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## **SEMBCORP INDUSTRIES REPORTS STRONG 1Q2006 EARNINGS GROWTH**

- PATMI before exceptional items grows 42% to \$83.6 million**
- PATMI up 566% to \$481.9 million**
- Proposed capital distribution of 15 cents per share**

SembCorp Industries reported strong earnings growth for the first quarter ended March 31, 2006. Profit After Tax and Minority Interest (PATMI) before exceptional items (EI) grew 42% to reach \$83.6 million, while PATMI was \$481.9 million, up 566% over the same quarter in 2005.

The main profit contributors to the Group continue to be its Utilities and Marine Engineering businesses. PATMI before EI for Utilities grew 31% over 1Q2005 to \$45.3 million, due mainly to a turnaround to profitability by its offshore engineering unit. Underpinned by a strong orderbook, Marine Engineering's contribution to the Group PATMI before EI grew a robust 70% to \$25.1 million. The quarter saw growth across all of Marine Engineering's business segments and its orderbook reaching a record high of \$6.8 billion, with completions and deliveries until end-2009.

Following the sale of SembCorp Logistics (SembLog), which resulted in a gain of \$463.3 million based on the offer price of \$1.80 per SembLog share, the Company is proposing a capital distribution of 15 cents per share in cash. The capital distribution will be subject to shareholders' and Court approval.

Group President and CEO Mr Tang Kin Fei said: “We continue to be committed to delivering shareholder value and returns. With the divestment of our stake in SembCorp Logistics, we are pleased to propose a capital distribution of 15 cents per share, which will return a total of approximately \$264 million, or 57% of the gain arising from the disposal to our shareholders.

“We are now a focused utilities and marine group. As shown by the strong performance and consistent growth of these businesses, we are well-positioned to deliver a healthy 2006 performance.”

### **2006 Outlook**

The Group’s overall performance for 2006 is expected to be better than that of 2005.

### **HIGHLIGHTS**

- **Solid performance in 1Q2006**
  - PATMI of \$481.9m, up 566%
  - PATMI before EI of \$83.6m, up 42%
  - Turnover of \$1.9bn
- **Healthy balance sheet maintained**
  - Net gearing at 0.04x
  - Interest cover at 15 times
- **EVA up from \$43.2m in 1Q05 to \$451.0m in 1Q06**
- **Business Update**
  - ◆ **Utilities**
    - Growth from UK and Vietnam operations
    - Turnaround in Offshore Engineering
    - Weak performance from China operations
  - ◆ **Marine**
    - Strong performance by all business segments, led by rig building
    - Substantial orderbook of \$6.8bn, with completions and deliveries until end-2009
  - ◆ **Enviro**
    - Orderbook at \$625.6m

- Focus on Pre-Disposal Treatment and Waste-to-Resource
- Established Jiangsu SembCorp Chunxing, a 50:50 joint venture to capitalise on the growing demand in China for recycled lead

◆ **Engineering & Construction**

- Continued focus on process engineering projects
- Business environment remains competitive

## **STRATEGIC MILESTONES**

● **Settlement of *Solitaire* arbitration**

- Settled the *Solitaire* case for €350m
- \$65m charge taken in 1Q2006

● **Sharpened focus, rewarding shareholders**

- Completed the divestment of entire 60.01% stake in SembCorp Logistics on April 3, 2006
- Net gain of \$463 million based on offer price of \$1.80 per SembLog share
- Proposed capital distribution of 15 cents per share (tax free) subject to shareholders' and Court approval
- Total payout is approximately \$264m<sup>1</sup> or 57% of gain from divestment

- End -

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<sup>1</sup>Based on issued share capital as at March 31, 2006