

Keppel Corporation

FY 2004 Results Announcement

27 January, 2005

Scope of Briefing

- ◆ Address by Executive Chairman
- ◆ Group Financial Highlights
- ◆ Business Review & Outlook

Another Sterling Year

- ◆ EPS of 60.3 cents, up 18%
- ◆ PATMI of S\$468m, up 18.5%
- ◆ ROE increased to 15.7%
- ◆ Achieved positive EVA

Positive Developments in Our Businesses

- ◆ Increased E&P spending
- ◆ Secured record S\$3.1b of O&M orders
- ◆ Achieved targeted margins on contracts
- ◆ Strong refining margins; record profits for SPC
- ◆ Robust demand for regional residential properties
- ◆ Improving domestic property market

Earnings Outlook

- ◆ Strong O&M orderbook of S\$3.4b
- ◆ Promising prospects for O&M sector
- ◆ Healthy refining margins
- ◆ Strong overseas property pipeline
- ◆ Continuing improvement in domestic property market

Maintain Financial Targets

- ◆ EPS CAGR of 8-12% through 2005
- ◆ ROE above 15%

Building Beyond 2006

- ◆ Strengthen core competencies through investments in R&D and strategic acquisitions

- ◆ Develop strategic footprint in growing Asian markets

- ◆ Broaden and deepen energy value chain

- ◆ Develop long-term earnings streams
 - Township developments; property fund management
 - Cogen; BOO-projects

Shaping a Value-Added Mindset

- ◆ Value-driven approach for businesses
- ◆ Maintain strong financial discipline in investment decisions
- ◆ Keppel Corporation included value-added based reward scheme for employees in 2004
- ◆ Value-added based reward scheme will be progressively introduced to other Group units

**Group committed to deliver
value to shareholders**

Group Financial Highlights

2004 Performance

- ◆ PATMI of S\$468m, up 18.5%
- ◆ EPS of 60.3 cents, up 18%
- ◆ Total distribution of 40 cents per share
- ◆ ROE increased to 15.7%
- ◆ EVA improved by S\$160m
- ◆ Free cash flow of S\$583m
- ◆ Divestments of S\$214m
- ◆ 0.64x gearing

Financial Highlights

S\$m	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Turnover	3,963	5,947	(33.4)
EBITDA	595	728	(18.3)
Operating Profit	414	505	(18.0)
Profit Before Tax	647	557	16.2
PATMI	468	395	18.5
EPS (cents)	60.3	51.1	18.0

Earnings growth exceeded target

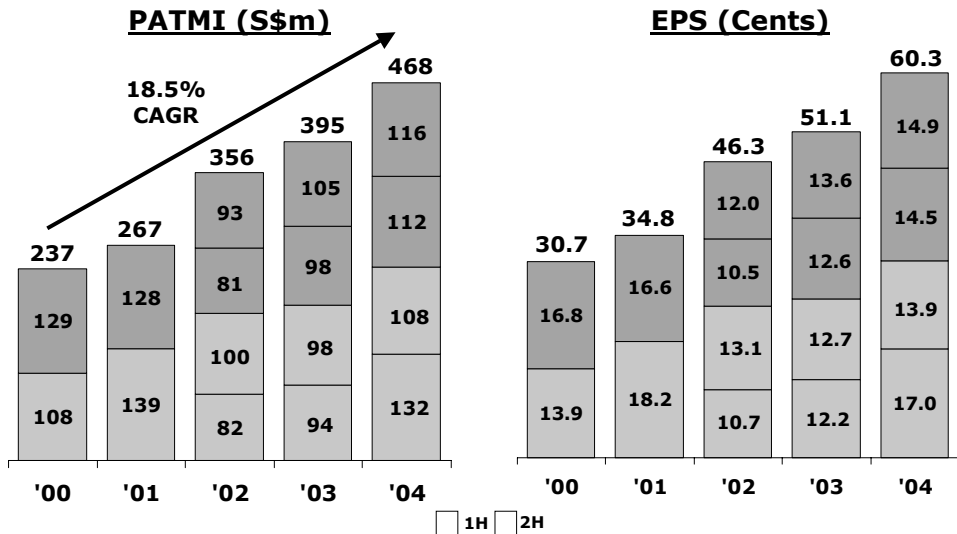
Turnover by Segments

S\$m	<u>2004</u>	<u>%</u>	<u>2003</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	2,430	61	1,460	25	66
Property	712	18	866	15	(18)
Infrastructure	763	19	857	14	(11)
Investments	58	2	2,764	46	(98)
Total	3,963	100	5,947	100	(33)

