

Keppel Infrastructure Trust

(SGX: A7RU)

Higher DPU supported by disposal gain

- Higher distribution per unit (DPU).** Keppel Infrastructure Trust (KIT) reported distribution per unit of 1.97 cents in 1H 2025, an increase of 1.0% year-on-year. Underlying distributable income declined by 0.7% to S\$150.1 million in 1H 2025, due to lower contribution from Energy Transition and Environmental Services, offset by higher contribution from Ixom and full period contribution from Ventura which was acquired in Jun 2024. Reported distributable income was boosted by S\$21.7 million in divestment gains from the sale of Philippine Coastal.
- Mixed performance for Energy Transition.** Energy transition portfolio reported lower DI at \$65.1 million in 1H 2025, down 22.2% year-on-year. City Energy recorded higher town gas volume and service income. Following the launch of energy-efficient smart gas water heaters in end-2024, City Energy reported higher gas consumption. This was offset by significant decline in contribution from the wind assets in United Kingdom. BKR2 experienced unusually low wind speeds in 1H 2025. That said, the wind resource has recovered in May and June, indicating a return of normal atmospheric conditions.
- Weaker contribution from Environmental Services.** Environmental services reported lower DI at \$24.0 million in 1H 2025, down 36.1% year-on-year. This was due to Senoko Waste-to-Energy concession which was extended in 3Q 2024 at nominal contribution. This offset the first full half-year contribution from Keppel Marina East Desalination Plant (KMEDP).
- Stable contribution from Distribution & Storage.** Distribution & Storage reported DI of \$61.0 million in 1H 2025, after taking in full contribution from Ventura which was acquired in Jun 2024. Ixom reported stable performance driven by the chemical manufacturing and distribution business in Australia and New Zealand. In addition, Bitumen segment reported robust growth.
- Management expects stronger performance in 2H 2025.** Management of KIT expects City Energy to benefit from higher gas consumption in 2H, driven by energy-efficient smart gas water heaters in end-2024. KIT's windfarm portfolio is expected to show higher contribution, driven by recovery of BKR2 asset and commercial operations of drop-down projects in Scotland and United Kingdom. Ventura is expected to benefit from additional contribution from routes extension from two existing bus contracts.

Ticker	A7RU
Rating	Neutral
Price Target*	S\$0.44
Price (29 July)	S\$0.44
Upside/Downside:	0%
52-week range	S\$0.380 - 0.485
Market Cap	S\$2,647M

*Target price is for 12 months

Research Analyst

Gerald Wong, CFA
gerald@growbeansprout.com

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- Active capital management.** Following the divestment of Philippine Coastal, KIT announced the acquisition of a 46.7% stake in Global Marine Group (GMG). In June 2025, KIT announced the sale of a 24.62% stake in Ventura to Samsung Asset Management for approximately \$109 million. Including GMG, the proforma Assets under management as at 30 June 2025 is at \$9.0 billion. Management will continue to invest in Evergreen assets, raising the proportion to 60% to 70%, from the current 50%.
- Net gearing improved.** Net gearing decreased to 39.3%, from 40.4% as of end-2024. Pending deployment of the divestment proceeds, KIT used the proceeds to repay existing borrowings. Interest coverage ratio increased to 11.9x, compared with 7.0x as of end-2024. Weighted average cost of debt increased by 28 basis points to 4.79%, due to higher refinancing interest rate for Keppel Merlimau Cogen Plant (KMC) loan in 2024. KIT maintained adequate financial flexibility with \$565m of undrawn committed loan facilities.
- Maintain Neutral.** Based on 1H 2025 DPU of 1.97 cents, KIT offers an annualised distribution yield of 9.0%. We maintain our Neutral rating and target price of S\$0.44.

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Figure 1: KIT 1H25 results summary

S\$'000	1H 2025	1H 2024	Change
Energy Transition	65,111	83,653	-22.2%
- City Energy	30,101	20,987	43.4%
- KMC & Aramco Gas Pipelines Company	29,628	40,488	-26.8%
- Renewable Portfolio (wind farms)	615	14,917	-95.9%
- German Solar Portfolio	4,767	7,261	-34.3%
Environmental Services	24,044	37,609	-36.1%
- Singapore waste and water assets	23,333	37,491	-37.8%
- EMK	711	118	>100.0%
Distribution & Storage	60,980	29,984	>100.0%
- Ixom	38,180	24,009	59.0%
- Philippine Coastal	(678)	3,549	NM
- Ventura	23,478	2,426	>100.0%
Asset Subtotal	150,135	151,246	-0.7%
Corporate	(52,401)	(60,248)	-13.0%
Gain on divestment (Philippine Coastal)	21,674	0	NM
Distributable Income	119,412	90,998	31.2%

