

# Third Quarter and Nine Months 2019 Financial Results

14 October 2019



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# Outline

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# Key Results Highlights

Ixom

A photograph of an industrial facility, likely a refinery or chemical plant, featuring several large, cylindrical storage tanks and a complex network of pipes and metal structures. The scene is set against a clear blue sky, and the lighting suggests a bright, sunny day. The image is partially obscured by a green diagonal overlay on the left side.

# 9M 2019 Key Results Highlights



Distribution per Unit  
**2.79 cents**

DPU of 0.93 cents for 3Q 2019, bringing 9M 2019 DPU to 2.79 cents



Distributable Cash Flows  
**\$149.9m**

DCF of \$55.7 million for 3Q 2019, bringing 9M 2019 DCF to \$149.9 million



Annualised Yield  
**7.0%**

Annualised distribution yield based on the market price per Unit of \$0.53 as at 30 September 2019



Proposed divestment of 51% stake in DataCentre One<sup>1</sup>

Allows KIT to realise the remaining lease value in DataCentre One (DC One) upfront

# Business Updates

Ulu Pandan NEWater Plant



# Business Sectors

Diversified Business Trust with a Strategic Portfolio of Infrastructure-Like Businesses and Assets

## Distribution & Network



Strategic infrastructure business and assets with potential for long-term growth supported by favourable demand dynamics

- City Gas
- Basslink
- DataCentre One
- Ixom

## Energy



Stable and resilient infrastructure assets anchored by concession contracts that are backed by government and government-linked corporations

- Keppel Merlimau Cogen

## Waste & Water



- Senoko WTE Plant
- Tuas WTE Plant
- Ulu Pandan NEWater Plant
- SingSpring Desalination Plant

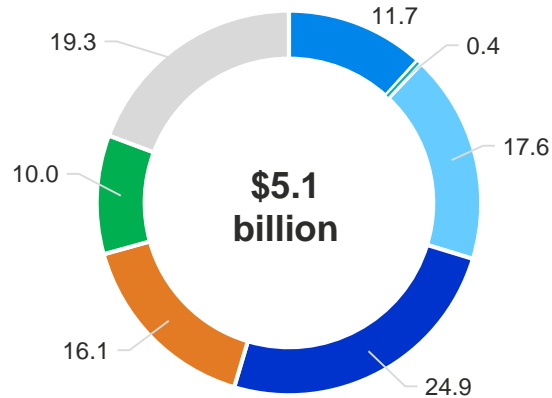
# Portfolio Overview

	Distribution and Network	Energy	Waste & Water
<b>Assets</b>	City Gas, Basslink, DC One, Ixom	Keppel Merlimau Cogen (KMC)	Senoko and Tuas WTE Plants, Ulu Pandan and SingSpring Water Plants
<b>Business Updates</b>	<p><b>City Gas</b></p> <ul style="list-style-type: none"> <li>Customer base grew 2.4% YoY to 856,000 in 3Q 2019</li> <li>Achieved 100% availability in 3Q 2019</li> </ul> <p><b>Basslink<sup>1</sup></b></p> <ul style="list-style-type: none"> <li>Interconnector suffered a low voltage cable failure in an above ground section in the transition station in Gifford, Victoria</li> <li>Returned to service ahead of schedule on 29 September 2019</li> <li>Basslink continues to vigorously defend itself in the arbitration with the State of Tasmania and Hydro Tasmania as announced previously, the arbitration is expected to conclude in 2020</li> </ul> <p><b>DC One</b></p> <ul style="list-style-type: none"> <li>Proposed divestment will allow KIT to realise the remaining lease value upfront, with proceeds expected to be redeployed towards acquisitions, refinancing and working capital needs</li> </ul> <p><b>Ixom</b></p> <ul style="list-style-type: none"> <li>Continues to deliver on its performance targets, supported by ongoing operational excellence, working capital optimisation and productivity improvements</li> </ul>	<ul style="list-style-type: none"> <li>Had an unplanned maintenance for one of its four units; the affected unit is scheduled to resume service in November 2019</li> <li>Not expected to have a material financial impact to the net tangible asset per Unit and distribution per unit of the KIT Group for the current financial year</li> </ul>	<ul style="list-style-type: none"> <li>Fulfilled all contractual obligations in 3Q 2019</li> </ul> <p><b>SingSpring</b></p> <ul style="list-style-type: none"> <li>KIT has increased monitoring of operational performance to ensure that its obligations under the Water Purchase Agreement are satisfactorily discharged</li> <li>KIT will make the necessary announcements, if and when, there are material developments</li> </ul>



