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(SINGAPORE) Keppel Corp Ltd, the world's biggest rig-builder, expects tighter global marine fuel emission standards to force some shipowners to convert their vessels to run on less polluting natural gas, chief executive Choo Chiau Beng said last week.

A shift from low-sulphur diesel, which is more expensive than gas, will spur a retrofit for thousands of vessels worldwide and create a new market for rig-builders including Keppel's Singapore-based rival Sembcorp Marine Ltd.

The conversion may provide shipyards with billions of dollars in potential revenue in the coming decades, according to analysts.

"Right now everybody is looking at gas for bunkering ships. It is already happening in Norway, Japan is looking at it, and we are looking at it. It does make sense because of the sulphur restrictions in many of these areas," Mr Choo said in an interview.

Oil refineries around the world today are also not capable of producing enough low-sulphur diesel to meet demand from ships, he said.

Keppel's shipyards currently focus on rigs, which typically cost hundreds of millions of dollars to build, as well as vessels related to oil exploration and production. The company has an order book of S\$8.4 billion with deliveries until 2015.

"The value of this kind of conversion is typically below US\$100 million (per vessel). This is a volume game for the yards," said Jason Saw, an analyst at DMG & Partners.

The conversion will also benefit shipbuilders such as Daewoo Shipbuilding & Marine Engineering, Samsung Heavy Industries and Hyundai Heavy Industries.

Big-builders were hit by a slowdown in orders after the global financial crisis in 2009, but a rebound in oil prices since has boosted

pending on energy exploration.

"The fundamentals of the energy industry are very strong, primarily because energy demand has been growing," Mr Choo said, adding that old rigs around the world are also being replaced.

Brazilian state oil company Petrobras SA plans to invest US\$225 billion through 2015.

Keppel has signed a letter of intent to build five semi-submersible rigs for Sete Brasil worth around US\$4.1 billion, paving the way for what would be its biggest-ever deal, the company said earlier this month.

The US\$4.1 billion order might not be the last from the Brazilian firm, and Keppel would like to do more but only if it has the capacity to deliver additional orders on time and within budget, he said.

Mr Choo, one of Singapore's best-paid CEOs with a pay cheque of more than S\$11 million, is a non-resident ambassador to Brazil, a post that some analysts said could help the company tap one of the world's fastest-growing energy markets.

The company is also keen to grow its other businesses including real estate, clean energy, infrastructure and telecommunications, Mr Choo said.

"We are still acquiring property sites in Asia. We are also looking at infrastructure assets such as gas or energy assets ... (and) green assets to put into our K-Green Trust," Mr Choo said at his office in Singapore.

The company reported a record quarterly profit for the three months ended March 2012, thanks to strong earnings from its property division.

Keppel's share price has risen 19 per cent so far this year, outperforming the 12 per cent gain in the benchmark Singapore Straits Times Index. - Reuters