

Second Quarter and First Half 2016 Financial Results

21 July 2016

Keppel Corporation

Scope of Briefing

- **Address by CEO**
- **Group Financial Highlights by CFO**

Address by CEO

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Macro Environment

- Volatility and slowing growth in global economy
- O&M sector remains challenging
- Asia's urbanisation trends remain robust

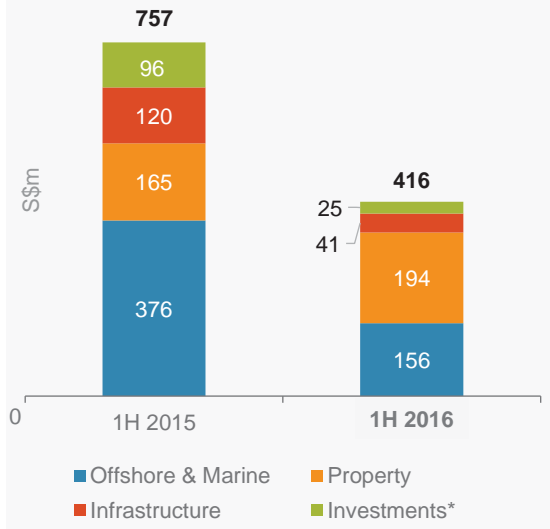
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Financial Performance

1H 2016 net profit

S\$416m, down 45% yoy



* Includes contributions from asset management businesses under Keppel Capital

Key highlights

- Multi-business strategy mitigates fall in contributions from Offshore & Marine
- Net profit was S\$416m
- EVA was S\$9m
- Annualised ROE was 7.4%
- Net gearing of 0.62x
- Interim cash dividend of 8.0 cents per share

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Offshore & Marine

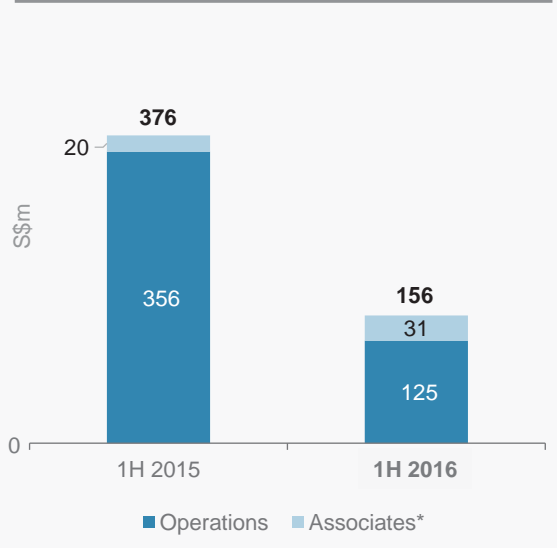
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Offshore & Marine

1H 2016 net profit

S\$156m, down 59% yoy



* Includes contributions from Floatel, Seafox and Dyna-Mac, etc.

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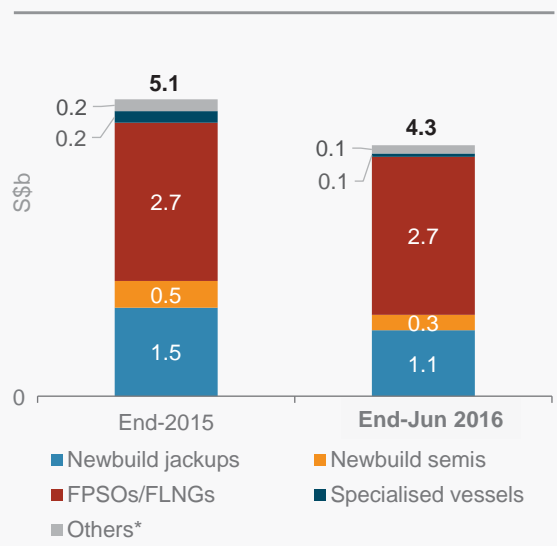
Key developments

- YTD new contracts worth over S\$460m including FPSO and specialised vessel projects
- Established Keppel LeTourneau
- New joint ventures
 - LNG bunkering business in Singapore with Shell
 - Design and Engineering Centre in Russia
- Will provide management services and work with Titan to develop its shipyard

Offshore & Marine

Net orderbook (excl. semis for Sete)

S\$4.3b as at end-Jun 2016



* Includes modification, upgrading, fabrication and rig repairs.

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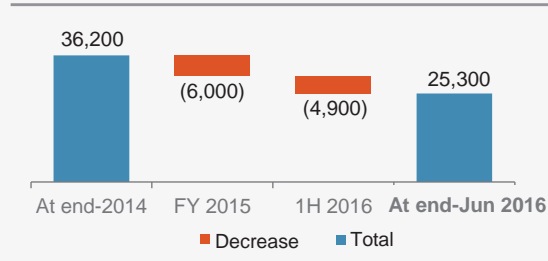
Key developments

- Major deliveries in 1H 2016
 - 3 jackups, 1 semi upgrade, 1 land rig, 1 derrick lay vessel, 1 liftboat, 1 transformer platform and 1 FPSO integration project
- Deliveries in 2H 2016
 - 2 jackups, 2 semis and 5 FPSO/FSU conversion projects
- Project deferrals
 - 3 jackups for Grupo R and 1 jackup for Parden from 2016 to 2017
- Sete's semis excluded from orderbook following its filing for judicial recovery

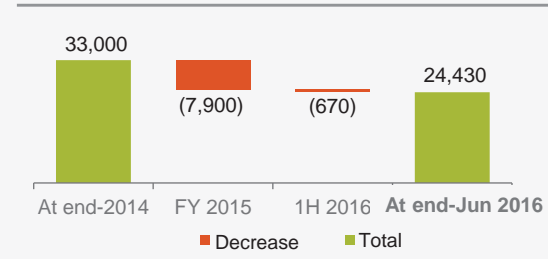
Strengthening Resilience

Keppel Offshore & Marine aims to remain profitable amidst a long and harsh winter.

