

**PRESS RELEASE**

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**SEMBCORP 1H2017 NET PROFIT AT S\$174.4 MILLION****1H2017 Highlights**

- Group net profit at S\$174.4 million
- An interim dividend of 3.0 cents per ordinary share

**Singapore, August 3, 2017** – Sembcorp Industries (Sembcorp) posted a net profit of S\$174.4 million and a turnover of S\$4.4 billion for the first half of 2017 (1H2017) compared to S\$193.5 million and S\$3.7 billion in 1H2016 respectively.

In 1H2017, the Utilities business contributed S\$98.3 million in net profit to the Group compared to S\$149.9 million in 1H2016 due to weak performance from its second thermal power project SGPL in India. Successfully commissioned earlier this year, the project was refinanced in 1H2017, incurring a cost of S\$39.1 million but enabling the reduction of interest expense going forward. Excluding this exceptional item, the Utilities business recorded S\$137.4 million in net profit. Its operations in Singapore grew net profit by 29% and contributed 50% of Utilities' net profit during the period.

In 1H2017, the Urban Development business delivered a strong net profit of S\$45.7 million compared to S\$7.4 million in 1H2016, driven by land sales in China and Vietnam.

The Marine business continued to be subdued and contributed a net profit of S\$27.4 million compared to S\$40.6 million in 1H2016. This was mainly due to lower contribution from rig building and offshore platform projects.

Return on equity (annualised) for the Group was 5.2% and earnings per share amounted to 8.7 cents. Cash and cash equivalents stood at S\$2.0 billion.

In the second quarter of 2017 (2Q2017), the Group posted a net profit of S\$55.3 million and a turnover of S\$2.3 billion compared to S\$86.5 million and S\$1.8 billion in 2Q2016 respectively.

Neil McGregor, Group President & CEO of Sembcorp Industries, said, “With a deep industry downturn on one hand and market disruptions on the other, we recognise the need to be both prudent and agile. We will be disciplined on cost, cash flow and balance sheet, while at the same time smart about capturing opportunities and reshaping Sembcorp for the future.”

### **Interim Dividend**

The Board of Directors announces an interim dividend of 3.0 cents per ordinary share, which will be paid on August 31, 2017.

### **FY2017 Outlook**

#### **Utilities**

The performance of Utilities’ China operations in 2017 is expected to be lower than 2016 due to the expiry of the Yangcheng cooperative joint venture agreement in 2016.

In India, Sembcorp has two thermal power plants and renewable energy assets totalling over 3,800MW. Its renewable energy business and its first thermal power plant, TPCIL, are performing well. Its second thermal power plant, SGPL, has yet to secure long-term power purchase agreements and is expected to incur losses for the year. The Group is closely reviewing the situation.

In Singapore, the centralised utilities, gas and solid waste management businesses are expected to remain steady. However, the power business continues to face intense competition.

Operating performance in the other regions is expected to be stable.

## **Marine**

Global exploration and production spending is expected to increase. Offshore day rates appear to have stabilised and utilisation levels have begun to improve. However, a more robust recovery will take longer.

Enquiries for non-drilling solutions continue to be encouraging. The business remains cautiously optimistic of new orders for production facilities in the next few years.

Sembcorp Marine continues to make steady progress in the development and commercialisation of its Gravitfloat technology for near-shore gas infrastructure solutions. However, it will take time for such efforts to translate into orders.

Sembcorp Marine remains focused on optimising its talent pool, operational excellence, rebuilding its orderbook and financial prudence.

## **Urban Development**

The Urban Development business is expected to deliver a better performance in 2017, underpinned by land sales in its urban developments in Vietnam, China and Indonesia.

## **Group**

The market environment is expected to remain challenging in 2017. With strong capabilities and resilient businesses, Sembcorp continues to position itself well for the future.

## **Summary of Sembcorp's 1H2017 Financial Results**

- Turnover at S\$4.4 billion, up 18%
- Profit from Operations\* at S\$498.0 million, up 12%
- Net Profit at S\$174.4 million, down 10%
- EPS at 8.7 cents
- ROE (annualised) at 5.2%
- The Board of Directors announces an interim dividend of 3.0 cents per ordinary share, to be paid on August 31, 2017

*\*Profit from Operations = Earnings before Interest and Tax + Share of Associates and JVs' results (net of tax).*

- End -

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**ABOUT SEMBCORP INDUSTRIES**

Sembcorp Industries is a leading energy, water and marine group operating across five continents worldwide. With facilities of about 11,000 megawatts of gross power capacity and close to nine million cubic metres of water per day in operation and under development, Sembcorp is a trusted provider of essential energy and water solutions to both industrial and municipal customers. It is also a world leader in marine and offshore engineering as well as an established brand name in urban development.

The Group has total assets of over S\$23 billion and has around 8,000 employees. Listed on the main board of the Singapore Exchange, it is a component stock of the Straits Times Index and several MSCI and FTSE indices.