



FY 2010 Results Announcement

25 January 2011

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Scope of Briefing

- Address by Chief Executive Officer
- Group Financial Highlights
- Business Review & Outlook

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Address By Chief Executive Officer

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Mixed Outlook

- Uncertainty over sustained US recovery
- Lingering Eurozone debt concerns
- Asia to remain resilient despite signs of inflation
- Dramatic growth in Singapore in 2010 will be moderated in 2011
- Oil prices expected to remain above US\$70/barrel

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Record Performance

- FY10 net profit increased 12% over FY09
- ROE remains above 20%
- EVA increased from S\$1,026m to S\$1,035m
- Total cash dividend of 42 cts/share
- Bonus issue of one share for every 10 existing ordinary shares

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Business Highlights for 2010

Offshore & Marine

- Pick-up in jackup orders
- Launched new products
- Strategic expansion in key markets
- Inaugurated Qatar yard

Infrastructure

- Opened Keppel Seghers Tuas WTE plant
- Listed K-Green Trust
- Secured major contract in the UK
- Capacity expansion in logistics and power generation

Property

- Established Keppel Land China
- Asset swap between Keppel Land and K-REIT Asia
- K-REIT Asia made first foray overseas

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Prospects for 2011

Offshore & Marine

- Returning market confidence
- Expected increase in E&P spending
- Active jackup market
- Good prospects for deepwater

Infrastructure

- Growing momentum towards environment regulations post-Cancun
- Added emphasis on environmental and urban solutions around the world
- Demand for energy and logistics fueled by sustained growth in Asia

Property

- Rising affluence from healthy regional economies
- Real demand for homes from growing middle class in Asia
- Strengthening demand for good grade offices

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Group Financial Highlights

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2010 Financial Performance

Net profit	↑ 12% to S\$1,419m
EPS	↑ 12% to 88.7cts
Cash Dividend	↑ from 38 cts/share to 42 cts/share
ROE	↓ from 23.9% to 22.3%
EVA	↑ from S\$1,026m to S\$1,035m
Free cash flow	↓ from inflow S\$1,094m to outflow S\$310m
Net cash	↓ from 0.14x to 0.02x

Bonus issue : one bonus share for every 10 existing ordinary shares

NB: Excluding exceptional items

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Financial Highlights

S\$m	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Revenue	9,783	12,247	(20)
EBITDA	1,945	1,679	16
Operating Profit	1,756	1,505	17
Profit Before Tax	2,026	1,856	9
Net Profit	1,419	1,265	12
EPS (cents)	88.7	79.4	12

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Revenue by Segments

S\$m	<u>2010</u>	<u>%</u>	<u>2009</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	5,577	57	8,273	68	(33)
Infrastructure	2,510	26	2,427	20	3
Property	1,685	17	1,508	12	12
Investments	11	-	39	-	(72)
Total	9,783	100	12,247	100	(20)

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Pre-tax Profit by Segments

S\$m	<u>2010</u>	<u>%</u>	<u>2009</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	1,242	61	1,081	58	15
Infrastructure	93	5	150	8	(38)
Property	625	31	476	26	31
Investments	66	3	149	8	(56)
Total	2,026	100	1,856	100	9