Direct workforce



Subcontract workforce



- Continued streamlining of workforce
- Reduced overheads by ~20% yoy in 1H 2016
- Intensifying rightsizing efforts
 - Cutting costs and restructuring of operations
 - Improving efficiency and productivity
 - Mothballing yards with low work volumes, if necessary

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Responding with Agility

- Seizing opportunities in other segments
 - Floating production solutions, e.g. tension leg platforms and production semis
 - LNG-related solutions and services
 - Non oil and gas projects
 - Jones Act vessels

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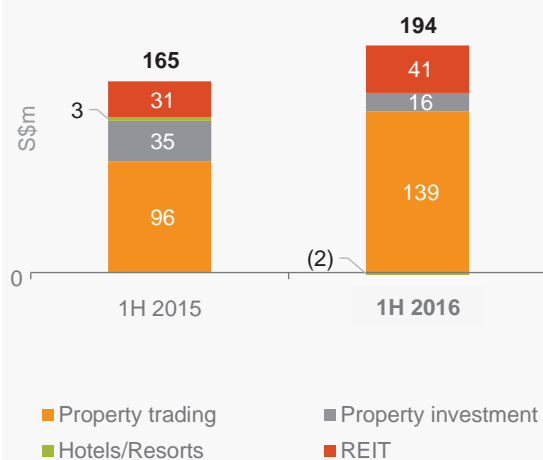
Property

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Property

1H 2016 net profit

S\$194m, up 18% yoy



Key developments

- Property Division continues to perform well on the back of urbanisation trends
- Invested S\$182m in HCMC, Vietnam
 - Thu Thiem New Urban Area developments
 - Nam Long Investment Corporation, a leading affordable housing developer
- Acquired a 22.4% stake in the I12 Katong mall in Singapore for S\$51m

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Property



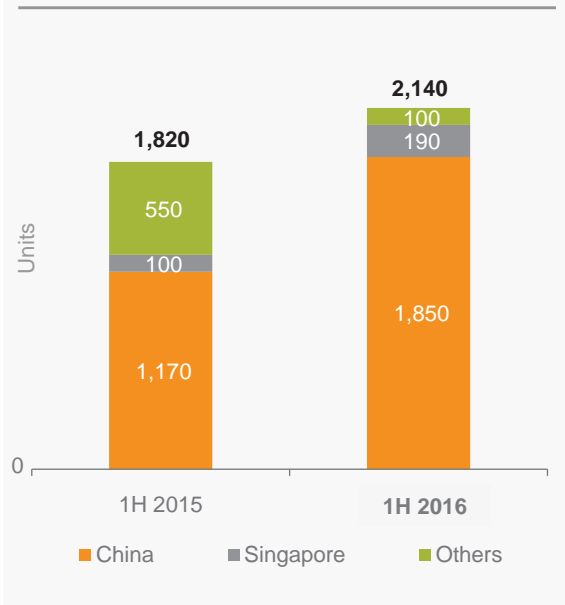
Junction City Tower in Yangon, Myanmar

Key developments

- Focus on proactive capital recycling for higher returns
 - Made divestments across Hanoi, Bangkok, Colombo and Jiangyin
- Topped off Junction City Tower and opened Sedona Hotel Yangon's Inya Wing in Myanmar

Property

Home sales



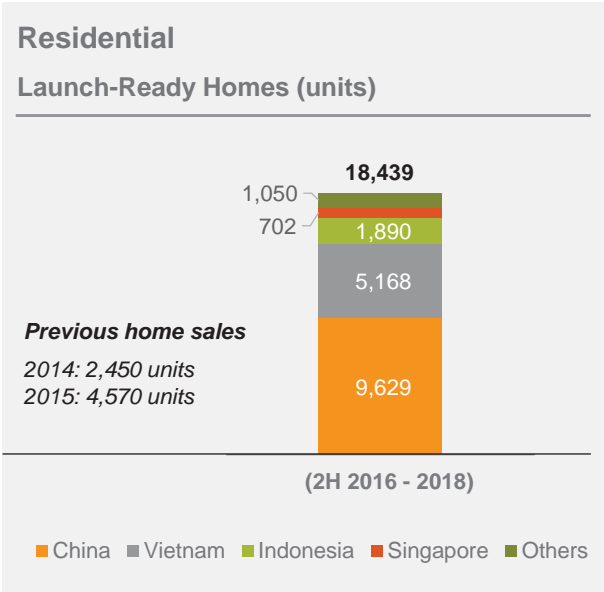
Residential highlights

- Sold 2,140 homes in 1H 2016, up 18% yoy
 - About 86% of units sold from China
- Total sales value of about S\$960m
- Contributions from 3,400 overseas units sold will be recognised from 2H 2016 through 2018

Sino-Singapore Tianjin Eco-City

- Growing demand for land and homes as the City matures
- Achieved record price for land sales

Property Portfolio

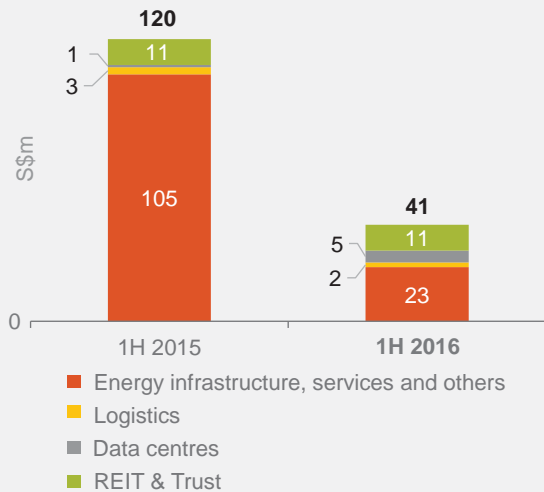


Infrastructure

Infrastructure

1H 2016 net profit

S\$41m, down 66% yoy



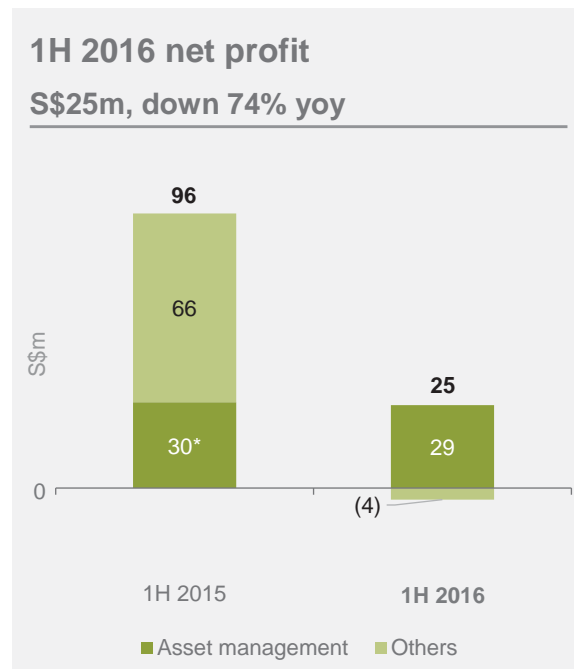
Key developments

- More than S\$144m of contracts won for Keppel DC Singapore 3 and Keppel DC Singapore 4
- Co-developing and marketing an international carrier exchange in Hong Kong with PCCW Global
- Tianjin distribution centre undergoing testing and commissioning



