

Media Release

Keppel Corporation unveils Vision 2030

Transformation plans to propel Keppel's growth as one integrated business and a powerhouse of solutions for sustainable urbanisation.

Singapore, 28 May 2020 – Keppel Corporation announced today its Vision 2030 to drive the company's long-term strategy and transformation. From a conglomerate of diverse parts, Keppel plans to refocus its portfolio to be an integrated business, providing end-to-end solutions for sustainable urbanisation, with an asset management arm to fund the Group's growth and provide a platform for capital recycling.

Building on Keppel's strengths in engineering, developing and operating specialised assets, as well as capital and asset management, the Company will focus on four key business areas, namely energy and environment, urban development, connectivity and asset management – all part of a connected value chain. Besides organic growth, it will actively pursue strategic M&A opportunities to accelerate chosen growth engines, as well as selective divestments to free up its balance sheet. As part of this process, the Group has announced the strategic review of its logistics business.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "Amidst a rapidly changing global environment, Keppel must remain nimble and evolve to stay relevant and competitive. The year-long Vision 2030 exercise, which was completed last month, outlines the key tenets of our strategy as we seek to grow our business and seize opportunities created by macro trends such as the increasing focus on climate change, energy transition, urbanisation and technology proliferation. Notwithstanding expectations that COVID-19 will have a lasting impact on how many of us choose to live, work, learn and play, many of these macro trends will continue, and may even be accelerated by the pandemic."

"This is an exciting milestone for Keppel as we take the next step in our growth trajectory. Building on the company's strengths and business model, Vision 2030 will pave the way for Keppel to be a powerhouse of solutions for sustainable urbanisation – brightening lives with clean energy and environmental solutions, building vibrant and smart cities of the future, and at the same time generating higher returns and creating value for all our stakeholders."

With a sharpened business focus and a more asset-light model, Keppel will take a disciplined approach to capital allocation, based on four criteria:

- (i) Contribution to the Group's long-term 15% ROE target;
- (ii) Scalability;
- (iii) Potential for synergy and creation of new profit pools, and
- (iv) Alignment with the Company's Vision, Mission and environmental, social and governance (ESG) goals.

The Company plans to focus more on areas such as renewables, environmental solutions, nearshore floating infrastructure, connectivity solutions including green data centres, as well as integrated smart district development. It will also pro-actively activate its landbank to improve asset turns and returns, while channeling some of the freed balance sheet to support new growth initiatives. Melding technology and changing customer preferences, the Group will also explore new living, working and retailing solutions. Asset management is an important twin that will help fund the solutions created by the Group – real assets with cash flow and that serve as an inflationary hedge, which are increasingly sought after by pension and sovereign wealth funds. Keppel will also focus on growing its recurring income, while shifting away from lumpy project-based earnings.

Deepening the efforts in recent years to promote intra-company collaboration, Keppel will adopt a *OneKeppel* approach to harness the synergies of the Group and capture new profit pools that might not be available to individual business entities. These may include large-scale urban developments or floating data centre parks, which involve different capabilities within the Group. Keppel also plans to harness M1's digital solutions and the impending 5G network to enhance its suite of offerings.

Sustainability will be firmly at the core of the Company's strategy. Keppel has defined the businesses it would strictly avoid, maintain and focus on, based on their environmental sustainability. In its Sustainability Report 2019 published earlier this week, Keppel has identified Climate Action as a new material ESG issue that it would focus on, enhanced its tracking of GHG emissions to include Scope 3 emissions, and set new long-term targets to reduce waste and water consumption. Environmental sustainability has also been woven into the performance appraisal of senior management across the Group.

The preparation of Vision 2030 commenced in the first half of 2019, with a group of about 30 younger leaders across business units tasked to paint their visions for Keppel, taking into account emerging trends and the Group's track record and capabilities. These ideas were then distilled into a multi-year strategic plan to steer the Company's long-term development, with interim targets for 2025.

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