



1H 2004 Results Announcement

29 July, 2004

Scope of Briefing

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

1 H 2004 Results

- ◆ PATMI of S\$240m, up 25% from 1H 2003
- ◆ Interim dividend of 9 cents per share

Outlook for 2H 2004

- ◆ On track to meet EPS CAGR of 8-12% through 2005
- ◆ Continued improvement in EVA

Strengthening Core Competencies

- ◆ Enhanced technological capability, wider global marketing network to meet:
 - Greater demand for offshore equipment
 - Enlarging pool of middle income earners in Asia
 - Need for better quality and wider range of infrastructure services

Better positioned to ride uncertainties of global economy in the medium term

Group Financial Highlights

1 H 2004 Performance

- ◆ PATMI of S\$240m, up 25% from 1H 2003
- ◆ EPS of 30.9 cents, up 24% from 1H 2003
- ◆ Annualised ROE increased to 15.3%
- ◆ EVA improved by S\$106m over 1H 2003
- ◆ Free cash flow of S\$280m
- ◆ Divestments of S\$160m
- ◆ 0.74x gearing
- ◆ Interim dividend of 9 cents per share

Earnings & EPS Growth

S\$m	<u>1H 2004</u>	<u>1H 2003</u>	<u>% Change</u>
Turnover	1,818	3,220	(44)
EBITDA	310	347	(11)
Operating Profit	230	241	(5)
Profit Before Tax	306	254	20
PATMI	240	192	25
PATMI (excl. deferred tax adjustment)	226	192	18
EPS (cents)	30.9	24.9	24

Solid PATMI and EPS growth

Turnover by Segments

S\$m

	<u>1H 2004</u>	<u>%</u>	<u>1H 2003</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	1,045	58	725	23	44
Property	348	19	376	12	(7)
Infrastructure	382	21	401	12	(5)
Sub Total	1,775	98	1,502	47	18
Investments*	43	2	1,718	53	(97)
Total	1,818	100	3,220	100	(44)

Strong growth in O&M's turnover

PATMI by Segments

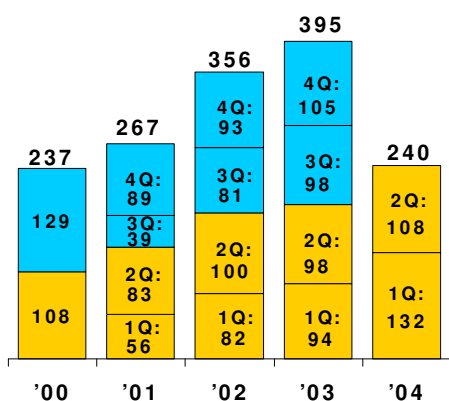
S\$m	<u>1H 2004</u>	<u>%</u>	<u>1H 2003</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	106	44	74	39	43
Property	54	22	43	22	26
Infrastructure	28	12	32	17	(13)
Sub Total	188	78	149	78	26
Investments	52	22	43	22	21
Total*	240	100	192	100	25

O&M & Property contributed significantly to improvement in PATMI

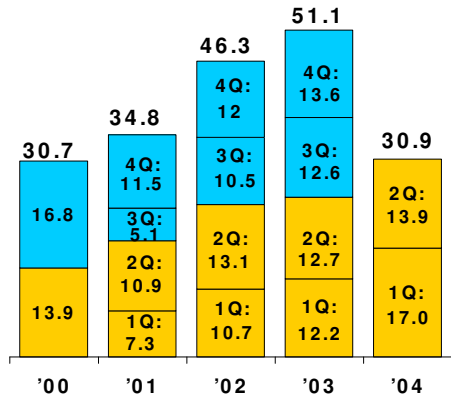
* 1H 2004 PATMI includes deferred tax adjustments of S\$10m in Offshore & Marine, S\$3m in Property and S\$1m in Investments

5-year PATMI & EPS

PATMI (S\$m)

