Address by Mr Loh Chin Hua, CEO of Keppel Corporation

FIRST HALF ENDED 30 JUNE 2021

Good evening. Welcome to the webcast on Keppel Corporation's first half 2021 results and performance.

Accelerating Execution of Vision 2030

The operating environment remained challenging in 1H 2021. Despite the progressive roll-out of COVID-19 vaccines around the world, the pandemic continues to spread in many countries. Following the emergence of new and more contagious strains of the virus, many countries and cities have escalated their pandemic-related restrictions and border controls, thus further impacting supply chains and the movement of people, and slowing down economic recovery.

Against a difficult backdrop, Keppel continued to push ahead to accelerate the execution of Vision 2030. It has been a very busy and active first half for the Group. We announced in January the organic transformation of Keppel Offshore & Marine (Keppel O&M) to enhance its competitiveness and relevance amidst the global energy transition, and more recently the signing of non-binding Memoranda of Understanding (MOU) on the proposed combination of Keppel O&M and Sembcorp Marine, and resolution of Keppel O&M's legacy rigs. We also announced plans to divest our logistics business. We have received bids for the logistics business, which we are currently evaluating. I have explained the strategic rationale for the two proposed transactions involving Keppel O&M and Keppel Logistics at earlier briefings, and will not repeat the arguments.

We continue to execute our asset monetisation programme. To date, we have announced over S$2.3 billion of asset monetisation since the programme was unveiled in September 2020. About half of the transactions have been completed so far. We expect to surpass S$3 billion in asset monetisation ahead of schedule, and will aim to achieve the higher end of our S$3-5 billion target by end-2023.

At the same time, we are continuing to grow our businesses in line with Vision 2030. Our new initiatives include the Bifrost Cable System, Keppel Infrastructure's (KI) collaboration with StarCharge to explore opportunities in electric vehicle (EV) infrastructure, M1's rolling out of its 5G standalone network, as well as exploration of new energy solutions, among others.

Beyond organic growth, we are also actively exploring M&A opportunities, whether in renewables, urban development, asset management or other Vision 2030 focus areas, to grow the Group's business and improve the quality of our earnings more quickly.

Financial Performance

For 1H 2021, the Group achieved net profit of S$300 million, a marked improvement from 1H 2020 and reversing last year's loss of S$537 million. All key business units were profitable. All four segments also saw improved performance, excluding the gains from the reclassification of Keppel Infrastructure Trust (KIT) and sale of Keppel DC REIT units in 1H 2020.

The Group's operating performance has improved, not just compared to last year, but even when compared with 1H 2019. Excluding revaluations, impairments and divestments (RIDs) across all three years and COVID-19-related government grants in 2020 and 2021, the Group achieved a net profit of S$280 million in 1H 2021, compared to a net loss of S$72 million in 1H 2020 and net profit of S$149 million in 1H 2019. With Vision 2030, we believe the Group can emerge post-pandemic stronger and on a new growth trajectory.

In 1H 2021, we received cash of S$854 million from our asset monetisation programme. Free cash inflow was S$499 million in 1H 2021, compared to the outflow of S$664 million in 1H 2020; while net gearing improved to 0.85x as at end-June 2021, compared to 0.91x as at end-2020, mainly due to the proceeds from asset monetisation.

We recognise that dividends are important to our shareholders. I mentioned earlier that some of the funds unlocked from our asset monetisation programme could be returned to shareholders over time. In appreciation of the support and confidence of our shareholders, the Board of Directors has approved an interim cash dividend of 12.0 cents per share for 1H 2021, after ringfencing the impairments related to KrisEnergy's liquidation. This interim dividend, which will be paid to shareholders on 19 August 2021, is significantly higher than last year's interim dividend of 3.0 cents and also higher than the interim dividend of 8.0 cents declared in 2019, reflecting the Board and management's confidence in our vision and strategy.

Multiple Income Streams

We remain focused on growing recurring income. For 1H 2021, recurring income contributed S$152 million or 51% of earnings, an increase from S$119 million in 1H 2020.

