First Quarter 2018 Financial Results

19 April 2018

Keppel Corporation

Scope of Briefing

- **Address by CEO**

- **Group Financial Highlights by CFO**

Note: 1Q 2017 financial figures in this presentation have been restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International).

Address by CEO

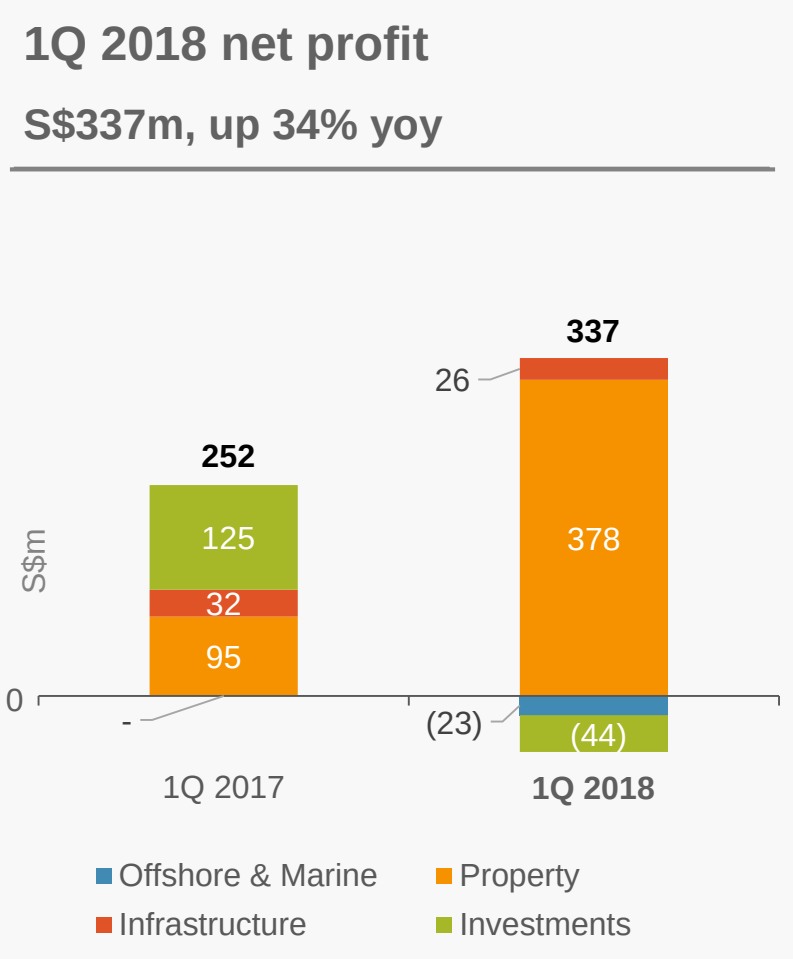
Shaping the Future

Keppel is an eco-system of companies working together to deliver solutions for sustainable urbanisation in a fast-changing environment.



Keppel Corporation

Financial Performance



- Net profit was S$337m
- EVA was S$186m
- Annualised ROE was 11.4%
- Free cash inflow of S$261m in 1Q 2018, vs outflow of S$62m in 1Q 2017
- Net gearing was 0.42x at end-Mar 2018 vs 0.46x at end-Dec 2017



Borr SAGA jackup – the first of five to be delivered

Offshore & Marine

Offshore & Marine



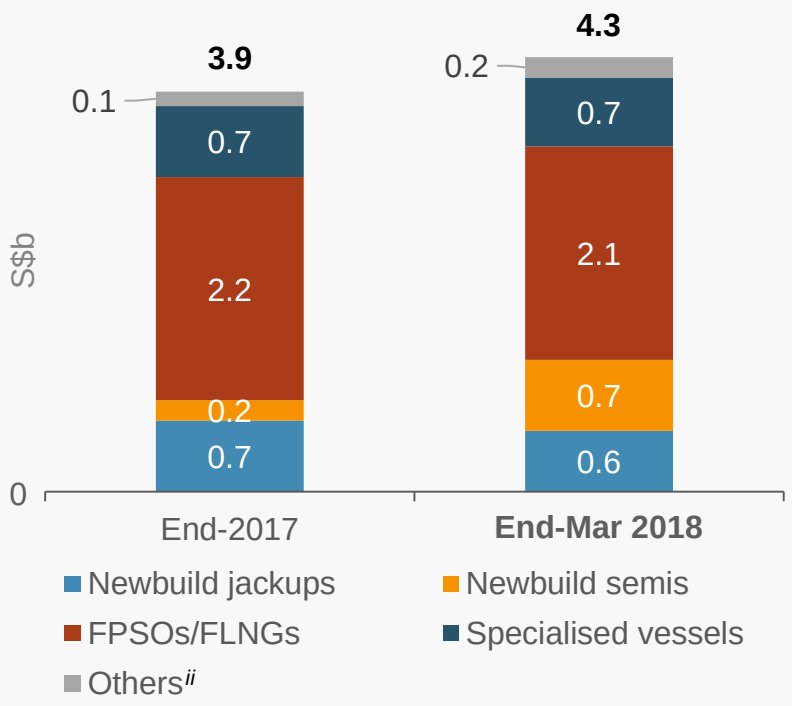
- Operating profit of S$8m in 1Q 2018
- YTD new contracts of ~S$580m
  - Mid-water harsh environment semi for Awilco Drilling with options for 3 more units
  - Newbuild LNG project – dual-fuel tanker
- Delivered first of five jackups to Borr Drilling

[i] *Includes contributions from Floatel, Seafox and Dyna-Mac, etc.*

Offshore & Marine

Net orderbook[i]

