

GROUP FINANCIAL REVIEW

GROUP FINANCIAL HIGHLIGHTS

	2015	2014	Change (%)
For the Year (\$ million)			
Turnover	9,545	10,895	(12)
Earnings before interest, tax, depreciation and amortisation	1,720	1,457	18
Profit from operations	631	1,297	(51)
– Earnings before interest and tax	625	1,139	(45)
– Share of results: Associates & JVs, net of tax	6	158	(96)
Profit before tax	426	1,246	(66)
Net profit	549	801	(32)
Economic value added	(395)	525	NM
Return on total assets (%)	3.7	7.5	(50)
Return on equity (%)	9.4	15.2	(38)

Capital Position (\$ million)

Owners' funds	5,630	5,414	4
Total assets	19,915	17,176	16
Net debt	5,227	3,082	70
Operating cash flow	(704)	(19)	NM
Free cash flow	(12)	(29)	59
Capital expenditure and equity investment	2,108	1,625	30
Total debt-to-capitalisation ratio	0.46	0.40	15
Total debt-to-capitalisation ratio (less cash and cash equivalents)	0.35	0.26	35
Interest cover (times)	7.2	20.8	(65)

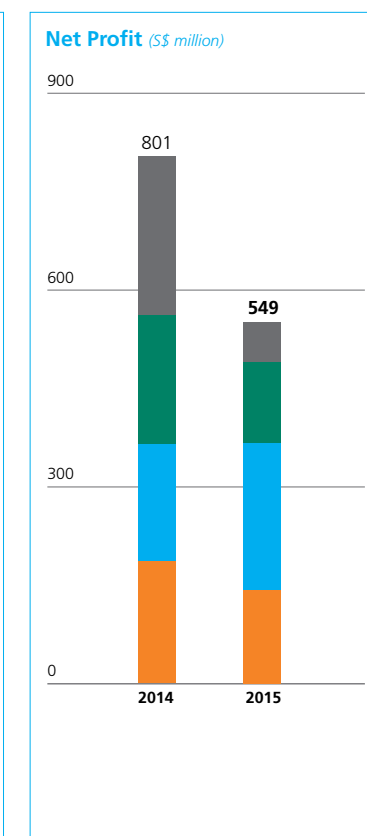
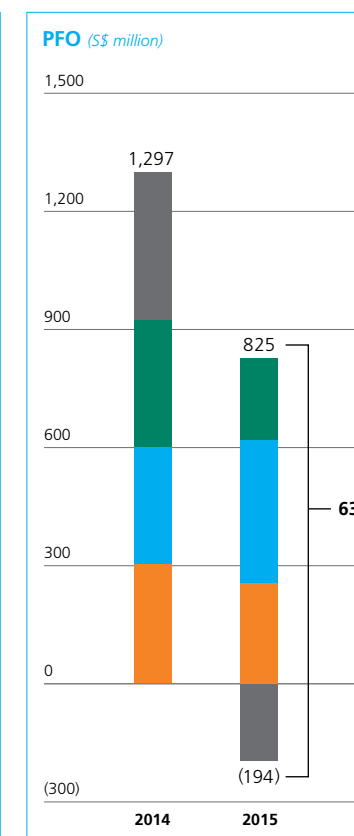
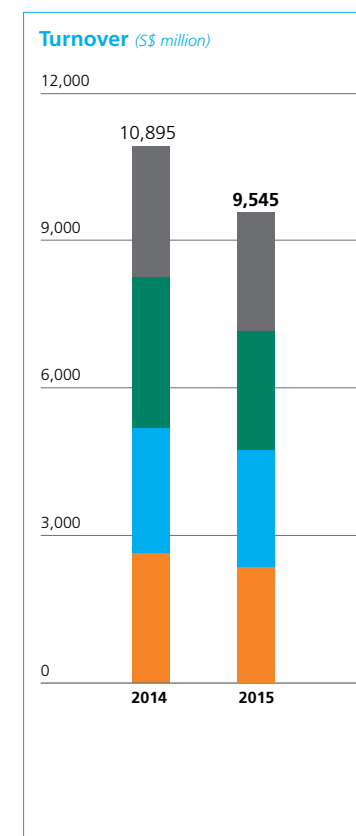
Shareholder Returns

Net assets per share (\$)	3.60	3.15	14
Earnings per share (cents)	29.17	44.31	(34)
Dividends per share (cents)			
– Ordinary	11	16	(31)
Payout ratio (%)	37.7	36.1	4
Last traded share price (\$)	3.05	4.45	(31)
Total shareholder returns (%)	(28.8)	(15.6)	(85)