I will now discuss the Group's performance by segments.

Energy & Environment

In 1H 2021, Energy & Environment generated a net loss of S$179 million, an improvement from the net loss of S$958 million for 1H 2020. The key reason for the loss in this segment was the impairments of S$318 million related to KrisEnergy's liquidation.

Keppel O&M recorded a net profit of S$107 million for 1H 2021, reversing the net loss of S$959 million for 1H 2020. This includes the recognition of gains of S$269 million from our share of Floatel's restructuring gain. Despite increased manpower costs and COVID-19-related manpower constraints at our Singapore yards, Keppel O&M was EBITDA positive in 1H 2021.

When we announced the restructuring of Keppel O&M into Rig Co, Dev Co and Op Co in January, we said that we expected Op Co to be self-sustaining, financially independent and profitable over time. I am pleased to share that Op Co[1] was profitable in 1H 2021 on the back of our cost management efforts.

[1] Op Co comprises Keppel O&M excluding the legacy completed and uncompleted rigs and associated receivables, as well as interests in Floatel and Dyna-Mac.

Keppel O&M started its right sizing and overheads reduction in 2015 when we recognised the structural downturn in the oil market. To date, Keppel O&M has shaved off over S$525 million per annum from its cost structure. Without these cost savings, Keppel O&M would not have been EBITDA positive.

Oil prices have risen in recent months, but this has yet to translate into a significant improvement in the offshore rig market, which remains oversupplied. Nevertheless, utilisation rates and day rates are slowly improving, and we expect to see improved demand in the longer term for Keppel O&M's new generation, stranded rigs which are completed or close to completion, as oil companies increase E&P expenditure after years of underinvestment.

In the meantime, Keppel O&M continues to see significant opportunities in gas and renewables, in line with the energy transition. There is also continuing demand for production assets. In the year to date, Keppel O&M has secured total new orders of about S$3.1 billion, including a US$2.3 billion newbuild P-78 FPSO project for Petrobras and an FPSO topside fabrication project. As at end-June 2021, Keppel O&M's net orderbook was approximately S$5.7 billion, significantly higher than the S$3.3 billion at the end of 2020. Of the current orderbook, about 95% of the projects are cashflow neutral or positive. About 40% of the orderbook comprises gas and renewables solutions.

Despite the challenging environment, Keppel O&M continued to execute its orderbook and delivered 3 LNG projects in 1H 2021. Keppel O&M is also progressing well on its offshore wind projects, and is on track to deliver two offshore wind farm substations to Ørsted for Taiwan later this year. Keppel O&M is also accelerating the use of cleaner fuels, and has signed MOUs with industry leading companies to develop transportation solutions with ammonia and hydrogen as marine fuels.

KI's net profit of S$60 million in 1H 2021 was stable year-on-year.

KI is focused on strengthening the resilience of its Power & Gas business in response to the global energy transition. In Singapore, KI will diversify its energy mix into renewable sources and zero-carbon electricity import, and also enhance the reliability and efficiency of its generation fleet.

The waste-to-energy projects in Hong Kong and Singapore continue to make steady progress. While COVID-19 has affected supply chains and productivity, KI will continue to intensify efforts to execute these projects on time and safely.

The increasing global focus on sustainability will create new opportunities for KI. Earlier this week, KI, together with its partner, was selected by Singapore LNG for a Front End Engineering Design study to co-develop a Natural Gas Liquids Extraction Project on Jurong Island, Singapore. The project is part of the Singapore Green Plan 2030 to transform Jurong Island into a sustainable energy and chemicals park, and would allow downstream off-takers to adopt cleaner feedstock for their processes.

The global waste management market is also expected to grow rapidly, presenting opportunities for KI's Environment business to not only scale up but also expand into new and adjacent markets related to resource circularity.

KI is also developing New Energy solutions that can contribute to different decarbonisation pathways. KI is working towards expanding its district cooling footprint in Singapore and the region. Beyond EV charging infrastructure, KI is also exploring opportunities in energy storage, distributed energy generation and alternative energy value-chain.

