

# 9M2006 Results Announcement

November 6, 2006



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# CEO's Report

Tang Kin Fei  
Group President & CEO

# 9M2006 Performance Round Up

**Record Group PATMI at \$643.5m, up 202%**

**Strong earnings growth from continuing operations**

- Turnover of \$5.2bn, up 29%
- PATMI before EI of \$243.7m, up 42%

**Sound business fundamentals**

- Recurring earnings from Utilities
- Strong growth from Marine

**Strong returns and financial discipline**

- ROE (annualised) at 16%
- Interest cover at 12 times

# 3Q2006 Update

## **Transformation: A focused group**

- Completed the sale of E&C with divestment of remaining 12% stake on Oct 17

## **Rewarding shareholders**

- Paid out capital distribution of 15 cents per share from net gain of SembLog divestment on Aug 22

## **Consolidating leadership position**

- Utilities:
  - Establishing platform for growth with Fujairah IWPP, a strategic beachhead in Middle East
  - Project company took over IWPP operations on Sep 27
- Marine
  - Expansion and growth in rig-building and offshore engineering
  - Completion of acquisition of SMOE and SemBeth on Aug 25

# Financial Review

Lim Joke Mui  
Group CFO

# Group Profit & Loss



(\$M)	9M06	9M05	Δ%
<b>CONTINUING OPERATIONS</b>			
Turnover	5,204	4,033	29
EBITDA	464	375	24
EBIT	341	257	33
PBT	396	270	47
PATMI	244	171	42
EPS (cents)	13.9	9.6	44
<b>DISCONTINUED OPERATIONS*</b>			
Turnover	621	1,284	(52)
PATMI	8	27	(72)
<b>GROUP</b>			
Turnover	5,825	5,317	10
PATMI	643	213	202
EPS (cents)	36.6	12.0	206

- ▶ Robust growth momentum from continuing operations
- ▶ Turnover up 29% and PATMI up 42%

**Note:**

\* Discontinued operations are the Group's interests in SembCorp Logistics (divested on Apr 3, 2006) and SembCorp Engineers and Constructors (88% divested on Jun 2, 2006 and remaining 12% on Oct 17, 2006)

# Group Turnover



(\$M)	9M06	9M05	Δ%
<b>CONTINUING OPERATIONS</b>			
Utilities*	2,738	2,353	16
Marine	2,208	1,356	63
Enviro	160	158	1
Others/Corporate	98	166	(41)
	<b>5,204</b>	<b>4,033</b>	<b>29</b>
<b>DISCONTINUED OPERATIONS</b>			
Logistics <sup>1</sup>	133	398	(67)
Engineering & Construction <sup>2</sup>	488	886	(45)
<b>TOTAL</b>	<b>5,825</b>	<b>5,317</b>	<b>10</b>

**Note:**

* Utilities (excl Offshore Engineering)	2,574	2,106	22
Offshore Engineering	164	247	(34)

<sup>1</sup> SembCorp Logistics was divested on Apr 3, 2006. 9M06 figures reflect three months results only

<sup>2</sup> 88% of SembCorp Engineers & Constructors was divested on Jun 2, 2006 and the remaining 12% on Oct 17, 2006. 9M06 figures reflect five months results only

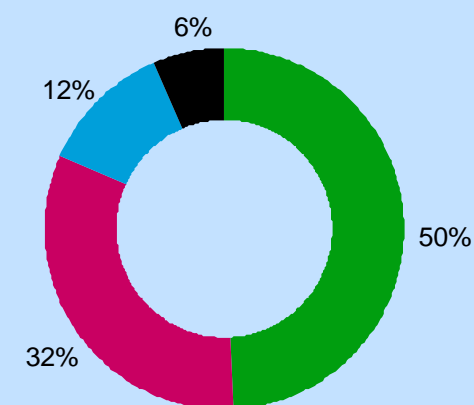


# Turnover by Geographical Areas\* (%)

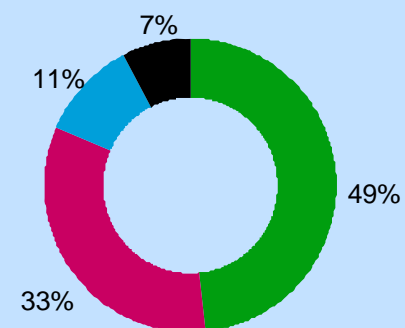


Continuing Operations (\$M)	9M06	9M05	Δ%
<span style="color: green;">■</span> Singapore	2,559	1,951	31
<span style="color: magenta;">■</span> Europe	1,690	1,328	27
<span style="color: cyan;">■</span> Rest of Asia	626	452	39
<span style="color: black;">■</span> Others	329	302	9

