



Citi-REITAS-SGX C-Suite Singapore REITS and Sponsors Forum

25 August 2020





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Overview

ixom



- The largest diversified Business Trust listed in Singapore with a portfolio of **strategic businesses and assets** that **provide essential products and services**
- Assets under Management of \$5.0b as at 30 June 2020
- **Long-term sustainable cash flows** supported by AAA Singapore Government-linked off-takers, creditworthy counterparties and a large well-diversified customer base
- **Stable distributions** of 3.72 cents every year since FY 2016

Difference between Business Trusts and REITs

		Business Trusts	REITs
Asset Class		<ul style="list-style-type: none"> • No restriction 	<ul style="list-style-type: none"> • Real estate
Depreciation/Revaluation		<ul style="list-style-type: none"> • No impact on distribution payout 	<ul style="list-style-type: none"> • No impact on distribution payout
Gearing Limit		<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • 50%
Taxation		<ul style="list-style-type: none"> • Subject to income tax • Exemption for income from Qualifying Project Debt Securities (QPDS) 	<ul style="list-style-type: none"> • Tax transparent



Portfolio of strategic businesses and assets across a broad range of **highly defensive industries** that delivers **long-term sustainable cash flows to Unitholders**

Distribution & Network

- City Gas
- Ixom
- Basslink



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

Energy

- Keppel Merlimau Cogen



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

Waste & Water

- Senoko Waste-to-Energy Plant
- Tuas Waste-to-Energy Plant
- Ulu Pandan NEWater Plant
- SingSpring Desalination Plant



All business and assets are **classified as essential services** by governments in Singapore, Australia and New Zealand.

No impact to operations during the COVID-19 pandemic.

Geographical Presence

- Distribution & Network
- Energy
- Waste & Water



SINGAPORE

Distribution & Network

- City Gas

Energy

- Keppel Merlimau Cogen

Waste & Water

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



AUSTRALIA & NEW ZEALAND

Distribution & Network

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



Well-Diversified Customer Base and Reputable Off-takers

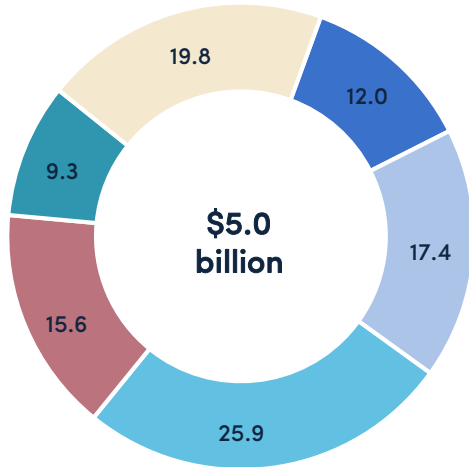


	Customers & Off-takers	Highlights
City Gas 	<p>More than 860,000 residential, commercial and industrial customers</p>	<ul style="list-style-type: none"> ✓ Sole producer and retailer of town gas in Singapore
Ixom 	<p>>8,000 customers, including blue chip companies and municipalities</p>	<ul style="list-style-type: none"> ✓ Sole manufacturer and provider of liquefied chlorine in Australia, as well as a leading provider of manufactured caustic soda and a wide range of essential chemicals ✓ Market leading position supported by an extensive network strategically located across Australia and New Zealand
Basslink 	<p>Hydro Tasmania</p>	<ul style="list-style-type: none"> ✓ Only electricity interconnector between Tasmania and mainland Australia ✓ Off-taker is owned by the Australian state of Tasmania
KMC 	<p>Keppel Electric</p>	<ul style="list-style-type: none"> ✓ A competitive gas-fired power plant in Singapore ✓ Off-take supported by availability and capacity payments from Keppel Electric ✓ Keppel Electric is owned by Keppel Corporation
Waste & Water 	<p>National Environment Agency (NEA) and Public Utilities Board (PUB) of Singapore</p>	<ul style="list-style-type: none"> ✓ Responsible for meeting water demand and waste treatment requirements in Singapore ✓ NEA and PUB are statutory bodies under the Government of Singapore



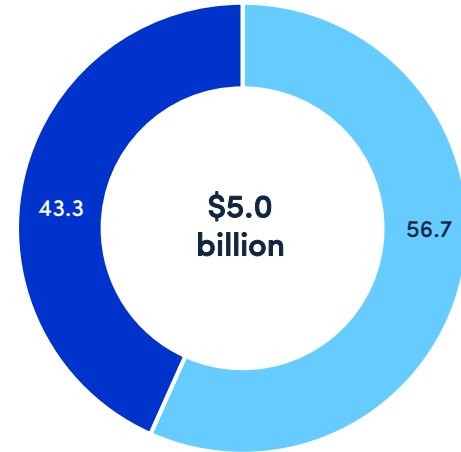
By Businesses and Assets (%)