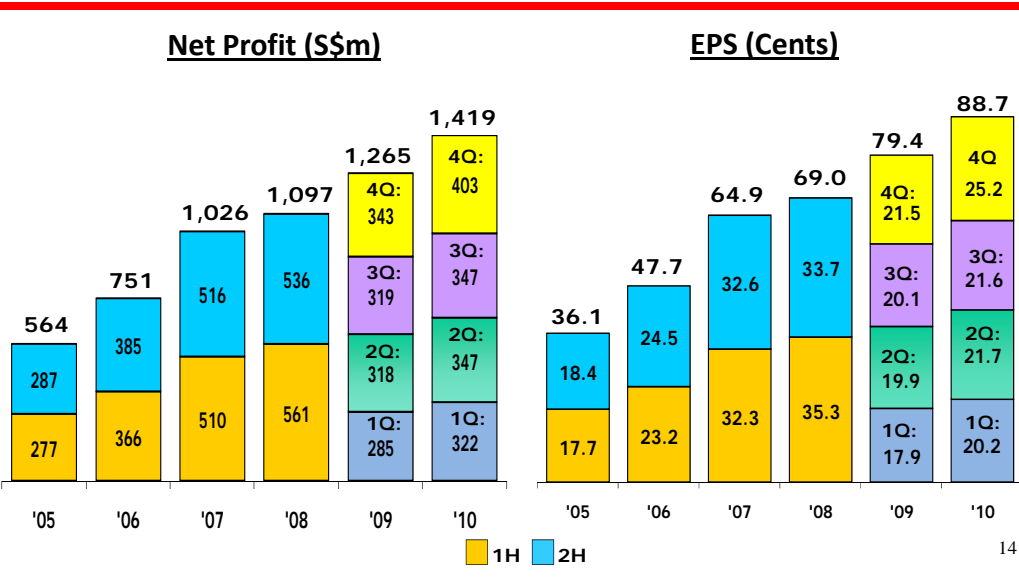
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Net Profit by Segments

S\$m	<u>2010</u>	<u>%</u>	<u>2009</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	987	70	810	64	22
Infrastructure	57	4	126	10	(55)
Property	326	23	210	17	55
Investments	49	3	119	9	(59)
Total	1,419	100	1,265	100	12

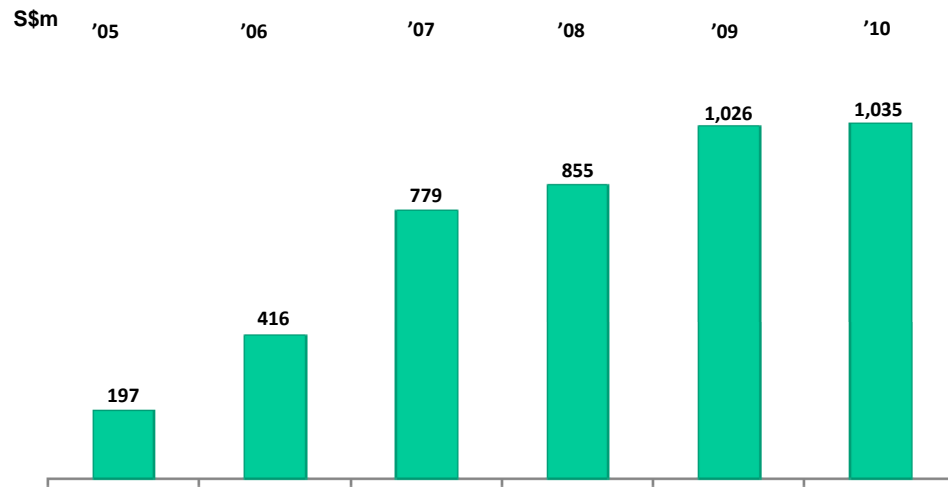
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Consistent Earnings Growth



