

# Financial Review

We will sustain value creation through execution excellence, and strong financial discipline.

## Group Overview

The Group achieved a net profit including discontinued operations of \$927 million for 2022. All segments were profitable with improved year-on-year (yoy) performance from Energy & Environment and Asset Management. In 2022, Asset Management was the largest contributor with net profit of \$311 million, representing a third of the Group's earnings. Despite the headwinds in some markets, our Urban Development business continued to contribute significantly, accounting for \$282 million or 30% of the Group's profits. Reversing the net loss in the prior year, Energy & Environment contributed a net profit of \$172 million, or 19% of the Group's bottom-line. Connectivity and Corporate & Others accounted for 8% of the Group's profit. Discontinued operations registered a net profit of \$88 million, compared to FY 2021's net loss of \$225 million.

The performance including discontinued operations translated to earnings per share of 52.1 cents, as compared to 56.2 cents in 2021. Correspondingly, Return On Equity (including discontinued operations) (ROE) was 8.1% as compared to 9.1% in 2021.

Free cash outflow was \$408 million as compared to the free cash inflow of \$1.76 billion in 2021. This was largely due to lower divestment proceeds from asset monetisation completed and higher investments made during the year. During the year, the Group invested in several energy & environment and sustainable urban renewal-related investments including – Cleantech Renewable Assets, a solar platform; Eco Management Korea Holdings Co., Ltd, a South Korean waste management company; and an office building in South Korea for which the Group will undertake asset enhancement and refurbishment work

## Key Performance Indicators

	2022 \$ million	22 vs 21 % +/-	2021 \$ million
Revenue <sup>1</sup>	6,620	-	6,611
Net profit	927	(9)	1,023
Earnings per share	52.1 cts	(7)	56.2 cts
Return on equity	8.1%	(11)	9.1%
Operating cash flow	260	n.m.f.	(352)
Free cash flow	(408)	n.m.f.	1,756
Total cash dividend per share	33.0 cts	-	33.0 cts

n.m.f. denotes no meaningful figure.

<sup>1</sup> Revenue from continuing operations.



**We achieved a net profit of \$927 million for FY 2022, with Asset Management as the largest contributor, representing about a third of the Group's earnings.**

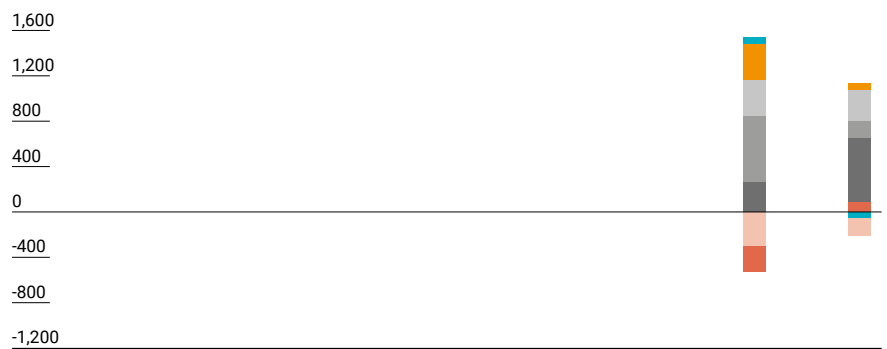
to enhance its performance and value. Net gearing increased from 0.68 times a year ago to 0.78 times at the end of 2022 due to a higher net debt as well as a lower equity base.

Total cash dividend for FY 2022 will be 33.0 cents per share, the same as the total dividend in FY 2021. This comprises a proposed final cash dividend of 18.0 cents per share as well as an interim cash dividend of 15.0 cents per share paid in the third quarter of 2022.

#### Multiple Income Streams

Recurring income increased \$298 million yoy to \$560 million. This was underpinned by higher earnings achieved by the power & renewables business and M1, stronger share of results from an associated company in Europe under Keppel Infrastructure, and higher contributions from the stakes in the REITs and Trust that the Group owns. Earnings from EPC/Development for Sale were lower yoy mainly due to lower contributions from trading projects in China and lower gains from enbloc sales.

