

First Quarter 2015 Financial Results

16 April 2015

Keppel Corporation

Scope of Briefing

- **Address by CEO**
- **Group Financial Highlights by CFO**

Address by CEO

Global Economy

- Oil prices remain low
- US growth on track
- Eurozone's recovery still fragile
- China and emerging economies grow at slower pace

Performance Highlights

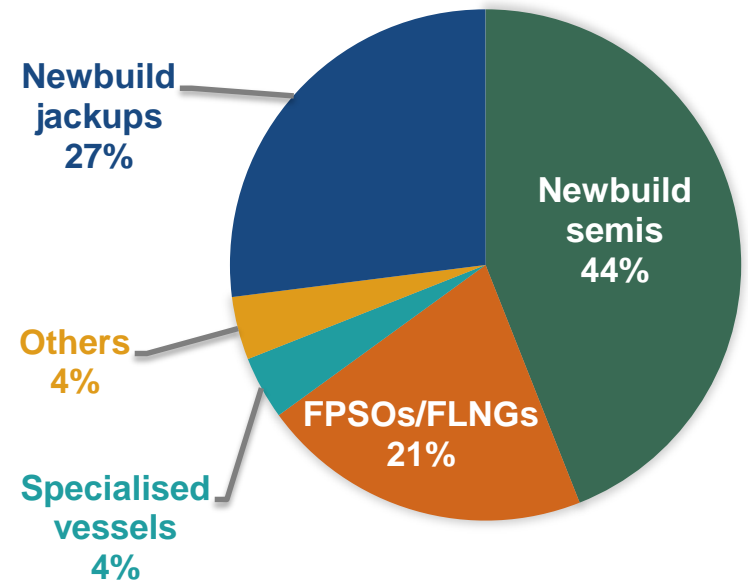
- ↑ 1Q15 net profit was S\$360m
- ↓ Annualised ROE was 12.9%
- ↓ EVA was S\$103m

Offshore & Marine



Keppel FELS, Singapore

Net orderbook of S\$11.3b
as at end March 2015



1Q15

- **New orders won as at 31 March:** about S\$500m including an ice-class multi-purpose vessel, a semi upgrade, FPSO topside/turret fabrication work and an AHT.
- **Net orderbook as at 31 March:** S\$11.3b with visibility into 2019.

Offshore & Marine

Busy with the following deliveries:

- 16 newbuild rigs, a Depletion Compression Platform and 2 FPSO conversions, among other projects.

Significant milestones in 1Q15

- Completed 5 jackups, an FPSO upgrade and various integration and repair projects.
- KFELS delivered its 100th jackup rig.
- N-KOM repaired its 100th LNG carrier.



Shell's Depletion Compression Platform



PV Drilling VI

Property



Keppel Land will continue leveraging its expertise and experience to build quality homes and offices

Privatisation of Keppel Land

- Obtained 95.1% of Keppel Land shares as at 31 March 2015.
- Taking steps to de-list Keppel Land.

Property

Quality homes and office space

- Sold 720 homes in Asia in 1Q15.
- Pipeline of 70,000 homes across Asia with about 3,600 launch-ready units in 2015.
- Growing overseas commercial portfolio with 823,000 sm of Gross Floor Area being developed.



Estella Heights, Vietnam



Old Treasury Building, office tower

Property

Investing for growth



Freehold 9-storey office building in London



16.7-ha prime residential site in Chengdu with Vanke

Investments in 1Q 2015	Effective Stake	Acquisition / Investment cost
Residential site, West Jakarta	100%	\$40m ¹
Office building, London	100%	\$186m
Prime residential site in Chengdu	35%	\$350m ²
Total		\$576m

