

## Media Release

### Keppel reports net profit of S\$160m in 1Q 2020

*All key business units remain profitable despite COVID-19, many continue to provide essential services during Singapore's circuit breaker.*

**Singapore, 29 April 2020** – Keppel Corporation Limited (Keppel) reported a net profit of S\$160 million for the first three months of 2020, 21% below the S\$203 million for 1Q 2019, mainly due to an absence of gain from the divestment of a 70% interest in Dong Nai Waterfront City, Vietnam a year ago. Many Keppel business units provide essential services and continue to operate during the circuit breaker in Singapore.

The Group achieved revenue of S\$1,857 million for 1Q 2020, which was 21% higher than that of 1Q 2019, due mainly to higher revenues from offshore & marine projects, property trading projects in Singapore, the power and gas business, and with the consolidation of M1. Revenue growth for 1Q 2020 was partly offset by lower contributions from property trading projects in China, environmental engineering projects and asset management.

In 1Q 2020, the Group achieved an annualised return on equity of 5.7%. Net gearing was 0.88x as at 31 March 2020, compared to 0.85x as at 31 December 2019, mainly due to acquisitions and investments during the quarter. Free cash inflow was S\$37 million in 1Q 2020 compared to an outflow of S\$534 million in 1Q 2019, mainly due to lower working capital requirements.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "COVID-19 is having a massive impact on the world. While Keppel is not directly involved in the sectors most severely affected by COVID-19, our businesses have inevitably been affected by the fall in global economic activity, lockdowns in various countries, disruptions to the workforce and supply chains, as well as the sharp drop in oil prices.

"All our key business units remain profitable and Keppel continues to have a strong balance sheet and the necessary credit lines to finance our operations. Nevertheless, given the tightening liquidity environment, we are watching our cashflow and gearing carefully, and will manage costs across the Group, as we prepare for a difficult operating environment that may persist for some time. I am confident that working together as a group, and with the support of our stakeholders, we will overcome the challenges of COVID-19 and emerge stronger."

## Offshore & Marine

The Offshore & Marine (O&M) Division registered a net profit of S\$3 million for 1Q 2020, compared to a net profit of S\$6 million a year ago, due mainly to the share of losses from associated companies which had offset the Division's stronger operating results. Keppel O&M's operating profit for 1Q 2020 was S\$28 million, an improvement over the S\$3 million recorded in 1Q 2019.

In Singapore, Keppel O&M's yards continue to provide essential services in ship/vessel repair and maintenance and overhaul during the circuit breaker with reduced manpower and various precautionary measures in place. Most of the company's overseas yards are also operational, albeit with varying restrictions.

Keppel O&M's efforts to rightsize its operations and diversify from oil-related projects over the past few years is helping it to remain resilient amid challenging conditions posed by the COVID-19 pandemic and the collapse in oil prices. Notably, renewables and gas-related solutions, make up over 70% of the Division's net orderbook of S\$4.0 billion as at end-March 2020.

## Property

The Property Division recorded a net profit of S\$35 million for 1Q 2020, 73% lower than S\$132 million for 1Q 2019, due mainly to the absence of gain from the disposal of a partial interest in Dong Nai Waterfront City, Vietnam and a tax writeback a year ago.

In 1Q 2020, Keppel Land sold 450 homes, about 15% higher than the 390 homes sold in 1Q 2019. China contributed over 70% of sales volume, with more than 200 homes sold taking place in February and March, after the COVID-19 outbreak, reflecting the improving confidence and sentiments in the country. In Singapore, the market slowed down with the closure of showrooms during the circuit breaker and more cautious sentiments among buyers; while the Vietnam market remained relatively resilient during the quarter. Keppel Land's commercial portfolio, which comprises mainly office buildings, remain relatively resilient against the impact of COVID-19.

## Infrastructure

The Infrastructure Division's net profit of S\$174 million for 1Q 2020, was higher compared to S\$16 million in 1Q 2019, mainly due to a mark-to-market gain of S\$131 million from the reclassification of the Group's interest in Keppel Infrastructure Trust from an associated company to an investment. Excluding this, Keppel Infrastructure's earnings have doubled compared to 1Q 2019, with higher contributions from Energy Infrastructure.

Demand for infrastructure and connectivity solutions remain resilient in spite of the COVID-19 pandemic. In April 2020, a Keppel-led consortium secured a S\$1.5 billion

contract to design and build a 2,900 tonnes per day (tpd) waste-to-energy plant and a 250 tpd Materials Recovery Facility, which will be part of Singapore's new integrated waste management facility. With COVID-19 and work from home arrangements further driving demand for digital connectivity, Keppel Data Centres has received enquiries from customers on new data centre capacity. Keppel Data Centres is also exploring the feasibility of developing a Floating Data Centre Park at the Loyang Offshore Supply Base in Singapore.

### Investments

The Investments Division recorded a net loss of S\$52 million for the first quarter of 2020, as compared to net profit of S\$49 million in 1Q 2019. This was mainly due to the absence of re-measurement gains from previously held interests in M1, as well as mark-to-market losses on some of the Group's investments.

Despite the challenging economic climate, Keppel Capital continued to see strong investor interest for quality real assets that provide stable, long term cashflows. The new US\$1 billion Keppel Asia Infrastructure Fund and its co-investment vehicles are progressing steadily with aggregate capital commitments of US\$570 million.

M1 has enhanced the connectivity solutions across its business lines to support customers' needs amid COVID-19. During the quarter, M1 added 20,000 postpaid customers. However, roaming and prepaid revenues have fallen due to the sharp drop in international travel, while the sale of handsets and information and communications technology related equipment have also slowed as customers defer their spending and supply chains are disrupted. M1 and StarHub have also submitted a joint bid for a 5G licence in Singapore.

In April 2020, a residential plot in the Sino-Singapore Tianjin Eco-City was sold for RMB1.17 billion, reflecting the continuing confidence and demand for land in the Eco-City.

### Financial Highlights

	<b>1Q 2020 (S\$ m)</b>	<b>1Q 2019 (S\$ m)</b>	<b>Change (%)</b>
<b>Revenue</b>	1,857	1,531	21
<b>Operating Profit</b>	273	322	(15)
<b>Net Profit</b>	160	203	(21)
<b>Earnings per Share</b>	8.8 cents	11.2 cents	(21)

- Annualised ROE was 5.7% for 1Q 2020
- Net gearing was 0.88x at end-March 2020
- Free cash inflow was S\$37m in 1Q 2020 compared to an outflow of S\$534m in 1Q 2019

– END –

**For more information, please contact:**

Media Relations

Teri Liew (Ms)  
General Manager  
Group Corporate Communications  
Keppel Corporation Limited  
DID: (65) 6413 6425  
Email: [teri.liew@kepcorp.com](mailto:teri.liew@kepcorp.com)

Investor Relations

Ivana Chua (Ms)  
Deputy General Manager  
Group Corporate Communications  
Keppel Corporation Limited  
DID: (65) 6413 6436  
Email: [ivana.chua@kepcorp.com](mailto:ivana.chua@kepcorp.com)

**KEPPEL CORPORATION LIMITED**

Co. Reg. No. 196800351N  
(Incorporated in the Republic of Singapore)

**FIRST QUARTER 2020 FINANCIAL STATEMENTS****TABLE OF CONTENTS**

<b><u>Paragraph</u></b>	<b><u>Description</u></b>	<b><u>Page</u></b>
1	GROUP PROFIT AND LOSS ACCOUNT	1
2	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
3	BALANCE SHEETS	6
4	STATEMENTS OF CHANGES IN EQUITY	8
5	CONSOLIDATED STATEMENT OF CASH FLOWS	14
6	REVIEW	16
7	REVIEW REPORT	16
8	ACCOUNTING POLICIES	16
9	CRITICAL ACCOUNTING ESTIMATES	17
10	REVIEW OF GROUP PERFORMANCE	21
11	VARIANCE FROM FORECAST STATEMENT	22
12	PROSPECTS	22
13	DIVIDEND	23
14	SEGMENT ANALYSIS	24
15	REVIEW OF SEGMENT PERFORMANCE	26
16	INTERESTED PERSON TRANSACTIONS	27
17	CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)	28
	<b>CONFIRMATION BY THE BOARD</b>	<b>29</b>

# KEPPEL CORPORATION LIMITED

## First Quarter 2020 Financial Statements

### UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

The Directors of **Keppel Corporation Limited** advise the following unaudited results of the Group for the first quarter ended 31 March 2020.

#### 1. GROUP PROFIT AND LOSS ACCOUNT for the first quarter ended 31 March

	Note	1Q 2020 \$'000	1Q 2019 \$'000	+/ -%
<b>Revenue</b>		<b>1,857,431</b>	1,530,668	+21.3
Materials & subcontract costs	(i)	<b>(1,330,862)</b>	(1,023,783)	+30.0
Staff costs	(ii)	<b>(287,866)</b>	(261,850)	+9.9
Depreciation & amortisation	(iii)	<b>(100,528)</b>	(67,624)	+48.7
Impairment loss on financial assets		<b>(1,293)</b>	(1,427)	-9.4
Other operating income - net	(iv)	<b>136,656</b>	145,628	-6.2
<b>Operating profit</b>		<b>273,538</b>	321,612	-14.9
Investment income		<b>2,117</b>	4,413	-52.0
Interest income		<b>57,232</b>	41,445	+38.1
Interest expenses	(v)	<b>(79,645)</b>	(69,034)	+15.4
Share of results of associated companies	(vi)	<b>(6,428)</b>	(15,675)	-59.0
<b>Profit before tax</b>		<b>246,814</b>	282,761	-12.7
Taxation	1b	<b>(84,097)</b>	(46,231)	+81.9
<b>Profit for the period</b>		<b>162,717</b>	236,530	-31.2
<b>Attributable to:</b>				
Shareholders of the Company		<b>160,461</b>	202,895	-20.9
Non-controlling interests		<b>2,256</b>	33,635	-93.3
		<b>162,717</b>	236,530	-31.2
Earnings per ordinary share				
- basic		<b>8.8 cts</b>	11.2 cts	-21.4
- diluted		<b>8.8 cts</b>	11.1 cts	-20.7

## NOTES TO GROUP PROFIT AND LOSS ACCOUNT

1a. Pre-tax profit of the Group is arrived at after charging/(crediting) the following:

	Note	1Q 2020 \$'000	1Q 2019 \$'000	+/- %
Share-based payment expenses		<b>8,295</b>	8,246	+0.6
Profit on sale of fixed assets	(vii)	<b>(266)</b>	(157)	+69.4
Provision/(write-back of provision)				
- Stocks	(viii)	–	2	n.m.f.
- Doubtful debts	(ix)	<b>1,293</b>	1,433	-9.8
Fair value loss/(gain)				
- Investments	(x)	<b>45,038</b>	16,882	+166.8
- Forward contracts	(xi)	<b>(27,037)</b>	17,059	n.m.f.
- Financial derivatives		<b>455</b>	(188)	n.m.f.
Foreign exchange gain	(xii)	<b>(5,744)</b>	(2,104)	+173.0
Impairment of associated companies	(xiii)	<b>9,714</b>	18,671	-48.0
Gain on disposal of subsidiaries	(xiv)	<b>(32,398)</b>	(64,534)	-49.8
Gain on disposal of an associated company	(xv)	–	(54)	n.m.f.
Gain from change in interest in associated companies	(xvi)	<b>(916)</b>	(4,121)	-77.8
Fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary	(xvii)	–	(158,376)	n.m.f.
Gain from reclassification of an associated company to fair value through other comprehensive income investment	(xviii)	<b>(130,547)</b>	–	n.m.f.