GROUP QUARTERLY PERFORMANCE (\$ MILLION)

	1Q	2Q	2015 3Q	4Q	Total	1Q	2Q	2014 3Q	4Q	Total
Turnover	2,338	2,388	2,400	2,419	9,545	2,627	2,534	3,070	2,664	10,895
Earnings before interest, tax, depreciation and amortisation ¹	305	410	324	681	1,720	324	331	375	427	1,457
Profit from operations	254	364	207	(194)	631	301	298	322	376	1,297
– Earnings before interest and tax	214	305	186	(80)	625	247	254	297	341	1,139
– Share of results: Associates & JVs, net of tax	40	59	21	(114)	6	54	44	25	35	158
Profit / (Loss) before tax	228	314	150	(266)	426	287	286	315	358	1,246
Net profit	142	224	122	61	549	185	179	196	241	801
Earnings per share (cents)	7.83	12.19	6.29	2.86	29.17	10.25	9.87	10.86	13.33	44.31

¹ Earnings before interest, tax, depreciation and amortisation exclude major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs.



■ First quarter ■ Second quarter ■ Third quarter ■ Fourth quarter

FIVE-YEAR FINANCIAL PERFORMANCE PROFILE

2015

Sembcorp posted a net profit of S\$548.9 million and a turnover of S\$9.5 billion for 2015 compared to S\$801.1 million and S\$10.9 billion in 2014 respectively.

In 2015, the Utilities business delivered a 72% growth in net profit to S\$701.5 million compared to S\$408.0 million in 2014. This increase was underpinned by growth from its overseas operations as well as gains from the sale of its Australian waste management joint venture and municipal water operations in the UK and Zhumadian, China.

Meanwhile, at the Sembcorp Industries level, the Marine business incurred a net loss of S\$176.4 million in 2015 compared to a net profit of S\$340.0 million in 2014. The Urban Development business posted a net profit of S\$33.5 million compared to S\$44.3 million in 2014.

Return on equity for the Group was 9.4% and earnings per share amounted to 29.2 cents.

2014

Sembcorp delivered a healthy performance in 2014 amid challenging market conditions. Net profit for the year was S\$801.1 million, while turnover stood at S\$10.9 billion.

In 2014, the Utilities business reported a net profit of S\$408.0 million, compared to S\$449.9 million in 2013. The business achieved a 7% net profit growth in 2014 from 2013

excluding significant items recorded in 2013. These significant items comprised gains from the initial public offering of Sembcorp Salalah Power and Water Company (Sembcorp Salalah), offset by an impairment made for operations in the UK.

The Marine business contributed S\$340.0 million to the Group's net profit in 2014, compared to S\$336.9 million in 2013. Meanwhile, the Urban Development business reported a net profit of S\$44.3 million, compared to S\$50.2 million in the previous year.

2013

Sembcorp delivered a robust performance for 2013. Net profit grew 9% to S\$820.4 million from S\$753.3 million in 2012, while turnover increased 6% to S\$10.8 billion from S\$10.2 billion the previous year.

In 2013, the Utilities business delivered strong profit growth of 20%, with net profit increasing to S\$449.9 million from S\$374.6 million in 2012, underpinned by solid growth from operations in China and gains from the initial public offering of Sembcorp Salalah, partially offset by an impairment made for operations in the UK.

The Marine business reported a net profit of S\$336.9 million in 2013, up 3% from S\$326.7 million in 2012. Meanwhile, the Urban Development business reported a 22% increase in net profit to S\$50.2 million from S\$41.1 million the previous year.

2012

Sembcorp reported a net profit of S\$753.3 million for the full year 2012, compared to S\$809.3 million in 2011. Turnover grew 13% to S\$10.2 billion from S\$9.0 billion in the previous year.

In 2012, our Utilities business achieved a net profit of S\$374.6 million, growing 23% from S\$304.4 million in 2011. This was due to better performance from our Singapore operations, attributable to additional gas sales during the year.

Our Marine business contributed S\$326.7 million in net profit for the year.

2011

Sembcorp delivered a strong performance in 2011 compared to 2010. Net profit for the full year grew 2% to S\$809.3 million from S\$792.9 million in 2010, while turnover was up 3% to S\$9.0 billion from S\$8.8 billion in the previous year.

Our Utilities business delivered robust profit growth in 2011, with net profit growing 32% to S\$304.4 million. The Marine business' contribution to net profit was 13% lower at S\$456.2 million, mainly due to fewer jack-up and semi-submersible rig projects. This was offset by the higher interest income received in 2011 for deferred payment granted to customers and write-back of prior years' tax over-provisions.

