

News Release

Details on how the business of the Sector is managed and its related performance are set out below. This information is given on a voluntary basis and from the perspective of the Sector management, as its disclosure is not required by law or regulation.

Marine

“Lower Profits”

FINANCIAL HIGHLIGHTS For the year ended 31 December 2016			
	2016 FY	2015 FY	Growth %
Revenue (\$m)	841	958	(12)
Earnings before interest and tax (EBIT) (\$m)	63.6	71.8	(11)
Other income, net (\$m)	7.4	7.4	1
Finance income, net (\$m)	3.3	3.6	(9)
Profit before tax (PBT) (\$m)	75.1	88.3	(15)
Profit attributable to shareholders (\$m)	67.8	85.7	(21)
Economic value added (EVA) (\$m)	51.1	76.5	(33)

N.B.: All currencies are in Singapore dollars.

“Marine sector recorded lower profits in 2016 due mainly to poorer performance from the US operations.

We expect the operating environment to remain challenging in FY2017 and will stay focused to build up our order book.”

Ng Sing Chan, President

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Marine sector unaudited results for the year ended 31 December 2016

	FY2016 \$'000	FY2015 \$'000	+ / (-) %
1. (a) Revenue	841,160	958,373	(12.2)
(b) Cost of sales	(727,591)	(836,564)	(13.0)
(c) Gross Profit	113,569	121,809	(6.8)
(d) Distribution and selling expenses	(8,460)	(5,979)	41.5
(e) Administrative expenses	(32,809)	(35,068)	(6.4)
(f) Other operating expenses	(8,724)	(8,967)	(2.7)
(g) Profit from operations	63,576	71,795	(11.4)
(h) Other income, net	7,548	7,482	0.9
(i) Other expenses	(124)	(115)	7.8
(j) Other income/(expenses), net	7,424	7,367	0.8
(k) Finance income	3,866	3,716	4.0
(l) Finance costs	(596)	(103)	478.6
(m) Finance income/(costs), net	3,270	3,613	(9.5)
(n) Share of results of associates and joint ventures, net of tax	851	5,500	(84.5)
(o) Profit before taxation	75,121	88,275	(14.9)
(p) Taxation	(7,370)	(2,558)	188.1
(q) Profit for the year	67,751	85,717	(21.0)
Attributable to:			
(r) Shareholders of the Company	67,757	85,725	(21.0)
(s) Non-controlling interests	(6)	(8)	(25.0)
	67,751	85,717	(21.0)
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	28,422	29,609	(4.0)
Allowance/(write-back of allowance) for doubtful debts & bad debts written off, net	1,328	(564)	(335.5)
Allowance/(write-back of allowance) for stock obsolescence, net	700	(498)	(240.6)
(b) Finance income/(costs), net comprises:			
Interest income	3,866	3,716	4.0
Foreign exchange gain/(loss), net	(125)	(53)	135.8
Interest expenses	(471)	(50)	>500
	3,270	3,613	(9.5)

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	FY2016 \$'000	FY2015 \$'000	+ / (-) %
3. (a) Profit for the year [1(q) above] as a percentage of revenue	8.1%	8.9%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of year	35.2%	39.2%	
	2016 \$'000	2015 \$'000	+ / (-) %
4. (a) Revenue reported for first half year	461,755	533,527	(13.5)
(b) Profit for the period reported for first half year	22,506	44,702	(49.7)
(c) Revenue reported for second half year	379,405	424,846	(10.7)
(d) Profit for the period reported for second half year	45,245	41,015	10.3
5. (a) There was an adjustment of \$1,415,000 for over provision of current tax and \$815,000 for over provision of deferred tax in respect of prior years (FY2015: There was an adjustment of \$2,170,000 for under provision of current tax and \$2,219,000 for over provision of deferred tax in respect of prior years).			
(b) There was no disposal of property during the year (FY2015: There was disposal of a property with a gain of \$0.7 million).			

