

Keppel Infrastructure Trust

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MEDIA RELEASE

Keppel Infrastructure Trust Unaudited Results for the Third Quarter and Nine Months Ended 30 September 2019

14 October 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 third quarter and nine months ended 30 September 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 a 40.0% YoY increase in distributable cash flow for 9M 2019

Results Highlights

- Distributable cash flow (DCF) for the third quarter of 2019 (3Q 2019) was \$55.7 million¹, bringing DCF for the nine months ended 30 September 2019 (9M 2019) to \$149.9 million¹, a 61.0% and 40.0% year-on-year (YoY) increase over the corresponding periods in 2018 respectively
- Distribution per Unit (DPU) was 0.93 cents for 3Q 2019, bringing 9M 2019 DPU to 2.79 cents, translating to an annualised distribution yield of 7.0%²
- Announced the proposed divestment of Keppel Infrastructure Trust's (KIT) 51% stake in DataCentre One, allowing KIT to realise the remaining lease value upfront, with proceeds expected to be redeployed to strengthen the Trust

Financial Performance

Keppel Infrastructure Fund Management Pte. Ltd. (KIFM), as Trustee-Manager of Keppel Infrastructure Trust (KIT), is pleased to deliver DCF of \$55.7 million for 3Q 2019, bringing DCF for 9M 2019 to \$149.9 million. This was 61.0% and 40.0% higher than the corresponding periods in 2018 respectively, and was driven mainly by the positive contribution from Ixom HoldCo Pty Ltd (Ixom) as well as higher contribution from City Gas as a result of over-recovery due to time lag in adjustments of gas tariffs to reflect actual fuel costs.

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					
	3Q 2019 \$ '000	3Q 2018 \$ '000	Change (%)	9M 2019 \$ '000	9M 2018 \$ '000	Change (%)
Distribution & Network ¹	34,244	8,295	>100.0	79,194	31,483	>100.0
Energy	10,802	11,766	(8.2)	33,752	33,603	0.4
Waste & Water	18,619	17,918	3.9	54,610	53,268	2.5
Others ³	(8,013)	(3,419)	>(100.0)	(17,705)	(11,338)	(56.2)
Total	55,652	34,560	61.0	149,851	107,016	40.0

The Trustee-Manager has declared DPU of 0.93 cents for 3Q 2019, bringing DPU for 9M 2019 to 2.79 cents. This translated to an annualised distribution yield of 7.0%, based on the market closing price per Unit of \$0.530 as at 30 September 2019.

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 \$0.530 as at 30 September 2019

³ Comprises mainly Trust expenses and distribution paid/payable to perpetual securities holders, higher during the quarter due to management fee and financing cost

Operational Performance

Stronger performance from the Distribution & Network segment was driven mainly by the addition of Ixom. Ixom continued to deliver on its performance targets, supported by continued operational excellence, working capital optimisation and productivity improvements.

On 24 August 2019, the Basslink electricity interconnector suffered a low voltage cable failure that was located in an above ground section in the transition station in Gifford, Victoria. KIT is pleased to update that the electricity interconnector has returned to service on 29 September 2019, ahead of the previously announced return to service date in mid-October 2019.

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 continue to work with HT and the State in relation to the Basslink interconnector.

In the Energy segment, Keppel Merlimau Cogen Plant had an unplanned maintenance for one of its four units, the affected unit is scheduled to resume service in November 2019. This is not expected to have a material financial impact to the net tangible asset per unit and distribution per unit of the KIT Group for the current financial year.

Assets in the Waste & Water sectors continued to fulfill all contractual obligations in the quarter.

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 September 2019.

Realising Value from DataCentre One

On 16 September 2019, KIFM announced the proposed divestment of KIT's 51% stake in DataCentre One to Keppel DC REIT for a consideration of \$102.9m.

This transaction will allow KIT to realise the remaining lease value of the asset upfront, benefiting Unitholders. Proceeds from this divestment are expected to be redeployed into quality acquisitions that will strengthen KIT's portfolio, as well as for refinancing purposes and working capital needs. Accordingly, the estimated net proceeds to be received by KIT (excluding the repayment of the portion of the shareholder loans owed to it) is \$51.3 million⁴.

The transaction is subjected to and conditional upon, among others, the approval of Unitholders of KIT at an extraordinary general meeting, which will take place on 23 October 2019.

⁴ After repayment of DataCentre One's loans and subject to adjustments at completion of the transaction

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 deliver strong predictable cash flows to Unitholders.

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

- End -

About Keppel Infrastructure Trust (www.keppinfratrust.com)

Keppel Infrastructure Trust (KIT) is a diversified business trust listed on the Singapore Exchange with over \$5 billion in assets under management. Its 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. 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 with a diversified portfolio in real estate, infrastructure and data centre properties in key global markets.