Address by Mr Loh Chin Hua, Chief Executive Officer of Keppel Corporation

FIRST QUARTER ENDED 31 MARCH 2020

Following the change in SGX's regulations regarding quarterly reporting, Keppel Corporation will be switching to half-yearly reporting. We welcome SGX's move to encourage the market and companies to take a longer term perspective on growth. However, in view of the voluntary pre-conditional partial offer by Temasek, we will continue to provide quarterly reports for the duration of the offer period, to keep the market abreast of the company's latest performance. We will also take this opportunity to provide an update on how Keppel's business has been affected by COVID-19, and the steps we are taking in response.

Impact of COVID-19

COVID-19 is having a massive impact on the lives of countless people around the world, as well as the global economy. IMF has projected that the global economy may contract by 3% this year. Based on MTI's advance estimates, the Singapore economy contracted by 2.2% year-on-year in 1Q 2020. In response to COVID-19, the Singapore Government has unveiled a series of impactful support measures, to help the people and companies in Singapore tide through the crisis.

Keppel operates in over 20 countries, providing solutions for sustainable urbanisation. We are not directly involved in the sectors most severely impacted by COVID-19. Nevertheless, with the sharp fall in global economic activity, lockdowns and circuit breakers in various countries, and disruptions to the workforce and supply chains, Keppel's businesses have inevitably also been affected.

Keppel's diversification helps to strengthen our resilience during times like these. Many of our businesses provide essential services, such as power, data centres and telecommunications, and continue to operate even during the ongoing circuit breaker in Singapore. The health and well-being of our employees are our top priority, and we have put in place all the necessary precautions, such as split teams and safe distancing, at our workplaces as we continue operating through the pandemic. I would like to take this opportunity to express my deep appreciation to the many frontline and operational staff in Keppel, who are working hard to provide essential services for the community during COVID-19.

Beyond what we are doing within the Group, Keppel is also supporting national and international efforts to combat COVID-19. These include a S$4.2 million relief package co-funded by directors, management and staff of the Group to support vulnerable communities in Singapore. The package goes towards supporting families living in 1 and 2-room HDB flats through rebates offered by Keppel Electric, M1 and City Gas, as well as The Courage Fund, among others. We have also expedited payment terms for the SME community to help improve their cashflows during this period.

Financials

Amidst a challenging environment, Keppel made a net profit of S$160 million. All our key business units remain profitable, despite the pandemic. Net profit was 21% lower than the S$203 million for 1Q 2019, mainly due to the absence of S$49 million in profit from the disposal of a stake in Dong Nai Waterfront City in Vietnam last year. Our ROE was 5.7% on an annualised basis. Free cash inflow was S$37 million in 1Q 2020, compared to a free cash outflow of S$534 million in 1Q 2019, mainly due to lower working capital requirements.

Net gearing rose slightly to 0.88x as at 31 March 2020, compared to 0.85x as at 31 December 2019, mainly due to acquisitions and investments during the quarter.

Keppel continues to have a strong balance sheet and the necessary credit lines to finance the Group’s operations. Nevertheless, given the tightening liquidity environment, we are watching our cashflow and gearing carefully, and will manage costs across the Group, as we prepare for a difficult operating environment that may persist for some time.

Offshore & Marine

Over the past two months, oil prices have been roiled by shrinking global demand caused by COVID-19, as well as the price war triggered by Saudi Arabia. The International Energy Authority estimated that global oil demand could fall by 9% this year due to COVID-19. Brent hit a low of below US$20 per barrel, a level not seen since the early 2000s. The weak demand for oil coupled with overflowing storage capacity even resulted in WTI plunging into negative territory last week. Given the current highly volatile environment and low prices, oil majors are curtailing E&P spending, which will push back the nascent recovery that we had just begun to see in the O&M sector.

We expect the O&M business to face very challenging conditions in the near future. We would also need to keep a close watch on customers and associates who would be affected if there is a prolonged downturn in oil prices. Nevertheless, Keppel O&M is in a stronger position to weather the crisis today, compared to 2015, when the last crisis began. Over the past few years, Keppel O&M has undertaken extensive rightsizing and reduced its overheads. Today, it is a leaner, more efficient, and more diversified business, compared to the situation a few years ago, when the offshore rig building business ground to an abrupt halt after years of rapid growth.

