Beansprout

Keppel Infrastructure Trust

(SGX: A7RU)

Growth in distributable income supported by divestment gain

- **Higher distributable income.** Keppel Infrastructure Trust (KIT) reported a robust 59.2% year-on-year (YoY) increase in distributable income (DI) to S$168.9 million for 9M 2025, supported by contributions from City Energy, Ixom and Ventura, alongside divestment gains from Philippine Coastal (50% stake) and a partial Ventura stake (24.62% stake) of S$49.0 million. Excluding divestment gains, DI rose 13% YoY to S$119.9 million.
- **Mixed performance for Energy Transition.** Funds from operations (FFO) fell 12.0% YoY to S$153.4 million due to lower contributions from renewables and transition assets, partly offset by stronger performance from City Energy. KMC maintained 100% contracted availability, while Aramco Gas Pipelines reported a 4% increase in throughput. Wind portfolios showed mixed performance, with better wind speeds at BKR2 but continued negative pricing pressure in Sweden.
- **Weaker contribution from Environmental Services.** FFO dropped 36.5% YoY to S$36.0 million as Eco Management Korea Holdings saw lower landfill contributions following a shift in pricing discipline. However, the unit achieved recognition for wastewater and GHG emission management. Singapore Waste and Water Assets performed steadily, fulfilling contractual obligations, though the absence of contribution from Senoko WTE impacted results.
- **Strong contribution from Distribution & Storage.** This segment was a standout, with FFO surging 29.9% YoY to S$66.4 million, driven by Ixom's strong chemical margins and Ventura's full-period contribution following its acquisition in June 2024. Philippine Coastal was divested in March 2025.
- **Net gearing continues to improve.** Keppel Infrastructure Trust's net gearing continues to improve from 39.3% as of 30 June 2025, to 38.0% this quarter. Interest coverage improved significantly to 13.1x, while the weighted average cost of debt stood at 4.65%. Debt maturity remains well spread with 3.1 years weighted average debt maturity and 77% of borrowings fixed or hedged. KIT also secured a new S$75m multi-currency revolving credit facility and has S$530m in undrawn facilities, enhancing financial flexibility.
- **Maintain Neutral.** Without one-off divestment gains, KIT's distributable income grew 13% YoY to S$119.9 million in 9M25 which is only about half of the ~S$240 million needed each year to keep DPU at current levels. The proposed Global Marine Group (GMG) acquisition is only expected to contribute to distribution income around December this year, pending approval at the EGM on 11 November 2025. We revise our target price up slightly to S$0.45 (from S$0.44) with lower cost of debt. We maintain our Neutral rating on potential risk to distributable income following recent divestments.

Ticker	A7RU
Rating	Neutral
Price Target*	S$0.45 (from S$0.44)
Price (27 Oct)	S$0.46
Upside/Downside:	-2.2%
52-week range	S$0.380 - 0.475
Market Cap	S$2.86B

*Target price is for 12 months

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Figure 1: KIT 9M25 results summary

S$'000	9M 2025	9M 2024	Change
Energy Transition	**81,436**	**109,933**	**-25.9%**
- City Energy	43,454	34,585	25.6%
- KMC & Aramco Gas Pipelines Company	45,982	59,721	-23.0%
- Renewable Portfolio (wind farms)	(20,354)	918	NM
- German Solar Portfolio	12,354	14,709	-16.0%
Environmental Services	**31,865**	**48,209**	**-33.9%**
- Singapore waste and water assets	35,789	47,343	-24.4%
- EMK	(3,924)	866	NM
Distribution & Storage	**81.466**	**29,852**	**>100.0%**
- Ixom	51,167	17,544	>100.0%
- Philippine Coastal	(678)	6,179	NM
- Ventura	30,977	6,129	>100.0%
Asset Subtotal	**194,767**	**187,994**	**3.6%**
Corporate	(74,843)	(81,863)	-8.6%
Gain on divestment (Philippine Coastal)	21,678	0	NM
Gain on divestment (Ventura)	27,299	0	NM
Distributable Income	**168,901**	**106,131**	**59.1%**

Source: Company data

Figure 2: KIT balance sheet summary

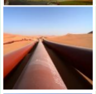
S$ million	As of 30 Sep 2025	As of 30 Jun 2025
Net gearing	38.0%	39.3%
Weighted average debt costs	4.65%	4.79%
Interest coverage ratio	13.1x	11.9x
Cash	624	514
Borrowings	2,986	2,890
Net debt	2,362	2,376
Total assets	6,213	6,043
Total liabilities	4,341	4,138

Source: Company data

Strong growth in distributable income

Keppel Infrastructure Trust (KIT) reported a robust 59.2% year-on-year (YoY) increase in distributable income (DI) to S$168.9 million for 9M 2025. By segment, Energy Transition contributed S$81.4 million, Environmental Services S$31.9 million, and Distribution & Storage S$81.5 million. The divestments of Philippine Coastal (50% stake) and a partial Ventura stake added S$21.7 million and S$27.3 million respectively. This more than offset softer results from renewables and environmental services, bringing overall DI growth to 59.1% YoY. Excluding divestment gains, DI rose 13% YoY to S$119.9 million.

