ADDRESS BY MR LOH CHIN HUA,
CHIEF EXECUTIVE OFFICER, KEPPEL CORPORATION LIMITED

FIRST QUARTER ENDED 31 MARCH 2018

Welcome

1. Good evening. Welcome to the conference and webcast on Keppel Corporation's results and performance in the first quarter of 2018.

2. Markets have been roiled in recent weeks by concerns over rising trade tensions between the US and China as well as the situation in the Middle East. However, the global economy continues to enjoy broad-based growth, with improved business sentiments in both advanced economies and emerging markets. Strong urbanisation trends continue to present many opportunities for the Keppel Group across our businesses.

3. At the same time, we are also witnessing rapid change in the operating environment, with disruptive new technologies and business models, digitalisation, AI and robotics changing how business is conducted.

4. Against this shifting backdrop, the Keppel Group remains resilient, underpinned by our multi-business strategy, and continues to pursue opportunities as a provider of solutions for sustainable urbanisation.

Financial Performance

5. For the first quarter of 2018, the Group achieved a net profit of S$337 million, 34% higher than in the same period of the previous year.

6. Economic Value Added for the period was S$186 million, while our Return on Equity was 11.4% on an annualised basis.

7. Free cash inflow for 1Q 2018 was S$261 million, a marked improvement compared to the free cash outflow of S$62 million for 1Q 2017.

8. Our net gearing was 0.42x as at end-March 2018, lower than the 0.46x as at end-December 2017.

9. I will now take you through the key developments in our business divisions.

Offshore & Marine

10. We are seeing increasing confidence in the offshore and marine business, underpinned by rising oil prices. While there are pockets of opportunities in niche

markets, it may take some time before we can see sustained recovery across the board. The jackup market continues to be plagued by a supply overhang, with both utilisation and day rates remaining soft.

11. Due to the reduced volume of work and our share of associated companies' losses, Keppel Offshore & Marine (Keppel O&M) made a loss of S$23 million for 1Q 2018. Operating profit for the Division was S$8 million in this quarter, slightly higher than the S$4 million in 1Q 2017.

12. Despite the challenging environment, Keppel O&M secured new contracts worth about S$580 million year to date. This includes a contract to build a midwater harsh environment semisubmersible worth about US$425 million for Awilco Drilling, with options to build three similar units, to be exercised progressively over 36 months.

13. Securing the order from Awilco is a significant milestone as it is our first newbuild drilling rig order since the start of the downturn in 2014. It also demonstrates that despite the downturn, the industry continues to have a preference for high specification rigs to be built by a reliable partner.

14. Earlier this month, we also announced a new order for a dual-fuel tanker. This is the seventh dual-fuel LNG powered vessel to be built by Keppel O&M, which is testament to our ability to provide compelling solutions across the gas value chain.

15. In January, Keppel O&M delivered the first of its five jackup rigs novated to Borr Drilling last year. The first rig, SAGA, built to our proprietary KFELS Super B Class design, was delivered safely, on time and on budget. We are on track to deliver the second rig to Borr Drilling later this year.

Key Highlights

16. Keppel O&M's net orderbook as at end-March 2018 stood at S$4.3 billion compared to S$3.9 billion at the end of 2017.

17. Earlier this month, we announced a cooperation agreement among Keppel FELS, Keppel Shipyard and KrisEnergy where Keppel, as the preferred contractor, will offer KrisEnergy a comprehensive suite of offshore oil and gas solutions. This is subject to the agreement of KrisEnergy's shareholders at an EGM later this month.

18. In March, Hilli Episeyo, the world's first converted floating liquefaction vessel which Keppel built in partnership with Golar, achieved first gas in offshore Cameroon. With the successful first production, the market is gaining increasing confidence in converted FLNG solutions. Golar has reported that the proof of concept in Hilli Episeyo is expected to speed up and open a wider variety of financing alternatives for the Fortuna project where the second converted FLNG vessel, Gandria, will be

deployed. The vessel has since been moved from layup and is currently in Keppel Shipyard for early works.

