

Media Release

Keppel reports stronger 1Q 2022 performance building on Vision 2030 momentum

- *Improved net profit and revenue year-on-year in 1Q 2022.*
- *Crossed S\$3 billion asset monetisation mark at half time of 3-year target; confident of exceeding S\$5 billion by end-2023.*
- *Gained strong traction in simplifying the Group's business with divestment of Keppel Logistics; made significant progress on proposed offshore & marine transactions.*
- *Announces formation of Board Sustainability and Safety Committee effective 1 May 2022 to sharpen focus on sustainability issues.*

Singapore, 21 April 2022 – Keppel Corporation Limited (Keppel) has released its voluntary business update for 1Q 2022, reporting a higher year-on-year (yoy) net profit with increased contributions from all segments except Urban Development.

At the business unit level, Keppel Infrastructure's net profit grew significantly yoy, while M1, Keppel Data Centres and Keppel Capital registered improved performance during the quarter. Keppel Offshore & Marine (Keppel O&M) also improved on its performance, with a significant yoy reduction in net loss for 1Q 2022, due to higher productivity coupled with continual efforts to streamline operations and maintain a lean cost structure.

The Group's revenue was S\$2,068 million for 1Q 2022, about 9% higher than S\$1,889 million a year ago, mainly due to higher contributions from the Energy & Environment segment. The Group's net gearing remained stable at 0.69x as at 31 March 2022, compared to 0.68x as at 31 December 2021.

Keppel continues to advance its asset-light strategy, sharpen its focus and simplify the Group's business. In the year to date, Keppel announced S\$332 million in asset monetisation, including the divestment of the Group's interests in Keppel Logistics¹. Since the launch of the Group's asset monetisation programme in September 2020, the Group has announced more than S\$3.2 billion in asset monetisation and received about S\$2.8 billion of this amount in cash.

¹ The transaction will not include Keppel T&T's logistics operations in China, namely the Jilin Food Zone Logistics Park, the Tianjin Eco-City Distribution Centre, the Keppel Wanjiang International Coldchain Logistics Park, as well as Keppel Logistics' stakes in Keppel Puninar Logistics in Indonesia and Indo-Trans Keppel Logistics in Vietnam.

In end-March 2022, Keppel also announced that significant progress had been made on talks with Sembcorp Marine in relation to the proposed combination of Keppel O&M and Sembcorp Marine, with the parties committed to continue with exclusive negotiations and work towards a definitive agreement by 30 April 2022. Significant progress had also been achieved on advancing the sale of Keppel O&M's legacy rigs and associated receivables to a separate Asset Co, which would be majority owned by external investors. This transaction is inter-conditional and being pursued concurrently with the proposed combination.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "Keppel delivered strong performance in the first quarter of 2022, amidst the challenging global environment, which has been exacerbated by the war in Ukraine. Apart from Urban Development, all business segments delivered higher profits.

"We have advanced the Group's strategy to simplify and focus our business and enhance our earnings with the divestment of Keppel Logistics² announced at the end of March 2022. We are also making significant progress in discussions on the proposed combination of Keppel O&M and Sembcorp Marine and the resolution of Keppel O&M's legacy rigs. The parties are working towards definitive agreements by 30 April 2022.

"We have exceeded the S\$3 billion mark at the half time of our 3-year target of S\$3–S\$5 billion in asset monetisation. We will continue to pursue our asset-light strategy by unlocking capital for reinvesting into new growth areas while tapping third-party funds to grow with speed and scale.

"We are excited by the progress made on the myriad of growth opportunities across renewables, new energy and decarbonisation solutions in line with our mission to provide solutions for sustainable urbanisation and climate action."

In the Energy & Environment segment, Keppel O&M continued to improve on its performance in 1Q 2022, recording a significant reduction in net loss yoy and positive EBITDA, on the back of higher levels of activity as it executes its sizeable orderbook. Op Co³ was also profitable for 1Q 2022, in line with the increasing top line, slimmer operations and a more efficient level of overheads. Meanwhile, Keppel O&M is actively pursuing bareboat charters for several legacy rigs and has received sales enquiries for some of the rigs.

Keppel Infrastructure's net profit improved significantly yoy. Its 1Q 2022 revenue was S\$994 million, up 57% yoy driven by higher power and gas sales, and higher revenue recognition from Hong Kong Integrated Waste Management Facility. It is also participating in the Energy Market Authority's request for proposal for low-carbon power import licenses in Singapore, among other initiatives.

