

BBGI Global Infrastructure (BBGI)

02/09/2024

Results analysis from Kepler Trust Intelligence

BBGI Global Infrastructure (BBGI) has released its interim results for the six months ended 30/06/2024. The net asset value (NAV) total return for the period was 2.4%. This return consisted of a dividend of 3.965p per share paid in April and was partially offset by a modest 0.3% decrease in NAV per share to 147.4p per share, which was largely due to the impact of net negative movements in the currency markets.

BBGI reaffirmed its 6% dividend growth target for 2024 and 2% dividend growth target for 2025.

The dividend remains secure, both in the short and medium term. The cash dividend cover for H1 2024 was 1.47x and the FY 2024 cover is expected to be in the range of 1.3x to 1.4x.

BBGI remains in strong financial and operational positions. There were no material lock-ups or default events during the period and net cash generated by the portfolio companies were ahead of projections. There is no structural gearing at the group level, no cash drawings on the revolving credit facility, and BBGI has net cash of £20.6 million.

This gives it the chance to consider opportunities to enhance long-term shareholder value. A number of potential investment across various sectors and regions were considered in the period, but none were made as they did not meet BBGI's requirements.

Duncan Ball, CEO of BBGI, said: "Stabilising, and potentially reducing interest rates, combined with an ever-increasing demand for infrastructure investments, presents a long-term growth opportunity for BBGI. As governments worldwide navigate the challenges associated with the high levels of public debt and the growing need for new infrastructure projects and repairing and maintaining aging infrastructure, specialist investors like BBGI are well positioned to play a critical role."

Kepler View

BBGI Global Infrastructure (BBGI) has reported robust performance, both operationally and financially.

The globally diversified portfolio of 56 high-quality, 100% availability-style infrastructure assets sits at the low-risk end of the sector. We think that this, along with its conservative financial management have been major contributors to the consistent and resilient performance that it has delivered.

BBGI's steady, growing dividend record since it was launched in 2011 continues. The dividend growth shown in the full-year 2023 and full-year 2024 is testament to BBGI's stable, predictable cash flows with high-quality, contracted inflation linkage of 0.5%.

BBGI's weighted average discount rate is 7.3%. In simple terms, deducting the OCF leaves shareholders with a prospective NAV IRR of 6.4%. However, if you include the current share price discount to NAV narrowing to zero, this translates to a prospective share price IRR of 7.6%. Prior to the increasing interest rate environment, BBGI's share price traded at a premium to NAV.

The trust's discount is one of the lowest in its peer group, but remains relatively wide at 9.7% compared to its five-year average premium of 12.8%. In our view, with bond yields having potentially plateaued, this could be an interesting moment to consider BBGI's attractive prospective real returns.

[CLICK HERE TO READ THE FULL REPORT](#)

Visit [Kepler Trust Intelligence](#) for more high quality independent investment trust research.

Important information

This report has been issued by Kepler Partners LLP. **The analyst who has prepared this report is aware that Kepler Partners LLP has a relationship with the company covered in this report and/or a conflict of interest which may impair the objectivity of the research.**

Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise and you may get back less than you invested when you decide to sell your investments. It is strongly recommended that if you are a private investor independent financial advice should be taken before making any investment or financial decision.

Kepler Partners is not authorised to make recommendations to retail clients. This report has been issued by Kepler Partners LLP, is based on factual information only, is solely for information purposes only and any views contained in it must not be construed as investment or tax advice or a recommendation to buy, sell or take any action in relation to any investment.

The information provided on this website is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Kepler Partners LLP to any registration requirement within such jurisdiction or country. In particular, this website is exclusively for non-US Persons. Persons who access this information are required to inform themselves and to comply with any such restrictions.

The information contained in this website is not intended to constitute, and should not be construed as, investment advice. No representation or warranty, express or implied, is given by any person as to the accuracy or completeness of the information and no responsibility or liability is accepted for the accuracy or sufficiency of any of the information.

of the information and no responsibility or liability is accepted for the accuracy or completeness of any of the information, for any errors, omissions or misstatements, negligent or otherwise. Any views and opinions, whilst given in good faith, are subject to change without notice.

This is not an official confirmation of terms and is not a recommendation, offer or solicitation to buy or sell or take any action in relation to any investment mentioned herein. Any prices or quotations contained herein are indicative only.

Kepler Partners LLP (including its partners, employees and representatives) or a connected person may have positions in or options on the securities detailed in this report, and may buy, sell or offer to purchase or sell such securities from time to time, but will at all times be subject to restrictions imposed by the firm's internal rules. A copy of the firm's Conflict of Interest policy is available on request.

[PLEASE SEE ALSO OUR TERMS AND CONDITIONS](#)

Kepler Partners LLP is authorised and regulated by the Financial Conduct Authority (FRN 480590), registered in England and Wales at 70 Conduit Street, London W1S 2GF with registered number OC334771.

This information is provided by Reach, the non-regulatory press release distribution service of RNS, part of the London Stock Exchange. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@lseg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

NRAMZGGLGZLGDZM