Capturing Opportunities

19. As we had announced previously, Keppel O&M is taking advantage of the downturn to streamline operations, build new capabilities and capture new markets. To help our customers improve operational efficiency and lower costs across the project life cycle, Keppel O&M is developing rigs of the future through increasing digitisation, utilising smart sensors, capturing and analysing data, and offering enhanced solutions. With these rigs, we aim to transform the current operating environment to become more efficient and versatile, without compromising on safety.

20. To push out these innovations, Keppel O&M is also developing yards of the future, by incorporating robotics and AI into our manufacturing process. We are also collaborating with equipment providers to see how we can improve the operations of rigs that we build by extracting and leveraging timely and insightful data.

21. Our end-to-end gas strategy will also unveil new opportunities for the Group, taking us beyond a shipyard's regular turnkey business model to become a developer, owner and operator of floating energy infrastructure. With proven cryogenic expertise and the ability to stitch up the entire gas value chain, we are well placed to address this growing market segment. Keppel O&M also seeks to play a part in the electrification of archipelagic states using our proprietary floating LNG solutions.

22. As oil and gas majors are gradually shifting their business focus to renewables, we are also actively considering expansion into this space.

Property

23. Our Property Division made a net profit of S$378 million in 1Q 2018, compared to S$95 million in the same period last year.

24. This was largely due to the divestment of Keppel Land China's stake in Keppel China Marina Holdings, yielding a gain of S$289 million. The development and divestment of Keppel Cove in Zhongshan reflects Keppel's ability to develop premium properties and recycle assets for higher returns. We will continue to focus on our five key cities of Shanghai, Beijing, Tianjin, Chengdu and Wuxi, where we have established strong track records and local teams.

25. Keppel Land continued to deepen its presence in its growth market, Vietnam. During the quarter, Keppel Land announced the acquisition of the remaining 10% stake in Saigon Sports City in Ho Chi Minh City. This would put Keppel Land in an even better position to transform the township into an efficient and vibrant smart

integrated development. Separately, it has obtained full ownership of Keppel Land Retail Management which provides a full range of professional real estate services in Asia.

Home sales

26. Keppel Land sold about 300 homes this quarter compared to 980 units in 1Q 2017, comprising 190 homes in China, 50 in Vietnam and 60 in Singapore. The total sales value year-to-date is about S$290 million. This does not include the divestment of the Zhongshan project, which is equivalent to 1,647 homes sold en bloc.
27. The Chinese government continues to impose cooling measures to dampen speculation and curb increasing home prices. Transaction volumes in China have fallen and are expected to remain subdued in the year, even though demand remains strong, especially in first and second-tier cities where inventories are low. We have 2,400 launch-ready units in China in 2018, and are well-positioned to seize opportunities when the market picks up.

28. In Vietnam and India, we have received strong expressions of interest for new launches coming up, and we expect to see a pick-up in sales later this year. In Jakarta, Phase 2 of The Riveria at Puri has also been well-received, with more than 60% of the 141 units launched sold within days of their release earlier this month.

29. In Singapore, positive market sentiments have been strengthening on the back of an improved economic outlook, the surge in collective sales and successful property launches. We are pleased to update that Highline Residences, comprising of 500 homes, has been completely sold out, ahead of the ABSD deadline this month. To capitalise on the improving market conditions, we plan to activate some of our Singapore landbank, including launching homes in our Serangoon site later this year.

30. With a landbank of about 1,700 units in Singapore, including around 500 units from the redevelopment of Keppel Towers and Nassim Woods, we are not in a hurry to acquire land. We will continue to look out for potential deals and acquisitions but will remain disciplined in bidding for sites.

Property Portfolio

31. Keppel Land currently has a large landbank comprising about 61,000 homes across key cities in Asia, of which over 16,000 are launch-ready from now till 2020.

32. In our commercial portfolio, we have over 1.5 million square metres of gross floor area, which will provide us with a steady stream of recurring income as our assets are completed and stabilised.

Infrastructure

33. Our Infrastructure Division continues to perform well, achieving a net profit of S$26 million for 1Q 2018. Excluding the gain from the divestment of GE Keppel Energy Services Pte Ltd in 1Q 2017, earnings have risen by 30%, underpinned by higher contributions from environmental infrastructure and infrastructure services.

