



GROUP FINANCIAL REVIEW

GROUP FIVE-YEAR FINANCIAL SUMMARY

	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000
For the Year					
Turnover	4,430,123	5,525,882	5,832,595	4,968,132	3,544,816
Operating profit / (loss)	554,218	644,257	707,025	(149,991)	225,306
Profit / (Loss) before tax	617,378	660,537	707,004	(377,603)	90,520
Net profit / (loss)	538,453	555,747	560,128	(289,672)	78,777
Dividend - Interim	104,382	104,464	104,459	83,563	31,345
Dividend - Final	125,347	125,359	167,102	41,795	20,893
Dividend - Final Special	41,782	41,787	-	-	-
Dividend - Total	271,511	271,610	271,561	125,358	52,238

At Year End					
Property, plant and equipment	1,476,206	2,394,167	3,008,909	3,540,555	3,986,667
Associates and joint ventures	417,329	445,743	470,277	312,056	74,816
Other financial assets	154,332	107,166	90,443	107,263	67,783
Other non-current assets	97,715	81,931	101,673	124,212	267,262
Current assets	3,640,875	4,221,093	4,567,118	5,117,036	5,018,305
Current liabilities	(2,718,214)	(3,530,406)	(3,448,597)	(3,897,046)	(3,748,282)
Non-current liabilities	(521,218)	(910,182)	(1,657,796)	(2,639,797)	(3,058,930)
	2,547,025	2,809,512	3,132,027	2,664,279	2,607,621

Share capital	480,086	484,288	484,288	484,288	484,288
Capital, foreign currency translation and other reserves	(26,335)	(76,179)	(76,625)	9,770	54,905
Revenue reserve	1,984,773	2,268,927	2,557,455	2,017,147	2,022,796
Non-controlling interests	108,501	132,476	166,909	153,074	45,632
	2,547,025	2,809,512	3,132,027	2,664,279	2,607,621

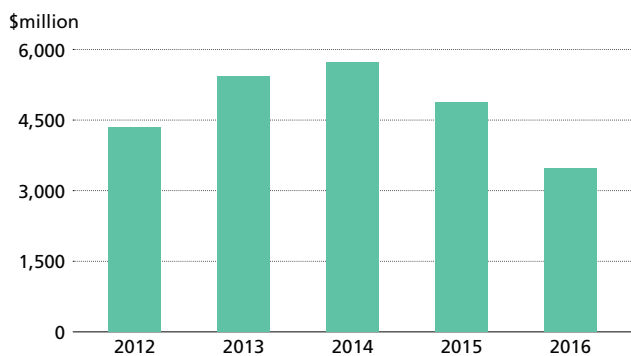
Per Share					
EPS - basic (cents)	25.81	26.61	26.83	(13.87)	3.77
EPS - diluted (cents)	25.80	26.59	26.82	(13.87)	3.77
Net tangible assets (cents)	115.19	126.76	139.40	118.00	112.95
Net asset value (cents)	116.80	128.21	141.92	120.24	122.62

Financial Ratios					
Return on equity (%)	22.19	21.73	19.86	(10.58)	3.11
Return on total assets (%)	9.94	9.15	8.00	(2.90)	1.76
Operating profit (loss) / equity (%)	22.84	25.19	25.06	(5.48)	8.88
Current ratio (times)	1.34	1.20	1.32	1.31	1.34
Net gearing (times)	Net cash	Net cash	0.21	1.03	1.13
Dividend cover (times)	1.98	2.05	2.06	n.a.	1.51



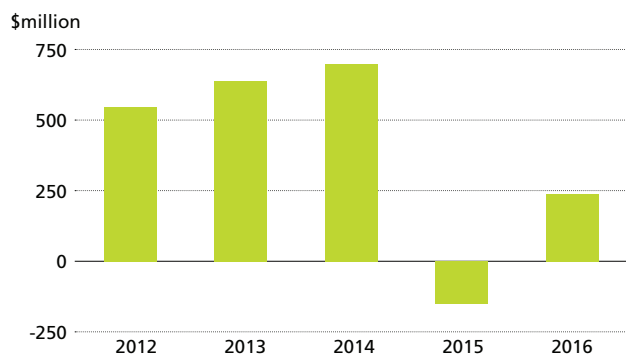
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Turnover



