Address by Mr Loh Chin Hua,
Chief Executive Officer, Keppel Corporation Limited

FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2018

1. Good evening and welcome to the conference and webcast on Keppel Corporation's results and performance for the fourth quarter and full year of 2018.

2. As the Chinese Lunar New Year is less than two weeks away, may I also take the opportunity to wish everyone good health, happiness and prosperity in 2019.

Transformational year

3. The international economic outlook has turned more uncertain in recent months, with slowing global growth and trade tensions among the world's largest economies.

4. In China and Singapore, property market cooling measures have affected sentiments, although we continue to see healthy demand in key Chinese cities such as Chengdu and Nanjing, where we have deepened our presence.

5. We are also seeing growing demand for cleaner forms of energy such as LNG, environmental solutions such as WTE plants, and data centres, all of which are solutions provided by the Keppel Group.

6. Against a volatile backdrop, 2018 was a transformational year for Keppel, as we continued to re-invent and position ourselves for long-term growth.

7. Beyond executing our existing businesses, we are actively exploring and investing in new businesses, such as senior living and renewable energy infrastructure, with a view to developing future growth engines. We remain disciplined in picking only businesses that fall within our mission of providing solutions for sustainable urbanisation.

8. We are also growing our presence in B2C businesses. We have gained traction in urban logistics, including last mile delivery and channel marketing, through UrbanFox. Now, with over 50,000 household customers in the retail electricity market, we are one of the leading electricity retailers in Singapore.

9. We have also undertaken a strategic initiative, together with SPH, to gain majority control of M1, with the goal of transforming the business to compete more effectively, and harnessing synergies from collaboration with other parts of the Keppel Group.

10. On 21 January 2019, M1 published the opinion of its independent financial adviser that "the financial terms of the Offer are fair and reasonable and not prejudicial to the interests of shareholders as a whole". The independent directors of M1 concur with the advice of the independent financial advisor with respect to the Offer and have recommended to shareholders to accept the Offer and the Options Proposal. The Offeror has subsequently announced that it does not intend to increase the Offer Price of S$2.06 under any circumstances.

11. We have also announced a scheme of arrangement to privatise Keppel T&T, to better align its interests with the rest of the Group.

12. Despite the challenging economic outlook, through steps we have taken in recent years to strengthen our core, build resilience and stay relevant with new business models and better value propositions for our customers, we will continue to execute on our plan to make Keppel a preferred solutions provider for sustainable urbanisation.

Financial Performance

13. The Group performed well for 2018. We achieved a net profit of S$944 million, up 382% from S$196 million in 2017, or up 16% from S$815 million, if we exclude the one-off financial penalty of S$619 million for the global resolution and related costs.

14. This was underpinned by improved performance across our Offshore & Marine (O&M), Property and Infrastructure divisions, with Property making the biggest contribution to the Group.

15. Our Return on Equity (ROE) was 8.3% while the Group's Economic Value Added was S$252 million in 2018.

16. Our free cash inflow stood at S$515 million in 2018 against S$1,802 million in 2017.

17. Net gearing was 0.48x at end-2018, slightly higher than 0.46x at end-2017.

18. The Board of Directors will be proposing a final dividend of 15.0 cents per share. Together with the interim cash dividend of 10.0 cents per share and special cash dividend of 5.0 cents per share distributed last August to celebrate Keppel's golden jubilee, we will be paying out a total cash dividend of 30.0 cents per share to shareholders for the whole of 2018. Excluding the special dividend, this represents a payout ratio of 48% of our net profit.

Multiple Income Streams

19. Recurring income amounted to S$247 million, compared to S$307 million in 2017. We remain focused on improving the quality of our earnings and growing recurring income to be a stable contributor to the Group.

Offshore & Marine

20. Notwithstanding the recent volatility in oil prices, there is growing optimism in the O&M sector, with more projects sanctioned at oil prices of between US$55 and US$65 a barrel. With the gradually declining rig supply overhang, as well as increased tendering activity, there are signs of improvements in the offshore rig sector, though we do not envisage a V-shaped recovery.

21. In the immediate future, we are cautiously optimistic about the offshore production market. We see opportunities in FPSOs, especially conversions, with several projects approaching Final Investment Decisions (FID) in 2019 and 2020. Global demand for gas, led by Asia, continues to grow, with a

few FSRU projects also targeting FID later this year. Keppel Shipyard has also seen a pick-up in ship repair works boosted by exhaust gas scrubber retrofits. We secured 65 of such contracts last year from a variety of customers.

