

EVA STATEMENT

Year ended December 31, 2014

| | | 2014 | 2013 |
|--|------|-------------------|-----------|
| | Note | S\$'000 | S\$'000 |
| Net operating profit before tax expense | | 1,088,177 | 1,059,335 |
| Adjusted for: | | | |
| Share of associates' and joint ventures' profits | | 194,538 | 190,045 |
| Interest expense | 1 | 77,829 | 118,858 |
| Others | 2 | (6,796) | (11,262) |
| Adjusted profit before interest and tax | | 1,353,748 | 1,356,976 |
| Cash operating taxes | 3 | (186,171) | (184,284) |
| Net operating profit after tax (NOPAT) | | 1,167,577 | 1,172,692 |
| Average capital employed | 4 | 11,083,735 | 9,705,620 |
| Weighted average cost of capital | 5 | 5.8% | 5.7% |
| Capital charge | | 642,857 | 553,220 |
| Economic Value Added (EVA) | | 524,720 | 619,472 |
| Non-controlling share of EVA | | (184,792) | (186,690) |
| EVA attributable to shareholders | | 339,928 | 432,782 |
| Less: Unusual items (UI) gains | 6 | (5,960) | (39,700) |
| EVA attributable to shareholders (exclude UI) | | 333,968 | 393,082 |

Notes:

- Interest expense includes imputed interest on present value of operating leases and capitalised interest charged to profit or loss upon disposal of the assets.
- Other adjustments include recovery of investment costs, timing difference of allowances made for / (write-back) of doubtful debts, warranty, inventory obsolescence and goodwill written off / impaired and construction-in-progress.
- The reported current tax is adjusted for the statutory tax impact of interest expense.
- Average capital employed is computed by taking monthly average total assets less non interest-bearing liabilities plus timing provision, goodwill written off / impaired and present value of operating leases.

| | 2014 | 2013 |
|---|-------------------|-----------|
| | S\$'000 | S\$'000 |
| Major Capital Components: | | |
| Property, plant and equipment | 6,660,189 | 5,781,039 |
| Investments | 2,386,455 | 1,984,473 |
| Other long-term assets | 692,849 | 715,400 |
| Net working capital and long-term liabilities | 1,344,242 | 1,224,708 |
| Average capital employed | 11,083,735 | 9,705,620 |

- The Weighted Average Cost of Capital is calculated in accordance with the Sembcorp Group EVA Policy as follows:
 - Cost of Equity using Capital Asset Pricing Model with market risk premium at 5.0% (2013: 5.0%);
 - Risk-free rate of 2.12% (2013: 2.30%) based on yield-to-maturity of Singapore Government 10-year Bonds;
 - Ungeared beta ranging from 0.5 to 1.0 (2013: 0.5 to 1.0) based on Sembcorp Industries' risk categorisation; and
 - Cost of Debt rate at 2.47% (2013: 1.78%).
- Unusual items (UI) refer to gain / loss on divestment of subsidiaries, associates, joint ventures, long-term investments and disposal of major property, plant and equipment.