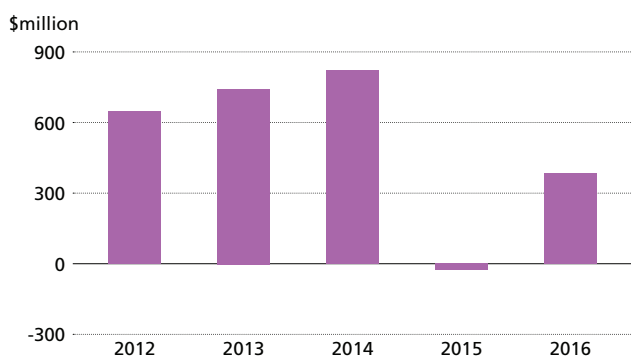
	2012	2013	2014	2015	2016
Turnover	4,430	5,526	5,833	4,968	3,545

Operating Profit



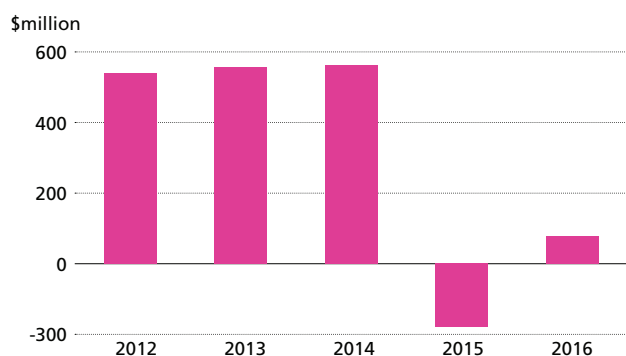
	2012	2013	2014	2015	2016
Operating profit / (loss)	554	644	707	(150)	225

EBITDA



	2012	2013	2014	2015	2016
EBITDA	648	745	822	(18)	384

Net Profit

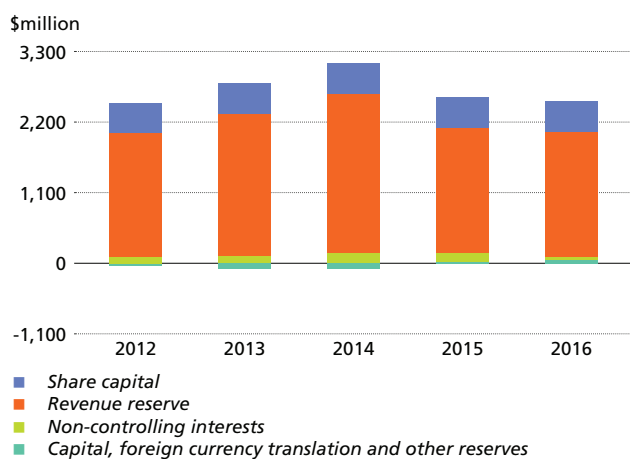


	2012	2013	2014	2015	2016
Net profit / (loss)	538	556	560	(290)	79



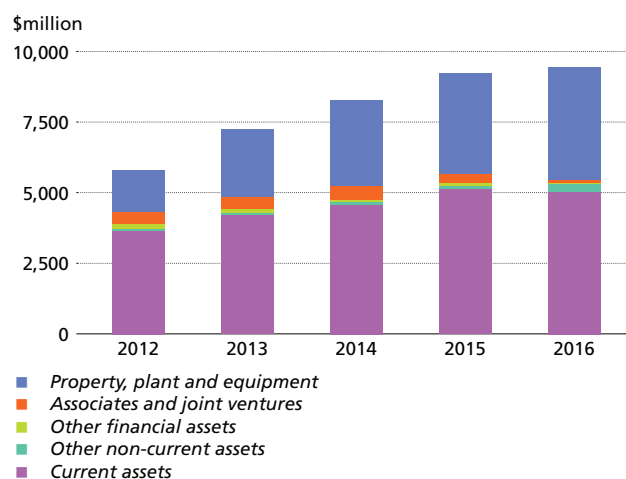
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Total Equity



