



WE CONNECT PEOPLE AND BUSINESSES IN THE DIGITAL ECONOMY.

EARNINGS HIGHLIGHTS (\$ million)

	2020	2019	2018
Revenue	1,220	1,128	182
EBITDA	259	385	(5)
Operating Profit	46	210	(27)
Profit before Tax	29	196	5
Net Profit	13	136	–
Average Headcount (Number)	2,446	1,990	1,490
Manpower Cost	204	193	67

MAJOR DEVELOPMENTS IN 2020

Embarked on a new data centre development in Singapore with SPH, as well as a greenfield data centre in Huizhou, China.

M1 secured one of Singapore's 5G standalone licences jointly with StarHub, and unveiled its new brand identity and digital connectivity platform.

Conducted strategic review of logistics business, in line with sharpened focus under Vision 2030. In 1Q 2021, further announced plans to divest the logistics business to a third party.

FOCUS FOR 2021/2022

Continue to expand portfolio of quality data centre assets and provide higher value services to customers.

Continue to explore innovative solutions to reduce the carbon footprint of data centres.

Continue to drive M1's transformation as a digital and bespoke communications solution provider and the 5G network rollout.

Work towards divestment of the logistics business.

Deepen collaboration across business units to develop better and smarter solutions, as well as with Keppel Capital to tap third-party funds for growth.

OPERATING & FINANCIAL REVIEW

CONNECTIVITY



Alpha DC Fund entered into the fast-growing data centre market in China with the development of a greenfield data centre in Tonghu Smart City in Huizhou, Guangdong.

Digitalisation, accelerated by COVID-19 and flexible working arrangements, continues to drive demand for data centres.

EARNINGS REVIEW

The Connectivity segment includes Keppel Telecommunications & Transportation (Keppel T&T) and M1, whose business activities span data centres and logistics, as well as telecommunications.

In 2020, Connectivity recorded a revenue of \$1.2 billion, up \$92 million from \$1.1 billion in 2019, mainly due to higher revenue from M1 which was consolidated from March 2019. This was partly offset by lower contribution from Keppel Logistics following the divestment of some Chinese logistics assets in November 2019.

The segment turned in a net profit of \$13 million for 2020, as compared to \$136 million for 2019, mainly due to the absence of the fair value gain recognised in 2019 from the remeasurement of the previously held interest in M1 at acquisition date, as well as lower contribution from M1. These were partly offset by gain from the disposal of interest in Business Online Public Company Limited, and lower losses from the logistics business.

OPERATING REVIEW

DATA CENTRES

In 2020, Keppel Data Centres Holding (KDCH) continued to pursue expansion opportunities in target markets, while enhancing its capabilities and service offerings to meet the growing demand for big data and connectivity.

During the year, KDCH and Alpha Data Centre Fund (Alpha DC Fund) expanded its portfolio with two new data centres in Singapore and China. Including these, KDCH has five data centres under development across Singapore, China, Malaysia, Indonesia and Australia. As at end-2020, the Group had a portfolio of 28 data centres across 19 cities in Asia Pacific and Europe, including data centres under development.

Despite COVID-19, KDCH's operations remained stable. Data centres are classified as essential services in Singapore, and the Group's data centres around the world continued operating throughout the pandemic. In 2020,

KDCH continued to receive enquiries from customers on new data centre capacity.

Digitalisation, accelerated by COVID-19 and flexible working arrangements, continues to drive demand for data centres.

Building on the success of Alpha DC Fund, Keppel launched the US\$1 billion Keppel Data Centre Fund II (KDC Fund II) and achieved a first close of more than US\$500 million. KDC Fund II will focus on making strategic investments in the fast-growing data centre sector in Asia Pacific and Europe.

As part of Keppel's commitment to sustainability, the Group is actively taking steps to reduce the carbon footprint of its data centres. During the year, Keppel T&T, in collaboration with other business units in the Group, entered into several strategic partnerships with external parties to explore innovative new solutions including a cold energy harnessing facility and a hydrogen powered tri-generation plant for data centres in Singapore.

