Operating & Financial Review

Offshore & Marine

We aim to be the preferred solutions partner in the global offshore and marine industry.

The O&M Division continued to secure new orders, expand capabilities and enhance efficiencies of its operations in 2018.

Earnings Highlights ($m)

	2018	2017*	2016*
Revenue	**1,875**	1,802	2,854
EBITDA	**26**	(37)	300
Operating (Loss)/Profit	**(73)**	(167)	135
(Loss)/Profit before Tax	**(113)**	(862)^	76
Net (Loss)/Profit	**(109)**	(826)^	29
Average Headcount (Number)	**11,875**	15,571	22,191
Manpower Cost	**485**	623	821

* 2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International). 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards and certain amounts have been reclassified for comparability purposes.

^ Includes the one-off financial penalty and related costs of $619 million.

Major Developments in 2018

- Secured about $1.7 billion worth of new contracts.
- Sold five existing drilling rigs to Borr Drilling.
- Delivered eight major projects safely, on time and on budget.
- Signed Technical Assistance and License Agreement with Gaztransport & Technigaz to jointly market LNG solutions.
- Signed a Memorandum of Understanding (MOU) with the Maritime Port Authority of Singapore and the Technology Centre for Offshore and Marine, Singapore to jointly develop autonomous vessels.
- Singapore entities achieved certification for the ISO 37001 Anti-Bribery Management System.

Focus for 2019/2020

- Capture opportunities in new and existing markets.
- Continue to focus on execution excellence, corporate governance and risk management.
- Invest in R&D to strengthen existing capabilities and build new muscles for long-term growth.
- Leverage synergies across Keppel O&M and the wider Group to build up new strengths and expand solution offerings.
- Continue to explore re-purposing offshore technology for other applications.

Earnings Review
Notwithstanding the volatility in oil prices, there is growing optimism in the Offshore & Marine (O&M) sector, with more projects being sanctioned at oil prices of between US$55 and US$65 per barrel. During the year, Keppel O&M secured about $1.7 billion of new orders, compared to $1.2 billion secured in 2017. As at end-2018, Keppel O&M's net orderbook had grown to $4.3 billion from $3.9 billion the year before, with non-drilling solutions making up over 70% of the orderbook.

Revenue for the O&M Division was $1.9 billion, $73 million or 4% higher than that of FY 2017, mainly due to revenue recognition from the jackup rigs sold to Borr Drilling and higher revenue recognition from ongoing projects.

In 2018, the O&M Division registered a lower net loss of $109 million, compared to FY 2017's net loss of $207 million, excluding the one-off financial penalty and related costs. The improved performance was mainly due to higher operating results arising from higher revenue, a write-back of provisions for claims and lower net interest expense, partly offset by higher impairment provisions. Excluding revaluations, major impairments and divestments (RIDs), the Division turned in a net profit of $6 million for FY 2018, underpinned by its extensive rightsizing efforts and new contract wins.

In 2018, the Division made an additional provision of $167 million for expected losses on the semisubmersibles being built for Sete Brasil, and other provisions and asset impairments of $44 million. Meanwhile, the Division wrote back $96 million of provisions for claims.

Operating Review
The O&M Division continued to secure new orders, expand capabilities and enhance efficiencies of its operations in 2018.

Despite continued headwinds in the offshore rig sector, there are signs of improvements including a gradually declining rig supply overhang and increased tendering activity. One of the key contracts secured during the year is for a newbuild mid-water harsh environment semisubmersible for Awilco, marking Keppel O&M's first drilling rig order since the start of the downturn in 2014. The order win demonstrates that despite the ongoing challenges in the O&M sector, there continues to be strong demand for Keppel's quality high-specification rigs.

As the 2020 deadline for the International Maritime Organization's (IMO) 0.5% global sulphur cap approaches, Keppel O&M is seeing more demand for scrubber retrofits. The company secured 65 contracts for such projects in 2018 from a variety of customers. Additionally, Keppel O&M has seen continued demand for liquefied natural gas (LNG) related solutions such as LNG carriers and dual-fuel tugs. In 2018, Keppel O&M secured over $600 million worth of LNG and scrubber projects.

The rightsizing efforts that Keppel O&M had undergone to streamline operations and reduce overheads bore fruit in 2018, when the Division turned a profit excluding RIDs. During the year, Keppel O&M's direct global headcount was reduced by 17% from 2017, while its subcontract headcount in Singapore fell by 5% in the same period.

As part of ongoing efforts to strengthen its compliance controls, Keppel O&M executed a review and audit of its anti-corruption compliance. In November 2018, the Division's entities in Singapore achieved certification for the ISO 37001 Anti-Bribery Management System. Keppel is committed to putting in place effective and robust compliance and governance regimes and discharging the undertakings given as part of the 2017 global resolution.

New Builds
In 2018, contracts for five jackup rigs being constructed by Keppel FELS were successfully novated to Borr Drilling for a total value of approximately US$745 million. The deal included an upfront payment of US$288 million from Borr Drilling, and the rigs are

Keppel O&M delivered its first two of ten jackup rigs, SKALD (in picture) and SAGA, to Borr Drilling.

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1
Senior management from Keppel O&M and Perenco Group, together with government officials from Republic of the Congo, celebrated the naming of FPSO La Noumbi, Keppel's sixth project for Perenco and the fifth for the Republic of the Congo.

2
Keppel O&M is building Southeast Asia's first LNG bunkering vessel which will provide LNG to other vessels passing through the Port of Singapore.

expected to be delivered progressively from 2019 to 2020. Meanwhile, Keppel FELS delivered to Borr Drilling the first two of five jackup rigs, whose contracts were novated from Transocean in 2017.

Keppel FELS reached a significant milestone in 2018, securing a contract worth US$425 million from Awilco to construct a mid-water semisubmersible drilling rig for harsh environment use. It was the first newbuild drilling rig to be awarded in the offshore rig market in three years.

Keppel FELS will continue to seek opportunities in niche segments such as harsh environment semisubmersibles, as well as the Middle East and Mexican jackup markets. Building on its engineering expertise in offshore platforms, Keppel FELS will also actively explore opportunities in the renewables and production sectors, as well as opportunities to collaborate with other Keppel business units on floating infrastructure projects.

In the specialised shipbuilding space, Keppel Singmarine clinched contracts from new customer Van Oord to build two Trailing Suction Hopper Dredgers, and delivered two dual-fuel tugs to Keppel Smit Towage and Maju Maritime in 2018.

Furthering its position as a preferred partner for the gas industry, Keppel Singmarine was entrusted to build a bunkering tanker by Mitsui & Co (Asia Pacific), a bunkering vessel by FueLNG and an ice-class LNG bunker vessel by Shturman Koshelev.

In China, Keppel Nantong is on track to deliver three dredgers to Jan De Nul in 2019. Keppel Nantong has also commenced works on the dual-fuel LNG bunker vessel for FueLNG and a dual-fuel bunker tanker for Mitsui. The yard continues to play a vital role in supporting Keppel O&M's newbuild business in Asia.

In the Americas, Keppel AmFELS is undertaking two dual-fuel containerships for Pasha Hawaii, built to Keppel's proprietary design, which includes energy saving features such as a state-of-the-art engine, an optimised hull form, and an underwater propulsion system with a high-efficiency rudder and propeller. Scheduled to be delivered in 2020, the Jones Act vessels will run on LNG from day one in service. Keppel AmFELS will continue to build on its track record for the construction of Jones Act vessels in the US, newbuild offshore rigs and platforms, as well as aftermarket services including repairs, upgrades and modifications of rigs for customers in the Gulf of Mexico.

Conversions & Repairs

During the year, Keppel Shipyard completed two Floating Production Storage & Offloading (FPSO) conversion projects, namely FPSO La Noumbi for Dixstone, an affiliate of the Perenco Group, and FPSO BW Adolo for BW Offshore. As at end-2018, there were three FPSO conversion and modification projects ongoing, namely FPSO Liza Destiny for SBM Offshore, Ngujima-Yin for Woodside and Ingenium II for KrisEnergy. Keppel Shipyard is also executing fabrication of the internal turret of Coral Sul FLNG for SOFEC. In 2018, Keppel Shipyard also received a Limited Notice to Proceed (LNTP) to commence early conversion works for the Gimi FLNG over a period of up to four months, worth up to $50 million. Full construction works will commence when Keppel Shipyard receives the final notice to proceed.

In 2018, Keppel Shipyard repaired 328 vessels, compared to 383 vessels the year before, and completed a scrubber retrofit project on a very large crude carrier. Notably, repair jobs for LNG carriers grew to 30 in 2018 compared 23 in the preceding year. It also secured a total of 65 scrubber retrofit projects and completed nine Ballast Water Treatment System (BWTS) installations during the year.

In the Philippines, Keppel Batangas repaired 76 vessels in 2018, 66 of which were for domestic customers. Keppel Subic repaired 57 vessels, 33 of which were for foreign customers from across Europe, Asia and Central America. Keppel Subic also established its first track record in the ballast water management system market with the installation of a BWTS on NORD Savannah, a Panamanian bulk carrier owned by Nissen Kaiun. Keppel Subic will capitalise its track record to secure more similar projects before the full implementation of the Ballast Water Management Convention's requirements by 2024.

In Brazil, the FPSO P-69 was successfully completed by BrasFELS and achieved its first oil milestone in October 2018.

The vessel is currently undergoing further offshore commissioning. In 2018, BrasFELS completed repair jobs on six vessels from both new and repeat customers including MODEC, Helix, McDermott and QGOG. BrasFELS also signed an MOU with Ocyan and Magma Global to provide the latter's composite multi-bore riser solutions, which will bolster BrasFELS's position as a one-stop solutions provider for deepwater production platforms.

Market Review & Outlook

Notwithstanding the oil price volatility, there is returning confidence in the O&M sector although we do not foresee a V-shaped recovery.

In 2018, utilisation rates continued to improve as more rigs were put to work, underpinned by national oil companies' decisions to ramp-up activity in regions such as China, India, Mexico, Middle East and West Africa. In Brazil, the international oil companies have secured significant acreages, and there is growing optimism that potential foreign investments will flow into the Brazilian oil & gas industry. According to Brazil's Agency of Petroleum, Natural Gas and Biofuels (ANP), improvements to the Local Content (2018) rules will unlock investments in 36 FPSOs up to 2027.

It is expected that drilling activity will continue to pick up in 2019, driven mainly by increased drilling activity in the North Sea and West Africa regions. There are also more opportunities in FPSOs and Floating Storage Re-gasification Units (FSRU), especially conversions, with several projects approaching Final Investment Decision (FID) in 2019 and 2020. As the 2020 deadline for the International Maritime Organization's implementation of the 0.5% sulphur cap on marine fuels approaches, demand for greener solutions such as LNG vessels remains robust. Meanwhile, continued rig attrition and secondary rig transactions will help to rebalance the demand and supply of the jackup rig market.

The cut in exploration & production (E&P) expenditures by oil companies and fleet operators has driven the industry towards greater efficiency and productivity. From increased automation to the digitalisation of vessels, technology will be a key driver for the industry moving forward.

To remain competitive in a changing market environment, Keppel O&M has re-positioned itself and improved on existing core products and services. At the same time, leveraging technology, the Division is developing innovative solutions to stay ahead of the curve.

Enhancing operational productivity and efficiency, Keppel O&M is also developing yards of the future. The use of emerging technologies including robotics, enhanced IoT solutions, smart sensors, predictive analytics, and artificial intelligence are being evaluated and incorporated into the manufacturing process.

Today, Keppel O&M is leaner, fitter and more agile, and ready to seize opportunities. We remain confident of the long-term potential of the O&M industry as the demand for energy remains strong, fuelled by urbanisation and global economic growth.

Offshore Rigs

According to information provider IHS Markit, the average global demand for mobile drilling offshore units (MODU) is expected

We remain confident of the long-term potential of the O&M industry as the demand for energy remains strong, fuelled by urbanisation and global economic growth.

2

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to increase by 13% between to 2018 to 2020, with niche markets such as the Norwegian North Sea and Gulf of Mexico experiencing higher demand. While the global demand for shallow-water jackup rigs will improve through to 2020, IHS Markit expects the increase in MODU demand to be driven by semisubmersibles and drillships as operators ramp-up activity in deepwater areas.

Keppel O&M is exploring how technology can define the future of jackup rigs by introducing new systems and expanding rig capabilities. These rigs of tomorrow will transform the current rigs, making them more efficient, ergonomic and versatile without compromising on safety.

In collaboration with the Group, Keppel O&M is also exploring opportunities to re-purpose its offshore technology for other applications such as floating data centre parks.

With an extensive suite of proprietary solutions for the offshore drilling market and network of yards around the world, Keppel O&M is well positioned to ride the upturn when it returns.

Floating Production Systems

The number of operating vessels in the FPSO market grew to 183 at end-2018 from 178 at end-2017. According to Rystad Energy, more than 30 FPSO projects could be sanctioned between 2019 and 2021, while the Energy Maritime Associates forecasts between 83 and 173 orders for floating production systems over the next five years.

With a complete suite of O&M solutions, Keppel O&M will remain focused on pursuing opportunities for a variety of production solutions including FPSO conversions, mobile offshore production units, production semisubmersibles and tension leg platforms. We aim to leverage synergies across the Group to provide value-added solutions for our customers.

Gas Solutions

Global demand for gas continues to be led by Asia, which accounts for 50% of the expected growth in demand for natural gas from 2017 to 2022. Westwood estimates global capex on floating liquefaction and import vessels to reach US$37.6 billion over the 2018 to 2023 period, representing a 66% increase compared to the total capex of US$22.6 billion over the 2012 to 2017 period. Of these, Africa and North America are expected to account for the largest proportion of floating liquefaction capex.

