Keppel Corporation 3Q & 9M 2023 Business Update

Media & Analysts Conference Call Transcript

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CHC	Chan Hon Chew, CFO of Keppel Corporation
CT	Christina Tan, CEO, Fund Management and Chief Investment Officer
LL	Louis Lim, CEO, Real Estate
CL	Cindy Lim, CEO, Infrastructure
TP	Thomas Pang, CEO, Data Centres and Networks
MSM	Manjot Singh Mann, CEO, M1
KC	Kevin Chng, Deputy CFO of Keppel Corporation

Opening remarks by Loh Chin Hua, CEO of Keppel Corporation

Good evening, analysts and friends from the media.

We have issued the media release and slides for our 3Q and 9M 2023 voluntary business update, which we will take as read.

Let me highlight a few key points before we take questions.

We continued to improve on earnings in the third quarter and for the first nine months of the year. Our net profit for 3Q 2023 was stronger year on year, with all three horizontal segments — Infrastructure, Real Estate and Connectivity — registering improvements.

Keppel's revenue also improved to S$5,274 million in 9M 2023, about 5% higher than S$5,016 million a year ago.

I would like to highlight, in particular, our Infrastructure Division which continued to record strong earnings growth in 3Q and 9M 2023 underpinned by our robust integrated power business. As at end-September 2023, 100% of Keppel's customers were locked in with fixed or indexed electricity price plans for the next two years.

In 9M 2023, the Infrastructure Division also secured more than S$1.3 billion of new Energy-as-a-Service (EaaS) contracts, bringing our long-term supply & services contract backlog to S$4.1 billion, with earnings visibility over 10-15 years.

We have exceeded our asset monetisation target ahead of schedule. Since the start of our programme in October 2020, we have announced about S$5.3 billion in asset monetisation. Of this, some S$865 million of assets were announced in the year to date, including the distribution of Keppel REIT units in specie, which was approved by Keppel Corporation's shareholders yesterday. We are now working towards our next target of achieving a cumulative S$10-S$12 billion in asset monetisation by the end of 2026.

As at end-September 2023, our net gearing increased slightly to 0.89x from 0.86x as at end-June 2023, mainly due to the payment of the interim dividends.

Amid a high interest rate environment, we continued to strengthen our business resilience. As at end-September 2023, about 61% of our borrowings were on fixed rates, with an average interest cost of 3.71%[1] and a weighted tenor of about three years.

In 9M 2023, our private funds and listed trusts generated a total of S$178 million[2] in asset management fees. They collectively raised about S$1.0 billion in equity, as well as made S$1.7 billion in acquisitions during the same period. Of these acquisitions, about S$600 million were in 3Q 2023.

Over the past few months, we have also seen an increase in activity across our fund platforms and asset classes such as infrastructure, commercial real estate, education assets and private credit.

We made good progress on our two flagship funds, namely KCIF, the Keppel Core Infrastructure Fund, and KSURF, the Keppel Sustainable Urban Renewal Fund. KCIF has achieved its first close of US$575 million, out of an initial target size of US$2.5 billion. Meanwhile, KSURF is gaining good traction and we are working towards making the first closing soon. Earlier today, we announced the closing of RMB 1.6 billion (or about S$300 million) for our China-focused SUR programme, whose AUM can potentially grow to RMB 3.9 billion (or about S$728 million) when fully leveraged and invested.

Looking ahead, with more than five new funds in the process of fundraising and being planned for launch in the next two years, we will continue to pursue our robust deal flow pipeline of more than S$13 billion.

Next, I will run through a few key updates in the Operating Platform. Our Infrastructure Division is actively expanding its energy portfolio with renewables and low carbon solutions. In addition to the new EaaS contracts, which I mentioned earlier, we have more recently secured a contract to design, build, own and operate a major solar project in Singapore with generation capacity of 43 MWp and contract period of 25 years.

In line with our pivot towards providing asset-light solutions, our Real Estate Division is implementing sustainable urban renewal initiatives across eight commercial projects in Singapore and the region, with a combined asset value of S$7.2 billion[3]. Our Real Estate Division is also leveraging its operating platform capabilities to offer senior living management services to third party investors in Asia.

