



# **1H 2006 Results Announcement**

**27 July, 2006**

# Scope of Briefing

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

# **Address By Executive Chairman**

# Growth Momentum Continues

- ◆ 2Q'06 PATMI up 47% to \$196m
  - Strongest reported quarterly growth
  
- ◆ 1H'06 PATMI increased 32% to \$366m
  - 11<sup>th</sup> consecutive half-yearly growth since 2000
  
- ◆ 2000-2005 earnings CAGR of 19%

**Favourable prospects underpin key businesses**

# Leveraging Strengths, Seizing Opportunities



## Offshore & Marine

- ✓ Capitalising industry upcycle
  - Improving work processes & resource allocation
  - Added capacity prudently



## Property

- ✓ Harnessing maximum potential of our waterfront projects
  - BFC Residential
  - Keppel Bay Ph. 2

# **Capitalising strengths & opportunities to enhance shareholder value**

# **Group Financial Highlights**

# 1H'06 Financial Achievements

PATMI	↑	32% to S\$366m
EPS	↑	31% to 46.5 cts
Annualised ROE	↑	from 16.4% to 18.5%
EVA	↑	S\$97m to S\$193m
Free cash flow	↑	116% to S\$641m
Net gearing	↓	from 0.47x to 0.37x
Interim dividend	↑	from 10 cts to 12 cts per share



# Financial Highlights

<b>S\$m</b>	<b><u>1H 2006</u></b>	<b><u>1H 2005</u></b>	<b><u>% Change</u></b>
<b>Revenue</b>	<b>3,190</b>	<b>2,295</b>	<b>39</b>
<b>EBITDA</b>	<b>424</b>	<b>312</b>	<b>36</b>
<b>Operating Profit</b>	<b>361</b>	<b>255</b>	<b>42</b>
<b>Profit Before Tax</b>	<b>587</b>	<b>405</b>	<b>45</b>
<b>PATMI</b>	<b>366</b>	<b>277</b>	<b>32</b>
<b>EPS (cents)</b>	<b>46.5</b>	<b>35.5</b>	<b>31</b>

# Revenue by Segments

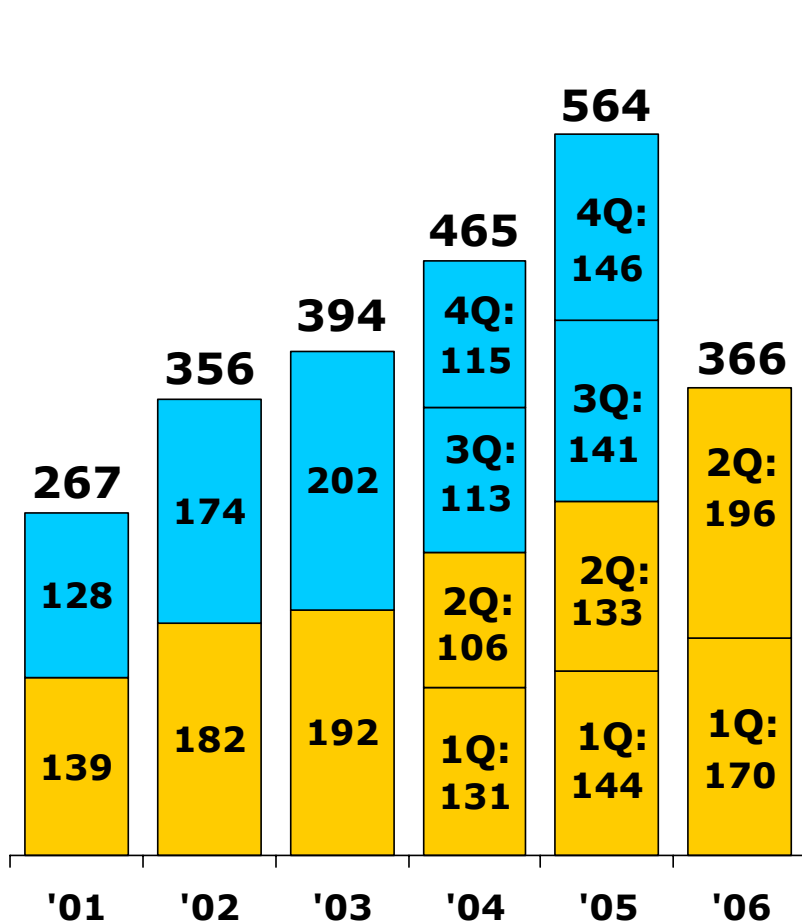
<b>S\$m</b>	<b><u>1H 2006</u></b>	<b><u>%</u></b>	<b><u>1H 2005</u></b>	<b><u>%</u></b>	<b><u>% Change</u></b>
<b>Offshore &amp; Marine</b>	<b>2,412</b>	<b>76</b>	<b>1,653</b>	<b>72</b>	<b>46</b>
<b>Property</b>	<b>457</b>	<b>14</b>	<b>327</b>	<b>14</b>	<b>40</b>
<b>Infrastructure</b>	<b>280</b>	<b>9</b>	<b>301</b>	<b>13</b>	<b>(7)</b>
<b>Investments</b>	<b>41</b>	<b>1</b>	<b>14</b>	<b>1</b>	<b>193</b>
<b>Total</b>	<b>3,190</b>	<b>100</b>	<b>2,295</b>	<b>100</b>	<b>39</b>

# PATMI by Segments

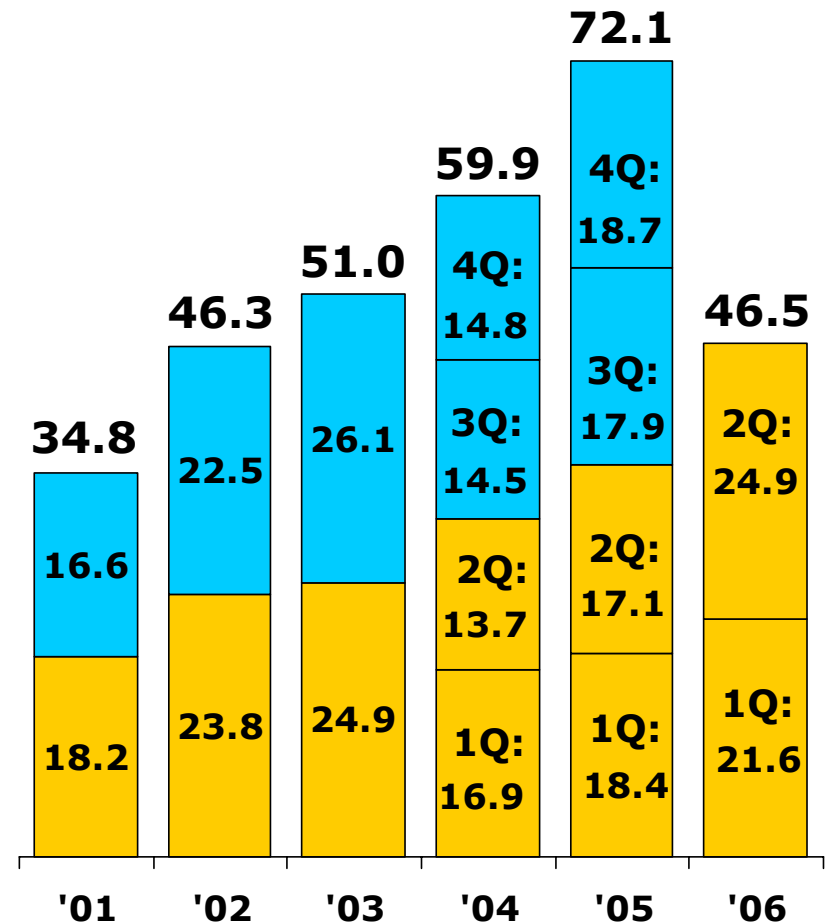
<b>S\$m</b>	<b><u>1H 2006</u></b>	<b><u>%</u></b>	<b><u>1H 2005</u></b>	<b><u>%</u></b>	<b><u>% Change</u></b>
<b>Offshore &amp; Marine</b>	<b>174</b>	<b>48</b>	<b>120</b>	<b>43</b>	<b>45</b>
<b>Property</b>	<b>55</b>	<b>15</b>	<b>45</b>	<b>16</b>	<b>22</b>
<b>Infrastructure</b>	<b>(25)</b>	<b>(7)</b>	<b>-</b>	<b>-</b>	<b>NM</b>
<b>Investments</b>	<b>162</b>	<b>44</b>	<b>112</b>	<b>41</b>	<b>45</b>
<b>Total</b>	<b>366</b>	<b>100</b>	<b>277</b>	<b>100</b>	<b>32</b>