Market research also estimates that the number of LNG-fuelled vessels will more than double to 200 by 2020 from 77 vessels in 2016, driven partly by the IMO 2020 regulations. Wood Mackenzie also reports that 2019 is expected to be a record year for LNG project sanctions, with the capacity of projects likely to reach FID tripling to over 60 million metric tonnes per annum (mmtpa) in 2019 from 21 mmtpa sanctioned in 2018.

With the successfully converted Hilli Episeyo operating offshore Cameroon, floating LNG solutions are gaining traction globally, especially in Africa. Riding on Hilli Episeyo's success, Keppel Shipyard received a LNTP for Gimi FLNG in 2018. The Greater Tortue Ahmeyim development offshore Mauritania and Senegal, for which Gimi FLNG is slated to operate, achieved FID at end-2018 while project execution activities for the field are expected to commence in 2019.

With its ability to provide end-to-end solutions across the gas value chain, Keppel O&M is well positioned to capture opportunities in the gas industry.

Specialised Shipbuilding

Prospects in the specialised shipbuilding market remain robust, particularly for non-oil related solutions such as dredgers and containerships amongst others.

Leveraging its technology and construction expertise, Keppel O&M is able to provide an extensive range of non-oil related solutions and is also capturing opportunities in the Jones Act market through Keppel AmFELS in Brownsville, Texas.

Keppel O&M's capabilities in non-drilling and gas solutions will provide the company with new growth areas and revenue streams, despite continuing challenges in the offshore drilling sector.

Shiprepair

With the enforcement of IMO's 0.5% global sulphur cap, ship owners are actively pursuing alternative solutions, such as the installation of scrubbers, to reduce sulphur emissions. In 2018, Keppel O&M secured a total of 65 scrubber retrofit projects and anticipates more awards in the run-up to the IMO 2020 deadline.

As global demand for LNG continues to increase, charterers are likely to seek more spot vessels, resulting in ship owners reactivating idle vessels. This would generate more shiprepair work for yards.

Over the longer term, the shipping industry will also continue its drive towards greater efficiency by reducing costs, improving utilisation and deploying new technologies, while meeting environmental standards.

Against this backdrop, Keppel O&M is well placed to provide retrofitting solutions to meet the changing needs of the shiprepair industry.

Keppel O&M's capabilities in non-drilling and gas solutions will provide new growth areas and revenue streams.

To generate the best risk-adjusted returns, Keppel Land will continue to explore opportunities to unlock capital, and reinvest in new residential sites and commercial projects.

Earnings Highlights ($m)

	2018	2017*	2016*
Revenue	**1,340**	1,782	2,035
EBITDA	**1,065**	705	639
Operating Profit	**1,032**	668	611
Profit before Tax	**1,188**	844	833
Net Profit	**938**	650	620
Average Headcount (Number)	**3,059**	3,257	3,733
Manpower Cost	**204**	194	199

* 2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International). 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards and certain amounts have been reclassified for comparability purposes.

Major Developments in 2018

Sold about 4,440 homes in Asia, mainly in China, Vietnam and India.

Completed divestments and sale of residential projects en-bloc worth $1.7 billion across Singapore, China, Vietnam and Thailand.

Completed about $0.8 billion worth of acquisitions in Singapore, China, Vietnam and Indonesia.

Replenished residential landbank with the addition of about 3,600 units in China and 500 units in Indonesia.

Focus for 2019/2020

Invest strategically in Asia with Singapore, China and Vietnam as its key markets, while continuing to scale up in other markets such as Indonesia and India.

Actively scale up commercial presence to provide steady stream of recurring income.

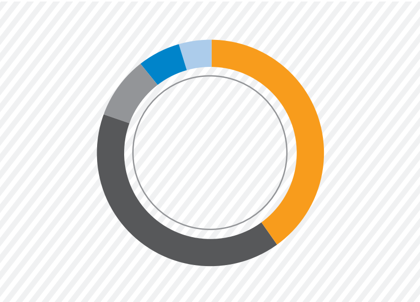
Recycle capital strategically, reinvesting for growth and higher returns.

Strengthen collaboration with strategic partners to capture growth opportunities in the region.

Invest in and develop property technology and new solution offerings.

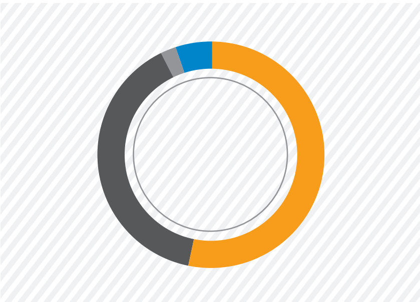
Operating & Financial Review
Property

Total Asset Distribution by Country (%)
as at 31 December 2018



Singapore	40.3
China	40.0
Vietnam	9.1
Indonesia	5.9
Others	4.7
Total	**100.0**

Total Asset Distribution by Segment (%)
as at 31 December 2018



Property Trading	53.6
Property Investments	39.0
Hotels & Resorts	2.3
Others	5.1
Total	**100.0**

Earnings Review

The Property Division generated a revenue of $1.3 billion for FY 2018, down $442 million or 25% from FY 2017, mainly due to lower revenue from a few trading projects in Singapore and China, as a result of cooling measures implemented.

The Division's FY 2018 net profit was $938 million, an increase of $288 million or 44% from FY 2017, mainly due to higher sale of residential projects en-bloc and gain from divestment of the stake in Aether. This was partly offset by lower fair value gains on investment properties, lower contribution from Singapore and China property trading, and lower share of profits from associated companies and joint ventures (JV).

In FY 2018, the Property Division contributed 99% of the Group's net profit.

Operating Review

Singapore

Keppel Land sold about 160 residential units in Singapore, lower than the sales achieved in 2017, following the cooling measures implemented by the Singapore government in July 2018. About 80% of the units sold in 2018 came from Highline Residences, which was fully sold in March 2018, and The Garden Residences, which was launched in June 2018. As at end-2018, the take-up rate of The Garden Residences was about 48% of the 156 launched units. 32 units at Reflections at Keppel Bay and Corals at Keppel Bay were also sold in 2018. The two projects were 89% and 77% sold as at end-2018.

Keppel Land announced plans to redevelop Nassim Woods into a luxurious condominium of about 100 homes and will continue to monitor the market for an appropriate time to launch the project.

Keppel Land is also reviewing the plans for Keppel Bay – plots 4 and 6, Keppel Towers and I12 Katong.

China

In 2018, Keppel Land sold about 2,240 units in China, lower than the 3,725 units sold in 2017, mainly due to the government's property cooling measures. Sales were mainly from Seasons Gardens, Seasons Residences and Seasons Heights in Tianjin Eco-City, V City in Chengdu, as well as Park Avenue Heights and Waterfront Residences in Wuxi, supported by healthy supply-demand balance in these geographies.

During the year, Keppel Land continued to expand its presence in China, focusing on the Jing-Jin-Ji region, Yangtze River Delta, Greater Bay Area and the Chengdu metropolis. It made its maiden entry into Nanjing's residential market in 2018 through a 40% stake in a JV with Gemdale, and added to its landbanks in Tianjin Eco-City and Chengdu. These are markets where the supply of homes with pre-sale permits is expected to be absorbed in less than six months.

During the year, Keppel Land also announced the acquisition of a completed commercial property in Haidian District, Beijing. The acquisition is in line with Keppel Land's strategy to grow its commercial portfolio in China, with a focus on Tier 1 cities, and will provide a steady stream of cash flow for the Group.

Vietnam

In Vietnam, Keppel Land sold about 910 units in 2018, lower than the 1,110 units sold in 2017, due to fewer sales launches. The Infiniti sold 78% of the 442 units launched, Palm Garden sold 80% of the 420 units launched, while Cove Residences also registered a strong take-up rate of 95%.

In December 2018, the entire Phase 2 of Estella Heights in District 2, Ho Chi Minh City (HCMC) was completed and handed over. Its retail mall, Estella Place, also commenced operations in December 2018 with a committed occupancy of over 90%.

In 2018, Keppel Land acquired the remaining 10% stake in Saigon Sports City to gain full ownership of the modern township development which will house some 4,300 smart homes. Keppel Land is collaborating with Keppel Urban Solutions to develop Saigon Sports City into a vibrant destination of choice.

During the year, Keppel Land converted its stake of the bonds issued by Nam Long Group (NLG), bringing its stake in NLG to about 10% from about 5%. This makes Keppel Land the second largest shareholder of the affordable housing developer.

Others

In Indonesia, Keppel Land sold about 350 homes, about 32% higher than the sales achieved in 2017. Following the successful launch of Phase 1 of The Riviera at Puri at end-2017, Phases 2 and 3 launched in 2018 were also well-received. As at end-2018, The Riviera project was close to 90% sold.

Capitalising on the demand for landed homes in Indonesia, Keppel Land formed a strategic alliance with PT Metropolitan Land Tbk (Metland), its partner for The Riviera at Puri, to cooperate on residential projects owned and occupied by Metland in Greater Jakarta, with an investment value of up to Rp. 5 trillion (about $470 million). Following the launch of this alliance, Keppel Land and Metland entered into an agreement to develop a 12-hectare residential site in the established Metland Menteng township in East Jakarta.

In India, Keppel Land launched the 2,082-unit Provident Park Square in Bengaluru, through a JV with Indian developer Puravankara. The project was well-received with 70% of the 1,102 launched units sold. Keppel Land also partnered Puravankara to acquire a prime site in Bengaluru, to develop its first commercial development in India with a gross floor area (GFA) of 95,000 square metres (sm). The project is expected to be completed in 2023.

In the Philippines, The Podium West Tower, a landmark Grade A office tower in Manila, was topped off in September 2018. The office tower is expected to be completed in 2Q 2019 and has been conferred the LEED Gold (Core & Shell) Pre-certification by the United States (US) Green Building Council.

Capital Recycling for the Best Risk-adjusted Returns

Keppel Land continues to review its portfolio to unlock capital and generate the best risk-adjusted returns.

During the year, Keppel Land completed five divestments and the sale of five residential projects en-bloc totalling about $1.7 billion. These included the sale of its stakes in residential projects in Zhongshan and Shenyang in China, HCMC, Vietnam and Bangkok, Thailand; a commercial development in Beijing, China, and some of its units in Keppel DC REIT.

Keppel Land also deepened its presence in key markets. During the year, seven acquisitions totalling about $0.8 billion were completed. These included residential sites in China and Indonesia; as well as increased stakes in a residential project in HCMC, Vietnam, and a retail mall in Singapore.

To generate the best risk-adjusted returns, Keppel Land will continue to explore opportunities to unlock capital, and reinvest in new residential sites and commercial projects.

Market Review & Outlook

Singapore

Singapore's economy grew by 3.2% in 2018, which continued to support demand in the residential and commercial markets. In July 2018, the Singapore government imposed cooling measures, which included increasing the Additional Buyer's Stamp Duty and lowering loan-to-value limits, and subsequently tightened the guidelines on maximum allowable dwelling units in October 2018.

Residential en-bloc sales have slowed significantly since the measures. The number of new private home sales was 8,795 units in 2018, 17% lower than 2017. Prices rose 7.9% for 2018 compared to a 1.1% increase in 2017, and home prices as at end-2018 were 3.2% below the last peak in 3Q 2013.

In the commercial sector, CBRE reported that Grade A core Central Business District (CBD) office rent rose 14.9% in 2018, reflecting a 20.7% growth from the last trough in 2Q 2017, on the back of robust demand and decreasing supply of prime space.

Keppel Land continues to be on the lookout for good business opportunities in Singapore.

Overseas

Rapid urbanisation and a fast-growing middle class will continue to drive demand for high-quality homes in Asia. Riding on these trends, Keppel Land will continue to tap demand with over 18,000 overseas launch-ready homes from 2019 to 2021.

China's Gross Domestic Product (GDP) growth slowed in 2018 to 6.6% and is expected to slow further in 2019, given lagged effects of credit tightening, and from the global slowdown and headwinds from US-China trade tensions.

While property cooling measures have had an impact on the Chinese market, urbanisation trends and growing income levels continue to drive demand for quality housing and commercial developments in key regions and cities. Keppel Land will focus on the Jing-Jin-Ji region, Yangtze River Delta, Greater Bay Area and the Chengdu metropolis, where it sees considerable growth potential.

In Vietnam, GDP growth was 7.1% in 2018, faster than 6.8% in 2017. The property market in HCMC remains promising. According to CBRE, about 31,100 new homes were sold compared with 30,800 units launched in HCMC in 2018, while average selling prices increased by about 10% in 2018. With a sizeable landbank of about 17,000 units, Keppel Land is poised to meet the robust demand for homes in Vietnam. Grade A office supply remains limited, driving rents up by 15.8%, and the retail market also saw healthy demand and tight supply in HCMC's CBD.

In Indonesia, the economy is expected to grow at above 5% per annum from now through to 2020 supported by domestic spending. While the supply of condominiums remains high, the landed residential market in Jakarta and Greater Jakarta is expected to remain resilient, backed by fundamental housing demand.

With a pipeline of close to 50,000 residential units and a total commercial footprint of 1.5 million sm of GFA in key Asian cities, Keppel Land is well positioned to capitalise on the demand for homes, office and retail spaces in its target markets.

With a commercial footprint of 1.5 million sm of GFA, Keppel Land is well positioned to capitalise on the demand for office and retail spaces in its target markets. (In picture: Estella Place in HCMC, Vietnam)

Operating & Financial Review

Infrastructure

We will focus on growing the Infrastructure Division's contributions to the Group.

We are a developer, owner and operator of quality infrastructure assets with a focus on growing stable income from the management, operations and maintenance of our projects and the provision of connectivity solutions.