	2015	2014	2013	2012	2011
For the Year (\$ million)					
Turnover	9,545	10,895	10,798	10,189	9,047
Earnings before interest, tax, depreciation and amortisation ¹	1,720	1,457	1,477	1,403	1,370
Profit from operations	631	1,297	1,315	1,266	1,272
– Earnings before interest and tax	625	1,139	1,160	1,103	1,101
– Share of results: Associates & JVs, net of tax	6	158	155	163	171
Profit before tax	426	1,246	1,214	1,155	1,271
Net profit	549	801	820	753	809

	2015	2014	2013	2012	2011
At Year End (\$ million)					
Property, plant and equipment and investment properties	8,706	7,749	5,148	5,180	4,273
Other non-current assets	3,602	3,297	2,916	2,510	2,263
Net current assets	1,661	773	788	1,028	1,520
Non-current liabilities	(5,926)	(4,587)	(2,322)	(3,074)	(2,815)
Net assets	8,043	7,232	6,530	5,644	5,241
Share capital and reserves (including perpetual securities)	6,433	5,616	5,230	4,503	4,115
Non-controlling interests	1,610	1,616	1,300	1,141	1,126
Total equity	8,043	7,232	6,530	5,644	5,241

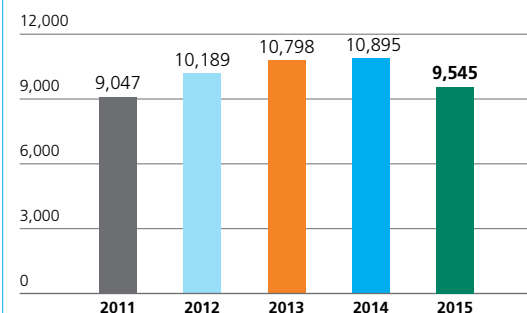
	2015	2014	2013	2012	2011
Per Share					
Earnings (cents)	29.17	44.31	45.70	42.17	45.32
Net assets (\$)	3.60	3.15	2.93	2.52	2.31
Net ordinary dividends (including bonus dividends) (cents)	11	16	17	15	17

	2015	2014	2013	2012	2011
Financial Ratios					
Return on equity (%)	9.4	15.2	17.1	17.5	20.4
Return on total assets (%)	3.7	7.5	9.1	9.5	10.7
Interest cover (times)	7.2	20.8	12.5	10.0	20.9
Total debt-to-capitalisation ratio	0.46	0.40	0.23	0.30	0.29
Total debt-to-capitalisation ratio (less cash and cash equivalents)	0.35	0.26	Net cash	0.05	Net cash

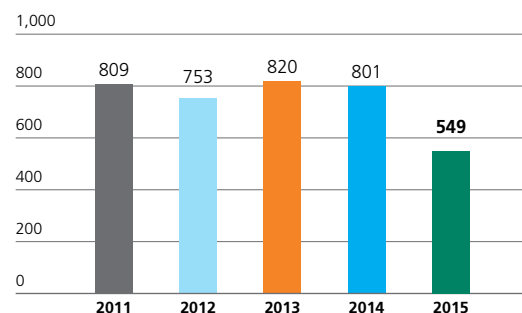
¹ Earnings before interest, tax, depreciation and amortisation exclude major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs.

GROUP FINANCIAL REVIEW

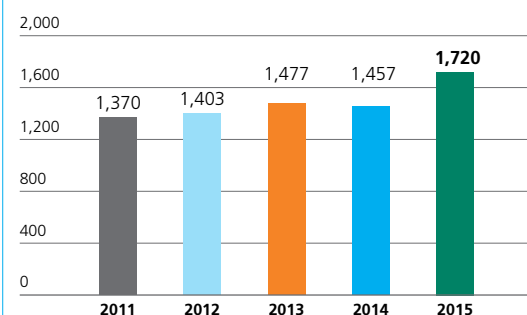
Turnover (\$ million)



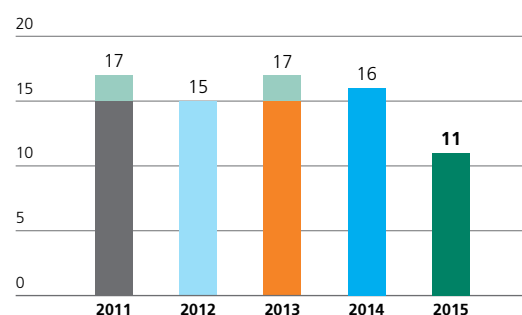
Net Profit (\$ million)



