Address by Mr Loh Chin Hua, CEO of Keppel Ltd.

SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2023

Transformed for growth

2023 has been one of the most transformational years in Keppel's history. Amidst the volatile global environment, we took pivotal steps to transform Keppel, starting with the successful divestment of the offshore & marine (O&M) business, which allows us to realise some S$9.4 billion[1] in value over time.

We then unveiled the next phase of our Vision 2030 transformation, shedding our conglomerate structure to become a global asset manager and operator. This was followed by the proposed strategic acquisition of leading European asset manager, Aermont Capital, which we announced in November, to propel our growth as an asset manager at a global scale.

Reflecting Keppel's new direction, we changed our name with effect from 1 January 2024 from Keppel Corporation Limited to Keppel Ltd., marking a new chapter in our corporate journey. Today, we are operating more efficiently as one horizontally-integrated company, harnessing synergies across our three segments.

We have made good progress in the goals we set. By 3Q23, we had exceeded the upper bound of our three-year asset monetisation target of S$3-S$5 billion. Since October 2020, we have announced the monetisation of about S$5.4 billion of assets, and released some S$4.1 billion in cash over this period to reinvest for growth and reward shareholders.

Our transformation efforts have been recognised by the market and our investors. Against the challenging landscape, we achieved Total Shareholder Returns (TSR) of 49.3% for 2022 and 61.1% for 2023, far exceeding the TSR of the Straits Times Index in both years[2].

But we are not done yet. We will continue to scale up our funds under management (FUM), grow recurring income and monetise our assets, as we execute our Vision 2030 strategy.

[1] As announced in the Company's 1Q23 business update.
[2] Source: Bloomberg

Highest profit on record

For the whole of 2023, we achieved a net profit of close to S$4.1 billion, more than quadruple that of FY22. This is the highest profit ever recorded by Keppel in our 55-year history. About S$3.3 billion of this was from gains achieved from successfully divesting the O&M business. Our Return on Equity was 37.9% for FY23, compared to 8.1% a year ago.

Net profit from continuing operations was S$996 million in FY23, 19% higher than the S$839 million in FY22. All segments were profitable, with sharply improved performance in our Infrastructure segment. Including the accounting loss of S$111 million from the distribution of Keppel REIT units (DIS loss) to our shareholders in November 2023, net profit from continuing operations was S$885 million in FY23, or 6% higher year on year.

For 2H23, we delivered a robust net profit of S$551 million, up 36% from S$405 million in 2H22, excluding the discontinued O&M operations from both periods and DIS loss. Including the DIS loss, net profit for 2H23 was S$440 million, a 9% increase year on year.

As you can see, the composition of our profits is very different from what it was a few years ago, when the majority of our earnings were from the lumpy O&M orderbook business and the property trading business. Keppel today is no longer a rig builder nor a property developer. We are a global asset manager and operator, with complementary segments in Infrastructure, Real Estate and Connectivity, all contributing positively to the Company's earnings. While earnings from Real Estate were lower year on year, the segment continued to perform creditably and contributed significantly to our net profit, despite challenging conditions in markets like China.

Rewarding shareholders

On the back of Keppel's strong performance and reflecting our confidence in the Company's growth trajectory, the Board of Directors has proposed a final cash dividend of 19.0 cents per share for FY23, which would be paid to shareholders on 8 May 2024.

The final cash dividend is higher than last year's final dividend of 18.0 cents per share. Together with the interim cash dividend of 15.0 cents per share paid in August 2023, shareholders would be receiving a total cash dividend of 34.0 cents per share for the financial year 2023. This translates into a cash dividend yield of 4.7% based on Keppel's closing share price of S$7.16 last evening.

Including the distributions in specie of then Sembcorp Marine shares and Keppel REIT units, our shareholders would be receiving total dividends amounting to about S$2.70[3] per Keppel share for FY23.

Managing volatility for capital-efficient growth

As we press ahead with our growth plans, we continue to be prudent and nimble in capital management, keeping our cost of funds competitive and de-risking our portfolio amidst a volatile landscape.

