

Fourth Quarter and Full Year 2015 Financial Results

21 January 2016

Keppel Corporation

Scope of Briefing

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

Address by CEO

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Challenging Environment

- Falling oil prices
- Uneven recovery in major economies
- Chinese property market improving despite slowing economy
- Political and economic crises in Brazil

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Our Projects for Sete Brasil

- Total payments of US\$1.3b received
- Stopped construction at end-2015
- Made a provision of about S\$230m in 4Q 2015

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Performance Highlights

- 4Q 2015 net profit was S\$405m
- FY 2015 net profit was S\$1,525m
- FY 2015 EVA was S\$648m
- FY 2015 ROE was 14.2%
- Total cash dividends of 34.0 cts per share for FY 2015

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Offshore & Marine

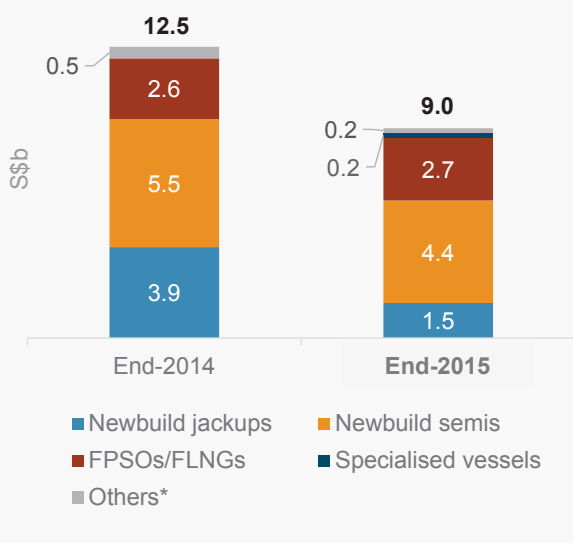
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Offshore & Marine

Net orderbook

S\$9.0b at end-2015



- Operating margins before provision for Sete projects:
 - 4Q 2015: 17.1%
 - FY 2015: 13.4%
- Key projects for delivery in 2016 include:
 - 12 Jackups
 - 2 Semis
 - 5 FPSO/FSU conversions
 - 1 Pipelay vessel
 - 1 Liftboat

* Includes modification, upgrading, fabrication and rig repairs

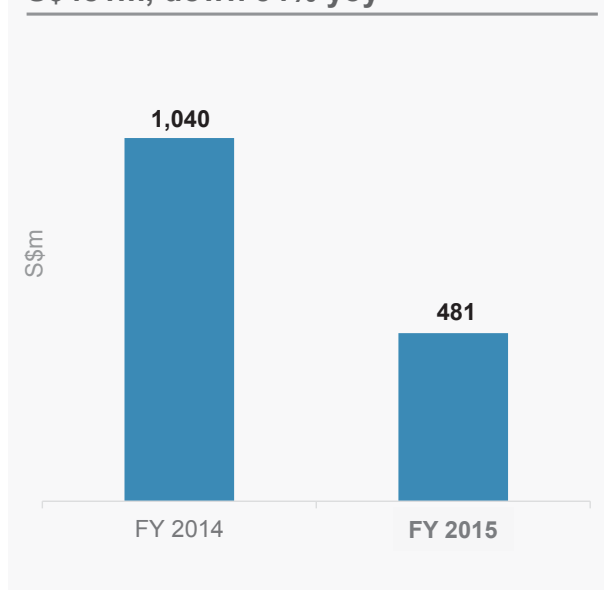
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Offshore & Marine

FY 2015 net profit

S\$481m, down 54% yoy



- Secured S\$1.8b worth of non-drilling contracts in 2015
 - 1 FLNG conversion
 - 3 FPSO conversions/integrations
 - 1 LNG FSU conversion
 - FPSO topside/turret fabrication work
 - 1 Ice-class multi-purpose vessel
 - 2 Liftboats
- Continue to serve customers in both drilling and non-drilling markets

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Responding to Challenges

- Rightsizing and optimising operations
 - Redeployed manpower across Keppel Offshore & Marine
 - Direct workforce lowered by about 6,000 persons or 17% yoy
 - Singapore subcontract workforce lowered by about 7,900 persons or 24% yoy
- Prudently investing in R&D, productivity and core competencies
 - Acquiring LETOURNEAU™ rig designs and aftermarket business
 - Developing and offering LNG solutions

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Property

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Privatisation of Keppel Land

- Keppel Land will focus on improving returns to the Group
- 30 years' experience in property
- Strong track record and brand name in Asia
- 10-year ROE of 18.9% per annum
- Flexibility to rightsize property balance sheet and optimise capital allocation

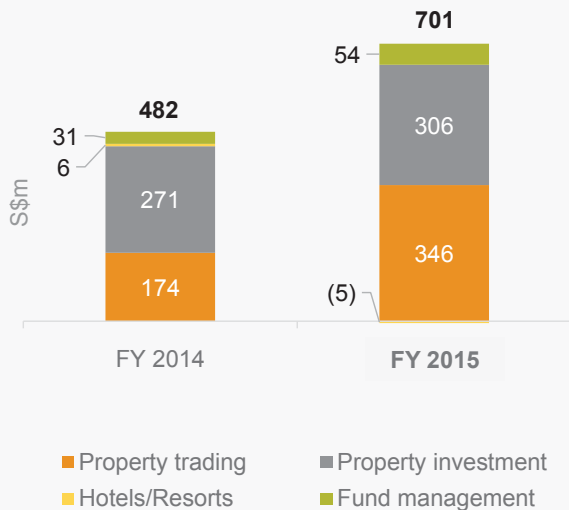
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Property

FY 2015 net profit

S\$701m, up 45% yoy



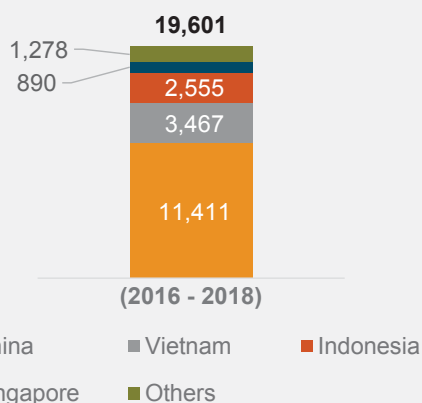
Highlights

- Sold about 4,570 homes in FY 2015, double that of FY 2014
 - 72% from China and 20% from Vietnam
- Continual focus on capital recycling
- Invested \$615m to strengthen property portfolio in China, Indonesia and the UK
- Consolidated ownership of Keppel Bay Tower in Singapore

Property Portfolio

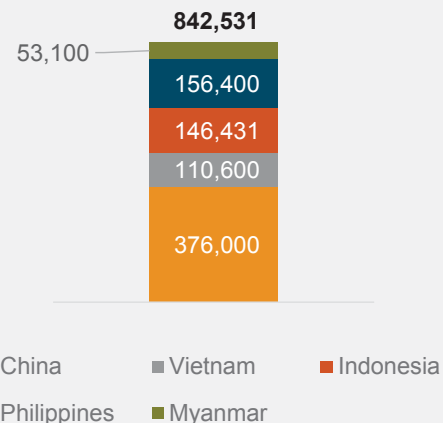
Residential

Launch-Ready Homes (units)