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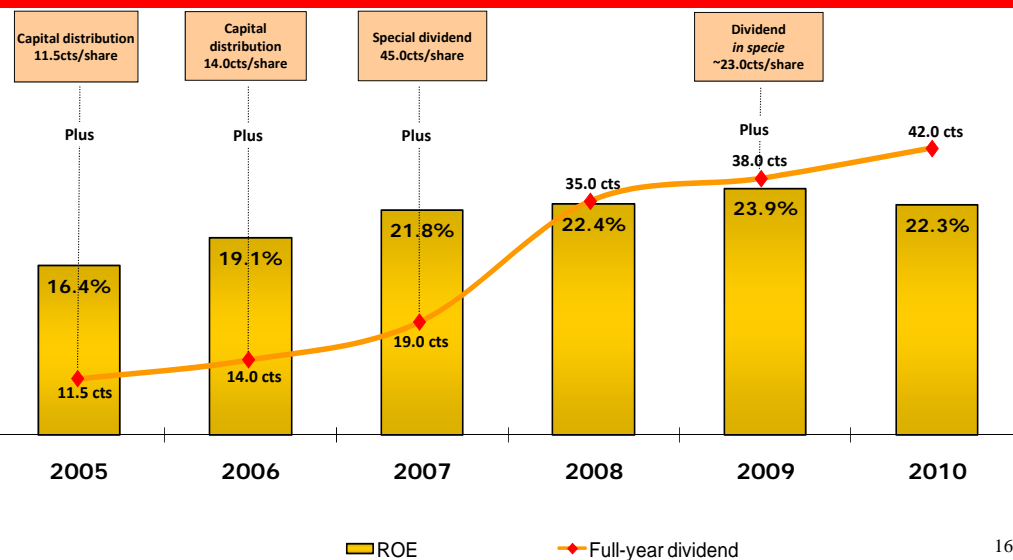
Continued EVA Growth



NB: Excludes Exceptional Items

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ROE & Dividend



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Healthy Free Cash Flow

	<u>2010</u> S\$m
Operating profit	1,756
Depreciation & other non-cash items	233
	<hr/> 1,989
Working capital changes	(1,301)
Interest & tax paid	(238)
Net cash from operating activities	<u>450</u>
Investments & capex	(1,383)
Divestments & dividend income	623
Net cash used in investing activities	<u>(760)</u>
Free Cash Flow	<u>(310)</u>
Dividends Paid	<u>(757)</u>

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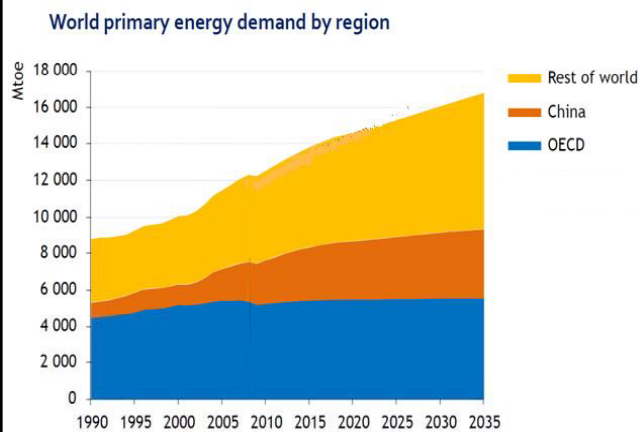
Business Review & Outlook

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Offshore & Marine

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Sustained Energy Demand Growth



- Global energy use increases by 36% from 2008 to 2035
- Consumption surge led by non-OECD countries
- Fossil fuels remains the primary energy source

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Recovering Order Momentum

S\$1.2bn new orders secured in 4Q10

- 4 KFELS B Class Jackup orders worth US\$720m
- S\$240m contracts for conversions and shipbuilding

S\$3.2bn new orders secured for 2010
S\$4.6bn net orderbook with deliveries into 2013



KFELS B Class Jackup

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Fortifying Execution Excellence

On-time, within budget deliveries in 4Q10

- 3 rigs and 1 accommodation semi
- 6 major repairs/conversions
- 2 specialised vessels



Rowan Viking



FPSO P-57



Floatel Reliance



Ocean Damietta

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Strengthening Global Network

- Inaugurated Nakilat-Keppel Offshore & Marine yard in Qatar
- Service agreements with eight major fleet owners
- 43-ha yard to service a wide range of offshore and marine vessels