Investments

Investments



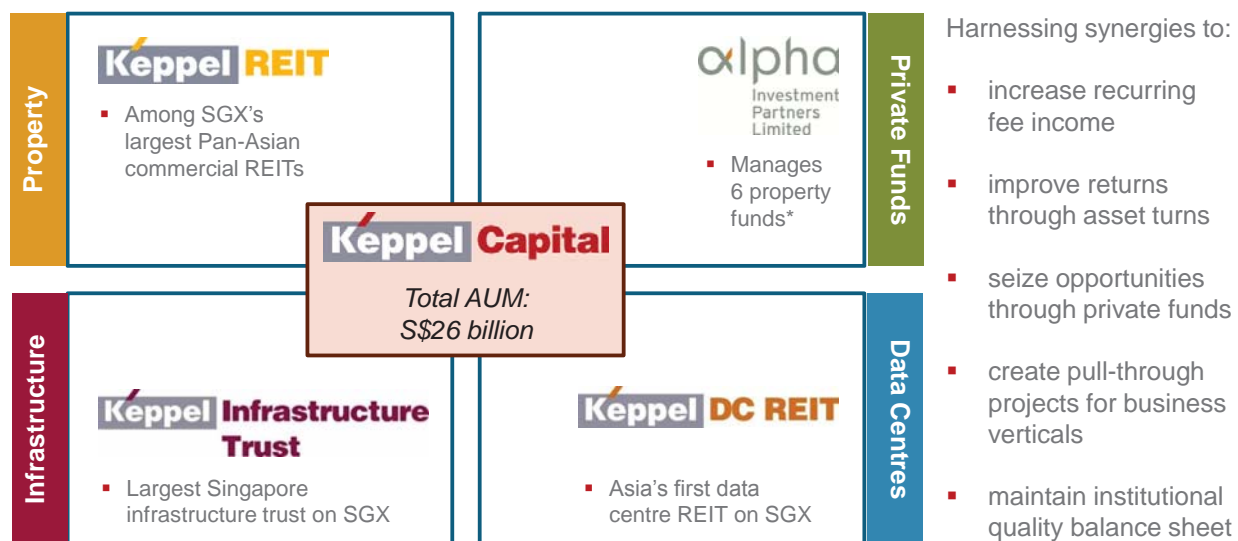
Key developments

- Keppel REIT divested 77 King Street in Sydney for A\$160m
- Keppel Infrastructure Trust's 1-Net North Data Centre commenced 20-year lease
- Alpha realised proceeds of S\$226m from investments across Singapore and Tokyo, and acquired office buildings in Singapore, Tokyo and Seoul
- Alpha Data Centre Fund and Alpha Asia Macro Trends Fund III to raise US\$1.5b
 - Secured initial capital commitments of US\$410m

* Contributions from asset management businesses have been restated under the Investments Division for 1H 2015

Formation of Keppel Capital

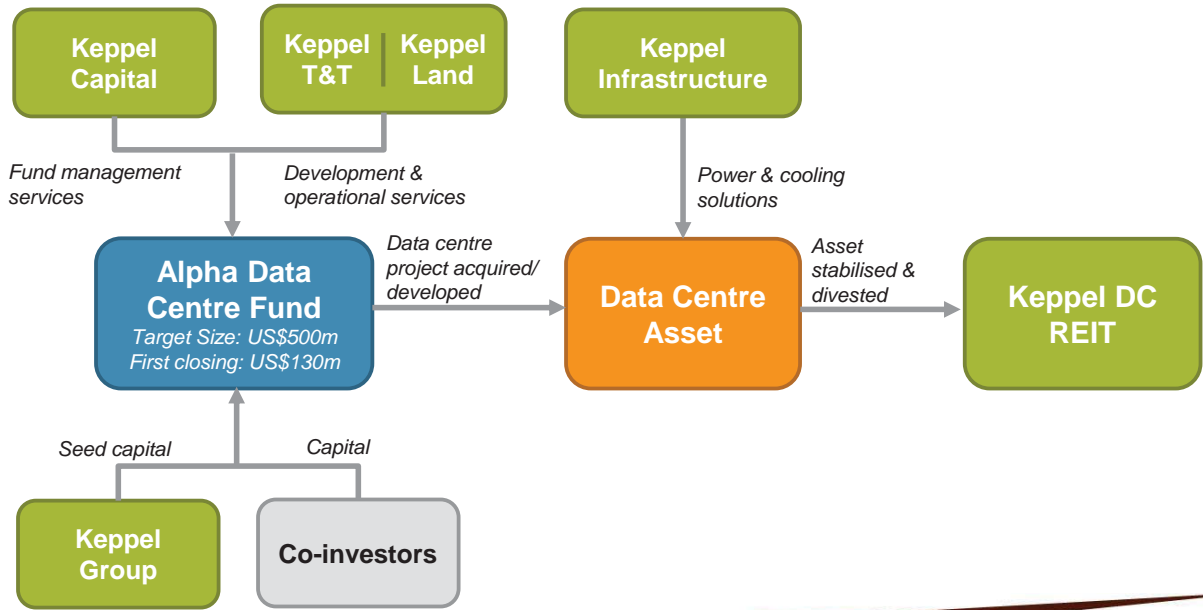
The Group will boost its capital recycling platform and expand its capital base with co-investors.



* Excludes the newly-launched Alpha Data Centre Fund and Alpha Asia Macro Trends Fund III.

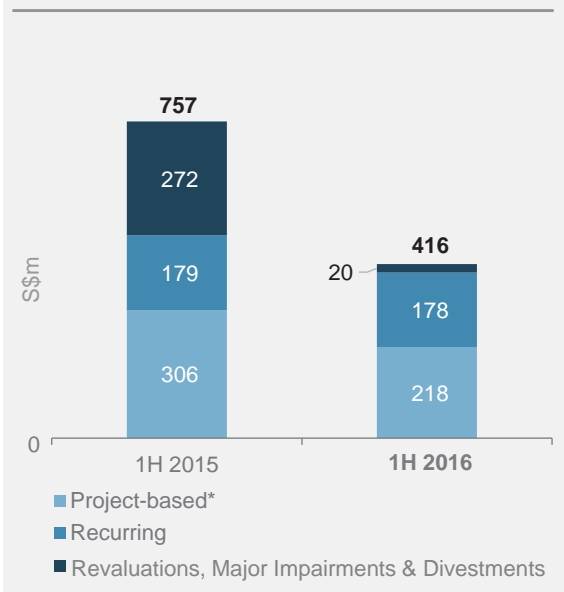
Private Data Centre Fund

The Alpha Data Centre Fund harnesses synergies across the Group's business verticals to create sustainable value with capital efficiency.