Commercial

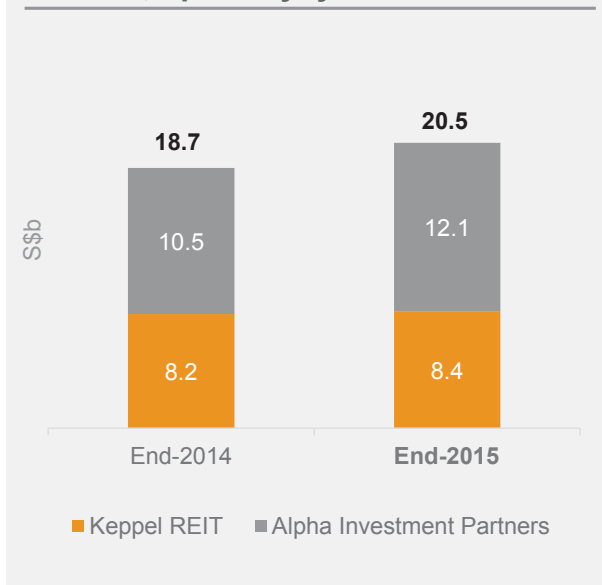
GFA Under Development (sm)



Property Fund Management

Total AUM

S\$20.5b, up 10% yoy



Keppel REIT

- Acquired three remaining prime retail units at 8 Exhibition Street in Melbourne
- Divested a commercial building at 77 King Street in Sydney, in January 2016

Alpha Investment Partners

- Invested in three Singapore office properties jointly with City Developments

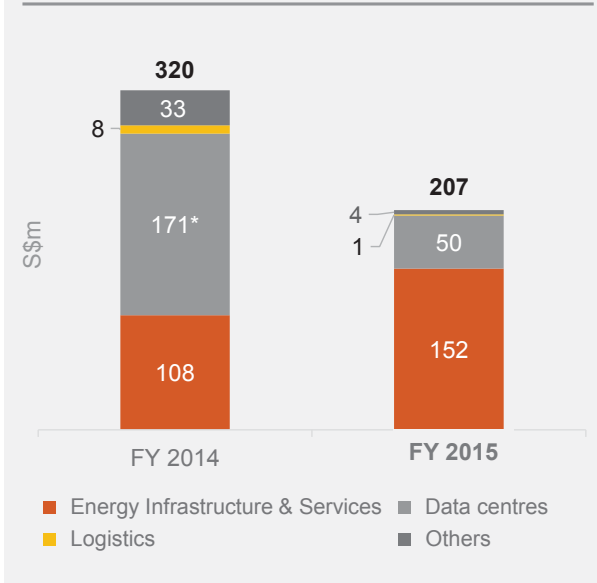


Infrastructure

Infrastructure

FY 2015 net profit

S\$207m, down 35% yoy



Energy Infrastructure & Services

- Delivering EPC projects
 - Substantially handed over Doha North Sewage Treatment Works in Qatar
 - Started 10-year operations & maintenance phase
 - Handed over the Bialystok WTE CHP project in Poland
 - Handed over the Greater Manchester EfW Plant in the UK
- Injected 51% of Keppel Merlimau Cogen into Keppel Infrastructure Trust

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Infrastructure

Data Centres

- Embarked on a fourth project in Singapore
- T27 will be ready for injection into Keppel DC REIT in 2016
- Opened Almere Data Centre 2 in the Netherlands

Logistics

- Commenced operations at Tampines Logistics Hub in Singapore and a distribution centre in Vietnam



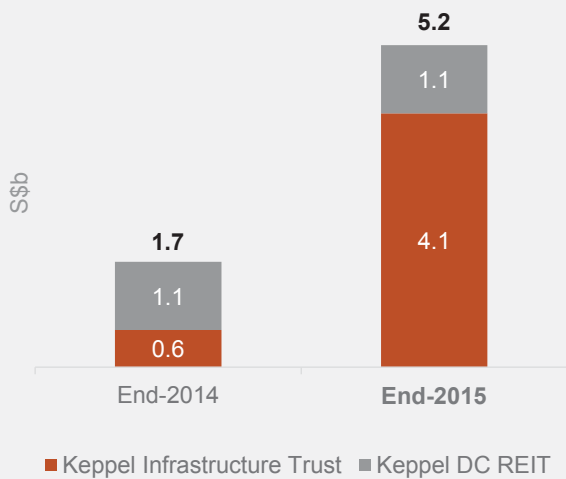
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Infrastructure Fund Management

Total AUM

S\$5.2b, up 206% yoy

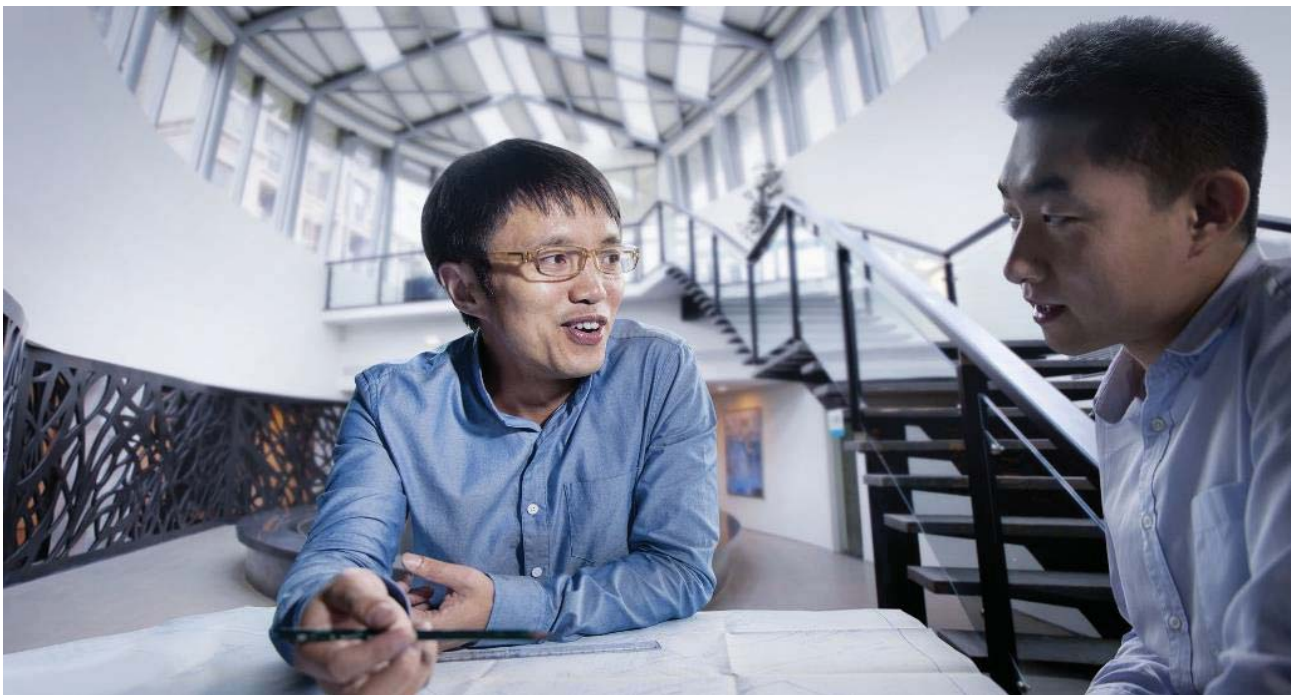


Keppel DC REIT

- Completed a full year of operations
- Acquired Intellicentre 2 in Australia, and mainCubes Data Centre in Germany