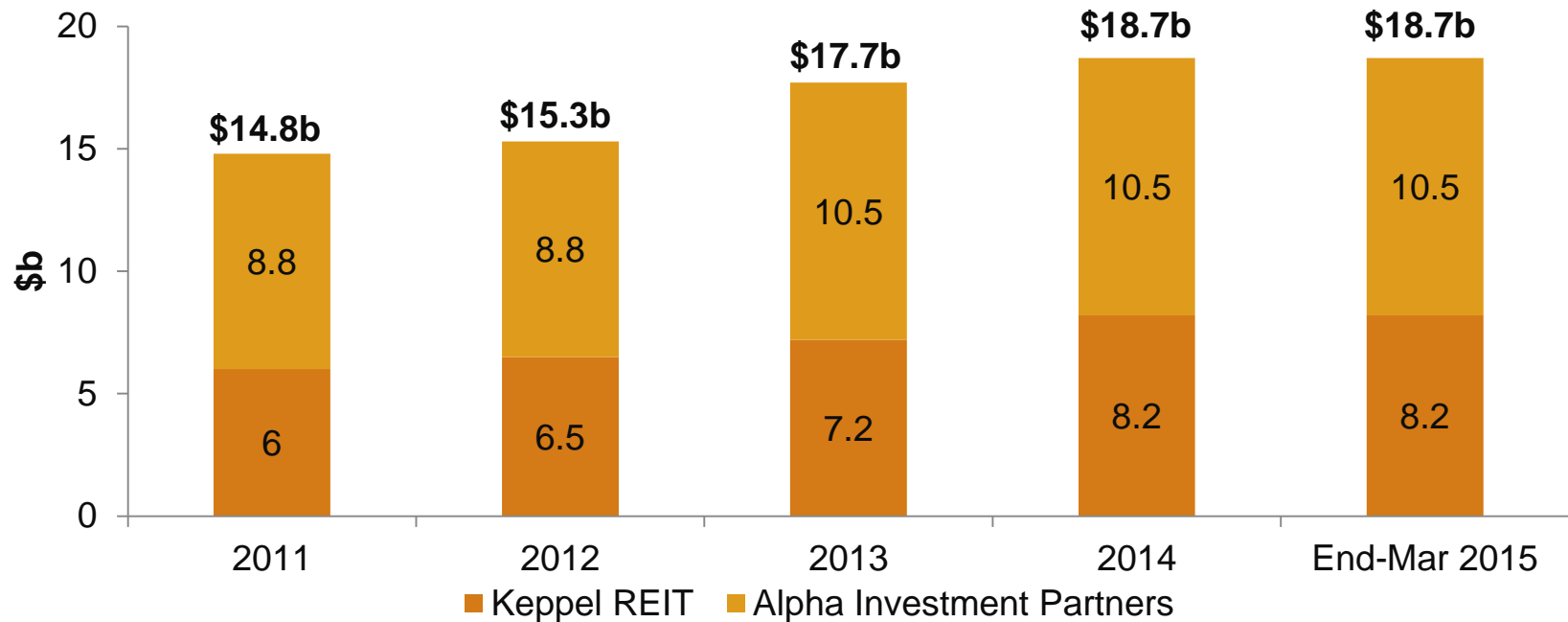
(1) Land cost only

(2) Keppel Land's 35% of Total Development Cost (including land cost)

Property

Fund Management

- Keppel REIT achieved 100% occupancy at nine office towers.
- Keppel REIT & Alpha's combined AUM stood at \$18.7b* as at end-Mar 2015.



* When fully invested and leveraged

Infrastructure

EPC Projects

- Greater Manchester EfW Plant Phase 1 commenced commercial operations. Phase 2 handover expected in 2Q15.
- Doha North Sewage Treatment Works Plant to be substantially completed in 2015.



Greater Manchester EfW Plant

Keppel Infrastructure Trust

- Formation of an enlarged trust involving Keppel Infrastructure Trust and CitySpring is on track.

Infrastructure



Keppel Datahub 2 (right)



Indo-Trans Keppel Logistics' distribution centre in Vietnam

Logistics

- Opening of the new 120,000 sf distribution centre in the Vietnam Singapore Industrial Park 1.
- Logistics projects in Lu'an and Tianjin to be operational within 2015.

Data centres

- Good demand at Keppel Datahub 2.
- Almere Data Centre 2 to commence operations by 3Q15.

Group Financial Highlights by CFO

1Q 2015 Financial Performance

Net Profit	↑	6% to S\$360m
EPS	↑	6% to 19.8cts
EVA	↓	from S\$186m to S\$103m
Annualised ROE	↓	from 13.4% to 12.9%
Free Cash	↑	from outflow of S\$391m to inflow of S\$226m
Net Gearing	↑	From 0.11x to 0.37x

Financial Highlights

S\$m	<u>1Q 2015</u>	<u>1Q 2014</u>	<u>% Change</u>
Revenue	2,814	2,996	(6)
EBITDA	464	478	(3)
Operating Profit	398	415	(4)
Profit Before Tax	455	492	(8)
Net Profit	360	339	6
EPS (cents)	19.8	18.7	6

