



**BBGI SICAV S.A.**

**Interim Management Statement**

**17 November 2015**



A Global  
Infrastructure  
Company

BBGI SICAV S.A. ('BBGI' or the 'Company'), a listed global infrastructure investment company, is issuing this Interim Management Statement ('IMS') in accordance with the Luxembourg Law of 11 January 2008 on transparency requirements for issuers of securities (the 'Transparency Law'), Article 5. Any reference to the Company or BBGI below also refers to its subsidiaries (where applicable). This statement relates to the period from 1 July 2015 to 16 November 2015.

## Highlights

- Portfolio performance and cash receipts are slightly ahead of the business plan and underlying financial models.
- A final 2014 dividend of 2.88 pence per share was paid on 3 July 2015. In August the Company announced that it had increased its 2015 annual dividend target from 5.76 pence per share to 6.00 pence per share. As a result, a 2015 interim dividend of 3.00 pence per share was declared in August.
- In July, BBGI completed the acquisition of a further 50% interest in the Northern Territory Secure Facilities PPP Project in Australia bringing its total equity interest holding to 100%.
- In addition in July, BBGI signed a Sale and Purchase Agreement to acquire 100% of the equity and subordinated debt interests in two educational PPP projects in Northern Ireland for an acquisition price of approximately £11.7 million.
- In September, BBGI was part of a consortium that was selected as preferred bidder on the North Commuter Parkway and Traffic Bridge project (the "NCP Project") primary development located in Saskatoon, Saskatchewan, Canada. Financial close was achieved in October 2015.
- Construction completion of Women's College Hospital PPP Project in Toronto, Canada occurred on 24 September 2015.
- The net effect of foreign exchange movements on the Investment Basis NAV ('NAV') from 1 July to 16 November 2015 was a decrease of approximately £9.3 million.
- The Company's shares continue to trade at a premium to NAV closing at £1.26 on 16 November 2015 representing a premium of 14.1% to the 30 June 2015 NAV.
- Total Shareholder Return since listing in December 2011 to 16 November 2015 of 49.67% equating to a compound annual growth rate of 10.89%.

## Asset Performance

The existing portfolio of projects continues to perform well with no material exceptions. Cash flows generated from the projects in the period are slightly in excess of project budgets and Management's expectations.

## Dividends

A final 2014 dividend of 2.88 pence per share was paid on 3 July 2015.

BBGI announced in August 2015 an increase in its 2015 dividend target from 5.76 pence per share to 6.00 pence per share which represents an increase of 4.2%. The 2015 interim dividend of 3.00 pence per share was paid on 29 October 2015.

Scrip elections for the July and October dividends were 22.75% and 20.64% of the ordinary shares in issue respectively.

## Portfolio

BBGI's existing portfolio comprises 37 projects spread across a range of sectors including roads, education, healthcare and justice. All the projects in BBGI's portfolio are supported by contracted, government-backed revenue streams, with inflation protection characteristics. The portfolio analysis below is based on the existing portfolio value as at 30 June 2015 adjusted for the purchase price of subsequent acquisitions, construction completion of assets and foreign exchange movements.

The portfolio currently has the following estimated sector, geographical and project status split:

- Sector split: 39% Roads, 22% Justice, 22% Health, 15% Education and 2% other assets
- Geographical split: 42% UK, 25% Canada, 20% Australia, 9% Continental Europe and 4% USA
- Status split: 96% operational, 4% late stage construction<sup>1</sup> and 0% early stage construction<sup>2</sup>

## Assets in Construction

BBGI currently has three assets in construction. Ohio River Bridges in the US is expected to become operational in 2016 and Mersey Gateway Bridge in the UK in 2017.

During the period BBGI reached financial close on the NCP Project. BBGI is a 50% equity investor in the consortium that will, finance, operate and maintain the infrastructure for a period of 30 years after a 3-year design build period. The NCP Project involves the replacement of the 107-year-old Traffic Bridge in Saskatoon, Canada as well as the development of a new six-lane bridge crossing the South Saskatchewan River in the City's north end and 8.3 kilometres of new arterial roadways. Construction works and obligations relating to the project will be undertaken by Graham Construction. The construction of the NCP Project is scheduled for completion in Q4 2018.