Figure 3: Summary of portfolio of assets as of 30 September 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	3,073.6
		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	1,035.9
		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 162,800m³/day[2]	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 136,380m³/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 137,000m³/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	2,047.6
		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

Mixed performance for Energy Transition business

Funds from operations (FFO) fell 12.0% YoY to S$153.4 million due to lower contributions from renewables and transition assets, partly offset by stronger performance from City Energy with higher gas volume, service income and fuel cost recovery. Keppel Merlimau Cogen maintained 100% contracted availability, while Aramco Gas Pipelines reported a 4% increase in throughput. Wind portfolios showed mixed performance, with better wind speeds at BKR2 but continued negative pricing pressure in Sweden.

Weaker contribution from Environmental Services

FFO dropped 36.5% YoY to S$36.0 million as Eco Management Korea Holdings saw lower landfill contributions following a shift in pricing discipline. However, the unit achieved recognition for wastewater and greenhouse gas (GHG) emission management. Singapore waste and water Assets performed steadily, fulfilling contractual obligations, though the absence of contribution from Senoko waste-to-energy plant impacted results.

Strong contribution from Distribution & Storage

This segment was a standout, with FFO surging 29.9% YoY to S$66.4 million, driven by Ixom's strong chemical margins and Ventura's full-period contribution following its acquisition in June 2024. Philippine Coastal, however, was divested in March 2025.

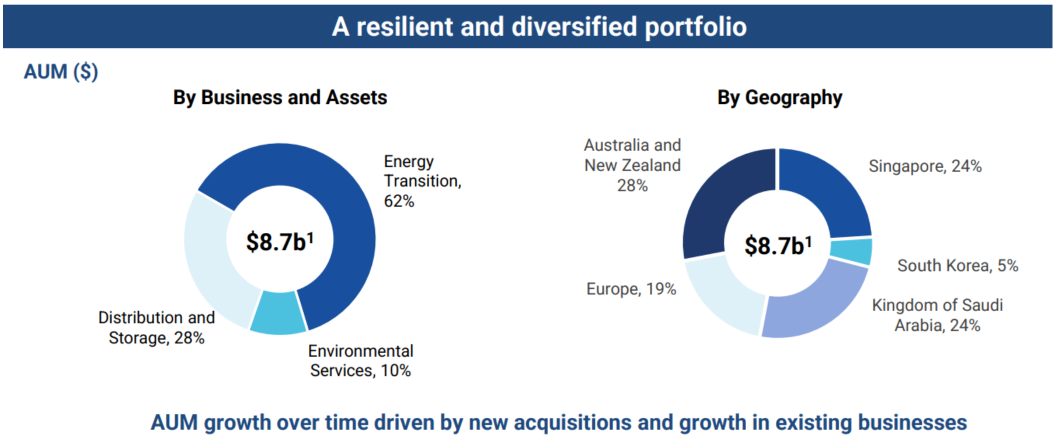
Diversified portfolio of assets

As at 30 September 2025, KIT's portfolio comprised assets under management (AUM) of S$8.7 billion.