34. This month, the Energy Market Authority commenced the soft launch of its Open Electricity Market in Jurong. So far, the response to Keppel Electric's retail offerings for households has been encouraging. With the experience gained during the pilot programme in Jurong, Keppel Electric will be well-positioned to offer competitive packages to consumers following the full liberalisation of the retail electricity market later this year.

35. Environmental Infrastructure, steered by Keppel Seghers, continues to build on its track record as a leading provider of comprehensive environmental solutions. During the quarter, Keppel Seghers received performance bonuses and signed a five-year technical support agreement for the Runcorn Energy-from-Waste Facility in the UK, reflecting its strengths in environmental technology and services.

36. Keppel Infrastructure Services (KIS) contributed commendably, and will continue to deliver high quality and value-added Operations and Maintenance (O&M) services.

37. In our data centre business, Keppel Data Centres has partnered with DE-CIX, the German Commercial Internet Exchange to enhance network connectivity. The partnership will see Keppel DC Frankfurt 1, a high-availability carrier-neutral data centre managed by Keppel Data Centres and located in Frankfurt am Main, offer interconnectivity services as a DE-CIX-enabled site.

Investments

38. The Investments Division recorded a net loss of S$44 million in 1Q 2018, compared to a profit of S$125 million in the same quarter last year, due mainly to the fair value loss on the KrisEnergy warrants and absence of profit from land sales in the Sino-Singapore Tianjin Eco-City.

39. Our asset management business generated a net profit of S$9 million for the quarter, slightly lower than in 1Q 2017, due to fair value loss on investments.

40. Keppel DC REIT completed the acquisition of maincubes Data Centre in Offenbach am Main, a key data centre hub located near Frankfurt, Germany, which will

contribute to positive total unitholder returns and enhance recurring income streams.

41. In the private equity space, the Alpha Asia Macro Trends Fund II divested two assets in China and Korea, achieving overall IRR above the mid-teens. This is a further reflection of how Keppel has been able to add value to properties that we acquire.
42. The newly established Keppel Urban Solutions also made headway in its strategy to be an end-to-end master developer of urban developments. Following the Memorandum of Understanding signed with Envision earlier this year, Keppel Urban Solutions is working on leveraging Envision’s energy IoT platform to develop solutions for smart energy management.
43. Keppel Urban Solutions is also making steady progress in building up an eco-system of like-minded partnerships for Saigon Sports City, to deliver differentiated digital services and to improve liveability as well as enhance user experiences.

Building a Robust Eco-System

44. Prior to 2016, our Investments Division had consisted mainly of the Group’s holdings in key associates such as M1, KrisEnergy and SSTEC. In the past two years, we have added to it new operating subsidiaries - Keppel Capital and Keppel Urban Solutions. Today, the Investments Division also serves as an incubator of future growth engines for the Group, which will drive and harness synergy across our key business verticals, and also contribute to growing stable recurring income.

45. As we write the next chapter of Keppel’s growth story, we will work closely together, as *OneKeppel,* with a common purpose to provide compelling solutions for sustainable urbanisation, and create value for all our stakeholders.

46. Let me now invite our CFO, Hon Chew, to take you through the Group’s financials.

47. Thank you.

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

FIRST QUARTER ENDED 31 MARCH 2018

Financial Performance (Slide 20)

1. Thank you, Chin Hua, and a very good evening to all. I shall now take you through the Group's financial performance for the first quarter of 2018.

2. In this quarter, the Group recorded a net profit of $337 million, which was 34% higher than the same quarter last year. Correspondingly, earnings per share increased by the same extent to 18.6 cents.

3. This translates to a higher annualised ROE of 11.4%, and EVA was also higher at $186 million.

4. Free cash inflow was $261 million as compared to an outflow of $62 million in the first quarter of 2017, due mainly to proceeds from the divestment of Keppel China Marina Holdings Pte Ltd which holds an interest in a residential cum marina development in Zhongshan.

