Keppel Ltd. 1H 2026 Financial Results Webcast

Transcript of the Question & Answer Session

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LCH	Loh Chin Hua, CEO
CT	Christina Tan, CEO, Fund Management and Chief Investment Officer
KC	Kevin Chng, CFO
LL	Louis Lim, CEO, Real Estate
CL	Cindy Lim, CEO, Infrastructure
MSM	Manjot Singh Mann, CEO, Connectivity and CEO, M1

Question & Answer session

Questions from Mervin Song, JP Morgan

Congratulations to you this morning, so many wins in the first half. Superb Funds under Management (FUM) growth, Sakra commencing, legacy rigs. Looks like you are shedding the view that Keppel is a conglomerate, and Keppel is now becoming a global asset manager.

The Infrastructure segment has done quite well, considering the lower spark spreads. But can you disclose the growth that you are seeing within the Decarbonisation & Sustainable Solutions (DSS) business in 1H 2026?

LCH: Thank you, Mervin. I will ask my colleague, Cindy, to address these questions.

CL: Good morning, Mervin. So, I think you have read that the total revenue under long-term contracts has grown to $8 billion to be delivered in the next 10 years or so. Such contracts are very interesting because they give us visibility of the recurring income, and these contracts are also indexed against inflation.

The 1H 2026 DSS performance has grown slightly year on year (yoy).

In 1H 2026, were you forced to source for elevated gas from SLNG and would this continue into 2H 2026?

CL: You would have read that there is a force majeure declared by the upstream supplier. So, in the month of April, we did source for replacement gas. Notwithstanding, we have very resilient gas supply infrastructure within Singapore. We work very closely with our customers, regulator as well as upstream supplier to ensure that our piped natural gas (PNG) remains resilient in supply. That's number one. Number two, our fuel back-up strategy continues to be intact and robust. The timely commencement of the Sakra Cogen Plant has more than offset the cost impact of this replacement gas.

What are your thoughts on spark spreads, and the difference between long-term contracts as you renew them, and the shorter one- to three-year contracts?

CL: I think it is known that we have seen normalising of spreads, which were grossly escalated back in 2022 and 2023. Having said that, it is not very instructive to just look at short-term movements in the spark spread because it will continue to be volatile. What our integrated power business is focused on is really securing predictable and healthy long-term contracts that will provide that income visibility for the entire 1.9 GW of installed generation capacity.

For 2H 2026, did you have to source at slightly elevated gas prices from SLNG, given the force majeure condition?

CL: As of now, the answer is no. We did not crystallise any sourcing of replacement gas at elevated levels for 2H 2026.

LCH: I think to be fair, the situation is still quite fluid, but at this point in time, the answer is no.

<u>Questions from Rachael Tan, UBS</u>

In terms of the power portfolio mix, how much capacity have you contracted? Can we say that it is the full 1.9 GW that has been contracted out, and how would you account for redundancy?

LCH: Cindy?

CL: Thank you, Rachael. For the Singapore power market, there is an obligatory spinning reserves margin that is required from the installed capacity. So whilst we have a 1.9 GW installed generation capacity, not all will be fully contracted because of this regulatory obligation.

Suffice to say, we have our own view on our generation strategy. The Sakra Cogen Plant is fully contracted for 2026 and 2027, so on a portfolio basis, we are healthily contracted with a certain buffer to capture some volatility opportunities when they arise.

If you look at slide 58, you laid out a definition of Sponsor Stakes and Co-Investments (SSCI). That is very helpful. Thank you for including that. So it says that SSCI includes funds that are 100% owned by Keppel. Could I know which funds are still 100% owned by Keppel?

KC: When we refer to funds 100% owned by Keppel, we refer to those where we are still fundraising.

If net profit contributions from SSCI presented are based on the underlying income stream, then if the RigCo is in the SSCI, does it mean that the underlying losses will be reflected there as well?

LCH: The current impairment losses still stay at Non-Core Portfolio. But when the six rigs go into the fund, we will receive 50% in cash. The other 50% is still held by Keppel in the fund, so going forward, it will be accounted under the New Keppel or under SSCI.

Questions from Brandon Lee, Citi

During the briefing on the termination of the M1 deal, you mentioned that you had to bring forward some divestments that were slated for next year and the year after. So with the RigCo sale, does it mean you don’t have to do that anymore? If you look at the context of the amount, it is quite similar.

