



Semcorp's utilities facilities on Jurong Island in Singapore

OPERATING AND FINANCIAL REVIEW

Group Structure	52	• Economic Value Added	62
Group Financial Review	54	• Value Added and Productivity Data	63
• Group Financial Highlights	54	• Critical Accounting Policies	63
• Group Quarterly Performance	55	• Financial Risk Management	63
• Five-year Financial Performance Profile	56	• Treasury Management	67
• Turnover	60	• Facilities	67
• Net Profit	60	• Borrowings and Issuance of Perpetual Securities	67
• Cash Flow and Liquidity	62	Utilities Review	70
• Financial Position	62	Marine Review	80
• Shareholder Returns	62	Urban Development Review	88

GROUP STRUCTURE

UTILITIES

Sembcorp Utilities 100%

SINGAPORE

Sembcorp Cogen	100%
Sembcorp Power	100%
Sembcorp Gas	70%
Sembcorp NEWater	100%
Sembcorp Renewables	100%

CHINA

Sembcorp (China) Holding Co	100%
Shanghai Cao Jing Co-generation Co	30%
Sembcorp Nanjing SUIWU Co	95%
Sembcorp NCIP Water Co	95%
Zhangjiagang Free Trade Zone Sembcorp Water Co	80%
Zhangjiagang Free Trade Zone Sembcorp Reclaimed Water Co	80%
Sembcorp Lianyungang Water Co	80%
Sembcorp Qidong Water Co	95%
Yancheng China Water Co	49%
Guohua Sembcorp (Chenba'erhu) Wind Power Co	49%
Guohua Sembcorp (Hulunbeier) Wind Power Co	49%
Guohua Sembcorp (Xinba'erhu) Wind Power Co	49%
Sembcorp Shenyang Water Co	80%
Sembcorp Xinmin Water Co	90.9%
Qitaihe Sembcorp Water Co	90.9%
Yangcheng International Power Generating Co	25%
Sembcorp Changzhi Water Co	100%
Sembcorp Tianjin Lingang Industrial Area Wastewater Treatment Co	90%
Guohua AES (Huanghua) Wind Power Co	49%
Sembcorp Sanhe Yanjiao Water Co	94.3%
ChongQing SongZao Sembcorp Electric Power Co	49%
Sembcorp Qinzhou Water Co	80%
Fuzhou Sembcorp Water Co	72%
Sembcorp Jingmen Water Co	95%

INDIA

Sembcorp India	100%
Thermal Powertech Corporation India	67.4%
Sembcorp Gayatri Power	49%
Sembcorp Gayatri O&M Co	70%
Sembcorp Green Infra	64.1%

INDONESIA

Adhya Tirta Batam	50%
Adhya Tirta Sriwijaya	40%

MYANMAR

Sembcorp Myingyan Power Co	100%
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PHILIPPINES

Subic Water and Sewerage Co	30%
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VIETNAM

Phu My 3 BOT Power Co	66.7%*
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BANGLADESH

Sembcorp North-West Power Co	100%
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OMAN

Sembcorp Salalah Power and Water Co	40%
Sembcorp Salalah O&M Services Co	70%
Centralised Utilities Company	35%

UAE

Emirates Sembcorp Water & Power Co	40%
Sembcorp Gulf O&M Co	100%

SOUTH AFRICA

Sembcorp Utilities (South Africa)	100%
Sembcorp Silulumanzi	100%
Sembcorp Siza Water	73.5%

NORWAY

Biowater Technology	29.6%
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UK

Sembcorp Utilities (UK)	100%
Merseyside Energy Recovery	40%

ANTIGUA

Sembcorp (Antigua) Water	100%
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CHILE

Sembcorp Utilities (Chile)	100%
Sembcorp Aguas Chacabuco	100%
Sembcorp Aguas Del Norte	100%
Sembcorp Aguas Lampa	100%
Sembcorp Aguas Santiago	100%

PANAMA

Aguas de Panama	100%
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Sembcorp Environment 100%

SINGAPORE

SembWaste	100%
Sembcorp Tay Paper Recycling	60%

* Figure reflects the effective equity held by the Group

MARINE

Sembcorp Marine 61%

SINGAPORE

Sembcorp Marine Integrated Yard	100%
Sembcorp Marine Rigs & Floaters	100%
Sembcorp Marine Repairs & Upgrades	100%
Sembcorp Marine Specialised Shipbuilding	100%
Jurong Shipyard	100%
SMOE	100%
PPL Shipyard	85%
Sembcorp Marine Technology	100%

BRAZIL

Estaleiro Jurong Aracruz	100%
Jurong do Brasil Prestação de Serviços	100%

INDONESIA

SMOE Indonesia	90%
Karimun Sembawang Shipyard	100%

INDIA

Sembmarine Kakinada	40%
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NORWAY

GraviFloat	12%
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UK

Sembmarine SLP	70%
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USA

Sembmarine SSP	100%
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CHINA

COSCO Shipyard Group	30%
Shenzhen Chiwan Offshore Petroleum Engineering Co	35%

URBAN DEVELOPMENT

Sembcorp Development 100%

VIETNAM

Vietnam Singapore Industrial Park JV Co	47.4%
Vietnam Singapore Industrial Park & Township Development Joint Stock Co	45.2%
VSIP Bac Ninh Co	45.2%
VSIP Hai Phong Co	45.2%
VSIP Quang Ngai Co	47.4%
VSIP Hai Duong Co	45.2%
VSIP Nghe An Co	47.4%
VSIP-Sembcorp Gateway Development Co	50.4%

CHINA

Wuxi-Singapore Industrial Park Development Co	45.4%
Sino-Singapore (Chengdu) Innovation Park Development Co	25%
Sino-Singapore Nanjing Eco Hi-tech Island Development Co	21.5%
Nanjing Riverside Quay Co	100%

INDONESIA

Kawasan Industri Kendal	49%
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SINGAPORE

Sembcorp Properties	100%
Sembcorp Properties (China)	100%
Sembcorp Infra Services	100%
Sembcorp Development Indonesia	100%
Gallant Venture	12%

Sembcorp Parks Management 75%

OTHER BUSINESSES

Sembcorp Design and Construction 100%

Sembcorp EOSM	60%
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Shenzhen Chiwan Sembawang Engineering Co 32%

Singapore Precision Industries / Singapore Mint 100%

This list of companies is not exhaustive.

The Utilities business also includes the SUT division of Sembcorp Industries.

Figures reflect shareholding as at February 29, 2016. Shareholding figures for entities listed under Sembcorp Utilities, Sembcorp Environment, Sembcorp Marine and Sembcorp Development reflect stakes held by the above companies in these entities.

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)

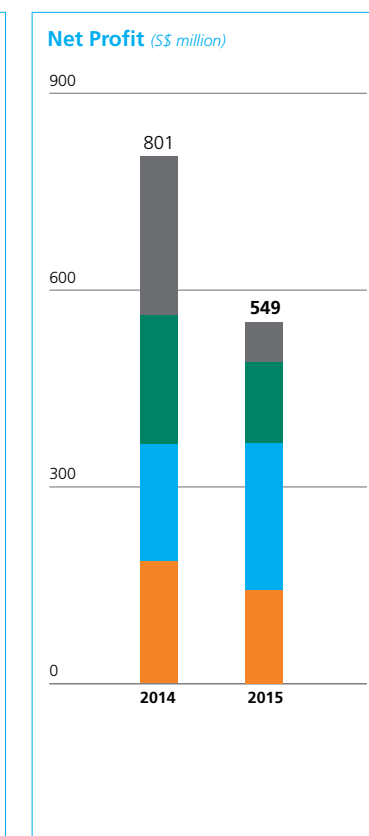
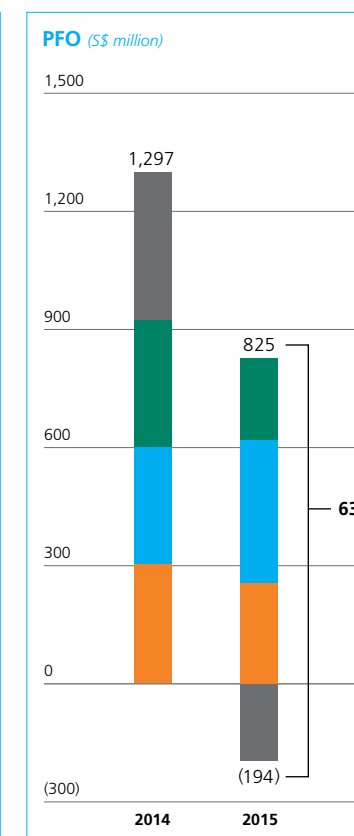
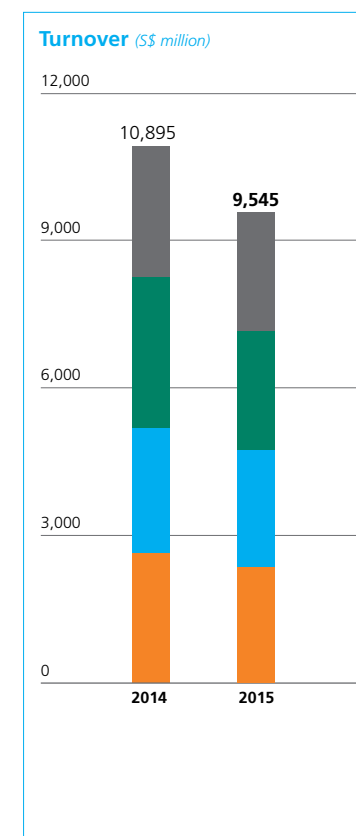
Shareholder Returns

