

Fourth Quarter and Full Year 2014 Financial Results

23 January 2015



Scope of Briefing

- Address by CEO
- Group Financial Highlights by CFO

Address by CEO

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Keppel Corporation

Global Economy

- Severe fall in oil prices
- Growing confidence in US
- Eurozone recovery remains fragile
- China grows at a slower rate
- Emerging markets undergo structural reforms

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Performance Highlights

- ↑ 4Q 2014 net profit was S\$726m
- ↑ FY 2014 net profit was S\$1,885m
- ↑ FY 2014 EVA was S\$1,778m
- ↓ ROE was 18.8%
- ↑ Total cash dividends of 48.0 cts per share for FY 2014

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Offshore & Marine

Industry Headwinds

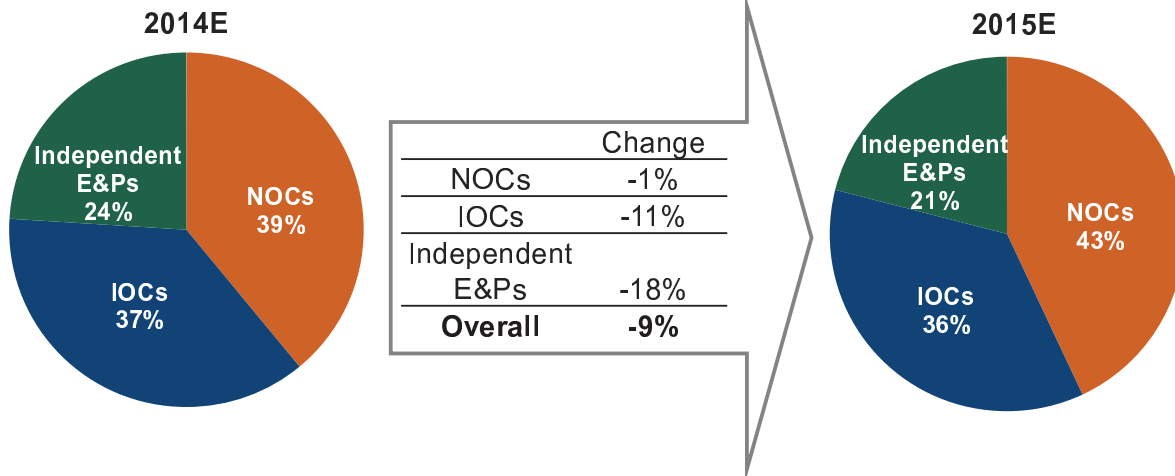
- Global oil supply growth outpaces demand
- Projects put on hold by IOCs
- Influx of uncontracted newbuilds for shallow and deepwater
- Suppressed dayrates

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Offshore & Marine

Global E&P Spending



- NOCs to increase its share of global spending from 39% to 43%.

* NOCs-National Oil Companies; IOCs-International Oil Companies; Independent E&Ps-Independent oil and gas companies.

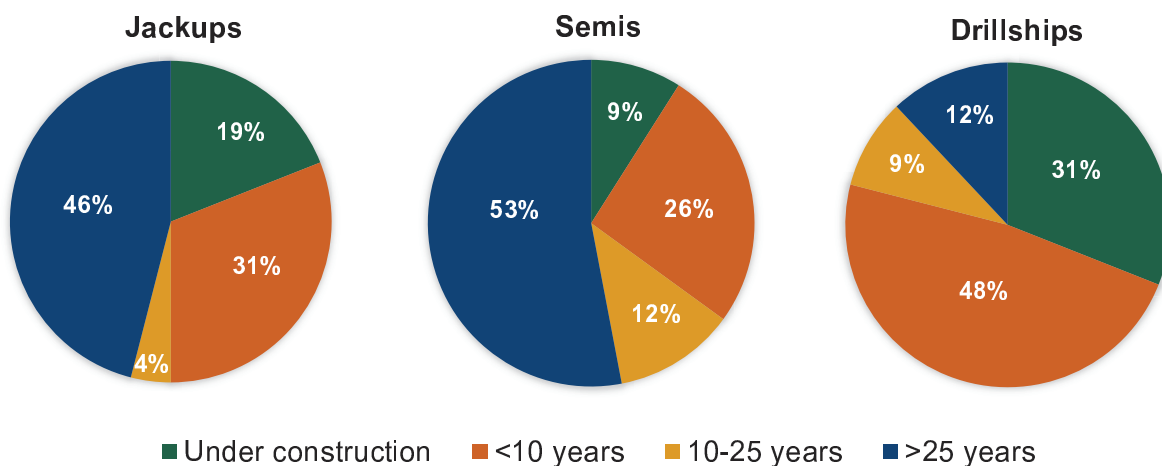
** Source: Barclays Research, based on average Brent oil price of \$70 per barrel.

