



# 9M 2023 Financial Results

2 November 2023



# Outline

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## Constituent of:



MSCI Singapore  
Small Cap Index



FTSE ST Large  
& Mid-Cap Index

## Awards and Accreditations<sup>1</sup>:

Signatory of:



1. Keppel Infrastructure Fund Management Pte Ltd is a signatory to the United Nations-supported Principles for Responsible Investment, under the membership of Keppel Capital.

# 9M 2023 Highlights

Philippine Coastal



# Announced Special Distribution of 2.33 cents

DI almost doubled with new acquisitions and successful value creation



Special Distributions

**2.33 cents**

Supported by successful value creation strategy



3Q 2023 Distributions

**0.97 cents**

Supported by continued portfolio performance

Total 9M 2023 DPU of

**5.23 cents**

**▲ 82.5%**

Higher than 9M 2022's 2.865<sup>1</sup> cents

## Supported by strong financial performance

Distributable Income (DI)

**▲ ~93%**

YoY to \$266.1m in 9M 2023 supported by portfolio growth

EBITDA

**▲ 28.1%**

YoY to \$346.0m<sup>2</sup> in 9M 2023 supported by strong and stable performance

- New acquisitions
- Value creation
- Continued performance
- Capital optimisation

1. 9M 2022 DPU of 2.865 cents per Unit derived by prorating FY 2022 total DPU of 3.82 cents per Unit.

2. Excludes one-off acquisition related cost incurred (-\$3.1m), unrealised exchange gains (+\$3.8m), fair value gain on the investment in AGPC (+\$5.0m) and write-off of fixed assets of EMK (-\$1.8m). Group adjusted EBITDA would be \$349.9m without the adjustments.

# Special Distribution from Successful Value Creation

Crystallised part of value created with \$273m capital optimisation arising from EBITDA growth at Ixom and City Energy

Driven by higher valuations on strong business and EBITDA growth

## IXOM

Feb 2019  
Ixom Acquisition



FY 2019 EBITDA  
**A\$130.2m<sup>1</sup>**

**▲ 52%**  
EBITDA growth

- 7 bolt-on acquisitions and 3 non-core divestments
- Strengthened market leading position
- Realised revenue and cost synergies
- Completed refinancing: Strong demand with facility upsized to ~A\$1.0b

FY 2023

EBITDA  
**A\$197.7m<sup>1</sup>**

## CityEnergy

Good Energy for our City

2021  
New strategy and  
rebranding



FY 2021 EBITDA  
**S\$47.4m**

**▲ >30%**  
EBITDA growth

- New growth engines in EV charging and smart home solutions
- Expand offerings with the acquisition of Tan Soon Huah (TSH) LPG business
- Completed refinancing into a sustainability-linked loan upsized to \$400m

FY 2022

EBITDA  
**S\$61.6m**

## Capital Optimisation

# \$273m

From growth at Ixom and City Energy

Use of funds

**\$131m (48%)**  
Special distribution  
to Unitholders



**\$142m (52%)**  
Partially fund  
FY 2022 acquisitions

1. Based on Ixom's full year results for their financial year ended 30 September 2023, excluding one-off and lease adjustments.

# Replicating Value Creation Strategy to Support DPU Growth

Driving growth of businesses through focused portfolio optimisation plans

- ✓ Improve asset performance
- ✓ Business optimisation
- ✓ Realise greater synergies

## Dedicated portfolio management and optimisation function focusing on value creation



- Position City Energy as a key importer for green hydrogen, and accelerate transition to green hydrogen
- Grow new businesses in solar, EV charging, and LPG business



- Further sharpen business
- Pursue bolt-on opportunities
- Leverage on strategic assets to grow market share
- Enhance supply chain and increase customer stickiness



- Expanding within and outside Subic Bay to meet demand
- Enhance utilisation and minimize excess capacity
- Tap on positive pricing opportunities



- Drive growth through bolt-on acquisitions
- Sharpen liquids business and improve waste mix
- Securing designated waste licenses to improve pricing

