



## PRESS RELEASE

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### **SEMBCORP ANNOUNCES 1Q2018 RESULTS WITH UTILITIES NET PROFIT UP 27%**

**Singapore, May 3, 2018** – Sembcorp Industries (Sembcorp) posted a net profit of S\$76.6 million and a turnover of S\$2.8 billion for the first quarter of 2018 (1Q2018) compared to S\$116.3 million and S\$2.1 billion in 1Q2017 respectively.

In 1Q2018, net profit of the Utilities business grew 27% to S\$70.3 million from S\$55.3 million in 1Q2017, with Singapore and China being its largest profit contributors. The Urban Development business posted a net profit of S\$9.6 million compared to S\$37.2 million in 1Q2017. The business' strong performance in 1Q2017 was due to profit recognised for the sale of a 42.6-hectare land in Nanjing, China. Meanwhile, the Marine business contributed a net profit of S\$1.8 million compared to S\$22.6 million in 1Q2017. This was mainly due to lower contributions from offshore platform projects and the absence of one-off gains from the disposal of Cosco Shipyard Group.

Return on equity (annualised) for the Group was 4.3% and earnings per share amounted to 3.6 cents. Cash and cash equivalents stood at S\$2.2 billion.

Neil McGregor, Group President & CEO of Sembcorp Industries, said, "Our Utilities business delivered an improved performance in the first quarter of 2018, with net profit growing 27%. In addition, we saw our global renewable capacity grow by 300 megawatts to over 2,400 megawatts in the quarter. In recognition that the world is rapidly transitioning to a low-carbon economy, we recently announced our target to double our renewables portfolio to approximately 4,000 megawatts by 2022 to create one of the region's leading independent renewable energy players. I am pleased to see us gaining momentum towards achieving our vision."

## **FY2018 Outlook**

### **Utilities**

The global energy transition continues as the industry adjusts to the impact of a changing global fuel mix, increasing demand for renewables, the proliferation of distributed energy resources and declining power prices. The share of electricity as a proportion of total energy demand is also increasing in part due to the electrification of the heating and transport sectors.

To benefit from the global energy transition, the Utilities business will focus on long-term growth along its three business lines of Gas & Power, Renewables & Environment and Merchant & Retail.

The Utilities business is expected to deliver a better performance in 2018 underpinned by an expected turnaround to profitability for its India energy operations.

### **Marine**

Global exploration and production (E&P) spending trend continues to improve due to firmer oil prices in the first quarter of 2018. However, the overall industry outlook remains challenging. Despite improvement in E&P CAPEX spending outlook, it will take some time for this to translate into new orders. Margins remain compressed with intensifying competition. Based on existing orders, overall business volume and activity is expected to remain low, and the trend of negative operating profit may continue. Sembcorp Marine continues to manage its costs to align with business volume and its cash flows.

### **Urban Development**

The Urban Development business has a healthy orderbook. It expects income contribution from the sale of its property developments in China and Vietnam. The business is expected to continue to perform well in 2018.

### **Group**

The market environment is expected to remain challenging in 2018. A broader-based global recovery is underway, aided by a rebound in investment and trade. As the Group repositions its businesses for the future, it is confident that it is well-placed to benefit from the market's recovery.

**Summary of Sembcorp's 1Q2018 Financial Results**

- Turnover at S\$2.8 billion, up 30%
- Profit from Operations\* at S\$213.1 million, down 21%
- Net Profit at S\$76.6 million, down 34%
- EPS at 3.6 cents
- ROE (annualised) at 4.3%

*\*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 utilities, marine and urban development group, present across five continents.

As an integrated energy player, Sembcorp is poised to benefit from the global energy transition. With a strong track record in developing and developed markets, it provides solutions across the energy and utilities value chain, with a focus on the *Gas & Power*, *Renewables & Environment*, and *Merchant & Retail* sectors. It has a balanced energy portfolio of over 11,000 megawatts, including thermal power plants, renewable wind and solar power assets, as well as biomass and energy-from-waste facilities. In addition, Sembcorp is a world leader in offshore and marine engineering, as well as an established brand name in urban development.

Sembcorp Industries has total assets of over S\$22 billion and over 7,000 employees. Listed on the main board of the Singapore Exchange, it is a component stock of the Straits Times Index, several MSCI and FTSE indices, as well as the SGX Sustainability Leaders Index and the Dow Jones Sustainability Asia Pacific Index.

**Note to Editors:** Please refer to the company as “**Sembcorp**” (with “**S**” in upper case and “**c**” in lower case), or “Sembcorp Industries” in full. Please also note that “Sembcorp” is not an abbreviation of “Sembawang Corporation” but a brand name in itself, and it is therefore incorrect to refer to our company as “Sembawang”, “Sembawang Corporation” or similar.