

Fourth Quarter and Full Year 2016 Financial Results

26 January 2017

Keppel Corporation

Scope of Briefing

- Address by CEO
- Group Financial Highlights by CFO

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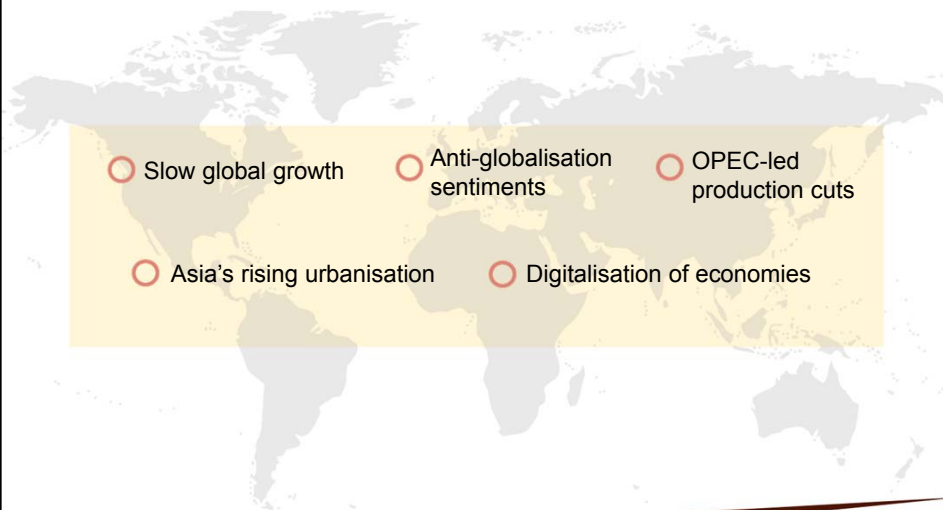
Keppel Corporation

Address by CEO

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Keppel Corporation

Macro Environment



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Keppel Corporation

Shaping the Future

Keppel Corporation restructured asset management businesses under Keppel Capital



Jan

Keppel Land completed its Selective Capital Reduction exercise



Apr

Keppel T&T expanded into e-commerce fulfillment with Courex stake



Oct

Keppel Infrastructure named preferred bidder for Singapore's 4th desalination plant



Dec



Keppel O&M jointly secured licence with Shell to supply LNG bunker



Keppel O&M completed acquisition of LeTourneau



Keppel Capital launched new funds with target size of US\$1.5b



Keppel T&T and Alpha Data Centre Fund made first acquisition in Frankfurt

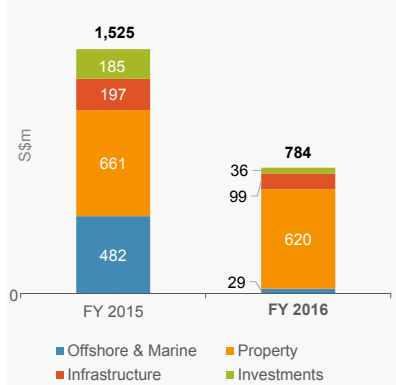
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Keppel Corporation

Financial Performance

FY 2016 net profit

S\$784m, down 49% yoy



Key Highlights

- FY 2016 net profit was S\$784m after additional provisions for impairment of S\$336m
- EVA was negative S\$140m
- ROE was 6.9%
- Free cash inflow of S\$576m
- Net gearing was 0.56x as at end-2016
- Proposed final dividend of 12.0 cts per share; total dividend of 20.0 cts per share for FY 2016

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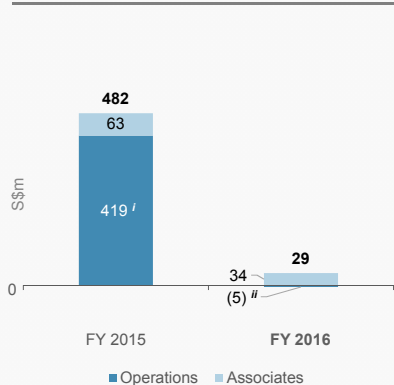
FPSO conversion projects, Armada Olombendo & Karapan Armada Sterling III

Offshore & Marine

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Offshore & Marine

FY 2016 net profit
S\$29m, down 94% yoy



ⁱ Includes ~S\$230m provision for losses on Sete semis

ⁱⁱ Includes impairments of S\$277m for fixed assets, stocks & WIP and investments

Keppel O&M remained profitable in FY 2016 amidst offshore downturn

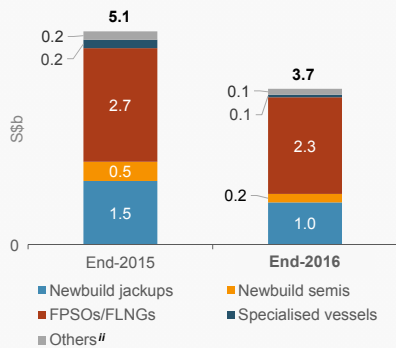
- Net profit of S\$29m, compared to S\$482m yoy
- Operating profit of S\$412m and operating margin of 14.4% before impairments of S\$277m
- Reduced overheads by ~S\$150m yoy
 - Lowered direct workforce by ~10,600 or 35% yoy
 - Mothballed 2 overseas yards
- Closing 3 Singapore yards in 2017

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Offshore & Marine

Net orderbookⁱ

S\$3.7b as at end-Dec 2016



ⁱ Excludes semis for Sete

ⁱⁱ Includes modification, upgrading, fabrication and rig repairs

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- Secured ~S\$500m worth of non-drilling contracts in FY 2016
- Delivered 21 projects in FY 2016
- 2 jackup deferrals in 4Q 2016
- ~20 newbuilds and conversions slated for delivery in FY 2017
- Cooperating with relevant authorities towards resolving issues in relation to contracts with Petrobras and Sete Brasil

Pursuing Opportunities

LNG



- Gas liquefaction
 - FLNG conversion
 - PreNEx technology
- LNG regasification
- LNG transportation and bunkering
- LNG-fueled vessels