LCH: The short answer is no. I think we are constantly looking to monetise the Non-Core Portfolio. We have set a hard target of 2030 to substantially monetise the Non-Core Portfolio. But there is nothing to stop us from doing it earlier if we can. Of course, by giving us more time, it will allow us to crystallise this monetisation at the appropriate valuation. But it does not mean that if we have a chance to do it earlier, we would not take it.

The key is that we are very focused on the New Keppel and growing the New Keppel. But we also know that we are also required to take care of business as far as monetisation of the Non-Core Portfolio goes.

On the Keppel Offshore Fund (KOF), if you look at page 17 of the financial statements, there is a comprehensive explanation on what dictates fixed asset value, including a range of US$80 million to US$624 million in asset value changes. Could you share with us what that really means? And also, the sensitivity analysis where it says that if the deployment is delayed by 12 months, there will be an impairment of $390 million. So, what does that really mean?

LCH: I will ask Kevin to respond.

KC: If you are referring to page 17, that is the disclosure around our approach to value those rigs. As we all know, the rigs are valued based on recoverable amount, so what actually happens is, we will go out to industry experts to get rates and estimated sale values, and then we get another independent party to calculate the values for these rigs. These notes just serve to explain to stakeholders how we go about doing it.

So, for example, to your point where we refer to sale values, the business plans of the fund have considerations for sale at a certain point in time, so we had to bring that into our evaluation approach. And then if the schedule is delayed by 12 months, there will be an impact that goes into the recoverable amount calculation so as to arrive at the value that we carry on our books for the rigs.

In the announcement, you mentioned that the remaining four rigs will be sold in FY 2027 and FY 2028, does that mean that if there is a delay, there is a potential impairment of $390 million?

KC: Only if there is a delay. But we are starting the construction for those rigs. The model requires you to assume sensitivity to delay, but we are not planning for any delays simply because we have a path forward now, as an option for the uncompleted rigs.

LCH: I think the other thing to bear in mind is that these are all projections. It is very dependent on market conditions. Our belief and the belief of Apollo as LP in the fund is that the rig market, as we mentioned, is on the mend. It may still take time for the dayrates and the value to reflect the underlying fundamentals. The fundamentals are improving day by day, so the assumptions can also change over time. But the basic thesis is that this gives us a chance to partially monetise our stake, but we can still take advantage of any potential, which we believe will happen, improvement in the rig market.

Questions from Joy Wang, HSBC

Just in terms of the asset management business, you have had significant fundraising in July. How should we think about deployment going forward and the associated fees that will come through? In 1H 2026, I think fee increase is still lagging fundraising.

LCH: Chris, do you want to take this?

CT: In terms of our asset management business, like we said, the fundraising is a significant inflection point for us. Because of the strong track record that we have shown to investors, whether it is from the sale of our data centres, the sale of Bifrost or 800 Super. I think the strong track record attests really well and positions Keppel really well in terms of being a global asset manager and operator.

In terms of deployment, I think the team is working hard. They are all working on different transactions. There are a lot of transactions that we are looking at in the digital infrastructure space. As we have earlier alluded to, we have to make decisions on the two more likely cable systems that we're looking at.

We also have significant infrastructure and renewable energy projects that we are looking at. These are all coming into place. So in terms of deployment, the team is working hard to look at these. For the fees that we will be expecting, I think you can look at the FUM raised, which is $13.5 billion, and you can use the annualised fee-to-FUM rate to roughly compute the increase in fees or the magnitude of fees.

LCH: Just to add to what Chris has just said: A significant part of the $13.5 billion FUM raised was done in July. So, it actually falls outside the 1H 2026 accounting period, so you will expect that the fees would start to kick in in 2H 2026.

On the rig impairments, going forward, are we still going to see more? There is one element of interest associated with the portfolio. So as we still carry the remaining rigs, do we still have more interest to be impaired for the forward financial period?

LCH: Unfortunately, we cannot forecast impairments. As I mentioned earlier, the belief is that the market is improving, but at the same time, there is this exercise that we have to take every six months to test for impairment. We cannot forecast impairments. But as I mentioned earlier, the rig fundamentals are improving.

As far as the interest costs are concerned, the six rigs that have been monetised, or will be monetised – when it is completed – into the fund, they will be deconsolidated from our balance sheet.

