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

SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2020

1. Good evening. Welcome to the webcast on Keppel Corporation's results and performance in the Second Quarter and First Half of 2020.

2. COVID-19 continues to take a toll on the global economy. The impact of the pandemic, which began to be felt in 1Q 2020, grew in the second quarter, as governments around the world implemented various lockdowns and travel restrictions to contain its spread. The World Bank has projected that COVID-19 and its related containment measures might result in the global economy shrinking by 5.2% this year, representing the deepest recession since the Second World War.

Financial Performance

3. The offshore and marine business has been particularly affected by the crisis, following the fall in global demand for oil and plunge in oil prices. For 1H 2020, the Group's performance was affected by impairments of S$930 million, mainly in relation to Keppel Offshore & Marine's (Keppel O&M) stranded assets, receivables, stocks and share of impairment provisions from Floatel, resulting in a net loss of S$537 million. Our CFO Hon Chew will share more details on these impairments later. Excluding the impairments, Keppel would have made a net profit of S$393 million, which includes a loss of S$69 million for Keppel O&M. This is 5% higher than the net profit of S$375 million for 1H 2019, a reflection of Keppel's resilient portfolio. Revenue for 1H 2020 was S$3.2 billion, slightly lower than the S$3.3 billion in 1H 2019.

4. We had free cash outflow of S$278 million in 1H 2020, an improvement over the outflow of S$563 million in 1H 2019. Our net gearing was at 1.0x at end-June 2020 compared to 0.88x as at end-March 2020, mainly due to investments, higher working capital requirements, impairments to asset carrying values, and the payment of the final dividend for FY 2019.

5. Since the start of the COVID-19 pandemic and the resulting credit crunch, we have worked with our network of banks to secure committed and long-term funding to enhance the Group's liquidity and funding resilience. In 1H 2020, we tapped the capital markets for about S$670 million of medium-term notes and secured more than S$2 billion of committed bank facilities, thus ensuring that we have sufficient credit lines to finance the Group's operations and fund growth opportunities, whether in a V, U or L-shaped recovery.

6. Taking into account the Group's performance and the challenging environment, the Board has approved an interim dividend of 3.0 cents per share for 1H 2020, which will be paid to shareholders on 20 August 2020.

Offshore & Marine

7. While Keppel Offshore & Marine (Keppel O&M) made a loss for 1H 2020, its EBITDA before impairments for 1H 2020 was positive at S$40 million. Keppel O&M had a good order book coming into 2020 and was in the midst of ramping up its workforce to handle the busier workload before the abrupt downturn in the oil and gas sector. COVID-19 and measures to contain its spread caused a sharp drop in manpower with most of the workers in Singapore under lockdown for most of 2Q 2020. The two dormitories managed by Keppel Housing have been gazetted as isolation areas due to COVID-19. Keppel Shipyard also had two separate clusters of COVID-19 infections. The first cluster was closed on 29 May after there were no new cases for 28 days, while the second cluster was identified on 24 June, just after we entered Phase 2 of the lifting of the circuit breaker. For now, our two dormitories remain gazetted as isolation areas, although two blocks at Cassia@Penjuru have been designated as "cleared blocks", and are used to house recovered workers who have resumed work.

8. Keppel O&M's total workforce in Singapore was around 24,000 in March 2020. For most of 2Q 2020, following the start of the circuit breaker and COVID-19 related lockdowns at the dormitories, the workforce at our Singapore yards was reduced to around 1,200. Over time, the workforce has risen, but was still only about 5,000 at the start of this week. The reduced manpower has had a significant impact on our operations and topline. Keppel O&M is now working closely with the authorities to ramp up activities safely. We are mindful of the risk of re-infections and have put in place stringent safe management measures in line with guidance from the authorities. We have also put in place plans to segregate the workforce within our yards, so that in the event of any re-infection, as small a group as possible will be affected. It is a major logistical exercise bringing healthy and recovered workers back to work while ensuring everyone's health and safety. This includes segregating the workers according to projects, and applying the same segregation in our yards, dormitories and company-provided transportation. We are also staggering their work hours and off-days. Keppel O&M has a pipeline of projects to keep it busy for at least two years and customers want to see their projects completed. The performance of Keppel O&M will therefore be impacted by how quickly we can return to work safely and whether there are further infections which may interrupt the safe ramp up and resumption of work.

