Keppel Ltd. 1Q 2024 Business Update

Media & Analysts Conference Call Transcript

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CT	Christina Tan, CEO, Fund Management and Chief Investment Officer
KC	Kevin Chng, CFO
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

Opening remarks by Loh Chin Hua, CEO of Keppel Ltd.

Good morning, analysts and friends from the media. We have issued our media release and slides for our 1Q 2024 voluntary business update, which we will take as read.

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

We have started the year on a good footing, making commendable progress in line with our transformation goals.

Our 1Q 2024 net profit[1] was higher year-on-year (yoy), excluding the effects of the legacy offshore and marine (O&M) assets, bolstered by stronger performance in the Infrastructure and Connectivity segments.

The effects of the legacy O&M assets include the fair value changes of the Seatrium shares held in our segregated account, the financing cost relating to the Vendor Notes as well as contributions from Keppel's stakes in Floatel and Dyna-Mac. Including the effects of the legacy O&M assets, net profit for 1Q 2024 was lower yoy.

In line with our efforts to build Keppel into a leading global asset manager and operator, our asset management fees[2] rose 52% yoy to S$88 million in 1Q 2024. Improved contributions from asset management, together with strong operating income growth, resulted in a 51% surge in Keppel's recurring income yoy.

We have also continued to progress in our asset-light strategy and de-risking of investments. In the year to date, we have received S$71.3 million in cash from Asset Co, and are working on the completion of the divestment of one of our landbanks in Wuxi, China for S$161.6 million[3].

[1] 1Q 2023 net profit refers to that of continuing operations.
[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] Proposed divestment is subject to completion/relevant approvals.

Since October 2020, our asset monetisation has reached over S$5.5 billion. We remain focused on achieving our interim target of S$10 – S$12 billion by the end of 2026.

As at 31 March 2024, about 64% of our borrowings were on fixed rates, with a competitive average cost of funds of 3.81% and a weighted tenor of about 3 years[4]. Our net gearing remained at 0.90x, unchanged from 31 December 2023.

In our Fund Management and Investment platforms, we raised about S$436 million in equity in the year to date, and completed about S$1.1 billion in acquisitions and divestments.

In April 2024, we achieved the first close for our flagship Keppel Sustainable Urban Renewal Fund (KSURF), bringing the total Funds Under Management[5] (FUM) in our Sustainable Urban Renewal Strategy to over US$1.7 billion. We are also receiving good investor interest for another flagship product, the Keppel Core Infrastructure Fund (KCIF), which made its first close at US$575 million in October 2023.

We will continue to drive organic growth as we work with laser-focus towards our S$200 billion FUM target by end-2030. Keppel currently has a portfolio of 19 active private funds and we plan to launch another three new funds for data centres, education assets and private credit later this year.

Across our private funds and listed vehicles, we have identified a deal flow pipeline of over S$14 billion, which we will continue to actively pursue and actualise. Most of these potential deals are in the infrastructure and connectivity spaces, where we see exciting growth opportunities. Just last month, we announced a partnership with Mitsui Fudosan, which will see us jointly exploring data centre development and investment opportunities in Japan and Southeast Asia.

On the acquisition of Aermont Capital, I am pleased to share that we have just secured, last evening, the last clearance required from a European regulator to close Phase 1 of the acquisition. We are now working towards completing Phase 1 by the end of this month. This would grow Keppel's FUM[5] to about S$79 billion, or close to 80% of our interim target of S$100 billion by 2026.

I will now touch on some key highlights from our Operating Platform. The 600 MW hydrogen-ready Keppel Sakra Cogen Plant is now over 50% completed and on track to commence operations in 2026. This, coupled with the 1,300 MW Keppel Merlimau Cogen Plant, whose capacity tolling and operations & maintenance agreements have been extended by another decade, will further boost Keppel's strategic position in the Singapore electricity market.

As we continue to pursue opportunities in renewables, clean energy and decarbonisation solutions, we are also expanding the pipeline of long-term contracts that provide stable income

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[4] Includes perpetual securities. For reference, the SGD 3-year swap rate was 3.07% as at end-March 2024.
[5] Gross asset value of investments and uninvested capital commitments on a leveraged basis to project fully-invested FUM.

with good earnings visibility. During the quarter, our Infrastructure Division's long-term decarbonisation and sustainability solutions and services contracts grew by about 12% to S$4.8 billion with revenues to be earned over 10-15 years, building up steady cashflows for the Company.

