

## **MEDIA RELEASE**

### **Keppel Infrastructure Trust Unaudited Results for the First Half ended 30 June 2021**

**28 July 2021**

The Directors of Keppel Infrastructure Fund Management Pte. Ltd., as Trustee-Manager of Keppel Infrastructure Trust, advise the following results of Keppel Infrastructure Trust for the first half ended 30 June 2021.

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## Stable 1H 2021 performance supported by defensive assets and businesses

### Results Highlights

- Achieved 1H 2021 Group EBITDA of \$193.5 million<sup>1</sup> and Free cash flow to equity (FCFE)<sup>2</sup> of \$100.7 million
- Maintained stable distribution per Unit (DPU) of 1.86 cents for 1H 2021, supported by robust operations and growth across the Trust's portfolio of essential businesses and assets
- Enhance operational continuity with the acquisition of the remaining 30% stake in the SingSpring Desalination Plant
- Issued \$300 million 4.3% subordinated perpetual securities under the upsized \$2 billion Multicurrency Debt Issuance Programme to refinance borrowings as well as fund potential acquisitions and asset enhancement works

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### Financial Performance

Keppel Infrastructure Trust (KIT) delivered Group EBITDA of \$193.5 million<sup>1</sup> in 1H 2021, a slight decrease from \$201.4 million in 1H 2020 due mainly to the under recovery of fuel cost as a result of the timing difference inherent in the fuel price pass through gas tariff mechanism of City Gas. Accordingly, FCFE<sup>2</sup> also decreased from \$113.3 million in 1H 2020 to \$100.7 million for 1H 2021.

The gas tariff mechanism of City Gas is designed to ensure that KIT is not exposed to fuel price risk over time. Notwithstanding the under recovery of fuel costs, KIT's performance remained resilient, driven by robust operations and growth across the Trust's portfolio of essential businesses and assets. The Trustee-Manager is pleased to declare DPU of 1.86 cents for 1H 2021, which will be paid out on 13 August 2021. This translates to a distribution yield of 6.7%, based on KIT's closing price of \$0.555 as at 30 June 2021.

A segmental breakdown of KIT's financial performance is tabled below and excludes cash flows from Basslink<sup>3</sup>.

Segmental Performance	Free Cash Flow to Equity <sup>2</sup>		
	1H 2021 \$ '000	1H 2020 \$ '000	Change (%)
Distribution & Network	62,208	68,437	(9.1)
Energy	23,367	21,607	8.1
Waste & Water	35,945	36,219	(0.8)
KIT and Holdco <sup>4</sup>	(20,872)	(12,945)	(61.2)
<b>Free Cash Flow to Equity</b>	<b>100,648</b>	<b>113,318</b>	<b>(11.2)</b>

### Operational Performance

In the Distribution & Network segment, City Gas' customer base grew 1.3% YoY to approximately 873,000 as at end-June 2021. Despite the increase in its customer base, 1H 2021 recorded slightly lower gas demand YoY due mainly to the lower consumption from Commercial & Industrial (C&I) customers amid the Phase 2

1 Excludes one-off acquisition related cost incurred for Ixom's acquisition of ABP (S\$0.7m), Basslink's arbitration provision (S\$23.8m) and the impairment loss on Ixom's assets in relation to the cessation of operations of a long-term customer (S\$17.0m). Group EBITDA is S\$152m without the adjustments.

2 Free cash flow to equity (FCFE) is equivalent to distributable cash flow. FCFE is net of trust expenses, distribution paid/payable to perpetual securities holders, management fees and financing costs.

3 Excludes Basslink as KIT does not depend on Basslink's cash flows for distribution.

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

(Heightened Alert) period. Over time, Singapore's calibrated opening alongside its vaccination drive will see further lifting of dining restrictions, which is expected to improve demand from C&I customers.

In the Philippines, fuel storage utilisation rate has been stable at Philippine Coastal Storage and Pipeline Corporation (Philippine Coastal). At the same time, the process of integrating Philippine Coastal to the Trust's portfolio has been completed. Being the largest petroleum products storage facility in the country, Philippine Coastal could see stronger fuel storage demand as the Philippines economy recovers gradually from the COVID-19 pandemic.