9. Our net orderbook as at end-June stands at S$3.5 billion, with new orders of S$107 million secured in the year to date. Our pivot to renewables, gas solutions as well as other non-oil solutions since 2015 has paid off. We continue to receive a string of enquiries for renewables. Demand for production assets should continue to be robust and customers are likely to go for conversions, a key strength of Keppel Shipyard, rather than new builds whenever possible, as cost and time to market favour conversions over new builds. At the same time, we are keeping a close watch on the stranded assets as well as our customers' credit. Overall, the biggest impact of the pandemic and low energy prices on the Group's business has been on Keppel O&M. Fortunately, other parts of Keppel have fared better and will provide ballast to help the Group navigate the difficult period for the O&M sector.

Property

10. Keppel Land has been a major contributor to the Group since its privatisation in 2015. To-date, Keppel Land has distributed upwards to Keppel Corporation S$3.9 billion of dividends since 2015, more than the S$3.1 billion it had cost the Group in the privatisation exercise. More importantly, the Group has been able to reallocate the capital released to fund other new initiatives, like asset management and data centres. This is a continuation of how the Group was able to re-allocate the net profits made by Keppel O&M of about S$7.8 billion in the ten-year period from 2005-2014, when the offshore industry was doing well, to other parts of Keppel, such as our infrastructure and property businesses. This re-allocation is now paying off as Keppel O&M goes through a more challenging period.

11. Operating performance for Keppel Land in 1H 2020 is generally in line with 1H 2019, even though net profit was lower at S$217 million vis-a-vis S$258 million, due in part to the absence of divestment gains from Dong Nai Waterfront City in Vietnam. Keppel Land does not have much exposure to retail or hospitality assets. This explains why our half year revaluation has seen an increase, underpinned by our resilient commercial portfolio comprising mainly office assets, including Park Avenue Central in Shanghai.

12. Singapore residential sales have slowed, although the impact on office properties, including those under Keppel REIT has been relatively muted. Cap rates of prime office properties have not moved in major gateway cities around the world. There has been some concern that post-pandemic, the future of offices will change and that may eventually have an impact on office demand. As of now, we have not yet seen the impact on capital values. Keppel REIT continued to have high committed occupancy of 98.6% as at 30 June 2020 and positive rental reversion for 2Q 2020.

13. Our other major markets in China and Vietnam seem to be faring well, barring a second wave of the pandemic. Home sales and land sales in China have remained resilient and this has benefited both Keppel Land China and SSTEC, the master developer of the Sino-Singapore Tianjin Eco-City. In the Eco-City, home sales increased almost fourfold in 2Q 2020, on the back of increased supply of homes, pent-up demand during the lockdown and the roll-out of government policies aimed at stimulating the economy.

Infrastructure

14. Keppel Infrastructure performed well for 1H 2020. Excluding the gain from the reclassification of KIT, it made a net profit of S$75 million, compared to S$56 million last year. Despite the impact of the COVID-19 pandemic and lower oil prices, all underlying businesses of Keppel Infrastructure remained resilient and reported higher earnings in the first half of 2020.

15. Demand for electricity and district cooling from commercial, industrial and residential customers in Singapore was impacted by the circuit breaker, but not significantly. Electricity demand was down by less than 10% in 2Q 2020. With the phased re-opening of economic activities from 2 June, electricity demand has shown signs of recovery and is expected to pick up in the second half of the year. Riding on synergy and portfolio optimisation, the earnings of our integrated power and gas business have been largely unaffected by COVID-19.

16. The Keppel Marina East Desalination Plant commenced operations on 29 June 2020 and will start to contribute to the Group's recurring income stream from the operation and maintenance phase. Our other WTE projects under development are progressing well. The Singapore's Tuas Nexus Integrated Waste Management Facility, which was secured in April, will contribute to our bottom line starting from next year. The construction of the Hong Kong Integrated Waste Management Facility is making steady but slower progress amid the disruption caused by COVID-19. Last week, Keppel DHCS, together with its partners, also secured a contract for a district cooling system in Bangkok, establishing a foothold to explore further opportunities in the Thai market. With the growing need for sustainable infrastructure, we expect to see Keppel Infrastructure playing a larger role in the Group's connected value chain in the years ahead, as part of our Energy & Environment segment.