Urban Development

Urban Development recorded a net profit of S$279 million for 1H 2021, a 30% increase from S$215 million year-on-year mainly due to stronger earnings from Keppel Land, which remains the highest contributor to the Group.

The significant discount to Keppel Land's RNAV that some analysts continue to ascribe suggests that the market has yet to fully appreciate the value and significance of our 100% ownership of Keppel Land. Since the privatisation of Keppel Land in 2015 at a cost of S$3.1 billion, Keppel Land has to date upstreamed S$5.1 billion in dividends to Keppel Corporation, including S$700 million in 1H 2021. Over this period, Keppel Land's total assets have only fallen by about S$400 million, from S$14.5 billion as at end-June 2015 to S$14.1 billion as at end-June 2021. With our ongoing asset monetisation programme, we expect to unlock even more value from Keppel Land going forward, which we will re-invest in new opportunities that can yield higher returns.

For 1H 2021, Keppel Land's performance improved 25% year-on-year to S$252 million. This was mainly due to higher contribution from China and Vietnam property trading projects, and gain from divestment of the 30% stake in Dong Nai Waterfront City, partially offset by impairment provision for Sedona Hotel Yangon.

In the year to date, Keppel Land has announced S$420 million of asset monetisation, including the divestment of Serenity Villas in Chengdu earlier today, which will yield gains of S$139 million for the Group.

Beyond asset monetisation, Keppel Land also announced new partnerships to develop projects in Tianjin, China and Ho Chi Minh City, Vietnam.

Keppel Land's home sales more than doubled to 2,650 homes in 1H 2021 compared to the same period last year, with improved performance across all key markets.

In China, Keppel Land sold 1,550 homes, a 50% increase from 1H 2020 mainly due to home sales in Shanghai and Wuxi. At the recent launch of a new phase of Upview (a joint venture project with Gemdale) in Shanghai this month, all 503 launched units were sold out within a day.

In Singapore, The Reef at King's Dock saw strong demand with 86% of the project sold in 1H 2021, while The Garden Residences was sold out in the second quarter.

Home sales in Vietnam have been impacted by COVID-19 related lockdowns, but we have nevertheless seen improved home sales year-on-year.

As at end-June 2021, Keppel Land's residential landbank stood at about 46,000 homes, while its commercial portfolio stands at about 1.6 million square metres of GFA, following the divestment of Keppel Bay Tower and 75 King William Street.

Looking ahead, Keppel Land will continue to evolve from a developer model into an innovative real estate solutions provider. It will focus on accelerating capital recycling, lightening its balance sheet and growing recurring income. At the same time, Keppel Land is leveraging the diverse capabilities of the Keppel Group to explore innovative new solutions such as climate resilient nearshore developments, or "floating cities", which can address both land scarcity and rising sea levels in coastal cities.

Separately, SSTEC contributed a net profit of S$12 million for 1H 2021, mainly due to sale of a commercial & residential land plot in the Tianjin Eco-City in China. SSTEC will continue to drive the development of the Eco-City, in line with our commitment to sustainable urbanisation.

Connectivity

Connectivity's net profit grew to S$27 million for 1H 2021, compared to breaking even for 1H 2020.

Keppel Data Centres generated a net loss of S$2 million, smaller than the loss of S$12 million for 1H 2020. To be clear, data centres are an important growth engine for the Group. Earnings from our data centres business are reflected not just in this segment, but include about S$15 million in earnings for 1H 2021 from Keppel's data centre REIT and private funds, which are recorded under Asset Management.

In Singapore, we have commenced construction of the data centre at Genting Lane. Meanwhile, the development of our data centres in Australia, Malaysia and Indonesia are progressing well, despite the impact of COVID-19.

Following our entry into the Chinese market last year with the development of a data centre in Huizhou, we continued to expand our footprint with the acquisition by Keppel Data Centre Fund II of a site to develop a greenfield data centre in Shanghai. When the two data centres are service-ready in 2022, they will add to the Group's recurring income.