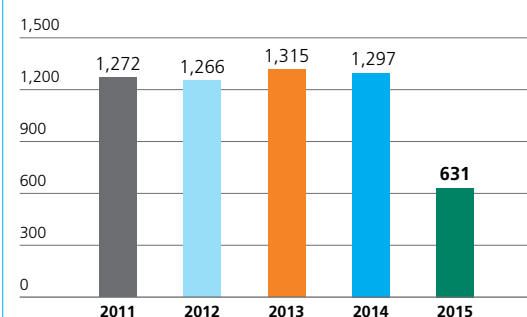
EBITDA (\$ million)



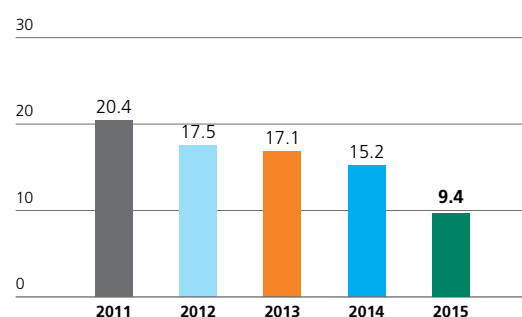
Net Ordinary Dividend Per Share (cents)



PFO (\$ million)



ROE (%)



Review by Business (\$ million)

	2015	%	2014	%	2013	%	2012	%	2011	%
Turnover										
Utilities	4,227	44	4,850	44	5,095	47	5,615	55	4,893	54
Marine	4,968	52	5,831	54	5,523	51	4,428	44	3,957	44
Urban Development	8	-	7	-	9	-	12	-	9	-
Others / Corporate	342	4	207	2	171	2	134	1	188	2
	9,545	100	10,895	100	10,798	100	10,189	100	9,047	100

Profit from Operations

Utilities	948	150	522	40	613	47	607	48	421	33
Marine	(342)	(54)	718	55	660	50	599	47	793	62
Urban Development	38	6	47	4	45	3	44	4	46	4
Others / Corporate	(13)	(2)	10	1	(3)	-	16	1	12	1
	631	100	1,297	100	1,315	100	1,266	100	1,272	100

Net Profit

Utilities	701	128	408	51	450	55	375	50	304	38
Marine	(176)	(32)	340	42	337	41	327	43	456	56
Urban Development	34	6	44	6	50	6	41	6	39	5
Others / Corporate	(10)	(2)	9	1	(17)	(2)	10	1	10	1
	549	100	801	100	820	100	753	100	809	100

GROUP FINANCIAL REVIEW

Performance Scorecard (\$ million)

	2015	2014	Change (%)
Turnover	9,544.6	10,894.7	(12)
EBITDA ¹	1,720.2	1,456.7	18
PFO	631.5	1,297.1	(51)
– EBIT	625.3	1,138.9	(45)
– Share of results: Associates & JVs, net of tax	6.2	158.2	(96)
PBT	426.4	1,246.4	(66)
Net profit	548.9	801.1	(32)
EPS (cents)	29.2	44.3	(34)
ROE (%)	9.4	15.2	(38)

¹ EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs.

OVERVIEW

Sembcorp posted a net profit of S\$548.9 million and a turnover of S\$9.5 billion for 2015 compared to S\$801.1 million and S\$10.9 billion in 2014 respectively.

TURNOVER

The Group achieved a turnover of S\$9.5 billion, with the Utilities and Marine businesses contributing 96% of total turnover.

The Utilities business' turnover was lower in 2015 compared to 2014, mainly due to lower gas offtake and lower high sulphur fuel oil prices recorded during the year, partially mitigated by higher contribution from India operations from the commencement of Thermal Powertech Corporation India Limited's (TPCIL) operations and the acquisition of Green Infra Limited, later renamed Sembcorp Green Infra.

The Marine business' turnover decreased over the previous year, mainly due to lower revenue recognition for rig building projects and lower average revenue per repair vessel despite the increase in the number of ships repaired. The

business' reversal of revenue due to termination of a contract with a customer, customer deferment requests and a customer's restructuring has resulted in lower revenue recognition for its rigs & floaters segment. For the offshore platforms segment, turnover was higher in 2015.