17. Both of Keppel T&T's data centre and logistics businesses have fared well in 1H 2020. Keppel T&T's net profit for 1H 2020 of S$51 million was boosted by gains from the partial sale of units in Keppel DC REIT. This compares favourably to the net profit of S$12 million in 1H 2019.

18. The connectivity business will be a key beneficiary in the post COVID-19 world. Globally, data centre demand remains strong and looks set to continue growing. Keppel T&T has secured government approval to develop a new data centre at Genting Lane, in partnership with SPH. The development of a subsequent phase will be dependent on securing green power for the expansion. Last week, we also announced the development of our first greenfield data centre development in China, through the Alpha Data Centre Fund.

19. Data centres are much needed in the smart, connected world we live in today. But as a large emitter of carbon due to its power consumption, responsible data centre operators like Keppel Data Centres are looking for more energy efficient solutions and new energy sources that are carbon neutral. Keppel Data Centres is therefore collaborating with different industry leaders to explore how we can reduce the carbon footprint of data centres, including through the development of floating data centre parks, tapping cold energy released from LNG re-gasification for cooling, and hydrogen infrastructure for power generation, and accelerating the development of carbon capture, utilisation and sequestration (CCUS) systems. These are important efforts by Keppel Data Centres to establish itself not just as a capable data centre operator, but also one that is environmentally responsible. It also reflects the Keppel Group's commitment to sustainability and opens up additional avenues for Keppel's engineering capabilities and

end-to-end business model to create new opportunities for synergy with other parts of the Group's businesses. Keppel Infrastructure and Keppel O&M could all have a role in the future solutions of Keppel Data Centres that bring the best in breed sustainable data centre solutions to its customers.

20. Our logistics business has been an indirect beneficiary of the COVID-19 pandemic, with higher demand for our logistics solutions. Channel marketing sales for UrbanFox have also seen unprecedented growth, with more customers shopping online. We had earlier announced a strategic review of our logistics business, which is ongoing.

Investments

21. Keppel Capital contributed a higher net profit of S$47 million for 1H 2020 compared to S$37 million for 1H 2019. With the pandemic, investments and divestments have been pushed to the right. However, fund raising has continued to be strong in the year-to-date with USD 1.5 billion raised for various fund initiatives including USD 800 million raised in April and May when many cities were locked down. Investors whom Keppel Capital approached before the pandemic were able to continue with their due diligence virtually during the circuit breaker. The interest shown by sovereign wealth funds and large pension funds in the various private fund offerings from Keppel Capital shows that demand for real assets with cash flow and which serve as a long-term inflationary hedge remains strong. There is growing belief that the unprecedented fiscal stimuli and monetary easing will eventually lead to asset inflation.

22. The success of Keppel Capital's fund raising will not only grow its AUM but also provide potential funding for some of the Group's solutions. The symbiotic relationship between Keppel Capital and the rest of the Group's businesses is an important one that is clearly mapped out under our Vision 2030. Investors invest with Keppel Capital not just because it is a strong and capable asset manager; they also see the benefits from Keppel's other businesses in Energy & Environment, Urban Development and Connectivity providing proprietary deal flows and capabilities as a developer and operator of these real assets that the funds they invest in target. So far, we have not seen a lot of distress, other than in industries most directly affected by COVID-19 and the falling energy price. This may impact the pace of investments as sellers hold back for better prices, while buyers look to buy at levels reflecting the poorer economic fundamentals.

