

# 1Q 2023 Operational Updates

14 April 2023



# Outline

➤	1Q 2023 Highlights	3
➤	Business Updates	6
➤	Finance and Capital Management	10
➤	Commitment to Sustainability	14
➤	Additional Information	17

## 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.

# 1Q 2023 Highlights

Philippine Coastal

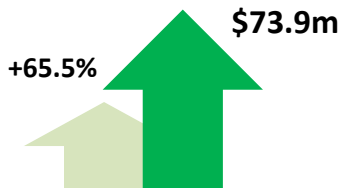


# 1Q 2023 Highlights

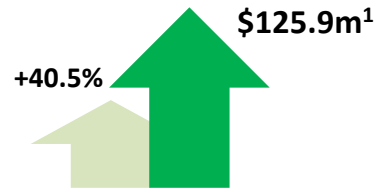
## Strong performance supported by portfolio growth and transformation

- New acquisitions and investments in FY 2022 contributed \$36.4m or 38.5% of Asset Distributable Income for 1Q 2023
- Steady portfolio performance in 1Q 2023:
  - Ixom continues to deliver a strong set of performance: revisit strategic review when market improves
  - Philippine Coastal secured additional storage demand from an anchor tenant: building new tanks in the Subic Bay Area to increase capacity
  - On-track to meeting all contractual obligations for KMC and the Singapore waste and water assets

### Distributable income (DI)



### EBITDA



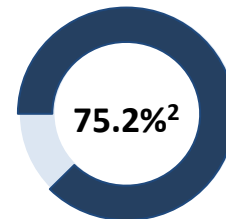
Stronger DI and EBITDA supported by higher contributions from City Energy, Ixom and new acquisitions completed in FY2022

### Inflation protection



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

### Loans hedged



75.2% of floating interest rates hedged as at 31 Mar 2023

1. Excludes one-off acquisition related cost incurred for ongoing new investment projects (-S\$1.6m) and unrealised exchange gains (S\$1.4m). Group adjusted EBITDA would be S\$125.7m without the adjustments.

2. Excluding the equity bridge loans utilised in 2022 to partially fund the acquisitions of EMK and BKR2, loans hedged as at 31 Mar 23 would be approx. 88.6%.

# Strategic Review of Ixom

Focused on next phase of growth

- **Ran a thorough process with financial advisor:** received strong interests from mix of financial and strategic investors
- **Macro uncertainties made investors more cautious:** Pricing affected by rising costs of funding and the tightening of debt capital markets; does not reflect the quality of Ixom's business and strong cash generation profile
- **Continue to pursue value-enhancing opportunities at Ixom:** (i) growing core businesses through M&A, (ii) driving performance of new acquisitions, (iii) further streamlining of the business, and (iv) leveraging Ixom's strong financial performance to explore debt recapitalisation strategy
- **Continue to see merits in unlocking value** at an appropriate valuation to further grow the KIT portfolio

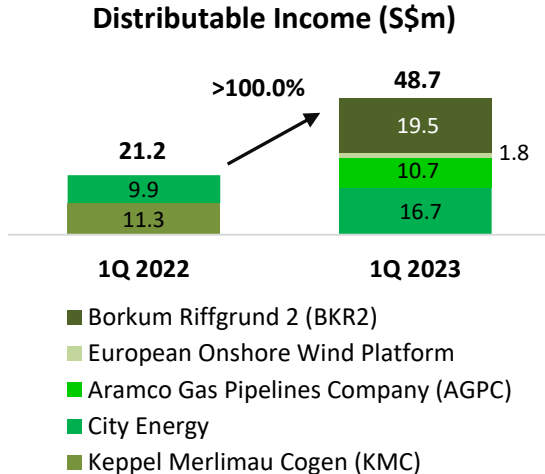


# Business Updates

Aramco Gas  
Pipelines Company



# Energy Transition



- Higher DI mainly due to the favourable fuel over recovery at City Energy, contributions from AGPC and the windfarms' assets
- KMC's full year computed DI is expected to be significantly negated by the mandatory debt repayment in Jun 2023

## ▪ European renewable energy investments

- **Onshore Wind Platform:** expecting first dropdown asset in 2H 2023
- **BKR2:** German government implemented price cap of €214/MWh until 30 Jun 2023<sup>1</sup>; price cap above FiT of €184/MWh
- Continue to monitor the energy regulatory policies in Europe

## ▪ City Energy

- Customer base grew 1.4% YoY to 891,000 as at end-Mar 2023 with continued recovery from the Commercial and Industrial sector
- Optimised capital structure with \$400m loan facility to support long-term business growth in Jan 2023
- Continue to grow the EV charging business with 29 sites secured as at end-Mar 2023; completed the makeover of lifestyle concept store at Plaza Singapura