With the support of the National Research Foundation, Keppel T&T also signed a memorandum of understanding (MOU) with other industry leaders namely Chevron, Pan-United and Surbana Jurong, to harness their combined resources and jointly develop the first end-to-end decarbonisation process

in Singapore. The collaboration aims to accelerate the development of a highly integrated clean and energy efficient carbon capture, utilisation & sequestration system that can help advance a low-carbon economy and be applied to potential commercial developments in Singapore.

TELECOMMUNICATIONS

As at end-2020, M1's customer base was 2.08 million, down from 2.33 million customers year-on-year (yoy). This was largely driven by the drop in prepaid customers following the reduction in incoming travellers and less activity in the foreign workers' segment due to COVID-19. On the other hand, M1 grew both its postpaid and fibre customer base by 5% and 2.7% yoy respectively.

As part of its business transformation, M1 unveiled a new brand identity and also launched Bespoke mobile plans that provide subscribers with more flexibility in the selection of products and services as well as payment schedules. Following a comprehensive revamp of its technology stack in February 2021, M1 launched its new digital connectivity platform, which is set to greatly improve customer experience, and will also roll out a series of made-to-measure new offerings progressively over the rest of the year.

In June 2020, M1 secured a 5G standalone (SA) license jointly with StarHub, enabling M1 to provide 5G service at an affordable cost to customers. The 5G rollout is expected to create more use-cases for 5G applications for businesses and communities alike. The benefits of 5G extend beyond faster download speed for consumers, but also to the low latency and network slicing that have vast applications for industries and businesses.

M1 is Singapore's first telco to open up 5G access to all its customers, without any limitations on the number of sign-ups or restrictions on any plans. In September 2020, M1 launched its 5G non-standalone (NSA) network. The 5G NSA network enables M1's mobile users to enjoy the benefits of 5G including ultra-low latency and faster speeds ahead of the SA network rollout.

In 2020, M1 embarked on several 5G trials and collaborations with technology companies and government agencies. In partnership with the Infocomm Media Development Authority (IMDA), the Maritime and Port Authority of Singapore (MPA) and Airbus, M1 is conducting real-world environment coastal 5G network trials at the Singapore Maritime Drone Estate, to ensure unmanned aerial vehicles can operate safely and efficiently during all

phases of flight, including operations in the designated drone-fly zones. This continues Singapore's efforts to build an open and inclusive 5G innovative eco-system around the use-cases of port operations, and incident management and response.

M1 also announced a partnership with IBM, IMDA and Samsung to conduct Singapore's first 5G Industry 4.0 trial to demonstrate the transformative impact of 5G for enterprises across various sectors. M1 is also collaborating with DBS to jointly develop digital banking solutions and provide bundled services to large corporates and small-to-medium enterprises.

In January 2021, M1, Continental Automotive Singapore and JTC Corporation jointly announced a collaboration to conduct autonomous transport systems 5G SA trials for Autonomous Mobile Robots operations.

LOGISTICS

As part of the more focused and disciplined approach towards capital allocation under Vision 2030, Keppel announced plans to divest its third-party logistics business in Southeast Asia (SEA) and Australia, as well as its channel management business to a third party who may be better able to scale up the business. Rothschild & Co was appointed as Keppel T&T's financial adviser and has been engaging potential

buyers. Keppel is keeping its options open and may decide to divest the logistics business completely or retain a minority stake.