<u>Questions from Tan Xuan, Goldman Sachs</u>

On FUM growth, I note that opportunistic M&A was highlighted in the slides. Can you briefly talk about how you assess whether an acquisition is strategic, and the financial considerations that you would think about?

CT: In terms of our FUM growth, as we said, we are always looking out for good M&A opportunities. Besides just asset management platforms that can increase our FUM, we are also looking at M&As for infrastructure deals, for digital, for connectivity as well. There are a lot of platforms out there for sale and the funds are actually able to participate in such platform acquisitions. So the M&A activities are quite broad-based. Besides looking at just Keppel Ltd., we are also looking at it from a deal perspective for the various funds that we have.

On the Non-Core Portfolio for Divestment, there is $2.4 billion of associated cash and receivables. Can you split it up and explain why it is included and at what point can they actually be monetised?

LCH: I will ask Kevin to answer this.

KC: I do not have the detailed breakdown of cash and receivables. Maybe just to answer your question on what those represent – if you think about the Non-Core Portfolio for Divestment, the way we disclose is based on gross asset value. Now, included in some of these is cash associated with these assets.

So to give you an example – we have made this statement before – the cost required for us to complete the remaining rigs is sitting as part of this $2.4 billion, because they are in the Non-Core Portfolio for Divestment. This is why we have always said that, in order for us to complete these rigs, we will not be pumping in any more cash because the cash is in there.

Now, the other parts of the cash and receivables are in some of our property projects. For example, if they still continue to run, there are receivables there. So, all of this will wash out once we divest the assets. When the cash needs to be utilised to realise the value, the excess would then come back once we monetise those assets.

One last question on KOF. I see that there is a guaranteed return on the fund. Can you share if the guaranteed return is above or below what the current asset yield is? I'm trying to understand whether there are any scenarios whereby there will be recourse to Keppel or if you would have to recognise a loss beyond your 50% share.

LCH: Currently, the yield that Apollo will receive will be roughly matched by the dayrates that we will get; which means that we do not believe that there will be a scenario where there will be a recourse to Keppel.

Questions from Mayank Maheshwari, Morgan Stanley

Can you just talk to us about the long-term liquefied natural gas (LNG) sourcing portfolio that you have and how it pans out over the next one to three years? How are you thinking about the geographies and diversification of the LNG portfolio?

LCH: Cindy?

CL: In the Singapore context, future long-term LNG sourcing will be via GasCo. But specific to Keppel's Infrastructure Division, our gas supply portfolio for the next one to three years has already been spoken for, i.e. whatever that we require for our generation capacity will be fulfilled through our existing PNG contract, as well as our existing LNG contract. In fact, we were very diligent in extending our PNG contract tenure, even before the Middle East crisis, so that gave us a resilient and cost-competitive fuel supply for the next one to three years.

Just a follow-up on that. For the next one or two years, can we say most of the contracts are now cost-plus incrementally for you because there are around 8%-10% of contracts expiring over the next one year. How are we thinking about the contract negotiations around that? What are you seeing in the market?

CL: In terms of the power plans that are available in the market, they are either fuel cost pass-through or indexed against commodities, in this case, Brent, or it could be fixed-price contracts. In the latter case, we will then do our own due diligence hedging. These won't change in the context of having GasCo, the pricing plan is still up there, fixed, fuel-indexed or cost pass-through.

On Aermont Fund VI and on the $13.5 billion FUM that you raised in 2Q 2026, can you give us broad strokes in terms of where you will deploy that capital, how you are thinking about it more on the Aermont level, as well as the sovereign wealth fund that you raised capital from? Where do you see it being deployed over the next few years and in which parts?

LCH: For the Aermont fund, just to be clear, it is for Europe. It will be deployed in Europe. The fees are earned on a committed basis. Which means that the pace of deployment will actually not affect the asset management fees, as you will only charge fees on committed capital. So as the fundraise continues – they are not fully closed yet, they have a first closing – you would expect that the asset management fees they attract will grow as well.

On your second question, I will ask Chris to answer.

CT: On the sovereign wealth fund, even though they have given us very strong FUM of about $3.3 billion, part of it is allocated to our flagship funds. So it will go into our connectivity data centre funds, it will go into our infrastructure funds. So those funds also attract fees on a committed basis.

There are also separate pots that are available for us to do direct co-investments. So, we will also earn fees on those funds deployed directly.

My last question was on the balance sheet. There has been a big increase in working capital in 1H 2026. Is it largely driven by Infrastructure because of energy prices and start-up of the power plant, or is it something else that we need to look at?