Notwithstanding the current challenging conditions in China, we continue to see potential in the Chinese market over the medium to long term. We have recently refreshed our China strategy to position Keppel to seize opportunities and create value in China, focusing on sustainability-related solutions in sectors benefiting from tailwinds and government support, and where Keppel has strong differentiation and value add. These include our focus areas across the energy transition, sustainable urban renewal, senior living and data centres.

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[1] For reference, the 3-year Singapore SORA-OIS rate was 3.52% as at end-September 2023.

[2] Includes 100% fees from subsidiary managers, joint ventures and associated entities, as well as share of fees based on shareholding stake in associate with which Keppel has strategic alliance.

[3] Sustainable Urban Renewal applied / to be applied to Keppel Bay Tower, Ocean Financial Centre, The Kube, Saigon Centre, INNO88 Tower (fka Samhwan Building), Kohinoor, Keppel South Central and Park Avenue Central. Asset values as of 30 September 2023.

Our Data Centres and Networks Division is currently pursuing a robust pipeline of data centre projects across Asia-Pacific and Europe. We have completed about 30% of the cable laying operations for the Bifrost Cable System, which is expected to be ready for service in 4Q 2024.

M1 reported higher year-on-year revenue of S$908 million in 9M 2023, with improved contributions from mobile and enterprise services. It is on track to complete the migration of customers to its new cloud native digital platform by end-2023, which would allow subscribers to better enjoy M1's 5G plans and cloud services, while improving its customer acquisition and lowering its cost to serve.

Conclusion

To sum up, we will continue to push ahead with Keppel's transformation. Since the unveiling of our latest Vision 2030 plans in May, we have made significant progress across different fronts, with the Company's different divisions working together under a new governance model, having harmonised processes, and sharing one common identity and purpose. Our transformation has been welcomed by employees. In the latest 2023 Employee Engagement Survey, 89% of respondents indicated that they understand and support Keppel's transformation.

At our EGM yesterday, our shareholders also approved the Company's name change to "Keppel Ltd.", with effect from 1 January 2024, further reinforcing our efforts to shed Keppel's conglomerate structure to become one integrated company. We will continue building on the strong momentum to advance Keppel's growth as a global asset manager and operator.

Let me now open the floor to questions.

Question & Answer session

Questions from Rahul Bhatia, HSBC

Good evening, two questions from my side. First, on the electricity import plan. Could you share how you have been thinking about this, how the discussions have been with various stakeholders, from the perspective of required capital investment and building the necessary grid to import power from the likes of Cambodia and Indonesia?

LCH: Thank you, Rahul, can I invite Cindy to address the question?

CL: Thank you, Rahul. With regard to cross-border low-carbon energy importation, Keppel Electric has the experience of importing low-carbon electricity from the Lao PDR-Thailand-Malaysia-Singapore Power Integration Project (LTMS-PIP) for over a year. Deriving from the experience and the lessons learnt from this cross-border importation, we are glad that we are one of the few importing companies granted conditional approval by the Energy Market Authority of Singapore.

So, to your question on Cambodia and Indonesia importation, first and foremost, our conditional approval is as an importer of low-carbon energy. This is significant because we can contribute to Singapore's decarbonisation plan. On top of that, this will help catalyse the ASEAN Power Grid. This will require ecosystem partnership, from upstream developments for renewables generation, to mid-stream transmissions or cables, and of course, in Singapore, we will take care of electricity marketing and contracting.

To your question with regard to capital investment, this is still at a very early stage, where we are still developing and optimising with stakeholders. This will require detailed engineering and development, and potentially attracting investors from across the region. Thank you.

LCH: Just to be clear, our role is as the importer. We have some optionality in terms of participating in the capital investment.

I wanted to get your thoughts on the debt position. With net gearing now getting close to 0.9x, versus 0.78x at end-2022, how you are thinking about it from the perspective of paying dividends in the current interest environment? Any targets that you may have here, in terms of net gearing or for fixed-floating ratio?