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

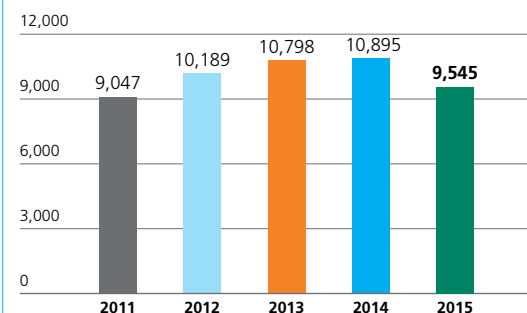
	2015	2014	2013	2012	2011
Per Share					
Earnings (cents)	29.17	44.31	45.70	42.17	45.32
Net assets (\$)	3.60	3.15	2.93	2.52	2.31
Net ordinary dividends (including bonus dividends) (cents)	11	16	17	15	17

	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

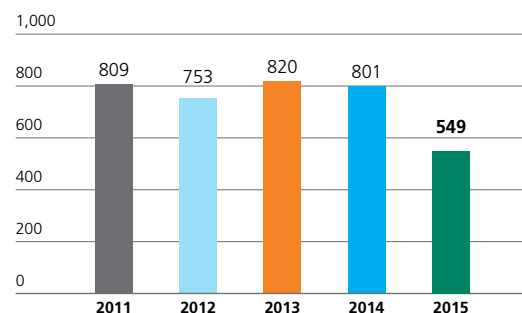
¹ Earnings before interest, tax, depreciation and amortisation exclude major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs.

GROUP FINANCIAL REVIEW

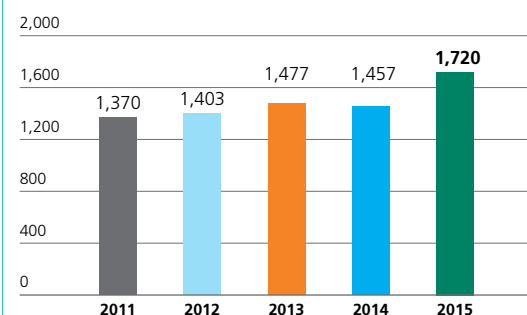
Turnover (\$ million)



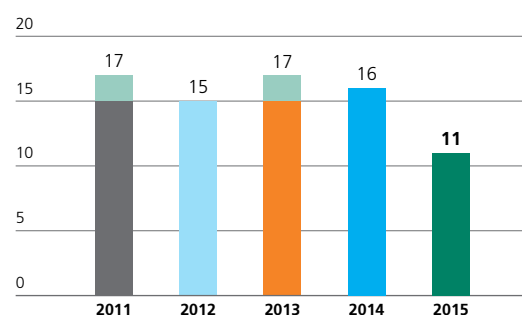
Net Profit (\$ million)



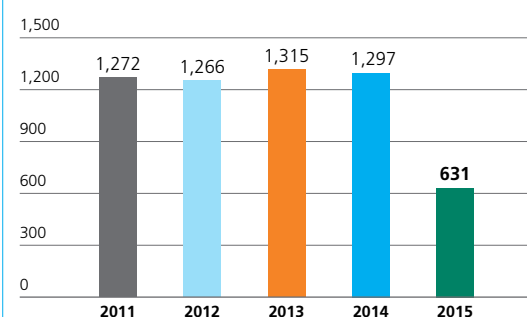
EBITDA (\$ million)



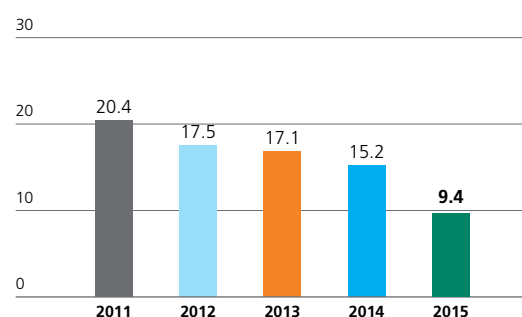
Net Ordinary Dividend Per Share (cents)



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

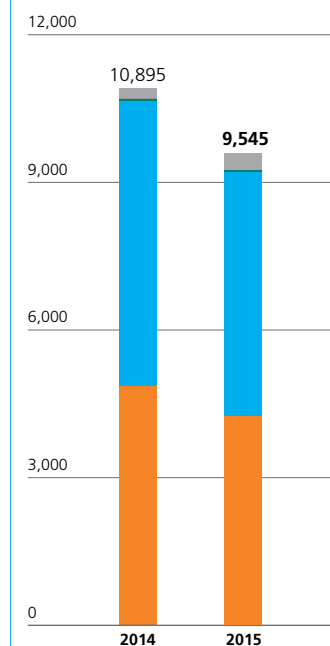
The Group recorded a net profit of S\$548.9 million in 2015 compared to S\$801.1 million in 2014, while profit from operations was S\$631.5 million, compared to S\$1.3 billion in 2014.

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

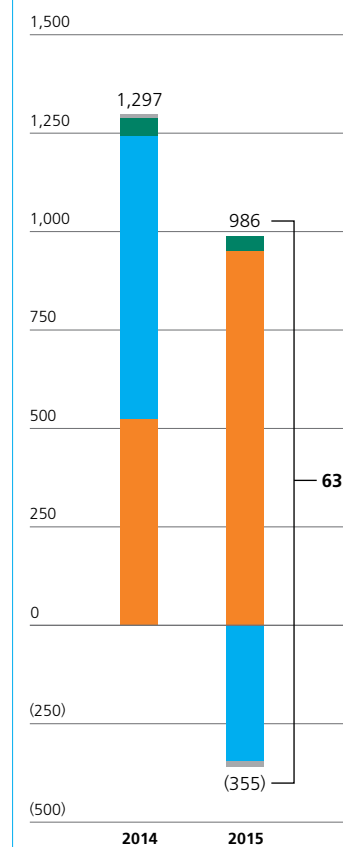
Turnover (\$ million)

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



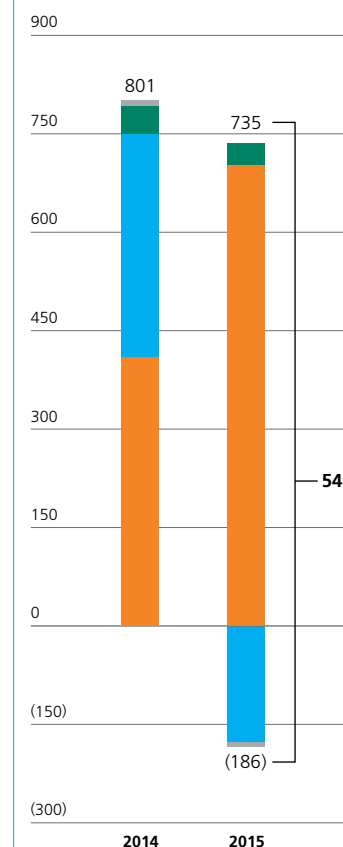
PFO (\$ million)

	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.

