

# Retail Shareholders' Day

Hosted by Securities Investors Association (Singapore)

16 August 2017

**Keppel Corporation**

# Disclaimer

*This presentation may contain forward-looking statements which are subject to risks and uncertainties that could cause actual results to differ materially from such statements. Such risks and uncertainties include industry and economic conditions, competition, and legal, governmental and regulatory changes. The forward-looking statements reflect the current views of Management on future trends and developments.*

# Address by CEO

# Providing Solutions for Sustainable Urbanisation

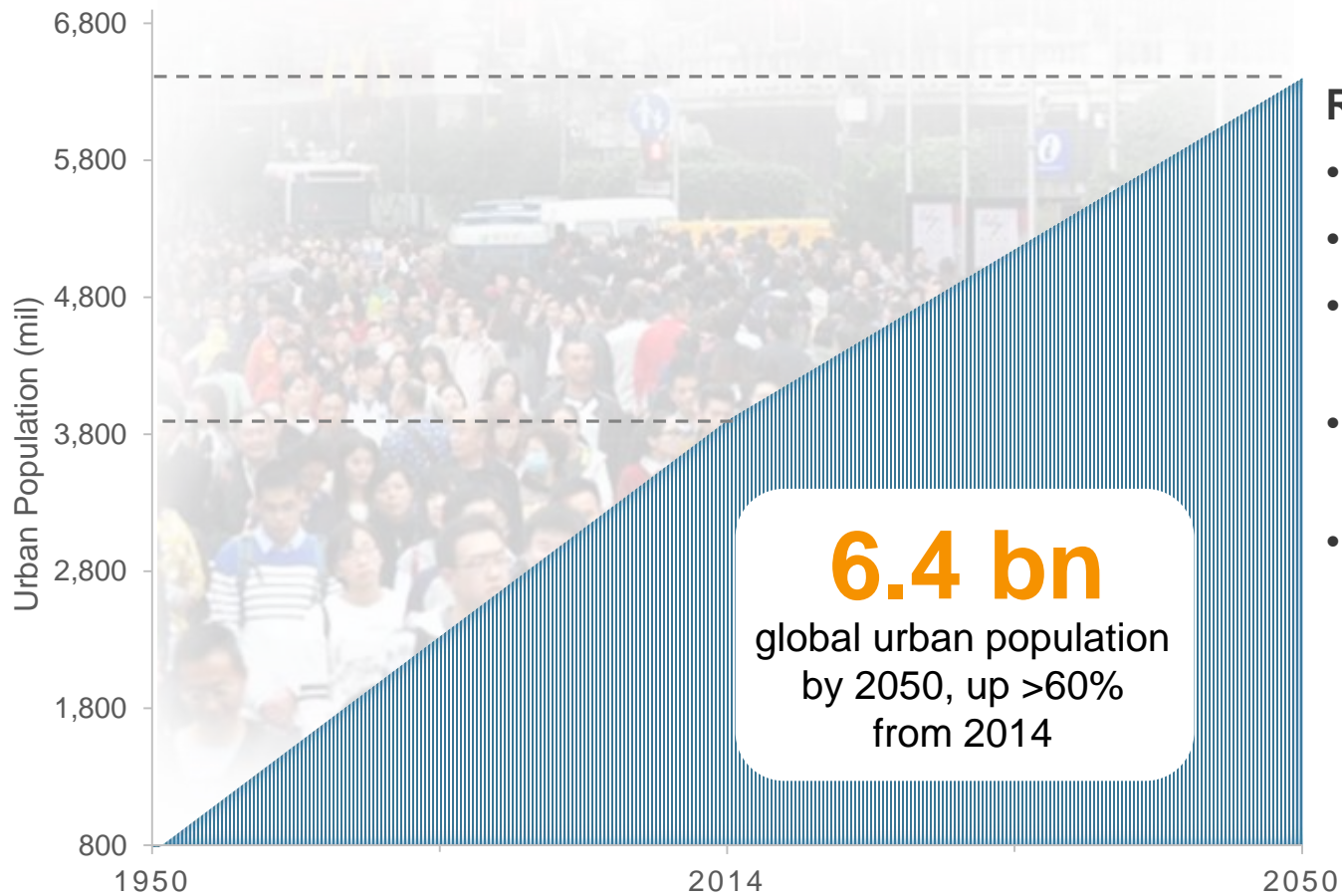
**Our vision** is to be a global company at the forefront of our chosen industries, shaping the future for the benefit of all our stakeholders.

Keppel meets the world's sustainable urbanisation needs through key businesses in Offshore & Marine, Property, Infrastructure and Investments.