Earnings Highlights ($m)

	2018	2017*	2016*
Revenue	**2,629**	2,207	1,744
EBITDA	**150**	169	136
Operating Profit	**105**	125	94
Profit before Tax	**184**	170	123
Net Profit	**169**	134	99
Average Headcount (Number)	**2,698**	2,618	2,669
Manpower Cost	**183**	180	173

* 2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International). 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards and certain amounts have been reclassified for comparability purposes.

Major Developments in 2018

Secured $180 million worth of contracts in energy and environmental infrastructure across Singapore, Australia, China and Europe.

Signed two agreements to develop and operate data centres in Jakarta, Indonesia and Johor, Malaysia.

Signed partnership agreements to explore data centre opportunities in China.

Raised stake in UrbanFox to 85% to pursue growth in e-commerce channel management and last-mile fulfilment.

Focus for 2019/2020

Continue to seek out value-enhancing projects locally and overseas, leveraging the Division's project development, engineering, operations and maintenance expertise.

Harness the strength of an integrated gas, power and district cooling platform to pursue opportunities for growth.

Continue to build up a portfolio of quality data centre assets and provide higher value services to customers.

Extend and develop new business-to-consumer retail and marketing capabilities in power, e-commerce and urban logistics, adding value to product offerings and improving customer experience.

Earnings Review
We are a developer, owner and operator of quality infrastructure assets with a focus on growing stable income from the management, operations and maintenance of our projects and the provision of connectivity solutions. The Infrastructure Division comprises the Group's businesses in energy, environment and infrastructure services, as well as logistics and data centres.

The Infrastructure Division's revenue for FY 2018 was $2.6 billion or 19% higher than FY 2017, mainly due to strong performance from Energy Infrastructure.

The Division's FY 2018 net profit of $169 million was $35 million or 26% higher than FY 2017, due to higher profit from Environmental Infrastructure, Infrastructure Services and Data Centres. During the year, Infrastructure Services continued to contribute steadily to the Group's recurring income base.

In FY 2018, the Infrastructure Division contributed 18% of the Group's net profit.

Energy Infrastructure
Operating Review
Despite the challenging market conditions, Keppel's Energy Infrastructure business continued to perform well in 2018.

Since the launch of the Open Electricity Market (OEM) in Singapore in 2018, competition in the electricity market has intensified. Alongside marketing activities, Keppel Electric partnered other companies including M1, CityGas, and the nation's local banks to expand its customer reach. Preliminary results have shown that Keppel Electric is among the retailers with the largest market shares in the OEM. Keppel Electric has also grown its commercial and industrial customer base and advanced its position to become Singapore's largest private electricity retailer with a market share of 14.5% in December 2018, compared to 14% in December 2017.

Keppel Gas continued to ramp up its gas supply to serve an expanding customer base. Under long-term contracts, the revenue growth from an increased offtake of gas by its customers will contribute to the Group's recurring income stream.

In 2018, Keppel Infrastructure's wholly-owned subsidiary, Pipenet, was awarded a contract by JTC Corporation (JTC) to design, build and operate pipe racks in Jurong Island, Singapore, worth about $40 million. The racks, slated for completion by 2020, will add to the Group's recurring income base upon commencement of the 15-year operations and maintenance phase of the contract. JTC has the option to extend the operations and maintenance contract for another 15 years.

During the year, Keppel DHCS clinched a contract for the initial design phase of a new district cooling services (DCS) plant in the upcoming Jurong Innovation District in Singapore. Contingent upon approval by JTC, there may be a subsequent phase of the contract to build, own and operate a DCS plant, with a capacity of up to 14,000 refrigeration tonnes (RT), on a 30-year contract term. With the aggregate installed capacity across major business and industrial parks projected to increase to 74,000 RT, Keppel DHCS remains the largest DCS provider in Singapore.

Under a research grant awarded by the Energy Market Authority in Singapore, Keppel DHCS and the National University of Singapore are jointly developing novel heat transfer materials for DCS. If successful, the new technology would not only improve energy efficiency by as much as five times but could also result in space savings of the same magnitude. The project is expected to be completed by 2021.

Market Review & Outlook
Singapore's average electricity demand remained subdued in 2018, increasing 1% from 2017. Meanwhile, the electricity retail market experienced significant expansion with the nationwide launch of the OEM, to be progressively rolled out, from 1 November 2018. Since then, an estimated 450,000 households have been given contestable status as at end-2018, and about one-third of contestable consumers have switched to their retailer of choice. With 13 electricity retailers participating in the OEM, the market remains highly competitive.

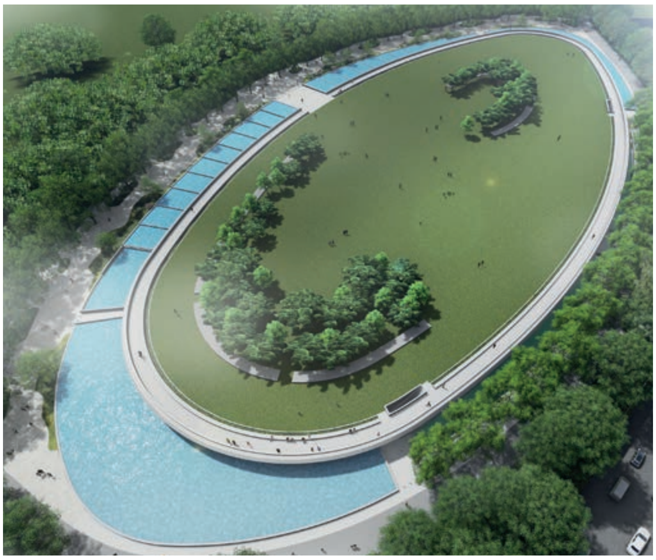
It is estimated that as at end-2018, about 1.3 million households had yet to switch to a private electricity retailer. Keppel Electric will increase its efforts to target this untapped market and expand its market leadership in the electricity retail market as the OEM is progressively rolled out in 1H 2019.

Since 2015, natural gas has consistently accounted for 95% of the fuel mix used in power generation in Singapore. The ongoing efforts by the government to develop Singapore as a gas trading hub are expected to yield additional supplies of gas. Keppel Gas is exploring new opportunities to deliver competitive, value-added solutions to existing and potential customers.

Meanwhile, Singapore's DCS sector continues to experience a steady increase in demand, with a compounded annual growth rate (CAGR) of 7% since 2010. This is driven by the Singapore government's intensification of land use and promotion of sustainable cooling. Further afield, Keppel DHCS is actively looking for growth opportunities in Asia to expand its geographical reach.

Environmental Infrastructure
Operating Review
In 2018, Keppel Seghers secured two performance bonuses and signed a five-year Technical Support Agreement with Viridor EfW (Runcorn) in the United Kingdom. The bonuses, which totalled about $7 million, were awarded in recognition of the plant's higher electrical efficiency and lower chemical consumption since commencing operations in 2015.

During the year, Keppel Seghers expanded its track record as a choice provider of waste-to-energy (WTE) technology and services, and its geographical reach.


Upon completion in 2020, the Keppel Marina East Desalination Plant will contribute to the Group's recurring income stream.

Operating & Financial Review
Infrastructure


1

1
Keppel Infrastructure Services will operate and maintain the Hong Kong IWMF when it is completed in 2024.

2
Senior management from Keppel T&T and the Salim Group marked the groundbreaking of IKDC 1 on 17 January 2019.

In China, Keppel Seghers secured a contract to provide WTE technology and services for a project in Xian, Shaanxi Province. With this, Keppel is currently executing nine technology package projects with a total incineration capacity of over 15,000 tonnes per day in China. Meanwhile, the Sino-Singapore Tianjin Eco-City Water Reclamation Centre commenced commercial operations in January 2018.

In October 2018, Keppel Seghers secured a contract to supply technology and services worth over €70 million for Australia's first WTE plant in Kwinana. When completed in 2021, the facility, which utilises Keppel Seghers' proprietary technology, can reduce the volume of waste for landfills by over 90% and export about 36 megawatts of green electricity to the grid.

In Singapore, the Keppel Marina East Desalination Plant (KMEDP) is on track for completion in 2020. Meanwhile, engineering design work is progressing well for Phase 1 of the Hong Kong Integrated Waste Management Facility (IWMF), with key procurement and prefabrication works expected to commence in 2019 alongside ground preparation for reclamation works.

Market Review & Outlook

In 2018, the world generated over two billion tonnes of municipal solid waste (MSW) and the annual waste generated is expected to increase by 70% to about 3.4 billion tonnes by 2050. With continued population growth and rapid urbanisation, the sustainable collection and treatment of MSW have become key focus areas for governments globally.

In China, the government continues to limit the addition of landfills, and maintains its push towards the target of treating one-third of China's solid waste using proven incineration technologies by 2030. As a result, the demand for incineration projects in China is likely to increase over the next few years.

In India, favourable feed-in tariffs for green power generated from solid waste continue to fuel strong interest in WTE projects. With MSW constituting about 75% of India's waste and continuing pressure for more efficient treatment processes, opportunities for waste management solutions in India's more developed regions are expected to increase.

Countries within Southeast Asia (SEA) present good market potential, given the increasing level of environmental awareness, less developed waste management structures, as well as rapid urbanisation in several countries. Moreover, landfills in major cities are no longer viable as land has become scarce and expensive. Locally, Singapore's declaration of 2019 as the Year Towards Zero Waste will provide new opportunities for the development of waste management solutions.

In Europe, the focus has turned to improving and upgrading waste management facilities to fulfil the European Union's waste legislation on landfill diversion. This has created pockets of opportunities across member countries.

With a global track record in waste and water projects, Keppel Seghers is well positioned to support municipalities and industries with its proven solutions and strong operational competencies.

Infrastructure Services
Operating Review

Keppel Infrastructure Services (KIS) continues to maintain high operating standards by maximising availability, reliability, and efficiency for its portfolio of assets spanning the power, WTE, water and district cooling sectors. With its track record of executional excellence, KIS sets the benchmark in the industry for operations and maintenance.

KIS is also focused on improving the operational efficiency of its plants. Amongst improvement projects in 2018 was the modification of the flue gas treatment system at the Keppel Seghers Tuas WTE plant, which enhanced the plant's chemical scrubbing operations.

Harnessing synergies, KIS has synchronised its procurement activities with other units within the Group. This has allowed KIS to boost data control and audit compliance, demonstrating its commitment towards good corporate governance.

Market Review & Outlook

New regulatory regimes and urbanisation blueprints are increasingly fuelled by burgeoning concerns around climate change. While these trends provide exciting opportunities, KIS must continue to evolve and adapt for more resource-efficient and environmentally-friendly operations and maintenance solutions.

Supporting the Group's vision of shaping a sustainable future, KIS will continue to actively seek new projects spanning DCS, water, WTE and power to deliver high-quality value-added operations and maintenance services.

Data Centres

Operating Review

Keppel Data Centres Holding (KDCH) continued to pursue expansion opportunities in target markets, while enhancing its capabilities and service offerings to meet the growing demand for big data and connectivity. Today, the Group has a portfolio of 22 data centres across 14 cities in Asia Pacific and Europe.

KDCH along with Alpha Data Centre Fund (Alpha DC Fund) has entered into several strategic partnerships to develop and operate data centres in the Asia Pacific.

In a joint venture with the Salim Group, KDCH and Alpha DC Fund will develop and operate a data centre in Bogor, about 35 kilometres from Jakarta, Indonesia. The IndoKeppel Data Centre 1 (IKDC 1), with a 3-hectare land plot, will be the first phase of a larger data centre campus development that will cater to a growing demand for quality data centre space in Indonesia. IKDC 1 will be a Tier 3 data centre with a gross floor area (GFA) of approximately 105,300 square feet (sf). The construction of the data centre's core and shell, as well as first phase fit-out, is expected to be completed by 1H 2020.

KDCH and Alpha DC Fund also entered into an agreement with a leading technology company (the customer) to develop and operate a greenfield data centre in an industrial park in Johor, Malaysia, earmarked to be a data and research hub for the state. The data centre will feature minimum Tier 3 equivalent specifications for concurrent maintainability, spread over 100,495 sf of GFA. Upon expected completion in 2020, the data centre will be fully committed by the customer.

To further expand its footprint, KDCH is fostering partnerships with technology companies in China, to develop, operate and maintain more efficient and robust data centres in China and around the world.

In Singapore, Keppel DC Singapore 4 has secured close to 60% committed occupancy upon the completion of its phase 2 fit-out in 2018. Upon Keppel DC REIT's acquisition of Keppel DC Singapore 5 (formerly known as Kingsland Data Centre), KDCH was appointed as the master lessee and facility manager for the asset.

To meet the changing demands and requirements of clients for greater connectivity, KDCH partnered DE-CIX, one of the world's leading Internet Exchange providers in Frankfurt, Germany, to offer premium interconnection services at Keppel DC Frankfurt 1.

Keppel T&T is pursuing innovative new solutions in collaboration with other business units in the Group. These include floating data centre parks and high-rise green data centres, which may also incorporate cold energy harvesting facilities.

In recognition of its commitment to operational excellence and track record, KDCH was named the Singapore Wholesale Colocation Service Provider of the Year by Frost and Sullivan in November 2018.

Market Review & Outlook

The proliferation of Internet of Things, big data, Artificial Intelligence, and cloud-based services continues to drive demand for data centre space.

According to the Cisco Global Cloud Index, Asia Pacific has been identified as the hot spot of investments for cloud giants, with cloud workloads estimated to grow at a CAGR of 27% from 2016 to 2021. While Tier 1 cities like Singapore remain the preferred location as a cloud region, emerging markets such as Indonesia and Vietnam are gaining traction as focus hubs for data centre investments by cloud giants.

Keppel T&T is pursuing innovative new solutions in collaboration with other business units in the Group. These include floating data centre parks and high-rise green data centres.