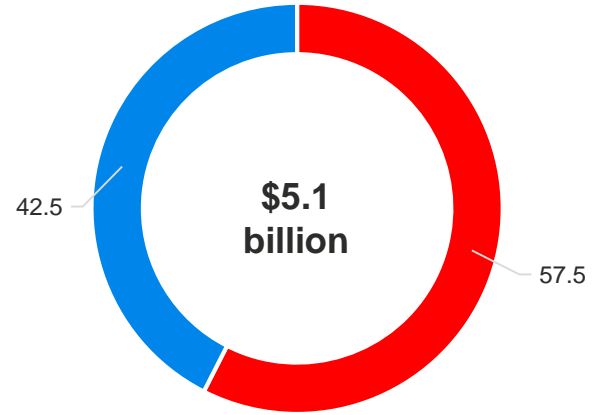
# Portfolio Breakdown

## By Assets (%)



- City Gas
- Basslink
- KMC
- Non-controlling interest
- DC One
- Ixom
- Waste & Water

## By Geography (%)



- Singapore
- Australia and New Zealand

# Finance & Capital Management

City Gas

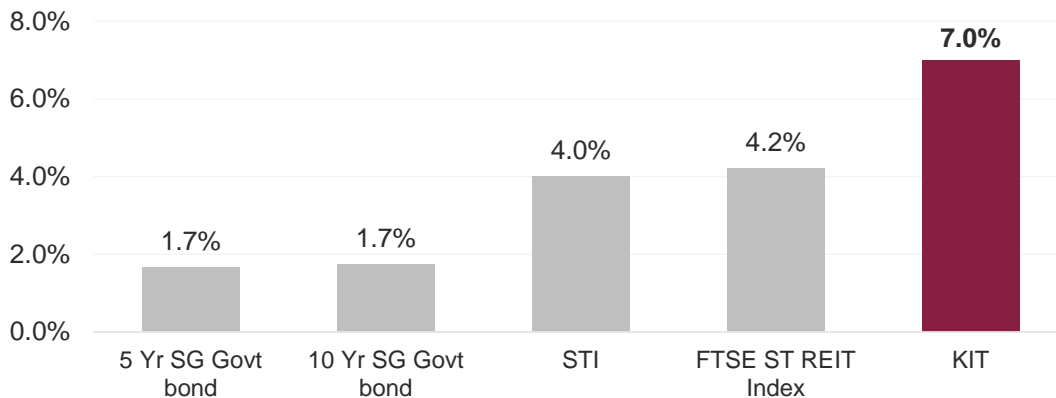


# Distributable Cash Flows

(S\$'000)	3Q 2019	3Q 2018	+ / (-) %	9M 2019	9M 2018	+ / (-) %
<b>Distribution &amp; Network</b>						
• City Gas	11,234	6,942	61.8	37,496	27,651	35.6
• DC One	1,327	1,353	(1.9)	3,981	3,832	3.9
• Ixom <sup>1</sup>	21,683	-	> 100.0	37,717	-	> 100.0
<b>Energy</b>						
• KMC	10,802	11,766	(8.2)	33,752	33,603	0.4
<b>Waste &amp; Water</b>	18,619	17,918	3.9	54,610	53,268	2.5
Others <sup>2</sup>	(8,013)	(3,419)	> (100.0)	(17,705)	(11,338)	(56.2)
<b>Distributable Cash Flows</b>	<b>55,652</b>	<b>34,560</b>	<b>61.0</b>	<b>149,851</b>	<b>107,016</b>	<b>40.0</b>