In the Urban Development segment, Keppel Land's net profit for 1Q 2022 was lower yoy, due mainly to lower contributions from China property trading projects and the absence of gains from enbloc sales. Keppel Land sold 540 homes in 1Q 2022, compared to 1,360 homes sold a year ago, due mainly to the timing of new project launches slated for later this year.

² The transaction will not include Keppel T&T's logistics operations in China, namely the Jilin Food Zone Logistics Park, the Tianjin Eco-City Distribution Centre, the Keppel Wanjiang International Coldchain Logistics Park, as well as Keppel Logistics' stakes in Keppel Puninar Logistics in Indonesia and Indo-Trans Keppel Logistics in Vietnam.

³ Op Co refers to Keppel O&M excluding the legacy completed and uncompleted rigs and associated receivables and its interests in Floatel and Dyna-Mac.

In the Connectivity segment, Keppel Data Centres performed better yoy. Meanwhile, the development of the Bifrost Cable System is progressing well and Keppel continues to see strong demand with three of its fibre pairs already committed.

In 1Q 2022, M1 recorded a higher yoy net profit, while its revenue grew to S\$260 million from S\$254 million in 1Q 2021. Notably, revenue from M1's growing enterprise segment increased 30% yoy in 1Q 2022. As at end-March 2022, M1 achieved over 65% outdoor coverage in its 5G Standalone Network roll-out and is working towards nation-wide outdoor coverage by early 2023.

In the Asset Management segment, Keppel Capital registered stronger operating results. Asset management fees grew by almost 70% yoy to S\$71 million in 1Q 2022⁴. During the quarter, Keppel Capital completed S\$2.5 billion worth of acquisitions.

More details on the business segments' updates for 1Q 2022 can be found in the addendum to this media release.

As part of Keppel's Vision 2030, the Company has put sustainability at the core of its strategy. Reflecting the commitment of the Board of Keppel Corporation to give greater focus to sustainability issues, it has decided to establish a Board Sustainability and Safety Committee (BSSC) with effect from 1 May 2022. The role of the existing Board Safety Committee would be subsumed under the terms of reference of the BSSC, which include reviewing the Company's sustainability strategy and material ESG factors, ensuring that the Group has in place an effective governance structure for sustainability matters, reviewing the processes for identifying, assessing and managing climate-related risks and opportunities, overseeing the adoption of and progress towards the Company's sustainability goals and targets, overseeing the Company's health, safety, and environmental performance, among others.

The BSSC will be chaired by Non-executive and Non-independent Director Mr Teo Siong Seng, while its members will comprise Mr Danny Teoh, Chairman of Keppel Corporation, Mr Loh Chin Hua, CEO of Keppel Corporation and Mr Olivier Blum, Non-executive and Independent Director, each of whom has experience in various aspects of sustainability.

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⁴ Asset management fees includes 100% fees from subsidiary managers, joint ventures and associated entities, as well as share of fees based on shareholding stake in associate with which Keppel has strategic alliance.

ADDENDUM

Energy & Environment

Keppel O&M continued to improve on its performance in 1Q 2022. It recorded a significant reduction in net loss yoy and positive EBITDA in the first quarter of this year. Keppel O&M was also profitable at the Op Co⁵ level for 1Q 2022, in line with the increasing top line, slimmer operations and a more efficient level of overheads.

Keppel O&M secured S\$76 million worth of new contracts in 1Q 2022 for the installation and integration of FPSO topside modules and the jumboisation of dredgers, and is pursuing a strong pipeline of projects. As at end-March 2022, its net orderbook was S\$4.8 billion, about 37.5% of which comprised renewables and gas-related solutions. Keppel O&M is also actively pursuing bareboat charters for several legacy rigs and has also received sales enquiries for some. With rising oil prices and improving market conditions, Keppel remains confident that Keppel O&M's legacy rigs can be substantially monetised over the next three to five years.

Keppel Infrastructure's net profit for 1Q 2022 improved significantly yoy. The company's revenue for the quarter grew 57% yoy to S\$994 million, bolstered by higher power and gas sales, and increased revenue recognition from the Hong Kong Integrated Waste Management Facility (IWMF). As at end-March 2022, Keppel Infrastructure had completed about 47% and 27% of its IWMF projects in Hong Kong and Singapore respectively.