Revenue by Segments

S\$m	<u>1Q 2015</u>	<u>%</u>	<u>1Q 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	1,927	68	1,919	64	-
Property	327	12	329	11	(1)
Infrastructure	509	18	736	25	(31)
Investments	51	2	12	-	NM
Total	2,814	100	2,996	100	(6)

Pre-tax Profit by Segments

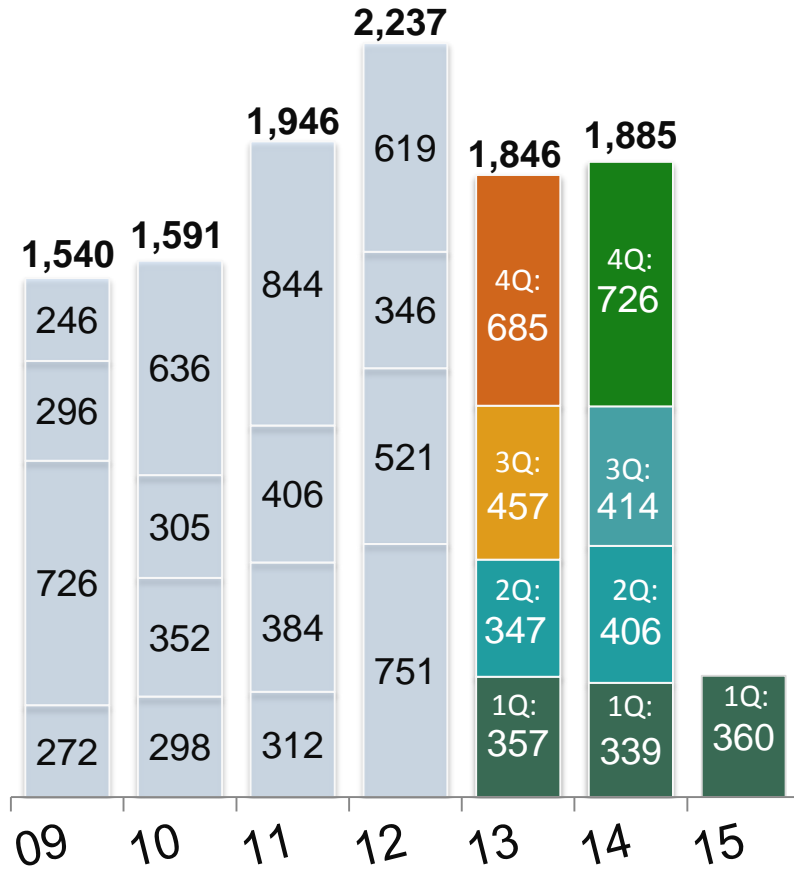
S\$m	<u>1Q 2015</u>	<u>%</u>	<u>1Q 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	251	55	304	62	(17)
Property	102	22	131	27	(22)
Infrastructure	34	8	46	9	(26)
Investments	68	15	11	2	NM
Total	455	100	492	100	(8)

Net Profit by Segments

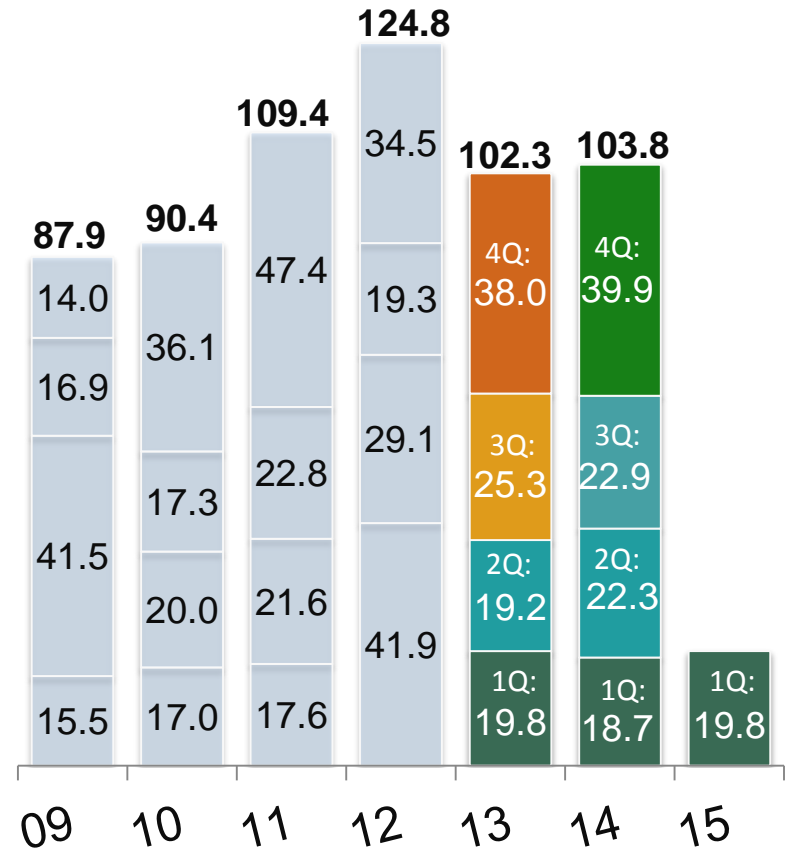
S\$m	<u>1Q 2015</u>	<u>%</u>	<u>1Q 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	203	56	231	68	(12)
Property	72	20	62	18	16
Infrastructure	23	7	32	9	(28)
Investments	62	17	14	5	NM
Total	360	100	339	100	6