Specialised vessels



- Liftboats
- Decommissioning/plug & abandonment vessels
- Subsea construction vessels
- Ice-breaker/ice-class vessels
- Dredgers

Keppel Offshore & Marine

Repairs & conversions



- FPSO modifications, upgrades and conversions
- Enhanced aftersales and aftermarket services through Keppel LeTourneau

Repurposing offshore technology



- Offshore wind vessels
- Single/dual fuel floating power barges
- Offshore desalination plants

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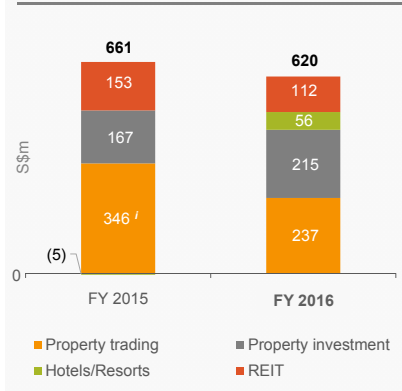
Launch of Empire City Phase 1, Ho Chi Minh City

Property

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Property

FY 2016 net profit
S\$620m, down 6% yoy



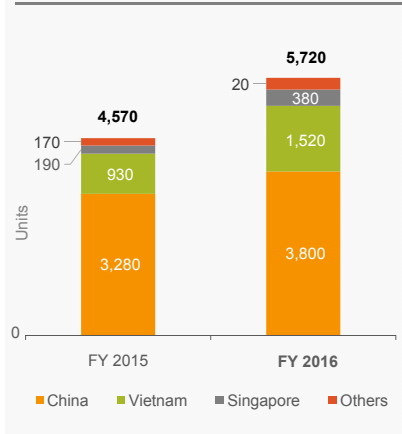
ⁱ Includes cost write-back upon finalisation of Reflections at Keppel Bay project cost
ⁱⁱ Excludes gains from divestment of asset managers to Keppel Capital

- Keppel Land recorded higher net profitⁱⁱ of S\$586m for FY 2016, up from S\$564m yoy
- Capital recycling for best risk-adjusted returns in FY 2016
 - Announced 11 divestments totaling ~S\$680m, including sale of stakes in Chengdu and Wuxi townships, and Mandalay hotel in 4Q
 - Made 9 investments totaling ~S\$460m, including JV with Metland in Greater Jakarta and increased ownership of Riviera Cove in HCMC in 4Q

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Property

Home sales



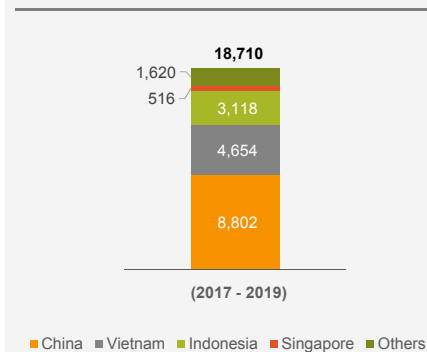
- Sold ~5,720 units in FY 2016, with total sales value of ~S\$2.3b
- Overall sales volume grew ~25% yoy, bolstered by:
 - ~3,800 units sold in China, up ~16% yoy
 - ~1,520 units sold in Vietnam, up ~63% yoy
 - Singapore sales doubled yoy
- ~4,200 overseas homes sold in and before 2016 will be recognised upon completion over next three years

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Property Portfolio

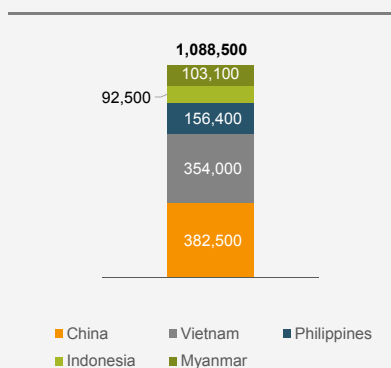
Residential

Launch-Ready Homes¹ (units)



Commercial

GFA Under Development¹ (sm)

¹ As of 31 Dec 2016

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Doha North Sewage Treatment Works, Qatar

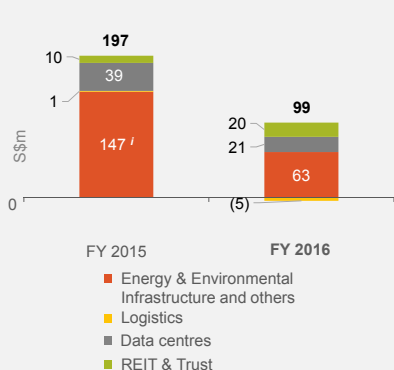
Infrastructure

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Infrastructure

FY 2016 net profit

S\$99m, down 50% yoy



Energy & Environmental Infrastructure

- Keppel Infrastructure's core operations remain robust - net profitⁱⁱ of S\$84m for FY 2016 vs S\$46m for FY 2015
- Signed 25-year Water Purchase Agreement with PUB for Singapore's 4th desalination plant in Jan 2017
- Providing technology solutions to major WTE plants in Shenzhen, China
- Preparing for full liberalisation of Singapore's electricity market

ⁱ Includes gains of ~S\$260m from combination of Crystal Trust and CitySpring, and divestment of 51% stake in Keppel Merlimau Cogen Pte Ltd, offset by ~S\$200m provision for Doha North Sewage Treatment Works

ⁱⁱ Excludes Revaluations, Impairments & Divestments

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Infrastructure



Keppel DC Frankfurt 1

Data Centres

- Keppel Data Centres Holding acquired Frankfurt data centre with Alpha Data Centre Fund
- Divestment of 90% stake in Keppel DC Singapore 3 to Keppel DC REIT
- Keppel DC Singapore 4's TOP and Phase 1 fit-out to complete in 1Q 2017

Logistics

- Expanded e-commerce fulfillment capability with acquisition of Courex

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Ocean Financial Centre, Singapore