*n.m.f. - No Meaningful Figure*

### Note:

- (i) Materials & subcontract costs increased mainly as a result of higher revenue from the Offshore & Marine and Investments Divisions (consolidation of M1 from March 2019), partly offset by lower revenue in the Property Division.
- (ii) Staff costs increased due mainly to consolidation of M1 results from March 2019 and higher manpower cost in the Infrastructure Division.
- (iii) Depreciation & amortisation increased due mainly to consolidation of M1 results from March 2019.
- (iv) Other operating income decreased due mainly to absence of fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary (Note xvii), lower gain on disposal of subsidiaries (Note xiv) and higher fair value loss on investments (Note x), partly offset by gain from reclassification of an associated company to fair value through comprehensive income investment (Note xviii), fair value gain on forward contracts (Note xi) and lower impairment of associated companies (Note xiii).
- (v) Higher interest expense was mainly attributable to higher average borrowings.
- (vi) Share of losses of associated companies in the current period was lower due mainly to higher contribution from associated companies in the Investments and Infrastructure Divisions, partly offset by share of losses of associated companies in the Offshore & Marine Division.
- (vii) Profit on sale of fixed assets in the current period was largely attributable to disposal of assets in the Investments Division. Profit on sale of fixed assets in the prior period was largely attributable to disposal of assets in the Offshore & Marine and Infrastructure Divisions.
- (viii) The provision for stocks in the prior period arose mainly from the Infrastructure Division.

- (ix) The provision for doubtful debts arose mainly from the Investments and Offshore & Marine Divisions.
- (x) Fair value loss (mark-to-market) on investment portfolio was due to decrease in prices of stocks.
- (xi) Fair value gain on forward contracts arose mainly from the hedging differential on forward exchange contracts due to elapse of time and fluctuations in interest rate and fair value gain in relation to fair value hedge of Euro loan. The corresponding effects from revaluation of the Euro loan was recorded under foreign exchange loss (Note xii). In the prior year, fair value loss on forward contracts arose mainly from the hedging differential on forward exchange contracts due to elapse of time and fluctuations in interest rate and fair value loss in relation to fair value hedge of United States dollar loan. The corresponding effects from revaluation of the United States dollar loan was recorded under foreign exchange gain (Note xii).
- (xii) Foreign exchange gain was mainly attributable to the revaluation of net assets denominated in United States dollar, which appreciated against Singapore dollar. This was partly offset by foreign exchange loss attributable to the revaluation of Euro loan which was hedged using forward exchange contracts. The effects from fair value on forward contracts was recorded under fair value gain on forward contracts (Note xi). In the prior year, foreign exchange gain was mainly attributable to the revaluation of net liabilities denominated in United States dollar, which depreciated against Singapore dollar. Part of the foreign exchange gain arose from the revaluation of United States dollar loan which was hedged using forward exchange contracts. The effects from fair value on forward contracts was recorded under fair value loss on forward contracts (Note xi).
- (xiii) The impairment of associated companies in the current period was mainly attributable to impairment of an associated company in the Investments Division, partly offset by the write-back of impairment in the Infrastructure Division. The impairment of associated companies in the prior period was mainly in relation to impairment of an associated company in the Investments Division.
- (xiv) Gain on disposal of subsidiaries arose from the sale of First FLNG Holdings Pte Ltd and First FLNG Sub-Fund Holdings Pte Ltd. First FLNG Holdings Pte Ltd owns 30% interest in Gimi MS Corporation. In the prior period, gain on disposal of a subsidiary arose from the sale of 70% interest in Dong Nai Waterfront City LLC.
- (xv) In the prior year, the gain on disposal of an associated company arose from the sale of interest in Anew Corporation Limited.
- (xvi) Gain from change in interest in associated companies relates to change in interest in Keppel REIT and Keppel DC REIT.
- (xvii) In the prior year, fair value gain on remeasurement of previously held interest upon acquisition of a subsidiary arose from the acquisition of M1 Limited.
- (xviii) The gain from reclassification of an associated company to fair value through other comprehensive income investment arose from the loss of significant influence over the Group's former associated company, Keppel Infrastructure Trust.



1b. Taxation expenses were higher due mainly to absence of write-back of tax provision in the Offshore & Marine, Property and Investments Divisions as compared to the prior period.

1c. Earnings per ordinary share

	<b>1Q 2020</b>	1Q 2019	+/-%
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
(i) Based on weighted average number of shares	<b>8.8 cts</b>	11.2 cts	-21.4
- Weighted average number of shares (excluding treasury shares) ('000)	<b>1,819,183</b>	1,815,878	+0.2
(ii) On a fully diluted basis	<b>8.8 cts</b>	11.1 cts	-20.7
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	<b>1,829,785</b>	1,825,153	+0.3

**2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
for the first quarter ended 31 March**

	Note	1Q 2020 \$'000	1Q 2019 \$'000	+/- %
<b>Profit for the period</b>		<b>162,717</b>	236,530	-31.2
<u>Items that may be reclassified subsequently to profit &amp; loss account:</u>				
Cash flow hedges				
- Fair value changes arising during the period, net of tax	(i)	(216,909)	192,941	n.m.f.
- Realised and transferred to profit & loss account	(ii)	(11,379)	14,920	n.m.f.
Foreign exchange translation				
- Exchange differences arising during the period	(iii)	106,347	44,337	+139.9
- Realised and transferred to profit & loss account		11,105	8,389	+32.4
Share of other comprehensive income of associated companies				
- Cash flow hedges		(6,941)	(783)	>+500
- Foreign exchange translation		44,256	(23,363)	n.m.f.
		<b>(73,521)</b>	236,441	n.m.f.
<u>Items that will not be reclassified subsequently to profit &amp; loss account:</u>				
Financial assets, at FVOCI				
- Fair value changes arising during the period	(iv)	(111,788)	5,028	n.m.f.
Foreign exchange translation				
- Exchange differences arising during the period	(iii)	4,504	2,919	+54.3
Share of other comprehensive income of associated companies				
- Financial assets, at FVOCI		(92)	119	n.m.f.
		<b>(107,376)</b>	8,066	n.m.f.
<b>Other comprehensive income for the period, net of tax</b>		<b>(180,897)</b>	244,507	n.m.f.
<b>Total comprehensive income for the period</b>		<b>(18,180)</b>	481,037	n.m.f.
<b>Attributable to:</b>				
Shareholders of the Company		(25,057)	444,300	n.m.f.
Non-controlling interests		6,877	36,737	-81.3
		<b>(18,180)</b>	481,037	n.m.f.

*n.m.f. - No Meaningful Figure*

Note:

- (i) Fair value differences were due mainly to the hedging differential on forward exchange contracts and fuel oil forward contracts.
- (ii) These represented cash flow hedges, which were transferred to profit & loss account upon realisation.
- (iii) These exchange differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations. The translation gains arose largely from strengthening of foreign currencies, such as Renminbi against Singapore dollar.
- (iv) Fair value changes were attributable to movements in prices of financial assets measured at fair value with fair value changes recognised in other comprehensive income.

### 3. BALANCE SHEETS as at 31 March

	Group		Company	
	31.3.2020 \$'000	31.12.2019 \$'000	31.3.2020 \$'000	31.12.2019 \$'000
<b>Share capital</b>	<b>1,305,668</b>	1,291,722	<b>1,305,668</b>	1,291,722
<b>Treasury shares</b>	–	(14,009)	–	(14,009)
<b>Reserves</b>	<b>9,879,820</b>	9,933,140	<b>6,725,579</b>	6,772,318
<b>Share capital &amp; reserves</b>	<b>11,185,488</b>	11,210,853	<b>8,031,247</b>	8,050,031
<b>Non-controlling interests</b>	<b>437,780</b>	435,178	–	–
<b>Total equity</b>	<b>11,623,268</b>	11,646,031	<b>8,031,247</b>	8,050,031
Represented by:				
<b>Fixed assets</b>	<b>2,870,767</b>	2,901,845	<b>6,767</b>	7,273
<b>Investment properties</b>	<b>3,206,032</b>	3,022,091	–	–
<b>Right-of-use assets</b>	<b>763,971</b>	759,929	<b>11,995</b>	12,833
<b>Subsidiaries</b>	–	–	<b>7,962,538</b>	7,962,528
<b>Associated companies</b>	<b>6,173,127</b>	6,350,845	–	–
<b>Investments</b>	<b>1,086,587</b>	649,069	<b>19,230</b>	19,230
<b>Long term assets</b>	<b>1,815,569</b>	1,656,362	<b>15,214</b>	23,469
<b>Intangibles</b>	<b>1,671,120</b>	1,682,981	–	–
	<b>17,587,173</b>	17,023,122	<b>8,015,744</b>	8,025,333
<b>Current assets</b>				
Stocks	<b>5,495,305</b>	5,542,755	–	–
Contract assets	<b>3,600,507</b>	3,497,476	–	–
Amounts due from:				
- subsidiaries	–	–	<b>7,934,662</b>	7,280,724
- associated companies	<b>498,493</b>	563,578	<b>274</b>	705
Debtors	<b>2,860,435</b>	2,748,484	<b>37,756</b>	8,844
Derivative assets	<b>58,725</b>	41,050	<b>17,700</b>	18,544
Short term investments	<b>108,404</b>	121,581	–	–
Bank balances, deposits & cash	<b>2,276,161</b>	1,783,514	<b>390</b>	1,047
	<b>14,898,030</b>	14,298,438	<b>7,990,782</b>	7,309,864
<b>Current liabilities</b>				
Creditors	<b>4,758,526</b>	4,604,544	<b>77,051</b>	78,725
Derivative liabilities	<b>264,964</b>	119,481	<b>35,525</b>	19,988
Contract liabilities	<b>1,873,742</b>	1,824,965	–	–
Provisions for warranties	<b>35,124</b>	36,448	–	–
Amounts due to:				
- subsidiaries	–	–	<b>156,170</b>	156,867
- associated companies	<b>327,321</b>	490,286	–	–
Term loans	<b>5,403,525</b>	4,555,237	<b>4,031,540</b>	3,400,430
Lease liabilities	<b>70,144</b>	67,387	<b>4,154</b>	4,154
Taxation	<b>295,053</b>	248,425	<b>34,523</b>	31,523
	<b>13,028,399</b>	11,946,773	<b>4,338,963</b>	3,691,687
<b>Net current assets</b>	<b>1,869,631</b>	2,351,665	<b>3,651,819</b>	3,618,177
<b>Non-current liabilities</b>				
Term loans	<b>6,508,457</b>	6,504,394	<b>3,507,389</b>	3,498,203
Lease liabilities	<b>518,985</b>	530,052	<b>10,528</b>	11,498
Deferred taxation	<b>407,850</b>	399,028	–	–
Other non-current liabilities	<b>398,244</b>	295,282	<b>118,399</b>	83,778
	<b>7,833,536</b>	7,728,756	<b>3,636,316</b>	3,593,479
<b>Net assets</b>	<b>11,623,268</b>	11,646,031	<b>8,031,247</b>	8,050,031
<i>Group net debt</i>	<b>10,224,950</b>	9,873,556	<i>n.a.</i>	<i>n.a.</i>
<i>Group net gearing ratio</i>	<b>0.88x</b>	0.85x	<i>n.a.</i>	<i>n.a.</i>

