

# UBS APAC Property Conference

28-29 June 2022



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## Constituent of:



MSCI Singapore  
Small Cap Index



FTSE ST Large  
& Mid-Cap Index

## Awards and Accreditations:



# Overview



# Largest Singapore-listed Diversified Business Trust

Anchored by a portfolio of critical infrastructure businesses and assets



## Assets Under Management

**\$4.5b<sup>1</sup>**

as at 31 Mar 2022



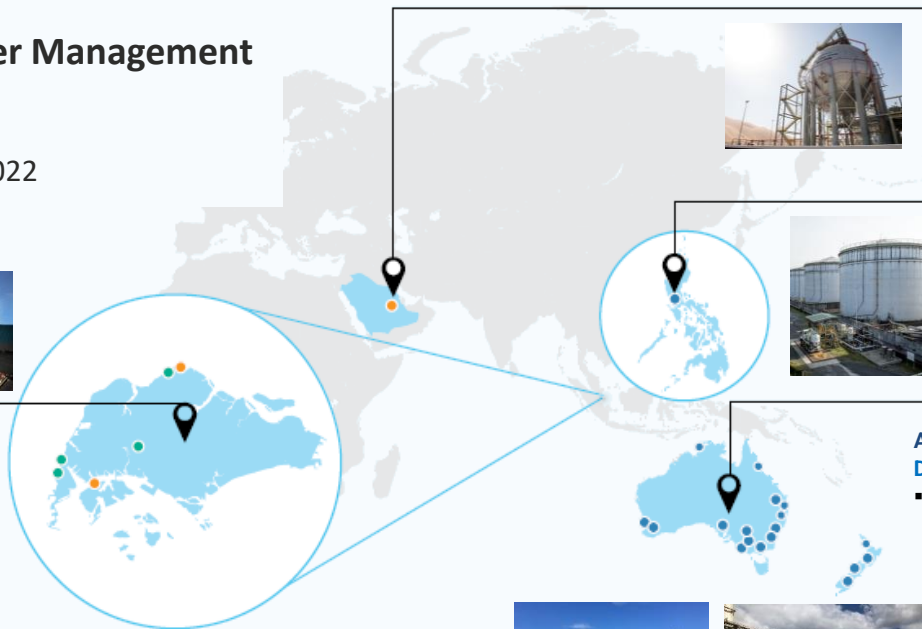
### SINGAPORE

#### ENERGY TRANSITION

- City Energy
- Keppel Merlimau Cogen Plant

#### ENVIRONMENTAL SERVICES

- Senoko Waste-to-Energy (WTE) Plant
- Keppel Seghers Tuas WTE Plant
- Keppel Seghers Ulu Pandan NEWater Plant
- SingSpring Desalination Plant



### KINGDOM OF SAUDI ARABIA

#### ENERGY TRANSITION

- Aramco Gas Pipelines Company



### THE PHILIPPINES

#### DISTRIBUTION & STORAGE

- Philippine Coastal Storage & Pipeline Corporation (Philippine Coastal)

### AUSTRALIA & NEW ZEALAND

#### DISTRIBUTION & STORAGE

- Ixom
  - New South Wales
  - New Territories
  - Queensland
  - South Australia
  - Victoria
  - Western Australia
  - North Island
  - South Island



1. Excludes Basslink, which entered Voluntary Administration on 12 November 2021. The operations of Basslink is presently under the control of the receiver and manager appointed by the lenders.

