

Strong Performance

Special Feature

Robust financial track record

SembCorp Utilities (SembUtilities), a wholly-owned subsidiary of SembCorp Industries, is a leading integrated utilities and energy player. The business has delivered strong performance over the past five years. With a unique integrated utilities business model, our Utilities business offers sustainable earnings, good returns and attractive growth.

Underpinned by long-term contracts that provide high earnings visibility, we are committed to pursuing profitable growth. Our efforts revolve around three elements:

Organic growth

We aim to grow our business organically by maintaining our market leadership and developing our competitive position. We seek to expand in tandem with demand through strategic partnership with our customers. We look to extending our international customer base and expanding our scope of services to meet customers' changing needs. Through the optimisation of our resources and assets, we also aim to lower our cost base, enhance our returns and sharpen our competitiveness.

Developing a project pipeline

To provide the platform for future growth, we continually identify and develop a new pipeline of projects. Leveraging on our industry knowledge and strong customer relationships, our project development efforts are focused on opportunities that provide us scope for sustainable and profitable growth.

New M&A and partnership opportunities

We aim to build leading positions in growth markets through selective acquisitions and partnerships. We concentrate on markets that offer the best prospects for long-term growth and projects that offer earnings security and strategic advantage.



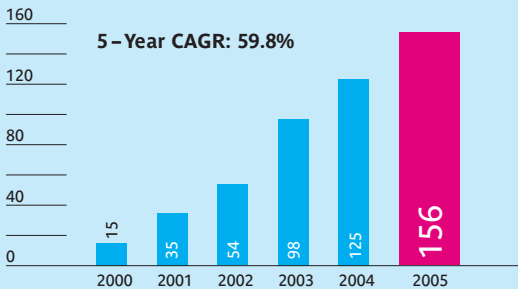
Double-digit turnover growth

60% net profit CAGR¹

ROE above 20%

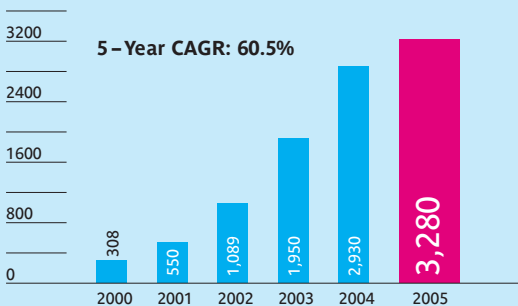
SembUtilities PATMI² (\$ million)

2000	2001	2002	2003	2004	2005
15	35	54	98	125	156



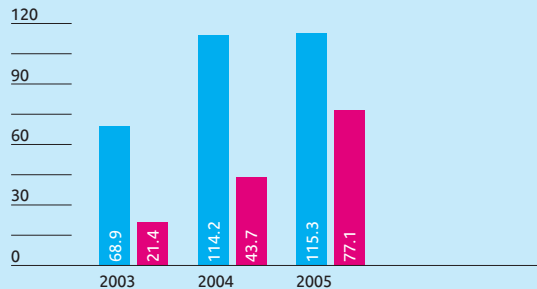
SembUtilities Turnover (\$ million)

2000	2001	2002	2003	2004	2005
308	550	1,089	1,950	2,930	3,280



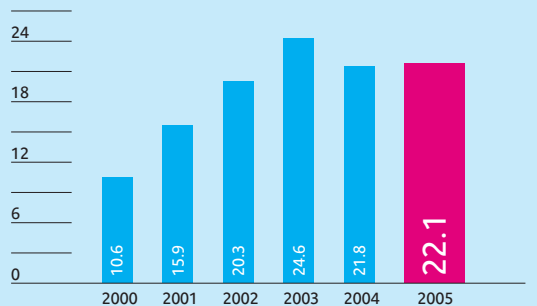
Energy and Integrated Utilities PATMI² (\$ million)

	2003	2004	2005
Local	68.9	114.2	115.3
Overseas	21.4	43.7	77.1



SembUtilities Return On Equity (%)

2000	2001	2002	2003	2004	2005
10.6	15.9	20.3	24.6	21.8	22.1



¹ Refers to the Compounded Annual Growth Rate over a five-year period from 2000 to 2005

² Profit After Tax and Minority Interest

Smart investments

Astute investment decisions have played a critical role in the success of SembUtilities. We are focused and disciplined in evaluating acquisition and partnership opportunities, even as we pursue growth in the international arena. Smart investments, such as our UK operations on Teesside and power plant in Vietnam, have continued to generate value and contribute to the strong performance of Utilities in 2005.

Disciplined investment criteria

All investments are made with the objective of advancing our market leadership and maximising long-term shareholder returns. We follow strict investment guidelines to focus our project development efforts, ensure competitive returns and manage risks.

Our investments are generally guided by three basic considerations:

Strategic fit

We are focused on our niche business of providing integrated utilities and industrial site services to multiple customers in process industry clusters. In addition, we consider projects that provide secured offtake and give us the potential to grow into our multi-customer business. These opportunities are explored in target growth markets and where we believe conditions are right for profitable expansion.

Financial criteria

All projects are assessed to ensure they meet strict internal financial criteria, which include aspects such as financing and shareholding structures.

Risk assessment

A thorough assessment of various aspects of risk is undertaken and guidelines are used to manage identified risks and optimise our risk / return profile.

We are focused and disciplined in evaluating acquisition and partnership opportunities, even as we pursue growth in the international arena.

SembCorp Utilities UK – a strategic acquisition bearing fruit

SembUtilities gained a foothold in one of the largest petrochemical hub in Europe and one of the UK's most important chemical sites when we acquired SembCorp Utilities UK (SembUtilities UK), a profitable brownfield integrated utilities business similar to our Jurong Island operations in Singapore. This value-accretive acquisition has substantially enhanced SembUtilities' earnings and overseas activities.

Apart from delivering stellar financial returns, SembUtilities UK is also of strategic importance as we continue to build on the management and operational expertise as well as strong customer relationships on Teesside to grow our business globally.

Through its pioneering efforts in renewable energy, our UK operations also provide new opportunities for growth and development. Its new biomass power plant, Wilton 10, which will be operational in 2007, will be one of the largest biomass projects in the UK.

Phu My 3 – a healthy contribution from Vietnam

Also contributing to SembUtilities' overseas growth is our stake in Phu My 3, Vietnam's first foreign-invested power plant. Under a secure 20-year power purchase agreement, the 717 megawatt plant commenced commercial operations in March 2004, ahead of schedule, and achieved profitability in its first financial year. This momentum continued into 2005 with Phu My 3 delivering even stronger results in its first full year of operations. This investment not only reinforces the success of SembUtilities' international expansion, it also serves as a springboard for further growth in Vietnam and the region.