CHC: Rahul, thanks for the question. On net gearing, which has gone up from 0.86x in end-June 2023 to 0.89x, as CEO has mentioned, that is still mainly due to the interim dividend that was paid. It has not actually moved very much from previous quarter. A few more points to make regarding your question around the gearing and future dividends – we are very conscious of the net gearing, and in part, also due to the pace of monetisation, as Chin Hua has mentioned. Although it has slowed, we have met our targets, but we will continue to watch our net gearing. We don't have a target, as we've mentioned before, but as a guide, we don't want to see our net gearing going above 1x net debt to equity.

But, we have also mentioned in the past that increasingly, we are looking at gearing from the perspective of net debt against EBITDA, as we transition to Vision 2030. As for our pivot towards recurring income, it has gained traction, and it has given us more confidence in terms of how we look at dividends. Although we cannot give any projection on dividends, you can see that we will be paying about S$2.70[4] this year, including the distribution in-specie (DIS) of Seatrium shares and the recently approved DIS of Keppel REIT units, interim dividend for this year and final dividend for last year, totalling S$2.70. So, we are very conscious of the need to reward our shareholders in terms of dividends and distributions. Come the end of the year, the management and the Board will deliberate on the dividends for the rest of the year.

<u>Questions from Lim Siew Khee, CGS-CIMB Research</u>

On infrastructure, when we say that 100% of our customers are locked in with fixed or indexed electricity plans for the next two years, can we request for Cindy to elaborate? So, if the Uniform Singapore Energy Price (USEP) moves, there is no difference in your earnings? Are you saying that you lock in the spread and the gas cost is passed through? And does that mean that what we saw in 1H 2023, when Infrastructure had a recurring income of S$307 million which includes various things including the sale of power, is something that is recurring and won't change, and includes the 2-year electricity price plan?

LCH: Can I invite Cindy to address this question?

CL: Thank you, Siew Khee, for the question. Just a recap, our Infrastructure operating division has two core platforms – one being the integrated power business, the other being

[4] Based on the last traded price of Keppel REIT units on the SGX-ST on 26 July 2023 of S$0.915; the final value of the dividend in-specie will be based on the price of Keppel REIT units on the completion date on or about 7 November 2023.

decarbonisation and sustainability solutions business. These two platforms run on a recurring, going concern basis. So, you are right, there is healthy recurring operating income from these platforms.

Regarding the locked-in contracts for the next 2 years – all the customers on our contracted capacity are either on fixed price or indexed electricity price plans. So, to your question about USEP, this will then allow us to opportunistically capture any upsides from the volatility in the energy market, whether arising from the relative performance of the GenCos or additional demands. This also means that we have to take into consideration the reliability track records of the generation assets – that is number one.

Number two, the average age of the generation fleet. On this point, I would like to point out that Keppel operates one of the youngest generation fleets in Singapore. This will also imply that our carbon intensity, or carbon footprint, for the same amount of MWh generated is the most competitive in the market today. Thank you.

Do we have any revenue contribution from EaaS this quarter?

CL: The contribution from EaaS will fall under our decarbonisation and sustainability solutions business. It has been contributing – if you refer to our 1H 2023 results, the EaaS contribution is already included.

<u>Questions from Brandon Lee, Citi Research</u>

Are you able to update us on the sale of Keppel South Central? I understand that earlier, it was out in the market. Is there any update on that?

LCH: Thanks Brandon, maybe I will invite Louis to answer this.

LL: Thank you very much, Brandon, for the question. For Keppel South Central, we recently commenced marketing for tenants – we are doing pre-leasing, having interest from multinationals from across sectors such as finance as well as technology. As you pointed out, we are also considering a sale of the asset, so we have had interested parties talk to us on that.

Can you share with us your track record as a data centre operator in China? For instance, if one of your assets is experiencing any potential tenant departure risk, how confident are you in stepping in as a co-location operator?