23. M1 performed well in its financial performance for 1H 2020. EBITDA was almost flat at S$141 million for 1H 2020 compared to 1H 2019. Net profit was S$48 million for 1H 2020 versus S$53 million for 1H 2019, due to accelerated depreciation in 2020. M1 has been on a journey to reposition itself from a traditional mobile telco to a digital connectivity platform. This was one of the key reasons why Keppel and SPH undertook the privatisation exercise in 2018/ 2019. An ambitious and comprehensive rebuild of M1's tech stack is ongoing, and when completed, a new digital connectivity platform will emerge. The experience for its customers will be transformed. The project is now currently in beta testing stage and we hope to announce the launch of the new M1 towards the end of 2020 or early 2021. Already, M1 has substantially increased its market share

for postpaid customers, which includes the MVNO's operating on its platform, to have the second largest postpaid base in Singapore.

24. The successful award of the 3.5 GHz C band 5G Stand Alone license jointly with StarHub is a major coup for M1. The joint license and ownership of the infrastructure for 5G will enable M1 to share costs with StarHub and more aggressively push out 5G service at an affordable cost to our shareholders. Thus far, our share of the expected initial rollout cost for 5G is under S$200 million. Besides the capex cost, the most important aspect for 5G rollout is the business case for 5G applications, especially for businesses and communities. The real benefits of 5G extend beyond faster download speed for consumers but the low latency and the network slicing that have huge industry and business applications. M1 has been at the forefront of 5G trials, with numerous joint projects with industry players such as IMDA, MPA, PSA, Keppel O&M, Airbus, IBM, Samsung etc. As a Group, we are excited by the prospects of how 5G can transform connectivity solutions for consumers, businesses and communities. Data centres and M1/ 5G connectivity will be powerful growth engines for our Connectivity segment and will be major contributors to the Group in our Vision 2030.

Conclusion

25. To conclude, excluding the large impairments recorded as well as the poorer performance by Keppel O&M, the rest of the Group has so far navigated the COVID-19 pandemic fairly well. The Group's revenue has fallen, but only by about 4% for 1H 2020 compared to 1H 2019. Net profit, including the operating losses at Keppel O&M but before the impairments arising from COVID-19 and the oil price plunge, is slightly ahead of 1H 2019. The operating resilience reflects the diversity of the Group's portfolio. Many of our businesses provide critical essential services such as power, water, waste management, gas and connectivity.

26. Given the continuing impact of COVID-19, 2H 2020 will probably remain very challenging. For Keppel O&M especially, we will have to watch our fixed costs closely. Keppel O&M has gone through a period of right sizing from early 2015 to 1Q 2019. We were leaner and fighting fit going into this crisis, with a clear strategy to navigate the energy transition as well as the climate change actions which will probably accelerate. Further right sizing will be required to ensure our fixed overhead costs can be brought down in line with the realities for the industry. To that end, to demonstrate our collective resolve and set the tone from the top, the CEO and management of Keppel O&M have volunteered to take a base salary reduction of between 5% and10%. In solidarity with Keppel O&M, the senior executive management of Keppel Corporation will also take a base salary reduction of between 5% and 10%, while the directors of Keppel Corporation and Keppel O&M will take a 10% reduction in their annual fees.

27. We will continue to work as a Group and strive to provide better outcomes than what the underlying economic conditions might otherwise allow. Precisely in times like these, it is important for the Group to be guided by a bold, long term vision, which transcends the impact of the current crisis. This is why we unveiled our Vision 2030 two

months ago. We continue to believe in the inherent long-term value of Keppel and will work hard to make Vision 2030 a reality for the Group and maximise value for all stakeholders.

28. I will now invite Hon Chew to take you through the Group’s financial performance. Thank you.

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

SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2020

2Q 2020 Financial Performance (Slide 15)

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

2. In the current quarter, the Group recognised material impairment provisions, pertaining mainly to the O&M business, and the Group's financial results were adversely impacted. I will explain the background and nature of these impairment provisions later, as well as go through the Group's financial performance if such impairment provisions had been excluded so as to allow better understanding of the Group's underlying operating performance. For now, we will discuss the financial performance as reported with the impairments.

3. As a result of the impairment provisions, the Group recorded a net loss of $697 million in the 2Q 2020, as compared to net profit of $153 million for the corresponding quarter in 2019.

4. Consequently, loss per share was 38.3 cents as compared to earnings per share of 8.4 cents in the same quarter last year.