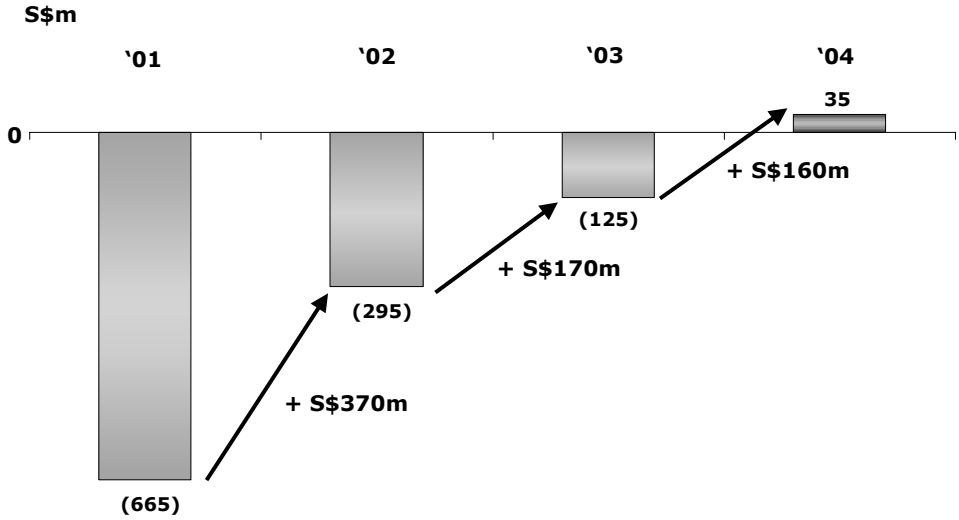
PATMI by Segments

S\$m	<u>2004</u>	<u>%</u>	<u>2003</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	194	41	143	36	36
Property	118	25	109	28	8
Infrastructure	21	5	54	14	(61)
Investments	135	29	89	22	52
Total	468	100	395	100	19