For 1Q 2020, Keppel O&M made a net profit of S$3 million. At the operating level, the profit was S$28 million, higher than the S$3 million operating profit in 1Q last year; but this was partly offset by losses from associated companies.

In Singapore, Marine & Offshore Engineering companies involved in ship/vessel repair and maintenance and overhaul services have been defined as essential services. Our Singapore yards have continued to provide these essential services during the circuit breaker, but with reduced manpower and various precautionary measures in place. Our overseas yards are also operational, except for those in the Philippines, due to the lockdown imposed by the Philippine Government.

Arising from the lockdowns in various countries and disruptions to international supply chains, several of Keppel O&M's projects have been delayed. We have served force majeure notices to customers of the affected projects and are working closely with them to mitigate the impact of COVID-19.

As at end-March 2020, our net orderbook stood at S$4.0 billion. While progress in securing new orders has slowed due to COVID-19 and the fall in oil prices, Keppel O&M continues to have a sizeable orderbook which will keep our yards occupied for the next two years. We continue to focus on execution, and delivered two newbuild projects and an FPSO modification and upgrade project in 1Q 2020, despite COVID-19.

Our pivot away from oil has helped Keppel O&M remain resilient, with renewables and gas-related solutions making up the majority of our orderbook. We will continue to actively pursue opportunities in gas and renewables, and also repurpose Keppel O&M's technology for other floating infrastructure uses.

Earlier this month, Keppel O&M signed an MOU with the Energy Market Authority (EMA) to develop sustainable energy solutions. Keppel O&M is also setting up a Floating Living Lab off its Tuas shipyard, which will serve as a platform to testbed and commercialise promising power and technology solutions for the marine sector.

Property

Amid a challenging environment, our Property division achieved a net profit of S$35 million for 1Q 2020. This was lower than the S$132 million in 1Q 2019, mainly due to the absence of gains from the divestment of the stake in Dong Nai Waterfront City, and a tax write-back last year.

Keppel Land has limited retail and hospitality assets and our office portfolio is relatively resilient to COVID-19. The impact of the pandemic is therefore mainly on residential trading projects and its impact across markets is not uniform. The Chinese market slowed down during the lockdown over the Chinese New Year but has since started recovering. In Singapore, the market slowed down with the closure of showrooms during the circuit breaker and more cautious sentiments among buyers; while the market in Vietnam remained relatively resilient during the quarter.

In 1Q 2020, we sold around 450 homes, higher than the 390 homes in 1Q 2019, with total sales value of about S$320 million. China contributed to the bulk of home sales, with 330 units. Significantly, more than 200 of these units were sold in February and March 2020, after the COVID-19 outbreak, reflecting the improving confidence and sentiments in China. Last Saturday, we launched 251 units of a residential project in Wuxi and 164 units, or 65%, were booked over the weekend, at prices comparable with homes sold last year.

Home sales were slower in Vietnam mainly because we did not launch any new projects during this period, while in Singapore, we sold about 50 units.

We expect to recognise revenue for some 8,830 overseas homes already sold worth about S$4.1 billion upon completion and handover from 2Q 2020 to 2023. With the slowdown in construction resulting from COVID-19, the handover of certain projects may be delayed by a few months.

Our total residential landbank currently stands at about 45,000 homes. As part of our capital recycling strategy, Keppel Land divested our equity interest in the Jiangyin project in China for approximately S$95 million. Keppel Land also continued to deepen its presence in promising Chinese regions, such as Taicang City, to meet the demand for homes in the greater Shanghai area.

Our commercial portfolio stands at about 1.6 million square metres of GFA, of which about 50% is under development. They will progressively contribute to the Group's stable recurring income, when the projects are completed.

Keppel Land and Keppel REIT have rolled out a series of measures to support the tenants in our commercial properties, who have been affected by COVID-19. We will do what we can to support our stakeholders, where possible, through this difficult period.

Infrastructure

The Infrastructure Division made a net profit of S$174 million for 1Q 2020, compared to S$16 million over the same period a year ago. This was on the back of improved earnings from Energy Infrastructure, as well as a gain of S$131 million arising from the reclassification of KIT from an associated company to an investment.

Even excluding this gain, Keppel Infrastructure performed well, with earnings double those of 1Q 2019, mainly driven by improved performance in Energy Infrastructure.

