

News Release

Details on how the business of the Sector is managed and its related performance are set out below. This information is given on a voluntary basis and from the perspective of the Sector management, as its disclosure is not required by law or regulation.

Marine

“Lower Profits”

| FINANCIAL HIGHLIGHTS For the year ended 31 December 2015 | | | |
|---|--------------------|--------------------|---------------------|
| | 2015 FY | 2014 FY | Growth % |
| Revenue (\$m) | 958 | 1,342 | (29) |
| Earnings before interest and tax (EBIT) (\$m) | 71.8 | 100.8 | (29) |
| Other income, net (\$m) | 7.4 | 12.1 | (39) |
| Finance income, net (\$m) | 3.6 | 3.9 | (8) |
| Profit before tax (PBT) (\$m) | 88.3 | 122.8 | (28) |
| Profit attributable to shareholders (\$m) | 85.7 | 108.1 | (21) |
| Economic value added (EVA) (\$m) | 76.5 | 93.6 | (18) |

N.B.: All currencies are in Singapore dollars.

“Marine sector recorded lower profits in 2015 compared to 2014 due mainly to weaker performance from Shipbuilding and Engineering business groups.

We expect challenging operating environment and remain focused on building up our order book in 2016.”

Ng Sing Chan, President

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Marine

Marine sector audited results for the year ended 31 December 2015:

| | FY2015 \$'000 | FY2014 \$'000 | + / (-) % |
|--|------------------|------------------|---------------|
| 1. (a) Revenue | 958,373 | 1,341,951 | (28.6) |
| (b) Cost of sales | (836,564) | (1,187,968) | (29.6) |
| (c) Gross Profit | 121,809 | 153,983 | (20.9) |
| (d) Distribution and selling expenses | (5,979) | (8,906) | (32.9) |
| (e) Administrative expenses | (35,068) | (33,150) | 5.8 |
| (f) Other operating expenses | (8,967) | (11,092) | (19.2) |
| (g) Profit from operations | 71,795 | 100,835 | (28.8) |
| (h) Other income | 7,482 | 12,115 | (38.2) |
| (i) Other expenses | (115) | (37) | 210.8 |
| (j) Other income, net | 7,367 | 12,078 | (39.0) |
| (k) Finance income | 3,716 | 3,931 | (5.5) |
| (l) Finance costs | (103) | - | NM |
| (m) Finance income, net | 3,613 | 3,931 | (8.1) |
| (n) Share of results of associates and joint ventures, net of tax | 5,500 | 5,936 | (7.3) |
| (o) Profit before taxation | 88,275 | 122,780 | (28.1) |
| (p) Taxation | (2,558) | (14,695) | (82.6) |
| (q) Profit for the year | 85,717 | 108,085 | (20.7) |
| Attributable to: | | | |
| (r) Shareholders of the Company | 85,725 | 108,086 | (20.7) |
| (s) Non-controlling interests | (8) | (1) | 700.0 |
| | 85,717 | 108,085 | (20.7) |
| * NM - Not Meaningful | | | |
| 2. (a) Profit from operations is arrived at after charging/(crediting) the following: | | | |
| Depreciation and amortisation | 29,609 | 27,098 | 9.3 |
| (Write-back of allowance)/allowance for doubtful debts & bad debts written off, net | (564) | 2,110 | (126.7) |
| (Write-back of allowance)/allowance for inventory obsolescence, net | (498) | 448 | (211.2) |
| (b) Finance income, net comprises: | | | |
| Interest income | 3,716 | 3,796 | (2.1) |
| Foreign exchange (loss)/gain, net | (53) | 135 | (139.3) |
| Interest expenses | (50) | - | NM |
| | 3,613 | 3,931 | (8.1) |

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| | FY2015 \$'000 | FY2014 \$'000 | + / (-) % |
|---|------------------|------------------|--------------|
| 3. (a) Profit for the year [1(q) above] as a percentage of revenue | 8.9% | 8.1% | |
| (b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of year | 39.2% | 58.4% | |
| 4. (a) Revenue reported for first half year | 533,527 | 671,455 | (20.5) |
| (b) Profit for the period reported for first half year | 44,702 | 45,873 | (2.6) |
| (c) Revenue reported for second half year | 424,846 | 670,496 | (36.6) |
| (d) Profit for the period reported for second half year | 41,015 | 62,212 | (34.1) |
| 5. (a) There was an adjustment of \$2,170,000 for under provision of current tax and \$2,219,000 for over provision of deferred tax in respect of prior years (FY2014: There was an adjustment of \$4,172,000 for over provision of current tax and \$1,833,000 for under provision of deferred tax in respect of prior years). | | | |
| (b) There was disposal of a property with a gain of \$0.7 million (FY2014: There was no disposal of property during the year). | | | |

6. Business Group Information

By Business Group

Fourth Quarter vs Third Quarter (unaudited)

| | Revenue | | | Profit before Taxation | | |
|--------------|------------------|------------------|--------------|------------------------|------------------|--------------|
| | 4Q2015 \$'000 | 3Q2015 \$'000 | + / (-) % | 4Q2015 \$'000 | 3Q2015 \$'000 | + / (-) % |
| Shipbuilding | 126,020 | 134,567 | (6.4) | 2,174 | 1,294 | 68.0 |
| Shiprepair | 71,464 | 42,874 | 66.7 | 20,675 | 12,747 | 62.2 |
| Engineering | 22,464 | 27,457 | (18.2) | (3,505) | 1,902 | (284.3) |
| Total | 219,948 | 204,898 | 7.3 | 19,344 | 15,943 | 21.3 |

