

ADVANCING SUSTAINABILITY ACCELERATING GROWTH

We are accelerating the execution of Vision 2030, our long-term strategy to guide the Group's transformation and growth as one integrated company.

DEAR SHAREHOLDERS,

2021 marked an inflection point for the global economy, as it gradually rebounded from the depths of the COVID-19 crisis. Based on the projection by the International Monetary Fund, the global economy grew by 5.9% for 2021, but growth is expected to slow to 4.4% for 2022, reflecting the myriad challenges that the world continues to face today, including geopolitical tensions, the continuing impact of COVID-19, supply disruptions and inflation.

Despite the volatile environment, Keppel delivered strong performance, as we accelerated the execution of Vision 2030, our long-term strategy to guide the Company's transformation and growth as one integrated company providing solutions for sustainable urbanisation. We have set and announced specific financial and non-financial targets for the Group, including transforming and focusing our business, asset monetisation, growing recurring income, as well as

working towards the mid to long-term Return on Equity (ROE) target of 15% per annum.

As part of Vision 2030, we have also put sustainability at the core of our strategy. This includes both how we run our business, and advancing growth by making sustainability our business, through providing solutions that contribute to sustainable development and combatting climate change.

DELIVERING STRONG FINANCIAL PERFORMANCE

In FY 2021, Keppel Corporation made a net profit of \$1.02 billion, a sharp reversal from the loss of \$506 million in FY 2020, and the highest net profit the Group has made in the past six years, since the start of the downturn of the offshore & marine (O&M) sector. Our ROE improved to 9.1% for FY 2021, a marked improvement not only from negative 4.6% in FY 2020, but even compared to the 6.3% in pre-pandemic FY 2019. Our recurring income also grew 33% year-on-year to \$292 million.



DANNY TEOH Chairman

»» We will be paying out a total cash dividend of 33 cents per share for the whole of 2021, more than three times the total cash dividend of 10 cents for 2020.

With our successful asset monetisation programme and the enlarged equity base, net gearing fell to 0.68x as at end-2021, compared to 0.91x at end-2020. Free cash inflow was \$1.75 billion, a sharp improvement over the outflow of \$72 million in FY 2020.

Taking into account the strong performance of the Group, the Board of Directors has proposed a final cash dividend of 21.0 cents per share. Together with the interim cash dividend of 12.0 cents per share, we will be paying out a total cash dividend of 33.0 cents per share for the whole of 2021 – more than three times the total cash dividend of 10.0 cents for 2020. This represents a gross dividend yield of 6.4% on the Company's last transacted share price of \$5.12 as at 31 December 2021.

In January 2022, we also announced our \$500 million Share Buyback Programme. Shares repurchased will be held as treasury shares which will be used in part for the annual vesting of employee

share plans, and importantly, also as possible currency for future merger and acquisition (M&A) activities.

TRANSFORMING AND RE-FOCUSING OUR BUSINESSES

Over the past year, we announced a series of initiatives and proposed transactions to simplify and focus our business and grow it in line with Vision 2030.

Two of these transactions are currently still being negotiated, namely the proposed combination of Keppel Offshore & Marine (Keppel O&M) and Sembcorp Marine, together with the resolution of Keppel O&M's legacy rigs, and the proposed divestment of our logistics business in Southeast Asia and Australia.

The decision to commence discussions on the proposed combination of Keppel O&M and Sembcorp Marine was not an easy one for Keppel, given the Company's heritage in and strong association with the O&M sector. But the Board and management believe that

»»» Having landed on our long-term strategy, we are now committed to accelerating growth, and realising our Vision 2030 targets by 2025.

this is an important and necessary strategic move amidst the global energy transition and structural challenges facing the sector. If we are successful in executing the combination, I believe we would not only create a stronger combined entity, leveraging the strengths of the two companies, but also significantly sharpen Keppel's focus, simplify our business and trigger a re-rating of the Company.

The rationale for the proposed divestment of the logistics business is clear, given our plans to be more disciplined, and to focus on needle-moving businesses aligned to our long-term strategy.

