

# 2024 NEW YEAR MESSAGE FROM THE CEO



## Dear Keppelites,

2023 has been one of the most transformational years in Keppel's history.

We began the year with the successful divestment of our offshore & marine (O&M) business. This was not an easy decision, given that the Company had its roots in the O&M sector. But it was a necessary one, to take Keppel on the next phase of our growth trajectory. Through the process, we are also able to realise value of S\$9.4 billion over time for the Company and our shareholders.

In May 2023, we unveiled the next phase of our Vision 2030 transformation – to shed our conglomerate structure and become one horizontally integrated company. We want Keppel to be less complex, flatter and leaner, with a new governance model and harmonised processes, leveraging digital technology to create a common data lake providing a single source of truth. We will be able to unlock significant cost synergies and make quicker decisions to scale up quickly and efficiently. These are all geared towards remaking Keppel to become a leading global asset manager and operator, harnessing our deep capabilities in infrastructure, real estate and connectivity.

Within the Company, we call this Project Darwin, reflecting the fact that this is an evolution, and not a revolution. Many key pieces of the transformation have been progressively implemented over the past few years, starting from the privatisation of Keppel Land in 2015 and the establishment of Keppel Capital the following year. We have been focusing and simplifying our business, growing our asset management business, adopting an asset light strategy, including through monetising our assets, and growing our recurring income.



From 1 January 2024, the Company has been renamed from Keppel Corporation Limited, to just Keppel Ltd. - a shorter, punchier name reflecting the lean and dynamic company that we want to be.

We continued to make good progress during the year across our Vision 2030 ambitions, including exceeding the upper range of our S\$3-S\$5 billion asset monetisation goal ahead of the target of end-2023. With the good progress achieved, we have announced a further target of S\$10-S\$12 billion in cumulative asset monetisation by the end of 2026.

We have continued to grow our Funds under Management (FUM), which exceeded S\$53 billion by 1H 2023. Our latest proposed acquisition of Aermont Capital, a leading European real estate asset manager, marks a major leap forward in our strategy to be a global asset manager. The transaction brings together two like-minded asset managers with complementary capabilities, so that we can grow even faster together and also provide better value propositions to our investors or LPs (Limited Partners).

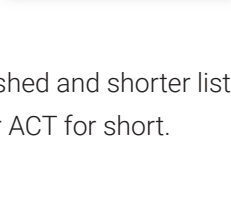
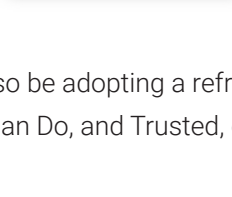
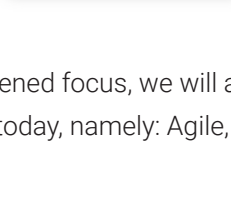
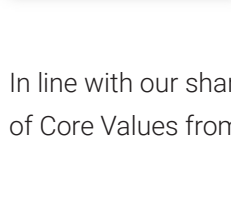
When Phase 1 of the acquisition is completed later this year, it would significantly expand our asset management business beyond the Asia-Pacific, give us an immediate and strong foothold in Europe, and broaden our global LP network. Our FUM would potentially grow to over S\$77 billion, taking us more than three quarters of the way towards our FUM target of S\$100 billion by 2026. We will continue to grow our FUM to reach S\$200 billion by 2030, including through exploring opportunities to acquire other platforms to accelerate growth in our infrastructure and connectivity segments.



Keppel's proposed acquisition of Aermont Capital marks a major leap forward in becoming a global asset manager.

## A New Keppel

With the many strategic and organisational changes in the Company, we decided to change the company name to signal the start of a new chapter, while retaining the Keppel brand and wordmark, which enjoys considerable brand equity. From 1 January 2024, the Company has been renamed from Keppel Corporation Limited, to just Keppel Ltd. - a shorter, punchier name reflecting the lean and dynamic company that we want to be.



In line with our sharpened focus, we will also be adopting a refreshed and shorter list of Core Values from today, namely: Agile, Can Do, and Trusted, or ACT for short.

Being **Agile**, and ever ready to innovate and change, is key to being resilient and competitive in a world evolving at mind-boggling speed.

**Can Do** has long been a defining value of Keppel, reflecting our ability to overcome the odds and deliver on our promises to investors, customers and other stakeholders. It encompasses courage, a spirit of enterprise and passion for excellence.

Being **Trusted** is pivotal to our success as an asset manager and operator – whether by investors in Keppel and the private funds, REITs or business trusts that we manage, our customers, the authorities that we work with, our employees, or the wider community, wherever we operate.

I hope that Keppelites will hold these refreshed Core Values close to your hearts, and let them be an inner compass to guide how we conduct ourselves and run our business.

## A Defining Decade

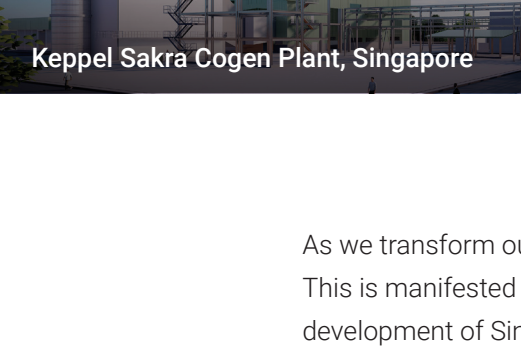
2023 marked my 10th year as CEO of Keppel. In my first New Year Message as CEO in 2014, I said that when one assumed leadership of a great company, the goal must be to make it an even better company, to attain even greater success, and ensure that the company can outlast all of us. I also urged Keppelites to set high ambitions and stay hungry. We must not be content with what had been achieved but should continue to push the boundaries of our performance.