# Consistent Earnings Growth

**PATMI (\$m)**

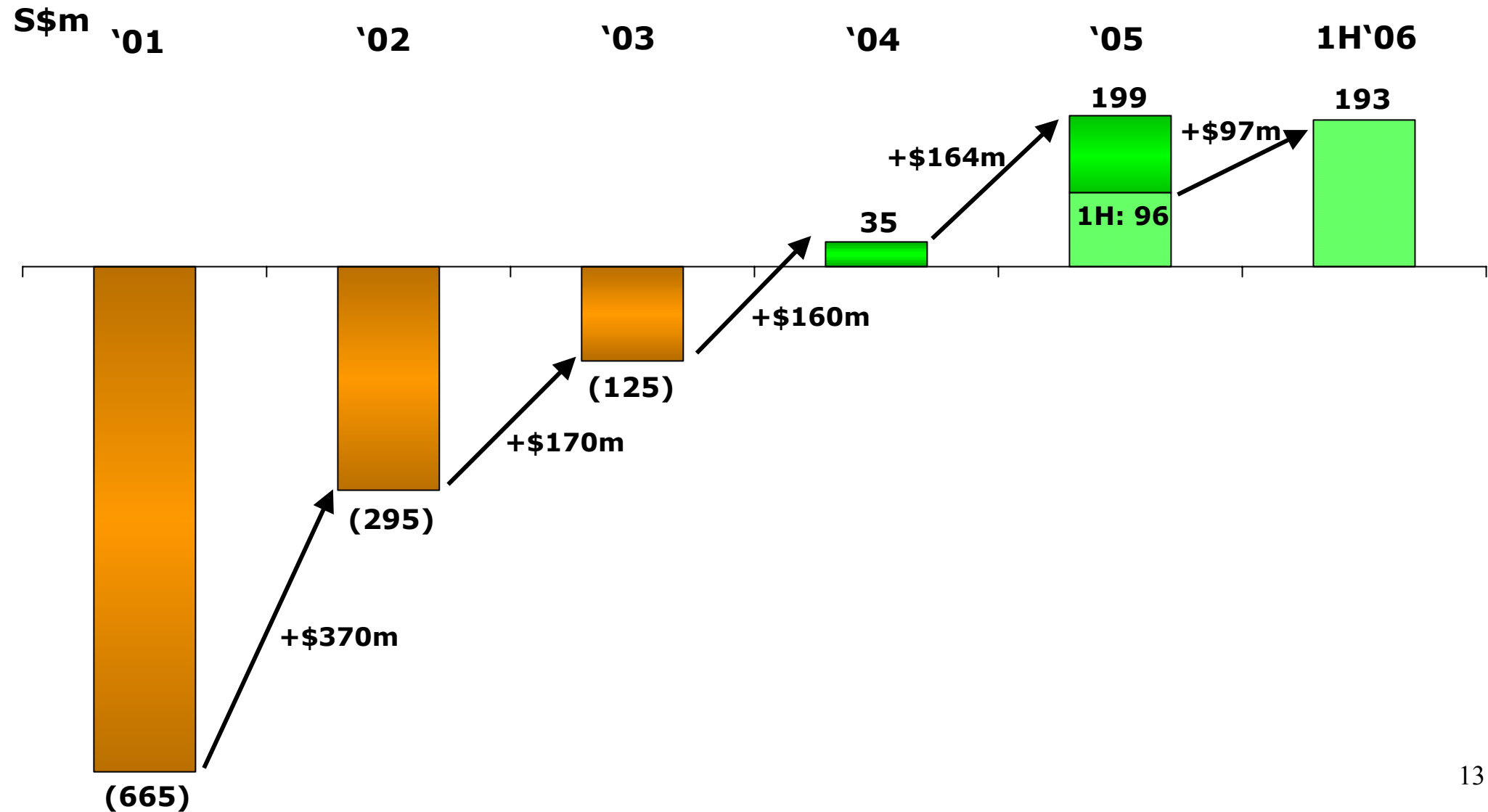


**EPS (Cents)**

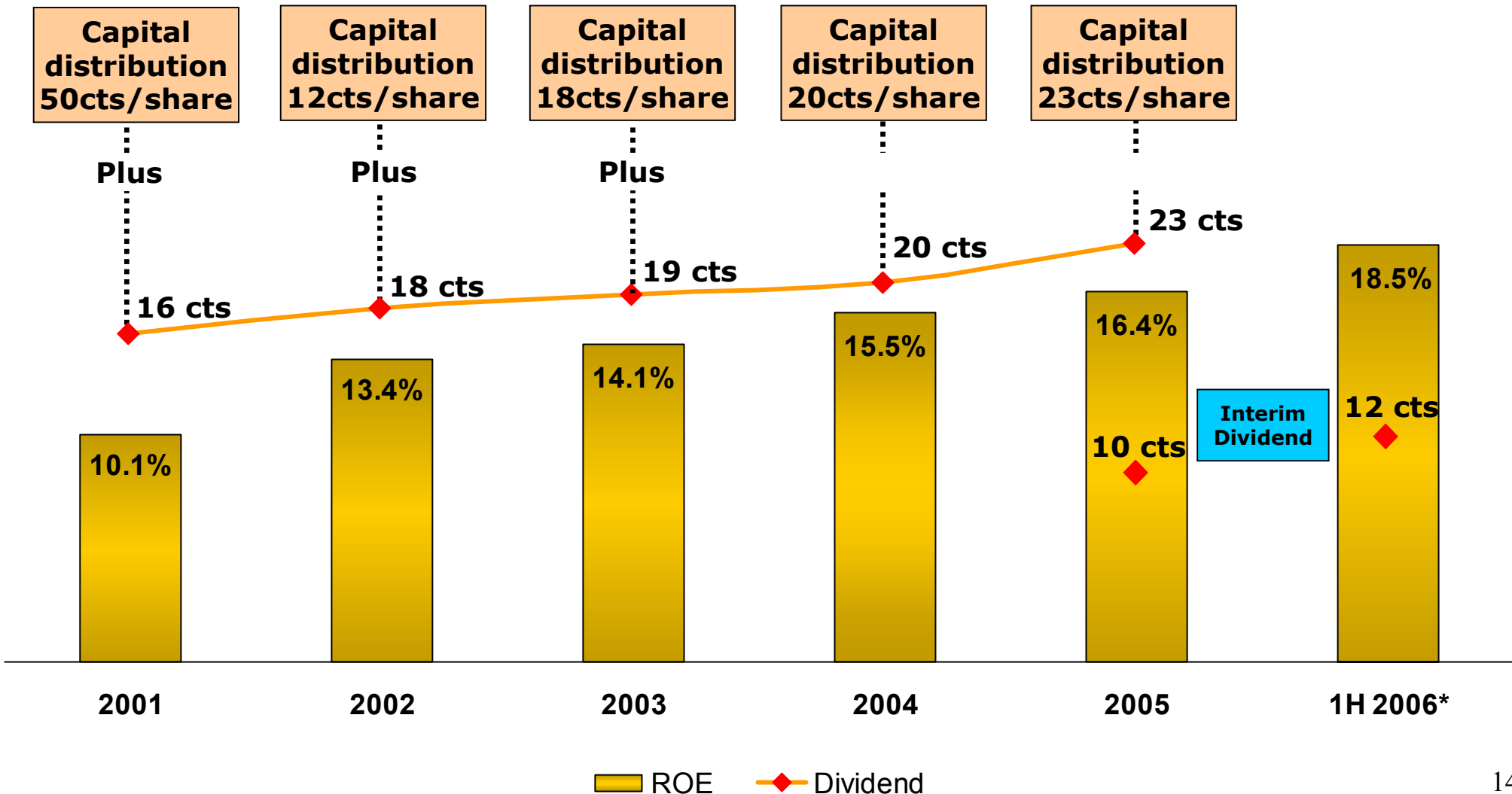


1H 2H

# Continued EVA Growth



# Increasing ROE & Dividend



\* Annualised ROE

# Healthy Free Cash Flow

	<u>1H 2006</u>
	S\$m
Operating profit	361
Depreciation & other non-cash items	66
	<hr/> 427
Working capital changes	486
Interest & tax paid	(20)
<b>Net cash from operating activities</b>	<hr/> <b>893</b> <hr/>
Investments & capex	(398)
Divestments & dividend income	146
<b>Net cash used in investing activities</b>	<hr/> <b>(252)</b> <hr/>
<b>Free Cash Flow</b>	<hr/> <b>641</b> <hr/>
<b>Dividends paid</b>	<hr/> <b>(293)</b> <hr/>