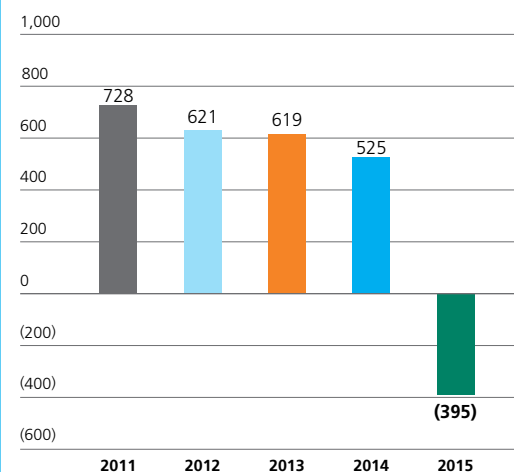
Amendments to FRSs:	
FRS 19	Employee Benefit Plans: Employee Contributions
Improvements to FRSs (January 2014):	
FRS 16	Property, Plant and Equipment
FRS 38	Intangible Assets
FRS 24	Related Party Disclosures
FRS 102	Share-based Payment
FRS 103	Business Combinations
FRS 108	Operating Segments
Improvements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

FINANCIAL RISK MANAGEMENT

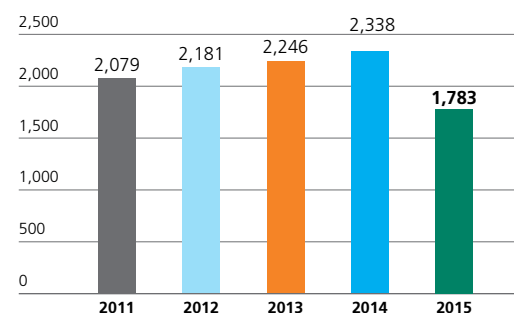
The Group's activities expose it to a variety of financial risks, including changes in interest rates, foreign exchange rates and commodity prices, as well as credit risk.

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

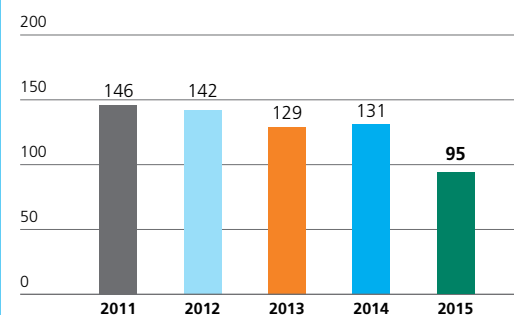
Economic Value Added (\$ million)



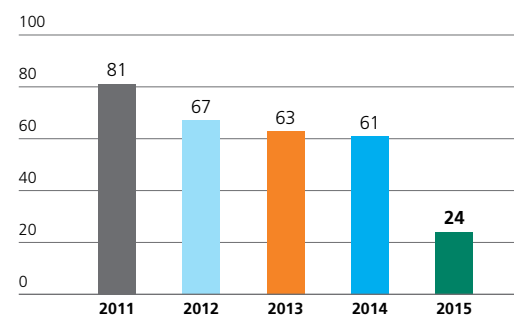
Gross Value Added (\$ million)



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

UTILITIES REVIEW



Sembcorp's wind power assets in Gujarat, India

Competitive Edge

- A leading developer, owner and operator of energy and water assets with strong operational, management and technical capabilities
- Operations in 15 countries with an established presence in Asia and a strong growing presence in emerging markets
- Global leader in the provision of energy, water and on-site logistics to multiple industrial site customers
- A balanced global portfolio of high-efficiency thermal and renewable assets, with capabilities in gas, coal, wind, solar, biomass and energy-from-waste
- Solid track record in providing total water and wastewater treatment solutions for industries and water-stressed regions

Performance Scorecard

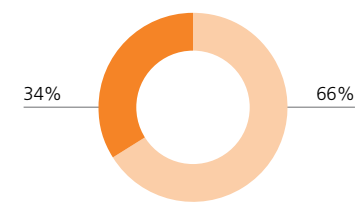
Financial Indicators (\$ million)	2015	2014	Change (%)
Turnover	4,258.5	4,890.9	(13)
Earnings before interest, tax, depreciation and amortisation	1,211.0	629.1	92
Profit from operations	947.5	521.9	82
– Earnings before interest and tax	825.8	432.9	91
– Share of results: Associates & JVs, net of tax	121.7	89.0	37
Net profit	701.5	408.0	72
Return on equity (%)	21.4	14.4	49

Operational Indicators	2015	2014
Power capacity (megawatts)	10,616	7,879
Steam capacity (tonnes per hour)	4,532	4,532
Water & wastewater treatment capacity (cubic metres per day)	9,232,226	9,514,726

Note: Capacity refers to total gross capacity of facilities in operation and under development

PFO* by Geography

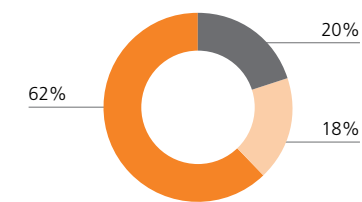
- Singapore
- Overseas



* Excluding Corporate and significant items

PFO* by Segment

- Energy
- Water
- On-site logistics & solid waste management



* Excluding Corporate and significant items

Key Developments



First thermal power project in India, the 1,320-megawatt Thermal Powertech Corporation India facility, successfully commenced full commercial operations



Acquired a 64.1% stake in Green Infra, a leading renewable energy group with wind and solar power assets in six resource-rich states in India



Signed an agreement to develop and operate a 225-megawatt gas-fired power plant in Myanmar, marking Sembcorp's first investment in the country



Established a foothold in Bangladesh with the development of a 426-megawatt power plant in the Sirajganj district, scheduled to be completed in 2018



Formed a joint venture for a 1,620-megawatt coal-fired power project in Chongqing, China. The project's strategic mine-mouth location allows for power generation at a competitive cost



Successfully expanded desalination capacity at the Fujairah 1 independent water and power plant in the UAE to 130 million imperial gallons per day, making it one of the largest reverse osmosis desalination plants in the Middle East

OPERATING AND FINANCIAL REVIEW

Good performance underpinned by overseas growth and divestment gains

Despite continued intense competition in the Singapore power market, the Utilities business continued to perform well in 2015, underpinned by overseas growth and divestment gains.

The business' turnover was S\$4.3 billion in 2015 compared to S\$4.9 billion in 2014. Profit from operations (PFO) was S\$947.5 million, an 82% increase from last year's S\$521.9 million, while net profit was S\$701.5 million compared to S\$408.0 million, representing a 72% increase year-on-year.

The increase in PFO and net profit was backed by divestment gains from the sale of our 40%

stake in Australian solid waste management joint venture SembSita Pacific, as well as municipal water operations in Bournemouth, UK and Zhumadian, China. These divestments created value for the business by unlocking a net gain of S\$425.6 million and will allow us to recycle capital for investment in businesses and markets with high growth potential, in line with our focus on the energy and water sectors.

During the year, we exited the chemical feedstock business in Singapore and relooked the operating model on Jurong Island to optimise our operations following a reduction in demand. As a result, impairments were made for our steam assets, as well as some other assets relating to specific customers. This resulted in an impact of S\$25.0 million on PFO and S\$31.4 million on net profit. A S\$24.3 million net allowance for doubtful debts was also made in China during the year.