S$4.3b as at end-Mar 2018



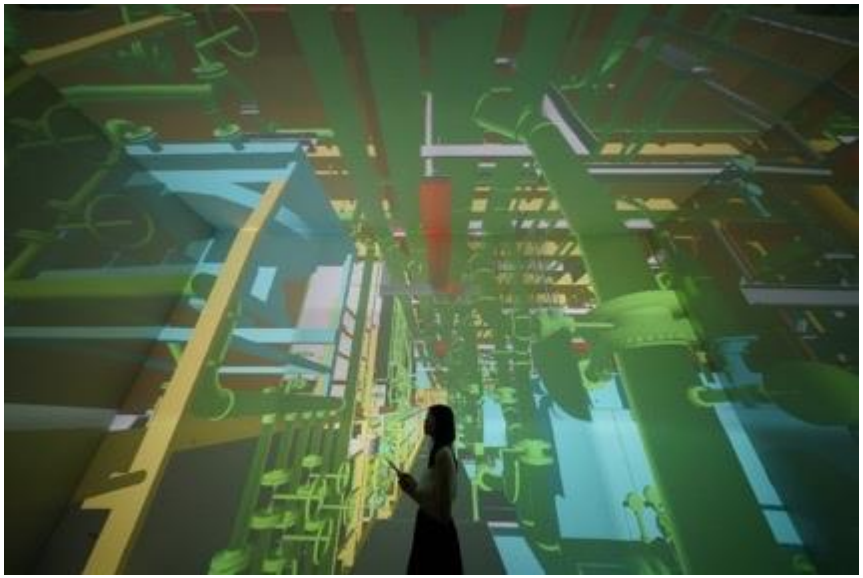
Key Highlights

- Secured Keppel's first newbuild drilling rig order in 3 years
- Cooperation agreement with KrisEnergy
- Updates on FLNG business
  - Golar Hilli Episeyo achieved first gas offshore Cameroon
  - Early works on Golar Gandria progressing at Keppel Shipyard

[i] *Excludes semis for Sete*
[ii] *Includes modification, upgrading, fabrication and rig repairs*

Capturing Opportunities

- Develop rigs of tomorrow with digitalisation and IoT
  - Improving efficiency and lowering costs across project life cycle
- Develop yards of the future, integrating robotics and AI into manufacturing
- Develop, own and operate floating energy infrastructure, including gas solutions and renewables