LCH: Maybe Kevin?

KC: Our working capital changes come from different parts. Infrastructure is one of them. But we also have areas such as M1, non-core property projects and Keppel Technology Solutions that are part of that working capital. Those are the main drivers for the increase in working capital requirements.

But coming back to the working capital requirements, if you look at what I have said earlier about our free cash flows, we are still generating pretty healthy free cash flows from both operating and investing activities. So they are all within expectations around how those businesses are growing. So, I do not think we are seeing any abnormal increases in working capital requirements across the businesses that we have.

Questions from Alexander Han, Jain Global

What is the utilisation rate of the Keppel Sakra Cogen Plant for the one-month contribution, and what is the ramp-up schedule?

LCH: I think you have heard from Cindy that it is fully committed, other than for the spinning reserves.

For SSCI, what drove the increase of Infrastructure operational net profit from $7 million to $27 million? What is the split between base fees and any performance-driven fees?

LCH: Kevin?

KC: Thanks for the question, Alexander. So the increase in the Infrastructure SSCI operational net profit is driven mainly by higher distributions from Keppel Infrastructure Trust, lower interest costs and also higher returns from a private fund. On the split between base and performance fees, I do not think we disclose it.

LCH: Yes, I think generally performance fees are still a small proportion of our base fees, but of course we would expect that this will continue to grow as the funds mature over time.

How much of the FUM is equity versus debt?

KC: If you are asking about leverage, our FUM is on a gross asset value basis. On a portfolio basis, it will not exceed more than 60% on average.

Questions from Tom Taylor, PEI Media

What key updates can you share on Keppel Infrastructure Fund and on Keppel Data Centre Fund III?

CT: Yes, on Keppel Infrastructure Fund, we have invested our first deal in Global Marine Group (GMG), which is a subsea cable-laying vessel company, and I think the business is doing really well because of the number of marine cables that are laid, not only by Keppel but by a lot of telecommunications companies (telcos) and hyperscalers. That business is doing really beyond our expectations. So we like that.

We like the full ecosystem, as we said. Whenever we invest, we look at the full ecosystem, and where there are essential services, that is where we like to be in terms of our infrastructure play.

For data centres, there is huge interest in the funds by investors, largely because of AI, as well as the demands from inference or training requirements by hyperscalers. So we are doing deals now in South Korea. We are also looking at deals in Japan. We are quite focused on the key markets of Singapore and Australia, where we announced a 720 MW powerbank, as well as places in Japan and South Korea.

LCH: Anyway, for Data Centre Fund III, our target fund size is US$2 billion and we should be getting very close to that, if not exceeding that.

Is Keppel Infrastructure Fund beginning to look beyond Asia for opportunities? If so, what triggered this change?

LCH: Well, Christina just explained on GMG.

CT: For infrastructure, it is very hard to just closet it within specific geographies because cables are global. Even Bifrost, it is from USA to Guam to Singapore. So you cannot really label it as an Asia infrastructure fund because it is quite global. Our cable-laying vessels are also very global because GMG works very much in the Atlantic zone, where they have very good long-term contracts with the telcos, so it is a bit difficult for us to lock it up with an infrastructure fund that is just Asia-related.

<u>Questions from James Druce, CLSA</u>

There have been a few questions on the $13.5 billion FUM raised, and you have provided some colour on where some of that has come from, with Aermont and the sovereign wealth fund. Are you able to provide any more colour on that? Because it is a big number. And just how much of the fee cut for that $13.5 billion FUM can you earn on a committed basis?

CT: For Aermont, like Chin Hua has said, if you take the $13.5 billion FUM, approximately 45% of it is for the Aermont fund, and that is on a committed basis. On the sovereign wealth fund, parts of it are allocated to data centres as well as infrastructure. So those are also on a committed basis, and as mentioned earlier, it is about $3.3 billion out of the $13.5 billion raised. So that will be the rough percentage that you can use.

For KOF, it is very interesting. We get upfront fees because we have advisory and structuring fees, as well as the ongoing asset management fees, which are typically 2% of committed capital.

If you look at the write-down for the rigs this period, how much of that was allocated to rigs 11 to 13?

LCH: We do not give the breakdown, but I think earlier this week when we announced the sale of the first six rigs into the fund, we did give a number, and I think it is just below $100 million. So now we have announced a total of $165 million (net of cost provision writebacks), which includes the number we previously announced.

