

**BTS**  
**GIF**

BTS Rail Mass Transit Growth Infrastructure Fund

Translation

# Investor Newsletter

Issue 17

1Q 17/18

15 August 2017



## MESSAGE FROM THE MANAGEMENT COMPANY

To **Unitholders**  
**BTS Rail Mass Transit Growth Infrastructure Fund**

For the Fund's performance for the first quarter of FY17/18 (1 Apr 2017 - 30 Jun 2017), the Fund had total income of THB 1,149.0mn, total expenses of THB 33.1mn and net investment income of THB 1,115.9mn. The Fund announced a dividend payment for 1Q 17/18 performance and retained earnings of THB 0.192 per unit.

As of 30 Jun 2017, the Fund had net asset value of THB 66,743.7mn, or THB 11.5313 per unit. BTSGIF recognised the unrealised loss on investment of THB 199.9mn in 1Q17/18 primarily from the change in the fair value of its investment in the "net revenue purchase and transfer agreement" (NRTA) (from THB 65,800.0mn to THB 65,600.0mn).

BBL Asset Management Company Limited

## QUARTERLY HIGHLIGHTS

- Quarterly ridership of 58.0mn trips in 1Q 17/18 grew by 2.8% YoY but dropped by 3.4% QoQ.
- Average fare for 1Q 17/18 was THB 27.9 per trip, slightly decreasing 0.6% YoY but slightly increasing 0.3% QoQ.
- Farebox revenue in 1Q 17/18 rose by 2.2% YoY but declined 3.1% QoQ to THB 1,621.6mn.
- Total income in 1Q 17/18 dropped by 1.0% YoY and 5.7% QoQ to THB 1,149.0mn.
- Net investment income in 1Q 17/18 increased 1.7% YoY but decreased 7.1% QoQ to THB 1,115.9mn.
- Net investment income margin in 1Q 17/18 was 97.1%, increasing 2.5% YoY but decreasing 1.5% QoQ.
- As of 30 Jun 2017, Net Asset Value (NAV) was THB 66,743.7mn, equivalent to THB 11.5313 per unit.

## FINANCIAL PERFORMANCE

### TOTAL INCOME

Total income for 1Q 17/18 was THB 1,149.0mn, down 1.0% YoY and down 5.7% QoQ. YoY and QoQ decreases were mainly caused by lower income from investment in net farebox revenue from Core BTS SkyTrain network under the concession agreement (NRTA), down 1.0% YoY and down 5.7% QoQ, to THB 1,144.2mn primarily due to higher operating and maintenance costs.

In this quarter, farebox revenue was THB 1,621.6mn, up 2.2% YoY led by the increase in YoY ridership but down 3.1% QoQ from the decrease in QoQ ridership. Please refer to section "1Q 17/18 BTS Operational Performance" below for more details.

Operating and maintenance costs were THB 477.4mn, increasing 10.7% YoY due to higher personnel expenses and increasing maintenance costs. The increase was partially offset by the reduction in CAPEX and selling expenses. Operating and maintenance costs also increased 3.9% QoQ. The main reasons

Unit (THB mn)	1Q 17/18	1Q 16/17	% Change (YoY)	4Q 16/17	% Change (QoQ)
Income from investment in NRTA* (see table below)	1,144.2	1,155.2	(1.0%)	1,213.7	(5.7%)
Interest income	4.8	4.9	(1.9%)	4.3	10.9%
<b>Total Income</b>	<b>1,149.0</b>	<b>1,160.1</b>	<b>(1.0%)</b>	<b>1,218.0</b>	<b>(5.7%)</b>
Fund management fee and expenses	22.4	24.7	(9.3%)	19.1	16.7%
Amortisation of issuance costs	-	16.2	(100.0%)	-	-
Other expenses	10.7	22.0	(51.5%)	(2.3)	555.1%
<b>Total Expenses</b>	<b>33.1</b>	<b>62.9</b>	<b>(47.4%)</b>	<b>16.8</b>	<b>96.5%</b>
<b>Net Investment Income</b>	<b>1,115.9</b>	<b>1,097.2</b>	<b>1.7%</b>	<b>1,201.2</b>	<b>(7.1%)</b>
<b>Total Unrealised Gain (Loss) on Investments</b>	<b>(199.9)</b>	<b>199.9</b>	<b>(200.0%)</b>	<b>(99.9)</b>	<b>100.1%</b>
<b>Increase in Net Assets resulting from Operations</b>	<b>916.0</b>	<b>1,297.1</b>	<b>(29.4%)</b>	<b>1,101.3</b>	<b>(16.8%)</b>
<b>Net Investment Income Margin (%)</b>	<b>97.1%</b>	<b>94.6%</b>	<b>2.5%</b>	<b>98.6%</b>	<b>(1.5%)</b>

\*NRTA is calculated from farebox revenue less operating and maintenance costs.