**9M06 Group Turnover  
\$5.2bn**



**9M05 Group Turnover  
\$4.0bn**



► **50% of Group Turnover from overseas**

**Note:**

\* Based on geographical location of customers

# Group PATMI



(\$M)	9M06	9M05	Δ%
<b>CONTINUING OPERATIONS</b>			
Utilities*	159.4	104.7	52
Marine	82.6	56.3	47
Enviro	(18.4)	6.4	NM
Others/Corporate	20.1	3.7	464
	<b>243.7</b>	<b>171.1</b>	<b>42</b>
<b>DISCONTINUED OPERATIONS</b>			
Logistics <sup>1</sup>	7.9	26.1	(70)
Engineering & Construction <sup>2</sup>	(0.3)	1.0	NM
	<b>7.6</b>	<b>27.1</b>	<b>(72)</b>
<b>PATMI before EI</b>	<b>251.3</b>	<b>198.2</b>	<b>27</b>
EI	392.2	14.6	2,578
<b>PATMI after EI</b>	<b>643.5</b>	<b>212.8</b>	<b>202</b>

**Note:**

* Utilities (excl Offshore Engineering)	139.6	133.7	4
Offshore Engineering	19.8	(29.0)	NM

<sup>1</sup> SembCorp Logistics was divested on Apr 3, 2006. 9M06 figures reflect three months results only

<sup>2</sup> 88% of SembCorp Engineers & Constructors was divested on Jun 2, 2006 and the remaining 12% on Oct 17, 2006. 9M06 figures reflect five months results only

# Exceptional Items



<b>(\$M)</b>		<b>9M06</b>
<b>Gain/(Loss) on sale of Investments</b>		<b>457.2</b>
- Logistics	463.3	
- Pulau Holdings (Nirwana Gardens)	12.5	
- Kristiansand Drilling (by Marine)	5.5	
- E&C	(24.1)	
<b>Additional charge arising from final settlement of Solitaire</b>		<b>(65.0)</b>
<b>TOTAL</b>		<b><u>392.2</u></b>

# Group Capex



<b>(\$M)</b>		<b>9M06</b>
<b>Fixed Asset Items</b>		<b>303.5</b>
- Utilities	227.9	
- Marine	52.7	
- Enviro	9.2	
- Others	13.7	
<b>Equity Investments</b>		<b>161.0</b>
- Cosco Corporation (S) Ltd	120.3	
- Cosco Shipyard Group	8.7	
- Others	32.0	
<b>TOTAL</b>		<b>464.5</b>

# Group Cash Flow



(\$M)	9M06	9M05
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
- before changes in working capital	502	441
- changes in working capital	(124)	243
- payment for Solitaire settlement	(683)	-
- tax paid	(44)	(40)
	<b>(349)</b>	<b>644</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
- divestment proceeds & sale of FA	796	213
- acquisitions (including investments)	(415)	(56)
- acquisitions of fixed assets	(339)	(223)
- others	45	33
	<b>87</b>	<b>(33)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
- issue of shares by SCI/subsidiaries	61	67
- net borrowings/(repayment of loans & interest paid)	348	(493)
- capital reduction by SCI/subsidiaries	(265)	(314)
- dividend paid & others	(134)	(514)
	<b>10</b>	<b>(1,254)</b>
<b>NET OUTFLOW DURING THE PERIOD</b>	<b>(252)</b>	<b>(643)</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>976</b>	<b>1,456</b>
<b>FREE CASH FLOW</b>	<b>108*</b>	<b>778</b>

\* Free cash flow lower due to payment for Solitaire settlement in 9M06

# Group Borrowings



(\$M)	Sep 30, 06	Dec 31, 05
PF loans	536	399
Long-term	633	546
Short-term	191	161
<b>Gross</b>	<b>1,360</b>	<b>1,106</b>
Less: Cash and FD	(977)	(1,231)
<b>Net Debt / (Cash)</b>	<b>383</b>	<b>(125)</b>
<b>Net Gearing Ratio</b>	<b>0.13</b>	<b>Net Cash</b>
<b>Exclude PF*</b>		
<b>Net Debt / (Cash)</b>	<b>70</b>	<b>(394)</b>
<b>Net Gearing Ratio</b>	<b>0.02</b>	<b>Net Cash</b>

**Note:**

\* PF – Non-recourse project financing

# Financial Indicators



	9M06*	FY05
<b>BEFORE EI</b>		
EPS (cents)	18.9	15.7
ROE (%)	16.2	14.2
ROTA (%)	6.9	5.7
<b>AFTER EI</b>		
EPS (cents)	41.2	17.1
ROE (%)	32.2	15.3
ROTA (%)	12.1	6.1
	<b>9M06</b>	<b>9M05</b>
<b>ECONOMIC VALUE ADDED</b>		
EVA (\$M)	551.4	177.4

**Note:**

\* Annualised

# Financial Indicators



	Sep 30, 06	Dec 31, 05
NAV per share (\$)	1.37	1.14
NTA per share (\$)	1.30	1.06
Net gearing (times) – excl. PF*	0.02	Net Cash
Net gearing (times) – incl. PF*	0.13	Net Cash
Interest cover (times) – excl. EI	12	11
Interest cover (times) – incl. EI	23	12

## ► Maintaining a healthy balance sheet

**Note:**

\* PF – Non-recourse project financing



# Group Outlook

Tang Kin Fei  
Group President & CEO

# Outlook

With the exceptional gains recorded to-date, and the potential tax benefit to be recognised, the Group's overall performance for 2006 will be substantially better than that of 2005

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