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



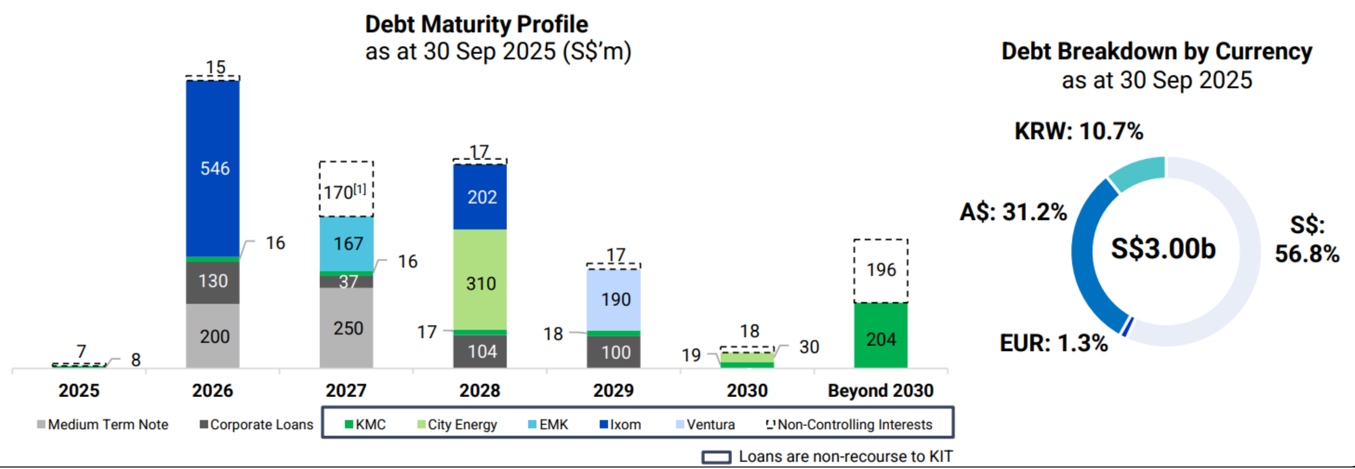
Source: Company data, as of 30 Sep 2025

Net gearing continues to improve

Keppel Infrastructure Trust's net gearing continues to improve from 39.3% as of 30 June 2025, to 38.0% this quarter. As a business trust, KIT is not subject to the regulatory gearing cap. Internally, it keeps a gearing target of below 45%.

Interest coverage improved significantly to 13.1x, while the weighted average cost of debt stood at 4.65%. Debt maturity remains well spread with 3.1 years weighted average debt maturity and 77% of borrowings fixed or hedged. KIT also secured a new S$75m multi-currency revolving credit facility and has S$530m in undrawn facilities, enhancing financial flexibility.

