

**PRESS RELEASE**

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**SEMBCORP 9M2017 PROFIT FROM OPERATIONS UP 11% TO S\$685.5 MILLION****9M2017 Highlights**

- Improving underlying performance, Group PFO up 11% on better performance by Utilities and Urban Development
- Group net profit at S\$208.0 million, down 16% mainly due to exceptional items and higher finance costs
- Marine's contribution to net profit was comparable to 9M2016

**Singapore, November 2, 2017** – Sembcorp Industries (Sembcorp) delivered an improved underlying performance for the first nine months of 2017 (9M2017). Group profit from operations (PFO) increased 11% to S\$685.5 million from S\$617.1 million. Group net profit decreased to S\$208.0 million from S\$247.4 million mainly due to exceptional items and higher finance costs. Turnover was S\$6.2 billion compared to S\$5.9 billion in the same period last year.

In 9M2017, the underlying PFO of the Utilities business (before exceptional items of S\$92.3 million) increased 18% to S\$622.2 million underpinned by its Singapore and India operations. Utilities PFO stood at S\$529.9 million compared to S\$528.9 million in 9M2016. Underlying net profit (before exceptional items of S\$95.4 million) was S\$221.3 million compared to profits of S\$258.8 million in 9M2016. The exceptional items relate mainly to refinancing costs incurred for its India power project SGPL as well as non-cash impairment charges taken on its Singapore assets and investments.

In 9M2017, the Urban Development business delivered a strong performance, with PFO growing five-fold to S\$59.7 million from S\$9.2 million, and net profit increasing to S\$53.9 million from S\$6.0 million in 9M2016. This was driven by higher profit contribution from all its markets, namely Vietnam, China and Indonesia.

The Marine business contributed a PFO of S\$101.1 million compared to S\$125.3 million in 9M2016 mainly due to lower contribution from rig building and offshore platform projects. Net profit contribution was S\$28.0 million, comparable to S\$27.3 million in 9M2016.

Return on equity (annualised) for the Group was 4.0% and earnings per share amounted to 9.9 cents. Cash and cash equivalents stood at S\$2.1 billion.

Neil McGregor, Group President & CEO of Sembcorp Industries, said, “While underlying Group performance improved in 9M2017, overall net profit was affected by exceptional items and higher finance costs.

“Sembcorp continued to make progress in positioning for a more sustainable future. In India, we strengthened our investments in the country’s growing renewable sector by taking 100% ownership of Sembcorp Green Infra. At the same time, we continued to progress in executing initiatives to drive asset performance and cost reductions at our thermal power plants. In Singapore, following the purchase of JAC assets by ExxonMobil Asia Pacific, new long-term agreements for utilities supply were signed.”

## **FY2017 Outlook**

### **Utilities**

Utilities underlying operations are performing well. However, net profit contribution from the business is expected to be lower than 2016.

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 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 but are not expected to fully mitigate the expected losses from its second thermal power plant SGPL.

In Singapore, the centralised utilities, gas and solid waste management businesses are expected to continue to do well. The power business continues to face intense competition.

## **Marine**

Global exploration and production spending continues to show signs of improvement. Enquiries for non-drilling solutions continue to be encouraging. Sembcorp Marine has been actively responding to more enquiries and tenders for developing engineering solutions for the production segment.

Good progress has been made in the development and commercialisation of Sembcorp Marine's Gravifloat technology for near-shore gas infrastructure solutions.

For repairs and upgrades, niche markets in LNG carriers and cruise ships continue to underpin performance. Sembcorp Marine expects this trend to continue.

Sembcorp Marine continues to strengthen its balance sheet and prudently manage its financial resources. The company remains focused on the pursuit of operational excellence: investing in new capabilities, technological innovation, active customer engagement and business development.

## **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, the Group is strengthening its balance sheet and repositioning the business for the future.

## **Summary of Sembcorp's 9M2017 Financial Results**

- Turnover at S\$6.2 billion, up 6%
- Profit from Operations\* at S\$685.5 million, up 11%
- Net Profit at S\$208.0 million, down 16%
- EPS at 9.9 cents
- ROE (annualised) at 4.0%

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

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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 close to 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.