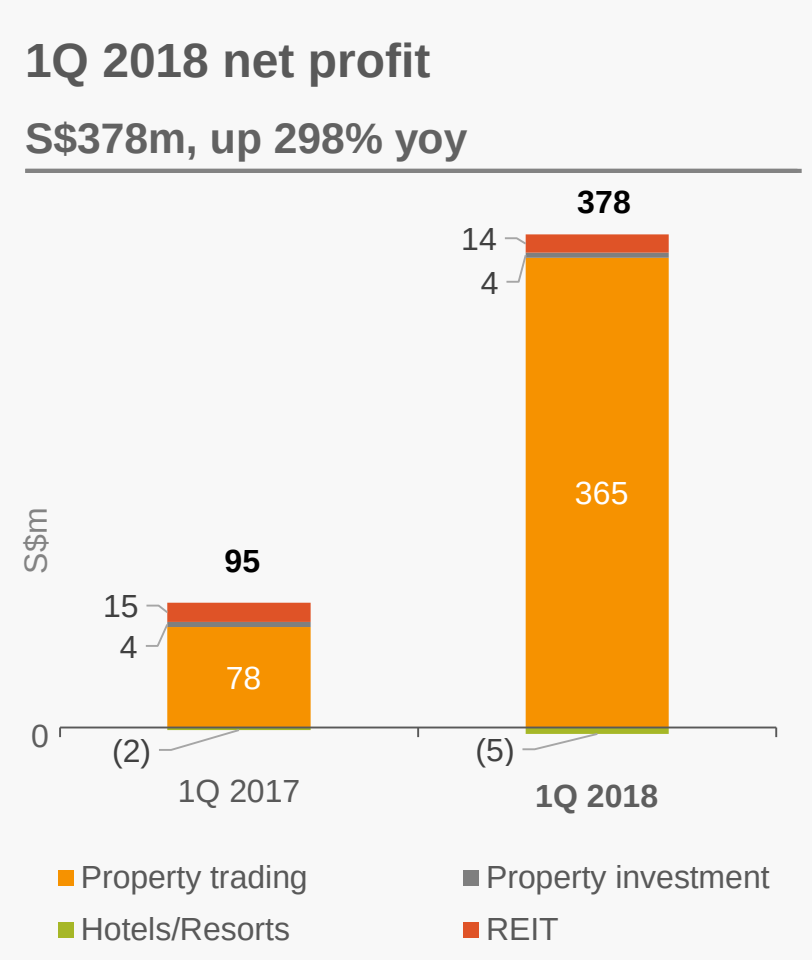




Park Avenue Heights in Chengdu, China

Property

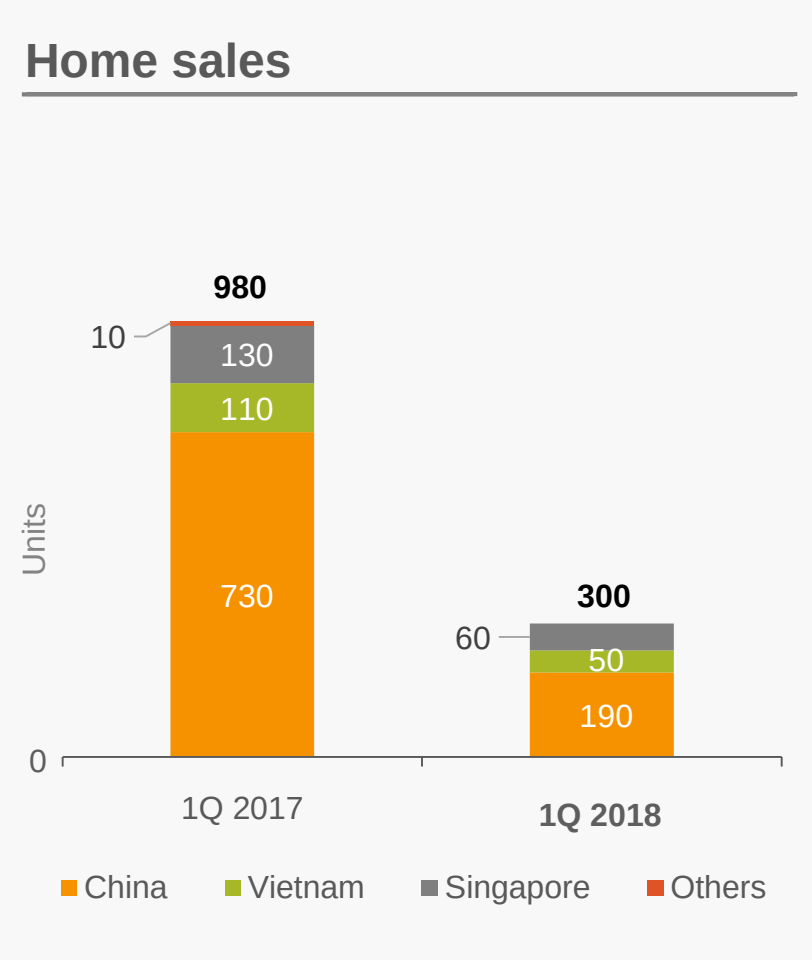
Property



Key Highlights

- Completed divestment of Keppel Cove in Zhongshan for net gain of S$289m
- Announced acquisition of remaining 10% stake in Saigon Sports City
- Obtained full ownership of Keppel Land Retail Management

Property



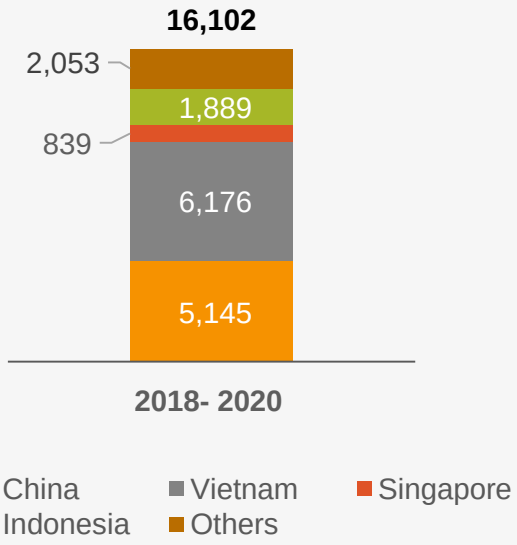
- Sold about 300 units in 1Q 2018, with total sales value of ~S$290m
  - 190 units sold in China
  - 50 units sold in Vietnam
  - 60 units sold in Singapore, with Highline Residences fully-sold
- Divested Zhongshan project in 1Q 2018, equivalent to 1,647 homes sold en bloc

Property Portfolio

- Residential landbank of ~61,000 homes of which over 16,000 are launch-ready
- Commercial portfolio of 1.5 million sm to provide opportunities to grow recurring income and for monetisation

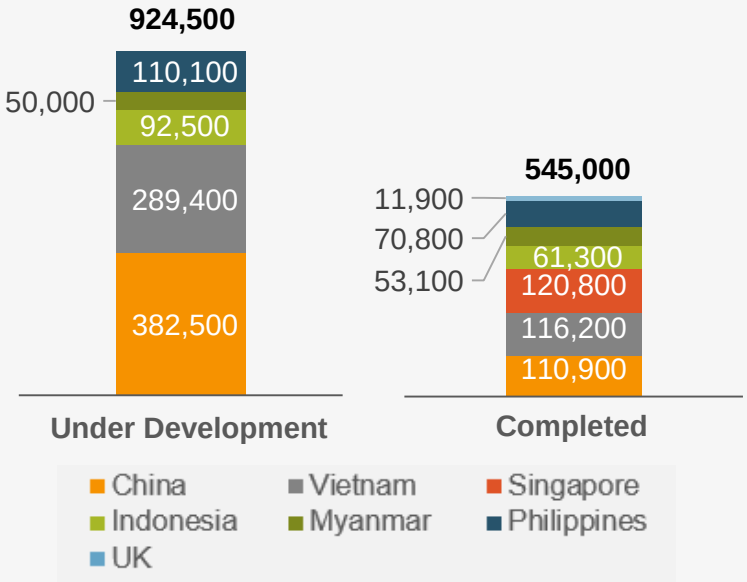
Residential

Launch-ready homes (units)



Commercial[i]

Gross floor area (sm)



