

Building a Global Champion



“We will continue to focus on growing Keppel to become a leading global asset manager and operator, with our Fund Management, Investment and Operating platforms working closely together to deliver strong value to Keppel's shareholders and to our LPs.”

DANNY TEOH, Chairman

DEAR SHAREHOLDERS,

2024 was a pivotal year for Keppel, as we completed the first year of the Company's transformation from a diverse industrial conglomerate into a global asset manager and operator, focused on Infrastructure, Real Estate and Connectivity.

STRONG PERFORMANCE

Despite a highly volatile macroenvironment, marked by high interest rates, escalating geopolitical risks, technology disruptions and trade tensions, Keppel delivered strong performance. In FY 2024, our net profit from continuing operations was \$1.06 billion, about 5% higher than \$1.02 billion in FY 2023, excluding the effects of the legacy offshore and marine (O&M) assets¹. Including these effects and the discontinued operations, our net profit was \$940 million for FY 2024.

All three segments, Infrastructure, Real Estate and Connectivity, were profitable in 2024. Infrastructure contributed the highest profit at \$673 million, while Connectivity recorded the highest earnings growth of 45% year on year (yoy).

We continued to make good progress against the targets that we set and disclosed for the Company. These include growing our Funds Under Management² (FUM) to \$100 billion by end-2026, with a view to achieving \$200 billion by 2030. By the end of 2024, we have achieved an FUM of \$88 billion, and are confident of reaching our target ahead of schedule. Asset management fees³ likewise rose strongly by 54% yoy to \$436 million, through both organic and inorganic growth.

As part of Vision 2030, we have focused on improving the quality of earnings by growing recurring income. In 2024, our recurring income was \$766 million, making up 72% of our net profit from



International efforts to decarbonise and combat climate change will drive demand for Keppel's Energy-as-a-Service solutions. (In picture: Singapore's largest single-site rooftop solar photovoltaic system at Changi Airport designed, built and being operated by Keppel over 25 years.)

continuing operations⁴. Over the past two years, recurring income has consistently represented more than 70% of net profit, and was much higher than the 21% in FY 2021.

We have also made good progress in asset monetisation. Since embarking on our \$17.5 billion asset monetisation programme in October 2020, we have announced close to \$7 billion in assets monetised, including some \$1.5 billion⁵ in 2024. We will continue to work towards our interim target of \$10-\$12 billion by end-2026.

Supported by our asset-light strategy, our Return on Equity (ROE) has been steadily improving. In FY 2024, our ROE⁴ from continuing operations reached 10.1%, compared to 9.5% in FY 2023.

As we transformed and integrated the Company, we not only removed silos, but also flattened Keppel's organisation structure, making it more streamlined, agile and efficient. Through disciplined restructuring, we achieved our target

of \$70 million in recurring annual run-rate cost savings two years ahead of schedule, and are aiming for additional savings of \$50 million per annum by end-2026, through further cost optimisation and harnessing the power of cloud and AI.

Considering Keppel's strong performance, the Board of Directors has proposed a final cash dividend of 19 cents per share. Together with the interim cash dividend of 15 cents per share, we will be paying out a total cash dividend of 34 cents per share for the whole of FY 2024, the same as that of FY 2023.

PROMISING OUTLOOK

Looking ahead, we will continue to focus on growing Keppel to become a leading global asset manager and operator, with our Fund Management, Investment and Operating platforms working closely together and reinforcing one another to deliver stronger value to Keppel's shareholders and to our Limited Partners (LPs).

¹ Effects of legacy O&M assets comprise the P&L effects from Seatrium shares, the legacy rigs, and contributions from stakes in Floatel and Dyna-Mac.

² Gross asset value of investments and uninvested capital commitments on a leveraged basis is used to project fully-invested FUM.

³ Includes 100% fees from subsidiary managers, joint ventures and associated entities, annualised fees for platform/asset acquired during the year, as well as share of fees based on shareholding stake in associate with which Keppel has strategic alliance. Also includes asset management, transaction and advisory fees on sponsor stakes and co-investments.

⁴ Excludes effects of the legacy O&M assets.

⁵ Includes \$635.9 million from Asset Co which is based on \$1,070.0 million cash in Asset Co as at 31 December 2024 and \$71.3 million cash payment received from Asset Co in 1Q 2024, less \$505.4 million from the three jackup rigs sold to Borr Drilling as announced in 2022.

Chairman's Statement

Following the acquisition of our 50% stake in Aermont Capital (Aermont) last April, integration has been proceeding well. With Aermont as our European platform, our geographical reach has expanded from mainly Asia Pacific to Europe. Both Keppel and Aermont will work closely to expand our offerings in the European market.