# Regular and Stable Distributions

## Comparative Yields<sup>1</sup>



## DPU for 3Q 2019

**DPU: 0.93 Singapore cents**

- Book closure date: 22 October 2019
- Payment date: 15 November 2019



# Balance Sheet

## Sustainable gearing supported by:

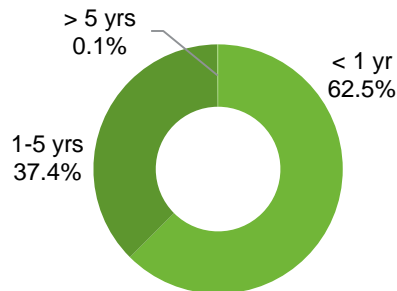
- Long term contracts expiring between 2024 and 2036
- Creditworthy customers backed by government and government-linked corporations
- City Gas and Ixom's large and stable customer base
- Recurring and resilient revenue streams
- Basslink borrowing is non-recourse and ring-fenced

	As at 30 September 2019 (S\$m)	
	Total	Excl. Basslink
Cash	438	377
Borrowings	2,156	1,510
Net debt	1,718	1,133
Total assets	5,096	4,198
Total liabilities	3,352	2,444
Annualised EBITDA <sup>1</sup>	308	267
Net gearing	33.7%	27.0%
Net debt / EBITDA <sup>1</sup>	5.6X	4.2X

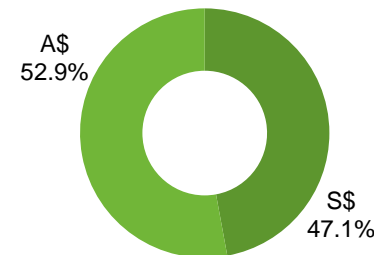
# Capital Management

- **Hedged ~ 88% of total loans**
- All loans are non-recourse except KIT corporate loan
- Stable interest rate of 4-5%
  - Singapore average: 3-4%
  - Australia average: 4-7%
- Weighted average term to maturity of ~1.9 years
  - Excluding the Basslink loan, weighted average term to maturity would be ~2.6 years
- S\$646.2m (A\$692.3m)<sup>1</sup> Basslink loan due in November 2019
  - Interest rate substantially hedged
  - Natural currency hedge for A\$ cash flows
  - No cash flow exposure to near term A\$ forex movement
  - All residual cash flows used for debt service
  - Not dependent on Basslink's cash flows for distribution
  - Negotiations with financiers regarding the refinancing or an extension of the loan facility are in their final stages
- S\$700.0m KMC loan due in June 2020
  - Negotiations with banks are in progress

**Debt Repayment Profile**



**Debt Breakdown by Currency**



Loan Profile		Amount (\$'M)	Maturity / Call Date	Repayment
SGD	KMC	S\$700.0m	June 2020	Bullet*
	KIT	S\$100.0m	February 2022	Bullet*
	City Gas	S\$178.0m	February 2024	Bullet*
	SingSpring	S\$43.2m	December 2024	Amortising
AUD	Basslink	A\$692.3m	November 2019	Amortising*
	Ixom	A\$536.0m	February 2024	Bullet*

# Looking Ahead

Ixom



# Driving Sustainable Growth

KIT's long-term strategic goal is to deliver sustainable returns to its Unitholders, through a combination of recurring distributions and steady capital appreciation

Anchored

By a growing portfolio of strategic infrastructure businesses and assets across a broad range of highly defensive industries