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Offshore & Marine

Global Rig Age



- Over 50% of current jackups and semis are 25 years of age and above.

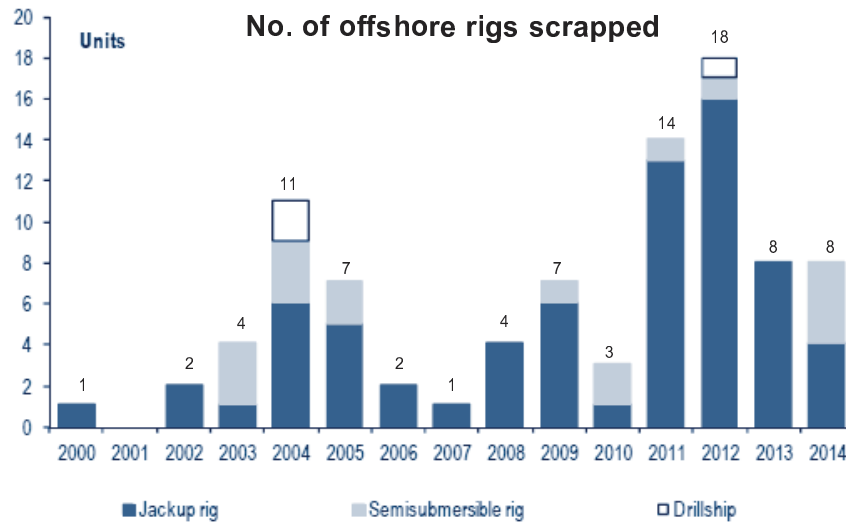
* Sources: IHS-Petrodata & Nomura Research

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Global Rig Attrition Rate



- Annual attrition rate of 12 rigs for 2011-2014 versus 4.2 rigs for 2000-2010.

* Sources: IHS-Petrodata & Nomura Research

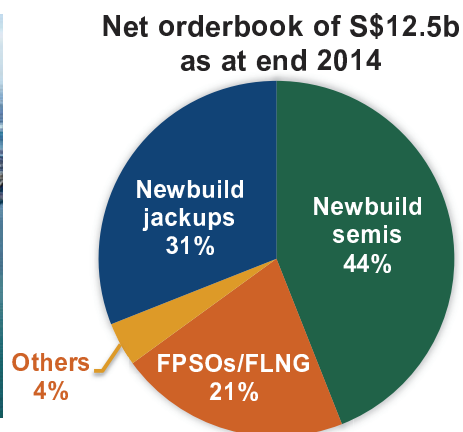
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Offshore & Marine



Keppel FELS, Singapore



- New orders as at end 2014:** S\$5.5b including 10 newbuild rigs, 2 FLNG & 2 FPSO conversions and 5 specialised vessels.
- Net orderbook as at end 2014:** S\$12.5b with visibility into 2019.
- Completed in FY14:** 7 jackups, 3 FPSO conversions, 5 tugs, 2 bulk carriers, a diving support vessel and a submersible barge.

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Offshore & Marine

Innovating to Meet Customers' Needs



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1. KFELS J Class; 2. SMART Semi®; 3. FLNG Vessel; 4. Can Do™ Drillship; 5. Liftboat

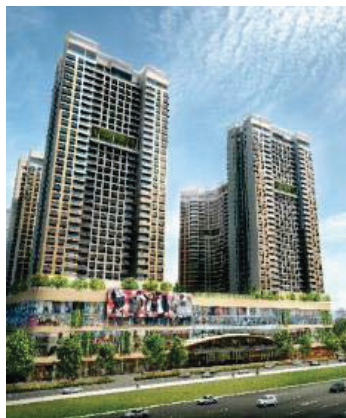
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Property



IFC Jakarta



Estella Heights, HCMC



SM-KL Project Ph 2, Manila

Quality homes and office space

- Over 2,000 homes sold in Asia in 2014.
- Pipeline of 70,000 homes across Asia.
- Growing overseas commercial portfolio with 819,000 sm of Gross Floor Area being developed.

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Property

Recycling Capital

- Divestment Proceeds of over S\$1 billion.