22. Keppel O&M made a profit at both the operating and attributable levels for the full year, excluding RIDs, on the back of our extensive rightsizing efforts and new contract wins. However, the Division registered a loss of S$109 million, after provisions, including an additional provision of S$167 million for expected losses on the rigs for Sete Brasil, partially offset by write-backs for provisions for claims.

23. We secured new contracts totalling S$1.7 billion in 2018 which is more than the S$1.2 billion of new orders won in the whole of 2017. Significantly, LNG and scrubber projects made up more than S$600 million of the new contracts secured in 2018. Keppel O&M's net order book has grown to S$4.3 billion as at end-2018, compared to S$3.9 billion at end-2017.

24. Keppel O&M has received a limited notice to proceed from Golar LNG to commence early conversion works on Golar Gimi for BP's Greater Tortue-Ahmeyim field. Full construction activities will commence when Keppel Shipyard receives the final notice to proceed. Hilli Episeyo, the world's first converted FLNG vessel which we delivered in late 2017, has maintained 100% uptime since she began commercial operations and has despatched 13 LNG cargoes to date. Hilli's successful proof of concept as a quick and cost-efficient solution for monetising stranded gas reserves continues to add momentum to new opportunities in the liquefaction vessel space.

25. The Group remains committed to putting in place effective and robust compliance and governance regimes and discharging the undertakings given as part of the 2017 global resolution Keppel O&M had reached with the relevant criminal authorities. The enhancements to the compliance processes and procedures included increasing the resources of the Group's internal audit function and conducting anti-corruption compliance audits. In 2018, Keppel O&M engaged an ISO 37001 consultant to conduct a risk review and audit of anti-corruption compliance at Keppel O&M and in November 2018, Keppel O&M's entities in Singapore achieved certification for the ISO 37001 Anti-Bribery Management System. We will continue to strengthen our policies and procedures to ensure that we win business legally and ethically.

Property

26. Our Property Division recorded a net profit of S$938 million for 2018, up 44% from S$650 million a year ago.

27. Keppel Land made a net profit of S$940 million, 41% higher than the S$666 million in 2017. ROE for Keppel Land was 11.4%, while its gearing was 0.19x as at end-2018.

28. In line with our goal to make Keppel Land a real estate company with one of the highest returns in Asia, we will continue to increase our asset turns and make our property portfolio work harder for us.

29. We completed acquisitions totalling about S$0.8 billion in 2018, including residential sites in China and Indonesia and a commercial development in Singapore in the fourth quarter. Over the year, Keppel Land also completed divestments and en bloc sales totalling about S$1.7 billion.

30. We sold about 4,440 homes, half of which were in China, achieving a total estimated sales value of about S$1.8 billion. This does not include the sale of five projects which is equivalent to approximately 11,500 units sold en-bloc.

31. We expect to recognise revenue for some 8,410 overseas homes that have already been sold amounting to about S$2.7 billion, upon completion and handover from 2019 to 2021.

32. Over the course of 2018, we replenished our landbank with the addition of about 3,600 units in China and 500 units in Indonesia, bringing our total landbank to close to 50,000 homes. We currently have about 19,000 homes in key Asian cities which are launch-ready.

33. In its commercial portfolio, Keppel Land has about 1.5 million square metres of gross floor area, of which about 60% is under development.

Capturing Opportunities in China

34. In China, we are positioning ourselves to capture more opportunities by selectively expanding and deepening our presence in high-growth regions and cities. While property cooling measures have had an impact on the market, urbanisation trends and growing income levels continue to drive demand for quality housing and commercial developments in key regions and cities. We will focus in particular on the Jing-Jin-Ji region, Yangtze River Delta, Greater Bay Area and the Chengdu metropolis, where we see considerable growth potential.

35. Keppel Land currently has a sizeable landbank of about 21,800 homes in China. In 2018, we completed new investments amounting to S$680 million to expand our portfolio in Nanjing, Chengdu and Sino-Singapore Tianjin Eco-City. We continue to see healthy demand-supply balance in these markets, where the supply of homes with pre-sale permits is expected to be absorbed in less than six months.

Infrastructure

36. Our Infrastructure Division delivered a net profit of S$169 million for 2018, an increase over the S$134 million for 2017. Keppel Infrastructure continued to perform well, with a net profit of S$117 million in 2018 compared to S$109 million in 2017, mainly due to better performance from environmental infrastructure and infrastructure services.

37. In 2018, we secured some S$120 million worth of contracts for energy and environmental infrastructure across Singapore, Australia and Europe.