Figure 5: Debt maturity profile and breakdown by currency

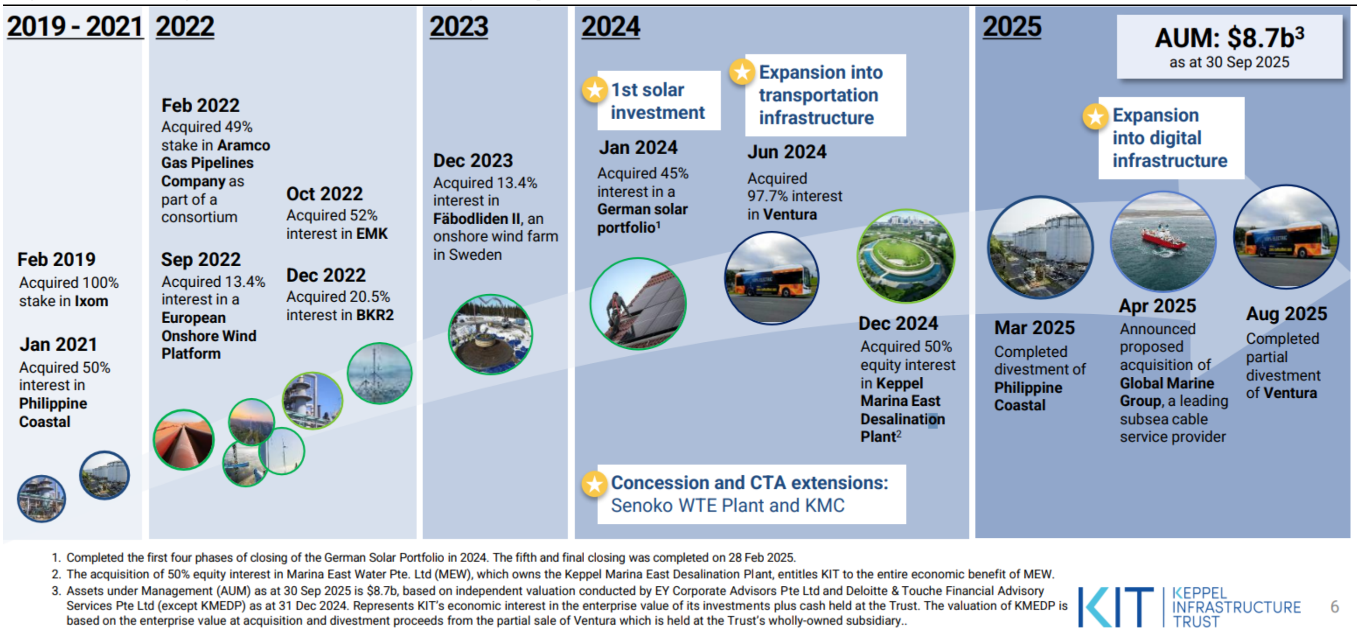


Source: Company data

Strategic Capital Recycling & Growth Plans

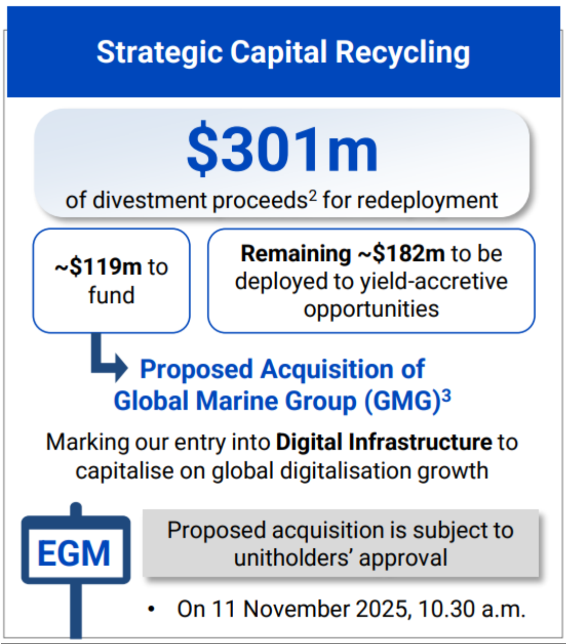
KIT unlocked S$301m of divestment proceeds, of which ~S$119m has been redeployed, with the remaining ~S$182m earmarked for yield-accretive opportunities. Notably, KIT has proposed the acquisition of a 46.7% interest in Global Marine Group (GMG), marking its entry into digital infrastructure to capture global digitalisation growth. The acquisition is subject to unitholders' approval at the EGM on 11 November 2025.

Figure 6: Driving Portfolio Growth through acquisitions and value creation



Source: Company data

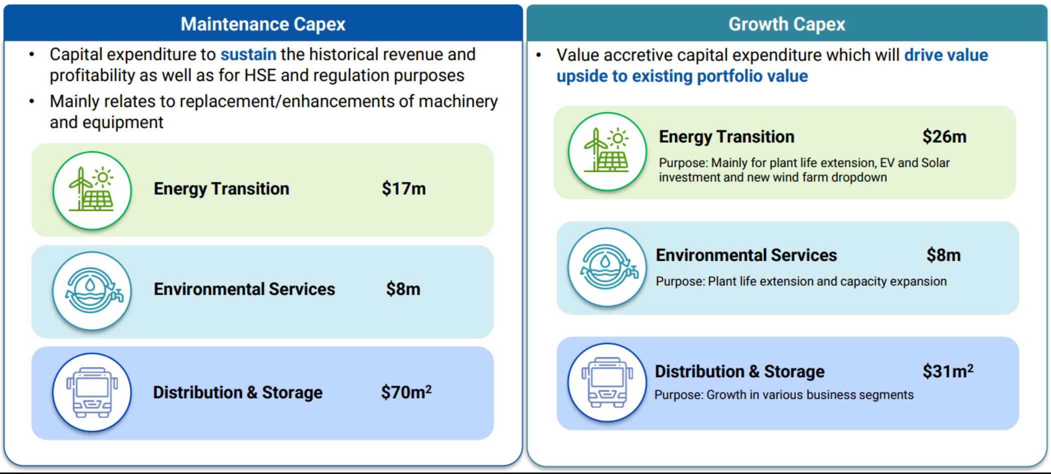
Figure 7: Strategic Capital Recycling



Source: Company data

Looking ahead, KIT has budgeted S$152m in capex for 2025, comprising S$95m in maintenance and S$65m in growth projects. Growth initiatives include plant extensions in Energy Transition, capacity expansion in Environmental Services, and new investments in Distribution & Storage.

Figure 8: Capex Plan for 2025



Source: Company data

Maintain Neutral

Without one-off divestment gains, KIT's distributable income grew 13% YoY to S$119.9 million in 9M25 which is only about half of the ~S$240 million needed each year to keep DPU at current levels. The proposed Global Marine Group (GMG) acquisition is only expected to contribute to distribution income around December this year, pending approval at the EGM on 11 November 2025. We maintain our Neutral rating on potential risk to distribution income from recent divestments and revised target price up slightly to S$0.45 (from S$0.44).

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.

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 71% of its foreign currency income to mitigate these effects, but sudden or sustained currency shifts may still negatively affect reported income and distribution potential.

