

Third Quarter and Nine Months 2016 Financial Results

20 October 2016



Scope of Briefing

- Address by CEO
- Group Financial Highlights by CFO

Address by CEO

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Keppel Corporation

Macro Environment

- Slow global growth
- Continuing challenges in offshore sector despite gradual recovery in oil price
- Resilient urbanisation trends in Asia

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Building a Stronger Keppel

- Reduce and manage costs for greater efficiencies
- Invest prudently in new capabilities and explore opportunities in new markets
- Focus on returns; recycle capital
- Drive collaboration and synergy

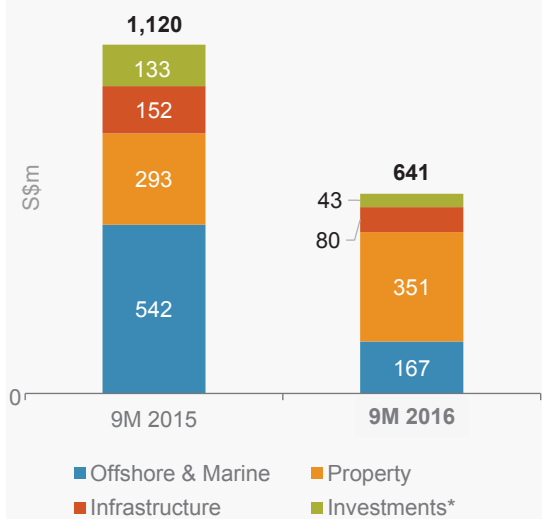
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Financial Performance

9M 2016 net profit

S\$641m, down 43% yoy



* Includes contributions from asset management businesses under Keppel Capital

Key highlights

- Net profit was S\$641m
- EVA was S\$39m
- Annualised ROE was 7.6%
- Net gearing was 0.57x as at end-Sep, compared to 0.62x as at end-Jun

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FLNG conversion project, Golar Hilli

Offshore & Marine

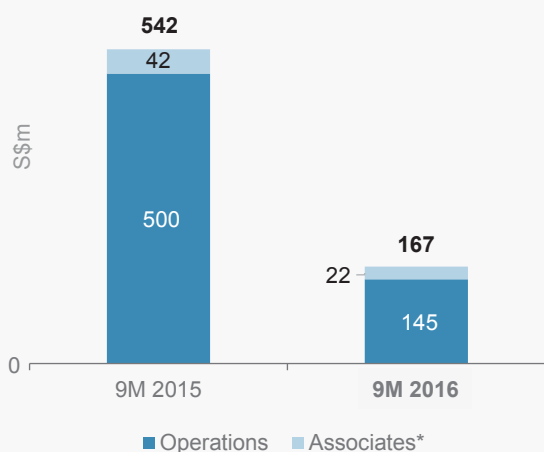
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Offshore & Marine

9M 2016 net profit

S\$167m, down 69% yoy



* Includes contributions from Floatel, Seafox and Dyna-Mac, etc.

Building resilience & efficiency

- Lowered direct workforce by about 26% since start of 2016
- Reduced overheads by ~20% yoy in 9M 2016
- Reviewing yard capacity

Brazil

- Cooperating with relevant authorities towards resolving issues in relation to contracts with Petrobras and Sete Brasil

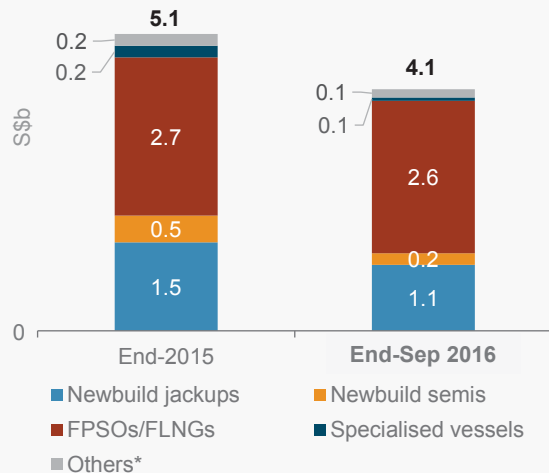
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Offshore & Marine

Net orderbook (excl. semis for Sete)

S\$4.1b as at end-Sep 2016



* Includes modification, upgrading, fabrication and rig repairs.

Key developments

- YTD new contracts of ~S\$500m
- Focus on execution
 - 20 projects delivered in 9M 2016, including 9 in 3Q 2016
 - 4 projects slated for delivery in 4Q 2016
- Growing LNG business
 - Commercialised award-winning dual-fuel diesel LNG tug design
 - Signed MOU with Shell to explore opportunities in using LNG as fuel

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Providing Diverse Solutions



Offshore Desalination



Single/Dual Fuel Floating Power Barge



PreNEx Liquefaction Technology



Specialised Vessels



LNG Transportation & Bunkering

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Property

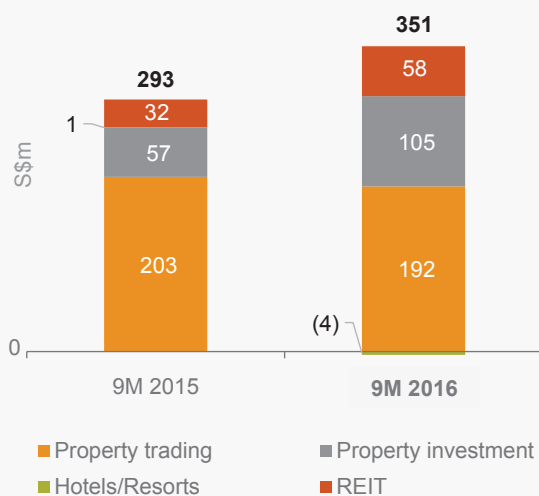
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Property