Net Profit & EPS

Net Profit (\$m)



EPS (Cents)



Free Cash Flow

	<u>1Q 2015</u>	<u>1Q 2014</u>
	S\$m	S\$m
Operating profit	398	415
Depreciation & other non-cash items	22	56
	<hr/>	<hr/>
	420	471
Working capital changes	(111)	(753)
Interest & tax paid	(25)	(54)
	<hr/>	<hr/>
Net cash from / (used in) operating activities	284	(336)
	<hr/>	<hr/>
Investments & capex	(98)	(121)
Divestments & dividend income	40	66
	<hr/>	<hr/>
Net cash used in investing activities	(58)	(55)
	<hr/>	<hr/>
Cash inflow / (outflow)	226	(391)
	<hr/>	<hr/>

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

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

1Q 2015 Results

Q&A

Additional Information

Revenue by Geography

	1Q 2015		
	<u>Total</u> S\$m	<u>Overseas</u> <u>Customers</u> %	<u>Singapore</u> <u>Customers</u> %
Offshore & Marine	1,927	96	4
Property	327	59	41
Infrastructure	509	11	89
Investments	51	1	99
Total	<u>2,814</u>	75	25

75% of total revenue came from overseas customers

EBITDA by Segments

S\$m	<u>1Q 2015</u>	<u>%</u>	<u>1Q 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	269	58	314	66	(14)
Property	90	19	92	19	(2)
Infrastructure	54	12	73	15	(26)
Investments	51	11	(1)	-	NM
Total	464	100	478	100	(3)

Capital/Gearing/ROE

S\$m	<u>31 Mar 2015</u>	<u>31 Dec 2014</u>
Shareholders' Funds	10,852	10,381
Capital Employed	12,198	14,728
Net Debt	4,469	1,647
Net Gearing Ratio	0.37x	0.11x
ROE	12.9%	18.8%

OFFSHORE & MARINE

Financial Highlights – Offshore & Marine

S\$m	<u>1Q 2015</u>	<u>1Q 2014</u>	<u>% Change</u>
Revenue	1,927	1,919	-
EBITDA	269	314	(14)
Operating Profit	232	280	(17)
Profit Before Tax	251	304	(17)
Net Profit	203	231	(12)

Offshore & Marine Review

- **About S\$500 million contracts secured in 1Q 2015:**

An ice-class multi-purpose vessel, a liftboat, an AHT, a semi upgrade, a topside fabrication, a turret fabrication, a drillship upgrade and an LNG vessel upgrade.