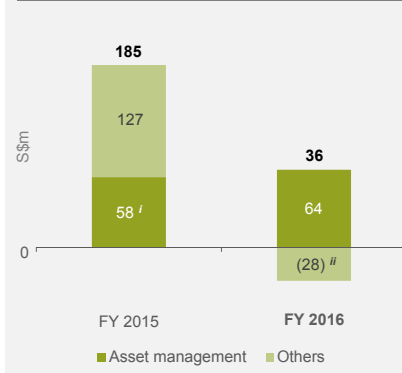
Investments

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Investments

FY 2016 net profit S\$36m, down 81% yoy



ⁱ Contributions from asset management businesses have been restated under the Investments Division for FY 2015

ⁱⁱ Includes impairments of S\$46m and lower share of results from associates

* AAMTF - Alpha Asia Macro Trends Fund

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- Keppel Capital recorded higher net profit of S\$64m for FY 2016, up from S\$58m yoy
- Asset management platform made steady progress
 - First acquisitions by Alpha Data Centre Fund in Frankfurt and AAMTF III in Tokyo
 - AAMTF II divested Singapore suburban retail portfolio with IRR of over 50% in 4Q 2016
 - Keppel DC REIT added 3 data centres to its portfolio

Investments



Sino-Singapore Tianjin Eco-City (2016)

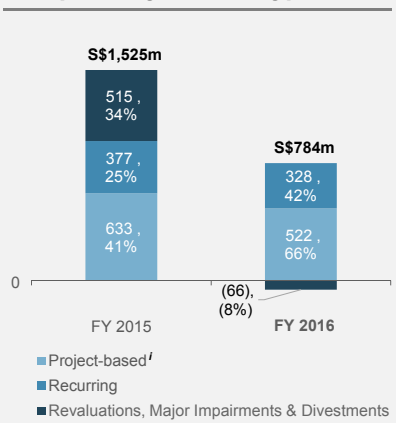
- Record land sales at Sino-Singapore Tianjin Eco-City in Jan 2017
 - 3 land parcels sold for close to RMB5b or ~RMB14,000 psm of GFA
- KrisEnergy's preferential offering of zero coupon secured notes with free detachable warrants (in the money) was fully subscribed

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Keppel Corporation

Multiple Income Streams

Net profit by income type



- Earnings underpinned by multi-business strategy and resilient operations
- Revaluations, divestments and reversal of prior impairments of S\$270m, offset by additional provisions for impairment of S\$336m
- Focused on growing stable, recurring income for the long term

¹ Project-based earnings include income from rig building, specialised shipbuilding, property development and EPC projects.

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Group Financial Highlights by CFO

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4Q 2016 Financial Performance

Net Profit	↓ 65% to S\$143m
EPS	↓ 65% to 7.9cts
EVA	↓ from positive S\$192m to negative S\$179m

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4Q 2016 Financial Highlights

S\$m	4Q 2016	4Q 2015	% Change
Revenue	1,940	2,479	(22)
EBITDA	168	393	(57)
Operating Profit	98	331	(70)
Profit Before Tax	206	574	(64)
Net Profit	143	405	(65)
EPS (cents)	7.9	22.3	(65)

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4Q 2016 Revenue by Segments

S\$m	<u>4Q 2016</u>	<u>%</u>	<u>4Q 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	800	41	1,323	53	(40)
Property	584	30	652	26	(10)
Infrastructure	516	27	459	19	12
Investments	40	2	45	2	(11)
Total	1,940	100	2,479	100	(22)

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4Q 2016 Pre-tax Profit by Segments

S\$m	<u>4Q 2016</u>	<u>%</u>	<u>4Q 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	(142)	(69)	21	4	NM
Property	296	144	441	77	(33)
Infrastructure	28	13	60	10	(53)
Investments	24	12	52	9	(54)
Total	206	100	574	100	(64)

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4Q 2016 Net Profit by Segments

S\$m	4Q 2016	%	4Q 2015	%	% Change
Offshore & Marine	(138)	(96)	(60)	(15)	130
Property	269	188	368	91	(27)
Infrastructure	19	13	45	11	(58)
Investments	(7)	(5)	52	13	NM
Total	143	100	405	100	(65)

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FY 2016 Financial Performance

Net Profit	↓ 49% to S\$784m
EPS	↓ 49% to 43.2cts
ROE	↓ from 14.2% to 6.9%
EVA	↓ from positive S\$648m to negative S\$140m
Free Cash Flow	↑ from outflow of S\$694m to inflow of S\$576m
Net Gearing	↑ from 0.53x to 0.56x
Dividend	↓ from 34.0 cts per share to 20.0 cts per share

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FY 2016 Financial Highlights

S\$m	<u>FY 2016</u>	<u>FY 2015</u>	<u>% Change</u>
Revenue	6,767	10,296	(34)
EBITDA	1,032	1,761	(41)
Operating Profit	795	1,514	(47)
Profit Before Tax	1,055	1,997	(47)
Net Profit	784	1,525	(49)
EPS (cents)	43.2	84.0	(49)

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FY 2016 Revenue by Segments

S\$m	<u>FY 2016</u>	<u>%</u>	<u>FY 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	2,854	42	6,241	60	(54)
Property	2,035	30	1,823	18	12
Infrastructure	1,744	26	2,037	20	(14)
Investments	134	2	195	2	(31)
Total	6,767	100	10,296	100	(34)

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FY 2016 Pre-tax Profit by Segments

S\$m	<u>FY 2016</u>	<u>%</u>	<u>FY 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	90	8	699	35	(87)
Property	759	72	848	43	(11)
Infrastructure	123	12	243	12	(49)
Investments	83	8	207	10	(60)
Total	1,055	100	1,997	100	(47)