PFO (S\$ million)

	2015	2014	Change (%)
Singapore	203.9	285.7	(29)
Rest of ASEAN, Australia & India	179.0	62.5	186
China	110.7	86.4	28
Middle East & Africa	52.7	46.4	14
UK	41.3	46.4	(11)
The Americas	10.1	9.3	8
Corporate	(26.5)	(14.8)	(79)
PFO before significant items	571.2	521.9	10
Significant items*	376.3	-	NM
Total PFO	947.5	521.9	82
Less: Interests, taxes and non-controlling interests	(246.0)	(113.9)	(116)
Net profit	701.5	408.0	72

* Significant items comprise divestment gains of S\$425.6 million from the sale of SembSita Pacific and municipal water operations in Bournemouth and Zhumadian, less S\$49.3 million comprising S\$25.0 million from the exit of the chemical feedstock business and impairment of assets in Singapore (net of settlement amounts from customers) and S\$24.3 million in net allowance for doubtful debts in China.

Divestment gains, less the impact of the exit from the chemical feedstock business and impairment of assets in Singapore, net of settlement amounts from customers and the net allowance for doubtful debts in China, comprised the significant items recorded for the year.

Excluding these significant items, Utilities' PFO and net profit was S\$571.2 million and S\$331.6 million respectively.

The business' overseas growth strategy remained on track. Utilities operations outside of Singapore contributed 66% of the business' PFO and 60% of the business' net profit, excluding corporate costs and significant items.

In 2015, PFO from **Singapore** operations decreased 29% to S\$203.9 million, mainly due to continued intense competition in the local power market. The Uniform Singapore Energy Price averaged S\$96 per megawatt for the year compared to S\$137 per megawatt in 2014. Vesting contract level for the industry stood at 30% for the first half of 2015, stepping down to 25% during the second half of the year.

The business' PFO from the **Rest of ASEAN, Australia & India** grew 186% to S\$179.0 million from S\$62.5 million in 2014. The increase in PFO was mainly due to contributions from India from our thermal power business and our newly acquired renewable energy business, Sembcorp Green Infra. The first unit of the Thermal Powertech Corporation India (TPCIL)

power plant started operations in March, while the second unit was completed in September. However, unprecedented heavy rainfall during a cyclone contributed to a lower than expected plant load factor, coal losses and lower demand in the fourth quarter and at the net profit level, our Indian operations posted a loss. PFO contribution from the Rest of ASEAN and Australia was lower for the year with the divestment of our stake in Australian joint venture SembSita Pacific in November. In addition, in 2014, a S\$10.3 million one-off net gain was recognised due to the increase in our effective stake in the Phu My 3 power plant in Vietnam.

In **China**, our PFO increased to S\$110.7 million in 2015 compared to S\$86.4 million in 2014, due to better performance from energy operations.

PFO from our **Middle East and Africa** operations also increased to S\$52.7 million in 2015 from S\$46.4 million in 2014. This increase was driven by better operating performance and efficiency gains at our operations in the UAE and Oman.

PFO in the **UK** decreased to S\$41.3 million from S\$46.4 million due to the divestment of municipal water assets in Bournemouth, mitigated by a better performance from Teesside operations.

Meanwhile, our businesses in **the Americas** spanning Chile, Panama and the Caribbean registered a combined PFO of S\$10.1 million, compared to S\$9.3 million in 2014.

Positioned for long-term growth with a strong project pipeline





Adding more than 3,800 megawatts of power and over 1.3 million cubic metres per day of water and wastewater treatment capacities to our operating portfolio from 2016 to 2018

In 2015, we continued to invest for long-term growth, and secured over 3,000 megawatts of new energy projects. We made good headway in

building up our overseas project pipeline with maiden investments in the fast-growing emerging markets of Bangladesh and Myanmar. In addition, to position ourselves for growth with a balanced portfolio of energy assets, we deepened our capabilities in the renewable energy sector, which presents a new engine for our growth. By acquiring wind and solar power capabilities in India and expanding our wind power capabilities in China, we grew our renewable energy capacity four-fold

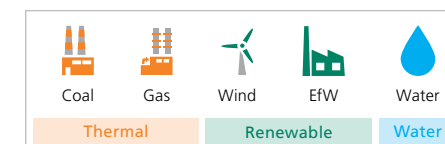
Solid Pipeline of Projects

Over 3,800MW of power and over 1.3 million m³/day of water and wastewater treatment capacities* to be added between 2016 and 2018

2016		2017		2018	
Sembcorp Gayatri Power 1,320MW Andhra Pradesh, India		Agar 50MW Madhya Pradesh, India		Chongqing Songzao 1,320MW Chongqing, China	
EfW Facility 140tph steam Jurong Island, Singapore		Changzhi TWMP 1.3 million m ³ /day Shanxi, China		Huanghua Laoshibeihe 150MW Hebei, China	
Wilton 11 49MW or 190tph steam Teesside, UK		Lianyungang IWWTP 20,000 m ³ /day Jiangsu, China		Huanghua Phase 3 98MW Hebei, China	
Rojwas 60MW Madhya Pradesh, India		Qidong IWWTP 10,000 m ³ /day Jiangsu, China		Agar 50MW Madhya Pradesh, India	
Ananthalli & Harpanhalli 84MW Karnataka, India		Jingmen IWWTP 10,000 m ³ /day Hubei, China			

* Reflects gross capacities

EfW: energy-from-waste; **m³/day:** cubic metres per day; **MW:** megawatts; **tph:** tonnes per hour; **TWMP:** total water management plant; **IWWTP:** industrial wastewater treatment plant



Coal Gas Wind EfW Water

Thermal Renewable Water

to 1,546 megawatts. Renewables now represent 15% of our total power capacity, and present a new platform for the business to grow.

Moving forward, we will continue to leverage our strength in project development and focus on securing and executing energy and water projects, especially in rapidly developing economies. Over the next three years, we will add more than 3,800 megawatts of power and over 1.3 million cubic metres per day of water and wastewater treatment capacity to our operating portfolio. This brings our gross power and water capacity to over 10,600 megawatts and over nine million cubic metres per day, achieving our '10/10 vision' set in 2011 of growing our gross power and water capacities to approximately 10,000 megawatts and 10 million cubic metres per day.

Strengthening our presence in India

In 2015, we continued to strengthen our presence in the fast-growing India power market.

A significant milestone was achieved with the successful completion and commencement of operations for our first thermal power plant in the country. The supercritical coal-fired power plant, operational since March with the completion of the first 660-megawatt unit, commenced full commercial operations of its entire 1,320-megawatt capacity in September. To date, it has secured a 25-year long-term power purchase agreement for the supply of 500 megawatts of power to Andhra Pradesh and Telangana Power Distribution Companies. In addition, it secured an eight-year long-term power purchase agreement for the supply of 570 megawatts to the Southern and Northern Power Distribution Companies of Telangana in February 2016. With 86% of its net capacity contracted under long-term power purchase agreements, TPCIL is now eligible for mega power status. In addition to securing long-term power supply opportunities as and when they arise, the plant also sells the balance of its output

Renewable Energy

Our renewable energy portfolio includes wind power, solar power, energy-from-waste and biomass energy assets in Singapore, China, India and the UK. Our renewable energy capacity stands at over 1,500 megawatts of power in operation and under development, accounting for 15% of our total power capacity and 330 tonnes per hour of steam capacity.