9M 2016 net profit

S\$351m, up 20% yoy



Capital recycling for best risk-adjusted returns

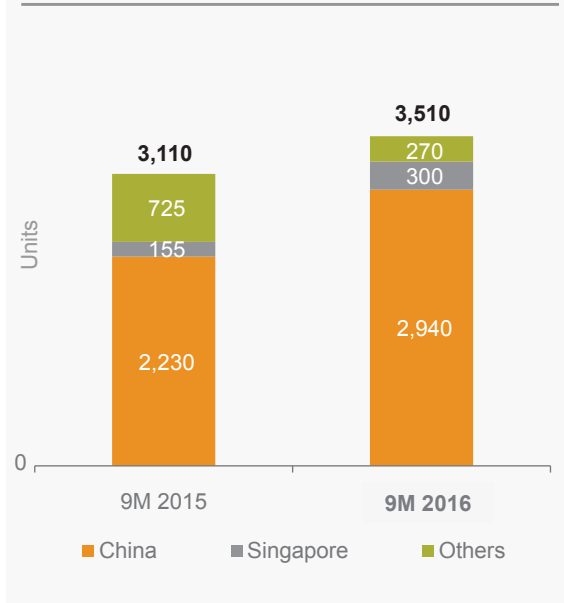
- YTD divestment proceeds of ~S\$530m including:
 - Life Hub @ Jinqiao - divested at ~70% premium over purchase price
 - Sedona Hotel Mandalay
- YTD investments of ~S\$430m including:
 - Retail mall in Jiading, Shanghai
 - Phase Two of Junction City, Yangon
 - Increased stake in Thu Thiem New Urban Area developments in Ho Chi Minh City

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Property

Home sales



Residential

- Resilient home sales - total of 3,510 units sold in 9M 2016, up 13% yoy
 - Total sales value amounted to about S\$1.6b
 - Sales volume in China increased 32% yoy
- Launching 1,500 homes in Vietnam in 4Q 2016

Commercial

- Saigon Centre retail mall in Ho Chi Minh City officially opened and fully leased

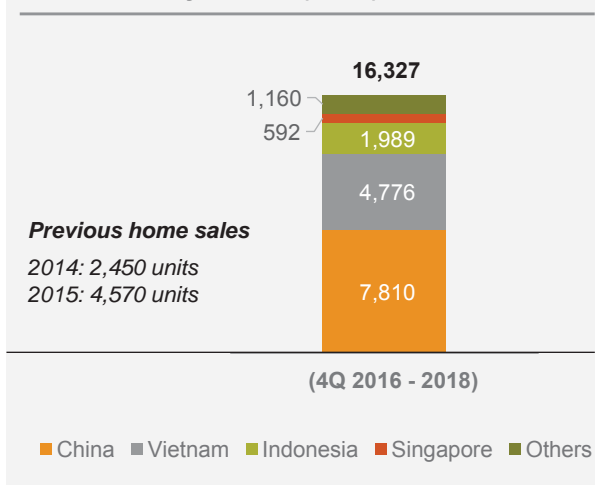
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Property Portfolio

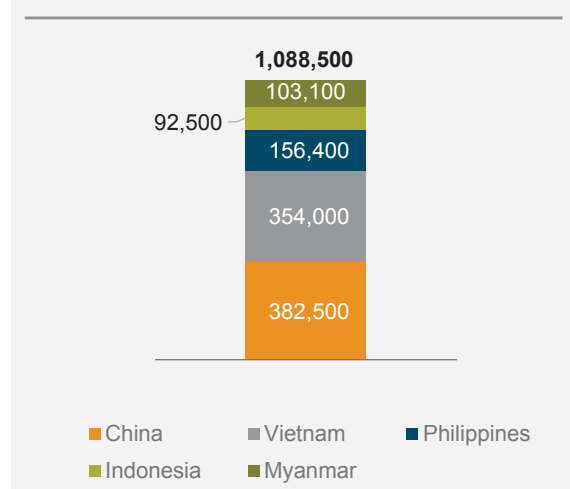
Residential

Launch-Ready Homes (units)



Commercial

GFA Under Development (sm)



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Infrastructure

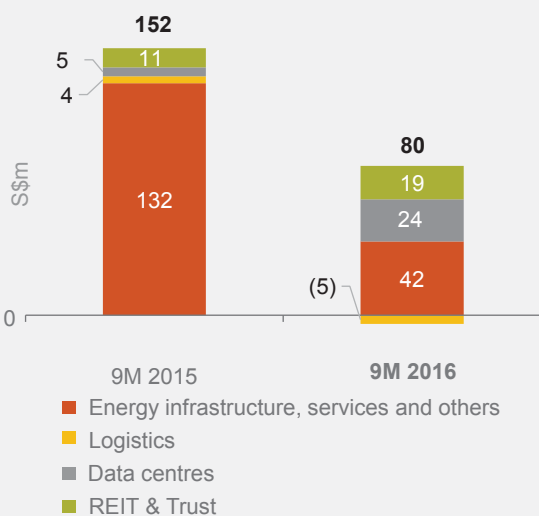
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Infrastructure

9M 2016 net profit

S\$80m, down 47% yoy



Energy infrastructure & services

- Supplying technology solutions to world's largest WTE facility in Shenzhen, China
- Handed over and commenced O&M phase for sludge treatment facilities in Doha North Sewage Treatment Works

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Infrastructure



Keppel DC Singapore 3

Data centres

- Progressing with plans to divest 90% of Keppel DC Singapore 3 for over S\$200m

Logistics

- Acquired stake in Courex, an e-commerce fulfillment company in Singapore
- Tianjin distribution centre started operations in 3Q 2016