As at the end of 2023, our Adjusted Net Debt to EBITDA[4] remained at a healthy 4.6x. About 66% of our borrowings were on fixed rates, with interest cost of 3.75% and weighted tenor of about three years.

We have managed our hedging well, with our cost of funds not rising significantly over the past few years, despite the high interest rate environment. In the three years from end-2020 to end-2023, our cost of funds increased by a moderate 150 bps, compared to the three-year swap rate which rose significantly by about 240 bps over the same period. As at end-2023, we maintained our cost of funds at a relatively small spread of about 110 bps over the three-year swap rate of 2.64%, cushioned by interest rate hedges.

Last week, we also secured S$1 billion worth of sustainability-linked revolving credit facilities, which we can use for general corporate purposes as well as the pursuit of business opportunities in the sustainability space.

We have also made good progress de-risking our investments.

Asset Co has done well amidst growing demand for offshore drilling assets and improving utilisation and day rates. Asset Co has accumulated a cash balance of approximately S$950 million as at the end of 2023, and is receiving active enquiries for its assets.

Meanwhile, we remain watchful over our exposure in China. Our Real Estate Division has monetised over S$3 billion of assets in China since 2017, including S$94 million

[3] Based on the closing price of Sembcorp Marine shares as at 1 March 2023 of 11.5 cents per share (the first trading day following completion of the combination transaction), the cash equivalent amount of the dividend declared by the Company was S$3,845 million, equivalent to approximately S$2.19 per Keppel share, based on the Company's issued and paid-up share capital as at the record date (for such dividend in specie) of 1,751,959,918 Keppel shares (excluding treasury shares).

[4] Adjusted net debt is defined as net debt less carrying value of non-income producing undeveloped land and properties held for sale (completed and under development), while EBITDA refers to profit before depreciation, amortisation, net interest expense and tax.

in 2023, and recognised total profits of more than S$1 billion. It has also repatriated more than S$5 billion of cash over the same period. Some of the unlocked capital has been reallocated to pursue opportunities in different asset classes and countries, leveraging our asset-light model.

Going forward, we will focus on accelerating the monetisation of the vendor notes as well as our residential landbank and inventories, which currently amount to some S$6.3 billion on our balance sheet. Some of the proceeds from monetisation will be invested in new growth areas. We will also become more asset-light, and require less capital, some of which can be returned to shareholders. As we continue to improve Keppel's performance, this will bring us closer to our 15% ROE target, which we are confident of achieving well before 2030.

Transforming earnings with more recurring income

Reflecting Keppel's strategy, and our shift away from lumpy EPC and development profits, our recurring income from continuing operations rose 54% year on year to S$773 million in FY23, making up 88% of our net profit, compared to 60% in FY22.

The strong improvement was bolstered by higher operating income from our Infrastructure Division, which continues to pursue opportunities in renewables, clean energy and decarbonisation solutions, whilst expanding our pipeline of long-term contracts that provide stable income with good earnings visibility. One such example was the recent GlobalFoundries power purchase agreement, which will see Keppel providing electricity to power their Singapore operations for more than 15 years. As at end-2023, about 60% of our generation capacity was contracted for three years and above.

Steady progress in fund management

In 2023, our private funds and listed trusts generated a total of S$283 million[5] in asset management fees, up by about 6% year on year. We raised in total about S$2.3 billion in equity, and completed S$2.5 billion worth of acquisitions and S$500 million in divestments in the same period.

Notwithstanding the challenging fundraising environment, we continued to make good progress on our fund initiatives, achieving closings of US$575 million for the Keppel Core Infrastructure Fund and RMB 1.6 billion for our China-focused Sustainable Urban Renewal programme. We also acquired the remaining 50% stake in Keppel Credit

[5] 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.

Fund Management, formerly Pierfront Capital, bringing our interest in the platform to 100%.