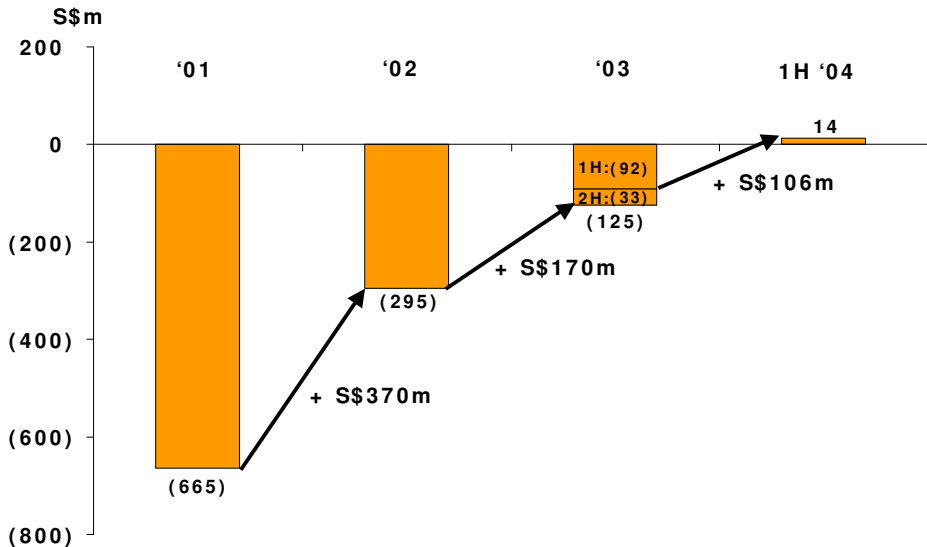


EPS (Cents)



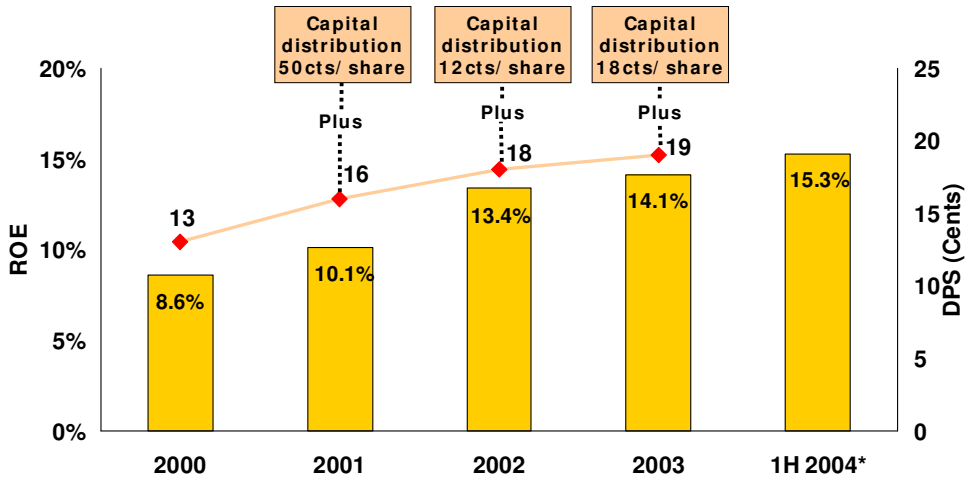
1H 2H

Positive EVA



Disciplined Capital Management

ROE & DPS



* Annualised ROE

■ ROE ◆ Dividend

Healthy Free Cash Flow

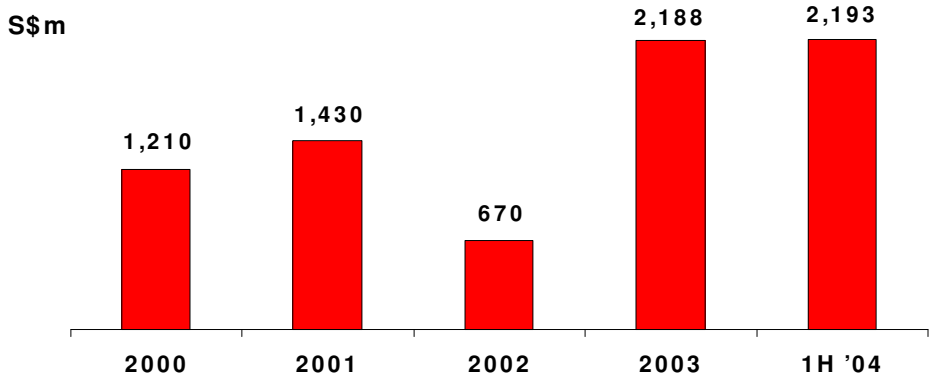
	1H 2004
	S\$m
Cash flow from operating activities	
Operating profit	230
Depreciation & amortisation	80
Working capital changes	(149)
Interest & tax paid	(25)
Net cash from operating activities	136
Operational capex	(49)
Proceeds from divestments	146
Dividend income	47
Net cash from investing activities	144
Free Cash Flow	280
Dividends paid	(224)