## NOTES TO BALANCE SHEETS

### 3a. Group's borrowings and debt securities

#### (i) Amount repayable in one year or less, or on demand

As at 31.3.2020		As at 31.12.2019	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
171,220	5,302,449	165,986	4,456,638

#### (ii) Amount repayable after one year

As at 31.3.2020		As at 31.12.2019	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
850,495	6,176,947	840,911	6,193,535

#### (iii) Details of any collateral and securities

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The Group has mortgaged certain properties and assets of up to an aggregate amount of \$1,013,762,000 (31 December 2019: \$963,984,000) to banks for loan facilities. Included in secured borrowings are current lease liabilities of \$70,144,000 and non-current lease liabilities of \$518,985,000 which are secured over the right-of-use assets of \$763,971,000.

### 3b. Net asset value

	Group			Company		
	31.3.2020	31.12.2019	+/-%	31.3.2020	31.12.2019	+/-%
Net asset value per ordinary share *	\$6.14	\$6.17	-0.5	\$4.41	\$4.43	-0.5
Net tangible asset per ordinary share *	\$5.23	\$5.25	-0.4	\$4.41	\$4.43	-0.5

\* Based on share capital of 1,820,557,767 ordinary shares (excluding treasury shares) as at the end of the financial period (31 December 2019: 1,816,379,444 ordinary shares (excluding treasury shares)).

### 3c. Balance sheet analysis

Group shareholder's funds decreased by \$0.02 billion to \$11.19 billion at 31 March 2020. The decrease was mainly attributable to fair value losses from cash flow hedges and investments held at fair value through other comprehensive income, partly offset by retained profits for the quarter ended 31 March 2020 and foreign exchange translation gains.

Group total assets were \$32.49 billion at 31 March 2020, \$1.16 billion higher than the previous year end. Non-current assets increased due mainly to increase in investments, investment properties and long term assets, partly offset by decrease in investments in associated companies. Increase in current assets was due mainly to increase in bank balances, deposits & cash, debtors and contract assets.

Group total liabilities of \$20.86 billion at 31 March 2020 were \$1.19 billion higher than the previous year end. This was largely attributable to the increase in term loans, creditors and derivative liabilities, partly offset by the decrease in amounts due to associated companies.

Group net debt increased by \$0.35 billion to \$10.22 billion at 31 March 2020.

Group net gearing ratio increased from 85% at 31 December 2019 to 88% at 31 March 2020. This was largely driven by increase in group net debt.

#### 4. STATEMENTS OF CHANGES IN EQUITY for the first quarter ended 31 March

##### 4a. Statement of changes in equity of the Group

	Attributable to owners of the Company							
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Non-controlling Interests \$'000	Total Equity \$'000
<b>2020</b>								
<b>As at 1 January</b>	<b>1,291,722</b>	<b>(14,009)</b>	<b>126,099</b>	<b>10,470,627</b>	<b>(663,586)</b>	<b>11,210,853</b>	<b>435,178</b>	<b>11,646,031</b>
<b>Total comprehensive income for the quarter</b>								
Profit for the quarter	–	–	–	160,461	–	160,461	2,256	162,717
Other comprehensive income *	–	–	(347,226)	–	161,708	(185,518)	4,621	(180,897)
<b>Total comprehensive income for the quarter</b>	<b>–</b>	<b>–</b>	<b>(347,226)</b>	<b>160,461</b>	<b>161,708</b>	<b>(25,057)</b>	<b>6,877</b>	<b>(18,180)</b>
<b>Transactions with owners, recognised directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Share-based payment	–	–	7,796	–	–	7,796	–	7,796
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(8,137)	(8,137)
Purchase of treasury shares	–	(4,974)	–	–	–	(4,974)	–	(4,974)
Treasury shares reissued pursuant to share plans and share option scheme	13,946	18,983	(32,928)	–	–	1	–	1
Transfer of statutory, capital and other reserves from revenue reserves	–	–	1,493	(1,493)	–	–	–	–
Cash subscribed by non-controlling shareholders	–	–	–	–	–	–	1,527	1,527
Contributions to defined benefits plans	–	–	(110)	–	–	(110)	(1)	(111)
<b>Total contributions by and distributions to owners</b>	<b>13,946</b>	<b>14,009</b>	<b>(23,749)</b>	<b>(1,493)</b>	<b>–</b>	<b>2,713</b>	<b>(6,611)</b>	<b>(3,898)</b>
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of additional interest in a subsidiary	–	–	(3,021)	–	–	(3,021)	2,336	(685)
<b>Total change in ownership interests in subsidiaries</b>	<b>–</b>	<b>–</b>	<b>(3,021)</b>	<b>–</b>	<b>–</b>	<b>(3,021)</b>	<b>2,336</b>	<b>(685)</b>
<b>Total transactions with owners</b>	<b>13,946</b>	<b>14,009</b>	<b>(26,770)</b>	<b>(1,493)</b>	<b>–</b>	<b>(308)</b>	<b>(4,275)</b>	<b>(4,583)</b>
<b>As at 31 March 2020</b>	<b>1,305,668</b>	<b>–</b>	<b>(247,897)</b>	<b>10,629,595</b>	<b>(501,878)</b>	<b>11,185,488</b>	<b>437,780</b>	<b>11,623,268</b>

\* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

4a. Statement of changes in equity of the Group (cont'd)

	Attributable to owners of the Company							
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Non- controlling Interests \$'000	Total Equity \$'000
<b>2019</b>								
<b>As previously reported at 31 December 2018</b>	1,291,722	(45,073)	194,943	10,330,287	(493,669)	11,278,210	308,930	11,587,140
Effects of change in accounting policy on capitalisation of borrowing costs	—	—	—	(10,448)	—	(10,448)	—	(10,448)
<b>As restated at 31 December 2018</b>	1,291,722	(45,073)	194,943	10,319,839	(493,669)	11,267,762	308,930	11,576,692
Adoption of SFRS(I) 16	—	—	—	(78,201)	—	(78,201)	(2,797)	(80,998)
<b>As adjusted at 1 January 2019</b>	1,291,722	(45,073)	194,943	10,241,638	(493,669)	11,189,561	306,133	11,495,694
<b>Total comprehensive income for the quarter</b>								
Profit for the quarter	—	—	—	202,895	—	202,895	33,635	236,530
Other comprehensive income *	—	—	212,042	—	29,363	241,405	3,102	244,507
<b>Total comprehensive income for the quarter</b>	—	—	212,042	202,895	29,363	444,300	36,737	481,037
<b>Transactions with owners, recognised directly in equity</b>								
<u>Contributions by and distributions to owners</u>								
Share-based payment	—	—	8,058	—	—	8,058	157	8,215
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	(596)	(596)
Treasury shares reissued pursuant to share plans and share option scheme	—	34,558	(34,423)	—	—	135	—	135
Cash subscribed by non- controlling shareholders	—	—	—	—	—	—	180	180
Contributions to defined benefits plans	—	—	363	—	—	363	—	363
<b>Total contributions by and distributions to owners</b>	—	34,558	(26,002)	—	—	8,556	(259)	8,297
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of a subsidiary	—	—	—	—	—	—	308,016	308,016
<b>Total change in ownership interests in subsidiaries</b>	—	—	—	—	—	—	308,016	308,016
<b>Total transactions with owners</b>	—	34,558	(26,002)	—	—	8,556	307,757	316,313
<b>As at 31 March 2019</b>	1,291,722	(10,515)	380,983	10,444,533	(464,306)	11,642,417	650,627	12,293,044

\* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

4b. Statement of changes in equity of the Company

	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Total \$'000
<b>2020</b>					
<b>As at 1 January 2020</b>	<b>1,291,722</b>	<b>(14,009)</b>	<b>205,112</b>	<b>6,567,206</b>	<b>8,050,031</b>
<b>Total comprehensive income for the quarter</b>					
Profit for the quarter	–	–	–	(19,671)	(19,671)
Other comprehensive income for the quarter	–	–	(1,936)	–	(1,936)
<b>Total comprehensive income for the quarter</b>	<b>–</b>	<b>–</b>	<b>(1,936)</b>	<b>(19,671)</b>	<b>(21,607)</b>
<b>Transactions with owners, recognised directly in equity</b>					
Share-based payment	–	–	7,796	–	7,796
Treasury shares reissued pursuant to share plans and share option scheme	13,946	18,983	(32,928)	–	1
Purchase of treasury shares	–	(4,974)	–	–	(4,974)
<b>Total transactions with owners</b>	<b>13,946</b>	<b>14,009</b>	<b>(25,132)</b>	<b>–</b>	<b>2,823</b>
<b>As at 31 March 2020</b>	<b>1,305,668</b>	<b>–</b>	<b>178,044</b>	<b>6,547,535</b>	<b>8,031,247</b>
<b>2019</b>					
<b>As at 1 January 2019</b>	1,291,722	(45,073)	202,141	6,194,448	7,643,238
<b>Profit / Total comprehensive income for the quarter</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(7,010)</b>	<b>(7,010)</b>
<b>Transactions with owners, recognised directly in equity</b>					
Share-based payment	–	–	7,507	–	7,507
Treasury shares reissued pursuant to share plans and share option scheme	–	34,558	(34,423)	–	135
<b>Total transactions with owners</b>	<b>–</b>	<b>34,558</b>	<b>(26,916)</b>	<b>–</b>	<b>7,642</b>
<b>As at 31 March 2019</b>	<b>1,291,722</b>	<b>(10,515)</b>	<b>175,225</b>	<b>6,187,438</b>	<b>7,643,870</b>