# **Business Review & Outlook**

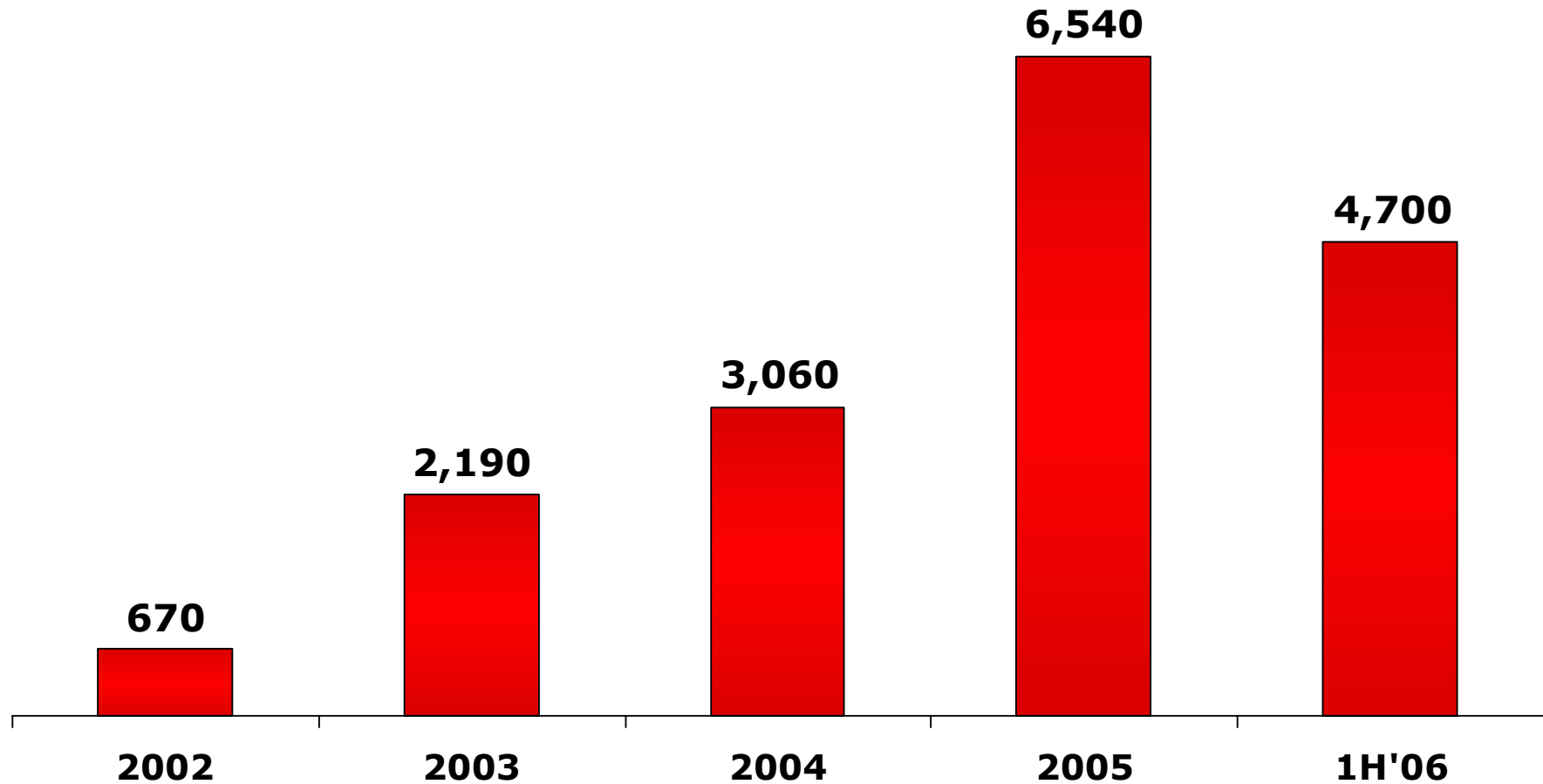


# Offshore & Marine

# A Strong 1H'06

S\$m

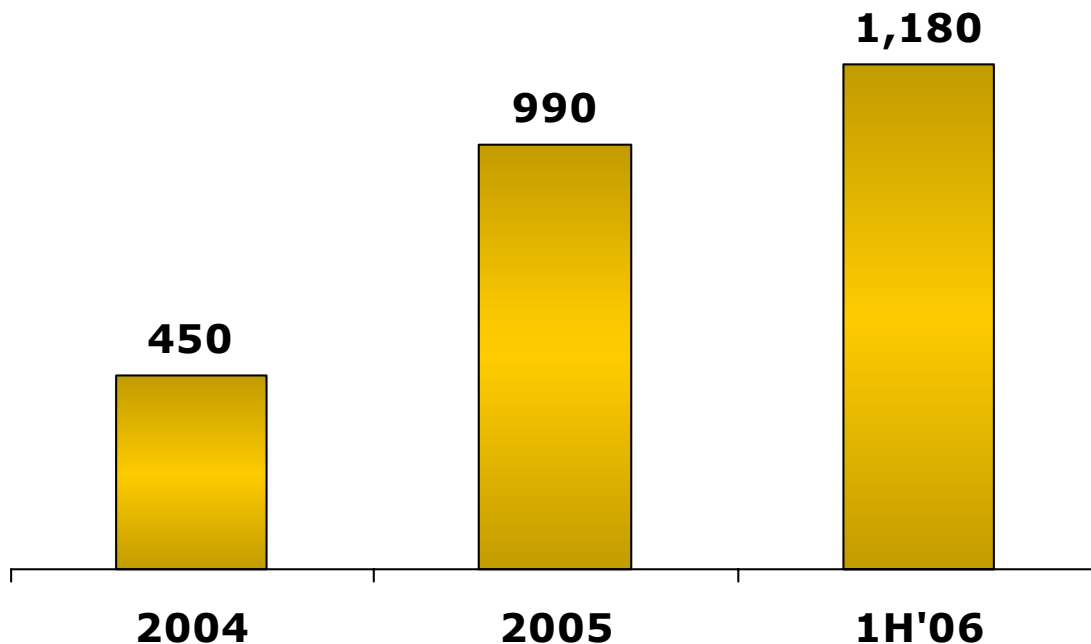
## Contracts Secured



# Buoyant Market Lifts Other Segments

## Contracts Secured - Rig Upgrades, Conversions & OSVs

S\$m