5. Consequently, net gearing improved from 46% as at last year-end, to 42% as at this quarter-end.

Financial Highlights (Slide 21)

6. Next, the summary Group profit and loss statement.

7. The Group's revenue for the first quarter was 18% or $222 million higher than the same quarter last year. Higher revenues from Property and Infrastructure Divisions were partially offset by lower revenues from Offshore & Marine Division.

8. Operating profit for the quarter increased by 154% or $284 million, to $468 million boosted by the gain on divestment of Keppel China Marina Holdings.

9. Profit before tax at $430 million, however, increased by a lower margin of 49% due mainly to share of losses from associates compared against the share of profits last year. In Q1 last year, the Group benefited from the Sino-Singapore Tianjin Eco-City's sale of three land parcels at record prices, as well as the share of an associate's gains from the divestments of Central Park City in Wuxi and The Botanica in Chengdu.

10. After tax and non-controlling interests, net profit was 34% higher at $337 million, translating to an earnings per share of 18.6 cents.

Revenue by Segments (Slide 22)

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

12. The Group's revenue at $1.5 billion was 18% higher than the same quarter last year.

13. This was despite a 31% decline in Offshore & Marine Division resulting from lower volume of work and deferment of some projects.

14. On the other hand, the Property Division revenues doubled from last year, mainly due to higher revenue from Singapore projects as a higher number of units were sold from Highline Residences and Reflections at Keppel Bay, as well as China projects from the handover of completed units at Waterfront Residences in Tianjin, Park Avenue Heights in Chengdu and Park Avenue Heights in Wuxi.

15. Infrastructure Division too saw a 21% growth in revenue as a result of increased sales in the power and gas businesses and recognition of progressive revenue from the Keppel Marina East Desalination Plant project.

Pre-tax Profit by Segments (Slide 23)

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

17. The Group recorded $430 million of pre-tax profit for the first quarter of 2018, 49% higher than last year.

18. The Offshore & Marine Division recorded higher pre-tax losses, despite having a higher operating profit, mainly due to share of losses from associated companies compared to share of profits in the same period last year. The division's operating margin was 2.4% as compared to 0.8% in the first quarter last year.

19. The Property Division registered a $342 million increase in pre-tax profit due to the gain on divestment of Keppel China Marina Holdings and higher net contribution from property trading, partly offset by lower contribution from associated companies and the absence of gain on divestments of trading projects in China and Indonesia compared to last year.

20. The Infrastructure Division's pre-tax profit was 19% lower than last year, as the $12 million gain from divestment of GE Keppel Energy Services boosted profits in the first quarter of 2017. Excluding the divestment gain, Infrastructure Division's pre-tax profit would have increased by $5 million or 20% due mainly to progressive recognition of profit from Marina East Desalination Plant project and higher contributions from Infrastructure Services.

21. Investments Division recorded a pre-tax loss of $40 million as compared to a pre-tax profit of $141m in the same quarter last year. This was mainly due to the absence of sale of three land parcels at the Sino-Singapore Tianjin Eco-City compared to last year and fair value loss on KrisEnergy warrants.

Net Profit by Segments (Slide 24)

22. After tax and non-controlling interests, the Group's net profit increased by 34% or $85 million, with Property Division being the top contributor to the Group's earnings, followed by Infrastructure Division.

Net Profit and EPS (Slide 25)

23. The Group's net profit of $337 million for the first quarter translated to an earnings per share of 18.6 cents.

Free Cash Flow (Slide 26)

24. Cash flow from the Group's operations was $162 million in this quarter, up from $95 million in the same quarter of last year.

25. After accounting for working capital changes, interest and tax, net cash outflow from operating activities was $10 million, as compared to $45 million in the first quarter of 2017, due mainly to increase in working capital requirements in the Offshore & Marine and Property Divisions.

26. Net cash generated from investing activities was $271 million comprising divestment proceeds and dividend income from associated companies totalling $516 million, partly offset by net repayment of the advances from associated companies of $211 million.

27. As a result, there was an overall free cash inflow of $261 million during the quarter, as compared to an outflow of $62 million in the same period last year.

28. With that, we have come to the end of the slides for the results presentation, and I shall hand the time back to our CEO, Chin Hua, for the Q&A section. Thank you.