5. Revenue for the second quarter decreased by 26% to $1.3 billion compared to the same quarter last year. All divisions recorded lower revenue. Revenue from the Offshore & Marine Division fell 44% due to significantly lower level of activities as a result of COVID-19 and the sharply reduced workforce in our Singapore yards. Lower number of property units handed over and reduced sales in the power and gas businesses further contributed to the decline at the topline.

6. The Group recorded operating loss of $422 million and pre-tax loss of $604 million in the second quarter of 2020, as compared to profits in the corresponding period in 2019. All divisions posted higher pre-tax profits, except for the Offshore & Marine Division. After tax and non-controlling interests, net loss was $697 million for current quarter, translating to loss per share of 38.3 cents.

2Q 2020 Revenue by Segment (Slide 16)

2Q 2020 Pre-tax Profit by Segment (Slide 17)

2Q 2020 Net Profit by Segment (Slide 18)

7. The Group's net loss for the quarter was $697 million, as compared to net profit of $153 million for the same period in 2019.

8. Other than Offshore & Marine, the rest of the Group's Divisions, many of which provide essential services and continued operating during the circuit breaker in Singapore, were profitable for 2Q 2020.

9. The Offshore & Marine Division's net loss was $962 million for current quarter. This included provisions for contract assets, doubtful debts and stocks, fair value loss on investment, as well as share of impairment provisions from Floatel, amounting to $889 million. Excluding these impairments, net loss for the quarter was $73 million as compared to net profit of $4 million in the second quarter of 2019. The weaker performance was mainly due to the impact of slower progress on projects as a result of significant downtime from COVID-19 and the sharply reduced workforce in Singapore yards, as well as share of losses from associated companies, partly mitigated by government relief measures for the COVID-19 pandemic.

10. Net profit from the Property Division increased by $32 million to $162 million, mainly due to higher fair value gains from investment properties, higher contribution from property trading projects in Singapore, as well as gain from the disposal of interest in the Jiangyin project in China, partly offset by lower contribution from associated companies and lower investment income. The higher fair value gain on investment properties for the current period was underpinned by our resilient commercial portfolio comprising mainly office assets in China and Singapore, including a property which was reclassified from stocks, previously carried at cost, to an investment property carried at fair value.

11. The Infrastructure Division delivered a net profit of $78 million, which was $35 million or 81% higher than the second quarter of 2019 mainly due to gain from sale of units in Keppel DC REIT, higher contribution from Environmental Infrastructure and dividend income from Keppel Infrastructure Trust (KIT). These were partly offset by lower contribution from Energy Infrastructure and absence of share of fair value gain on Keppel DC Singapore 4 in the same quarter last year.

12. The Investments Division registered a net profit of $25 million, as compared to a net loss of $24 million in the same quarter last year. This was mainly due to mark-to-market gains from investments, higher contribution from Sino-Singapore Tianjin Eco-City as a result of a land plot sale, as well as absence of the share of loss from KrisEnergy compared to the second quarter in 2019.

2Q 2020 Impairments (Slide 19)

13. I will now explain the impairment provisions recognised by the Group during the quarter.

14. The COVID-19 pandemic has severely impacted the global economy and brought about significant market volatility and uncertainty, including a sharp reduction in global demand for oil and oil prices. As these events and conditions have significant financial reporting implications, ACRA had published a financial reporting practice guidance in May 2020 highlighting key focus areas when preparing and reviewing the financial statements, especially in areas where estimates, assumptions and judgement are required.

15. The oil and gas industry is experiencing an unprecedented and very difficult period due to the collapse of oil prices as a result of lower demand. Amidst the highly volatile environment and low oil prices, oil majors are curtailing exploration and production spending, which has adversely impacted dayrates and utilisation rates of the Offshore & Marine industry. Several drilling rig companies are headed for Chapter 11 in the United States. The events during the quarter have provided a clearer indication that the impact from COVID-19 and uncertainties in the global economy would likely continue for a prolonged period.

16. Against this backdrop, the Group carried out a review during the quarter to assess the assumptions used in the assessment of the carrying values of certain assets of the Group including the recoverability of contract assets, receivable balances and stocks under work-in-progress in relation to the Offshore & Marine business, and investments in associated companies.