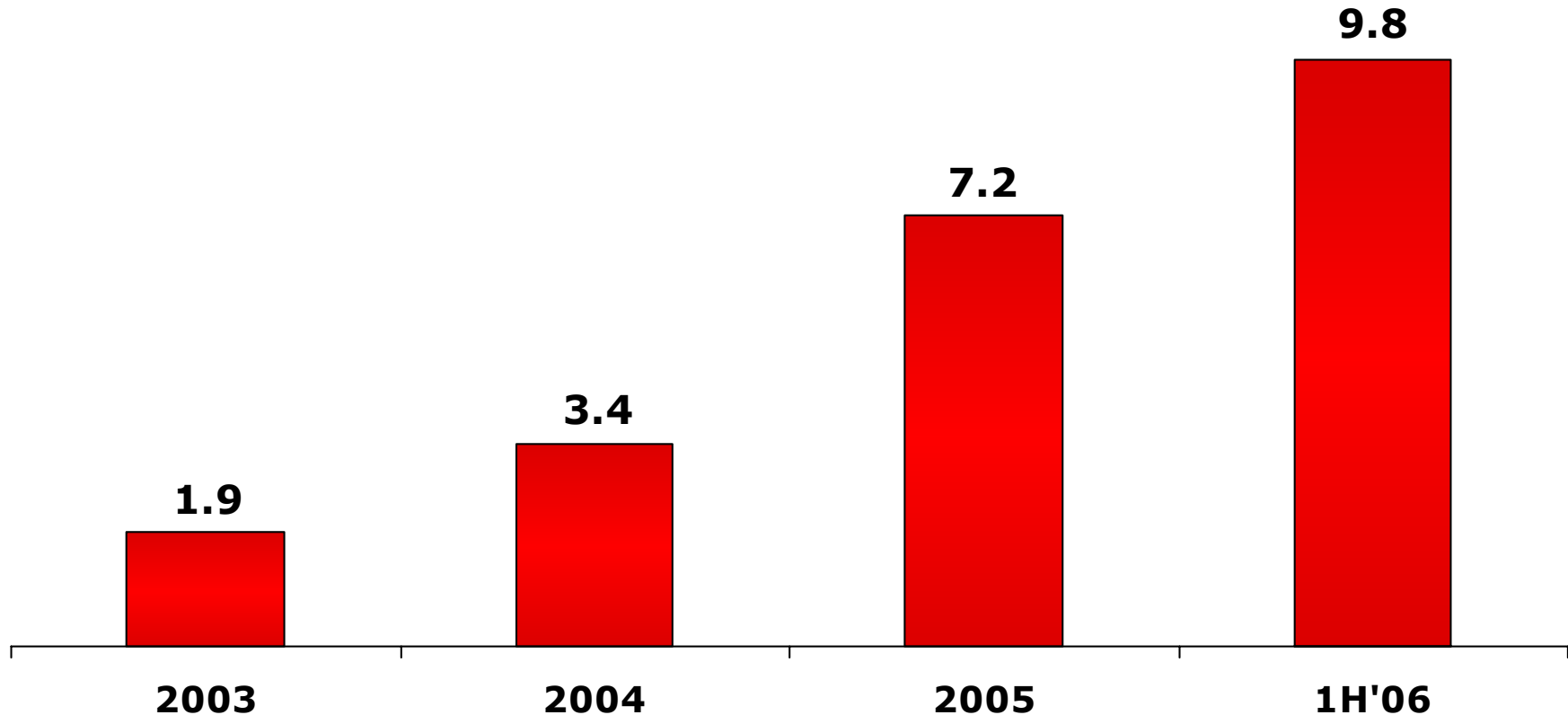


- ◆ Tight market, capacity constraints prompt rig upgrades
- ◆ Demand for production solutions drive FPSO conversions
- ◆ More offshore activities boost demand for support vessels

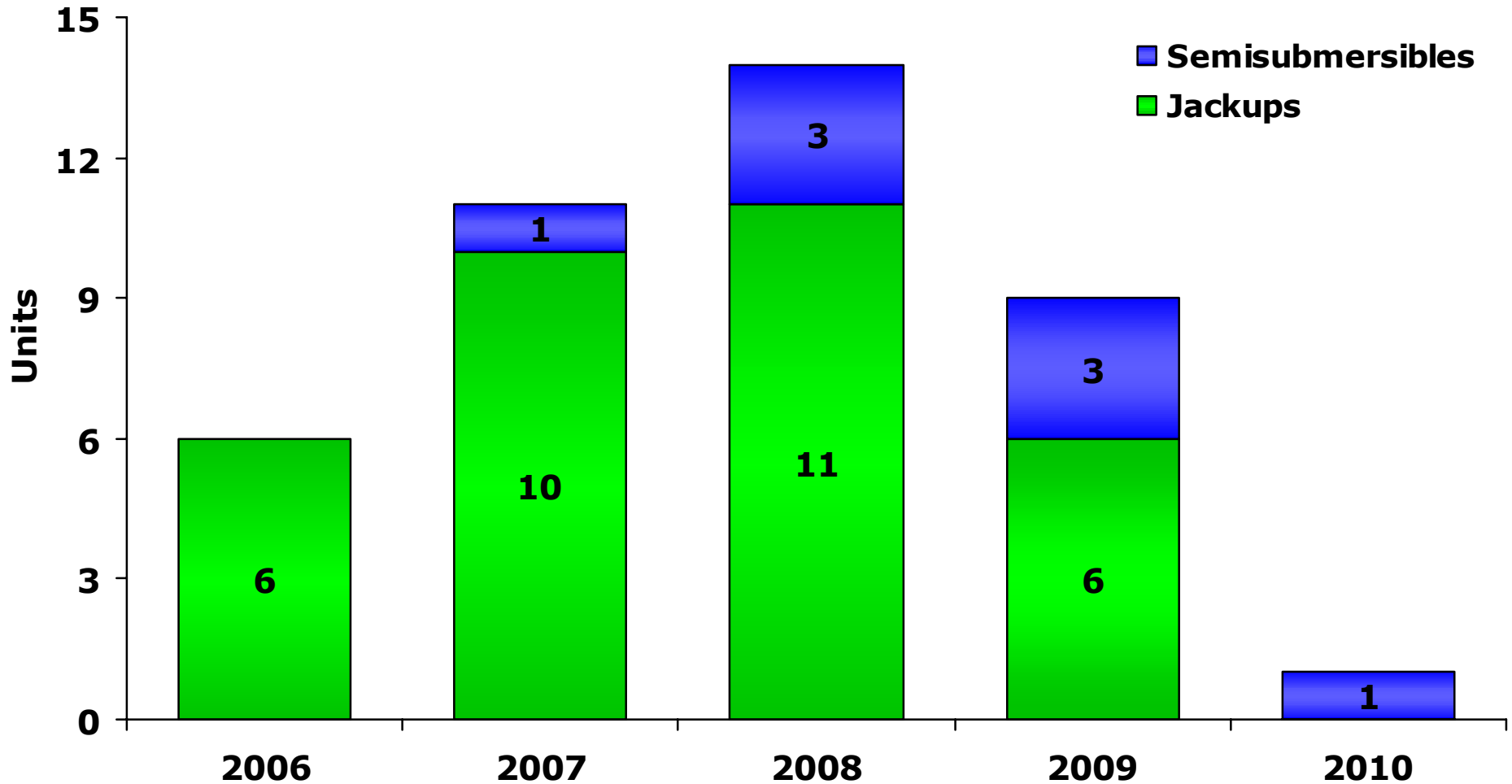
**KOM undertook >33% of world's FPSO conversions**