Keppel Infrastructure Trust

- Completed combination with CitySpring
- Acquired 51% stake in Keppel Merlimau Cogen

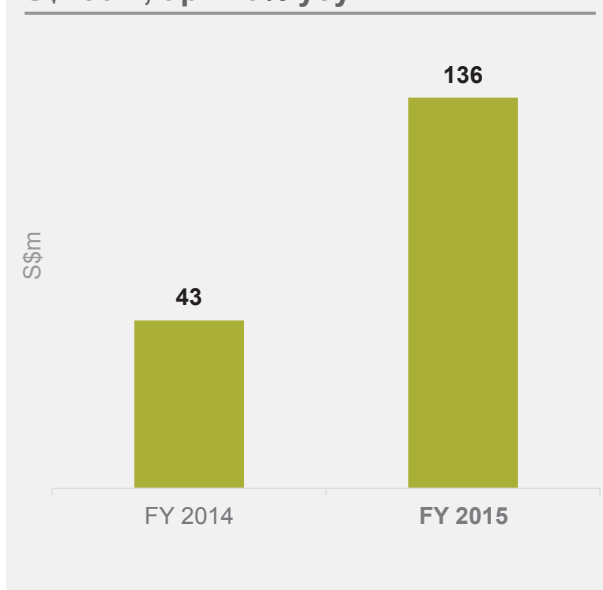


Investments

Investments

FY 2015 net profit

S\$136m, up 216% yoy

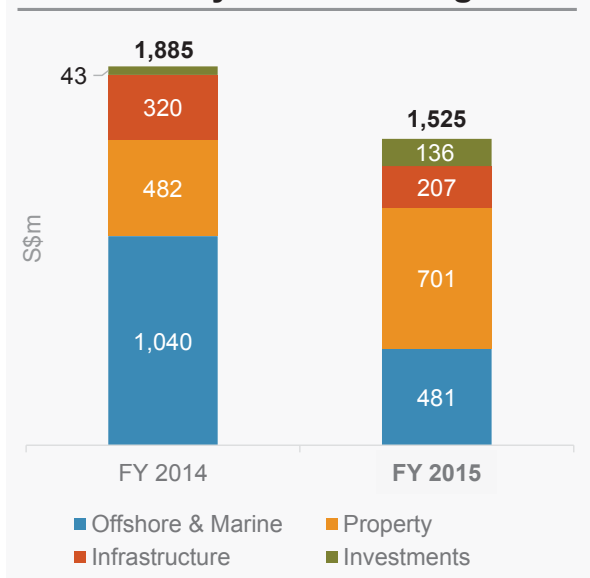


Highlights

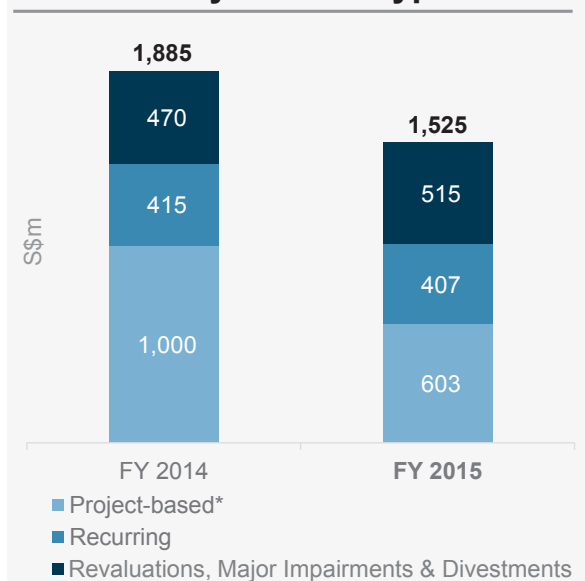
- k1 Ventures completed sale of US childcare business
- Gains from sale of equities

Delivering on Our Multi-business Strategy

Net Profit by Business Segment



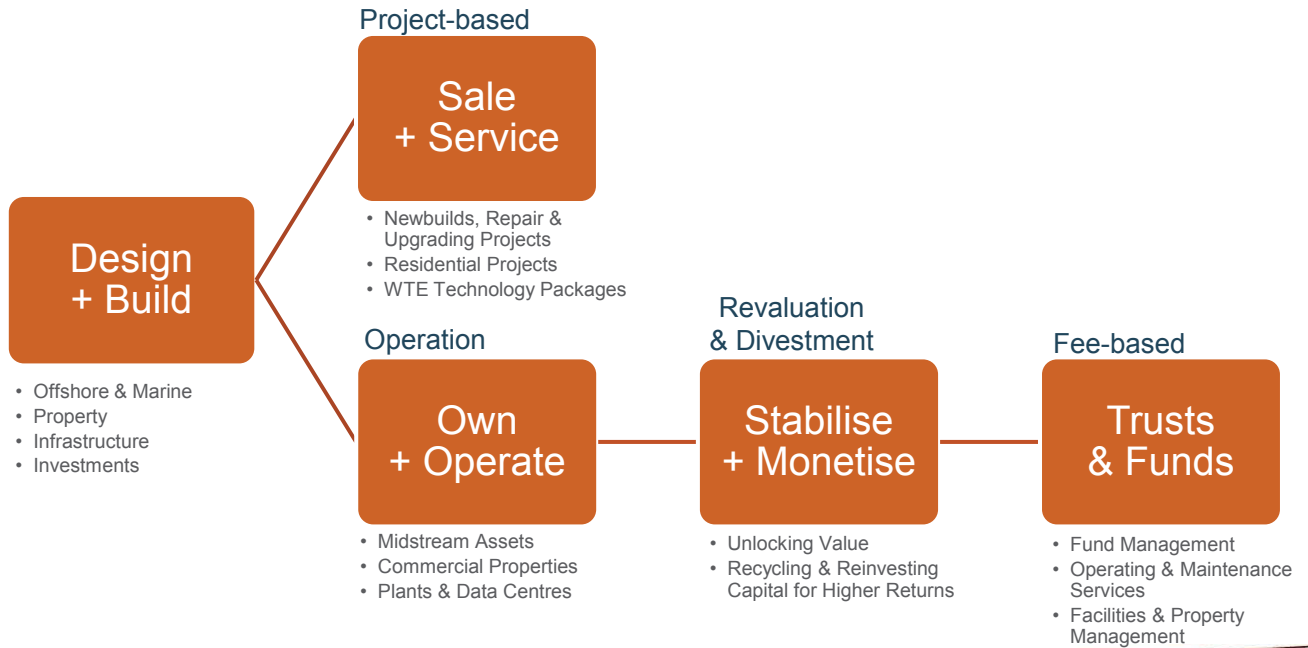
Net Profit by Income Type



* Project-based earnings include income from rig building, specialised shipbuilding, property development and EPC projects.