# KIT in a Position of Strength and Resilience

Supported by a resilient portfolio and strong balance sheet

**Well capitalised  
for growth**

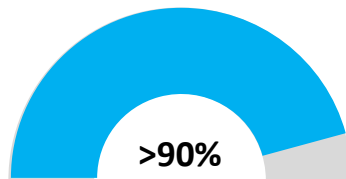
**36.8%**

Healthy net gearing level

**~\$825m<sup>1</sup>**

Debt headroom for growth

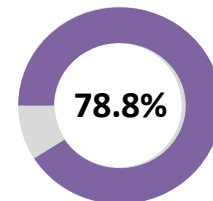
**Well insulated  
from inflation**



**Inflation protection**

~65% of portfolio with costs pass through mechanisms / CPI-linked;  
~30% in businesses with leading position and price-setting capabilities

**Loans significantly  
hedged**



**Fixed and hedged debt**

Repaid / completed refinancing of all loans due in 2023; 78.8% of debt are fixed and hedged as at 30 Sep 2023

1. Up to 45% (internal cap) gearing level; Unlike REITs, there are no restrictions on gearing for Business Trusts.

# Business Updates

Aramco Gas  
Pipelines Company

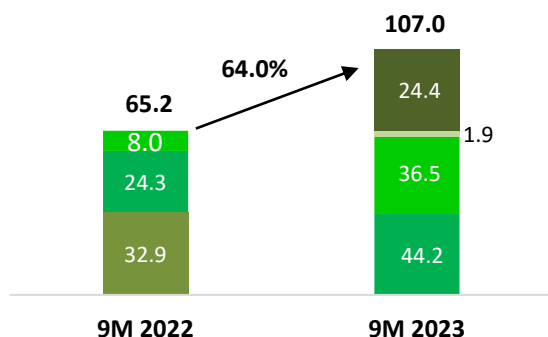




# Energy Transition

- Higher DI mainly due to contributions from AGPC and the wind farm assets, as well as the favourable fuel over recovery at City Energy
- Lower contribution from BKR2 due to the semi-annual bond amortisation booked in 3Q 2023<sup>1</sup>
- KMC's full year computed DI negated by the mandatory debt amortisation in Jun 2023

## Distributable Income (\$\$m)



- Borkum Riffgrund 2 (BKR2)
- European Onshore Wind Platform
- Aramco Gas Pipelines Company (AGPC)
- City Energy
- Keppel Merlimau Cogen (KMC)

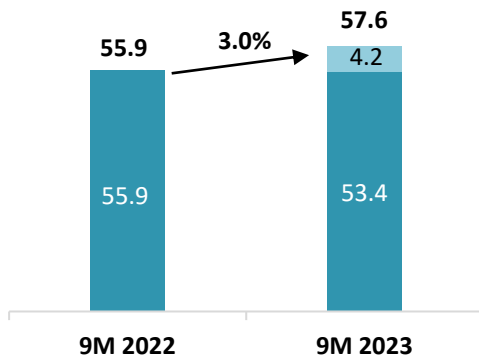
- City Energy**
  - Expanded product offerings with the acquisition of TSH's LPG business in Oct 2023, the second largest LPG cylinder distributor in Singapore
  - Expanded EV charging business with 37 sites secured as at end-Sep 2023, which could provide over 3,400 EV lots in total
  - Joint feasibility study with Gentari to explore developing a green hydrogen pipeline from Johor to Singapore
- KMC:** Achieved 100% contracted availability as at end-Sep 2023
- European renewable energy investments:**
  - BKR2: Granted additional grid capacity of 26 MW, increasing to 491MW; evaluating equipment upgrade plans to optimise power capacity
  - European Onshore Wind Platform: Completed maintenance works to prepare for higher wind season in winter; Fäbodliden II on track to obtain COD in 4Q 2023 (funded by internally generated cash)
- Aramco Gas Pipelines Company:** Demand underpinned by economic growth and favourable demographics as part of the Kingdom of Saudi Arabia's efforts to reduce carbon emissions

1. KIT completed the acquisition of BKR2 on 22 Dec 2022 but did not record the initial bond amortisation of approx. €37.9m (€19m based on KIT's share) made in Jan 2023 in its DI as the amortisation was funded by cash generated from Jul to Dec 2022 from BKR2's operations, which is prior to KIT's completion of the acquisition.

