

Keppel Infrastructure Trust

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MEDIA RELEASE

KEPPEL INFRASTRUCTURE TRUST UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

15 July 2019

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 second quarter and half year ended 30 June 2019.

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The materials are also available at www.kepinfratrust.com, www.kepcapital.com and www.kepcorp.com.

Keppel Infrastructure Trust delivered a 30.0% YoY increase in distributable cash flow for 1H 2019

Results Highlights

- Distributable cash flow (DCF) for the second quarter of 2019 (2Q 2019) was \$45.8 million¹, bringing DCF for the first half of 2019 (1H 2019) to \$94.2 million¹, a 26.3% and 30.0% year-on-year (YoY) increase over the corresponding periods in 2018 respectively.
- Distribution per Unit (DPU) was 0.93 cents for 2Q 2019, bringing 1H 2019 DPU to 1.86 cents, translating to an annualised distribution yield of 7.4%².
- Successfully issued \$300 million 4.75% Subordinated Perpetual Securities under a newly established \$1 billion multicurrency debt programme. Part of the proceeds were used to fully repay the remaining equity bridge loan³ (EBL) and other loans, improving the Trust's gearing to 34.2%.

Financial Performance

Keppel Infrastructure Fund Management Pte Ltd (KIFM), as Trustee-Manager of Keppel Infrastructure Trust (KIT), is pleased to deliver DCF of \$45.8 million for 2Q 2019, bringing DCF for 1H 2019 to \$94.2 million. This was 26.3% and 30.0% higher than the corresponding periods in 2018 respectively, and was driven mainly by the addition of Ixom HoldCo Pty Ltd (Ixom).

A segmental breakdown of KIT's DCF is tabled below. It excludes cash flows from Basslink as KIT does not depend on Basslink's cash flows for distribution.

Segmental Performance	Distributable cash flow					
	2Q 2019 \$ '000	2Q 2018 \$ '000	Change (%)	1H 2019 \$ '000	1H 2018 \$ '000	Change (%)
Distribution & Network ¹	21,889	11,755	86.2	44,950	23,188	93.9
Energy	11,234	10,386	8.2	22,950	21,837	5.1
Waste & Water	18,133	17,678	2.6	35,993	35,350	1.8
Others ⁴	(5,487)	(3,583)	53.1	(9,694)	(7,919)	22.4
Total	45,769	36,236	26.3	94,199	72,456	30.0

The Trustee-Manager has declared DPU of 0.93 cents for 2Q 2019, bringing DPU for 1H 2019 to 1.86 cents. This translated to an annualised distribution yield of 7.4%, based on the market closing price per Unit of \$0.505 as at 30 June 2019.

As part of its prudent capital management efforts, KIT established a \$1 billion multicurrency debt issuance programme on 23 May 2019 to diversify the Trust's funding sources. In June 2019, KIT

¹ Excludes Basslink as KIT does not depend on Basslink's cash flows for distribution

² Based on the market closing price per Unit of \$0.505 as at 30 June 2019

³ The equity bridge loan (EBL) was used to partially fund the acquisition of Ixom, a portion of the EBL was repaid with proceeds from the equity fund raising that was completed on 15 April 2019

⁴ Comprises of mainly Trust expenses and distribution paid/payable to perpetual securities holders

successfully issued a total of \$300 million 4.75% Subordinated Perpetual Securities, which was launched in two tranches of \$200 million and \$100 million respectively, and consolidated to form a single series.

The first tranche was well-received by investors, and the Trustee-Manager received several reverse enquiries for additional demand, which saw the issuance of the second tranche. The positive sentiments reinforce investors' confidence towards KIT's credit profile, balance sheet and long-term sustainable cash generating capability.

Following the successful issuance, part of the proceeds received have been used to fully repay the outstanding EBL and a portion of the Trust's loan, thereby improving gearing to 34.2% from 44.3% in the previous quarter. KIT's weighted average term to maturity (WATM) for its loans was 2.1 years as at 30 June 2019. Excluding the Basslink loan, KIT's adjusted gearing and WATM would be 27.4% and 2.9 years respectively.

Operational Performance

On the operational front, KIT continued to fulfill all contractual obligations for its assets and businesses in the Distribution & Network, Energy and Waste & Water sectors during the quarter.

Ixom, which started contributing to KIT from 19 February 2019, is on track in delivering according to projected targets. Ixom continues to strengthen its cash position, ensuring stable cash distributions to KIT.

On Basslink, the Commercial Risk Sharing Mechanism was positive at 12.5% for the quarter. As updated previously, the ongoing disputes between Basslink with Hydro Tasmania (HT) and the State of Tasmania (State) arising from the December 2015 outage have been referred to arbitration. KIT and Basslink look forward to continue working with HT and the State in relation to the Basslink interconnector and maintaining efficient operations.

Meanwhile, KIT continues to monitor the operational performance of the SingSpring Desalination plant, which it owns a 70% interest, to ensure that SingSpring Desalination plant's obligations under the Water Purchase Agreement are satisfactorily discharged. Operations at the plant are stable, and the plant has fulfilled all contractual requirements as at 30 June 2019.

Looking Ahead

Capitalising on KIT's well-diversified portfolio of highly defensive and resilient infrastructure assets and businesses, providing essential products and services, the Trustee-Manager remains committed to delivering strong predictable cash flows to Unitholders.

At the same time, the Trustee-Manager will continue to grow KIT through value accretive acquisitions that will create greater value for KIT and Unitholders through stable recurring returns and steady capital appreciation.

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About Keppel Infrastructure Trust (www.keppinfratrust.com)

Keppel Infrastructure Trust (KIT) is a diversified business trust listed on the Singapore Exchange with \$5.2 billion of assets under management (AUM). Its long-term goal is to deliver sustainable returns to Unitholders, through a combination of recurring distributions and capital growth over the long term.

KIT's portfolio of strategic infrastructure assets provides essential products and services to a wide multitude of customers including government agencies, multinational corporations, commercial and industrial enterprises as well as retail consumers.

KIT's assets are segmented into the three core sectors of Energy, Distribution & Network and Waste & Water. Assets in the Energy and Waste & Water sectors are integral to the provision of power, and waste treatment and water purification services. The contract terms for these assets are backed by recurring fixed capacity/availability payments, providing KIT with stable and defensive cash flows. Assets in the Distribution & Network segment provide essential products and services in the areas of gas production, telecoms and electricity transmission, data centres, as well as manufacturing and distribution of critical and essential chemicals. 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.

KIT is sponsored by Keppel Infrastructure Holdings Pte. Ltd., a leading developer, owner and operator of infrastructure businesses. Keppel Infrastructure Fund Management (KIFM) is the Trustee-Manager of KIT. KIFM is a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd., a premier asset manager in Asia with a diversified portfolio in real estate, infrastructure and data centre properties in key global markets.