We are also actively exploring ways to make our data centres greener and more sustainable. In May, Keppel Data Centres signed an MOU with industry partners to jointly explore the development of supply infrastructure to bring green liquid hydrogen into Singapore to decarbonise our data centres, and potentially power our floating data centre park project. In line with Keppel's commitment to sustainability, we will continue to work towards reducing the carbon footprint of our data centres.

Following the announcement in March this year of the Bifrost Cable System, we are close to finalising the design of the cable system and expect to commence manufacturing in 2022. We continue to explore opportunities for M1 and Keppel Data Centres to work with Bifrost to grow the Group's connectivity solutions.

In 1H 2021, M1's contribution was lower year-on-year at S$21 million, as COVID-19 continued to impact roaming and prepaid revenue. The pandemic's impact on M1 was smaller in the equivalent period last year, as the full impact of COVID-19 was only felt in 2Q 2020. 1H 2020 had also benefitted from the Job Support Scheme, which was reduced this year.

Despite COVID-19, M1's postpaid customer base grew 5% year-on-year to over 1.6 million as at end-June 2021, entrenching M1's position as the telco with the second largest postpaid customer base.

Earlier this year, we announced plans to realise the value of M1's current network assets with a net book value of S$580 million. This is in line with the Group's asset-light business model under Vision 2030, and will free up capital that can be used to help M1 invest in new capabilities and fund other growth initiatives. Meanwhile, M1's transformation and adoption of a new platform are showing early signs of improving postpaid customer ARPU, while driving higher digital adoption.

We have announced the commencement of M1's 5G standalone network trial this week. M1 and Samsung also recently launched the Voice over 5G New Radio service on M1's 5G standalone network. This is a first in the world and will provide higher quality calls and better 5G experiences for M1's customers. Looking ahead, M1 will continue to collaborate with industry leaders to conduct trials of 5G use-cases that will help to advance Singapore's Smart Nation ambition.

Asset Management

Net profit from the Asset Management segment was S$117 million for 1H 2021, compared to S$258 million for 1H 2020. 1H 2020 had benefitted from S$177 million in gains from the reclassification of KIT and sale of Keppel DC REIT units.

Keppel Capital's net profit of S$64 million grew 23% year-on-year, mainly due to stronger operating results as well as gains from mark-to-market of investments.

Excluding the gains mentioned previously, contributions from our listed REITs and Trust were relatively stable, while private funds' contributions were higher year-on-year due to gains from disposal of investments.

Keppel Capital's asset management fees grew 35% to S$111 million for 1H 2021, compared to the S$82 million for 1H 2020. This was due mainly to more acquisitions and divestments completed in 1H 2021, as well as Keppel Capital's larger assets under management and new funds launched in 2020 and 2021.

In the year-to-date, Keppel Capital has raised total equity of over S$2 billion from global institutional investors across various funds and separate account mandates, reflecting continued strong interest from investors in cashflow generating real assets, including logistics and core infrastructure. Keppel Capital has also completed over S$2 billion in acquisitions and divestments in the year-to-date.

Keppel Capital will continue to harness synergies of the Group in the co-creation of quality real assets, while tapping third-party funds to drive the Group's growth.

Conclusion

In conclusion, I would like to leave you with some key takeaways from our 1H 2021 results briefing. We have made a good start in executing our Vision 2030 to transform the Group and put us on a new growth trajectory. The Group has returned to profitability compared to 1H 2020, but more importantly, we have also done better than pre-COVID 1H 2019, excluding RIDs and COVID-19-related government grants. As we execute Vision 2030, we believe Keppel will emerge at a new place post-pandemic, stronger, more relevant, and on a faster growth path. The monetisation programme has gone very well and we expect to hit the lower end of the S$3-5 billion monetisation target earlier than the three years we had initially envisaged. We will now aim to deliver closer to the higher end of the S$3-5 billion range by end-2023. The significant balance sheet space released from the monetisation programme will allow us to undertake inorganic options to re-position our portfolio for new growth.

