

# Keppel Infrastructure Trust

## Fourth Quarter and Full Year 2016 Financial Results

23 January 2017



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# Key Highlights for FY 2016



## Distribution per Unit

**3.72 cents**

Steady DPU of 0.93 cents for 4Q 2016, bringing total DPU to 3.72 cents for FY 2016. Total distribution of S\$143.5 million for FY 2016.



## Distribution Yield

**7.8%**

As at 31 December 2016



## Distributable Cash Flows

**S\$149.5 million**

Stable distributable cash flows of S\$32.0 million for 4Q 2016 and S\$149.5 million for FY 2016.



## Net Asset Value

**32.5 cents**

As at 31 December 2016



## Gearing

**37%**

As at 31 December 2016



## Hedged Loans

**~85%**

As at 31 December 2016

# Business Updates

## City Gas

- Customer base grew by 4.6% from 748,800 as of end 2015 to 783,300 as of end 2016
- Achieved 100% plant availability for FY 2016

## Concessions

- Consist of Senoko WTE, Tuas WTE, SingSpring Desalination and Ulu Pandan NEWater plants in Singapore
- Fulfilled all contractual obligations during FY 2016
- Senoko boiler upgrade was completed on 1 September 2016, bringing total capacity of the plant to 2,310 tonnes per day

## KMC

- Achieved 98.5% plant availability in FY 2016

## DC One

- Construction completed and lease commenced in April 2016
- Started contributing positive cash flows with effect from 2Q 2016

## Basslink

- Returned to service on 13 June 2016
- Repair costs as well as revenue loss during the outage are covered by insurance, subject to the relevant terms of the insurance policy
- On 5 December 2016, Basslink announced the completion of its investigations into the cause of the outage. Cause of fault was unknown
- Based on current circumstances and professional advice, Basslink believes that the outage is a force majeure event
- Hydro Tasmania (HT) disagrees that outage is force majeure event and commercial discussions are ongoing between Basslink and HT to resolve this
- Notwithstanding the above, HT has made good faith payments to Basslink in December 2016
- Usage of insurance proceeds is subject to consent of the banking syndicate
- Basslink is also working with the insurer on the remaining claims under the insurance policy
- CRSM was almost neutral compared to negative 27% in FY 2015

# 4Q 2016 Distributable Cash Flows

Delivered distributable cash flows of **S\$32.0 million** in **4Q 2016**

|                                       | 4Q FY16<br>S\$'000 | 4Q FY15 <sup>(1)</sup><br>S\$'000 | Remarks   |
|---------------------------------------|--------------------|-----------------------------------|---|
| City Gas                              | 4,274              | 16,384                            | <ul style="list-style-type: none"> <li>Lower due to time lag in the adjustment of gas tariffs to reflect actual fuel cost</li> <li>Higher operating expenses incurred in 4Q 2016</li> </ul> |
| Concessions                           | 17,746             | 17,584                            | <ul style="list-style-type: none"> <li>All plants achieved 100% availability</li> <li>Higher contribution after completion of the Senoko boiler upgrade</li> </ul>                          |
| KMC                                   | 11,568             | 11,302                            | <ul style="list-style-type: none"> <li>4Q 2016 included one-off annual tolling fee adjustment to reflect full year cumulative availability</li> </ul>                                       |
| DC One                                | 885                | (65)                              | <ul style="list-style-type: none"> <li>Construction was completed and lease commenced in April 2016</li> <li>Full quarter contribution in 4Q 2016</li> </ul>                                |
| Others                                | (2,523)            | (3,402)                           | <ul style="list-style-type: none"> <li>Due mainly to lower Trust and corporate expenses</li> <li>Fees for CityNet Trustee-Manager remained stable</li> </ul>                                |
| <b>Total Distributable Cash Flows</b> | <b>31,950</b>      | <b>41,803</b>                     |   |

<sup>(1)</sup> On 19 October 2015, KIT changed its financial year end from 31 March to 31 December. Figures for 4Q FY15 refer to the 3 months ended 31 December 2015.

# FY 2016 Distributable Cash Flows

/ Distributable cash flows for **FY 2016** was **S\$149.5 million**

|                                       | FY2016<br>S\$'000 | FY2015 <sup>(1)</sup><br>S\$'000 | Remarks  |
|---------------------------------------|-------------------|----------------------------------|--|
| City Gas                              | 40,558            | 34,745                           | • Full 12 months contribution in FY 2016 versus 9 months in FY 2015  |
| Concessions                           | 70,170            | 41,495                           | • Full 12 months contribution in FY 2016 versus 9 months from SingSpring Trust and 7.5 months from the Crystal Assets <sup>(2)</sup> in FY 2015  |
| KMC                                   | 44,580            | 23,302                           | • Full 12 months contribution in FY 2016 versus 6 months in FY 2015 as asset was acquired on 30 June 2015  |
| DC One                                | 2,654             | (171)                            | • Started contributing positive cash flows from 2Q 2016  |
| Others                                | (8,469)           | (8,703)                          | • Lower due to absence of one-off transaction costs incurred in relation with the Crystal Assets <sup>(2)</sup> and KMC acquisitions partly offset by full 12-month contribution in 2016 |
| <b>Total Distributable Cash Flows</b> | <b>149,493</b>    | <b>90,668</b>                    |  |

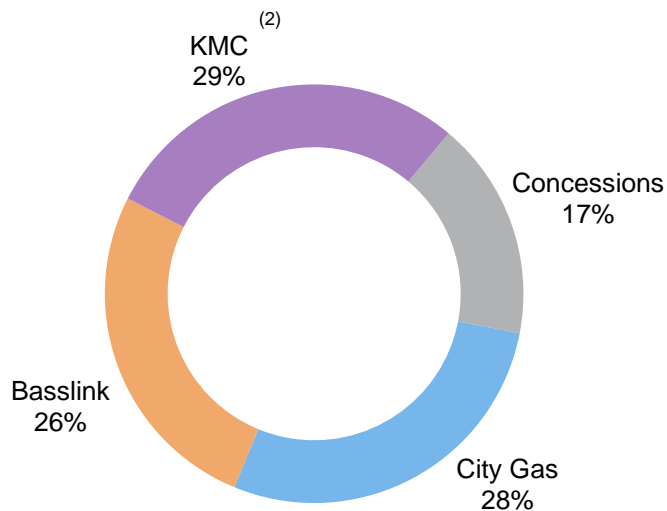
<sup>(1)</sup> On 19 October 2015, KIT changed its financial year end from 31 March to 31 December. Figures for FY2015 refer to the 9 months ended 31 December 2015.