MBFC Tower 3, Singapore



Equity Plaza, Singapore



Al Mada Towers, Jeddah



Elita Garden Vista, Kolkata

Property

Seizing Opportunities

- Committed Investments of about S\$1 billion.



Saigon Centre Phase 2



West Vista, Jakarta



Yangon Office Development

Infrastructure

Keppel DC REIT IPO

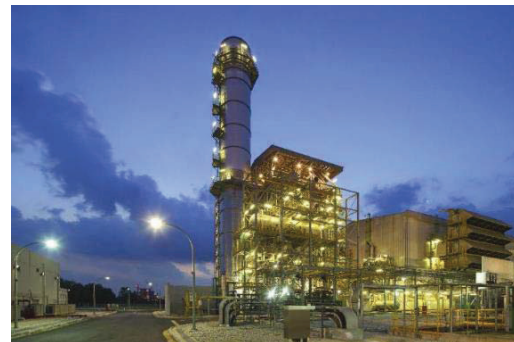
- Asia's first data centre REIT successfully listed on the SGX raising S\$512.9 million.
- 24.4x subscribed by institutions.
- 9.6x subscribed by retail investors.

Proposed combination

- Keppel Infrastructure Trust and CitySpring to combine and acquire 51% of KMC.
 - Market capitalisation to increase to over S\$2 billion from S\$655 million;
 - Proforma total assets to grow to over S\$4 billion from S\$604 million.



Keppel DC REIT listed on the SGX



Keppel Merlimau Cogen (KMC) Plant, Singapore

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Infrastructure

EPC projects

- Greater Manchester EfW Plant Phase 1 completed and in process of handing over to Client; Phase 2 handover expected in 1H 2015.
- Ongoing testing and commissioning of Doha North Sewage Treatment Works.

Data centres

- Acquired Almere Data Centre 2 in the Netherlands.

Logistics

- Completed Tampines Logistics Hub in Singapore and the 3PL Distribution Centre in Vietnam.



Almere Data Centre 2, the Netherlands



Distribution Centre, Vietnam

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Group Financial Highlights by CFO

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4Q 2014 Financial Performance

Net Profit



6% to S\$726m

EPS



5% to 39.9cts

EVA



from S\$406m to S\$746m

Cash Inflow



from S\$1,664m to S\$872m

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4Q 2014 Financial Highlights

S\$m	<u>4Q 2014</u>	<u>4Q 2013</u>	<u>% Change</u>
Revenue	3,925	3,598	9
EBITDA	996	811	23
Operating Profit	926	746	24
Profit Before Tax	1,162	1,109	5
Net Profit	726	685	6
EPS (cents)	39.9	38.0	5

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4Q 2014 Revenue by Segments

S\$m	<u>4Q 2014</u>	<u>%</u>	<u>4Q 2013</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	2,376	61	2,071	58	15
Infrastructure	675	17	975	27	(31)
Property	833	21	538	15	55
Investments	41	1	14	-	193
Total	3,925	100	3,598	100	9

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4Q 2014 Pre-tax Profit by Segments

S\$m	<u>4Q 2014</u>	<u>%</u>	<u>4Q 2013</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	357	31	348	31	3
Infrastructure	303	26	(96)	(9)	NM
Property	528	45	836	76	(37)
Investments	(26)	(2)	21	2	NM
Total	1,162	100	1,109	100	5

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4Q 2014 Net Profit by Segments

S\$m	<u>4Q 2014</u>	<u>%</u>	<u>4Q 2013</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	287	39	285	42	1
Infrastructure	215	30	(109)	(16)	NM
Property	261	36	492	72	(47)
Investments	(37)	(5)	17	2	NM
Total	726	100	685	100	6

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FY 2014 Financial Performance

Net Profit	↑	2% to S\$1,885m
EPS	↑	2% to 103.8cts
Cash Dividends*	↑	from 40.0 cts/share to 48.0 cts/share
ROE	↓	from 19.5% to 18.8%
EVA	↑	from S\$1,142m to S\$1,778m
Cash Inflow	↑	from S\$642m to S\$746m
Net Gearing	—	0.11x

* Total distribution for FY 2013 included a special distribution *in specie* of Keppel REIT units equivalent to 9.5 cts/share.