We will also bring in world-class partners and collaborators to offer better solutions across the value chain, as we had done in 2024 with our Strategic Framework Agreement with Amazon Web Services, to establish Keppel as a strategic ecosystem player.

We continue to see immense opportunities in our target markets, underpinned by global macro trends and tailwinds. International efforts to

decarbonise and mitigate the impact of climate change will drive demand for Keppel's solutions, such as our renewable energy importation, waste-to-energy technology, and our Energy-as-a-Service solutions.

Connectivity will also be a growth sector, with digitalisation and Generative AI driving demand for subsea cables, energy-efficient data centres and digital connectivity solutions. When the Bifrost Cable System is ready for service, expected in the second half of 2025, it will significantly enhance Singapore's strategic position as Asia's leading digital hub and also support the region's fast-growing digital economy.

While the real estate market is expected to remain challenging in markets such as China, we have significantly reduced our exposure.

Following our asset monetisation efforts over the years, our landbank in China has shrunk from \$3.1 billion in end-2017 to about \$1.1 billion at the end of 2024, which is held at historical costs¹. We continue to pivot away from a traditional developer model to focus on Real Estate-as-a-Service, including offering Sustainable Urban Renewal solutions and consultancy services for large-scale developments.

In line with our asset-light strategy, we will continue to drive asset monetisation while derisking our legacy O&M assets. These include Asset Co's rigs and our stake in Floatel, which were carried in our balance sheet at approximately \$3.6 billion as at end-2024. With full control of Asset Co, including its cash of \$1.1 billion, we are in a stronger position to better manage when and how the legacy rigs are monetised.

¹ Includes effective carrying values for those held by associated companies and joint ventures. It does not include the carrying value of SSTECC.



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RUNNING THE COMPANY RESPONSIBLY

As we focus on growing the Company, we are also committed to enhancing corporate governance, risk management and sustainability. In 2024, we adopted a Board Gender Diversity Policy to aim to have at least two female directors, and 30% female representation on the Board by 2030. On the environmental aspects of ESG, we have set targets to reduce carbon emissions, water and waste intensity, and our impact on nature and biodiversity, as well as increase the use of renewable energy.

We are honoured to retain our MSCI AAA ESG rating, remain in the Dow Jones Best-In-Class World and Asia Pacific Indices and be named one of the World's Most Sustainable Companies by TIME Magazine in 2024. We were also ranked 4th in the Singapore Governance and Transparency Index 2024.

To ensure we can attract top talent, we remained focused on making Keppel a great place to work. In the 2024 Employee Engagement Survey, we scored 84%, higher than Mercer's global norm. 87% of staff indicated that they are proud to work for Keppel and 90% support the Company's transformation to be a global asset manager and operator. During the year, we continued to invest in training and development, achieving an average of more than 20 hours per person.

In 2024, we contributed \$4.8 million to worthy causes, including donations made through Keppel Care Foundation. These include supporting research on sustainable cities at the Singapore University of Technology and Design, enhancing kidney health awareness and disease prevention with the National Kidney Foundation, and supporting persons with dementia as well as disabilities. In Vietnam, we extended the Living Well programme, which provides access to clean water to vulnerable communities threatened by saltwater intrusion.



The development of the new Keppel Coastal Trail at Labrador Nature Park was supported by a \$1 million donation from Keppel Care Foundation to the Garden City Fund. From left: Mr Desmond Lee, Minister for National Development and Minister-in-Charge of Social Services Integration; Mr Loh Chin Hua, CEO of Keppel; Mr Danny Teoh, Chairman of Keppel, and Mr Guy Daniel Harvey-Samuel, Chairman of the Garden City Fund.

ACKNOWLEDGEMENTS

While we have made good progress in transforming into an asset manager and operator, this is just the beginning. The Board and management will continue to strive towards achieving our ambitious targets.

I would like to express my deep appreciation to fellow directors for their dedicated service and wise counsel, which helped Keppel to deliver strong results amidst a volatile environment. I would like in particular to thank Mr Teo Siong Seng, who will be stepping down from the Board immediately after the upcoming AGM. Siong Seng contributed actively to the Board during the Company's transformation, including serving as the inaugural Chairman of our Board Sustainability and Safety Committee, which was established three years ago. I wish Siong Seng all the best in his future endeavours.

I am also grateful to our shareholders, LPs, industry partners, customers and other stakeholders for their confidence in and support for Keppel. Lastly, I would like to express the Board's appreciation to Keppelites around the world for their contributions to the Company.

We will continue to work closely with our different stakeholders to build Keppel into a global champion.

Yours sincerely,

DANNY TEOH
Chairman

28 February 2025