#### Multiple Income Streams (\$ million)

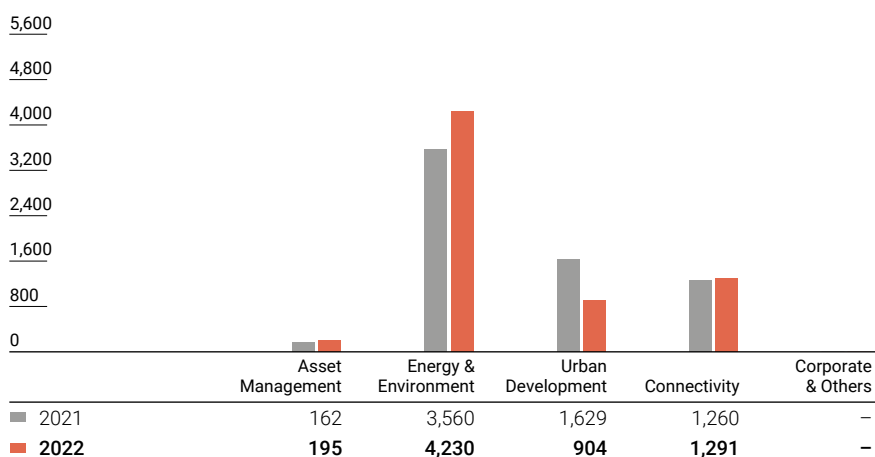


	2021	2022
Profit from Capital Recycling	61	(45)
FV Gain/(Loss) on Investments	315	58
Revaluation	317	282
EPC/Development for Sale	591	152
Recurring Income	262	560
Corporate Costs, Impairments and Others	(298)	(168)
Discontinued Operations	(225)	88
<b>Total</b>	<b>1,023</b>	<b>927</b>

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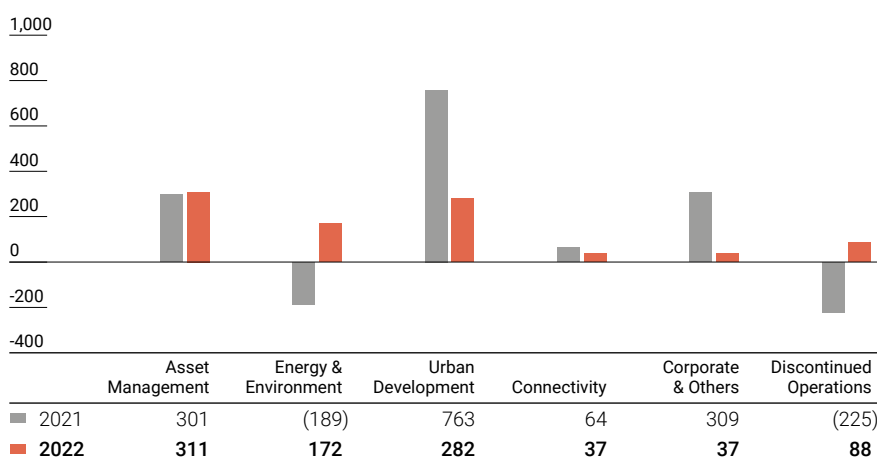
**Our recurring income more than doubled yoy to \$560 million in FY 2022.**

### Revenue<sup>1</sup> (\$ million)



<sup>1</sup> Numbers are for continuing operations.

### Net Profit/(Loss) (\$ million)



These arose largely as a result of the slowdown in the Chinese economy and China's zero-COVID policy, which affected home sales, the completion and handover of units, as well as asset monetisation. However, the Chinese economy is expected to recover in the coming months following the relaxation of COVID restrictions. The implementation of support policies targeted at both property developers and homebuyers should also help to bolster market sentiments. Although lower yoy, the Group continued to record healthy revaluation gains on investment properties and data centres, as well as fair value gains on investments in 2022. Impairments in 2022 were much lower than in the prior year when the Group recognised provisions related to KrisEnergy exposure.

