreases from various factors, including lower economic growth rate, inflation rate, an integrated fare structure of other train lines (one-time boarding fee), a delay in the implementation of the dual track station and a plan for temporary closure for the improvement of Saphan Taksin station, moving the van terminal at Victory Monument and delay of the opening of various train lines. The new fair value of investment in NRTA, hence, decreased to THB 59,100.0mn from THB 64,400.0mn in the previous quarter.

CHANGES IN NET ASSETS RESULTING FROM OPERATIONS

In 4Q18/19, changes in net assets resulting from operations considerably dropped to THB (4,320.2)mn, down by 4.8 times YoY and 22.9 times QoQ, largely due to the aforesaid recognition of significant unrealised loss on investments.

FY 18/19 PERFORMANCE

TOTAL INCOME

For FY 18/19, **total income** was THB 4,620.7mn, down 1.9% YoY from the decrease in income from investment in NRTA by 2.0% YoY to 4,603.0mn.

Farebox revenue for FY 18/19 was THB 6,962.5mn, growing by 2.1% YoY from (i) the increase in fare (up 2.4% YoY to THB 29.0 per trip), but being partially offset by (ii) the compensation expenses from net free-trip allowance to passengers affected by train services disruption during June 2018 of THB 18.5mn. If excluding such allowance, farebox revenue would grow to THB 6,981.0mn, a growth of 2.3% YoY. Please refer to section "4Q 18/19 and FY 18/19 BTS Operational Performance" for more details.

In this period, **operating and maintenance costs** were THB 2,359.5mn, increasing by 11.0% YoY primarily due to (i) higher CAPEX; the main CAPEX components in this year were AFC system upgrade of THB 266.9mn, radio upgrade of THB 100.5mn and rolling stocks of THB 84.5mn, compared to rolling stocks of THB 149.9mn, radio upgrade of THB 66.0mn and AFC system upgrade of 58.4mn last year (ii) an increase in annual base salary and bonus paid for employees and (iii) increase in administrative and other expenses from new Single Journey Tickets (SJT) from changing magnetic cards to thin cards for supporting the new Automatic Fare Collection (AFC) system.

FY 18/19 **income from investment in NRTA margin** slightly decreased to 66.1% from 68.8% last year from higher operating and maintenance costs as described above.

TOTAL EXPENSES

FY 18/19 total expenses were THB 95.3mn, up by 4.8% YoY primarily from higher professional fees for appraisal of investment.

NET INVESTMENT INCOME

For FY 18/19, net investment income was THB 4,525.4mn, down by 2.1% YoY mainly from the decrease in total income together with higher total expenses as explained previously.

Thus, net investment income margin was 97.9% in FY 18/19, dropping from 98.1% last year.

UNREALISED GAIN (LOSS) ON INVESTMENTS

FY 18/19, BTSGIF recognised a significant unrealised loss on investment of THB 6,300.0mn primarily due to the devaluation in the fair value of its investment in the NRTA to THB 59,100.0mn from THB 65,400.0mn prior year from reappraisal as aforesaid.

CHANGES IN NET ASSETS RESULTING FROM OPERATIONS

For FY 18/19, changes in net assets resulting from operations significantly decreased by 1.4 times YoY to THB (1,774.6)mn due to the recognition of an abovesaid unrealised loss on investments this year.

4Q 18/19 AND FY 18/19 BTS OPERATIONAL PERFORMANCE

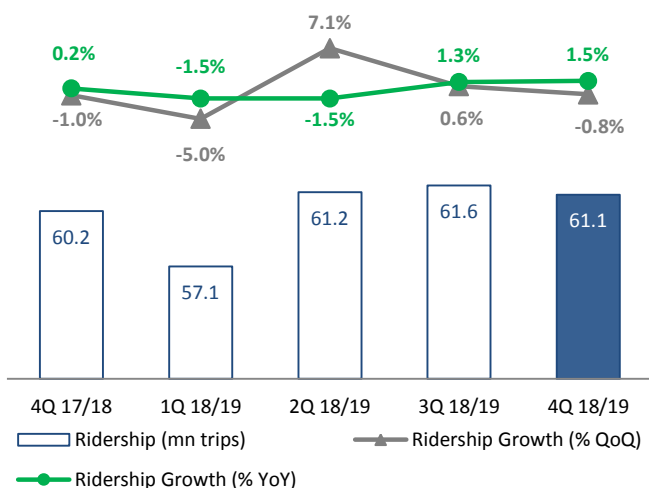
4Q 18/19 ridership was 61.1mn trips, rising by 1.5% YoY mainly supported by the full opening of Southern Green Line Extension (Bearing-Kheha) on 6 Dec 2018. Comparing to previous quarter, ridership slightly decreased by 0.8% QoQ from lower days in this quarter.