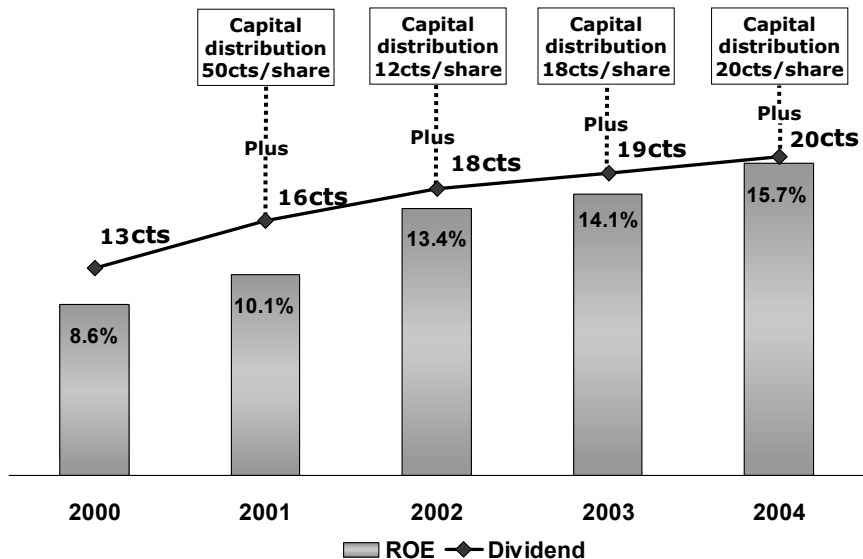
Consistent Growth



Achieved Positive EVA



Increasing ROE & Dividend



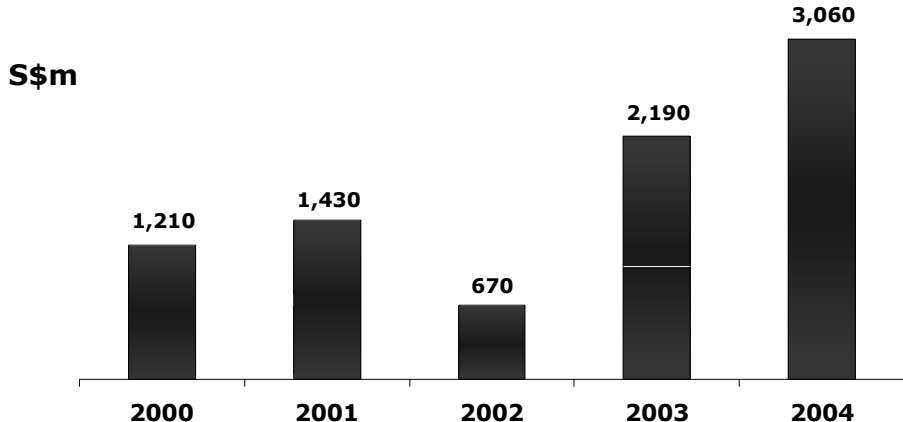
Healthy Free Cash Flow

	<u>2004</u>
	S\$m
Cash flow from operating activities	
Operating profit	414
Depreciation, amortisation and other non-cash items	<u>184</u>
	598
Working capital changes	(28)
Interest & tax paid	(40)
Net cash from operating activities	<u>530</u>
Investments & capex	(219)
Proceeds from divestments	214
Dividend income	<u>58</u>
Net cash from investing activities	<u>53</u>
Free Cash Flow	<u>583</u>
Dividends paid	<u>286</u>

Business Review & Outlook

Offshore & Marine

Record Contracts



Currently pursuing S\$5b worth of contracts

Global Contracts in 2004



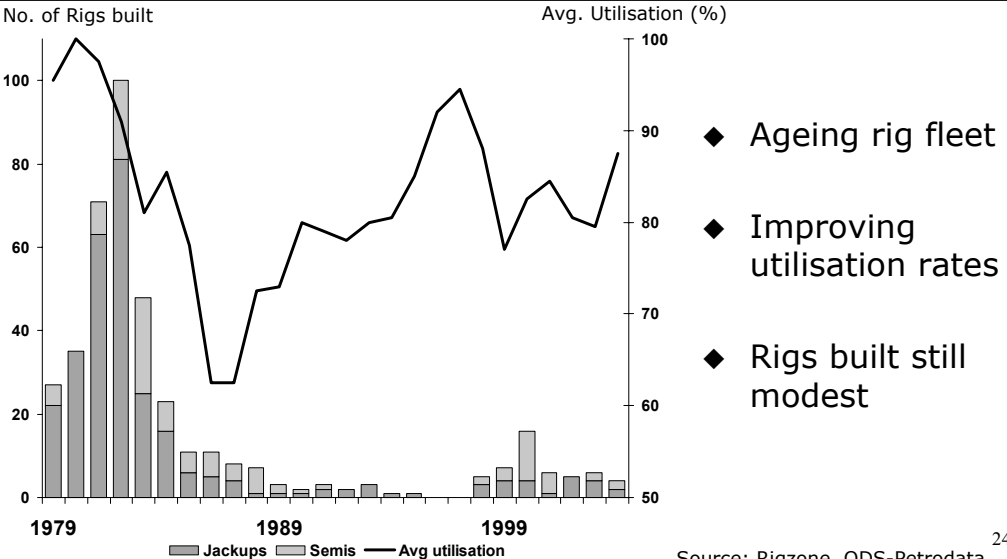
“Near Market, Near Customer” strategy

Strong Orderbook

- ◆ Net orderbook rose from S\$1.9b end-2003 to S\$3.4b end-2004

- ◆ Targeted margins achievable

Sustainable Offshore Cycle



- ◆ Ageing rig fleet
- ◆ Improving utilisation rates
- ◆ Rigs built still modest

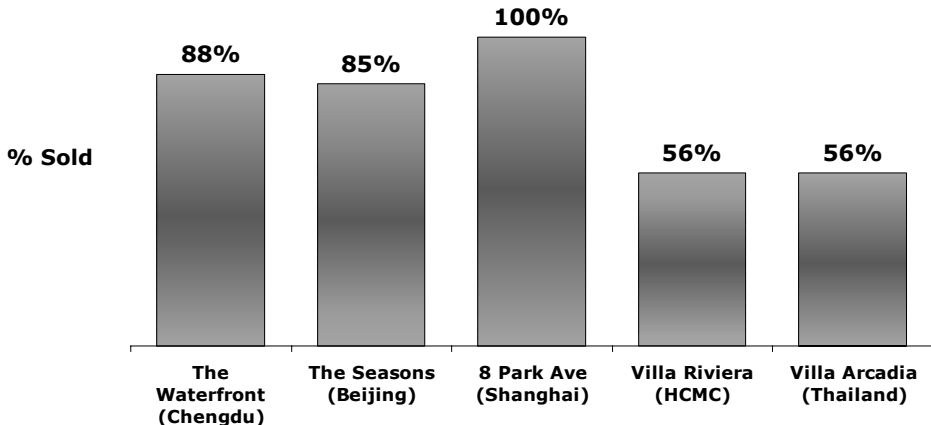
Robust Demand Drivers

- ◆ Positive fundamentals supporting global E&P spending
 - Strong growth in global oil & gas demand
 - Depleting reserves, geopolitical risks
 - Sustained, attractive oil prices prompt oil majors to raise price benchmark