We are similarly working on transforming the Real Estate Division's earnings to become more asset-light and recurring, with a focus on Sustainable Urban Renewal, or SUR for short. The Division has been growing its SUR capabilities and implementing initiatives for a portfolio of nine projects with a combined asset value of S$7.9 billion[6].

In the Connectivity space, we continued to make good progress on our data centre projects in Singapore and China. We are also working towards a final investment decision for the floating data centre module in 1H 2024, as well as getting the Bifrost Cable System's main trunk ready for service by the end of this year.

Meanwhile, M1 continues to improve on its revenue. In line with its strategy to grow the enterprise segment, revenue from the enterprise business grew 17% yoy, and contributed some 41% of M1's total revenue in 1Q 2024.

To conclude, we see exciting opportunities ahead as investors' growing preference for defensive, cashflow generative assets is driving demand for alternative real assets in infrastructure and private credit, where Keppel has strong expertise. Drawing on our deep domain expertise and operating capabilities, we can create alphas for the funds that we manage, reinforce Keppel's unique value proposition to our global limited partners and also drive stronger returns for Keppel's shareholders.

Let me now open the floor to questions.

Question & Answer session

Questions from Brandon Lee, Citi Research

I have three questions. My first question is, can you let us know the divestment gain on the Wuxi plot and who the buyer is?

LCH: Thank you, Brandon. I am afraid we cannot disclose the divestment gain or loss on the Wuxi project. What I can say is that this is part of a project that we have been selling over the years. Overall, the project is profitable. It is a Chinese buyer; I also cannot disclose the name of the buyer.

My second question would be, could you give us the rough equity commitment or the expected FUM from the three new private funds that you are targeting to launch this year?

LCH: I will ask Chris to answer the second question.

[6] Asset values are as at end-March 2024.

CT: On the private funds, we have KSURF, which we have announced over US$1.7 billion in terms of FUM. We have KCIF, which we also announced last year - US$575 million in terms of equity commitment.

LCH: These are all in US dollars.

CT: There is another investor group doing due diligence, and we are probably converting that for KCIF, so we are probably adding at least another US$300 million for KCIF. For the Keppel Asia Infrastructure Fund (KAIF), I think we also have people doing due diligence, and are probably looking at more like US$500 million for the year.

The third question relates to the sale of the Dyna-Mac warrants. Can I ask if you are exercising it to monetise or are you selling the warrants?

LCH: Kevin, do you want to take the question on Dyna-Mac?

KC: Yes. So, on Dyna-Mac, this is in relation to a corporate action that was declared by Dyna-Mac some months back. We got the warrants and we sold them in the market.

LCH: Brandon, just to be very clear, Dyna-Mac, Floatel and also Asset Co, are assets that are not our core business. These are non-continuing. So, we will be in the process of monetising them over the period ahead.

Questions from Chen Jia Ding, Lianhe Zaobao

I have two questions here. The first, I am trying to understand the magnitude of the net profit change on a yoy basis, both including and excluding the effects of the legacy assets. The second question is in relation to the potential amount of assets that can still be monetised through to the rest of this year.

LCH: This is a business update, so we do not report earnings or the magnitude of earnings change.

But we do give some directional guidance. As I have said in my opening remarks, the group of assets that we deem non-continuing, which are the O&M legacy assets, if you exclude those, the net profit is higher yoy. But if you include those legacy assets, then the net profit will be lower yoy.

In terms of the monetisation target, we have internal targets that we set. We do not disclose these yoy, but we are guided by the target of S$10-S$12 billion, cumulatively by 2026.

Can I clarify, for the S$10-S$12 billion, is it inclusive of those that have already been done?

LCH: Yes, it is. It is cumulative from when we first started. You will recall that we made the announcement in 2020 that we had about S$17.5 billion by balance sheet numbers that are assets which no longer need to sit on our balance sheet, given our asset-light strategy.

And so far we have monetised, up to this first quarter, about S$5.5 billion, that has been announced. We have collected so far over S$4.1 billion in cash. So, the S$10-S$12 billion is cumulative from 2020.

Can I also follow up on the pace of the divestment, is it going to be evenly spread out across the year or otherwise?