[i] *As at 31 Mar 2018*



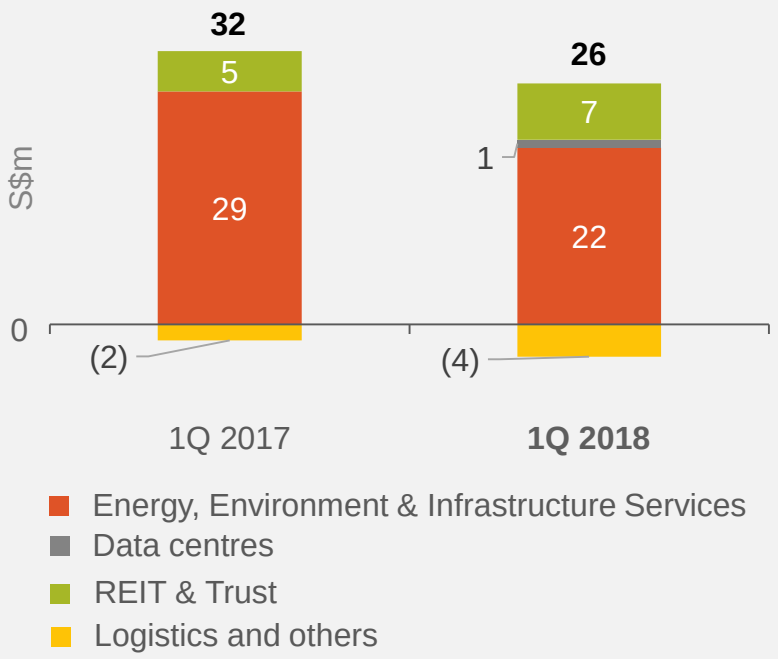
Keppel Electric roadshow for Open Electricity Market soft launch in Jurong

Infrastructure

Infrastructure

1Q 2018 net profit

S$26m, down 19% yoy



Key Highlights

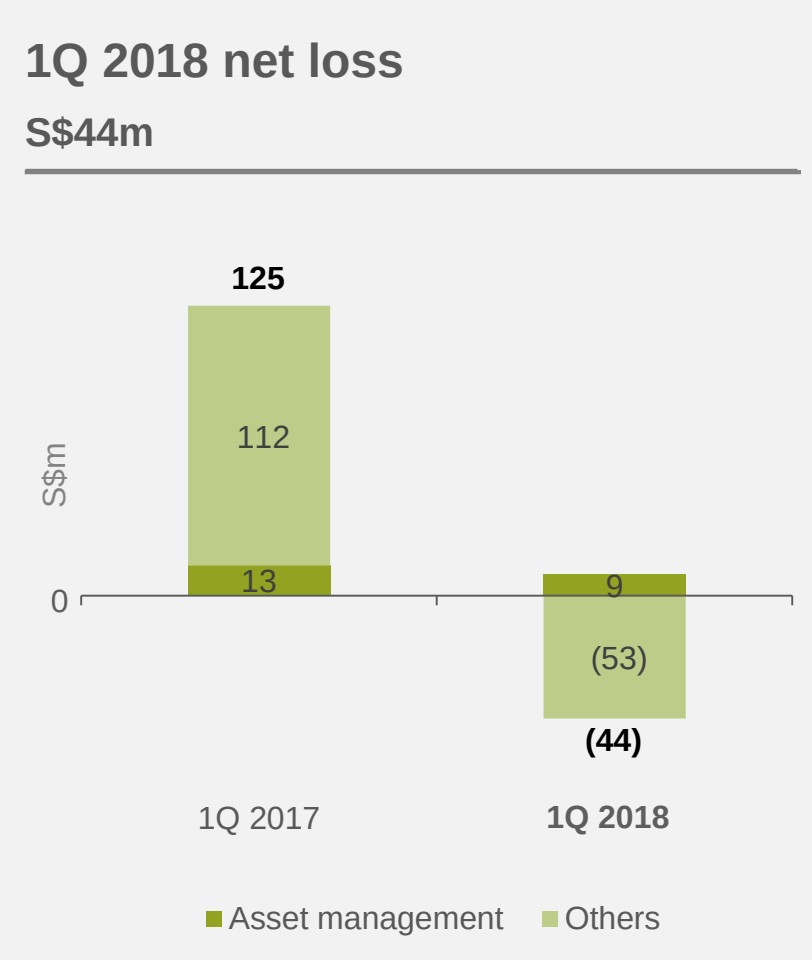
- 1Q 2018 net profit supported by infrastructure services and energy and environmental infrastructure
- Keppel Electric participating in soft launch of Open Electricity Market
- Keppel Seghers awarded performance bonuses and service agreement with Runcorn EfW Facility
- Keppel Data Centres partnered with DE-CIX to enhance network connectivity



Artist impression of Saigon Sports City in Ho Chi Minh City, Vietnam

Investments

Investments



- Fair value loss on KrisEnergy warrants and absence of SSTEC[i] land sales contributed to net loss in 1Q 2018
- Keppel DC REIT completed acquisition of maincubes Data Centre
- AAMTF II[ii] divested two assets in China and Korea
- Keppel Urban Solutions signed MoU with Envision for smart energy management solutions; advances Saigon Sports City partnerships

[i] *Sino-Singapore Tianjin Eco-City*
[ii] *Alpha Asia Macro Trends Fund II*

Building a Robust Eco-System

Ramping up Current Engines

Offshore & Marine	Property	Infrastructure	Investments
			

Enlarging capital base ⟨⟨ Keppel Capital

Harnessing operational strengths ⟩⟩ Keppel Urban Solutions

Building New Engines of Growth

Collaborating for Growth







Group Financial Highlights by CFO

Financial Performance

Net Profit	↑	34% to S$337m
EPS	↑	34% to 18.6cts
Annualised ROE	↑	from 7.3% to 11.4%
EVA	↑	from S$17m to S$186m
Free Cash Flow	↑	from outflow of S$62m to inflow of S$261m
Net Gearing	↓	from 0.46x to 0.42x