TP: Thank you, Brandon, for the question. In China, we are developing three data centres currently, in Beijing, Shanghai and Guangzhou. The one that is ready for service in Beijing has now reached 100% occupancy. There are two other projects that are under development, and we will continue to lease them out. These are the assets that we will operate as a co-location service provider. There are also other assets under the Keppel DC REIT portfolio that we do not operate and are leased to a single tenant. They are fitting out some of their data centres, and they will be doing their own operations and leasing. Keppel DC REIT will be in a better position to address their tenants in those assets.

Your current share price of S$6.25 seems quite close to book value. Do you think it is time to revisit a share buyback?

LCH: You would recall we have done a S$500 million share buyback almost a year ago. The purpose of that is partly to see whether we can use the shares as currency for any potential mergers and acquisitions (M&A). Of course, we have not reported any M&As yet. For now, I don’t see a need for a share buyback.

Questions from Mayank Maheshwari, Morgan Stanley

Thank you for the presentation. A couple of questions on the power side, if you could help us out, on the medium-term outlook. You have highlighted that you commenced importation of 100 MW of renewable electricity. Can you talk through, in terms of how you are thinking about the economics and the margins on the importation of overall electricity into Singapore?

Now, we are talking about nearly 1.4 GW of potential imports coming through in the next few years. In the context of that, can you talk about what is the focus in terms of capex, as well as how you are thinking about managing that, along with the new capacity that is coming in for your 600 MW power plant? Just a bigger picture of how you are thinking of all of that would be helpful. Thank you.

LCH: Thank you for your question, Mayank. Cindy, would you like to take that?

CL: Thank you, Mayank. First and foremost, the Energy Market Authority forecasts that the power demand in Singapore will grow at about 3.5% per annum. This is against the backdrop of very healthy economic development, in particular for higher energy consumption sectors, like data centres or advanced manufacturing.

Singapore runs one of the most resilient electricity grids, and this is largely from dispatchable gas-to-power. 95% of it is from gas to power. As you have heard, the government encourages up to 30% of the energy supply in Singapore to be from the regional power grid.

In this case, the low-carbon electricity conditional approval which Keppel Electric has secured will put us in a very good forerunning position to enable not just Singapore’s decarbonisation of the power system, but also for us to deliver this very valuable low-carbon power to downstream commercial and industrial customers who demand cleaner and low-carbon electricity.

On this note, we are happy that we have timed our final investment decision on the 600 MW hydrogen-ready combined cycle gas turbine power plant, and it is progressing healthily. I am happy to announce that we have commenced piling on Jurong Island.

To your point on the investment of capital required, it is important to remind ourselves that we run an asset-light strategy. So the case in point, firstly, for the 600 MW hydrogen-ready combined cycle gas turbine power plant that I mentioned earlier, is that it is a joint venture with our signature Keppel Asia Infrastructure Fund, or KAIF for short, together with Keppel as a developer and operator. This has been very well received by our LPs.

For the LTMS-PIP, we are essentially an offtaker, similar for the Cambodia importation and the Riau Islands importation. We will focus on being asset-light and extract maximum value from the whole ecosystem.

Questions from Jame Osman, Citi Research

Two questions from me. The first one is on Connectivity, and specifically, M1. Would you be able to share any thoughts on the potential for industry consolidation within the telco market? Also, if you look at M1 as it stands today, versus when the company was privatised in 2019, what are the main differences in terms of the company structure, and the assets that sit within M1 now? If you could share more details there, that would be helpful.

LCH: Thank you, Jame. I will ask Mann to address this. I think we will not speculate on things that we are not in a position to speculate on. Maybe, we can talk a bit more about the transformation journey that M1 has gone through and the latest updates.

MSM: Thanks for the question. I think for the last almost three and a half, or four years, M1 has been going through a significant transformation, both on the technology side and in terms of our customer experience. On the technology side, we are moving away from the old legacy stack to a more cloud native platform, so that we are able to give multiple services to our customers – contextual services, improve experience – and most importantly, reduce our cost to serve. Our digital platform from the consumer standpoint is now ready and we have started migrating our subscribers from the old technology stack to the new platform. We should be finishing our consumer migration by the end of this year and our enterprise migration by mid-2024.