Business Review

Staying the course

- ◆ Strong O&M orderbook
 - Net orderbook rose to S\$3.5b at end June 2004 from S\$1.9b at end 2003
 - Margins on target despite rising material costs
- ◆ Progressive profit recognition from Singapore and overseas trading properties
- ◆ Infrastructure orderbook of S\$652m, bulk of which to be delivered over the next 2 years
- ◆ SPC enjoying favourable refining margins

New contracts secured by O&M



1H 2004 contracts secured exceeded entire 2003

Initiatives for future earnings growth

Offshore & Marine

- ◆ Actively pursuing contracts of S\$5b
- ◆ Strategic partnerships with customers

Property

- ◆ Seeking out residential and township development opportunities in growth areas in Asia

Infrastructure

- ◆ Strengthening marketing network in Environmental Engineering
- ◆ Intensifying efforts to secure regional power projects

Investments

- ◆ Continuing value creation

Business Outlook

Offshore & Marine

External environment augurs well for O&M

- ◆ Global E&P spending expected to rise by 9% this year, up from the earlier 4% forecast
 - Oil price remains favourable for E&P activities
 - Uncertainties in the Middle East
- ◆ Ageing fleets of jackups and offshore supply vessels
- ◆ Sustained market for FPSO conversions

Prospects of Key Offshore Markets

- ◆ Brazil
 - Country aims to be self-sufficient in hydrocarbons
 - Deepwater market remains strong
- ◆ Mexico
 - Demand for offshore equipment expected to rise
 - NOC spending heavily on exploration and development
- ◆ Middle East – Region attracting drillers, boosting demand for jackups
- ◆ Caspian Sea – Continued high level of activities
- ◆ West Africa – Deep water discoveries off Angola and Nigeria

Offshore & Marine Job Prospects

Contracts currently being pursued:

<u>Products/ Services</u>	<u>Estimated Value</u>
	S\$b
Jackups (Newbuildings/ Repairs/ Upgrading)	2.0
Semi-submersibles (Newbuildings/ Repairs/ Upgrading)	0.5
FPSOs (Conversions/ Upgrades)	1.0
Shipbuilding (AHTS/ Tugs/ Supply Vessels etc.)	0.7
Platforms/ Topsides/ Turrets etc.	0.8
Total	5.0

Property

Growth potential in overseas markets

- ◆ China
 - Demand continues to grow despite government measures to prevent overheating
- ◆ Thailand
 - Demand for landed properties remains positive
- ◆ Vietnam
 - Supported by favourable demographics and growing middle-income earners
- ◆ India
 - Rising affluence drives demand for residential properties
- ◆ Continue to explore development projects in Asia

Overseas Property Pipeline

<u>Projects</u>	<u>Total No. of Units to launch (2004-06)</u>
Shanghai	1,653
Beijing	1,859
Chengdu	3,115
Bangkok	637
Ho Chi Minh City	613
Bangalore	400
Total	<u>8,277</u>

**Overseas development projects will underpin
Property's 2004-2006 earnings**

Singapore market stabilises

- ◆ Office rental market shows signs of improvement
 - Improvement in occupancy rates in selected areas
 - Office rental rates have stabilised

- ◆ Several residential launches planned for 2004

- ◆ Continue efforts to divest investment properties through REIT, direct sale or securitisation