<u>Questions from Lim Siew Khee, CGS</u>

For RigCo, what is the average dayrate that you assume for the semisubmersibles, high-specification rigs, jackups and Can Do?

LCH: We do not disclose that.

Can we use the market rates?

LCH: You must understand – ours are bareboat charters, so if you are referring to the market rate, you would still have to figure out what to back out from operations. We typically do not take on the operating risks.

Do you need to find charters for the four rigs before you sell or start construction and who is helping you to find charters?

LCH: Okay, I would refer to Cindy who has been quite actively helping us through this.

CL: So for the rigs, we have seen very active enquiries in the course of the last four quarters. In fact, in the last two quarters, we have intensified shortlists of potential charterers, to support their tendering campaign, and that is why we are very cautiously optimistic in terms of restarting the completion of the advanced-specification offshore rigs, in particular the drillship, and potentially, in sequence, the semisubmersibles for harsh environments.

Just on Infrastructure, just to confirm that even without the Sakra Cogen Plant, your operating profit has actually grown?

CL: That is correct.

Yes, so that is quite impressive.

CL: Thank you.

On the 49% of contracts with tenures of one to three years that are due for renewal, what is the proportion of those before 2H 2024?

CL: I do not have the breakdown right now but suffice to say, arising from the recent Middle East crisis, we see opportunities to re-contract some of these contracts. In 1H 2026, we managed to grab some. And we see some window of opportunity upcoming in the second half of this year.

So the contracts with remaining tenure of one to three years, they have actually started to talk to you in recent times?

CL: Maybe I should put it the other way. We are also actively prospecting some of such customers to help de-risk their contract expiry. So, it is mutual. It is not just them coming to us, but we are also actively seeking out some of our portfolio customers, in particular, those that are of high value or high volume.

I just have one more question on Infrastructure. So I know that you say that Keppel Sakra Cogen Plant is fully committed. Can we assume that plant load factor is already normalised on day one?

CL: Yes, actually this is a very good showcase of Keppel's integrated power capability. Even during the testing and commissioning phase, which was at the peak of the Middle East crisis. Because we have our existing in-house O&M team that we harnessed to support the testing and commissioning phase, we managed to not only bring the plant onstream on target in May, but also what we saw is that the entire performance in June and almost the whole of July has been on point in terms of availability and in terms of heat rates. I think we are very happy with the chosen technology and operations to date.

On asset monetisation, assuming today is 31 December, and you have realised your $611 million from the rigs, your total realised divestment would have been $1.17 billion correct?

LCH: That's correct.

So now we are going back to 30 June, what are the assets that you are quite confident to realise and complete from now until end-2026? To reach realised and completed transactions of $2 billion.

LCH: I cannot give you the projections. We are working on a few things. I think there are also some assets that we have announced earlier but are not completed yet. So when they are completed in 2H 2026, they will also be added to this pot, from which you are trying to figure out the special dividend.

There will be some transactions that are quite straightforward. That means the time from the announcement to the completion is quite short, but there will be some that might take a few months because of some regulatory approvals. Like the six rigs that you just mentioned. So, some new ones coming in may be quite fast to close. While some may actually drag out a bit longer.

What other assets other than the four rigs (will be completed by end-2026)?

LCH: The four rigs definitely will not be likely go into the list by end-2026. Beyond the four rigs, there will be other things, but I cannot tell you what they are. It is not disclosed.

<u>Questions from Rachael Tan, UBS</u>

Just to clarify the total monetisation and how much you are paying out. So, previously, you said you would be paying out of gross value of monetisation. However, for RigCo, you are talking about monetisation based on $611 million, which is realised. So, is it correct that it is gross value of monetisation that is realised instead of just gross value?

LCH: Yes, realised in cash.

Okay, so hypothetically one day, you are able to monetise M1 for the same value that Simba offered, but in this case it may only be in 50% cash and 50% in non-cash payments. So, am I right to conclude that if that is the case, then you will only be paying (special dividends) out of the 50% that is paid in cash and not the entire value of the monetisation?

LCH: That is correct.

Okay, thank you.

LCH: Just to make sure that it is absolutely clear, if the initial transaction is 50% cash and 50% shares, then the special dividend will be based on the 50% cash. But later, theoretically, if the next 50% is encashed, then the special dividend will still accrue on that 50%.