With that migration, clearly we would be decommissioning the old legacy stack and therefore, be able to reduce our technology costs as we go along. That is on the technology side. But more importantly, from the revenue perspective as well, we've doubled down on our enterprise business both in Singapore and in Malaysia. Our enterprise business has shown significant growth over the last couple of years, and we do think that over a period of time, our enterprise revenue contribution is going to be significantly higher than what it was before M1 went through this transformation over the last three to four years.

So, clearly our objective is to be successful in this transformation, provide multiple cloud services to our customers, increase our enterprise revenue, and create a very asset-light mobile organisation, while increasing our contribution on the enterprise side.

LCH: Thank you, Mann. Maybe if I can just add – since the privatisation, we have also achieved asset separation, and have released S$580 million. That was two years ago.

What is the percentage contribution from the integrated power business for the first nine months? And, going into 2024 with carbon tax increase, how do you see this impacting the business?

LCH: Since this is a business update, we are not providing data on earnings. But I will ask Cindy to address the second question.

CL: Thank you. So, the Singapore carbon tax applies to all facilities producing 25,000 tonnes of CO_2 per annum. For GenCos, because Singapore is predominantly using gas to power, these are unavoidable carbon emissions. And under the regulations, we are allowed to pass through this carbon tax to the consumers.

This is already in force. The current carbon tax of S$5 per tonne is actually passed through to our customers. We foresee that by 2024, when the carbon tax is raised to S$25 per tonne, and later from 2026, when the carbon tax is raised to S$45 per tonne, we can assume that if there are no technologically available means to abate the carbon, the carbon tax will be passed through to the consumers.

On this note, we are also providing solutions to help our customers decarbonise and release the burden on them because of the hike in carbon tax. We see ourselves being a very meaningful player to deliver decarbonisation solutions at scale, not just to Singapore customers but also those in the region.

Questions from Derek Tan, DBS

My first question is on potential asset impairment. I was just wondering if I could get your thoughts, given where interest rate levels are, do you expect to see some form of asset impairment across your portfolio, even on the Infrastructure side, going into the end of the year?

LCH: Thank you, Derek. I think asset impairment is not something that we will project. Obviously, the interest rates are higher. But it is not just interest rates that will automatically lead to asset impairment. You mentioned about infrastructure assets. For infrastructure assets, many of them have an indexation. So, in an environment where inflation is higher, we might also get higher revenues. So, it is not just interest rates that matter. In short, firstly, we do not forecast, but more importantly, I think interest rate is not the only determinant for impairment.

I noted that you have managed to have a number of fund closes recently. I am just wondering whether, when talking to capital partners, are IRR levels much different compared to say, one to two years ago? Given where interest rate levels are, are required returns higher than before? Thank you.

LCH: Maybe I will ask Christina to address this.

CT: Hi Derek, Christina here. So, in terms of returns requirements, it all depends on the risk-return profile of each investor. So we run funds from core to core-plus to value-add, and everyone has a slightly different risk-return profile. So, for example, for insurance companies, they prefer to have more regular yield distribution. It is more like duration matching for their liabilities. So in terms of that, they prefer a more stable income-generating portfolio, but for some other investors, they prefer to take a bit more risk depending on their asset or their portfolio allocations.

So, some would actually insist more on the value-add return requirement. I think they look at Keppel's operating capabilities, be it in real estate, infrastructure or connectivity segments, and based on that, they work through with us in terms of their preference, in terms of the risk and return requirements.

Questions from Foo Zhiwei, Macquarie

Could you explain to me why your Infrastructure revenue for the quarter, by looking at the 9M 2023 numbers, is actually down 27% quarter on quarter. What was the reason for that?

Secondly, on your EaaS contracts, I note that the increase in the contract amount went from S$1.2 billion to over S$1.3 billion between 1H 2023 and 9M 2023, so it is a delta of S$0.1 billion. Is there a slowdown in the pace of contracting momentum or is this something more lumpy that I should think about?

LCH: I will ask Cindy to address the two questions. Thank you.