With rapidly depleting landfill capacities and rising public awareness of environmental and pollution issues in many cities around the world, governments have become more proactive in sourcing for sustainable waste management solutions. Leveraging its advanced technology and strong track record in execution, Keppel Seghers is well positioned to support governments and industries with its sustainable environmental solutions.

Earlier this year, Keppel Seghers won two contracts to supply WTE technology and services to Gujarat in India. These WTE projects would be the first-of-their-kind in Gujarat.

Last week, a Keppel-led consortium secured a S$1.5 billion contract to design and build a 2,900 tpd WTE plant and a 250 tpd Materials Recovery Facility, which will be part of Singapore's new integrated waste management facility. Keppel's share of the contract is about S$720 million. As the consortium lead, Keppel Seghers will be in charge of overall project management, as well as providing the core WTE technology solutions.

In the meantime, construction works at the Keppel Marina East Desalination Plant (KMEDP) and Hong Kong Integrated Waste Management Facility have slowed as a result of COVID-19. However, the KMEDP remains on track to commence operations later this year.

Digitalisation continues to drive demand for data centres. With COVID-19 and work from home arrangements further increasing the demand for digital connectivity, Keppel Data Centres has received enquiries from customers on new data centre capacity. At the same time, Keppel Data Centres continues to explore innovative and energy efficient data centre solutions. It is now looking into the feasibility of developing a Floating Data Centre Park at the Loyang Offshore Supply Base in Singapore.

Earlier this week, Keppel T&T sold a small 2.33% stake in Keppel DC REIT. This was an opportune move to realise the profits from our data centres business, allowing the funds released to be redeployed to seize other opportunities. We expect to recognise a gain of about S$46 million from the transaction. After the sale, Keppel T&T continues to be the single largest unitholder and sponsor of Keppel DC REIT, and we remain committed to the long-term growth of the REIT.

COVID-19 has also increased the demand for online sales and urban logistics, especially for fast moving consumer goods and health products, but there has been a corresponding reduction in the demand for other non-essential goods.

Investments

Our Investments Division recorded a net loss of S$52 million this quarter, compared to a net profit of S$49 million in 1Q 2019, which had benefited from a fair value gain from the re-measurement of the previously held interest in M1 at acquisition date. Earnings for the quarter were also dampened by mark-to-market losses on some of our investments.

Asset Management

Keppel Capital continued to generate steady recurring fee income, though earnings were lower than in 1Q 2019, mainly due to mark-to-market loss of S$26 million on its holdings in a listed REIT.

Despite the challenging economic climate, Keppel Capital continued to see strong investor interest for quality real assets that provide stable, long-term cashflows. The recently launched US$1 billion Keppel Asia Infrastructure Fund and its co-investment vehicles have, through a second closing and an impending commitment from the Asian Infrastructure Investment Bank, raised total aggregate capital commitments of US$570 million. The Fund has also acquired as its first investment an interest in the Gimi FLNG facility.

In addition, just this week, a large Asian pension fund and a sovereign wealth fund each committed US$200 million to be invested in funds managed by Keppel Capital.

Separately, the Keppel-Pierfront Private Credit Fund achieved a first close of US$200 million earlier this month, while Keppel Capital has entered a 50:50 JV with Australian Unity to establish funds focused on the Australian metropolitan office sector.

M1

With consolidation of a full quarter's earnings, M1 made a bigger contribution to the Group, compared to 1Q 2019. Demand for mobile services remained resilient despite the pandemic. M1 added 20,000 postpaid customers in the quarter. However, roaming and prepaid revenue have fallen due to the sharp drop in international travel, while the sale of handsets and ICT related equipment have also slowed due to customers deferring their spending and supply chain disruptions.

Over the past few months, M1 has enhanced the connectivity solutions across its business lines to support customers' needs amid COVID-19. Notwithstanding the short-term headwinds, COVID-19 has accelerated digital transformation for many organisations as well as the adoption of new ways of working. This will, over the longer term, create new opportunities for our connectivity business.

In the meantime, M1 is continuing its transformation to enhance its digital capabilities and digitise its business model. During the quarter, M1 and StarHub also submitted a joint bid for a 5G licence.

SSTEC

In China, our joint venture master developer SSTEC continued to drive the development of the Tianjin Eco-City. Last week, SSTEC sold a residential plot for RMB1.17 billion, at a land price comparable to a similar plot sold in 2019. This reflects the continuing confidence and demand for land in the Eco-City. The sale is expected to contribute earnings of about S$30 million to the Group when it is completed in the second quarter.