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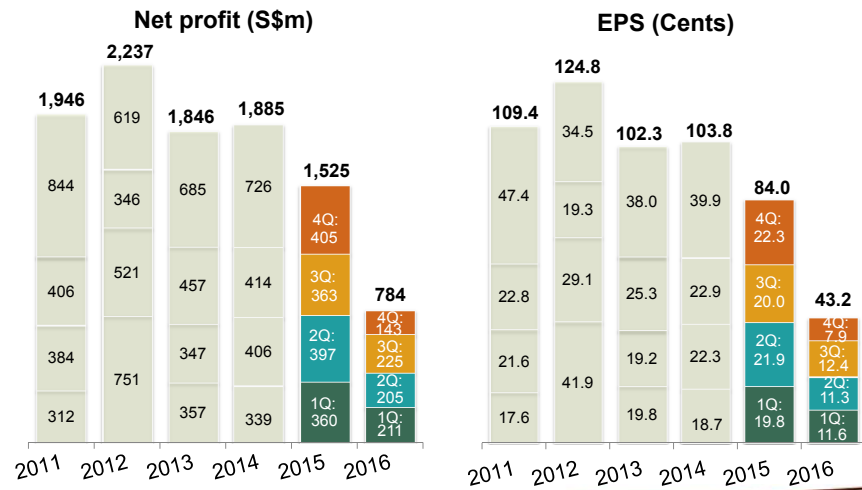
FY 2016 Net Profit by Segments

S\$m	<u>FY 2016</u>	<u>%</u>	<u>FY 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	29	4	482	32	(94)
Property	620	79	661	43	(6)
Infrastructure	99	13	197	13	(50)
Investments	36	4	185	12	(81)
Total	784	100	1,525	100	(49)

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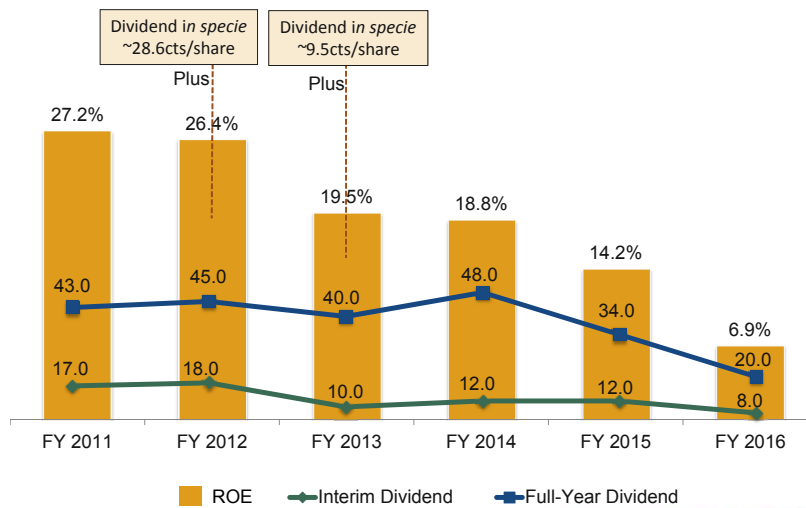


Net Profit & EPS



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ROE & Dividend



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Free Cash Flow

	<u>FY 2016</u>	<u>FY 2015</u>
	<u>S\$m</u>	<u>S\$m</u>
Operating profit	795	1,514
Depreciation & other non-cash items	500	(162)
	1,295	1,352
Working capital changes	(643)	(1,801)
Interest & tax paid	(322)	(336)
Net cash from/(used in) operating activities	330	(785)
Investments & capex	(214)	(277)
Divestments & dividend income	460	368
Net cash from investing activities	246	91
Cash inflow/(outflow)	576	(694)
Dividend Paid	(622)	(956)

Free cash flow excludes expansionary acquisitions and capex, and major divestments.

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4Q & FY 2016 Results Q&A

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Additional Information

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Revenue by Geography

	FY 2016		
	<u>Total</u> S\$m	<u>Overseas</u> <u>Customers</u> %	<u>Singapore</u> <u>Customers</u> %
Offshore & Marine	2,854	86	14
Property	2,035	56	44
Infrastructure	1,744	17	83
Investments	134	2	98
Total	6,767		

58% of total revenue came from overseas customers

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EBITDA by Segments

S\$m	<u>FY 2016</u>	<u>%</u>	<u>FY 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	300	29	744	42	(60)
Property	533	52	614	35	(13)
Infrastructure	136	13	273	16	(50)
Investments	63	6	130	7	(52)
Total	1,032	100	1,761	100	(41)

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Capital/Gearing/ROE

S\$m	<u>31 Dec 2016</u>	<u>31 Dec 2015</u>
Shareholders' Funds	11,659	11,096
Total Equity	12,334	11,926
Net Debt	6,966	6,366
Net Gearing Ratio	0.56x	0.53x
ROE	6.9%	14.2%

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OFFSHORE & MARINE

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Financial Highlights – Offshore & Marine

S\$m	<u>4Q 2016</u>	<u>4Q 2015</u>	<u>% Change</u>
Revenue	800	1,323	(40)
EBITDA	(68)	38	NM
Operating Profit	(117)	(2)	>500
Profit Before Tax	(142)	21	NM
Net Profit	(138)	(60)	130

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Financial Highlights – Offshore & Marine

S\$m	<u>FY 2016</u>	<u>FY 2015</u>	<u>% Change</u>
Revenue	2,854	6,241	(54)
EBITDA	300	744	(60)
Operating Profit	135	597	(77)
Profit Before Tax	90	699	(87)
Net Profit	29	482	(94)

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Offshore & Marine Review

- **About S\$500m contracts secured in FY 2016:**

4 FPSO projects involving modification/upgrade and modules fabrication and integration, a pipelay vessel upgrade, 3 dredgers and 2 dual fuel tugs.

- **Contract completions in FY 2016:**

4 jackups, a land rig, an accommodation semi, a semi upgrade, a derrick lay vessel, a liftboat, an anchor handling tug, a transformer platform, a field development vessel repair/upgrade, a launch barge upgrade, a pipelay vessel upgrade, 4 FPSO/FSU conversions, 1 FPSO integration, 1 FPSO turret fabrication and 1 FPSO topsides fabrication.