### Segment Operations

Group revenue from continuing operations of \$6,620 million was at about the same level as 2021. Asset Management achieved a 20% or \$33 million increase in revenue to \$195 million underpinned by higher acquisition fees and management fees resulting from increased acquisitions completed. Revenue from Energy & Environment increased by \$670 million or 19% to \$4,230 million led by higher electricity and gas sales, and higher revenue recognition from Keppel Seghers' projects abroad. Urban Development's revenue decreased by \$725 million to \$904 million mainly due to lower revenue from property trading projects in China as a result of fewer units completed and handed over during the year. Revenue from Connectivity increased by \$31 million to \$1,291 million mainly due to M1 reporting higher mobile and enterprise revenue, including contribution from the newly acquired Glocomp Systems (M) Sdn Bhd, partly offset by lower handset sales, and lower revenue from the logistics business following the divestment of the logistics portfolio in Southeast Asia and Australia in July 2022.

Group net profit from continuing operations of \$839 million was \$409 million or 33% lower than that in 2021.

Net profit from Asset Management increased by \$10 million to \$311 million mainly due to higher fair value gains on investment properties recorded by Keppel REIT, and higher fee income arising from acquisitions completed. These were partly offset by mark-to-market losses from investments, as well as lower fair value gains on data centres recorded by Keppel DC REIT and private funds.

Energy & Environment registered a net profit of \$172 million in 2022, reversing the net

loss of \$189 million in 2021, which had included an impairment of \$318 million relating to the Group's exposures to KrisEnergy, partially offset by share of Floatel's net restructuring gain of \$215 million. For the current year, the segment recorded higher electricity and gas sales and contributions from Keppel Seghers' projects abroad, higher share of results from an associated company in Europe, and lower share of losses from Floatel. These were partially offset by the provision for supply chain cost escalation in the environment business.

Net profit from Urban Development decreased by \$481 million to \$282 million mainly due to lower contributions from property trading projects in China, lower fair value gains from investment properties, as well as lower gains from enbloc sales. The segment completed the disposals of Upview and Sheshan Riviera projects in Shanghai in 2022, as compared to the recognition of gains from the disposals of the Dong Nai project in Vietnam, Serenity Villas project in Chengdu, and China Chic project in Nanjing, and divestment of a partial interest in Tianjin Fushi Real Estate Development Co Ltd in 2021.

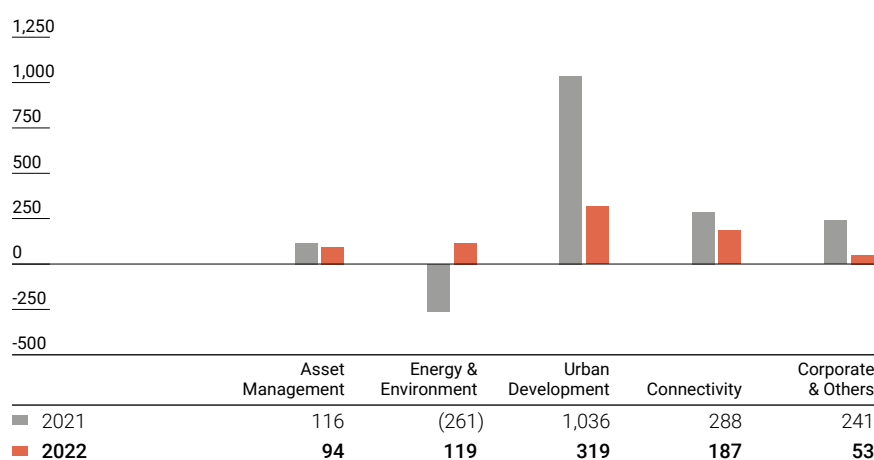
Connectivity's net profit of \$37 million was \$27 million lower than that in 2021. This was mainly due to the absence of gains from the divestment of interests in Keppel Logistics (Foshan) and Wuhu Sanshan Port Company Limited in 2021, and lower fair value gains on data centres, which was partly offset by higher net profit from M1.

Net profit from Corporate & Others decreased by \$272 million to \$37 million mainly due to lower fair value gains on investments and lower investment income. In the prior year, the segment recorded significant distribution income and fair value gains from its investments in new technology and start-ups, in particular, Envision AESC Global Investment L.P..

