Address by Mr Loh Chin Hua, CEO of Keppel Corporation

FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2019

1. Good evening. Welcome to the conference and webcast on Keppel Corporation's results and performance for the fourth quarter and full year of 2019.

2. With the Lunar New Year just around the corner, may I also take the opportunity to wish you all good health, happiness and prosperity in the new year.

Progress towards Vision 2020

3. 2020 is an important milestone for Keppel. In 2014, the Group adopted a Vision 2020 to guide our long-term strategy and transformation. It includes comprehensive targets related to financial performance, people, processes and our broader stakeholders.

4. Over the past few years, we have made significant progress towards our vision. These include privatising our listed operating entities to facilitate better capital allocation, strengthening our existing businesses as we grow new engines, establishing Keppel Capital as a platform for capital recycling and to tap third party funds for growth, as well as growing from being mainly a B2B company into the B2C space.

5. We have also actively promoted collaboration among our business units and united the Group behind a common mission. Today, Keppel is an eco-system of companies providing solutions for sustainable urbanisation. We see sustainability as being core to our strategy, not just in terms of how we deal with environmental, social and governance (ESG) issues, but as a source of business opportunities, as we channel the Group's capabilities and resources to meet the needs of sustainable development.

Financial Performance

6. Against a volatile and challenging 2019 characterised by slowing global growth, trade tensions and geopolitical risks, Keppel has performed creditably.

7. For FY 2019, we made a net profit of S$707 million, with improved performance by Keppel Offshore & Marine (O&M), Keppel Infrastructure and Keppel Capital. Net profit for the Group was lower year-on-year, as Keppel Land had benefitted from a few lumpy divestments and en-bloc sales in 2018, which contributed S$584 million to net profit.

8. Significantly, the Group's earnings in 4Q 2019 were up by 42% year-on-year, due to stronger performance by the O&M, Property and Investments divisions.

9. ROE was 6.3%, while our free cash outflow stood at S$653 million in 2019, compared to the cash inflow of S$515 million in 2018.

10. Net gearing was lower at 0.85x as at end-2019, compared to 0.88x as at end-September 2019, due mainly to cash inflows from operations and higher capital employed arising from profits for the quarter.

11. The Board of Directors will be proposing a final dividend of 12.0 cents per share. Together with the interim cash dividend of 8.0 cents per share, we will be paying out a total cash dividend of 20.0 cents per share to shareholders for the whole of 2019. This represents a payout ratio of 51% of our net profit.

Multiple Income Streams

12. We continue to focus on improving the quality of our earnings. Recurring income has grown to S$260 million, compared to S$232 million in 2018, largely due to higher contributions from asset management, infrastructure, and the consolidation of M1.

Offshore & Marine

13. The O&M industry continues to show signs of recovery. The utilisation and day rates for jackups continue to improve, but it would take some time for these to translate into new orders, given the continuing oversupply in the market. The outlook for the floater segment is also positive, with activity and demand expected to increase gradually in the next couple of years.

14. In the near-term, we will continue to actively seek opportunities in the oil and gas production market where a number of project FIDs are expected in 2020. We will also pursue projects in the growing offshore renewables sector, as well as niche segments of the specialised vessel market.

15. On the back of our increased topline, cost management efforts and lower impairment provisions, our O&M Division achieved a net profit of S$10 million, a significant improvement over the loss of S$109 million in FY 2018. This is the first time our O&M Division has returned to profitability since FY 2016. The operating profit in FY 2019 was S$76 million before revaluations, major impairments and divestments (RIDs), more than double the S$37 million for FY 2018.

16. During the year, Keppel O&M remained focused on execution, delivering 13 newbuild and conversion projects. In addition, we started 2020 with the delivery of the fifth out of 11 jackup rigs that we are building for Borr Drilling.

17. Our new order wins for 2019 were in excess of S$2.0 billion, up 18% compared to 2018. Keppel O&M's diversification strategy has borne fruit, with gas and renewables making up over 60% of these new orders. During the year, we also secured over 100 scrubber and ballast water treatment system retrofit projects, as shipowners sought to meet the IMO 2020 requirements on the sulphur content of marine fuel, as well as the standards set out by the Ballast Water Management Convention.

18. Our net orderbook stood at S$4.4 billion as at end-2019. To manage the increased workload, Keppel O&M hired 2,800 additional direct employees over the course of 2019, more than we had initially anticipated, and we expect to increase our headcount by a further 1,500 in 2020. With Keppel O&M having returned to profitability, our goal for 2020 is to further enhance the performance of our O&M business.