- ◆ Demand for FPSO conversions and offshore support vessels remains strong

Property

Strong Overseas Sales



Units Launched Jan'04-Jan'05	550	541	230	25	50

Strengthening Our Asian Thrust

- ◆ Launched residential projects in Chengdu, Beijing, Shanghai, Bangkok and Ho Chi Minh City
- ◆ Diversified into villas and landed homes in Shanghai to tap new segment demand
- ◆ Entered into condominium development in Bangalore
- ◆ Expanded into township development in Jakarta

Building Long-term Earnings

- ◆ Township developments provide sustainable earnings stream over next 10 years
 - Chengdu, Ho Chi Minh City and Jakarta

- ◆ Expanding fee-based income
 - Alpha Core Plus Real Estate Fund first closing S\$275m; target fund size S\$400m

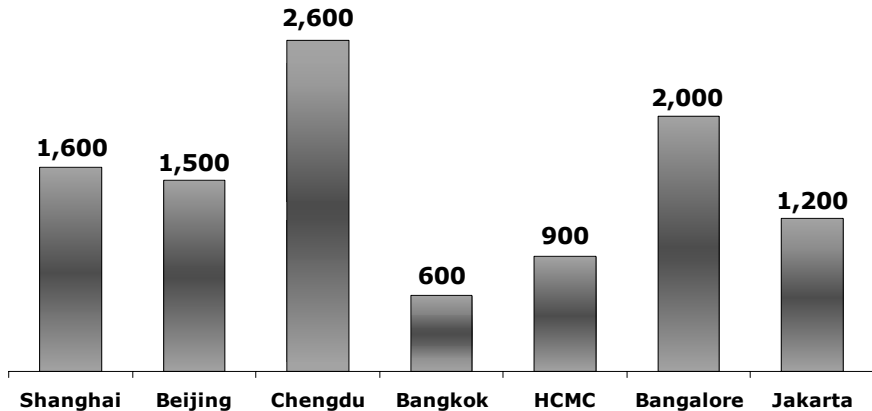
 - When funds fully invested, total assets under management more than S\$1b

Domestic Market Rebounds

- ◆ Continuing recovery of private residential market in 2005
 - Caribbean at Keppel Bay: All 135 units launched in 2nd release sold
 - Urbana: 78% of 96 launched units sold

- ◆ Ongoing recovery of prime office properties; limited new supply next few years
 - ABN AMRO took up 30% of South Tower at One Raffles Quay, largest office leasing transaction since 1998

Overseas Pipeline Next 2 - 3 Years



■ Units to be launched

Infrastructure

Environmental Engineering

- ◆ S\$191m contracts secured in 2004
- ◆ Secured Singapore's largest NEWater plant
- ◆ Continue to enhance technology capabilities through in-house R&D and strategic acquisitions
- ◆ Pursuing S\$980m new contracts

Continuing to strengthen growth drivers

Power Generation

- ◆ Financial close for cogen power project in 1Q 2005; earnings to kick in from 2007
- ◆ Exploring alternatives for power barges
- ◆ Increasing regional energy demand present opportunities