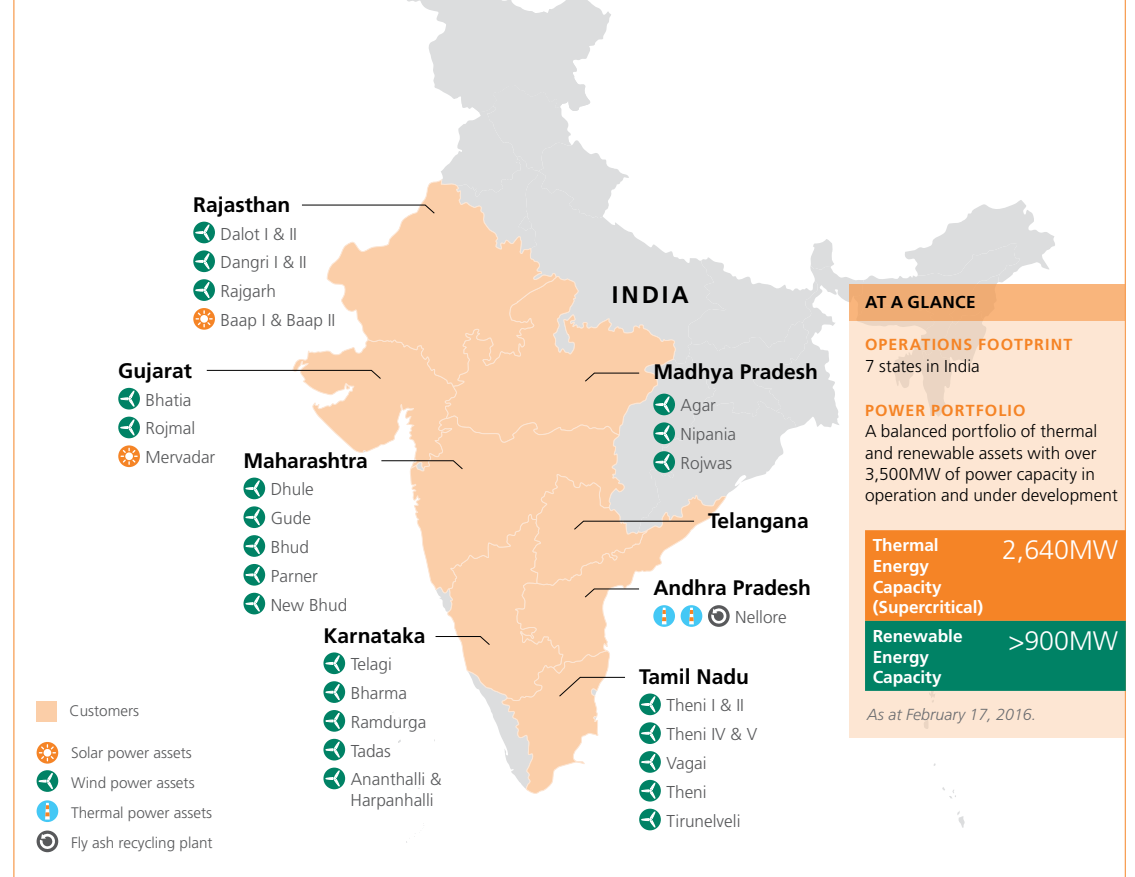


WIND
CAPACITY
India: 883MW
China: 544MW

SOLAR
CAPACITY
India: 35MW

ENERGY-FROM-WASTE
CAPACITY
Singapore: 200tph steam
UK: 84MW and 130tph steam

Growing Presence in India's Power Market



on the Indian Energy Exchange under short-term contracts. Meanwhile, construction of our second coal-fired supercritical power plant on an adjacent site in Andhra Pradesh is progressing well, with the plant on track to be completed in 2016. Upon completion, the 1,320-megawatt plant will double our thermal power capacity in India and help meet power demand in the country, particularly in the southern states.

In 2015, we also grew our renewable energy business and strengthened our capabilities by acquiring a majority stake in Green Infra, a leading renewable energy company in India. We now own

a 64.1% stake in the unit, which we have renamed Sembcorp Green Infra. Following this acquisition in February, we continued to grow our renewable footprint in the country, expanding our renewable power capacity in operation and under development to 918 megawatts.

Since our entry into India in 2011, we have built up over 3,500 megawatts of power capacity in operation and under development in the country. With investments in both thermal and renewable energy, we are now well-positioned to continue to grow in the energy sector with a balanced portfolio of assets.

Growing our energy and water business in China

In 2015, we continued to focus on expanding our energy and water business in China, particularly in the areas of niche power and advanced water solutions for industries. At the end of 2015, we formed a joint venture for a 1,620-megawatt mine-mouth coal-fired power project in Chongqing. Through the joint venture, we hold a 49% stake in an existing 300-megawatt coal-fired power plant and will develop an adjacent 1,320-megawatt supercritical coal-fired power plant. These are the city's only mine-mouth coal-fired power plants. The new greenfield plant is set to be one of the most efficient power plants in Chongqing and is scheduled for completion in 2017.

Maintaining our growth momentum in the world's largest wind power market, 2015 saw two expansion projects to our wind power capacity in Huanghua, Hebei province, through our 49%-owned joint venture with Guohua Energy Investment. The first of these expansions, a 48-megawatt wind farm in Jiedijianhe, commenced operations in 2015 and supplies power to the Hebei South grid. We also started construction of a 150-megawatt wind farm in Laoshibeihe, which is expected to be completed in 2017. Our total wind power capacity in operation and under development in China is now 544 megawatts.

On the water front, we successfully completed the expansion of our Nanjing industrial water facilities, doubling our industrial water capacity in the Nanjing Chemical Industrial Park to 240,000 cubic metres per day. This increased capacity will allow us to better serve the fast-growing water needs of our existing and potential customers in the industrial park. In recognition of our capabilities in providing specialised total water and wastewater solutions for industries, we also received a special award for being the Leader in Water Treatment for Industrial Parks at the China Water Industry Annual Awards.

Expanding our footprint in fast-growing emerging markets

In line with our commitment to building platforms for long-term growth, our Utilities business expanded its footprint into two new fast-growing emerging markets in 2015: Myanmar and Bangladesh.

In Myanmar, we were awarded a project to develop and operate a 225-megawatt gas-fired power plant in Mandalay's Myingyan district. We were awarded the project following an international tender, called by state-owned entity Myanmar Electric Power Enterprise and advised on by the International Finance Corporation, a member of the World Bank Group. The project is expected to be completed in 2018 and will supply power to the Myanmar Electric Power Enterprise under a 22-year power purchase agreement. The US\$300 million plant is set to be the largest gas-fired independent power plant in the country, and will help ease the country's severe power deficit and support its economic growth.

In Bangladesh, we will be developing a 426-megawatt combined cycle gas-fired power plant in the Sirajganj district under the country's first public-private partnership for the power sector involving a foreign investor. To be built, owned and operated through a partnership with North-West Power Generation Company, an enterprise of the Bangladesh Power Development Board, the US\$390 million plant will supply power to the grid under a 22.5-year power contract with the Bangladesh Power Development Board upon its completion in 2018.

2015 also saw the successful completion of an expansion to reverse osmosis facilities at the Fujairah 1 Independent Water and Power Plant in the UAE that increased the plant's seawater desalination capacity from 100 million imperial gallons per day to 130 million imperial gallons per day. This makes the plant the largest reverse osmosis desalination facility in the Middle East. The additional water output from

the expansion will be sold to the Abu Dhabi Water & Electricity Company under a 20-year water purchase agreement.

OUTLOOK

The World Bank expects growth in the global economy to pick up modestly to 2.9% in 2016, from 2.4% in 2015.

In Singapore, the Ministry of Trade and Industry has forecast the economy to expand by between 1% to 3% in 2016. Meanwhile, due to global economic uncertainty, the Economic Development Board forecasts that fixed asset investments will be between S\$8 billion and S\$10 billion in 2016, compared to S\$11.5 billion in 2015. The operating environment for our Utilities business in Singapore is expected to be challenging in 2016, with continued intense competition in the power market. The business will continue to focus on enhancing operational excellence and efficiency as well as managing costs.

In China, the World Bank expects growth to slow slightly to 6.7% in 2016, from 6.9% in 2015. However, the country's upcoming 13th five-year plan is expected to contain increased focus on the environment. In addition, China has announced plans to peak its carbon dioxide emissions by 2030 or before, and lower the carbon intensity of its gross domestic product between 60% to 65% below the 2005 level by 2030. This is expected to provide further opportunities for growth in sectors aligned with this objective. Our Utilities business continues to be well-placed to benefit from this emphasis on environmental protection with our sustainable water solutions and renewable energy capabilities.

The South Asia region, led by India, is projected to be a bright spot in 2016, with growth in the region forecast to increase to 7.3% from 7% in 2015. India, the dominant economy in the region,

is forecast to grow by 7.8% in 2016, up from 7.3% in 2015. 2016 will see the first full year of profit contributions from our 1,320-megawatt TPCIL power plant, as well as the phased completion of our second 1,320-megawatt power plant adjacent to it.

Following a landmark deal negotiated at the 2015 United Nations Climate Change Conference in Paris, countries around the world are expected to place increased focus on managing climate change moving forward. This is expected to lead to more opportunities in the renewable energy sector, amongst others.