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Infrastructure

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Projects Progressing



Good progress at
UK Greater Manchester
EFW Plant



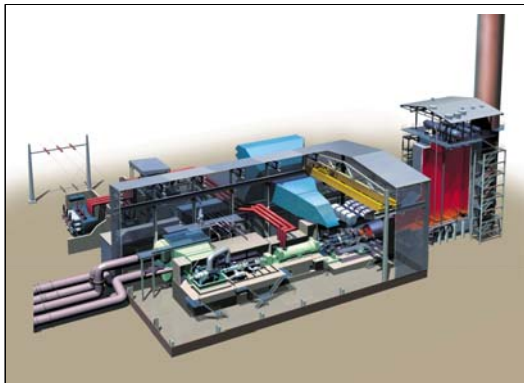
Firing of first line at
Qatar Domestic Solid Waste
Management Centre



Expansion of
Singapore Changi Business Park
District Cooling System

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Energy Business Growth On Track



- Construction commenced on 800 MW expansion at Keppel Merlimau Co-generation Plant
- When completed in 2013, capacity to more than double to reach 1,300 MW

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Boosting Data Centre Business

- Keppel T&T and Keppel Land to consolidate Singapore data centre assets
- Good growth potential with 60% of 150,000 sf of data centre and business continuity space committed
- Greater economies of scale for quality and cost-effective solutions to customers



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Continuing Logistics Expansion

- Developing green integrated logistics distribution centre in Tianjin Eco-City
- 35,000 sqm modern warehouse on 2.8-ha land within Eco Industrial Park
- Green features include reverse logistics services, energy-efficient infrastructure and state-of-the-art management systems
- To be completed by end 2012



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Property

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Good Homes Sales in 2010



Singapore

- Private property prices rose 17.6% in 2010
- 650 Keppel homes sold
 - Good take-up of 460 units at The Lakefront Residences

Overseas

- Positive prospects due to economic growth and home ownership aspirations
- Healthy demand in China with over 4,000 homes sold
 - Over 460 units sold at Seasons Park, Tianjin Eco-City
 - The Botanica, Chengdu, sold over 1,800 units



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Land Acquisitions in 4Q10

China

- Acquired maiden 17.2-ha site in Nantong, Jiangsu Province
- To yield 1,000 lakefront homes
- Launching in 1H 2012

Vietnam

- Entered into JVs to develop two prime sites in Ho Chi Minh City
- 13.5-ha waterfront site yielding 225 villas and 9.8-ha riverfront development yielding 150 premier homes

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Positive Demand for Offices

Marina Bay Financial Centre



- Phase 2 (Tower 3) pre-commitment grew to over 66%

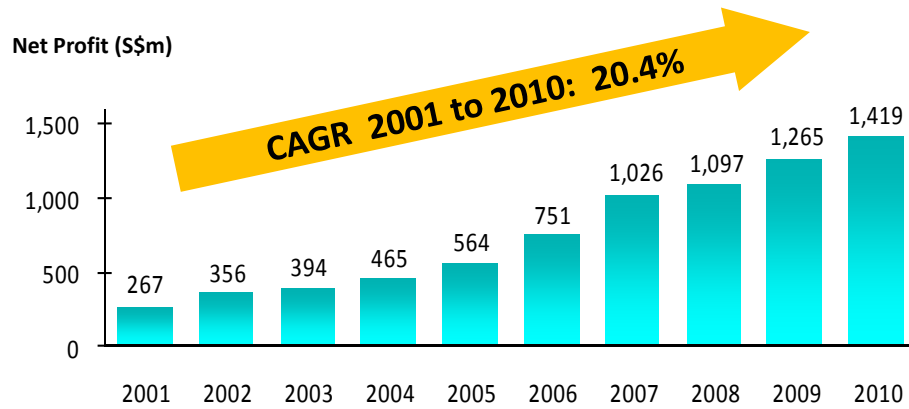
Ocean Financial Centre



- Acquired additional stake, increasing shareholding to 87.5%
- Overall pre-commitment: about 80%