Infrastructure

Infrastructure Outlook

- ◆ Working on new contract for power barges
- ◆ Finalising plans for cogen power plant
- ◆ Continue to build up core competencies in Environmental Engineering
 - Enhancing technology capabilities
 - Strengthening marketing network
- ◆ Focus on cost and execution for Network Engineering
- ◆ Pursuing S\$800m new contracts

2004 Financial Targets

- ✓ Sustained growth
- ✓ EPS CAGR of 8-12% through 2005
- ✓ Maintain ROE of 15%
- ✓ Continued EVA improvement
- ✓ Maintain dividend payout ratio of 30-35%

Keppel Corporation 1 H 2004 Results

**Thank You
Q&A**

Additional Info

Keppel Corporation

Financial Highlights – Keppel Corp

S\$m	<u>1Q 2004</u>	<u>1Q 2003</u>	<u>% Change</u>
Turnover	896	1,744	(49)
EBITDA	147	175	(16)
Operating Profit	109	121	(10)
Profit Before Tax	148	132	12
PATMI	132	94	40
PATMI (excl. deferred tax adjustments)	118	94	26

Financial Highlights – Keppel Corp

S\$m	<u>2Q 2004</u>	<u>2Q 2003</u>	<u>% Change</u>
Turnover	922	1,476	(38)
EBITDA	163	172	(5)
Operating Profit	121	120	1
Profit Before Tax	158	122	30
PATMI	108	98	10

Turnover by Customers

1H 2004

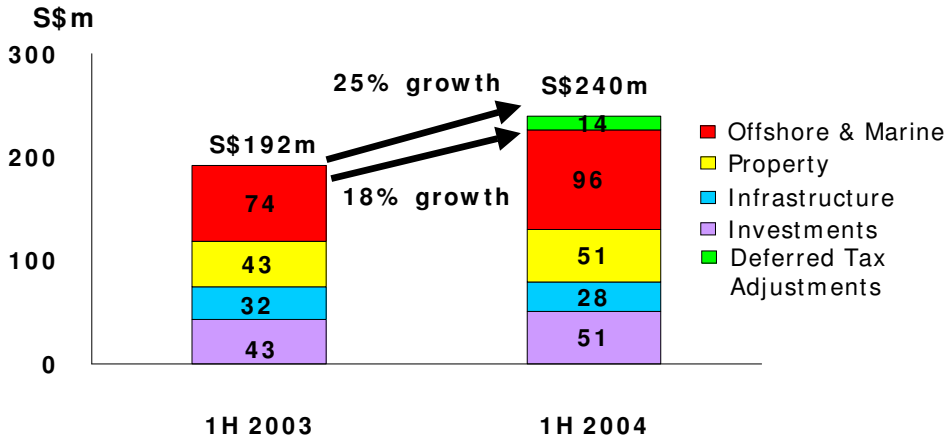
	<u>Total</u> S\$m	<u>Overseas</u> %	<u>Singapore</u> %
Offshore & Marine	1,045	89	11
Property	348	30	70
Infrastructure	382	62	38
Sub total	1,775	72	28
Investments	43	57	43
Total	1,818	71	29

**71% of total turnover
came from overseas customers**

EBITDA by Segments

S\$m	<u>1H 2004</u>	<u>%</u>	<u>1H 2003</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	145	47	129	37	12
Property	94	30	84	24	12
Infrastructure	55	18	61	18	(10)
Sub Total	294	95	274	79	7
Investments	16	5	73	21	(78)
Total	310	100	347	100	(11)

PATMI By Segments



Note: 1H 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>30 Jun 2004</u>	<u>31 Dec 2003</u>
Shareholders' Funds	2,929	2,890
Capital Employed	4,011	3,959
Net Debt	2,977	3,040
Net Gearing	0.74x	0.77x
ROE	15.3% *	14.1%

Offshore & Marine

Financial Highlights – Offshore & Marine

S\$m	<u>1H 2004</u>	<u>1H 2003</u>	<u>% Change</u>
Turnover	1,045	725	44
EBITDA	145	129	12
Operating Profit	117	96	22
Profit Before Tax	118	95	24
PATMI	106	74	43
PATMI (excl. deferred tax adjustments)	96	74	30