LCH: No, it is not, it will depend on market conditions. We have a group of assets, so we are not going to stop just at S$10-S$12 billion, we will look to monetise the entire S$17.5 billion. It also depends on market conditions. So, when market conditions are optimum, we will sell those assets and probably sell more. And when it is not optimum, then we will see, we will do a hold-sell analysis, and if we find that it is better to hold a bit longer, then those assets will be put at the back of the queue.

<u>Questions from Dexter Low, Bloomberg</u>

I wanted to check on this, and I know you have answered it at the start, but I just wanted to get some clarity on this – the divestment in Wuxi, can you confirm which one that is? Is that Seasons Residences in Wuxi? Or would it be the acquisition that you made in 2017 for the 18ha of land?

LCH: I will ask Louis to take this question.

LL: It is a residential project in Wuxi, Dexter. We are not disclosing which project we are divesting at this point in time. Thank you.

So this is a 100% divestment, right? And you said overall, it is profitable. When you say it is profitable, do you mean including sales and all that?

LL: Yes, 100% divestment. Over the years we have made quite a significant profit from this project.

Can I follow up on one last thing? In terms of divestments, you have mentioned targets. In terms of countries like China, like how much discount are you guys willing to accept before you make a divestment? Or do you think the time is right, right now?

LCH: We cannot be telling you all this, right? I think the fact is that if you look at what we have done in China over the last few years, we have actually been steadily divesting our landbanks. We started in maybe 2017. We have divested about S$3 billion of landbank over this period. And it is not because we had a view on the market, it is just a change in our business model towards more recurring income. And of this S$3 billion that we divested, we have made over S$1 billion of profit. We have also taken back about S$5 billion worth of RMB, because we are no longer actively buying land in China. So, all this has helped us to de-risk our exposure to China considerably.

Most of the assets that we have left are landbanks, and these landbanks are kept at historical costs. There is still quite a bit of headroom between the market value of the land versus the historical book cost. So, we are actually quite well positioned.

Of course, we still believe that China is a good market for us in the medium to long term, but her needs are probably a bit different compared to say, 30 years ago when we first entered the Chinese market. So last year, we updated our China playbook, focusing on what China needs today. So essentially, things like energy transition, clean environment, connectivity, etc., and even for real estate, it would be more on things like rental housing, etc. So, we have also mapped that against Keppel's capabilities and we have come up with a playbook for China that we believe is more appropriate and more fit for purpose in China today.

One final technical thing, is the sale amount of S$161.6 million the total you will receive from the Wuxi project?

LL: That is the proceeds from the sale of the Wuxi project, i.e. S$161.6 million.

LCH: It is a project that has been sold over the years and this is the last bit. So, with the sale, we are completely out of the project.

I see, so this S$161.6 million is the only amount you got from the current sale? Not the total amount from the sale of the project throughout the years?

LCH: Yes, it is from the current sale.

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

I just have one question on the cash you received from Asset Co. Maybe you can elaborate a bit – what is the basis of this? Quarter-on-quarter, is this going to be sustainable in terms of cash receipts that you are expecting? Or if you cannot guide forward, then what did you get last quarter?

LCH: Okay, I will invite Kevin to respond to that.

KC: Morning, Siew Khee. So, Asset Co as an entity has been doing very well, reflecting the kind of market changes in the offshore space. It has accumulated quite a significant amount of cash based on payments that are made by their counterparties over the years. This S$71.3 million that we received is essentially them paying down on some of the fees that they owe us from an interest perspective. But as to whether there is going to be ongoing payments on a recurring basis, Asset Co is still discussing quite a number of potential charters on their remaining assets. So, we will be monitoring this closely as Asset Co progresses. Not forgetting that, they also have six B-class rigs that continue to be on charter, and are receiving charter receipts.

So this could be a one-off thing, it is not like structured that they will pay you every quarter. Am I right?

LCH: Yes. The current situation is that there is an interest rate on the Vendor Notes. It may be deferred. But I think what Kevin has been saying is that, if you look at Asset Co, they are actually sitting on quite a bit of cash. Even with this payment, they are still sitting on almost S$900 million dollars in cash.

I just have a follow-up question, I know the charter and operations are actually run by Asset Co, but I just wanted to hear your thoughts, an on-the-ground check, that the charters that they actually have in the Middle East are not affected by the recent cancellations by Saudi Aramco?