<sup>(2)</sup> Crystal Assets comprise the Senoko WTE, Tuas WTE and Ulu Pandan NEWater plants, which were acquired on 18 May 2015.

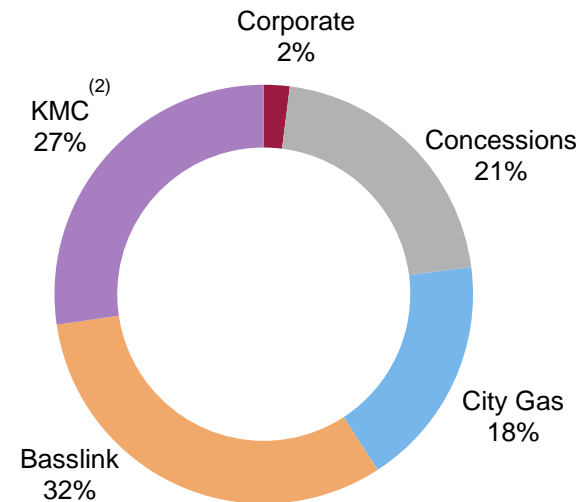
# Diversified Portfolio of Core Infrastructure Assets

- Long-term, regular and predictable cash flows generated from a diversified portfolio ranging from Utilities, Power and Telecommunications infrastructure assets

**FY2016 EBITDA (1)**



**Total Assets as at 31 Dec 2016**



Notes:

(1) Excludes Trust / corporate expenses

(2) Based on KIT's 51% stake in KMC

# Regular and Stable Returns

## DPU (S cents)

S cents/unit



<sup>(1)</sup> Lower DPU in 1Q FY15 as KMC (which was acquired on 30 June 2015) did not contribute for that quarter, while the issue of new units to finance the acquisition was completed on 22 June 2015.

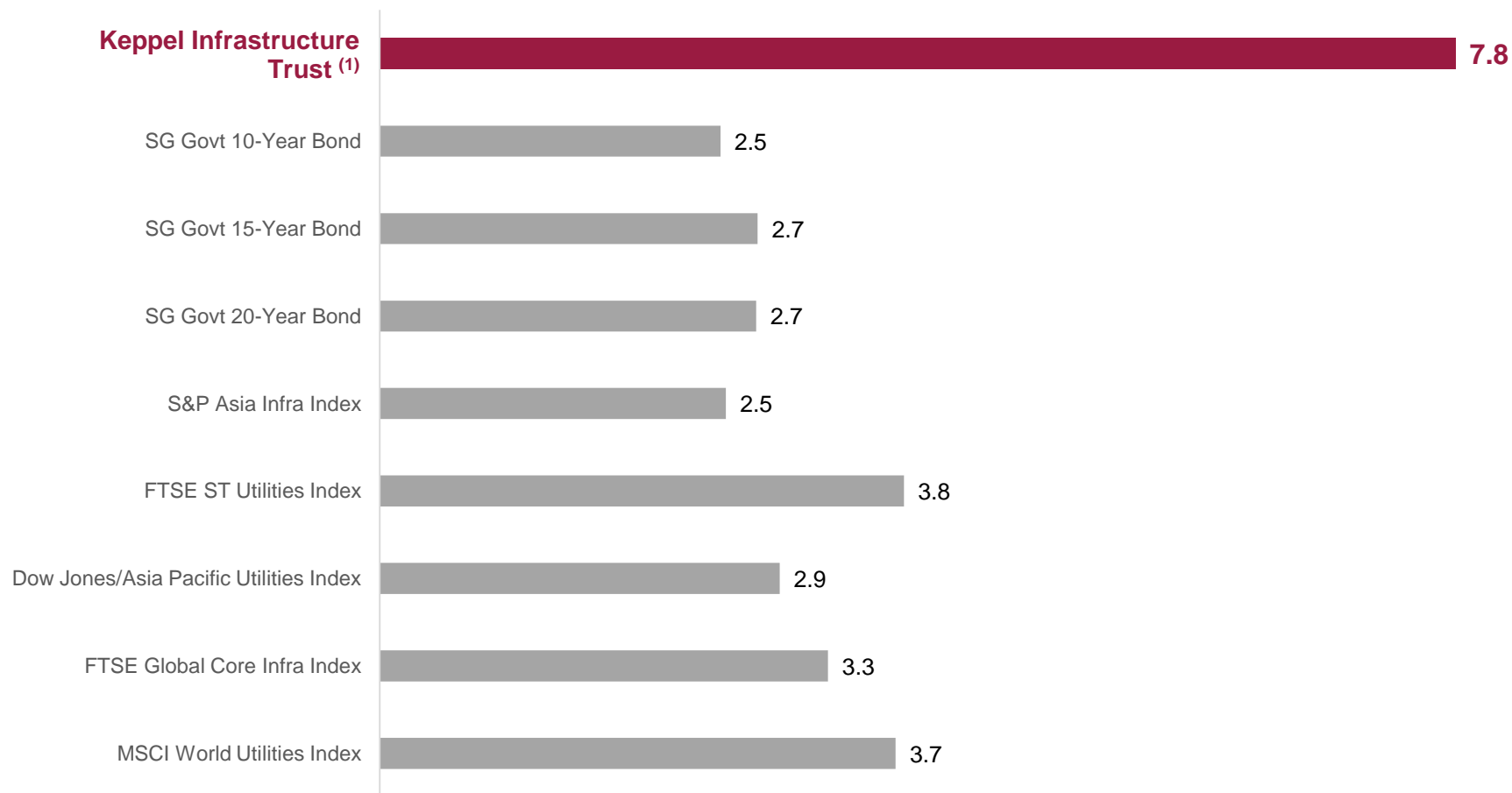
<sup>(2)</sup> On 19 October 2015, KIT changed its financial year end from 31 March to 31 December.