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A Decade of Growth



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Outlook

**Enhancing competitive edge
for sustained value creation**

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FY 2010 Results

**Thank You
Q&A**

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Additional Info

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Financial Highlights

S\$m	<u>4Q 2010</u>	<u>4Q 2009</u>	<u>% Change</u>
Revenue	2,444	3,029	(19)
EBITDA	535	468	14
Operating Profit	477	413	15
Profit Before Tax	582	503	16
Net Profit	403	343	17

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Revenue by Customers

	2010		
	<u>Total</u>	<u>Overseas</u>	<u>Singapore</u>
	S\$m	%	%
Offshore & Marine	5,577	94	6
Infrastructure	2,510	27	73
Property	1,685	38	62
Investments	11	3	97
Total	<u>9,783</u>	67	33

**67% of total revenue
came from overseas customers**

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EBITDA by Segments

S\$m	<u>2010</u>	<u>%</u>	<u>2009</u>	<u>%</u>	<u>% Change</u>
Offshore & Marine	1,252	64	1,129	67	11
Infrastructure	120	6	161	10	(25)
Property	563	29	385	23	46
Investments	10	1	4	-	150
Total	1,945	100	1,679	100	16

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Capital/Gearing/ROE

S\$m	<u>31 Dec 2010</u>	<u>31 Dec 2009</u>
Shareholders' Funds	6,740	5,985
Capital Employed	9,724	8,713
Net Cash	178	1,177
Net Cash Ratio	0.02x	0.14x
ROE	22.3%	23.9%

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Offshore & Marine

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Financial Highlights – Offshore & Marine

S\$m	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Revenue	5,577	8,273	(33)
EBITDA	1,252	1,129	11
Operating Profit	1,119	1,004	12
Profit Before Tax	1,242	1,081	15
Net Profit	987	810	22

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Financial Highlights – Offshore & Marine

S\$m	<u>4Q 2010</u>	<u>4Q 2009</u>	<u>% Change</u>
Revenue	1,196	1,772	(33)
EBITDA	361	286	26
Operating Profit	319	245	30
Profit Before Tax	360	265	36
Net Profit	293	201	46

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Offshore & Marine Review

- S\$1.2bn contracts secured in 4Q 2010:
4 Jackups, 1 FPSO Upgrade, 1 Livestock Carrier Conversion, 1 Diving Support Vessel, 1 Semi Repair, 1 Jackup Repair, Spud Cans and 2 Pontoons
- Major contract completions in 4Q 2010:
3 Jackups, 1 Accommodation Semi, 2 Semi Repair, 1 FPSO Integration, 1 FPSO Conversion, 1 Livestock Carrier Conversion, 1 Pipelayer Completion, 1 Derrick Pipelayer and 1 Tug

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Offshore & Marine Orderbook

	<u>Order Balance</u> <u>\$m</u>	<u>Clients</u>
<u>For delivery in 2011</u>		
5 Semis / 1 Semi Completion / 2 Semi Repairs / 3 Jackups / 1 Jackup Repair / Spud Cans / 5 FPSO Conversions / 1 FPSO Modification / Pipe Racks & Pontoons / 1 Derrick Pipelay Vessel / 1 Derrick Barge Upgrade / 1 Drillship Upgrade / 2 Drillship Outfitting / 6 Tugs / 1 AHT / 1 Rock Dumping Vessel / 3 Coal Barges / 1 Livestock Carrier Conversion	1,196	Ensco / QGP / Petrobras / Seadrill / Petrovietnam / Saipem / QGOG / Rowan / Transocean / Maersk / Noble / Frontier Drilling / Emas / SBM / Bumi Armada / OSX / Hijazi / Agip KCO / Global Offshore / Keppel Smit / Seaways / Boskalis / P.T. Indo Straits / P.T. Pelayaran Kartika / P.T. Mitra
<u>For delivery in 2012</u>		
2 Semis / 4 Jackups / 1 Drillship Upgrade / 1 FPSO Hull Conversion / 1 FPSO Upgrade / 1 Diving Support Vessel / Transformer Platform / 1 AHT	2,129	Ensco / Saudi Aramco / Standard Drilling / Mermaid / Jasper / Noble / SBM / Wetfeet / Seaways
<u>For delivery in 2013</u>		
1 Jackup / 1 Drillship Upgrade / 1 TLWP	1,262	Mermaid / Noble / Petrobras / Chevron
Total as at 31 December 2010	<u>4,587</u>	