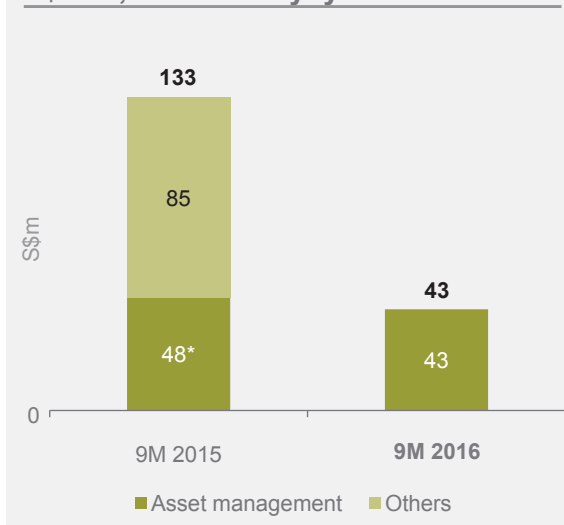
Keppel Merlimau Cogen, Singapore

Investments

Investments

9M 2016 net profit

S\$43m, down 68% yoy



* Contributions from asset management businesses have been restated under the Investments Division for 9M 2015

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Key developments

- Keppel Capital
 - Vision to become a global asset management powerhouse
 - Received MAS approval to centralise certain regulated activities
 - Achieve greater operating efficiencies
 - Aim to connect financial investors with high quality real assets

Investments



Senoko WTE plant, Singapore

Key developments

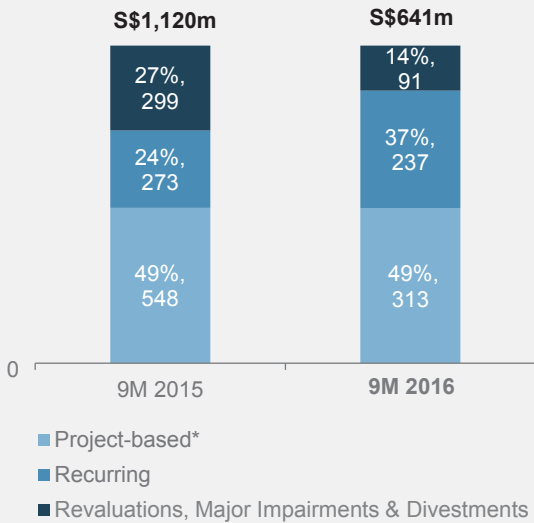
- Alpha Asia Macro Trends Fund III acquired an office building in Tokyo
- Keppel DC REIT
 - Strengthened data centre portfolio with acquisitions in Italy and the UK
 - Announced plans to acquire stake in Keppel DC Singapore 3
- Keppel Infrastructure Trust completed Senoko WTE plant upgrade

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Fortifying Earnings Streams

Net profit by income type



* Project-based earnings include income from rig building, specialised shipbuilding, property development and EPC projects.

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- Resilient operations underpinned by rightsizing efforts and prudent investments in new capabilities
- RIDs of S\$91m in 9M 2016, continuing to be a regular profit contributor
- Focusing on growing stable, recurring income for the long term

Creating Synergies

Keppel Land | Keppel Infrastructure



Inter-BU Sales & Services

- Keppel Land's office is powered by solar energy from Keppel Infrastructure
- Opportunities to offer similar schemes to other office tenants

Keppel Land | Keppel Capital



Life Hub @ Jinqiao

- Monetised at US\$517m
- Achieved IRR of over 20% p.a. through active management

Keppel Capital | Keppel T&T | Keppel Land



Alpha Data Centre Fund
(Target size: US\$500m)

- Expanding capital base with co-investors to seize opportunities
- Creating pull-through for other business units

Keppel O&M | Keppel Infrastructure



Offshore Desalination Plant

- Harnessing Keppel's capabilities to pursue opportunities

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Group Financial Highlights by CFO

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3Q 2016 Financial Performance

Net Profit ↓ 38% to S\$225m

EPS ↓ 38% to 12.4cts

EVA ↓ from S\$194m to S\$30m

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3Q 2016 Financial Highlights

S\$m	<u>3Q 2016</u>	<u>3Q 2015</u>	<u>% Change</u>
Revenue	1,459	2,440	(40)
EBITDA	238	425	(44)
Operating Profit	185	371	(50)
Profit Before Tax	286	470	(39)
Net Profit	225	363	(38)
EPS (cents)	12.4	20.0	(38)

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3Q 2016 Revenue by Segments

S\$m	<u>3Q 2016</u>	<u>%</u>	<u>3Q 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	516	35	1,411	58	(63)
Property	479	33	462	19	4
Infrastructure	434	30	531	22	(18)
Investments	30	2	36	1	(17)
Total	1,459	100	2,440	100	(40)

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3Q 2016 Pre-tax Profit by Segments

S\$m	<u>3Q 2016</u>	<u>%</u>	<u>3Q 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	22	8	206	44	(89)
Property	199	69	182	39	9
Infrastructure	40	14	40	8	-
Investments	25	9	42	9	(40)
Total	286	100	470	100	(39)

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3Q 2016 Net Profit by Segments

S\$m	<u>3Q 2016</u>	<u>%</u>	<u>3Q 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	11	5	166	46	(93)
Property	157	70	128	35	23
Infrastructure	39	17	32	9	22
Investments	18	8	37	10	(51)
Total	225	100	363	100	(38)

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9M 2016 Financial Performance

Net Profit	↓ 43% to S\$641m
EPS	↓ 43% to 35.3cts
Annualised ROE	↓ from 13.6% to 7.6%
EVA	↓ from S\$456m to S\$39m
Free Cash Flow	↑ from outflow of S\$784m to inflow of S\$552m
Net Gearing	↑ from 0.53x to 0.57x

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9M 2016 Financial Highlights

S\$m	<u>9M 2016</u>	<u>9M 2015</u>	<u>% Change</u>
Revenue	4,827	7,817	(38)
EBITDA	864	1,368	(37)
Operating Profit	697	1,183	(41)
Profit Before Tax	849	1,423	(40)
Net Profit	641	1,120	(43)
EPS (cents)	35.3	61.7	(43)

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9M 2016 Revenue by Segments

S\$m	<u>9M 2016</u>	<u>%</u>	<u>9M 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	2,054	43	4,918	63	(58)
Property	1,451	30	1,171	15	24
Infrastructure	1,228	25	1,578	20	(22)
Investments	94	2	150	2	(37)
Total	4,827	100	7,817	100	(38)