CL: Thank you, Zhiwei. For the revenue, the quarter-on-quarter decline is from the integrated power business. However, for this business, we measure business performance more on spreads, not so much on revenue. To a lesser extent, the contributions to the lower revenue is also from the percentage recognition from the Hong Kong Integrated Waste Management facility project.

The contracting of revenue for EaaS is not linear. Part of the reason is because for 1H 2023, we secured a sizeable project for Jurong Lake District, the iconic 29,000-RT Design-Build-Own-Operate project. However, we are actively pursuing more EaaS projects. When we have any significant updates, we will announce them accordingly.

Could you enlighten me on the benefits of this revised strategy for your China real estate business? What are the problems that it addressed that your previous strategy did not?

LCH: I think perhaps there might have been a little misunderstanding. We are not relooking our real estate strategy for China. Rather, we are relooking our playbook for China, our whole strategy for China.

As you will know, Keppel has been in China, operating in China for 30 years. And we have been very successful over these 30 years. But, we also recognise that China today has changed. There are different needs. The market has changed, so we have relooked at it.

And we have been looking at the areas where there are tailwinds and where there is policy encouragement. And, also more importantly, the areas in which Keppel has a right to play and a right to win. So, this is something that we recently updated.

So, that was the reason why I made the comment that yes, China’s real estate market is under some stress at the moment. But in the longer term, Keppel still sees good opportunities in China not just related to real estate, but we are also looking at things like energy transition, data centres and environmental engineering; i.e. those areas that Keppel has strengths in. And, we are also adopting more of a “China-for-China” strategy meaning to say that, in terms of investing in China, increasingly, we are starting to see more interest from Chinese institutions to invest in China. So we hope to tap onto that trend.

You said you measured integrated power business performance on the spreads. Can you comment a bit about how the performance has been?

CL: For 9M 2023, we do not delve into the financial performance, but suffice to say, as shared earlier, 100% of our customers are contracted on either fixed or indexed electricity plans.

LCH: And I guess we have also shared that the performance has improved significantly for both 3Q and 9M 2023.

CL: For both 3Q and 9M 2023 year to date, the integrated power business performance has remained strong.

One last clarification. When you say improvement, do you mean on a year-on-year basis? For 3Q?

LCH: Yes, year-on-year.

<u>Questions from Brandon Lee, Citi Research</u>

Are you able to share with us the valuation multiple that Keppel paid for the remaining 50% stake in Pierfront Capital? And, I think in the last quarter, you mentioned that we could see some of the S$13 billion of deal flows being announced in the second half of the year. We are already close to the year-end now, are you still keeping to that timeline?

LCH: I think for Pierfront, that 50% is not based on multiple but based on cost. Of course, you know that we were a 50% partner already. On the second question on the deal flow, the deal flow pipeline was given as a sense of the size of the funnel of deals that we have.

It does not mean that we will do the whole S$13 billion in the half year. For the fund management business that we run, we try to create a big funnel of deals and then we will pick the best deals and close them.

We have recently announced some investments in Australia. And we are working on a few more, which we hope to be able to announce very soon.

Could you roughly share with us the estimated valuation for the Genting Lane Data Centre and the Huailai Data Centre?

LCH: I will ask Thomas to provide the answer.

TP: As reported in the presentation earlier, both assets have reached full occupancy. For the Genting Lane asset, Building Two is still under construction. So, it is a bit too early to talk about valuations for exit right now.

Both assets, of course, are in the works to be sold sometime next year, and we will be negotiating with buyers.

<u>Questions from Lim Siew Khee, CGS-CIMB Research</u>

On the asset monetisation, I know that we have actually hit above the previous target and we have done about S$865 million this year, which includes S$323 million[4] DIS of Keppel REIT units. Just wanted to get a sense on whether you think the pace will increase in the last three months or should we just wait and see what happens in the world and then go out in a bigger way in 2024?

LCH: I think we are very serious about asset monetisation. It is very important for us, in terms of how we transform Keppel and move to more recurring income and being asset-light. Our target remains S$10-S$12 billion in total by 2026. It is true that some parts of the market, like the real estate market in China, are slowing. So, that would have an impact on our monetisation. But that does not mean that we will stop. As you have seen, not too long ago, we announced the monetisation of our project with Vanke in Chengdu.