17. To assist in its value-in-use (VIU) assessment of the rigs, the Group engaged an industry expert, Pareto Securities AS ("Pareto"), to provide a view on the market outlook, assumptions and parameters which were used in the VIU computations performed by an independent professional firm. Key inputs into the estimation of the VIU include dayrates and cost assumptions, utilisation rates, discount rates and estimated commencement of deployment.

18. The VIU model used by the independent professional firm is consistent with prior periods and is based on the net present value of cash flows generated from operating the rig over the useful life of the asset. Net cash flows from rig operations are driven by dayrates, utilisation rates and commencement of deployment, net of costs including operating costs, pre-charter operating costs, operator's margins, and maintenance capital expenditures. With weakening demand on the back of COVID-19 and a low oil price environment, we have seen falling dayrates, lower utilisation rates and delay in the commencement of rig deployment. Such deterioration in market conditions have led to significantly lower estimated returns expected from operating a rig. Coupled with a higher weighted average cost of capital, the result was a considerable contraction in the VIU of the rigs in the current quarter's assessment as compared to the previous quarter.

19. The work performed by the independent professional firm, using inputs and parameters from Pareto, confirmed the Group's internal assessment of a lower VIU based on the market observations of such inputs in the current quarter. Arising from the assessment, the Offshore & Marine Division recognised provisions of $652 million on contract assets, receivables and stocks.

20. On 1 June 2020, we have requested Floatel to perform an independent review of the assumptions used in the conduct of its impairment assessment, with a focus on the reasonableness of market outlook assumptions and parameters used in the valuation of its vessels. The parameters provided by the independent review were adopted by Floatel in its VIU calculations, thus resulting in a revised valuation which was lower than the carrying value of its vessels. As a result, Floatel has made an impairment charge of US$398 million on the carrying value of its vessels. Consequently, the Group recognised a loss amounting to $237 million, being our share of impairment charge up to our equity carrying value as well as fair value loss on our investment in Floatel preference shares. With the recognition of these losses, the carrying values of equity and preference share investments have been brought down to zero during the quarter.

2Q 2020 Financial Performance (Excluding Impairments) (Slide 20)

21. As seen from the last slide, total impairment losses recognised during the quarter amounted to $919 million, mainly relating to the Offshore & Marine Division.

22. Apart from Offshore & Marine, underlying operations in other parts of the Group remained resilient amid headwinds brought about by the COVID-19 pandemic. The Group achieved an EBITDA of $370 million before impairments in 2Q 2020, 41% higher year-on-year. This was underpinned by strong operational improvements in the Property and Infrastructure Divisions.

23. Excluding the impairments, the Group was overall profitable for the second quarter of 2020 at $222 million, which was 45% or $69 million higher than the same period last year.

1H 2020 Financial Performance (Slide 21)

24. I shall now take you through the performance for the first half of 2020.

25. The Group recorded net loss of $537 million, as compared to net profit of $356 million in the first half of last year.

26. Consequently, annualised ROE was at negative 10.3%, as compared to positive 6.3% recorded in the same period last year.

27. Free cash outflow for the first six months of this year of $278 million was an improvement over the free cash outflow of $563 million in the same period last year. This was mainly due to lower working capital requirements, partly offset by lower advances from associated companies.

28. Net gearing increased from 0.85x at the end of 2019 to 1.0x at the end of June 2020. This was mainly due to investments, working capital requirements and payment of the final dividend for FY2019, as well as the impact from lower equity due to the significant impairments recorded in the current period.

29. The Group earned a total revenue of about $3.2 billion in the first half of 2020, a decrease of 4% or $133 million compared to the same period last year. Revenue growth in the first quarter of the year cushioned the decrease in the second quarter. Lower revenues from the Property and Infrastructure Divisions were partly offset by higher revenue from the Investments Division.

30. The Group recorded operating loss of $149 million and pre-tax loss of $357 million for the half year in 2020, as compared to profits in the corresponding period in 2019. The pre-tax loss for the half year 2020 included $930 million provisions for contract assets, doubtful debts, stocks, associated companies and investment, as well as share of impairment provisions from Floatel.