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9M 2016 Pre-tax Profit by Segments

S\$m	<u>9M 2016</u>	<u>%</u>	<u>9M 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	232	27	678	48	(66)
Property	463	55	407	28	14
Infrastructure	95	11	183	13	(48)
Investments	59	7	155	11	(62)
Total	849	100	1,423	100	(40)

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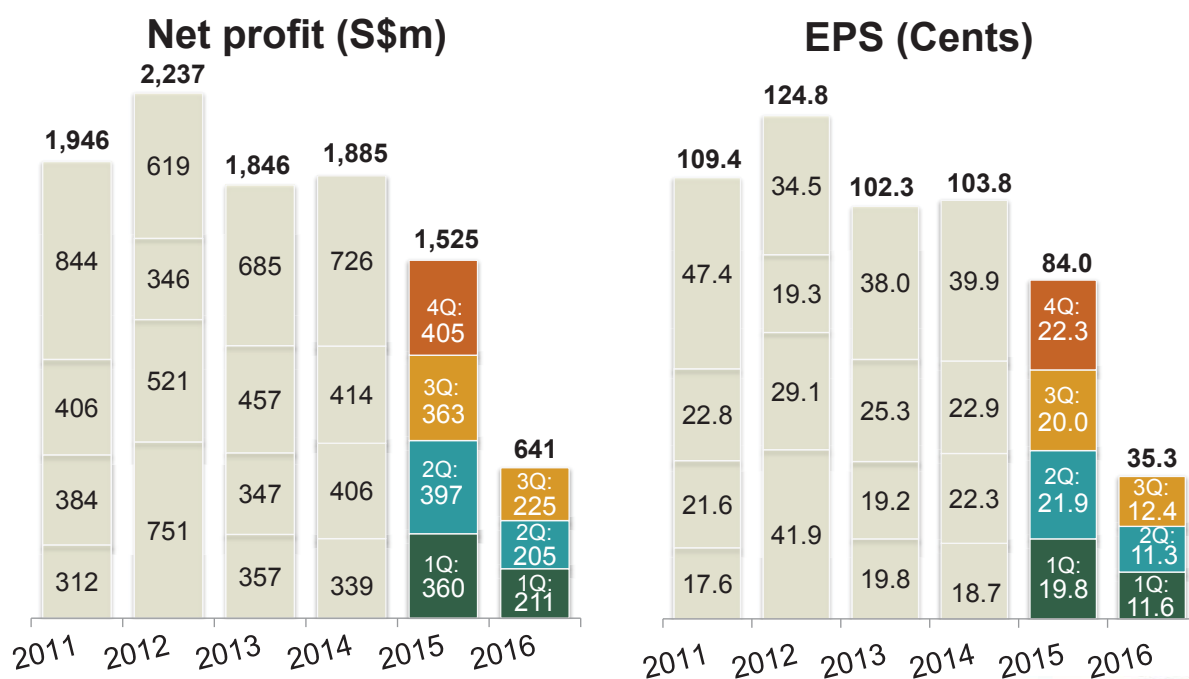
9M 2016 Net Profit by Segments

S\$m	9M 2016	%	9M 2015	%	% Change
Offshore & Marine	167	26	542	48	(69)
Property	351	55	293	26	20
Infrastructure	80	12	152	14	(47)
Investments	43	7	133	12	(68)
Total	641	100	1,120	100	(43)

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Net Profit & EPS



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Free Cash Flow

	<u>9M 2016</u>	<u>9M 2015</u>
	S\$m	S\$m
Operating profit	697	1,183
Depreciation & other non-cash items	188	(131)
	885	1,052
Working capital changes	(346)	(1,447)
Interest & tax paid	(265)	(343)
Net cash from/(used in) operating activities	274	(738)
Investments & capex	(97)	(291)
Divestments & dividend income	375	245
Net cash from/(used in) investing activities	278	(46)
Cash inflow/(outflow)	552	(784)
Dividend Paid	(592)	(930)

Free cash flow excludes expansionary acquisitions and capex, and major divestments.

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**Harnessing strengths and
building resilience through a
robust multi-business strategy.**

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3Q & 9M 2016 Results Q&A

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Additional Information

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Revenue by Geography

	9M 2016		
	<u>Total</u>	<u>Overseas</u>	<u>Singapore</u>
	<u>S\$m</u>	<u>Customers</u>	<u>Customers</u>
		%	%
Offshore & Marine	2,054	84	16
Property	1,451	56	44
Infrastructure	1,228	15	85
Investments	94	2	98
Total	4,827	58	42

58% of total revenue came from overseas customers

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EBITDA by Segments

S\$m	<u>9M 2016</u>	<u>%</u>	<u>9M 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	368	43	706	52	(48)
Property	320	37	353	26	(9)
Infrastructure	97	11	226	16	(57)
Investments	79	9	83	6	(5)
Total	864	100	1,368	100	(37)

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Capital/Gearing/ROE

S\$m	<u>30 Sep 2016</u>	<u>31 Dec 2015</u>
Shareholders' Funds	11,138	11,096
Capital Employed	11,865	11,926
Net Debt	6,771	6,366
Net Gearing Ratio	0.57x	0.53x
ROE	7.6%	14.2%

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OFFSHORE & MARINE

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Financial Highlights – Offshore & Marine

S\$m	<u>3Q 2016</u>	<u>3Q 2015</u>	<u>% Change</u>
Revenue	516	1,411	(63)
EBITDA	86	209	(59)
Operating Profit	49	173	(72)
Profit Before Tax	22	206	(89)
Net Profit	11	166	(93)

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Financial Highlights – Offshore & Marine

S\$m	<u>9M 2016</u>	<u>9M 2015</u>	<u>% Change</u>
Revenue	2,054	4,918	(58)
EBITDA	368	706	(48)
Operating Profit	252	599	(58)
Profit Before Tax	232	678	(66)
Net Profit	167	542	(69)

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Offshore & Marine Review

▪ About S\$500m contracts secured in YTD 2016:

4 FPSO projects involving modification/upgrade and modules fabrication and integration, a pipelay vessel upgrade, 3 dredgers* and 2 dual fuel tugs.