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FY 2014 Financial Highlights

S\$m	<u>FY 2014</u>	<u>FY 2013</u>	<u>% Change</u>
Revenue	13,283	12,380	7
EBITDA	2,639	2,377	11
Operating Profit	2,373	2,134	11
Profit Before Tax	2,889	2,794	3
Net Profit	1,885	1,846	2
EPS (cents)	103.8	102.3	2

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FY 2014 Revenue by Segments

S\$m	<u>FY 2014</u>	<u>%</u>	<u>FY 2013</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	8,556	64	7,126	58	20
Infrastructure	2,934	22	3,459	28	(15)
Property	1,729	13	1,768	14	(2)
Investments	64	1	27	-	137
Total	13,283	100	12,380	100	7

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FY 2014 Pre-tax Profit by Segments

S\$m	<u>FY 2014</u>	<u>%</u>	<u>FY 2013</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	1,365	47	1,202	43	14
Infrastructure	452	16	73	3	>500
Property	1,017	35	1,439	51	(29)
Investments	55	2	80	3	(31)
Total	2,889	100	2,794	100	3

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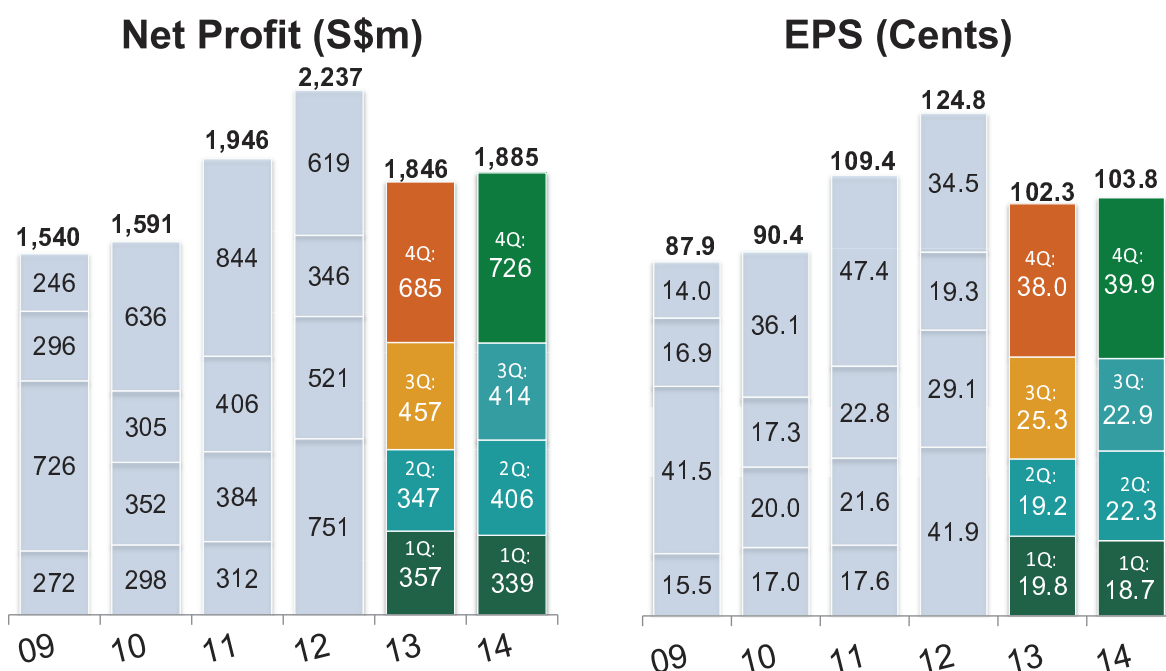
FY 2014 Net Profit by Segments

S\$m	FY 2014	%	FY 2013	%	% Change
Offshore & Marine	1,040	55	945	51	10
Infrastructure	320	17	15	1	>500
Property	482	26	832	45	(42)
Investments	43	2	54	3	(20)
Total	1,885	100	1,846	100	2