38. The construction of the Keppel Marina East Desalination Plant has achieved 65% completion. Meanwhile, the design and engineering for the Hong Kong Integrated Waste Management Facility are on track and the project will contribute to our bottomline from this year.

39. Last year, Keppel Electric became the largest electricity retailer in Singapore in terms of market share in the commercial and industrial sector. It will continue to improve on its offerings to further extend its reach into the household electricity market. Preliminary results show that it is among the electricity retailers with the largest market shares in the Open Electricity Market.

40. Keppel Logistics continued to grow its omnichannel business. Its channel management customer base has grown significantly, while deliveries doubled in the course of 2018. Partly due to impairment loss on an asset, and investments into building new capabilities to transform the urban logistics business, we incurred a loss of S$24 million for logistics and other operations.

41. Our data centre business contributed S$76 million for 2018, an increase over the S$15 million for 2017.

42. During the year, the Group acquired four new data centre projects across Asia and Europe. We have expanded our portfolio from nine in 2014 to 22 data centres today with a total value of about S$2.7 billion. The total net lettable area of the Group's data centre portfolio has grown from 0.6 million sq ft in 2014 to 1.7 million sq ft in 2018, registering a 32% CAGR over the past five years. To further grow its capabilities, Keppel T&T is also exploring innovative concepts including high-rise data centres and floating data centre parks which utilise naturally chilled water to cool the facilities.

Investments

43. The performance of our Investments Division was affected mainly by our share of losses relating to KrisEnergy. We have also made a provision amounting to S$53 million for impairment on investment in an associated company.

44. 2018 was an active year for Keppel Capital, which announced acquisitions worth over S$2.0 billion and explored new platforms for long-term growth, including expanding into new markets and asset classes.

45. Alpha Investment Partners, Keppel Capital’s private fund management arm, has announced the final closing of the Alpha Asia Macro Trends Fund (AAMTF) III, which raised a total of about US$1.1 billion. AAMTF III is the third value-add pan-Asian fund in the Alpha Asia Macro Trends series which focuses on mega trends driving long-term growth in the Asia-Pacific.

46. Our asset management business continued to contribute steadily to the Group, though earnings were lower year-on-year due to higher expenses for growth initiatives, lower fees following the divestment of several assets and lower one-off performance fees.

47. Our REITs and Trust have continued to expand and optimise their asset base to deliver value for unitholders. Keppel Infrastructure Trust has proposed the acquisition of Ixom, which is among the leading industrial infrastructure businesses in Australia and New Zealand, supplying and distributing water treatment chemicals as well as industrial and specialty chemicals.

48. Keppel Capital’s total AUM remained stable at about S$29 billion as at end-2018, following a few divestments by Alpha.

49. Leveraging our track record in master development, Keppel Urban Solutions has signed an MOU to collaborate with Envision Technology Group to develop a new Smart IoT City in Wuxi. We are familiar with Wuxi, where Keppel Land has been active for more than a decade, and see good growth potential in the city.

50. Reflecting the continued growth of the Eco-City, the Sino-Singapore Tianjin Eco-City Investment and Development Company sold three residential land plots, with total site area of around 28 ha, for RMB 3.4 billion in 2018. One plot was acquired by Keppel Land to build on its strong track record and tap the healthy demand for homes in the Eco-City. So far, Keppel Land has sold about 98% of the 4,500 homes which it has launched in the Eco-City.

Pursuing Growth Opportunities

51. Notwithstanding the challenging macro environment, urbanisation trends continue to present many exciting long-term opportunities for Keppel, whether it is providing energy, property, environmental solutions or connectivity.

52. We will remain focused on building a nimble and agile Keppel, ready to seize opportunities in our existing businesses even as we grow new engines for the future. We will also further strengthen collaboration, both within the Group and with third parties, to provide more robust solutions to shape a sustainable future.

53. 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 2018

4Q 2018 Financial Performance (Slide 21)

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 2018, the Group recorded a net profit of $135 million, as compared to a net loss of $492 million recorded in the same quarter in 2017.

3. Given the size of the impact of global resolution and its one-off nature in 2017, the analysis of the fourth quarter and full year results in the following slides is normalized to exclude the global resolution penalty and related costs in 2017. This is done to allow a more meaningful analysis of the underlying performance of the Group.

4Q 2018 Financial Performance (Slide 22)
(Excluding one-off global resolution & related costs)

4. On this basis, the Group's fourth quarter net profit of $135 million was $8 million or 6% higher year-on-year, and EVA correspondingly improved from a negative $267 million to a negative $132 million.