Financial Highlights

S$m	1Q 2018	1Q 2017	% Change
Revenue	1,470	1,248	18
EBITDA	514	240	114
Operating Profit	468	184	154
Profit Before Tax	430	289	49
Net Profit	337	252	34
EPS (cents)	18.6	13.9	34

Revenue by Segments

S$m	1Q 2018	%	1Q 2017	%	% Change
Offshore & Marine	332	23	483	39	(31)
Property	543	37	262	21	107
Infrastructure	564	38	467	37	21
Investments	31	2	36	3	(14)
Total	1,470	100	1,248	100	18

Pre-tax Profit by Segments

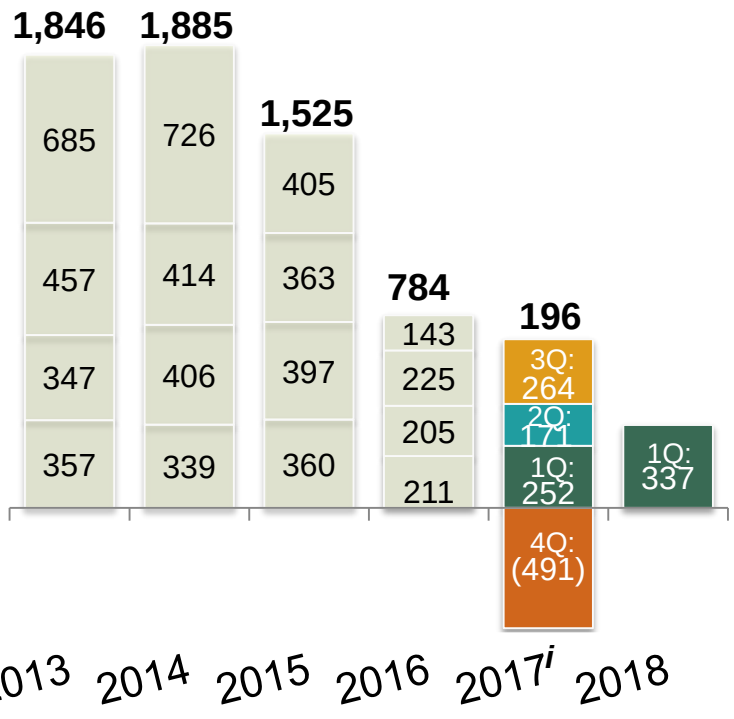
S$m	1Q 2018	%	1Q 2017	%	% Change
Offshore & Marine	(15)	(4)	(2)	(1)	>500
Property	455	106	113	39	303
Infrastructure	30	7	37	13	(19)
Investments	(40)	(9)	141	49	nm
Total	430	100	289	100	49

Net Profit by Segments

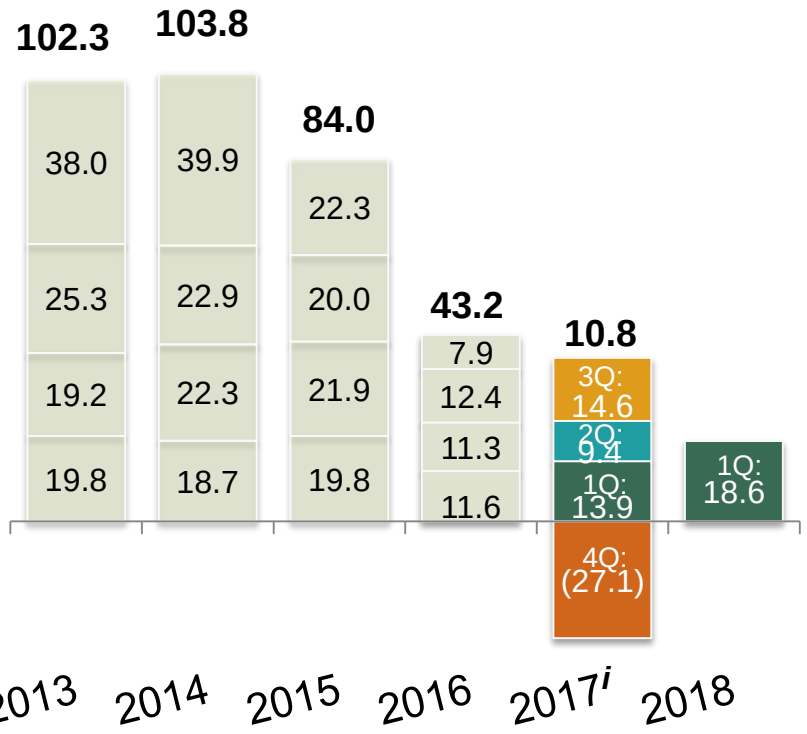
S$m	1Q 2018	%	1Q 2017	%	% Change
Offshore & Marine	(23)	(7)	-	-	nm
Property	378	112	95	38	298
Infrastructure	26	8	32	13	(19)
Investments	(44)	(13)	125	49	nm
Total	337	100	252	100	34

Net Profit & EPS

Net profit (S$m)



EPS (Cents)



i Includes one-off financial penalty from global resolution and related costs

Keppel Corporation

Free Cash Flow

	1Q 2018 S$m	1Q 2017 S$m
Operating profit	468	184
Depreciation & other non-cash items	(306)	(89)
	162	95
Working capital changes	(116)	(74)
Interest & tax paid	(56)	(66)
Net cash used in operating activities	**(10)**	**(45)**
Investments & capex	(34)	(33)
Divestments & dividend income	516	99
Advances to/from associated companies	(211)	(83)
Net cash from/(used in) investing activities	**271**	**(17)**
Cash inflow/(outflow)	**261**	**(62)**

Free cash flow excludes expansionary acquisitions and capex, and major divestments.