4c. Share capital

Issued share capital and treasury shares

	<b>Number of ordinary shares</b>	
	<u>Issued Share Capital</u>	<u>Treasury Shares</u>
As at 1 January 2020	1,818,394,180	2,014,736
Issue of shares under share plan	2,163,587	–
Treasury shares transferred pursuant to share plan	–	(2,754,836)
Treasury shares purchased	–	740,100
<b>As at 31 March 2020</b>	<b><u>1,820,557,767</u></b>	<b><u>–</u></b>

Treasury shares

During the quarter, the Company transferred 2,754,836 (31 March 2019: 4,551,271) treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. There were 740,100 treasury shares purchased (31 March 2019: nil) during the quarter. As at 31 March 2020, the number of treasury shares held by the Company represented 0.0% (31 March 2019: 0.08%) of the total number of issued shares (excluding treasury shares). Except for the transfer, there was no other sale, disposal, cancellation and/or other use of treasury shares during the quarter ended 31 March 2020.

Share options

As at 31 March 2020, there were no unexercised options for unissued ordinary shares (31 March 2019: 1,790,785 ordinary shares) under the KCL Share Options Scheme. No options were exercised during the three months and twelve months ended 31 March 2020 (3 months ended 31 March 2019: 44,000) respectively. Unexercised options for 910,900 unissued ordinary shares (31 March 2019: 55,400) and 1,790,785 of unissued ordinary shares were cancelled during the three months and twelve months ended 31 March 2020 respectively.

KCL Performance Share Plan (“KCL PSP”)

As at 31 March 2020, the number of contingent shares granted but not released were 4,400,000 (31 March 2019: 2,250,000) for KCL PSP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 6,600,000 under KCL PSP.

KCL Performance Share Plan – Transformation Incentive Plan (“KCL PSP-TIP”)

As at 31 March 2020, the number of contingent shares granted but not released were 6,665,967 (31 March 2019: 5,965,967) for KCL PSP-TIP. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 9,998,951 under KCL PSP-TIP.

KCL Performance Share Plan – M1 Transformation Incentive Plan (“KCL PSP-M1 TI”)

As at 31 March 2020, the number of contingent shares granted but not released were 423,500 (31 March 2019: nil) for KCL PSP-M1 TI. Based on the achievement factor, the actual release of the awards in ordinary shares of the Company could range from zero to a maximum of 635,250 under KCL PSP-M1 TI.

KCL Restricted Share Plan (“KCL RSP”)

There are no contingent shares granted but not released as at 31 March 2020 and 31 March 2019.

As at 31 March 2020, the number of awards released but not vested was 24,041 (31 March 2019: 28,441) for KCL RSP.

KCL Restricted Share Plan – Deferred Shares (“KCL RSP-Deferred Shares”)

There are no contingent shares granted but not released as at 31 March 2020 and 31 March 2019.

As at 31 March 2020, the number of awards released but not vested was 4,859,914 (31 March 2019: 3,889,647) for KCL RSP-Deferred Shares.



The movements in the number of shares under KCL PSP, KCL PSP-TIP, KCL PSP-M1 TI, KCL RSP and KCL RSP-Deferred shares are as follows:

**Contingent awards:**

Date of Grant	Number of shares					
	At 1.1.20	Contingent awards granted	Adjustment upon release	Released	Cancelled	At 31.3.20
<u>KCL PSP</u>						
28.4.2017	1,070,000	–	(417,300)	(652,700)	–	–
30.4.2018	1,180,000	–	–	–	–	1,180,000
30.4.2019	1,635,000	–	–	–	–	1,635,000
31.3.2020	–	1,585,000	–	–	–	1,585,000
	<u>3,885,000</u>	<u>1,585,000</u>	<u>(417,300)</u>	<u>(652,700)</u>	<u>–</u>	<u>4,400,000</u>
<u>KCL PSP-TIP</u>						
29.4.2016	3,585,967	–	–	–	(90,000)	3,495,967
28.4.2017	2,000,000	–	–	–	(110,000)	1,890,000
28.2.2020	–	1,280,000	–	–	–	1,280,000
	<u>5,585,967</u>	<u>1,280,000</u>	<u>–</u>	<u>–</u>	<u>(200,000)</u>	<u>6,665,967</u>
<u>KCL PSP-M1 TI</u>						
17.2.2020	–	127,900	–	–	–	127,900
17.2.2020	–	295,600	–	–	–	295,600
	<u>–</u>	<u>423,500</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>423,500</u>

**Awards:**

Date of Grant	Number of shares					
	At 1.1.20	Awards granted	Adjustment upon release	Released	Cancelled	At 31.3.20
<u>KCL RSP-Deferred shares</u>						
17.2.2020	–	5,318,164	(1,709)	(5,316,455)	–	–
	<u>–</u>	<u>5,318,164</u>	<u>(1,709)</u>	<u>(5,316,455)</u>	<u>–</u>	<u>–</u>

**Awards released but not vested:**

Date of Grant	Number of shares					
	At 1.1.20	Released	Vested	Cancelled	Other adjustments	At 31.3.20
<u>KCL PSP</u>						
28.4.2017	–	652,700	(652,700)	–	–	–
	<u>–</u>	<u>652,700</u>	<u>(652,700)</u>	<u>–</u>	<u>–</u>	<u>–</u>
<u>KCL RSP</u>						
31.3.2014	3,600	–	–	–	–	3,600
31.3.2015	7,300	–	–	–	–	7,300
29.4.2016	15,341	–	(1,600)	(600)	–	13,141
	<u>26,241</u>	<u>–</u>	<u>(1,600)</u>	<u>(600)</u>	<u>–</u>	<u>24,041</u>
<u>KCL RSP-Deferred shares</u>						
23.2.2018	1,214,799	–	(1,176,272)	(35,068)	–	3,459
15.2.2019	2,488,090	–	(1,209,752)	(65,765)	–	1,212,573
18.4.2019	209,675	–	(103,668)	(2,262)	–	103,745
17.2.2020	–	5,316,455	(1,774,431)	(1,887)	–	3,540,137
	<u>3,912,564</u>	<u>5,316,455</u>	<u>(4,264,123)</u>	<u>(104,982)</u>	<u>–</u>	<u>4,859,914</u>

4d. Capital reserves

	<b>Group</b>		<b>Company</b>	
	<b>31.3.2020</b>	31.3.2019	<b>31.3.2020</b>	31.3.2019
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Share option and share plans reserve	<b>186,079</b>	186,257	<b>162,699</b>	159,309
Fair value reserve	<b>(129,297)</b>	74,544	<b>19,230</b>	16,957
Hedging reserve	<b>(428,093)</b>	8,382	<b>(1,936)</b>	–
Bonus issue by subsidiaries	<b>40,000</b>	40,000	–	–
Others	<b>83,414</b>	71,800	<b>(1,949)</b>	(1,041)
	<b><u>(247,897)</u></b>	<u>380,983</u>	<b><u>178,044</u></b>	<u>175,225</u>

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS for the first quarter ended 31 March

	Note	1Q 2020 \$'000	1Q 2019 \$'000
<b>OPERATING ACTIVITIES</b>			
Operating profit		273,538	321,612
Adjustments:			
Depreciation and amortisation		100,528	67,624
Share-based payment expenses		8,295	8,246
Profit on sale of fixed assets		(266)	(157)
Impairment of associated companies		9,714	18,671
Gain on disposal of a subsidiary		(32,398)	(64,534)
Gain on disposal of an associated company		–	(54)
Gain from change in interest in associated companies		(916)	(4,121)
Fair value gain on remeasurement of previously held interest upon acquisition of subsidiary		–	(158,376)
Gain from reclassification of an associated company to fair value through other comprehensive income investment		(130,547)	–
Unrealised foreign exchange differences		33,936	(14,853)
Operational cash flow before changes in working capital		261,884	174,058
Working capital changes:			
Stocks		41,222	(184,310)
Contract assets		(107,171)	(127,521)
Debtors		(322,442)	(338,092)
Creditors		385,035	190,615
Contract liabilities		46,623	(114,628)
Investments		(104,385)	(81,462)
Amount due to/from associated companies		1,031	(20,711)
Interest received		201,797	(502,051)
Interest paid		42,102	41,445
Income taxes paid, net of refunds received		(79,744)	(69,032)
		(28,647)	(61,678)
<b>Net cash from/(used in) operating activities</b>		<b>135,508</b>	<b>(591,316)</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of a subsidiary	5a	–	(1,143,012)
Acquisition and further investment in associated companies		(253,561)	(184,864)
Acquisition of fixed assets and investment properties		(180,815)	(241,255)
Disposal of subsidiaries	5b	–	(1,746)
Proceeds from disposal of fixed assets		2,563	411
Proceeds from disposal of associated companies and return of capital		330	2,000
Advances to/from associated companies		(64,159)	37,075
Dividends received from investments and associated companies		47,845	47,730
<b>Net cash used in investing activities</b>		<b>(447,797)</b>	<b>(1,483,661)</b>
<b>FINANCING ACTIVITIES</b>			
Acquisition of additional interest in subsidiaries		(450)	–
Proceeds from share options exercised with issue of treasury shares		–	135
Proceeds from non-controlling shareholders of subsidiaries		336	31,014
Proceeds from share issues		–	–
Proceeds from term loans		942,911	1,960,992
Repayment of term loans		(131,486)	(165,622)
Principal element of lease payments		(12,818)	(11,208)
Purchase of treasury shares		(4,974)	–
Dividend paid to non-controlling shareholders of subsidiaries		(8,137)	(596)
<b>Net cash from financing activities</b>		<b>785,382</b>	<b>1,814,715</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>473,093</b>	<b>(260,262)</b>
<b>Cash and cash equivalents as at 1 January</b>		<b>1,777,244</b>	<b>1,971,844</b>
<b>Effects of exchange rate changes on the balance of cash held in foreign currencies</b>		<b>19,435</b>	<b>8,021</b>
<b>Cash and cash equivalents as at 31 March</b>	5c	<b>2,269,772</b>	<b>1,719,603</b>

## NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

### 5a. Acquisition of a subsidiary

During the financial period, net assets of subsidiary acquired at their fair values were as follows:

	1Q 2020 \$'000	1Q 2019 \$'000
Fixed assets	–	772,654
Right-of-use assets	–	44,324
Intangible assets	–	610,516
Stocks	–	34,745
Contract assets	–	163,121
Debtors and other assets	–	197,211
Bank balances and cash	–	88,991
Creditors and other liabilities	–	(241,555)
Borrowings and lease liabilities	–	(496,189)
Current and deferred taxation	–	(253,589)
	<hr/>	<hr/>
Total identifiable net assets at fair value	–	920,229
Non-controlling interests measured at fair value	–	(308,001)
Amount previously accounted for as associated company	–	(210,137)
Goodwill arising from acquisition	–	988,288
Gain on remeasurement of previously held equity interest at fair value at acquisition date	–	(158,376)
	<hr/>	<hr/>
Total purchase consideration	–	1,232,003
Less: Bank balances and cash acquired	–	(88,991)
	<hr/>	<hr/>
<b>Cash outflow on acquisition</b>	<b>–</b>	<b>1,143,012</b>

During the prior period, the Group acquired 75% interest in M1 Limited, bringing to a total of 94% as at 31 March 2019.

### 5b. Disposal of subsidiaries

During the financial period, the book values of net assets of subsidiaries disposed were as follows:

	1Q 2020 \$'000	1Q 2019 \$'000
Stocks	–	(94,883)
Debtors and other assets	(2,722)	(707)
Associated companies	(158,670)	–
Bank balances and cash	–	(1,746)
Creditors and other liabilities	193,790	6,846
	<hr/>	<hr/>
Net assets disposed of	32,398	(90,490)
Net gain on disposal	(32,398)	(64,534)
Amount accounted for as associated company	–	18,320
Realisation of foreign currency translation reserve	–	(8,489)
	<hr/>	<hr/>
Sale proceeds	–	(145,193)
Less: Bank balances and cash disposed	–	1,746
Less: Proceeds receivable	–	145,193
	<hr/>	<hr/>
<b>Cash outflow on disposal</b>	<b>–</b>	<b>1,746</b>

During the quarter, disposal relates to the First FLNG Holdings Pte Ltd and First FLNG Sub-Fund Holdings Pte Ltd. First FLNG Holdings Pte Ltd owns 30% interest in Gimi MS Corporation.

Disposal during the prior period relates to the sale of 70% interest in Dong Nai Waterfront City LLC.

5c. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	<b>1Q 2020</b>	1Q 2019
	<b>\$'000</b>	\$'000
Bank balances, deposits and cash	<b>2,276,161</b>	1,719,603
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	<b>(6,389)</b>	—
	<b><u>2,269,772</u></b>	<u>1,719,603</u>

5d. Cash flow analysis

Net cash from operating activities was \$136 million compared to net cash used in operating activities of \$591 million in the prior period. This was due mainly to lower working capital requirements.

Net cash used in investing activities was \$448 million compared to \$1,484 million in the prior period. Acquisitions and capital expenditure of \$434 million and advances to associated companies of \$64 million were partly offset by the dividend income of \$48 million.

Net cash from financing activities was \$785 million compared to \$1,815 million in the prior period. This was mainly attributable to net proceeds from term loans.

**6. REVIEW**

The consolidated financial information of the Group for the three months ended 31 March 2020 as set out in Section 1, 2, 3 (excludes the Balance Sheet of the Company and paragraphs 3a, 3b and 3c), 4 (excludes the Statement of changes in equity of the Company), 5, 9 and 14 of this announcement, has been extracted from the condensed consolidated interim financial statements that were prepared in accordance with the Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting* and reviewed by the independent auditor, PricewaterhouseCoopers LLP, in accordance with the Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

**7. REVIEW REPORT**

The review report dated 29 April 2020, on the unaudited condensed consolidated interim financial statement of the Group for the quarter ended 31 March 2020 which has been prepared in accordance with Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting*, is as attached as Appendix A.

**8. ACCOUNTING POLICIES**

Except as disclosed below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2019.

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2020. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s, and SFRS(I) Interpretations, that are relevant to the Group:

- Amendments to SFRS(I) 3 *Business Combinations*
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*

The adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group.

## 9. CRITICAL ACCOUNTING ESTIMATES

The following are the critical accounting estimates in applying the Group's accounting policies in the financial statements for the first quarter ended 31 March 2020:

### 9a. Coronavirus Disease 2019 ("COVID-19") and volatility in oil prices

The evolving situation of the outbreak of the COVID-19 and volatility in global oil prices could impact the assessment of the carrying amounts of the Group's assets and liabilities. In the assessment for the current period, management has exercised judgment in determining the significant assumptions used and has relied on information currently available, including the COVID-19 official updates from the authorities and the experts' consensus on global oil prices in the assessment of the appropriateness of the carrying values of the Group's assets, including but not limited to the following assets as at 31 March 2020:

- Recoverability of contract assets and receivable balances in relation to Offshore & Marine construction contracts with Sete Brasil and other customers
- Investments in associated companies, including KrisEnergy Limited and Floatel International Limited and related exposures
- Valuation of investment properties
- Estimation of net realisable value of stocks

As the COVID-19 situation continues to evolve, the Group will proactively implement measures in mitigating the potential impact on the Group. Should the COVID-19 situation take a longer than expected period to recover and/or the recovery of the long term oil prices takes a longer period or to a lower level than expected, the assessment of the carrying amounts of the assets of the Group could be impacted, and material provisions may be made and additional liabilities may arise in the subsequent financial periods.

### 9b. Recoverability of contract asset and receivable balances in relation to Offshore & Marine construction contracts

#### Contracts with Sete Brasil ("Sete")

The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. In October 2019, the Settlement Agreement as well as the winning bid proposal for Magni Partners (Bermuda) Ltd ("Magni") to purchase four Sete subsidiaries, two of which are special-purpose entities ("SPEs") for uncompleted rigs constructed by the Group, was approved by the creditors. As part of the Settlement Agreement, which is subject to fulfilment of certain conditions precedent, the Group will take over ownership of remaining four uncompleted rigs and will be able to explore various options to extract the best value from these assets. The EPC Contracts and related agreements entered into in relation to these four rigs will be deemed to be amicably terminated, with no penalties, refunds and/or any additional amounts being due to any party, and the parties will waive all rights to any claims. The Group has a receivable of approximately US\$260 million from Sete and this amount has been included in Sete's court-approved Judicial Reorganisation Plan. The outstanding amount will be paid to the Group proportionally and pari passu with other creditors of Sete as part of, and out of proceeds of, its Judicial Reorganisation Plan.

In December 2019, Petrobras issued a press release to communicate their Board's approval on the continuation of four charter agreements, and for Magni and their operator Etesco to step in as the new party to the agreements. Since then, the Group has been in constructive discussions with Magni to finalise the construction contracts for the two rigs and with Sete to close out the condition precedents in the Settlement Agreement.

Management performed an assessment to estimate the cost of discontinuance of related agreements of the EPC contracts, offset by possible options in extracting value from the uncompleted rigs and possible payout from the Judicial Reorganisation Plan. In addition, management has estimated the net present value of the cash flows relating to the impending construction contract for two rigs with Magni.

Arising from the above assessment, management is of the opinion that the loss allowance for trade debtors of \$183,000,000 (31 December 2019: \$183,000,000) and the provision for related contract costs of \$245,000,000 (31 December 2019: \$245,000,000) are adequate to address the cost of discontinuance, salvage cost and unpaid progress billings relating to these EPC contracts.

Taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, the total cumulative loss recognised in relation to these rig contracts amounted to \$476,000,000 (31 December 2019: \$476,000,000).

#### Other contracts

As at 31 March 2020, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years and have higher counterparty risks, amounting to \$1,451,000,000 (after a provision for expected credit loss of \$21,000,000 made in prior years). In the event that the customers are unable to fulfill their contractual obligations, the Group can exercise the right to retain payments received to date, amounting to \$241,000,000, and retain title to the rigs.

The Group had also delivered rigs to customers where receipt of the construction revenue have been deferred under certain financing arrangements, amounting to \$913,000,000, of which \$772,000,000 is secured on the rigs and \$141,000,000 is unsecured but the Group has obtained parental guarantee from the customers.

Management has assessed each deferred construction project individually to make judgment as to whether the customers will be able to fulfil their contractual obligations and take delivery of the rigs at the revised delivery dates.

Management has also performed an assessment of the expected credit loss on contract assets and trade receivables of deferred projects and of rigs delivered on financing arrangements to determine if a provision for expected loss is necessary.

Management has further assessed if the values of the rigs would exceed the carrying values of contract assets and trade receivables.

Management has made an assessment on the values of the rigs by updating the valuation model used by an independent professional firm, using Discounted Cash Flow (“DCF”) calculations that cover each class of rig under construction. The key inputs into the DCF calculations include dayrates, utilisation rates, oil prices, discount rates and estimated commencement of deployment. The valuation of the rigs would decrease if dayrates, utilisation rates, or oil prices were lower, or discount rates were higher, or the estimated commencement of deployment were delayed. Management’s assessment is based on available market information of the relevant parameters at the time of assessment at 31 March 2020. Movements in these parameters from those used in 31 December 2019 have not resulted in further recognition of expected credit loss during the quarter ended 31 March 2020.

#### 9c. Revaluation of investment properties

The Group carries its investment properties at fair value with changes in fair value being recognised in profit and loss account, determined annually by independent professional valuers on the highest and best use basis except for significant investment properties which are revalued on a half-yearly basis.

For the purpose of this condensed consolidated interim financial statements for the first quarter ended 31 March 2020, indicative valuation were obtained from the valuers for certain significant investment properties. The indicative fair values served as a cross-check to assess that the carrying amount as at 31 March 2020 remains appropriate.

In determining the indicative fair values, the valuers have used valuation techniques which involve certain estimates. The key assumptions to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield and discount rate.

In relying on the indicative fair values, management has exercised its judgment to ensure that the valuation methods and estimates are reflective of current market conditions.