# Diversified portfolio with maiden investment in the Middle East

## Completed the Investment in Aramco Gas Pipelines Company

- Part of a global consortium to acquire a 49% stake in Aramco Gas Pipelines Company, which holds a 20-year lease-and-lease-back agreement over the usage rights of Aramco's gas pipelines network
- Aramco Gas Pipelines Company will receive quarterly tariff payments backed by a minimum volume commitment from Aramco, which will retain full ownership and operational control of the Gas Pipelines Network
- World's largest energy infrastructure deal in 2021, investing alongside leading infrastructure investors including BlackRock Real Assets and Saudi-based Hassana Investment Company

### Investment merits:

- ✓ Invest in a strong and growing business backed by favourable gas demand dynamics
- ✓ Top-tier counterparty with strong operational track record
- ✓ Strongly contracted nature of investment with downside protection
- ✓ Supports the transition of the Saudi economy towards a more sustainable energy future
- ✓ Enhances resiliency of KIT's portfolio



<b>Lease Perimeter</b>	Aramco's gas pipelines and related critical assets
<b>KIT's Equity Investment</b>	US\$250m
<b>Proposed Funding of KIT's Equity Investment</b>	Existing internal resources and debt facilities

# Exploring Renewables Opportunities

Signed MOU with Jinko Power to jointly explore solar farm and energy storage projects

- **Enter into the renewable energy space:** To identify up to 1,000MW of developmental and operational assets in key developed markets of APAC, Europe and the Middle East
- **Aligns with ESG target** to increase exposure to renewable energy by up to 25% of KIT's equity-adjusted AUM by 2030
- **Strong counterparty:** Jinko Power is one of China's largest independent solar power producer companies with a proven track record of developing, financing and constructing photovoltaic solar projects in 8 countries
- KIT and Jinko will enter into separate investment agreements to acquire and hold the respective assets through special purpose vehicles



# Refreshed Business Segments

To build a well-diversified portfolio of core and core plus infrastructure businesses and assets that support the long-term growth in KIT's distributions and contribute to a sustainable future

## Energy Transition

Supports the transition to a low-carbon economy



City Energy



Keppel Merlimau  
Cogen Plant



Aramco Gas Pipelines  
Company

## Environmental Services

Provides the essential services that protect human health and safeguard the environment