Lastly, and most critically, we will continue to work with all our stakeholders to ensure that the varied interests that the Group serves will not only be fulfilled, but hopefully exceeded. For our supportive shareholders, rest assured that we will, as we have always done, look at how we can improve shareholder returns in a sustainable way as Vision 2030 begins to bear fruit.

Our CFO will now take you through the Group's financial performance.

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

FIRST HALF ENDED 30 JUNE 2021

1H 2021 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 first half of 2021, the Group recorded a net profit of $300 million, as compared to net loss of $537 million in the same period last year.

3. Earnings per share for the half year was 16.5 cents, as compared to loss per share of 29.5 cents in the same period last year. Annualised ROE was 5.5%.

4. Free cash inflow of $499 million was an improvement over the free cash outflow of $664 million in first half of 2020. This was mainly due to lower working capital requirements, proceeds from divestments of Keppel Bay Tower Pte Ltd, First King Properties Limited, Chengdu Hilltop Development Co Ltd and interests in Dong Nai Waterfront City as part of our asset monetisation programme, higher dividend income, as well as lower investments and capital expenditure.

5. Net gearing decreased from 0.91x at the end of 2020 to 0.85x at the end June of 2021. This was mainly due to cash proceeds from asset monetisation completed during the six months, partly offset by payment of the final dividend for FY 2020.

6. The Group's revenue of $3.7 billion for the first half was 16% or $495 million higher than the same period last year. Urban Development, Asset Management and Energy & Environment recorded higher revenues.

7. Operating profit was $188 million, as compared to operating loss of $149 million in the same period last year, largely due to lower impairments at Energy & Environment and stronger operating performance from Urban Development.

8. Profit before tax was $516 million, as compared to loss before tax of $357 million for the same period in 2020, mainly due to higher investment income and share of profits from associated companies, as compared to share of loss from associated companies in first half of 2020, partly offset by higher net interest expense.

9. After tax and non-controlling interests, net profit was $300 million, translating to earnings per share of 16.5 cents.

1H 2021 Revenue by Segment (Slide 20)

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

11. The Group's revenue at $3.7 billion was 16% higher than the same period last year.

12. Revenue from Energy & Environment increased by 4% to $2.1 billion led by higher electricity sales, revenue recognition from the Tuas Nexus Integrated Waste Management Facility project in Singapore, which was secured in April last year, as well as higher progressive revenue recognition from the Hong Kong Integrated Waste Management Facility project. These were partly offset by the lower revenue in the offshore & marine business, the completion of Keppel Marina East Desalination Plant project in June last year, as well as the absence of revenue from the Doha North Sewage Treatment Works due to the cessation of the operation and maintenance contract in July 2020. The lower revenue in the offshore & marine business was mainly due to suspension of revenue recognition on Awilco contracts and deferment of some projects.

13. Urban Development saw a 78% improvement at the top-line mainly due to higher revenue from Seasons Residences and Waterfront Residences in Wuxi, Sheshan Riviera, Seasons Residences and 8 Park Avenue in Shanghai, partly offset by lower revenue from Tianjin Eco-City residential projects and Singapore trading projects, namely Corals at Keppel Bay.

14. Revenue from Connectivity remained stable at $586 million. Lower service revenue in M1, was partly offset by the higher contributions from the logistics and data centre businesses.

15. Revenue from Asset Management increased by $18 million to $78 million largely due to higher acquisition, divestment and asset management fees.

1H 2021 Pre-tax Profit by Segment (Slide 21)

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

17. The Group recorded $516 million of pre-tax profit for the first half of 2021, as compared to pre-tax loss of $357 million for the same period in 2020.

18. Energy & Environment's pre-tax loss was $177 million as compared to pre-tax loss of $942 million in the corresponding period in 2020. This was largely due to share of Floatel's restructuring gain amounting to $269 million, and lower impairments. The segment recognised $372 million impairments, mainly from exposures related to KrisEnergy, in the first half of this year, as compared to $909 million impairments in the same period last year.