Benchmarks



Long-term, mature and defensive cash flows



Creditworthy off-takers and/or a large, diversified and stable customer base



Jurisdictions with well-developed legal frameworks



High barriers to entry with a dominant or leading market position



Provider of essential products or services with potential for long-term growth



# Additional Information

Senoko WTE Plant



# 3Q 2019: Distributable Cash Flows

S\$'000	KMC	City Gas	Basslink	Ixom	Waste & Water	Others	Group
<b>Profit/(loss) attributable to unitholders</b>	(10,641)	3,692	(11,188)	10,814	(199)	16,878	9,356
<b>Add/(less):</b>							
Reduction in concession / lease receivables	-	(276)	-	-	13,274	-	12,998
Non-cash finance cost	76	24	1,174	600	3	(349)	1,528
Other non-cash items	282	442	2,024	(159)	870	(1,924)	1,535
Adjustment for cash tax paid / deferred tax	(10)	162	-	4,321	(295)	(1)	4,177
Depreciation and amortisation	9,847	982	4,117	9,938	1,488	-	26,372
QPDS interest expenses to KIT	11,248	6,408	-	-	4,961	(22,617)	-
Transaction costs in relation to acquisition	-	-	-	-	-	-	-
Maintenance capex	-	(200)	(405)	(3,831)	(0)	-	(4,436)
FFO from joint venture	-	-	-	-	-	1,900	1,900
<b>Funds from operations</b>	<b>10,802</b>	<b>11,234</b>	<b>(4,278)</b>	<b>21,683</b>	<b>20,102</b>	<b>(6,113)</b>	<b>53,430</b>
Less: Basslink's FFO <sup>1</sup>	-	-	4,278	-	-	-	4,278
Less: Mandatory debt repayment	-	-	-	-	(1,483) <sup>2</sup>	(573)	(2,056)
<b>Distributable cash flows</b>	<b>10,802</b>	<b>11,234</b>	<b>-</b>	<b>21,683</b>	<b>18,619</b>	<b>(6,686)</b>	<b>55,652</b>

# 3Q 2018: Distributable Cash Flows

S\$'000	KMC	City Gas	Basslink	Waste & Water	Others	Group
<b>Profit/(loss) attributable to unitholders</b>	(9,628)	564	(3,112)	869	19,461	8,154
<b>Add/(less):</b>						
Reduction in concession / lease receivables	-	-	-	13,038	-	13,038
Non-cash finance cost	83	100	1,623	4	30	1,840
Other non-cash items	381	(200)	3,050	53	(974)	2,310
Adjustment for cash tax paid / deferred tax	(1)	(604)	-	148	(134)	(591)
Depreciation and amortisation	9,683	685	4,463	675	815	16,321
QPDS interest expenses to KIT	11,248	6,408	-	4,961	(22,617)	-
Maintenance capex	-	(11)	(165)	(3)	-	(179)
FFO from joint venture	-	-	-	-	1,908	1,908
Funds from operations	11,766	6,942	5,859	19,745	(1,511)	42,801
Less: Basslink's FFO <sup>1</sup>	-	-	(5,859)	-	-	(5,859)
Less: Mandatory debt repayment	-	-	-	(1,827) <sup>2</sup>	(555)	(2,382)
<b>Distributable cash flows</b>	<b>11,766</b>	<b>6,942</b>	<b>-</b>	<b>17,918</b>	<b>(2,066)</b>	<b>34,560</b>