Backed by strong operational, management and technical capabilities, the business remains focused on the execution of its pipeline of projects and the pursuit of new growth opportunities to deliver long-term growth.



Phase II of the state-of-the-art Sembcorp Marine Tuas Boulevard Yard in Singapore, expected to be completed in 2017

Competitive Edge

- A global leader in integrated marine and offshore solutions with more than 50 years' proven track record
- Focused on four key capabilities: rigs & floaters; repairs & upgrades; offshore platforms and specialised shipbuilding
- Global network of strategic locations in Singapore, India, Indonesia, the UK and Brazil

Performance Scorecard

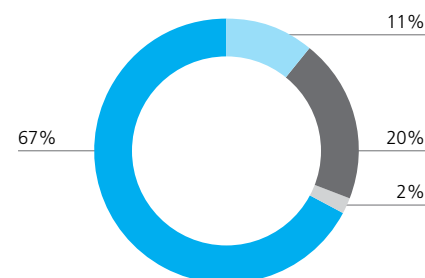
Financial Indicators (\$ million)	2015	2014	Change (%)
Turnover	4,968.1	5,832.6	(15)
Earnings before interest, tax, depreciation and amortisation	501.1	823.6	(39)
Profit from operations	(342.0)	717.8	NM
– Earnings before interest and tax	(168.5)	708.0	NM
– Share of results: Associates & JVs, net of tax	(173.5)	9.8	NM
Net profit	(289.7)	560.1	NM
Return on equity (%)	(10.6)	19.9	NM

Note: Figures taken at Sembcorp Marine level

Operational Indicators (\$ billion)	2015	2014
Net orderbook	10.4	11.4

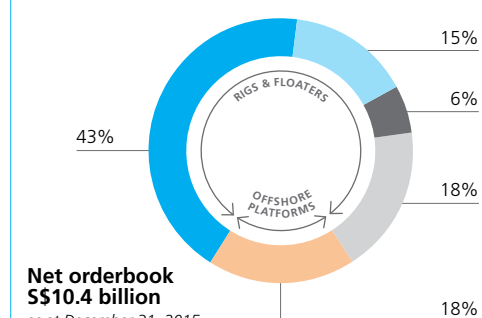
Turnover by Segment

- Rigs & floaters
- Offshore platforms
- Repairs & upgrades
- Other activities



Orderbook Composition

- Drillships
- Semi-submersibles
- Jack-up rigs
- Floaters
- Offshore platforms



Net orderbook
S\$10.4 billion
as at December 31, 2015
Excludes repairs & upgrades

Key Developments



Secured contract orders worth S\$3.2 billion in 2015, including two sizeable contracts worth around US\$1 billion each to serve customers in oil and gas production. As at the end of 2015, net orderbook stood at S\$10.4 billion



Transformed from a multi-brand, multi-business-unit entity into an integrated company operating under a single brand and focused on four key capabilities



Opened a state-of-the-art steel structure fabrication workshop in Singapore, the largest of its kind in Southeast Asia

OPERATING AND FINANCIAL REVIEW

A difficult market environment

In 2015, the Marine business faced a very difficult market environment. Amid further collapse in oil prices, oil and gas exploration projects were curtailed globally. This led to a reduction in new projects for yards worldwide, as well as requests for deferment or cancellation of existing rig deliveries. In addition, the Marine business was affected by uncertainties in the Brazil market and by the financial difficulties of its customer, Sete Brasil.

Against this background, in 2015, Sembcorp Marine recorded a turnover of S\$5.0 billion compared to S\$5.8 billion in 2014, and a net loss of \$289.7 million compared to a net profit of S\$560.1 million in 2014. Profit from operations was negative S\$342.0 million for 2015, in comparison to S\$717.8 million in 2014.

2015 saw the business making prudent impairment and provisions totalling S\$609 million

for its rig contracts, of which S\$329 million was for Sete Brasil projects. It also recorded S\$192 million of associate / joint venture losses.

In light of uncertainties in Brazil, a provision of S\$329 million was made by the business for its Sete Brasil projects, taking into consideration what the business believes to be the full extent of its exposure to the contracts. In addition, the business also made provisions of approximately S\$280 million in case of prolonged deferment or possible cancellation of rigs. Following the failure of one of its customers to take delivery of its rig, the business has terminated that contract and taken legal action to recover the amount due to it. All other completed rigs with deferment requests have been technically accepted by customers and the business has arrived at, or is finalising, mutually acceptable solutions with these customers. To date, the business has not had any cancellation of rig orders.

The business' share of losses in associates and joint ventures of S\$192 million comprised the net

impact of the Marine business' equity-accounted share in provisions made by its 30%-owned associate Cosco Shipyard Group, which was also affected by the severe industry down-cycle, as well as its share of loss in other associates and non-operating items.

Excluding the impairment, provisions and share of losses of associates and joint ventures, the business posted a net profit of S\$384 million for 2015.

Orderbook of S\$10.4 billion
S\$3.2 billion of orders secured in 2015 despite depressed market conditions

In 2015, the business' best-in-class facilities, new capabilities and success in broadening its customer base enabled it to secure S\$3.2 billion in new orders, despite the depressed market conditions. These new orders brought the business' net orderbook to S\$10.4 billion as of December 31, 2015.

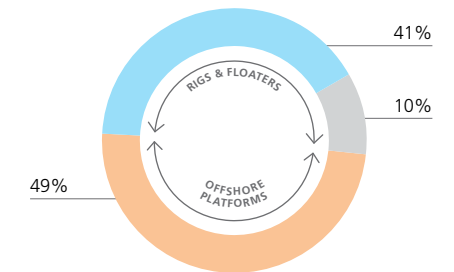
The new orders included a contract from Heerema Offshore Services to design and build the world's largest semi-submersible crane vessel for approximately US\$1 billion. Scheduled for delivery in the fourth quarter of 2018, this giant crane vessel will be built at the state-of-the-art Sembcorp Marine Tuas Boulevard Yard. Also, the business secured an engineering, procurement and construction contract worth more than US\$1 billion from Maersk Oil North Sea UK, for the construction of a central processing facility, two connecting bridges, a wellhead platform as well as utilities and living quarters platform topsides, for deployment in the Culzean field development.

In addition, during the year the business entered into a floating storage and offloading (FSO) conversion contract worth S\$56 million with Teekay, as well as a contract to design and build a new FSO for MODEC Offshore Production Systems (Singapore).

Over the last five decades, Sembcorp Marine has developed strong relationships with many customers, including national and international oil companies and key players in the drilling and production markets. With its diversified and enhanced capabilities, the Marine business aims to further cement such relationships and build strategic partnerships with them.

Contracts Secured in 2015

New orders worth S\$3.2 billion



Rigs & floaters

- Semi-submersibles
 - Semi-submersible crane vessel for Heerema Offshore Services worth approximately US\$1 billion
- Floaters
 - FSO conversion for Teekay worth S\$56 million
 - FSO newbuild for MODEC Offshore Production Systems (Singapore)
- Offshore platforms
 - Three topside modules for Maersk Oil North Sea UK worth over US\$1 billion

Excludes repairs & upgrades

Strategic response to competition

Building long-term capabilities, diversifying to serve new segments

Sembcorp Marine recognises the need to deepen and broaden its yard capabilities to enable cost-effective execution and maintain its competitiveness globally. In 2015, the business completed a new state-of-the-art steel structure fabrication workshop at its flagship Sembcorp Marine Tuas Boulevard Yard in Singapore. The 120,000-square-metre workshop is the largest of its kind in Southeast Asia. It will boost the business' steel fabrication capacity and productivity, and allow the business to undertake more complex projects in a more cost-effective manner and with shorter delivery times.

In addition, the Marine business sees further need to diversify to serve different segments within the exploration and production value chain, such as the development and production segments. To this end, it remains committed to enhancing its technology and engineering expertise, investing prudently in research and development

to improve operational efficiency and develop new capabilities. The business has broadened its product offering to include well intervention semi-submersibles, accommodation rigs and proprietary design drillships.