# Steady Net Orderbook Growth

S\$b



# Deliveries Now Into 2010

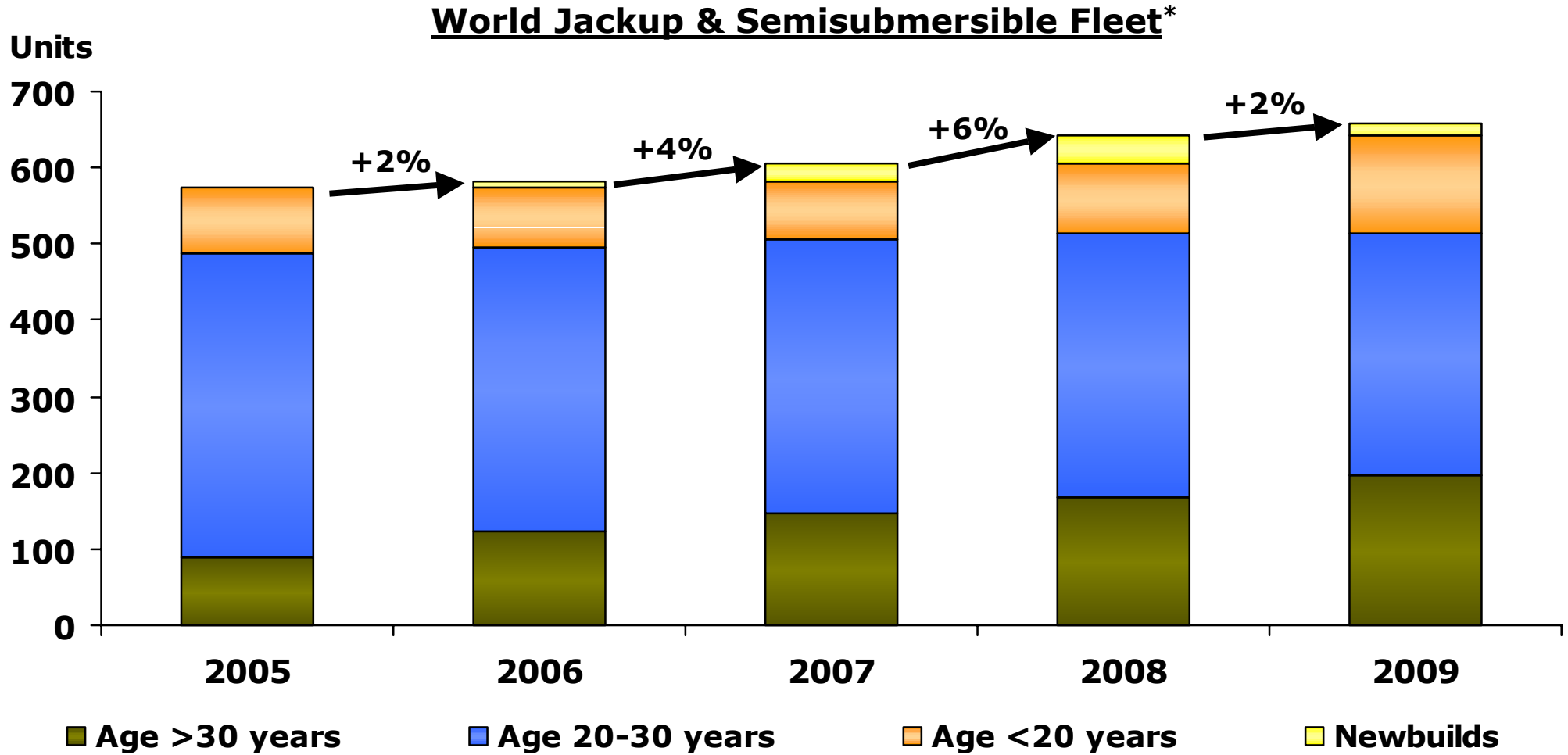


# No Signs Of Let-up

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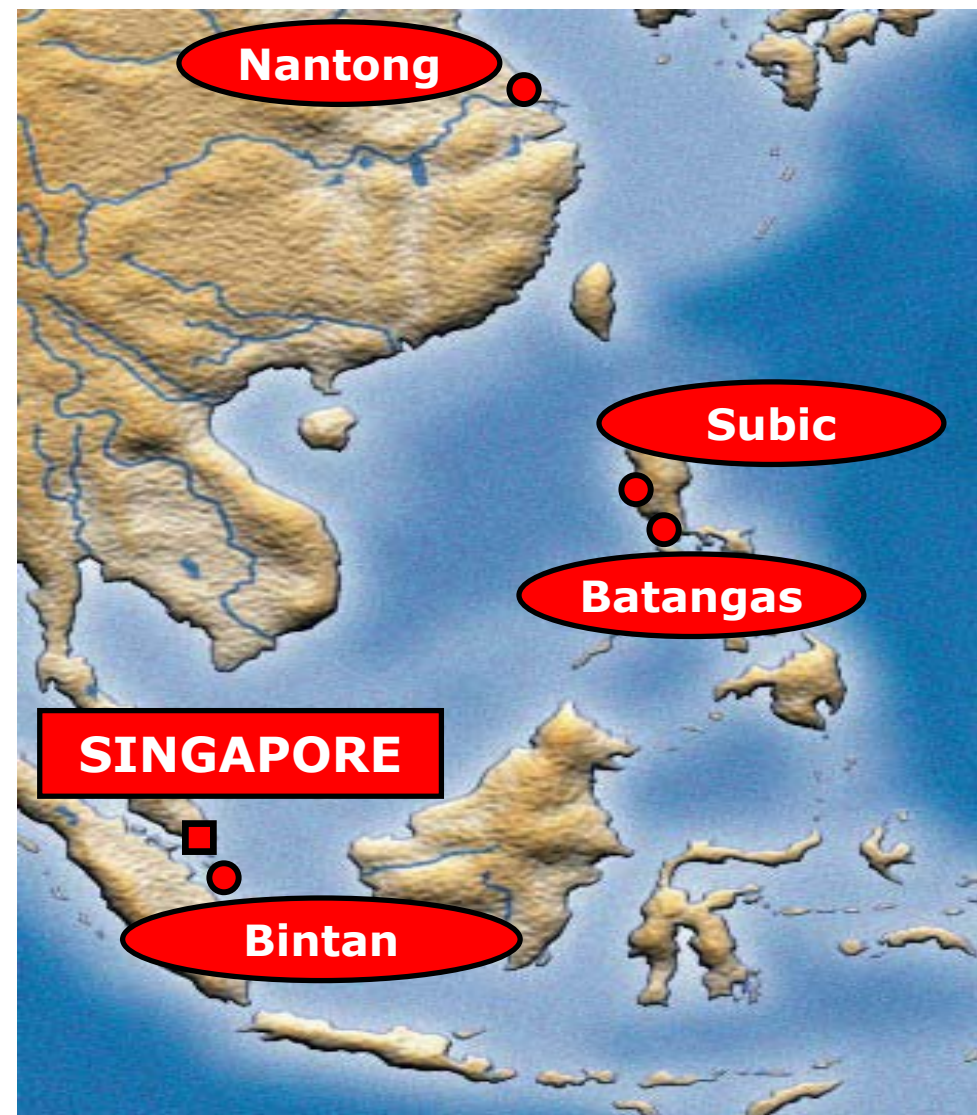
- ◆ Increase in global oil reserves lagging consumption growth
- ◆ Oil prices forecast to stay high
- ◆ Oil companies continue to raise capex spending
- ◆ Charter rates rising further on back of tight supply
- ◆ Newbuilds getting charter contracts well before deliveries
- ◆ More rigs enjoying longer charter contracts