# 9M 2019: Distributable Cash Flows

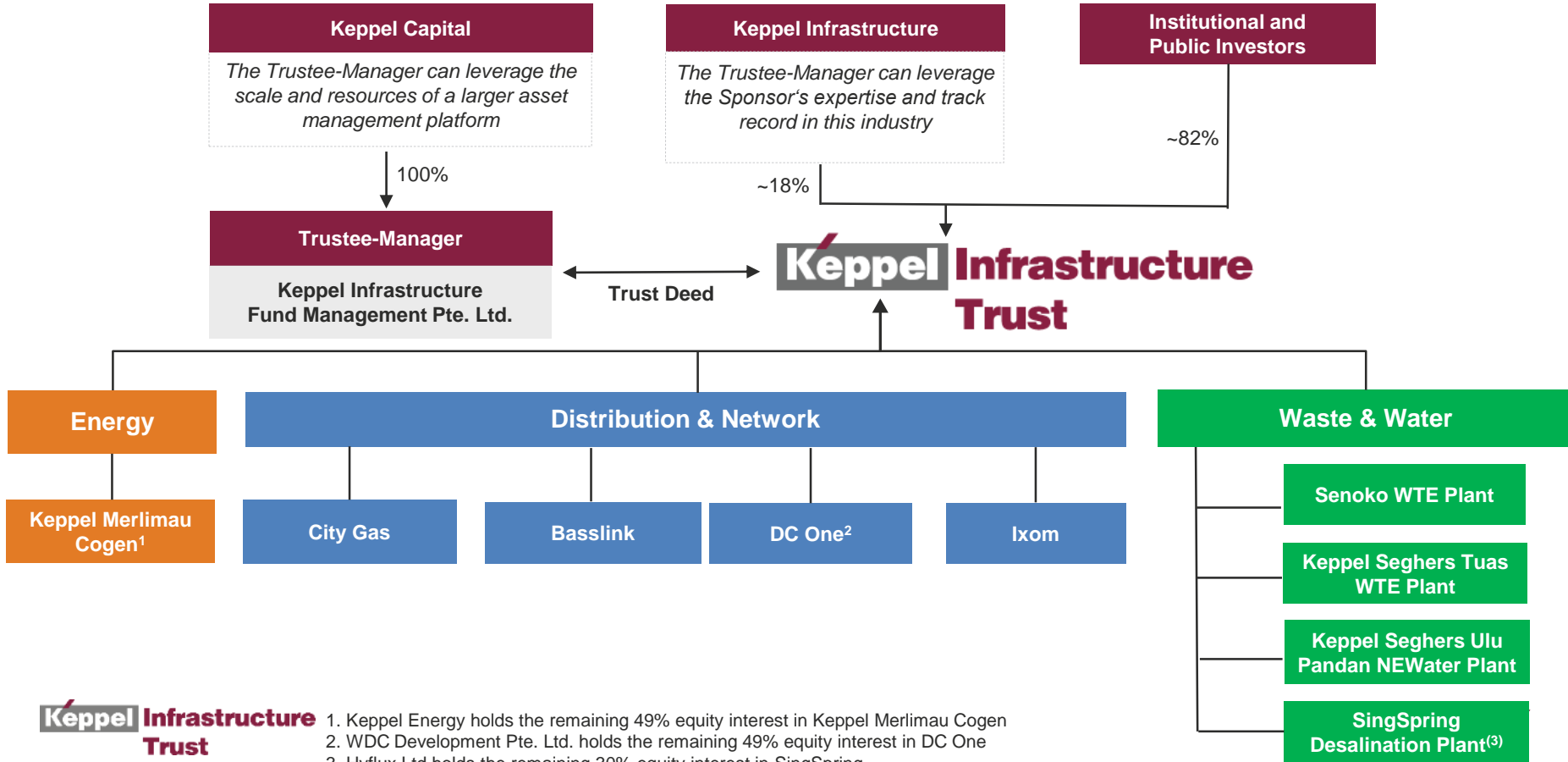
S\$'000	KMC	City Gas	Basslink	Ixom	Waste & Water	Others	Group
<b>Profit/(loss) attributable to unitholders</b>	(30,145)	14,796	(14,607)	6,018	(40)	33,082	9,104
<b>Add/(less):</b>							
Reduction in concession / lease receivables	-	(276)	-	-	40,014	-	39,738
Non-cash finance cost	244	108	3,539	1,513	9	76	5,489
Other non-cash items	782	(22)	11,269	89	919	(2,544)	10,493
Adjustment for cash tax paid / deferred tax	(28)	1,579	-	(1,875)	(683)	(4)	(1,011)
Depreciation and amortisation	29,522	2,949	12,734	24,412	4,466	-	74,083
QPDS interest expenses to KIT	33,377	19,016	-	-	14,722	(67,115)	-
Transaction costs in relation to acquisition <sup>1</sup>	-	-	-	17,496	-	19,098	36,594
Maintenance capex	-	(209)	(3,013)	(9,936)	(2)	-	(13,160)
FFO from joint venture	-	-	-	-	-	5,686	5,686
Funds from operations	33,752	37,496	9,922	37,717	59,405	(12,021)	166,271
Less: Basslink's FFO <sup>2</sup>	-	-	(9,922)	-	-	-	(9,922)
Less: Mandatory debt repayment	-	-	-	-	(4,793) <sup>3</sup>	(1,705)	(6,498)
<b>Distributable cash flows</b>	<b>33,752</b>	<b>37,496</b>	<b>-</b>	<b>37,717</b>	<b>54,612</b>	<b>(13,726)</b>	<b>149,851</b>