Fortifying Earnings Streams

Net profit by income type



- Resilient operations underpinned by rightsizing efforts and prudent investments in new capabilities
- Results stabilised by consistent contributions from recurring income
- Focused on growing stable, recurring income for the long term

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

Group Financial Highlights by CFO

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2Q 2016 Financial Performance

Net Profit	↓	48% to S\$205m
EPS	↓	48% to 11.3cts
EVA	↓	from S\$140m to S\$7m

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2Q 2016 Financial Highlights

S\$m	<u>2Q 2016</u>	<u>2Q 2015</u>	<u>% Change</u>
Revenue	1,625	2,563	(37)
EBITDA	292	479	(39)
Operating Profit	234	414	(43)
Profit Before Tax	285	498	(43)
Net Profit	205	397	(48)
EPS (cents)	11.3	21.9	(48)

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2Q 2016 Revenue by Segments

S\$m	<u>2Q 2016</u>	<u>%</u>	<u>2Q 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	720	44	1,580	62	(54)
Property	469	29	406	16	16
Infrastructure	404	25	541	21	(25)
Investments	32	2	36	1	(11)
Total	1,625	100	2,563	100	(37)

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2Q 2016 Pre-tax Profit by Segments

S\$m	<u>2Q 2016</u>	<u>%</u>	<u>2Q 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	88	31	221	44	(60)
Property	128	45	138	28	(7)
Infrastructure	37	13	110	22	(66)
Investments	32	11	29	6	10
Total	285	100	498	100	(43)

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2Q 2016 Net Profit by Segments

S\$m	<u>2Q 2016</u>	<u>%</u>	<u>2Q 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	61	30	173	44	(65)
Property	94	46	105	26	(10)
Infrastructure	27	13	98	25	(72)
Investments	23	11	21	5	10
Total	205	100	397	100	(48)

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1H 2016 Financial Performance

Net Profit	↓	45% to S\$416m
EPS	↓	45% to 22.9cts
Annualised ROE	↓	from 13.1% to 7.4%
EVA	↓	from S\$262m to S\$9m
Cash Outflow	↓	from S\$316m to S\$262m
Net Gearing	↑	from 0.53x to 0.62x
Interim Cash Dividend	↓	from 12.0 cts per share to 8.0 cts per share

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1H 2016 Financial Highlights

S\$m	<u>1H 2016</u>	<u>1H 2015</u>	<u>% Change</u>
Revenue	3,368	5,377	(37)
EBITDA	626	943	(34)
Operating Profit	512	812	(37)
Profit Before Tax	563	953	(41)
Net Profit	416	757	(45)
EPS (cents)	22.9	41.7	(45)

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1H 2016 Revenue by Segments

S\$m	<u>1H 2016</u>	<u>%</u>	<u>1H 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	1,538	46	3,507	65	(56)
Property	972	29	709	13	37
Infrastructure	794	23	1,047	20	(24)
Investments	64	2	114	2	(44)
Total	<u>3,368</u>	<u>100</u>	<u>5,377</u>	<u>100</u>	<u>(37)</u>

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1H 2016 Pre-tax Profit by Segments

S\$m	<u>1H 2016</u>	<u>%</u>	<u>1H 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	210	37	472	49	(56)
Property	264	47	225	24	17
Infrastructure	55	10	143	15	(62)
Investments	34	6	113	12	(70)
Total	<u>563</u>	<u>100</u>	<u>953</u>	<u>100</u>	<u>(41)</u>

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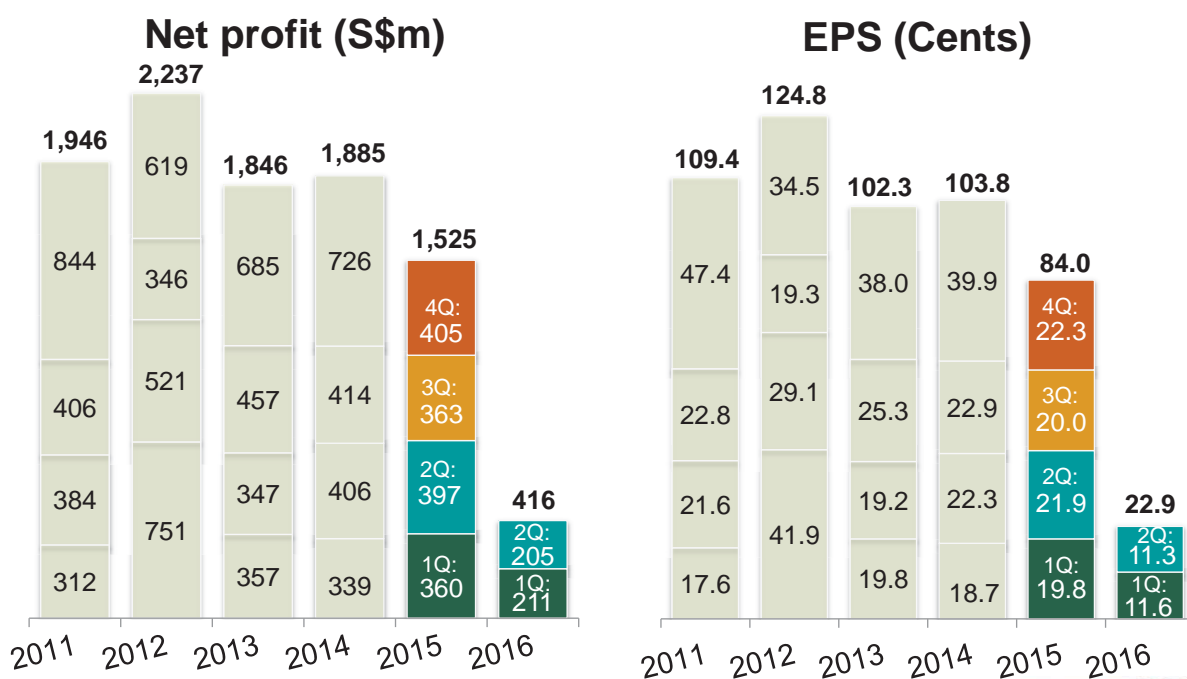
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1H 2016 Net Profit by Segments

S\$m	1H 2016	%	1H 2015	%	% Change
Offshore & Marine	156	37	376	49	(59)
Property	194	47	165	22	18
Infrastructure	41	10	120	16	(66)
Investments	25	6	96	13	(74)
Total	416	100	757	100	(45)

