

Keppel Infrastructure Trust

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(as Trustee-Manager of Keppel Infrastructure Trust)
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MEDIA RELEASE

KEPPEL INFRASTRUCTURE TRUST UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

15 April 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 first quarter ended 31 March 2019.

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

Keppel Infrastructure Trust achieves total distribution per Unit of 0.93 cents for 1Q 2019

1Q 2019 Results Highlights

- Completed the acquisition of Ixom HoldCo Pty Ltd (Ixom) on 19 February 2019, growing the Trust's assets under management to \$5.2 billion
- Maintained total distribution per unit (DPU) of 0.93 cents for the first quarter of 2019 (1Q 2019), translating to an annualised distribution yield of 8.0%¹
- Distributable cash flows were \$48.4 million², 33.7% higher year-on-year (y-o-y) due mainly to contributions from Ixom and City Gas
- Successfully raised \$500.8 million through an equity fund raising (EFR), comprising a Placement and Preferential Offering³, and above the initial target of \$450.0 million due to positive response from investors. The Preferential Offering was 1.8 times oversubscribed and proceeds from the EFR will be used to partially repay the equity bridge facility

Financial Performance

Keppel Infrastructure Fund Management Pte Ltd (KIFM), as Trustee-Manager of Keppel Infrastructure Trust (KIT), is pleased to report that distributable cash flow (DCF) for 1Q 2019 was \$48.4 million. This was 33.7% higher compared to 1Q 2018, due mainly to the strategic addition of Ixom, which was completed on 19 February 2019, and higher contribution from City Gas as a result of time lag in adjustments of gas tariffs to reflect actual fuel costs that was lower in the quarter.

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		YoY Change (%)
	1Q 2019 \$ '000	1Q 2018 \$ '000	
Distribution & Network ²	23,061	11,433	101.7
Energy	11,716	11,451	2.3
Waste & Water	17,860	17,672	1.1
Others ⁵	(4,207)	(4,336)	3.0
Total	48,430	36,220	33.7

On 15 April 2019, KIT successfully completed an EFR, comprising a Placement and Preferential Offering, which raised total gross proceeds of \$500.8 million, above its initial target of \$450.0 million. The size of the EFR was increased following strong investor demand for the Placement. Meanwhile, the Preferential Offering saw robust interest and was 1.8 times oversubscribed. Following the Placement, the total number of outstanding KIT Units increased from 3.9 billion as at 31 December 2018 to 4.5 billion as at 31 March 2019. The Preferential Offering is expected to be completed by 15 April 2019, and proceeds from the EFR will be utilised to partially repay the equity bridge loan facility for the acquisition of Ixom.

¹ Based on the market closing price per Unit of \$0.465 as at 31 March 2019

² Excludes Basslink as KIT does not depend on Basslink's cash flows for distribution

³ The Preferential Offering is expected to complete on 15 April 2019

Notwithstanding the enlarged Unit base, total DPU for 1Q 2019 was maintained at 0.93 cents, which translates to an annualised distribution yield of 8.0%, based on the market closing price per Unit of \$0.465 as at 31 March 2019.

Gearing as at 31 March 2019 was 44.3% due mainly to the equity bridge loan drawn down to fund the acquisition of Ixom. The weighted average term to maturity (WATM) for KIT's total loans was 2.2 years as at 31 March 2019. Excluding the portion of equity bridge loan, which will be partially repaid with proceeds from the EFR, as well as the Basslink loan, adjusted gearing and WATM will be 34.8% and 3.1 years respectively.

Operational Performance

In the Energy sector, Keppel Merlimau Cogen fulfilled all its contractual obligations for the quarter.

Assets in the Distribution and Network sector comprise City Gas, Basslink, DataCentre One (DCOne) and Ixom. Both City Gas and DCOne fulfilled all contractual obligations in the quarter.

Basslink's Commercial Risk Sharing Mechanism was positive at 12.5% for the quarter. 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. We are confident that our mutual engagement would support the State of Tasmania as an attractive investment destination.

The acquisition of Ixom was completed on 19 February 2019. The Trustee-Manager is currently working with Ixom's management team to drive further operational efficiencies and synergies, and create greater value from the business.

Concession assets in the Waste & Water segment comprising the Senoko Waste-to-Energy (WTE), Keppel Seghers Tuas WTE, Keppel Seghers Ulu Pandan NEWater and SingSpring Desalination Plants met all their contractual performance requirements.

In view of developments at Hyflux, KIT has increased its monitoring of operational performance at SingSpring Desalination Plant (Plant) to ensure that its obligations under the Water Purchase Agreement are satisfactorily discharged. KIT currently owns a 70% interest in the Plant, and the operations of the Plant continue to remain unaffected.

Looking Ahead

The Trustee-Manager is confident that KIT, backed by a portfolio of highly defensive and resilient infrastructure assets, will continue to provide stable and resilient cash flows to Unitholders. At the same time, these businesses present potential organic upside opportunities that will support KIT's growth.

The successful acquisition of Ixom is the start of a new growth journey for KIT. Apart from ongoing asset optimisation efforts, the Trustee-Manager will continue to seek further investment opportunities for the benefit of KIT and Unitholders.

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.