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

FIRST QUARTER ENDED 31 MARCH 2019

1. Good evening and welcome to the conference and webcast on Keppel Corporation's results and performance for the first quarter of 2019.

2. We have had a busy quarter. Beyond executing our businesses, key milestones were the compulsory acquisition of M1, and obtaining shareholders' approval and sanction of the court to privatise Keppel Telecommunications & Transportation (Keppel T&T). These are the latest steps in Keppel's transformation as we seek to build a stronger and more resilient company, committed to delivering value and growth into the future.

Financial Performance

3. For the first quarter of 2019, the Group achieved a net profit of S$203 million, 40% lower than the S$337 million for 1Q 2018. In 1Q 2018, the Group had benefitted from a S$289 million gain arising from the en-bloc sale of Keppel Cove in Zhongshan, China, compared to gains of S$174 million in the current period from the divestment of a 70% interest in Dong Nai Waterfront City, Vietnam and the re-measurement of previously held interests in M1 Limited at acquisition date.

4. Our ROE was 7.0% on an annualised basis.

5. Free cash outflow was S$617 million in 1Q 2019, compared to an inflow of S$248 million in 1Q 2018 mainly due to higher working capital requirements in the Offshore & Marine (O&M) and Property divisions.

6. Our net gearing rose to 0.72x as at 31 March 2019, compared to 0.48x at 31 December 2018. Besides higher working capital requirements and financing for the acquisition of M1, net gearing also rose as a result of the inclusion of lease liabilities due to the adoption of the new accounting standard on leases.

7. I will now take you through the key developments in our business divisions.

Offshore & Marine

8. Keppel O&M continued to seek new opportunities and execute its projects well, while exercising cost discipline. It made a profit at both the operating and net levels in 1Q 2019, due to the improved contributions of associates and lower taxes.

9. In the year to date, we secured new contracts totalling about S$1 billion. Our net orderbook stood at $4.7 billion as at end-March 2019, an increase of S$400 million compared to S$4.3 billion at the end of 2018. As we prepare for the recovery of the O&M business and to handle the anticipated increase in workload from new projects, we are also increasing our workforce in selected Singapore and overseas yards, with plans to recruit about 1,800 full-time staff over the course of 2019.

10. During the quarter, Keppel O&M won a repeat mid-water semi drilling rig order from Awilco Drilling (Awilco) worth about US$425 million. This is the first of three options exercised by Awilco, reflecting the demand for our mid-water, harsh environment rigs for deployment in North West Europe. Work on the first rig for Awilco is progressing well and we expect to benefit from economies of scale and cost efficiencies as we undertake the second project.

11. Keppel O&M has also secured integration and upgrading contracts worth a combined value of about S$160 million which includes fabrication and integration work on an FPSO. In addition, we have received the Final Notice to Proceed from Golar LNG to commence full conversion works with enhanced workscope worth US$242 million, bringing the total value to US$947 million for the Gimi FLNG project.

12. Sete Brasil recently called for a tender for the sale of four drilling units, two of which are for semisubmersibles which were being built by BrasFELS before we stopped work in 2015. A bid has been submitted by Magni Partners for the four rigs. We have discussed with Magni Partners on the cost of completing the rigs if they win the bid. In addition, Keppel O&M also submitted a bid to purchase the two rigs that were being built at BrasFELS. A decision on the award of the tender will be announced at a later date by Sete Brasil, after they have evaluated the bids.

13. In Singapore, we have handed over the jackup rig, Cantarell IV, to Grupo R. Cantarell IV is the first rig equipped with Keppel O&M's RigCare Solution, which will significantly transform the efficiency, safety and operability of the rig. As part of the deal, Grupo R has entered into a sale and leaseback agreement with a wholly-owned subsidiary of Keppel O&M. In early May, Cantarell IV will be deployed to work in offshore Mexico. This is an example of a win-win solution we have achieved with our stakeholders, despite the challenges facing the offshore sector.

14. Testament to our newbuild capabilities and technological expertise, Keppel Singmarine has delivered the world's first European Union (EU) Stage V dredger to Jan De Nul, further strengthening our presence in the non-oil and gas segment. Keppel O&M is scheduled to deliver another four state-of-the-art dredgers to Jan De Nul over the next two years (2019 – 2020).

15. The maritime industry is transforming rapidly and we are collaborating with MPA and the Technology Centre for Offshore and Marine, Singapore (TCOMS) on initiatives to improve the industry. Keppel O&M has embarked on the development of an autonomous tug, to be operated by Keppel Smit Towage, and has secured a grant of up to S$2 million from MPA for the development of the vessel. It is expected to be one of Singapore's first autonomous vessels when the project is completed.