# Environmental Services

- Higher DI supported by the positive contribution from EMK with higher volume for landfill business
- Lower DI from Singapore waste and water assets due mainly to lower availability fees from Senoko WTE Plant which has been recovered from the operator in Oct 2023

## Distributable Income (\$m)



- Singapore waste and water assets
- EMK

## ▪ Eco Management Korea Holdings (EMK)

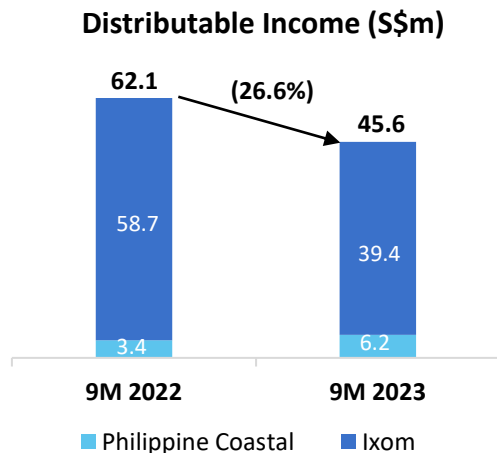
- Maintained high availability and full utilisation of incineration business
- Higher volume for landfill business with new contracts secured from blue chip customers
- Seeking growth opportunities through accretive bolt-on acquisitions

## ▪ Singapore waste and water assets

- Fulfilled all contractual obligations
- Ongoing discussions with regulators to explore the extension of the concessions for the Senoko WTE and Singspring Desalination plants

# Distribution & Storage

- Ixom achieved 9% EBITDA growth in AUD terms; lower DI due mainly to one-off refinancing related fees, higher capex and taxes, as well as translation effects from weaker AUD
- Higher DI from Philippine Coastal supported by higher tank utilisation rate



- **Ixom**
  - Strong volumes and pricing across coagulants, caustic and sodium hypochlorite in Australia, and contributions from its new bolt-on acquisitions
  - Increased volume from the industrial and dairy segments of the New Zealand business
- **Philippine Coastal**
  - High tank utilisation rate of 93.4% as at end-Sep 2023, underpinned by increased demand from existing customers and robust demand outlook
  - Capacity expansion works on track for completion in 2H 2024