Steady earnings stream from cogen plant

Oil & Gas

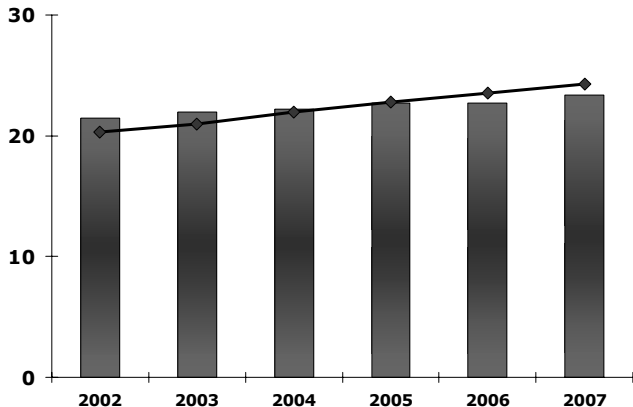
SPC Milestones

- ◆ Increased investments in upstream sector

- ◆ Acquired downstream assets

Tight Refining Capacity

Million Barrels
Per Day

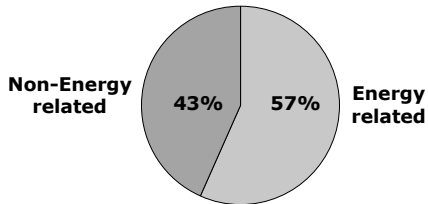


- ◆ Strong Asian demand
- ◆ Capacity expansion not apparent
- ◆ Structural improvement with new fuel standards

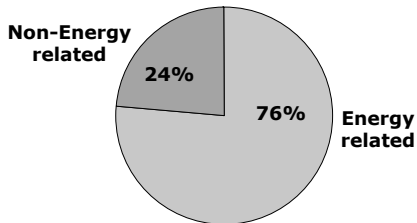
■ Asia Pac Refining Capacity ◆ Oil Demand

Profit Mix

2003



2004



Keppel Corporation

FY 2004 Results

Thank You
Q&A

Additional Info

Keppel Corporation

Financial Highlights – Keppel Corp

S\$m	<u>4Q 2004</u>	<u>4Q 2003</u>	<u>% Change</u>
Turnover	1,168	1,216	(4)
EBITDA	130	192	(32)
Operating Profit	68	137	(50)
Profit Before Tax	169	158	7
PATMI	116	105	10

Turnover by Customers

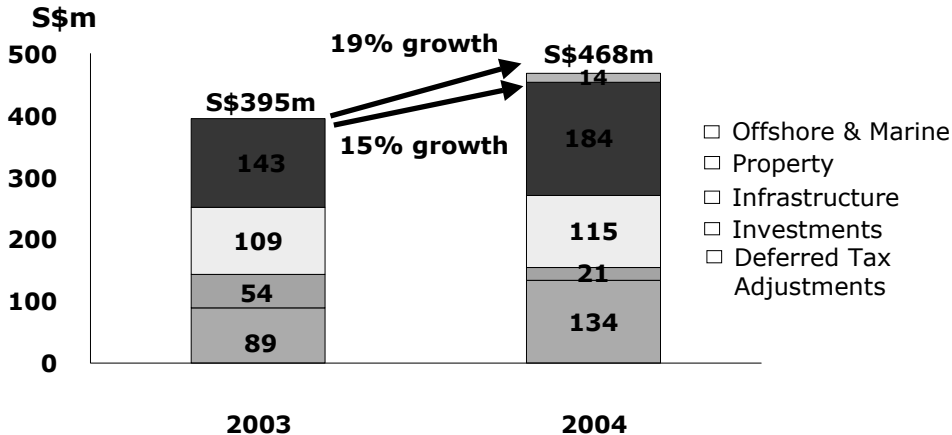
	2004		
	<u>Total</u>	<u>Overseas</u>	<u>Singapore</u>
	S\$m	%	%
Offshore & Marine	2,430	90	10
Property	712	34	66
Infrastructure	763	60	40
Investments	58	54	46
Total	3,963	74	26

**74% of total turnover
came from overseas customers**

EBITDA by Segments

S\$m	<u>2004</u>	<u>%</u>	<u>2003</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	308	52	257	35	20
Property	195	33	207	28	(6)
Infrastructure	73	12	120	17	(39)
Investments	19	3	144	20	(87)
Total	595	100	728	100	(18)

PATMI By Segments



Note: 2004 PATMI includes deferred tax adjustments of S\$10m in Offshore & Marine, S\$3m in Property and S\$1m in Investments

Capital/Gearing/ROE

S\$m	<u>31 Dec 2004</u>	<u>31 Dec 2003</u>
Shareholders' Funds	3,084	2,890
Capital Employed	4,249	3,959
Net Debt	2,726	3,040
Net Gearing	0.64x	0.77x
ROE	15.7%	14.1%

Offshore & Marine

Financial Highlights – Offshore & Marine

S\$m	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Turnover	2,430	1,460	66
EBITDA	308	257	20
Operating Profit	249	188	32
Profit Before Tax	250	189	32
PATMI	194	143	36
PATMI (excl. deferred tax adjustments)	184	143	29