16. Harnessing the strengths of the multi-business group, Keppel O&M is also collaborating with M1 for the test bedding of Maritime Autonomous Surface Ships in Singapore's waters. The trial will utilise autonomous vessel technology and leverage M1's ultra-low latency 4.5G network connectivity to establish standards and data transfer links in terms of latency and reliability for the ship to shore communication, and support mission-critical IoT maritime applications.

Property

17. Our Property Division recorded a net profit of S$132 million for 1Q 2019, lower than the S$378 million in the same quarter a year ago. Keppel Land made a net profit of S$129 million, lower than the S$373 million in 1Q 2018, which had benefitted from the sale of the Zhongshan project.

18. Keppel Land continued its capital recycling strategy while also deepening its collaboration with Nam Long Investment Corporation, a leading affordable housing developer in Ho Chi Minh City, with the divestment of a 70% interest in the 170-ha Dong Nai Waterfront City to Nam Long for a consideration of S$136 million. Keppel Land is Nam Long's second largest shareholder and we will work closely with Nam Long, tapping its local network and insights, on the development of the Dong Nai township.

19. In another collaborative effort as *OneKeppel*, Keppel Land China and Keppel Capital, through Alpha Asia Macro Trends Fund III (AAMTF III), as well as other co-investors, have entered into an agreement for the proposed acquisition of Yi Fang Tower, a recently completed prime Grade A office and retail mixed-use development located in North Bund, Shanghai, China. This is the third time that Keppel Land is collaborating with Keppel Capital to invest in prime properties in Shanghai, and the acquisition is in line with our strategy to grow our commercial portfolio in China, with a focus on first-tier cities.

20. In 1Q 2019, the Property Division sold 390 homes, more than the 300 units sold in same period last year, with a total sales value of S$230 million. Most of the homes sold were in China, mainly in Wuxi. Notwithstanding cooling measures in China, we continue to see strong demand for well-located projects in high growth cities. We have just launched our new Nanjing residential project last week, and all

271 units in Phase 1 were fully sold at launch. Due to the overwhelming demand, some 3,200 potential homebuyers had balloted for the units, which translates to more than 10 times oversubscription. This year, we intend to push out some 2,000 units across China.

21. Keppel Land has a residential landbank of about 48,000 units, of which about 17,000 homes in key Asian cities are launch-ready from now to 2021. We expect to recognise revenue for some 7,790 overseas homes that have already been sold worth about S$2.4 billion, upon completion and handover from 2Q 2019 to 2021. We also have a commercial portfolio spanning about 1.6 million square metres of gross floor area, of which about 50% is under development. This portfolio can produce annual net operating income of about S$300 million when fully developed and stabilised, although we may also look to dispose of some of these assets by sale, or contribute them as seed assets in new funds to be formed.

Infrastructure

22. Our Infrastructure Division made a net profit of S$16 million for 1Q 2019, compared to the S$26 million over the same period last year. Excluding the share of Keppel Infrastructure Trust's cost for the acquisition of Ixom, which amounts to S$7 million, Keppel Infrastructure has performed well, mainly due to higher contributions from environmental infrastructure and infrastructure services.

23. We are growing our market share in the electricity retail market. Keppel Electric is currently one of the largest OEM electricity retailers in Singapore, having signed up more than 100,000 retail customers.

24. The Keppel Marina East Desalination Plant and Hong Kong Integrated Waste Management Facility are both progressing well. The former has achieved more than 80% completion, while the latter has started contributing to our bottom line from 1Q 2019.

25. Earlier this month, Keppel Gas completed its first Liquefied Natural Gas cargo import under Singapore's Spot Import Policy. The spot cargo, which was from North America, demonstrates Keppel Gas' ability to diversify its gas supply beyond Southeast Asia, thus bolstering our gas portfolio and enhancing our competitiveness. The cargo will be regasified as feedstock for downstream customers and end users, including Keppel Merlimau Cogen.

26. Expanding our data centre business and reach into Indonesia, we have broken ground for IndoKeppel DC 1, located in Bogor, about 35km from Jakarta. The high-availability data centre will be developed and operated by a 60:40 joint venture between the Salim Group and Keppel Group.

Investments

27. Our Investments Division made a net profit of S$49 million in 1Q 2019, compared to a net loss of S$44 million in same quarter last year.

28. Keppel Capital performed well during the quarter with net earnings of S$23 million, compared to S$9 million last year.

29. Keppel Capital has concluded a conditional share subscription agreement with Gimi MS Corporation and Golar LNG to subscribe for 30% of the total issued ordinary share capital of Gimi MS. Gimi MS will undertake the development, construction and operation of the Gimi FLNG. In line with the Keppel Group's business model, the Gimi investment will be a seed asset for a new infrastructure fund to be managed by Keppel Capital; and when completed and stabilised, can potentially also be injected into Keppel Infrastructure Trust.

