2005 PERFORMANCE

The SembCorp Marine Group achieved another record-high in turnover and profits in 2005.

Group turnover recorded a compounded annual growth of 25 per cent from $0.85 billion in 2001 to $2.12 billion in 2005. Group profit after tax and minority items (PATMI) reached a record-high of $121.4 million while ROE improved by 20 per cent to 12 per cent.

Economic value-added (EVA) attributable to shareholders was $63.4 million, a 462 per cent improvement from 2004.

The Board of SembCorp Marine is proposing a final and gross dividend of 7.0 cents per share (less income tax), making a total annual dividend of 9.5 cents per share (less income tax). This significant dividend payout ratio at 91 per cent for the second consecutive year shows our commitment to shareholder value.

GROUP FIVE-YEAR PERFORMANCE

2001

Revenue increased by 12 per cent to $854.5 million due to an improvement in ship-repair activities. Group PATMI improved by 3 per cent to $82.4 million due to an increase in ship-repair volume and the maiden contributions from PPL Shipyard's and the Group's associated companies in Singapore and Brazil.

2002

Group revenue hit a high of $1.012 billion, 18 per cent more than the previous year. The improvement was due mainly to increased revenue from new-building and ship-conversion projects. Group pre-tax profit rose to a record $116.3 million, with exceptional items contributing $6.7 million and associated companies and joint venture contributing $6.1 million. Group PATMI including exceptional items grew by 12 per cent to $92.1 million.

2003

Despite the difficult operating environment, Group revenue reached a record high of $1.068 billion, 6 per cent higher than 2002's S$1.012 billion. This was attributed mainly to volume increases in ship-conversion and new-building projects. These increases more than offset the decline in ship-repair revenue, which was affected by the Severe Acute Respiratory Syndrome (SARS) outbreak in the region as well as the postponement of vessel repairs as a result of high freight rates.

Group PATMI including exceptional items declined 15 per cent to $78.5 million due mainly to the subdued performance in ship repair as well as lower exceptional gains of $1.3 million, compared to $6.7 million in 2002. If exceptional items and the effect of the prior year's tax over-provision were excluded, the Group's PATMI would have declined by just 8 per cent to $74.0 million in 2003.

2004

Another record year was achieved with Group turnover rising to a record of $1.36 billion, a growth of 28 per cent driven mainly by increased revenue from both the ship-conversion and ship-repair sectors. The ship-building and rig-building sectors recorded declines as most of the projects were pending take-up or in the early stages of production as at end of 2004.

Group operating profit increased by 25 per cent to $92.9 million, while pre-tax profit rose 19 per cent to $113.1 million. These increases were attributed to improvements in the ship-conversion and ship-repair sectors as well as from higher contributions from a joint venture and associated companies. Net profit for 2004 reached a record high of $94.1 million, an increase of 20 per cent.