Meanwhile, Keppel Infrastructure continues to grow its presence in renewables, clean energy and decarbonisation solutions. It is participating in the Energy Market Authority's request for proposal for low carbon power import licenses in Singapore and has signed MOUs with industry leaders to develop and capture opportunities in the growing market for sustainable energy solutions, as well as to innovate and catalyse ASEAN cross-border renewable energy trades. More recently, Keppel Infrastructure completed a feasibility study on carbon capture integration for the Runcorn EfW (Energy from Waste) facility in the UK, which was designed and built by Keppel Infrastructure, using Keppel Seghers' proprietary technology.

Urban Development

Keppel Land's net profit for 1Q 2022 was lower yoy, due mainly to lower contributions from China property trading projects and the absence of gains from enbloc sales. Keppel Land sold 540 homes in 1Q 2022, compared to 1,360 homes sold a year ago, due mainly to the timing of new project launches, a number of which are slated to take place later in 2022.

During the quarter, Keppel Land announced the monetisation of its 42% indirect stake in a project company which holds the rights to develop a 30-hectare site located in Ho Chi Minh City, as well as the acquisition of three land plots in Mailand Hanoi City with Keppel Vietnam Fund and its co-investor. Keppel Land together with Keppel Urban Solutions also signed an MOU with Sovico

⁵ Op Co refers to Keppel O&M excluding the legacy completed and uncompleted rigs and associated receivables and its interests in Floatel and Dyna-Mac.

Group and Phu Long Real Estates Joint Stock Company to cooperate in various areas of urban development in Vietnam. These include collaborating on smart and sustainable projects and providing related urban solutions and services such as masterplanning and infrastructure planning, placemaking and township management services to create highly liveable, vibrant spaces and digitally connected communities, starting with Mailand Hanoi City in Hanoi.

Connectivity

Keppel Data Centres has performed better yoy. During the quarter, Keppel T&T entered into an agreement for the divestment of its entire stake in Keppel Logistics to Geodis International for a consideration of about S\$80 million, valuing Keppel Logistics at enterprise value of S\$150 million on a cash free, debt free basis. This transaction includes Keppel Logistics' businesses in Singapore, Malaysia and Australia, as well as UrbanFox.

Following the divestment of Keppel Logistics, Keppel T&T will continue to streamline and rationalise its operations, scaling up in sustainable data centre solutions and the adjacent subsea cable business. Meanwhile, the development of the Bifrost Cable System, the world's first subsea cable system that directly connects Singapore to the west coast of North America via Indonesia, is also progressing well and Keppel continues to see strong demand with three of its fibre pairs already committed.

In 1Q 2022, M1 recorded a higher yoy net profit, while its revenue grew to S\$260 million from S\$254 million in 1Q 2021. Notably, revenue from M1's growing enterprise segment increased 30% yoy in 1Q 2022. As at end-March 2022, M1 achieved over 65% outdoor coverage in its 5G Standalone Network roll-out and is working towards nation-wide outdoor coverage by early 2023.

Asset Management

In the Asset Management segment, Keppel Capital registered stronger operating results. Asset management fees grew by almost 70% yoy to S\$71 million in 1Q 2022⁶. During the quarter Keppel Capital completed S\$2.5 billion worth of acquisitions.

Following the acquisition of a majority joint venture stake in leading solar energy platform, Cleantech Renewable Assets (Cleantech) by Keppel Corporation, together with Keppel Asia Infrastructure Fund (KAIF) and a co-investor of KAIF in December 2021, the partners have announced the purchase of the remaining 50% interest in Cleantech's asset company, Cleantech Solar Asia Pte Ltd (CSA). This latest acquisition will bring the partners' collective effective stake in CSA from 25.5% to 75.5%.

⁶ Asset management fees includes 100% fees from subsidiary managers, joint ventures and associated entities, as well as share of fees based on shareholding stake in associate with which Keppel has strategic alliance.

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About Keppel Corporation

Keppel Corporation is one of Singapore's flagship multinational companies with a global footprint in more than 20 countries. Keppel provides solutions for sustainable urbanisation, focusing on four key areas comprising energy & environment, urban development, connectivity and asset management. With sustainability at the core of its strategy, Keppel harnesses the strengths and expertise of its business units to develop, operate and maintain real assets, which provide diverse solutions that are good for the planet, for people and for the Company.