Building Sustainable Value

- Keppel is poised to capture value and recurring income from asset creation till even after injection into a trust or fund



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Group Financial Highlights by CFO

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4Q 2015 Financial Performance

Net Profit	↓	44% to S\$405m
EPS	↓	44% to 22.3cts
EVA	↓	from S\$746m to S\$192m

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4Q 2015 Financial Highlights

S\$m	<u>4Q 2015</u>	<u>4Q 2014</u>	<u>% Change</u>
Revenue	2,479	3,925	(37)
EBITDA	393	996	(61)
Operating Profit	331	926	(64)
Profit Before Tax	574	1,162	(51)
Net Profit	405	726	(44)
EPS (cents)	22.3	39.9	(44)

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4Q 2015 Revenue by Segments

S\$m	<u>4Q 2015</u>	<u>%</u>	<u>4Q 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	1,323	53	2,376	61	(44)
Property	681	27	833	21	(18)
Infrastructure	464	19	675	17	(31)
Investments	11	1	41	1	(73)
Total	2,479	100	3,925	100	(37)

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4Q 2015 Pre-tax Profit by Segments

S\$m	<u>4Q 2015</u>	<u>%</u>	<u>4Q 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	21	4	357	31	(94)
Property	442	77	528	45	(16)
Infrastructure	63	11	303	26	(79)
Investments	48	8	(26)	(2)	NM
Total	574	100	1,162	100	(51)

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4Q 2015 Net Profit by Segments

S\$m	<u>4Q 2015</u>	<u>%</u>	<u>4Q 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	(61)	(15)	287	39	NM
Property	368	91	261	36	41
Infrastructure	47	12	215	30	(78)
Investments	51	12	(37)	(5)	NM
Total	405	100	726	100	(44)

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FY 2015 Financial Performance

Net Profit	↓	19% to S\$1,525m
EPS	↓	19% to 84.0cts
ROE	↓	from 18.8% to 14.2%
EVA	↓	from S\$1,778m to S\$648m
Free Cash Flow	↓	from inflow of S\$729m to outflow of S\$694m
Net Gearing	↑	from 0.11x to 0.53x
Dividend	↓	from 48.0 cts per share to 34.0 cts per share

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FY 2015 Financial Highlights

S\$m	<u>FY 2015</u>	<u>FY 2014</u>	<u>% Change</u>
Revenue	10,296	13,283	(22)
EBITDA	1,761	2,639	(33)
Operating Profit	1,514	2,373	(36)
Profit Before Tax	1,997	2,889	(31)
Net Profit	1,525	1,885	(19)
EPS (cents)	84.0	103.8	(19)

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FY 2015 Revenue by Segments

S\$m	<u>FY 2015</u>	<u>%</u>	<u>FY 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	6,241	61	8,556	64	(27)
Property	1,926	19	1,729	13	11
Infrastructure	2,058	20	2,934	22	(30)
Investments	71	-	64	1	11
Total	10,296	100	13,283	100	(22)

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FY 2015 Pre-tax Profit by Segments

S\$m	<u>FY 2015</u>	<u>%</u>	<u>FY 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	699	35	1,365	47	(49)
Property	896	45	1,017	35	(12)
Infrastructure	256	13	452	16	(43)
Investments	146	7	55	2	166
Total	1,997	100	2,889	100	(31)

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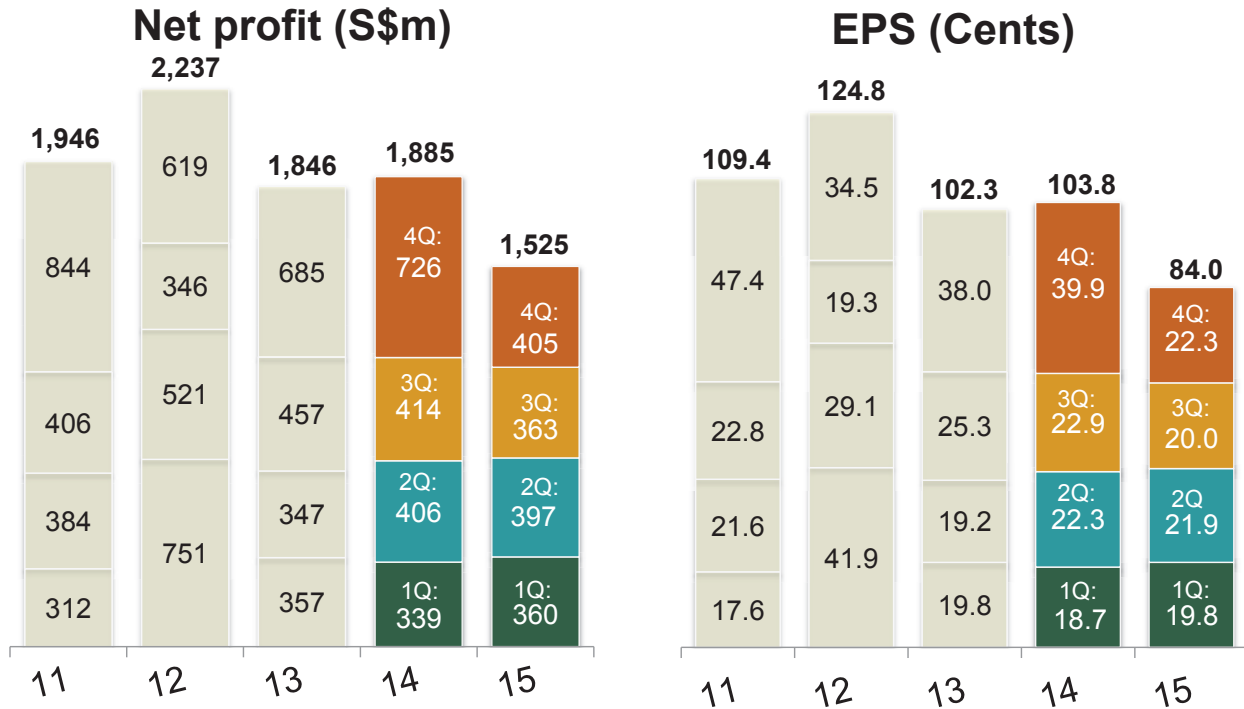
FY 2015 Net Profit by Segments

S\$m	<u>FY 2015</u>	<u>%</u>	<u>FY 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	481	32	1,040	55	(54)
Property	701	46	482	26	45
Infrastructure	207	14	320	17	(35)
Investments	136	8	43	2	216
Total	1,525	100	1,885	100	(19)

