

## Media Release

### Keppel Corporation announces its 1Q 2021 business update

*The Group achieved higher net profit year-on-year and continued to progress towards its Vision 2030 goals.*

**Singapore, 22 April 2021** – Keppel Corporation Limited (Keppel) has today released its voluntary business update for 1Q 2021. Keppel Corporation recorded a net profit in the first quarter of 2021, which was slightly higher year-on-year. All key business units apart from Keppel Offshore & Marine (Keppel O&M) were profitable. Nevertheless, Keppel O&M's performance has also improved quarter-on-quarter with EBITDA for 1Q 2021 turning positive due to improving margins and productivity.

The Group's revenue was S\$1,889 million for 1Q 2021, which was stable compared to S\$1,857 million a year ago, mainly due to higher contributions from the Urban Development and Asset Management segments, offset by lower revenues from Energy & Environment.

The Group's net gearing was lower at 0.88x as at 31 March 2021, compared to 0.91x as at 31 December 2020, mainly due to higher equity. The divestment of Keppel Bay Tower, which is targeted for completion in 2Q 2021, would have further reduced the Group's net gearing to 0.83x as at 31 March 2021 had it been completed in 1Q 2021.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "Keppel's business units made creditable progress in the first quarter of 2021, against the backdrop of a gradual recovery from the pandemic. In line with Vision 2030, we have continued to launch new initiatives, such as the Bifrost Cable System, which will grow our Connectivity business and provide an important platform to harness synergies across various business units including Keppel Data Centres, M1 and Keppel Capital."

In the Energy & Environment segment, Keppel O&M returned to positive EBITDA in 1Q 2021, as a result of quarter on quarter improvements in margins and productivity. Apart from S\$66 million of new contracts secured in 1Q 2021 for various upgrading and repair projects including wind turbine installation and gas-related vessels, Keppel O&M is presently in advanced discussions with Petrobras on the P-78 FPSO project. Keppel Corporation continues to make good progress with the organic transformation of Keppel O&M and is also exploring inorganic options.

Keppel Infrastructure continues to make good progress on its environmental projects in Hong Kong and Singapore, and has announced plans to form a joint venture with StarCharge to invest in, develop, own and operate electric vehicle (EV) charging infrastructure in Singapore, as well as pursue other EV-related opportunities in the region.

In the Urban Development segment, Keppel Land's home sales tripled year on year to 1,360 units, underpinned by stronger performance in China, Vietnam and Singapore. Keppel Land also completed three divestments in China, Vietnam and the UK during the quarter.

In the Connectivity segment, Keppel Telecommunications & Transportation (Keppel T&T) announced an investment of S\$467 million in a joint build agreement with Facebook and Telkom Indonesia to jointly own and develop the world's first subsea cable system that directly connects Singapore to the west coast of North America via Indonesia through the Java Sea and Celebes Sea. A binding term sheet has been signed with leading Philippine fibre broadband provider Converge Information & Communications Technology Solutions, Inc. (Converge) to grant Converge an Indefeasible Right of Use for one fibre pair on the main trunk of the Bifrost Cable System.

In the Asset Management segment, Keppel Capital continues to grow with the launch of a China logistics property fund with an initial equity commitment of about RMB1.4 billion, and the securing of a S\$360 million separate account mandate from Dutch pension fund manager, PGGM.

More details on the business segments' updates for 1Q 2021 can be found in the addendum to this media release.

Separately, KrisEnergy announced on 20 April 2021 that its restructuring plan was no longer viable and that material uncertainty existed over its ability to continue as a going concern, given the significantly lower estimated ultimate recovery and cashflow from the Apsara Mini Phase 1A development. Keppel Corporation had announced on the same day that it is, together with its financial advisor, evaluating the impact of KrisEnergy's announcement and determining the best course of action for Keppel. A further update will be provided when the financial impact is ascertained.

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## **ADDENDUM**

### Energy & Environment

Keppel O&M's EBITDA turned positive quarter-on-quarter with the improving margins and productivity, though it remained loss-making in 1Q 2021. Keppel O&M operated at close to full capacity in 1Q 2021 with safe management measures in place. In Singapore, a workforce of about 19,000 has returned to the yards and offices.

In the first quarter of the year, Keppel O&M secured approximately S\$66 million of contracts to upgrade and repair wind turbine installation and gas-related vessels, among others. Keppel O&M is also in advanced discussions with Petrobras on the P-78 floating production storage offloading vessel project. As at end-March 2021, Keppel O&M's net orderbook stood at S\$3.0 billion, about 80% of which comprised renewables and gas-related solutions. Keppel O&M is actively engaging potential buyers and charterers of rig assets.