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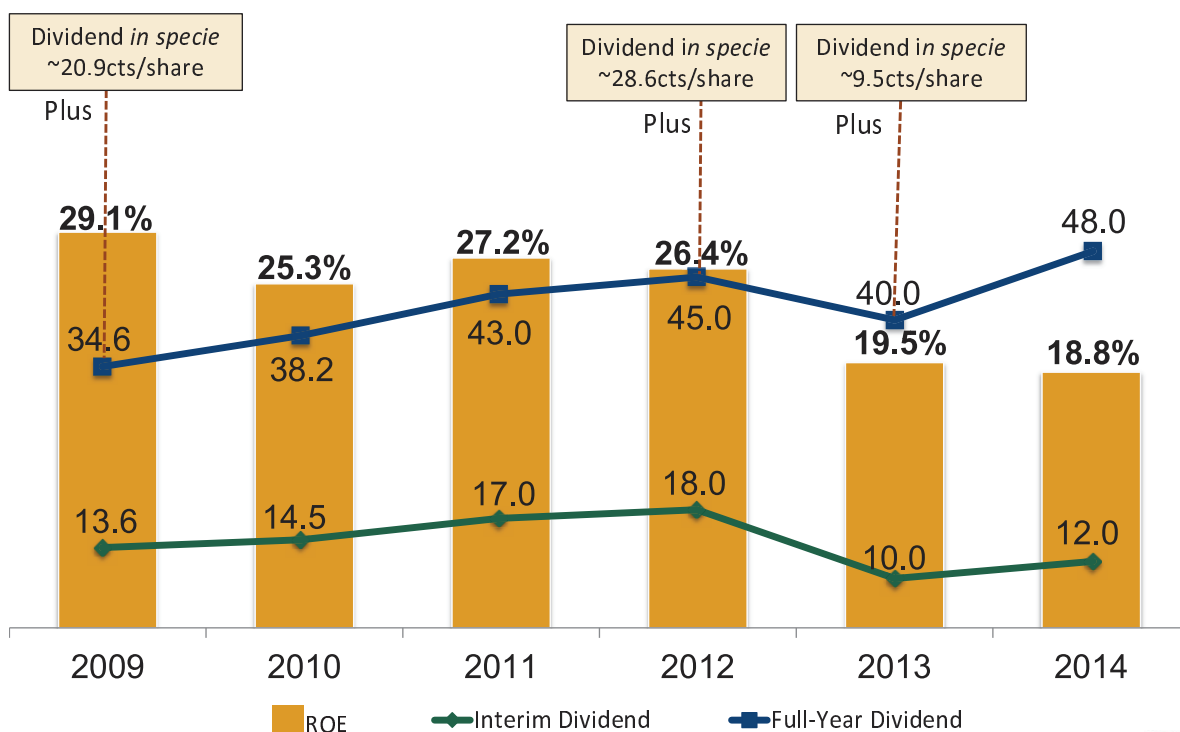
Net Profit & EPS



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ROE & Dividend



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Free Cash Flow

	FY 2014	FY 2013
	S\$m	S\$m
Operating profit	2,373	2,134
Depreciation & other non-cash items	(261)	(216)
	2,112	1,918
Working capital changes	(1,762)	(733)
Interest & tax paid	(328)	(560)
Net cash from operating activities	22	625
Investments & capex	(662)	(489)
Divestments & dividend income	1,386	506
Net cash from investing activities	724	17
Cash inflow	746	642
Dividend paid	(1,029)	(843)

Free cash flow excludes expansionary acquisitions and capex, and major divestments.

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**Configured for growth and
value creation through
innovation and discipline.**

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**4Q & FY 2014 Results
Q&A**

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Additional Information

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Revenue by Geography

FY 2014

	<u>Total</u> S\$m	<u>Overseas</u> <u>Customers</u> %	<u>Singapore</u> <u>Customers</u> %
Offshore & Marine	8,556	93	7
Infrastructure	2,934	13	87
Property	1,729	57	43
Investments	64	26	74
Total	13,283	70	30

70% of total revenue came from overseas customers

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EBITDA by Segments

S\$m	<u>FY 2014</u>	<u>%</u>	<u>FY 2013</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	1,366	52	1,196	50	14
Infrastructure	570	21	150	6	280
Property	686	26	1,006	43	(32)
Investments	17	1	25	1	(32)
Total	2,639	100	2,377	100	11

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Capital/Gearing/ROE

S\$m	<u>31 Dec 2014</u>	<u>31 Dec 2013</u>
Shareholders' Funds	10,381	9,701
Capital Employed	14,728	13,689
Net Debt	1,647	1,535
Net Gearing Ratio	0.11x	0.11x
ROE	18.8%	19.5%

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OFFSHORE & MARINE

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Financial Highlights – Offshore & Marine

S\$m	<u>4Q 2014</u>	<u>4Q 2013</u>	<u>% Change</u>
Revenue	2,376	2,071	15
EBITDA	350	344	2
Operating Profit	313	309	1
Profit Before Tax	357	348	3
Net Profit	287	285	1

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Financial Highlights – Offshore & Marine

S\$m	<u>FY 2014</u>	<u>FY 2013</u>	<u>% Change</u>
Revenue	8,556	7,126	20
EBITDA	1,366	1,196	14
Operating Profit	1,224	1,059	16
Profit Before Tax	1,365	1,202	14
Net Profit	1,040	945	10