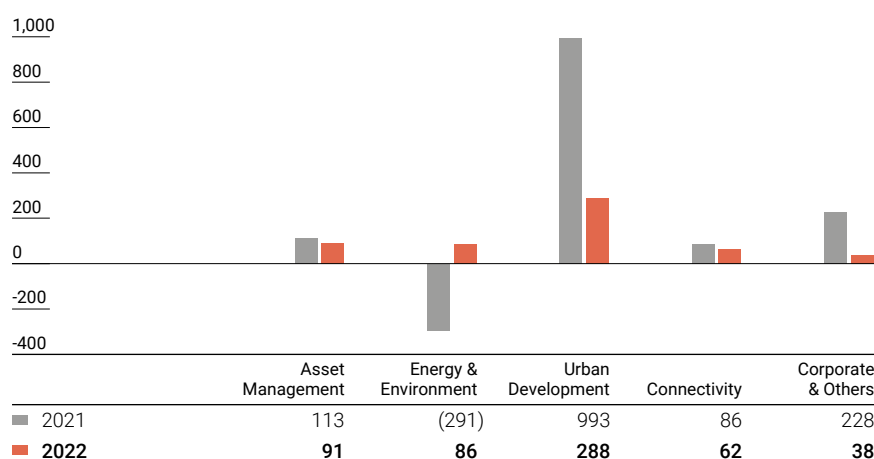
The Group's taxation decreased yoy mainly due to lower taxable profit from Urban Development. Taking into account income tax expenses, non-controlling interests and profit attributable to holders of perpetual securities, the Group's net profit from continuing operations attributable to shareholders for 2022 was \$839 million. All segments were profitable, including Energy & Environment which had registered a loss in 2021.

Including discontinued operations, the Group's net profit attributable to shareholders was \$927 million, which was \$96 million lower yoy.

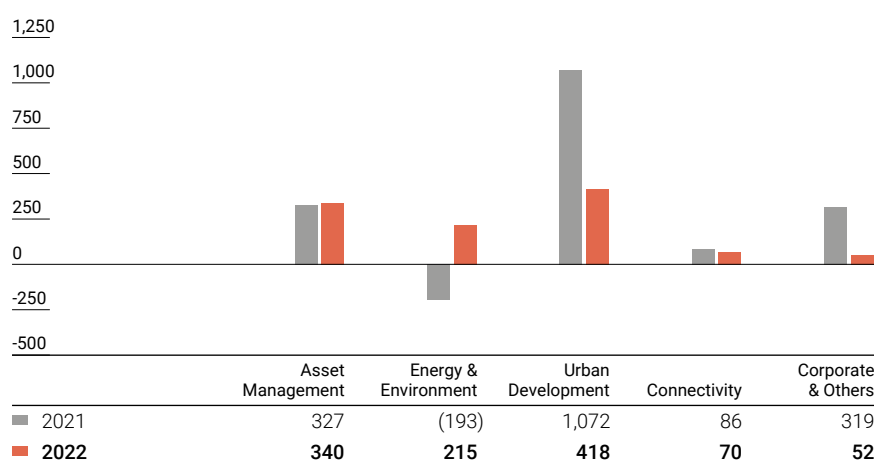
#### EBITDA<sup>1</sup> (\$ million)



#### Operating Profit/(Loss)<sup>1</sup> (\$ million)



#### Profit/(Loss) Before Tax<sup>1</sup> (\$ million)

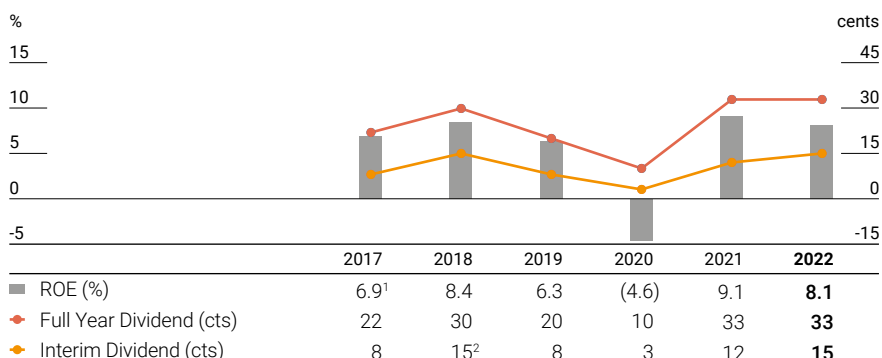


<sup>1</sup> Numbers are for continuing operations.



## Financial Review

### ROE & Dividend



<sup>1</sup> Excludes one-off financial penalty from global resolution & related costs.