Source: Company data

Figure 2: KIT balance sheet summary












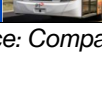

S\$ million	As of 30 Jun 2025	As of 31 Mar 2025
Net gearing	39.3%	40.8%
Weighted average debt costs	4.79%	4.69%
Interest coverage ratio	11.9x	6.8x
Cash	514	497
Borrowings	2,890	3,037
Net debt	2,376	2,540
Total assets	6,043	6,222
Total liabilities	4,138	4,291

Source: Company data

Largest SGX-listed Infrastructure Business Trust

KIT invests in infrastructure assets in developed markets that provide stable cash flows. These assets offer essential services in energy transmission, environmental solutions, transport and infrastructure. About 65% of its revenue is linked to the CPI with cost pass-through. Assets under management reached approximately S\$8.7bn following the completion of acquisition of Ventura. The sponsor is Keppel Ltd, which owns an 18% stake.

Figure 3: Summary of portfolio of assets as of 30 June 2025

		Description	Customer	Revenue model	Total Assets ¹ (\$'m)
Energy Transition		City Energy Sole producer and retailer of piped town gas; expanded into LPG business, as well as EV charging and smart home solutions	> 910,000 commercial and residential customers	Fixed margin per unit of gas sold, with fuel and electricity costs passed through to consumers	3,056.9
		Keppel Merlimau Cogen 1,300MW combined cycle gas turbine power plant	Capacity Tolling Agreement with Keppel Electric until 2040 (land lease till 2035, with 30-year extension)	Fixed payments for meeting availability targets	
		Aramco Gas Pipelines Company 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 minimum volume commitment for 20 years with built-in escalation	
		European Onshore Wind Platform Four wind farm assets in Sweden and Norway with a combined capacity of 275 MW	Local grid	Sale of electricity to the local grid	
		BKR2 A 465 MW operating offshore wind farm located in Germany	20-year power purchase agreement with Ørsted till 2038	Operates under the German EEG 2014 with attractive Feed-in-Tariff and guaranteed floor price till 2038	
		German Solar Portfolio ~55,000 bundled solar PV systems with a combined generation capacity of 529 MW	20-year lease contracts with German households	Receive fixed monthly rental fees for rental of solar PV systems	
Environmental Services		Senoko WTE Plant Waste-to-energy plant with 2,310 tonnes/day waste incineration concession	NEA, Singapore government agency - concession until 2027 with option for up to 1-year extension (Singapore - AAA credit rating)	Fixed payments for availability of incineration capacity	1,058.8
		Tuas WTE Plant 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	
		Ulu Pandan NEWater Plant One of Singapore's largest NEWater plants, capable of producing 162,800m ³ /day	PUB, Singapore government agency - concession until 2027 (Singapore - AAA credit rating)	Fixed payments for the provision of NEWater production capacity	
		SingSpring Desalination Plant Singapore's first large-scale seawater desalination plant, capable of producing 136,380m ³ /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	
		Keppel Marina East Desalination Plant Singapore's first and only large-scale dual-mode desalination plant able to treat seawater and reservoir water, capable of producing 137,000m ³ /day of potable water	PUB, Singapore government agency - concession until 2045 (Singapore - AAA credit rating)	Fixed payments for availability of output capacity	
		EMK 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		Ixom Manufacturer and distributor of water treatment chemicals, industrial and specialty chemicals with headquarters in Melbourne, Australia	Various end markets across four continents and ten countries	Payments from customers for delivery of products and provision of services based on agreed terms	1,887.8
		Ventura Largest bus operator in Victoria, Australia, providing essential transport services in Melbourne	Public and private entities including government, school and businesses	Majority of revenues from long-term, fixed-fee cost-indexed government contracts	