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Offshore & Marine Review

- **S\$1.8 billion contracts secured in 4Q 2014:**
1 Jackup, 2 Semis, 1 Land Rig, 1 Jackup Repair and 1 FLNG Conversion
- **Major contract completions in 4Q 2014:**
2 Jackup, 1 Semi Upgrade, 1 Semi Repair, 1 Platform Maintenance and Repair, 2 FPSO Conversions, 1 FPSO Upgrade, 1 Submersible Barge and 2 Tugs

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Offshore & Marine Orderbook

	<u>Order Balance S\$m</u>	<u>Client</u>
<u>For delivery in 2015</u>		
15 JUs/1 Semi/1 Accom. Semi Repair/2 JU Repairs/ 1 FPSO Upgrade/2 FPSO Conversions/3 Turret Fabrications/ 1 FPSO Modules Integration/1 Transformer Platform/ 1 Floating Crane/1 Depletion Compression Platform/ 1 Pipelay Vessel/2 Ice Class Supply Vessels/1 Ice Class Multi-Purpose Duty Rescue Vessel/2 Submersible Barges/1 Tug	<u>1,141</u>	Maersk/Pemex/Enasco/Grupo R/Parden/ Falcon Energy/PV Drilling/UMW/ Arabian Drilling Co./Perforadora Central/ Setebras/Floatel/Hercules/Paragon/ Apache Energy/SBM/Bumi Armada/Emas/ SOFEC/Modec-Toyo/Wetfeet/Asian Lift/ Shell/McDermott/Smit Shipping/ Smit Rebras
<u>For delivery in 2016</u>		
10 JUs/2 Semis/1 Accom. Semi/1 Land Rig/ 1 FPSO Conversion/1 FPSO Modules Integration	<u>3,653</u>	Transocean/Enasco/Clearwater/GDI/Fecon/ BOT Lease Co.(JDC)/Setebras/SOCAR/Floatel/ Bumi Armada/Petrobras
<u>For delivery in 2017</u>		
3 JUs/3 Semis/1 FLNG Conversion/ 1 FPSO Modules Fab. & Integration/1 Subsea Construction Vessel	<u>3,650</u>	Transocean/TS Offshore/Setebras/Golar/ Petrobras/Baku Shipyard
<u>For delivery in 2018-2019</u>		
3 Semis/1 FLNG Conversion	<u>4,047</u>	Setebras/Golar
Total as at 31 Dec 2014	<u>12,491</u>	

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INFRASTRUCTURE

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Financial Highlights - Infrastructure

S\$m	<u>4Q 2014</u>	<u>4Q 2013</u>	<u>% Change</u>
Revenue	675	975	(31)
EBITDA	331	(65)	NM
Operating Profit	305	(90)	NM
Profit Before Tax	303	(96)	NM
Net Profit	215	(109)	NM

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Financial Highlights - Infrastructure

S\$m	<u>FY 2014</u>	<u>FY 2013</u>	<u>% Change</u>
Revenue	2,934	3,459	(15)
EBITDA	570	150	280
Operating Profit	466	69	>500
Profit Before Tax	452	73	>500
Net Profit	320	15	>500

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PROPERTY

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Financial Highlights - Property

S\$m	<u>4Q 2014</u>	<u>4Q 2013</u>	<u>% Change</u>
Revenue	833	538	55
EBITDA	349	529	(34)
Operating Profit	343	524	(35)
Profit Before Tax	528	836	(37)
Net Profit	261	492	(47)

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Financial Highlights - Property

S\$m	<u>FY 2014</u>	<u>FY 2013</u>	<u>% Change</u>
Revenue	1,729	1,768	(2)
EBITDA	686	1,006	(32)
Operating Profit	667	981	(32)
Profit Before Tax	1,017	1,439	(29)
Net Profit	482	832	(42)

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INVESTMENTS

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Financial Highlights - Investments

S\$m	<u>4Q 2014</u>	<u>4Q 2013</u>	<u>% Change</u>
Revenue	41	14	193
EBITDA	(34)	3	NM
Operating Profit	(35)	3	NM
Profit Before Tax	(26)	21	NM
Net Profit	(37)	17	NM

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Financial Highlights - Investments

S\$m	<u>FY 2014</u>	<u>FY 2013</u>	<u>% Change</u>
Revenue	64	27	137
EBITDA	17	25	(32)
Operating Profit	16	25	(36)
Profit Before Tax	55	80	(31)
Net Profit	43	54	(20)

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This release may contain forward-looking statements which are subject to risks and uncertainties that could cause actual results to differ materially from such statements. Such risks and uncertainties include industry and economic conditions, competition, and legal, governmental and regulatory changes. The forward-looking statements reflect the current views of Management on future trends and developments.