LCH: Right now, they are not affected. These are all bareboat charters and we have fixed contracts.

<u>Questions from Joy Wang, HSBC</u>

Two questions from me. First of all, you mentioned about recurring income being up 51% yoy. Can I get a sense as to whether we can extrapolate this for the first half or even for the full year? Also, maybe if we can get a sort of qualitative comment on the operating profitability from different segments?

LCH: I will try to answer your first question and maybe ask Chris to address the second and third questions.

Of course, we are all looking to not just have this recurring income. We believe the recurring income will grow, I think we are in the right direction. Whether the 51% will continue will depend on quite a number of factors. We cannot give you a forecast or prediction right now. All I can say is that for the operating side, say for Infrastructure, you have heard that Cindy and her team have been working very hard to make sure that we have contracts that are longer-term, so we are not so dependent on the current rate of the day. And I think being able to lock in these longer-term contracts, whether they are power purchase agreements or Energy-as-a-Service, helps us create a more recurring and more sustainable income going forward.

I think the same can be said about trying to get the recurring income as steady as possible. Even in our other businesses, like for Real Estate, we are also moving more towards services, Real Estate-as-a-Service, and also of course more recurring income from investment properties, co-investing with the funds, rather than what we have been doing in the past, which is more based on lumpier trading profits. So that is the general trend, based on the strategy that we are pursuing.

Second question, more on asset management business. For the S$88 million you received this first quarter, are these all recurring fees? Are there any sort of promote or acquisition fees recorded in it? And how should we think about the sort of movement qoq where there was a bit of a dropoff but yoy this is quite a substantial increase? And a follow-up on that, once you complete the Aermont transaction, should we be expecting a meaningful increment to the S$88 million recurring fees? Thanks.

CT: Hi Joy, Chris here. On the S$88 million, most of it is actually recurring fees, I would say more than 90% will be recurring in nature. There are some small acquisition fees, as well as a one-off fee from the performance fee for KIT as well, but the majority of it is recurring in nature.

Aermont will be a good acquisition for us. It will contribute, going on a forward basis, about 20% of the profitability of funds management.

LCH: For acquisition fees, we also treat it as recurring in a sense. But I suppose Chris is referring to between asset management fees and acquisition fees. For a lot of our funds, we do charge an acquisition fee, and over time, we will expect acquisitions to be not just in one quarter but over many quarters. To your more direct question, there is no carried interest, but there are some performance fees from KIT.

If I can just clarify, you mentioned 20% of the profitability. Is that based on 50% stake or 100% stake of Aermont?

CT: We are taking the 50% component that is accruing to us.

You will report the asset management fee together? So basically a 20% increase once you complete the transaction? Is that fair?

LCH: When the transaction is completed, we will be treating this as joint control, which means that we will report 100% of their fees[7]. Kevin, do you want to explain further?

KC: It is joint control, so 100% of the fees. But in relation to net profit, we will take our share of 50%.

<u>Questions from Ho Pei Hwa, DBS</u>

Hi, good morning, just two questions. How much is Keppel's remaining shareholding in Seatrium? Second is on the legacy O&M assets. Is it possible to share some numbers, such as the net contribution or breakdown, like how much is the impact from Seatrium's share price fluctuation, financing cost of Vendor Notes, and the contributions from Floatel and Dyna-Mac? Or if the number cannot be shared, can you guide us on the yoy change or trend? Thank you.

LCH: Pei Hwa, I will just focus on Seatrium, because that is more or less public information, and you can work it out. We have sold about 60% of the Seatrium shares that were in the segregated account. Just to be clear, this is done not by us, but by the institutional financial services provider, as has been agreed under the agreement with Seatrium. The 60% that was sold, was sold at an average price of about 13 cents. We still have about 1.37 billion shares of Seatrium, and the loss for the first quarter was about S$54 million, versus a gain of S$14 million in 1Q 2023. So if you look at the delta, in last year's 1Q results, if you include Seatrium, we are positive S$14 million. This year was a reversal, minus $54 million. Going forward, you will see in our 1H results, we will report all these as legacy assets, so we will be separating them from our continuing business. But the impact of Seatrium for us in the first quarter is minus S$54 million, and if the 60% of shares were not sold at 13 cents, the loss would have been even greater. These are all marked to market.