In 2021, we also announced the proposed acquisition of the Singapore Press Holdings (SPH) portfolio. We are grateful to shareholders for your overwhelming support at the Extraordinary General Meeting in December 2021. As Keppel has commenced arbitration proceedings, I will not comment further on this matter, except to highlight that the proposed acquisition was in part opportunistic, given SPH's plans to

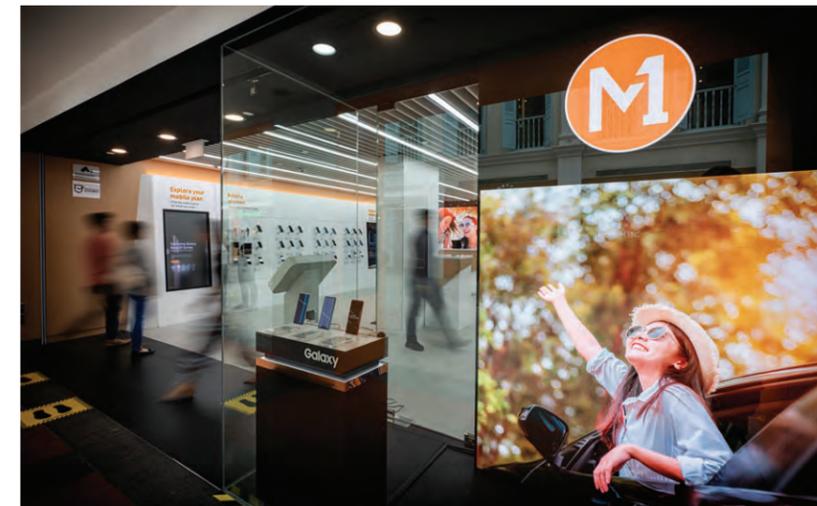
restructure and divest its non-media business. Apart from the SPH portfolio, we are also exploring other exciting M&A opportunities, as we continue to grow Keppel's business in line with Vision 2030.

Beyond business transformation at the portfolio level, we have also been driving innovation and transformation in each business unit, whether it is Keppel Infrastructure's rollout of Energy-as-a-Service, Keppel Land's pivot from a traditional developer to be an asset-light urban space solutions provider, or M1's digital transformation.

PURSuing GROWTH AT SPEED AND SCALE

The world is changing rapidly, with technological advancement and macro trends such as urbanisation, digitalisation, climate change and the energy transition both disrupting businesses and creating new opportunities.

Vision 2030 was developed in response to many of these macro trends, a number of which have been further accelerated by COVID-19 and growing concerns about climate change. Importantly, Vision 2030 is not a static document cast in stone. We will closely monitor the evolving operating environment and adjust our strategy and business model to ensure we remain competitive and relevant, and well-placed to create value for all our stakeholders.



M1 continues to roll out its 5G Standalone (SA) network, which achieved 50% outdoor coverage in Singapore as at end-2021.

ASSET MONETISATION

\$2.9b

Announced from 4Q 2020 to end-2021.

We will also focus on driving growth in terms of both speed and scale. When we first set out to draft Vision 2030, a longer time frame was deliberately chosen to give our younger business leaders a longer runway to boldly envisage a different future Keppel. Having landed on our long-term strategy, we are now committed to accelerating growth, and realising our Vision 2030 targets by 2025.

We are also exercising firm discipline in capital allocation. Instead of being a highly diversified conglomerate, we will be more selective about the businesses we are involved in. We will double down and scale up in our chosen areas, and not be engaged in too many sectors.

SHARPENING THE USE OF OUR CAPITAL

We are adopting an asset-light business model, as can be seen from our asset monetisation programme, as well as our efforts to tap third-party funds for growth. Since the launch of the asset monetisation programme, we announced \$2.9 billion of asset monetisation from 4Q 2020 to end-2021, and received about \$2.7 billion in cash over this period, thus freeing up our balance sheet to fund new pursuits and also reward shareholders. We are confident of exceeding our asset monetisation target of \$5 billion by end-2023; but we will not stop there. Asset monetisation will be a key part of Keppel's business model and ecosystem for value creation going forward.

We have also pivoted away from relying mainly on our balance sheet for new projects, a recent example being

Keppel Corporation's collaboration with Keppel Asia Infrastructure Fund (KAIF) and a co-investor of KAIF to acquire a majority stake in Cleantech Renewable Assets, a leading solar platform.

Our Asset Management business will be an increasingly central pillar for the Group, not just as a vertical yielding recurring fee income or as a platform for capital recycling, but as a "horizontal" that brings the Group together to collaborate and hunt as a pack, working alongside third-party investors to expand our capital base.