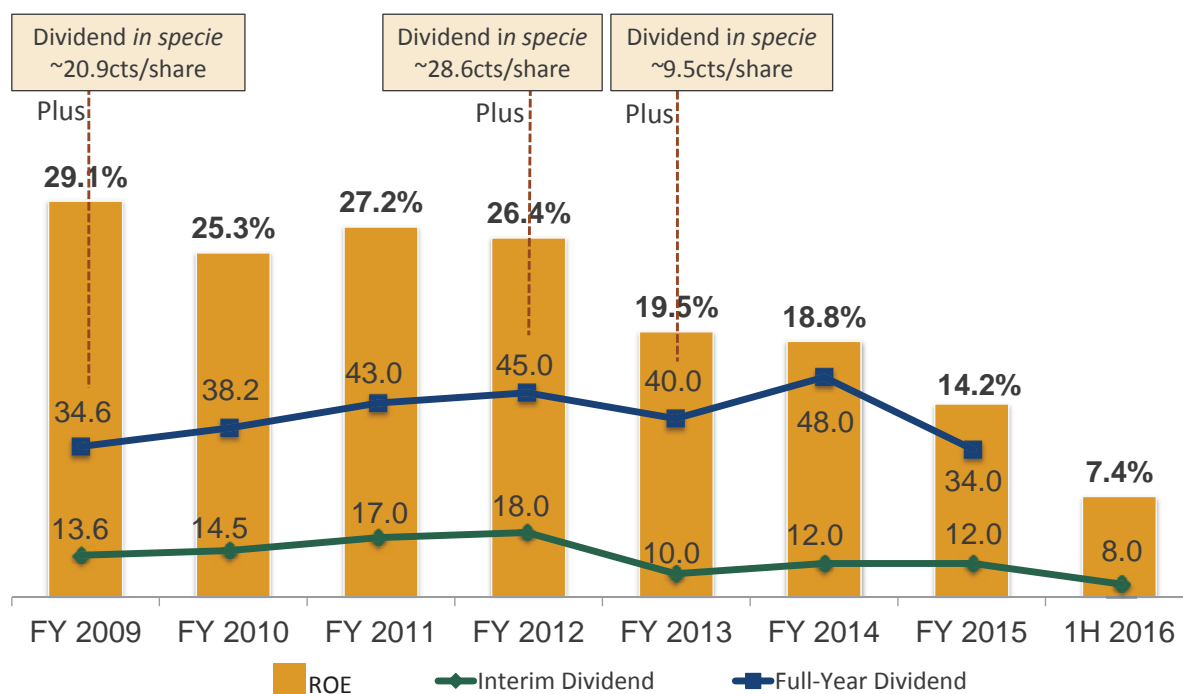
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Net Profit & EPS



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ROE & Dividend



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Free Cash Flow

	1H 2016 S\$m	1H 2015 S\$m
Operating profit	511	812
Depreciation & other non-cash items	118	(175)
	629	637
Working capital changes	(811)	(695)
Interest & tax paid	(179)	(214)
Net cash used in operating activities	(361)	(272)
Investments & capex	(64)	(208)
Divestments & dividend income	163	164
Net cash from/(used in) investing activities	99	(44)
Cash outflow	(262)	(316)

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

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**Harnessing strengths and
building resilience through a
robust multi-business strategy.**

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**2Q & 1H 2016 Results
Q&A**

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Additional Information

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Revenue by Geography

	1H 2016		
	<u>Total</u> S\$m	<u>Overseas</u> <u>Customers</u> %	<u>Singapore</u> <u>Customers</u> %
Offshore & Marine	1,538	85	15
Property	972	61	39
Infrastructure	794	16	84
Investments	64	4	96
Total	<u>3,368</u>	61	39

61% of total revenue came from overseas customers

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EBITDA by Segments

S\$m	<u>1H 2016</u>	<u>%</u>	<u>1H 2015</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	282	45	497	53	(43)
Property	224	36	189	20	19
Infrastructure	59	9	182	19	(68)
Investments	61	10	75	8	(19)
Total	626	100	943	100	(34)

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Capital/Gearing/ROE

S\$m	<u>30 Jun 2016</u>	<u>31 Dec 2015</u>
Shareholders' Funds	11,106	11,096
Capital Employed	11,831	11,926
Net Debt	7,334	6,366
Net Gearing Ratio	0.62x	0.53x
ROE	7.4%	14.2%

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OFFSHORE & MARINE

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Financial Highlights – Offshore & Marine

S\$m	<u>2Q 2016</u>	<u>2Q 2015</u>	<u>% Change</u>
Revenue	720	1,580	(54)
EBITDA	132	228	(42)
Operating Profit	92	194	(53)
Profit Before Tax	88	221	(60)
Net Profit	61	173	(65)

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Financial Highlights – Offshore & Marine

S\$m	<u>1H 2016</u>	<u>1H 2015</u>	<u>% Change</u>
Revenue	1,538	3,507	(56)
EBITDA	282	497	(43)
Operating Profit	203	426	(52)
Profit Before Tax	210	472	(56)
Net Profit	156	376	(59)

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Offshore & Marine Review

- **Over S\$460m contract secured in YTD 2016:**

4 FPSO projects involving modules fabrication and integration, topsides installation and integration and FPSO modification and upgrade, a pipelay vessel upgrade, and 3 dredgers.

- **Contract completions in 1H 2016:**

3 jackups, a land rig, a semi upgrade, a derrick lay vessel, a liftboat, a transformer platform and a field development vessel repair/upgrade, a launch barge upgrade, and an FPSO integration.

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Offshore & Marine Orderbook

	Contract Value		Client
	Gross	Net	
	\$m.	\$m.	
<u>For delivery in 2016</u>			
2 JUs/1 Semi/1 Accom. Semi/4 FPSO Conversions/ 1 FSU Conversion/1 FPSO Topsides Fabrication/ 1 FPSO Turret Fabrication/1 Pipelay Vessel Upgrade/1 AHT			Perforadora Central/Falcon Energy/ SOCAR/Floatel/Bumi Armada/ Yinson/Saipem/Seaways
	2,194	97	
<u>For delivery in 2017</u>			
10 JUs/1 FLNG 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/1 Liftboat	5,433	1,114	TS Offshore/Fecon/Clearwater/BOT Lease Co./ Grupo R/Parden/Golar/Petrobras/Modec/ Totem Ocean/BW Offshore/SOFEC/ Baku Shipyard/New Orient Marine/Crystal Heights
<u>For delivery in 2018</u>			
1 JU/1 FPSO Modules Fab. & Integration/ 1 FPSO Modification & Upgrade	879	246	Ensco/Petrobras/Woodside
<u>For delivery in 2019-2021</u>			
5 JUs/2 Semis/2 FLNG Conversions	3,710	2,825	Transocean/2 Semis - Name withheld/Golar
Total as at 30 June 2016 (excl. semis for Sete Brasil)	12,216	4,282	

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PROPERTY

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Financial Highlights - Property

S\$m	<u>2Q 2016</u>	<u>2Q 2015</u>	<u>% Change</u>
Revenue	469	406	16
EBITDA	109	114	(4)
Operating Profit	100	108	(7)
Profit Before Tax	128	138	(7)
Net Profit	94	105	(10)