2

Operating & Financial Review
Infrastructure

Data centre colocation remains a viable solution for enterprises and cloud services providers, with its flexibility, lower upfront cost and localisation advantages. According to Technavio's latest research, the global data centre colocation market is forecasted to grow at a CAGR of 9% from 2018 to 2022. Structure Research, a research and consultancy firm focused on internet infrastructure, estimates that the Singapore colocation market is expected to register a healthy CAGR of 12%, reaching $2 billion by 2021.

The rising demand and opportunities have also resulted in steeper competition from global incumbents and new players. Additionally, data centre providers also face the challenge of land scarcity.

KDCH will continue to work closely with Alpha DC Fund and Keppel DC REIT to proactively seek new development and acquisition opportunities in Asia Pacific and Europe. It will also sharpen its value proposition, especially in the areas of enhancing connectivity, as well as explore innovative and sustainable data centre designs and technologies.

Logistics

Operating Review

In 2018, Keppel Logistics focused its efforts on building new capabilities and expanding its omnichannel solution offerings to customers in SEA.

To augment its urban logistics business, Keppel Logistics increased its stake in UrbanFox to 85% from 59.6%. In 2018, UrbanFox expanded its customer base to over 200 channel management customers from five as at end-2017, and more than doubled the number of last-mile business-to-consumer (B2C) deliveries. The company also launched new solution offerings during the year and expanded its UrbanFox Marketplace to include the business-to-business (B2B) segment. As at end-2018, more than 300 brands have been made available on the UrbanFox Marketplace.

In line with its commitment to provide agile and innovative solutions for customers, UrbanFox invested in technology and process optimisation initiatives to strengthen its services. Growing beyond Singapore, it is gearing up to seize opportunities offered by e-commerce in SEA.

In 2018, Keppel Logistics retrofitted its Tampines Logistics Hub in Singapore and increased its warehouse footprint in Malaysia and Vietnam. In Indonesia, Keppel Logistics expanded its transportation fleet and commenced domestic sea freight and air freight delivery services. Meanwhile, the warehouse occupancy and transport volumes in Australia grew during the year with new customer wins.

Keppel Logistics' river ports in Foshan, Guangzhou experienced a drop in throughput, against the backdrop of changing regulatory requirements as well as concerns over trade tensions between the US and China. Construction of the Keppel Wanjiang International Coldchain Logistics Park in Anhui province was completed, and operations are expected to commence in 1H 2019.

Keppel Telecommunications & Transportation is undertaking a strategic review of its China logistics business, as it seeks to optimise and focus resources to become a leading urban logistics solutions provider.

Market Review & Outlook

According to the OECD's latest report, Emerging Asia's Gross Domestic Product is forecasted to grow at an annual average of 6.1% from 2019 to 2023. This is expected to support the growth of urban logistics in SEA through increased domestic consumption and investment.

The e-commerce market in SEA remains promising. A joint study by Google and Temasek published in 2018 reported that SEA's internet economy had hit an inflection point in 2018, when its internet economy's year-on-year growth of 37% exceeded the 32% CAGR recorded between 2015 and 2018. According to the report, SEA's internet economy will continue growing at unprecedented pace, reaching a gross market value of US$240 billion by 2025 from US$32 billion in 2015. Growth of the internet economy is expected to be driven mainly by the e-commerce sector, which is projected to register a CAGR of 34% from 2015 to 2025 to reach a gross market value of US$102 billion by 2025. Within SEA, the highest e-commerce growth is expected to be from Indonesia, Thailand and Vietnam.

Leveraging the Group's global presence and its integrated end-to-end logistics services, Keppel Logistics is well positioned to tap the growing demand for e-commerce in the region. Keppel Logistics will continue to transform its business and build new capabilities to provide omnichannel solutions for the fast-growing e-commerce market in Asia.

During the year, Keppel Logistics fully integrated its B2B and B2C operations at Tampines Logistics Hub in Singapore, and expanded its omnichannel solution offerings to customers in SEA.

Investments

We create value for shareholders by investing strategically and developing new growth engines.

Photo credit: ST Press

Leveraging the Group's core competencies, Keppel Capital will continue to create innovative investment solutions and connect investors with high-quality real assets in fast-growing sectors fuelled by urbanisation trends.

Earnings Highlights ($m)

	2018	2017*	2016*
Revenue	**121**	173	134
EBITDA	**(15)**	177	63
Operating (Loss)/Profit	**(21)**	175	61
(Loss)/Profit before Tax	**(19)**	290	56
Net (Loss)/Profit	**(54)**	238	36
Average Headcount (Number)	**554**	416	286
Manpower Cost	**146**	110	89

* 2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International). 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards and certain amounts have been reclassified for comparability purposes.

Major Developments in 2018

Keppel Capital announced expansion into new asset classes such as senior living.

Keppel REIT divested a 20% stake in Ocean Financial Centre in Singapore.

KIT announced the acquisition of Ixom.

Keppel DC REIT and KORE expanded their portfolios with acquisitions worth over $700 million.

AAMTF III closed at US$1.1 billion.

KUS signed MOUs with Envision and ST Engineering for smart city solutions.

KUS signed MOUs for development opportunities in the Philippines and China.

Keppel & SPH launched an offer to take majority control of M1.

Focus for 2019/2020

Keppel Capital will continue to pursue organic and inorganic growth opportunities to grow the Group's asset management platform.

M1 will continue to build up its capabilities to capitalise on new opportunities. Keppel and SPH will work with M1's board and management to drive its business transformation plans.

Continue development of the Sino-Singapore Tianjin Eco-City to realise its vision of being a model for sustainable urbanisation in China.

Operating & Financial Review
Investments

Earnings Review
The Investments Division comprises mainly Keppel Capital and Keppel Urban Solutions (KUS), as well as the Group's investments in M1, KrisEnergy and the Sino-Singapore Tianjin Eco-City (Eco-City).

The Investments Division generated revenue of $121 million for FY 2018, down $52 million or 30% from the previous year, due mainly to the absence of sale of investments and lower revenue from the asset management business. The Division reported a pre-tax loss of $19 million for FY 2018, compared to a pre-tax profit of $290 million for FY 2017. This was due mainly to lower profit from land sales in the Eco-City, lower contribution from the asset management business and provision for impairment of an associated company, partly offset by lower share of loss from KrisEnergy. In 2017, the Investments Division also benefitted from the share of profits from k1 Ventures and write-back of provision for impairment of an associated company.

Accordingly, the Division reported a net loss of $54 million for FY 2018, compared to a net profit of $238 million for FY 2017.

Keppel Capital
Operating Review
2018 was an active year for Keppel Capital as it continued to expand into new markets and asset classes. Keppel Capital's total assets under management (AUM) remained stable at about $29 billion as at end-2018 on a fully leveraged and invested basis, despite a few divestments by Alpha Investment Partners (Alpha) during the year.

In 2018, Keppel Capital made headway in the investments into alternative asset classes, including senior living and education real estate sectors, as well as announced plans to establish its first retail-focused fund with an initial focus on Australia. At the same time, a Renminbi fund management entity was also established in the Sino-Singapore Tianjin Eco-City.

Real Estate
In 2018, Keppel REIT Management strategically divested a 20% minority stake in Ocean Financial Centre to Allianz Real Estate for $537.3 million. This allowed Keppel REIT (KREIT) to recognise some capital gains while maintaining its exposure to the strengthening Singapore office market through its 79.9% controlling stake. In Australia, development of the Grade A office tower at 311 Spencer Street in Melbourne is slated for completion in 1H 2020.

The Manager's proactive leasing efforts kept KREIT's portfolio well occupied in 2018, with committed occupancy at 98.4% as at end-2018, and a long weighted average lease to expiry (WALE) of 5.9 years that will underpin KREIT's long-term stable recurring income.

Meanwhile, Keppel-KBS US REIT Management delivered on its investment and growth strategy to augment Keppel-KBS US REIT's (KORE) portfolio by acquiring quality income-producing properties in first choice submarkets in the United States (US) with positive macroeconomic and office fundamentals. During the year, KORE deepened its presence in key growth cities with acquisitions in Seattle and Orlando.

As at end-2018, KORE's portfolio occupancy and WALE by net lettable area remained healthy at 91.6% and 3.9 years respectively, providing stable income streams to unitholders.

The private funds managed by Alpha also registered strong fundraising efforts. The Alpha Asia Macro Trends Fund (AAMTF) III closed in December 2018 at approximately US$1.1 billion, including co-investments, exceeding its initial target of US$1 billion. During the year, Alpha divested over US$1.9 billion in assets across the various funds under management, and committed to acquisitions in Singapore, Brisbane, Shanghai and Tokyo with a gross asset value of over US$1.1 billion.

Data Centres
Keppel DC REIT Management maintained its focused investment strategy of seeking quality income-producing acquisitions in key data centre hubs across Asia Pacific and Europe.

In 2018, the REIT added Keppel DC Singapore 5 and maincubes Data Centre to its stable of quality data centres, and announced the addition of Intellicentre 3 East Data Centre (IC3 East DC) which will be built on the vacant land within its Intellicentre 2 Data Centre's site. IC3 East DC is expected to be completed in 2020. This has brought the REIT's total AUM to $2 billion across 15 data centres, excluding IC3 East DC. The Manager also acquired the remaining 999-year leasehold interest at Keppel DC Dublin 1, with completion expected in 1H 2020.

As at end-2018, the REIT's portfolio occupancy remained healthy at 93.1%, while the WALE was at 8.3 years by leased area, providing good visibility to its income stream.

Alpha Data Centre Fund (Alpha DC Fund) continued to expand its portfolio of assets in new markets. Working with Keppel Data Centres, Alpha DC Fund marked its foray into Indonesia through a partnership for a data centre project in Bogor, near Jakarta. Alpha DC Fund also successfully secured a built-to-suit project with a leading technology company for its first greenfield data centre asset in Johor, Malaysia. This is the Fund's first large-scale project for the customer, with Alpha DC Fund's innovative deal structuring setting a repeatable and scalable operating model for the Fund's future expansion plans in Asia.

Infrastructure
Keppel Infrastructure Fund Management announced the strategic addition of Ixom to Keppel Infrastructure Trust (KIT). Ixom is one of the leading industrial and infrastructure businesses in Australia and New Zealand. Following the completion of the transaction in February 2019, the addition of Ixom will provide KIT with long-term and stable cash flows, underpinned by multiple core assets and a well-positioned network of infrastructure, as well as extend the cash flow life of the Trust's portfolio. KIT will continue to deliver steady income from its three core sectors of Energy, Distribution & Network, and Waste & Water sectors.


1

1
Keppel DC REIT acquired Keppel DC Singapore 5, a purpose-built, carrier-neutral colocation data centre, in 2018.

2
Mr Lawrence Wong (left), Singapore's Minister for National Development and Second Minister for Finance, and Mr Zhang Yuzhuo (right), Tianjin Binhai New Area Party Secretary, officiated at the launch of the Eco-City's city centre.

Business Outlook
As an integrated asset manager, Keppel Capital continues to play a key role in collaborating with other business units to create real assets from the spectrum of solutions offered by the Group. Keppel Capital will continue to pursue both organic and inorganic growth opportunities to grow its AUM to the $50 billion target by 2022, boosting the Group's funding capabilities and expanding its capital base. Leveraging the Group's core competencies, Keppel Capital will continue to create innovative investment solutions and connect investors with high-quality real assets in fast-growing sectors fuelled by urbanisation trends.

Sino-Singapore Tianjin Eco-City
In 2018, the Eco-City celebrated its 10th anniversary. The former saline wasteland has been transformed into a thriving green city, and the Eco-City is on track to realising its vision of becoming a model for sustainable urbanisation in China.

Keppel leads the Singapore consortium, which works with its Chinese partner to guide the 50-50 joint venture (JV) – Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. (SSTEC) – in its role as master developer of the Eco-City.

Today, more than 100,000 people[1] live and work in the Eco-City, which is a bustling community with three neighbourhood centres, five libraries, three health services centres, a hospital and 17 schools with about 10,000 students. The Eco-City's business parks also continued to attract new investments and tenants. To date, the Eco-City has over 7,700 registered companies[1].

The Tianjin government's property cooling measures have continued to dampen market demand for homes in the Eco-City. In 2018, a total of 2,700 homes were sold by various developers in the Eco-City, down 30% from the homes sold in 2017. Despite the lower sales volume, the Eco-City remains a highly sought-after residential precinct within the Tianjin Binhai New Area for homebuyers and developers alike. In 2018, SSTEC sold three residential land plots to developers keen to participate in the Eco-City's continued development. One plot was acquired by Keppel Land China to expand its presence in the Eco-City.

With the successful completion of the Start-Up Area (SUA), SSTEC will focus on developing the Eco-City's Central District, where the future city centre will be located. Land parcels will be developed or sold in tandem with the market's needs, to drive the city centre's growth.

Reflecting the good progress of the Eco-City, at a meeting in September 2018, the Eco-City's Joint Steering Council, co-chaired by Singapore's Deputy Prime Minister Teo Chee Hean and Chinese Vice Premier Han Zheng, supported the replication of the Eco-City's experience in other Chinese cities as well as along the Belt and Road regions. A joint cooperation framework was signed between the two governments to promote the replication of the Eco-City's development experience.

In 2018, Keppel Land China sold about 630 homes in the Eco-City. As at end-2018, Keppel Land China had launched about 4,500 homes in the Eco-City, of which about 98% had been sold. Riding on its strong track record in the Eco-City, Keppel Land China also successfully secured a 10.97-hectare residential site in the Eco-City's SUA, which will be developed into an eco-community comprising terrace houses and low-rise apartments.