The business is also developing other product segments within the offshore oil and gas value chain to enhance its full spectrum of integrated solutions. Through its investment in GraviFloat, it has the technology to design, deliver and operate re-deployable, gravity-based, modularised terminals for nearshore gas and power generation installations. It also has proprietary expertise in the design, engineering and delivery of innovative floating production and drilling solutions for the oil and gas industry, through its Houston-based subsidiary Sembmarine SSP. This enables it to offer next-generation innovative and cost-effective solutions for deep-water oil and gas drilling, production and storage, as well as logistics hub applications in harsh environments and extreme arctic conditions.

Capabilities That Enhance Long-term Competitiveness

Sembcorp Marine Tuas Boulevard Yard, Singapore

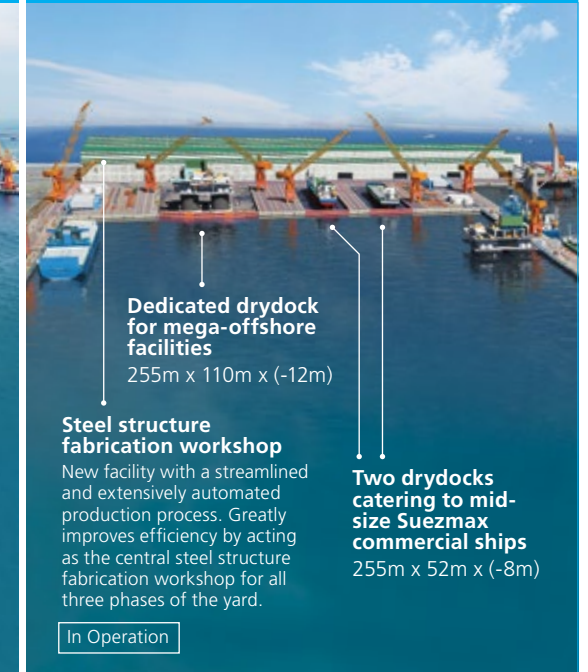
PHASE I

73.3 hectares
Four VLCC drydocks: 1.55 million dwt



PHASE II

34.5 hectares
Expected completion in 2017



Natural deep waters

Enables installation of semi-submersible thrusters without towing the rigs to sea

Special reinforced load-out areas for offshore modules of up to 20,000 tonnes

Enables direct lifting and deployment of topside modules onto hulls without requiring the hulls to be towed out to sea

Three finger piers and a basin ranging from 210m to 400m with maximum draft from 9m to 15m

Enables ultra-deepwater semi-submersibles and cruise ships to be berthed without restrictions

dwt: deadweight tonnes; m: metres; TEU: twenty foot equivalent units; VLCC: very large crude carrier

Full Spectrum of Integrated Solutions

NON-DRILLING SOLUTIONS



Becoming nimbler and more efficient
Transformation to build a global integrated company

In 2015, the Marine business reached a key milestone in transforming its businesses for the future. From a multi-brand, multi-business-unit entity, the business became an integrated company, operating under one brand. The new integrated Sembcorp Marine is focused on four key capabilities: rigs & floaters, repairs & upgrades, offshore platforms as well as specialised shipbuilding.

As an integrated company, Sembcorp Marine will be able to harness the combined scale and expertise of its global operations to become more flexible, innovative and responsive. This puts the business in a good position to undertake larger and more complex projects, and take on challenges and opportunities in a fast-changing and increasingly complex business environment. Furthermore, integrating the combined shared expertise and accumulated experience of high-calibre teams across its global operations will allow our Marine business to serve its customers better.

OUTLOOK

Looking ahead, the current down-cycle for the business is expected to be more protracted than previous cycles. However, Sembcorp Marine believes that it is sufficiently prepared, not just to ride out the storm, but also to lay stronger foundations for its future when the market recovers. The business will continue to actively manage its balance sheet to maintain a healthy financial position.

The business remains optimistic on its longer-term prospects, as its facilities have been built to cater to the industry's demand for the long term. As an integrated Sembcorp Marine, the business will optimise its capabilities and capacities, as well as increase its efficiency and productivity to better serve its partners and customers.

Technology Solutions

SSP Floater Technology ▶ Proprietary next-generation circular hull forms

Applications include deepwater drilling, production & storage, logistics hub applications



GraviFloat ▶ Modularised LNG and LPG terminals

Re-deployable, gravity-based modularised terminals for installation in shallow waters



URBAN DEVELOPMENT REVIEW



Artist's impression of the Singapore-Sichuan Hi-tech Innovation Park, China

Competitive Edge

- Over 20 years' track record in undertaking master planning, land preparation and infrastructure development to transform raw land into urban developments
- A valued partner to governments, with the ability to deliver the economic engine to support industrialisation and urbanisation by attracting local and international investments
- Significant land bank of integrated urban developments comprising industrial parks as well as business, commercial and residential space in Vietnam, China and Indonesia

Performance Scorecard

Financial Indicators (\$\$ million)	2015	2014	Change (%)
Turnover ¹	12.2	10.7	14
Profit from operations	38.5	47.5	(19)
– Earnings before interest and tax	(7.0)	(0.3)	NM
– Share of results: Associates & JVs, net of tax	45.5	47.8	(5)
Net profit	33.5	44.3	(25)
Return on equity (%)	4.2	6.4	(34)

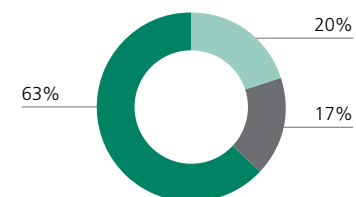
¹ Most of our Urban Development businesses are associates or joint ventures. Turnover reflected consists of payment for services provided to these associates or joint ventures.

Operational Indicators (hectares)	2015	2014
Saleable land inventory	5,653	5,410
Land sold (cumulative)	1,844	1,633
Net orderbook	220	198
Land available for sale	3,589	3,579

Note: Figures are based on current planned estimates and exclude projects under Gallant Venture

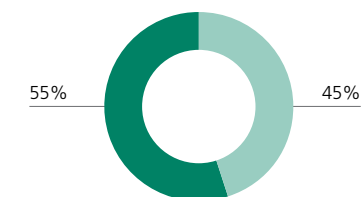
Remaining Saleable Land by Geography

■ Vietnam ■ China ■ Indonesia



Remaining Saleable Land by Segment

■ Industrial & business¹ ■ Commercial & residential²



¹ Industrial & business land includes space for general and high-tech manufacturing, research and development, as well as business and technology incubators.

² Commercial & residential land includes space for food and beverage businesses, malls, hotels, serviced apartments and modern services such as accounting and legal firms, consultancies and corporate headquarters.

Key Developments



Established two new Vietnam Singapore Industrial Park (VSIP) projects: VSIP Hai Duong and VSIP Nghe An (pictured)



Strong land sales achieved at Singapore-Sichuan Hi-tech Innovation Park, China. Major arterial roads were completed for land handover to customers



Secured a first mixed-use site in Nanjing, China, for development by our wholly-owned real estate arm, Sembcorp Properties. The project will include residential apartments as well as the Nanjing International Water Hub (pictured)

OPERATING AND FINANCIAL REVIEW

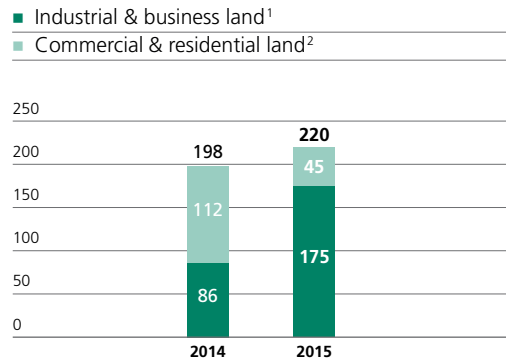
Strong land sales but higher costs

The Urban Development business recorded a net profit of S\$33.5 million compared to S\$44.3 million the previous year. Profit from operations (PFO) stood at S\$38.5 million compared to S\$47.5 million in 2014.

The business achieved strong land sales in 2015, with more land sold in Vietnam, China as well as Indonesia compared to 2014. During the year, the business sold 211 hectares of land and received commitments from customers for a further 233 hectares, bringing its net orderbook to 220 hectares as at the end of the year. Land for industrial and business purposes accounted for 91% of land sold during the year, while land for commercial and residential purposes accounted for 9%.

