

financial review

\$4.4b

Turnover

\$554m

Operating Profit

\$630m

Profit Before Tax

\$538m

Net Profit

25.8cents

Earnings per Share

22%

Return on Equity

13cents

Total Dividend per Share

\$1.1b

Net Cash

\$1.17

Net Asset Value per Share

\$384m

Economic Value Added



Vessels berthing at Sembawang Shipyard.

Turnover

Group turnover for Sembcorp Marine increased 12 per cent to \$4.4 billion in 2012 from \$4.0 billion in 2011, mainly attributable to higher revenue recognition for rig building and offshore platform projects.

Earnings

Group operating profit in 2012 of \$554 million was 25 per cent lower as compared with \$737 million due mainly to the lower margin from new design rigs and a resumption of margin recognition on completion and delivery of the Songa Eclipse semi-submersible rig in 2011. Consequently, Group pre-tax profit also saw a decrease of 27 per cent from \$860 million in 2011 to \$630 million in 2012. Overall, net profit in 2012 was \$538 million as compared to \$752 million in 2011. The 28 per cent decline was mainly attributable to lower operating profit from rig building projects.

Financial Position

The Group's total assets of \$5.8 billion in 2012 was 15 per cent higher than that of \$5.1 billion in 2011. The increase in property, plant and equipment was mainly due to capital expenditures for the Integrated Tuas New Yard. Inventories and work-in-progress increased significantly mainly due to payment terms of rig-building projects. These were partially offset by decreases in cash and cash equivalents, which were mainly due to the capital expenditures for the new yard, dividends paid and working capital changes for ongoing projects.

Group total liabilities of \$3.2 billion at 31 December 2012 was 27 per cent higher than the previous year-end. Progress billings in excess of work-in-progress increased significantly mainly due to receipts from customers for rig building projects. The increase in interest-bearing borrowings was mainly due to borrowing for capital expenditures for the Integrated Tuas New Yard.

Total capital employed of \$2.5 billion as at 31 December 2012 comprised shareholders' funds of \$2.4 billion and non-controlling interests of \$109 million. The Group's shareholders' funds in 2012 was slightly higher from \$2.4 billion in 2011 while non-controlling interests increased 18 per cent from \$92 million in 2011.

Cash Flow and Liquidity

The Group's total cash and cash equivalents stood at \$1.4 billion as at 31 December 2012.

Cash flow from operating activities before changes in working capital was \$671 million in 2012. Net cash inflow from operating activities amounted to \$208 million, \$118 million lower than the \$326 million in 2011. This was mainly due to lower operating profit from rig building projects and interest income received, partially offset by lower tax paid.

The Group's net cash outflow from investing activities of \$527 million in 2012 was higher than 2011 by

\$50 million. The Group spent \$517 million on expansion and operational capital expenditure, mainly for the Integrated Tuas New Yard and \$14 million on investment in associate and joint venture.

Net cash outflow from financing activities was \$232 million in 2012; net cash used was mainly for payment of dividends, partially offset by net proceeds from borrowings.

Shareholder Returns

The Group achieved a return on equity of 22 per cent, in line with its efforts to achieve good returns for the shareholders.

Subject to approval by shareholders of Sembcorp Marine at the next Annual General Meeting, the Group is proposing a final one-tier tax-exempt dividend of 8 cents per share comprising a final ordinary dividend of 6 cents and a special dividend of 2 cents per share. Together with the interim one-tier tax-exempt dividend of 5 cents per share, total dividend for the financial year ended 31 December 2012 would be 13 cents per share.

Economic Value Added

The economic value added generated in 2012 amounted to \$384 million, 34 per cent lower than 2011. This was mainly due to a decline in net operating profit after tax (NOPAT) for 2012 from \$782 million in 2011 to \$583 million in 2012.

Value Added

Group's total value added in 2012 was \$1.2 billion. The amount distributed to employees in 2012 was \$486 million, income and other taxes to the government was \$88 million, and interest and dividends to the providers of capital was \$525 million, leaving a balance of \$139 million reinvested in the business and \$1 million in other non-operating expenses.

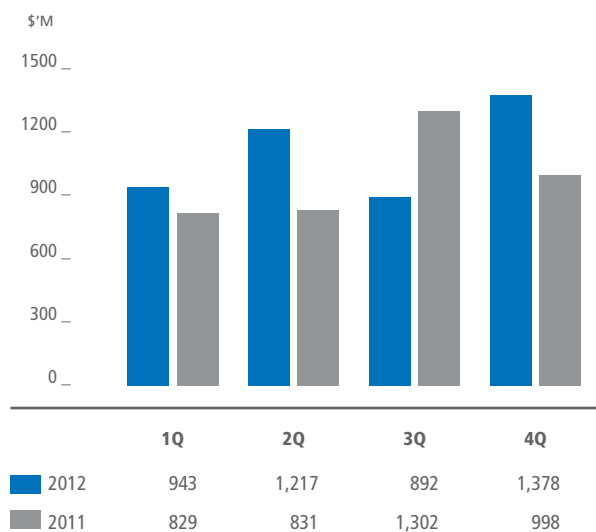


West Tucana, the first of two F&G JU2000E jack-up rigs for Seadrill, under construction at Jurong Shipyard.