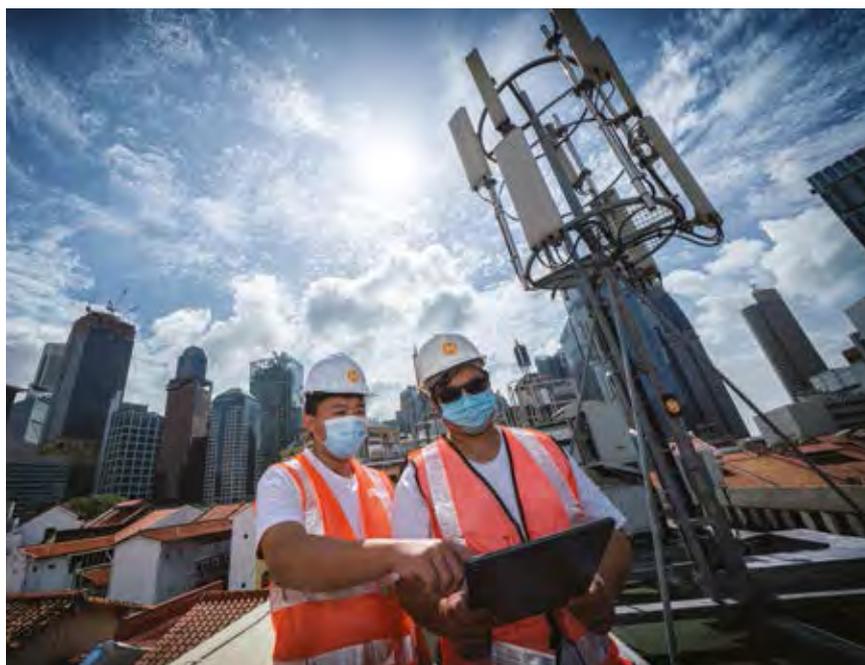
During the year, COVID-19 presented growth opportunities for Keppel Logistics as work-from-home arrangements and other pandemic-related curbs increased demand for e-commerce and urban logistics. Keppel Logistics ramped up its storage capacity to support the increase in customers' warehousing needs. In 2020, warehousing occupancy in Singapore averaged about 80%.

UrbanFox, an omnichannel logistics and channel management solutions brand, also benefitted from the surge in e-commerce on the back of COVID-19. In 2020, the company tripled its Gross Merchandise Value in Singapore and doubled total last mile deliveries as compared to 2019. UrbanFox also continued to expand its overseas operations in Vietnam and Malaysia in 2020, and currently handles 70 brands across the two countries.

In Vietnam, Indo-Trans Keppel Logistics consolidated its operations into nine warehouses from 10 previously.

In Australia, the occupancy rate of its warehouse in Rochedale, Brisbane increased to 85% as at end-2020.

In China, Keppel Logistics' operations continued with minimal disruption despite COVID-19. In Anhui province, cargo handling



M1, through its 5G network rollout in Singapore, is set to help create more 5G use-cases and applications for businesses and communities.

OPERATING & FINANCIAL REVIEW

CONNECTIVITY

M1 will leverage 5G and its digital solutions to collaborate with other Keppel business units in enhancing the Group's suite of solutions for sustainable urbanisation.

at the Wuhu Sanshan Port increased as cargo was diverted from neighbouring ports. Meanwhile, operations remained stable at the Keppel Logistics Tianjin Eco-City warehouse and Keppel Wanjiang Integrated Cold Chain Logistics Park.

MARKET REVIEW & OUTLOOK

DATA CENTRES

In 2020, the COVID-19 pandemic triggered an accelerated wave of digital transformation and adoption of new ways of working, underscoring the importance of digital connectivity. Additionally, the continued rise of Internet of Things, big data and cloud-based services also drove demand for data centres.

Today, large enterprises consume the bulk of the colocation services as businesses aim to decrease operational expenses. According to P&S Intelligence, this is expected to drive the growth of the global data centre colocation market at a

compounded annual growth rate of 14.8% between 2020 and 2030.

Data centres will be key to enabling 5G in all applications and devices. To create a seamless wireless network connecting devices and applications, centres of data exchange will need to be located near end-users.