▪ Contract completions in 9M 2016:

4 jackups, a land rig, an accommodation semi, a semi upgrade, a derrick lay vessel, a liftboat, an anchor handling tug, a transformer platform, a field development vessel repair/upgrade, a launch barge upgrade, a pipelay vessel upgrade, 3 FPSO/FSU conversions, 1 FPSO integration, 1 FPSO turret fabrication and 1 FPSO topsides fabrication.

* Construction of the third dredger will start upon receiving notice from Jan De Nul.

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Offshore & Marine Orderbook

	Contract Value		Client
	Gross S\$m.	Net S\$m.	
<u>For delivery in 2016</u>			
1 JU/1 Semi/2 FPSO Conversions	1,112	26	Falcon Energy/SOCAR/ Bumi Armada/Yinson
<u>For delivery in 2017</u>			
10 JUs/1 FLNG Conversion/2 FPSO Modules Fab. & Integration/1 FPSO Topsides Installation & Integration/1 FPSO Turret Fabrication/1 RORO Vessel Engine Conversion/1 Subsea Construction Vessel/1 Ice-class Multi-Purpose Vessel	5,351	820	TS Offshore/Fecon/Clearwater/BOT Lease Co./ Grupo R/Parden/Golar/Petrobras/Modec/ BW Offshore/SOFEC/Totem Ocean/ Baku Shipyard/New Orient Marine
<u>For delivery in 2018</u>			
1 JU/1 Liftboat/1 FPSO Modules Fab. & Integration/ 2 Dredgers/2 Dual Fuel Tugs	577	250	Ensco/Crystal Heights/Petrobras/Woodside/ Jan De Nul/KST/ Maju
<u>For delivery in 2019-2021</u>			
5 JUs/2 Semis/1 FPSO Modification & Upgrade/ 2 FLNG Conversions	4,236	2,974	Transocean/2 Semis - Name withheld/ Petrobras/Golar
Total as at 30 Sep 2016 (excl. semis for Sete Brasil)	11,276	4,070	

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PROPERTY

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Financial Highlights - Property

S\$m	<u>3Q 2016</u>	<u>3Q 2015</u>	<u>% Change</u>
Revenue	479	462	4
EBITDA	96	164	(41)
Operating Profit	90	155	(42)
Profit Before Tax	199	182	9
Net Profit	157	128	23

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Financial Highlights - Property

S\$m	<u>9M 2016</u>	<u>9M 2015</u>	<u>% Change</u>
Revenue	1,451	1,171	24
EBITDA	320	353	(9)
Operating Profit	300	332	(10)
Profit Before Tax	463	407	14
Net Profit	351	293	20

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Sales Achieved - Overseas

Key Projects	Units Sold in 9M 2016	Sales Value in 9M 2016	Latest Avg. Selling Price
China		(RMB'm)	(RMB'psm)
8 Park Avenue, Shanghai	34	960	~105,000
Seasons Residence, Shanghai	202	810	~44,600
Central Park City, Wuxi	428	400	~9,000
Park Avenue Heights, Chengdu	308	650	~16,500
V City, Chengdu	1,443	1,090	~8,900
Seasons Park, Tianjin Eco-City Ph 1	63	45	~9,800
Seasons Gardens, Tianjin Eco-City Ph 2	201	390	~13,800
Waterfront Residence, Tianjin	80	298	~20,000
Total	2,759	4,643	
Vietnam		(US\$m)	(US\$'psm)
Estella Heights, Dist. 2	56	13.3	~2,300
Palm Residence, Palm City Ph1, Dist. 2	132	40.7	~2,800
Riviera Point, Dist. 7	68	14.0	~1,800
Riviera Cove, Dist. 9	4	2.8	~1,500
Total	260	70.8	

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Residential Landbank - Singapore

Singapore	Stake	Tenure	Attributable GFA (sf)	Total Units	Units Launched	Units Sold	Remaining Units
Launched Projects							
The Glades	70%	99-yr	384,357	726	650	564	162
Corals at Keppel Bay	100%	99-yr	509,998	366	250	208	158
Reflections at Keppel Bay	100%	99-yr	2,081,738	1,129	950	926	50*
Highline Residences	100%	99-yr	473,218	500	320	278	222
Upcoming Projects							
Keppel Bay Plot 4	39%	99-yr	134,335	234^	-	-	234
Keppel Bay Plot 6	100%	99-yr	226,044	86^	-	-	86
Total			3,809,690	3,041	2,170	1,976	912

* Excludes about 150 units set aside for corporate residences

^ Estimated no. of units

As of end-Sep 2016

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Residential Landbank - China