9d. Estimating net realisable value of stocks

The net realisable value of stocks represent the estimated selling price for these stocks less all estimated cost of completion and costs necessary to make the sale.

For stocks under work-in-progress amounting to \$603,000,000 (after a provision of \$50,000,000 made in prior years) as at 31 March 2020, the Group determines the estimated selling price based on recent sale transactions for similar assets or discounted cash flow models where recent sale transactions for similar assets were not available.

For properties held for sale, provision is arrived at after taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing market conditions. The estimated total construction costs include contracted amounts plus estimated costs to be incurred based on historical trends. The provision is progressively reversed for those residential units sold above their carrying amounts.

9e. Investments in KrisEnergy Limited and related exposures

	<b>31 March 2020 \$'000</b>	31 December 2019 \$'000
Equity interest	–	–
Zero-coupon notes	<b>56,084</b>	74,284
Warrants	–	–
Carrying amount	<u><b>56,084</b></u>	<u>74,284</u>
Other related exposures:		
Contract assets <sup>1</sup>	<b>32,604</b>	20,541
Guarantee <sup>2</sup>	<b>274,250</b>	262,825

<sup>1</sup> In relation to a construction contract for a production barge for KrisEnergy.

<sup>2</sup> In relation to a bilateral agreement between the Group and a bank, on the bank loan granted to KrisEnergy.

On 14 August 2019, KrisEnergy has made an application to the High Court of the Republic of Singapore to commence a court-supervised process to reorganise its liabilities and seek a moratorium against enforcement actions and legal proceedings by creditors against KrisEnergy pursuant to section 211B of the Companies Act (Cap. 50). It has also requested a suspension of trading of its securities on Singapore Exchange Securities Trading Ltd. The High Court of Republic of Singapore approved the application for an initial period of 3 months up to 14 November 2019. At the date of these financial statements, the debt moratorium was extended to 27 May 2020, and KrisEnergy has not presented a restructuring plan.

Management performed an impairment assessment to estimate the recoverable amount of the Group's exposure in KrisEnergy as at 31 March 2020. With assistance from its financial advisor, management estimated the amount of cash available from producing assets and forecasted production from assets under development, taking into consideration the relative priority of each group of stakeholders to these cash flows based on their respective rights. The cash flow estimates were based on forecasted oil prices, determined by taking reference from external information sources, ranging from US\$42 to US\$64 per barrel for 2020 to 2028. Management will evaluate the above assessment when a restructuring plan is presented by KrisEnergy in due course which may give rise to adjustments to be made. The estimates and assumptions used are subject to risk and uncertainty. If the oil prices were to decrease by 4% across the forecasted period of 2020 to 2028, the estimated cash available from producing assets and forecasted production from assets under development would decrease, and this would result in an additional impairment of \$55 million.



Based on the assessment, the Group recognised an impairment loss of \$18,200,000 on the zero-coupon notes during the quarter ended 31 March 2020, and the carrying value of the Group's investment in the zero-coupon notes was reduced to \$56,084,000. No impairment allowance was made against the contract assets and no liabilities were recorded for the Group's guarantee given to the bank for the loan granted to KrisEnergy as the Group has priority over the cash flows on the assets of KrisEnergy. In the financial year ended 31 December 2019, management had performed a similar assessment and recognised an impairment charge of \$37,000,000 on the equity investment.

9f. Investments in Floatel International Limited

	<b>31 March 2020 \$'000</b>	31 December 2019 \$'000
Equity interest	<b>298,757</b>	311,000
Preference shares	<b>10,449</b>	10,449
Loan receivable	<b>163,122</b>	155,425
Total carrying amount	<b>472,328</b>	476,874

On 19 February 2020, Floatel reported that its financial situation is unsustainable as liquidity is under pressure. There is a material uncertainty as to whether Floatel will be able to service its secured financial liabilities and net working capital requirements for the coming 12 months, which cast significant doubt on Floatel's ability to continue as a going concern. The long term viability of Floatel's business depends on it finding a solution to its financial situation and Floatel management has initiated discussions with key creditors, in which, in the view of Floatel's board of directors, there is reasonable expectations of success. In a situation where going concern for Floatel no longer can be assumed, there is a risk for significant write down of its assets.

On 14 April 2020, Floatel announced that they are in constructive negotiations with all lenders under the Bank Vessel Facility and the RCFs (the "Lenders") and an adhoc committee of holders of the first lien (1L) Bonds holding in aggregate more than 56% of the outstanding amount of 1L ("AHC"). Floatel has entered into a forbearance and deferral agreement with the AHC (forbearance agreement) for thirty-five days in relation to payments of amortisation, interest and commitment fees due under the Bank Vessel Facility and RCFs, and coupon payment under the Bonds. Negotiations are ongoing with the lenders to finalise the terms of a deferral agreement in respect of the Bank Vessel Facility and the RCFs, and the Lenders have confirmed in writing that they remain supportive of the Group and do not intend to take any further action at this time.

In the quarter ended 31 March 2020, the Group's carrying value of investment in Floatel's equity shares was reduced by its share of loss of \$16,376,000 which included impairment loss on the carrying value of its vessels amounting to \$992,000. Management conducted a review of the business and cash flow projections through discussions with Floatel's management and corroborated that information based on management's understanding of the business environment that Floatel operates in. Management also took into consideration the constructive negotiations and positive developments as announced by Floatel in April 2020. Based on the results of the review, discussions and information currently available, management concluded that the assessment of Floatel as a going concern conducted in February 2020 remains valid.

With respect to preference shares, management concluded no further changes to the carrying value based on an assessment performed as at 31 December 2019.

In assessing the expected credit loss of the loan receivable repayable on 31 December 2025, management expects full recovery of the receivable on the basis that Floatel operates in a niche market and supply of similar services should normalise over time. Given the extended date before the loan is due for repayment, management expects Floatel to continue as a viable business in the longer term and will be able to repay the loan when due in 2025.

Based on the above assessment, Management has assessed that no impairment is required for the Group's investments in Floatel for the quarter ended 31 March 2020.

## 10. REVIEW OF GROUP PERFORMANCE

Group net profit attributable to shareholders was \$160 million, a decrease of 21% over the same quarter in 2019. Earnings per share decreased correspondingly by 21% to 8.8 cents. Annualised return on equity was 5.7%.

Group revenue of \$1,857 million was \$326 million or 21% higher than that in the first quarter of 2019. Revenue from the Offshore & Marine Division increased by \$237 million to \$569 million due mainly to higher revenue recognition from ongoing projects. Major jobs delivered in the first quarter of 2020 include a jackup rig, a dual-fuel bunker tanker and a Floating Production Storage and Offloading vessel (FPSO) modification and upgrading project. Revenue from the Property Division decreased by \$55 million to \$302 million due mainly to lower revenue from property trading projects in China, partly offset by higher revenue from property trading projects in Singapore. Revenue from the Infrastructure Division decreased marginally by \$2 million to \$697 million as a result of lower progressive revenue recognition from the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project, as well as lower contribution from the logistics business, partially offset by increased sales in the power and gas businesses. Revenue from the Investments Division was \$146 million higher at \$289 million due mainly to M1 which was consolidated from March 2019, partly offset by lower revenue from the asset management business.

Group pre-tax profit was \$247 million, \$36 million or 13% below the first quarter in 2019. The Offshore & Marine Division's pre-tax profit was \$4 million as compared to \$1 million in the first quarter of 2019. This was mainly due to higher operating results arising from higher revenue and lower net interest expense, partly offset by share of losses from associated companies in the current period as compared to share of associated companies' profits in the same period last year. Pre-tax profit from the Property Division decreased by \$88 million to \$93 million due mainly to the absence of gain from the disposal of a partial interest in the Dong Nai project in Vietnam compared to the first quarter in 2019, lower contribution from property trading projects in China, and lower investment income, partly offset by higher contribution from property trading projects in Singapore. Pre-tax profit of the Infrastructure Division increased by \$162 million to \$182 million. This was mainly due to mark-to-market gain recognised from the reclassification of the Group's interest in Keppel Infrastructure Trust ("KIT") from an associated company to an investment following the loss of significant influence over KIT. Excluding the mark-to-market gain, pre-tax profit rose 155% led by higher contribution from Energy Infrastructure and improved performance from associated companies, partly offset by lower contribution from Environmental Infrastructure. Pre-tax loss of the Investments Division was \$32 million as compared to pre-tax profit of \$81 million in 2019. This was mainly due to the absence of fair value gain compared to 2019, from the remeasurement of previously held interest in M1 at acquisition date, as well as mark-to-market losses from investments. These were partly offset by higher contribution from M1 due to the consolidation of M1 from March 2019, gain from divestment of interest in Gimi MS Corporation, as well as the absence of share of loss in KrisEnergy and fair value loss on KrisEnergy warrants compared to first quarter in 2019. The pre-tax loss in the first quarter of 2020 was mainly due to the mark-to-market losses from investments and the impairment provision on KrisEnergy zero-coupon notes.

Taxation expenses increased by \$38 million due mainly to absence of write-back of tax provision compared to the first quarter in 2019. Non-controlling interests were \$31 million lower than the first quarter in 2019. Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$160 million, a decrease of \$43 million from \$203 million from the same quarter in 2019. The Infrastructure Division was the largest contributor to the Group's net profit with a 109% share, followed by the Property Division's 22%, and Offshore & Marine Division's 2%, while the Investments Division contributed a negative 33%.

## 11. VARIANCE FROM FORECAST STATEMENT

No forecast was previously provided.

## 12. PROSPECTS

The Offshore & Marine Division's net order book, excluding the Sete rigs, stands at \$4.0 billion. The Division will continue to focus on delivering its projects well, exploring new markets and opportunities, investing in R&D and building new capabilities. The Division is also actively capturing opportunities in gas solutions, offshore renewables, production assets, specialised vessels, and floating infrastructure, as well as exploring ways to re-purpose its technology in the offshore industry for other uses.

The Property Division sold about 450 homes in the first quarter of 2020, comprising about 50 in Singapore, 330 in China, 10 in Vietnam, 30 in Indonesia and 30 in India. Keppel REIT's office buildings in Singapore, Australia and Korea maintained a high portfolio committed occupancy rate of 99% as at 31 March 2020. The Division will remain focused on strengthening its presence in its key markets such as Singapore, China and Vietnam and scaling up in other markets such as Indonesia and India, while seeking opportunities to unlock value and recycle capital.