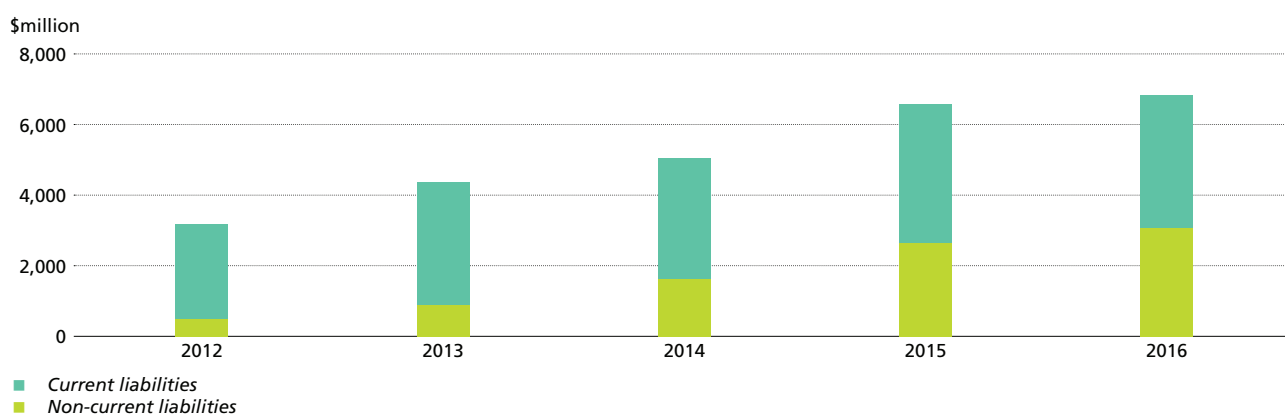
	2012	2013	2014	2015	2016
Share capital	480	484	484	484	484
Capital, foreign currency translation and other reserves	(26)	(76)	(77)	10	55
Revenue reserve	1,985	2,269	2,557	2,017	2,023
Non-controlling interests	109	132	167	153	46
Total	2,547	2,810	3,132	2,664	2,608

Assets



	2012	2013	2014	2015	2016
Property, plant and equipment	1,476	2,394	3,009	3,541	3,987
Associates and joint ventures	417	446	470	312	75
Other financial assets	154	107	90	107	68
Other non-current assets	98	82	102	124	267
Current assets	3,641	4,221	4,567	5,117	5,018
Total	5,786	7,250	8,238	9,201	9,415

Liabilities

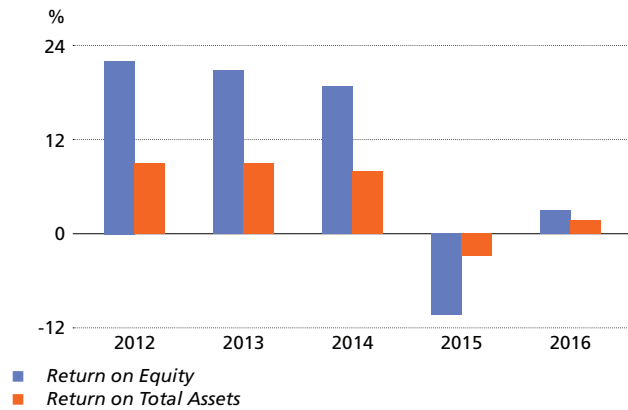


	2012	2013	2014	2015	2016
Current liabilities	2,718	3,530	3,449	3,897	3,748
Non-current liabilities	521	910	1,658	2,640	3,059
Total	3,239	4,441	5,106	6,537	6,807



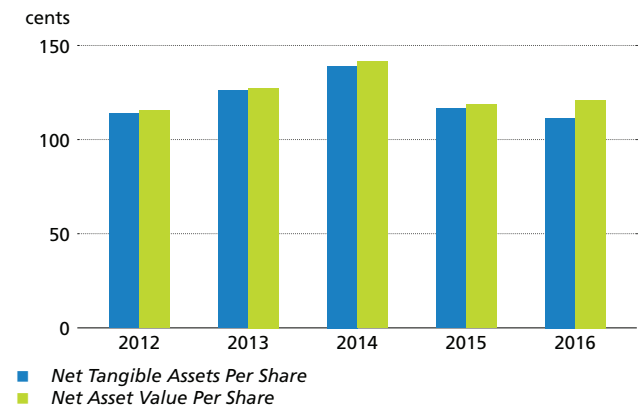
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Return on Equity and Return on Total Assets



	2012	2013	2014	2015	2016
Return on Equity	22.2	21.7	19.9	(10.6)	3.1
Return on Total Assets	9.9	9.2	8.0	(2.9)	1.8

Net Tangible Assets and Net Asset Value Per Share



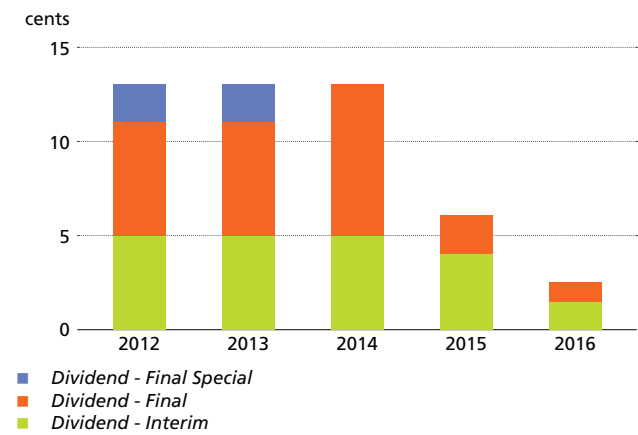
	2012	2013	2014	2015	2016
Net Tangible Assets Per Share	115	127	139	118	113
Net Asset Value Per Share	117	128	142	120	123