Different business units in the Keppel Group are contributing to the Eco-City's development. The occupancy of Keppel Telecommunications & Transportation's logistics distribution centre in the Eco-City improved to about 80% by end-2018, compared to 65% in 2017. In the meantime, the Sino-Singapore Tianjin Eco-City Water Reclamation Centre, a JV between Keppel Infrastructure and Tianjin Eco-City Investment and Development Co., Ltd, commenced commercial operations in January 2018. The Centre treats wastewater effluent from an existing wastewater treatment plant to produce recycled water that meets China's most stringent standards for urban miscellaneous water consumption. Keppel Capital China also established a fund management entity in the Eco-City in 2018.

Keppel Urban Solutions
KUS is an end-to-end master developer of smart, sustainable urban townships, leveraging the Group's experience and strong track record in the planning and development of large-scale projects in the Asia Pacific. KUS brings together the Group's diverse capabilities in energy, property, infrastructure and connectivity to create highly liveable, smart and sustainable communities.

With more than half of the population in Asia moving to and living in cities and urban centres by 2040, KUS is focused on capturing the growing demand for smart, sustainable townships and precincts in the region. KUS' points of differentiation are premised on its

[1] These figures include the Tourism District and Central Fishing Port.

Operating & Financial Review
Investments

1

KUS is an end-to-end master developer of smart, sustainable urban townships, leveraging the Group's experience and strong track record in the planning and development of large-scale projects in the Asia Pacific.

end-to-end offerings from planning to precinct operations, leveraging the Keppel Group's solutions. These include horizontal and vertical infrastructure, connectivity, urban logistics and place management.

KUS' capabilities will first be applied in Saigon Sports City (SSC), a 64-hectare township development in Ho Chi Minh City, Vietnam. The development of SSC will be driven by enablers for essential services such as smart security management, smart mobility and environmental infrastructure solutions. Through active programming and place-making initiatives, SSC aims to be an inclusive and vibrant destination of choice.

In 2018, KUS established a partnership with ST Engineering to leverage each company's expertise and resources in the design and implementation of smart city masterplans and solutions within Keppel's developments. The companies can also collaborate on third-party projects in Asia Pacific.

Over in China, KUS signed an agreement with Envision and the Wuxi government for the development of a Smart Internet of Things (IoT) City which includes a smart IoT-industry park in Xuelang Town of Taihu New City in Wuxi. Through a city-industry integration, the parties intend to create a work-live-play model that is replicable and scalable in China and overseas.

KrisEnergy

In 2018, exploration & production (E&P) operator KrisEnergy continued to face strong headwinds. Brent crude oil averaged US$72 per barrel (bbl) during the year, an increase from 2017's average of US$55/bbl. In 4Q 2018, a series of geo-political developments coupled with surging oil production in the US resulted in oil prices swinging from a high of US$86/bbl in October 2018 to a low of US$50/bbl in December 2018.

Notwithstanding this, KrisEnergy recorded a 40% increase in the average realised oil price to US$69/bbl. Average gas sales price in Thailand increased 15% year-on-year to US$4.58 per thousand cubic feet (mcf) in 2018, while the gas price achieved from the onshore Bangora field in Bangladesh was unchanged at US$2.32/mcf.

In 2018, KrisEnergy reported revenues of US$145 million and net cash flow from operations of US$37 million, up from US$141 million and US$23 million for FY 2017 respectively. Earnings before interest, taxation, depreciation, amortisation, geological expenses and exploration expenses amounted to US$58 million, up from US$27 million for FY 2017, marking KrisEnergy's highest performance since 2011. Despite these improvements, the company reported net loss after tax of US$160 million for FY 2018, due to non-cash impairment expenses and write-offs for non-core assets, depreciation, depletion and amortisation costs, and finance charges.

Total capital expenditure (capex) for 2018 was US$56 million versus a revised forecast of US$97 million at mid-2018, due to a change in timeline for certain projects. KrisEnergy's balance sheet remains under pressure. As at end-2018, gearing rose to 99.9% from 73.5% as at end-2017. KrisEnergy intends to execute the appropriate strategies to de-leverage its balance sheet while maintaining its investment in core assets to maximise future cash flow.

In 2018, KrisEnergy remained focused on its core development assets in the Gulf of Thailand (GOT), namely the Apsara oil development offshore Cambodia and the Rossukon oil development in the G6/48 licence.

KrisEnergy's working interest production averaged 10,691 barrels of oil equivalent per day (boepd) in 2018, down 16% from 2017. The KrisEnergy-operated Wassana field, in the G10/48 licence in the GOT, produced an average of 4,455 barrels of oil per day (bopd) in 2018, up from 4,377 bopd in 2017. Meanwhile, the Bangora gas field onshore Bangladesh produced an average of 14,798 boepd. In the non-operated B8/32 in the GOT, infill drilling commenced in 2H 2018 and gross production averaged 32,724 boepd in 2018.

As at end-2018, KrisEnergy's working interest proved plus probable (2P) reserves were estimated by Netherland, Sewell & Associates, Inc. (NSAI) at 63.5 million barrels of oil equivalent (mmboe) compared to 83.5 mmboe as at end-2017. This was largely due to the company ceasing participation in the Block A Aceh production sharing contract in Indonesia and the G11/48 licence. Reserves assigned to the G10/48 licence in the GOT decreased 53% due to 2018 production and lower well recovery. Assessments for 2P reserves also decreased for B8/32 and Block 9 due to 2018 production and, in the case of B8/32, assumptions of reduced future infill drilling.

NSAI recognised best estimate contingent (2C) resources of 64.1 mmboe as at end-2018, a 27% drop from 2017 due to the removal of contribution from G11/48 and Block A Aceh. Gains in 2C resources of 6.6 mmboe were recorded for G10/48 and G6/48, which contains the Rossukon oil development project in the GOT.

Health, safety and the environment remained a priority. In 2018, KrisEnergy recorded about 1.6 million man-hours on its operated assets with one lost-time injury in March.

In 2018, KrisEnergy appointed Keppel Offshore & Marine (Keppel O&M) as the preferred contractor under a cooperation agreement. With this, Keppel O&M can offer KrisEnergy a comprehensive suite of offshore oil and gas solutions as KrisEnergy enhances its assets in Asia. Subsequent to the agreement, Keppel O&M secured a production barge upgrade contract from KrisEnergy in November 2018. Works commenced on the barge at the end of 2018.

M1

In 2018, M1 continued to expand its customer base. The company added 22,000 postpaid customers in 2018, bringing the total base to 1.4 million as at end-2018, while its fibre customer base grew 11% from 2017 to 209,000 in 2018. As at end-2018, M1's total customer base stood at 2.2 million.

Amidst intensifying market competition, M1 seeks to strengthen its position by enhancing customer experiences, introducing value-added services and seeking new growth verticals.

M1 is committed to delivering the best mobile experience to its customers. Recognising the need for faster network speeds and high-bandwidth mobile applications, M1 continued to invest in expanding capacity and delivering superior network performance. In 2018, M1 collaborated with multiple vendors to embark on Singapore's first end-to-end 5G live trial, and announced plans to conduct a 5G small cell trial to develop the next generation of 5G small cells architecture.

M1 became the first operator in Singapore to launch the digital eSIM on the new generation of iPhones, allowing users to activate an additional cellular plan. M1 also launched a new cloud-based subscription video surveillance service to help businesses and small and medium sized enterprises with the adoption of digital technologies. As part of plans to expand its corporate segment and digital solutions in Smart Nation, Fintech and Cybersecurity, M1 signed an MOU with Jurong Port to provide a terminal-wide wireless private network.

Privatisation of M1

In September 2018, a Pre-conditional Voluntary General Offer was made by Konnectivity, a joint venture between Keppel Corporation and Singapore Press Holdings (SPH) for the remaining shares in M1, for a cash offer of $2.06 per share.

By end-February 2019, Konnectivity and its concert parties had obtained majority control of M1. Strong support for the Offer by M1's shareholders has resulted in M1 ceasing to have at least 10% of the total number of shares held by the public. Konnectivity will be de-listing M1 from the Main Board of the SGX-ST after the close of the Offer, and will be exercising its right to compulsorily acquire all the shares of M1 from shareholders who had not accepted the Offer.

Together with SPH, Keppel seeks to drive business changes that will enable M1 to compete more effectively in the telecommunications industry. With the privatisation of M1, Keppel and SPH will be better able to drive changes and create greater value, together with M1's board and management.

M1 also complements Keppel's mission as a solutions provider for sustainable urbanisation, which includes connectivity. M1 can serve as a digital platform and connectivity partner to complement and augment Keppel's current suite of solutions, and at the same time, benefit from harnessing the synergies of the Keppel Group.

2

1
Saigon Sports City is envisaged to be a bustling hub, combining high-quality urban living with modern healthy lifestyle concepts.

2
M1 can serve as a digital platform and connectivity partner to complement and augment Keppel's current suite of solutions for sustainable urbanisation.

Operating & Financial Review

Management Discussion & Analysis

We are configured for growth, building on an institutional quality balance sheet.

Free Cash Inflow

$515m

As compared to $1,802m for FY 2017.

Earnings Per Share

52.0cts

An increase from 10.8cts^ for FY 2017.

^ Includes the one-off financial penalty and related costs of $619 million.

Group Overview

Group net profit was $944 million, an increase of 382% from $196 million for 2017. Net profit for 2017 included $619 million for the one-off financial penalty arising from Keppel Offshore & Marine's (Keppel O&M) global resolution with criminal authorities in the United States (US), Brazil and Singapore, and related legal, accounting and forensics costs. Excluding the one-off financial penalty and related costs from 2017, net profit for 2018 of $944 million was 16% above the net profit of $815 million for 2017 due largely to earnings growth registered by the Property and Infrastructure divisions as well as lower loss at the Offshore & Marine (O&M) Division, partly offset by loss from the Investments Division.

Earnings Per Share (EPS) was 52.0 cents, an increase of 381% from 10.8 cents for 2017. Return On Equity (ROE) was 8.3%, compared to 1.7% for 2017. Economic Value Added was positive $252 million for 2018, compared to negative $839 million for 2017.

Free cash inflow was $515 million, compared to $1,802 million for 2017, mainly due to working capital requirements. Meanwhile, net gearing for 2018 was 0.48 times, compared to 0.46 times for 2017.

Total cash dividend for 2018 will be 30.0 cents per share. This comprises a proposed final cash dividend of 15.0 cents per share, as well as an interim cash dividend of 10.0 cents per share and a special cash dividend of 5.0 cents per share paid in the third quarter of 2018 to commemorate Keppel's golden jubilee.

Segment Operations

Group revenue of $5,965 million for 2018 was at almost the same level as in 2017. Revenue from the O&M Division improved by $73 million or 4% to $1,875 million due to revenue recognition in relation to the jackup rigs sold to Borr Drilling and higher revenue recognition from ongoing projects. Major jobs completed and delivered in 2018 included two jackup rigs, a gas carrier refurbishment, two Floating Production Storage and Offloading conversions, a Roll-on/Roll-off conversion and two dual-fuel liquefied natural gas tugs. Revenue from the Property Division decreased by $442 million to $1,340 million due mainly to lower revenue from Singapore, China and Vietnam property trading. Revenue from the Infrastructure Division grew by $422 million to $2,629 million as a result of increased sales in the power and gas businesses, partly offset by lower progressive revenue recognition from the Keppel Marina East Desalination Plant project. Meanwhile, revenue from the Investments Division decreased by $52 million to $121 million due mainly to the absence of sale of investments and lower revenue from the asset management business.

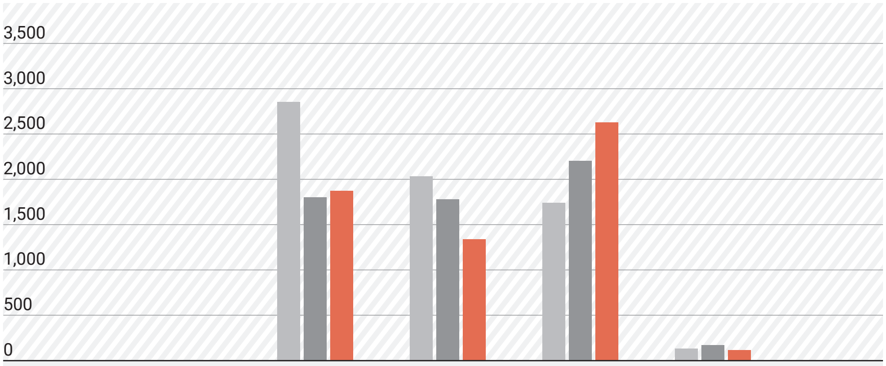
Group net profit of $944 million for 2018 was $748 million or 382% higher than the previous year. Net profit for 2017 included $619 million for the one-off financial penalty and related costs. Excluding the one-off

Key Performance Indicators

	2018 $ million	18 vs 17 % +/(-)	2017# $ million	17 vs 16 % +/(-)	2016 $ million
Revenue	**5,965**	<0.1	5,964	(12)	6,767
Net profit	**944**	382	196^	(75)	784
Earnings Per Share	**52.0 cts**	381	10.8 cts^	(75)	43.2 cts
Return On Equity	**8.3%**	388	1.7%^	(75)	6.9%
Economic Value Added	**252**	n.m.	(839)^	499	(140)
Operating cash flow	**125**	(90)	1,203	309	294
Free cash flow*	**515**	(71)	1,802	234	540
Total cash dividend per share	**30.0 cts@**	36	22.0 cts	10	20.0 cts

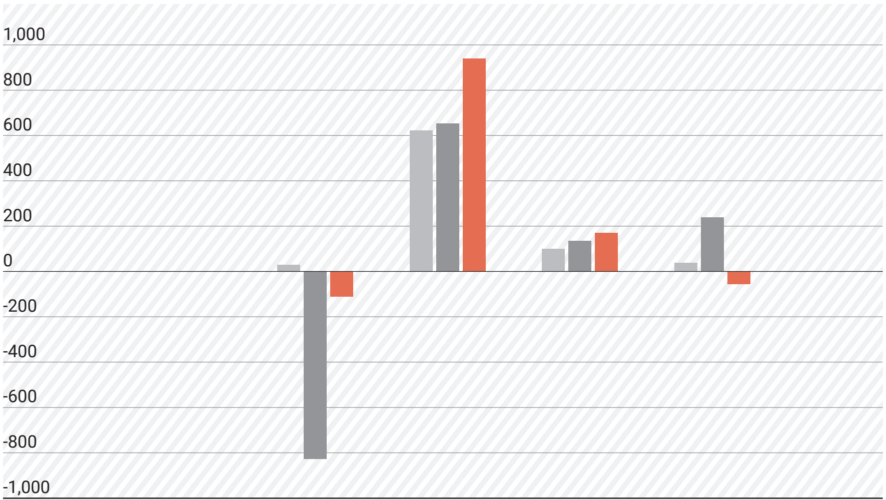
2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International).
^ Includes the one-off financial penalty and related costs of $619 million.
* Free cash flow excludes expansionary acquisitions and capital expenditure, and major divestments.
@ Comprises a proposed final cash dividend of 15.0 cents per share, an interim cash dividend of 10.0 cents per share and a special cash dividend of 5.0 cents per share.