<u>Questions from Pimfha Chan, DealStreetAsia</u>

Thank you for taking my question. My question is for more for Chris, about the private credit fund that you are launching this year. Is that a continuation of what Pierfront has been doing? My second question, how is the integration going?

LCH: Thank you for your questions. Chris?

CT: Hi, Pimfha. On the private credit fund, this is a continuation fund. It is actually the third fund from Pierfront days that we are launching. The first two funds have done very well, very good track record, so we are very confident because in terms of fundraising, there are actually investors doing due diligence. We're targeting a much bigger fund this round, about US$800 million.

LCH: First fund was over US$200 million, second fund is over US$400 million. So for this fund we expect to double that.

Can I get some details on the deployment pace of the second fund? Have you fully deployed that?

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

CT: Yes, we have more than fully deployed. We actually have some exits as well, divestments, and then we have reinvested those proceeds from divestments, so it was more than 150% deployed.

Just one more question. Can I have some comments on why this is a good time to invest in private credit?

CT: Given the volatility that you are seeing in the global market, the banks are having a harder time in terms of looking at refinancing, but a lot of platforms, a lot of businesses, a lot of different infrastructure projects are ongoing. A lot of the big capital sponsor names are also looking for some mezzanine loans to help them ensure that their projects are able to be financed. So private credit is actually the best space right now in terms of fundraising and there is a lot of traction from investors, because you get stability in terms of yield from the private credit funds. There are ongoing yields because of the interest rates that you charge, and then on top of that, you can typically charge an equity kicker as well, or some upside to it. So the risk-return profile for private credit is actually pretty good.

Thanks for your comment. Will the follow-up fund be changing the name, now that it is under Keppel as well?

CT: Yes, we have changed it to Keppel Private Credit Fund III.

LCH: So the unit has also been renamed since we acquired the other 50%. Now, it is 100% owned by Keppel, and renamed as Keppel Credit Fund Management.

<u>Questions from Mayank Maheshwari, Morgan Stanley</u>

I just have one question regarding your investment plans for 2024 on the continuing businesses. Can you just give us a bit of an idea of versus 2023, whether you will see a bit of a slowdown, especially on the real estate side in terms of investments? Or if you can give us some guidance around how you're thinking about investments for 2024?

LCH: Thank you Mayank for the question. First and foremost, we now don't invest our own balance sheet as before, so all the investments are done through the funds. And as I said in my opening remarks, we are seeing about S$14 billion worth of deal flow that the team is working on. Most of it, I would say, is in connectivity and infrastructure, but we also are starting to see quite a good and interesting deal flow pipeline on the real estate side, particularly in the core markets like Singapore, Japan, South Korea, etc. We have announced a purchase by one of our separate managed accounts of Wilkie Edge in Singapore. We would expect dealmaking and fundraising activities to increase this year. That would include not just infrastructure, but also real estate.

Got it, and just to clarify here, I think if you look at last year, the total capex for Keppel at the consolidated level was around S$1.2 billion [8]. I was just trying to see whether that number now starts to kind of come down this year, because some of your projects, especially the Singapore building, in real estate, have TOPed. So do you see that number starting to come off, or do you think that number will sustain at a similar level like last year?

[8] Investments and capex for 2023 was S$1.4 billion.

LCH: I see your question, you're asking about our balance sheet, our cash flow. I expect that we will probably not see a huge increase in that. It possibly could come down, it depends on a few things. I think it depends on the divestments that we make. On the investment side, if there are any capital calls on Keppel, it will be through the funds, through our commitments through the funds. So the direct investment by Keppel on the real estate side will definitely not be as huge this year.

That's clear then, and the last question I had was more related to the debt profile that you highlighted as well. I think as per your annual report, I think around 20-22% of the debt was coming up for renewal this year and next year. Were you able to refinance some of that already in the first quarter?

KC: Yes, we have, and we are progressing very well with our refinancing capabilities, thanks to our partners.

LCH: I think Keppel remains very well supported by our banks, so you know, we are quite comfortable.

The interest costs that you highlighted for the first quarter, this should not change too much now going for the rest of 2024 then?