As at 30 June 2020



By Geography (%)

As at 30 June 2020



- City Gas
- Ixom
- Waste & Water

- Basslink
- KMC
- Trust assets and non-controlling interest

- Singapore
- Australia, New Zealand and other countries



2Q & 1H 2020 Key Business and Operational Updates

City Gas

Key Highlights



All businesses and assets are classified as essential services

No operational disruption throughout lockdowns; business continuity measures were implemented to ensure health & safety of staff



Resilient Distributable Cash Flows

\$62.2m

2Q 2020 DCF of \$62.2m, bringing 1H 2020 DCF to \$113.3m, a 20.3% YoY increase over 1H 2019



Stable DPU

1.86 cents

Defensive cash flows from a diversified portfolio of businesses and assets saw 2Q 2020 DPU of 0.93 cents, bringing 1H 2020 DPU to 1.86 cents



Weighted Average Term to Maturity

3.2 years

KMC secured a \$700 sustainability-linked loan that improved WATM to 3.2 years



Low Gearing

33.6%

Comfortable debt headroom to pursue growth opportunities



Distribution & Network

- City Gas
- Ixom
- Basslink



City Gas

- Customer base grew 1.2% YoY to 862,000 as at end-June 2020
- Achieved 100% availability
- Town gas demand from Commercial & Industrial customers was lower in 2Q 2020 during the circuit breaker, partially offset by higher usage from residential customers
- Higher DCF for 2Q 2020 was a result of a timing difference inherent in the fuel price pass through gas tariff mechanism
- City Gas has no exposure to fuel price risk over time

Ixom

- Continued to deliver healthy and sustained performance in 2Q 2020, supported by its diversified business
- Life science segment delivered a strong performance from increased demand for cleaning and hygiene products, offsetting weaker demand from the pulp & paper and metals & mining segments
- Dairy segment saw pick-up in volumes due to improving drought conditions in New Zealand
- Continue to ensure supplies of essential chemicals are readily available for key industries and essential services that support the economies and communities in Australia and New Zealand

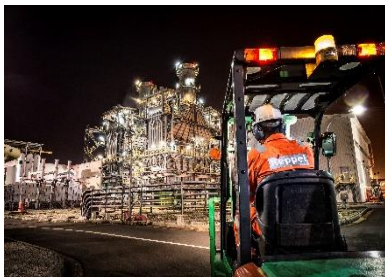
Basslink

- The Commercial Risk Sharing Mechanism was neutral in 2Q 2020 (+6.3% for 1H 2020)



Energy

- Keppel Merlimau Cogen (KMC)



- Contractual availability of 97.9%, due to unplanned maintenance that was promptly rectified
- Secured a \$700 million sustainability-linked loan, one of the largest such loans in Singapore and the first in the energy sector to-date
- KMC has no tariff exposure to the Singapore wholesale electricity market and has no exposure to fluctuations in fuel oil prices. KMC receives a fee for delivering the availability of the plant to Keppel Electric

Waste & Water

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



- Fulfilled all contractual obligations and operations remained stable

Resilient Distributable Cash Flows



	2Q 2020 S\$'000	2Q 2019 S\$'000	+/(-) %	1H 2020 S\$'000	1H 2019 S\$'000	+/(-) %
Distribution & Network	40,230	21,889	83.8	68,437	44,950	52.3
City Gas	17,154	10,421	64.6	29,011	26,262	10.5
Ixom	23,076	10,156	>100.0	39,426	16,034	>100.0
DC One ¹	-	1,312	n.m.	-	2,654	n.m.
Energy	10,405	11,234	(7.4)	21,607	22,950	(5.9)
Waste & Water	18,081	18,133	(0.3)	36,219	35,993	0.6
Others²	(6,541)	(5,487)	(19.2)	(12,945)	(9,694)	(33.5)
Distributable Cash Flows	62,175	45,769	35.8	113,318	94,199	20.3