Vision 2030

As we manage the impact of COVID-19, we remain focused on executing our plans and building a sustainable business for the long term. During the Full Year 2019 results announcement, I spoke about Keppel's Vision 2030 exercise, where we gathered younger business leaders in the company to draw up Keppel's long-term strategy. This process, which started from 1H 2019, has continued over the past few months.

Looking ahead, we see Keppel growing increasingly as one integrated business, collaborating and channelling our capabilities to provide solutions for sustainable urbanisation. Through Keppel Capital, we will tap third-party funds for growth and our eco-system of REITs and business trusts to recycle capital. Many investors are on the lookout for real assets with cashflow. Opportunities could emerge after the COVID-19 crisis and Keppel is well positioned to tap these opportunities, together with our strategic investors.

We will take a disciplined approach to managing our businesses. The Group will streamline and focus our business in four key areas: Energy & Environment, Urban Development, Connectivity and Asset Management, all of which are part of a connected value chain, which we will grow both organically and inorganically.

Capital allocation will be driven by the Group's strategy and business model. These include (i) whether the business contributes to our ROE target of 15%, (ii) whether it is scalable, (iii) its potential for integration and synergy with other parts of Keppel, and (iv) whether it is aligned to our Vision, Mission and ESG goals. As part of the process of refocusing our business, we have commenced a strategic review of our logistics business.

Keppel's Vision 2030 is close to being finalised, and we will share more with the investment community in the next few weeks.

To conclude, COVID-19 will cause considerable disruption and pain. The post-pandemic world may also not be the same as before. Trends like working from home, learning from home and online shopping will probably become even more prevalent. Countries and companies may seek to further diversify their supply chains. This will create additional disruptions, as well as opportunities for companies able to seize them. Notwithstanding the immediate challenges posed by COVID-19, there is inherent value in Keppel's businesses and our synergy as a group providing solutions for sustainable urbanisation. This will not change because of the pandemic. Keppel has faced many challenges over the past five decades. I am confident that working together as a group, and with the support of our stakeholders, we will overcome COVID-19 and emerge stronger.

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

FIRST QUARTER ENDED 31 MARCH 2020

1Q 2020 Financial Performance (Slide 15)

1. I shall now take you through the Group's financial performance.

2. In the first quarter of 2020, the Group recorded a net profit of $160 million, which was 21% lower than the same quarter last year.

3. Correspondingly, the earnings per share decreased by 21% to 8.8 cents in this quarter. Annualised ROE decreased to 5.7%.

4. The Group's revenue for the first quarter was 21% or $326 million higher than the same quarter last year. Higher revenues from the Offshore & Marine and Investments Divisions were partially offset by lower revenues from Property Division.

5. However, operating profit fell by 15% or $49 million despite higher revenues, largely due to the absence of fair value gain on remeasurement of previously held interest upon acquisition of M1 compared to first quarter in 2019, lower gain on disposal of subsidiaries and higher fair value loss on investments, partly offset by the mark-to-market gain from reclassification of the Group's interest in Keppel Infrastructure Trust ("KIT") from an associated company to an investment carried at fair value through comprehensive income.

6. KIT's portfolio has evolved over the years as it sourced and invested in a variety of assets that extend beyond the focus and scope of the Keppel Group, the most recent being the acquisition of Ixom last year. Considering our 18% stake in KIT, the Group's reduction in board representation, as well as Keppel Capital's undertaking to the Trustee-Manager which will in turn provide KIT's unitholders with the right to endorse the appointment of the Trustee-Manager's directors at AGMs, the Group has assessed and concluded that it no longer has significant influence over KIT. Accordingly, KIT has been reclassified from an associated company to an investment on 1st March 2020 and a mark-to-market gain of $131 million was recognised upon the reclassification.

7. Profit before tax at $247 million decreased by a smaller extent as compared to the decrease in operating profit, due mainly to lower net interest expense and lower share of losses from associated companies.

8. After tax and non-controlling interests, net profit was 21% or $43 million lower at $160 million, translating to earnings per share of 8.8 cents.

1Q 2020 Revenue by Segment (Slide 16)

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

10. The Group's revenue at $1.9 billion was 21% higher than the same quarter last year.

11. Revenue from the Offshore & Marine Division increased by 71% to $569 million mainly attributable to higher revenue recognition from ongoing projects, such as Awilco semisubmersible rig, Golar Gimi FLNG, Borr Drilling jackup rig and Pasha LNG containership.