Figures for 4Q FY15 and 3Q FY15 are similar, as they refer to the 3 months ended 31 December 2015.



# Regular and Stable Returns

## Attractive Yield (%)



Sources: Bloomberg, Monetary Authority of Singapore and Singapore Government Authorities

<sup>(1)</sup> Based on market closing price of S\$0.48 as at 31 December 2016

# Strong Balance Sheet

| S\$m              | As at 31 December 2016 |                    |
|-------------------|------------------------|--------------------|
|                   | Total                  | Excluding Basslink |
| Cash              | 267                    | 220                |
| Borrowings        | 1,811                  | 1,069              |
| Net debt          | 1,544                  | 849                |
| Total assets      | 4,119                  | 3,158              |
| Total liabilities | 2,665                  | 1,197              |
| EBITDA            | 235                    | 186                |
| Net gearing       | 37%                    | 27%                |
| Net debt / EBITDA | 6.6X                   | 4.6X               |

Sustainable gearing backed by

- / Long term contracts expiring between 2024 and 2046
- / Creditworthy customers and City Gas' large and stable customer base
- / Recurring and stable revenue streams

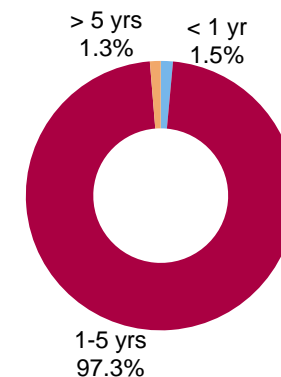
# Prudent Capital Management

## Debt Overview

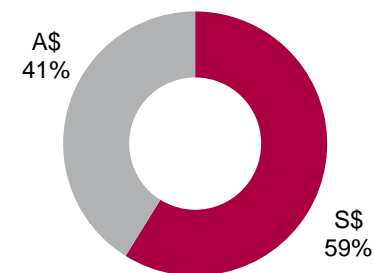
- / Hedged ~85% of total loans
- / Other than KIT corporate loan, rest of the loans are non-recourse
- / Maintain stable interest rate of 4-5%
  - Singapore average: 3-4%
  - Australian average: 6-7%
- / Healthy weighted average term to expiry of ~3.1 years
  - ~100% of loans due in 2019 and beyond
- / S\$750m (A\$708m)<sup>(1)</sup> Basslink loan
  - Interest rate substantially hedged
  - Natural currency hedge for A\$ cash flows
  - All residual cash flows used for debt service
  - No dependence on Basslink's cash flows for distribution
  - No cash flow exposure to near term A\$ forex movement