<sup>2</sup> Includes special cash dividend of 5.0 cents/share.

The discontinued operations recorded a net profit of \$88 million, as compared to the net loss of \$225 million in 2021. In addition to revenue recognition from new projects and higher progressive revenue recognition on existing projects, the offshore & marine business recorded higher investment income, gains from the divestment of certain assets and a partial write-back of impairments on legacy rigs. These were partly offset by the provisions made for cost overruns on certain projects in Keppel's O&M's yard in the US. The Group has also ceased depreciation for the relevant assets classified under the disposal group held for sale.

### Shareholder Returns

ROE was 8.1%, compared to 9.1% in the previous year.

Taking into account the strong performance of the Group, and to reward shareholders for their confidence in the Company, the Company will be distributing a total cash dividend of 33.0 cents per share for 2022, comprising a proposed final cash dividend of 18.0 cents per share as well as the interim cash dividend of 15.0 cents per share distributed in the third quarter of 2022. On a per share basis, it translates into a gross yield of close to 7% on Keppel's adjusted share price of \$4.73<sup>1</sup> as at 31 December 2022.



<sup>1</sup> Adjustment relates to distribution *in specie* of Sembcorp Marine Ltd shares. Source: Bloomberg.

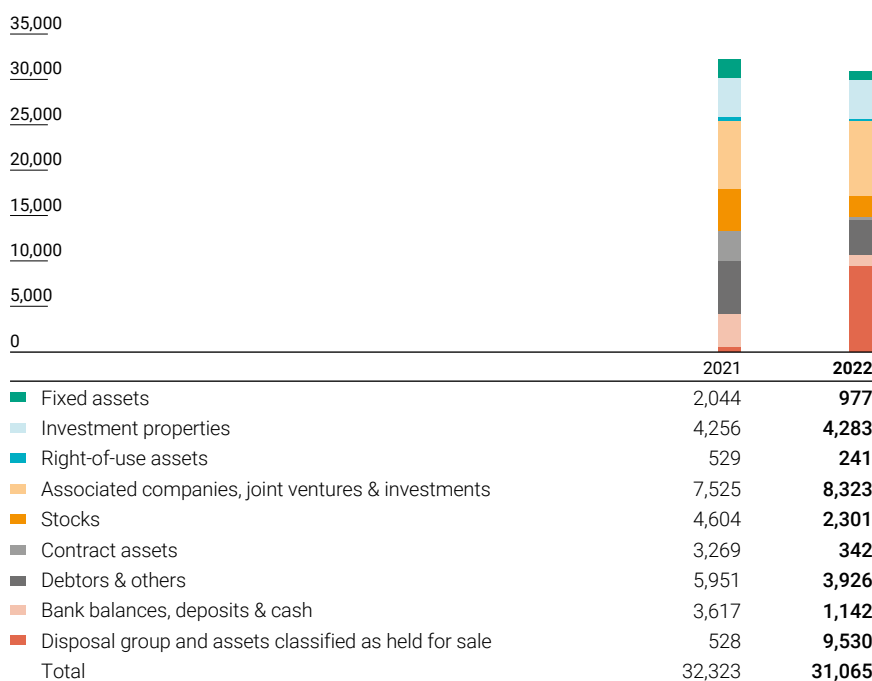
## Financial Position

Following the announcement on 27 April 2022 and in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities related to Keppel O&M, excluding the out-of-scope assets, had been presented in the balance sheet as "Disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale" as at 31 December 2022.

Group shareholders' funds decreased by \$0.48 billion to \$11.18 billion as at 31 December 2022. The decrease was mainly attributable to share buyback programme and foreign exchange translation losses, payment of final dividend of 21.0 cents per share in respect of financial year 2021, and payment of interim dividend of 15.0 cents per share in respect of the half year ended 30 June 2022, partly offset by retained profits and increase in fair value on cash flow hedges during the year.