Property

19. Our Property Division recorded a net profit of S$517 million for FY 2019. Keppel Land's net profit stood at S$527 million for FY 2019, 44% lower than the S$944 million for FY 2018, due to fewer en-bloc sales and divestments in 2019. If we were to exclude en-bloc sales and RIDs in both years, Keppel Land's net profit in FY 2019 was about S$260 million, an improvement over the S$236 million in FY 2018.

20. To further expand our property business, we completed nine acquisitions totalling about S$0.5 billion in 2019, across China, Vietnam and India. We have also broken ground for Saigon Sports City, which Keppel Land and Keppel Urban Solutions are collaborating to develop into a smart, integrated township in District 2 of Ho Chi Minh City.

21. Our property business is diversified across several key Asian countries, with China and Vietnam contributing 36% and 31% of Keppel Land's net earnings respectively. Vietnam, in particular, has been a growing market for the Group, with earnings growing steadily, and contributing S$165 million to Keppel Land's net profit in FY 2019.

22. In 2019, we sold about 5,150 homes, 16% more than the 4,440 homes sold in 2018, achieving a total sales value of about S$3.2 billion. Despite the slowdown in the Chinese economy, we continue to see healthy demand in the cities where we operate. Home sales in China grew by more than 50% year-on-year to 3,400 units, with a total value of about S$2.2 billion, compared to S$1.0 billion in 2018. Sales in Vietnam have also remained healthy at 950 units.

23. Home sales have increased in Singapore, with 250 units sold in 2019 compared to 160 units in 2018. We have seen an increase in units sold at Keppel Bay, following the announcements on the development of the Greater Southern Waterfront. We plan to launch 19 Nassim later this year, and will also consider launching Plot 4 at Keppel Bay, taking into account market conditions.

24. Our total residential landbank stands at about 45,200 homes, with some 17,400 homes in key Asian cities which will be launch-ready from 2020 to 2022. In our commercial portfolio, Keppel Land has about 1.6 million square metres of gross floor area, of which about half is under development.

25. We expect to recognise revenue from the sale of some 8,720 overseas homes worth a total of about S$3.9 billion, upon completion and handover from 2020 to 2022.

26. Looking ahead, we will seek to turn our assets faster in order to achieve the target ROE of 12% for Keppel Land.

Infrastructure

27. Our Infrastructure Division achieved stable net profit at S$169 million for FY 2019. Keppel Infrastructure continued to grow as a steady contributor to the Group's earnings, with net profit improving from S$117 million for FY 2018 to S$133 million for FY 2019, due to improved performance from Energy Infrastructure and Environmental Infrastructure.

28. Keppel Marina East Desalination Plant is close to completion and is currently undergoing testing and commissioning. It is scheduled to commence operations in 1H 2020, and will start contributing to the earnings of Infrastructure Services. The Hong Kong Integrated Waste Management Facility is progressing well and has been making meaningful contributions to our bottom line.

29. In 2019, Keppel Infrastructure entered new markets and invested in technologies which expanded our capabilities as a solutions provider for sustainable urbanisation. We invested in the MET Group, an integrated European energy company, and Zerowaste Asia, which provides environmental solutions in industrial waste and wastewater treatment.

30. The data centre business is an important growth engine for Keppel. Earnings from our data centre business are lower at S$67 million in FY 2019 compared to S$76 million in FY 2018, due mainly to the absence of gain arising from the sale of a stake in Keppel DC REIT in 2018.

31. During the year, Alpha DC Fund and Keppel Data Centres divested Keppel DC Singapore 4 (SGP 4) to Keppel DC REIT, with SGP 4 contributing S$50 million in revaluation and divestment gains. We will continue to earn recurring income from the operation and maintenance of the data centre, as well as asset management fees. This is a good example of how the Keppel Group creates value and earns different income streams through the life cycles of the assets we build, operate, maintain and manage.

Investments

32. Our Investments Division made a net profit of S$11 million, an improvement over the S$54 million loss sustained in FY 2018, despite our share of losses in KrisEnergy.

33. Our asset management business has performed well. Keppel Capital's net profit grew to S$74 million in FY 2019, compared to S$62 million in FY 2018. Its AUM has also grown by 14% from S$29 billion to S$33 billion as at end-2019. In 2019, Keppel Capital completed about S$8.4 billion in acquisitions and divestments, and raised equity and debt of S$9.5 billion.