Leveraging digitalisation trends, KDCH will continue to work closely with Keppel Capital and Keppel DC REIT to proactively seek new development and acquisition opportunities in the Asia Pacific and Europe. It will also continue to collaborate with other Keppel business units to sharpen its value proposition, especially in the areas of enhancing connectivity, and explore innovative and sustainable data centre designs and technologies, such as floating data centre parks.

DIGITAL CONNECTIVITY

In the 5G space, GSM Association reported that by 2025, 5G will account for 20% of global connections, with take-up predominantly in developed Asia, North America and Europe. Of the US\$1.1 trillion expected investments in mobile capex globally, about 80% would be for 5G networks. In Singapore, the 5G SA network will be rolled out over the next few years and is expected to be fully ready by 2025. In the year ahead, M1 will focus on rolling out its 5G SA network to all customers, as well as executing 5G use-case trials in collaboration

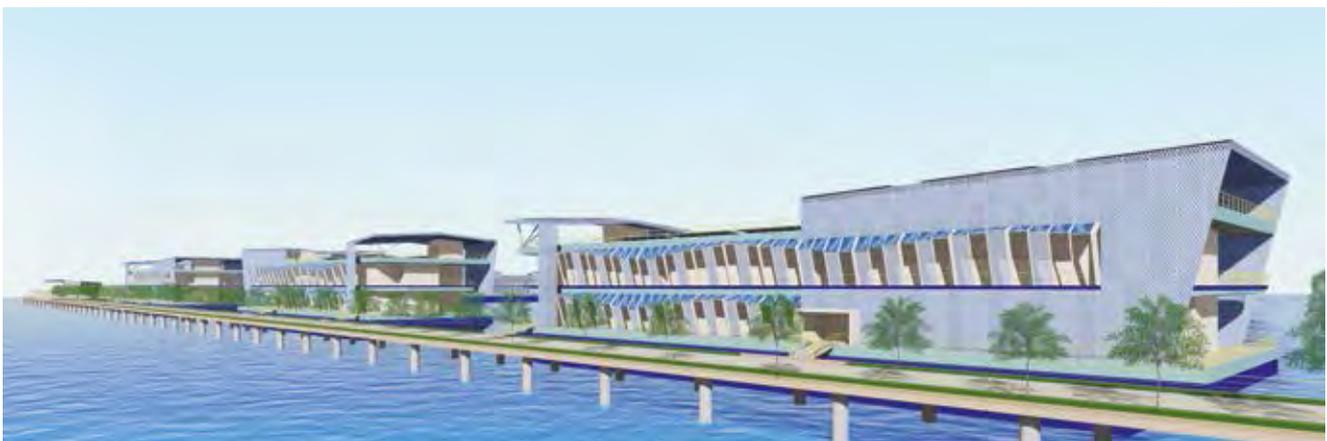
with industry partners and government agencies which will help to advance Singapore's Smart Nation initiative and Industry 4.0.

As Singapore works at progressively reopening the economy, M1 will continue to offer a range of solutions and services to its enterprise customers and small and medium-sized enterprises, helping them thrive in the new landscape with new ways of working. M1 will also leverage 5G and its digital solutions to collaborate with other Keppel business units in enhancing the Group's suite of solutions for sustainable urbanisation.

LOGISTICS

E-commerce has been growing rapidly in recent years and was given a further boost in 2020 by COVID-19. According to The Economic Intelligence Unit, gross domestic product of SEA countries are estimated to grow by between 3% to 6% in 2021. In addition, research firm PPRO expects SEA's e-commerce market to grow 5.5% in 2021, as the economies continue to grow and develop.

Notwithstanding the growth in demand for urban logistics and channel management, Keppel is engaging potential buyers to divest its logistics business in line with Keppel's Vision 2030 and its more disciplined approach towards capital allocation. For now, Keppel will keep its options open and may decide to divest the logistics business completely or retain a minority stake.



KDCH is pursuing innovative new data centre solutions, such as floating data centre parks, to increase the energy efficiency as well as lower the carbon footprint of its assets.