30. Entities under Keppel Capital are also working to grow their assets under management. Keppel Infrastructure Trust has completed its acquisition of a 100% interest in Ixom, a leading industrial infrastructure company in Australia and New Zealand.

31. M1 is now a subsidiary of Keppel. We are, together with SPH, working with M1's board and management to transform the company and grow it to be a key pillar of earnings for the Group. The areas we are looking into include redefining M1's consumer product offerings, redesigning the customer experience, increasing our focus on the Enterprise segment, improving operational efficiency, and exploring future growth platforms.

32. Another key area of work is to tap synergies from collaboration with the rest of the Keppel Group. I mentioned earlier the collaboration between M1 and Keppel O&M. There are many other areas where we can work together.

33. Keppel has been growing our B2C businesses. They include City Gas with more than 800,000 household customers, Keppel Electric with over 100,000 customers, and now M1, with its 2.2 million customers. We will build on the complementarity of our consumer offerings in connectivity and energy to launch bundled solutions and services that cater to the needs of Singapore consumers. Already, Keppel Electric and M1 have been working together to market their power and mobile services to customers.

34. We can also harness M1's capabilities to further enhance the Group's diverse offerings, whether in Singapore or overseas, for example, through collaborating with Keppel Urban Solutions on smart city projects. Keppel can also leverage M1's data analytics capabilities to glean actionable insights that can be applied in our master development projects and retail properties.

Conclusion

35. Over the past few years, the board and management have worked hard to drive Keppel's transformation to ensure the company's continued relevance, resilience and competitiveness in a fast-changing landscape.

36. To drive collaboration and effective capital allocation, we have simplified the Group's corporate structure, first with the privatisation of Keppel Land, and then the restructuring of our asset management businesses under Keppel Capital. We are in the final stages of completing the privatisation of M1 and Keppel T&T.

37. We privatised Keppel Land for about S$3.1 billion in 2015. Since then, we have recognised total net profit of about S$2.9 billion from Keppel Land, compared to S$1.6 billion, if we had just retained our 55% share of the company. With full ownership, we have transformed Keppel Land into a multi-faceted real estate company, right-sized its property book and actively recycled capital to seek new opportunities and higher returns. Keppel Land has been the largest contributor to the Group for the past four years.

38. At the end of 2018, we calculated the RNAV of Keppel Land to be about S$10.3 billion, or approximately S$5.68 for each share of Keppel Corporation. This does not include the Keppel Group's 45% stake in the Sino-Singapore Tianjin Eco-City Investment and Development Co., which has RNAV of about S$1.2 billion, or S$0.66 for each share of Keppel Corporation.

39. Following the privatisation of M1 and Keppel T&T, we will likewise drive M1's transformation to enhance its competitiveness and value, and provide the Group's full support to grow the data centre and urban logistics businesses under Keppel T&T.

40. We have full confidence in Keppel's strategy. We will work all our engines hard, to strengthen our existing businesses, as we seek out new markets and profit pools. We will work towards a mid to long term ROE target of 15% for the Group. This is a realistic goal, bearing in mind that the Group had achieved average ROE of 17.7% over the past decade (2009-2018). ROE targets have also been set for each of our key businesses, as you can see on the screen. Let me emphasise that these are not forecasts, but targets, which will serve as guides not just for the business units, but for the Group in our strategic and investment decisions.

41. The main pieces of our strategy are largely in place. Our focus now is on execution. When we successfully execute on our strategy, Keppel will be a powerhouse of urbanisation solutions, with not only higher profits, but also higher quality, recurrent earnings. Investors look not just at profits but total returns. As the market sees the

strengths of our business model and the value that we create, we would also expect our share price to trade at close to the sum of the parts, if not higher. The board and the management team of Keppel are fully focused on and confident of fulfilling our mission for the benefit of all our stakeholders.

42. 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

FIRST QUARTER ENDED 31 MARCH 2019

Financial Performance (Slide 20)

1. Thank you, Chin Hua, and a very good evening to all. I shall now take you through the Group's financial performance for the first quarter of 2019.

2. In this quarter, the Group recorded a net profit of $203 million, which was 40% lower than the same quarter last year.

3. Consequently, annualised ROE decreased from 11.4% in 2018 to 7.0% in this quarter.

4. Free cash outflow for the first quarter was $617 million as compared to an inflow of $248 million in the same quarter last year mainly due to higher working capital requirements with the construction progress of Offshore & Marine's major projects, as well as Keppel Land's additional property development and land acquisition costs.

5. Net gearing increased from 0.48x at the end of 2018 to 0.72x at the end of March 2019. This was due mainly to borrowings drawn down for the acquisition of M1 and working capital requirements, as well as the recognition of lease liabilities following the adoption of Singapore Financial Reporting Standards (International) 16 on leases.