Group total assets were \$31.07 billion as at 31 December 2022, \$1.26 billion lower than

### Total Assets Owned (\$ million)



**We will be distributing a total cash dividend of 33.0 cents per share for FY 2022, representing a gross yield of close to 7% on Keppel's adjusted share price of \$4.73 as at 31 December 2022.**

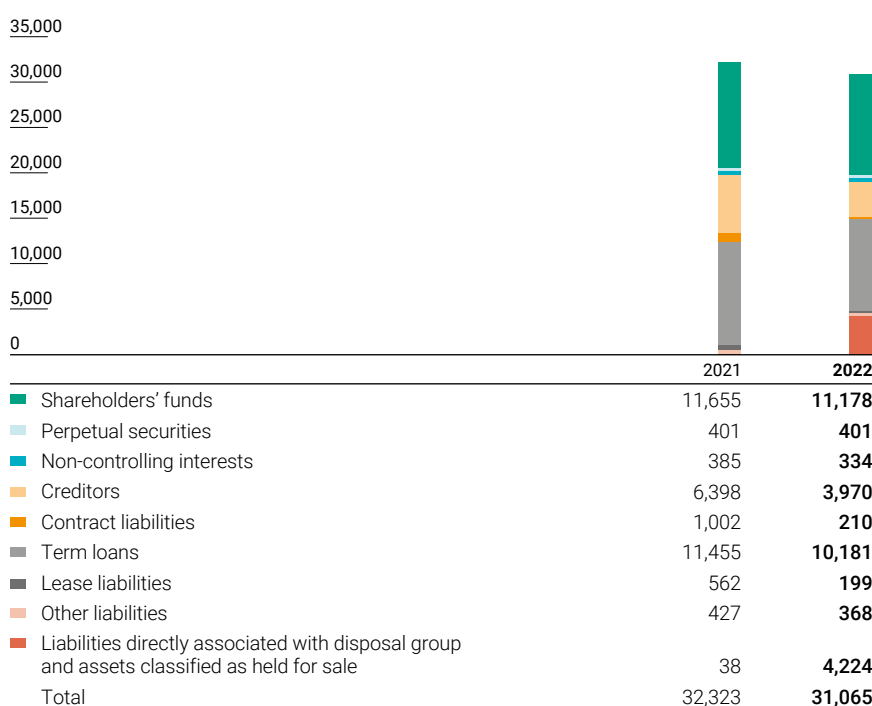
the previous year end. This was largely attributable to decrease in bank balances, deposits & cash, stocks and contract assets, partly offset by increase in investments in associated companies and joint ventures.

Group total liabilities of \$19.15 billion as at 31 December 2022 were \$0.73 billion lower than the previous year end. This was largely attributable to the net repayment of term loans.

Management also took into consideration climate-related issues and there was no material impact on the Company's financial reporting in FY 2022.

Group net debt increased by \$0.84 billion to \$9.24 billion as at 31 December 2022, driven largely by dividend payments, share buybacks, investments in associated companies and joint ventures as well as additions of fixed assets and investment properties. Total equity decreased by \$0.53 billion mainly due to decrease in shareholders' funds as explained above. As a result, group net gearing ratio increased from 68% at 31 December 2021 to 78% at 31 December 2022.

### Total Liabilities Owed and Capital Invested (\$ million)



## Financial Review

### Total Shareholder Return (%)



### Total Shareholder Return

Our 2022 Total Shareholder Return (TSR) of 49.3% was 40.9 percentage points above the benchmark Straits Times Index's (STI) TSR of 8.4%. Our 10-year annualised TSR growth rate was 0.1% as compared to STI's 3.9%.

**Our 2022 Total Shareholder Return of 49.3% was 40.9 percentage points above the benchmark Straits Times Index's TSR of 8.4%.**

### Cash Flow

Net cash from operating activities was \$260 million for 2022. Net cash used in investment activities was \$668 million. The Group spent \$1,616 million on investments and operational capital expenditure and net advances to associated companies, joint ventures and joint venture partner of \$211 million. After taking into account the proceeds from divestments

and dividend income of \$1,159 million, the free cash outflow was \$408 million.