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Infrastructure

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Financial Highlights – Infrastructure

S\$m	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Revenue	2,510	2,427	3
EBITDA	120	161	(25)
Operating Profit	75	127	(41)
Profit Before Tax	93	150	(38)
Net Profit	57	126	(55)

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Financial Highlights – Infrastructure

S\$m	<u>4Q 2010</u>	<u>4Q 2009</u>	<u>% Change</u>
Revenue	739	656	13
EBITDA	17	38	(55)
Operating Profit	4	29	(86)
Profit Before Tax	17	36	(53)
Net Profit	3	45	(93)

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Property

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Financial Highlights – Property

S\$m	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Revenue	1,685	1,508	12
EBITDA	563	385	46
Operating Profit	553	371	49
Profit Before Tax	625	476	31
Net Profit	326	210	55

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Financial Highlights – Property

S\$m	<u>4Q 2010</u>	<u>4Q 2009</u>	<u>% Change</u>
Revenue	506	599	(16)
EBITDA	136	137	(1)
Operating Profit	134	132	2
Profit Before Tax	160	169	(5)
Net Profit	73	77	(5)

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Investments

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Financial Highlights – Investments

S\$m	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Revenue	11	39	(72)
EBITDA	10	4	150
Operating Profit	9	3	200
Profit Before Tax	66	149	(56)
Net Profit	49	119	(59)

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Financial Highlights – Investments

S\$m	<u>4Q 2010</u>	<u>4Q 2009</u>	<u>% Change</u>
Revenue	3	2	50
EBITDA	21	7	200
Operating Profit	20	7	186
Profit Before Tax	45	33	36
Net Profit	34	20	70

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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.

**ADDRESS BY KEPPEL CORPORATION LIMITED'S
GROUP FINANCE DIRECTOR, TEO SOON HOE**

AT THE FULL YEAR 2010 RESULTS PRESENTATION

TUESDAY, 25 JANUARY 2011

Group Financial Highlights (Slide 8)

1. 2010 Financial Performance (Slide 9)

Once again, we are happy to report new highs for the Keppel Group: Full Year Earnings, EPS and EVA.

Net profit before exceptional items increased by 12% to reach \$1.4 billion, yielding an EPS of 88.7 cents per share for 2010.

In tandem with our record performance, we are pleased to declare a final dividend of 26 cents per share. Together with the interim dividend of 16 cents, total cash dividend for the year will be 42 cents per share. In addition, we are proposing a bonus issue to shareholders on the basis of one bonus share for every ten existing ordinary shares in the capital of the Company.

ROE remained above 20% on an annualised basis.

EVA rose to \$1,035 million, the highest ever attained by the Group.

Although there was a free cash outflow of around \$300 million, our Group maintains its net cash position.

2. Financial Highlights (Slide 10)

Whilst revenue was lower, profits at all levels registered a healthy growth over the previous year.

Operating profit increased by 17% largely due to better margins from Offshore & Marine and Property.

Pre-tax profit increased at a more modest single-digit growth because of lower contribution from associated companies.

3. Revenue by Segments (Slide 11)

Revenue declined at the Offshore & Marine Division from a reduced orderbook.

Infrastructure Division showed a slight increase in revenue as a result of better performance at Keppel Energy due to higher electricity prices and gas sales. This was, however, partially offset by the lower contribution from the Doha North Sewage Treatment Plant project in Qatar.

Property revenue rose 12% due to higher recognition of the Reflections at Keppel Bay project.

