



Dear Keppelites,

A young colleague recently shared with me that what mattered most to her was having a sense of purpose, “to make a difference, and have a real and positive impact on the world”. I have heard similar aspirations from other Keppelites around the world, during my visits to different business units.

Indeed, Keppel is making a positive impact around the world every day, through providing critical solutions needed for sustainable urbanisation, whether it is energy, urban spaces, environmental solutions or connectivity. Our track record spans six continents, and continues to grow as we expand our offerings to meet the world’s evolving needs.

A Common Purpose

At the start of 2018, we refreshed the Group’s mission to underscore this common purpose. Keppel today is not just an offshore and marine company, or a property or infrastructure company, but an eco-system of companies, collaborating and tapping the synergies of our multi-business group, to meet pressing urbanisation needs.

During the year, we made several strategic moves to grow our business. These include investing in new growth sectors such as senior living; entering promising new property markets such as Nanjing in China; growing our waste-to-energy and data centre businesses into new geographies; and expanding the classes of assets under management. At the same time, we are exploring innovative new solutions such as floating data centre parks, which harness the Group’s diverse capabilities in data centres, energy and floating structures. Although the offshore and marine (O&M) industry remains challenging, Keppel Offshore & Marine has worked hard to replenish its orderbook. We secured our first newbuild rig order since 2014, and won several orders involving LNG solutions, reflecting the growing demand for cleaner sources of energy.

While Keppel has traditionally been more of a B2B company, we are growing our presence in B2C businesses, including electricity retail and urban logistics. We have also launched a strategic initiative, together with Singapore Press Holdings, to seek majority control of M1, with a view to transforming the business. This timely initiative will complement the Keppel Group’s mission, and create opportunities for synergy and cross-selling of services. We have also announced a scheme to privatise Keppel T&T to further streamline the Group’s structure and align Keppel T&T’s interests with the rest of the Group’s.



Last September, we celebrated the 10th anniversary of the Sino-Singapore Tianjin Eco-City, which we are developing jointly with our Chinese partners. Over the past decade, the Eco-City has been transformed from barren saline and alkaline land into a beautiful green city, and is a source of pride for many Keppelites. Leveraging our track record in large-scale urban developments, Keppel Urban Solutions and Keppel Land are making good progress in the development of Saigon Sports City in Ho Chi Minh City, which is expected to be another iconic Keppel landmark. Keppel Urban Solutions is also growing its business in Wuxi, by collaborating with Envision Technology Group to develop a new Smart IoT City.

Committed to Sustainability

2018 marked Keppel's 50th anniversary, which we celebrated in Singapore and overseas by giving back to the community, including making a \$10 million donation to Singapore's Institute of Technical Education, to support education for students from financially disadvantaged backgrounds. Keppel Volunteers also organised more than 50 major activities throughout the year, touching many lives in different communities, and living up to our mantra of doing good as we do well.



With growing global recognition of the challenges posed by climate change, Keppel is deepening its commitment to sustainability, both as a responsible corporate citizen, and as a provider of sustainable solutions. We have set up a new Group Sustainability Strategy unit, to sharpen the focus on sustainability in the Group's strategy. We are also looking at how we can increase the utilisation of renewable energy, and move away from single-use plastics in the office environment.

The safety of our global workforce is of course a critical part of sustainability. While we have made considerable progress in our safety journey, we must remain vigilant and continue to strive for the highest safety standards, to ensure that everyone goes home safe, every day.

Compliance remains a key focus for the Group. In November 2018, Keppel O&M's entities in Singapore successfully achieved certification for the ISO 37001 Anti-Bribery Management System. We will continue to strengthen our policies and procedures, and effectively embed compliance principles and controls in the execution of our business.

Shaping a Sustainable Future

2019 is expected to be another challenging but also exciting year, as we continue our growth momentum. There is increasing optimism in the O&M industry and we are ready, after the extensive restructuring of the past few years, to seize new opportunities when the upturn comes. Despite property market cooling measures in China and Singapore, there remain many pockets of opportunities in key Asian cities, where urbanisation and a growing middle class are driving demand for smart, high-quality developments. We will continue to grow our infrastructure and asset management businesses into strong, stable pillars of recurring income.

As we execute our existing businesses, we will also actively explore new opportunities, and build future growth engines that can contribute to and move the needle for the Group. We will look into areas such as smart, urban solutions, senior living and renewable energy infrastructure, which harness the Group's collective strengths and capabilities, and augment our mission as a provider of solutions for sustainable urbanisation.



Innovation thrives in an environment where ideas flow freely and Keppelites are not afraid to experiment. Since its establishment a year ago, Keppel Technology & Innovation has been an effective change catalyst for the Group. It has made good progress in areas such as business analytics and artificial intelligence, and established strong partnerships with venture capital firms and institutes of higher learning. Across our businesses, digitisation has provided us with the tools to gain actionable insights to improve our products and services, and we must act quickly on them. In this fast-changing world, speed and agility are critical and we must foster an environment where Keppelites feel empowered to act, and contribute to charting the company's future.

Ultimately, a company's purpose is fulfilled by its people. Keppelites are thus our most important resource. As the Group expands into new businesses, we have increased our bench strength to bring on board new skillsets and capabilities, while we continue to invest in training and people development to help all Keppelites realise their full potential. In our latest Employee Engagement

Pulse Survey, 87% of Keppelites indicated that they were proud to work for Keppel, while some 84% are motivated to go beyond what is expected to help Keppel succeed. These results reflect the strong drive and dedication of Keppelites.



At the Group's flagship address at Keppel Bay Tower in Singapore, we have adopted a new agile, open office environment which will better connect people and ideas across business units, and foster even more innovation and collaboration. We have also launched digital platforms such as Yammer to encourage more sharing of ideas. What else can we do to make Keppelites feel even more excited about our mission? What more can we do to make Keppel a truly great place to work, where staff have a strong sense of belonging and innovative ideas thrive? We can have a further discussion on these themes at the upcoming Global Keppelites Forum.

These are transformational times for the company. There will be many opportunities for everyone to grow and make a difference. I encourage Keppelites across business units to work collaboratively as *OneKeppel*, and also with our other partners to co-create solutions for a better world, as we shape a sustainable future.

I wish you and your loved ones a happy new year.

Yours sincerely,

LOH CHIN HUA
CEO
KEPPEL CORPORATION