- **Major contract completions in 4Q 2014:**

5 Jackups, a jackup repair, a jackup integration, an FPSO upgrade, a turret fabrication, a submersible barge and a tug.

Offshore & Marine Orderbook

	Contract Value		Client
	Gross \$m.	Net \$m.	
<u>For delivery in 2015</u>			
10 JUs/1 Accom. Semi/1 JU Repair/1 Drillship Repair/ 2 FPSO Conversions/2 Turret Fabrications/ 1 FPSO Modules Integration/1 Transformer Platform/ 1 Floating Crane/1 Depletion Compression Platform/1 Liftboat/ 1 Pipelay Vessel/2 Ice Class Supply Vessels/1 Ice Class Multi-Purpose Duty Rescue Vessel/1 Submersible Barge/1 LNG Vessel Upgrade	4,490	585	Grupo R/Parden/Falcon Energy/ UMW/Arabian Drilling Co./ Perforadora Central/Floatel/ Paragon/Dolphin/SBM/Bumi Armada/ SOFEC/Modec-Toyo/Wetfeet/Asian Lift/ Shell/Nakilat-KOM/McDermott/ Smit Shipping
<u>For delivery in 2016</u>			
5 JUs/3 Semis/1 Accom. Semi/1 Land Rig/1 Semi Upgrade/ 1 FPSO Conversion/1 FPSO Modules Integration/ 1 FPSO Topsides Fabrication/1 Turret Fabrication/1 AHT	5,739	2,354	Transocean/Ensco/Clearwater/GDI/ BOT Lease Co.(JDC)/Setebras/SOCAR/Floatel/ Bumi Armada/Petrobras/Seaways
<u>For delivery in 2017</u>			
6 JUs/3 Semis/ 1 FLNG Conversion/1 FPSO Modules Fab. & Integration/ 1 Subsea Construction Vessel/1 Ice-class Multi-Purpose Vessel	5,431	3,880	Transocean/TS Offshore/Fecon/Setebras/Golar/ Petrobras/Baku Shipyard/New Orient Marine
<u>For delivery in 2018-2019</u>			
2 JUs/3 Semis/1 FLNG Conversion	4,623	4,460	Transocean/Setebras/Golar
Total as at 31 Mar 2015	20,283	11,279	

PROPERTY

Financial Highlights - Property

S\$m	<u>1Q 2015</u>	<u>1Q 2014</u>	<u>% Change</u>
Revenue	327	329	(1)
EBITDA	90	92	(2)
Operating Profit	84	88	(5)
Profit Before Tax	102	131	(22)
Net Profit	72	62	16

Residential Launch Readiness – China

Project	Location	Units Ready to Launch		
		2015	2016	2017
8 Park Avenue*	Shanghai	66	66	-
The Springdale*	Shanghai	142	-	-
Seasons Residence*	Shanghai	229	350	246
Hill Crest Villa^	Shanghai	30	47	47
Waterfront Residence*	Nantong	5	12	24
Central Park City*	Wuxi	432	581	580
Waterfront Residence^	Wuxi	205	369	431
Park Avenue Heights^	Wuxi	100	400	400
Stamford City*	Jiangyin	102	216	94
Park Avenue Heights*	Chengdu	197	300	325
Hill Crest Villa^	Chengdu	20	24	40
Serenity Villa^	Chengdu	18	42	61
The Seasons*	Shenyang	28	50	60
Serenity Villa*	Tianjin	6	22	50
Tianjin Eco-City*	Tianjin	200	353	341
Waterfront Residence^	Tianjin	65	119	123
Keppel Cove^	Zhongshan	30	42	47
Hill Crest Residence*	Kunming	6	25	52
La Quinta II*	Kunming	4	5	-
Total		1,885	3,023	2,921

*Balance units ^New launches

Residential Launch Readiness – Overseas

Project	Location	Units Ready to Launch		
		2015	2016	2017
Indonesia				
West Vista^	West Jakarta	900	850	850
Vietnam				
The Estella (Ph 1), Dist 2*	HCMC	1	-	-
Estella Heights (Ph 1), Dist 2^	HCMC	150	70	-
Riviera Point, Dist 7*	HCMC	364	200	319
Dong Nai Waterfront City ^	Dong Nai	-	100	340
Riviera Cove, Dist 9*	HCMC	7	12	3
South Rach Chiec, Dist 2^	HCMC	-	-	100
Villa Development, Saigon South^	HCMC	-	-	30
Casuarina Cove, Dist 9^	HCMC	-	50	40
Thailand				
Villa Arcadia Srinakarin (Ph 1)*	Bangkok	10	-	-
Villa Arcadia Srinakarin (Ph 2)^	Bangkok	50	51	-
Villa Arcadia Watcharapol (Ph 1)*	Bangkok	18	-	-
India				
Elita Horizon^	Bangalore	-	170	250
Sri Lanka				
The Belvedere^	Colombo	30	140	80
Total		1,530	1,643	2,012