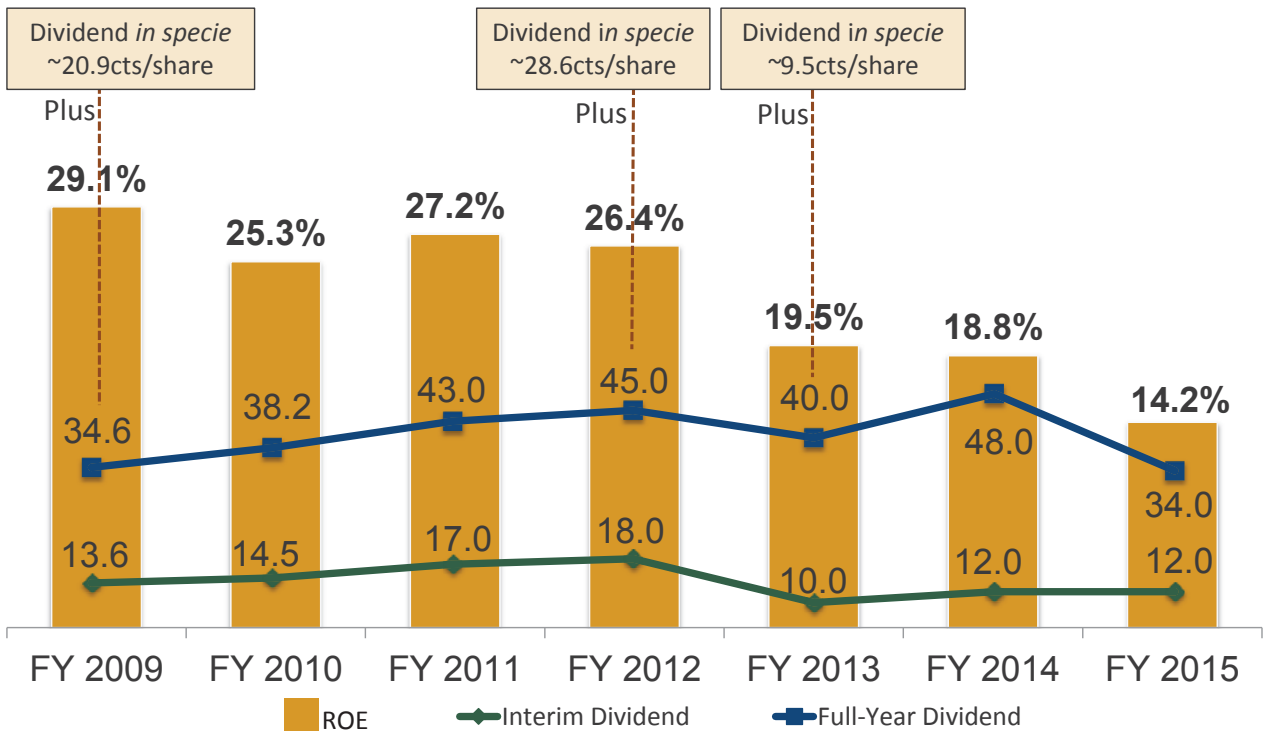
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Net Profit & EPS



ROE & Dividend



Free Cash Flow

	<u>FY 2015</u>	<u>FY 2014</u>
	S\$m	S\$m
Operating profit	1,514	2,373
Depreciation & other non-cash items	(158)	(261)
	<hr/> 1,356	<hr/> 2,112
Working capital changes	(1,725)	(1,779)
Interest & tax paid	(336)	(328)
Net cash (used in)/from operating activities	<hr/> (705)	<hr/> 5
Investments & capex	(357)	(662)
Divestments & dividend income	368	1,386
Net cash from investing activities	<hr/> 11	<hr/> 724
Cash (outflow)/inflow	<hr/> (694)	<hr/> 729
Dividend paid	<hr/> (956)	<hr/> (1,029)

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

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**Harnessing strengths and
building resilience through a
robust multi-business strategy.**

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4Q & FY 2015 Results

Q&A

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Additional Information

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Revenue by Geography

	FY 2015		
	<u>Total</u> S\$m	<u>Overseas</u> <u>Customers</u> %	<u>Singapore</u> <u>Customers</u> %
Offshore & Marine	6,241	94	6
Property	1,926	62	38
Infrastructure	2,058	13	87
Investments	71	2	98
Total	<u>10,296</u>	<u>71</u>	<u>29</u>

71% of total revenue came from overseas customers

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EBITDA by Segments

S\$m	<u>FY 2015</u>	<u>%</u>	<u>FY 2014</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	744	42	1,366	52	(46)
Property	671	38	686	26	(2)
Infrastructure	285	16	570	21	(50)
Investments	61	4	17	1	259
Total	<u>1,761</u>	<u>100</u>	<u>2,639</u>	<u>100</u>	<u>(33)</u>

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Capital/Gearing/ROE

S\$m	<u>31 Dec 2015</u>	<u>31 Dec 2014</u>
Shareholders' Funds	11,096	10,381
Capital Employed	11,926	14,728
Net Debt	6,366	1,647
Net Gearing Ratio	0.53x	0.11x
ROE	14.2%	18.8%

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OFFSHORE & MARINE

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Financial Highlights – Offshore & Marine

S\$m	<u>4Q 2015</u>	<u>4Q 2014</u>	<u>% Change</u>
Revenue	1,323	2,376	(44)
EBITDA	38	350	(89)
Operating (Loss)/Profit	(2)	313	NM
Profit Before Tax	21	357	(94)
Net (Loss)/Profit	(61)	287	NM

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Financial Highlights – Offshore & Marine

S\$m	<u>FY 2015</u>	<u>FY 2014</u>	<u>% Change</u>
Revenue	6,241	8,556	(27)
EBITDA	744	1,366	(46)
Operating Profit	597	1,224	(51)
Profit Before Tax	699	1,365	(49)
Net Profit	481	1,040	(54)

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Offshore & Marine Review

- **About S\$1.8b contracts secured in FY 2015:**

An FLNG conversion, 2 FPSO conversion, 1 FPSO integration, 1 FSU conversion, a topside fabrication, a turret fabrication, an ice-class multi-purpose vessel, 2 liftboats, an AHT, a semi upgrade, 3 semi repairs, a drillship upgrade, a conversion of RORO to dual fuel, a field development vessel refurbishment/upgrade and an LNG vessel upgrade.

- **Contract completions in FY 2015:**

7 jackups, 2 jackup repairs, a jackup integration, 4 semi repairs, an Accommodation Semi, an FLNG conversion, an integration of FPSO topside modules, an FPSO update, a Depletion Compression Platform, a drillship repair, a floating crane, 3 turret fabrications, 2 ice-class supply vessels, an ice-class multi-purpose duty rescue vessel, 2 submersible barges and a tug.

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Offshore & Marine Orderbook

Contract Value
Gross Net Client
S\$m. S\$m.

For delivery in 2016

12 JUs/2 Semis/1 Accom. Semi/1 Land Rig/1 Semi Upgrade/ 4 FPSO Conversions/1 FSU Conversion/1 FPSO Integration/ 1 FPSO Topsides Fabrication/1 Turret Fabrication/ 1 LNG Vessel Upgrade/1 Barge Upgrade/1 RORO conversion/ 1 Field Dev. Vessel Upgrade/1 Liftboat/1 Pipelay Vessel/1 AHT/ 1 Transformer Platform	6,830	787	EnSCO/Clearwater/GDI/BOT Lease Co. (JDC)/ Grupo R/Parden/Perforadora Central/ Sete Brasil/SOCAR/Floatel/CDC/Bumi Armada/ Yinson/BP Exploration/Totem Ocean/Saipem/ N-KOM/McDermott/Seaways/Wetfeet
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For delivery in 2017

4 JUs/3 Semis/1 FLNG Conversion/1 FPSO Modules Fab. & Integration/1 Subsea Construction Vessel/ 1 Ice-class Multi-Purpose Vessel/1 Liftboat	4,994	1,817	TS Offshore/Fecon/Sete Brasil/Golar/Petrobras/ Baku Shipyard/New Orient Marine/ Crystal Heights
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For delivery in 2018

2 JUs/1 Semi/1 FPSO Modules Fab. & Integration/ 1 FLNG Conversion	3,088	1,926	Transocean/Sete Brasil/Golar
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For delivery in 2019-2020

3 JUs/3 Semis/1 FLNG Conversion	4,950	4,517	Transocean/Sete Brasil/Golar
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Total as of end-2015

19,862 9,047

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PROPERTY

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Financial Highlights - Property

S\$m	<u>4Q 2015</u>	<u>4Q 2014</u>	<u>% Change</u>
Revenue	681	833	(18)
EBITDA	272	349	(22)
Operating Profit	258	343	(25)
Profit Before Tax	442	528	(16)
Net Profit	368	261	41