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Offshore & Marine Orderbook

	Contract Value		Client
	Gross S\$m.	Net S\$m.	
<u>For delivery in 2017</u>			
10 JUs/1 Semi/1 FLNG Conversion/1 FPSO Conversion/ 2 FPSO Modules Fab. & Integration/1 FPSO Topsides Installation & Integration/1 FPSO Turret Fabrication/1 RORO Vessel Engine Conversion/1 Subsea Construction Vessel/1 Ice-class Multi-Purpose Vessel	6,245	525	Grupo R/TS Offshore/Fecon/Clearwater/ Falcon Energy/Golar/Yinson/Petrobras/ Modect/BW Offshore/SOFEC/Totem Ocean/ Baku Shipyard/New Orient Marine
<u>For delivery in 2018</u>			
1 JU/1 Liftboat/1 FPSO Modification & Upgrade/ 2 Dredgers/2 Dual Fuel Tugs	573	229	Ensco/Crystal Heights/Woodside/ Jan De Nul/KST/ Maju
<u>For delivery in 2019</u>			
1 JU/2 Semis/1 FPSO Modules Fab. & Integration/ 1 FLNG Conversion	2,187	1,335	BOT Lease Co./2 Semis - Name withheld/ Petrobras/Golar
<u>For delivery in 2020-2021</u>			
5 JUs/1 FLNG Conversion	2,374	1,658	Transocean/Golar
Total as at 31 Dec 2016 (excl. semis for Sete Brasil)	11,379	3,747	

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PROPERTY

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Financial Highlights - Property

S\$m	<u>4Q 2016</u>	<u>4Q 2015</u>	<u>% Change</u>
Revenue	584	652	(10)
EBITDA	213	261	(18)
Operating Profit	205	249	(18)
Profit Before Tax	296	441	(33)
Net Profit	269	368	(27)

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Financial Highlights - Property

S\$m	<u>FY 2016</u>	<u>FY 2015</u>	<u>% Change</u>
Revenue	2,035	1,823	12
EBITDA	533	614	(13)
Operating Profit	505	581	(13)
Profit Before Tax	759	848	(11)
Net Profit	620	661	(6)

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Sales Achieved - Overseas

Key Projects	Location	Units Sold in FY 2016	Sales Value in FY 2016	Latest Avg. Selling Price
China			(RMB'm)	(RMB'psm)
8 Park Avenue	Shanghai	34	960	~105,000
Seasons Residences		266	1,144	~46,000
Park Avenue Heights	Chengdu	390	879	~18,800
V City		1,842	1,459	~9,200
Central Park City	Wuxi	452	438	~9,900
Waterfront Residences		38	327	~20,000
Seasons Park, Tianjin Eco-City Ph 1		63	45	~9,800
Seasons Garden, Tianjin Eco-City Ph 2	Tianjin	345	664	~15,700
Waterfront Residences		117	457	~21,300
Total		3,547	6,373	
Vietnam			(US\$m)	(US\$'psm)
Estella Heights	Dist. 2	90	21.5	~2,300
Riviera Cove	Dist. 9	4	3.0	~1,500
Riviera Point				
Ph 1A	Dist. 7	76	15.5	~1,800
The View		125	24.1	~1,700
Palm City				
Palm Residence	Dist. 2	135	41.8	~2,800
Palm Heights		674	87.9	~1,500
Empire City				
Linden Residences	Dist. 2	417	102.7	~2,700
Total		1,521	296.5	

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Residential Landbank - Singapore

Singapore	Stake	Tenure	Total GFA (sf)	Total Units	Units Launched	Units Sold	Remaining Units	Remaining Area For Sales (sf)
Launched Projects								
The Glades	70%	99-yr	549,081	726	650	613	113	105,304
Corals at Keppel Bay	100%	99-yr	509,998	366	250	222	144	239,736
Reflections at Keppel Bay	100%	99-yr	2,081,738	1,129	950	926	50 [*]	170,200
Highline Residences	100%	99-yr	473,218	500	350	291	209	216,604
Upcoming Projects								
Keppel Bay Plot 4	39%	99-yr	344,448	234 [^]	-	-	234	344,448
Keppel Bay Plot 6	100%	99-yr	226,044	86 [^]	-	-	86	226,044
Total			4,184,527	3,041	2,200	2,052	836	1,302,336

* Excludes about 150 units set aside for corporate residences

^ Estimated no. of units

As of end-Dec 2016

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Residential Landbank - China

China	Location	Stake	Total GFA (sm)	Total Units	Units Launched	Units Sold	Remaining Units For Sale	Remaining Area For Sale (sm)
8 Park Avenue	Shanghai	99%	133,393	918	918	881	37	10,396
The Springdale		99.4%	328,792	2,596	2,596	2,595	1	189
Seasons Residences		99.9%	128,918	1,102	1,028	1,007	95	11,869
Sheshan Riviera	Nantong	100%	83,174	217	47	3	214	82,237
Waterfront Residences		100%	189,437	1,199	79	45	1,154	176,989*
Park Avenue Heights	Chengdu	100%	200,200	1,535	1,255	1,219	316	41,771
Hill Crest Villas		100%	163,147	274	-	-	274	163,147
Serenity Villas		100%	233,862	573	-	-	573	233,862
V City	Wuxi	35%	560,963	5,617	2,847	2,594	3,023	334,241*
Waterfront Residences		100%	306,607	1,481	62	54	1,427	283,504*
Park Avenue Heights		100%	165,308	1,048	-	-	1,048	165,308
Serenity Villas	Tianjin	100%	80,000	340	340	161	179	48,938
Mixed-use Devt		100%	1,358,202	11,299	-	-	11,299	1,358,202
Tianjin Eco-City		100%	625,292	4,294	2,332	2,330	1,964	379,676*
Waterfront Residences	Jiangyin	100%	61,417	341	285	279	62	11,841
Stamford City		99.4%	299,991	1,478	1,125	1,035	443	98,275
The Seasons	Shenyang	100%	365,186	2,794	420	292	2,502	337,479
Hunnan Township Devt		99.8%	756,580	7,026	-	-	7,026	756,580
Keppel Cove	Zhongshan	80%	460,000	1,647	-	-	1,647	460,000
Hill Crest Residences (Ph 1)	Kunming	68.8%	20,193	133	133	112	21	4,415
Hill Crest Residences (Ph 2)		68.8%	24,428	130	33	8	122	24,846
La Quinta II		68.8%	10,928	62	62	56	6	1,094
Total			6,556,018	46,104	13,562	12,671	33,433	4,984,859