1Q 2018 Results

Q&A

Additional Information

Revenue by Geography

	1Q 2018		
	Total S$m	Overseas Customers %	Singapore Customers %
Offshore & Marine	332	88	12
Property	543	55	45
Infrastructure	564	12	88
Investments	31	1	99
Total	1,470		

45% of total revenue came from overseas customers

EBITDA by Segments

S$m	1Q 2018	%	1Q 2017	%	% Change
Offshore & Marine	34	7	40	17	(15)
Property	453	88	77	32	488
Infrastructure	28	5	37	15	(24)
Investments	(1)	-	86	36	nm
Total	514	100	240	100	114

Capital/Gearing/ROE

S$m	31 Mar 2018	31 Dec 2017
Shareholders' Funds	11,599	11,443
Total Equity	12,148	11,973
Net Debt	5,127	5,519
Net Gearing Ratio	0.42x	0.46x
ROE	11.4%	1.7%[i]

[i] *Includes one-off financial penalty from global resolution and related costs*

OFFSHORE & MARINE

Financial Highlights – Offshore & Marine

S$m	1Q 2018	1Q 2017	% Change
Revenue	332	483	(31)
EBITDA	34	40	(15)
Operating Profit	8	4	100
Loss Before Tax	(15)	(2)	>500
Net Loss	(23)	-	nm

Offshore & Marine Review

- **Over S$0.5b in contracts secured in 1Q 2018:**

  A semi-submersible

- **Contract completions in 1Q 2018:**

  A jackup and a gas carrier refurbishment

Offshore & Marine Orderbook

	Contract Value Gross S$m	Net S$m	Client
<u>For delivery in 2018</u>			
7 JUs/1 FPSO Modules Fab. & Integration/ 1 Hull Carry Over Works/1 FPSO Modification & Upgrade/ 2 FPSO Conversion/1 RORO Vessel Engine Conversion/ 2 Dredgers/2 Dual Fuel Tugs	2,800	165	Grupo R/Clearwater/Falcon Energy/ Borr Drilling/Petrobras/ Totem Ocean/Woodside/Dixstone/ BW Offshore/Jan De Nul/KST/Maju
<u>For delivery in 2019</u>			
7 JUs/1 Liftboat/1 FPSO Modules Fab. & Integration/ 1 TLWP Engineering & Construction Services Support/ 1 FPSO Conversion/2 Dredgers/2 LNG Carriers	3,386	530	BOT Lease Co./Ensco/Borr Drilling/Fecon/ TS Offshore/Crystal Heights/ PTSC/Petrobras/SBM/Jan De Nul/Stolt-Nielsen
<u>For delivery in 2020</u>			
2 JUs/2 Semis*/1 Dredger/2 LNG Containerships/ 1 FLNG Turret/2 FLNG Conversions	3,456	3,066	Borr Drilling/*Name withheld/Jan De Nul/ Pasha Hawaii/SOFEC/Golar
<u>For delivery in 2021-2022</u>			
1 Semi	558	558	Awilco
Total as at 31 Mar 2018 (excl. semis for Sete Brasil)	**10,200**	**4,319**	

PROPERTY

Financial Highlights - Property

S$m	1Q 2018	1Q 2017	% Change
Revenue	543	262	107
EBITDA	453	77	488
Operating Profit	444	68	>500
Profit Before Tax	455	113	303
Net Profit	378	95	298

Sales Achieved - Overseas

Key Projects	Location	Units Sold in 1Q 2018	Sales Value in 1Q 2018	Latest Avg. Selling Price
China			(RMB'm)	(RMB'psm)
Park Avenue Heights	Chengdu	36	157	~31,500
Seasons Garden, Tianjin Eco-City Ph 2	Tianjin	18	41	~18,000
Seasons Residences, Tianjin Eco-City Ph 3		28	46	~16,000
Waterfront Residences	Wuxi	14	67	~23,600
Park Avenue Heights		67	117	~16,800
Total		**163**	**428**	
Vietnam			(US$'m)	(US$'psm)
Estella Heights	Dist. 2	6	2	~2,100
Riviera Point	Dist. 7			
The View		28	6	~1,700
Empire City	Dist. 2			
Linden Residences		2	3	~3,400
Tilia Residences		11	9	~4,000
Total		**47**	**20**	

Residential Landbank - Singapore

Singapore	Stake	Tenure	Total GFA (sf)	Total Units	Units Launched	Units Sold	Remaining Units	Remaining Area For Sales (sf)
Launched Projects								
Corals at Keppel Bay	100%	99-yr	509,998	366	366	273	93	173,871
Reflections at Keppel Bay	100%	99-yr	2,081,738	1,129	1,129	996	133*	293,632
Upcoming Projects								
Serangoon North Ave 1	60%	99-yr	462,561	613^	-	-	613	462,561
Keppel Bay Plot 4	39%	99-yr	344,448	234^	-	-	234	344,448
Keppel Bay Plot 6	100%	99-yr	226,044	86^	-	-	86	226,044
Total			**3,624,789**	**2,428**	**1,495**	**1,269**	**1,159**	**1,500,556**