12. The Property Division saw a 15% decline in revenue mainly due to the lower number of units handed over at Waterfront Residences in Wuxi, as well as the absence of units handed over during the quarter from trading projects from China, namely Park Avenue Heights in Wuxi and Springdale in Shanghai. These were partly offset by units handed over for Tianjin Eco-City residential projects and 8 Park Avenue in Shanghai, as well as higher contribution from Singapore trading projects, namely Reflections and Corals at Keppel Bay.

13. Infrastructure Division saw a marginal decrease in revenue as a result of lower progressive revenue recognition from the Keppel Marina East Desalination Plant project and Hong Kong Integrated Waste Management Facility project, as well as lower contribution from the logistics business, partly offset by increased sales in the power and gas businesses.

14. Revenue from the Investments Division increased by $146 million to $289 million largely due to the consolidation of a full quarter's revenue from M1 compared to only one month in the same period last year, partly offset by lower revenue from the asset management business.

1Q 2020 Pre-tax Profit by Segment (Slide 17)

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

16. The Group recorded $247 million of pre-tax profit for the first quarter of 2020, 13% below the same quarter last year.

17. The Offshore & Marine Division's pre-tax profit of $4 million, as compared to $1 million in the first quarter of 2019, was due mainly to higher operating results arising from higher revenue, and lower net interest expense, partly offset by share of losses from associated companies in the current quarter, as compared to share of profits in the same quarter last year.

18. The Property Division's pre-tax profit decreased by $88 million to $93 million, due mainly to the absence of gain from the disposal of a partial interest in the Dong Nai project in Vietnam compared to the first quarter in 2019, lower contribution from property trading projects in China and lower investment income, partly offset by higher contribution from property trading projects in Singapore.

19. The Infrastructure Division delivered a pre-tax profit of $182 million, which is $162 million higher than prior year mainly due to the mark-to-market gain recognised from the reclassification of KIT. Excluding this gain, pre-tax profit rose 155% or $31 million led by higher contribution from Energy Infrastructure and improved performance from associated companies, partly offset by lower contribution from Environmental Infrastructure.

20. The Investments Division registered a pre-tax loss of $32 million, as compared to a pre-tax profit of $81 million in the same quarter last year. This was mainly due to absence of fair value gain compared to 2019, from the remeasurement of previously held interest in M1 at acquisition date, as well as mark-to-market losses from investments. These were partly offset by higher contribution from M1 resulting from the consolidation of its results from March 2019, gain from divestment of interest in Gimi MS Corporation, as well as the absence of share of loss in KrisEnergy and fair value loss on KrisEnergy warrants compared to first quarter in 2019. The pre-tax loss in the first quarter of 2020 was mainly due to the mark-to-market losses from investments and the impairment provision on KrisEnergy zero-coupon notes.

1Q 2020 Net Profit by Segment (Slide 18)

21. After tax and non-controlling interests, the Group's net profit decreased by 21% to $160 million, with the Infrastructure Division being the top contributor to the Group's earnings, followed by the Property Division and Offshore & Marine Division.

Net Profit and EPS (Slide 19)

22. The Group's net profit of $160 million for the first quarter translated to earnings per share of 8.8 cents.

Free Cash Flow (Slide 20)

23. Cash flow from operations was $261 million as compared to $174 million in the same quarter of last year.

24. After accounting for working capital changes, interest and tax, net cash inflow from operating activities was $136 million, as compared to an outflow of $591 million in the first quarter of 2019, due mainly to lower working capital requirements from Property Division and positive working capital changes for Infrastructure Division, partly offset by higher working capital requirements from the construction progress of Offshore & Marine Division's major projects such as the Awilco semis, Borr jack-up rigs and Golar Gimi FLNG vessel.

25. Net cash used in investing activities was $99 million comprising investments and operational capital expenditure of $85 million and net advances to associated companies of $64 million, partly offset by divestment proceeds and dividend income from associated companies

totalling $50 million. Net cash generated from investing activities in 2019 was at $57 million, largely due to divestment proceeds and dividend income from associated companies as well as net receipts of advances from associated companies.

26. As a result, there was an overall free cash inflow of $37 million during the quarter, as compared to an outflow of $534 million in the first quarter of 2019.

27. With that, we have come to the end of the presentation. Thank you.