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Financial Highlights - Property

S\$m	<u>FY 2015</u>	<u>FY 2014</u>	<u>% Change</u>
Revenue	1,926	1,729	11
EBITDA	671	686	(2)
Operating Profit	636	667	(5)
Profit Before Tax	896	1,017	(12)
Net Profit	701	482	45

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Residential Landbank - Singapore

Singapore	Stake	Tenure	Attributable GFA (sf)	Total Units	Units Launched	Units Sold	Remaining Units#
Launched Projects							
The Glades	70%	99-yr	384,357	726	400	371	355
Corals at Keppel Bay	100%	99-yr	152,999	366	250	204	162
Reflections at Keppel Bay	100%	99-yr	624,527	1,129	950	923	53*
Highline Residences	100%	99-yr	473,218	500	210	180	320
Upcoming Projects							
Keppel Bay Plot 4	39%	99-yr	40,300	234^	-	-	234
Keppel Bay Plot 6	100%	99-yr	67,813	86^	-	-	86
Total			1,743,214	3,041	1,810	1,678	1,210

As at end-Dec 2015

* Excludes about 150 units set aside for corporate residences

^ Estimated no. of units

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Residential Landbank - China

China	Location	KLL's Stake	Total GFA (sm)	Total Units	Units Launched	Units Sold	Remaining Units For Sale#	Remaining Area For Sale (sm)
8 Park Avenue	Shanghai	99%	133,393	918	918	847	71	13,391
The Springdale	Shanghai	99.4%	328,792	2,596	2,596	2,593	3	334^
Seasons Residence	Shanghai	99.9%	128,918	1,102	756	741	361	52,744
Hill Crest Villa	Shanghai	100%	83,174	217	-	-	217	83,962
Waterfront Residence	Nantong	100%	189,437	1,199	79	19	1,180	184,157*
Central Park City	Wuxi	49.7%	671,477	5,339	4,157	3,992	1,347	177,089^
Waterfront Residence	Wuxi	100%	294,174	1,393	62	16	1,377	287,670
Park Avenue Heights	Wuxi	100%	165,308	1,048	-	-	1,048	165,308
Stamford City	Jiangyin	99.4%	299,991	1,478	1,125	994	484	106,890^
Park Avenue Heights	Chengdu	100%	200,200	1,535	905	829	706	109,363
Hill Crest Villa	Chengdu	100%	163,147	274	-	-	274	163,147
Serenity Villa	Chengdu	100%	233,862	573	-	-	573	233,862
V City	Chengdu	35%	560,963	6,480	1,088	752	5,728	496,636*
The Seasons	Shenyang	100%	365,186	2,794	390	265	2,529	341,284^
Hunnan Township Devt	Shenyang	99.8%	756,580	7,026	-	-	7,026	756,580
Serenity Villa	Tianjin	100%	80,000	340	212	72	268	66,964
Mixed-use Devt	Tianjin	100%	1,358,202	11,299	-	-	11,299	1,358,202
Tianjin Eco-City	Tianjin	55%	633,798	4,354	1,998	1,845	2,509	445,216*
Waterfront Residence	Tianjin	100%	61,417	341	187	162	179	33,456
Keppel Cove	Zhongshan	80%	460,000	1,647	-	-	1,647	460,000
Hill Crest Residence (Ph 1)	Kunming	68.8%	20,193	133	133	116	17	3,661
Hill Crest Residence (Ph 2)	Kunming	68.8%	24,428	130	33	6	124	25,264
La Quinta II	Kunming	68.8%	10,928	62	62	53	9	1,950
Total			7,223,568	52,278	14,701	13,302	38,976	5,567,130

As at end-Dec 2015 *Includes commercial area ^Excludes commercial area

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Residential Landbank - Other Overseas

Projects	Stake	Total GFA (sm)	Total Units	Units Launched	Units Sold	Remaining Units For Sale#	Remaining Area for Sale (sm)
Vietnam							
Saigon Sports City, HCMC	90%	825,648	3,389	-	-	3,389	406,697^
Estella Heights, HCMC	98%	160,980	872	872	667	205	26,018^
Riviera Point, Dist. 7, HCMC	75%	438,814	2,400	549	448	1,952	239,270^
Dong Nai Waterfront City, Dong Nai	50%	2,046,955	7,850	-	-	7,850	1,293,500^
Riviera Cove, Dist. 9, HCMC	60%	34,711	96	96	79	17	10,185
South Rach Chiec, Dist 2, HCMC	42%	874,044	6,170	-	-	6,170	644,259^
Villa Devt, Saigon South, HCMC	50%	58,800	168	-	-	168	55,186
Casuarina Cove, Dist 9, HCMC	60%	39,807	120	-	-	120	47,194
Sub-Total:		4,479,759	21,065	1,517	1,194	19,871	2,722,309
Indonesia							
West Vista, West Jakarta	100%	153,464*	2,855	300	129	2,726	111,415^
Daan Mogot, West Jakarta	100%	226,800	4,523	-	-	4,523	NA
Sub-Total:		380,264	7,378	300	129	7,249	111,415
India							
Elita Horizon	51%	167,226	1,226	-	-	1,226	167,226
Thailand							
Villa Arcadia Srinakarin	53.7%	76,622	365	314	267	98	18,456
Villa Arcadia Watcharapol	71.7%	68,314	270	45	27	243	60,719
Sub-Total:		144,936	635	359	294	341	79,175
Sri Lanka							
The Belvedere, Colombo	60%	51,511	297	-	-	297	46,652
Total		5,223,696	30,601	2,176	1,617	28,984	3,126,777

As at end-Dec 2015 ^ Excludes commercial area

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Residential Launch Readiness – China

Project	Location	Units Ready to Launch		
		2016	2017	2018
8 Park Avenue*	Shanghai	71	-	-
The Springdale	Shanghai	3	-	-
Seasons Residence*	Shanghai	361	-	-
Hill Crest Villa^	Shanghai	56	47	47
Waterfront Residence*	Nantong	20	21	28
Central Park City*	Wuxi	559	430	350
Waterfront Residence^	Wuxi	244	368	368
Park Avenue Heights^	Wuxi	400	400	248
Stamford City*	Jiangyin	98	243	143
Park Avenue Heights*	Chengdu	245	325	136
Hill Crest Villa^	Chengdu	24	36	48
Serenity Villa^	Chengdu	42	48	48
V City^	Chengdu	1,321	1,176	1,029
The Seasons*	Shenyang	50	60	60
Serenity Villa*	Tianjin	32	32	33
Tianjin Eco-City*	Tianjin	438	672	647
Waterfront Residence*	Tianjin	96	83	-
Keppel Cove^	Zhongshan	36	42	48
Hill Crest Residence*	Kunming	9	38	43
La Quinta II*	Kunming	9	-	-
Total		4,114	4,021	3,276

*Balance units ^New launches

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Residential Launch Readiness – Other Overseas

Project	Location	Units Ready to Launch		
		2016	2017	2018
Indonesia				
West Vista	West Jakarta	600	1,000	955
Vietnam				
Estella Heights, Dist 2*	HCMC	124	50	31
Riviera Point, Dist 7*	HCMC	351	269	320
Dong Nai Waterfront City ^	Dong Nai	-	220	460
Riviera Cove, Dist 9*	HCMC	12	5	-
South Rach Chiec, Dist 2^	HCMC	200	300	475
Saigon Sports City, Dist 2^	HCMC	-	300	350
Thailand				
Villa Arcadia Srinakarin (Ph 1)*	Bangkok	8	-	-
Villa Arcadia Srinakarin (Ph 2)^	Bangkok	50	40	-
India				
Elita Horizon^	Bangalore	628	276	276
Total		1,973	2,460	2,867