### INCOME FROM INVESTMENT IN NRTA

Unit (THB mn)	1Q 17/18	1Q 16/17	% Change (YoY)	4Q 16/17	% Change (QoQ)
<b>Farebox revenues</b>	<b>1,621.6</b>	<b>1,586.7</b>	<b>2.2%</b>	<b>1,673.4</b>	<b>(3.1%)</b>
<b>Total operating and maintenance costs</b>	<b>477.4</b>	<b>431.5</b>	<b>10.7%</b>	<b>459.7</b>	<b>3.9%</b>
Employees expenses	227.1	182.8	24.2%	152.6	48.8%
Maintenance costs	109.0	96.4	13.2%	118.6	(8.1%)
Utilities expenses	93.5	94.0	(0.5%)	89.5	4.4%
Property insurance premium	0.0	0.0	1.4%	26.7	(99.9%)
Selling expenses	19.5	20.6	(5.2%)	21.8	(10.3%)
Administrative and other expense	22.9	21.9	4.4%	30.9	(25.9%)
Capital expenditures	5.4	15.8	(65.6%)	19.6	(72.3%)
<b>Total income from investment in NRTA</b>	<b>1,144.2</b>	<b>1,155.2</b>	<b>(1.0%)</b>	<b>1,213.7</b>	<b>(5.7%)</b>
<b>Income from investment in NRTA margin (%)</b>	<b>70.6%</b>	<b>72.8%</b>	<b>(2.2%)</b>	<b>72.5%</b>	<b>(2.0%)</b>

were the payment of bonus to employees and increasing utility expenses, although, there were the reduction in maintenance costs, property insurance premium, administrative and other expenses, and CAPEX.

In this quarter, income from investment in NRTA margin decreased to 70.6% compared to 72.8% in the same quarter last year and 72.5% in the previous quarter from higher operating and maintenance costs as explained above.

### ■ ■ TOTAL EXPENSES

1Q 17/18 total expenses were THB 33.1mn, a decrease of 47.4% YoY as a result of no amortisation of deferred unit issuance costs (fully amortised in 1Q 16/17) and lower incentive fee for BTSC. However, total expenses rose significantly by 96.5% QoQ from the reversal of incentive fee for BTSC last quarter causing lower expenses in the previous quarter.

### ■ ■ NET INVESTMENT INCOME

BTSGIF recorded net investment income of THB 1,115.9mn in 1Q 17/18, increasing 1.7% YoY as the decrease in total expenses exceeded the decrease in total income. Net investment income decreased 7.1% QoQ mainly from both lower total income and higher total expenses.

## BALANCE SHEET

Total assets of BTSGIF as of 30 June 2017 stood at THB 66,767.0mn. The main components were (i) investment in the NRTA of THB 65,600.0mn, (ii) investment in securities at fair value and cash at bank of THB 989.7mn and (iii) other assets of THB 177.3mn (primarily account receivable from NRTA of THB 174.4mn). Total liabilities stood at THB 23.3mn. Net Asset Value (NAV) as of 30 Jun 2017 was THB 66,743.7mn, equivalent to THB 11.5313 per unit.

## 1Q 17/18 BTS OPERATIONAL PERFORMANCE

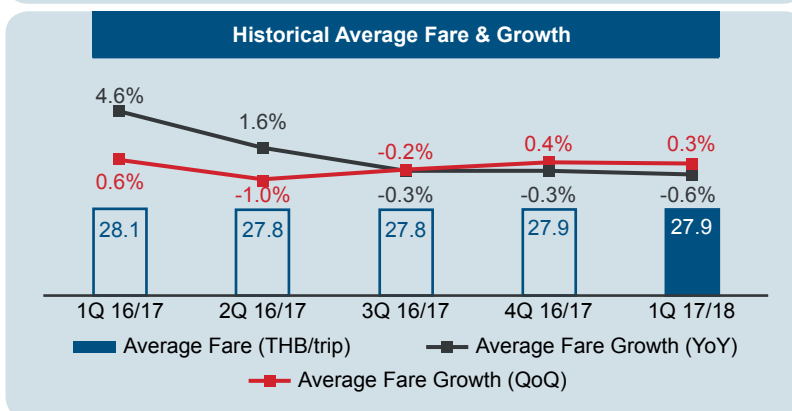
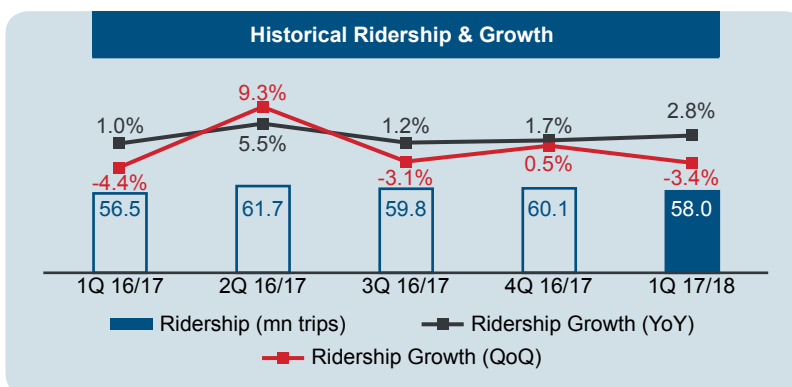
Quarterly ridership in 1Q 17/18 was 58.0mn trips, a growth of 2.8% YoY from organic growth. However, ridership decreased 3.4% QoQ because of the lower number of weekdays from several holidays in this quarter e.g. Song Kran festival, National Labor day (seasonal effect). 1Q 17/18 average fare was THB 27.9 per trip, decreasing 0.6% YoY but slightly increasing 0.3% QoQ.