NET PROFIT

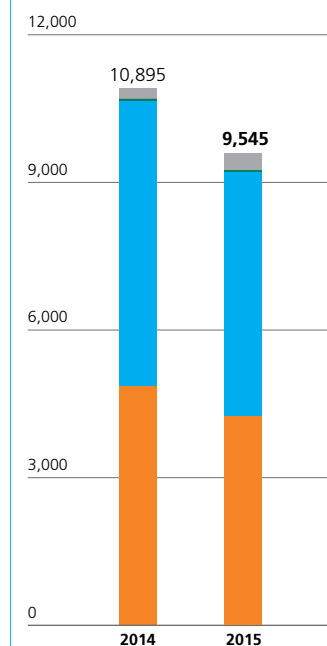
The Group recorded a net profit of S\$548.9 million in 2015 compared to S\$801.1 million in 2014, while profit from operations was S\$631.5 million, compared to S\$1.3 billion in 2014.

In 2015, the Utilities business delivered a 72% growth in net profit to S\$701.5 million compared to S\$408.0 million in 2014, underpinned by growth from its overseas operations as well as gains from the sale of its Australian waste management joint venture and municipal water operations in the UK and Zhumadian, China.

The Marine business incurred a net loss of S\$176.4 million in 2015 compared to a net profit of S\$340.0 million in 2014. This net loss was mainly due to lower contribution from rig building projects resulting from write-downs of inventories and

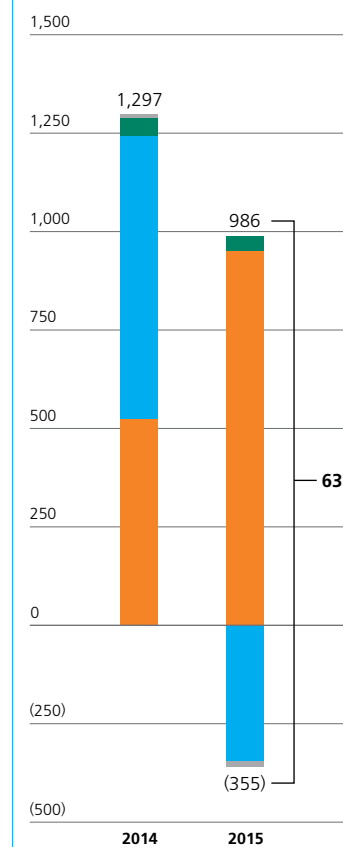
Turnover (\$ million)

	2014	2015
Utilities	4,850	4,227
Marine	5,831	4,968
Urban Development	7	8
Others / Corporate	207	342
	10,895	9,545



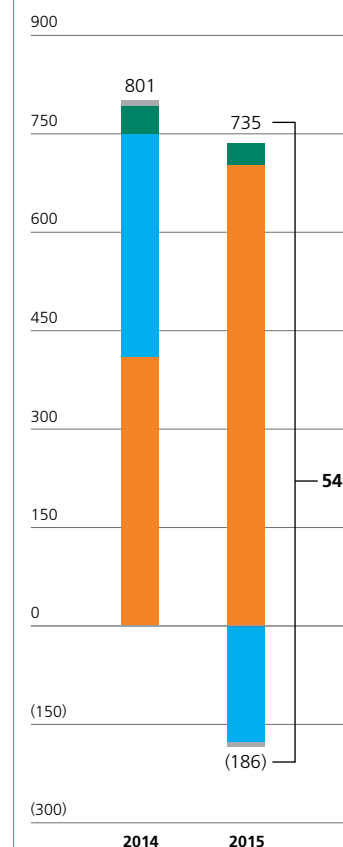
PFO (\$ million)

	2014	2015
Utilities	522	948
Marine	718	(342)
Urban Development	47	38
Others / Corporate	10	(13)
	1,297	631



Net Profit (\$ million)

	2014	2015
Utilities	408	701
Marine	340	(176)
Urban Development	44	34
Others / Corporate	9	(10)
	801	549



work-in-progress, provision for foreseeable losses, customer deferment requests and restructuring, higher finance costs, impairment loss on available-for-sale financial assets and share of losses from associates. However, contribution from offshore platform projects was higher.

Meanwhile, the Urban Development business reported a net profit of S\$33.5 million, compared to S\$44.3 million in the previous year. In 2015, net profit from Corporate included a fair value loss of S\$34.5 million due to the decline in the share price of Gallant Venture.

CASH FLOW AND LIQUIDITY

As at December 31, 2015, the Group's cash and cash equivalents stood at S\$1.6 billion.

The cash outflow from changes in working capital was mainly due to Marine's working capital for ongoing rig building projects.

Net cash outflow from investing activities for 2015 was close to S\$1.3 billion, mainly for acquisition of renewable operations in India, purchase of Marine's and Utilities' property, plant and equipment, as well as Utilities' acquisition of and additional investment in joint ventures, partially offset by the proceeds from the sale of its Australian waste management joint venture and municipal water operations in the UK and Zhumadian, China.