And push the boundaries we have.

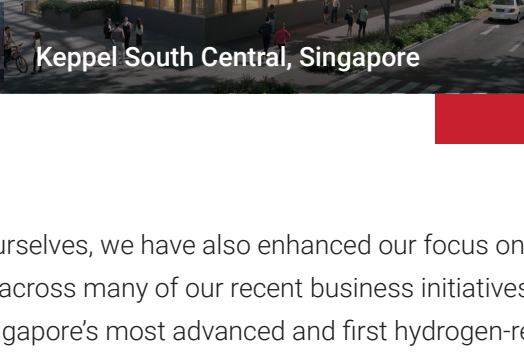
The bold multi-year transformation that we have been undertaking is geared towards this vision – to build on Keppel's unique strengths and make it an even better, and future-ready, company - one that is strongly positioned to harness the opportunities of today by investing in and creating solutions for a sustainable future.

So far, our transformation has been very well-received by the market and by investors. For Full Year 2023, Keppel delivered Total Shareholder Returns (TSR) of 61.1%, including the distribution in specie of Sembcorp Marine (now Seatrium) shares and special dividend in specie of Keppel REIT units. This is following the TSR of 49.3% achieved for Full Year 2022.

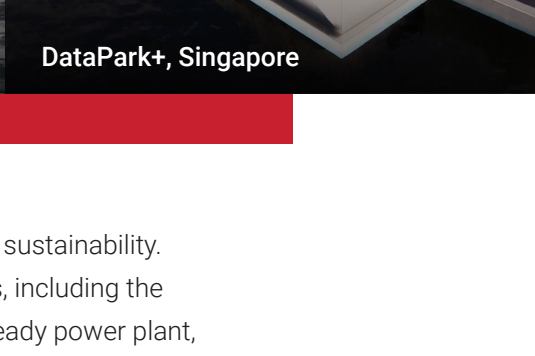
Very importantly, the transformation has also been welcomed by Keppelites. In the 2023 Employee Engagement Survey, we had an engagement score of 86%, 2 percentage points higher than in 2022, and 6 percentage points above Mercer's global norm. 89% of respondents indicated that they are proud to work for Keppel and support Keppel's transformation to be a global asset manager and operator. This is an impressive result, given the many organisational changes taking place, and speaks highly of the agility, resilience and Can Do spirit of Keppelites.



Keppel Sakra Cogen Plant, Singapore



Keppel South Central, Singapore



DataPark+, Singapore

As we transform ourselves, we have also enhanced our focus on sustainability. This is manifested across many of our recent business initiatives, including the development of Singapore's most advanced and first hydrogen-ready power plant, import of renewable energy, the development of green buildings and data centres, among others. We have also achieved closings for new flagship funds focused on investing in highly defensive and essential infrastructure assets, as well as adding value to commercial real estate through Keppel's sustainable urban renewal solutions.

We are honoured to be recognised in Singapore and overseas for our contributions to sustainability, including receiving the President's Award for the Environment 2023, the highest environmental accolade in Singapore. It is a strong affirmation of our efforts to run our business sustainably, and also contribute to environmental sustainability through our business activities and community engagement. We are also proud to win the Best Managed Board Gold Award at the Singapore Corporate Awards 2023, and to continue being recognised in leading global sustainability indices such as the DJSI and MSCI ESG Ratings.



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## Looking Ahead

In 2024, the global operating environment is expected to remain challenging, with the conflicts in Ukraine and the Middle East, tensions between the major global powers, slow global growth, interest rates which remain high, and extreme climate events, among others.

Despite the volatile environment, I am optimistic about the outlook for Keppel. Many of the macro trends shaping the global environment, such as climate change, the energy transition, and increasing digitalisation accentuated by generative AI, are driving demand for the sustainability and digitalisation solutions that Keppel provides. Many of these are essential services, the demand for which, as we saw during the pandemic, remained highly resilient even in the depth of the crisis. With the recent calls by COP28 to triple renewable energy capacity globally, transition away from fossil fuels, and accelerate zero- and low-emission technologies, we can expect even stronger demand for Keppel's sustainability solutions.

Beyond demand from customers, we also see strong interest from investors for the real assets which Keppel can develop and operate, in areas such as clean energy, decarbonisation, environmental solutions, and digital connectivity. This strong operating capability, coupled with our track record in asset management, is a key differentiator for Keppel, and what distinguishes us from competitors which may be purely developers and operators, or purely financial investors.

I am therefore very excited and confident about Keppel's future. I believe, and have often said, that Keppel is in the right space, at the right time. I look forward to working with all Keppelites to write the next chapter of Keppel's growth story.

I wish everyone a happy and healthy new year.

Yours sincerely,

Loh Chin Hua  
CEO, Keppel