**ADDRESS BY KEPPEL CORPORATION LIMITED'S
CHIEF FINANCIAL OFFICER, CHAN HON CHEW
AT THE FULL YEAR 2014 RESULTS PRESENTATION**

FRIDAY, 23 January 2015

1. Group Financial Highlights (Slide 17)

1.1 4Q 2014 Financial Performance (Slide 18)

Thank you, Chin Hua. A very good evening to all.

The Group had a good fourth quarter in 2014. Net profit was \$726 million, a 6% improvement from the \$685 million profit reported in the same period last year.

Earnings per share for the quarter rose by 5% to 39.9 cents while EVA improved from S\$406 million to \$746 million, benefiting from the listing of Asia's first data centre REIT on the Singapore Exchange and other divestments during the quarter.

Cash inflow for the quarter was \$872 million, as a result of proceeds from the listing of the data centre REIT, offset by lower receipts by the Offshore & Marine division.

1.2 4Q 2014 Financial Highlights (Slide 19)

For the fourth quarter, the Group's revenue grew 9% or \$327 million from the same quarter in 2013, led by higher revenue from Offshore & Marine division.

Operating profits increased by 24% as Infrastructure division turned in a profit in the fourth quarter, compared to a loss last year.

However, pre-tax profit saw a smaller improvement of 5%, due to lower share of profits from associates.

The Group's net profit after tax and non-controlling interests rose by 6% or \$41 million, and correspondingly earnings per share (EPS) increased by 5%.

1.3 4Q 2014 Revenue by Segments (Slide 20)

Overall, Group revenues grew 9%, led mainly by the revenue growth in the Offshore & Marine and Property divisions.

Offshore & Marine's 15% increase in revenue was largely attributed to higher revenue recognition from on-going projects. During the quarter, we started revenue recognition for three jack-ups, two FPSO conversions, one FLNG conversion, one subsea construction vessel and one semi.

Infrastructure registered a 31% decrease in fourth quarter's revenue. The lower revenue from our power generation plant contributed the most to the decrease, which is partially offset by improvements from our data centre and logistics businesses.

The Property division saw an increase in revenue of 55%, mainly due to the completion of projects in China like Phase 1 of Seasons Residences in Shanghai and Phase 1 of Park Avenue Heights in Chengdu, as well as the sale of residential development in Jeddah.

1.4 4Q 2014 Pre-tax Profit by Segments (Slide 21)

Offshore & Marine's pre-tax earnings for the fourth quarter was higher by 3%, benefiting from higher contributions from associated companies like Dyna-Mac, Asian Lift and Floatel.

Infrastructure recorded a \$303 million pre-tax profit, a turnaround from a pre-tax loss of \$96 million in the fourth quarter last year. This is primarily due to better operating results from the EPC contracts and its data centre and logistics business, as well as gains from divestments made during the period. These include the sale of data centre assets as well as that of Keppel FMO Pte Ltd, a subsidiary in the business of providing integrated facilities management services.

Property posted a 37% decrease in pre-tax profit compared to the same period last year, mainly due to lower fair value gains on investment properties. The effects of the deconsolidation of Keppel REIT recognised in the fourth quarter of 2013 also contributed to this decrease. These are partially offset by the gain from the disposal of Marina Bay Financial Centre Tower 3.

1.5 4Q 2014 Net Profit by Segments (Slide 22)

Offshore & Marine continues to be the largest contributor to the Group's net profit at 39%. The division's net profit was comparable to that in the same quarter in 2013.

Infrastructure division reported a better performance with \$215 million in net profit in the fourth quarter.

The higher earnings in Offshore & Marine and Infrastructure were partially offset by the weaker performances by Property and Investment divisions, resulting in overall growth of 6% in net profit for the Group.

1.6 FY 2014 Financial Performance (Slide 23)

Now I shall take you through the performance for the full year.

The Group posted net earnings of \$1.9 billion for the full year, which is 2% higher than the previous year.

Earnings per share saw a similar increase to 103.8 cents.

We are pleased to propose a final dividend of 36 cents per share for this year. Together with the interim cash dividend of 12 cents, total cash dividend for 2014 will amount to 48 cents per share.