Revenue ($m)



	Offshore & Marine	Property	Infrastructure	Investments	Total
2016	2,854	2,035	1,744	134	6,767
2017	1,802	1,782	2,207	173	5,964
2018	**1,875**	**1,340**	**2,629**	**121**	**5,965**

Net Profit ($m)



	Offshore & Marine	Property	Infrastructure	Investments	Total
2016	29	620	99	36	784
2017*	(826)^	650	134	238	196
2018	**(109)**	**938**	**169**	**(54)**	**944**

* Net profit for FY 2017 has been adjusted following the adoption of Singapore Financial Reporting Standards (International).
^ Includes the one-off financial penalty and related costs of $619 million.

financial penalty and related costs from 2017, 2018 net profit of $944 million was $129 million or 16% above the net profit of $815 million for 2017.

In 2018, the O&M Division's loss narrowed to $109 million as compared to the net loss of $207 million in 2017, which excluded the one-off financial penalty and related costs. This was mainly due to higher operating results arising from higher revenue, write-back of provisions for claims and lower net interest expense, partly offset by higher impairment provisions and absence of gain from divestment of Keppel Verolme in 2017.

Profit from the Property Division increased by $288 million to $938 million due mainly to sale of development projects en-bloc and gain from divestment of the stake in Aether. The positive variance was partly offset by lower fair value gains on investment properties, lower contribution from Singapore and China property trading, and lower share of associated companies' profits.

Profit from the Infrastructure Division was $169 million, $35 million above that in 2017. This was mainly due to dilution gain following Keppel DC REIT's private placement, the gain arising from the sale of stake in Keppel DC REIT, as well as higher contribution from Environmental Infrastructure and Infrastructure Services, partly offset by lower contribution from Energy Infrastructure, lower share of profits from Keppel Infrastructure Trust, and absence of gain from the divestment of GE Keppel Energy Services.

Loss from the Investments Division was $54 million for 2018, compared to a profit of $238 million for 2017. This was mainly due to lower land sales in the Sino-Singapore Tianjin Eco-City, lower contribution from the asset management business and provision for impairment of an associated company, partly offset by lower share of loss from KrisEnergy. In 2017, the Investments Division also benefitted from the share of profit from k1 Ventures, write-back of provision for impairment of an associated company, and profit from sale of investments.

In 2018, the Property Division was the largest contributor to the Group's net profit with a 99% share, followed by the Infrastructure Division's 18%, while the O&M and Investments divisions contributed negative 11% and negative 6% to the Group's net profit respectively.

Operating & Financial Review

Financial Review & Outlook

We will sustain value creation through execution excellence, technology innovation and financial discipline.

Total Assets

$26.6b

Down 7% as compared to $28.7b in FY 2017, mainly due to a decrease in current assets.

Total Cash Dividend Per Share

30.0cts

This represents 58% of Group net profit. Excluding the special dividend, the proposed final cash dividend together with the interim cash dividend represents 48% of Group net profit.

Prospects

The Offshore & Marine (O&M) Division's net orderbook, excluding the semisubmersibles for Sete Brasil (Sete), stood at $4.3 billion as at end-2018. The Division will continue to focus on delivering its projects well, exploring new markets and opportunities, investing in R&D and building new capabilities. The Division is also actively capturing opportunities in production assets, specialised vessels, gas solutions, floating infrastructure and offshore renewables, as well as exploring ways to re-purpose its technology in the offshore industry for other uses.

The Property Division sold about 4,440 homes in 2018, comprising about 160 in Singapore, 2,240 in China, 910 in Vietnam, 350 in Indonesia and 780 in India. Keppel REIT's office buildings in Singapore and Australia maintained a high portfolio committed occupancy rate of 98% as at 31 December 2018. The Division will remain focused on strengthening its presence in its key markets such as Singapore, China and Vietnam and scaling up in other markets such as Indonesia and India, while seeking opportunities to unlock value and recycle capital.

In the Infrastructure Division, Keppel Infrastructure will continue to build on its core competencies in energy and environment-related infrastructure, as well as infrastructure services to pursue promising growth opportunities.

Meanwhile, Keppel Telecommunications & Transportation (Keppel T&T) will continue to develop its data centre business locally and overseas. Besides building complementary capabilities in the growing e-commerce business, Keppel T&T plans to transform the logistics business from an asset-heavy business to a high performing asset-light service provider in urban logistics.

In the Investments Division, Keppel Capital will continue to allow the Group to more effectively recycle capital and expand its capital base with co-investments, giving the Group greater capacity to seize opportunities for growth. Keppel Capital will also create value for investors and grow the Group's asset management business.

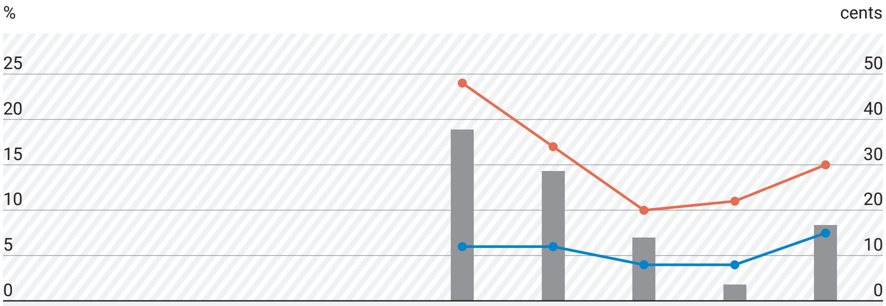
Keppel Urban Solutions will harness opportunities as an integrated master developer of smart, sustainable precincts. Starting with Saigon Sports City in Ho Chi Minh City, Vietnam, Keppel Urban Solutions will also explore opportunities in other cities across Asia. The Sino-Singapore Tianjin Eco-City Investment and Development Company Co., Ltd. will continue the development of the Eco-City, including selling further land parcels in 2019.

The Group had launched a strategic initiative to gain majority control of M1, in collaboration with Singapore Press Holdings, via a Pre-conditional Voluntary General Offer (the Offer) to drive business changes in M1 that will enable M1 to compete more effectively in the telecommunications industry. The initiative complements the Group's mission as a solutions provider for sustainable urbanisation, which includes connectivity. M1 can serve as a digital platform and connectivity partner to complement and augment the Group's current suite of solutions, and at the same time benefit from harnessing the synergies of the Group. By end-February 2019, Konnectivity and its concert parties had obtained majority control of M1. Strong support for the Offer by M1's shareholders has resulted in M1 ceasing to have at least 10% of the total number of shares held by the public. Konnectivity will be de-listing M1 from the Main Board of the SGX-ST after the close of the Offer, and will be exercising its right to compulsorily acquire all the shares of M1 from shareholders who had not accepted the Offer.

In addition, Keppel Corporation and Keppel T&T are jointly proposing a Scheme of Arrangement to privatise Keppel T&T and provide Keppel T&T's minority shareholders with a cash exit at a compelling premium. The proposed Scheme is consistent with the Group's strategy to simplify its corporate structure, with a view to improving capital allocation and better aligning Keppel T&T's interests with the rest of the Group's.

The Group will continue to execute its multi-business strategy, capturing value by harnessing its core strengths and growing collaboration across its divisions to unleash potential synergies, while being agile and investing in the future.

ROE & Dividend



	2014	2015	2016	2017	**2018**
ROE	18.8	14.2	6.9	1.7^	**8.3**
Full-Year Dividend	48.0	34.0	20.0	22.0	**30.0**
Interim Dividend	12.0	12.0	8.0	8.0	**15.0@**

^ ROE for 2017 included the one-off financial penalty from the global resolution and related costs of $619 million and was adjusted following the adoption of the Singapore Financial Reporting Standards (International) ("SFRS(I)s").
@ Comprises an interim cash dividend of 10.0 cents per share and a special cash dividend of 5.0 cents per share.

Shareholders Returns

Return On Equity (ROE) increased to 8.3% in 2018 from 1.7% in the previous year, largely due to higher profits as net profit for 2017 included $619 million for the one-off financial penalty from the global resolution and related costs. Excluding the one-off financial penalty and related costs of $619 million from 2017, ROE was 6.9% in 2017.

The Company will be distributing a total cash dividend of 30.0 cents per share for 2018, comprising a proposed final cash dividend of 15.0 cents per share, as well as the interim cash dividend of 10.0 cents per share and the special cash dividend of 5.0 cents per share distributed in the third quarter of 2018 to commemorate Keppel's golden jubilee. Total cash dividend for 2018 represents 58% of Group net profit. Excluding the special dividend, the proposed final cash dividend together with the interim cash dividend represents 48% of Group net profit. On a per share basis, it translates into a gross yield of 5.1% on the Company's last transacted share price of $5.91 as at 31 December 2018.

Economic Value Added

In 2018, Economic Value Added (EVA) was positive $252 million as compared to negative $839 million in the previous year.

EVA

	2018 $ million	**18 vs 17 +/(-)**	**2017^ $ million**	**17 vs 16 +/(-)**	**2016 $ million**
Profit/(loss) after tax (Note 1)	**892**	909	(17)	(783)	766
Adjustment for:					
Interest expense	**198**	9	189	(36)	225
Interest expense on non-capitalised leases	**20**	(6)	26	(3)	29
Tax effect on interest expense adjustments (Note 2)	**(38)**	–	(38)	6	(44)
Provisions, deferred tax, amortisation & other adjustments	**76**	–	76	79	(3)
Net Operating Profit After Tax (NOPAT)	**1,148**	912	236	(737)	973
Average EVA Capital Employed (Note 3)	**16,539**	(2,152)	18,691	(428)	19,119
Weighted Average Cost of Capital (Note 4)	**5.42%**	(0.33%)	5.75%	(0.07%)	5.82%
Capital Charge	**(896)**	179	(1,075)	38	(1,113)
Economic Value Added	**252**	1,091	(839)	(699)	(140)

Notes:
1. Profit/(loss) after tax excludes net revaluation gain on investment properties.
2. The reported current tax is adjusted for statutory tax impact on interest expenses.
3. Average EVA Capital Employed is derived from the quarterly averages of net assets, interest-bearing liabilities, timing of provisions, present value of operating leases and other adjustments.
4. Weighted Average Cost of Capital is calculated in accordance with the Keppel Group EVA Policy as follows:
   (a) Cost of Equity using Capital Asset Pricing Model with market risk premium set at 5.0% (2017: 5.0%);
   (b) Risk-free rate of 2.06% (2017: 2.41%) based on yield-to-maturity of Singapore Government 10-year Bonds;
   (c) Unlevered beta at 0.75 (2017: 0.75); and
   (d) Pre-tax Cost of Debt at 1.85% (2017: 2.30%) using 5-year Singapore Dollar Swap Offer Rate plus 60 basis points (2017: 60 basis points).

^ EVA for 2017 included the one-off financial penalty from the global resolution and related costs of $619 million and was adjusted following the adoption of SFRS(I)s.

Operating & Financial Review
Financial Review & Outlook

This was attributable to a net operating profit after tax in 2018 as compared to net operating loss after tax in 2017, as well as lower capital charge. Excluding the one-off financial penalty from Keppel Offshore & Marine's (Keppel O&M) global resolution and related costs of $619 million from 2017, EVA was negative $220 million in 2017.

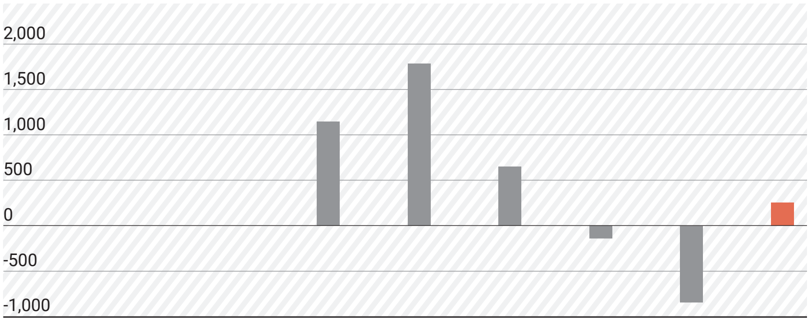
Capital charge decreased by $179 million as a result of lower Average EVA Capital Employed and lower Weighted Average Cost of Capital (WACC). WACC decreased from 5.75% to 5.42% due mainly to a lower cost of debt, partially offset by increase in equity value as a result of higher market capitalisation. Average EVA Capital Employed decreased by $2,152 million from $18.69 billion to $16.54 billion mainly due to lower borrowings.