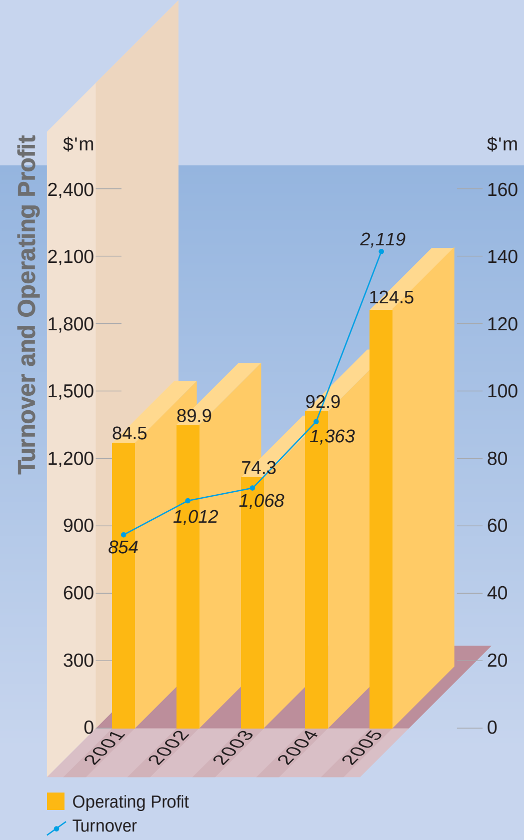
2005

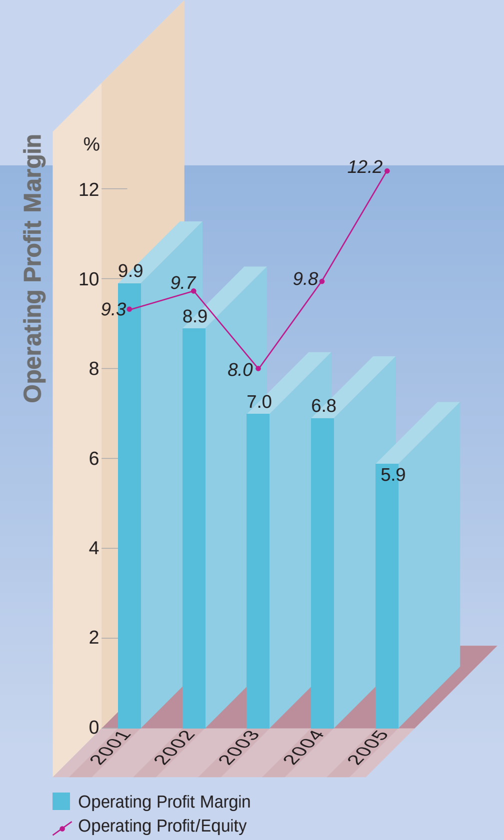
Group turnover registered a record high at $2.12 billion, an increase of 56 per cent attributable to growth across all business segments, in particular the offshore conversion and the rig-building segments. Group operating profits increased by 34 per cent to $124.5 million, while Group pre-tax profits grew by 41 per cent to $159.9 million. The increase was due mainly to better operating profits and contribution from the associated company acquired during the year.

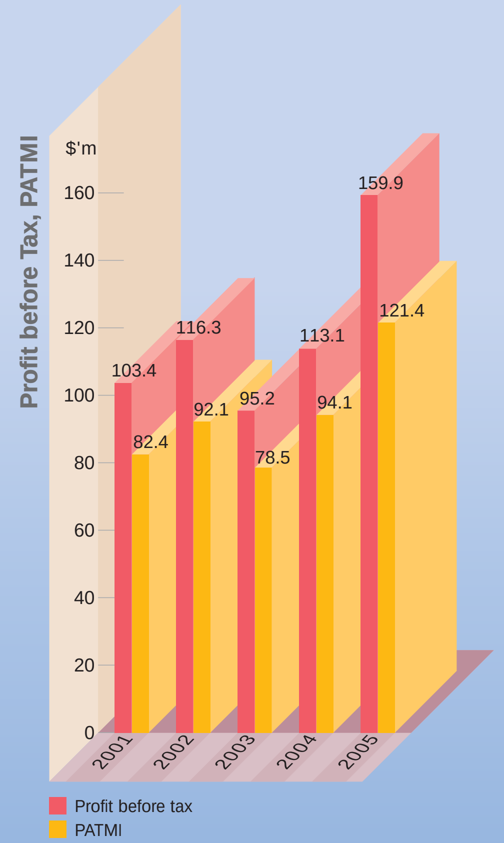
Group tax charge in 2005 was higher than the previous year mainly resulting from a $4.2 million write-back of prior year's tax over-provision, arising from a 2 per cent reduction in corporate income tax rate in 2004. Excluding the prior year's tax under/(over) provision, Group attributable profits actually increased 36 per cent from $89.9 million in 2004 from $122.0 million in 2005.