ROE was lower at 18.8% while EVA was higher at \$1.8 billion due mainly to gains from sale of Equity Plaza and listing of Keppel DC REIT.

Cash inflow increased to \$746 million benefiting from the proceeds from sales of Equity Plaza and data centre assets.

Our net gearing remained at 11%, the same level as in 2013.

1.7 FY 2014 Financial Highlights (Slide 24)

With four quarters of revenue growth, the Group registered a 7% or \$903 million improvement in the top line to \$13.3 billion for the full year, largely due to higher revenue from the Offshore & Marine division.

Operating profit increased by 11%, driven by higher revenue and divestment gains, while pre-tax profits increased at a lower 3% due to lower share of profit from associates.

After tax and non-controlling interests, net profit was 2% higher than in 2013.

1.8 FY 2014 Revenue by Segments (Slide 25)

The Group earned total revenues for the year of \$13.3 billion, which was 7% higher than 2013.

At Offshore & Marine, major projects completed include seven jackups, three FPSO upgrades, two FPSO conversions, one FPSO integration and one semi upgrade. The division continued to deliver strong results and recorded 20% higher revenue than last year.

Infrastructure revenue for the year was \$2.9 billion, which was 15% lower than 2013, mainly due to lower revenue from the power generation plant, partially offset by stronger contributions from logistics and data centre businesses.

Property revenue saw a slight decrease of 2%, due to overall lower revenues from projects like Reflections and Corals at Keppel Bay in Singapore as compared to 2013, as well as the effects of deconsolidation of Keppel REIT from 31 August 2013. This was partially offset by higher revenue from the en-bloc sale of residential development in Jeddah.

1.9 FY 2014 Pre-tax Profit by Segments (Slide 26)

Overall pre-tax profit increased by 3%, driven largely by higher earnings from the Offshore & Marine and Infrastructure divisions.

Higher revenues in the Offshore & Marine division drove its pre-tax profit higher by 14%, at operating margin of 14.3% for the full year, which was comparable to 14.7% last year.

Infrastructure posted higher earnings, primarily driven by better operating results from logistics and data centre businesses, as well as gains from divestments of data centre assets and Keppel FMO.

Property division reported 29% lower pre-tax profits. The decrease was mainly due to lower operating results, lower fair value gains on investment properties and the absence of gains from the deconsolidation of Keppel REIT recognised in 2013. This was partially offset by gains from disposal of Equity Plaza, Prudential Tower and Marina Bay Financial Centre Tower 3.

1.10 FY 2014 Net Profit by Segments (Slide 27)

Net profit of Offshore & Marine was 10% higher as compared to the previous year, and continued to be the biggest contributor to the Group's earnings at 55%.

Property saw a 42% decrease in net profits, a sharper reduction as compared to the decrease in pre-tax profit due to the write-back of tax provisions arising from the finalisation of prior years' taxation in 2013, which we have highlighted in previous quarters.

1.11 Net Profit and EPS (Slide 28)

Net profit for the year of \$1.9 billion is \$39 million above 2013. Higher profits during the fourth quarter of 2014 boosted earnings per share for the year to 103.8 cents, 1.5 cents higher than 2013.

1.12 ROE & Dividend (Slide 29)

ROE has decreased to 18.8% in 2014 despite the higher net profit as a result of increased average shareholders' funds.

Our proposed total distribution for our shareholders for 2014 will be 48 cents per share, including a final dividend of 36 cents per share.

1.13 Free Cash Flow (Slide 30)

In 2014, the Group generated cash flows of \$2.1 billion from operations, about \$200 million above the previous year. After taking into account higher working capital requirements mainly from the Offshore & Marine and Property divisions, the resultant net cash from operating activities amounted to \$22 million.

\$662 million was spent during the year on investments and operational capital expenditure, mainly for Offshore & Marine division. Receipts comprising dividend income from associates and proceeds from divestments including the sale of Equity Plaza and data centre assets amounted to \$1.4 billion. This translates to a net cash from investing activities of \$724 million.

The resultant cash inflow was \$746 million for the year, which is \$104 million higher than 2013.

1.14 Outlook (Slide 31)

As we begin a new year, we remain alert to the challenges posed by the changing macro-economic conditions. We will continue to rally our strengths in our core competencies and invest in the future, with innovation and financial discipline enduring as our main strategies. Thus, we can better equip ourselves to seize new opportunities that will achieve sustainable growth in our businesses and deliver value to our shareholders.

Thank you.