*Balance units ^New launches

Expected Completion for Launched Projects

Projects/Phases launched	Total Units	Units Launched as at end-Mar 2015	Units Sold as at end-Mar 2015	Units Remaining as at end-Mar 2015	Expected Completion [^]
China					
Central Park City, Wuxi, Plot C2B	256	256	237	19	3Q2015
Waterfront Residence, Nantong, Ph 1	111	111	6	105	2Q2015
Park Avenue Heights, Chengdu, Ph 2B	220	150	134	16	2Q2015
Stamford City, Jiangyin, Ph 3 (Blk 10 & 11)	208	208	205	3	2Q2015
Stamford City, Jiangyin, Ph 3 (Blk 9)	408	408	379	29	3Q2015
Sub total :	1,203	1,133	961	172	
Thailand					
Villa Arcadia Srinakarin Ph 1	209	209	199	10	2Q2015
Villa Arcadia Srinakarin Ph 2	156	55	49	6	4Q2016
Villa Arcadia Watcharapol Ph 1	45	45	27	18	2Q2015
Sub total :	410	309	275	34	
Total	1,613	1,442	1,236	206	

[^]Subject to changes

Expected Completion for Upcoming Projects

Projects/Phases to be launched	Location	No. of Units Expected to be Completed [^]		
		2015	2016	2017
China				
8 Park Avenue	Shanghai	106	-	-
The Springdale	Shanghai	60	-	-
Seasons Residence	Shanghai	594	198	-
Hill Crest Villa	Shanghai	-	45	45
Central Park City	Wuxi	520	344	-
Waterfront Residence	Wuxi	62	361	308
Park Avenue Heights	Wuxi	-	-	328
Stamford City	Jiangyin	-	-	353
Park Avenue Heights	Chengdu	240	220	280
Hill Crest Villa	Chengdu	-	-	45
Serenity Villa	Chengdu	84	-	97
Seasons Garden	Tianjin	-	270	-
Waterfront Residence	Tianjin	-	161	180
Keppel Cove	Zhongshan	42	48	91
Hill Crest Residence Ph 2B	Kunming	-	-	56
Indonesia				
West Vista	West Jakarta	-	-	1,404
Vietnam				
Estella Heights Phase 1	HCMC	-	-	496
Total		1,708	1,647	3,683

[^] Subject to changes

New Commercial Projects Overseas

Commercial Projects under Development	GFA (sm)	Development Cost ⁽¹⁾	Completion
Indonesia			
IFC Jakarta Tower 1 (100% stake)	86,357	\$266.4m	2020
Vietnam			
Saigon Centre Ph 2, HCMC (45.3% stake)	50,000 (Retail) 40,000 (Office) 200 units (Serviced apt)	\$228m	2016 (Retail) 2017 (Office)
Myanmar			
Grade A Office Tower, Yangon (40% stake)	53,100	\$61.6m ⁽²⁾	2017
Philippines			
SM-KL Project Ph 2, Manila (24.2% stake)	46,300 (Retail) 110,100 (Office)	\$336m	2016 (Retail) 2019 (Office)
Total	385,857 sm	\$892m	

(1) Excluding land cost

(2) Investment cost for 40% stake

INFRASTRUCTURE

Financial Highlights - Infrastructure

S\$m	<u>1Q 2015</u>	<u>1Q 2014</u>	<u>% Change</u>
Revenue	509	736	(31)
EBITDA	54	73	(26)
Operating Profit	31	48	(35)
Profit Before Tax	34	46	(26)
Net Profit	23	32	(28)

INVESTMENTS

Financial Highlights - Investments

S\$m	<u>1Q 2015</u>	<u>1Q 2014</u>	<u>% Change</u>
Revenue	51	12	NM
EBITDA	51	(1)	NM
Operating Profit	51	(1)	NM
Profit Before Tax	68	11	NM
Net Profit	62	14	NM

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 1Q 2015 RESULTS PRESENTATION

THURSDAY, 16 APRIL 2015

1. Group Financial Highlights by CFO (Slide 14)

1.1. 1Q 2015 Financial Performance (Slide 15)

Thank you, Chin Hua. Good evening. I shall now take you through the performance for the first quarter of 2015.

In this quarter, the Group's net profit was \$360 million, which was 6% higher than the same period last year. Earnings per share also increased by 6% to 19.8 cents in this quarter.

EVA was \$103 million, while annualised ROE decreased from 13.4% to 12.9%.

The Group generated free cash flow of \$226 million during the quarter.

Net gearing however was higher at 37%, up from 11% as at 31 December 2014, due mainly to the acquisition of additional shareholding in Keppel Land.