1. Due to one-off acquisition related cost incurred which are reversed through "Transaction costs in relation to acquisition" to reflect actual funds from operations at Ixom for the period from acquisition date
2. Not dependent on Basslink's cash flows for distribution
3. 70% of SingSpring debt repayment

# 9M 2018: Distributable Cash Flows

S\$'000	KMC	City Gas	Basslink	Waste & Water	Others	Group
<b>Profit/(loss) attributable to unitholders</b>	(30,123)	7,614	(24,657)	1,054	57,722	11,610
<b>Add/(less):</b>						
Reduction in concession / lease receivables	-	-	-	39,008	-	39,008
Non-cash finance cost	248	296	4,903	11	84	5,542
Other non-cash items	1,078	(672)	10,347	122	(2,714)	8,161
Adjustment for cash tax paid / deferred tax	(27)	(645)	-	190	(130)	(612)
Depreciation and amortisation	29,050	2,067	13,569	3,653	815	49,154
QPDS interest expenses to KIT	33,377	19,016	-	14,722	(67,115)	-
Maintenance capex	-	(25)	(331)	(10)	-	(366)
FFO from joint venture	-	-	-	-	5,481	5,481
Funds from operations	33,603	27,651	3,831	58,750	(5,857)	117,978
Less: Basslink's FFO <sup>1</sup>	-	-	(3,831)	-	-	(3,831)
Less: Mandatory debt repayment	-	-	-	(5,482) <sup>2</sup>	(1,649)	(7,131)
<b>Distributable cash flows</b>	<b>33,603</b>	<b>27,651</b>	<b>-</b>	<b>53,268</b>	<b>(7,506)</b>	<b>107,016</b>










# Keppel Infrastructure Trust Structure



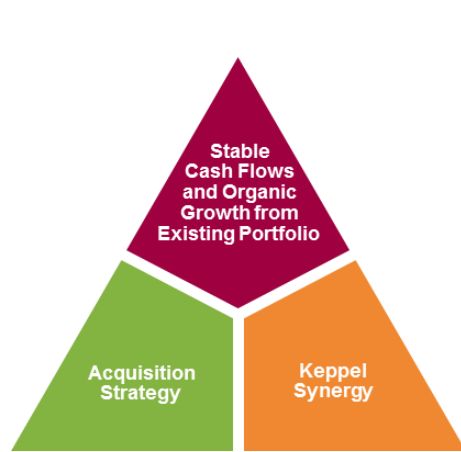
1. Keppel Energy holds the remaining 49% equity interest in Keppel Merlimau Cogen