## Debt Breakdown

### Debt Repayment Profile



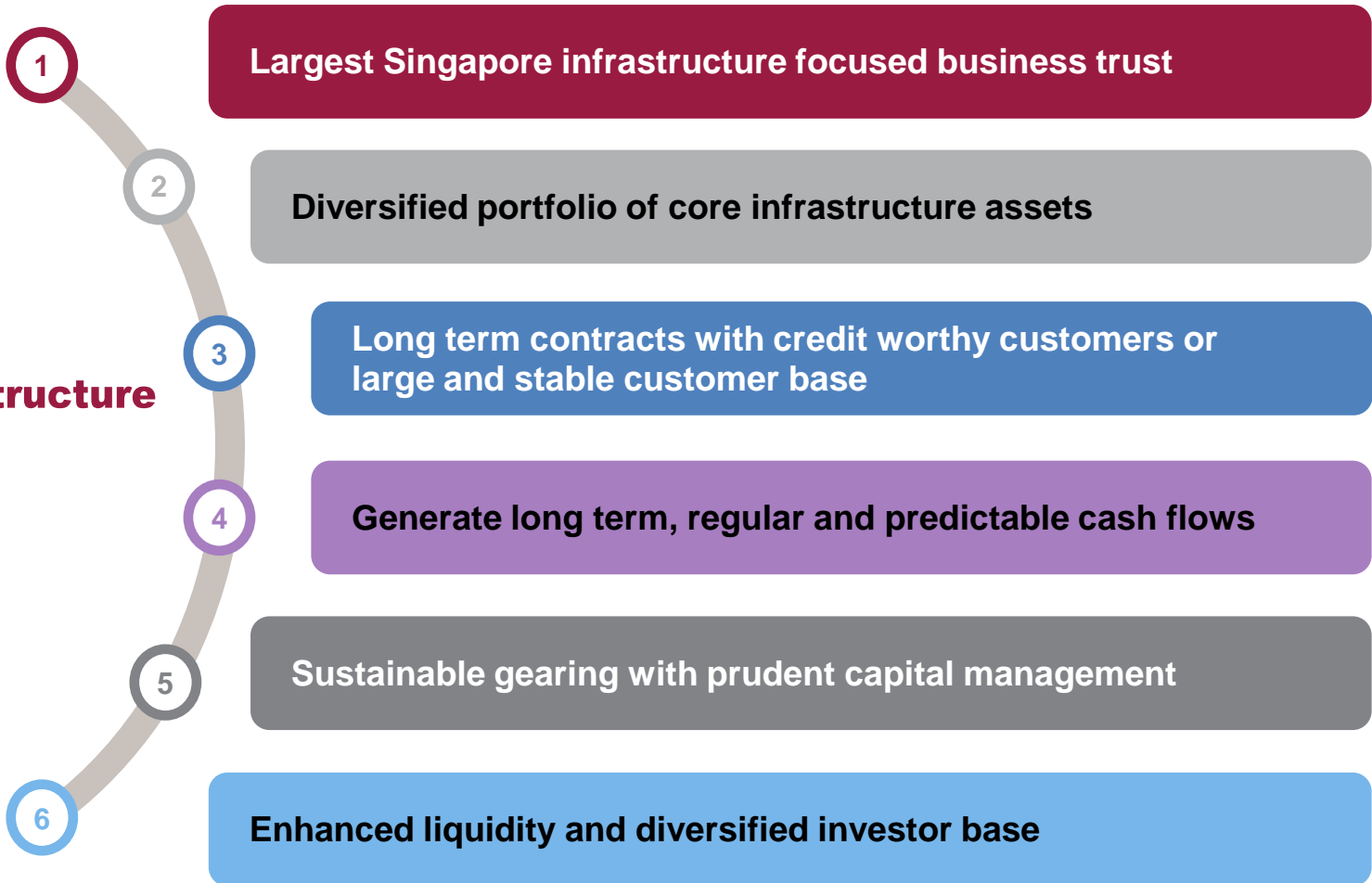
### Debt Breakdown by Currency



<sup>(1)</sup> Based on exchange rate of A\$1.00 = S\$1.060

# Well-Positioned to Deliver Long-term Value and Growth

**Keppel Infrastructure Trust**



# Appendix I: Additional Information

# 4Q 2016 Results: City Gas

|  | 4Q FY16<br>S\$'000 | 4Q FY15 <sup>(2)</sup><br>S\$'000 | Change<br>%   | FY2016<br>S\$'000 | FY2015 <sup>(3)</sup><br>S\$'000 | Change<br>% |
|--|--------------------|-----------------------------------|---------------|-------------------|----------------------------------|-------------|
| <b>Revenue</b>   | 74,936             | 80,526                            | (6.9)         | 287,982           | 241,469                          | 19.3        |
| <b>Other income</b>  | 396                | 289                               | 37.0          | 1,616             | 937                              | 72.5        |
| <b>Other gains/(losses) - net</b>                              | 910                | -                                 | >100%         | 1,119             | (109)                            | N/M         |
| <b>Expenses</b>  |                    |                                   |               |                   |                                  |             |
| Fuel and electricity costs                                     | (26,167)           | (24,245)                          | 7.9           | (86,841)          | (90,165)                         | (3.7)       |
| Gas transportation costs                                       | (23,354)           | (21,918)                          | 6.6           | (90,670)          | (65,267)                         | 38.9        |
| Depreciation and amortisation                                  | (2,495)            | (3,766)                           | (33.7)        | (12,598)          | (11,180)                         | 12.7        |
| Operation and maintenance costs                                | (3,462)            | (3,090)                           | 12.0          | (10,171)          | (7,727)                          | 31.6        |
| Staff costs  | (6,421)            | (5,331)                           | 20.4          | (22,954)          | (16,621)                         | 38.1        |
| Finance costs <sup>(1)</sup>                                   | (7,529)            | (7,763)                           | (3.0)         | (30,318)          | (23,002)                         | 31.8        |
| Other operating expenses                                       | (9,360)            | (7,744)                           | 20.9          | (27,498)          | (22,378)                         | 22.9        |
| <b>(Loss)/Profit before tax</b>                                | (2,546)            | 6,958                             | N/M           | 9,667             | 5,957                            | 62.3        |
| Income tax expense   | 50                 | (1,727)                           | N/M           | (2,164)           | (1,480)                          | 46.2        |
| <b>Net (loss)/profit after tax</b>                             | (2,496)            | 5,231                             | N/M           | 7,503             | 4,477                            | 67.6        |
| <b>Funds from operations<sup>(4)</sup> attributable to KIT</b> | <b>4,274</b>       | <b>16,384</b>                     | <b>(73.9)</b> | <b>40,558</b>     | <b>34,745</b>                    | <b>16.7</b> |

<sup>(1)</sup> Includes QPDS interest payable to KIT

<sup>(2)</sup> For the 3 months ended 31 December 2015

<sup>(3)</sup> For the 9 months ended 31 December 2015

<sup>(4)</sup> Funds from Operations ("FFO") is defined as profit after tax adjusted for reduction in concession/lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capex, non-cash adjustments and non-controlling interests adjustments

# 4Q 2016 Results: Concessions

|  | 4Q FY16<br>S\$'000 | 4Q FY15 <sup>(2)</sup><br>S\$'000 | Change<br>% | FY2016<br>S\$'000 | FY2015 <sup>(3)</sup><br>S\$'000 | Change<br>% |
|--|--------------------|-----------------------------------|-------------|-------------------|----------------------------------|-------------|
| <b>Revenue</b>                                   | 24,696             | 34,233                            | (27.9)      | 113,303           | 74,459                           | 52.2        |
| <b>Other income</b>                              | 108                | 167                               | (35.3)      | 581               | 481                              | 20.8        |
| <b>Expenses</b>                                  |                    |                                   |             |                   |                                  |             |
| Fuel and electricity costs                       | (2,896)            | (4,211)                           | (31.2)      | (10,695)          | (11,167)                         | (4.2)       |
| Depreciation and amortisation                    | (1,763)            | (1,763)                           | -           | (7,050)           | (4,722)                          | 49.3        |
| Operation and maintenance costs                  | (11,763)           | (19,362)                          | (39.2)      | (61,782)          | (35,850)                         | 72.3        |
| Finance costs <sup>(1)</sup>                     | (5,864)            | (5,973)                           | (1.8)       | (23,510)          | (14,954)                         | 57.2        |
| Other operating expenses                         | (1,332)            | (1,420)                           | (6.2)       | (5,375)           | (3,626)                          | 48.2        |
| <b>Profit before tax</b>                         | 1,186              | 1,671                             | (29.0)      | 5,472             | 4,621                            | 18.4        |
| Income tax expense                               | (174)              | (84)                              | >100%       | (906)             | (589)                            | 53.8        |
| <b>Net profit after tax</b>                      | 1,012              | 1,587                             | (36.2)      | 4,566             | 4,032                            | 13.2        |
| <b>Funds from operations attributable to KIT</b> | <b>19,574</b>      | <b>19,411</b>                     | <b>0.8</b>  | <b>77,480</b>     | <b>46,977</b>                    | <b>64.9</b> |

<sup>(1)</sup> Includes QPDS interest payable to KIT and non-controlling interest