Financial Highlights – Offshore & Marine

S\$m	<u>4Q 2004</u>	<u>4Q 2003</u>	<u>% Change</u>
Turnover	798	425	88
EBITDA	91	60	52
Operating Profit	75	44	70
Profit Before Tax	75	46	63
PATMI	51	31	65

Offshore & Marine Review

- ◆ S\$541m contracts secured in 4Q 2004:
 - 1 JU newbuild, 4 JU repairs, 1 sludge vessel, 2 accommodation platforms, 1 semi upgrade/repair, 1 pipelayer modification, 1 gas compressor platform, 1 FPSO upgrade and 1 AHTS

- ◆ Major contract completions in 4Q 2004:
 - 1 CPP3 platform, 3 JU repairs, 1 semi repair, 3 AHTS, 1 FPSO conversion, 1 support vessel refit and 2 Tugs

Offshore & Marine Orderbook

	<u>Balance Order S\$m</u>	<u>Clients</u>
<u>For delivery in 2005</u>		
3 Jack ups / 7 Jack Up Upgrades / Repairs / 1 Semi Modification / 1 Semi Upgrade / 1 Semi Conversion	313	BP / NDC / Ensco / JDC / Diamond / Atwood / Boeing / Transocean / JCE Group
1 FPSO Upgrade / 1 FSO Conversion / 1 Gas Compressor Platform / 1 Cruise Vessel Lengthening / 1 Cruise Vessel Refurbishment / 1 Derrick Barge Upgrade / Suction Cans / 1 Pipelayer Modification / 1 Cement Carrier Conversion	143	Bergesen / Perenco / Petrobras / Kvaener / easyCruise / Saipem / Technip / Allseas / Windstor
2 PSVs / 10 AHTS / 4 Tugs	165	Maersk / Gulfmark Offshore / Pacific Richfield / Bourbon / Smit / Hadi Hammam / PSA Marine / Keppel Smit
<u>For delivery in 2006</u>		
4 Jack Ups / 2 Accommodation Platforms / 4 AHTS	889	Skeie / Odfjell / GDI / Pemex / Bourbon / Smit / Hadi Hammam
<u>For delivery in 2007</u>		
1 Semi (P52) / 1 Sludge Vessel	816	Petrobras / City of New York
<u>For delivery in 2008</u>		
1 Semi (P51)	1,093	Petrobras
TOTAL as at 31 Dec 2004	<u>S\$3.4b</u>	

Property

Financial Highlights - Property

S\$m	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Turnover	712	866	(18)
EBITDA	195	207	(6)
Operating Profit	179	191	(6)
Profit Before Tax	194	183	6
PATMI	118	109	8
PATMI (excl. deferred tax adjustments)	115	109	6

Financial Highlights – Property

S\$m	<u>4Q 2004</u>	<u>4Q 2003</u>	<u>% Change</u>
Turnover	162	255	(36)
EBITDA	35	70	(50)
Operating Profit	29	66	(56)
Profit Before Tax	40	63	(37)
PATMI	29	40	(28)

Infrastructure

Financial Highlights – Infrastructure

S\$m	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Turnover	763	857	(11)
EBITDA	73	120	(39)
Operating Profit	4	40	(90)
Profit Before Tax	27	56	(52)
PATMI	21	54	(61)

Financial Highlights – Infrastructure

S\$m	<u>4Q 2004</u>	<u>4Q 2003</u>	<u>% Change</u>
Turnover	207	239	(13)
EBITDA	1	30	(97)
Operating Profit	(16)	6	NM
Profit Before Tax	(9)	11	NM
PATMI	(12)	9	NM

Infrastructure

Order Book & Job Prospects

	<u>S\$m</u>	
	<u>Order Book</u>	<u>Job Prospects</u>
Utilities Engineering	491	980
Network Engineering	31	60
Total	<u>522</u>	<u>1,040</u>

Investments

Financial Highlights - Investments

S\$m	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Turnover	58	2,764	(98)
EBITDA	19	144	(87)
Operating Profit	(18)	86	NM
Profit Before Tax	176	129	36
PATMI	135	89	52
PATMI (excl. deferred tax adjustments)	134	89	51

Financial Highlights – Investments

S\$m	<u>4Q 2004</u>	<u>4Q 2003</u>	<u>% Change</u>
Turnover	1	297	(100)
EBITDA	3	32	(91)
Operating Profit	(20)	21	NM
Profit Before Tax	63	38	66
PATMI	48	25	92

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.