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Media Release

Keppel records sharp earnings growth for 3Q & 9M 2021 with improvements across all business segments

Singapore, 28 October 2021 – Keppel Corporation Limited (Keppel) has today released its voluntary business update for 3Q & 9M 2021. Net profit for the first nine months of 2021 was a sharp reversal from the net loss registered a year ago, with all segments performing better year on year[1]. Even excluding revaluations, major impairments and divestments in both years[2], net profit for 9M 2021 was also a significant improvement year-on-year. The Company's net profit for 3Q 2021 also grew strongly compared to a year ago, with all segments registering improved performance.

The Group's revenue was S$5,510 million for 9M 2021, which was 14% higher than S$4,818 million a year ago, underpinned by higher revenue contributions across all four key segments. The Group's net gearing was lower at 0.76x as at 30 September 2021, compared to 0.85x as at 30 June 2021, mainly due to proceeds from asset monetisation and the issuance of perpetual securities, which were offset by the payment of 2021's interim dividend.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "Keppel's business units have performed well. As a Group, we have recorded sharp improvements in earnings for 9M 2021 not only when compared to 2020, but even to pre-COVID 2019, excluding revaluations, impairments and divestments across periods.

"We have also made bold strides forward on our Vision 2030 roadmap since it was unveiled in late-May last year, and are confident of achieving most of our targets by 2025. To date, we have announced about S$2.4 billion in asset monetisation, received about S$1.6 billion of this in cash, and are on track to exceed our S$5 billion target by the end of 2023. The substantial capital unlocked from our asset monetisation programme would allow us to fuel Keppel's organic and inorganic growth plans, especially in areas such as renewables and decarbonisation solutions, and also reward shareholders for their continued confidence in the Company despite the challenging macroenvironment."

Keppel also updated that discussions on the proposed combination of Keppel Offshore & Marine (Keppel O&M) and Sembcorp Marine, and the establishment of Asset Co were progressing steadily. On the back of rising oil price, the jackup rig market is showing signs of improvement.

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[1] All segments performed better in 9M 2021, excluding a gain from the reclassification of Keppel Infrastructure Trust in 2020.

[2] In 1H 2020, the Group had taken S$930 million of impairments mainly related to Keppel O&M's stranded assets, receivables, stocks and its share of impairment provisions from Floatel.

With utilisation rates improving, Keppel O&M has also been receiving more enquiries on bareboat charters for its rig assets.

In 3Q 2021, Keppel announced the proposed acquisition of SPH ex-media. The requisite approvals have been obtained from the Monetary Authority of Singapore and Australia's Foreign Investment Review Board for the proposed SPH ex-media transaction, which is now pending Keppel and SPH shareholders' approvals for the transaction, court approval for the scheme and the completion of SPH's media divestment exercise[3]. Both Keppel's and SPH's shareholder meetings to seek approval for the proposed transaction are expected in November 2021.

More details on the business segments' updates for 3Q & 9M 2021 can be found in the addendum to this media release.

Reflecting its commitment to sustainability, Keppel had announced earlier this month its commitment to halve the Group's Scope 1 and 2 carbon emissions by 2030, compared to 2020 levels, and achieve net zero by 2050. The Group also laid out a climate action roadmap to achieve its carbon emissions reduction goals and contribute to global decarbonisation efforts.

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Responsibility Statements

The directors of the Company (including those who may have delegated detailed supervision of this media release) have taken all reasonable care to ensure that the facts stated and opinions expressed in this media release which relate to the Company (excluding information relating to SPH) are fair and accurate and that there are no other material facts not contained in this media release, the omission of which would make any statement in this media release misleading. The directors of the Company jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from SPH, the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this media release. The directors of the Company do not accept any responsibility for any information relating to SPH.

[3] *Please refer to the joint announcement released by the Offeror and SPH on 2 August 2021 for further details on the other scheme conditions.*

ADDENDUM

Energy & Environment

In the Energy & Environment segment, Keppel O&M was profitable for 9M 2021, reversing the net loss it had sustained in the same period a year ago. Keppel O&M was also EBITDA positive for 9M 2021, underpinned by improvements in margins and productivity. In the year to date, Keppel O&M has achieved a reduction in overheads of over S$90 million and will continue to streamline its operations. Keppel O&M has also strengthened its orderbook, which grew about 67% to S$5.5 billion as at 30 September 2021, compared to S$3.3 billion at the end of 2020. Amid industry disruptions related to COVID-19, Keppel O&M continues to work closely with customers and focus on execution. In 3Q 2021, Keppel O&M delivered five major projects promptly and without loss time incidents, for which it has received project incentives from various customers.