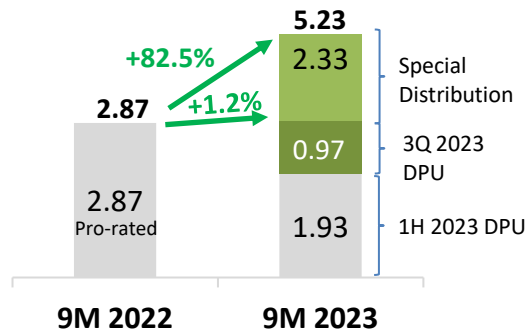
# Finance and Capital Management

City Energy



# Distributable Income

## Distribution Per Unit (cents)



### Distributions

- 3Q 2023: 0.97 cents
- Special: 2.33 cents

**Ex-Date** 9 Nov 2023

**Record Date** 10 Nov 2023

**Payment Date** 20 Nov 2023

S\$'000	9M 2023	9M 2022	+/(-) %
<b>Energy Transition</b>	<b>106,998</b>	65,245	64.0
- City Energy	44,245	24,264	82.3
- Aramco Gas Pipelines Company	36,503	8,025	>100.0
- KMC <sup>1</sup>	-	32,956	NM
- European Onshore Wind Platform	1,892	-	NM
- BKR2	24,358	-	NM
<b>Environmental Services</b>	<b>57,661</b>	55,955	3.0
- Singapore waste and water assets	53,419	55,955	(4.5)
- EMK	4,242	-	NM
<b>Distribution &amp; Storage</b>	<b>45,614</b>	62,130	(26.6)
- Ixom	39,393	58,707	(32.9)
- Philippine Coastal	6,221	3,423	81.7
<b>Asset Subtotal</b>	<b>210,273</b>	183,330	14.7
<b>Corporate<sup>2</sup></b>	<b>(75,367)</b>	(45,648)	65.1
<b>Capital Optimisation<sup>3</sup></b>	<b>131,164</b>	-	NM
<b>Distributable Income</b>	<b>266,070</b>	137,682	93.2

- KMC's full year computed DI is expected to be negated by the mandatory debt repayment in Jun 2023.
- Comprises Trust expenses and distributions paid/payable to perpetual securities holders, management fees and financing costs. The higher costs were due to higher management fees from the capital optimisation of S\$131.2m in the Group's 9M 2023 Distributable Income, the issuance of the Series 4 Medium Term Notes on 5 May 2022 and draw down of equity bridge loans to fund the acquisitions of EMK and BKR2 in 2H 2022.
- From Ixom; out of the S\$273m capital optimisation proceeds.

# Balance Sheet

## Building a strong balance sheet to support growth plans

- Comfortable debt headroom for growth: Approx. \$825m to 45% net gearing level
- Mitigating impact of currency fluctuations: 78.3% foreign currency distributions hedged
- Approx. 78.8% of debt are fixed and hedged as at 30 Sep 2023: A 100bps change in interest rate would have a approx. 1.5% impact to 9M 2023's Distributable Income



### Net gearing

36.8%



### Undrawn committed credit facilities

\$549m



### Fixed and hedged debt

78.8%



### Weighted average interest rate:

3.7%<sup>1</sup>



### Weighted average term to maturity:

Approx. 3.4 years for debt profile

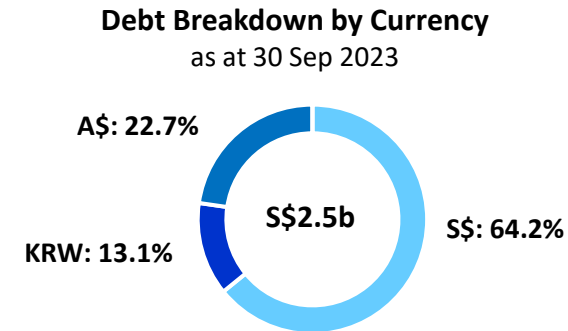
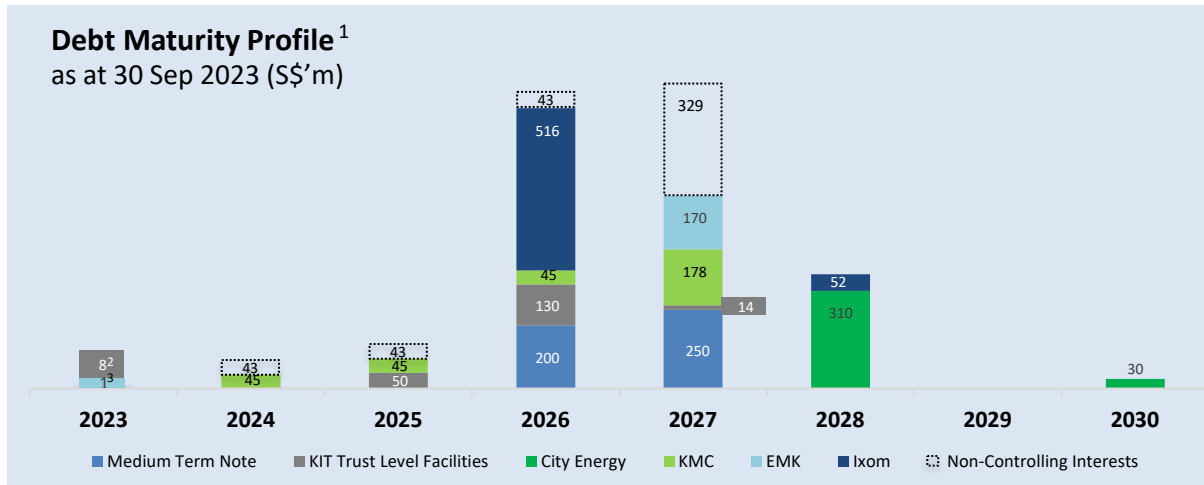
Balance Sheet (\$\$'m)	30 Sep 2023	31 Dec 2022
Cash	423	536
Borrowings	2,481	2,907
Net debt	2,058	2,371
Total assets	5,584	5,963
Total liabilities	3,569	4,056