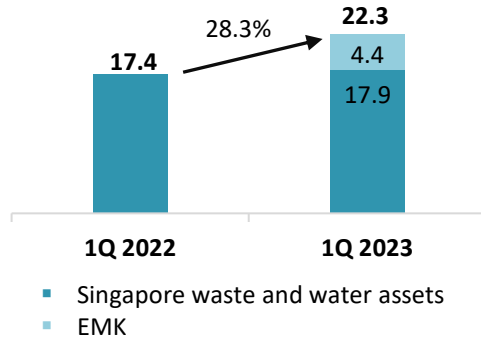
## ▪ KMC

- Achieved 100% contracted availability as at end Mar 2023

1. The German government implemented a price cap of €214/MWh, effective from 1 Dec 2022 to 30 Jun 2023, with a possibility to extend until 30 Apr 2024.

# Environmental Services

Distributable Income (S\$m)



- Higher DI mainly due to positive contribution from EMK as a result of increased unit prices of steam sold from its solid business sector
- Higher DI from Singapore waste and water assets due mainly from the acquisition of the remaining 30% stake in the SingSpring Desalination Plant

## ■ Eco Management Korea Holdings (EMK)

- Maintained full utilisation of incineration business
- Secured new contract for landfill business
- Continue to explore accretive bolt-on opportunities

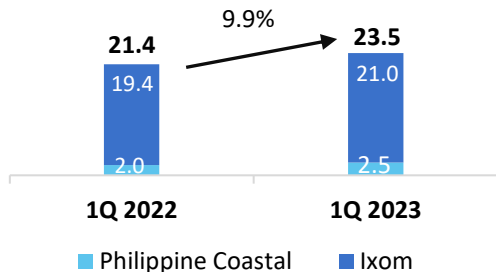
## ■ Singapore waste and water assets:

- On-track to meeting all contractual obligations
- Higher electricity costs at the **Keppel Seghers Ulu Pandan NEWater Plant**, offset by gains from energy efficiency at the **SingSpring Desalination Plant** which is fully passed through
- **Senoko WTE Plant** and **Keppel Seghers Tuas WTE Plant** generate their own electricity and have no exposure to energy price volatility



# Distribution & Storage

Distributable Income (\$m)



- Higher DI from Ixom due mainly to continued strong performance across most business sectors
- Higher DI from Philippine Coastal due mainly to increased contract volumes and additional storage revenues

## ▪ Ixom

- Continue to pursue value-enhancing opportunities:
  - i. growing core businesses through M&A
  - ii. driving performance of new acquisitions
  - iii. further streamlining of the business, and
  - iv. leveraging Ixom’s strong financial performance to explore debt recapitalisation strategy

## ▪ Philippine Coastal

- Utilisation rate of 86% as at end-Mar 2023, compared to 90.5% as at end-Dec 2022 due to short-term fluctuations of spot demand
- Secured additional storage demand from an anchor customer: building new tanks in the Subic Bay Area to meet demand

# Finance and Capital Management

City Energy



# Distributable Income

Stronger performance supported by portfolio growth

S\$'000	1Q 2023	1Q 2022	+/(-) %
<b>Energy Transition</b>	<b>48,723</b>	21,260	>100.0
- City Energy	16,715	9,924	68.4
- Aramco Gas Pipelines Company	10,709	-	NM
- KMC <sup>1</sup>	-	11,336	NM
- European Onshore Wind Platform	1,839	-	NM
- BKR2	19,460	-	NM
<b>Environmental Services</b>	<b>22,295</b>	17,377	28.3
- Singapore waste and water assets	17,910	17,377	3.1
- EMK	4,385	-	NM
<b>Distribution &amp; Storage</b>	<b>23,497</b>	21,386	9.9
- Ixom	21,035	19,399	8.4
- Philippine Coastal	2,462	1,987	23.9
<b>Asset Subtotal</b>	<b>94,515</b>	60,023	57.5
<b>Corporate<sup>2</sup></b>	<b>(20,585)</b>	(15,348)	(34.1)
<b>Distributable Income</b>	<b>73,930</b>	44,675	65.5

1. KMC's full year computed DI is expected to be significantly negated by the mandatory debt repayment in Jun 2023.

2. Comprises Trust expenses and distribution paid/payable to perpetual securities holders, management fees and financing costs. The higher costs were due to the issuance of the Series 4 Medium Term Notes on 5 May 2022 and draw down of equity bridge loans to fund the acquisition of EMK and BKR2 in 2H 2022.