Net cash inflow from financing activities of S\$1.9 billion for 2015 was mainly related to proceeds from issue of perpetual securities and net proceeds from borrowings, partially offset by dividends and interest paid.

FINANCIAL POSITION

Group shareholders' funds increased to S\$5.6 billion as at December 31, 2015 from S\$5.4 billion as at December 31, 2014.

The Group's balance sheet included the consolidation of its renewable company, Sembcorp Green Infra, which was acquired in February 2015. During the year, the assets and liabilities of the municipal water operations in the UK and Zhumadian, China, were also de-consolidated following the divestment of these operations in April 2015 and August 2015 respectively. In December, Sembcorp Air Products was classified as a unit held for sale and accordingly, its assets and liabilities were classified as assets held for sale and liabilities held for sale respectively.

Non-current assets increased, primarily due to Utilities' additional investment in India, partially

offset by the divestment of SembSita Pacific in November 2015.

Inventories and work-in-progress increased primarily due to payment terms of rig building projects. The recoverability of work-in-progress for jack-up rig projects is dependent on the customers taking delivery of the rigs in the future. The excess of progress billings over work-in-progress decreased, mainly due to the timing of billings for rig building projects.

Interest-bearing borrowings increased due to Marine's borrowings for working capital and capital expenditure for its yards in Singapore and Brazil. Marine has secured adequate committed long-term banking facilities to refinance its short-term borrowings as they fall due. Meanwhile, TPCIL has facilities approved to refinance its short-term borrowings for its power plant with local currency financing.

SHAREHOLDER RETURNS

Return on equity for the Group was 9.4% and earnings per share amounted to 29.2 cents in 2015.

Subject to approval by shareholders at the next annual general meeting, a final ordinary one-tier tax-exempt dividend of 6.0 cents per share has been proposed for the financial year ending December 31, 2015. Together with an interim dividend of 5.0 cents per ordinary share paid in September 2015, this brings our total dividend for the year to 11.0 cents per ordinary share.

ECONOMIC VALUE ADDED

Economic value added (EVA) was negative in 2015 mainly due to the loss for the period from the Marine business. Furthermore, EVA in 2015 also included the impact of new investments that are either not operating yet or in an early stage of operations.

VALUE ADDED AND PRODUCTIVITY DATA

In 2015, the Group's total value added was S\$2.1 billion. This was absorbed by employees in wages, salaries and benefits of S\$832 million, by governments in income and other taxes of S\$137 million and by providers of capital in interest, dividends and distribution of S\$551 million, leaving a balance of S\$623 million reinvested in business.

CRITICAL ACCOUNTING POLICIES

Sembcorp's financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRSs).

With effect from January 1, 2015, the Group adopted the following new / amended FRSs, set out in the table below.

The adoption of the FRSs below (including consequential amendments) does not have any significant impact on the Group's financial statements.

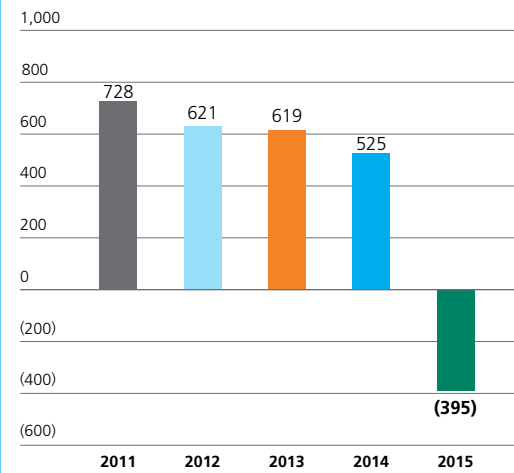
Amendments to FRSs:	
FRS 19	Employee Benefit Plans: Employee Contributions
Improvements to FRSs (January 2014):	
FRS 16	Property, Plant and Equipment
FRS 38	Intangible Assets
FRS 24	Related Party Disclosures
FRS 102	Share-based Payment
FRS 103	Business Combinations
FRS 108	Operating Segments
Improvements to FRSs (February 2014):	
FRS 103	Business Combinations
FRS 113	Fair Value Measurements
FRS 40	Investment Property

FINANCIAL RISK MANAGEMENT

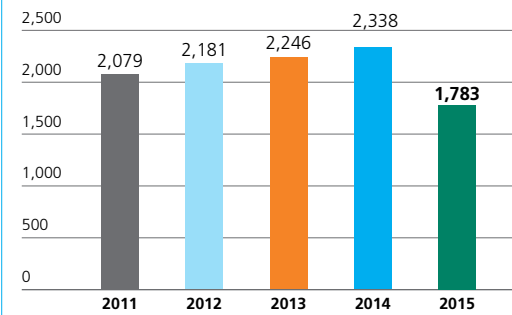
The Group's activities expose it to a variety of financial risks, including changes in interest rates, foreign exchange rates and commodity prices, as well as credit risk.