2. WDC Development Pte. Ltd. holds the remaining 49% equity interest in DC One

3. Hyflux Ltd holds the remaining 30% equity interest in SingSpring

		Description	Customer and contract terms	Primary source of cash flows
Distribution & Network	<b>City Gas</b> Singapore 	Sole producer and retailer of piped town gas	Over 840,000 commercial and residential customers	Fixed margin per unit of gas sold, with fuel and electricity costs passed through to consumer
	<b>Basslink</b> Australia 	Basslink subsea interconnector that transmits electricity and telecoms between Victoria and Tasmania in Australia	Service agreement with Hydro Tasmania (owned by Tasmania state government) until 2031, with option for 15-year extension	Fixed payments for availability of Basslink subsea cable for power transmission
	<b>DataCentre One</b> Singapore 	Data centre	Lease agreement with 1-Net (100% subsidiary of Mediacorp) until 2036, with option for 8-year extension	Contractual lease revenue
	<b>IXOM</b> Australia 	Industrial infrastructure business in Australia and New Zealand, supplying and distributing key water treatment chemicals, as well as industrial and specialty chemicals	Over 8,000 customers comprising municipals and blue-chip companies	Payments from customers for delivery of products and provision of services based on agreed terms.
Energy	<b>Keppel Merlimau Cogen (KMC)</b> Singapore 	1,300MW combined cycle gas turbine power plant	Capacity Tolling Agreement with Keppel Electric until 2030 with option for 10-year extension (land lease till 2035, with 30-year extension)	Fixed payments for meeting availability targets
Waste & Water	<b>Senoko WTE Plant</b> Singapore 	Waste-to-energy plant with 2,310 tonnes/day waste incineration concession	NEA, Singapore government agency - concession until 2024	Fixed payments for availability of incineration capacity
	<b>Keppel Seghers Tuas WTE Plant</b> Singapore 	Waste-to-energy plant with 800 tonnes/day waste incineration concession	NEA, Singapore government agency - concession until 2034	Fixed payments for availability of incineration capacity
	<b>Keppel Seghers Ulu Pandan NEWater Plant</b> Singapore 	One of Singapore's largest NEWater plants, with a capacity of 148,000m <sup>3</sup> /day <sup>(1)</sup>	PUB, Singapore government agency - concession until 2027	Fixed payments for the provision of NEWater production capacity
	<b>SingSpring Desalination Plant</b> Singapore 	Singapore's first large-scale seawater desalination plant, capable of producing 136,380m <sup>3</sup> /day of potable water	PUB, Singapore government agency - concession until 2025 (land lease till 2033)	Fixed payments for availability of output capacity

# Three-pronged growth strategy



**The Trustee-Manager will harness the synergies of our three-pronged growth strategy to deliver on its goal towards long-term value creation.**



## Stable cash flows and organic growth

The Trustee-Manager actively manages its existing portfolio to drive operational and capital efficiencies, and achieve organic growth. The Trustee-Manager's approach encompasses the following:

- Optimise operational performance and efficiencies, fulfill contractual requirements, and uphold safety and environmental standards;
- Leverage organic growth opportunities and potential upsides for businesses such as City Gas and Ixom, whose growth is underpinned by favourable long-term demand trends; and
- Optimise capital structure while maintaining prudent financial leverage and sufficient financial flexibility for KIT's underlying businesses.



## Keppel Synergy

The Trustee-Manager, as part of the Keppel Group, is able to draw upon the relationships, networks, origination capabilities, and technical and operational expertise of the Group, including:

- Leveraging the Keppel Group's network in deal origination, including sourcing assets and having rights of first refusal over the assets of KIHPL, depending on their suitability and fit with the investment objectives of KIT;
- Capitalising on synergies with other businesses of Keppel Group who are better positioned to take on development and construction risks and KIT would evaluate those investment opportunities once the assets are operational;
- Tapping into the operational and technical excellence of the Keppel Group, including that of KIT's sponsor, KIHPL, in creating value from businesses in KIT's portfolio as well as in evaluating new investment opportunities;
- Accessing the larger investor base of Keppel Capital in further diversifying the sources of financing for KIT and its underlying businesses, including for co-investments, bridge financing, and other types of senior and mezzanine financing; and
- Sharing of best practices and enhancing talent recruitment and retention.



## Acquisition Strategy

The Trustee-Manager acquires and invests in good quality infrastructure and infrastructure-like businesses that generate long-term stable cash flows with potential for growth. The investments that the Trustee-Manager focuses on have one or more of the following characteristics:

- Credit-worthy off-takers or a large, diversified and stable customer base;
- Inflation and/or GDP-linked revenues;
- Mature and defensive cash flows;
- High barriers to entry;
- Dominant or leading market position;
- Provider of essential products or services; and
- Infrastructure-like risk profile.

Further, the Trustee-Manager will selectively consider investments in greenfield infrastructure opportunities with experienced operators and limited construction exposure, as well as customised sale and leaseback and hybrid transaction structures.



# Thank You

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Ulu Pandan NEWater Plant