Senoko WTE Plant



Keppel Seghers Tuas  
WTE Plant



Keppel Seghers Ulu  
Pandan NEWater Plant



SingSpring  
Desalination Plant

## Distribution & Storage

Supports the circular economy, driving economic growth



Ixom

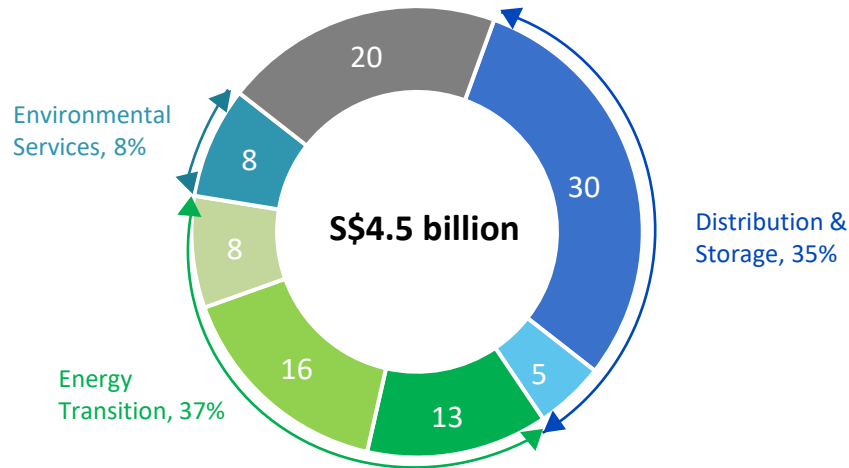


Philippine Coastal

# Portfolio Breakdown

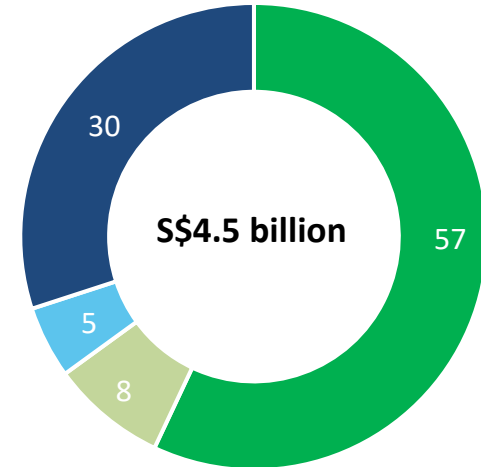
as at 31 Mar 2022

### By Businesses and Assets (%)



- Ixom
- Philippine Coastal
- City Energy
- Keppel Merlimau Cogen Plant
- Aramco Gas Pipelines Company
- Environmental Services
- Trust assets and non-controlling interest

### By Geography (%)



- Singapore
- Kingdom of Saudi Arabia
- Philippines
- Australia, New Zealand and other countries

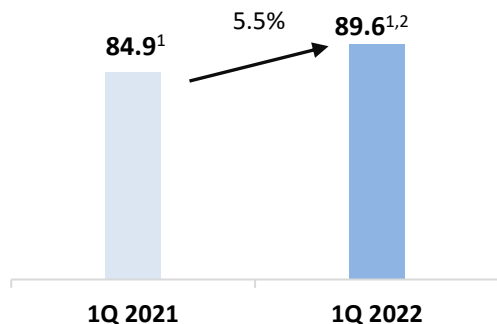


## 1Q 2022 Highlights



# 1Q 2022 Highlights

EBITDA (\$\$m)



- 5.5% yoy increase, supported by the strong performance of Ixom

- **Strong platform for continued growth:**

- **Strengthened cash flow resiliency:** Completed investment in Aramco Gas Pipelines Company in Feb 2022
- **Proposed amendments to fee structure** to support growth and promote alignment of interests with Unitholders
- **Strategic review of Ixom** to potentially unlock value and redeploy capital into sectors supported by favourable megatrends e.g. decarbonisation and digitalisation

- **Steady portfolio performance**, driven by robust operations and growth across the Trust's portfolio of essential businesses and assets

- Ixom expanded product offerings with the acquisition of Bituminous Products and divested Fiji business to focus on core capabilities
- City Energy driving new growth engines: IoT-enabled home solutions and electric vehicle charging services

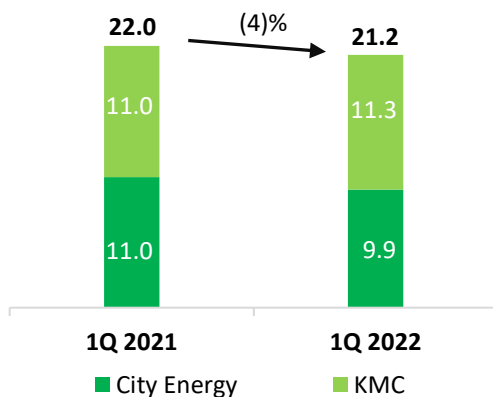
1. Excluding Basslink's EBITDA contribution.

2. Excludes Ixom's divestment of Fiji business (\$\$1.2m) and one-off acquisition related cost incurred for the investment in Aramco Gas Pipelines Company (\$\$26.3m). Group EBITDA is \$\$58.9m without the adjustments.

3. "Free Cash Flow to Equity" has been re-named to "Distributable Income", with no change to computation, i.e. Distributable Income is computed as Funds from Operations less mandatory debt repayment and other charges, credits or adjustments as deemed appropriate by the Trustee-Manager.