Construction completion was achieved for Women's College Hospital on 24 September 2015. The completion of this important milestone again demonstrates BBGI's ability to successfully take projects from construction into operation, and validates our strategy of maintaining some construction exposure. We expect the valuation at year-end to reflect the operational status of this project.

<sup>1</sup> Late-stage construction assets are expected to become operational in 2016 and early-stage construction assets will become operational in 2017 and 2018.

<sup>2</sup> BBGI has a 37.5% equity and subordinated debt subscription obligation in Mersey Gateway Bridge and a 50% equity subscription obligation in North Commuter Parkway. The combined commitments amount to approximately £23 million to be paid during 2017 and 2018. These projects are included in the construction exposure calculation; however, their values are de minimis as they are reduced by the discounted value of the future subscription obligations.

## Valuation of the Portfolio

The Company reports its NAV semi-annually when it publishes its results for the half and full year periods ending in June and December respectively. The Company, in its IMS, also provides guidance in terms of the impact of foreign exchange movements in the period on the NAV.

Over the period from 1 July 2015 to 16 November 2015 there has been an appreciation in the value of GBP against the AUD, CAD and NOK and a depreciation in value against the EUR and USD. The overall impact on the NAV, as calculated at 30 June 2015, is a decrease of approximately £9.3 million.

## Hedging

In September, the Company, in accordance with its hedging policy, entered into a number of forward contracts to partially hedge against currency fluctuations on future portfolio distributions for a period of up to four years.

## Net Debt

At 16 November 2015, the Company had net debt of approximately £26.0 million, 5.5% of the NAV as calculated at 30 June 2015, after taking account of approximately £19.2 million of currently available cash.

The Company has a three year Revolving Credit Facility of £80 million in place. As at 16 November 2015 the amount utilised under the credit facility was £69.7 million, of which £24.5 million is being used to cover letters of credit and the remaining £45.2 million is drawn to provide bridge financing for acquisitions. BBGI retains the flexibility to consider larger transactions by virtue of having structured a further £100 million incremental accordion tranche, for which no commitment fees are paid, which provides the possibility of allowing the Company to increase the facility to £180 million.

The facility is used primarily to fund acquisitions and provide letters of credit for investment obligations, and the intention is to repay the facility from time to time through equity fundraisings. The term of the facility is three years, expiring in January 2018.

## Outlook and Investment Opportunities

The Supervisory and Management Boards are pleased to report that the portfolio of assets continues to perform well, and are confident of the Company's ability to deliver predictable dividends to shareholders.

The secondary market for social and transport infrastructure remains very competitive.

BBGI will continue to follow a path of disciplined growth, being selective and surgical in its approach to identifying opportunities and buying secondary assets on an opportunistic basis. We believe that this approach is in the best interest of shareholders. We are currently seeking more attractive opportunities in new "greenfield" infrastructure projects which we believe are typically better priced on a risk-adjusted basis. The NCP Project demonstrates our ability to grow our portfolio of infrastructure investments not only by acquiring operational projects but also by partnering with construction companies in consortium bids on primary market opportunities.

Due to the internal management structure, the interests of the management of BBGI and its shareholders are aligned and management is not incentivised to grow the Company to the detriment of its return targets.

### Cautionary Statement

This IMS aims to give an indication of material events and transactions that have taken place during the period from 1 July 2015 to 16 November 2015 and their impact on the financial position of the Company. These indications reflect BBGI's current views and are subject to a number of risks and uncertainties and could change. Factors which could cause or contribute to such differences include, but are not limited to, general economic and market conditions and specific factors affecting the financial prospects or performance of individual investments within the portfolio of BBGI.

This IMS contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and BBGI's actions to differ materially from those expressed or implied in the forward-looking statements.

This IMS has been prepared solely to provide additional information to shareholders as a body to meet the requirements of the Transparency Law, Article 5 and this IMS should not be relied upon by any other party or for any other purpose.

#### **For further information, please contact:**

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