*Balance units ^New launches

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Expected Completion for Launched Projects

Projects/Phases launched	Total Units	Units Launched as at end-2015	Units Sold as at end-2015	Units Remaining as at end-2015	Expected Completion [^]
China					
Waterfront Residence (Ph 1) , Wuxi	62	62	16	46	1Q16
Seasons Garden (Plot 11), Tianjin	270	116	65	205	4Q16
Waterfront Residence, Tianjin (Ph 1, 2, 3)	341	187	162	179	Ph 1: 2Q16 Ph 2: 3Q16 Ph3: 1Q17
V City (Ph 1)	1,434	1,088	752	682	1Q17
Indonesia					
West Vista	2,855	300	129	2,726	1Q18
Vietnam					
Estella Heights – Ph 1	496	496	442	54	4Q17
Estella Heights – Ph 2	376	376	225	151	4Q18
Thailand					
Villa Arcadia Srinakarin Ph 1	209	209	202	7	1Q16
Villa Arcadia Srinakarin Ph 2	156	105	70	86	2Q16
Total	6,199	2,939	2,063	4,136	

[^]Subject to changes

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Expected Completion for Upcoming Projects

Projects/Phases to be launched	Location	No. of Units Expected to be Completed [^]		
		2016	2017	2018
China				
Seasons Residence	Shanghai	198	-	-
Hill Crest Villa	Shanghai	112	-	105
Central Park City	Wuxi	344	-	780
Waterfront Residence	Wuxi	-	361	308
Park Avenue Heights	Wuxi	-	328	735
Stamford City	Jiangyin	-	161	192
Park Avenue Heights	Chengdu	220	280	-
Hill Crest Villa	Chengdu	-	-	45
Serenity Villa	Chengdu	84	97	-
V City	Chengdu	-	-	1,639
Seasons Garden	Tianjin	-	-	356
Eco-City	Tianjin	-	-	533
Keppel Cove	Zhongshan	60	75	46
Hill Crest Residence	Kunming	-	56	41
Total		1,018	1,358	4,780

[^] Subject to changes

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New Commercial Projects Overseas

Commercial Projects under Development	GFA (sm)	Development Cost ⁽¹⁾	Completion
Indonesia			
IFC Jakarta Tower 1 (100% stake)	85,131	\$273.1m	2020
Vietnam			
Saigon Centre Ph 2, HCMC (45.3% stake)	50,000 (Retail) 40,000 (Office) 20,600 (Serviced apt)	\$213m	2016 (Retail) 2017 (Office)
Myanmar			
Junction City Office Tower, Yangon (40% stake)	53,100	\$47.4m ⁽²⁾	2017
Philippines			
SM-KL Project Ph 2, Manila (24.2% stake)	46,300 (Retail), 110,100 (Office)	\$344.4m	2017 (Retail) 2019 (Office)
Completed Properties			
75 King William Street, London (100% stake)	11,917	\$186m	1989

(1) Excluding land cost

(2) Investment cost for 40% stake

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INFRASTRUCTURE

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Financial Highlights - Infrastructure

S\$m	<u>4Q 2015</u>	<u>4Q 2014</u>	<u>% Change</u>
Revenue	464	675	(31)
EBITDA	50	331	(85)
Operating Profit	43	305	(86)
Profit Before Tax	63	303	(79)
Net Profit	47	215	(78)

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Financial Highlights - Infrastructure

S\$m	<u>FY 2015</u>	<u>FY 2014</u>	<u>% Change</u>
Revenue	2,058	2,934	(30)
EBITDA	285	570	(50)
Operating Profit	221	466	(53)
Profit Before Tax	256	452	(43)
Net Profit	207	320	(35)

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INVESTMENTS

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Financial Highlights - Investments

S\$m	<u>4Q 2015</u>	<u>4Q 2014</u>	<u>% Change</u>
Revenue	11	41	(73)
EBITDA	33	(34)	NM
Operating Profit	32	(35)	NM
Profit Before Tax	48	(26)	NM
Net Profit	51	(37)	NM

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Financial Highlights - Investments

S\$m	<u>FY 2015</u>	<u>FY 2014</u>	<u>% Change</u>
Revenue	71	64	11
EBITDA	61	17	259
Operating Profit	60	16	275
Profit Before Tax	146	55	166
Net Profit	136	43	216

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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.

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Keppel Corporation

**ADDRESS BY KEPPEL CORPORATION LIMITED'S
CHIEF FINANCIAL OFFICER, CHAN HON CHEW**

AT THE FULL YEAR 2015 RESULTS PRESENTATION

THURSDAY, 21 JANUARY 2016

1. Group Financial Highlights by CFO (Slide 24)

2. 4Q 2015 Financial Performance (Slide 25)

Thank you, Chin Hua, and good evening to all.

I shall now take you through the Group's financial performance for the fourth quarter of the financial year 2015.

The Group recorded a net profit of \$405 million this quarter, which was 44% below the same quarter in 2014. Earnings per share correspondingly decreased by 44% to 22.3 cents, while EVA was lower at \$192 million.

The Group's results for the quarter were negatively impacted by the provision for losses of about \$230 million for Sete Brasil rig building contracts, and positively impacted by revaluation gains from investment properties.

3. 4Q 2015 Financial Highlights (Slide 26)

The Group's revenue for the fourth quarter was 37% or \$1.45 billion lower than the same quarter last year. Lower revenues were recorded by all divisions.

Operating profit at \$331 million decreased by 64% or \$595 million from the same quarter last year. Lower profits from Offshore & Marine, Infrastructure and Property divisions were partially offset by higher profits from Investments.

After tax and non-controlling interests, the drop in net profit was at a lower rate of 44% or \$321 million, as a result of lower non-controlling interests due to the acquisition of additional shareholding in Keppel Land. Correspondingly, earnings per share (EPS) decreased by 44%.

4. 4Q 2015 Revenue by Segments (Slide 27)

At the Group level, revenue was 37% lower than the same quarter last year, driven largely by the decline in the Offshore & Marine division as a result of lower volume of work and deferment of some projects.

Property recorded a decrease of 18% in revenue, primarily due to lower revenues from residential projects in China such as 8 Park Avenue in Shanghai and The Luxurie in Singapore, as well as the absence of revenue from the sale of a residential development in Jeddah, which was sold in the fourth quarter of 2014.

Infrastructure's 31% drop in revenue was mainly due to lower revenue from sale of electricity as a result of lower prices and volume, lower revenue from the EPC projects, as well as the absence of revenue from Keppel FMO Pte Ltd, which was divested in the fourth quarter of 2014.

5. 4Q 2015 Pre-tax Profit by Segments (Slide 28)

The Group recorded \$574 million of pre-tax profit for the quarter, 51% or \$588 million lower than last year.

This is mainly driven by the 94% or \$336 million decrease in Offshore & Marine division's pre-tax profit due to lower revenues and provision for losses of about \$230 million for the Sete Brasil rig building contracts.

Pre-tax profit for the Property division declined by 16% due to lower contribution from residential projects in China and absence of gain from disposal of investment properties compared to the gain from sale of one-third interest in Marina Bay Financial Centre Tower 3 in 2014, partly offset by cost write-back upon finalisation of project cost for the Reflections at Keppel Bay.

