

Creating Enduring Value



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LOH CHIN HUA, Chief Executive Officer

Q Can you share more on the progress in Keppel's transformation to be a global asset manager and operator? Has the transformation been completed?

A Keppel has undergone a fundamental transformation. Up to a few years ago, Keppel was known mainly as an offshore rig builder, a property developer, or an infrastructure EPC¹ contractor, with independently run verticals. Today, Keppel is a horizontally integrated company. Our platforms and divisions are working together, and reinforcing one another to deliver higher value, both to Keppel's shareholders and to our Limited Partners (LPs). We are also working with world-class partners and collaborators to offer better solutions across our value chains, and establishing Keppel as a strategic ecosystem player.

The quality of our earnings has improved significantly. Recurring income of \$766 million in 2024 made up 72% of our net profit from continuing operations², up from 21% in FY 2021. As part of our asset-light strategy, we have announced the monetisation of close to \$7 billion in assets since October 2020.

Importantly, we have demonstrated our ability to do more with less. In the past four years, our total assets declined by about 14% to \$27.7 billion as at end-2024, while our Funds Under Management³ (FUM) grew about 2.4x, from \$37 billion in 2020 to \$88 billion. Over the same period, our asset management fees⁴ rose at a compounded annual growth rate of about 25% to \$436 million in 2024. As an asset manager, we have diversified our investment strategies to include energy,

environmental infrastructure, data centres and private credit. We have also expanded from mainly Asia Pacific to Europe with Aermont Capital as our platform.

Our segments have also undergone significant transformation. Today, Infrastructure has become the largest profit contributor with earnings surging 4.9x from \$137 million in FY 2021⁵ to \$673 million in FY 2024, underpinned by robust recurring income. We have also shifted from being largely an EPC player with lumpy earnings to providing technology, and operating and maintenance services.

Our Connectivity business has grown from a subscale data centre and logistics player to a premier digital infrastructure provider, with earnings rising 2.5x from \$74 million in FY 2018⁶, before the privatisation of Keppel T&T and M1, to \$184 million in FY 2024. We have also expanded our data centre portfolio significantly, and ventured into new growth areas such as subsea cable systems. M1, following its privatisation, has also evolved from a traditional telco into a digital-first network operator, synergising with Keppel and establishing its enterprise business as a new growth engine.

While we have achieved strong results, the transformation journey continues. We will continue to grow our asset management business, with the aim of reaching \$100 billion in FUM before the end of 2026, and \$200 billion by 2030. We will also work hard at pivoting our Real Estate Segment to be more asset-light, and driving

RETURN ON EQUITY

10.1%

From continuing operations in FY 2024 excluding the effects of the legacy O&M assets, compared to 7.9% in FY 2022.

ASSET MONETISATION

\$7b

Asset monetisation announced as at end-2024. Interim target of \$10-\$12 billion by end-2026.

¹ Engineering, procurement and construction.

² Net profit from continuing operations excluding the P&L effects of legacy offshore and marine assets, which comprise Seatrium shares, the legacy rigs, and contributions from stakes in Floatel and Dyna-Mac.

³ Gross asset value of investments and uninvested capital commitments on a leveraged basis is used to project fully-invested FUM.

⁴ 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.

⁵ Based on Keppel Infrastructure's net profit as reported in Keppel's FY 2021 results.

⁶ Based on net profit contributions from Keppel T&T and M1, prior to both companies' privatisations in 2019, as disclosed in Keppel's FY 2018 results.

Interview with the CEO

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the monetisation of our legacy offshore and marine (O&M) assets.

Reflecting our transformation, Keppel is no longer ascribed a conglomerate discount by most analysts covering us. As we strive to achieve our goals with laser-focus, we hope the market will ascribe an appropriate growth multiple to the New Keppel.

Q 2024 was a strong year for asset monetisation. Do you expect this pace to continue moving forward?