# Tapping Growth in Sustainable Urbanisation

*Sustainable urbanisation will provide decades of secular growth for the Keppel Group.*



## Rising demand for:

- Energy
- Infrastructure
- Clean Environments
- Homes, Offices & Retail Properties
- Connectivity

Source: World Urbanization Prospects 2014, United Nations

# Shaping Keppel's Future

## Recent milestones

### **Building strong business verticals (2013 - 2015)**

- Integrated energy and environmental businesses under Keppel Infrastructure
- Privatised Keppel Land

### **Driving growth and synergy through asset management (2016)**

- Integrated the Group's asset managers under Keppel Capital
- Launched Asia's first-of-its-kind Data Centre fund



# Shaping Keppel's Future

## Recent milestones

### **/// Bolstering core competencies (2016 - 2017)**

- Acquired LETOURNEAU™ offshore rig business
- Expanded into e-commerce fulfilment with Courex stake
- Re-organised Keppel O&M's operations into *New Builds* and *Conversions & Repairs*

### **/// Expanding into new markets (2017 & beyond)**

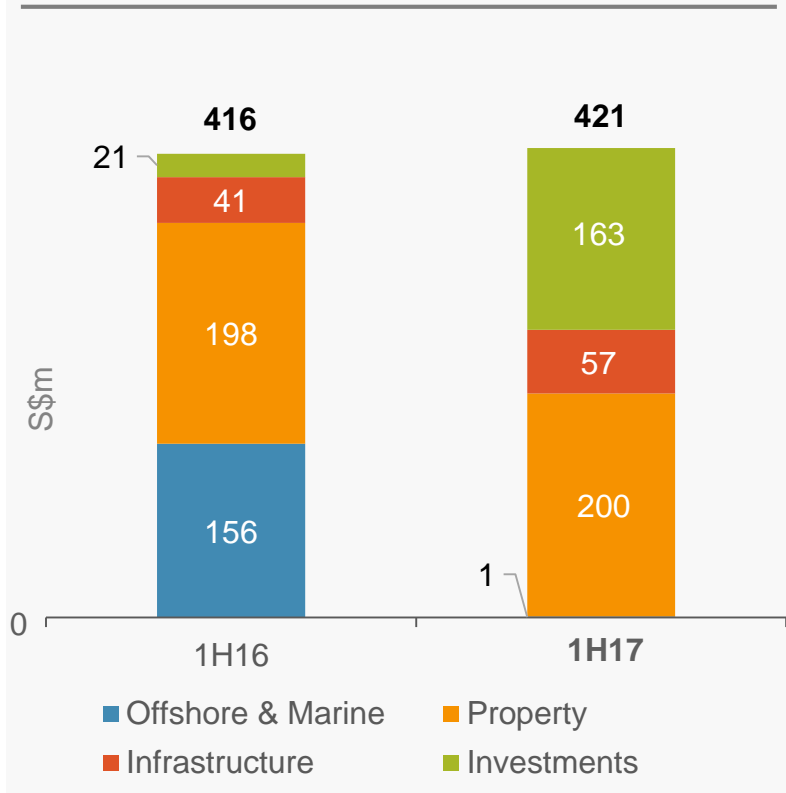
- Growing gas strategy
  - Delivering first-of-its-kind FLNG vessel conversion
  - Supplying LNG bunker in Singapore with Shell
- Embarked on Singapore's 4<sup>th</sup> desalination plant
- Exploring plans to develop gasification facility in Singapore