34. 2019 also saw Keppel Capital expanding its asset classes with a joint debt mezzanine platform together with Pierfront Capital. Following strong interest from investors, Keppel Capital will soon launch a new Keppel Asia Infrastructure Fund to seize opportunities in the fast-growing energy and sustainable infrastructure sectors.

35. A major milestone last year was the privatisation of M1, which contributed a total of S$153 million to the Group's earnings for FY 2019, including a re-measurement gain from the previously held interest in M1 and after taking into account charges related to the acquisition.

36. We are driving M1's transformation to enhance its competitiveness and contributions to the Group. During the year, despite a challenging competitive landscape, M1 grew its post-paid customer base by about 11% to about 1.535 million, compared to 1.384 million as at end-2018.

37. In the past six months, M1 has been making significant headways in 5G developments, including embarking on 5G research and trials with universities in Singapore, and working with Singapore government agencies and other partners to co-develop use cases to deliver the full potential of 5G technology. Earlier today, we announced that M1 and StarHub have signed an exclusive agreement to cooperate and submit a joint bid for a 5G licence.

38. Over in China, the Sino-Singapore Tianjin Eco-City continues to grow steadily. Our joint venture master developer, SSTEC, continues to actively drive the city's development, including selling two land plots for about RMB1.5 billion in 2019. This reflects the continuing demand for homes in the Eco-City, where over 4,000 homes were sold in 2019.

Conclusion

39. As we start a new decade, we have also begun planning our growth trajectory to 2030. In the first half of 2019, we gathered a group of younger Keppel business leaders to paint their visions for the company in 2030. Many interesting ideas have been surfaced, which we will take on board as we chart the company's Vision 2030, with interim targets for 2025.

40. More will be shared on our Vision 2030 later this year, but it is quite clear that we see Keppel growing as one integrated business providing solutions for sustainable urbanisation. Through our integrated business model, we will seek to create value across

the Group, and improve both the magnitude and quality of our earnings, while enhancing returns though active capital recycling. We will also endeavor to narrow the gap between our share price and the value of our underlying businesses by further deepening collaboration and tapping the synergies of the Group.

41. We will further strengthen our commitment to sustainability and combating climate change, including introducing an internal carbon price in the evaluation of all major investment decisions and enhancing our climate risk assessment.

42. Last October, Temasek announced a voluntary pre-conditional partial offer to acquire an additional 30.55% of shares in Keppel Corporation. If successful, the partial offer will result in Temasek and the offeror owning an aggregate 51% of Keppel. We are unable to comment on the pre-conditional partial offer, but we hold the view that there is long-term value in Keppel's businesses, a view which Temasek shares. We will, as always, work hard to deliver value to all our shareholders.

43. I will now invite our CFO, Hon Chew, to take you through the Group's financial performance. Thank you.

ADDRESS BY MR CHAN HON CHEW, CHIEF FINANCIAL OFFICER, KEPPEL CORPORATION

FINANCIAL YEAR ENDED 31 DECEMBER 2019

4Q 2019 Financial Performance (Slide 19)

1. Thank you, Chin Hua, and a very good evening to all. I shall now take you through the Group's financial performance.

2. In the fourth quarter of 2019, the Group recorded a net profit of $192 million, which was 42% higher than the same quarter in 2018.

3. Correspondingly, the earnings per share increased by 40% to 10.5 cents in this quarter.

4. The Group's revenue for the fourth quarter was 31% or $521 million higher than the same quarter in the preceding year. All divisions, except the Property Division, registered higher revenues during the quarter.

5. Operating profit improved by $206 million, largely due to lower impairment provisions, higher fair value gains on investment properties, and consolidation of M1's results.

6. Profit before tax at $238 million, increased by a smaller extent as compared to the increase for operating profit, due mainly to lower share of profits from associated companies.

7. After tax and non-controlling interests, net profit was 42% or $57 million higher at $192 million, translating to earnings per share of 10.5 cents.

4Q 2019 Revenue by Segment (Slide 20)

8. In the next slide, we take a closer look at the Group's revenues by division.

9. In the fourth quarter of 2019, the Group's revenue at $2.2 billion was 31% higher than the same quarter in the preceding year.

10. Revenue from the Offshore & Marine Division increased by 49% to $775 million mainly attributable to higher revenue recognition from ongoing projects, such as the Awilco semi-submersible rigs and Golar Gimi FLNG.