The free cash outflow as compared to free cash inflow in the prior year was mainly due to lower divestment proceeds from asset monetisation completed and higher investments made during the year. Proceeds from divestments completed during the

year included the divestment of Shanghai Fengwo Apartment Management Co Ltd, Shanghai Jinju Real Estate Development Co Ltd and Keppel Logistics Pte. Ltd., all of which are part of the Group's asset monetisation programme. In 2022, the Group invested in several energy & environment and sustainable urban renewal-related investments including –

### Cash Flow

	2022 \$ million	22 vs 21 + / (-)	2021 \$ million
Operating profit	727	(171)	898
Depreciation, amortisation & other non-cash items	(406)	164	(570)
Cash flow provided by operations before changes in working capital	321	(7)	328
Provisions made for stocks, contract assets and doubtful debts	87	(159)	246
Working capital changes	418	927	(509)
Interest receipt and payment & tax paid	(566)	(149)	(417)
<b>Net cash from/(used in) operating activities</b>	<b>260</b>	<b>612</b>	<b>(352)</b>
Investments & capital expenditure	(1,616)	(844)	(772)
Divestments & dividend income	1,159	(1,719)	2,878
Advances from/(to) associated companies, joint ventures and joint venture partner	(211)	(213)	2
<b>Net cash from/(used in) investing activities</b>	<b>(668)</b>	<b>(2,776)</b>	<b>2,108</b>
<b>Free cash flow</b>	<b>(408)</b>	<b>(2,164)</b>	<b>1,756</b>
Dividend paid to shareholders of the Company & subsidiaries	(676)	(319)	(357)

**We continued to strengthen our business resilience amidst rising interest rates. As at end-2022, about 67% of the Group's borrowings were on fixed rates, with an average interest cost of 3.24% and weighted tenor of about three years.**

Cleantech Renewable Assets, a solar energy platform; Eco Management Korea Holdings Co., Ltd, an integrated waste management services company; and 800 Super Holdings Limited, an integrated environmental solutions provider and capital expenditures.

Total distribution to shareholders of the Company and non-controlling shareholders of subsidiaries for the year amounted to \$676 million.

### Borrowings<sup>1</sup>

The Group borrows from local and foreign banks in the form of corporate loans and project loans. The Group also taps the debt capital market via issuance of primarily Singapore dollar bonds. Total Group borrowings excluding lease liabilities as at the end of 2022 were \$10.2 billion (2021: \$11.5 billion). At the end of 2022, 35% (2021: 41%) of Group borrowings were repayable within one year with the balance largely repayable more than two years later.

Unsecured borrowings constituted 93% (2021: 94%) of total borrowings with the balance secured by properties and other assets. Secured borrowings are mainly for financing of investment properties and project finance loans for property development projects. The net book value of properties and assets pledged/mortgaged to financial institutions amounted to \$2.17 billion (2021: \$2.22 billion).

Fixed rate borrowings constituted 66%<sup>2</sup> (2021: 70%) of total borrowings after taking into account the effect of derivative financial instruments with the balance at floating rates. Excluding notional hedge amount relating to highly probable future borrowings, the Group has cross currency swap and interest rate swap agreements with notional amount totalling \$4,710 million whereby it receives foreign currency fixed rates and variable rates equal to AUD BBSY and USD SOFR (in the case of the cross currency swaps) and variable rates equal to SOR, SORA and USD-LIBOR and USD SOFR (in the case of interest rate swaps) and pays fixed rates of between 0.06% and

3.62% on the notional amount. Details of these derivative financial instruments are disclosed in the notes to the financial statements.

Singapore dollar borrowings represented 64% (2021: 64%) of total borrowings after taking into account the effect of derivative financial instruments. The balance was mainly in US dollars. Foreign currency

borrowings were drawn to hedge against the Group's overseas investments and receivables that were denominated in foreign currencies.

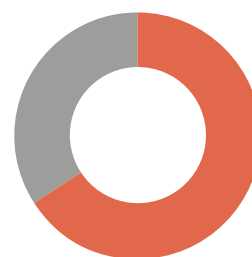
The weighted average tenor of the Group's debt was about three years at the end of 2022 and at the end of 2021, with an increase in average cost of funds as compared to end of 2021.

#### Secured/Unsecured Borrowings (%)



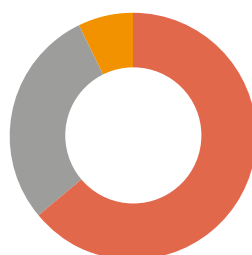
● Secured	7
● Unsecured	93
<b>Total</b>	<b>100</b>

#### Fixed/Floating Borrowings (%)



● Fixed	66 <sup>2</sup>
● Floating	34
<b>Total</b>	<b>100</b>

#### Borrowings by Currency (%)



● SGD	64
● USD	29
● Others	7
<b>Total</b>	<b>100</b>

#### Debt Maturity (\$ million)



● > 5 Years	1,072	11%
● 4-5 Years	1,468	14%
● 3-4 Years	1,024	10%
● 2-3 Years	1,180	12%
● 1-2 Years	1,859	18%
● < 1 Year	3,578	35%
<b>Total</b>	<b>10,181</b>	<b>100%</b>

<sup>1</sup> Borrowings exclude lease liabilities.