4. Pre-tax Profit by Segments (Slide 12)

Offshore & Marine, making up more than 60% of Group's pre-tax profit, chalked up 15% more earnings than 2009. This is driven by improved operating margins on its orderbook.

For Infrastructure, there was a dip in pre-tax profit. Better performance at Keppel Merlimau co-gen plant was offset by lower contribution from KIE.

As the CEO had mentioned earlier, project delays and cost overruns in the 2 Qatar EPC projects remain an issue. In view of this, we have made provisions for cost and claims.

In Property, we recorded a 31% gain in pretax earnings, due to further progress in our property projects.

5. Net Profit by Segments (Slide 13)

Robust net profit growth in Offshore & Marine and Property Division drove the Group net profit to a new high of \$1.4 billion, 12% above 2009.

Offshore & Marine's contribution at \$987 million accounted for 70% of total earnings and was an improvement of 22% from the previous year.

Property made up close to a quarter of Group's net profit as it significantly increased its earnings with higher profit recognition of the Keppel Bay project.

Net profit from Investments decreased this year mainly because SPC was sold last year.

6. Consistent Earnings Growth (Slide 14)

Our diversified portfolio has helped us grow our net profit and EPS over the years.

For the first time in the Group's history, you can see from this chart, net profit has surpassed \$400 million in a single quarter.

Consequently, this quarter EPS of 25 cents has brought our full year earnings to a record of nearly 89 cents per share.

7. Continued EVA Growth (Slide 15)

Our business continued to deliver value to our shareholders.

For the second consecutive year, EVA before exceptional items crossed the \$1 billion mark due to increased operating profit.

We will continue to deploy the Group's resources optimally to further enhance shareholders' value.

8. ROE & Dividend (Slide 16)

On the back of the healthy earnings, ROE has exceeded 20% for the fourth consecutive year.

For 2010, we are rewarding our shareholders with a higher final cash dividend of 26 cents per share. Inclusive of the interim dividend of 16 cents per share, total cash distribution for the year will be about \$670 million.

9. Healthy Free Cash Flow (Slide 17)

In 2010, cash flow from operations before working capital changes was close to \$2 billion. Despite negative working capital changes largely from the rundown of our O&M orderbook and property development expenditure, net cash from operating activities still maintained at a positive level.

The Group spent \$1.4 billion on acquisitions of 2 commercial buildings in Australia by K-Reit Asia, further development costs of MBFC and OFC, and operational capital expenditure in O&M division.

After taking into account dividend income and divestment proceeds, net cash used in investing activities was approximately \$760 million.

In summary, our negative free cash flow of \$310 million is due to our investing activities.

Business Review & Outlook (Slide 18)

1. Offshore & Marine (Slide 19)

1.1 Sustained Energy Demand Growth (Slide 20)

We believe that the long term prospect for the industry is likely to remain healthy, as fossil fuel remains the key source of energy worldwide.

According to the International Energy Agency (IEA)'s World Energy Outlook 2010, global energy demand is forecasted to increase 36% from 2008 to 2035.

Strong growth in non-OPEC countries, led by China, is expected to account for almost all of the increase.

1.2 Recovering Order Momentum (Slide 21)

In the last quarter of 2010, we are heartened to witness a regaining momentum in orders.

This has boosted Offshore & Marine's new orders by \$1.2 billion, bringing total orders secured to \$3.2 billion for the whole year.

Over the weekend, the division has secured new orders from Clearwater to build 2 jackup rigs worth approximately S\$470 million.

1.3 Fortifying Execution Excellence (Slide 22)

The Division's commitment to first-class project execution in order to meet customer requirements safely, on time and within budget has once again been reinforced during the year.

1.4 Strengthening Global Network (Slide 23)

In November, Nakilat-Keppel Offshore & Marine (N-KOM) was inaugurated.