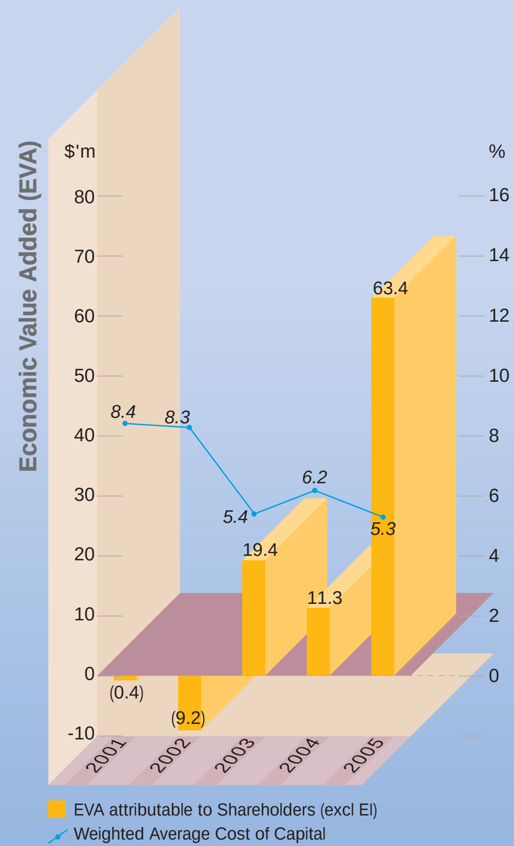
GROUP FIVE-YEAR FINANCIAL SUMMARY

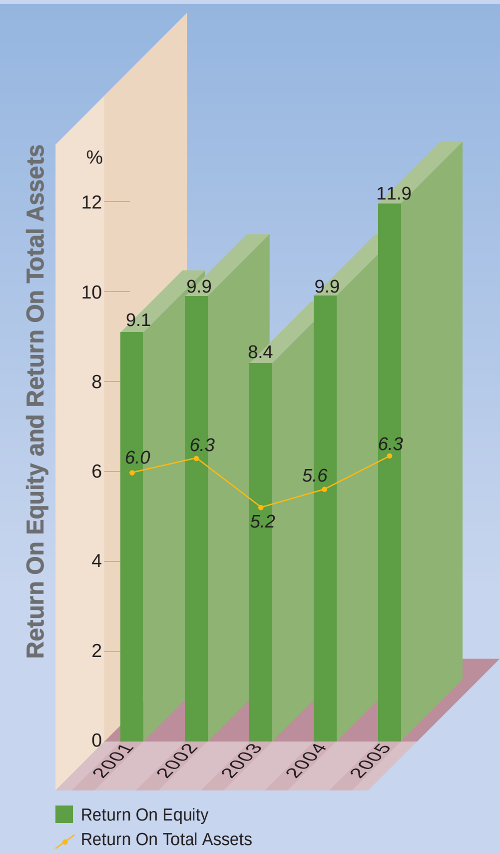
For the year	2001 ($'000)	2002 ($'000)	2003 ($'000)	2004 ($'000)	2005 ($'000)
Turnover	854,461	1,011,512	1,067,986	1,362,764	2,119,279
Operating Profit	84,496	89,883	74,308	92,933	124,549
Profit Before Tax	103,392	116,291	95,186	113,089	159,855
PATMI	82,419	92,098	78,540	94,087	121,398
Dividend – Interim	15,917	16,507	16,584	17,067	28,880
Dividend – Final	54,963	55,159	39,814	69,157	81,220
Dividend – Total	70,880	71,666	56,398	86,224	110,100
Group Balance Sheet					
Fixed Assets	429,914	447,886	452,720	460,020	579,584
Associated Companies & JV	104,627	101,778	58,700	67,487	123,645
Other Investments	98,992	92,759	71,776	23,666	77,931
Other Long Term Assets	168,273	203,913	172,254	88,258	51,863
Current Assets	633,293	642,219	769,665	1,219,934	1,493,114
Current Liabilities	(446,859)	(492,123)	(531,173)	(651,692)	(982,871)
Long Term Liabilities	(56,977)	(46,128)	(52,069)	(204,963)	(227,569)
	931,263	950,304	941,873	1,002,710	1,115,697
Issued Capital	140,614	141,432	142,005	142,761	145,036
Capital, Foreign Currency Translation & Other Reserves	263,332	257,049	236,741	240,772	318,271
Retained Profits	517,299	541,527	548,381	585,367	602,238
Minority Interests	10,018	10,296	14,746	33,810	50,152
	931,263	950,304	941,873	1,002,710	1,115,697
Per Share Data (cents)					
EPS – Before Tax	7.39	8.26	6.72	7.96	11.13
EPS – After Tax	5.89	6.54	5.55	6.62	8.45
Net Tangible Assets	64.41	65.65	64.60	67.19	73.22
Net Asset Value	65.52	66.46	65.29	67.87	73.47
Financial Ratios					
Return on Equity (%)	9.10	9.90	8.41	9.92	11.93
Return on Total Assets (%)	5.97	6.30	5.21	5.62	6.30
Operating Margin (%)	9.89	8.89	6.96	6.82	5.88
Operating Profit/Equity (%)	9.33	9.66	7.96	9.80	12.24
Current Ratio	1.42	1.30	1.45	1.87	1.52
Gearing Ratio (%)	2.83	2.95	10.90	15.44	14.05
Dividend Cover	1.16	1.29	1.39	1.10	1.10