# Rig Fleet Growth Still Modest



\* Fleet status without attrition  
Source: Industry reports

# Enhancing Regional Fabrication Capacity



## ◆ Singapore

- Enhanced & improving yard facilities
- Leased new Jurong yard in Jun'06

## ◆ Nantong (China)

- Operational since Mar'06 & further expanding capacity

## ◆ Batangas & Subic (Philippines)

- Enhancing facilities to build lower hulls for semis

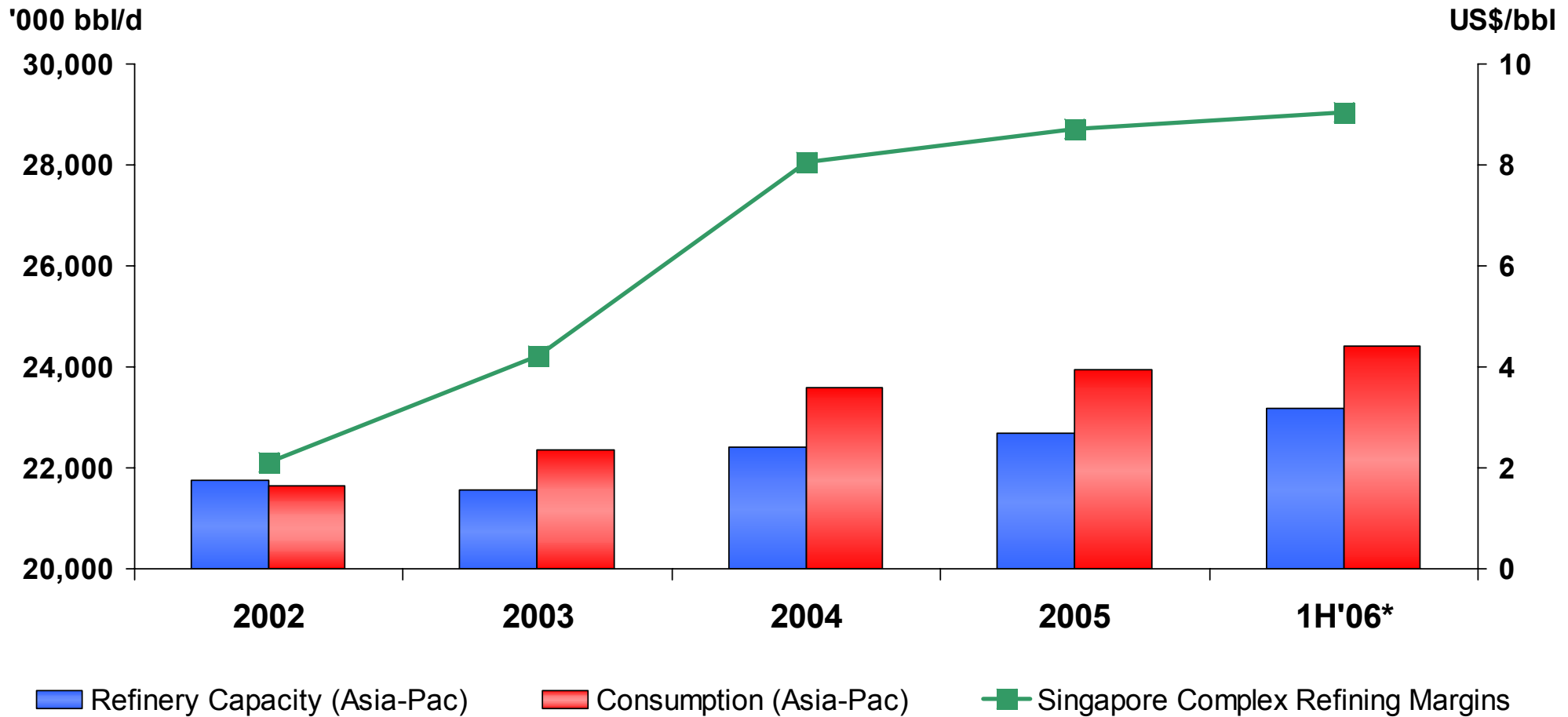
## ◆ Bintan (Indonesia)

- Leased new yard in Apr'06 to fabricate jackup leg wells & semi pontoons



# Oil & Gas

# Strong Refining Margins



\* Capacity & consumption figures are full year estimates

Source: BP, Merrill Lynch

# Property

# Market Developments In China

- ◆ Anti-speculation measures target major cities & high-end segment, may sideline buyers in short-term
- ◆ Macro-economic policies target to spread growth inland
- ◆ Housing demand underpinned by income growth & favourable demographics

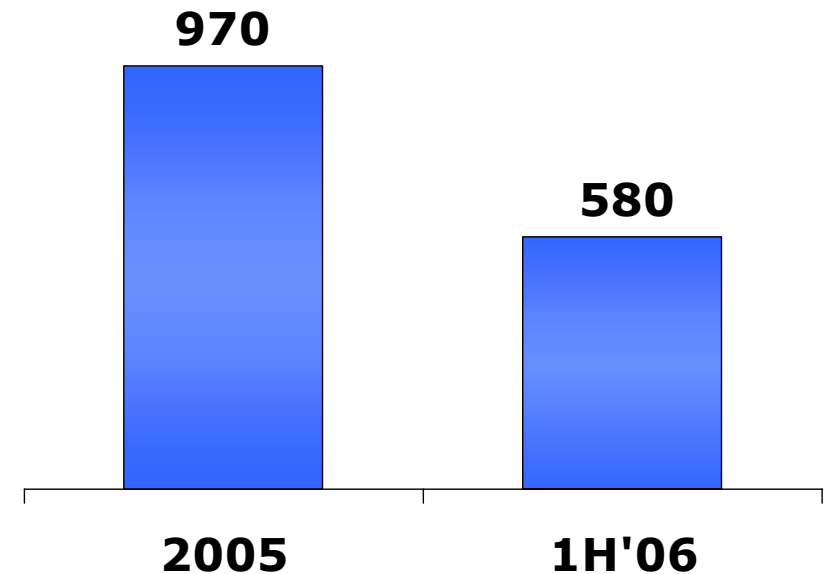
<u>China's Five Year Plan (2006-2010)*</u>			
	<u>2005</u>	<u>2010</u>	<u>Change</u>
<b>Population (b)</b>	<b>1.31</b>	<b>1.36</b>	<b>▲ 4%</b>
<b>Urbanisation Rate (%)</b>	<b>43</b>	<b>47</b>	<b>▲ 9%</b>
<b>Urban Residents' Per Capita Disposable Income (RMB)</b>	<b>10,493</b>	<b>13,390</b>	<b>▲ 28%</b>

\* Source: National Development & Reform Commission, PRC

# Townships - Growing Demand In Asia

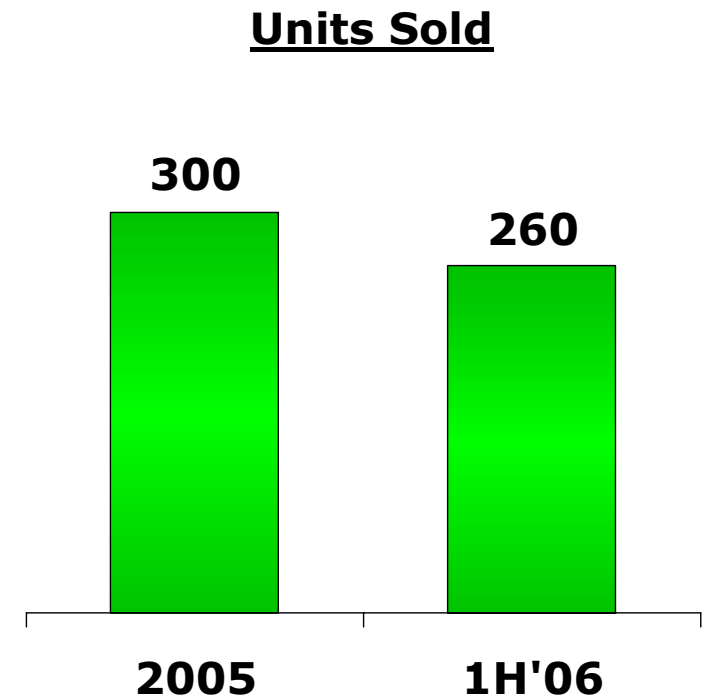
- ◆ Integrated developments targeting middle-income
- ◆ First township – The Botanica (Chengdu), Ph. 1 sold out
  - Ph. 2 launched in 2Q'06, 91% sold
- ◆ Launching more townships in '07
  - Jakarta (Indonesia)
  - Wuxi (China)
  - Saigon Sports City (Vietnam)