Our FUM[6] grew to S$55 billion as at end-2023, compared to S$50 billion at the end of 2022. When Phase 1 of the acquisition of Aermont Capital is completed later this year, our FUM would grow to about S$79 billion, bringing us close to 80% of our interim target of S$100 billion by 2026. We remain laser-focused on achieving our FUM target of S$200 billion by the end of 2030.

Infrastructure is expected to be one of the fastest-growing asset classes in the years ahead, supported by global trends such as the energy transition and push for decarbonisation, as well as rising demand for digital connectivity. We have seen recent M&A transactions involving major global asset managers, as they sought to expand in the infrastructure space. Keppel is in an enviable position, as we are already an established infrastructure asset manager and operator, with strong track record. We also have deep domain knowledge and operating capabilities in multiple asset classes, allowing us to provide more fund products and better value propositions to our LPs. In 2024, we will continue to expand our fund offerings, as well as pursue a deal flow pipeline of over S$14 billion, the majority of which are in the infrastructure and connectivity spaces.

Strong interest in Keppel's real assets

Looking ahead, as inflation eases and interest rates start to stabilise, we expect fundraising and dealmaking activities to increase later this year. Nevertheless, investors are expected to remain highly selective of investment strategies and asset classes, with a preference for sectors underpinned by resilient macrotrends, such as the energy transition, climate action and digitalisation, all of which are driving demand for Keppel's solutions. These include the Keppel Sakra Cogen Plant, Singapore's most advanced and first hydrogen ready power plant, our Sustainable Urban Renewal initiatives, as well as green data centre solutions and the Bifrost subsea cable system that we are developing.

Accelerating growth: strategic acquisition of Aermont Capital

As we expand our business, we are looking out not just for good assets but also top talent and strong capabilities that can add value to the Company.

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[6] Gross asset value of investments and uninvested capital commitments on a leveraged basis to project fully-invested FUM.

The proposed acquisition of Aermont, which is progressing well, will give Keppel an immediate and strong foothold in Europe, significantly expanding our presence beyond Asia Pacific, and also bolster our attractiveness to global LPs. Keppel will also be able to widen our network of blue-chip LPs, leveraging Aermont's longstanding relationships with its global clients.

The senior team at Aermont, with their extensive asset management track record and networks in Europe, is a strong team that would add significant value to Keppel. Aermont will be Keppel's European real estate platform, and both teams will work closely together to seize opportunities. With value add from Keppel, we believe that Aermont's FUM can grow by 2.5x to approximately S$60 billion in 2030, through the co-creation of European credit funds, data centre funds and various private investment vehicles, and potentially REITs.

Conclusion

To conclude, we have harnessed Keppel's deep industrial roots to transform the Company into a global asset manager and operator. Our strong investment track record, built up over 20 years, as well as our operating capabilities and domain knowledge in the key segments of Infrastructure, Real Estate and Connectivity, provide an unparalleled value proposition to the investors in our private funds, REITs and Trust. Investors also find our active value adding approach to creating superior returns appealing.

Keppel's shareholders have benefited - and will continue to benefit - from this transformation. We have made significant progress over the years to adapt to the changing environment. Keppel today is run more efficiently as one company, compared to what it used to be, as a conglomerate with a few diverse, listed operating companies. With Vision 2030, we are executing one business strategy, and exploiting synergies among our three segments to create greater value for our end customers, our investors and our shareholders. Keppel's earnings are now much more recurring, and should attract growth multiples, rather than being valued based on price to book and discount to RNAV, with a further conglomerate discount.

I am confident that Keppel is well positioned to ride the next S-curve of quality sustainable growth. Our resilience, with a focus on providing investment solutions and meeting basic needs like clean power, green environment and connectivity, helps us navigate a more complex world.

Our new CFO, Kevin Chng, will now take you through details of the Company's financial performance.

KEPPEL LTD.