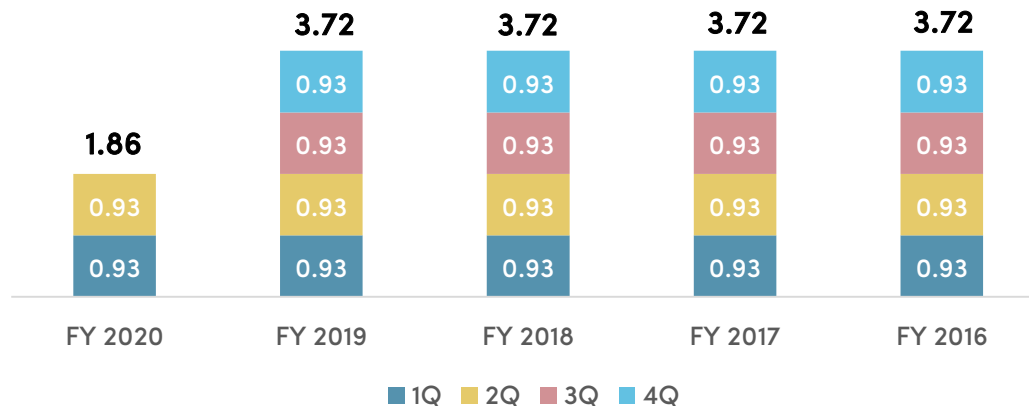
1. KIT's divested its 51% stake in DC One on 31 October 2019

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

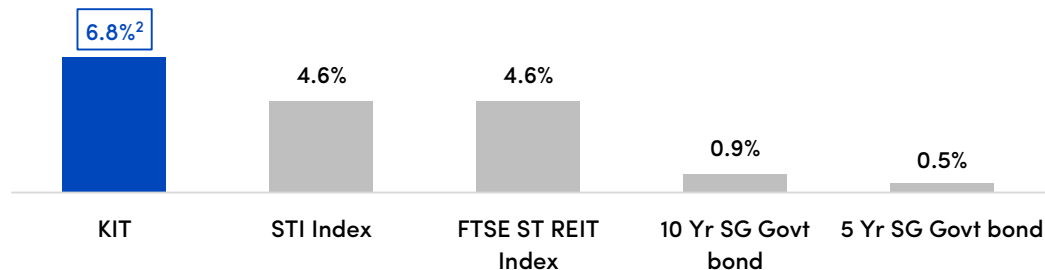
Regular and Stable Distributions



Stable Distribution (cents)



Comparative Yields¹



1. Sources: Bloomberg and Monetary Authority of Singapore. Comparative yield based on preceding 12-month data as at 21 August 2020

2. Based on the market price per Unit of \$0.545 as at 21 August 2020



Sustainable gearing supported by:

- Long term concession contracts expiring between 2024 and 2034
- Creditworthy off-takers backed by government and government-linked corporations
- City Gas' and Ixom's large and well-diversified customer base
- Recurring and resilient revenue streams
- Basslink borrowing is non-recourse

As at 30 June 2020 (S\$'m)

	Total
Cash	499
Borrowings	2,169
Net debt	1,670
Total assets	4,965
Total liabilities	3,355
Annualised EBITDA ¹	401
Net gearing	33.6%
Net debt / EBITDA	4.2x

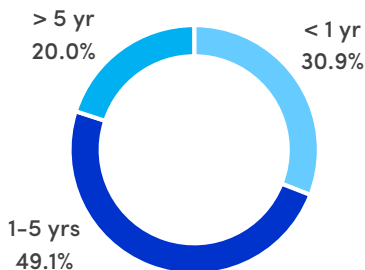
1. Annualised based on 1H 2020 EBITDA performance



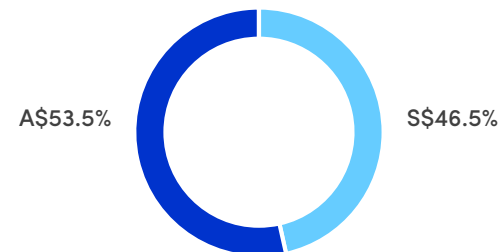
Overview:

- Hedged ~81% of total loans (excludes the sustainability-linked loan for KMC, which is in the process of being fully hedged)
- Stable interest rate of 4-5%
 - Singapore average: 1-4%
 - Australia average: 2-7%
- S\$700.0m KMC loan due in June 2020 successfully refinanced with a 7-year sustainability linked loan
- Weighted average term to maturity improved to 3.2 years
 - Excluding the Basslink loan, weighted average term to maturity would be 4.3 years
- Initiated Unit buybacks in 1H 2020 as part of proactive capital management efforts¹
 - Repurchased and cancelled 4,750,000 Units as at 3 April 2020
- S\$615.2m (A\$654.4m)² Basslink loan
 - Interest rate substantially hedged
 - Natural currency hedge for A\$ cash flows
 - All residual cash flows used for debt service
 - Not dependent on Basslink's cash flows for distribution