Infrastructure division reported a 79% or \$240 million decrease in pre-tax earnings from the same period last year, largely driven by reduced contribution from the power and gas business, and the absence of gain from divestments compared to the gain from the sale of data centre assets to Keppel DC REIT upon its listing on the SGX in the fourth quarter of 2014.

6. 4Q 2015 Net Profit by Segments (Slide 29)

After tax and non-controlling interests, the Group's net profit decreased at a lower rate of 44% or \$321 million to \$405 million.

Net profit of the Property division registered an increase of 41% or \$107 million in the fourth quarter, despite the decrease in pre-tax profit. This is due to lower non-controlling interests following the Group's acquisition of additional shareholdings in Keppel Land.

The increase is offset by the drop in net profit of Offshore & Marine and Infrastructure divisions for the reasons mentioned above.

7. FY 2015 Financial Performance (Slide 30)

Next, I shall take you through the performance of the Group for the financial year 2015.

Net profit for financial year of 2015 was \$1.53 billion, down 19% from 2014. Earnings per share also decreased by the same extent to 84.0 cents.

This translates to an ROE of 14.2%, down from 18.8% last year, and EVA also lower at \$648 million.

Free cash outflow of \$694 million is due to higher working capital requirements for the Offshore & Marine division. In the prior year, cash inflow included the proceeds from the sale of Equity Plaza and the divestment of data centre assets to Keppel DC REIT.

Our net gearing increased to 53% this year from 11% in 2014, due mainly to funds used for the acquisition of additional shareholding in Keppel Land and higher working capital requirements for the Offshore & Marine division, partially offset by proceeds from the disposal of 51% of the Keppel Merlimau Cogen plant this year. To put the increase in perspective, the \$3 billion used to privatise Keppel Land contributed 25 percentage points to the increase in net gearing.

8. FY 2015 Financial Highlights (Slide 31)

Revenue for the Group declined by 22% or \$2.99 billion to \$10.3 billion, largely due to lower revenue from the Offshore & Marine and Infrastructure divisions.

The Group recorded a decrease of 36% or \$859 million in operating profit in 2015 as compared to 2014. The decrease is led by lower revenues from Offshore & Marine and Infrastructure divisions, provision for losses of about \$230 million for Sete Brasil rig building contracts as well as losses following finalisation of the cost to complete the Doha North Sewage Treatment Works. This was partially offset by revaluation gains from investment properties, and the gains from divestment of Keppel Merlimau Cogen and the combination of Keppel Infrastructure Trust and CitySpring Infrastructure Trust.

Net profit after tax and non-controlling interests in 2015 was lower by a smaller extent of 19% or \$360 million as a result of lower tax expenses and reduced non-controlling interests in Keppel Land.

9. FY 2015 Revenue by Segments (Slide 32)

The Group earned total revenues of \$10.3 billion in 2015, a drop of 22% as compared to the same period last year. The decrease was mainly driven by lower revenues from Offshore & Marine and Infrastructure, partially offset by higher revenues from Property and Investments.

In the Offshore & Marine division, major jobs completed during the year include seven jack-up rigs, an accommodation semi, one FPSO conversion, one FPSO integration, and three ice-class vessels. Overall volume of work was lower, and coupled with the deferral of some projects, revenue from the Offshore & Marine division fell by 27%.

Property recorded an increase in revenue of \$197 million or 11% as compared to 2014, led by higher revenue from residential projects in China. A total of 4,570 homes were sold in 2015, about double that of 2014. 72% of these sales were from projects in China.

Infrastructure revenue decreased by \$876m or 30% in 2015, mainly driven by lower revenue from power generation business and the absence of revenue from Keppel FMO Pte Ltd, which was disposed in the fourth quarter of 2014.

10. FY 2015 Pre-tax Profit by Segments (Slide 33)

Lower revenues and the provision for losses from Sete Brasil rig building contracts led to a 49% decrease in Offshore & Marine pre-tax profit for 2015. The operating profit margin before the provision was 13.4%, compared to 14.3% last year. The division also recorded lower net interest income, but contributions from associated companies were higher.

Despite higher revenues, the Property division's pre-tax profit was lower by 12% in 2015, mainly driven by lower profits from residential projects and the absence of gains from disposal of investment properties. In the previous year, the division registered gains from the disposal of Marina Bay Financial Centre Tower 3, Equity Plaza and a residential development in Jeddah.

The Infrastructure division registered a decrease of 43% in pre-tax profit, largely due to losses recognised for the Doha North Sewage Treatment Works upon finalisation of the cost to complete, reduced contribution from the power and gas business and absence of prior year's gain from sale of data centre assets. This decrease was partially offset by gains from divestment of Keppel Merlimau Cogen and the combination of Keppel Infrastructure Trust and CitySpring Infrastructure Trust. In the previous year, the division also benefited from the divestment gain arising from the sale of data centre assets to Keppel DC REIT.

Overall, Group pre-tax profit decreased by 31% or \$892 million to \$2.0 billion in FY2015.

11. FY 2015 Net Profit by Segments (Slide 34)

The overall net profit after tax and non-controlling interests decreased by a smaller extent of 19% or \$360 million from 2014, as compared to the 31% decrease in pre-tax profit.

The decrease in net profit in the Offshore & Marine and Infrastructure divisions was partially offset by increases in net profit in the Property and Investments divisions. As mentioned earlier, this was mainly due to lower tax expenses and non-controlling interests in Keppel Land.

12. Net Profit and EPS (Slide 35)

In the face of a very challenging macro environment, the Group's net profit for 2015 stands at a creditable \$1.5 billion. This translates to an earnings per share (EPS) of 84.0 cents, which is 19.8 cents lower than the previous year.

13. ROE & Dividend (Slide 36)

ROE decreased to 14.2% in 2015 from 18.8% last year.

Our proposed final dividend to our shareholders for 2015 will be 22 cents per share. Including the interim dividend paid, the total distribution for 2015 will be 34 cents per share.

14. Free Cash Flow (Slide 37)

For the full year of 2015, the Group generated \$1.36 billion of cash flow from operations.

After accounting for working capital requirements mainly from the Offshore & Marine and Property divisions, partially offset by proceeds from sale of investments, operating cash outflow for 2015 was \$705 million, compared to an inflow of \$5 million in 2014.

Net cash from investing activities amounted to \$11 million comprising investments and operational capital expenditure amounting to \$357 million, mainly from the Offshore & Marine division, partially offset by divestment and dividend income from associated companies of \$368 million.

The resultant cash outflow was \$694 million for 2015, compared to the inflow of \$729 million in 2014. In the previous year, the Group's free cash flow benefited from proceeds from the sale of investment properties including Equity Plaza and data centre assets.

We would like to reiterate that we exclude expansionary acquisitions and capex, and major divestments in our free cash flow statement. For instance, the cash inflow of \$952 million from the divestment of the 51% interest in Keppel Merlimau Cogen during the second quarter in 2015 is excluded from the calculation of free cash flow.

15. **Outlook (Slide 38)**

The Group remains focused on harnessing its core strengths and competencies to build resilience in an uncertain macro environment via our robust multi-business strategy.

We are confident that in the long run, our discipline and emphasis on excellence in productivity and innovation will help us fulfil our commitment for sustainable growth and value for our customers and shareholders.

Thank you.