Despite the decrease in total income in 1Q 17/18, net investment income margin rose to 97.1% compared to 94.6% in the same quarter last year from the decrease in total expenses as mentioned earlier. Compared to the previous quarter, net investment income margin dropped from 98.6% in the previous quarter from the decrease in total income and higher total expenses as afore mentioned.

### ■ ■ UNREALISED GAIN (LOSS) ON INVESTMENTS

In 1Q 17/18, BTSGIF recognised the unrealised loss on investment of THB 199.9mn primarily from the decrease in the fair value of its investment in the “net revenue purchase and transfer agreement” (NRTA) (from THB 65,800.0mn to THB 65,600.0mn).

Unit : THB mn	30 Jun 17	31 Mar 17
Investment in NRTA	65,600.0	65,800.0
at cost	61,432.1	61,432.1
Investments in securities at fair value and Cash at bank	989.7	1,191.7
Other assets	177.3	50.0
<b>Total Assets</b>	<b>66,767.0</b>	<b>67,041.7</b>
<b>Total Liabilities</b>	<b>23.3</b>	<b>15.9</b>
<b>Net Asset Value</b>	<b>66,743.7</b>	<b>67,025.8</b>
Capital Received from Unitholders	61,416.5	61,416.5
Retained Earnings	5,327.2	5,609.3
<b>NAV per Unit (THB)</b>	<b>11.5313</b>	<b>11.5801</b>





## HISTORICAL DIVIDEND PAYOUT

No.	Dividend Period	Dividend Payout (Baht per unit)	Accumulated for the year (Baht per unit)
1	17 Apr 2013 – 30 Jun 2013	0.117	0.579
2	1 Jul 2013 – 30 Sep 2013	0.158	
3	1 Oct 2013 – 31 Dec 2013	0.150	
4	1 Jan 2014 – 31 Mar 2014	0.154	
5	1 Apr 2014 – 30 Jun 2014	0.151	0.606
6	1 Jul 2014 – 30 Sep 2014	0.156	
7	1 Oct 2014 – 31 Dec 2014	0.161	
8	1 Jan 2015 – 31 Mar 2015	0.138	
9	1 Apr 2015 – 30 Jun 2015	0.168	0.692
10	1 Jul 2015 – 30 Sep 2015	0.179	
11	1 Oct 2015 – 31 Dec 2015	0.178	
12	1 Jan 2016 – 31 Mar 2016	0.167	
13	1 Apr 2016 – 30 Jun 2016	0.189	0.772
14	1 Jul 2016 – 30 Sep 2016	0.188	
15	1 Oct 2016 – 31 Dec 2016	0.188	
16	1 Jan 2017 – 31 Mar 2017	0.207	
17	1 Apr 2017 – 30 Jun 2017	0.192	0.192
<b>Total</b>		<b>2.841</b>	

### The 17<sup>th</sup> Dividend Distribution Timetable

XD Date	28 Aug 2017
Book Closure Date	31 Aug 2017
Payment Date	14 Sep 2017

## HISTORICAL CAPITAL DECREASE

No.	Capital Decrease Period	Capital Decrease (Baht per unit)
1	17 Apr 2013 – 30 Jun 2014	0.077
2	1 Jul 2014 – 31 Mar 2015	0.048
3	1 Apr 2015 – 31 Mar 2016	0.064
<b>Total</b>		<b>0.189</b>

## FUND HIGHLIGHT

### FUND INFORMATION

Fund Name	BTS Rail Mass Transit Growth Infrastructure Fund
Fund Type	Infrastructure Fund
Initial Asset	Future net farebox revenue (Farebox revenue less related operating cost and CAPEX) from the Core BTS SkyTrain system (23.5 km) Concession period ending 4 Dec 2029 Investment cost : THB 61,432.1mn (Including cost of investment in Suksa Wittaya station of THB 33.1mn)
Total Investment Units	5,788mn units
Par Value	THB 10.611 per investment unit (After 3 <sup>rd</sup> Capital Decrease)
Registered Capital	THB 61,416.5mn (After 3 <sup>rd</sup> Capital Decrease)
Fund Manager	BBL Asset Management Co., Ltd.
Sponsors	BTS Group Holdings PCL and Bangkok Mass Transit System PCL
Fund Supervisor	Standard Chartered Bank (Thai) Pcl.
Lock-up Arrangement	Lock-up of BTSG's 33.3% holding of BTSGIF units: 10 years

### STOCK INFORMATION

Market Price (as of 11 Aug 2017)	THB 11.40
Market Capital (as of 11 Aug 2017)	THB 65,983.20mn
Net Asset Value (as of 30 Jun 2017)	THB 66,743.68mn



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