Financial Position
Group shareholders' funds of $11.28 billion as at 31 December 2018 were $0.2 billion or 1% lower than the previous year end. The decrease was mainly attributable to purchase of treasury shares in 2018, decrease in fair value on cash flow hedges, foreign exchange translation losses, decrease in revenue reserves arising from the adoption of SFRS(I) 9 *Financial Instruments*, payment of final dividend of 14.0 cents per share in respect of FY 2017 and payment of interim and special dividends of 15.0 cents per share for 1H 2018, partly offset by retained profits for the year.

Group total assets of $26.61 billion as at 31 December 2018 were $2.1 billion or 7% lower than the previous year end. The decrease in current assets was mainly due to the lower stocks, contract assets, debtors and bank balances, deposits & cash. The decrease in non-current assets was due mainly to a decrease in investment properties following the divestment of Aether and decrease in long term assets arising from the adoption of SFRS(I) 9, partly offset by acquisition and further investment in associated companies.

Group total liabilities of $15.02 billion as at 31 December 2018 were $1.7 billion or 10% lower than the previous year-end. Total liabilities decreased mainly due to the reduction in creditors and net repayment of term loans.

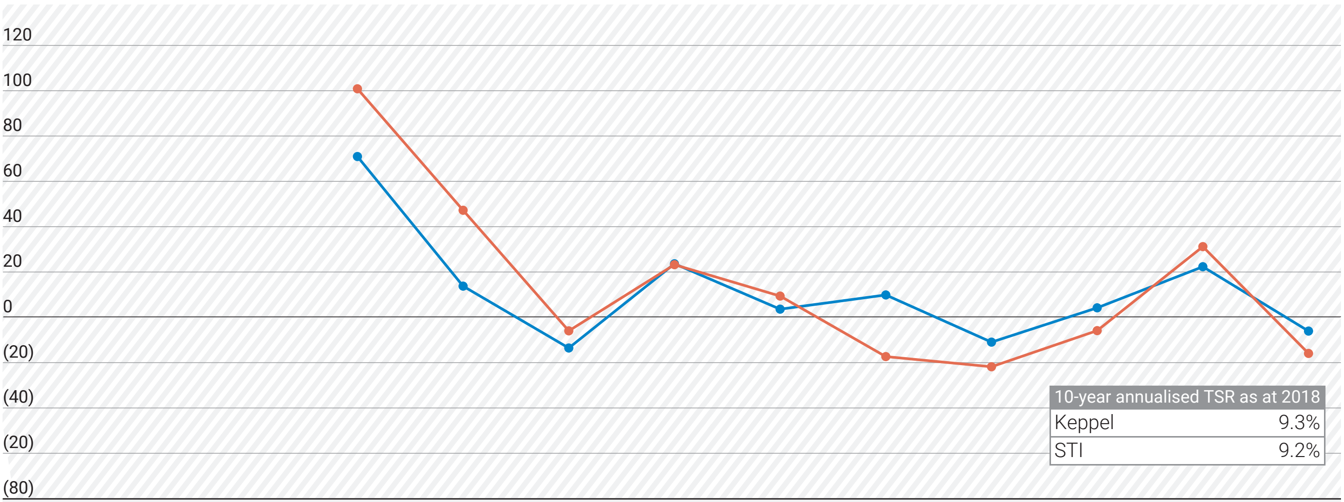
EVA ($m)



2013	2014	2015	2016	2017	**2018**
1,142	1,778	648	(140)	(839)^	**252**

^ EVA for 2017 included the one-off financial penalty from the global resolution and related costs of $619 million and was adjusted following the adoption of SFRS(I)s.

Total Shareholder Return (%)



	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Keppel	100.8	47.0	(6.4)	22.9	9.0	(17.8)	(22.3)	(6.3)	30.9	**(16.4)**
STI	70.8	13.4	(14.0)	23.3	3.2	9.5	(11.4)	3.8	22.0	**(6.5)**

Source: Total Return Analysis for KCL & STI from Bloomberg.

Group net debt of $5.57 billion was slightly higher than that as at 31 December 2017. This was mainly due to dividend payments by the Company and its listed subsidiaries, working capital requirements, acquisition and further investment in associated companies, as well as other capital expenditure cash requirements. These were offset by proceeds from the disposal of subsidiaries and associated companies in the Property Division, as well as dividends received from investments and associated companies.

As at 31 December 2018, Group net gearing ratio was 48% as compared to 46% as at 31 December 2017. This was largely driven by a decrease in total equity arising from lower non-controlling interests following the divestment of Aether.

Total Shareholder Return

We are committed to delivering value to shareholders through earnings growth. Towards achieving this, the Group will rely on our multi-business strategy and core strengths to build on what we have done successfully, as well as seize new opportunities when they arise.

Our 2018 Total Shareholder Return (TSR) of negative 16.4% was 9.9 percentage points below the benchmark Straits Times Index's (STI) TSR of negative 6.5%. Our 10-year annualised TSR growth rate of 9.3% was slightly higher than STI's 9.2%.

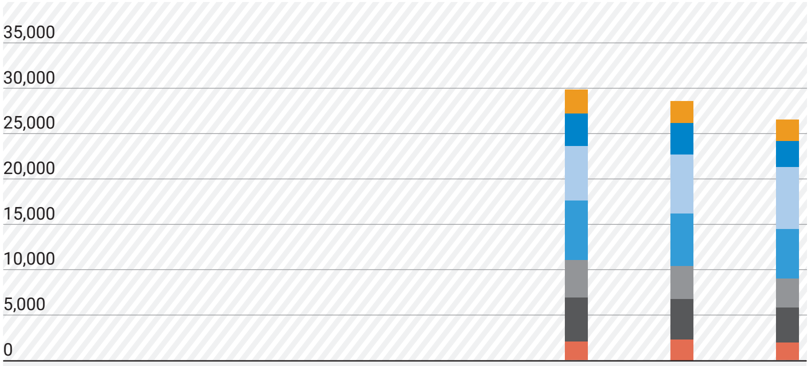
Cash Flow

To better reflect our operational free cash flow, the Group had excluded expansionary acquisitions (e.g. investment properties) and capital expenditure (e.g. building of new logistics or data centre facilities), meant for long-term growth for the Group, and major divestments.

Net cash from operating activities was $125 million for 2018 as compared to $1,203 million for 2017. This was due mainly to cash outflow arising from working capital requirements as compared to inflow in the prior year.

After excluding expansionary acquisitions, capital expenditure and major divestments, net cash from investment activities was $390 million. The Group spent $450 million on investments and operational capital expenditure.

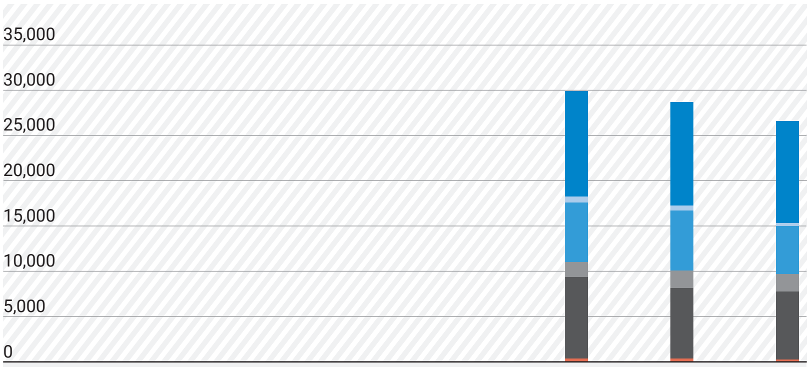
Total Assets Owned ($m)



	2016*	2017*	2018
Fixed assets	2,645	2,433	**2,373**
Properties	3,550	3,461	**2,851**
Investments	6,076	6,575	**6,826**
Stocks	6,568	5,780	**5,514**
Contract assets	4,157	3,643	**3,213**
Debtors & others	4,861	4,520	**3,848**
Bank balances, deposits & cash	2,087	2,274	**1,981**
Total	29,944	28,686	**26,606**

* 2017 financial figures have been adjusted following the adoption of SFRS(I)s. 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards ("FRS") and certain amounts have been reclassified for comparability purposes.

Total Liabilities and Capital Invested ($m)



	2016*	2017*	2018
Shareholders' funds	11,668	11,443	**11,278**
Non-controlling interests	677	530	**309**
Creditors	6,602	6,635	**5,355**
Contract liabilities	1,613	1,950	**1,918**
Term loans & bank overdrafts	9,053	7,793	**7,549**
Other liabilities	331	335	**197**
Total	29,944	28,686	**26,606**

* 2017 financial figures have been adjusted following the adoption of SFRS(I)s. 2016 financial figures were prepared in accordance with FRS and certain amounts have been reclassified for comparability purposes.

Operating & Financial Review
Financial Review & Outlook

After taking into account the proceeds from divestments and dividend income of $1,057 million, as well as advances to associated companies of $217 million, free cash inflow was $515 million.

Total distribution to shareholders of the Company and non-controlling shareholders of subsidiaries for the year amounted to $546 million.

Financial Risk Management
The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer (CFO) of the Company and includes CFOs of the Group's key operating companies and Head Office specialists.

The Group's financial risk management is discussed in more detail in the notes to the financial statements. In summary:

- The Group has receivables and payables denominated in foreign currencies with the largest exposures arising from United States (US) dollars and Renminbi. Foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the Singapore dollar, which is the Group's measurement currency. The Group utilises forward foreign currency contracts to hedge its exposure to specific currency risks relating to receivables and payables. The bulk of these forward foreign currency contracts are entered into to hedge any excess US dollars arising from the O&M contracts based on the expected timing of receipts. The Group does not engage in foreign currency trading.

- The Group hedges against price fluctuations arising from the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to benchmark fuel price indices of High Sulphur Fuel Oil (HSFO) 180-CST and Dated Brent.

- The Group hedges against fluctuations in electricity prices arising from its daily sales of electricity. Exposure to price fluctuations is managed via electricity futures contracts.

- The Group maintains a mix of fixed and variable rate debt/loan instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks. These may include cross currency swaps, interest rate swaps, swaptions and interest rate caps.

- The Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.

- The Group adopts stringent procedures on extending credit terms to customers and the monitoring of credit risk.

Borrowings
The Group borrows from local and foreign banks in the form of short-term and long-term loans, project loans and bonds. Total Group borrowings as at end-2018 were $7.5 billion (2017: $7.8 billion and 2016: $9.1 billion). At the end of 2018, 20% (2017: 22% and 2016: 20%) of Group borrowings were repayable within one year, with the balance largely repayable more than three years later.

Unsecured borrowings constituted 92% (2017: 91% and 2016: 87%) of total borrowings, with the balance secured by properties and other assets. Secured borrowings are mainly for financing of investment properties and project finance loans for property development projects. The net book value of properties and assets pledged/mortgaged to financial institutions amounted to $1.07 billion (2017: $1.89 billion and 2016: $2.81 billion).

Fixed rate borrowings constituted 67% (2017: 65% and 2016: 58%) of total borrowings with the balance at floating rates. The Group has cross currency swap and interest rate swap agreements with notional amount totalling $1,667 million whereby it receives foreign currency fixed rates (in the case of the cross currency swaps) and variable rates equal to SOR and LIBOR (in the case of interest rate swaps) and pays fixed rates of between 1.33% and 3.62% on the notional amount. Details of these derivative instruments are disclosed in the notes to the financial statements.

Singapore dollar borrowings represented 75% (2017: 73% and 2016: 69%) of total borrowings. The balance was mainly in US dollars. Foreign currency borrowings were drawn to hedge against the Group's overseas investments and receivables that were denominated in foreign currencies.

Cash Flow

	2018 $ million	18 vs 17 +/(-)	2017^ $ million	17 vs 16 +/(-)	2016 $ million
Operating profit	**1,043**	242	801	(100)	901
Depreciation, amortisation & other non-cash items	**(495)**	(213)	(282)	(689)	407
Cash flow provided by operations before changes in working capital	**548**	29	519	(789)	1,308
Working capital changes	**(183)**	(1,284)	1,101	1,687	(586)
Interest receipt and payment & tax paid	**(240)**	177	(417)	11	(428)
Net cash from operating activities	**125**	(1,078)	1,203	909	294
Investments & capital expenditure	**(450)**	(263)	(187)	(31)	(156)
Divestments & dividend income	**1,057**	228	829	369	460
Advances to associated companies	**(217)**	(174)	(43)	15	(58)
Net cash from investing activities	**390**	(209)	599	353	246
Free Cash Flow*	**515**	(1,287)	1,802	1,262	540
Dividend paid to shareholders of the Company & subsidiaries	**(546)**	(156)	(390)	232	(622)

* Free cash flow excludes expansionary acquisitions and capital expenditure, and major divestments.
^ 2017 financial figures have been adjusted following the adoption of SFRS(I)s.

The weighted average tenor of the Group's debt was about four years at the beginning of 2018 and about four years at the end of 2018 with an increase in average cost of funds.

Capital Structure & Financial Resources

The Group maintains a strong balance sheet and an efficient capital structure to maximise return for shareholders.

Every new investment will have to satisfy strict criteria for return on investment, cash flow generation, EVA creation and risk management. New investments will be structured with an appropriate mix of equity and debt after careful evaluation and management of risks.

Capital Structure

Total equity as at end-2018 was $11.59 billion as compared to $11.97 billion as at end-2017 and $12.34 billion as at end-2016. The Group was in a net debt position of $5,567 million as at end-2018, which was slightly above the $5,519 million as at end-2017 but below the $6,966 million as at end-2016. The Group's net gearing ratio was 0.48 times as at end-2018, compared to 0.46 times as at end-2017.

Interest coverage decreased from 4.46 times in 2016 to 2.61 times in 2017 before increasing to 6.12 times in 2018. Interest coverage in 2018 was higher due to higher Earnings before Interest expense and Tax (EBIT).