China	Location	Stake	Total GFA (sm)	Total Units	Units Launched	Units Sold	Remaining Units For Sale	Remaining Area For Sale (sm)
8 Park Avenue	Shanghai	99%	133,393	918	918	881	37	10,396
The Springdale	Shanghai	99.4%	328,792	2,596	2,596	2,595	1	189
Seasons Residence	Shanghai	99.9%	128,918	1,102	953	947	155	18,394
Sheshan Riviera	Shanghai	100%	83,174	217	-	-	217	83,174
Waterfront Residence	Nantong	100%	189,437	1,199	79	39	1,160	178,761*
Central Park City	Wuxi	49.7%	671,477	5,339	4,447	4,424	915	146,639
Waterfront Residence	Wuxi	100%	306,607	1,481	62	53	1,428	283,823*
Park Avenue Heights	Wuxi	100%	165,308	1,048	-	-	1,048	165,308
Stamford City	Jiangyin	99.4%	299,991	1,478	1,125	1,016	462	101,897
Park Avenue Heights	Chengdu	100%	200,200	1,535	1,255	1,137	398	52,896
Hill Crest Villa	Chengdu	100%	163,147	274	-	-	274	163,147
Serenity Villa	Chengdu	100%	233,862	573	-	-	573	233,862
V City	Chengdu	35%	560,963	5,617	2,351	2,195	3,422	370,968*
The Seasons	Shenyang	100%	365,186	2,794	420	286	2,508	338,335
Hunnan Township Devt	Shenyang	99.8%	756,580	7,026	-	-	7,026	756,580
Serenity Villa	Tianjin	100%	80,000	340	287	141	199	54,464
Mixed-use Devt	Tianjin	100%	1,358,202	11,299	-	-	11,299	1,358,202
Tianjin Eco-City	Tianjin	100%	625,292	4,294	2,147	2,109	2,185	403,594*
Waterfront Residence	Tianjin	100%	61,417	341	245	242	99	18,509
Keppel Cove	Zhongshan	80%	460,000	1,647	-	-	1,647	460,000
Hill Crest Residence (Ph 1)	Kunming	68.8%	20,193	133	133	112	21	4,415
Hill Crest Residence (Ph 2)	Kunming	68.8%	24,428	130	33	8	122	24,846
La Quinta II	Kunming	68.8%	10,928	62	62	58	4	810
Total			7,227,495	51,443	17,113	16,243	35,200	5,229,210

*Includes commercial area

As of end-Sep 2016

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Residential Landbank - Other Overseas

	Stake	Total GFA (sm)	Total Units	Units Launched	Units Sold	Remaining Units For Sale	Remaining Area for Sale (sm)
Vietnam							
Saigon Sports City, HCMC	90%	783,302	3,887	-	-	3,887	458,892
Estella Heights, HCMC	98%	123,618	872	872	723	149	20,055
Riviera Point, Dist. 7, HCMC	75%	437,944	2,400	549	516	1,884	230,149
Dong Nai Waterfront City, Dong Nai	50%	2,046,955	7,850	-	-	7,850	1,293,500
Riviera Cove, Dist. 9, HCMC	60%	34,711	96	96	83	13	8,318
Palm City, Dist 2, HCMC (South Rach Chiec)	42%	874,044	6,084	132	132	5,952	596,995
Villa Devt, Saigon South, HCMC	50%	58,800	168	-	-	168	55,186
Casuarina Cove, Dist 9, HCMC	60%	39,807	120	-	-	120	47,194
Empire City, Dist 2, HCMC	40%	408,600	2,953	-	-	2,953	338,798
Sub-Total:		4,807,781	24,430	1,649	1,454	22,976	3,049,087
Indonesia							
West Vista, West Jakarta	100%	153,464*	2,855	300	140	2,715	110,791*
Daan Mogot, West Jakarta	100%	226,800	4,523	-	-	4,523	226,800
Sub-Total:		380,264	7,378	300	140	7,238	337,591
India							
Elita Horizon	51%	167,226	2,049	-	-	2,049	167,226
USA							
Residential Development, New York	86%	18,170	68	-	-	68	9,290
Total		5,373,441	33,925	1,949	1,594	32,331	3,563,194

* Includes commercial area

As of end-Sep 2016

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Residential Launch Readiness – China

Project	Location	Units Ready to Launch		
		4Q 2016	2017	2018
8 Park Avenue	Shanghai	21	16	-
Seasons Residence	Shanghai	5	233	-
Sheshan Riviera^	Shanghai	33	47	47
Waterfront Residence	Nantong	-	18	29
Central Park City	Wuxi	135	-	-
Waterfront Residence	Wuxi	3	504	371
Park Avenue Heights^	Wuxi	200	430	418
Stamford City	Jiangyin	19	120	213
Park Avenue Heights	Chengdu	34	364	-
Hill Crest Villa^	Chengdu	-	24	36
Serenity Villa^	Chengdu	18	24	48
V City	Chengdu	2	976	1,104
The Seasons	Shenyang	29	50	73
Serenity Villa	Tianjin	33	92	16
Tianjin Eco-City	Tianjin	192	791	816
Waterfront Residence	Tianjin	34	65	-
Keppel Cove^	Zhongshan	12	24	36
Hill Crest Residence	Kunming	2	12	41
Total		772	3,790	3,248

^New launches

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Residential Launch Readiness – Other Overseas

Project	Location	Units Ready to Launch		
		4Q 2016	2017	2018
Indonesia				
West Vista	West Jakarta	289	800	900
Vietnam				
Estella Heights (Ph1&2), Dist 2	HCMC	59	50	40
Riviera Point, Dist 7	HCMC	378	173	300
Riviera Cove, Dist 9	HCMC	8	5	-
Palm Heights, Palm City, Dist 2^	HCMC	816	-	-
Palm City (Subsequent phases), Dist 2 ^	HCMC	-	231	376
Saigon Sports City, Dist 2^	HCMC	-	200	400
Empire City, Dist 2^	HCMC	300	350	430
Dong Nai Waterfront City^	Dong Nai	-	200	460
India				
Elita Horizon^	Bangalore	-	700	460
Total		1,850	2,709	3,366

^New launches

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Expected Completion for Launched Projects

Projects/Phases launched	Total Units	Units Launched as at end-Sep 2016	Units Sold as at end-Sep 2016	Units Remaining as at end-Sep 2016	Expected Completion
China					
Seasons Garden, Tianjin	270	201	178	92	2H16
Waterfront Residence, Tianjin	254	161	158	96	1H17
Park Avenue Heights, Chengdu	220	220	114	106	2H16
V City (Ph 1), Chengdu	1,434	1,434	1,432	2	1H17
V City (Ph 2), Chengdu	1,495	917	763	732	1H18
Indonesia					
West Vista	2,855	300	140	2,715	2H19
Vietnam					
Estella Heights (Ph 1)	496	496	467	29	2H17
Estella Heights (Ph 2)	376	376	256	120	2H18
Palm Residence	132	132	132	-	2H17
Total	7,532	4,237	3,640	3,892	

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Expected Completion for Upcoming Projects