Financial Highlights – Offshore & Marine

S\$m	<u>1Q 2004</u>	<u>1Q 2003</u>	<u>% Change</u>
Turnover	547	393	39
EBITDA	82	65	26
Operating Profit	68	49	39
Profit Before Tax	70	48	46
PATMI	72	36	100
PATMI (excl. deferred tax adjustments)	62	36	72

Financial Highlights – Offshore & Marine

S\$m	<u>2Q 2004</u>	<u>2Q 2003</u>	<u>% Change</u>
Turnover	498	332	50
EBITDA	63	64	(2)
Operating Profit	49	47	4
Profit Before Tax	48	47	2
PATMI	34	38	(11)

Offshore & Marine

- ◆ S\$1,288m contracts secured in 2Q 2004:
 - 1 semi, 5 jackup upgrades, 1 jackup strip mating, 1 tender barge upgrade, 1 semi conversion, 2 shuttle tanker conversions, 4 tugs, 1 AHTS, 1 cement carrier conversion & 1 cruise vessel lengthening

- ◆ Major contract completions in 2Q 2004:
 - 1 spar platform, compressor modules, 1 FPSO conversion, 3 AHTS & 1 semi upgrade

Offshore & Marine Orderbook

	<u>S\$m</u>		<u>Clients</u>
	<u>Contract Value</u>	<u>Balance Order</u>	
<u>For delivery in 2004</u>			
5 Jackup Upgrades / 1 Processing Platform	160	46	Ensco / GSF / JDC / Noble / Petrovietnam
2 Semi Conversions/Upgrades / 1 FPSO Conversion	91	24	JCE Group / Stena Offshore / Halliburton
5 AHTS / 6 Tugs / 1 Support Vessel Refit / 1 Floating Dock Refurbishment / 1 Derrick Barge Upgrade/ 1 Tender Barge Upgrade / 2 Shuttle Tanker Conversions / 1 Cement Carrier Conversion	230	68	Delba Maritima / CH Offshore / Hadi Hammam / Keppel Smit / PSA Marine / RFA / BP / Saipem / Teekay / Windstor
<u>For delivery in 2005</u>			
2 Jackups / 1 Jackup Upgrade / 1 Semi Modification / 1 Cruise Vessel Lengthening / 2 PSVs / 9 AHTS / 2 Tugs	908	569	BP / NDC / Ensco / Boeing / Maersk / Kvaerner / Gulfmark Offshore / Pacific Richfield / Bourbon / Smit / PSA Marine
<u>For delivery in 2006</u>			
3 Jackups / 2 AHTS	644	644	Skeie / Ensco / Odfjell / Bourbon / Smit
<u>For delivery in 2007</u>			
1 Semi (P52)	1,073	1,073	Petrobras
<u>For delivery in 2008</u>			
1 Semi (P51)	1,093	1,093	Petrobras
TOTAL as at 30 June 2004	<u>S\$4.2b</u>	<u>S\$3.5b</u>	

Property

Financial Highlights - Property

S\$m	<u>1H 2004</u>	<u>1H 2003</u>	<u>% Change</u>
Turnover	348	376	(7)
EBITDA	94	84	12
Operating Profit	87	78	12
Profit Before Tax	91	73	25
PATMI	54	43	26
PATMI (excl. deferred tax adjustments)	51	43	19

Financial Highlights – Property

S\$m	<u>1Q 2004</u>	<u>1Q 2003</u>	<u>% Change</u>
Turnover	139	170	(18)
EBITDA	37	44	(16)
Operating Profit	34	40	(15)
Profit Before Tax	39	38	3
PATMI	25	20	25
PATMI (excl. deferred tax adjustments)	22	20	10

Financial Highlights – Property

S\$m	<u>2Q 2004</u>	<u>2Q 2003</u>	<u>% Change</u>
Turnover	209	206	1
EBITDA	57	40	43
Operating Profit	53	38	39
Profit Before Tax	52	35	49
PATMI	29	23	26

Infrastructure

Financial Highlights – Infrastructure

S\$m	<u>1H 2004</u>	<u>1H 2003</u>	<u>% Change</u>
Turnover	382	401	(5)
EBITDA	55	61	(10)
Operating Profit	20	24	(17)
Profit Before Tax	30	28	7
PATMI	28	32	(13)