**The Botanica - Units Sold**



# Growing Footprint In India

- ◆ Sustainable economic growth boosts housing demand
- ◆ Target expanding upper-middle income segment
- ◆ Elita Promenade (Bangalore), Ph. 1  
74% sold
- ◆ Upcoming condo launches
  - 2<sup>nd</sup> in Bangalore (2H'06)
  - Kolkata (mid-'07)

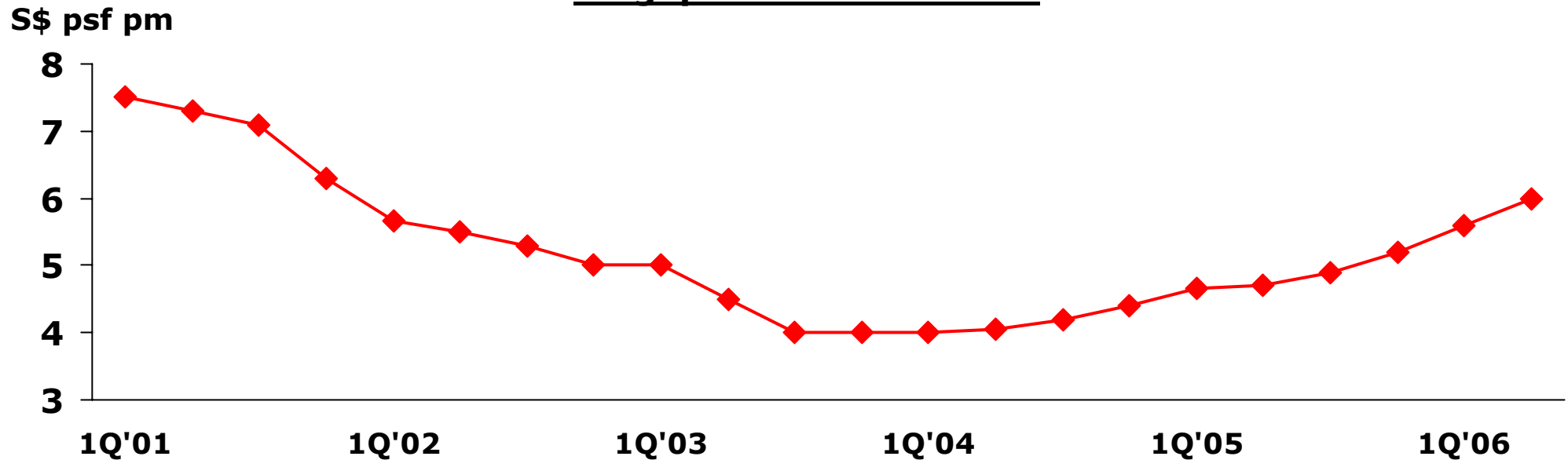


**Earnings contribution from India to increase**

# Upswing In Office Rentals Accelerate

- ◆ Prime rentals up 28% y-o-y in 2Q'06, highest since 1Q'01
- ◆ Rentals still 40% below 1996 peak

Singapore Prime Rentals



**Average 0.7 mil ft<sup>2</sup> p.a. new office supply till 2010**

# Riding Prime Residential Strength

- ◆ Strong demand for high-end homes
- ◆ Ritz Residences, 79% of launched units sold
- ◆ Other high-end designer projects to be launched
  - Keppel Bay (Ph.2), by Daniel Libeskind
  - BFC Residential, by Kohn Pedersen Fox





# Infrastructure

# A Balanced Strategy

## Technology Solutions

- ◆ Near-term earnings
- ◆ Globally recognised & proven technologies
- ◆ Core focus – Water & Waste-to-Energy

## DBO & DBOO

- ◆ Steady, long-term earnings
- ◆ Singapore projects to build track record, focus on successful execution
  - Cogen power plant
  - NEWater & incineration plants
- ◆ Pursuing overseas contracts

# Positive Waste-To-Energy Prospects

- ◆ Demand drivers
  - Land scarcity in rapidly urbanising regions
  - Growing awareness of landfill pollution risks
  - Kyoto Protocol's carbon emissions reduction incentives
  
- ◆ Strong project management capabilities
  - >40 years track record in EU, US & Asia-Pacific
  - Currently undertaking projects in Europe, Singapore & China

**Secured technology package for Finland's first WTE plant**

# Outlook

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**On track to achieve  
double-digit PATMI & EPS growth**

# **Keppel Corporation 1H 2006 Results**

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**Thank You  
Q&A**

# **Additional Info**

# Keppel Corporation

# Financial Highlights

<b>S\$m</b>	<b><u>2Q 2006</u></b>	<b><u>2Q 2005</u></b>	<b><u>% Change</u></b>
<b>Revenue</b>	<b>1,646</b>	<b>1,162</b>	<b>42</b>
<b>EBITDA</b>	<b>217</b>	<b>153</b>	<b>42</b>
<b>Operating Profit</b>	<b>185</b>	<b>127</b>	<b>46</b>
<b>Profit Before Tax</b>	<b>332</b>	<b>201</b>	<b>65</b>
<b>PATMI</b>	<b>196</b>	<b>133</b>	<b>47</b>



# Revenue by Customers

	1H 2006		
	<u>Total</u>	<u>Overseas</u>	<u>Singapore</u>
	S\$m	%	%
<b>Offshore &amp; Marine</b>	<b>2,412</b>	<b>95</b>	<b>5</b>
<b>Property</b>	<b>457</b>	<b>50</b>	<b>50</b>
<b>Infrastructure</b>	<b>280</b>	<b>47</b>	<b>53</b>
<b>Investments</b>	<b>41</b>	<b>36</b>	<b>64</b>
<b>Total</b>	<b>3,190</b>	<b>85</b>	<b>15</b>

**85% of total revenue  
came from overseas customers**

# EBITDA by Segments

<b>S\$m</b>	<b><u>1H 2006</u></b>	<b><u>%</u></b>	<b><u>1H 2005</u></b>	<b><u>%</u></b>	<b><u>% Change</u></b>
<b>Offshore &amp; Marine</b>	<b>254</b>	<b>60</b>	<b>202</b>	<b>65</b>	<b>26</b>
<b>Property</b>	<b>144</b>	<b>34</b>	<b>102</b>	<b>32</b>	<b>41</b>
<b>Infrastructure</b>	<b>(11)</b>	<b>(3)</b>	<b>2</b>	<b>1</b>	<b>NM</b>
<b>Investments</b>	<b>37</b>	<b>9</b>	<b>6</b>	<b>2</b>	<b>517</b>
<b>Total</b>	<b>424</b>	<b>100</b>	<b>312</b>	<b>100</b>	<b>36</b>

# Capital/Gearing/ROE

<b>S\$m</b>	<b><u>30 Jun 2006</u></b>	<b><u>31 Dec 2005</u></b>
<b>Shareholders' Funds</b>	<b>3,812</b>	<b>3,646</b>
<b>Capital Employed</b>	<b>5,193</b>	<b>4,935</b>
<b>Net Debt</b>	<b>1,919</b>	<b>2,320</b>
<b>Net Gearing</b>	<b>0.37x</b>	<b>0.47x</b>
<b>ROE</b>	<b>18.5%*</b>	<b>16.4%</b>