Earnings Per Share



	2012	2013	2014	2015	2016
EPS - After Tax	25.8	26.6	26.8	(13.9)	3.8
EPS - Before Tax	29.6	31.6	33.9	(18.1)	4.3

Dividend Per Share



	2012	2013	2014	2015	2016
Dividend - Interim	5.0	5.0	5.0	4.0	1.5
Dividend - Final	6.0	6.0	8.0	2.0	1.0
Dividend - Final Special	2.0	2.0	-	-	-
Total	13.0	13.0	13.0	6.0	2.5



GROUP FINANCIAL REVIEW

VALUE ADDED STATEMENT

	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000
Value added from:					
Turnover	4,430,123	5,525,882	5,832,595	4,968,132	3,544,816
Less: Bought in materials and services	(3,264,571)	(4,231,874)	(4,402,863)	(4,251,510)	(2,650,304)
Gross value added	1,165,552	1,294,008	1,429,732	716,622	894,512
Investment, interest and other income	20,316	81,650	12,371	7,368	38,754
Share of results of associates and joint ventures, net of tax	44,001	11,166	9,859	(173,499)	(35,134)
Non-operating (expenses) / income, net	(2,439)	2,758	177	(18,708)	(18,923)
	1,227,430	1,389,582	1,452,139	531,783	879,209

Distribution					
To employees in wages, salaries and benefits	486,270	585,859	556,436	527,159	490,211
To government in income and other taxes	37,221	102,430	144,959	74,057	58,723
To providers of capital in:					
Interest on borrowings	3,262	8,072	20,960	46,775	88,651
Dividends to owners of the Company	522,036	271,593	271,600	250,636	73,128

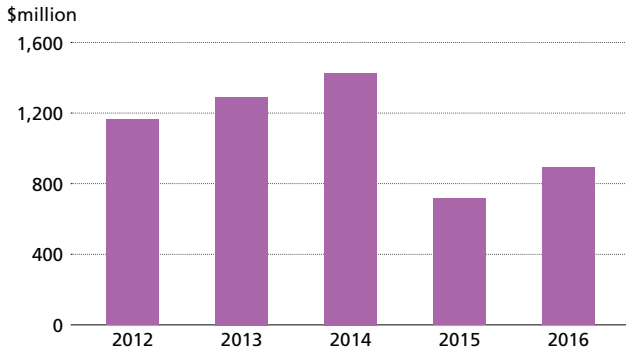
Retained in business					
Depreciation, amortisation and R&D expenses	94,020	100,607	115,142	131,760	159,128
Deferred tax expense / (credit)	38,021	3,807	12,449	(102,282)	1,683
Revenue reserve	16,417	284,154	288,528	(540,308)	5,649
Non-controlling interests	28,985	32,513	41,147	(10,294)	(3,617)
Other expenses	1,198	547	918	154,280	5,653
Total distribution	1,227,430	1,389,582	1,452,139	531,783	879,209

Productivity data					
Average staff strength	10,395	12,313	12,938	14,106	13,222
Employment costs	486,270	585,859	556,436	527,159	490,211
Value added (\$'000)	1,165,552	1,294,008	1,429,732	716,622	894,512
Value added per employee (\$'000)	112	105	111	51	68
Value added per dollar employment costs (\$)	2.40	2.21	2.57	1.36	1.82
Value added per dollar investment in property, plant and equipment (\$)	0.79	0.54	0.48	0.20	0.22
Value added per dollar turnover (\$)	0.26	0.23	0.25	0.14	0.25



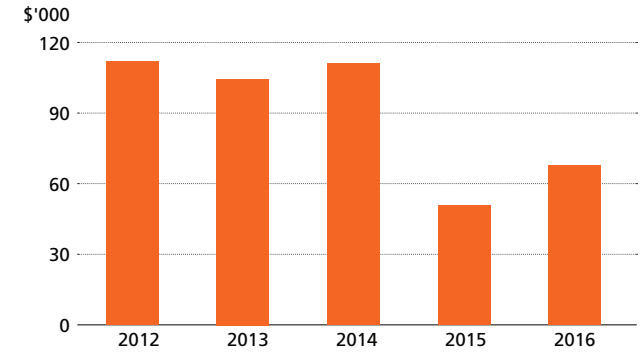
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Gross Value Added