4Q 18/19 *average fare* increased to THB 29.0 per trip, up by 0.6% YoY, but down by 0.4% QoQ.

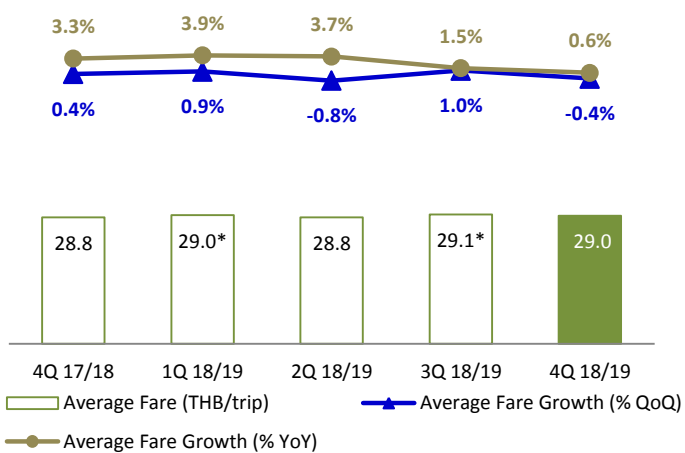
FY 18/19 ridership was 241.0mn, marginally decreased by 0.1% YoY partly due to train services disruption during June 2018 as well as fewer weekdays, more long-weekends than in the previous year and passengers' sensitivity to the fare increases in the core skytrain network.

FY 18/19 *average fare* was THB 29.0 per trip, an increase of 2.4% YoY largely as a result of a full year effect from the fare increase since Oct 2017 and adjustments to the promotional price for stored-value cards since Apr 2018. If deducting the free-trip allowance, average fare would go up by 2.1% YoY.

Quarterly Historical Ridership & Growth

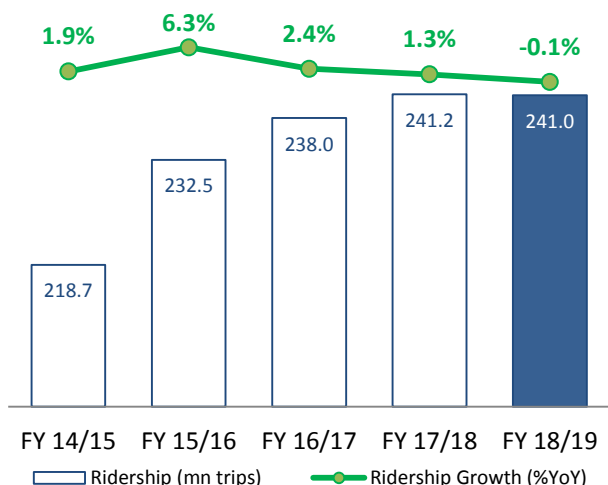


Quarterly Historical Average Fare & Growth

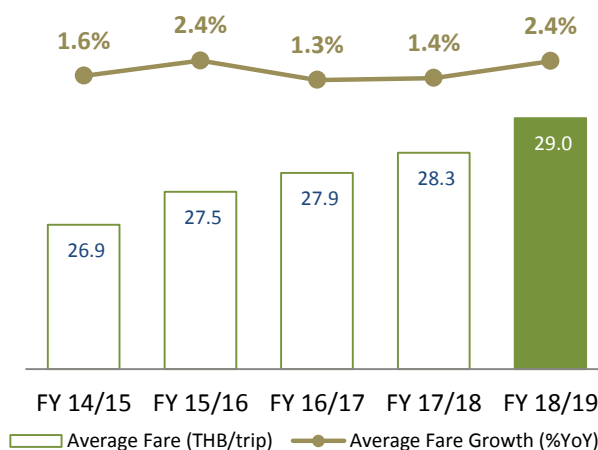


* Excluding the impact of free-trip allowance to passengers from train services disruption

