



SembCorp  
Industries

February 18, 2005

## **SembCorp Achieves Strong Full-Year Earnings Growth**

- **Positive growth across all key businesses**
- **PATMI before EI of \$231.7m grew by 26%**
- **PATMI records \$395.5m, up 39%**
- **Total gross dividend grew 61 %**

SembCorp Industries delivered a commendable 39% growth in its FY2004 Profit After Tax and Minority Interest (PATMI) to \$395.5m. Return on Equity was sturdy at 21% and Earnings per Share (EPS) rose by 39% to 21.7 cents.

Chairman Mr. Peter Seah said: “Despite a competitive and challenging environment, SembCorp has delivered beyond its guidance of 12 to 16% growth in PATMI. We are pleased that all our key businesses experienced positive growth this year, which further attests to the sustainability of our business models and our commitment to delivering consistent earnings.”

The Group’s PATMI before EI grew by 26% to \$231.7m. Its Utilities business continued to deliver stable performance with a 51% increase in turnover to \$2.9 billion, and an 11% rise in PATMI before EI to \$108.9m. The good performance in Utilities is due to very strong performance from the integrated utilities and energy operations. Marine Engineering meanwhile recorded a sterling year with its contribution to the Group’s PATMI before EI reaching \$60.8m, a 24% growth, attributable to strong performance by the offshore and conversion and ship repair divisions.

The Group also continued to reap benefits from growth in its overseas businesses. Contribution from overseas operations now accounts for 48% of the Group’s turnover.

“The strategic divestment of its 20% stake in KNI by SembCorp Logistics generated approximately \$649m net exceptional gain for the Group. With this we were able to reward our shareholders with a distribution of special dividend amounting to \$91 million net. A proposed capital reduction of \$215m will be tabled to shareholders for approval at the EGM to be convened in April. This is in line with our aim to delivering value to all our shareholders,” said Mr Seah.

A final ordinary gross dividend of 20% (5 cents per share) has been proposed, bringing the total gross dividend for FY2004 to 45% (11.25 cents per share), 61% higher than the dividend of 7 cents per share in FY2003.

The Board has reviewed the *Solitaire* provision amount in light of its most recent evaluation of the case, and the merits of the Owners' claims and the Yard's counterclaims, as well as the advice of Sembawang's London solicitors. As a result, the Board deems it appropriate to make an additional \$215m provision, bringing the total provision for *Solitaire* for FY2004 to \$415m. Arbitration is continuing and is expected to conclude by end-2005, at which time the Tribunal will determine the final awards for both parties.

## **2005 Outlook**

Rounding up his outlook for the year, Mr Seah added, “Our businesses have demonstrated their ability to give us stable earnings, and they are further positioned for growth. In the year ahead, we expect to maintain the momentum.”

## **HIGHLIGHTS**

### **Delivered credible earnings growth**

- Turnover of \$5.9bn, up 28%
- PATMI of \$395.5m, up 39%
- PATMI before EI up 26%, exceeded target set for FY2004

### **Improved performance from all key businesses**

- Double-digit growth across most businesses

### **Shareholder value enhanced**

- Total dividend of 11.25 cents per share for FY2004 – 61% higher than FY2003
  - Special dividend of 6.25 cents per share was paid in January 2005
  - Proposed final dividend of 5 cents per share subject to approval at the AGM in April 2005

### **Healthy balance sheet**

- Net cash position
- Interest cover doubled to 15 times

### **Strong operating cash flow**

- Operating cash flow increased to \$528m

### **Sustainable growth for the future**

- Strong Group orderbook of \$5.6 bn (excl. long term contracts in Utilities and Logistics)
- Earnings underpinned by stable and sustainable earnings from key businesses

### **Full year Outlook**

- Existing businesses will continue to perform well
- The Group's overall operating performance in 2005 is expected to be better than that of 2004 on a comparable basis, which excludes profit contribution from KNI in 2004.

- End-

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