11. The Property Division saw a 13% decline in revenue mainly due to the absence of units handed over compared to the same quarter in 2018, from trading projects in Vietnam such as Estella Heights in Ho Chi Minh City, and from China, Seasons Residences in Shanghai, as well as lower number of units handed over at Waterfront Residences in Wuxi.

12. Infrastructure Division saw a 2% growth in revenue as a result of higher progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project.

13. Revenue from the Investments Division increased by $300 million to $340 million largely due to the consolidation of M1's revenues and higher revenue from the asset management business.

4Q 2019 Pre-tax Profit by Segment (Slide 21)

14. Moving on to the Group's pre-tax profit.

15. The Group recorded $238 million of pre-tax profit for the fourth quarter of 2019, 44% higher than the same quarter in the preceding year.

16. The Offshore & Marine Division registered a lower pre-tax loss of $37 million compared to the $97 million loss in the fourth quarter of 2018. This was mainly due to higher operating results arising from higher revenue and lower impairment provisions, partly offset by share of losses from associated companies and the absence of write-back of provision for claims as compared to 2018.

17. The Property Division's pre-tax profit increased by $26 million to $242 million, due mainly to higher fair value gains on investment properties, higher profits from property trading projects in Singapore and higher investment income. These were partly offset by lower contribution from property trading projects in Vietnam and China as well as higher net interest expense.

18. The Infrastructure Division's pre-tax profit of $25 million was 50% lower than the preceding year, mainly due to share of losses from associated companies against profits in 2018 as lower fair value gains were recognised from data centres, as well as lower contribution from Infrastructure Services, partly offset by higher contributions from Energy Infrastructure and Environmental Infrastructure.

19. Excluding the charges relating to the acquisition of M1, the Investments Division registered a pre-tax profit of $16 million as compared to a pre-tax loss of $4 million in the preceding year. This was mainly due to higher contribution from the asset management business and consolidation of M1 results as well as lower provision for impairment of an associated company. These were partly offset by lower contribution from the Sino-Singapore Tianjin Eco-City and write-off of a receivable.

4Q 2019 Net Profit by Segment (Slide 22)

20. After tax and non-controlling interests, the Group's net profit increased by 42% to $192 million, with the Property Division being the top contributor to the Group's earnings, followed by the Infrastructure Division.

FY 2019 Financial Performance (Slide 23)

21. I shall now take you through the performance for the financial year 2019.

22. Compared to the financial year 2018, net profit for 2019 was 25% lower at $707 million.

23. Consequently, ROE decreased to 6.3%.

24. Free cash outflow for the financial year 2019 was $653 million as compared to an inflow of $515 million in 2018 mainly due to higher working capital requirements with the construction progress of Offshore & Marine's major projects, and Keppel Land's additional property development and land acquisition costs, as well as lower proceeds from en-bloc sales.

25. Net gearing increased from 0.48x at the end of 2018 to 0.85x at the end of 2019. This was due mainly to borrowings drawn down for the acquisition of M1 and the privatisation of Keppel Telecommunications & Transportation, higher working capital requirements, payment of the final dividend for 2018 and interim dividend for 2019, as well as the recognition of lease liabilities following the adoption of Singapore Financial Reporting Standards (International) 16 on leases.

26. During the year, the Group earned a total revenue of about $7.6 billion, an increase of 27% or $1.6 billion compared to 2018. All divisions registered higher revenues during 2019, except for a marginal decrease in the Property Division.

27. Despite higher revenues, operating profit at $877 million was 17% or $178 million lower than in the preceding year. This was due mainly to lower gains from en-bloc sales of development projects and the absence of gain from divestment of Beijing Aether as compared to 2018, partially offset by fair value gain from the re-measurement of previously held interest in M1 arising from the acquisition in 2019.

28. Profit before tax, at $954 million, decreased by a higher percentage of 23% due mainly to higher net interest expense, as a result of higher borrowings and the adoption of Singapore Financial Reporting Standards (International) 16 on leases, as well as lower share of profits from associated companies, partly offset by higher investment income.

29. After tax and non-controlling interests, net profit at $707 million was 25% or $241 million lower, translating to earnings per share of 38.9 cents.