FULL YEAR ENDED 31 DECEMBER 2023

Overview of FY23 Results (Slide 14)

1. Thank you, CEO, and a very good morning to all. I shall now take you through Keppel's financial performance.

2. For FY 2023, Keppel achieved a record net profit of $4.07 billion, significantly higher than the prior year due to the recognition of disposal gain of approximately $3.3 billion from the successful divestment of Keppel Offshore & Marine (KOM).

3. Excluding discontinued operations and the loss from distribution-in-specie of KREIT units ("DIS loss"), net profit increased by 19% to $996 million from $839 million in FY 2022.

4. All segments were profitable with stronger year-on-year performance from Infrastructure and Connectivity.

5. ROE was significantly higher at 37.9%.

6. Excluding the DIS loss, ROE from continuing operations improved to 9.3%, as compared to 7.3% in FY 2022 supported by higher net profit and lower equity as a result of the distributions-in-specie of Seatrium shares and Keppel REIT units.

7. Infrastructure was the top performer for FY 2023, delivering net profits of almost $700 million. Contribution[1] from the Real Estate segment remained resilient with $426 million in net earnings, despite challenging market conditions in China. Net profit from Connectivity grew year-on-year and accounted for approximately 14% of the net profit from continuing operations.

8. I will further elaborate on the performance of each segment later on.

9. Net gearing increased from 0.78x as at the end of 2022 to 0.90x. This was due to higher net debt as a result of net cash outflow from the divestment of KOM, and lower equity arising from the two distributions in-specie and cash dividends paid during the year.

10. Adjusted net debt to EBITDA[2] improved to 4.6x, from 5.1x as at the end of 2022 mainly due to higher proportionate increase in EBITDA as compared to increase in adjusted net debt.

11. Free cash outflow was $384 million[i] as compared to free cash outflow of $408 million in the same period last year. This was mainly due to lower level of investments and capital expenditure, higher divestment proceeds and dividend income, as well as advances from associated companies and joint ventures, partly offset by increase in working capital

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[1] Excluding DIS loss of $111 million.

[2] Adjusted net debt is defined as net debt less carrying value of non-income producing undeveloped land and properties held for sale (completed and under development), while EBITDA refers to profit before depreciation, amortisation, net interest expense and tax.

requirements. In addition, as KOM had a net cash balance of $968 million, the completion of the divestment resulted in a net cash outflow, partially offset by the receipt of $500 million in cash consideration.

FY23 Horizontal Reporting (Slides 15,16)

12. Excluding the results of discontinued operations, net profit from continuing operations was $885 million, with positive contributions from all income streams.

13. Underpinned by robust operating earnings from Infrastructure, recurring income, which comprises asset management net profit and operating income, grew 54% to $773 million from $503 million a year ago.

14. Valuation gains declined mainly due to lower revaluation gains from investment properties.

15. Development & EPC earnings was 14% higher year-on-year at $178 million led by higher contributions from Singapore trading projects and Sino-Singapore Tianjin Eco-City.

16. Excluding the DIS loss, gains from capital recycling increased by $145 million primarily due to completion of several asset monetisations by Real Estate and Connectivity segments.

17. Net loss from Corporate Activities was $256 million, as compared to $20 million in FY 2022, mainly due to impact from classification of interest expense associated with the vendor notes and lower fair value gains from investments.

Infrastructure (Slide 17)

18. Moving on to segmental performance.

19. The Infrastructure segment achieved a net profit of $699 million in FY 2023, 135% higher than FY 2022 of $297 million.

20. This was led by strong operating income growth of $320 million driven by higher net generation and margins from the integrated power business as well as special distribution from Keppel Infrastructure Trust (KIT), partly offset by lower share of results from an associated company following a dilution of interest in 4Q 2022. Notably, as at end-2023, about 60% of our power generation capacity was contracted for three years or more, while our long-term supply and services backlog reached $4.3 billion, bolstered by $1.6 billion of Energy-as-a-Service contracts secured during the year. Our expanding pipeline of long-term infrastructure contracts will continue to bolster Keppel's recurring income growth.