Debt Repayment Profile



Debt Breakdown by Currency



Loan Profile	Amount (\$'m)	Maturity/ Call Date	Repayment
Basslink	A\$654.4m	November 2020	Amortising*
KIT	S\$100.0m	February 2022	Bullet*
City Gas	S\$178.0m	February 2024	Bullet*
Ixom	A\$587.4m	February 2024	Bullet*
SingSpring	S\$36.9m	December 2024	Amortising
KMC	S\$700.0m	June 2027	Amortising*

1. Pursuant to the mandate obtained at KIT's Annual General Meeting in April 2019

2. Based on exchange rate of A\$1.00 = S\$0.9402

* To be refinanced upon maturity

Three-pronged Growth Strategy



The Trustee-Manager will harness the synergies of its **three-pronged growth strategy** to achieve its goal of **long-term value creation**

Value Creation

- Generate sustainable cash flows from the Trust's well-diversified portfolio of businesses and assets
- Drive organic growth from existing going concern businesses, including City Gas and Ixom that are supported by long-term favourable demand trends
- Drive strong operational performance and efficiencies, as well as fulfil all contractual requirements to ensure stable cash flows

Operational Excellence

- Achieve operational excellence and asset optimisation to extract further value
- Maintain an optimal capital structure to support growth initiatives, and maximise returns for Unitholders
- Implement sustainable practices, where feasible, to support a sustainable future for KIT and its stakeholders
- Achieve strong regulatory compliance and excellent safety record

Focused Acquisition

- Seek leading businesses and assets with the following investment characteristics:
 - ✓ Generate defensive cash flows and revenues that are inflation-linked and/or GDP-linked with potential for growth
 - ✓ Possess high barriers to entry
 - ✓ Are key providers of essential products and services
- Potential bolt-on acquisitions at City Gas and Ixom
- Undertake co-investment and incubation opportunities with Keppel Capital and/or the Sponsor
- Partner with experienced operators on greenfield investments with limited construction exposure

A photograph of the Keppel Merlimau Cogen Plant at night. The central feature is a tall, cylindrical cooling tower illuminated from within, with a complex steel structure of walkways and platforms around it. To the right, there are large industrial buildings with corrugated metal roofs, also lit up. The sky is a deep blue with some clouds. In the foreground, there are streetlights and some industrial equipment. A large, stylized blue and white geometric graphic is overlaid on the right side of the image.

Thank You

www.kepinfratrust.com

Connect with us on: 

Keppel Merlimau Cogen Plant

KIT

KEPPEL
INFRASTRUCTURE
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Additional Information

Tuas WTE Plant

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KIT's strategic goal is to deliver sustainable returns to its Unitholders, through a combination of recurring distributions and capital growth over the long term

Anchored

By a growing portfolio of strategic 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

✓
Strong regulatory compliance and excellent safety record

Portfolio Overview



		Description	Customers and contract terms	Primary source of cash flows
Distribution & Network	<p>City Gas Singapore</p> 	Sole producer and retailer of piped town gas	Over 860,000 commercial and residential customers	Fixed margin per unit of gas sold, with fuel and electricity costs passed through to consumer
	<p>Ixom Australia</p> 	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.
	<p>Basslink Australia</p> 	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
Energy	<p>Keppel Merlimau Cogen Singapore</p> 	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	<p>Senoko WTE Plant Singapore</p> 	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
	<p>Tuas WTE Plant Singapore</p> 	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
	<p>Ulu Pandan NEWater Plant Singapore</p> 	One of Singapore's largest NEWater plants, capable of producing 148,000m ³ /day ⁽¹⁾	PUB, Singapore government agency - concession until 2027	Fixed payments for the provision of NEWater production capacity
	<p>SingSpring Desalination Plant Singapore</p> 	Singapore's first large-scale seawater desalination plant, capable of producing 136,380m ³ /day of potable water	PUB, Singapore government agency - concession until 2025 (land lease till 2033)	Fixed payments for availability of output capacity

1. Keppel Seghers Ulu Pandan has an overall capacity of 162,800m³/day, of which 14,800m³/day is undertaken by Keppel Seghers Engineering Singapore.

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