

Environment Review

Performance Scorecard (\$ million)

	2009	2008	Change (%)
Turnover	187.7	216.8	(13)
EBITDA	9.7	(0.3)	NM
EBIT	(0.7)	(9.8)	93
PATMI	15.5	2.1	625
ROE (%)	8	1	628

Key Developments

- Australian arm won Asia Pacific-wide Frost & Sullivan Waste Management Company of the Year Award for excellence in waste management, including the application of waste-to-resource technologies.
- Streamlined business portfolio with the divestment of the conservancy services, commercial cleaning and car park management units in Singapore.
- Sharpened focus on collection, post-collection treatment and waste-to-resource.

Competitive Edge

- A leading environmental management player providing integrated waste management services in Singapore and Australia with a strong focus on waste-to-resource businesses in our selected markets.
- Ability to offer comprehensive integrated environmental management services to municipal, industrial and commercial customers.

Operations Review

In 2009, Sembcorp's Environment business posted a turnover of S\$187.7 million compared to S\$216.8 million in 2008, mainly due to the divestment of certain businesses and lower sales tonnage and selling price of recyclables. Profit after tax and minority interest (PATMI) improved 625% to S\$15.5 million from S\$2.1 million in the previous year.

Operations in Singapore performed better in 2009 than in 2008 with a reduction in our cost base. During the year, we continued to sharpen our focus on collection, post-collection treatment and waste-to-resource. Our waste-to-resource facilities in Singapore extract recyclables from waste collected through our collection arm, which is the leading operator in Singapore serving four out of the nation's nine municipal sectors.

Operations at our Australian arm, SITA Environmental Solutions, performed well in 2009. During the year, the unit began operating two state-of-the-art resource recovery facilities in Sydney and Perth. These plants will treat a total of up to 234,000 tonnes of household

waste annually, diverting a proportion of this waste from landfill, recovering recyclables and producing compost from recovered materials. In June, the unit secured an eight-year waste collection contract to serve the City of Brisbane in Queensland, Australia. Worth around S\$30 million per year, the contract is the largest waste collection contract in the country and will commence in the second half of 2010. In addition, the unit was also named the Frost & Sullivan Waste Management Company of the Year for its excellence in waste management, including the progressive application of waste-to-resource technologies.

In India, our subsidiary SembRamky Environmental Management continued to meet performance expectations while operating eight biomedical waste facilities throughout India.

During the year, we continued to streamline our business portfolio, divesting the conservancy services, commercial cleansing and car park management units within the Services division of our Singapore operations. This divestment is in line with Sembcorp's strategy to move its Environment business towards a stronger

focus on collection, post-collection treatment and waste-to-resource.

Market Review and Outlook

With continued urbanisation and industrialisation, the long-term growth in demand for sustainable waste management solutions is expected to be strengthened. We intend to continue leveraging on our Group capabilities to meet these needs. Within Sembcorp, we have the capabilities to treat both liquid and solid waste, and are also exploring waste-to-energy initiatives which would allow us to strengthen synergies across the Group, particularly with our Utilities business.

In 2010, the Environment business is expected to maintain its 2009 performance.