Financial Summary

Y/E Dec (S$mn)	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E
Income Statement						
Revenue	1,575	2,006	2,036	2,214	2,236	2,259
Cost of sales	(1,148)	(1,465)	(1,455)	(1,521)	(1,571)	(1,616)
Gross profit	427	541	581	693	665	643
Other income	(12)	26	53	61	0	0
Administration	(165)	(182)	(200)	(305)	(308)	(311)
Other expenses	(122)	(186)	(185)	(199)	(199)	(199)
Share of results of associates & JV	1	(64)	42	(4)	47	52
EBIT	129	135	291	246	205	184
Net finance expenses	(89)	(112)	(162)	(196)	(162)	(146)
Profit before tax	40	23	129	50	43	39
Tax	(16)	(26)	(22)	(25)	(22)	(8)
Minority interests	31	31	33	34	34	34
Perpetual securities	(22)	(27)	(27)	(31)	(31)	(31)
Discontinued operations	(162)	0	0	0	0	0
Profit attributable to owners	(129)	1	113	28	25	34
Balance sheet						
Assets						
PPE	1,499	1,499	1,658	1,566	1,760	1,679
Others	1,612	3,226	2,831	3,570	3,375	3,335
Total non-current assets	3,111	4,725	4,488	5,136	5,135	5,013
Cash & cash equivalents	817	536	483	457	136	78
Inventories	240	280	241	237	243	252
Trade & other receivables	237	316	309	340	344	347
Others	96	105	97	99	218	218
Total current assets	1,390	1,237	1,129	1,134	941	895
Total assets	4,501	5,963	5,617	6,270	6,076	5,908
Liabilities						
ST borrowings	126	801	108	144	144	144
Trade & other payables	387	452	383	420	431	446
Others	75	73	63	94	110	96
Total current liabilities	588	1,327	553	659	686	687
LT borrowings	1,604	2,106	2,610	2,845	2,845	2,845
Others	568	623	623	758	758	758
Total non-current liabilities	2,173	2,729	3,232	3,603	3,603	3,603
Total liabilities	2,761	4,056	3,785	4,262	4,288	4,289
EQUITY						
Share Capital	2,629	2,630	2,924	3,122	3,122	3,122
Retained profit	(1,539)	(1,729)	(2,024)	(2,166)	(2,352)	(2,487)
Others	21	63	(9)	(46)	(46)	(46)
Total equity	1,112	964	890	910	723	589
Minority interests	31	346	344	298	264	230
Perpetual securities	598	598	598	800	800	800
Total equity and liabilities	4,501	5,963	5,617	6,270	6,076	5,908

Y/E Dec (S$mn)	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E
Cash Flow						
Operating cash flow						
Pretax profit	(122)	23	129	50	43	39
Adjustments	458	324	282	390	362	346
Working capital changes	83	36	52	85	1	3
Others	(174)	(138)	(156)	(217)	(165)	(165)
Cash flow from operations'	245	245	307	308	242	223
Investing cash flow						
CAPEX	(39)	(44)	(55)	(89)	(81)	(81)
Others	(233)	(1,539)	(5)	(456)	(119)	0
Cash flow from investments	(271)	(1,584)	(59)	(545)	(200)	(81)
Financing cash flow						
Dividends paid	(209)	(219)	(422)	(238)	(242)	(200)
Proceeds from borrowings	195	951	(141)	44	(100)	0
Others	298	327	267	396	0	0
Cash flow from financing	284	1,060	(296)	202	(342)	(200)
Net change in cash	257	(279)	(48)	(35)	(301)	(57)
Beginning cash	556	817	536	479	436	136
Currency translation	4	(2)	(5)	14	0	0
Ending cash	817	536	482	457	136	78
Per share data (S$ cents)						
Book value per unit	22.3	19.3	15.8	15.0	11.9	9.7
Distribution per unit	3.8	3.8	6.2	3.9	3.5	2.8
Earnings per unit	(2.6)	0.0	2.0	0.5	0.4	0.6
Valuation						
Y/E Dec (S$mn)						
P/E (x)	-	2,674.2	23.2	100.0	114.7	82.9
P/B (x)	2.1	2.4	2.9	3.1	3.9	4.8
EV/EBITDA (x)	10.8	11.8	9.5	10.4	12.7	13.4
Dividend yield (%)	8.1	8.2	13.3	8.4	7.5	6.0
Ratios						
ROE (%)	(11.6)	0.1	12.7	3.1	3.4	5.8
ROA (%)	(2.9)	0.0	2.0	0.5	0.4	0.6
Net Gearing (x)	0.52	1.24	1.22	1.26	1.60	1.80
Margins (%)						
EBIT margin	8.2	6.7	14.3	11.1	9.2	8.2
Net margin	(8.2)	0.0	5.5	1.3	1.1	1.5

Disclosure Appendix

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