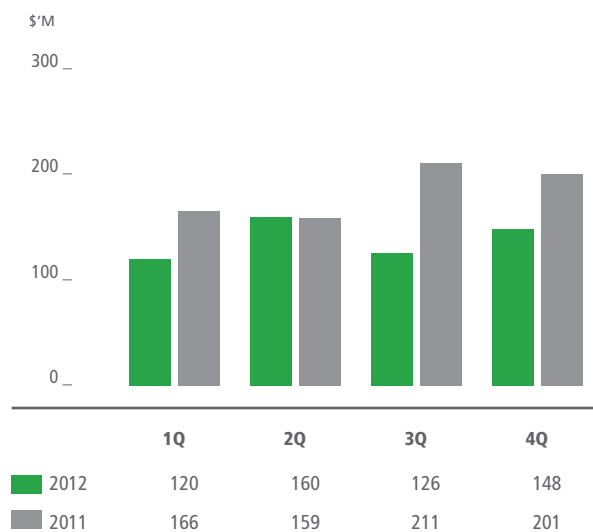
2012 Quarterly (\$'000)	1Q	2Q	3Q	4Q	Total
Turnover	942,564	1,216,989	892,413	1,378,157	4,430,123
Operating profit	120,205	159,823	125,947	148,243	554,218
Earnings before interest, tax, depreciation and amortisation (EBITDA)	141,416	181,064	149,267	176,459	648,206
Profit before tax	143,509	184,022	139,279	162,837	629,647
Net profit	113,085	142,780	115,512	167,076	538,453
Earnings per share (cents)					
Year-to-date	5.43	12.27	17.81	25.81	
In-quarter	5.43	6.84	5.53	8.00	

2011 Quarterly (\$'000)	1Q	2Q	3Q	4Q	Total
Turnover	828,889	831,310	1,302,443	997,588	3,960,230
Operating profit	166,119	158,792	211,140	201,078	737,129
Earnings before interest, tax, depreciation and amortisation (EBITDA)	186,357	179,361	231,440	226,249	823,407
Profit before tax	180,068	181,283	275,205	223,357	859,913
Net profit	150,630	149,743	222,508	229,022	751,903
Earnings per share (cents)					
Year-to-date	7.25	14.45	25.14	36.13	
In-quarter	7.25	7.20	10.69	10.99	

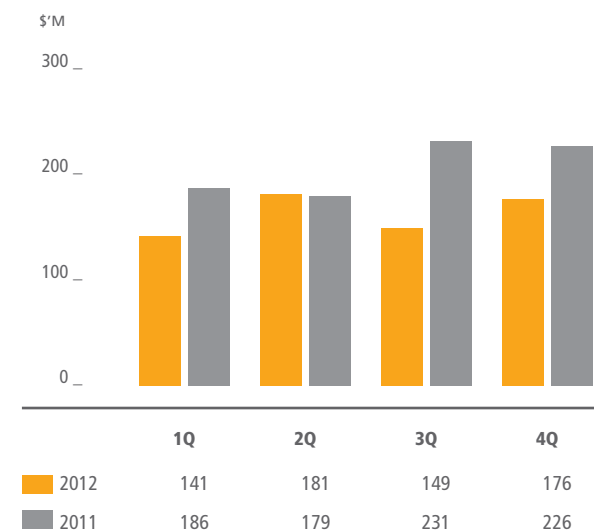
QUARTERLY TURNOVER



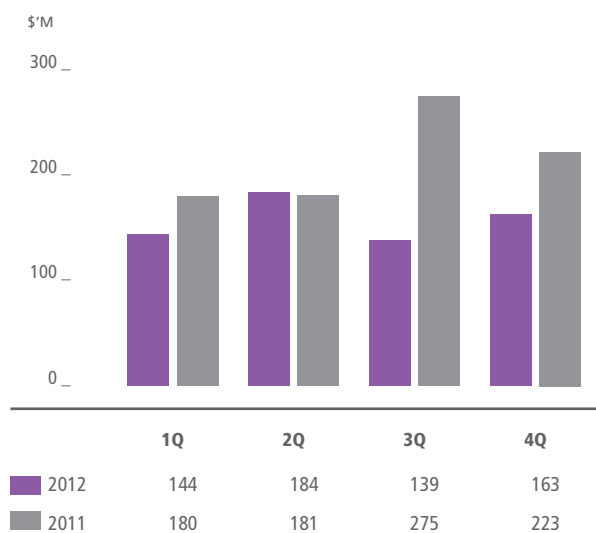
QUARTERLY OPERATING PROFIT



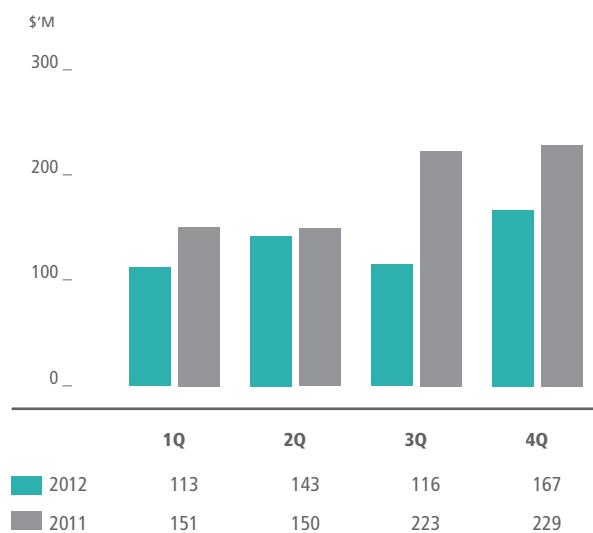
QUARTERLY EBITDA



QUARTERLY PROFIT BEFORE TAX



QUARTERLY NET PROFIT



QUARTERLY EARNINGS PER SHARE