This new 43-ha shipyard is designed with optimal flexibility to service a wide range of offshore and marine vessels. With Keppel's proven management systems, this will further leverage the Group's experience and resources to provide value-added solutions in meeting the worldwide demand in the market.

Looking ahead, the Division is well-placed to explore expansion opportunities to reinforce its 'near market near customer' strategy.

2. Infrastructure (Slide 24)

2.1 Projects Progressing (Slide 25)

Our Environmental Engineering Business continues its endeavours in the water and solid waste treatment businesses to meet the global demand for a cleaner environment.

In the Tianjin Eco-City, KIE has already entered into several joint ventures to provide waste water treatment, district heating and cooling system.

2.2 Energy Business Growth on Track (Slide 26)

A significant milestone in Keppel Energy during this quarter is the commencement of the 800MW expansion of Keppel Merlimau Co-generation plant.

With the expansion, capacity will reach 1,300MW when completed in 2013. We believe that the power plant will continue to generate good returns for the Group.

2.3 Boosting Data Centre Business (Slide 27)

We have taken steps to consolidate Singapore data centre assets of Keppel T&T and Keppel Land.

This combination will further enable us to reap economies of scale to offer high-quality and cost-effective solutions to customers. We will grow this business in Singapore as well as overseas.

2.4 Continuing Logistics Expansion (Slide 28)

Keppel T&T will soon develop a green integrated logistics distribution centre on a 2.8 hectares land plot within the Eco Industrial Park of the Tianjin Eco-City.

In line with the Eco-City's vision to be a model of sustainable development, the integrated logistics distribution centre will include green features such as reverse logistics services, energy-efficient infrastructure and state-of-the-art management systems.

3. Property (Slide 29)

3.1 Good Homes Sales in 2010 (Slide 30)

In the property division, our primary markets have continued to see steady growth.

Riding on the healthy economic performance and favourable demographics in the local market, we see a commendable take-up rate for Keppel Land's latest residential development – The Lakefront Residences. As at end 2010, more than 80% of the units launched have been sold, reflecting the homebuyer's confidence in our project.

In China, rapid urbanisation and sustained economic growth led to strong buyer interest in Keppel's developments in Tianjin Eco-City and Chengdu. We expect that China operations will continue to contribute favorably to total earnings in the coming years.

The various property cooling measures in Singapore and around the region have affected buying sentiments. We will continue to monitor the market and time our property launches when market conditions stabilise.

3.2 Land Acquisitions in 4Q10 (Slide 31)

To further capitalise on opportunities, the Property Division has expanded its Asian portfolio by securing its maiden site in Nantong and 2 prime sites in Ho Chi Minh City in 4Q 2010.

3.3 Positive Demand for Offices (Slide 32)

On the commercial front, our Property Division is also well-poised to benefit from the improved business sentiments with its prime Grade A office projects. Demand for our office spaces has been extremely encouraging and positive so far.

Phase 1 for Marina Bay Financial Centre (MBFC) has been fully leased, while phase 2 pre-commitment has increased to 66% as at end of 2010.

Pre-commitment for Ocean Financial Centre (OFC) has also grown from 64% to 80%, which marks a 16% point increase in a single quarter.

4. A Decade of Growth (Slide 33)

At the start of this new decade, I would like to recap the achievement that Keppel Group has made over the years.

In 10 years, as you can see from the chart, our net profit has grown from \$267 million in 2001 to our record earnings of \$1,419 million for the year 2010. The Group's 10-year compound annual growth rate (CAGR) stood at about 20%.

5. Outlook (Slide 34)

Keppel Group has witnessed continuing uneven global recovery across the economies and financial markets.

While we have produced an excellent set of results amid the global challenge, we are aware that we will have to work even harder to sustain and grow earnings. We must continue to build a viable sustainable future for our Group in this uniquely challenging environment.

As we position ourselves for success in 2011 and beyond, Keppel is committed to differentiate from the competition and enhance our value propositions.

Thank you.