<sup>(2)</sup> For the 3 months ended 31 December 2015

<sup>(3)</sup> For the 9 months ended 31 December 2015

# 4Q 2016 Results: Basslink

|  | 4Q FY16<br>A\$'000 | 4Q FY15 <sup>(1)</sup><br>A\$'000 | Change<br>% | FY2016<br>A\$'000 | FY2015 <sup>(2)</sup><br>A\$'000 | Change<br>% |
|--|--------------------|-----------------------------------|-------------|-------------------|----------------------------------|-------------|
| <b>Revenue</b>                                   | 17,816             | 12,085                            | 47.4        | 45,836            | 42,703                           | 7.3         |
| <b>Other income</b>                              | 4,715              | 221                               | >100        | 23,774            | 706                              | >100        |
| <b>Other (losses)/gains - net</b>                | (5,918)            | 1,617                             | N/M         | (9,989)           | 2,642                            | N/M         |
| <b>Expenses</b>                                  |                    |                                   |             |                   |                                  |             |
| Fuel and electricity costs                       | (67)               | (80)                              | (16.3)      | (232)             | (235)                            | (1.3)       |
| Depreciation and amortisation                    | (4,482)            | (4,578)                           | (2.1)       | (17,947)          | (13,734)                         | 30.7        |
| Staff costs                                      | (720)              | (678)                             | 6.2         | (2,943)           | (2,040)                          | 44.3        |
| Operation and maintenance costs                  | (1,188)            | (1,589)                           | (25.2)      | (4,761)           | (3,885)                          | 22.5        |
| Finance costs                                    | (12,001)           | (12,469)                          | (3.8)       | (41,365)          | (37,236)                         | 11.1        |
| Other operating expenses                         | (893)              | (1,023)                           | (12.7)      | (3,392)           | (2,860)                          | 18.6        |
| <b>Loss before tax</b>                           | (2,738)            | (6,494)                           | (57.8)      | (11,019)          | (13,939)                         | (20.9)      |
| Income tax                                       | -                  | -                                 | -           | -                 | -                                | -           |
| <b>Net loss after tax</b>                        | (2,738)            | (6,494)                           | (57.8)      | (11,019)          | (13,939)                         | (20.9)      |
| <b>Funds from operations attributable to KIT</b> | <b>8,375</b>       | <b>(2,848)</b>                    | <b>N/M</b>  | <b>19,671</b>     | <b>(771)</b>                     | <b>N/M</b>  |

<sup>(1)</sup> For the 3 months ended 31 December 2015

<sup>(2)</sup> For the 9 months ended 31 December 2015



# 4Q 2016 Results: KMC

|  | 4Q FY16<br>S\$'000 | 4Q FY15 <sup>(2)</sup><br>S\$'000 | Change<br>% | FY2016<br>S\$'000 | FY2015 <sup>(3)</sup><br>S\$'000 | Change<br>% |
|--|--------------------|-----------------------------------|-------------|-------------------|----------------------------------|-------------|
| <b>Revenue</b>                                   | 33,089             | 32,563                            | 1.6         | 128,714           | 65,128                           | 97.6        |
| <b>Other income</b>                              | 435                | 804                               | (45.9)      | 3,062             | 1,176                            | >100        |
| <b>Other losses - net</b>                        | (1)                | -                                 | >100        | (494)             | (37)                             | >100        |
| <b>Expenses</b>                                  |                    |                                   |             |                   |                                  |             |
| Depreciation and amortisation                    | (18,909)           | (18,887)                          | 0.1         | (75,668)          | (37,766)                         | >100        |
| Operation and maintenance costs                  | (4,760)            | (4,998)                           | (4.8)       | (19,014)          | (10,065)                         | 88.9        |
| Finance costs <sup>(1)</sup>                     | (27,075)           | (27,089)                          | (0.1)       | (107,872)         | (53,097)                         | >100        |
| Other operating expenses                         | (1,440)            | (1,377)                           | 4.6         | (5,700)           | (2,830)                          | >100        |
| <b>Loss before tax</b>                           | (18,661)           | (18,984)                          | (1.7)       | (76,972)          | (37,491)                         | >100        |
| Income tax credit                                | 3,067              | -                                 | >100        | 3,067             | -                                | >100        |
| <b>Net loss after tax</b>                        | (15,594)           | (18,984)                          | (17.9)      | (73,905)          | (37,491)                         | 97.1        |
| <b>Funds from operations attributable to KIT</b> | <b>11,568</b>      | <b>11,302</b>                     | <b>2.4</b>  | <b>44,580</b>     | <b>23,302</b>                    | <b>91.3</b> |

<sup>(1)</sup> Includes QPDS interest payable to KIT and non-controlling interest

<sup>(2)</sup> For the 3 months ended 31 December 2015

<sup>(3)</sup> For the 9 months ended 31 December 2015

Note: Acquisition of KMC was completed on 30 June 2015 with contributions starting from 1 July 2015.

# 4Q 2016: Distributable Cash Flows

| S\$'000   | City Gas | Concessions            | Basslink           | KMC      | Others   | Group                 |
|---|----------|------------------------|--------------------|----------|----------|-----------------------|
| <b>Profit/(loss) after tax</b>                      | (2,496)  | 1,012                  | (2,866)            | (15,594) | 20,235   | 291                   |
| <b>Add/(less)</b>                                   |          |                        |                    |          |          |                       |
| Reduction in concessions/lease receivables          | -        | 13,068                 | -                  | -        | -        | 13,068                |
| Non-cash finance cost                               | 97       | 6                      | 1,302              | 156      | 28       | 1,589                 |
| Other non-cash items                                | (812)    | 85                     | 5,532              | 382      | (152)    | 5,035                 |
| Adjustment for cash tax paid/deferred tax           | (1,170)  | 95                     | 2                  | (3,067)  | (15)     | (4,155)               |
| Depreciation and amortisation                       | 2,495    | 1,763                  | 4,702              | 18,909   | -        | 27,869                |
| QPDS interest                                       | 6,409    | 5,207                  | -                  | 22,055   | (22,619) | 11,052                |
| Maintenance capital expenditure incurred            | (305)    | (27)                   | -                  | (1)      | -        | (333)                 |
| FFO from joint venture                              | -        | -                      | -                  | -        | 1,147    | 1,147                 |
| <b>Sub-total</b>                                    | 4,218    | 21,209                 | 8,672              | 22,840   | (1,376)  | 55,563                |
| Less: FFO attributable to non-controlling interests | 56       | (1,635)                | -                  | (11,272) | -        | (12,851)              |
| <b>Funds from operations</b>                        | 4,274    | 19,574                 | 8,672              | 11,568   | (1,376)  | 42,712                |
| Mandatory debt repayment                            | -        | (1,828) <sup>(1)</sup> | (853)              | -        | (262)    |                       |
| <b>Distributable cash flows</b>                     | 4,274    | 17,746                 | N/A <sup>(2)</sup> | 11,568   | (1,638)  | 31,950 <sup>(3)</sup> |