KC: Yes, it should remain very competitive. As we disclosed, we said it was 3.81%. But if you look at the 3-year SORA, that is already slightly north of 3%. So that kind of gives you an indication that we are quite competitive in terms of our funding cost.

<u>Questions from Derek Tan, DBS</u>

Just two follow-up questions from me. My first question is on your funds' firepower. Could you give us an update on, as of 1Q, how much undeployed capital you have? I am just asking because in slide three you mentioned that you are looking at more than S$14 billion of deals, so, I am assuming that you have the firepower to execute for most of it, if it does come into fruition.

LCH: On the first question, I will ask Chris to address that. But just to be clear, when we say that we have a deal pipeline of S$14 billion, you will not expect that we will close every deal. We want to have as big of a fund funnel as possible, and choose the best risk-adjusted deals.

CT: Hi, Derek. In terms of the firepower, it is not only our private funds, but also our listed REITs and trust that are doing deals as well. So that will also depend on the EFR market that we are looking at. In terms of the S$14 billion, I think we have more than enough firepower from both private funds as well as the listed REITs and trust. But we are not going to buy everything and there will always be new deals that we are looking at.

Then my second question is on this JV with Mitsui Fudosan, could you give us a sense of how big this fund could potentially go to, how scalable, and essentially what will be your capital commitment to that particular fund?

LCH: On the second question, this collaboration with Mitsui Fudosan is not at the fund level, but at the deal level. Obviously, if you go to a place like Japan, when trying to secure land, doing development and securing the power, having a partner like Mitsui Fudosan brings a lot of advantages. At the same time, I think we are more familiar with the data centre market, we have been working with a lot of the hyperscalers. Obviously, data centres are one of our core businesses, so it is a good matchup with Mitsui Fudosan. It is not just in Japan, they have also expressed an interest in investing with us in Southeast Asia. So, it is not at the fund level, but as an operating partner.

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

Hi, I wanted to go back to my earlier question, can you roughly give us the equity that you are targeting for the new data centre fund and the education fund?

CT: On the size of the second education fund, we are targeting about US$800 million to a billion.

LCH: So, the first education fund has gone very well, we have invested in some very good assets in Japan, Singapore and Australia. One of the investments we made in Japan has seen a partial divestment and very high return. So, on the back of that, and of course there is a lot of interest now by Limited Partners (LPs) or investors in these social infrastructure assets, and they are attracted by the fact that you have very long leases, sometimes 10 to 15 years. So, we think that Fund II should be hopefully double the size of Fund I. And the data centre fund, Keppel DC Fund II, has also done well. So again, we are getting a lot of traction by investors, LPs, who are keen to invest in the data centre space. Again, we are hoping that we will raise significantly higher funds for Fund III.

So just to confirm, all these numbers that you have been talking about, refer to equity? It is not FUM?

LCH: Yes, you’re right, it is equity. And these are all US dollars.

I wanted to ask, for projects, such as Keppel South Central, Park Avenue Central and Keppel Sakra Cogen Plant, they are all under development. Is Keppel open to divesting partial stakes in them to either your private funds or your REITs for that matter? Or are you going to wait until they are complete before deciding on the final destination?

CT: Keppel Sakra Cogen Plant is already in our private funds.

LCH: Keppel Sakra Cogen Plant is 70% invested by KAIF and then 30% by Keppel. I don't think that we will be bringing in another third-party investor for now. But when it is ready for service and after it has been on our plates for a while, potentially it could be divested into KIT for instance, and Keppel will continue to be the operator. For the two real estate assets that you mentioned, we do not need to wait until they are completed, so there is a possibility, and they are definitely in our monetisation list.

Just to close off my questions, my last one would be, how much more are you willing to push on your balance sheet, on acquisitions? Given that gearing now is actually at a relatively high level of 0.90x?

LCH: Right now we are obviously keeping a close watch on that. But as our business transforms, as you will see in the first half, we will start reporting on adjusted net debt to EBITDA, reflecting our continuing business. I think that is probably a more appropriate way to look at Keppel going forward rather than just focusing on the net gearing. Thank you so much.

Closing remarks by Loh Chin Hua, CEO of Keppel Ltd.

I thank you all for joining this session. This is only the first three months of 2024, but I think we are off to a good start. And we are looking to consolidate this further and to grow from here. Hopefully this would be a good year for us going forward. Thank you all for your attention.