Projects/Phases to be launched	Location	No. of Units Expected to be Completed		
		4Q 2016	2017	2018
China				
Sheshan Riviera	Shanghai	-	112	105
Waterfront Residence	Wuxi	-	83	554
Park Avenue Heights	Wuxi	-	328	720
Park Avenue Heights	Chengdu	-	280	-
Serenity Villa	Chengdu	-	-	97
Seasons Garden (Tianjin Eco-City Ph 2)	Tianjin	-	-	356
Seasons Heights (Tianjin Eco-City Ph 4)	Tianjin	-	-	372
Keppel Cove (Ph 1&2)	Zhongshan	42	-	18
Hill Crest Residence	Kunming	-	-	97
Total		42	803	2,319

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Commercial Projects Overseas

Commercial Projects under Development	GFA (sm)	Development Cost ⁽¹⁾	Completion
China			
Beijing Commercial (51% stake)	104,800	RMB2.7b	2019
Park Avenue Central, Shanghai (99% stake)	115,900	RMB2.9b	2020
Seasons City, Tianjin (100% stake)	161,800	RMB2.6b	2019 (Ph 1)
Indonesia			
IFC Jakarta Tower 1 (100% stake)	92,500	S\$270m	2021
Vietnam			
Saigon Centre Ph 2, HCMC (45.3% stake)	55,000 (Retail - Completed) 44,000 (Office) 20,600 (Serviced apt)	US\$220m	2017 (Office)
Estella Heights (98% stake)	37,000 (Retail)	US\$50m	2018
Empire City, HCMC (40% stake)	86,400 (Office) 106,000 (Retail) 35,000 (Hotel) 25,000 (Service Apt)	US\$580m	2024
Myanmar			
Junction City Office Tower, Yangon (40% stake)	53,100	US\$47m ⁽²⁾	2017
Junction City Phase 2, Yangon (40% stake)	50,000	US\$48.6m ⁽²⁾	2020
Philippines			
SM-KL Project Ph 2, Manila (24.2% stake)	46,300 (Retail) 110,100 (Office)	S\$333m	2017 (Retail) 2019 (Office)

(1) Excluding land cost (2) Investment cost for 40% stake

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INFRASTRUCTURE

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Financial Highlights - Infrastructure

S\$m	<u>3Q 2016</u>	<u>3Q 2015</u>	<u>% Change</u>
Revenue	434	531	(18)
EBITDA	38	44	(14)
Operating Profit	28	33	(15)
Profit Before Tax	40	40	-
Net Profit	39	32	22

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Financial Highlights - Infrastructure

S\$m	<u>9M 2016</u>	<u>9M 2015</u>	<u>% Change</u>
Revenue	1,228	1,578	(22)
EBITDA	97	226	(57)
Operating Profit	67	169	(60)
Profit Before Tax	95	183	(48)
Net Profit	80	152	(47)

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INVESTMENTS

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Financial Highlights - Investments

S\$m	<u>3Q 2016</u>	<u>3Q 2015</u>	<u>% Change</u>
Revenue	30	36	(17)
EBITDA	18	8	125
Operating Profit	18	10	80
Profit Before Tax	25	42	(40)
Net Profit	18	37	(51)

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Financial Highlights - Investments

S\$m	<u>9M 2016</u>	<u>9M 2015</u>	<u>% Change</u>
Revenue	94	150	(37)
EBITDA	79	83	(5)
Operating Profit	78	83	(6)
Profit Before Tax	59	155	(62)
Net Profit	43	133	(68)

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This release 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 KEPPEL CORPORATION LIMITED'S
CHIEF FINANCIAL OFFICER, CHAN HON CHEW**

AT THE 9M 2016 RESULTS PRESENTATION

THURSDAY, 20 OCTOBER 2016

1. Group Financial Highlights by CFO (Slide 23)

2. 3Q 2016 Financial Performance (Slide 24)

Thank you, Chin Hua. A very good evening to all.

I shall now take you through the Group's performance for the third quarter of 2016.

The Group recorded a net profit of \$225 million this quarter, which was 38% below the same quarter last year. Earnings per share was correspondingly 38% lower at 12.4 cents, while EVA was at \$30 million.

3. 3Q 2016 Financial Highlights (Slide 25)

The Group's revenue for the third quarter was 40% or \$981 million lower than the same quarter last year. All divisions except Property division recorded lower revenue during the quarter.

Operating profit at \$185 million was 50% or \$186 million lower as compared to the same quarter in 2015. This was due mainly to lower profits from the Offshore & Marine, Property and Infrastructure divisions.

Profit before tax decreased by a smaller extent of 39% to \$286 million, arising from higher contribution from associated companies, which includes the gain from the sale of Life Hub @ Jinqiao in Shanghai.

Correspondingly, net profit after tax and non-controlling interests for the third quarter was lower by 38% or \$138 million.

Similarly, earnings per share decreased 38% to 12.4 cents.

4. 3Q 2016 Revenue by Segments (Slide 26)

Overall, the Group's revenue was 40% lower than the same quarter last year, driven largely by the 63% decline in the Offshore & Marine division as a result of lower volume of work, deferment of some projects and suspension of the Sete Brasil contracts.

Infrastructure division recorded lower revenue as well, due mainly to lower prices and volume from power and gas business.

This was partially offset by a 4% growth in Property division's revenue, primarily due to higher revenue from residential projects such as The Glades and Highline Residences in Singapore, and Waterfront Residence in Tianjin.

5. 3Q 2016 Pre-tax Profit by Segments (Slide 27)

Offshore & Marine division's pre-tax profit fell from \$206 million to \$22 million, a steep 89% or \$184 million decline from the same quarter last year. This was driven by the 63% drop in revenues, as well as a \$10 million impairment provision for plant and machinery. Despite the sharp 63% fall in revenues, the division did well to achieve an operating margin of 11.4%, less than one percentage point lower than the 12.3% margin in the same quarter last year. The ongoing right sizing exercise which started more than a year ago contained the erosion of its margins in the third quarter.