Okay, thanks for that because I am just trying to understand, when it comes to total monetisation, how we are to calculate the basis of how you will pay out 10% to 15% in special dividends.

LCH: So I hope this is quite clear. I think our definition of non-core is already fixed. We do not intend to have more non-core assets. So what that means is that the number, over time, as we monetise, the special dividend will be based on that.

<u>Questions from Dexter Low, Bloomberg</u>

Good morning. On Real Estate, the Non-Core Portfolio, there were some losses. Can I ask where did that come from?

LL: The difference between last year and this year was that we were able to recognise Saigon Centre Phase 3 as well as fair value gains from One Paramount, as well as some re-measurement gain from our Watermark business. Is that what you mean?

LCH: There are some losses on i12 right when we sold it?

LL: Oh do you mean in the Non-Core Portfolio? Yes, we have operating losses for some of our existing investment property assets.

Second one on the funds. I just want an understanding. Some of the vintages are a bit old. I am just wondering – are there any funds that are coming to the end of their fund lives? Sorry if I did not see it, but you do not disclose the fund life duration for the funds, right?

CT: The fund life typically is about eight to 10 years. So the earlier real estate funds have been at the end of their fund lives. For real estate, we are at Fund IV. We have actually divested most of Fund III.

LCH: So this is part and parcel of the cycle of closed-end funds. The older funds will run off over time, and then you have new funds coming.

On the Apollo deal, I am just wondering. Can you provide a bit of colour on how it came about? Was it part of a bidding process? Did it come to you with funding to buy rigs, or what was the process like?

LCH: It is a bilateral deal. A lot of our transactions are bilateral. When we bought Aermont Capital, it was also bilateral. No process involved.

Last one is on what Xuan asked about the performance guarantee. Is that something that you would do going forward? And do you have a number as to what that performance guarantee is?

LCH: We do not. In fact, most of our funds do not have that feature. But in this instance, there are obviously positive expectations for the future, but the investor also has some downside protection. This is quite typical. When you give some downside protection, we also get more of the upside. So it is a trade-off.

<u>Questions from Tan Xuan, Goldman Sachs</u>

First question is on Connectivity. Can you share what are the key drivers of revenue? Over $600 million in revenue is quite a lot, but operating profit is only $30 million. What is the best way to forecast this segment going forward?

LCH: I will ask Mann to address this.

MSM: Sure. So if you look at the Connectivity business, there are multiple elements to it. If you look at the subsea cable business, the revenue that the operating division gets is the O&M revenue over 25 years. So clearly, our cost for that business increases over a period of time, because as the cable gets older, it requires more maintenance. Till we sign up another new cable, and then we start propping up the O&M revenues.

The other one is our Keppel Technology Solutions business, which is extremely topline-driven because it is a combination of a system integrator as well as a solution provider, and to some extent, even a reseller of licenses. So the challenge in that business is that while we get good toplines, we have to find ways to improve our margins. And the good part is that we have started creating a plan to increase our margins significantly in that business as well. Our margins have improved more than 30% this year alone, because what we have started to do is to create centres of excellence and revenue pools in high-cost countries and our distribution and delivery hubs in low-cost countries. So that arbitrage helps us get higher margins in the business. So that activity has already started. For example, we have our digital delivery centres in Vietnam and Malaysia, while our centres of excellence for cybersecurity, for cloud migration, for AI solutions, they all sit in Singapore. When we do this, it helps us improve our margin. So over a period of time, you will see margins improving. It is not the same level of margins as telcos, but it is a business which can grow in margins and in topline quite significantly over a period of time.

Second question is on the segmental breakdown. I see that interest income and interest expense are quite high within corporate activities and also in the Non-Core Portfolio, but it gets eliminated. Can you share how are the debts allocated between the segments? Thank you.

LCH: Kevin?

KC: On the elimination that you see, we have cross-borrowings within the group and naturally those will be eliminated.

<u>Questions from Brandon Lee, Citi</u>

Are you okay to share Aermont's FUM? I think it was $24 billion three years ago when you first bought it, so where are we today?

CT: On Aermont, we said that FUM was about $24 billion in the past, and if you add on the new fund raised, that will increase quite substantially to just a shade below $30 billion.

With regard to the China investment properties in Shanghai and Beijing, any way of working some magic around there, or doing some C-REITs, or anything to raise global funds?