In the Infrastructure Division, Keppel Infrastructure will continue to build on its core competencies in the energy and environment-related infrastructure as well as infrastructure services businesses to pursue promising growth areas. Keppel Telecommunications & Transportation (Keppel T&T) will, in collaboration with Alpha DC Fund, continue to actively pursue new development opportunities to grow the data centre footprint beyond its traditional areas of operation while concurrently exploring innovative new solutions to strengthen its market position in the long run. Keppel T&T will also continue transforming the logistics business from an asset-heavy business to an asset-light service provider in urban logistics, while building complementary capabilities in e-commerce.

In the Investments Division, Keppel Capital continues to leverage the Group's core competencies to create innovative investment solutions and connect investors with quality real assets in fast growing sectors fuelled by urbanisation trends. This includes seizing growth opportunities across our chosen sectors, as well as expanding into new markets and alternative asset classes.

Keppel Urban Solutions will harness opportunities as an integrated master developer of smart, sustainable cities. Starting with Saigon Sports City in Ho Chi Minh City, Keppel Urban Solutions will also explore opportunities in other cities across Asia. The Sino-Singapore Tianjin Eco-City Investment and Development Company Ltd will continue the development of the Eco-City, including selling land parcels to drive the Eco-City's further development.

M1 will complement the Group's mission as a solutions provider for sustainable urbanisation, which includes connectivity. Through a multi-year transformation plan, M1 seeks to develop and implement new strategic and operational plans to sharpen its competitive edge, increase its momentum in digital transformation and undertake growth initiatives. It will focus on strengthening its consumer business to meet changing customer needs and expectations, collaborating actively with other Keppel entities to create smarter and future-ready offerings, developing platforms and initiatives to support enterprise customers, and working closely with Singapore government agencies, industry players and enterprises to co-develop 5G use cases for selected markets. M1 and Starhub have also submitted a joint bid for a 5G licence.

The Group will continue to execute its integrated business strategy to provide solutions for sustainable urbanisation, and deepen collaboration across divisions, while being agile and innovative, and investing in the future.

COVID-19 has impacted the lives of people around the world as well as the global economy. IMF has projected that the global economy may contract by 3% this year. The Group is not directly involved in the sectors most severely impacted by COVID-19. Nevertheless, with the sharp fall in global economic activity, lockdowns and circuit breakers in various countries, and disruptions to the workforce and supply chains, the Group's businesses have inevitably also been affected. Many of the Group's businesses provide essential services, such as power, data centres and telecommunications, and continue to operate even during the ongoing circuit breaker in

Singapore. Arising from the lockdowns and disruptions to international supply chains, several of the Offshore & Marine Division's projects have been delayed. Force majeure notices have been served to customers of the affected projects and the Group is working closely with them to mitigate the impact of COVID-19. While progress in securing new orders has slowed due to COVID-19 and the fall in oil prices, the Offshore & Marine Division continues to have a sizeable orderbook which will keep our yards occupied for the next two years. The Property Division has limited retail and hospitality assets and our office portfolio is relatively resilient to COVID-19. The impact of the pandemic is therefore mainly on residential trading projects and its impact across markets is not uniform. With the slowdown in construction resulting from COVID-19, the handover of certain property projects may be delayed by a few months. Construction works at the Keppel Marina East Desalination Plant (KMEDP) and Hong Kong Integrated Waste Management Facility have slowed as a result of COVID-19. However, the KMEDP remains on track to commence operations later this year. With COVID-19 and work from home arrangements further increasing the demand for digital connectivity, and has accelerated digital transformation for many organisations which will, over the longer term, create new opportunities for the Group's connectivity business. The Group has also implemented various measures to safeguard the health and well-being of our employees and stakeholders, in accordance with guidelines issued by the authorities. As the COVID-19 situation continues to evolve, the Group will proactively implement measures in mitigating the potential impact on the Group.

### **13. DIVIDEND**

#### **13a. Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on?  
No

#### **13b. Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?  
No

#### **13c. Date Payable**

Not applicable

#### **13d. Books Closure Date**

Not applicable

#### **13e. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared for the quarter ended 31 March 2020.

For the year ended 31 December 2019, the Directors had recommended a tax exempt one-tier final cash dividend of 12.0 cents per share for approval by shareholders at the next Annual General Meeting ("AGM"). The Company refers to its announcement dated 6 April 2020 in relation to the extension of time to hold AGM for FY2019. In view of the extension, the Company will announce the payment date of the dividend in due course after the date of the FY2019 AGM has been determined.

## 14. SEGMENT ANALYSIS

### First Quarter ended 31 March 2020

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimina- tion \$'000	Total \$'000
<b>Revenue</b>						
External sales	568,969	302,437	697,171	288,854	–	1,857,431
Inter-segment sales	205	2,509	7,678	25,237	(35,629)	–
<b>Total</b>	<b>569,174</b>	<b>304,946</b>	<b>704,849</b>	<b>314,091</b>	<b>(35,629)</b>	<b>1857,431</b>
<b>Segment Results</b>						
Operating profit	28,355	88,679	166,351	(10,319)	472	273,538
Investment income	–	134	–	1,983	–	2,117
Interest income	30,542	12,169	15,906	100,508	(101,893)	57,232
Interest expenses	(31,112)	(20,273)	(6,105)	(123,576)	101,421	(79,645)
Share of results of associated companies	(23,933)	12,249	5,642	(386)	–	(6,248)
Profit before tax	3,852	92,958	181,794	(31,790)	–	246,814
Taxation	(1,157)	(56,219)	(8,477)	(18,244)	–	(84,097)
<b>Profit for the period</b>	<b>2,695</b>	<b>36,739</b>	<b>173,317</b>	<b>(50,034)</b>	<b>–</b>	<b>162,717</b>
Attributable to:						
Shareholders of Company	3,294	35,206	174,245	(52,284)	–	160,461
Non-controlling interests	(599)	1,533	(928)	2,250	–	2,256
	<b>2,695</b>	<b>36,739</b>	<b>173,317</b>	<b>(50,034)</b>	<b>–</b>	<b>162,717</b>
<b>Other information</b>						
Segment assets	9,920,153	14,124,864	4,266,136	13,074,879	(8,900,829)	32,485,203
Segment liabilities	7,139,001	6,337,959	2,894,012	13,391,792	(8,900,829)	20,861,935
<b>Net assets</b>	<b>2,781,152</b>	<b>7,786,905</b>	<b>1,372,124</b>	<b>(316,913)</b>	<b>–</b>	<b>11,623,268</b>
Investment in associated companies	621,881	3,557,524	853,388	1,140,334	–	6,173,127
Additions to non-current assets	12,641	187,993	82,476	156,642	–	439,752
Depreciation and amortisation	30,382	8,894	13,517	47,735	–	100,528
(Write-back of impairment) / impairment loss	2	–	(8,483)	18,195	–	9,714

### GEOGRAPHICAL SEGMENT

	Singapore \$'000	China/ Hong Kong \$'000	Brazil \$'000	Far East & Other ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	1,433,216	223,612	14,789	69,186	116,628	–	1,857,431
Non-current assets	8,223,893	3,379,615	278,458	1,916,576	886,475	–	14,685,017

## First Quarter ended 31 March 2019

	Offshore & Marine \$'000	Property \$'000	Infra- structure \$'000	Invest- ments \$'000	Elimina- tion \$'000	Total \$'000
<b>Revenue</b>						
External sales	332,226	356,797	698,517	143,128	–	1,530,668
Inter-segment sales	28	2,990	5,755	21,902	(30,675)	–
Total	332,254	359,787	704,272	165,030	(30,675)	1,530,668

### Segment Results

Operating profit	2,509	172,147	12,400	134,477	79	321,612
Investment income	2	4,410	–	1	–	4,413
Interest income	16,846	11,385	14,956	81,735	(83,477)	41,445
Interest expenses	(28,392)	(20,736)	(6,308)	(96,996)	83,398	(69,034)
Share of results of associated companies	9,596	14,242	(855)	(38,658)	–	(15,675)
Profit before tax	561	181,448	20,193	80,559	–	282,761
Taxation	5,425	(51,470)	(5,181)	4,995	–	(46,231)
Profit for the period	5,986	129,978	15,012	85,554	–	236,530

### Attributable to:

Shareholders of Company	5,856	132,326	15,864	48,849	–	202,895
Non-controlling interests	130	(2,348)	(852)	36,705	–	33,635
	5,986	129,978	15,012	85,554	–	236,530

### Other information

Segment assets	9,155,152	13,786,283	3,830,556	10,353,324	(6,655,434)	30,469,881
Segment liabilities	6,393,194	5,463,412	2,262,110	10,825,885	(6,655,434)	18,289,167
Net assets	2,761,958	8,322,871	1,568,446	(472,561)	–	12,180,714

Investment in associated companies	714,921	3,124,414	1,098,190	992,704	–	5,930,229
Additions to non-current assets	22,664	213,591	65,997	3,710	–	305,962
Depreciation and amortisation	28,004	8,802	14,007	16,811	–	67,624
(Write-back of impairment) / impairment loss	(1)	–	(326)	19,000	–	18,673

## GEOGRAPHICAL SEGMENT

	Singapore \$'000	China/ Hong Kong \$'000	Brazil \$'000	Far East & Other ASEAN Countries \$'000	Other Countries \$'000	Elimination \$'000	Total \$'000
External sales	1,058,198	321,111	19,229	66,615	65,515	–	1,530,668
Non-current assets	8,699,354	2,913,918	305,109	1,670,439	748,182	–	14,337,002

### Note:

- The Group is organised into business units based on their products and services, and has four reportable operating segments: Offshore & Marine, Property, Infrastructure and Investments. Investments consist mainly of the Group's investments in fund management, M1 Limited, KrisEnergy Limited, Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited and equities. M1 Limited, which was part of Investments prior to the acquisition, continues to be reported under that segment as it currently undergoes transformation of its business. M1 contributed about 14% and 13% of the Group's total revenue and net profit respectively for the financial period ended 31 March 2020. M1 accounted for about 5% and 4% of the Group's total assets and total liabilities respectively as at 31 March 2020.
- Pricing of inter-segment goods and services is at fair market value.
- In 1Q 2020 and 1Q 2019, other than Singapore and China/Hong Kong, no single country accounted for 10% or more of the Group's revenue.
- No single external customer accounted for 10% or more of the Group's revenue for 1Q 2020. Revenue of \$182,294,000 is derived from a single external customer and is attributable to the Infrastructure Division for 1Q 2019.