31. After tax and non-controlling interests, net loss was $537 million, translating to loss per share of 29.5 cents.

1H 2020 Revenue by Segment (Slide 12)

1H 2020 Pre-tax Profit by Segment (Slide 23)

1H 2020 Net Profit by Segment (Slide 34)

32. Losses at the Offshore & Marine and Investments Divisions were partly offset by profits from the Infrastructure and Property Divisions.

33. The Offshore & Marine Division's net loss was $959 million as compared to net profit of $10 million in the same period of 2019. Excluding impairments of $890 million, the Division's net loss was $69 million which was largely due to the impact from slower progress on projects due principally to significant downtime as a result of COVID-19 and the sharply reduced workforce in Singapore yards and various restrictions in overseas yards, as well as share of losses from associated companies, partly mitigated by government relief measures for the COVID-19 pandemic.

34. Net profit from the Property Division was $65 million lower at $197 million, mainly due to the absence of gain from the disposal of a partial interest in the Dong Nai project in Vietnam compared to the same period in 2019, lower contribution from property trading projects in China, as well as lower investment income. These were partly offset by the higher fair value gains from investment properties, higher contribution from property trading projects in Singapore, as well as gain from the disposal of interest in the Jiangyin project in China.

35. The Infrastructure Division posted net profit of $252 million which was $193 million higher than last year. This was mainly due to mark-to-market gain recognised from the reclassification of the Group's interest in KIT from an associated company to an investment following the loss of significant influence over KIT. Excluding the mark-to-market gain, net profit doubled that of the same period last year, led by gain from sale of units in Keppel DC REIT, higher contributions from Energy Infrastructure, Environmental Infrastructure and Infrastructure Services, as well as lower losses from the logistics business.

36. Investments Division's net loss was $27 million as compared to net profit of $25 million in the same period last year, mainly due to the absence of fair value gain recognised in 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 due to the consolidation of M1 from March 2019, gain from divestment of interest in Gimi MS Corporation, as well as the absence of share of loss from KrisEnergy and fair value loss on KrisEnergy warrants as compared to the same period in 2019.

1H 2020 Impairments (Slide 25)

1H 2020 Financial Performance (Excluding Impairments) (Slide 26)

37. Underpinned by the Infrastructure and Property businesses, the Group's EBITDA excluding impairments was $754 million for the first half of 2020, an improvement of 13% over the same period last year.

38. Excluding the impairments of $930 million, the Group was profitable for the six months of 2020 at $393 million, 5% or $18 million higher than the net profit of $375 million in 1H 2019. For like comparison, the net profit of $375 million in half year 2019 had also excluded impairments.

39. Accordingly, annualised ROE without impairments was 6.9%, ahead of the 6.6% recorded last year.

Net Profit and EPS (Slide 27)

40. The Group's net loss of $537 million for the first half of 2020 translated to loss per share of 29.5 cents.

ROE & Dividend (Slide 28)

41. In this first half of 2020, our annualised ROE was at negative 10.3%.

42. Our interim cash dividend to our shareholders for this period will be 3 cents per share.

Free Cash Flow (Slide 29)

43. Net cash used in operating activities was $379 million as compared to $845 million in the same period last year mainly due 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 projects.

44. Net cash from investing activities was $101 million comprising divestment proceeds and dividend income from associated companies totalling $201 million as well as net receipts of advances from associated companies of $25 million, partly offset by investments and operational capital expenditure of $125 million. Net cash generated from investing activities in 2019 was at $282 million, largely due to divestment proceeds and dividend income from associated companies as well as net receipts of advances from associated companies.

45. As a result, there was an overall free cash outflow of $278 million for the first half of 2020, as compared to $563 million in the first half of 2019.

46. The Group’s net gearing of 1.0x at the end of June 2020 was partly as a result of the impairments recognised in the current quarter. Excluding the impairments, net gearing would have been at 0.92x. The Group continues to have a strong balance sheet and the necessary credit lines to finance its operations. Nevertheless, given the tightening liquidity and the difficult operating environment that the Offshore & Marine Division is facing, we will continue to monitor cashflows and gearing closely, and exercise discipline in capital allocation and cost management.

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