

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

“Comparable profit attributable to shareholders”

FINANCIAL HIGHLIGHTS			
For the year ended			
31 December 2014			
	2014 FY	2013 FY	Growth %
Revenue (\$m)	1,342	1,239	8
Earnings before interest and tax (EBIT) (\$m)	100.8	134.5	(25)
Other income, net (\$m)	12.1	6.0	101
Finance income/(costs), net (\$m)	3.9	3.7	5
Profit before tax (PBT) (\$m)	122.8	146.3	(16)
Profit attributable to shareholders (\$m)	108.1	110.0	(2)
Economic value added (EVA) (\$m)	93.6	114.8	(19)

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

“Compared to FY2013, Marine sector recorded higher Revenue but lower PBT due to weaker performance from the US operations in FY2014.

We remain focused on building up our order books in 2015.”

Ng Sing Chan, President

Singapore Technologies Engineering Ltd

ST Engineering Hub, 1 Ang Mo Kio Electronics Park Road #07-01, Singapore 567710

T: (65) 6722 1818 F: (65) 6720 2293

www.stengg.com

(Regn. No.: 199706274H)

Marine

Marine sector audited results for the year ended 31 December 2014:

	FY2014 \$'000	FY2013 \$'000	+ / (-) %
1. (a) Revenue	1,341,951	1,238,847	8.3
(b) Cost of sales	(1,187,968)	(1,050,705)	13.1
(c) Gross Profit	153,983	188,142	(18.2)
(d) Distribution and selling expenses	(8,906)	(6,699)	32.9
(e) Administrative expenses	(33,150)	(35,302)	(6.1)
(f) Other operating expenses	(11,092)	(11,662)	(4.9)
(g) Profit from operations	100,835	134,479	(25.0)
(h) Other income	12,115	6,047	100.3
(i) Other expenses	(37)	(43)	(14.0)
(j) Other income, net	12,078	6,004	101.2
(k) Finance income	3,931	37,038	(89.4)
(l) Finance costs	-	(33,284)	(100.0)
(m) Finance income, net	3,931	3,754	4.7
(n) Share of joint ventures, net of tax	5,936	2,073	186.3
(o) Profit before taxation	122,780	146,310	(16.1)
(p) Taxation	(14,695)	(36,325)	(59.5)
(q) Profit for the year	108,085	109,985	(1.7)
Attributable to:			
(r) Shareholders of the Company	108,086	109,955	(1.7)
(s) Non-controlling interests	(1)	30	(103.3)
	108,085	109,985	(1.7)
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	27,098	18,514	46.4
Allowance for doubtful debts & bad debts written off, net	2,110	751	181.0
Allowance for inventory obsolescence, net	448	405	10.6
(b) Finance income, net comprises:			
Interest income	3,796	2,477	53.2
Foreign exchange gain, net	135	230	(41.3)
Fair value changes of financial instruments/hedged items	-	1,110	(100.0)
Gain on disposal of investments, net	-	1	(100.0)
Interest expenses	-	(64)	(100.0)
	3,931	3,754	4.7

Marine

	FY2014 \$'000	FY2013 \$'000	+ / (-) %
3. (a) Profit for the year [1(q) above] as a percentage of revenue	8.1%	8.9%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of year	58.4%	50.7%	
4. (a) Revenue reported for first half year	671,455	565,044	18.8
(b) Profit for the period reported for first half year	45,873	49,447	(7.2)
(c) Revenue reported for second half year	670,496	673,803	(0.5)
(d) Profit for the period reported for second half year	62,212	60,538	2.8
5. (a) There was 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 (FY2013: There was adjustment of \$3,377,000 for over provision of current tax and \$2,945,000 for under provision of deferred tax in respect of prior years).			
(b) 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		
	4Q2014 \$'000	3Q2014 \$'000	+ / (-) %	4Q2014 \$'000	3Q2014 \$'000	+ / (-) %
Shipbuilding	229,994	264,504	(13.0)	7,554	10,877	(30.6)
Shiprepair	83,170	54,229	53.4	22,996	19,644	17.1
Engineering	20,995	17,604	19.3	3,365	2,165	55.4
Total	<u>334,159</u>	<u>336,337</u>	(0.6)	<u>33,915</u>	<u>32,686</u>	3.8