*Includes commercial area As of end-Dec 2016

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Keppel Corporation

Residential Landbank - Other Overseas

	Location	Stake	Total GFA (sm)	Total Units	Units Launched	Units Sold	Remaining Units For Sale	Remaining Area for Sale (sm)
Vietnam								
Estella Heights	Dist. 2	98%	123,618	872	872	757	115	16,072
Saigon Sports City		90%	783,302	3,887	-	-	3,887	458,892
Palm City (South Rach Chiec)		42%	874,044	6,084	951	809	5,275	536,344
Empire City	Dist. 7	40%	408,600	2,813	510	417	2,396	274,426
Riviera Point		75%	437,944	2,400	894	649	1,751	214,788
Riviera Cove	Dist. 9	100%	34,711	96	96	83	13	8,079
Villa Devt	Saigon South	50%	58,800	168	-	-	168	55,186
Dong Nai Waterfront City	Dong Nai	50%	2,046,955	7,850	-	-	7,850	1,293,500
Sub-Total:			4,767,974	24,170	3,323	2,715	21,455	2,857,287
Indonesia								
West Vista at Puri	West Jakarta	100%	153,464*	2,855	300	146	2,709	110,485
Daan Mogot		100%	226,800	4,523	-	-	4,523	226,800
MetLand Puri		50%	72,340	442	-	-	442	72,340
Sub-Total:			452,604	7,820	300	146	7,674	409,625
India								
Elita Horizon	Bangalore	51%	167,226	2,082	-	-	2,082	167,226
USA								
The Residences at 200 East 59	New York	86%	18,170*	68	68	1	67	8,865
Total			5,405,974	34,140	3,691	2,862	31,278	3,443,003

* Includes commercial area As of end-Dec 2016

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Residential Launch Readiness – China

Project	Location	Units Ready to Launch		
		2017	2018	2019
8 Park Avenue	Shanghai	37	-	-
The Springdale		1	-	-
Seasons Residences		178	-	-
Sheshan Riviera^	Nantong	57	55	52
Waterfront Residences		20	23	23
Park Avenue Heights		316	-	-
Hill Crest Villas^	Chengdu	-	24	36
Serenity Villas^		-	18	24
V City		581	1,102	912
Waterfront Residences	Wuxi	468	409	285
Park Avenue Heights^		570	478	-
Serenity Villas		97	19	20
Tianjin Eco-City	Tianjin	797	937	346
Waterfront Residences		62	-	-
Stamford City	Jiangyin	80	213	142
The Seasons	Shenyang	53	77	88
Keppel Cove^	Zhongshan	33	36	48
Hill Crest Residences	Kunming	8	41	30
La Quinta II		6	-	-
Total		3,364	3,432	2,006

^New launches

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Residential Launch Readiness – Other Overseas

Project	Location	Units Ready to Launch		
		2017	2018	2019
Indonesia				
West Vista at Puri	West Jakarta	800	950	926
MetLand Puri		-	221	221
Vietnam				
Estella Heights	HCMC	75	40	-
Riviera Cove*		13	-	-
Saigon Sports City		200	400	403
Riviera Point^				
Ph 1A		25	-	-
The View		393	-	-
Riviera Point (Subsequent phases)		-	300	300
Palm City				
Palm Heights		142	-	-
Palm City (Subsequent phases)		228	376	468
Empire City				
Linden Residences		93	-	-
Empire City Ph2	250	80	-	
Empire City (Subsequent phases)	250	340	278	
India				
Elita Horizon	Bangalore	700	460	460
Total		3,169	3,167	3,056

* District 9, ^ District 7, the other projects in Vietnam are in District 2

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Expected Completion for Launched Projects

Projects/Phases launched	Total Units	Units Launched as at end-Dec 2016	Units Sold as at end-Dec 2016	Units Remaining as at end-Dec 2016	Expected Completion
China					
Waterfront Residences, Tianjin	180	127	121	59	2H17
Sheshan Riviera, Shanghai	112	47	3	109	2H17
V City (Ph 2), Chengdu	1,495	1,413	1,161	334	1H18
Seasons Garden (Plot 9), Tianjin	356	116	116	240	2H18
Seasons Heights, Tianjin	372	64	64	308	2H18
Indonesia					
West Vista at Puri	2,855	300	146	2,709	2H19
Vietnam					
Estella Heights (Ph 1)	496	496	481	15	2H17
Palm Residence	135	135	135	-	2H17
Estella Heights (Ph 2)	376	376	276	100	2H18
The View	518	345	125	393	2H19
Palm Heights	816	816	674	142	2H19
Linden Residences	510	510	417	93	1H20
Total	8,221	4,745	3,719	4,502	

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Expected Completion for Upcoming Projects

Projects/Phases to be launched	Location	No. of Units Expected to be Completed		
		2017	2018	2019
China				
Sheshan Riviera	Shanghai	-	105	-
Park Avenue Heights	Chengdu	280	-	-
V City (Ph 3 & 4)		-	-	1,517
Waterfront Residences	Wuxi	83	554	542
Park Avenue Heights		328	348	372
Seasons Garden (Plot 8)	Tianjin	-	-	354
Seasons Residences		-	-	572
Stamford City	Jiangyin	-	-	345
Keppel Cove	Zhongshan	-	18	30
Hill Crest Residences	Kunming	-	97	-
Total		691	1,122	3,732

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Commercial Projects Overseas