## 15. REVIEW OF SEGMENT PERFORMANCE

### 15a. Revenue by Segments

Group revenue of \$1,857 million was \$326 million or 21% higher than that in the first quarter of 2019. Revenue from the Offshore & Marine Division increased by \$237 million to \$569 million due mainly to higher revenue recognition from ongoing projects. Major jobs delivered in the first quarter of 2020 include a jackup rig, a dual-fuel bunker tanker and a Floating Production Storage and Offloading vessel (FPSO) modification and upgrading project. Revenue from the Property Division decreased by \$55 million to \$302 million due mainly to lower revenue from property trading projects in China, partly offset by higher revenue from property trading projects in Singapore. Revenue from the Infrastructure Division decreased marginally by \$2 million to \$697 million as a result of lower progressive revenue recognition from the Keppel Marina East Desalination Plant project and the Hong Kong Integrated Waste Management Facility project, as well as lower contribution from the logistics business, partly offset by increased sales in the power and gas businesses. Revenue from the Investments Division was \$146 million higher at \$289 million due mainly to M1 which was consolidated from March 2019, partly offset by lower revenue from the asset management business.

### 15b. Net profit by Segments

Group net profit of \$160 million was \$43 million or 21% lower than that of corresponding period in 2019. Net profit from the Offshore & Marine Division of \$3 million decreased by \$3 million due mainly due to share of losses from associated companies in the current period as compared to share of associated companies' profits in the same period last year, and write-back of tax provision in the same period last year, partly offset by higher operating results arising from higher revenue and lower net interest expense. Profit from the Property Division of \$35 million decreased by \$97 million due mainly to the absence of gain from the disposal of a partial interest in the Dong Nai project in Vietnam and write-back of tax provision in relation to divestment of Beijing Aether, lower contribution from property trading projects in China, and lower investment income, partly offset by higher contribution from property trading projects in Singapore. Profit from the Infrastructure Division was \$174 million, \$158 million above the same quarter in 2019, due mainly to mark-to-market gain recognised from the reclassification of the Group's interest in KIT from an associated company to an investment following the loss of significant influence over KIT and higher contribution from Energy Infrastructure, partly offset by lower contribution from Environmental Infrastructure. Net loss from the Investments Division was \$52 million as compared to net profit of \$49 million for the corresponding period in the prior year due mainly to the absence of fair value gain recognised from the remeasurement of previously held interest in M1 at acquisition date, as well as mark-to-market losses from investments. These were partly offset by higher contribution from M1 due to the consolidation of M1 from March 2019, gain from divestment of interest in Gimi MS Corporation, as well as the absence of share of loss in KrisEnergy and fair value loss on KrisEnergy warrants in 2019. The Infrastructure Division was the largest contributor to the Group's net profit with a 109% share, followed by the Property Division's 22%, and Offshore & Marine Division's 2%, while the Investments Division contributed a negative 33%.

### 15c. Revenue by Geographical Segments

Revenue from Singapore of \$1,433 million was \$375 million higher than the first quarter of 2019, due largely to higher revenue from the Offshore & Marine, Property and Investments Divisions, partly offset by lower revenue from the Infrastructure Division.

## 16. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 23 April 2019. During the financial period, the following interested person transactions were entered into by the Group:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)	
		3 months 31.3.2020 \$'000	3 months 31.3.2019 \$'000	3 months 31.3.2020 \$'000	3 months 31.3.2019 \$'000
<b>Transaction for the Sale of Goods and Services</b>					
Temasek Holdings Group (other than the below)	Temasek Holdings (Private)	–	–	5,445	2,820
PSA International Group	Limited is a controlling shareholder of the Company.	–	–	–	2,995
Sembcorp Marine Group	The other named interested persons are its associates.	–	–	1,330	–
Singapore Power Group		–	–	211	136
Singapore Technologies Engineering Group		–	–	2,156	10
Singapore Telecommunications Group		–	–	7,130	7,291
<b>Transaction for the Purchase of Goods and Services</b>					
Temasek Holdings Group (other than the below)	Temasek Holdings (Private)	–	–	24,735	17,534
Certis CISCO Security Group	Limited is a controlling shareholder of the Company.	–	–	569	164
Sembcorp Marine Group	The other named interested persons are its associates.	–	–	276	–
Singapore Power Group		–	–	149	–
SMRT Corporation Group		–	–	1,533	–
PSA International Group		–	–	–	279
MediaCorp Group		–	–	–	322
Pavilion Gas Pte Ltd		–	–	55,006	62,000
Singapore Technologies Engineering Group		–	–	3,980	611
Singapore Telecommunications Group		–	–	35,070	33,336
<b>Joint Venture and Related Transactions</b>					
Temasek Holdings Group (other than the below)	Temasek Holdings (Private)	168,707	–	–	–
Clifford Capital Group	Limited is a controlling shareholder of the Company. The other named interested persons are its associates.	962	–	–	–
<b>Total Interested Person Transactions</b>		<b>169,669</b>	<b>–</b>	<b>137,590</b>	<b>127,498</b>



**17. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

CAROLINE CHANG/KENNY LEE  
Company Secretaries

29 April 2020

***Voluntary Pre-Conditional Cash Partial Offer***

*On 21 October 2019, an announcement was made by Morgan Stanley Asia (Singapore) Pte., for and on behalf of Kyanite Investment Holdings Pte. Ltd (the "**Offeror**") that subject to the satisfaction and/or waiver of certain pre-conditions, the Offeror intends to make a voluntary conditional cash partial offer ("**Partial Offer**") to acquire such number of ordinary shares ("**Shares**") in the capital of the Company (other than those already owned, controlled or agreed to be acquired by the Offeror and persons acting or deemed acting in concert with the Offeror) which when aggregated with the existing Shares held by Temasek Holdings (Private Limited), would represent 51.00 per cent. of the total number of Shares in issue (excluding Shares held in treasury).*

***The Singapore Code on Take-overs and Mergers***

*The unaudited results of the Group for the first quarter ended 31 March 2020 ("**Unaudited 1Q Results**") have been reported in accordance with The Singapore Code on Take-overs and Mergers.*

***Auditor's Consent***

*PricewaterhouseCoopers LLP has given and has not withdrawn its consent to the release of the Unaudited 1Q Results with the inclusion therein of its name and its report dated 29 April 2020 on the Unaudited 1Q Results (attached as Appendix A).*

***Financial Adviser's Consent***

*J.P. Morgan (S.E.A.) Limited, the financial adviser to the Company for the purpose of the Partial Offer, has given and has not withdrawn its consent to the release of the Unaudited 1Q Results with the inclusion therein of its name and its letter dated 29 April 2020 (attached as Appendix B).*

**CONFIRMATION BY THE BOARD**

We, LEE BOON YANG and LOH CHIN HUA, being two directors of Keppel Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the first quarter 2020 financial statements to be false or misleading in any material respect.

On behalf of the board of directors



**LEE BOON YANG**  
Chairman

Singapore, 29 April 2020



**LOH CHIN HUA**  
Chief Executive Officer



The Board of Directors  
Keppel Corporation Limited  
1 HarbourFront Avenue  
#18-01 Keppel Bay Tower  
Singapore 098632

## **Independent Auditor’s Report on the Review of the Unaudited Condensed Consolidated Interim Financial Statements of Keppel Corporation Limited and its subsidiaries**

### *Introduction*

We have reviewed the accompanying condensed consolidated balance sheet of Keppel Corporation Limited (“the Company”) and its subsidiaries (“the Group”) as of 31 March 2020, the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

### *Scope of Review*

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting*.

---

*PricewaterhouseCoopers LLP, 7 Straits View, Marina One East Tower Level 12, Singapore 018936*  
T: (65) 6236 3388, F: -, www.pwc.com/sg GST No.: M90362193L Reg. No.: T09LL0001D

PricewaterhouseCoopers LLP (Registration No. T09LL0001D) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A). PricewaterhouseCoopers LLP is part of the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.



*Other matter*

The comparative information for the condensed consolidated balance sheet is based on the audited financial statements as at 31 December 2019. The comparative information for the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and other explanatory notes, for the three-month period ending 31 March 2019 has not been audited or reviewed.

*Restriction of use*

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we can report to you on the condensed consolidated interim financial statements solely to assist the directors of the Company to meet the requirements set out under Rule 25.6(c) of the Singapore Code on Take-overs and Mergers and for no other purpose.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Singapore, 29 April 2020

# J.P.Morgan

29 April 2020

The Board of Directors  
Keppel Corporation Limited  
1 HarbourFront Avenue  
#18-01 Keppel Bay Tower  
Singapore 098632

Dear Sirs,

**VOLUNTARY PRE-CONDITIONAL CASH PARTIAL OFFER (THE "PRE-CONDITIONAL PARTIAL OFFER")  
BY MORGAN STANLEY ASIA (SINGAPORE) PTE. FOR AND ON BEHALF OF KYANITE INVESTMENT  
HOLDINGS PTE. LTD., AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF TEMASEK HOLDINGS (PRIVATE)  
LIMITED, IN RELATION TO KEPPEL CORPORATION LIMITED (THE "COMPANY")**

---

This letter has been prepared pursuant to Rule 25 of the Singapore Code on Take-overs and Mergers (the "**Code**") in connection with (i) the Pre-Conditional Partial Offer; and (ii) the condensed consolidated balance sheet of the Company and its subsidiaries ("the Group") as of 31 March 2020, the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period then ended and other explanatory notes (the "**1QFY20 Results**") as announced by the Company on 29 April 2020.

We have examined and held discussions on the 1QFY20 Results with the management, who are responsible for preparing the 1QFY20 Results and have attended discussions with the Company's directors (the "**Directors**") on the 1QFY20 results. We have also considered the Independent Auditor's Report to the Directors dated 29 April 2020 issued by PricewaterhouseCoopers ("**PwC**") in relation to its review of the 1QFY20 Results.

For the purposes of rendering our opinion on the 1QFY20 Results, we have relied upon and assumed the accuracy and completeness of all financial and other information provided to and/or discussed with us. Save as provided in this letter, we do not express any opinion or views on the 1QFY20 Results. The Directors remain solely responsible for the 1QFY20 Results.

Based on the procedures performed and subject to the matters set out in the paragraph above, we are of the opinion that the 1QFY20 Results have been made by the Directors after due and careful enquiry.

This letter is provided to the Directors solely for the purpose of complying with Rule 25 of the Code and not for any other purpose. We do not accept any responsibility to any person (other than the Directors) in respect of, arising out of, or in connection with, this letter.

Yours faithfully

For and on behalf of

**J.P. Morgan (S.E.A.) Limited**



---

Name: Ee-Ching Tay

Title: Managing Director