Please refer to the Risk Management and Internal Controls chapter of this report for details on the management of these risks.

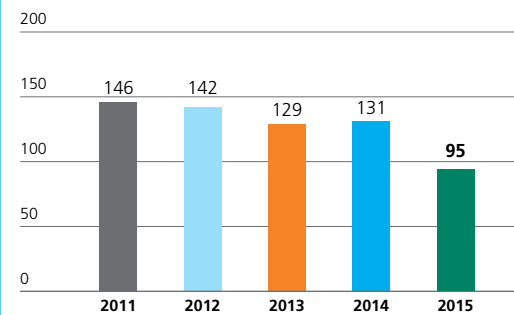
Economic Value Added (\$ million)



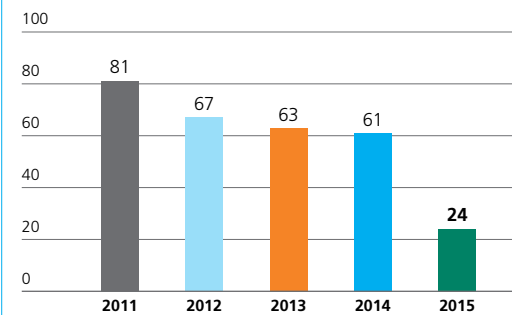
Gross Value Added (\$ million)



Value Added Per Employee (\$ thousands)



Profit After Tax Per Employee (\$ thousands)



Value Added Statement (\$ million)

	2015	2014	2013	2012	2011
Value Added from					
Turnover	9,545	10,895	10,798	10,189	9,047
Less: Bought in materials and services	(7,762)	(8,557)	(8,552)	(8,008)	(6,968)
Gross value added	1,783	2,338	2,246	2,181	2,079
Investment, interest and other income	985	253	308	130	147
Share of results of associates and joint ventures, net of tax	6	159	155	163	171
Other non-operating expenses	(631)	(168)	(95)	(74)	(53)
	2,143	2,582	2,614	2,400	2,344
Distribution					
To employees in wages, salaries and benefits	832	871	916	781	739
To governments in income and other taxes	137	211	182	136	144
To providers of capital in:					
Interest on borrowings	238	70	118	140	66
Dividends to owners	285	393	268	304	304
Profit attributable to perpetual securities holders	28	9	4	-	-
	1,520	1,554	1,488	1,361	1,253
Retained in Business					
Depreciation and amortisation	405	315	303	282	235
Deferred tax (credit) / expense	(106)	26	(12)	23	9
Retained profits	236	399	548	450	505
Non-controlling interests	(94)	283	277	280	337
	441	1,023	1,116	1,035	1,086
Other non-operating expenses	182	5	10	4	5
	623	1,028	1,126	1,039	1,091
Total Distribution	2,143	2,582	2,614	2,400	2,344

Productivity Data

	2015	2014	2013	2012	2011
Average staff strength	18,676	17,806	17,401	15,343	14,194
Employment costs (\$ million)	832	871	916	781	739
Profit after tax per employee (\$'000)	24	61	63	67	81
Value added (\$ million)	1,783	2,338	2,246	2,181	2,079
Value added per employee (\$'000)	95	131	129	142	146
Value added per dollar employment costs (\$)	2.14	2.68	2.45	2.79	2.81
Value added per dollar investment in property, plant and equipment (\$)	0.15	0.22	0.30	0.30	0.33
Value added per dollar sales (\$)	0.19	0.21	0.21	0.21	0.23

The figures above reflect data for core businesses only.

TREASURY MANAGEMENT

Sembcorp Financial Services (SFS), the Group's wholly-owned treasury vehicle, manages the Group's financing activities, as well as its treasury activities in Singapore. SFS also oversees treasury activities outside of Singapore together with the respective businesses. In addition, SFS facilitates funding and on-lends funds borrowed by it to businesses within the Group, where appropriate.