# Anchored on a Multi-Business Strategy

1H17 net profit

S\$421m, up 1% yoy

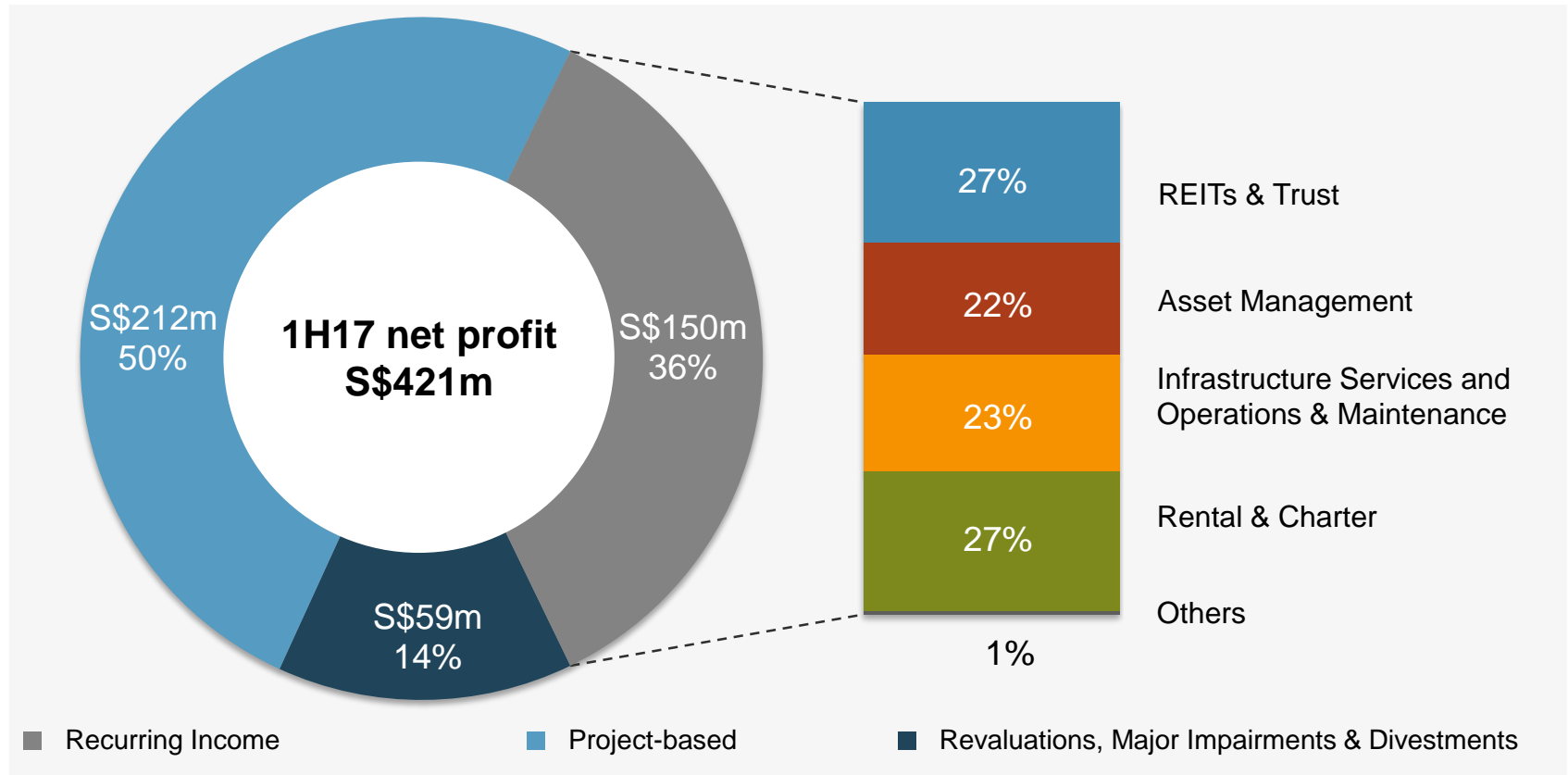


- Resilient operations backed by diverse businesses serving sustainable urbanisation needs
- Further growing contributions from Property, Infrastructure and Investments divisions
- Focused on expanding stable recurring income to fund capital spending and dividends for the long term



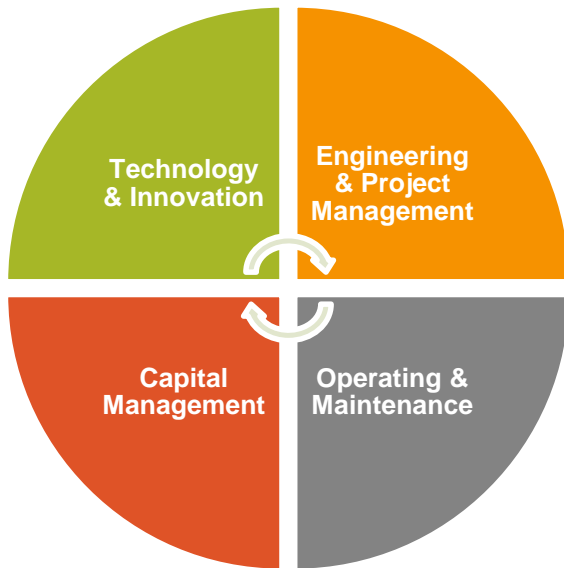
# Multiple Earnings Streams

- Recurring income constituted 36% of 1H17 net profit



# Harnessing Strengths, Multiplying Synergies

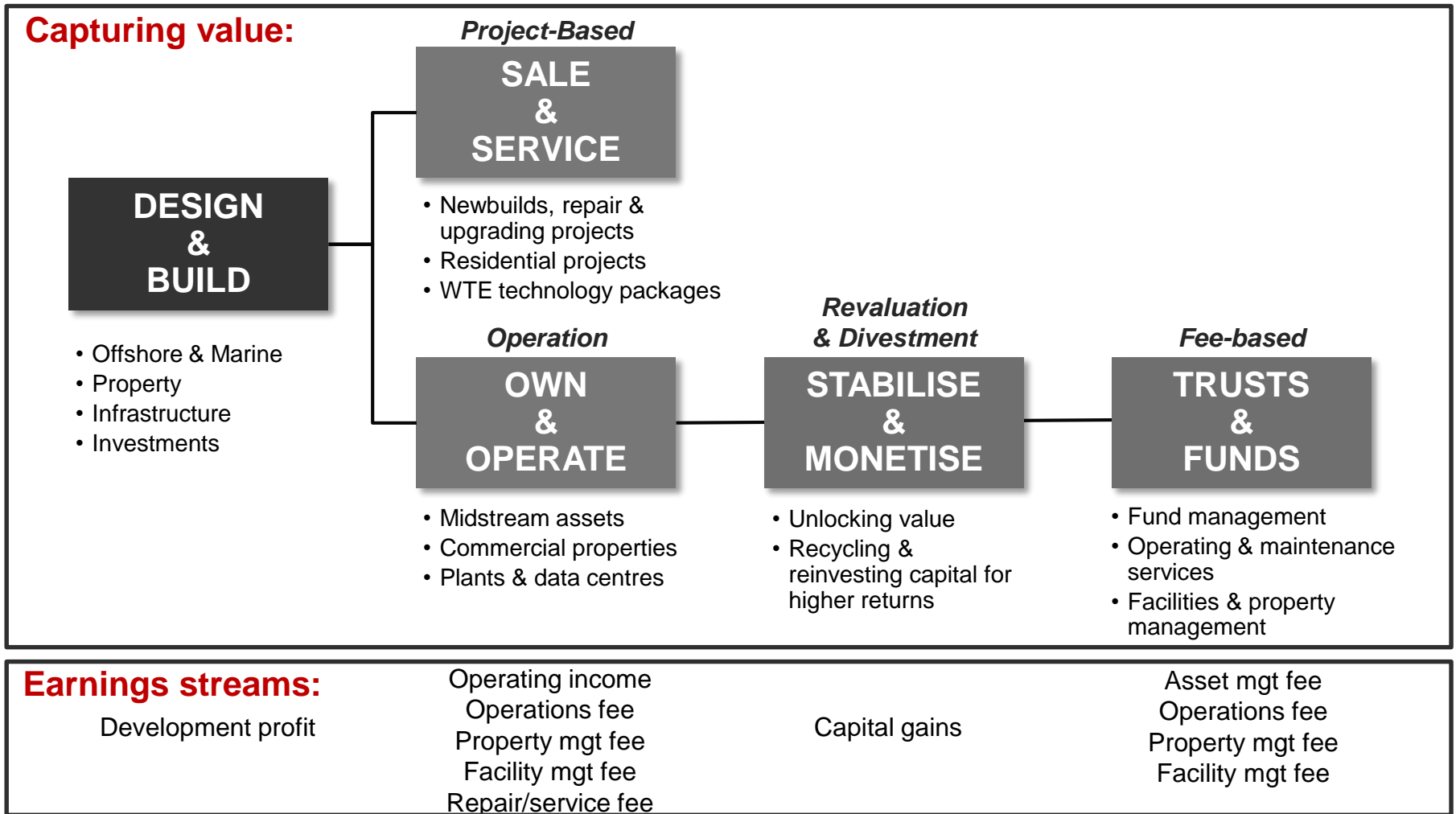
Core Strengths:



Building Strong Verticals + Collaboration:

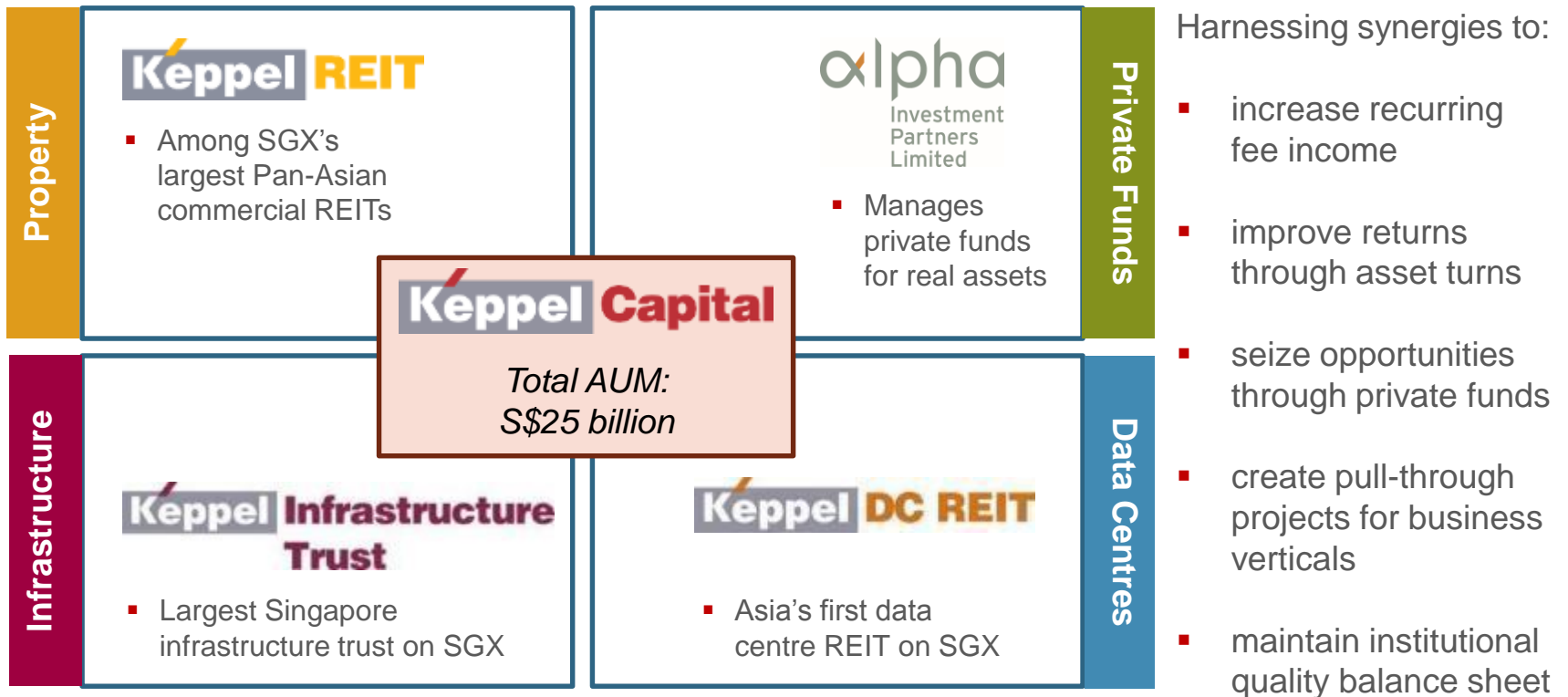


# Creating & Capturing Sustainable Value



# Fueling Growth through Asset Management

*Aim to double Keppel Capital's AUM over next the five years.*



# Seizing Opportunities in Sustainable Urbanisation

## Offshore & Marine

### Gas value chain

- Liquefaction & regasification
- Transportation & bunkering

### Specialised vessels

### Re-purposing offshore technology

- Floating infrastructure assets



## Infrastructure

### Energy & environmental infrastructure

- Power and gas
- WTE, desalination & wastewater treatment
- District cooling and energy efficiency management