Commercial Projects under Development	GFA (sm)	Development Cost ⁽¹⁾	Completion
China			
Beijing Commercial (51% stake)	104,800	RMB2.7b	2019
Park Avenue Central, Shanghai (99% stake)	115,900	RMB2.9b	2021
Seasons City, Tianjin (100% stake)	161,800	RMB2.6b	2019 (Ph 1)
Indonesia			
IFC Jakarta Tower 1 (100% stake)	92,500	S\$270m	2021
Vietnam			
Saigon Centre Ph 2, HCMC (45.3% stake)	55,000 (Retail - Completed) 44,000 (Office) 20,600 (Serviced apt)	US\$220m	2017 (Office)
Estella Heights (98% stake)	37,000 (Retail)	US\$50m	2018
Empire City, HCMC (40% stake)	86,400 (Office) 106,000 (Retail) 35,000 (Hotel) 25,000 (Service Apt)	US\$580m	2024
Myanmar			
Junction City Office Tower, Yangon (40% stake)	53,100	US\$47m ⁽²⁾	2017
Junction City Phase 2, Yangon (40% stake)	50,000	US\$48.6m ⁽²⁾	2020
Philippines			
SM-KL Project Ph 2, Manila (24.2% stake)	46,300 (Retail) 110,100 (Office)	S\$333m	2017 (Retail) 2019 (Office)

(1) Excluding land cost (2) Investment cost for 40% stake

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INFRASTRUCTURE

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Financial Highlights - Infrastructure

S\$m	<u>4Q 2016</u>	<u>4Q 2015</u>	<u>% Change</u>
Revenue	516	459	12
EBITDA	39	47	(17)
Operating Profit	27	39	(31)
Profit Before Tax	28	60	(53)
Net Profit	19	45	(58)

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Financial Highlights - Infrastructure

S\$m	<u>FY 2016</u>	<u>FY 2015</u>	<u>% Change</u>
Revenue	1,744	2,037	(14)
EBITDA	136	273	(50)
Operating Profit	94	208	(55)
Profit Before Tax	123	243	(49)
Net Profit	99	197	(50)

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INVESTMENTS

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Financial Highlights - Investments

S\$m	<u>4Q 2016</u>	<u>4Q 2015</u>	<u>% Change</u>
Revenue	40	45	(11)
EBITDA	(16)	47	NM
Operating Profit	(17)	45	NM
Profit Before Tax	24	52	(54)
Net Profit	(7)	52	NM

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Financial Highlights - Investments

S\$m	<u>FY 2016</u>	<u>FY 2015</u>	<u>% Change</u>
Revenue	134	195	(31)
EBITDA	63	130	(52)
Operating Profit	61	128	(52)
Profit Before Tax	83	207	(60)
Net Profit	36	185	(81)

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This release may contain forward-looking statements which are subject to risks and uncertainties that could cause actual results to differ materially from such statements. Such risks and uncertainties include industry and economic conditions, competition, and legal, governmental and regulatory changes. The forward-looking statements reflect the current views of Management on future trends and developments.

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**ADDRESS BY KEPPEL CORPORATION LIMITED'S
CHIEF FINANCIAL OFFICER, CHAN HON CHEW**

AT THE FY2016 RESULTS PRESENTATION

THURSDAY, 26 JANUARY 2017

1. Group Financial Highlights by CFO (Slide 22)

2. 4Q 2016 Financial Performance (Slide 23)

Thank you, Chin Hua. A very good evening to all.

I shall now take you through the Group's performance for the fourth quarter of 2016.

The Group recorded a net profit of \$143 million this quarter, which was 65% below the same quarter in 2015.

Earnings per share were correspondingly 65% lower at 7.9 cents, while EVA was at negative \$179 million.

3. 4Q 2016 Financial Highlights (Slide 24)

The Group's revenue for the fourth quarter was 22% or \$539 million lower than the same quarter in 2015. All divisions except the Infrastructure division recorded lower revenue during the quarter.

Profit before tax at \$206 million was 64% or \$368 million lower as compared to the same quarter in 2015. This was due mainly to \$313 million in additional provisions for impairment during the year for fixed assets, stocks & WIP and investments.

Correspondingly, net profit after tax and non-controlling interests for the fourth quarter was lower by 65% or \$262 million, and earnings per share decreased 65% to 7.9 cents.

4. 4Q 2016 Revenue by Segments (Slide 25)

Overall, the Group's revenue was 22% lower than for the same quarter in 2015, driven largely by the 40% decline in the Offshore & Marine division as a result of lower volume of work, deferment of some projects and suspension of the Sete Brasil contracts.

Property division recorded lower revenue at \$584 million as well, due mainly to lower revenue from Seasons Residence and The Springdale in Shanghai, Park Avenue Heights in Chengdu, and lower sales for Corals and Reflections at Keppel Bay in Singapore. These were partly offset by higher revenue from The Glades, which obtained Temporary Occupation Permit (TOP) in December 2016, and Highline Residences in Singapore as well as Seasons Park and Seasons Garden in Tianjin Eco-City.

Infrastructure division's revenue grew 12%, primarily due to higher power and gas revenue and higher Environmental Infrastructure revenue from China.

5. 4Q 2016 Pre-tax Profit by Segments (Slide 26)

Pre-tax profit for the Group declined by 64% from \$574 million in the fourth quarter of 2015 to \$206 million in the fourth quarter of 2016.

In comparison to the same quarter in 2015, Offshore & Marine division's pre-tax profit fell from \$21 million to a loss of \$142 million. The division's losses were mainly due to lower operating results as a result of lower revenue, lower share of associated companies' profits, and impairment of fixed assets, stocks & WIP and investment. This was partially offset by the absence of provision for losses for the Sete Brasil rig building contracts recorded in the same period in 2015.

Property division's pre-tax profit decreased by 33% or \$145 million due mainly to the absence of cost write-back compared to 2015's write-back upon finalisation of the project cost for Reflections at Keppel Bay and lower fair value gains on investment properties. This was partly offset by reversal of impairment provision for hospitality assets like Sedona Hotel Yangon and Sedona Hotel Mandalay.

Pre-tax profit recorded by Infrastructure division declined as a result of lower fair value gains on data centres, partly offset by higher operating results in Keppel Infrastructure arising from higher revenue.

Investments division's pre-tax profit decreased by 54% mainly as a result of share of losses from KrisEnergy and provision for impairment of investments, partly offset by share of profit from our joint venture in the Sino-Singapore Tianjin Eco-City.