1. Excludes capitalised borrowing costs

# Capital Management

## Well-diversified debt maturity profile

- Repaid / completed refinancing of all loans due in 2023:
  - Fully repaid the acquisition bridge loan
  - Completed Ixom refinancing exercise: Received strong demand with facility amount upsized to ~A\$1.0b
  - City Energy converted its \$400m facility into a sustainability-linked loan in Jul 2023
- Reviewing KMC's capital structure; 2024 funding requirement of \$45m amortisation (based on KIT's share) as part of the \$700m sustainability-linked loan to be funded through internally generated cash



1. Debt maturity profile is based on KIT consolidated balance sheet. KIT's share of the repayments is based on its interest held in the assets.  
 2. The maturity of KIT's Revolving Credit Facility is in Feb 2025.  
 3. The maturity of EMK's Revolving Credit Facility is in Oct 2027.

# Commitment to Sustainability

European Onshore  
Wind Platform



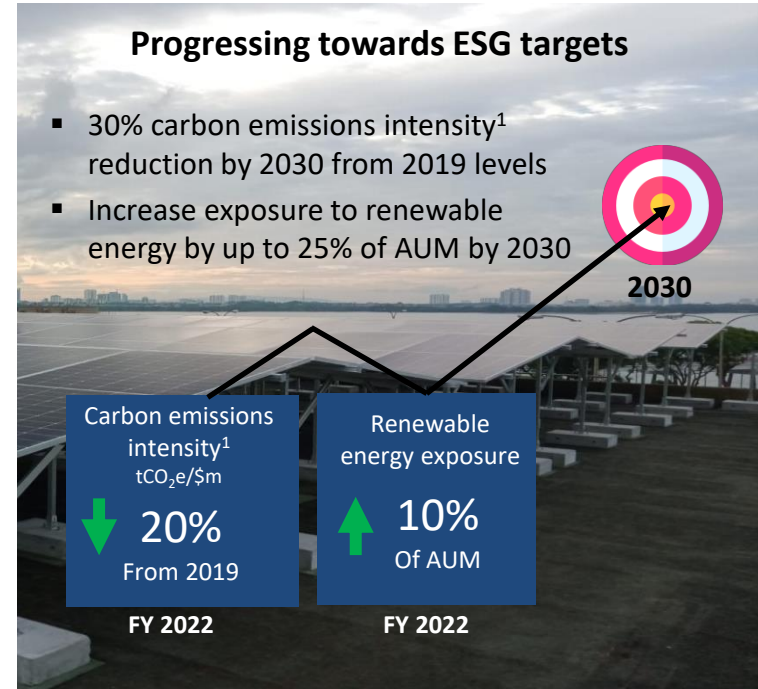


# On track to achieve ESG targets

## Championing Innovative Green Energy solutions



- City Energy announced joint feasibility study with Gentari to explore developing a green hydrogen pipeline from Johor to Singapore; launched solar solutions to promote greener living and expand products offerings
- Completed the installation of solar PV system with generation capacity of 0.2 MWp at City Energy, increasing KIT's total solar capacity to 2.2MWp for operational needs
- Dedicated 515 hours to support community outreach efforts in 9M 2023 with Keppel Fund Management and Investment



1. Carbon emissions intensity is calculated based on Distributable Income and includes latest available full year Scopes 1 and 2 carbon emissions data.