<sup>(1)</sup> 70% of SingSpring debt repayment

<sup>(2)</sup> Not dependent on Basslink's cash flows for distribution

<sup>(3)</sup> Excludes Basslink

# 4Q 2015: Distributable Cash Flows

| S\$'000   | City Gas | Concessions            | Basslink           | KMC      | Others   | Group                 |
|---|----------|------------------------|--------------------|----------|----------|-----------------------|
| <b>Profit/(loss) after tax</b>                      | 5,231    | 1,587                  | (6,590)            | (18,984) | 18,683   | (73)                  |
| <b>Add/(less)</b>                                   |          |                        |                    |          |          |                       |
| Reduction in concessions/lease receivables          | -        | 12,450                 | -                  | -        | -        | 12,450                |
| Non-cash finance cost                               | 96       | 7                      | 1,290              | 117      | 710      | 2,220                 |
| Other non-cash items                                | 10       | (65)                   | (2,104)            | 86       | 217      | (1,856)               |
| Adjustment for cash tax paid/deferred tax           | 1,425    | 82                     | -                  | -        | (394)    | 1,113                 |
| Depreciation and amortisation                       | 3,766    | 1,763                  | 4,625              | 18,887   | -        | 29,041                |
| QPDS interest                                       | 6,408    | 5,207                  | -                  | 22,055   | (22,618) | 11,052                |
| Maintenance capital expenditure incurred            | (601)    | -                      | (149)              | -        | -        | (750)                 |
| FFO from joint venture                              | -        | -                      | -                  | -        | (65)     | (65)                  |
| <b>Sub-total</b>                                    | 16,335   | 21,031                 | (2,928)            | 22,161   | (3,467)  | 53,132                |
| Less: FFO attributable to non-controlling interests | 49       | (1,620)                | -                  | (10,859) | -        | (12,430)              |
| <b>Funds from operations</b>                        | 16,384   | 19,411                 | (2,928)            | 11,302   | (3,467)  | 40,702                |
| Mandatory debt repayment                            | -        | (1,827) <sup>(1)</sup> | N/A                | -        | -        | -                     |
| <b>Distributable cash flows</b>                     | 16,384   | 17,584                 | N/A <sup>(2)</sup> | 11,302   | (3,467)  | 41,803 <sup>(3)</sup> |

<sup>(1)</sup> 70% of SingSpring debt repayment

<sup>(2)</sup> Not dependent on Basslink's cash flows for distribution

<sup>(3)</sup> Excludes Basslink

# FY2016: Distributable Cash Flows

| S\$'000   | City Gas | Concessions            | Basslink           | KMC      | Others   | Group                  |
|---|----------|------------------------|--------------------|----------|----------|------------------------|
| <b>Profit/(loss) after tax</b>                      | 7,503    | 4,566                  | (11,288)           | (73,905) | 79,245   | 6,121                  |
| <b>Add/(less)</b>                                   |          |                        |                    |          |          |                        |
| Reduction in concessions/lease receivables          | -        | 51,252                 | -                  | -        | -        | 51,252                 |
| Non-cash finance cost                               | 385      | 28                     | 5,045              | 622      | 1,677    | 7,757                  |
| Other non-cash items                                | (1,040)  | (69)                   | 8,007              | 756      | 690      | 8,344                  |
| Adjustment for cash tax paid/deferred tax           | (3,460)  | 443                    | -                  | (3,067)  | (102)    | (6,186)                |
| Depreciation and amortisation                       | 12,598   | 7,050                  | 18,396             | 75,668   | -        | 113,712                |
| QPDS interest                                       | 25,494   | 20,715                 | -                  | 87,742   | (89,979) | 43,972                 |
| Maintenance capital expenditure incurred            | (912)    | (27)                   | -                  | (8)      | -        | (947)                  |
| FFO from joint venture                              | -        | -                      | -                  | -        | 2,916    | 2,916                  |
| <b>Sub-total</b>                                    | 40,568   | 83,958                 | 20,160             | 87,808   | (5,553)  | 226,941                |
| Less: FFO attributable to non-controlling interests | (10)     | (6,478)                | -                  | (43,228) | -        | (49,716)               |
| <b>Funds from operations</b>                        | 40,558   | 77,480                 | 20,160             | 44,580   | (5,553)  | 177,225                |
| Mandatory debt repayment                            | -        | (7,310) <sup>(1)</sup> | (2,701)            | -        | (262)    |                        |
| <b>Distributable cash flows</b>                     | 40,558   | 70,170                 | N/A <sup>(2)</sup> | 44,580   | (5,815)  | 149,493 <sup>(3)</sup> |