19. Excluding revaluations, impairments and divestments (RIDs), and COVID-19 related government grants in both years, pre-tax loss was $89 million, as compared to pre-tax loss of $97 million in the first half of 2020. The improved results were largely driven by savings from further overheads reduction and lower share of losses from associated companies from the offshore and marine business. These were partly offset by higher net interest expense,

lower contributions from the power & gas, environment, and new energy businesses, as well as the absence of contribution from the Doha North Sewage Treatment Works due to the cessation of the operation and maintenance contract in July last year.

20. Pre-tax profit from Urban Development rose by $104 million to $451 million, driven by higher contribution from property trading projects in China, higher contribution from associated companies, as well as the gain from the disposal of the remaining interest in the Dong Nai Waterfront City project in Vietnam. These were partly offset by lower fair value gains from investment properties, impairment provision for a hotel in Myanmar, as well as lower contribution from the Sino-Singapore Tianjin Eco-City.

21. Connectivity's pre-tax profit of $38 million was $25 million higher year-on-year mainly due to the gain from divestment of interest in Keppel Logistics (Foshan) following the agreement reached with local authorities on Lanshi port closure compensation and lower net interest expense, which were partly offset by lower pre-tax profit from M1.

22. Pre-tax profit from Asset Management decreased by 50% to $135 million, mainly due to absence of mark-to-market gain recognised in the first half of 2020 from the reclassification of the Group's interest in KIT from an associated company to an investment following the loss of significant influence over KIT. Excluding the reclassification gain, pre-tax profit was $4 million lower year-on-year. In 1H 2020, there was the recognition of gains from sale of units in Keppel DC REIT and divestment of interest in Gimi MS Corporation. For the current half year, the segment recorded higher fee income, mark-to-market gains from investments, dividend income from KIT, as well as higher contributions from Keppel REIT and Alpha Data Centre Fund.

23. Corporate and Others consist mainly of corporate costs, research & development costs, treasury operations, investment holdings and provision of management and other support services. Pre-tax profit was $69 million as compared to a pre-tax loss of $45 million in the first half of 2020, mainly due to higher investment income and fair value gains on investments.

1H 2021 Net Profit by Segment (Slide 22)

24. After tax and non-controlling interests, the Group's net profit was $300 million as compared to net loss of $537 million in first half of 2020.

25. Profits from Urban Development, Connectivity and Asset Management were partly offset by losses at Energy & Environment.

1H 2021 Financial Performance (excl. RIDs & COVID-19 government grants) (Slide 23)

26. There were quite a number of lumpy items in the Group's financial results for both 1H 2021 and 1H 2020. Besides fair value gains on investment properties and divestment gains, the

Group also recognised significant impairments, one-off gains and COVID-19 related government grants in both periods.

27. Excluding RIDs and COVID-19 related government grants in both years, the Group achieved a net profit of $280 million in first half of 2021 as compared to net loss of $72 million in the same period of 2020. This was underpinned by strong operational performance from Urban Development and Asset Management, overhead reductions achieved by our offshore & marine business, as well as higher investment income.

Net Profit and EPS (Slide 24)

28. The Group's net profit of $300 million for the first half translated to earnings per share of 16.5 cents.

ROE & Dividend (Slide 25)

29. In the first half of 2021, our annualised ROE was at 5.5%.

30. Our interim cash dividend to our shareholders for this period will be 12.0 cents per share.

Free Cash Flow (Slide 26)

31. Net cash used in operating activities was $333 million as compared to $379 million in the same period last year mainly due to lower working capital requirements for Energy & Environment and Urban Development.

32. Net cash from investing activities was $832 million comprising divestment proceeds and dividend income from associated companies totalling $1.1 billion as well as net receipts of advances from associated companies of $66 million, partly offset by investments and capital expenditure of $306 million. Net cash used in investing activities in first half of 2020 was at $285 million, largely due to investments and capital expenditure.

33. As a result, there was an overall free cash inflow of $499 million for the first half of 2021, as compared to free cash outflow $664 million in the first half of 2020.

34. 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.