# Thank You

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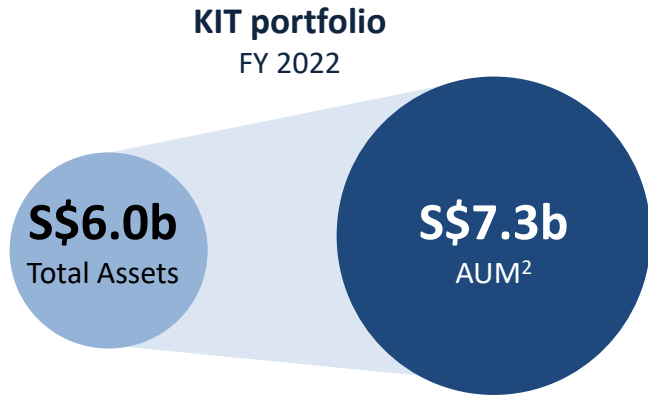
# Additional Information



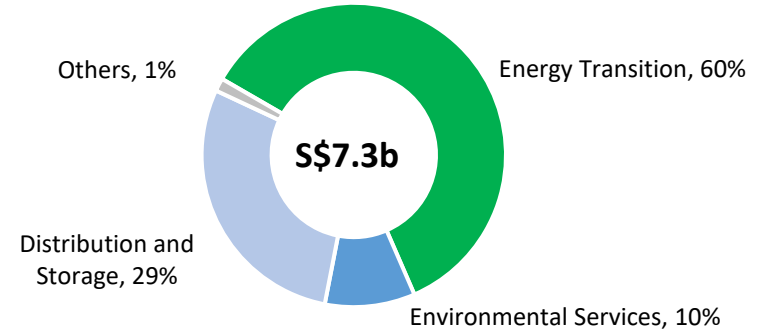
# Inaugural Portfolio Valuation

AUM of S\$7.3b for FY 2022

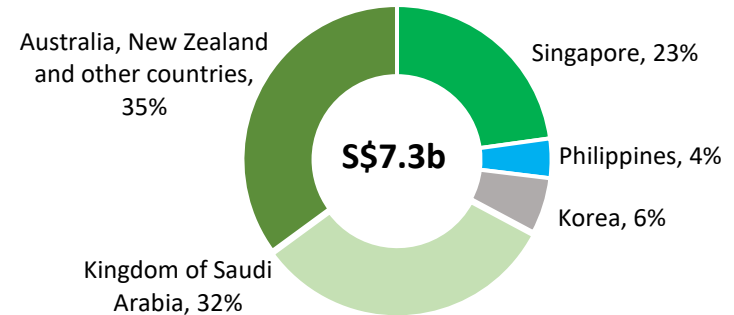
- Improves portfolio transparency and better reflect asset values
- Conducted by independent third-party valuer, Ernst & Young<sup>1</sup>
- Reflects enlarged portfolio AUM of \$7.3b for FY 2022



## By Business and Assets








## By Geography



1. Ixom's valuation is based on KIT's internal valuation, while valuations of the European Onshore Wind Platform, BKR2 and EMK are based on the enterprise value of the acquisitions.