So, we are still pursuing all this. And as I have explained before, we do have a much larger pool of assets – it used to be even larger, but it is still quite large – that we are trying to hit the target with. So, it means that where we see a particular market slowing, we will relook at other markets or sectors where we might be able to accelerate the monetisation.

So, a potential that we are looking at closely is Asset Co, given the fairly buoyant drilling market, where utilisation rates for jackups are now, I believe, 95%. Dayrates are improving by the day. So we think that there are probably opportunities for us to accelerate our monetisation of the rigs in Asset Co. And then of course, when that happens, the credit notes will be repaid.

A while back, when we spoke about Asset Co, before the very strong improvement in overall utilisation in the market, we said that maybe the monetisation will happen in the next few years. So, if we were to actually monetise some of the rigs in Asset Co, will you still keep the money in Asset Co to let themselves sustain before looking at paying back Keppel?

LCH: Well, Asset Co is, of course, not controlled by us. It has its own board and we are only a small minority equity shareholder.

They will have to look at their funding. But obviously, the amount of working capital they require is not as significant as the total value of the rigs that they have. So, it will depend on how quickly and how much is monetised by Asset Co. So, if they monetise significantly, then we would expect that the credit notes will be repaid early.

Closing remarks

LCH: Before we conclude, I would also like to share with you that Hon Chew will retire at the end of this year, after close to 10 years of valuable contribution as Keppel's CFO. We will make a formal announcement on this later this evening, right after this Q&A session. Hon Chew has been a trusted and effective partner to me, as the Company went through a challenging and transformational decade. Hon Chew contributed in many ways to Keppel, including the digitalisation and streamlining of Keppel's finance processes; as well as the prudent management of Keppel's finances that enabled us to weather the volatile operating environment and emerge stronger. We will miss Hon Chew and we wish him a rewarding and fulfilling retirement.

I am also pleased to announce that our Deputy CFO Kevin Chng will succeed Hon Chew as CFO with effect from 1 January 2024. Kevin, who is also on this call, has been with the Company since 2016 and has performed different functional and business leadership roles. He was CFO of Keppel O&M, until we divested the business earlier this year, after which he was appointed Deputy CFO of Keppel. Since then, he has been actively involved in Keppel's ongoing reorganisation to become a global asset manager and operator. I am confident that Kevin will be an effective CFO and an important part of the leadership team that will drive the continued growth of Keppel.

Can I invite Hon Chew to say a few words?

CHC: Thank you, Chin Hua. First of all, I would like to thank Chin Hua, for being a great boss. And equally, if not more important, thank you for the friendship as well as the opportunity to be your partner in Keppel's transformation journey over the course of the last 10 years. First, it was Vision 2020, and then now we have Vision 2030.

It is also very important to thank the team at Keppel, including finance, treasury and many other functions in Keppel, and pardon me, if I cannot mention every function individually.

We have a great team in Keppel, and the team has been instrumental in the achievement of many of the milestones for Vision 2030. This same team is still at Keppel. This same team will carry on the good work, to carry on the Vision 2030 journey together with our new CFO, Kevin.

Keppel has a very robust succession planning process. We have identified Kevin, I think some five years ago, and as part of the development process, Kevin has undertaken many different roles as Chin Hua has mentioned, as CFO of Kepel Offshore & Marine, and more recently, as my deputy at Keppel.

So over the last five years, I think I have made myself redundant. So, it is now time to hand over the baton to Kevin. Over to you, Kevin, to say a few words.

KC: Sure, thanks, Hon Chew. Maybe firstly, a word of thanks to the Board, to Chin Hua and Hon Chew, for the guidance and support over the years that I am with Keppel. As Chin Hua mentioned, I have been with Keppel for seven years in different roles, and I'm very much looking forward to take on this new, exciting role.

I am also equally excited to be part of the journey as we transform Keppel into a successful global asset manager and operator, particularly given our unique strengths. I am very much looking forward to working with the team. Thank you.

-End-