LCH: On the investment properties that we have, which are in both China and Singapore, we are in the process of leasing them up. I think once they are leased up, then we will be exploring different opportunities. For China assets, I think at least for now, clearly, there are various options as you mentioned – China REIT, etc. and also China-for-China funds. So there are some funds that we see, insurance companies, etc. that are looking for such assets. We will continue to explore that.

With regard to M1, on the $70 million cost savings, how much of an EBITDA margin improvement would that imply? And also given that it is a three-year plan, does it mean that within these three years, you are not looking to sell it?

MSM: The $70 million is a run-rate savings target by 2028 that we are planning for. Like Chin Hua shared, we are looking at $10 million this year alone. We do not share exact EBITDA numbers, but we are expecting our exit of 2027 to be significantly higher than the exit of 2026 EBITDA. And then, of course, we have the advantage of that exit for the year of 2028. So $10 million this year, fully realised, and then $70 million in three years.

Now, it is a three-year plan. After three years, what happens, it is very difficult for me to speculate, but this will require a lean machine to run its business in Singapore, unless, like we have been sharing, the consolidation happens. That props up opportunities for ARPU (average revenue per user) improvement, and there will be more cost synergies that can be derived from consolidation.

LCH: It is kind of a playbook that we have done before when Keppel Offshore & Marine was with us, before we spun it off. As you recall, we also did a lot of cost structuring. Essentially, when you do that, you will end up with a better value proposition when you exit. Short answer is – we have a plan, but it does not mean that we have to wait until the execution of the plan. I think you can start to see the tangible benefits of that, and that can factor into any potential discussion.

<u>Questions from Lim Siew Khee, CGS</u>

Just on Infrastructure, are you still targeting for 30% yoy growth for Energy-as-a-Service or DSS?

CL: I think the DSS growth has been quite interesting. Instead of targeting 30% yoy growth, we want to focus on the book-to-bill ratio. We are leveraging a lot on AI to generate leads and generate proposals, underwriting performance obligation and asset optimisation. We are seeing very interesting realised benefits of using AI, such as from the EBITDA margin uplift point of view. I think the way we look at the DSS business is that it is asset-light, it is very scalable, and we have earnings visibility of the long-term contracts when executed. This is a very high-operating-leverage business and there is lower barrier to scaling regionally. In the broader context, the more we scale, the more operating leverage we get, and this is something we are very excited about.

On Infrastructure, Kevin explained earlier. Why is there a yoy increase in SSCI operational net profit from $7 million to $27 million?

KC: It is due to higher distribution from Keppel Infrastructure Trust and from one of our private funds and lower interest costs.

On Connectivity, what is your plan for the subsea cables beyond the fifth pair? How do you cushion the potential cliff in 2027, if there is any, from the capital gains from selling the fibre pairs?

LCH: I think ultimately, what we see for these fibre pairs – the basic business model is that as we build them, usually we will do it with a fund, so we will have co-investments. And then over time, we will take our share of the gains. But more importantly, after the sale of the fibre pairs, as you know, we have secured 25-year O&M contracts. In this case for Bifrost, the total of these five fibre pairs contract value over the 25 years is about $1 billion. So that is the recurring income that we will see.

Do you have any more targets?

LCH: There will be targets, but it will not be done in 2027, because the sale of the pairs will take time. We will have to build the pairs before we can sell them.

Last question, just on the $10 million cost savings that you were focusing on to optimise M1, can it flow through to profit, and has it actually started in 1H 2026, or can we just expect $10 million in 2H 2026?

LCH: Most of it will flow through.

So the $10 million has not kicked in?

MSM: About $4 million has already been realised.

<u>Questions from Mervin Song, JP Morgan</u>

On fund management, Chris mentioned that there are some more funds participating in your pre-existing funds. Are there plans to upsize your existing funds in 2H 2026 at this point in time?

CT: I guess we are happy to take in investors as they come, as our fundraising has not ended yet. So from what we are seeing, there is good continuing interest in the various funds that we have. Whether it is in real estate strategies, whether it is in Aermont, I think there are more sign-ups coming on. On data centres, we did not include the numbers but yesterday, there was another investor that just signed up as well. Quite similar patterns that we are seeing, whether it is across our education funds or infrastructure funds. So we will announce the good news as it comes. Thank you for your interest.