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Financial Highlights - Property

S\$m	<u>1H 2016</u>	<u>1H 2015</u>	<u>% Change</u>
Revenue	972	709	37
EBITDA	224	189	19
Operating Profit	210	177	19
Profit Before Tax	264	225	17
Net Profit	194	165	18

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Sales Achieved - Overseas

Key Projects	Units Sold in 1H 2016	Sales Value in 1H 2016	Average Selling Price in 1H 2016
China		(RMB'm)	(RMB'psm)
8 Park Avenue (Ph 6), Shanghai	24	673.6	~105,000
Seasons Residence (Ph 3), Shanghai	113	405.1	~30,700
Central Park City (Ph 3, Plot C2), Wuxi	323	289.0	~8,400
Park Avenue Heights (Ph 1, 2 & 3A), Chengdu	175	345.6	~16,000
V City (Ph 1), Chengdu	623	437.9	~8,600
V City (Ph 2), Chengdu	211	169.9	~8,700
Seasons Park (Plot 6, 7 & 10), Tianjin	63	43.6	~9,800
Seasons Gardens (Plot 11 & 12), Tianjin	134	259.5	~13,100
Total	1,666	2,624.2	
Vietnam		(US\$m)	(US\$'psm)
Estella Heights, Dist. 2	34	7.9	~2,300
Riviera Point, Dist. 7	55	11.0	~1,770
Riviera Cove, Dist. 9	3	2.0	~1,450
Total	92	20.9	

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Residential Landbank - Singapore

Singapore	Stake	Tenure	Attributable GFA (sf)	Total Units	Units Launched	Units Sold	Remaining Units
Launched Projects							
The Glades	70%	99-yr	384,357	726	550	493	233
Corals at Keppel Bay	100%	99-yr	509,998	366	250	206	160
Reflections at Keppel Bay	100%	99-yr	2,081,738	1,129	950	926	50*
Highline Residences	100%	99-yr	473,218	500	270	241	259
Upcoming Projects							
Keppel Bay Plot 4	39%	99-yr	134,335	234^	-	-	234
Keppel Bay Plot 6	100%	99-yr	226,044	86^	-	-	86
Total			3,809,690	3,041	2,020	1,866	1,022

* Excludes about 150 units set aside for corporate residences

^ Estimated no. of units

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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	871	47	6,978
The Springdale	Shanghai	99.4%	328,792	2,596	2,596	2,595	1	236
Seasons Residence	Shanghai	99.9%	128,918	1,102	866	856	246	39,223
Sheshan Riviera	Shanghai	100%	83,174	217	-	-	217	83,174
Waterfront Residence	Nantong	100%	189,437	1,199	79	32	1,167	180,767*
Central Park City	Wuxi	49.7%	671,477	5,339	4,331	4,315	1,024	142,862
Waterfront Residence	Wuxi	100%	306,607	1,481	62	42	1,439	289,287*
Park Avenue Heights	Wuxi	100%	165,308	1,048	-	-	1,048	165,308
Stamford City	Jiangyin	99.4%	299,991	1,478	1,125	1,010	468	103,683
Park Avenue Heights	Chengdu	100%	200,200	1,535	1,143	1,004	531	87,801
Hill Crest Villa	Chengdu	100%	163,147	274	-	-	274	163,147
Serenity Villa	Chengdu	100%	233,862	573	-	-	573	233,862
V City	Chengdu	35%	560,963	5,617	1,738	1,586	4,031	425,589*
The Seasons	Shenyang	100%	365,186	2,794	390	279	2,515	339,318
Hunnan Township Devt	Shenyang	99.8%	756,580	7,026	-	-	7,026	756,580
Serenity Villa	Tianjin	100%	80,000	340	212	122	218	59,570
Mixed-use Devt	Tianjin	100%	1,358,202	11,299	-	-	11,299	1,358,202
Tianjin Eco-City	Tianjin	100%	625,292	4,296	2,083	2,042	2,254	412,320*
Waterfront Residence	Tianjin	100%	61,417	341	232	226	115	21,084
Keppel Cove	Zhongshan	80%	460,000	1,647	-	-	1,647	460,000
Hill Crest Residence (Ph 1)	Kunming	68.8%	20,193	133	133	112	21	4,415
Hill Crest Residence (Ph 2)	Kunming	68.8%	24,428	130	33	6	124	25,264
La Quinta II	Kunming	68.8%	10,928	62	62	55	7	1,627
Total			7,227,495	51,445	16,003	15,153	36,292	5,360,297

*Includes commercial area

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Residential Landbank - Other Overseas

	Stake	Total GFA (sm)	Total Units	Units Launched	Units Sold	Remaining Units For Sale	Remaining Area for Sale (sm)
Vietnam							
Saigon Sports City, HCMC	90%	830,738	3,847	-	-	3,847	386,847
Estella Heights, HCMC	98%	160,980	872	872	701	171	22,775
Riviera Point, Dist. 7, HCMC	75%	437,944	2,400	549	503	1,897	231,872
Dong Nai Waterfront City, Dong Nai	50%	2,046,955	7,850	-	-	7,850	1,293,500
Riviera Cove, Dist. 9, HCMC	60%	34,711	96	96	82	14	8,786
South Rach Chiec, Dist 2, HCMC	42%	874,044	6,170	-	-	6,170	644,259
Villa Devt, Saigon South, HCMC	50%	58,800	168	-	-	168	55,186
Casuarina Cove, Dist 9, HCMC	60%	39,807	120	-	-	120	47,194
Empire City, Dist 2, HCMC	40%	417,300	3,500	-	-	3,500	417,300
Sub-Total:		4,901,279	25,023	1,517	1,286	23,737	3,107,719
Indonesia							
West Vista, West Jakarta	100%	153,464*	2,855	300	139	2,716	110,892
Daan Mogot, West Jakarta	100%	226,800	4,523	-	-	4,523	226,800
Sub-Total:		380,264	7,378	300	139	7,239	337,692
India							
Elita Horizon	51%	167,226	1,226	-	-	1,226	167,226
USA							
Residential Development, New York	86%	18,170	67	-	-	67	10,470*
Total		5,466,939	33,694	1,817	1,425	32,269	3,623,107

* Includes commercial area

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Residential Launch Readiness – China