Keppel Infrastructure delivered resilient performance[4], although operating results for 3Q 2021 were lower year-on-year. Its revenue was S$2.1 billion for 9M 2021 compared to S$1.7 billion for 9M 2020, while EBITDA was S$86 million for 9M 2021 compared to S$119 million for 9M 2020. Keppel Infrastructure has gained traction in the areas of renewables, low-carbon and decarbonisation solutions and continues to position itself to capture such new opportunities in the region. In 3Q 2021, Keppel Infrastructure signed exclusive framework agreement with Electricite Du Laos as part of the Lao PDR-Thailand-Malaysia-Singapore Power Integration Project to explore importing renewable energy into Singapore. More recently, Keppel Infrastructure also secured a recurring Energy-as-a-Service contract from Perennial Business City and commenced district cooling supply to new customers at the One-North business park. Meanwhile, it has completed about 36% and 15% of its current integrated waste management facility projects in Hong Kong and Singapore respectively.

Urban Development

In the Urban Development segment, Keppel Land's performance[5] in 9M 2021 improved year-on-year, underpinned by contributions from China and Vietnam property trading projects and divestment gains. Notably, Keppel Land registered a 70% increase in home sales to 3,460 units in 9M 2021, bolstered by stronger performance across all its key markets, which are underpinned by urbanisation trends. While there are short term uncertainties in the Chinese market brought about by debt issues faced by Chinese developers, the current developments could result in stronger fundamentals in the longer term.

To deliver stronger returns, Keppel Land will continue to activate its sizeable landbank which is held at historical cost of S$4.0 billion[6] and located mainly in key cities in China and Vietnam where home prices have appreciated significantly over the years. In 9M 2021, Keppel Land completed the divestment of six projects for total consideration of over S$1.4 billion which yielded a net gain of about S$260 million[7]. As part of its asset-light strategy, Keppel Land is also seizing new opportunities to provide real estate as a service, in areas such as urban renewal and smart, sustainable townships, to grow its recurring fee-based income.

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[4] *Does not include contribution from the business trust.*
[5] *Does not include contributions from REITs, private funds and SSTEC.*
[6] *As at 30 September 2021.*
[7] *About S$190m of the net gains were recognised in 9M 2021, while the rest was recognised in 2020.*

Connectivity

In the Connectivity segment, Keppel Data Centres registered stronger performance[8] year-on-year in 9M 2021. As a group, Keppel completed investments in two data centres in China and one in the Netherlands in 9M 2021, as well as announced the acquisition of its third data centre asset in China. Keppel continues to see strong demand for its fibre pairs in the Bifrost Cable System. Marine surveys for Bifrost are progressing well and manufacturing of the cable system is expected to commence in 2022.

M1's 9M 2021 earnings were lower year-on-year due to lower roaming and prepaid revenue arising from the impact of COVID-19. Earnings for 3Q 2021 were, however, higher year-on-year due to an increase in contributions from the growing enterprise business. During the quarter, M1 made good progress with its 5G standalone network rollout, achieving 50% outdoor coverage since network trials began in July 2021. M1 is also actively expanding and exploring ways to monetise 5G use cases, a recent example being the collaboration with Keppel Land to offer a suite of intelligent solutions at Marina at Keppel Bay. M1 has also signed definitive agreements with Keppel DC REIT on the monetisation of its network assets with a book value of S$580 million, which will free up capital that can be reinvested in new capabilities and other growth initiatives.

Asset Management

In the Asset Management segment, Keppel Capital continued to perform strongly[9] year-on-year, mainly due to better operating results as well as mark-to-market gains from its investments. Keppel Capital's asset management fees[10] grew by about 29% year-on-year to S$167 million in 9M 2021, attesting to its growing track record as a leading manager of multi-asset classes bolstered by sustainable urbanisation trends. In the year to date, Keppel Capital raised total equity of over S$2.9 billion and completed over S$3.9 billion worth of acquisitions and divestments.

[8] *Does not include contributions from REITs and private funds.*
[9] *Includes 100% contribution from the manager of Keppel DC REIT.*
[10] *Includes 100% fees from subsidiary managers, joint ventures and associated entities, as well as share of fees based on shareholding stake in associate with which Keppel has strategic alliance.*