

**SPEECH BY GEORGE YEO, MINISTER FOR FOREIGN AFFAIRS,
AT KEPPEL OFFSHORE & MARINE'S 5TH ANNIVERSARY
CELEBRATIONS ON 3 DECEMBER 2007 AT 8.00 PM AT
ASIAN CIVILISATIONS MUSEUM**

Mr Lim Chee Onn, Executive Chairman of Keppel Corporation,

Mr Choo Chiau Beng, Chairman and CEO of Keppel Offshore & Marine,

Excellencies, Distinguished guests,

Ladies and gentlemen.

1. I am delighted to join all of you at this evening's celebrations. Although Keppel Offshore & Marine is only five years old, its history goes back much longer because the company is a consolidation of all Keppel's shipyards under one banner. Over the course of my work in different ministries, I have had the pleasure of visiting Keppel shipyards in the Philippines, Brazil and Kazakhstan and saw for myself the wonderful Keppel spirit.

2. The company has done exceptionally well. Its revenue has grown some 300% from S\$1.9 billion in 2002 to \$5.7 billion in 2006. This year, its revenue is expected to rise by more than 20%. The company's return on equity (ROE) has improved from around 20% in 2002 to 50% in 2006. My heartiest congratulations to the management and staff of Keppel O&M!

Keppel O&M has contributed greatly to Singapore's leading position in the world's marine and offshore industry.

3. From being the world leader in jackup rigs, Singapore has also become world leader in the conversion of supertankers to Floating Production Storage Offloading vessels. We now account for 70% of the global market share in both segments. We have also built up a strong reputation in semi-submersibles with about 60% of the global market share.

Of course, we did not make these achievements by ourselves. We have had first-class international partners. For example, Keppel O&M alone did more than S\$10 billion worth of work for the AP-Moller-Maersk Group, ENSCO International, Petrobras SA, SBM and LUKOIL in the last five years. We have benefited greatly from the resources, networks and technology of these global companies and learnt much from them.

4. Although our companies in the offshore and marine industry now operate worldwide, their home base is Singapore which is the source of their strength. Building upon Singapore's ideal location as a deep sea port between two oceans, we have become a hub for transportation and logistics, finance and other business services, engineering, petrochemicals and much else besides. We can only maintain this position by constantly offering a

better service or product, where sellers can sell dearest and buyers can buy cheapest. To do this, we need to harness the latest technology. The promotion of R&D by the Government is therefore not one of choice but of necessity. For the fast growing global marine and offshore industry, we have to keep improving and upgrading to stay ahead of the competition.

5. The EDB is working closely with industry to encourage R&D activities in the marine & offshore sector. The establishment of the Keppel Offshore & Marine Technology Centre, or KOMtech, which we are launching shortly, is a good example of the direction that Singapore is moving towards in the area of marine & offshore R&D, particularly in deepwater and harsh environment technologies. We believe that the activities undertaken by KOMtech will complement the growth of the marine & offshore cluster and generate new leadership areas for Singapore.

6. Investing in technology means years of commitment and a willingness to take risks. But there is no other way to stay competitive. Keppel FELS is a prime example of this. They first launched into rig research and development in 1985 in an agreement with Foramer SA, Friede & Goldman to build and own the *Columbus Explorer*, an F&G L-780 MOD V jackup. It was only in 1994, with the support of the Singapore National

Science and Technology Board, that Keppel FELS established its first design and development arm, Offshore Technology Development for critical jackup equipment. It quickly developed to undertake jackup rig design in 1997, and delivered its first proprietary design, the KFELS A Class in 2000.

7. Today, after years of persistence, Keppel O&M has emerged as world leader in the design and construction of jackup rigs and semisubmersibles. The company has delivered 20 jackups and 4 semi-submersibles based on Keppel O&M's proprietary designs. Together with the projects currently under construction, Keppel O&M's proprietary technologies have generated S\$15 billion worth of contracts.

8. I congratulate Keppel O&M for five years of outstanding performance and for the *CAN DO!* spirit which has made the company an international brand name. I remember opening the Keppel FELS yard at Angra in Rio de Janeiro State a few years ago when a small group of Singaporeans ventured into new territory hardly knowing the local language or culture. When I met the Keppel staff three years later, they had completely adapted and were flourishing. Keppel has really done Singapore proud.