### Connectivity

- Data centre development and management
- Urban logistics, e-commerce fulfilment



## Property

### Rising home-ownership aspirations in Asia

- Residential pipeline of >62,000 homes

### Prime commercial portfolio

- ~1.5 million sm of commercial GFA, 2/3 of which is under development



## Investments

### Integrated asset management

- Asset management solutions for real assets across Property, Infrastructure, and even O&M sectors

### Master developer of large-scale urban developments

- Sino-Singapore Tianjin Eco-City
- Jinan Smart City



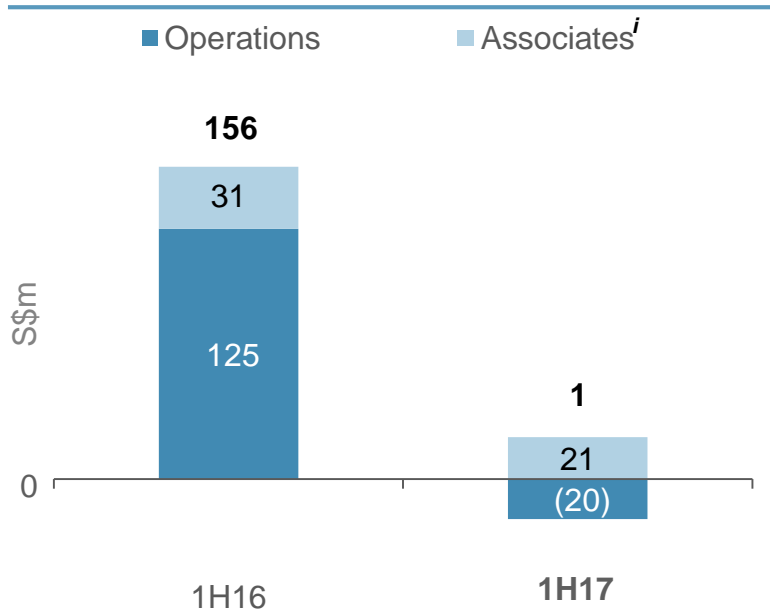
# Address by CFO

# 1H 2017 Financial Performance

<b>S\$m</b>	<b><u>1H17</u></b>	<b><u>1H16</u></b>	<b><u>% Change</u></b>
<b>Revenue</b>	<b>2,802</b>	<b>3,368</b>	<b>(17)</b>
<b>EBITDA</b>	<b>439</b>	<b>626</b>	<b>(30)</b>
<b>Operating Profit</b>	<b>326</b>	<b>512</b>	<b>(36)</b>
<b>Profit Before Tax</b>	<b>564</b>	<b>563</b>	<b>-</b>
<b>Net Profit</b>	<b>421</b>	<b>416</b>	<b>1</b>
<b>EPS (cents)</b>	<b>23.2</b>	<b>22.9</b>	<b>1</b>

# Offshore & Marine

## 1H17 net profit



S\$m	1H16	1H17	% Change
Revenue	1,538	932	(39)
Operating profit	203	36	(82)
Net profit	156	1	(99)

- Rightsizing efforts and associates' contributions helped Keppel O&M to break even
- YTD new contracts of ~S\$300m, comprising non-drilling solutions
- Net orderbook<sup>ii</sup> of S\$3.4b as at end-Jun 2017

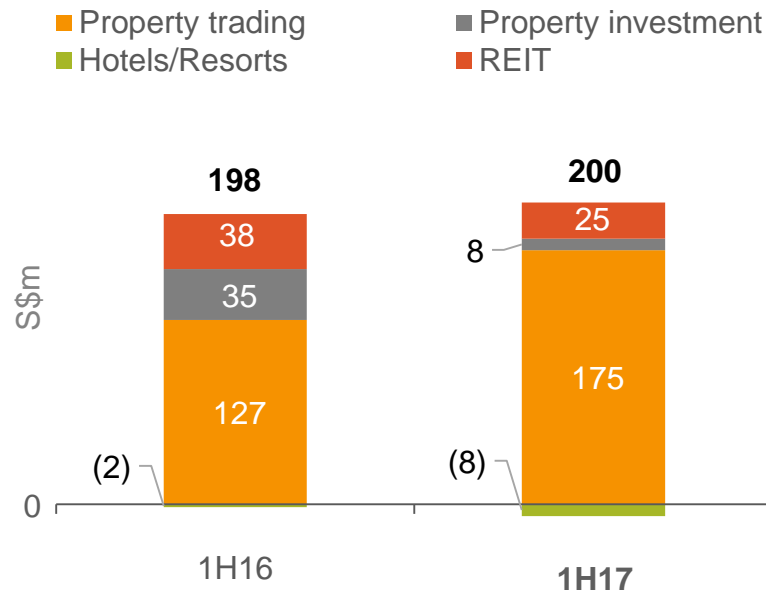
<sup>i</sup> Includes contributions from Floatel, Seafox and Dyna-Mac, etc.