<sup>2</sup> Fixed rate borrowings exclude perpetual securities which have been accounted for as equity. Including perpetual securities, fixed rate borrowings would be 67%.



## Financial Review

Keppel's strong financial capacity allows us to drive transformation and pursue growth opportunities in line with Vision 2030, as well as reward our shareholders.

### Capital Structure & Financial Resources

The Group maintains a strong balance sheet and an efficient capital structure to maximise return for shareholders.

#### Capital Structure

Total equity at end-2022 was \$11.91 billion as compared to \$12.44 billion as at end-2021. The Group was in a net debt (including lease liabilities) position of \$9,238 million as at end-2022, which was above the \$8,400 million as at end-2021. The Group's net gearing ratio was 0.78 times as at end-2022, compared to 0.68 times as at end-2021.

At the Annual General Meeting in 2021, shareholders gave their approval for the mandate to buy back shares. During the year, 75,864,000 shares were bought back and held as treasury shares. The Company also transferred 8,209,410 treasury shares to employees upon vesting of shares released under the KCL Share Plans. As at the end of the year, the Company had 68,597,849 treasury shares. Except for the transfer, there was no other sale, transfer, disposal, cancellation and/or use of treasury shares during the year.

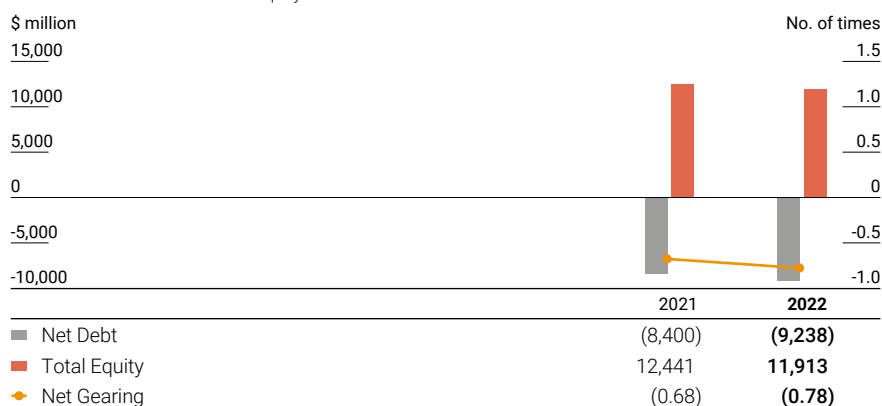
#### Financial Resources

The Group continues to be able to tap into the debt capital market at competitive terms.

As part of its liquidity management, the Group has built up adequate cash reserves

#### Net Cash/(Gearing)

$$\text{Net Gearing} = \frac{\text{Borrowings} + \text{Lease Liabilities} - \text{Cash}}{\text{Total Equity}}$$



as well as sufficient undrawn banking facilities and capital market programmes. Funding of working capital requirements, capital expenditure and investment needs was made through a mix of short-term money market borrowings, commercial papers, bank loans as well as medium/long term bonds via the debt capital market.

As at end-2022, total available credit facilities, including cash at Corporate Treasury and bank guarantee facilities, amounted to \$5.83 billion (2021: \$8.08 billion).

#### Critical Accounting Judgments & Estimates

The Group's significant accounting policies are discussed in more detail in the notes to the financial statements. The preparation of financial statements requires management to exercise its judgements in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses. Critical accounting judgments and estimates are described in Note 2.28 to the financial statements.

#### Financial Capacity

	\$ million	Remarks
Cash at Corporate Treasury	390	34% of total cash of \$1.14 billion
Available credit facilities to the Group	5,438	Credit facilities of \$9.34 billion, of which \$3.90 billion was utilised
<b>Total</b>	<b>5,828</b>	