

Media Release

Keppel reports strong recurring income growth in 1Q 2024

- *Net profit¹ improved yoy in 1Q 2024, excluding effects of legacy offshore and marine assets.*
 - *Including effects of legacy offshore and marine assets, net profit was lower yoy.*
 - *Net profit from Infrastructure and Connectivity segments improved yoy.*
- *Significant 51% growth in recurring income, with higher contributions from both asset management and operating income.*
- *Asset management fees² grew 52% yoy to S\$88 million in 1Q 2024, with improvements in all three segments.*
- *Keppel received last clearance required from European regulator to close strategic acquisition of initial 50% stake in Aermont Capital S.à.r.l.; completion targeted by end-April 2024.*

Singapore, 25 April 2024 – Keppel Ltd. (Keppel) has released its voluntary business update for 1Q 2024, reporting a year-on-year (yoy) increase in net profit¹, excluding the effects of its legacy offshore and marine assets³. Net profit was bolstered by stronger performance in the Infrastructure and Connectivity segments. Including the effects of the legacy offshore and marine assets, net profit was lower yoy.

Reflecting its focus on asset-light, capital-efficient growth, Keppel's recurring income for 1Q 2024 rose 51% yoy, with stronger contributions from both asset management and operating income.

In the year to date, Keppel has reported the monetisation of about S\$170 million in assets, including the proposed divestment of a residential project in Wuxi, China⁴, which brings its cumulative asset monetisation since October 2020 to over S\$5.5 billion. During the quarter, Keppel also received a cash payment of S\$71.3 million from Asset Co.

¹ 1Q 2023 net profit and revenue refer 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 Effects of legacy offshore & marine assets comprise the P&L effects from Seatrium shares, financing cost relating to the Vendor Notes and contributions from stakes in Floatel and Dyna-Mac.

⁴ Proposed divestment is subject to completion/relevant approvals.

Keppel's revenue was S\$1.5 billion for 1Q 2024, compared to S\$1.6 billion in 1Q 2023¹, with increases in the contributions from Infrastructure and Connectivity offsetting lower revenue from the Real Estate segment.

Net gearing was 0.90x as at 31 March 2024, unchanged from that as at 31 December 2023. As at end-March 2024, about 64% of Keppel's borrowings were on fixed rates, with a competitive average cost of funds of 3.81% and a weighted tenor of about 3 years⁵.

Mr Loh Chin Hua, CEO of Keppel, said, "We started 2024 on a good footing, riding on the momentum of Keppel's transformation into a global asset manager and operator. Our recurring income surged 51% yoy, propelled by strong improvements in asset management and operating income in 1Q 2024. We are also progressively de-risking our investments, with the receipt of S\$71.3 million in cash from Asset Co, as well as the proposed divestment of one of our landbanks in Wuxi, China for a consideration of S\$161.6 million.

"Amidst the volatile environment, we see exciting opportunities 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. With the DNA of an asset manager as well as deep operating capabilities, we can create alphas for the funds that we manage, and reinforce Keppel's unique value proposition to our global limited partners."

Fund Management and Investment Platforms

In the first three months of 2024, Keppel generated S\$88 million in asset management fees², 52% higher yoy driven by higher contributions from all three horizontal segments. In the year to date, the Company raised about S\$436 million in equity, and completed about S\$1.1 billion in acquisitions and divestments.

In April 2024, the flagship Keppel Sustainable Urban Renewal Fund achieved its first close, bringing the total Funds Under Management⁶ (FUM) in Keppel's Sustainable Urban Renewal (SUR) Strategy to over US\$1.7 billion (about S\$2.3 billion). The Company also continues to receive good investor interest for its Keppel Core Infrastructure Fund, which made its first close at US\$575 million in October 2023.

Keppel currently has 19 active private funds and plans to launch three new funds for data centres, education assets and private credit in 2024 to fuel its organic growth. In March 2024, the Company announced a partnership with Mitsui Fudosan to jointly explore data centre development and investment opportunities in Japan and Southeast Asia. Keppel is concurrently pursuing a quality deal flow pipeline of over S\$14 billion, the majority of which are in the infrastructure and connectivity segments.

⁵ Includes perpetual securities. For reference, the SGD 3-year swap rate was 3.07% as at end-March 2024.

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

Meanwhile, Keppel has received the last clearance required from a European regulator to close the strategic acquisition of the initial 50% stake in Aermost Capital S.à.r.l. Having satisfied all conditions precedent, Keppel is working towards completing this acquisition by the end of April 2024, which would see the Company's FUM⁶ grow to about S\$79 billion, or close to 80% of its interim FUM target of S\$100 billion by 2026.

Operating Platform

During the quarter, the Company continued to strengthen its operating divisions, across Infrastructure, Real Estate and Connectivity.

The Infrastructure Division continues to strengthen its position as a leading integrated energy player in Singapore and the region. At end-March 2024, the 600 MW Keppel Sakra Cogen Plant was 51% completed, and will be Singapore's first hydrogen-ready and most advanced, high-efficiency power plant when operational in 2026. Meanwhile, the 10-year extensions of the Capacity Tolling Agreement and Operations & Maintenance (O&M) Services Agreement for the 1,300 MW Keppel Merlimau Cogen Plant will continue to position Keppel as one of the major power generators in the Singapore electricity market.

About 60% of Keppel's contracted power generation capacity was locked in for three years and above as at end-March 2024. During the quarter, Keppel also grew its long-term decarbonisation and sustainability solutions and services contracts by about 12% to S\$4.8 billion, building up steady cashflows for the Company. This included the refurbishment and three-year extension of O&M services for the Senoko Waste-to-Energy Plant which comes with an option for a fourth year.

In line with its asset-light business model, Keppel's Real Estate Division has been growing its SUR offerings and implementing initiatives for a portfolio of nine projects with a combined asset value of S\$7.9 billion⁷.

In the Connectivity space, Keppel continued to make good progress on its data centre projects, with Keppel DC Singapore 8 being fully leased and its Shanghai data centre achieving ready-for-service status. The Company is 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 end-2024.

M1's revenue improved yoy. In line with its strategy to grow the enterprise business, enterprise revenue grew 17% yoy, and made up 41% of M1's total revenue in 1Q 2024, compared to 36% in 1Q 2023.

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⁷ Asset values are as at end-March 2024.

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About Keppel Ltd.

Keppel Ltd. (SGX:BN4) is a global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of infrastructure, real estate and connectivity. Headquartered in Singapore, Keppel operates in more than 20 countries worldwide, providing critical infrastructure and services for renewables, clean energy, decarbonisation, sustainable urban renewal and digital connectivity. Keppel creates value for investors and stakeholders through its quality investment platforms and diverse asset portfolios, including private funds and listed real estate and business trusts.