6. The Group's revenue for the first quarter was 4% or $61 million higher than the same quarter last year. Higher revenues from the Infrastructure and Investments Divisions were partially offset by lower revenues from the Property Division. The Offshore & Marine Division's revenues were flat year on year.

7. However, operating profit fell by 34% or $164 million despite higher revenues due mainly to lower gains from en-bloc sale of development projects compared to the same quarter last year, partially offset by fair value gain from the re-measurement of previously held interest in M1 arising from the acquisition this year.

8. Profit before tax at $283 million, decreased by a slightly higher percentage of 37% due mainly to higher net interest expense, as a result of higher borrowings and the adoption of Singapore Financial Reporting Standards (International) 16.

9. After tax and non-controlling interests, net profit at $203 million was 40% or $134 million lower, translating to an earnings per share of 11.2 cents.

Revenue by Segments (Slide 21)

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

11. The Group's revenue at $1.5 billion was 4% higher than the same quarter last year.

12. Revenue from the Offshore & Marine Division was at the same level as the corresponding quarter of 2018.

13. The Property Division's revenues decreased by 34% from last year, mainly due to the absence of revenue from Highline Residences, which was fully sold by the first quarter of last year, and lower revenues from Waterfront Residences in Tianjin, Park Avenue Heights in Chengdu, Seasons Residences in Shanghai and Reflections at Keppel Bay.

14. Infrastructure Division saw a 24% growth in revenue as a result of increased sales in the power and gas businesses, as well as progressive revenue recognition from the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project.

15. Revenue from the Investments Division increased by $112 million to $143 million largely due to the consolidation of M1's results as the Group gained majority control of M1 during the quarter. Higher revenue from the asset management business further contributed to the positive variance.

Pre-tax Profit by Segments (Slide 22)

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

17. The Group recorded $283 million of pre-tax profit for the first quarter of 2019, 37% lower than the same quarter last year.

18. The Offshore & Marine Division's pre-tax profit was $1 million as compared to a pre-tax loss of $15 million in the same quarter last year. This was mainly due to share of associated companies' profits in the current quarter as compared to share of associated companies' losses last year, as well as lower net interest expense.

19. The Property Division's pre-tax profit was 62% lower, due mainly to lower gains from en-bloc sale of development projects compared to the same quarter last year. The Division recorded a pre-tax gain of $65 million from the disposal of a partial interest in the Dong Nai project in Vietnam, compared to the $337 million pre-tax gain from the sale of the Zhongshan development project in China last year.

20. The Infrastructure Division's pre-tax profit of $20 million was 33% lower than last year, due mainly to lower contribution from Energy Infrastructure and the logistics business, and share of losses of associated companies as compared to the share of profits in the same quarter

last year. These were partly offset by higher contributions from Environmental Infrastructure and Infrastructure Services.

21. Excluding the charges relating to the acquisition of M1, the Investments Division registered a pre-tax profit of $92 million as compared to a pre-tax loss of $40 million last year. This was mainly due to the fair value gain from the re-measurement of previously held interest in M1 arising from the acquisition during the quarter. In addition to higher contribution from M1 due to the consolidation of its results from the date of acquisition, the Division also benefited from higher contribution from the asset management business and lower share of loss from KrisEnergy. These were partly offset by higher fair value loss on KrisEnergy warrants and provision for impairment of an associated company.

22. The charges relating to the acquisition of M1 comprised mainly amortisation of intangibles, interest costs and one-off professional fees.

Net Profit by Segments (Slide 23)

23. After tax and non-controlling interests, the Group's net profit decreased by 40% or $134 million, with Property Division being the top contributor to the Group's earnings, followed by the Investments, Infrastructure and Offshore & Marine Divisions.

Net Profit and EPS (Slide 24)

24. The Group's net profit of $203 million for the first quarter translated to an earnings per share of 11.2 cents.

Free Cash Flow (Slide 25)

25. Cash flow from operations was $174 million as compared to $180 million in the same quarter of last year.

26. After accounting for working capital changes, interest and tax, net cash outflow from operating activities was $674 million, as compared to an outflow of $10 million in the first quarter of 2018, due mainly to increase in working capital requirements, with the construction progress of Keppel Offshore & Marine's major projects such as the Borr Drilling jack-up rigs, the Awilco Semi and the Jones Act vessels for Pasha Hawaii, as well as Keppel Land's additional property development costs and acquisition cost of a land plot in Tianjin.

27. Net cash generated from investing activities was $57 million comprising divestment proceeds and dividend income from associated companies totalling $46 million and net receipts from advances to associated companies of $37 million, partly offset by investments and operational capital expenditure of $26 million. Net cash generated from investing

activities was higher at $258 million in the same quarter last year largely due to the cash inflow from the en-bloc sale of the Zhongshan development project in China.

28. As a result, there was an overall free cash outflow of $617 million during the quarter, as compared to an inflow of $248 million in the same quarter last year.

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