# Energy Transition

## Operational Cash Flows (OCF) (\$m)

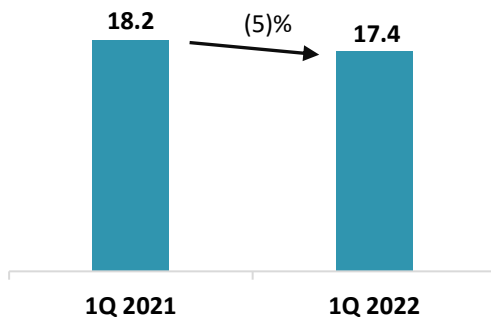


- Lower OCF due mainly to higher upfront/installation capex costs incurred as City Energy expands its customer base

- **Aramco Gas Pipelines Company:** Investment completed in end-Feb 2022; first quarterly contribution expected to commence in 3Q 2022
- **City Energy:**
  - Customer base grew 1% YoY to 879,000 as at end-Mar 2022
  - Recent volatility in fuel prices has resulted in a slight over-recovery position; natural gas and electricity costs are pass-through to gas tariff
  - Healthy residential consumption of town gas; Commercial & Industrial consumption to improve with easing of dining restrictions
  - Driving new growth engines: IoT-enabled home solutions and electric vehicle charging services
- **KMC**
  - Achieved 99.9% contracted availability in 1Q 2022
  - KMC has no tariff exposure to the Singapore wholesale electricity market and has no exposure to fluctuations in fuel oil prices

# Environmental Services

## Operational Cash Flows (OCF) (\$m)



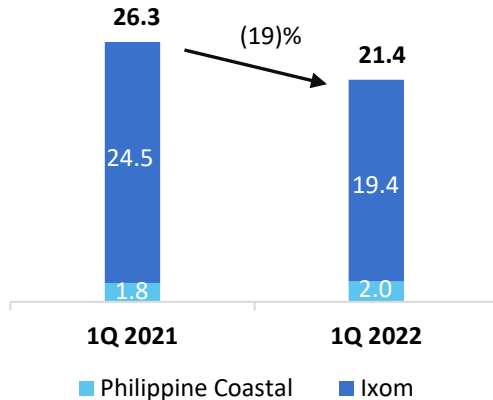
- Senoko WTE Plant
  - Keppel Seghers Tuas WTE Plant
  - Keppel Seghers Ulu Pandan NEWater Plant
  - SingSpring Desalination Plant
- Lower OCF due mainly to higher electricity costs at the Keppel Seghers Ulu Pandan NEWater Plant and higher tax paid at the SingSpring Desalination Plant



- Fulfilled contractual obligations and operations remained stable
- Acquisition of the remaining 30% stake in the SingSpring Desalination Plant: Pending lenders' and regulatory approvals, and is expected to be completed in 1H 2022
- Senoko WTE Plant and Keppel Seghers Tuas WTE Plant generate their own electricity and do not rely on natural gas, while electricity costs at the SingSpring Desalination Plant is fully passed through

# Distribution & Storage

## Operational Cash Flows (OCF) (\$m)



- Lower OCF due mainly to timing differences in Ixom's actual tax paid

### ▪ Ixom:

- Robust performance: Healthy demand from the construction, mining, dairy, as well as the water treatment segments
- Increased exposure to construction segment with the acquisition of Bituminous Products, one of Australia's leading manufacturers and suppliers of bitumen-based and associated products for road surfacing and general industrial use
- Divested Fiji business as part of portfolio optimisation strategy to divest non-core assets and focus on core capabilities

### ▪ Philippine Coastal:

- Utilisation rate of 77.3% as at end-Mar 2022, up from 72.1 % as at end-Dec 2021
- Converting several gas oil tanks to support the increase in storage demand for economical grade gasoline

# Distributable Income

	1Q 2022 S\$'000	1Q 2021 S\$'000	+/(-) %
<b>Distribution &amp; Storage</b>	<b>21,386</b>	26,296	(18.7)
- Ixom	19,399	24,458	(20.7)
- Philippine Coastal	1,987	1,838	8.1
<b>Energy Transition</b>	<b>21,260</b>	22,024	(3.5)
- City Energy	9,924	10,965	(9.5)
- KMC	11,336	11,059	2.5
<b>Environmental Services</b>	<b>17,377</b>	18,223	(4.6)
<b>Operational Cash Flows</b>	<b>60,023</b>	66,543	(9.8)
<b>KIT and Holdco<sup>1</sup></b>	<b>(15,348)</b>	(9,929)	(54.6)
<b>Distributable Income</b>	<b>44,675</b>	56,614	(21.1)