<sup>ii</sup> Excludes semis for Sete Brasil



# Property

## 1H17 net profit



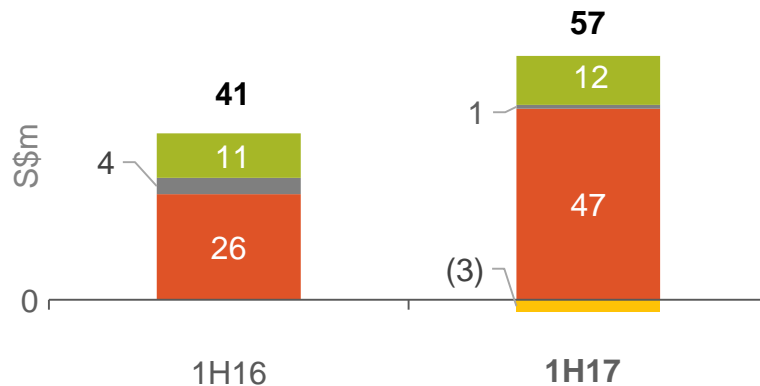
S\$m	1H16	1H17	% Change
Revenue	972	804	(17)
Operating Profit	210	171	(19)
Net Profit	198	200	1

- Sold 2,470 homes in 1H17, up 15% yoy
  - Steady sales in China of 1,810 units
  - 390 units sold in Vietnam, up ~4x yoy
  - 220 units sold in Singapore, up ~16% yoy
- ~5,860 overseas homes sold to be recognised upon completion from 3Q17 through 2019

# Infrastructure

## 1H17 net profit

- Energy, environment & infrastructure services
- Data centres
- REIT & Trust
- Logistics and others

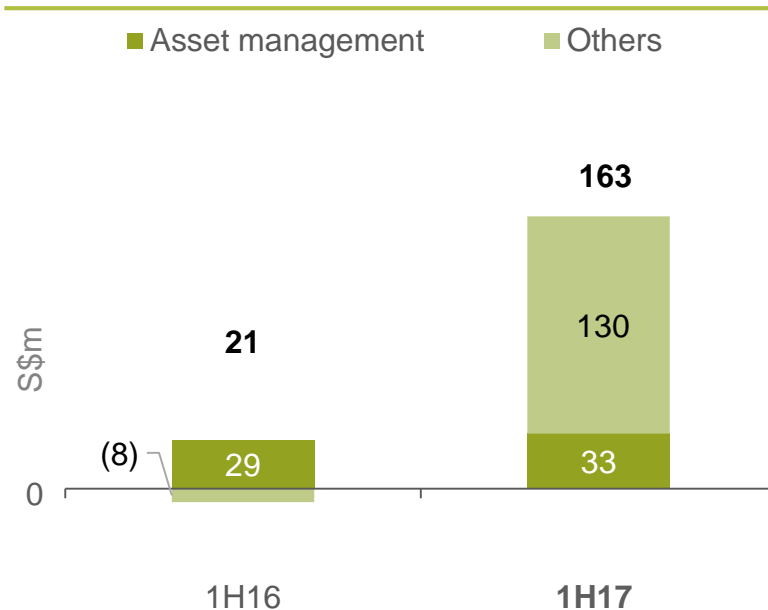


- Higher sales achieved in the power and gas businesses
- Gain on divestment of GE Keppel Energy Services
- Keppel DC Singapore 4 achieved TOP and has been injected into Alpha DC Fund

S\$m	1H16	1H17	% Change
Revenue	794	<b>988</b>	24
Operating Profit	39	<b>49</b>	26
Net Profit	41	<b>57</b>	39