21. Asset management net profit was 28% higher year-on-year mainly from higher management fees due to a change in the fee structure that took effect in 2H 2022 and better performance by KIT. These were partly offset by lower acquisition fees recognised during the year.
22. The segment also recognised fair value gains from its sponsor stakes in infrastructure private funds, as compared to losses in the prior year.

23. As CEO mentioned, Infrastructure is expected to be one of the fastest growing asset class and we are in a strong position to build on the momentum, to capture the opportunities as an established infrastructure asset manager and operator.

Real Estate (Slide 18)

24. Despite challenging market conditions, Real Estate delivered creditable performance, continuing to record fair value gains from investment properties, achieving higher development profits, as well as higher gains from capital recycling[3] in 2023.

25. Excluding the DIS loss, net profit for the year was $426 million, which was 8% lower than FY 2022.

26. Asset management net profit was lower year-on-year mainly due to higher overheads to drive growth.

27. The decline in operating income was a result of lower contributions from our sponsor stakes and co-investments, higher net interest expense and costs incurred for new business engines. Last year's operating income benefited from a reversal of cost provisions relating to a commercial project in China.

28. While fair value gains were lower year-on-year, development profits rose 11% to $197 million on the back of higher contributions from Singapore trading projects and Sino-Singapore Tianjin Eco-City which recognised profits from the sale of 2 land plots.

29. Amidst challenging conditions, the Real Estate segment also successfully completed monetisation of seven assets across Vietnam, India, Philippines, Myanmar, China and Singapore, banking in total gains of $105 million for the year.

30. As the Real Estate Division continues its pivot to become more asset-light, we will accelerate our focus on developing new growth engines and shoring up capabilities in areas such as sustainable urban renewal and senior living, which will generate more fee-based, recurring income.

Connectivity (Slide 19)

31. Net profit from the Connectivity segment of $127 million was 30% higher than FY 2022 of $98 million, mainly due to higher recurring income and gains from capital recycling.

32. The operating income increase was mainly due to higher earnings from M1, supported by its growing mobile services and enterprise revenues, as well as lower losses from the logistics business following divestment of the Southeast Asian operations in mid-2022.

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[3] *Excluding DIS loss of $111 million.*

33. The segment also recorded gains from disposal of non-core assets and from the dilution of interests in the Bifrost subsea cable project with the onboarding of co-investors for our fibre pairs.

34. These were partly offset by fair value loss on an investment, as well as lower fair value gains on data centres.

Corporate Activities (Slide 20)

35. Net loss from Corporate Activities was $256 million as compared to $20 million in FY 2022.

36. With the completion of the disposal of the offshore & marine business in February 2023, the effects of the retained Seatrium shares and Asset Co vendor notes are reported under Corporate Activities.

37. Since then, Keppel has recognised approximately $151 million of interest income net of fair value changes on the vendor notes.

38. As the vendor note is a financial instrument, and as required by accounting standards, the notes receivables have to be fair valued at initial recognition, or what we term as Day 1 fair value. The difference between the fair value and the transacted price is deferred and amortised over the expected life of the notes. During the year, about $150 million amortisation expense was recognised.

39. The financing costs relating to the vendor notes are now reported under Corporate Activities following completion of the Asset Co Transaction in February 2023. These were previously reported under Discontinued Operations in FY 2022, hence explaining the difference in interest expense for FY 2023.

40. For the investments held at corporate level, lower fair value gains were recognised during the year, partly offset by gains recorded on the retained Seatrium shares. Overheads were higher in FY 2023 mainly due to transformation costs incurred. Prior year comparatives also benefited from write-back of certain provisions which were no longer required.

41. With that, we have come to the end of the presentation, and I shall hand the time back to CEO, for the Q&A session. Thank you.

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[i] *Includes S$500m cash component realised as part of the divestment of discontinued operations, which will be presented as cash inflow from financing activities in the financial statements. The inclusion herein is for better comparability and understanding of the free cashflow.*