2. Represents KIT's equity stake in the enterprise value of its investments plus cash held at the Trust.

# Portfolio Overview as at 30 Sep 2023

		Description	Customer and contract terms	Primary source of cash flows	Total Assets <sup>1</sup> (\$\$'m)
Energy Transition		<b>City Energy</b> Sole producer and retailer of piped town gas	Over 897,269 commercial and residential customers	Fixed margin per unit of gas sold, with fuel and electricity costs passed through to consumer	2,920.5
		<b>Keppel Merlimau Cogen</b> 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	
		<b>Aramco Gas Pipelines Company</b> Holds a 20-year lease and leaseback agreement over the usage rights of Aramco's gas pipelines network	20 years quarterly tariff from Aramco, one of the largest listed companies globally (A1 credit rating)	Quarterly tariff payments backed by a minimum volume commitment for 20 years with built in escalation	
		<b>European Onshore Wind Platform</b> Initial Portfolio of three wind farm assets in Sweden and Norway with a combined capacity of 258 MW	All electricity produced sold to local grid	Sale of electricity to the local grid	
		<b>BKR2</b> A 465 MW operating offshore wind farm located in the North Sea off the coast of Germany	20-year power purchase agreement with Orsted till 2038	Operates under the German EEG 2014 with an attractive Feed-in-Tariff and guaranteed floor price till 2038	

1. Based on book value as at 30 September 2023

# Portfolio Overview as at 30 Sep 2023

		Description	Customer and contract terms	Primary source of cash flows	Total Assets <sup>1</sup> (S\$'m)
Environmental Services		<b>Senoko WTE Plant</b> Waste-to-energy plant with 2,310 tonnes/day waste incineration concession	NEA, Singapore government agency - concession until 2024 (Singapore - AAA credit rating)	Fixed payments for availability of incineration capacity	1,162.2
		<b>Tuas WTE Plant</b> Waste-to-energy plant with 800 tonnes/day waste incineration concession	NEA, Singapore government agency - concession until 2034 (Singapore - AAA credit rating)	Fixed payments for availability of incineration capacity	
		<b>Ulu Pandan NEWater Plant</b> One of Singapore's largest NEWater plants, capable of producing 148,000m <sup>3</sup> /day	PUB, Singapore government agency - concession until 2027 (Singapore - AAA credit rating)	Fixed payments for the provision of NEWater production capacity	
		<b>SingSpring Desalination Plant</b> Singapore's first large-scale seawater desalination plant, capable of producing 136,380m <sup>3</sup> /day of potable water	PUB, Singapore government agency - concession until 2025 (land lease till 2033) (Singapore - AAA credit rating)	Fixed payments for availability of output capacity	
		<b>EMK</b> Leading integrated waste management services player in South Korea	Variety of customers including government municipalities and large industrial conglomerates	Payments from customers for delivery of products and provision of services based on agreed terms	
Distribution & Storage		<b>Ixon</b> Manufacturer and distributor of water treatment chemicals, industrial and specialty chemicals in Australia and New Zealand	Over 30,000 customers comprising municipals and blue-chip companies	Payments from customers for delivery of products and provision of services based on agreed terms	1,387.9
		<b>Philippine Coastal</b> The largest petroleum products storage facility in the Philippines, located in the tax-friendly Subic Bay Freeport Zone	Blue-chip customers	USD-denominated "take-or-pay" contracts with no direct exposure to petroleum price and volume risk	