** Includes 43 units committed to buyers under a deferred payment scheme*
^ Estimated no. of units
As of end-Mar 2018

Residential Landbank - China

China	Location	Stake	Total GFA (sm)	Total Units	Units Launched	Units Sold	Remaining Units For Sale	Remaining Area For Sale (sm)
8 Park Avenue	Shanghai	99%	133,393	918	918	894	24	6,613
Seasons Residences		100%	128,918	1,102	1,062	1,053	49	5,026
Sheshan Riviera		99.4%	83,174	217	53	17	200	77,907*
Park Avenue Heights	Chengdu	100%	203,129	1,535	1,535	1,514	21	6,105
Hill Crest Villas		100%	163,147	274	-	-	274	163,147
Serenity Villas		100%	233,862	573	-	-	573	233,862
V City		35%	557,962	5,399	4,507	4,507	892	134,049*
Waterfront Residences	Wuxi	100%	306,962	1,481	381	356	1,125	229,510*
Park Avenue Heights		100%	171,593	1,292	200	169	1,123	154,614*
Seasons Residences (Xinwu District Development)		100%	360,500	2,755	-	-	2,755	360,500
Serenity Villas	Tianjin	100%	80,000	340	340	248	92	31,218
Mixed-use Devt		100%	1,358,202	11,299	-	-	11,299	1,358,202
Tianjin Eco-City		100%	624,416	4,297	3,366	3,234	1,063	278,712*
Waterfront Residences		100%	63,235	341	341	337	4	3,054
Stamford City	Jiangyin	99.4%	309,322	1,470	1,125	1,063	407	100,471
The Seasons	Shenyang	100%	365,186	2,794	480	350	2,444	329,186
Hunnan Township Devt		99.8%	756,580	7,026	-	-	7,026	756,580
Hill Crest Residences	Kunming	68.8%	44,621	263	166	124	139	28,603
La Quinta II		68.8%	10,928	62	62	57	5	927
Total			**5,955,130**	**43,438**	**14,536**	**13,923**	**29,515**	**4,258,287**

**Includes commercial area*
As of end-Mar 2018

Residential Landbank - Other Overseas

	Location	Stake	Total GFA (sm)	Total Units	Units Launched	Units Sold	Remaining Units For Sale	Remaining Area For Sale (sm)
Vietnam								
Saigon Sports City	Dist. 2	90%	793,000*	4,284	-	-	4,284	462,400
Palm City (South Rach Chiec)		42%	521,416*	3,666	951	951	2,715	233,737
Empire City		40%	408,600	2,680	982	975	1,705	208,846
Riviera Point	Dist. 7	75%	437,944*	2,400	1,067	977	1,423	176,289
5.6 ha landed site	Dist. 9	100%	54,908	310	-	-	310	29,680
12.6 ha mixed-use site	Saigon South	100%	283,749 *	1,247	-	-	1,247	139,126
Dong Nai Waterfront City	Dong Nai	50%	2,046,955*	7,850	-	-	7,850	1,293,500
		Sub-Total:	**4,546,572**	**22,437**	**3,000**	**2,903**	**19,534**	**2,543,578**
Indonesia								
West Vista at Puri	Jakarta	100%	153,464*	2,855	541	252	2,603	107,018
Daan Mogot		100%	226,800	4,523	-	-	4,523	226,800
The Riviera at Puri (JV with Metland)		50%	71,241	493	164	164	329	48,523
BCA site		100%	36,113	408	-	-	408	36,113
		Sub-Total:	**487,618**	**8,279**	**705**	**416**	**7,863**	**418,454**
Thailand								
SHAA ASOKE (formerly Sukhumvit 19 Condominium)	Bangkok	49%	14,500	143	-	-	143	8,000
Sukhumvit 28 Condominium		49%	30,000	265	-	-	265	16,000
		Sub-Total:	**44,500**	**408**	**-**	**-**	**408**	**24,000**
India								
Provident Park Square (formerly Elita Horizon)	Bangalore	51%	167,517	2,082	-	-	2,082	167,517
USA								
The Residences at 200 East 59	New York	83%	18,170*	68	14	4	64	8,555
Total			**5,264,377**	**33,274**	**3,719**	**3,323**	**29,951**	**3,162,104**

** Includes commercial area*
As of end-Mar 2018

Residential Launch Readiness – China

Project	Location	Units Ready to Launch		
		2018	2019	2020
8 Park Avenue	Shanghai	9	15	-
Seasons Residences		49	-	-
Sheshan Riviera^		27	48	48
Park Avenue Heights	Chengdu	21	-	-
Hill Crest Villas^		-	42	36
Serenity Villas^		58	26	24
V City^		892	-	-
Waterfront Residences^	Wuxi	288	527	246
Park Avenue Heights^		379	328	415
Serenity Villas	Tianjin	21	24	25
Tianjin Eco-City^		572	346	-
Waterfront Residences		4	-	-
Stamford City^	Jiangyin	25	160	186
The Seasons	Shenyang	22	65	73
Hill Crest Residences	Kunming	26	53	60
La Quinta II		2	3	-
Total		**2,395**	**1,637**	**1,113**

^ *Includes new launches*

Residential Launch Readiness – Other Overseas

Project	Location	Units Ready to Launch		
		2018	2019	2020
Indonesia				
West Vista at Puri	Jakarta	678	474	-
The Riviera at Puri		221	108	-
BCA site		136	136	136
Vietnam				
Saigon Sports City	HCMC	618	720	631
Riviera Point^				
The View		90		
Riveria Point Phase 1C		180	360	295
Riviera Point (Subsequent phases)			49	130
Palm City				
Palm Garden (Palm City Ph 2)		540	231	135
Palm City (Subsequent phases)			504	791
Empire City				
Tilia Residences (Empire City Ph 2)		7		
Cove Residences (Empire City Ph 3)		156		
Empire City (Subsequent phases)		200	350	189
Thailand				
SHAA ASOKE	Jakarta	143		
Sukhumvit 28 Condominium		125	80	60
India				
Provident Park Square (formerly Elita Horizon)	Bangalore	878	351	416
Total		**3,972**	**3,363**	**2,783**