<sup>(1)</sup> 70% of SingSpring debt repayment

<sup>(2)</sup> Not dependent on Basslink's cash flows for distribution

<sup>(3)</sup> Excludes Basslink

# FY2015: Distributable Cash Flows

| S\$'000   | City Gas | Concession             | Basslink           | KMC      | Others   | Group                 |
|---|----------|------------------------|--------------------|----------|----------|-----------------------|
| <b>Profit/(loss) after tax</b>                      | 4,477    | 4,032                  | (14,262)           | (37,491) | 41,641   | (1,603)               |
| <b>Add/(less)</b>                                   |          |                        |                    |          |          |                       |
| Reduction in concessions/lease receivables          | -        | 30,070                 | -                  | -        | -        | 30,070                |
| Non-cash finance cost                               | 285      | 23                     | 3,895              | 233      | 895      | 5,331                 |
| Other non-cash items                                | 50       | -                      | (4,261)            | 833      | 544      | (2,834)               |
| Adjustment for cash tax paid/deferred tax           | 883      | 332                    | (7)                | -        | (4)      | 1,204                 |
| Depreciation and amortisation                       | 11,180   | 4,722                  | 14,053             | 37,766   | -        | 67,721                |
| Transaction costs in relation to acquisition        | -        | -                      | -                  | -        | 1,914    | 1,914                 |
| QPDS interest                                       | 19,155   | 12,655                 | -                  | 44,349   | (53,693) | 22,466                |
| Maintenance capital expenditure incurred            | (1,247)  | -                      | (207)              | -        | -        | (1,454)               |
| FFO from joint venture                              | -        | -                      | -                  | -        | (171)    | (171)                 |
| <b>Sub-total</b>                                    | 34,783   | 51,834                 | (789)              | 45,690   | (8,874)  | 122,644               |
| Less: FFO attributable to non-controlling interests | (38)     | (4,857)                | -                  | (22,388) | -        | (27,283)              |
| <b>Funds from operations</b>                        | 34,745   | 46,977                 | (789)              | 23,302   | (8,874)  | 95,361                |
| Mandatory debt repayment                            | -        | (5,482) <sup>(1)</sup> | N/A                | -        | -        |                       |
| <b>Distributable cash flows</b>                     | 34,745   | 41,495                 | N/A <sup>(2)</sup> | 23,302   | (8,874)  | 90,668 <sup>(3)</sup> |

<sup>(1)</sup> 70% of SingSpring debt repayment

<sup>(2)</sup> Not dependent on Basslink's cash flows for distribution

<sup>(3)</sup> Excludes Basslink

# Loan Profile

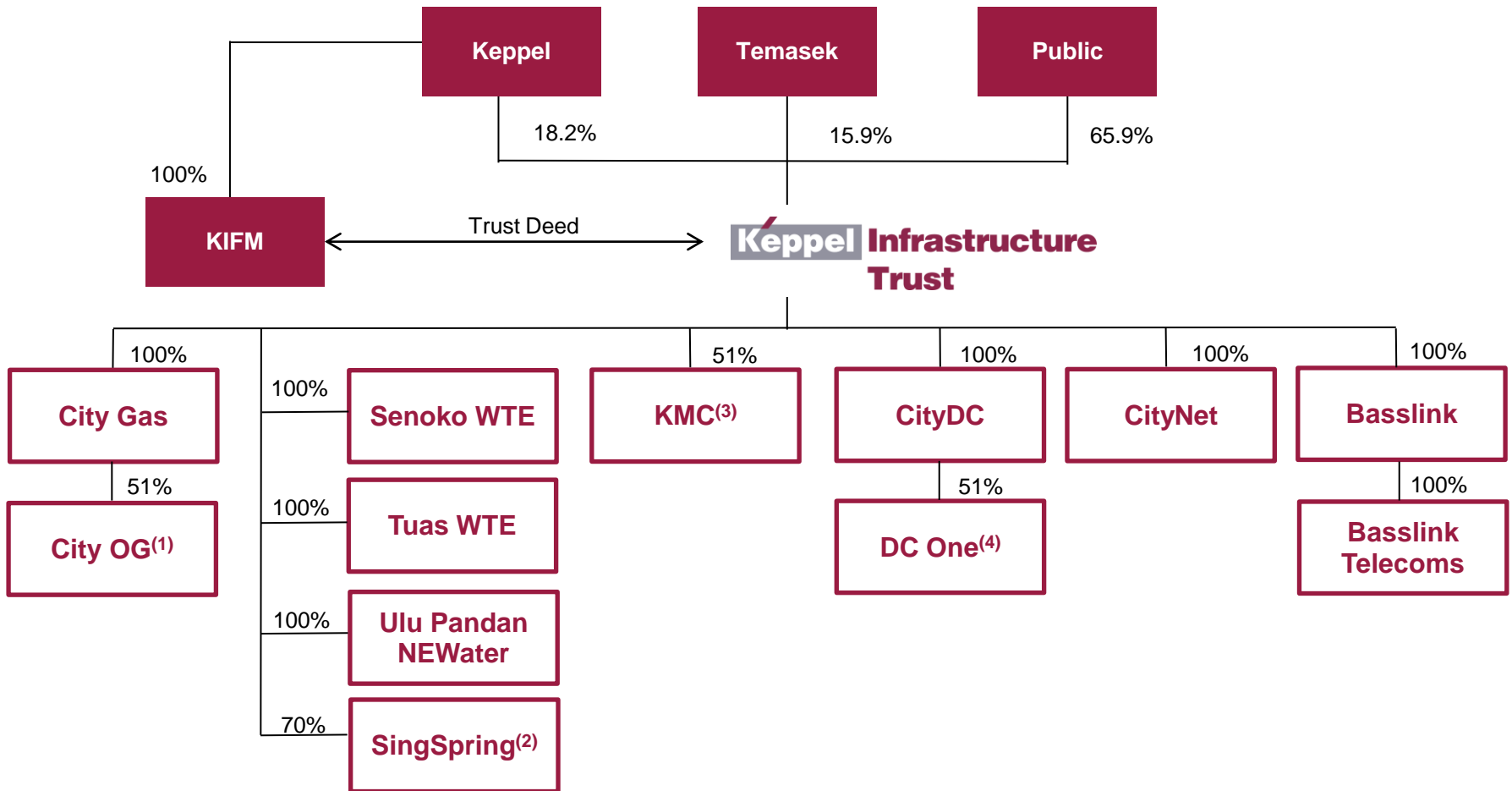
| Entity     | Amount (S\$m)       | Loan Maturity | Repayment   |
|------------|---------------------|---------------|-------------|
| City Gas   | 178.0               | Feb 2019      | Bullet*     |
| SingSpring | 71.0                | Oct 2024      | Amortising  |
| Basslink   | 750.2<br>(A\$707.7) | Nov 2019      | Amortising* |
| KMC        | 700.0               | Jun 2020      | Bullet*     |
| KIT        | 122.8               | Feb 2019      | Bullet*     |

\* To be refinanced upon maturity

## Appendix II: Overview of KIT

# KIT's Shareholding Structure

- Keppel Corporation completed the consolidation of its asset management businesses under Keppel Capital in July 2016
- This includes a 100% interest in Keppel Infrastructure Fund Management (KIFM), the Trustee-Manager of KIT
- KIFM will be able to leverage the scale and resources of a larger asset management platform through Keppel Capital



(1) Osaka Gas Singapore Pte. Ltd. holds the remaining 49% equity interest in City OG.