5. The Group's revenue for the quarter was 9% higher than the same period in the preceding year. All divisions, except the Property Division, registered higher revenues during the quarter.

6. Operating profit for the quarter decreased by 97% or $142 million, to $5 million despite registering higher revenues. This was attributed mainly to lower fair value gains on investment properties in the Property Division, higher provisions for expected losses on Sete Contracts and provision for impairment of an associated company in the Investments Division.

7. Profit before tax decreased by a smaller extent of 19%, mainly due to higher share of profits from associated companies, mainly Sino-Singapore Tianjin Eco-City, Floatel International and Keppel DC REIT.

8. After tax and non-controlling interests, net profit was 6% higher at $135 million, translating to earnings per share of 7.4 cents.

4Q 2018 Revenue by Segments (Slide 23)

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

10. In the fourth quarter of 2018, the Group earned total revenues of about $1.7 billion, 9% higher than the same quarter in the preceding year.

11. The Offshore & Marine Division reported a 6% increase in its top-line as a result of higher revenue recognition from ongoing projects.

12. Revenue from the Property Division saw a 14% decline due mainly to absence of revenue compared to the same quarter in 2017 from Highline Residences which was fully sold by first quarter this year, lower revenue from Reflections at Keppel Bay and 8 Park Avenue in Shanghai. These were partly offset by higher revenue from Estella Heights in Ho Chi Minh City, Waterfront Residences in Wuxi and Sheshan Riviera in Shanghai.

13. The Infrastructure Division achieved a 25% growth in revenue as a result of increased sales in the power and gas businesses, as well as higher progressive revenue recognition from the Keppel Marina East Desalination Plant project.

4Q 2018 Pre-tax Profit by Segments (Slide 24)
(Excluding one-off global resolution & related costs)

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

15. The Group recorded $164 million of pre-tax profit for the fourth quarter of 2018, 19% lower than the same period in 2017.

16. The Offshore & Marine Division registered a lower pre-tax loss of $97 million compared to the $256 million loss in fourth quarter of 2017. This arose from improved operating performance and higher contribution from associated companies. Operating loss in the fourth quarter of 2018 was mainly due to provisions for expected losses on the Sete contracts and other asset impairments, partly offset by the write-back of provision for claims.

17. The Property Division's pre-tax profit was 40% lower due mainly to lower fair value gains on investment properties.

18. The Infrastructure Division's pre-tax profit for the quarter was slightly lower at $50 million. The Division's lower operating profit due mainly to operating loss from logistics operations was largely offset by higher share of profit from associated companies.

19. The Investments Division recorded a pre-tax loss of $4 million as compared to a pre-tax profit of $45 million in the same quarter in 2017, mainly due to the impairment of investment in an associated company and lower contribution from the asset management business.

This was partly offset by higher share of profits from the Sino-Singapore Tianjin Eco-City, benefiting from the sale of a land plot this quarter.

4Q 2018 Net Profit by Segments (Slide 25)
(Excluding one-off global resolution & related costs)

20. After tax and non-controlling interests, the Group's net profit increased by 6% or $8 million, with the Property Division being the top contributor to the Group's earnings, followed by the Infrastructure Division.

FY 2018 Financial Performance (Slide 26)

21. I shall now take you through the performance for the financial year 2018.

22. The Group recorded a net profit of $944 million for the financial year 2018, which was 382% higher than in the preceding year.

FY 2018 Financial Performance (Slide 27)
(Excluding one-off global resolution & related costs)

23. Excluding the one-off financial penalty and related costs in 2017, the Group's net profit of $944 million was 16% or $129 million higher than in the preceding year due mainly to higher operating profit, partly offset by lower share of profits from associated companies and higher taxation.

24. Consequently, ROE increased to 8.3% while EVA was also higher at $252 million.

25. Free cash inflow for the year was an inflow of $515 million, as compared to an inflow of $1.8 billion in 2017. This was due mainly to the payment of the financial penalties to the United States, Singapore and Brazil authorities amounting to $464 million arising from Keppel Offshore & Marine's global resolution, as well as higher working capital requirements from the Offshore & Marine and Property Divisions.

26. The Group's net gearing increased slightly from 0.46x at the end of 2017 to 0.48x at the end of this year.

FY 2018 Revenue by Segments (Slide 28)

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

28. During the year, the Group earned total revenues of about $6 billion, at the same level as last year.

29. The Offshore & Marine Division recorded an increase in revenue of 4%, due mainly to revenue recognition in relation to the jackup rigs sold to Borr Drilling Limited and higher revenue recognition from ongoing projects.