Source: Company data

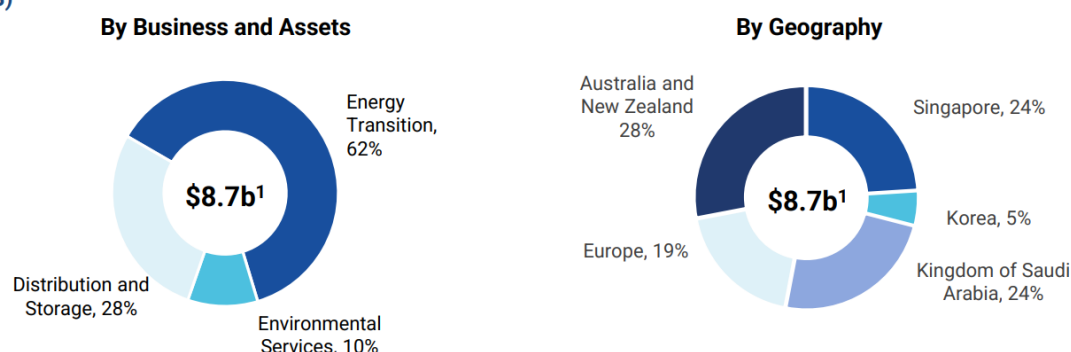
Diversified portfolio of assets

KIT's portfolio is primarily concentrated in the Energy Transition segment, which accounts for 62% of its total assets. The Distribution and Storage segment represents the next largest share at 28%, while Environmental Services comprise the smallest portion at 10%.

KIT's assets under management are predominantly located in the Asia-Pacific (APAC) region, which comprises 57% of the portfolio. The Kingdom of Saudi Arabia contributes 24%, while Europe represents the smallest share at 19%.

Figure 4: Portfolio breakdown by Business and Geography

AUM (\$)



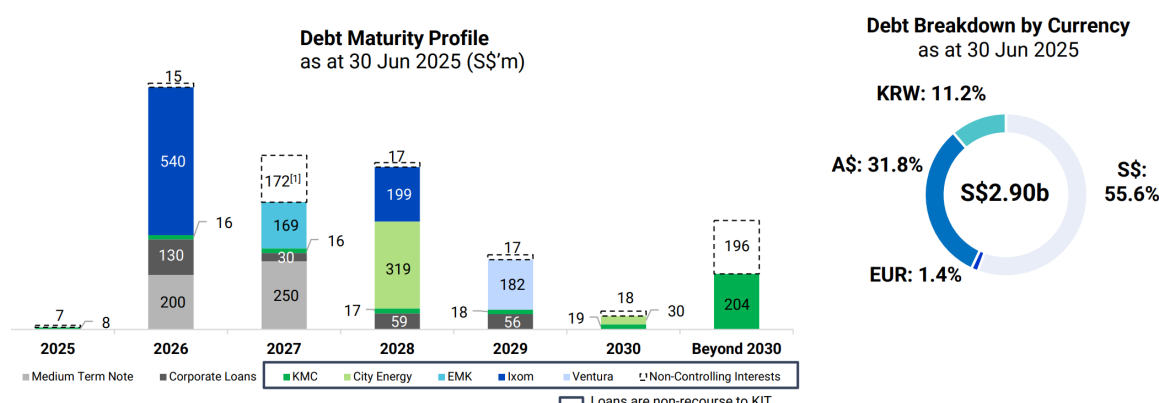
Source: Company data

Net gearing of 39.3%

Keppel Infrastructure Trust has a net gearing at 39.3% as of 30 June 2025, declining from 40.8% in the previous quarter. As a business trust, KIT is not subject to the regulatory gearing cap. Internally, it keeps a gearing target of below 45%.

About 80% of debt and 67% of foreign currency distributions are hedged with no major refinancing requirements for 2025, with S\$565 million in loan facilities providing flexibility for KIT.

Figure 5: Debt maturity profile and breakdown by currency



Source: Company data

Key Risks

Key risks revolve mainly around its sensitivity to interest rates and foreign currency fluctuations, particularly given KIT's diversified portfolio across geographies and sectors.

A continued high-interest rate environment may increase KIT's cost of debt, as the expense of refinancing or taking on new debt rises. This can directly reduce cash flow available for distribution from its underlying assets. Additionally, higher rates may raise the required returns for new investments, making it harder for KIT to pursue or close on accretive deals, thereby dampening growth opportunities. Around 80% of KIT's loans are hedged or on fixed rates as of 30 June 2025, which helps buffer the impact of rising interest rates in the near term.

Another key risk is currency volatility. A strengthening Singapore dollar against major currencies such as the Australian dollar, euro, and US dollar may translate to lower Singapore dollar-denominated cash flows from overseas assets. Since KIT's assets are spread across APAC, Saudi Arabia, and Europe, adverse currency movements may erode the value of distributions received from these markets when converted to Singapore dollars. KIT currently hedges approximately 67% of its foreign currency income to mitigate these effects, but sudden or sustained currency shifts may still negatively affect reported income and distribution potential.

Disclosure Appendix

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