Project	Location	Units Ready to Launch		
		2H 2016	2017	2018
8 Park Avenue	Shanghai	37	10	-
The Springdale	Shanghai	1	-	-
Seasons Residence	Shanghai	196	50	-
Sheshan Riviera [^]	Shanghai	45	47	53
Waterfront Residence	Nantong	5	21	28
Central Park City	Wuxi	240	280	500
Waterfront Residence	Wuxi	70	464	355
Park Avenue Heights [^]	Wuxi	300	400	348
Stamford City	Jiangyin	25	198	143
Park Avenue Heights	Chengdu	167	364	-
Hill Crest Villa [^]	Chengdu	-	24	36
Serenity Villa [^]	Chengdu	18	24	48
V City	Chengdu	503	1,084	1,104
The Seasons	Shenyang	36	65	65
Serenity Villa	Tianjin	14	70	39
Tianjin Eco-City	Tianjin	273	776	816
Waterfront Residence	Tianjin	32	83	-
Keppel Cove [^]	Zhongshan	18	36	48
Hill Crest Residence	Kunming	10	15	38
La Quinta II	Kunming	5	2	-
Total		1,995	4,013	3,621

[^]New launches

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Residential Launch Readiness – Other Overseas

Project	Location	Units Ready to Launch		
		2H 2016	2017	2018
Indonesia				
West Vista	West Jakarta	290	800	800
Vietnam				
Estella Heights (Ph1&2), Dist 2	HCMC	81	50	40
Riviera Point, Dist 7	HCMC	266	200 [^]	399 [^]
Riviera Cove, Dist 9	HCMC	9	5	-
South Rach Chiec, Dist 2 [^]	HCMC	530	687	376
Saigon Sports City, Dist 2 [^]	HCMC	-	250	400
Empire City, Dist 2 [^]	HCMC	300	425	470
Dong Nai Waterfront City [^]	Dong Nai	-	220	460
India				
Elita Horizon [^]	Bangalore	150	540	360
Total		1,626	3,177	3,305

[^]New launches

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Expected Completion for Launched Projects

Projects/Phases launched	Total Units	Units Launched as at end-Jun 2016	Units Sold as at end-Jun 2016	Units Remaining as at end-Jun 2016	Expected Completion
China					
Waterfront Residence (Ph 1), Wuxi	62	62	42	20	2H16
Seasons Garden (Plot 11), Tianjin	270	201	178	92	2H16
Waterfront Residence (Ph 2 & 3), Tianjin	254	148	144	110	2H16/1H17
Park Avenue Heights (Ph 3A), Chengdu	220	108	15	205	2H16
V City (Ph 1), Chengdu	1,434	1,434	1,375	59	1H17
V City (Ph 2), Chengdu	1,495	304	211	1,284	1H18
Indonesia					
West Vista (Ph 1)	1,404	300	139	1,265	2017
Vietnam					
Estella Heights (Ph 1)	496	496	458	38	2H17
Estella Heights (Ph 2)	376	376	243	133	2H18
Total	6,011	3,429	2,805	3,206	

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Expected Completion for Upcoming Projects

Projects/Phases to be launched	Location	No. of Units Expected to be Completed		
		2H 2016	2017	2018
China				
Seasons Residence (Ph 4)	Shanghai	198	-	-
Sheshan Riviera (Ph 1 & 2)	Shanghai	37	59	105
Central Park City	Wuxi	-	-	780
Waterfront Residence (Ph 2, 3 & 7)	Wuxi	-	236	401
Park Avenue Heights (Ph 1-3)	Wuxi	-	328	720
Stamford City (Ph 3C)	Jiangyin	-	-	161
Park Avenue Heights (Ph 3)	Chengdu	-	280	-
Serenity Villa (Ph 1 & 2)	Chengdu	84	-	97
Seasons Garden (Plot 9)	Tianjin	-	-	356
Seasons Heights (Eco-City Ph 4)	Tianjin	-	-	372
Keppel Cove (Ph 1-5)	Zhongshan	42	18	30
Hill Crest Residence (Ph 2B)	Kunming	-	-	97
Total		361	921	3,119

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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	2020
Seasons City, Tianjin (100% stake)	161,800	RMB2.6b	2019 (Ph 1)
Indonesia			
IFC Jakarta Tower 1 (100% stake)	85,100	S\$273m	2021
Vietnam			
Saigon Centre Ph 2, HCMC (45.3% stake)	47,000 (Retail) 44,000 (Office) 20,600 (Serviced apt)	US\$220m	2016 (Retail) 2017 (Office)
Estella Heights (98% stake)	37,000 (Retail)	US\$50m	2018
Empire City, HCMC (40% stake)	100,700 (Retail) 143,000 (Office)	US\$580m ⁽²⁾	2024
Myanmar			
Junction City Office Tower, Yangon (40% stake)	53,100	US\$47m ⁽³⁾	2017
Philippines			
SM-KL Project Ph 2, Manila (24.2% stake)	46,300 (Retail) 110,100 (Office)	S\$333m	2017 (Retail) 2019 (Office)
Completed Properties	GFA (sm)	Acquisition Cost	Completion
75 King William Street, London (100% stake)	11,917	S\$186m	1989

(1) Excluding land cost (2) Commercial component (3) Investment cost for 40% stake

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INFRASTRUCTURE

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Financial Highlights - Infrastructure

S\$m	<u>2Q 2016</u>	<u>2Q 2015</u>	<u>% Change</u>
Revenue	404	541	(25)
EBITDA	34	129	(74)
Operating Profit	24	106	(77)
Profit Before Tax	37	110	(66)
Net Profit	27	98	(72)

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Financial Highlights - Infrastructure

S\$m	<u>1H 2016</u>	<u>1H 2015</u>	<u>% Change</u>
Revenue	794	1,047	(24)
EBITDA	59	182	(68)
Operating Profit	39	136	(71)
Profit Before Tax	55	143	(62)
Net Profit	41	120	(66)

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INVESTMENTS

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Financial Highlights - Investments

S\$m	<u>2Q 2016</u>	<u>2Q 2015</u>	<u>% Change</u>
Revenue	32	36	(11)
EBITDA	17	8	113
Operating Profit	18	6	200
Profit Before Tax	32	29	10
Net Profit	23	21	10

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Financial Highlights - Investments

S\$m	<u>1H 2016</u>	<u>1H 2015</u>	<u>% Change</u>
Revenue	64	114	(44)
EBITDA	61	75	(19)
Operating Profit	60	73	(18)
Profit Before Tax	34	113	(70)
Net Profit	25	96	(74)

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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 1H 2016 RESULTS PRESENTATION

THURSDAY, 21 JULY 2016

1. Group Financial Highlights by CFO (Slide 23)

2. 2Q 2016 Financial Performance (Slide 24)

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

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

In this quarter, the Group's net profit was \$205 million, which was 48% below the same quarter last year. Earnings per share was correspondingly 48% lower at 11.3 cents, while EVA was at \$7 million.

3. 2Q 2016 Financial Highlights (Slide 25)

The Group's revenue for the second quarter was 37% or \$938 million lower than the same quarter last year. All divisions except Property division recorded lower revenues during the quarter.