# Balance Sheet

## Building a strong balance sheet to support growth plans

- Comfortable debt headroom for growth: Approx. \$248m to 45% net gearing level
- Mitigating impact of currency fluctuations: 83.7% foreign distributions hedged
- Approx. 75.2% of floating interest rates hedged<sup>1</sup> as at 31 Mar 2023, 88.6% excluding the bridge facilities
  - a 100bps change in interest rate would have an ~2% impact to 1Q 2023's Distributable Income; ~1% impact excluding bridge facilities

Balance Sheet (S\$'m)	31 Mar 2023	31 Dec 2022
Cash	431	536
Borrowings	2,879	2,907
Net debt	2,449	2,371
Total assets	5,746	5,963
Total liabilities	3,925	4,056



Net gearing

42.5%



Undrawn committed credit facilities

\$318m



Loans hedged

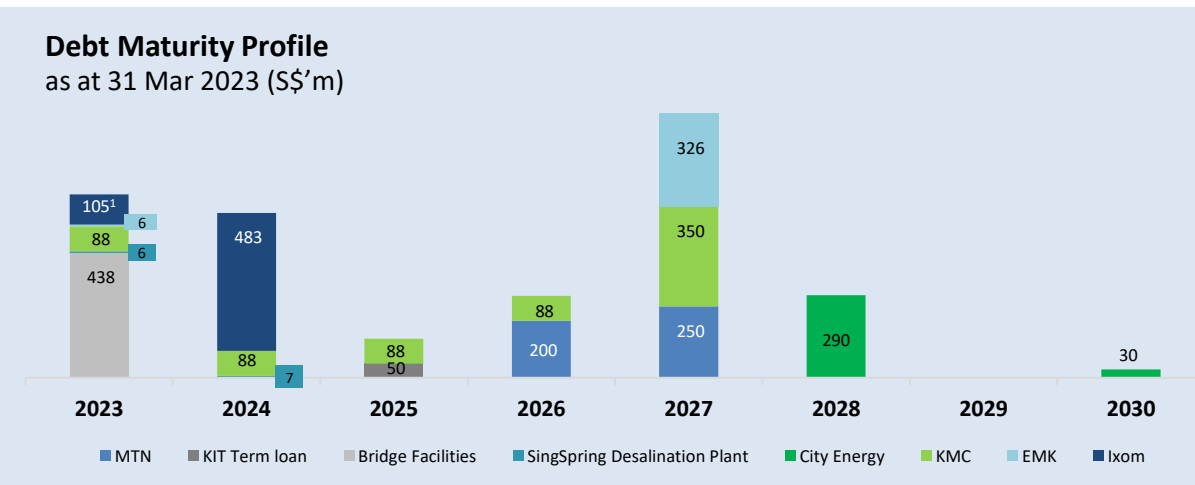
75.2%

1. Based on a consolidated group debt, including the bridge facilities.

# Capital Management

Well-diversified debt maturity profile

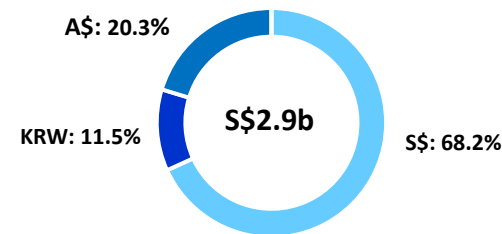
- Paid down \$142m of \$580m bridge facilities with longer-term debt through City Energy’s \$400m loan facility obtained in Jan 2023
- Reviewing KMC’s capital structure, including the \$700m sustainability-linked loan which commences amortisation in Jun 2023



1. The maturity of Ixom’s Revolving Credit Facility is in February 2024.

### Debt Breakdown by Currency

as at 31 Mar 2023



Weighted average interest rate

3.7%



Weighted average term to maturity:

Approx. 2.7 years for debt profile

# Commitment to Sustainability

European Onshore  
Wind Platform



# Championing Innovative Green Energy solutions

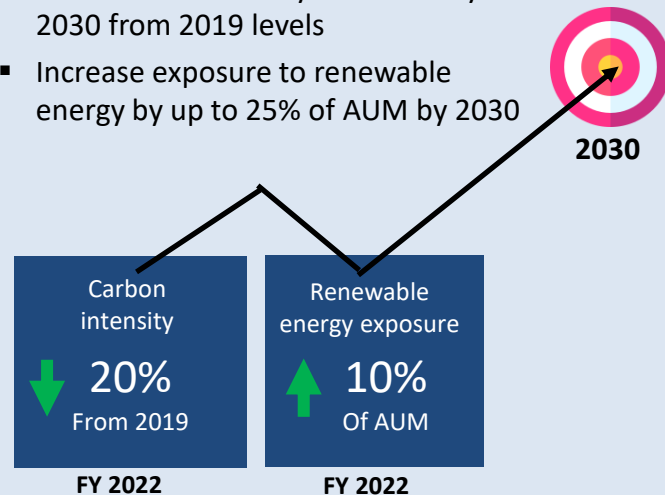
On track to achieve ESG targets



- Completed the installation of solar PV system with a generation capacity of 0.2 MWp at City Energy in Feb 2023, increasing KIT's total solar capacity to 2.2MWp for operational needs
- City Energy announced collaborations to accelerate the commercial usage of hydrogen in Singapore and study the development of off-grid hydrogen fuel cell solutions, using hydrogen extracted from town gas
- Signed MOU with Keppel Infrastructure to explore low carbon water solutions at the SingSpring Desalination Plant and the Ulu Pandan NEWater Plant
- Collaborated with the School of Science and Technology Singapore to showcase the SingSpring Desalination Plant in Feb 2023