SFS and our overseas treasury units actively manage cash within the Group by setting up cash pooling structures in various countries where appropriate, to take in surplus funds from businesses and lend it to those with funding requirements. We also actively manage the Group's excess cash, deploying it to a number of financial institutions, and closely track developments in the global banking sector. Such proactive cash management continues to be an efficient and cost-effective way of managing the Group's cash and financing its funding requirements.

FACILITIES

As at December 31, 2015, the Group's total credit facilities, including the multi-currency debt issuance programme, amounted to S\$18.8 billion (2014: S\$14.5 billion). This comprised funded facilities of S\$14.4 billion (2014: S\$10.3 billion), including S\$9.7 billion in committed facilities (2014: S\$5.9 billion), and trade-related facilities of S\$4.3 billion (2014: S\$4.3 billion), including but not limited to bank guarantees, letters of credit, bid bonds and performance bonds. The increase over the previous year was mainly due to the Marine business' new credit facilities to fund its Singapore and Brazil yards, new credit facilities for SFS to fund entities under the Group, additional credit facilities for our India thermal power business to fund the construction and operation of its power plants, as well as the consolidation of Sembcorp Green Infra's credit facilities following our acquisition of the company in February 2015.

BORROWINGS AND ISSUANCE OF PERPETUAL SECURITIES

In May 2015, the Group issued S\$600 million of perpetual securities under its S\$2 billion multi-currency debt issuance programme, which was accounted for as equity. The Group aims to term out loans such that their maturity profile mirrors the operating life of our core assets, while continuing our focus on maintaining adequate liquidity for our businesses. We continue to build on our banking relationships to ensure that we are able to secure funding on competitive terms, as and when commercially viable and strategically attractive opportunities arise.

As at December 31, 2015, the Group's gross borrowings amounted to S\$6.8 billion (2014: S\$4.7 billion). As compared to 2014, the increment of S\$2.1 billion in gross borrowings was mainly due to new borrowings by Sembcorp Marine and our India thermal power business, as well as the inclusion of borrowings of newly acquired Sembcorp Green Infra.

The Group remains committed to balancing the availability of funding and the cost of funding, while maintaining prudent financial ratios. We also aim to maintain an efficient and optimal mix of committed and uncommitted facilities and fixed and floating rate borrowings. Of the overall debt portfolio in 2015, 66% (2014: 76%) constituted fixed rate debts that were not exposed to interest rate fluctuations. The lower ratio of fixed rate debt was mainly due to the addition of proportionately more floating rate debt that was used for working capital purposes.

Financing and Treasury Highlights (\$ million)

	2015	2014	2013
Source of Funding			
Cash and cash equivalents	1,606	1,661	2,256
Funded facilities (including multi-currency debt issuance programme)			
Committed funded facilities	9,687	5,868	3,277
Less: Amount drawn down	(6,864)	(4,525)	(1,991)
Unutilised committed funded facilities	2,823	1,343	1,286
Uncommitted funded facilities	4,748	4,383	4,625
Less: Amount drawn down	(768)	(418)	(116)
Unutilised uncommitted funded facilities	3,980	3,965	4,509
Total unutilised funded facilities	6,803	5,308	5,795
Trade-related facilities			
Facilities available	4,347	4,291	3,141
Less: Amount used	(2,337)	(1,903)	(1,589)
Unutilised trade-related facilities	2,010	2,388	1,552
Funding Profile			
Maturity profile			
Due within one year	1,801	1,086	414
Due between one to five years	2,957	1,369	689
Due after five years	2,075	2,288	804
	6,833	4,743	1,907
Debt mix			
Fixed rate debt	4,529	3,627	1,525
Floating rate debt	2,304	1,116	382
	6,833	4,743	1,907

Financing and Treasury Highlights (\$ million)

	2015	2014	2013			
Debt Ratios						
Interest cover ratio						
Earnings before interest, tax, depreciation and amortisation	1,720	1,457	1,477			
Interest on borrowings	238	70	118			
Interest cover (times)	7.2	20.8	12.5			
	2015	D/C ratio	2014	D/C ratio	2013	D/C ratio
Debt / capitalisation (D/C) ratios						
Sembcorp Industries corporate debt	1,197	0.08	1,322	0.11	1,098	0.13
Sembcorp Industries project finance debt	2,256	0.15	1,680	0.14	243	0.03
Sembcorp Marine debt	3,380	0.23	1,741	0.15	566	0.07
Sembcorp Industries Group gross debt	6,833	0.46	4,743	0.40	1,907	0.23
Less: Cash and cash equivalents	(1,606)	–	(1,661)	–	(2,256)	–
Sembcorp Industries Group net debt / (cash)	5,227	0.35	3,082	0.26	(349)	Net cash