1. Comprises Trust expenses and distribution paid/payable to perpetual securities holders, management fees and financing costs

# Balance Sheet

Balance Sheet (S\$'m)	As at 31 Mar 2022	As at 31 Dec 2021
Cash	430	817
Borrowings	1,899	1,730
Net debt	1,469	913
Total assets	4,509	4,501
Total liabilities	2,861	2,761
Annualised Group EBITDA	358 <sup>1,2</sup>	318 <sup>2,3</sup>
Net gearing	32.6%	20.3%
Net debt / EBITDA	4.1x	2.9x

1. Excludes Ixom's divestment of Fiji business (S\$1.2m) and one-off acquisition related cost incurred for investment in Aramco Gas Pipelines Company (S\$26.3m). Group annualised EBITDA is S\$330.8m without the adjustments.

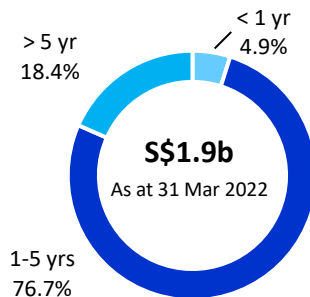
2. Includes annualised share of profits from Philippine Coastal, based on equity accounting

3. Excludes loss on derecognition of Basslink following the voluntary administration (S\$161.9m), one-off acquisition related cost incurred and expenses related to a fair value review exercise undertaken by Ixom following its acquisitions of assets and businesses (S\$6.5m), impairment loss on Ixom's assets mainly in relation to the cessation of operations of a long-term customer (S\$21.7m). Group EBITDA is S\$127.5m without the adjustments.

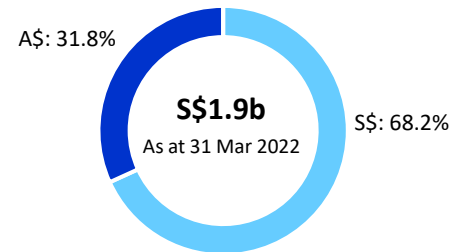
# Capital Management

- **Issued KIT Series 4 MTN in May 2022:**  
\$250m notes due 2027
- **Obtained S\$150m equity bridge loan in Feb 2022** to fund investment in Aramco Gas Pipelines Company
- **Proactively manage interest rate exposure:**  
~82% of loans hedged<sup>1</sup>
- **Mitigate impact of currency fluctuations:**  
87.6% of foreign distributions hedged<sup>1</sup>
- **Weighted average interest rate: 2.1%**
- **Weighted average term to maturity: 3.1 years**

## Debt Repayment Profile



## Debt Breakdown by Currency



Loan Profile <sup>1</sup>	Amount (\$m)	Maturity/ Call Date	Repayment
KIT Equity Bridge Loan	S\$150.0	Feb 2024	Bullet <sup>2</sup>
Ixom	A\$619.5	Feb 2024	Bullet <sup>2</sup>
SingSpring	S\$22.1	Dec 2024	Amortising
KIT Term Loan	S\$50.0	Feb 2025	Bullet <sup>2</sup>
City Energy	S\$178.0	Feb 2026	Bullet <sup>2</sup>
KIT Series 3 MTN	S\$200.0	Dec 2026	Bullet
KMC	S\$700.0	Jun 2027	Amortising <sup>2</sup>

1. As at 31 Mar 2022

2. To be refinanced upon maturity



## Looking Ahead



# Platforms for Sustainable Growth

Build a well-diversified portfolio of infrastructure businesses and assets that generate long-term growth in distributions and contribute to a sustainable future