# Investments

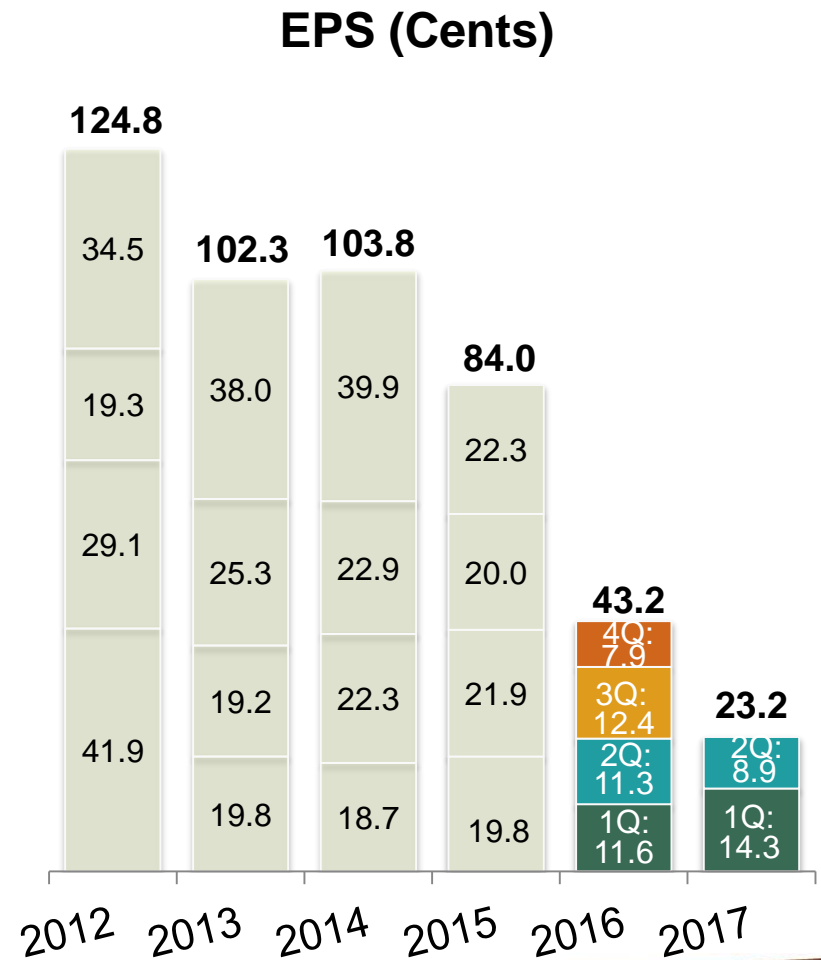
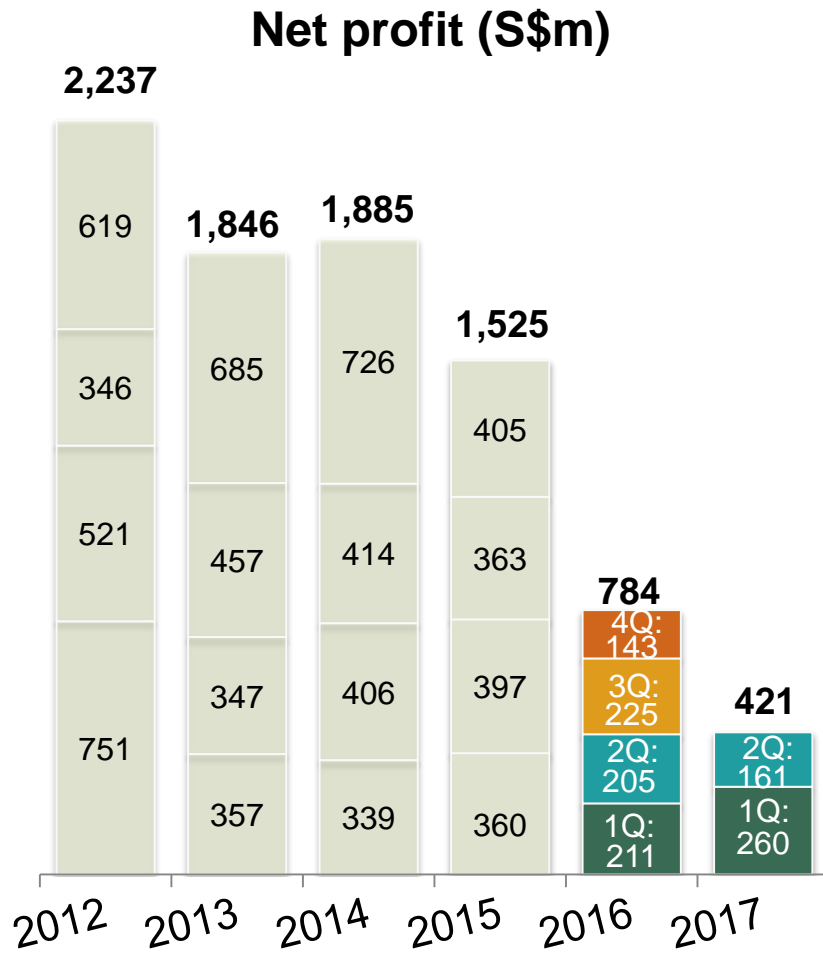
## 1H17 net profit



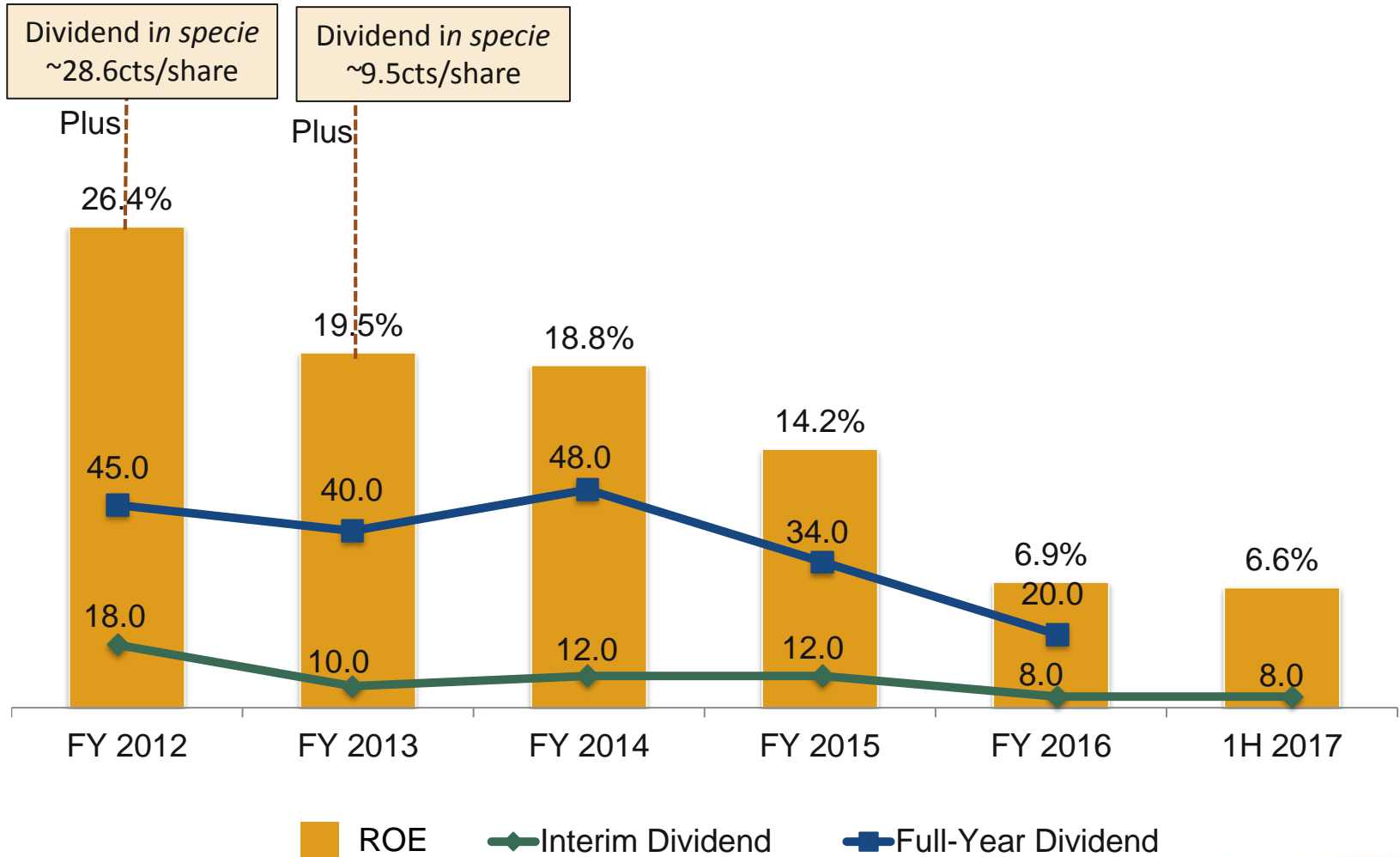
S\$m	1H16	1H17	% Change
Revenue	64	78	22
Operating Profit	60	70	17
Net Profit	21	163	>500