Operating profit at \$234 million was 43% or \$180 million lower compared to the second quarter of 2015. This was due mainly to lower profits from the Offshore & Marine and Infrastructure divisions.

Correspondingly, profit before tax decreased 43% to \$285 million.

After tax and non-controlling interests, net profit for the second quarter was lower by a wider margin of 48% or \$192 million due to higher effective tax rate this year as last year's profit included gains from the sale of 51% interest in Keppel Merlimau Cogen Pte Ltd which is capital in nature.

Similarly, earnings per share decreased 48% to 11.3 cents.

4. 2Q 2016 Revenue by Segments (Slide 26)

Overall, the Group's revenue was 37% lower than the same quarter last year, driven largely by the 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.

Infrastructure too saw lower revenues, due mainly to lower revenue from power and gas business as a result of lower prices and volume partially offset by higher revenue from infrastructure services with the commencement of the Doha North Operation and Maintenance contract.

This was partially offset by a 16% growth in Property division's revenue, primarily due to higher revenue from residential projects such as Eight Park Avenue in Shanghai and the Glades in Singapore.

5. 2Q 2016 Pre-tax Profit by Segments (Slide 27)

Offshore & Marine division's pre-tax profit was 60% or \$133 million lower, driven mainly by lower operating results arising from lower revenue and net interest expense. The division's operating margin was 12.8% compared to 13% in the same quarter last year.

The Property division's pre-tax profit was 7% or \$10 million lower despite recording higher revenues because the prior year profit benefited from the write back of cost accruals.

Infrastructure division reported a 66% or \$73 million decrease in pre-tax earnings from the same period last year, due mainly to divestment gains recognised in the same quarter last year. In 2015, the division's profits were boosted by gains from 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 losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant.

6. 2Q 2016 Net Profit by Segments (Slide 28)

After tax and non-controlling interests, the Group's net profit in the second quarter decreased by 48% or \$192 million to \$205 million as compared to the same period last year, with Property division being the top contributor to the Group's earnings at 46%, followed by Offshore & Marine at 30%.

7. 1H 2016 Financial Performance (Slide 29)

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

Net profit for the first half of 2016 was down 45% from the same period last year to \$416 million.

Earnings per share also decreased by the same extent to 22.9 cents. Annualised ROE declined to 7.4% while EVA was lower at \$9 million.

Free cash outflow decreased from \$316 million to \$262 million, due to lower operational capital expenditure in Offshore & Marine division.

Net gearing increased from 53% as at the end of 2015 to 62%, due mainly to working capital requirements from Offshore & Marine and the payment of the final dividend for 2015.

We are also pleased to announce an interim cash dividend of 8.0 cents per share for this half of the year to reward our shareholders for their continued confidence and support.

8. 1H 2016 Financial Highlights (Slide 30)

In the first half of 2016, the Group earned total revenue of \$3.4 billion, a 37% or \$2 billion decrease from the same period last year. All divisions except for Property division recorded lower revenues.

Operating profit at \$512 million was 37% or \$300 million lower than the same period last year. The decrease is led by lower profits from Offshore & Marine and Infrastructure, partially offset by higher profit from Property.

Pre-tax profit fell by a wider margin of 41% or \$390 million due mainly to lower share of profits from associated companies and higher net interest expense compared to the same period last year.

After tax and non-controlling interests, net profit was 45% or \$341 million lower at \$416 million.

Similarly, earnings per share decreased by 45% to 22.9 cents.

9. 1H 2016 Revenue by Segments (Slide 31)

Overall, the Group's revenue of \$3.4 billion was 37% lower from last year, driven largely by the 56% decrease in Offshore & Marine revenues resulting from lower volume of work, deferment of some projects and suspension of the Sete Brasil contracts.

Property revenue increased by 37% to \$972 million as compared to the first half of 2015, led by higher revenue from residential projects such as Eight Park Avenue in Shanghai and the Glades in Singapore.

Infrastructure's revenue decreased by 24%, attributed mainly to lower revenue from power and gas business as a result of lower prices and volume, partially offset by higher revenue from infrastructure services with the commencement of the Doha North Operations and Maintenance contract.

10. 1H 2016 Pre-tax Profit by Segments (Slide 32)

The Group recorded a pre-tax profit of \$563 million for the first half of the year, 41% or \$390 million lower than 2015.

The Offshore & Marine division pre-tax profits was 56% or \$262 million lower as a result of lower operating profits and higher interest expense. The division's operating margin for the first six months at 13.2% was slightly higher than the 12.5% in the same period last year.

In the Property division, pre-tax profits increased by 17% or \$39 million due to higher contributions from residential projects in China and Singapore, and lower net interest expense.

Infrastructure's pre-tax profit was lower by 62% or \$88 million, due mainly to divestment gains recognised in 2015, as mentioned earlier in our presentation on the results for the second quarter of 2016.

Investment division's pre-tax profit decreased by 70% or \$79 million due to share of losses from associated company KrisEnergy, and the absence of gains from sale of investments, which amounted to \$50 million in the first half of 2015.

11. 1H 2016 Net Profit by Segments (Slide 33)

After tax and non-controlling interests, the Group's earnings decreased by 45% or \$341 million to \$416 million, with the Property division being the top contributor at 47%, followed by Offshore & Marine division at 37%.

12. Net Profit and EPS (Slide 34)

The Group recorded a net profit of \$416 million for the first half of the year, amidst a very challenging macro environment; on a quarter-to-quarter basis, the results from the second quarter of 2016 is comparable to the first quarter of the year. This translated to an earnings per share of 22.9 cents, which was 45% lower than the corresponding period in 2015.

13. ROE & Dividend (Slide 35)

In this first half of 2016, our annualised ROE has decreased to 7.4%.

Our proposed interim distribution to our shareholders for this period will be 8.0 cents per share.

14. Free Cash Flow (Slide 36)

In the first half of 2016, the Group generated \$629 million of cash flow from operations.

After accounting for working capital requirements mainly from the Offshore & Marine division, operating cash outflow for the six months was \$361 million, which is higher compared to an outflow of \$272 million in the same period last year.

Net cash generated from investing activities amounted to \$99 million, comprising of dividend income from associated companies of \$156 million, less investments and operational capital expenditure of \$64 million.

As a result, there was an overall cash outflow of \$262 million for the first half of 2016. This is lower than the cash outflow of \$316 million in the same period last year.

15. Outlook (Slide 37)

Keppel continues to harness our strengths in these uncertain times, rallying across divisions to take full advantage of our core competencies in our multi-business strategy.

We continue to look ahead and build resilience for the future so that we can be well-prepared to deliver sustainable growth and create value for our shareholders and customers in the long run.

Thank you.