Cash flow coverage increased from 2.00 times in 2016 to 5.98 times in 2017 before decreasing to 1.53 times in 2018. This was mainly due to lower operational cash inflow in 2018.

At the Annual General Meeting in 2018, shareholders gave their approval for the mandate to buy back shares. During the year, 11,300,000 shares were bought back and held as treasury shares. The Company also transferred 5,374,744 treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. As at end-2018, the Company had 5,936,044 treasury shares. Except for this transfer, there was no other sale, transfer, disposal, cancellation and/or use of treasury shares during the year.

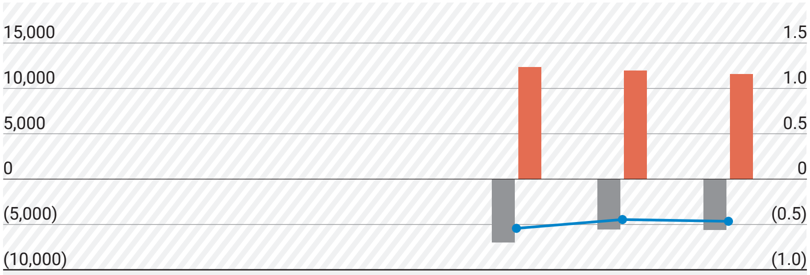
Financial Resources

The Group continues to be able to tap into the debt capital market at competitive terms.

As part of its liquidity management, the Group has built up adequate cash reserves as well as sufficient undrawn banking facilities and capital market programmes. Funding of working capital requirements, capital expenditure and investment needs

Net Cash/(Gearing)

$$\text{Net Gearing} = \frac{\text{Borrowings} - \text{Cash}}{\text{Total Equity}}$$



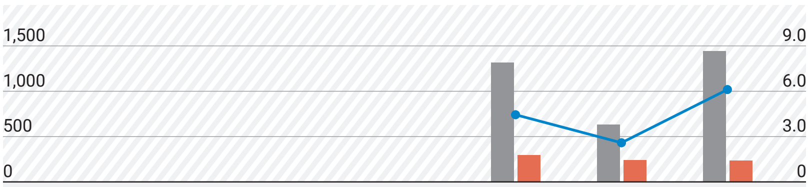
	2016	2017	**2018**
Net Cash / (Debt)	(6,966)	(5,519)	**(5,567)**
Total Equity	12,345*	11,973*	**11,587**
Net Cash / (Gearing)	(0.56)	(0.46)	**(0.48)**

* 2017 financial figures have been adjusted following the adoption of SFRS(I)s. 2016 financial figures were prepared in accordance with FRS and certain amounts have been reclassified for comparability purposes.

Interest Coverage

$$\text{Interest Coverage} = \frac{\text{EBIT}}{\text{Interest Cost}}$$

Note: EBIT = Profit before tax + Interest expense

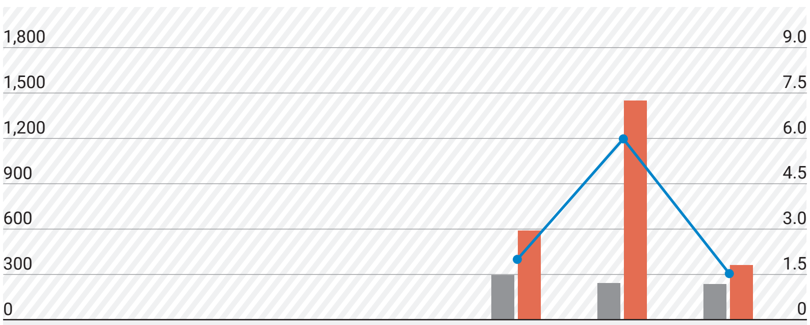


	2016	2017	**2018**
EBIT	1,313*	631*	**1,438**
Total Interest Cost	294	241	**235**
Interest Cover	4.46*	2.61*	**6.12**

* 2017 financial figures have been adjusted following the adoption of SFRS(I)s and EBIT for 2017 included the one-off financial penalty and related costs of $619 million. 2016 financial figures were prepared in accordance with FRS and certain amounts have been reclassified for comparability purposes.

Cash Flow Coverage

$$\text{Cash Flow Coverage} = \frac{\text{Operating Cash Flow} + \text{Interest Cost}}{\text{Interest Cost}}$$



	2016	2017	**2018**
Total Interest Expense + Interest Capitalised	294	241	**235**
Operating Cash Flow + Interest	589	1,445	**360**
Cash Flow Coverage	2.00	5.98	**1.53**

Operating & Financial Review
Financial Review & Outlook

Keppel is committed to delivering value to shareholders, relying on our multi-business strategy and core strengths to deliver earnings growth.

was made through a mix of short-term money market borrowings, bank loans, as well as medium/long-term bonds via the debt capital market.

The Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time. Cash flow, debt maturity profile and overall liquidity position are actively reviewed on an ongoing basis.

As at end-2018, total available credit facilities, including cash at Corporate Treasury, amounted to $9.37 billion (2017: $11.51 billion).

Critical Accounting Policies
The Group's significant accounting policies are discussed in more detail in the notes to the financial statements. The preparation of financial statements requires management to exercise its judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses. Critical accounting estimates and judgement are described below.

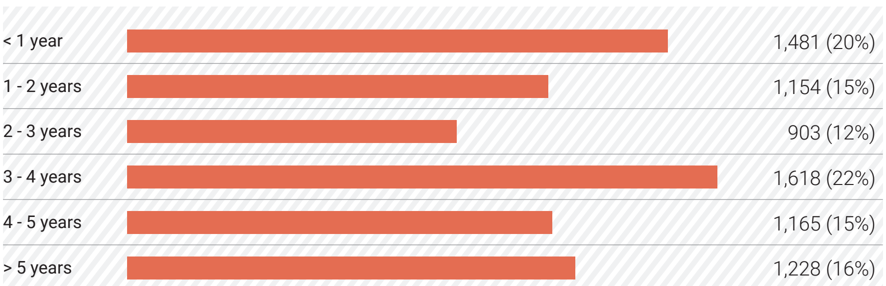
Expected Credit Loss on Financial Assets Measured at Amortised Cost and Fair Value Through Other Comprehensive Income
The Group assesses, on a forward looking basis, the expected credit losses (ECLs) associated with its financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI). The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the debtor and default or significant delay in payments.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group uses a provision matrix to measure the ECLs. In measuring the ECLs, assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Debt Maturity ($m)



Financial Capacity

	$ million	Remarks
Cash at Corporate Treasury	406	20% of total cash of $1.98 billion
Available credit facilities to the Group	8,966	Credit facilities of $11.06 billion, of which $2.09 billion was utilised
Total	**9,372**	

The carrying amounts of trade, intercompany and other receivables, and financial assets at FVOCI are disclosed in the balance sheet.

Impairment of Non-Financial Assets
Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units (CGUs). This requires the Group to estimate the future cash flows expected from the CGUs and an appropriate discount rate to calculate the present value of the future cash flows. The carrying amounts of fixed assets, investments in subsidiaries, investment in associates and joint ventures, and intangibles are disclosed in the balance sheet.

Revenue Recognition and Contract Cost
The Group recognises contract revenue and contract cost over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion is measured in accordance with the accounting policy stated in Note 2.20. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost, and the recoverability of the contracts. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 23.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

Recoverability of Contract Asset and Receivable Balances in Relation to O&M Construction Contracts

Contracts with Sete
The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. Management has continually assessed the probable outcomes of these contracts by taking into consideration the progress and status of the discussions and market conditions in Brazil. During FY 2018, an expected credit loss on trade receivables of $102,000,000 (2017: $81,000,000) was recognised and a provision for contract related costs of $65,000,000 was made.

Taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, the total cumulative loss recognised in relation to these rig contracts amounted to $476,000,000.

Other Contracts
As at 31 December 2018, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years. See Note 14 on contract assets balances.

Management has assessed each deferred construction project individually to make a judgement as to whether the customers will be able to fulfil their contractual obligations and take delivery of the rigs at the revised delivery dates.

Management has also performed an assessment of the expected credit loss on contract assets and trade receivables of deferred projects to determine if a provision for expected loss is necessary.

In the event that the customers are unable to fulfil their contractual obligations, the Group can exercise their right to retain payments received to date and the legal possession of the rigs under construction. Management has further assessed if the values of the rigs would exceed the carrying values of contract assets and trade receivables. Management has estimated, with the assistance of an independent professional firm, the values of the rigs using Discounted Cash Flow (DCF) calculations that cover each class of rig under construction. The most significant inputs to the DCF calculations include day rates and discount rates.

During FY 2018, an expected credit loss on contract assets of $21,000,000 was recognised.

Income Taxes
The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

Claims, Litigations & Reviews
The Group enters into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations, latent defects or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgement as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

Civil Action by EIG Funds
In February 2018, the Company's subsidiary, Keppel O&M was served a summons by eight investment funds ("plaintiffs") managed by EIG Management Company (EIG) where a civil action was commenced by the plaintiffs pursuant to the Racketeer Influenced and Corrupt Organizations Act (RICO) in the US District Court, Southern District of New York. The plaintiffs seek damages for its loss of investment of US$221 million in Sete, trebled under RICO to US$663 million, plus interest, costs and mandatory attorneys' fees under RICO.

This new lawsuit came after an earlier civil action commenced by eight of EIG's managed funds in the US District Court, District of Columbia against, among others, the Company and Keppel O&M. The case was dismissed by the Court on 30 March 2017.

Management is of the view that the reported cause of action by the plaintiffs is without merit and Keppel O&M will vigorously defend itself. As at the date of these financial statements, it is premature to predict or determine the eventual outcome of the action and hence, the potential amount of any loss cannot currently be assessed. Keppel O&M has filed a motion to dismiss EIG's complaint.

Group Structure

Keppel Corporation Limited

Offshore & Marine

- Offshore rig design, construction, repair and upgrading
- Ship conversion and repair
- Specialised shipbuilding

KEPPEL OFFSHORE & MARINE LTD 100%

Keppel FELS Limited	100%
Keppel Shipyard Limited	100%
Keppel Singmarine Pte Ltd	100%
Keppel LeTourneau	100%
Keppel Nantong Shipyard Company Limited *China*	100%
Offshore Technology Development Pte Ltd	100%
Keppel Marine & Deepwater Technology Pte Ltd	100%
Keppel AmFELS LLC *United States*	100%
Keppel FELS Brasil SA *Brasil*	100%
Keppel Philippines Marine Inc *The Philippines*	98%
Keppel Subic Shipyard Inc *The Philippines*	86%
Dyna-Mac Holdings Limited[4]	24%

Property

- Property development
- Investments

KEPPEL LAND LIMITED 100%

Keppel Land International Limited *Southeast Asia and India*	100%
Keppel Land China *China*	100%
Keppel Bay Pte Ltd	100%
Keppel REIT[3&4]	47%

Infrastructure

- Energy infrastructure
- Environmental infrastructure
- Infrastructure services
- Logistics and data centres
- Investments

KEPPEL INFRASTRUCTURE HOLDINGS PTE LTD 100%

ENERGY INFRASTRUCTURE	
Keppel Gas Pte Ltd	100%
Keppel Electric Pte Ltd	100%
Keppel DHCS Pte Ltd	100%
Keppel Merlimau Cogen Pte Ltd[5]	49%
ENVIRONMENTAL INFRASTRUCTURE	
Keppel Seghers Pte Ltd	100%
INFRASTRUCTURE SERVICES	
Keppel Infrastructure Services Pte Ltd	100%
INVESTMENTS	
Keppel Infrastructure Trust[4]	18%

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD 79%

LOGISTICS & DATA CENTRES	
Keppel Logistics Pte Ltd	100%
Keppel Data Centres Holding Pte Ltd	100%
UrbanFox Pte Ltd	85%
Keppel DC REIT[4]	25%

Investments

- Asset management
- Master development
- Investments

KEPPEL CAPITAL HOLDINGS PTE LTD 100%

Keppel REIT Management Limited	100%
Alpha Investment Partners Ltd	100%
Keppel Infrastructure Fund Management Pte Ltd	100%
Keppel DC REIT Management Pte Ltd[6]	50%
Keppel-KBS US REIT Management Pte Ltd	50%
Keppel-KBS US REIT[4]	7%

KEPPEL URBAN SOLUTIONS PTE LTD 100%

KRISENERGY LTD[4] *Cayman Islands* 40%

M1 LIMITED[2,4&7] 93%

SINO-SINGAPORE TIANJIN ECO-CITY INVESTMENT AND DEVELOPMENT CO., LTD[1] *China* 50%

GROUP CORPORATE SERVICES

Control & Accounts	Human Resources	Tax
Corporate Communications	Legal	Treasury
Strategy & Development	Risk & Compliance	Information Systems
Corporate Development	Audit	Health, Safety & Environment

Notes:
1 Owned by a Singapore Consortium, which is in turn 90%-owned by the Keppel Group.
2 Owned by Keppel Telecommunications & Transportation Ltd (19%), a 79%-owned subsidiary of Keppel Corporation and Konnectivity (74%), a joint venture between Keppel Corporation and Singapore Press Holdings.
3 Owned by Keppel Land Limited (43%) and Keppel Capital Holdings Pte Ltd (4%).
4 Public listed company.
5 Owned by Keppel Infrastructure Holdings Pte Ltd (49%) and Keppel Infrastructure Trust (51%).
6 Owned by Keppel Capital Holdings Pte Ltd (50%) and Keppel Telecommunications & Transportation Ltd (50%).
7 Konnectivity will be exercising its right to compulsorily acquire all the shares of M1 from shareholders who had not accepted the Offer.

Updated as at 8 March 2019. The complete list of subsidiaries and significant associated companies is available at www.kepcorp.com.