- Stable earnings from asset management
  - Alpha DC Fund secured capital commitments of close to US\$500m
- Stronger contribution from Sino-Singapore Tianjin Eco-City land sales

# Net Profit & EPS



# ROE & Dividend



# Q&A

# Additional Information

# Key Financial Highlights

S\$m	FY16	FY15	% Chg	1H17	1H16	% Chg
Revenue	<b>6,767</b>	10,296	(34)	<b>2,802</b>	3,368	(17)
Operating Profit	<b>795</b>	1,514	(47)	<b>326</b>	512	(36)
Net Profit	<b>784</b>	1,525	(49)	<b>421</b>	416	1
EPS	<b>43.2cts</b>	84.0cts	(49)	<b>23.2cts</b>	22.9cts	1
Free Cash Inflow/(Outflow)	<b>576</b>	(694)	<i>n.m.</i>	<b>237</b>	(262)	<i>n.m.</i>
Annualised ROE	<b>6.9%</b>	14.2%	<i>Reduction of 730bps</i>	<b>6.6%</b>	7.4%	<i>Reduction of 80bps</i>
Net Gearing	<b>0.56x</b>	0.53x	<i>Increase of 0.03x</i>	<b>0.58x</b>	0.56x	<i>Increase of 0.02x</i>
<b>Cash Dividend</b>	<b>20cts</b>	34cts	(41)	<b>8.0cts</b>	8.0cts	-



# Revenue by Segment

S\$m	<b>FY16</b>	<i>%</i>	<b>FY15</b>	<i>%</i>	<b>1H17</b>	<i>%</i>	<b>1H16</b>	<i>%</i>
Offshore & Marine	<b>2,854</b>	<i>42</i>	6,241	<i>60</i>	<b>932</b>	<i>33</i>	1,538	<i>46</i>
Property	<b>2,035</b>	<i>30</i>	1,823	<i>18</i>	<b>804</b>	<i>29</i>	972	<i>29</i>
Infrastructure	<b>1,744</b>	<i>26</i>	2,037	<i>20</i>	<b>988</b>	<i>35</i>	794	<i>23</i>
Investments	<b>134</b>	<i>2</i>	195	<i>2</i>	<b>78</b>	<i>3</i>	64	<i>2</i>
<b>Total</b>	<b>6,767</b>	<i>100</i>	10,296	<i>100</i>	<b>2,802</b>	<i>100</i>	3,368	<i>100</i>

# Net Profit by Segment

S\$m	<b>FY16</b>	<i>%</i>	<b>FY15</b>	<i>%</i>	<b>1H17</b>	<i>%</i>	<b>1H16</b>	<i>%</i>
Offshore & Marine	<b>29</b>	<i>4</i>	482	<i>32</i>	<b>1</b>	<i>-</i>	156	<i>37</i>
Property	<b>620</b>	<i>79</i>	661	<i>43</i>	<b>200</b>	<i>47</i>	198	<i>48</i>
Infrastructure	<b>99</b>	<i>13</i>	197	<i>13</i>	<b>57</b>	<i>14</i>	41	<i>10</i>
Investments	<b>36</b>	<i>4</i>	185	<i>12</i>	<b>163</b>	<i>39</i>	21	<i>5</i>
<b>Total</b>	<b>784</b>	<i>100</i>	1,525	<i>100</i>	<b>421</b>	<i>100</i>	416	<i>100</i>

**K**eppel is in the business of sustainable urbanisation. We drive collaboration across business verticals to create and capture value from all parts of the Group.