A We are making good progress towards our interim target of \$10-\$12 billion in 2026, having reached close to \$7 billion in asset monetisation at the end of 2024, with \$1.5 billion¹ announced in 2024. This does not include the divestment of Keppel Offshore & Marine, which would have added another \$4.7 billion², bringing our total monetisation to about \$11.7 billion to date. I am confident that we will achieve our monetisation goals based on the good traction achieved.

Supported by our asset-light strategy, our Return on Equity (ROE) has been steadily improving. In FY 2024, our ROE from continuing operations reached 10.1%, excluding the effects of the legacy O&M assets, compared to 7.9% two years ago in FY 2022.

Looking ahead, we will continue driving the monetisation of our legacy O&M assets, real estate assets and non-core businesses

to free up funds for growth, debt reduction and rewarding shareholders. Asset Co owns one of the most advanced rig fleets, with about half of them contracted and generating cash flows. Having full control of Asset Co and its \$1.1 billion cash helps us better manage and accelerate the monetisation of the legacy rigs. We will be placing these rigs and our stake in Floatel with a total carrying value of \$3.6 billion into a private fund, which will give us flexibility to respond to opportunities whether through sale or securitisation. A number of the rigs are already on bareboat charters. Our immediate task would be to put more of the rigs to work to generate cash flow as we position ourselves for the further recovery of the offshore sector.

Q How is Keppel positioning itself to capture opportunities in infrastructure?

A Amidst the volatile environment, infrastructure remains a highly attractive asset class, providing stability and resilience to investors. Looking ahead, the infrastructure market is poised for significant growth, driven by rapid digitalisation and the energy transition. As a global asset manager with deep operating capabilities in sustainability and connectivity solutions, Keppel is strategically positioned to capitalise on these transformative opportunities to create value for both our LPs and shareholders.

We have evolved our infrastructure business significantly over the past few years to focus on opportunities across renewables, clean energy and decarbonisation, while growing Keppel's reputation and track record as a leading infrastructure asset manager. In 2024, Keppel was ranked in IPE Real Assets' list of Top 100 Infrastructure Managers, emerging as the third largest globally by listed investments, and the sixth largest in Asia Pacific by Assets Under Management.

As at end-2024, our infrastructure FUM was \$19 billion, spanning a portfolio of diverse energy and environmental assets as well as digital infrastructure such as the Bifrost Cable System. Keppel was also able to secure the first closing of its third private credit Fund which will invest in private debt focusing on infrastructure assets. Our ability to deploy funds across the capital stack will enable Keppel to seize more infrastructure opportunities, undertaking larger and increasingly complex solutions that the world needs.

Q How is Keppel positioning itself to capture opportunities from the digitalisation and AI wave amidst the disruptions?

A Like climate change and the energy transition, digitalisation and AI are megatrends that are here to stay. To support the significant computing power, data storage and networking requirements, the world will



When completed in 2H 2025, the Bifrost Cable System will not only deliver enhanced connectivity and network diversity to our customers but also generate attractive returns for Keppel and our private fund co-investors with an expected Internal Rate of Return of over 30% on our five fibre pairs.

continue to need more digital infrastructure such as data centres and subsea cables that Keppel is well positioned to offer.

While we have seen disruptive, technological innovations such as DeepSeek, these can help to reduce the costs of AI and promote further Generative AI adoption. This could in turn spur greater demand for AI solutions and encourage further investments into more advanced solutions, auguring well for Keppel's connectivity solutions.

In the past six years, our data centre portfolio has grown about 2.7x from 240 MW in 2018 to 650 MW in 2024. In the next few years, we aim to almost double this to 1.2 GW, harnessing capital from our

third data centre fund and other co-investors.