6. Business Group Information

By Business Group

	Revenue			Profit before Taxation		
	FY2016 \$'000	FY2015 \$'000	+ / (-) %	FY2016 \$'000	FY2015 \$'000	+ / (-) %
Full Year Ended 31 December						
Shipbuilding	485,516	613,576	(20.9)	848	15,030	(94.4)
Shiprepair	299,460	262,222	14.2	62,490	71,996	(13.2)
Engineering	56,184	82,575	(32.0)	11,783	1,249	>500
Total	<u>841,160</u>	<u>958,373</u>	(12.2)	<u>75,121</u>	<u>88,275</u>	(14.9)

	Revenue		
	FY2016 \$'000	FY2015 \$'000	+ / (-) %
<u>By Geographical Areas</u>			
Asia	458,951	372,780	23.1
USA	271,307	370,882	(26.8)
Europe	27,286	40,796	(33.1)
Others	83,616	173,915	(51.9)
Total	<u>841,160</u>	<u>958,373</u>	(12.2)

By Country of Incorporation

Asia	569,853	598,188	(4.7)
USA	271,307	360,185	(24.7)
Total	<u>841,160</u>	<u>958,373</u>	(12.2)

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7. Review of Performance

(a) Revenue

FY2016 vs FY2015

FY2016	FY2015	Growth	
\$841m	\$958m	(\$117m)	(12%)

Revenue for FY2016 of \$841 million was lower than FY2015 by 12% or \$117 million due mainly to lower revenue recognition from **Shipbuilding** contracts from both the local and US operations. The higher **Shiprepair** revenue (by 14% or \$37 million) due mainly to higher para-military repair activities was partially offset by lower **Engineering** revenue (by 32% or \$26 million) due to lower activities from fabrication of rig living quarters and environmental engineering.

(b) Profitability

FY2016 vs FY2015

FY2016	FY2015	Growth	
\$75.1m	\$88.3m	(\$13.2m)	(15%)

FY2016 profit before tax (PBT) of \$75.1 million was lower than FY2015 by 15% or \$13.2 million due mainly to lower gross profit resulting from poorer performance from the US operations and share of lower profits from joint ventures.

8. Prospects

FY2017

Barring unforeseen circumstances, revenue for FY2017 is expected to be comparable whilst PBT is expected to be lower compared to FY2016.

9. Balance Sheet

	31-Dec-16 \$'000	31-Dec-15 \$'000
Property, plant and equipment	315,031	332,533
Joint ventures	8,666	8,229
Intangible assets	134	84
Long-term receivables, non-current	1,129	4,363
Amounts due from related parties, non-current	4,806	4,806
Deferred tax assets	21,334	17,225
Derivative financial instruments	2,397	2,341
Non-current assets	353,497	369,581
Current assets	622,377	633,271
Total assets	975,874	1,002,852
Current liabilities	715,617	709,493
Non-current liabilities	93,856	101,234
Total liabilities	809,473	810,727
Share capital and reserves	166,375	192,093
Non-controlling interests	26	32
Total equity and liabilities	975,874	1,002,852
Net current liabilities	(93,240)	(76,222)

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10. Statement of Cash Flows for the year ended 31 December 2016

	FY2016	FY2015
	\$'000	\$'000
Net cash from/(used in) operating activities	51,604	(52,265)
Net cash used in investing activities	(9,794)	(10,850)
Proceeds from sale of property, plant and equipment	27	853
Purchase of property, plant and equipment	(10,171)	(17,133)
Dividends from joint ventures	800	5,430
Investment in a joint venture	(386)	-
Acquisition of other intangible assets	(64)	-
Net cash used in financing activities	(38,588)	(83,827)
Loans to related parties	(51,000)	(199,128)
Repayment of loans by related parties	61,000	156,240
Proceeds from related party loans	52,929	2,829
Repayment of related party loans	-	(2,852)
Repayment of short-term bank loans	(43,856)	(11,197)
Proceeds from short-term bank loans	37,097	29,354
Dividends paid to shareholder	(94,287)	(59,023)
Interest paid	(471)	(50)
Net increase/(decrease) in cash and cash equivalents	3,222	(146,942)
Cash and cash equivalents at beginning of year	78,605	224,027
Exchange difference on cash and cash equivalents	33	1,520
Cash and cash equivalents at end of year	81,860	78,605

11. Economic Value Added (EVA)

EVA for FY2016 was \$51.1 million, a decrease of \$25.4 million or 33% from FY2015. The weighted average cost of capital was 5.6% for 2016 (2015: 5.5%).

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