6. 4Q 2016 Net Profit by Segments (Slide 27)

After tax and non-controlling interests, the Group's net profit in the fourth quarter decreased by 65% or \$262 million to \$143 million as compared to the same period in 2015. Property division is the top contributor to the Group's earnings, followed by Infrastructure division.

7. FY 2016 Financial Performance (Slide 28)

Next, I shall take you through the performance for the year of 2016.

Net profit for 2016 was down 49% from last year to \$784 million.

Earnings per share decreased by the same extent to 43.2 cents.

This translates to a lower ROE of 6.9% while EVA was lower at negative \$140 million.

Free cash inflow was \$576 million, as compared to an outflow of \$694 million in the prior year due mainly to the slowdown in working capital increases, divestment proceeds from Property division, and lower operational capital expenditure from Offshore & Marine division.

Net gearing increased from 53% at the end of 2015 to 56%. However, it is slightly lower than 57% in third quarter 2016.

We are pleased to propose a final dividend of 12 cents per share for this year. Together with the interim cash dividend of 8 cents, total cash dividend for 2016 will amount to 20 cents per share.

8. FY 2016 Financial Highlights (Slide 29)

During the year, the Group earned a total revenue of \$6.8 billion, a 34% or \$3.5 billion decrease from 2015. All divisions except for Property division recorded lower revenues.

Profit before tax at \$1.05 billion was 47% or \$942 million lower than that for 2015. This was due mainly to lower operating profit from all divisions, and additional provisions for impairment during the year of \$336 million. These consist mainly of provisions for impairment of fixed assets of \$122 million, provision for stocks & WIP of \$75 million and impairment of investments and associated companies of \$120 million. In addition, fair value gain on investment properties and share of results of associated companies were lower by \$65 million and \$159 million respectively.

Correspondingly, net profit after tax and non-controlling interests was 49% or \$741 million lower at \$784 million.

9. FY 2016 Revenue by Segments (Slide 30)

Overall, the Group's revenue of \$6.8 billion was 34% lower compared to 2015, led mainly by the 54% decrease in Offshore & Marine division's revenue resulting from lower volume of work, deferment of some projects and suspension of the Sete Brasil contracts.

Property revenue increased by 12% to \$2 billion as compared to the previous year, due mainly to higher revenue from The Glades and Highline Residences in Singapore, as well as 8 Park Avenue in Shanghai.

Infrastructure's revenue decreased by 14%, mainly due to lower revenue from the power and gas business.

10. FY 2016 Pre-tax Profit by Segments (Slide 31)

The Group recorded a pre-tax profit of \$1 billion for 2016, 47% or \$942 million lower than 2015.

The Offshore & Marine division's pre-tax profit was 87% or \$609 million lower as a result of lower operating profit, impairment provisions for fixed assets, stocks & WIP and investments amounting to \$277 million. Interest expenses was high because of increases in borrowings to fund working capital. Excluding these impairment provisions, the division's pre-tax profit would have been \$367 million.

The division's 2016 operating margin before impairment was at 14.4%; the higher margin was due to cost reduction, finalisation of contract costs and foreign exchange adjustments.

In the Property division, pre-tax profit decreased by 11% or \$89 million due mainly to lower fair value gains on investment properties, absence of cost write-back compared to prior year's write-back of about \$110 million upon finalisation of project costs for Reflections at Keppel Bay and lower contribution from associated companies, partly offset by write-back of impairment provision of \$60 million for hospitality assets, mainly Sedona Hotel Yangon and Sedona Hotel Mandalay.

Infrastructure's pre-tax profit was lower by 49% or \$120 million. As mentioned last quarter, the division's profits in 2015 included gains from the divestment of 51% interest in Keppel Merlimau Cogen Pte Ltd and dilution re-measurement gains from the combination of Keppel Infrastructure Trust and CitySpring Infrastructure Trust, partially offset by the provision for losses on the Doha North Sewage Treatment Works. Lower fair value gain on data centres and impairment losses of \$27 million on Nanhai Distribution Centre and Sino-Singapore Jilin Food Zone International Logistics Park also contributed to the decrease in 2016.

10. FY 2016 Pre-tax Profit by Segments (Slide 31) (cont.)

Investments division's pre-tax profit decreased by 60% or \$124 million due mainly to share of losses from KrisEnergy, lower share of profit from k1 Ventures, lower gain from sale of investments, and impairment of investment. This is partly offset by the share of profit from Sino-Singapore Tianjin Eco-City. Pre-tax profit of Keppel Capital of \$76 million was slightly higher than the \$72 million achieved in 2015.

11. FY 2016 Net Profit by Segments (Slide 32)

After tax and non-controlling interests, the Group's earnings decreased 49% or \$741 million to \$784 million.

Property division was the top contributor to net profit at 79%, followed by Infrastructure Division, at 13%.

12. Net Profit and EPS (Slide 33)

Amidst a poor market environment especially in the Offshore and Marine sector, the Group recorded a net profit of \$784 million for 2016. This translated to earnings per share of 43.2 cents, which was 49% lower than 2015.

13. ROE & Dividend (Slide 34)

ROE decreased to 6.9% in 2016 from 14.2% in 2015.

Our proposed final dividend to our shareholders for 2016 will be 12 cents per share. Including the interim dividend paid, the total distribution for 2016 will be 20 cents per share.

14. Free Cash Flow (Slide 35)

In 2016, operational cash inflow was \$1,295 million, a decrease of \$57 million compared to \$1,352 million in 2015.

Outflow for working capital changes, interest and income taxes was \$965 million, which is significantly less than the outflow of \$2.1 billion in the prior period. This was driven mainly by the slowdown in working capital increases in Offshore & Marine division and cash inflow from the Property division. This resulted in the net cash inflow from operating activities of \$330 million as compared to an outflow of \$785 million in 2015.

Net cash generated from investing activities amounted to \$246 million, comprising mainly divestments and dividend income of \$460 million, less investments and operational capital expenditure of \$214 million.

As a result, there was an overall cash inflow of \$576 million for 2016, as compared to the cash outflow of \$694 million in 2015.

That brings us to the last slide for the results presentation, and I shall now hand the time back to our CEO, Chin Hua, for the Q&A section. Thank you.