HARNESSING TECHNOLOGY IN THE PRESENT AND FOR THE FUTURE

We are also investing in technology, a key enabler of Keppel's future growth. This is driven both centrally, with valuable inputs from our Keppel Technology Advisory Panel, and also in each of our business units. For example, Keppel Infrastructure is collaborating with partners to explore various clean energy and decarbonisation solutions; Keppel Land is focusing on smart and sustainable buildings; M1 is rolling out its 5G Standalone network and 5G use cases; while Keppel Data Centres is exploring ways to reduce the carbon footprint of data centres. We have also stepped up our investment in start-ups and venture capital funds to gain early access to intellectual property and technology, and build new capabilities. Some of the innovative solutions we are exploring, such as energy-efficient floating data centres, can be commercialised fairly soon, while others such as carbon capture, utilisation and storage, will take more time to materialise. But we have started the journey, with an eye on the future.



Keppel has announced renewables projects with a total capacity of 1.1GW, including the acquisition of a majority stake in leading solar platform Cleantech Renewable Assets. (In picture: One of Cleantech's assets in Singapore)

PUTTING SUSTAINABILITY AT THE CORE OF STRATEGY

2021 was also a year in which we made significant progress in our sustainability journey. Ahead of the United Nations Climate Change Conference in Glasgow, we announced our commitment to halve the Group's Scope 1 and 2 carbon emissions by 2030, compared to 2020 levels, and achieve net zero by 2050. Achieving this target would require us to pay close attention to the carbon footprint of our businesses, including the M&A opportunities we explore, and how we harness renewable energy and improve the energy efficiency of our assets.

Since 2020, we have committed to support the recommendations of the Task Force on Climate-related Financial Disclosures, and are deepening our understanding and disclosure of climate-related risks and opportunities. In 2021, we conducted a high-level assessment of the vulnerability of 50 of the Group's key assets to physical climate risks. Based on the findings, business units will consider possible mitigation or adaptation measures to be taken, where necessary.

The net zero commitments made by many governments and companies around the world will drive demand for renewables, clean energy and decarbonisation solutions.

These are areas where Keppel has the relevant capabilities and track record, and where we can make a difference to the global decarbonisation agenda.

During the year, we announced a series of sustainability-related business initiatives, such as exploring the import of renewable energy to Singapore and the proposed development of supply infrastructure to bring liquefied hydrogen into Singapore to power Keppel's data centres. We will pursue even more of such initiatives going forward, as we make sustainability our business.

BUILDING A SUSTAINABLE FUTURE TOGETHER

Governance is a key aspect of sustainability, and Keppel remains focused on corporate governance, compliance and risk management. We continued to enhance the Group's compliance measures, including progressively rolling out the ISO 37001 Anti-Bribery Management System across business units. We have also strengthened our cyber security governance structure and established a Keppel Cyber Security Centre to address the increasing prevalence of cyber security and data privacy risks.

In recognition of Keppel's commitment to corporate governance and sustainability, Keppel was conferred the prestigious

VOLUNTEER HOURS

>12,000 hrs

Of community outreach and service by Keppelites globally.

Singapore Corporate Governance award at the Securities Investors Association (Singapore)'s Investors' Choice Awards 2021. We also retained the highest MSCI AAA ESG rating, which we have held since early-2020. These accolades reaffirm the Board's and management's efforts to improve corporate governance and sustainability practices, and encourage us to strive for even higher standards.

Safety is one of Keppel's core values, and we maintained our unwavering focus on health and safety during the year. I am pleased to share that in 2021, Keppel achieved our zero-fatality target for our global operations and also saw improvements across our Total Recordable Injury, Accident Frequency and Accident Severity Rates.

People are our most valuable asset, and we continued to invest in training and development, strengthening succession planning and deepening staff engagement. Despite COVID-19-related disruptions, our workforce remained highly engaged, with an engagement score of 84% in the 2021 Employee Engagement Survey, about 6% above Mercer's Singapore average, and 4% above Mercer's global average. We have enhanced efforts to improve the overall well-being of employees, paying particular attention to mental health amidst the prolonged pandemic. This includes organising workshops on mental wellness and activities to promote healthy lifestyles, and making available professional counselling for employees who may need such services.

Keppel has always believed that when our communities thrive, we thrive. We seek to contribute to society in different ways, through charitable donations, community investments, commercial initiatives that contribute to building a more resilient and inclusive society, as well as staff volunteerism.