Property division's pre-tax profit increased by 9% or \$17 million due mainly to higher share of profit from associated companies arising from the divestment of our stake in Life Hub @ Jinqiao in Shanghai, as part of the continuing process of recycling capital to earn higher returns.

Investments division's pre-tax profit decreased by 40% mainly as a result of share of losses from KrisEnergy and lower share of profits from k1 Ventures.

6. 3Q 2016 Net Profit by Segments (Slide 28)

After tax and non-controlling interests, the Group's net profit in the third quarter decreased by 38% or \$138 million to \$225 million as compared to the same period last year, with Property division being the top contributor to the Group's earnings at 70%, followed by Infrastructure at 17%.

7. 9M 2016 Financial Performance (Slide 29)

Next, I shall take you through the performance for the first nine months of 2016.

Net profit for the first nine months of 2016 was down 43% from the same period last year to \$641 million.

Earnings per share also decreased by the same extent to 35.3 cents.

Annualised ROE declined to 7.6% while EVA was lower at \$39 million.

Free cash inflow was \$552 million, as compared to an outflow of \$784 million in the prior year due mainly to the slowdown in working capital increases and lower operational capital expenditure from Offshore & Marine and Property divisions.

Net gearing increased by 4% from 53% at the end of 2015 to 57%. However, in comparison to second quarter of 2016, net gearing has decreased 5% from 62%. This was due mainly to proceeds from recycling of assets such as the divestment of our stake in Life Hub @ Jinqiao, proceeds from sale of development projects, and the receipt of retention monies from our EPC projects in Qatar.

8. 9M 2016 Financial Highlights (Slide 30)

In the first nine months of 2016, the Group earned total revenue of \$4.8 billion, a 38% or \$3 billion decrease from the same period last year. All divisions except for Property division recorded lower revenues.

Operating profit at \$697 million was 41% or \$486 million lower than the same period last year. The decrease is led by lower profit from Offshore & Marine and Infrastructure. Operating profit from Property was lower due to the absence of write-back of excess cost accruals.

Pre-tax profit correspondingly decreased by 40% or \$574 million due mainly to lower operating profit, share of losses from KrisEnergy and lower share of profits from other associated companies and higher net interest expense partially offset by share of profit from the sale of Life Hub @ Jinqiao.

After tax and non-controlling interests, net profit was 43% or \$479 million lower at \$641 million.

Similarly, earnings per share decreased by 43% to 35.3 cents.

9. 9M 2016 Revenue by Segments (Slide 31)

Overall, the Group's revenue of \$4.8 billion was 38% lower from last year, led mainly by the 58% decrease in Offshore & Marine revenue resulting from lower volume of work, deferment of some projects and suspension of the Sete Brasil contracts.

Property revenue increased by 24% to \$1.5 billion as compared to the same period last year, led by higher revenue from residential projects such as Eight Park Avenue in Shanghai and The Glades in Singapore.

Infrastructure's revenue decreased by 22%, attributed mainly to lower prices and volume from the power and gas business.

10. 9M 2016 Pre-tax Profit by Segments (Slide 32)

The Group recorded a pre-tax profit of \$849 million for the first nine months of the year, 40% or \$574 million lower than 2015.

The Offshore & Marine division's pre-tax profit was 66% or \$446 million lower as a result of lower revenue and higher interest expense. The division's operating margin for the first nine months at 12.8% was at about the same level as last year.

In the Property division, pre-tax profit increased by 14% or \$56 million due mainly to higher contributions from associated companies as a result of gain from disposal of Life Hub @ Jinqiao and gain from Keppel REIT's divestment of the office tower at 77 King Street in Sydney, Australia.

Infrastructure's pre-tax profit was lower by 48% or \$88 million, due mainly to divestment gains recognised in the same period last year. As mentioned last quarter, the division's profits in 2015 were boosted by gains from the divestment of 51% interest in Keppel Merlimau Cogen Pte Ltd and dilution re-measurement gains from the combination of Keppel Infrastructure Trust and CitySpring Infrastructure Trust, partially offset by the provision for losses on the Doha North Sewage Treatment Plant.

Investments division's pre-tax profit decreased by 62% or \$96 million due to share of losses from KrisEnergy and lower share of profit from k1 Ventures. The division's pre-tax profit included \$51 million from Keppel Capital's fund management business.

11. 9M 2016 Net Profit by Segments (Slide 33)

After tax and non-controlling interests, the Group's earnings decreased 43% or \$479 million to \$641 million, with the Property division being the top contributor at 55% followed by Offshore & Marine division at 26%.

12. Net Profit and EPS (Slide 34)

Amidst a poor market environment especially in the offshore and marine sector, the Group recorded a creditable net profit of \$641 million for the first nine months of the year. The third quarter 2016 results remained comparable to each of the first two quarters of the year on a quarter-to-quarter basis.

This translated to earnings per share of 35.3 cents, which was 43% lower than the corresponding period in 2015.

13. Free Cash Flow (Slide 35)

In the first nine months of 2016, operational cash inflow was \$885 million, \$167 million below the previous period.

Outflow for working capital changes, interest and income taxes was \$611 million, which is significantly less than the outflow of \$1,790 million in the prior period. This was driven mainly by the cash proceeds from sale of development properties and the slowdown in working capital increases in Offshore & Marine division. This resulted in the net cash inflow from operating activities of \$274 million as compared to an outflow of \$738 million in the same period last year.

Net cash generated from investing activities amounted to \$278 million, comprising mainly investment and dividend income of \$360 million, less investments and operational capital expenditure of \$97 million.

As a result, there was an overall cash inflow of \$552 million for the first nine months of 2016, as compared to the cash outflow of \$784 million in the same period last year.

14. **Outlook (Slide 36)**

The Group remains committed to our multi-business strategy, as we harness the strengths of our core competencies to stay responsive to the changes in the macro environment.

We are also focused on capturing greater efficiencies by controlling our costs, so as to build resilience for the future into our businesses and stay the course in creating value for our stakeholders in the long term.

Thank you.