\* Annualised ROE

# Offshore & Marine

# Financial Highlights – Offshore & Marine

<b>S\$m</b>	<b><u>1H 2006</u></b>	<b><u>1H 2005</u></b>	<b><u>% Change</u></b>
<b>Revenue</b>	<b>2,412</b>	<b>1,653</b>	<b>46</b>
<b>EBITDA</b>	<b>254</b>	<b>202</b>	<b>26</b>
<b>Operating Profit</b>	<b>224</b>	<b>173</b>	<b>29</b>
<b>Profit Before Tax</b>	<b>263</b>	<b>178</b>	<b>48</b>
<b>PATMI</b>	<b>174</b>	<b>120</b>	<b>45</b>

# Financial Highlights – Offshore & Marine

<b>S\$m</b>	<b><u>2Q 2006</u></b>	<b><u>2Q 2005</u></b>	<b><u>% Change</u></b>
<b>Revenue</b>	<b>1,196</b>	<b>786</b>	<b>52</b>
<b>EBITDA</b>	<b>134</b>	<b>96</b>	<b>40</b>
<b>Operating Profit</b>	<b>119</b>	<b>81</b>	<b>47</b>
<b>Profit Before Tax</b>	<b>140</b>	<b>81</b>	<b>73</b>
<b>PATMI</b>	<b>95</b>	<b>49</b>	<b>94</b>

# Offshore & Marine Review

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- ◆ S\$1.5b contracts secured in 2Q 2006:  
2 JU newbuilds, 1 semi newbuild, 3 semi upgrades, 4 JU repairs, 2 FPSO conversions, 1 FSO upgrade
  
- ◆ Major contract completions in 2Q 2006:  
2 JU newbuilds, 1 semi upgrade, 3 JU repairs, 1 FSO conversion, 1 FPSO hookup/commissioning, 1 tanker hull conversion, 2 AHTS, 1 tug

# Offshore & Marine Orderbook

	<u>Balance Order S\$m</u>	<u>Clients</u>
<b><u>For delivery in 2006</u></b>		
3 Jack Ups / 5 Jack Up Upgrades/Repairs / 1 Semi Upgrade / 2 Accommodation Platforms / 2 FSO Upgrades/ Refurbishments / 2 FPSO Conversions / Modifications / 1 FPSO Outfitting / Barges & Pipe Racks / 1 PSV / 4 AHTS / 7 Tugs	412	Sinvest / GDI / Awilco / Pride / CNOOC / SeaDrill / Diamond / Transocean / Pemex / SBM / Prosafe / Anzon / Petro Canada / Sevan / Agip KCO / Maersk / Bourbon / Hadi Hammam / Lukoil / Zamil / Keppel Smit
<b><u>For delivery in 2007</u></b>		
1 Semi / 3 Semi Upgrades/Repairs / 10 Jack Ups / 2 FPSO Conversions / 1 FPSO Hull Conversion / 1 Sludge Vessel / 5 AHTS / 1 Tug / 1 FSRU Conversion / 1 Pipelayer Conversion	2,298	Petrobras / Fred Olsen / Transocean / Petrovietnam / Sinvest / Odfjell / Maersk / Seatankers / Ensco / Diamond / GDI / Scorpion / Prosafe / SBM / City of New York / Hadi Hammam / Gulfmark / Lukoil / Seaways / Golar / Allseas
<b><u>For delivery in 2008</u></b>		
3 Semis / 1 Semi Upgrade / 11 Jack Ups / 1 FPSO Conversion / 7 AHTS	3,970	Petrobras / Maersk / Ensco / Diamond / Sinvest / Awilco / Scorpion / Jindal / Atwood / SeaDrill / Hadi Hammam / Gulfmark
<b><u>For delivery in 2009/2010</u></b>		
4 Semis / 6 Jack Ups	3,130	Maersk / Ensco / GSF / Sinvest / Awilco / Mercator / Great Eastern
<b>TOTAL as at 30 June 2006</b>	<b><u>9,810</u></b>	



# Property

# Financial Highlights - Property

<b>S\$m</b>	<b><u>1H 2006</u></b>	<b><u>1H 2005</u></b>	<b><u>% Change</u></b>
<b>Revenue</b>	<b>457</b>	<b>327</b>	<b>40</b>
<b>EBITDA</b>	<b>144</b>	<b>102</b>	<b>41</b>
<b>Operating Profit</b>	<b>137</b>	<b>94</b>	<b>46</b>
<b>Profit Before Tax</b>	<b>138</b>	<b>96</b>	<b>44</b>
<b>PATMI</b>	<b>55</b>	<b>45</b>	<b>22</b>

# Financial Highlights - Property

<b>S\$m</b>	<b><u>2Q 2006</u></b>	<b><u>2Q 2005</u></b>	<b><u>% Change</u></b>
<b>Revenue</b>	<b>304</b>	<b>201</b>	<b>51</b>
<b>EBITDA</b>	<b>97</b>	<b>52</b>	<b>87</b>
<b>Operating Profit</b>	<b>94</b>	<b>48</b>	<b>96</b>
<b>Profit Before Tax</b>	<b>88</b>	<b>47</b>	<b>87</b>
<b>PATMI</b>	<b>33</b>	<b>23</b>	<b>43</b>

# Infrastructure

# Financial Highlights – Infrastructure

<b>S\$m</b>	<b><u>1H 2006</u></b>	<b><u>1H 2005</u></b>	<b><u>% Change</u></b>
<b>Revenue</b>	<b>280</b>	<b>301</b>	<b>(7)</b>
<b>EBITDA</b>	<b>(11)</b>	<b>2</b>	<b>NM</b>
<b>Operating Profit</b>	<b>(36)</b>	<b>(17)</b>	<b>112</b>
<b>Profit Before Tax</b>	<b>(17)</b>	<b>-</b>	<b>NM</b>
<b>PATMI</b>	<b>(25)</b>	<b>-</b>	<b>NM</b>

# Financial Highlights – Infrastructure

<b>S\$m</b>	<b><u>2Q 2006</u></b>	<b><u>2Q 2005</u></b>	<b><u>% Change</u></b>
<b>Revenue</b>	<b>129</b>	<b>161</b>	<b>(20)</b>
<b>EBITDA</b>	<b>(15)</b>	<b>(1)</b>	<b>1,400</b>
<b>Operating Profit</b>	<b>(28)</b>	<b>(8)</b>	<b>250</b>
<b>Profit Before Tax</b>	<b>(17)</b>	<b>1</b>	<b>NM</b>
<b>PATMI</b>	<b>(22)</b>	<b>(2)</b>	<b>1,000</b>

# Investments

# Financial Highlights - Investments

<b>S\$m</b>	<b><u>1H 2006</u></b>	<b><u>1H 2005</u></b>	<b><u>% Change</u></b>
<b>Revenue</b>	<b>41</b>	<b>14</b>	<b>193</b>
<b>EBITDA</b>	<b>37</b>	<b>6</b>	<b>517</b>
<b>Operating Profit</b>	<b>36</b>	<b>5</b>	<b>620</b>
<b>Profit Before Tax</b>	<b>203</b>	<b>131</b>	<b>55</b>
<b>PATMI</b>	<b>162</b>	<b>112</b>	<b>45</b>



# Financial Highlights - Investments

<b>S\$m</b>	<b><u>2Q 2006</u></b>	<b><u>2Q 2005</u></b>	<b><u>% Change</u></b>
<b>Revenue</b>	<b>17</b>	<b>14</b>	<b>21</b>
<b>EBITDA</b>	<b>1</b>	<b>6</b>	<b>(83)</b>
<b>Operating Profit</b>	<b>-</b>	<b>6</b>	<b>NM</b>
<b>Profit Before Tax</b>	<b>121</b>	<b>72</b>	<b>68</b>
<b>PATMI</b>	<b>90</b>	<b>63</b>	<b>43</b>

*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.*