Our investment in the Bifrost Cable System (Bifrost), the largest high-speed transmission cable across the Pacific, is progressing well. When completed in 2H 2025, Bifrost will not only deliver enhanced connectivity and network diversity to our customers but also generate attractive returns for Keppel and our private fund co-investors with an expected Internal Rate of Return of over 30% on our five fibre pairs. Keppel will also continue to earn long-term operating and maintenance fees of over \$200 million per fibre pair over 25 years. Beyond Bifrost, we are also pursuing opportunities for two more cable systems with over 30 fibre pairs connecting Southeast Asia to the rest of Asia, and beyond.

¹ 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.

² This includes the Sembcorp Marine (now Seatrium) shares, which were distributed or held in the segregated account, at \$2.30 per share (or \$0.115 per share prior to the share consolidation undertaken by Seatrium in 2023; \$0.115 was the last traded price of the shares on the first market day immediately following the date of the combination) and the \$0.5 billion cash component.

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Succeeding in this dynamic landscape requires seizing opportunities at speed and scale, as well as significant investment capital. Keppel is uniquely positioned to drive growth by leveraging our deep operating capabilities, access to third-party funds, asset recycling platforms, and partnerships with leading cloud and technology companies, including Amazon Web Services and Meta. As an ecosystem player, our expertise in data centres, green energy, cooling and subsea cables positions Keppel well for future global tech partnerships, where we can drive advancements in sustainability and connectivity, while delivering good returns to our investors.

Q What are your views on the Real Estate business, which used to be Keppel's largest earnings contributor?

A Real Estate continues to be an important segment for Keppel. However, the way we operate has changed, pivoting from a traditional developer into an asset-light real estate solutions provider, focused on recurring income.

We have announced the monetisation of about \$3.6 billion in real estate assets, making up slightly over half of Keppel's cumulative asset monetisation of \$7 billion as at end-2024. In line with our asset-light strategy, we have also reduced our China landbank¹ by about two-thirds from \$3.1 billion in 2017 to \$1.1 billion in 2024, significantly derisking our exposure to China property.

Through our multi-year restructuring, we have also generated significant run-rate cost savings of above \$100 million over the past two years. The Real Estate Division will continue to focus on growing recurring income by offering Sustainable Urban Renewal solutions through KSURF and provide consultancy services for large-scale developments, leveraging Keppel's established track record in Asia.

Q There has been some backsliding on ESG in certain markets. What is Keppel's approach towards sustainability?

A Keppel remains committed to sustainability. We see sustainability not just through the lens of compliance or disclosure, but as an integral part of risk management and how we create value. We are committed to running our business responsibly, including reducing carbon emissions, and also investing in and creating solutions that contribute to a sustainable future. Climate change is one of the most serious challenges facing humanity today and we see strong demand for the sustainability solutions that Keppel provides. Beyond the 'E' aspects of ESG, we are also focused on enhancing the governance and social aspects, whether through the adoption of a Board Gender Diversity Policy, executing our Zero Fatality Strategy, or contributing to the community through philanthropy and staff volunteerism.

Q How do you see Keppel's prospects in 2025 amid the uncertain global environment?

A Keppel's comprehensive transformation has positioned us to thrive in the current volatile operating environment, marked by increasing geopolitical risks, technology disruptions and trade tensions. I am confident that Keppel is well poised to seize opportunities, leveraging our deep operating capabilities and access to diverse capital pools to deliver the solutions that investors and customers seek.

I believe the future is very bright for Keppel, with our strengths positioning us for success. We will harness our synergies and deep operating capabilities to entrench Keppel's position as a strategic ecosystem partner, leveraging cloud and AI technologies to drive efficiencies and competitive advantage. Embracing a growth mindset, we will execute our plans with discipline and agility while staying ambitious. We will also make Keppel a great place to work for global talent, where fulfilling careers are built.

When we succeed, Keppel will be a leading global asset manager and operator with an FUM of \$200 billion, tackling the challenges of climate change, the energy transition and rapid digitalisation, while delivering strong returns to our LPs and our shareholders.

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