(Business Trust Registration Number 2007001)
(Constituted in the Republic of Singapore as a business trust
pursuant to a trust deed dated 5 January 2007 (as amended))

SIAS-Keppel Infrastructure Trust Dialogue Session
held on 11 April 2024, 7.00pm

Transcript of the Question & Answer Session

KN: Kevin Neo, Chief Executive Officer, Keppel Infrastructure Fund Management Pte Ltd (KIFM)
EN: Eric Ng, Chief Financial Officer, Keppel Infrastructure Fund Management Pte Ltd (KIFM)
DG: David Gerald, Founder, President & CEO, Securities Investors Association (Singapore) (SIAS)

DG: Your annual report highlights record performance for KIT in FY 2023. Could you share the key factors that contributed to this strong performance amid market headwinds, including inflation and higher interest rates?

KN: KIT is anchored by a portfolio of assets and businesses that provides essential services and products that are required regardless of economic cycles, allowing KIT to provide very stable and predictable cash flows.

The strong growth is a testament of our focused investment strategy to invest in highly resilient business, as well as our ability to create value at our businesses, to drive margins and support EBITDA growth. Ixom, City Energy and Philippine Coastal are very good examples which delivered record EBITDA performance in FY 2023.

DG: How much of your investments are due to higher leverage?

KN: We adopt a prudent approach. Our investments are not highly geared. Our gearing levels are considered low by the infrastructure industry's standards.

KIT owns critical infrastructure, many of which are businesses with the ability to pass through inflation and higher financing costs.

DG: KIT has been doing well and is now looking to acquire Ventura. Does it mean better DPU and valuation?

KN: We are confident in the proposed acquisition of Ventura. As a platform of scale, Ventura is a highly accretive business (3.4%[1] DPU accretion on a pro forma basis) with growth upsides which can generate stable, recurring cash flows for KIT when the acquisition is completed.

[1] Assuming all Distributable Income generated by Ventura will be distributed to KIT and minority shareholders. The pro forma DPU set out herein should not be interpreted as being representative of the future DPU.

DG: **As we look ahead to 2024 and beyond, what are some of the key opportunities and challenges that KIT anticipates, considering the evolving macroeconomic landscape and KIT's commitment to grow?**
KN: We will continue to grow our portfolio by investing well, drive our businesses harder and create value for Unitholders.

We are replicating our value creation strategy at Ixom and City Energy to other portfolio companies like Philippine Coastal and EMK. At Philippine Coastal, utilisation rate has increased from 66% when we acquired the business in 2021 to almost 100% as at end-December 2023. We have also executed a new pricing strategy and enhanced margins, and are expanding tank storage capacity to meet greater demand. At EMK, we will drive growth through bolt-on acquisitions. These are very important businesses that we can grow over time, and we have built up a very strong team to manage our portfolio businesses.

DG: Is there a currency risk that you need to hedge against?
KN: With a diversified portfolio, we are exposed to Australian Dollars, Korean Won, US Dollars and Euros which ensured that we are not overly exposed to a single currency. We adopt a robust hedging policy with a strategy to hedge up to 80% of these cash flows over a period of two years up to the future.

Currency moves up and down, hence we do not speculate on their movements. As a responsible investor and operator, we ensure that we maintain a diversified portfolio and run our businesses well to the benefit of our Unitholders.

Unitholder: With regards to your proposed equity fund raise, would it be (i) a placement, or (ii) a placement and preferential offering?
KN: We have not decided on this. We will have to monitor the market and decide what the best course of action is for KIT and our investors.

Unitholder: KIT is buying Ventura at about seven times EV/EBITDA, and this seems to be on the high side? Another concern is whether you have ample headroom or debt capacity to fund future capex, especially when Ventura is looking to growth its fleet of EV buses?
KN: The acquisition was done at an EV/EBITDA of approximately 7.9x, which compares favorably to similar transactions at between 7 to 11 times. As such, we consider the deal valuation to be attractive, as we focus more on the cash flows of the business.

We want to help Ventura electrify its fleet, and there will be capex requirements. Ventura will have to pay for the buses upfront and the government reimburses the costs of the buses, plus the financing costs taken to purchase the buses, over a fixed number of years. To fund these capex upfront, we have sized a large capex facility that can be used to debt fund these expansions going forward. Hence, we do not expect to draw down on additional equity to help fund Ventura's investments. This is also how we typically approach our investments, i.e. we ring fence them, and ensure that every business can be self-funded in terms of capex or any other growth initiatives.

Unitholder: How was KIT connected to this bus business opportunity? Was it through a bidding process, and did KIT put in the highest bid?

KN: The selling family engaged an advisor to run a process to sell the business, and KIT was one of the participants in that process. There were interests from operators and financial investors, but we are not privy to the prices put in by other participants.

Ventura is a family business that is centered on employees' welfare. AT KIT, we are happy to continue to promote this culture. Ventura is a very reputable name in Australia that is well-regarded by the transport authorities in Victoria.

Unitholder: How does the Metropolitan Bus Service Contracts (MBSC) work, given that they are expiring in 2026/2028. Does this mean that you have to rebid for the contract after it ends?
KN: The current contract will expire in 2026, and there is a mechanism which will extend the contract to 2028 if Ventura meets certain KPIs. Thus far, Ventura is very well on track to achieve this automatic extension. Ventura is one of the most reliable operators in Victoria with almost 100% reliability and 92.1% punctuality, which are ahead of the Victorian bus industry and their targets.

Ventura being the incumbent, has retained the contracts in the last few decades, and is well placed to renew the contracts further.

DG: Why did the seller decide to sell Ventura?
KN: This is a 100-year-old business. The CEO is the third-generation owner, and is looking to retire. There is no one else in the family who wants to take over.

Unitholder: What is the risk that the Australian government would give the contracts to locally owned operators?
KN: Australia is a country with a strong and established rule of law that treats foreign investors fairly. This is why we like Australia as an investment destination. KIT owns critical assets, hence it is important that the ownership of our businesses and assets is always respected. This is why we focus on developed markets which tend to have strong rule of law.

Unitholder: What is Ventura's market share in Victoria? Is there any chance that KIT will acquire other bus companies in other states in Australia?
KN: Ventura has approximately 37% of market share within the state of Victoria within public transit. There is bandwidth for Ventura to increase its market share in Victoria. As an operator, we value organic growth over inorganic growth, but will be open to acquiring smaller bus operators to realise greater synergies. This platform could be expanded into other parts of Australia, and even other parts of the world.

Unitholder: Who are the main players in the bus business in Victoria?
KN: There are many family-owned businesses. One large operator that comes to mind is ComfortDelGro. There is also another business called Kinetic, who is owned by other large infrastructure funds.

Unitholder: As a critical infrastructure provider, what does KIT plan to support the world or Singapore's AI ecosystem?
KN: The infrastructure requirements for AI proliferation means there is going to be a need for more data centers, but this is not an area that we focus on since we have other vehicles in Keppel that invest in data centres. That said, we can invest in other assets in the digital infrastructure space, including mobile towers and fibre network that are also required for the development of the AI ecosystem.

Unitholder: Can you expand the capacity of the KMC plant? How can it support Singapore's demand for clean energy?
KN: There are technical specifications for KMC, and it is unlikely that we can expand the capacity of the plant. Demand for power will increase as the world continues to urbanise, hence it is not just about

producing more electricity, but how to produce them in a more sustainable manner. It is therefore important that we future proof our power plant, and we are happy to share that with some capex, KMC can be hydrogen ready. KIT will also look to invest further in clean and energy transition assets.