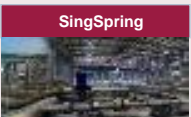




(2) Hyflux Ltd holds the remaining 30% equity interest in SingSpring.

(3) Keppel Energy holds the remaining 49% equity interest in KMC.

(4) WDC Development Pte. Ltd. holds the remaining 49% equity interest in DC One.



# Portfolio Overview






|           | Asset   | Business  | Customer   | Contract Terms  | Cash Flows   |
|-----------|---|---|--|---|--|
| SINGAPORE |  <p>Senoko WTE Plant</p>   | 2,310 tonnes/day waste incineration concession  | NEA, Singapore government agency                               | 2024  | Principally fixed availability payment                                 |
|           |  <p>Tuas WTE Plant</p>     | 800 tonnes/day waste incineration concession  | NEA, Singapore government agency                               | 2034  | Principally fixed availability payment                                 |
|           |  <p>Ulu Pandan NEWater</p> | 148,000 m <sup>3</sup> /day NEWater concession  | PUB, Singapore government agency                               | 2027  | Approximately half fixed, and half variable payments                   |
|           |  <p>SingSpring</p>         | 136,380 m <sup>3</sup> /day seawater desalination concession                                  | PUB, Singapore government agency                               | 2025<br><i>(Underlying land lease till 2033)</i>  | Principally fixed availability payment                                 |
|           |  <p>City Gas</p>           | Sole producer and retailer of piped town gas  | Over 750,000 commercial and residential customers              | n.a.  | Stable fees with fuel and electricity costs passed through to consumer |
|           |  <p>KMC</p>                | 1,300MW Combine Cycle Gas Turbine power plant capacity tolling agreement                      | Keppel Electric  | 2030, with option for 10-year extension<br><i>(Underlying land lease till 2035, with 30-year extension)</i> | Principally fixed availability payment                                 |
|           |  <p>DataCentre One</p>    | Data centre   | One-Net, 100% subsidiary of MediaCorp, SG national broadcaster | 2036, with option for 8-year extension  | Contractual lease revenue  |
| AUST      |  <p>Basslink</p>         | Owner and operator of the Basslink Interconnector between the States of Victoria and Tasmania | Hydro Tasmania<br><i>(Owned by Tasmania state government)</i>  | 2031, with option for 15-year extension   | 80% availability payments, 65% indexed to Australia CPI                |

# KIT Investment Criteria

## KIT Investment Criteria

- KIT aims to provide Unitholders with **long-term, regular and predictable distributions** by pursuing investments that exhibit the characteristics listed below

## Portfolio of highly strategic assets

| Utilities Infra   |  | Power Infra   |   | Telecoms Infra  |
|---|--|---|---|---|
| City Gas  | Singapore Concessions  | KMC   | Basslink  | DataCentre One  |
|  |  |  |  |  |

|          |   |                  |   |   |   |   |
|----------|---|------------------|---|---|---|---|
| <b>1</b> | Long-term, regular and/or predictable cash flows        | ✓                | ✓ | ✓ | ✓ | ✓ |
| <b>2</b> | Long-term contracts or concessions / customer stability | ✓ <sup>(1)</sup> | ✓ | ✓ | ✓ | ✓ |
| <b>3</b> | Creditworthy or reputable off-takers                    | ✓ <sup>(2)</sup> | ✓ | ✓ | ✓ | ✓ |
| <b>4</b> | Diversification of asset class risks                    | ✓                | ✓ | ✓ | ✓ | ✓ |
| <b>5</b> | Jurisdictions with well-developed legal framework       | ✓                | ✓ | ✓ | ✓ | ✓ |

(1) City Gas is the sole producer and retailer of town gas in Singapore and has been in operation for over 100 years.  
 (2) City Gas has a large, diversified customer base and is not reliant on any single customer.

# Three-pronged Growth Strategy

## 1 Organic Growth from Existing Portfolio

### Solid Stable Base

- Stable cash flows
- Scale and liquidity
- Strong balance sheet

### Potential Upsides

- Organic growth of City Gas
  - Higher penetration of gas water heaters
  - Over 100,000 new units expected over 2017 – 2019
- Stable positive contributions from DataCentre One, with option for 2 more floors to be fitted out
- Basslink
  - Use all cash flows to repay debt
- Potential adjustment in KMC tolling fees after initial 15-year period

## 2 Keppel Synergy

### Keppel Capital

- Co-investment, bridge financing and incubation opportunities
- Non-energy and non-environmental space asset management

### Keppel Infrastructure

- Keppel Group's energy and environmental infrastructure arm
- O&M development and industry expertise
- ROFRs for 49% of KMC, as well as other assets owned and developed by Sponsor
- Co-investment and incubation opportunities

## 3 Acquisition Strategy

### KIT New Investments

- Assets that generate long term stable cash flows with some growth
- Singapore and other developed markets in Asia or Europe
- Co-invest with likeminded partners to reduce ticket size/risk and gain diversification
- Transaction types:
  - Availability based assets (utilities, transmission, storage and pipelines)
  - Customised sale and leaseback transaction
  - Inflation + assets (transportation and telecoms)
- Selected greenfield investments with experienced operators, limited construction exposures and equity cheque funded entirely by debt

# Thank You

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