Full Year Ended 31 December

	Revenue			Profit before Taxation		
	FY2014 \$'000	FY2013 \$'000	+ / (-) %	FY2014 \$'000	FY2013 \$'000	+ / (-) %
Shipbuilding	1,004,822	885,650	13.5	38,576	57,240	(32.6)
Shiprepair	260,632	303,194	(14.0)	73,327	83,718	(12.4)
Engineering	76,497	50,003	53.0	10,877	5,352	103.2
Total	<u>1,341,951</u>	<u>1,238,847</u>	8.3	<u>122,780</u>	<u>146,310</u>	(16.1)

By Geographical Areas

	Revenue		
	FY2014 \$'000	FY2013 \$'000	+ / (-) %
Asia	360,572	436,654	(17.4)
USA	405,497	501,227	(19.1)
Europe	61,877	74,570	(17.0)
Others	514,005	226,396	127.0
Total	<u>1,341,951</u>	<u>1,238,847</u>	8.3

By Country of Incorporation

Asia	945,858	738,208	28.1
USA	396,093	500,639	(20.9)
Europe	-	-	-
Others	-	-	-
Total	<u>1,341,951</u>	<u>1,238,847</u>	8.3

Marine

7. Review of Performance

(a) Revenue

FY2014 vs FY2013

FY2014	FY2013	Growth	
\$1,342m	\$1,239m	\$103m	8%

Revenue for FY2014 of \$1,342 million was higher than FY2013 by 8% or \$103 million. **Shipbuilding** revenue increased by 14% or \$119 million due mainly to higher revenue recognition from local **Shipbuilding** contracts. **Shiprepair** revenue decreased by 14% or \$42 million due to lower shiprepair and conversion activities. **Engineering** revenue was higher by 53% or \$26 million due mainly to higher sales from fabrication of rig living quarters and charter income from RoPax.

(b) Profitability

FY2014 vs FY2013

FY2014	FY2013	Growth	
\$122.8m	\$146.3m	(\$23.5m)	(16%)

FY2014 profit before tax (PBT) of \$122.8 million was lower than FY2013 by 16% or \$23.5 million. The lower PBT was due mainly to weaker **Shipbuilding** performance from the US operations.

8. Prospects

FY2015

Barring unforeseen circumstances, revenue for FY2015 is expected to be lower, but PBT is expected to be comparable to FY2014.

9. Balance Sheet

	31-Dec-14 \$'000	31-Dec-13 \$'000
Property, plant and equipment	334,075	324,043
Joint ventures	8,159	3,223
Intangible assets	94	355
Long-term receivables, non-current	1,001	194
Deferred tax assets	19,021	16,072
Amounts due from related parties, non-current	12,806	4,806
Derivative financial instruments, non-current	605	27,899
Non-current assets	375,761	376,592
Current assets	738,494	764,224
Total assets	1,114,255	1,140,816
Current liabilities	856,315	846,639
Non-current liabilities	99,068	103,680
Total liabilities	955,383	950,319
Share capital and reserves	158,834	190,459
Non-controlling interests	38	38
Total equity and liabilities	1,114,255	1,140,816
Net current liabilities	(117,821)	(82,415)

Marine

10. Statement of Cash Flows for the year ended 31 December 2014

	FY2014 \$'000	FY2013 \$'000
Net cash from operating activities	112,462	227,625
Net cash used in investing activities	(15,064)	(38,082)
Proceeds from disposal of property, plant and equipment	39	43
Proceeds from insurance settlement	5,220	-
Purchase of property, plant and equipment	(21,323)	(39,790)
Dividends from joint ventures	1,000	1,412
Proceeds from sale and maturity of investments	-	253
Net cash used in financing activities	(209,460)	(79,598)
Proceeds from short term bank loans	-	6,373
Repayment of short term bank loans	-	(6,194)
Proceeds from related corporation loans	-	14,624
Repayment of related corporation loans	-	(14,653)
Loans to related corporations	(115,494)	-
Repayment of loan by a related corporation	19,814	-
Dividends paid to shareholders	(113,780)	(79,684)
Interest paid	-	(64)
Net (decrease)/increase in cash and cash equivalents	(112,062)	109,945
Cash and cash equivalents at beginning of the year	333,058	221,190
Exchange difference on cash and cash equivalents at beginning of the year	3,031	1,923
Cash and cash equivalents at end of the year	224,027	333,058

11. Economic Value Added (EVA)

EVA for FY2014 was \$93.6 million, a decrease of \$21.2 million or 19% from FY2013. The weighted average cost of capital was 5.6% for 2014 (2013: 5.2%).

Media Contact:

Nancy Toh

Senior Vice President / Group Financial Controller

Tel: (65) 6860 9213

Fax: (65) 6861 3028

Email: tohnancy@stengg.com