The voluntary unconditional cash offer for shares in Keppel Land closed on 31 March 2015, and the Company now owns 95.1% of the issued share capital in Keppel Land, up from 54.5%.

1.2. Financial Highlights (Slide 16)

For the first quarter of 2015, the Group's revenue was \$182 million lower than the same quarter in 2014, representing a 6% decrease which was mainly due to lower revenues from Infrastructure division.

Operating profits decreased correspondingly by 4% or \$17 million.

However, pre-tax profit decrease was larger by 8% or \$37 million due to higher net interest expense and lower contribution from associates such as Floatel, and absence of contribution from Marina Bay Financial Centre Tower 3.

Despite an 8% decrease in profit before tax, the Group's net profit after tax and non-controlling interests registered a 6% or \$21 million increase from last year as a result of lower tax expenses and non-controlling interests. Tax expenses were lower because of lower profits from companies in countries with higher tax rates while the reduced non-controlling interests was the result of the acquisition of additional shareholding in Keppel Land.

Similarly, earnings per share also increased by 6% or 1.1 cents.

1.3. Revenue by Segments (Slide 17)

Overall, the Group's revenue was 6% below that of the first quarter of 2014, driven mainly by lower revenue from Infrastructure.

Offshore and Marine's revenue was flat as compared to the same period last year, with higher revenue recognition from shipbuilding and conversion projects, offset by lower revenue from repair projects.

The Property division's revenue was also about the same level as the same period last year. There was an absence of revenue from The Lakefront Residences in Singapore with the project's TOP in May 2014, and lower revenue recognition from The Springdale in Shanghai. These are offset by higher revenues from Eight Park Avenue and Seasons Residences in Shanghai, and Park Avenue Heights in Chengdu.

The main driver of the decrease in revenue for Infrastructure division was the lower revenue from our power and gas business due to lower prices and volume, as well as the absence of revenue from Keppel FMO which was divested in 2014.

1.4. Pre-tax Profit by Segments (Slide 18)

Offshore & Marine division's pre-tax profit declined by 17% or \$53 million despite revenues holding at the same level as last year, due mainly to lower operating margins and lower net interest income.

The division's operating margin for the quarter was 12%, compared to 14.2% in the same quarter last year.

Pre-tax profit for the Property division was 22% or \$29 million below that of the corresponding period in 2014, mainly as a result of higher net interest expense and lower contribution from associates due mainly to absence of contribution from Marina Bay Financial Centre Tower 3 following the divestment to Keppel REIT in December 2014.

Infrastructure's pre-tax earnings posted a 26% or \$12 million decrease from the previous year, due to lower margins from the power and gas business.

The Investments division registered a \$57 million increase in pre-tax profit from sale of equities, partially offsetting the decrease in pre-tax profit of the other three divisions, resulting in an overall 8% decrease in Group pre-tax profit to \$455 million.

1.5. Net Profit by Segments (Slide 19)

Despite a lower Group pre-tax profit, the overall net profit after tax and non-controlling interests was higher as a result of reduced non-controlling interests in Keppel Land due to the increase in shareholding from 54.5% to 95.1%.

The higher net profit from the Property and Investments divisions offset the weaker earnings from Offshore & Marine and Infrastructure resulting in a 6% or \$21 million improvement in the bottom line.

1.6. Net Profit and EPS (Slide 20)

The net profit of \$360 million for the first quarter translates to an earnings per share of 19.8 cents, which is 1.1 cents higher than the previous year.

1.7. Free Cash Flow (Slide 21)

Cash flow from the Group's operations was \$420 million in this quarter.

After accounting for working capital requirements mainly from the Offshore & Marine and Property divisions, the Group's net operating cash inflow was \$284 million, against an outflow of \$336 million in the same quarter last year.

Investments and operational capital expenditure amounted to \$98 million, mainly for the Offshore & Marine and Property divisions. Including divestments proceeds and dividend income of \$40 million, net cash used in investing activities amounted to \$58 million.

As a result, there was an overall free cash inflow of \$226 million during the quarter.

1.8. Outlook (Slide 22)

Despite the continued volatility in oil prices, the Group's focus on sustainable growth has allowed us to maintain our good performance at the start of the new financial year.

Keppel's emphasis on excellence and discipline in execution and our investments in innovation and productivity have served us well, and will continue to be the cornerstone of our commitment to deliver value to our stakeholders in the long term.

Thank you.