## Drive Organic Growth

- Continue to generate resilient cash flows
- Seek opportunities to grow existing businesses through bolt-on acquisitions and/or expansion plans
- Ongoing portfolio optimisation efforts

## OneKeppel

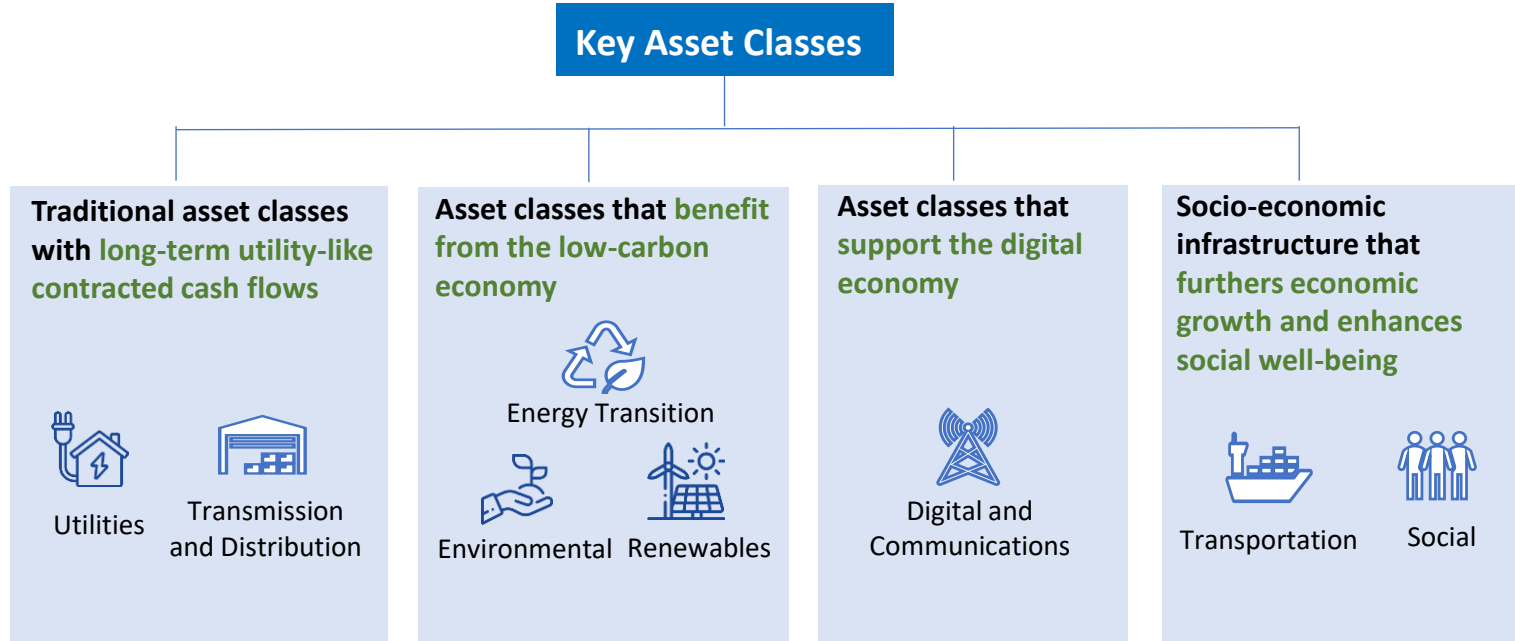
- Leverage the Keppel ecosystem to seek co-investment and/or incubation opportunities
- Draw on Keppel's development capabilities and strong operational track record

## Pursue Inorganic Growth

- Actively pursue third party evergreen businesses and yield-accretive acquisitions/ investments
- Focus on core and core plus infrastructure assets in Tier 1 and Tier 2 markets of developed APAC and EMEA, as well as opportunistic deals globally

# Renewed Focus towards Growth

Focus on evergreen, yield accretive assets and businesses that will benefit from secular growth trends



## Commitment to ESG Excellence



# ESG at the Core

Sustainability management is imperative to the continued success of KIT and its ability to create value



Establishment of a dedicated Board Environmental, Social, and Governance (ESG) Committee to oversee long-term carbon and non-carbon targets and the implementation of KIT's sustainability strategy



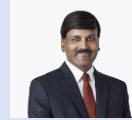
Through Keppel Capital, the Trustee-Manager supports the United Nations (UN) Global Compact as a signatory and adopts the Compact's 10 universal principles, which include human rights, labour, environment and anti-corruption.