Financial Highlights – Infrastructure

S\$m	<u>1Q 2004</u>	<u>1Q 2003</u>	<u>% Change</u>
Turnover	187	183	2
EBITDA	27	33	(18)
Operating Profit	11	14	(21)
Profit Before Tax	15	15	-
PATMI	15	19	(21)

Financial Highlights – Infrastructure

S\$m	<u>2Q 2004</u>	<u>2Q 2003</u>	<u>% Change</u>
Turnover	195	218	(11)
EBITDA	28	28	-
Operating Profit	9	10	(10)
Profit Before Tax	15	13	15
PATMI	13	13	-

Financial Highlights – Infrastructure

Utilities Engineering

S\$m	<u>1H 2004</u>	<u>1H 2003</u>	<u>% Change</u>
Turnover	324	327	(1)
EBITDA	52	64	(19)
Operating Profit	18	29	(38)
Profit Before Tax	27	33	(18)
PATMI	26	36	(28)

Financial Highlights – Infrastructure

Utilities Engineering

S\$m	<u>1Q 2004</u>	<u>1Q 2003</u>	<u>% Change</u>
Turnover	159	146	9
EBITDA	25	33	(24)
Operating Profit	10	15	(33)
Profit Before Tax	15	16	(6)
PATMI	14	21	(33)

Financial Highlights – Infrastructure

Utilities Engineering

S\$m	<u>2Q 2004</u>	<u>2Q 2003</u>	<u>% Change</u>
Turnover	165	181	(9)
EBITDA	27	31	(13)
Operating Profit	8	14	(43)
Profit Before Tax	12	17	(29)
PATMI	12	15	(20)

Financial Highlights – Infrastructure

Network Engineering

S\$m	<u>1H 2004</u>	<u>1H 2003</u>	<u>% Change</u>
Turnover	58	74	(22)
EBITDA	3	(3)	NM
Operating Profit	2	(5)	NM
Profit Before Tax	3	(5)	NM
PATMI	2	(4)	NM

Financial Highlights – Infrastructure

Network Engineering

S\$m	<u>1Q 2004</u>	<u>1Q 2003</u>	<u>% Change</u>
Turnover	28	37	(24)
EBITDA	2	-	NM
Operating Profit	1	(1)	NM
Profit Before Tax	-	(1)	NM
PATMI	1	(2)	NM

Financial Highlights – Infrastructure

Network Engineering

S\$m	<u>2Q 2004</u>	<u>2Q 2003</u>	<u>% Change</u>
Turnover	30	37	(19)
EBITDA	1	(3)	NM
Operating Profit	1	(4)	NM
Profit Before Tax	3	(4)	NM
PATMI	1	(2)	NM

Infrastructure Order Book & Job Prospects

	<u>S\$m</u>	
	<u>Order Book</u>	<u>Job Prospects</u>
Utilities Engineering	616	765
Network Engineering	36	35
Total	<u>652</u>	<u>800</u>

Investments

Financial Highlights - Investments

S\$m	<u>1H 2004</u>	<u>1H 2003</u>	<u>% Change</u>
Turnover	43	1,718	(97)
EBITDA	16	73	(78)
Operating Profit	6	43	(86)
Profit Before Tax	67	58	16
PATMI	52	43	21
PATMI (excl. deferred tax adjustments)	51	43	19

Financial Highlights – Investments

S\$m	<u>1Q 2004</u>	<u>1Q 2003</u>	<u>% Change</u>
Turnover	23	998	(98)
EBITDA	1	33	(97)
Operating Profit	(4)	18	(122)
Profit Before Tax	24	31	(23)
PATMI	20	19	5
PATMI (excl. deferred tax adjustments)	19	19	-

Financial Highlights – Investments

S\$m	<u>2Q 2004</u>	<u>2Q 2003</u>	<u>% Change</u>
Turnover	20	720	(97)
EBITDA	15	40	(63)
Operating Profit	10	25	(60)
Profit Before Tax	43	27	59
PATMI	32	24	33

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.