On M1, obviously you are hoping to realise the $70 million over the next three years. But in terms of restructuring cost, are you able to disclose the restructuring costs in the next three years? And how is the ARPU performance in 1H 2026? And on subscribers, are we seeing stabilisation or still seeing a drop-off? In terms of an M1 potential disposal, hopefully in the next one to two years, what is the process here? Do we need to reach out to regulators first? Or are you already having discussions with potential partners?

LCH: Mann, do you want to deal with some of the questions on M1?

MSM: So two questions. I think the $70 million that we have been talking about includes restructuring costs, if at all. So that is your first question.

On ARPU and user base, the market continues to be very aggressive. I do not see any uplift in the ARPU at this point in time, but we are hoping, and we are seeing some early signs of things bottoming out. In fact, at M1, we are now looking to increase our base, because the plans and the products that we will be launching are much more simplified, much easier customer experience products that we are looking at. So the market has been very aggressive. But there is only that much it can go down to where it is bottoming out. We see that happening now to a certain extent.

LCH: On the regulators, it was quite clear, at least to us, that it was not because the regulator had some issues on consolidation. So I do not see that being an issue, in terms of getting regulatory approval.

At the same time, I would say that if we enter a transaction, we would want to make sure it will likely go through. We thought that the first one would go through. So this time, the second time round, we have to make sure that it will go through, if you understand what I am saying.

<u>Questions from Joel Siew, DBS</u>

Recurring income is disclosed at $467 million, and SSCI separately at $175 million. How much of SSCI sits in the recurring bucket vs event-driven?

KC: Hi Joel, the answer is $48 million, and it is available on slide 19. So if you look at slide 19, for SSCI, we have also broken it down between operational and valuation- and event-driven. So you will be able to identify the number on slide 19.

Of your $106 billion FUM, what percentage of that is fee-paying FUM?

CT: In terms of our FUM, whenever we raise funds, we always charge fees. So I will consider that as 100% (of committed capital).

<u>Questions from Sook Leng Lee, Retail Investor</u>

You have exceeded your FUM target ahead of schedule. What do you think is the biggest constraint to growing to $150 billion FUM over the next few years? Is it fundraising demand, availability of investable assets or execution capacity?

LCH: Actually our target is $200 billion, not $150 billion.

CT: I think as we shared earlier, there is a lot of interest from Limited Partners subscribing to the funds because of Keppel's operational capabilities, the digital infrastructure projects, whether it is the cable systems that we are looking at or the renewables projects that we are working through with Cindy. I think these are projects which investors are very interested in, partly because of Keppel's operating capabilities.

Also for real estate, because of our sustainable urban renewal solutions, I think those created a lot of value for investors. Because of all of that, I am really helped by the good work of my colleagues in terms of our operational capabilities. We do see that fundraising will continue to grow in interest and demand. So we are not too concerned about that.

In terms of investable assets, Keppel not only does bilateral deals, but we are able to create a lot of our own deals with the help of our operational divisions. That will create a pool of investable products with cash flows for investors. Nevertheless, as we said, we always tell the team we should be very rigorous in terms of our underwriting. We have to be very diligent and still maintain good execution in terms of making sure we make the returns our investors are looking for.

LCH: Maybe just to supplement what Chris has said, we do see that we have started this flywheel on the asset management side, that is also supplemented by the flywheel on the operation side. So we think FUM will grow. We are at an inflection point, and we think this will continue. Then of course, over time we will also opportunistically look at potential acquisitions but it must make sense to us, it must be a strategic fit. I think that is all I wanted to say.

Free cash flow improved significantly while leverage increased. How should investors think about net debt over the next few years as monetisation continue?

LCH: Over time, as the monetisation continues, we would expect the net debt to be brought down. We see monetisation as a way to improve our leverage, also to invest in New Keppel, and of course lastly, to reward our shareholders.

<u>Question from Mervin Song, JP Morgan</u>

First on share buybacks, are there plans to upsize the quantum of share buybacks, given the success of New Keppel? Or are you saving capital for acquisitions instead?

LCH: The shares that we have bought back have been used for our internal share plan, but we also used it when we did the Aermont acquisition. There is a second tranche coming in 2028, so we can either use cash, or we can use shares, or we can issue new shares. It is either we buy from the market, keep them as treasury shares, and then use them, or we can also issue new shares. So we will have to factor all that in and decide the best way forward, but currently we still have some dry powder from this $500 million, so let us focus on that first.

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Unless explicitly indicated otherwise, all monetary values denoted as '$' within this document are to be interpreted as referring to Singapore dollars.