30. Revenue from the Property Division saw a 25% decline due mainly to lower revenues from Corals and Highline Residences in Singapore and China trading projects as lower number of units were handed over from projects such as Park Avenue Heights in Chengdu and 8 Park Avenue in Shanghai, as well as absence of revenue compared to 2017 from the Glades which was fully sold in December 2017. These were partly offset by higher revenue from Park Avenue Heights in Wuxi, Waterfront Residences in Tianjin and Waterfront Residences in Wuxi.

31. Infrastructure revenues increased by 19%, led by increased sales in the power and gas businesses, partly offset by lower progressive revenue recognition from the Keppel Marina East Desalination Plant project.

32. Investments revenues decreased by 30%, mainly due to lower contribution from the asset management business and the absence of sale of equity investments compared to last year.

FY 2018 Pre-tax Profit by Segments (Slide 29)
(Excluding one-off global resolution & related costs)

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

34. The Group recorded a pre-tax profit of $1.24 billion for 2018, 17% higher than in 2017 despite relatively flat Group revenues, boosted by en-bloc sales of development projects in China and Vietnam, and improved operating performance at Offshore and Marine Division.

35. Offshore & Marine Division recorded a lower pre-tax loss of $113 million, arising mainly from improved operating performance, higher contribution from associated companies and lower net interest expense. As mentioned previously, provisions for expected losses on the Sete contracts and other asset impairments, net of the write-back of provision for claims, contributed partially towards the operating loss for the year.

36. In the Property Division, pre-tax profits increased by 41% to $1.2 billion. This was due mainly to en-bloc sales of development projects in China and Vietnam, namely Zhongshan, The Seasons in Shenyang, Hunnan in Shenyang and Quoc Loc Phat in Ho Chi Minh City, as well as gains from the divestment of Beijing Aether. The increase was partially offset by lower fair value gains on investment properties, lower contribution from associated companies and lower net contribution from the property trading segment. In the prior year, the Property Division's pre-tax profit also benefited from the en-bloc sale of Waterfront Residences in Nantong, Tunjungan project in Indonesia, and Central Park City in Wuxi, as well as the divestment gain on Sedona Mandalay and the Bali Project.

37. Pre-tax profit from the Infrastructure Division increased by 8% to $184 million. This was due mainly to the dilution gain following the change of interest in Keppel DC REIT, gain arising from the sale of units in Keppel DC REIT and higher contribution from Infrastructure Services, Environmental Infrastructure as well as higher share of profits from associated companies. The increase was partly offset by lower contribution from Energy Infrastructure, higher losses from Logistics and absence of the prior period's gain from divestment of GE Keppel Energy Services.

38. The Investments Division registered a pre-tax loss of $19 million as compared to a pre-tax profit of $290 million in 2017. This was the result of impairment of investment in an associated company, and lower contributions from the asset management business and the Sino-Singapore Tianjin Eco-City. In addition, the Division's profits in 2017 also benefited from the write-back of provision for impairment of investment in an associated company, sale of equity investments and contribution from k1 Ventures.

FY 2018 Net Profit by Segments (Slide 30)
(Excluding one-off global resolution & related costs)

39. After tax and non-controlling interests, the Group's earnings increased by 16% to $944 million, with the Property Division being the top contributor to the Group's earnings, followed by the Infrastructure Division.

Net Profit and EPS (Slide 31)

40. The Group's net profit for the financial year 2018 was $944 million, which translated to an earnings per share of 52.0 cents.

ROE & Dividend (Slide 32)

41. ROE increased to 8.3% in 2018 from 6.9% in 2017.

42. Our proposed final dividend to our shareholders for 2018 will be 15.0 cents per share. Including the interim dividend and special cash dividend paid, the total distribution for 2018 will be 30.0 cents per share.

Free Cash Flow (Slide 33)

43. Cash flow from operations was $548 million as compared to $519 million in 2017.

44. After accounting for working capital changes, interest and tax, net cash inflow from operating activities was $125 million, as compared to an inflow of $1.2 billion in 2017, due

mainly to the payment of the financial penalties to the United States, Singapore and Brazil authorities amounting to $464 million arising from Keppel Offshore & Marine's global resolution and higher working capital requirements in the Offshore and Marine and Property Divisions.

45. Net cash generated from investing activities amounted to $390 million, comprising divestment proceeds and dividend income from associated companies totalling $1.1 billion, partly offset by investments and operational capital expenditure of $450 million as well as net repayment of the advances from associated companies of $217 million.

46. As a result, there was an overall cash inflow of $515 million for 2018, as compared to an inflow of $1.8 billion in 2017.

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