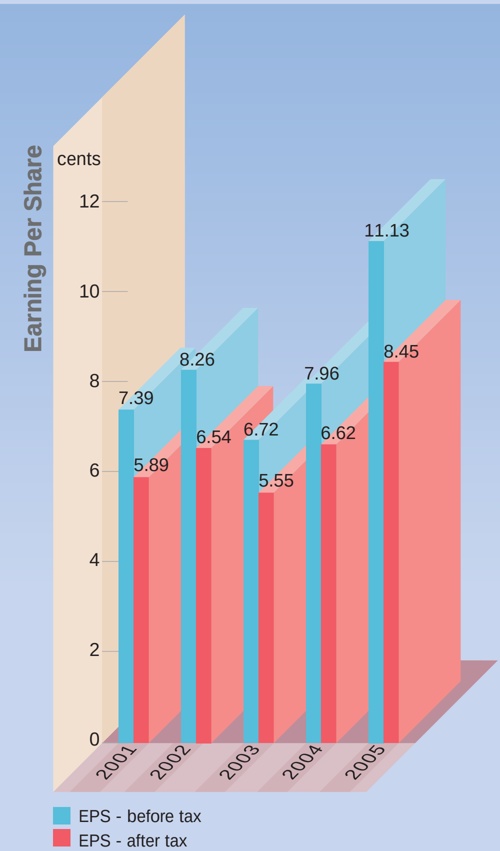












Shareholders' Returns

Return on Equity, EVA, Dividends and Earnings per Shares

The Group's return on equity (ROE) grew by 20 per cent to 12 per cent in 2005 as a result of the record profit achieved for the year. Economic value-added (EVA) attributable to shareholders was $63 million, an outstanding 462 per cent improvement from 2004.

The Board of Directors is proposing a final and gross dividend of 7.0 cents per share (less income tax), making a total annual dividend of 9.5 cents per share (less income tax). This significant dividend payout ratio of 91 per cent for the second consecutive year shows its commitment to shareholder value.

The recommended dividend for 2005 took into consideration the Group's present cash flow position, positive cash flow generated from operations and projected capital requirement. Payment of the final proposed dividend is subject to the approval of shareholders of SembCorp Marine at the forthcoming Annual General Meeting.

To maximise shareholder value, SembCorp Marine will continue its policy of paying high levels of final dividends to return excess cash generated from its operations where possible, as long as the cash is not required for investments in the future. Some cash resources will be required for the set up of new facilities and capabilities to expand existing operations and for any potential mergers and acquisitions.