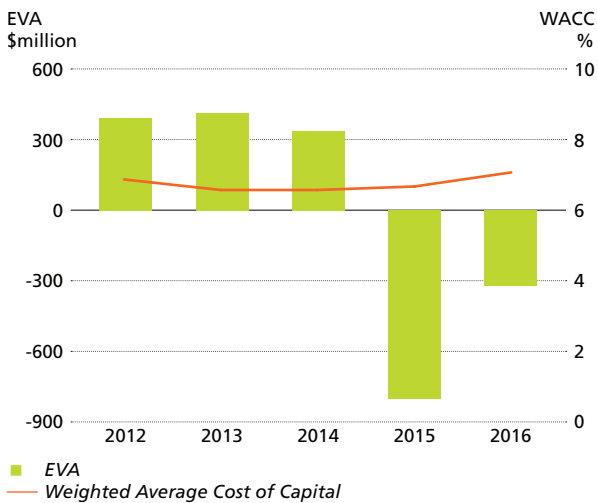
	2012	2013	2014	2015	2016
Gross Value Added	1,166	1,294	1,430	717	895

Value Added Per Employee



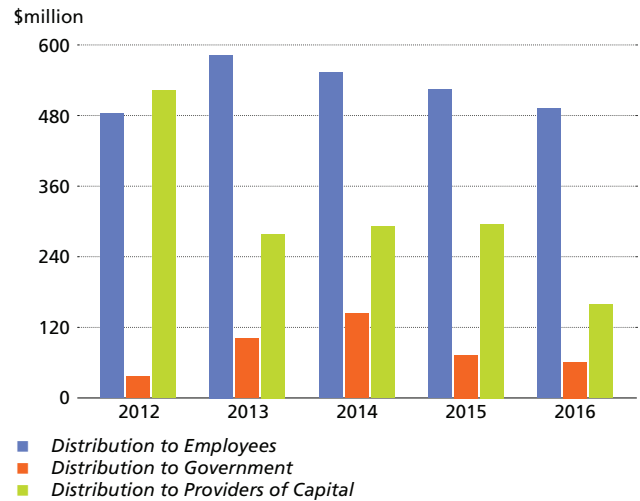
	2012	2013	2014	2015	2016
Value Added Per Employee	112	105	111	51	68

Economic Value Added (EVA)



	2012	2013	2014	2015	2016
EVA	384	406	331	(809)	(324)
Weighted Average Cost of Capital	6.9	6.6	6.6	6.7	7.1

Distribution of Value Added



	2012	2013	2014	2015	2016
Distribution to Employees	486	586	556	527	490
Distribution to Government	37	102	145	74	59
Distribution to Providers of Capital	525	280	293	297	162



GROUP FINANCIAL REVIEW

ECONOMIC VALUE ADDED STATEMENT

	2016 \$'000	2015 \$'000
Net operating profit / (loss) before tax	125,654	(204,104)
Adjusted for:		
Share of associates' and joint ventures' results	(41,748)	(170,881)
Interest expense	95,989	52,911
Others	18,308	(38,296)
Adjusted profit / (loss) before interest and tax	198,203	(360,370)
Cash operating taxes (Note 1)	(23,381)	(36,258)
Net operating profit / (loss) after tax (NOPAT)	174,822	(396,628)
Average capital employed (Note 2)	7,027,199	6,151,819
Weighted average cost of capital (Note 3)	7.1%	6.7%
Capital charge	498,931	412,172
Economic value added (EVA)	(324,109)	(808,800)
Non-controlling share of EVA	21,458	26,399
EVA attributable to owners of the Company	(302,651)	(782,401)

Note 1:

The reported current tax is adjusted for the statutory tax impact of interest expense.

Note 2:

Average capital employed is computed by taking monthly average total assets less non interest-bearing liabilities plus timing provision, goodwill written off/impaired and present value of operating leases.

Note 3:

The weighted average cost of capital is calculated in accordance with Sembcorp Marine Ltd Group EVA Policy as follows:

- i) Cost of equity using Capital Asset Pricing Model with market risk premium at 5.0% (2015: 5.0%);
- ii) Risk-free rate of 2.28% (2015: 2.26%) based on yield-to-maturity of Singapore Government 10-year Bonds;
- iii) Ungeared beta 0.9 (2015: 0.9) based on Sembcorp Marine risk categorisation; and
- iv) Cost of debt rate at 3.45% (2015: 2.65%).