FY 2019 Revenue by Segment (Slide 24)

30. In the next slide, we take a closer look at the Group's revenues by division.

31. For 2019, the Group earned total revenues of about $7.6 billion, 27% higher than the preceding year.

32. The Offshore & Marine Division recorded an increase in revenue of $345 million due mainly to higher revenue recognition from ongoing projects, partly offset by the absence of revenue recognised from the sale of jackup rigs to Borr Drilling as compared to 2018.

33. The Property Division's revenues decreased marginally by $4 million from the prior year, mainly due to the absence of revenue from Highline Residences, which was fully sold by the first quarter of 2018, partly offset by higher revenue from China trading projects.

34. Infrastructure Division saw an 11% growth in revenue as a result of increased sales in the power and gas business, as well as progressive revenue recognition from the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project.

35. Revenue from the Investments Division increased by $976 million to $1.1 billion, largely due to the consolidation of M1's revenues and higher revenue from the asset management business.

FY 2019 Pre-tax Profit by Segment (Slide 25)

36. Moving on to the Group's pre-tax profit.

37. The Group recorded $954 million of pre-tax profit for 2019, 23% lower than the prior year.

38. The Offshore & Marine Division's pre-tax loss was $24 million as compared to a higher pre-tax loss of $113 million in 2018. This was mainly due to higher operating results arising from higher revenue, lower impairment provisions and lower net interest expense, partly offset by share of losses of associated companies and the absence of write-back of provision for claims as compared to 2018.

39. The Property Division's pre-tax profit was 41% lower at $707 million, due mainly to lower gains from en-bloc sales of development projects and the absence of gain from divestment of Beijing Aether, as mentioned earlier. These were partly offset by higher contribution from property trading projects in China, higher investment income, higher fair value gains on investment properties and higher contribution from associated companies.

40. The Infrastructure Division's pre-tax profit of $188 million was marginally higher than the prior year's profit of $184 million, due mainly to higher fair value gains on data centres and higher contributions from Energy Infrastructure and Environmental Infrastructure, partly offset by lower contributions from Infrastructure Services and the logistics business, as well as the absence of gain arising from the sale of stake in Keppel DC REIT as compared to 2018.

41. Excluding the charges relating to the acquisition of M1, the Investments Division registered a pre-tax profit of $136 million as compared to a pre-tax loss of $19 million in the preceding year. This was mainly due to the fair value gain from the re-measurement of previously held

interest in M1 arising from the acquisition, higher contribution from asset management business as well as consolidation of M1 results and lower provision for impairment of an associated company. These were partly offset by lower share of profit from the Sino-Singapore Tianjin Eco-City, higher interest expense, higher fair value loss on KrisEnergy warrants and write-off of a receivable.

FY 2019 Net Profit by Segment (Slide 26)

42. After tax and non-controlling interests, the Group's net profit decreased by 25% to $707 million. All divisions are profitable this year, with Property Division being the top contributor to the Group's earnings, followed by the Infrastructure, Investments and Offshore & Marine Divisions.

Net Profit and EPS (Slide 27)

43. The Group's net profit of $707 million for the financial year 2019 translated to earnings per share of 38.9 cents.

ROE & Dividend (Slide 28)

44. ROE decreased to 6.3% in 2019 from 8.4% in 2018.

45. Our proposed final dividend to our shareholders for 2019 will be 12.0 cents per share. Including the interim dividend paid, the total distribution for 2019 will be 20.0 cents per share.

Free Cash Flow (Slide 29)

46. Cash flow from operations was $994 million as compared to $561 million in 2018.

47. After accounting for working capital changes, interest and tax, net cash outflow from operating activities was $825 million, as compared to an inflow of $125 million in the prior year, due mainly to increase in working capital requirements, with the construction progress of Keppel Offshore & Marine's major projects such as the Awilco semis, Borr jack-up rigs and Golar Gimi FLNG vessel, as well as Keppel Land's additional property development costs and acquisition cost of a land plot in Tianjin.

48. Net cash generated from investing activities was $172 million comprising divestment proceeds and dividend income from associated companies totalling $413 million, and net advances from associated companies of $97 million, partly offset by investments and operational capital expenditure of $338 million. Net cash generated from investing activities in 2018 was higher at $390 million largely due to the cash inflow from en-bloc sales in China and Vietnam.

49. As a result, there was an overall free cash outflow of $653 million for 2019, as compared to an inflow of $515 million in 2018.

50. With that, we have come to the end of the presentation, and I shall hand the time back to our CEO, Chin Hua, for the Q&A section. Thank you.