^ District 7, the other projects in Vietnam are in District 2

Expected Completion for Launched Projects

Projects/Phases launched	Location	Total Units	Units Launched as at end-Mar 2018	Units Sold as at end-Mar 2018	Units Remaining as at end-Mar 2018	Expected Completion
China						
Sheshan Riviera	Shanghai	112	53	17	95	1H18
Waterfront Residences	Wuxi	319	319	296	23	1H18
V City (Ph 2)	Chengdu	1,495	1,495	1,495	-	1H18
V City (Ph 3)		1,298	1,298	1,298	-	2H18
V City (Ph 4)		1,172	280	280	892	1H19
Seasons Residences	Tianjin	572	380	263	309	2H19
Seasons Garden, Tianjin (Plot 9)		356	356	356	-	2H19
Seasons Garden, Tianjin (Plot 8)		354	354	339	15	1H20
Seasons Heights		372	124	124	248	1H20
Indonesia						
West Vista at Puri (Ph 1)	Jakarta	1,404	541	252	1,152	2H18
The Riviera at Puri		493	164	164	329	2H20
Vietnam						
Estella Heights (Ph 2)	HCMC	376	376	376	-	2H18
The View		518	518	428	90	2H19
Palm Heights		816	816	816	-	2H19
Linden Residences		510	510	510	-	1H20
Tilia Residences		472	472	465	7	1H20
Total		**10,639**	**8,056**	**7,479**	**3,160**	

Expected Completion for Upcoming Projects

Projects/Phases to be launched	Location	No. of Units Expected to be Completed		
		2018	2019	2020
China				
Sheshan Riviera	Shanghai	-	-	105
Hill Crest Villas	Chengdu	-	-	45
Serenity Villas		-	-	97
Waterfront Residences	Wuxi	150	570	296
Park Avenue Heights		348	-	231
Seasons Residences	Tianjin	-	-	346
Hill Crest Residences	Kunming	-	97	-
Total		**498**	**667**	**1,120**
Vietnam				
Palm Garden	Dist. 2	-	-	906
Cove Residences		-	-	156
Total		-	-	**1,062**

Commercial Projects - Under Development

Projects under Development	Location	Stake	GFA (sm)	Development Cost[1]	Completion
China					
Beijing Commercial	Beijing	51%	104,800	RMB2.7b	2020
Park Avenue Central	Shanghai	99%	115,900	RMB2.9b	2022
Seasons City	Tianjin	100%	161,800	RMB2.6b	2020 (Ph 1)
Indonesia					
IFC Jakarta Tower 1	Jakarta	100%	92,500	S$270m	2023
Vietnam					
Estella Place	HCMC	98%	37,000 (Retail)	US$50m	2018
Empire City		40%	86,400 (Office) 106,000 (Retail) 35,000 (Hotel) 25,000 (Serviced Apt)	US$580m	2024
Myanmar					
Junction City Ph 2	Yangon	40%	50,000	US$48.6m[2]	2021
Philippines					
SM-KL Project Ph 2	Manila	27.4%	110,100 (Office)	S$260m	2019 (Office)

(1) Excluding land cost (2) Investment cost for 40% stake

Commercial Projects - Completed

Key Completed Projects	Location	Stake	GFA (sm)	Net Lettable Area (sm)	Completion
Singapore					
Keppel Bay Tower	Singapore	100%	41,800	36,000	2002
Keppel Towers and Keppel Towers 2		100%	52,900	40,000	1991/1993
I12 Katong		22.4%	26,100	19,200	2011
China					
Trinity Tower (formerly known as SOHO Hongkou)	Shanghai	30%	70,000	48,600	2015
K Plaza		99.4%	40,900	27,000	Under renovation
Vietnam					
Saigon Centre Ph 1	HCMC	61.3%	17,200 (Office)	11,180 (Office)	1996
Saigon Centre Ph 2		61.3%	55,000 (Retail) 44,000 (Office)	37,600 (Retail) 34,000 (Office)	2016 (Retail) 2017 (Office)
Indonesia					
IFC Jakarta Tower 2	Jakarta	100%	61,300	50,200	2016
Myanmar					
Junction City Tower	Yangon	40%	53,100	33,400	2017
Philippines					
SM-KL Project Ph 1	Manila	27.4%	24,500	16,100	Under renovation
SM-KL Project Ph 2			46,300 (Retail)	30,340 (Retail)	2017
UK					
75 King William Street	London	100%	11,900	11,700	1989

As of end-Mar 2018

INFRASTRUCTURE

Financial Highlights - Infrastructure

S$m	1Q 2018	1Q 2017	% Change
Revenue	564	467	21
EBITDA	28	37	(24)
Operating Profit	17	26	(35)
Profit Before Tax	30	37	(19)
Net Profit	26	32	(19)

INVESTMENTS

Financial Highlights - Investments

S$m	1Q 2018	1Q 2017	% Change
Revenue	31	36	(14)
EBITDA	(1)	86	nm
Operating (Loss)/Profit	(1)	86	nm
(Loss)/Profit Before Tax	(40)	141	nm
Net (Loss)/Profit	(44)	125	nm

This presentation may contain forward-looking statements which are subject to risks and uncertainties that could cause actual results to differ materially from such statements. Such risks and uncertainties include industry and economic conditions, competition, and legal, governmental and regulatory changes. The forward-looking statements reflect the current views of Management on future trends and developments.