Since the start of the pandemic, Keppel has disbursed about \$5.5 million to the fight against COVID-19, in Singapore and overseas. New initiatives in 2021 include a \$300,000 donation to the Digital for Life Fund, set up by the Infocomm Media Development Authority, to help low-income seniors to be more connected with their communities using digital tools, and the donation of laptops to students from lower income families to support home-based learning. In support of environmental conservation, we announced a \$1 million donation to support the development of the Keppel Coastal Trail at Labrador Nature Reserve in Singapore. The trail would help safeguard core habitats and critically endangered native species, and also enhance public awareness of the role of



Mr Desmond Lee (centre), Minister for National Development and Minister-in-charge of Social Services Integration, Mr Danny Teoh (right), Chairman of Keppel Corporation and Mr Loh Chin Hua (left), CEO of Keppel Corporation, together with Keppel Volunteers and members of the community, planted 50 trees at Labrador Nature Reserve on 7 November 2021 to mark the launch of the Keppel Coastal Trail.

coastal forests in mitigating the impact of climate change and rising sea levels.

Beyond financial support, Keppel's staff provided more than 12,000 hours of volunteer community outreach and service globally, including both physical activities held in accordance with safe management measures, as well as virtual events.

ACKNOWLEDGEMENTS

I would like to thank Dr Lee Boon Yang for his strong leadership and invaluable contributions as chairman of the Board for close to 12 years, before his retirement in April 2021. Boon Yang played a pivotal role to help the Company remain resilient amidst challenging conditions, and lay the foundation for its future growth.

We are pleased to welcome Mr Shirish Apte as an independent director. Shirish brings to the Board a wealth of experience in the global banking and financial services sector, which is invaluable to the Company in the next phase of its growth.

In line with the prevailing SGX listing rules, which came into effect on 1 January 2022, I am no longer considered an independent director, after having served for more than nine years on the Board. Reflecting our commitment to high standards of corporate governance, Mr Till Vestring has been appointed Lead Independent

Director with effect from 1 November 2021. Till has served for over six years on the Board and shown his dedication and commitment to strong corporate governance. We thank Till for accepting this new responsibility and look forward to his continued contributions.

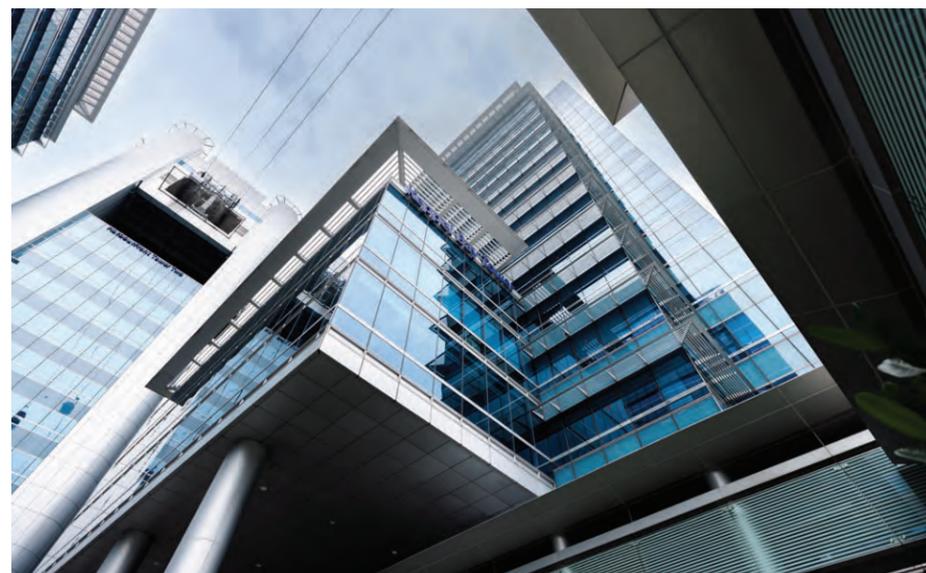
I would also like to express my deep appreciation to fellow directors for their dedication and wise counsel, which helped Keppel to deliver strong results amidst a tough operating environment. I am also grateful to our partners and other stakeholders for their confidence and support for Keppel.

Finally, I would like to thank and commend Keppelites around the world for their many contributions to the Company and to the communities, wherever we operate. We will continue to work together with all stakeholders to advance sustainability and accelerate growth.

Yours sincerely,

DANNY TEOH
Chairman
25 February 2022

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Keppel Land is seizing opportunities in sustainable urban renewal. (In picture: Keppel Bay Tower, Singapore's first BCA Green Mark Platinum (Zero Energy) commercial building.)