1. Based on book value as at 30 September 2023

# 9M 2023: Distributable Income

S\$'000	Energy Transition	Environmental Services	Distribution & Storage	Corporate <sup>1</sup>	Group
<b>Profit/(loss) after tax</b>	<b>35,716</b>	<b>(35,998)</b>	<b>48,452</b>	<b>16,971</b>	<b>65,141</b>
<b>Add/(less) adjustments:</b>					
Reduction in concession / lease receivables <sup>2</sup>	46	47,181	-	-	47,227
Transaction costs in relation to acquisition <sup>2</sup>	-	-	3,378	(262)	3,116
Tax paid	(3,686)	(2,564)	(28,698)	(215)	(35,163)
Maintenance capex	(1,158)	(9,489)	(23,982)	-	(34,629)
Non-cash interest	1,542	975	3,332	442	6,291
Income tax expense	6,237	(4,275)	20,546	320	22,828
Depreciation and amortisation	63,588	54,578	40,505	-	158,671
Share of results of joint venture	(13,848)	-	(3,103)	-	(16,951)
QPDS interest expenses to KIT	52,393	15,451	-	(67,844)	-
Perp securities holder	-	-	-	(20,307)	(20,307)
FFO from joint venture	49,710	-	7,559	-	57,269
Payment of upfront fee and legal fees	(1,402)	-	(10,733)	(985)	(13,120)
Other adjustments	(7,911)	1,348	(7,763)	(3,487)	(17,813)
NCI	(16,824)	(3,916)	(2,542)	-	(23,282)
<b>Funds from Operations<sup>4</sup></b>	<b>164,403</b>	<b>63,291</b>	<b>46,951</b>	<b>(75,367)</b>	<b>199,278</b>
Less: Mandatory debt repayment	(70,401) <sup>3</sup>	(5,630)	(1,337)	-	(77,368)
Add: Capital optimisation <sup>5</sup>	-	-	-	131,164	131,164
Adjustment for KMC DI	12,996 <sup>3</sup>	-	-	-	12,996
<b>Distributable Income<sup>6</sup></b>	<b>106,998</b>	<b>57,661</b>	<b>45,614</b>	<b>55,797</b>	<b>266,070</b>

**Note:**

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

2. Due to one-off acquisition related cost incurred for new investments which are reversed through "Transaction costs in relation to acquisition" to reflect actual funds from operations.

3. Comprises (i) \$44.6 million of mandatory debt amortisation in June 2023 relating to KMC which is expected to negate its full year computed DI; and (ii) \$25.8 million of mandatory debt amortisation in July 2023 relating to BKR2.

4. Funds from Operations means profit after tax adjusted for reduction in concession/lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capital expenditure, non-cash adjustments and non-controlling interest adjustments.

5. From Ixom; out of the S\$273m capital optimisation proceeds.

6. Distributable Income is defined as Funds from Operations less mandatory debt repayment and other charges, credits or adjustments as deemed appropriate by the Trustee-Manager.

# 9M 2022: Distributable Income

S\$'000	Energy Transition	Environmental Services	Distribution & Storage	Corporate <sup>1</sup>	Group
<b>Profit/(loss) after tax</b>	<b>(35,610)</b>	<b>(3,122)</b>	<b>43,650</b>	<b>15,280</b>	<b>20,198</b>
<b>Add/(less) adjustments:</b>					
Reduction in concession / lease receivables	40	46,346	-	-	46,386
Transaction costs in relation to acquisition <sup>2</sup>	-	-	17,979	26,704	44,683
Tax paid	(1,613)	(2,456)	(27,329)	(5)	(31,403)
Maintenance capex	(8,558)	(62)	(22,646)	-	(31,266)
Non-cash interest	565	7	2,113	180	2,865
Income tax expense	2,393	455	14,731	907	18,486
Depreciation and amortisation	60,738	5,590	46,878	-	113,206
Share of results of joint venture	-	-	(6,193)	-	(6,193)
QPDS interest expenses to KIT	52,393	15,451	-	(67,844)	-
Perp securities holder	-	-	-	(20,307)	(20,307)
FFO from joint venture	-	-	4,794	-	4,794
Payment of upfront fee and legal fees	-	-	-	(758)	(758)
Other adjustments	(3,282)	101	(8,566)	195	(11,552)
NCI	(1,821)	-	(1,910)	-	(3,731)
<b>Funds from Operations</b>	<b>65,245</b>	<b>62,310</b>	<b>63,501</b>	<b>(45,648)</b>	<b>145,408</b>
Less: Mandatory debt repayment	-	(6,355)	(1,371)	-	(7,726)
<b>Distributable Income</b>	<b>65,245</b>	<b>55,955</b>	<b>62,130</b>	<b>(45,648)</b>	<b>137,682</b>

**Note:**

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

2. Due to one-off acquisition related cost incurred for new investments which are reversed through "Transaction costs in relation to acquisition" to reflect actual funds from operations.





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