Align sustainability approach with nine out of 17 Sustainable Development Goals to ensure that KIT's ESG efforts help address the most crucial sustainability issues globally.

## KIT Board

### Board ESG Committee



Mr. Kunnasagaran Chinniah, Chairman



Mr Daniel Ee, Member



Mr Thio Shen Yi, Member



Ms Susan Chong, Member

### Sustainability Committee

Asset Management

Investment

Human Resource

Finance

Risk and Compliance

Legal

Investor Relations and Sustainability

# Commitment to ESG Excellence

## Environmental Stewardship



Owns two WTE plants with a combined capacity to treat approx. 40% of Singapore's incinerable waste, and diverting waste from landfill



Capable of processing up to **19%** of desalinated water and **36%** of NEWater supply in Singapore



Utilised 352,000 GJ of **renewable energy** in 2021, equivalent to 4.4% of total energy consumption

## Responsible Business



Suppliers undergo rigorous screening criteria which include reputation, track record of service quality, safety and sustainability



Zero tolerance for corruption

## People and Community

### Board Gender Diversity



Provide a fair and inclusive work environment that drive innovation and business value



Implement fair and equal human resource best practices, as well as adopt a zero-tolerance discrimination policy

# ESG Targets

Drive ESG performance and drive long-term value creation

## Environmental Stewardship

**Climate Change Adaptation:** Commit to implementing the TCFD Recommendations over the next 1-2 years

**Emissions:** Achieve 30% carbon intensity reduction by 2030 based on 2019 levels, with a commitment to work towards setting an absolute emissions reduction target in the longer term

**Energy:** Increase exposure to renewable energy by up to 25% of equity-adjusted AUM by 2030

**Environmental Protection:** Maintain zero incident of non-compliance with environmental laws and regulations

**Waste Management:** Divert at least 90% of waste from landfills annually; recover at least 70% of scrap metal from bottom ash annually

**Water:** Zero incidents of trade effluent discharge leading to regulatory actions

## Responsible Business

**Asset Quality and Safety:** Fulfil contractual obligations and minimise operational disruptions due to equipment or facility problems

**Corporate Governance:** Uphold strong corporate governance, robust risk management, as well as timely and transparent communications with stakeholders

**Economic Sustainability:** Build a resilient portfolio of assets and businesses that delivers long-term sustainable growth and Unitholder value

**Ethics and Integrity:** Maintain high standards of ethical business conduct and compliance best practices, with zero incident of fraud, corruption, bribery

**Cybersecurity and Data Privacy:** Uphold high standards of cybersecurity and data protection best practices through the Keppel Cybersecurity governance structure to minimise cyber attack incidents

**Sustainable Supply Chain Management:** Ensure that all major suppliers (providing products or services valued at \$200,000 or more in a calendar year) adopt responsible business practices

**Physical Security of Assets:** To achieve zero physical security breach affecting plant operations

## People and Community

**Employee Health and Wellbeing:** Maintain zero workplace fatalities

**Human Capital Management:** Achieve at least 20 hours of training hours per employee in 2022; achieve at least 75% in employee engagement score in 2022

**Diversity and Inclusion:** Maintain at least 30% female directors on the Board

**Community Development and Engagement:** Engage with local communities and contribute to Keppel Capital's target of >500 hours of staff volunteerism in 2022



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