Full Year Ended 31 December

| | Revenue | | | Profit before Taxation | | |
|--------------|------------------|------------------|--------------|------------------------|------------------|--------------|
| | FY2015 \$'000 | FY2014 \$'000 | + / (-) % | FY2015 \$'000 | FY2014 \$'000 | + / (-) % |
| Shipbuilding | 613,576 | 1,004,822 | (38.9) | 15,030 | 38,576 | (61.0) |
| Shiprepair | 262,222 | 260,632 | 0.6 | 71,996 | 73,327 | (1.8) |
| Engineering | 82,575 | 76,497 | 7.9 | 1,249 | 10,877 | (88.5) |
| Total | 958,373 | 1,341,951 | (28.6) | 88,275 | 122,780 | (28.1) |

By Geographical Areas

| | Revenue | | |
|--------|------------------|------------------|--------------|
| | FY2015 \$'000 | FY2014 \$'000 | + / (-) % |
| Asia | 372,780 | 360,572 | 3.4 |
| USA | 370,882 | 405,497 | (8.5) |
| Europe | 40,796 | 61,877 | (34.1) |
| Others | 173,915 | 514,005 | (66.2) |
| Total | 958,373 | 1,341,951 | (28.6) |

By Country of Incorporation

| | | | |
|-------|---------|-----------|--------|
| Asia | 598,188 | 945,858 | (36.8) |
| USA | 360,185 | 396,093 | (9.1) |
| Total | 958,373 | 1,341,951 | (28.6) |

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7. Review of Performance

(a) Revenue

FY2015 vs FY2014

| FY2015 | FY2014 | Growth | |
|--------|----------|----------|-------|
| \$958m | \$1,342m | (\$384m) | (29%) |

Revenue for FY2015 of \$958 million was lower than FY2014 by 29% or \$384 million due mainly to lower revenue recognition from **Shipbuilding** contracts from both the local and US operations.

(b) Profitability

FY2015 vs FY2014

| FY2015 | FY2014 | Growth | |
|---------|----------|-----------|-------|
| \$88.3m | \$122.8m | (\$34.5m) | (28%) |

FY2015 profit before tax (PBT) of \$88.3 million was lower than FY2014 by 28% or \$34.5 million due mainly to weaker **Shipbuilding** performance from both operations.

8. Prospects

FY2016

Barring unforeseen circumstances, revenue for FY2016 is expected to be higher compared to FY2015 whilst PBT is expected to be lower than FY2015.

9. Balance Sheet

| | 31-Dec-15 \$'000 | 31-Dec-14 \$'000 |
|---|---------------------|---------------------|
| Property, plant and equipment | 332,533 | 334,075 |
| Associates and joint ventures | 8,229 | 8,159 |
| Intangible assets | 84 | 94 |
| Long-term receivables, non-current | 4,363 | 1,001 |
| Deferred tax assets | 17,225 | 19,021 |
| Amounts due from related parties, non-current | 4,806 | 12,806 |
| Derivative financial instruments, non-current | 2,341 | 605 |
| Non-current assets | 369,581 | 375,761 |
| Current assets | 633,271 | 738,494 |
| Total assets | 1,002,852 | 1,114,255 |
| Current liabilities | 709,493 | 856,315 |
| Non-current liabilities | 101,234 | 99,068 |
| Total liabilities | 810,727 | 955,383 |
| Share capital and reserves | 192,093 | 158,834 |
| Non-controlling interests | 32 | 38 |
| Total equity and liabilities | 1,002,852 | 1,114,255 |
| Net current liabilities | (76,222) | (117,821) |

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10. Statement of Cash Flows for the year ended 31 December 2015

| | FY2015 \$'000 | FY2014 \$'000 |
|---|----------------------|-----------------------|
| Net cash (used in)/from operating activities | (52,265) | 112,462 |
| Net cash used in investing activities | (10,850) | (15,064) |
| Proceeds from sale of property, plant and equipment | 853 | 39 |
| Dividends from joint ventures | 5,430 | 1,000 |
| Proceeds from insurance settlement | - | 5,220 |
| Purchase of property, plant and equipment | (17,133) | (21,323) |
| Net cash used in financing activities | (83,827) | (209,460) |
| Proceeds from short term bank loans | 29,354 | - |
| Repayment of short term bank loan | (11,197) | - |
| Proceeds from related corporation loans | 2,829 | - |
| Repayment of related corporation loans | (2,852) | - |
| Loans to related corporations | (199,128) | (115,494) |
| Repayment of loans by related corporations | 156,240 | 19,814 |
| Dividends paid to shareholder | (59,023) | (113,780) |
| Interest paid | (50) | - |
| Net decrease in cash and cash equivalents | (146,942) | (112,062) |
| Cash and cash equivalents at beginning of the year | 224,027 | 333,058 |
| Exchange difference on cash and cash equivalents at beginning of the year | 1,520 | 3,031 |
| Cash and cash equivalents at end of the year | <u>78,605</u> | <u>224,027</u> |

11. Economic Value Added (EVA)

EVA for FY2015 was \$76.5 million, a decrease of \$17.0 million or 18% compared to FY2014. The weighted average cost of capital was 5.5% for 2015 (2014: 5.6%).

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