Keppel Infrastructure's overall performance was steady in 1Q 2021. Revenue was S\$635 million, as compared to S\$651 million for 1Q 2020. Keppel Infrastructure's EBITDA was S\$31 million for 1Q 2021 compared to S\$43 million for 1Q 2020. During the quarter, Keppel Infrastructure continued to execute on its integrated waste management facility projects in Hong Kong and Singapore, which were about 29% and 7% completed respectively by the end of March 2021.

Advancing the Group's sustainable solutions, Keppel Infrastructure has signed a Memorandum of Understanding with StarCharge to form a joint venture that will invest in, develop, own and operate EV charging infrastructure in Singapore, as well as pursue other EV-related opportunities in the region.

### Urban Development

Keppel Land's performance in 1Q 2021 improved over the previous year, bolstered by higher contributions from China and Vietnam property trading projects, as well as divestment gains. Notably, Keppel Land's home sales in 1Q 2021 tripled year-on-year to 1,360 units, underpinned by stronger performance in China, Vietnam and Singapore.

During the quarter, Keppel Land completed divestments of three projects across China, Vietnam and the UK and also acquired the remaining 25% stake in Riviera Point, Vietnam. The divestment of Keppel Bay Tower, which is expected to be completed in 2Q 2021, will further unlock cash of about S\$600 million, which can be redeployed for various uses across the Group including investments into growth opportunities.

Over in China, SSTECH, the master developer of the Sino-Singapore Tianjin Eco-City, continued to drive the development of the Eco-City with the sale of a commercial and residential land plot Eco-City in March 2021 for about RMB1.5 billion.

### Connectivity

In March 2021, Keppel Telecommunications & Transportation (Keppel T&T) announced an investment of S\$467 million in a joint build agreement with Facebook and Telkom Indonesia to jointly own and develop the Bifrost Cable System. Bifrost is the world's first subsea cable system that directly connects Singapore to the west coast of North America via Indonesia through the

Java Sea and Celebes Sea, and is a complementary growth area identified under Keppel's Vision 2030.

Bifrost presents many potential areas for synergy across Keppel's business units including offering enhanced connectivity for Keppel Data Centres and M1, and also can leverage Keppel Capital to secure third-party funding. Keppel T&T has since been awarded a Facilities-Based Operator licence by IMDA to provide services in connection with Bifrost. The company is in advanced discussions with potential partners and customers, who could co-own or lease Keppel's fibre-pairs and has signed a binding term sheet with leading Philippine fibre broadband provider Converge to grant the latter an Indefeasible Right of Use (IRU) for one fibre pair on the main trunk of the Bifrost Cable System. In addition, Keppel T&T and Converge will jointly develop a branch on the Bifrost Cable System that will land in Davao, the Philippines, with Converge also being granted an IRU on the entire Davao branch.

During the quarter, Keppel T&T made progress on the planned divestment of its logistics and channel management business. The bidders have been shortlisted and are currently conducting due diligence. Meanwhile Keppel T&T has reached an agreement with local authorities in Foshan, China to receive compensation of up to RMB438 million for closure of the Lanshi Port, and is working towards liquidating Keppel Logistics Foshan.

M1's 1Q 2021 performance was lower year on year, mainly due to lower roaming and prepaid revenues. Its EBITDA was S\$55 million for 1Q 2021 compared to S\$73 million for 1Q 2020. During the quarter, M1 established new partnerships with Continental and JTC for 5G Standalone Autonomous Mobile Robots operations, and also launched a new brand identity with personalised offerings and enhanced customer experience backed by Singapore's first-of-its-kind cloud native digital platform.

### Asset Management

Keppel Capital performed better year on year, mainly due to stronger operating results as well as mark-to-market gains of investments. The company's asset management fees<sup>1</sup> grew to S\$42 million for 1Q 2021, compared to S\$35 million for 1Q 2020.

During the quarter, Keppel Capital launched a China logistics property fund with a global institutional investor, achieving initial equity commitment of about RMB1.4 billion, and secured a S\$360 million separate account mandate from Dutch pension fund manager, PGGM, to tap commercial real estate opportunities in Japan, China and Singapore.

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<sup>1</sup> Includes 100% fees from subsidiary managers, joint ventures and associated entities, as well as share of fees based on the shareholding stake in an associate with which Keppel has strategic alliance.