Yearly Historical Ridership & Growth



Yearly Historical Average Fare & Growth



FY 18/19, excluding the impact of free-trip allowance to passengers from train services disruption

BALANCE SHEET

Unit: THB mn	31 Mar 19	31 Dec 18	31 Mar 18
Investment in NRTA	59,100.0	64,400.0	65,400.0
at cost	61,432.1	61,432.1	61,432.1
Investments in securities at fair value and Cash at bank	1,173.5	1,022.3	1,216.2
Other assets	4.9	236.1	64.8
Total Assets	60,278.4	65,658.4	66,681.0
Total Liabilities	159.1	26.5	93.0
Net Asset Value	60,119.3	65,631.9	66,588.0
Capital Received from Unitholders	61,416.5	61,416.5	61,416.5
Retained Earnings	(1,297.2)	4,215.4	5,171.5
NAV per Unit (THB)	10.3868	11.3393	11.5045

Total assets as of 31 March 2019 stood at THB 60,278.4mn. The main components were (i) investment in the NRTA of THB 59,100.0mn, (ii) investment in securities at fair value and cash at bank of THB 1,173.5mn and (iii) other assets of THB 4.9mn. Total liabilities stood at THB 159.1mn (primarily account payable from NRTA of THB 141.4mn). Net Asset Value (NAV) as of 31 March 2019 was THB 60,119.3mn, equivalent to THB 10.3868 per unit.

DISTRIBUTION TO UNITHOLDERS

According to the Fund's dividend policy, the Fund will pay dividend to unitholders more than once a year, if the Fund has sufficient retained earnings. The Fund's performance in 4Q 2018/19 included a substantial unrealised loss on investment of THB 5,300.1mn primarily from the devaluation in the fair value of its investment in NRTA, resulting in a negative retained earnings as of 31 March 2019. The Fund, therefore, is unable to pay a dividend from the operational performance to unitholders during such period. Nevertheless, the Fund had cash from the operation for the period from 1 Jan 2019 to 31 Mar 2019. Distribution for 4Q 18/19, therefore, will be paid in a form of capital decrease of THB 0.169 per unit. XN (Exclude Capital Return) date is on 6 Jun 2019, book closing date is on 10 Jun 2019 and the payment is scheduled on 24 Jun 2019.

Total distribution for FY 18/19 was the aggregate of total dividend payout from the operation of THB 0.611 per unit and the 4th capital decrease of THB 0.169 per unit, totaling of THB 0.780 per unit. Annual cumulative dividend payout of THB 0.611 per unit is equivalent to a 5.8% annualised dividend yield based on par value of THB 10.611 per unit.

History of Dividend Payments

No.	FY	Dividend Period	Dividend Payout (THB per unit)	Accumulated Dividend for the Year (THB per unit)
1-4	13/14	17 Apr 2013 – 31 Mar 2014	0.579	0.579
5-8	14/15	1 Apr 2014 – 31 Mar 2015	0.606	0.606
9-12	15/16	1 Apr 2015 – 31 Mar 2016	0.692	0.692
13-16	16/17	1 Apr 2016 – 31 Mar 2017	0.772	0.772
17-20	17/18	1 Apr 2017 – 31 Mar 2018	0.798	0.798
21	1Q 18/19	1 Apr 2018 – 30 Jun 2018	0.196	0.611
22	2Q 18/19	1 Jul 2018 – 30 Sep 2018	0.209	
23	3Q 18/19	1 Oct 2018 – 31 Dec 2018	0.206	
Total		17 Apr 2013 – 31 Dec 2018	4.058	

History of Capital Decrease

No.	Reason for Capital Decrease	Capital Decrease Period	Capital Decrease Payout (THB per unit)
1	Excess cash from amortisation of issuance costs which was non-cash expense	17 Apr 2013 – 30 Jun 2014	0.077
2	Excess cash from amortisation of issuance costs which was non-cash expense	1 Jul 2014 – 31 Mar 2015 and the remaining amount from previous capital decrease	0.048
3	Excess cash from amortisation of issuance costs which was non-cash expense	1 Apr 2015 – 31 Mar 2016	0.064
4	Loss from valuation on investment	1 Jan 2019 – 31 Mar 2019	0.169
Total		17 Apr 2013 – 31 Mar 2019	0.358