## Progressing towards ESG targets

- 30% carbon intensity reduction by 2030 from 2019 levels
- Increase exposure to renewable energy by up to 25% of AUM by 2030



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# Additional Information



# Advancing Sustainability, Driving Performance

Committed to achieving operational excellence that is led by our environmental, social and governance strategy and sustainability initiatives

✓ 2 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



Published KIT's first Sustainability Report for FY2016 in accordance with the Global Reporting Initiative (GRI) guidelines



Keppel Capital supports the United Nations (UN) Global Compact



KIT's first sustainability-linked loans for the Keppel Merlimau Cogen Plant



Align sustainability approach with nine out of 17 UN Sustainable Development Goals



Expanded reporting to include business air travel activities under Scope 3 emissions for FY2020



Formed dedicated Board Environmental, Social, and Governance (ESG) Committee



Set ESG targets



Alignment with the Task Force on Climate-Related Financial Disclosures

2022



2024

2030

## Key environmental targets



30% carbon intensity reduction by 2030 from 2019 levels



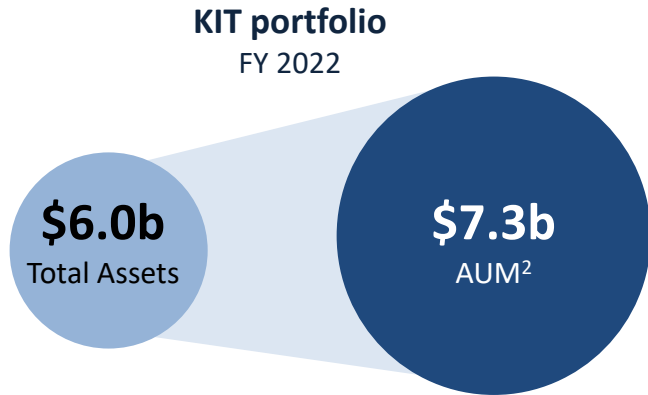
Increase exposure to renewable energy by up to 25% of equity-adjusted AUM by 2030



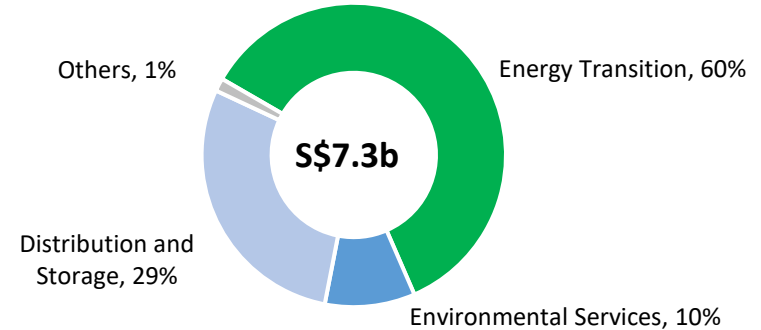
# Inaugural Portfolio Revaluation

AUM of \$7.3b for FY 2022

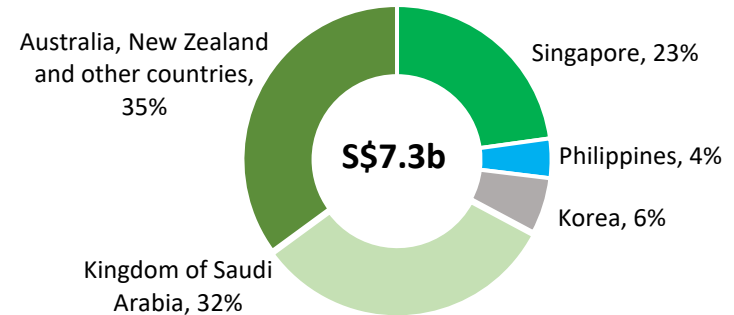
- Improve portfolio transparency and better reflect asset values
- Conducted by independent third-party valuer, Ernst & Young<sup>1</sup>
- Reflects enlarged portfolio AUM of \$7.3b for FY 2022



## 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 31 Mar 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 886,000 commercial and residential customers	Fixed margin per unit of gas sold, with fuel and electricity costs passed through to consumer	2,870.5
		<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 31 Mar 2023

# Portfolio Overview as at 31 Mar 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	1,222.4
		<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 <sup>(1)</sup>	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>Ixom</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	1,464.1
		<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 31 Mar 2023



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