Ixom continued to deliver a steady performance in 1H 2021, driven by contributions from various verticals, including the construction, mining, dairy, and water treatment segments. To enhance its product offerings in the Life Science segment, Ixom acquired Australian Botanical Products, an established supplier and manufacturer of essential oils and blended ingredients in April 2021.

Basslink achieved 99.8% availability in 1H 2021, and the commercial risk sharing mechanism was positive at 4.9% for the same period. In May 2021, Basslink secured a three-month extension of its loans to August 2021. The Trustee-Manager is working towards securing a longer-term refinancing package to match the operational lifespan of the asset.

In the Energy segment, the Keppel Merlimau Cogen plant achieved 100% contractual availability as at end-June 2021.

In the Waste & Water segment, operations at the Senoko Waste-to-Energy (WTE), Keppel Seghers Tuas WTE, Keppel Seghers Ulu Pandan NEWater and SingSpring Desalination plants remained stable, achieving availability above their contractual obligations in 1H 2021. In July 2021, KIT announced that it will acquire the remaining 30% stake in SingSpring Desalination Plant for \$12 million. The DPU-accretive acquisition, which is expected to be completed in 3Q 2021<sup>5</sup>, will enhance the operational and business continuity of the asset.

### **Capital Management**

In May 2021, KIT expanded its Multicurrency Debt Issuance Programme from \$1.0 billion to \$2.0 billion, which will provide greater flexibility to tap the market to refinance borrowings, fund potential acquisitions and asset enhancement works.

The Trust ended the period with a healthy net gearing of 30.1% as at 30 June 2021, which will provide a comfortable debt headroom to pursue growth opportunities. The Trustee-Manager continues to monitor risk exposure and safeguard against evolving market conditions. To mitigate against fluctuating interest rates, approximately 88% of KIT's total loans have been hedged as at 30 June 2021.

### **Positioned for Growth**

Looking ahead, the Trustee-Manager will continue to grow KIT through quality acquisitions that will add to the Trust's long-term value proposition. To achieve this, the Trustee-Manager will look to deepen and expand its talent pool and widen its investible universe across the infrastructure spectrum to include renewables and social infrastructure, which are among the key growth areas under Keppel's Vision 2030.

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<sup>5</sup> Acquisition is subject to approvals from PUB and the lenders under the term loan facility taken up by SingSpring Pte Ltd (in its capacity as trustee for the SingSpring Trust) being obtained.

## About Keppel Infrastructure Trust ([www.kepinfratrust.com](http://www.kepinfratrust.com))

Keppel Infrastructure Trust (KIT) is a diversified business trust listed on the Singapore Exchange with approximately \$5 billion in assets under management. Its goal is to deliver sustainable and growing returns to Unitholders, through a combination of recurring distributions and capital growth.

KIT's portfolio of strategic infrastructure businesses and assets provide essential products and services to a wide array of customers including government agencies, multinational corporations, commercial and industrial enterprises as well as retail consumers. Its assets are segmented into the three core sectors of Distribution & Network, Energy and Waste & Water.

Businesses and assets in the Distribution & Network segment provide essential products and services in the areas of gas production, distribution and storage of essential chemicals, as well as telecoms and electricity transmission. These assets are well-positioned to deliver resilient cash flows with potential for growth that is supported by favourable market dynamics and demand over the long term.

The Energy and Waste & Water segments comprise assets that are integral to the provision of power, waste treatment and water purification. The contract terms for these assets are backed by recurring fixed capacity or availability payments, providing KIT with stable cash flows.

The Trustee-Manager for KIT is Keppel Infrastructure Fund Management, a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd., a premier asset manager in Asia. KIT is sponsored by Keppel Infrastructure Holdings Pte. Ltd., which invests in, owns and operates competitive energy and infrastructure solutions and services.

### **IMPORTANT NOTICE**

*The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Trustee-Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Trustee-Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units. The past performance of KIT is not necessarily indicative of the future performance of KIT. This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Trustee-Manager's current view on future events.*