However, the business' net profit was lower due to a greater proportion of industrial and business land sold, which has lower margins, as well as higher corporate costs and pre-operating costs from new projects.

Net Orderbook (hectares)



¹ Industrial & business land includes space for general and high-tech manufacturing, research and development, as well as business and technology incubators.

² Commercial & residential land includes space for food and beverage businesses, malls, hotels, serviced apartments and modern services such as accounting and legal firms, consultancies and corporate headquarters.

Vietnam

Our Vietnam business performed well in 2015. Investor interest was strong, with manufacturers keen to benefit from free trade pacts concluded in 2015, such as the Trans-Pacific Partnership.

Industrial and business land continued to form the bulk of land sold across Vietnam Singapore Industrial Park (VSIP) projects, accounting for 96% of land sold. The remaining 4% of land sold was for commercial and residential purposes.

During the year, we extended the reach of the VSIP with the establishment of two new developments. The first, VSIP Hai Duong, is located in northern Vietnam between two existing VSIP projects, VSIP Bac Ninh and VSIP Hai Phong, and connected by highway to Hanoi and Hai Phong port. VSIP Hai Duong is positioned to attract supporting industries for manufacturing companies located in Bac Ninh and Hai Phong. In April, we received the investment licence for the project, which had 110 hectares of industrial land for immediate sale. Since then, the project has already secured three customers.

In June, we then announced our second new VSIP project for the year, the 750-hectare VSIP Nghe An, on the north central coast of Vietnam. Following the receipt of the investment licence, we broke ground for the first phase of this integrated township and industrial park, comprising 198 hectares of industrial land and 81 hectares of commercial and residential land, in September. VSIP Nghe An is located along the East-West Economic Corridor

linking Laos, Myanmar and Thailand with the East Sea, close to the port of Cua Lo. It is also within the boundaries of the newly established Dong Nam Economic Zone, which offers generous investment incentives to manufacturers for up to 15 years.

During the year, we welcomed Japan's MC Development Asia (MCDA) as a partner in our Vietnam real estate business. MCDA is a subsidiary of Japan's Mitsubishi Corporation, which has delivered real estate projects in Japan, North America, Europe and China. It has taken up a 19.1% effective stake in *The Habitat Binh Duong*, our residential project currently under construction at our first VSIP. Sembcorp's effective stake in *The Habitat Binh Duong*, formerly known as *Gateway*, is 50.4%. The project will offer condominiums catered to the needs of tenants of VSIP, as well as professionals working in the province. The sales permit for the project's first phase of 267 units was received in November.

In total, VSIP now has seven VSIP projects across the southern, central and northern economic corridors of Vietnam, spanning 6,660 hectares in gross project size. The market leader in Vietnam, VSIP has attracted US\$8.2 billion in total investment capital from over 590 companies, and created more than 157,000 jobs.

Development Progress at the Vietnam Singapore Industrial Park Projects



23 companies have commenced operations at VSIP Hai Phong and seven new factories are expected to be completed in 2016



64 companies have set up operations at VSIP Bac Ninh, including Microsoft

Real Estate Activities Within Our Vietnam and China Projects



The Habitat Binh Duong residential development is currently under construction at our first VSIP project. It will cater to the needs of professionals working in the province



Commercial and residential development underway on the Sino-Singapore Nanjing Eco Hi-tech Island

China

In China, direct investment in high-technology manufacturing rose 9.5% in 2015, reflecting the central government’s increasing emphasis on high value-added manufacturing and services as economic drivers. This boosted the take-up of land at our developments in Sichuan and Nanjing, which target the high-technology segment.

Our 1,000-hectare Singapore-Sichuan Hi-tech Innovation Park (SSCIP), located in the central business district of Chengdu’s Tianfu New City, delivered a strong performance for the year. We successfully attracted 10 high-technology companies to set up operations in the development, bringing with them RMB11.4 billion in investment capital. These companies are largely in the biomedical science sector, one of our key target industries for the development. An additional eight companies have committed to invest in the SSCIP and handover of land to them is expected to take place progressively in 2016. In 2015, we also made good progress in land preparation. Major road networks connecting SSCIP to Sichuan’s main cities were completed, and a state-of-the-art common utilities trench was installed underground for the site.

Land sales at our Sino-Singapore Nanjing Eco Hi-tech Island (SNEI) project increased over the previous year. Sales of industrial and business land increased. However, several residential land sales were deferred, impacting profits. During the year, our real estate arm, Sembcorp Properties, acquired a 5.7-hectare mixed-use site on the SNEI through a public auction. Spanning close to 76,000 square metres’ gross floor area, the site will house residential apartments, as well as the *Nanjing International Water Hub* (NIWH). Owned and marketed by Sembcorp Properties, the NIWH will offer office space targeted at water companies, including technology, research and development, engineering, as well as commercial players. Targeted for completion in 2018, it will offer conference facilities, as well as a water technology innovation centre for tenants’ use, equipped to support both analytical and field tests.

Meanwhile, our Wuxi-Singapore Industrial Park (WSIP) project recorded more than 90% occupancy in its ready-built and built-to-specifications factories. It also continued to receive healthy revenue from electricity and rental income. However the project’s performance was impacted by an impairment and

doubtful debt provisions for two built-to-specifications factories, as well as an impairment loss for the *Hongshan Mansion* development.

Indonesia

In Indonesia, our new Kendal Industrial Park (KIP) project in Central Java continued to draw interest from both local and foreign manufacturers, primarily in the furniture and garment-related industries as well as the food processing sector. Lower operating costs in Kendal regency, where the KIP is located, formed a key factor in the KIP’s attractiveness to companies. Four customers have purchased industrial land at the KIP to date, with additional customers in the pipeline for 2016.

During the year, we continued to focus on land preparation at the 860-hectare KIP. Good progress was made on this front and we have begun land and infrastructure development for the project.

the positioning of our newer developments, the SNEI and SSCIP, as high-technology and innovation-driven integrated developments. Where the residential real estate market may be affected by the slower release of land by the local government, we will focus on mixed-use developments and the sale of industrial and business land to drive performance instead.

Indonesia’s economy has slowed, with GDP growth falling below 5% and the manufacturing purchasing managers’ index (PMI) contracting below 50 in 2015. Nonetheless, our KIP project continues to draw enquiries from manufacturers in West and East Java, who are attracted by lower operating costs in Kendal regency and Central Java. Current upgrading of road networks and the expansion of the domestic airport also serve to improve the attractiveness of the project to investors.

The Urban Development business has a healthy orderbook of 220 hectares of land, which will be converted into sales in the next two years. This comprises 175 hectares of land for industrial and business use, and 45 hectares for commercial and residential use. In addition, we continue to receive enquiries for land within our projects in Vietnam, China and Indonesia.

Sembcorp’s Urban Development business remains well-positioned, with a good track record and 13 large-scale projects in emerging markets. We continue to pursue land sales, while maximising value from our land bank through selective property development. In recent years, the business has expanded in terms of geographical reach and number of projects. It has also grown its range of products, which now includes high-technology parks, integrated townships and traditional industrial parks. Over the last two years, good progress has also been made in land resettlement and infrastructure development, laying important groundwork to capture value from land sales in the coming years.

For 2016, the Urban Development business is expected to deliver a steady operating performance.

OUTLOOK

Vietnam’s economy and industrial production continued to show positive momentum in 2015. The country’s gross domestic product (GDP) grew by around 6.5%. In addition, the State Bank of Vietnam’s move to devalue the *dong* against the US dollar in January, May and August 2015 and widen the currency’s trading band should serve to increase export competitiveness and safeguard GDP growth going forward. Coupled with low inflation, these exchange rate measures should reduce operating costs for companies and enhance Vietnam’s attractiveness as an investment destination. The recent conclusion of the Trans-Pacific Partnership has also encouraged investment by manufacturers eager to benefit from market access the trade pact would offer upon its ratification.

China’s economy grew by 6.9% in 2015. Investment in high-technology manufacturing and services increased significantly. This trend affirms