ST Engineering

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

"Comparable PBT"

FINANCIAL HIGHLIGHTS For the third quarter ended 30 September 2014			
	2014 3Q	**2013 3Q**	**Growth %**
Revenue ($m)	336	296	14
Earnings before interest and tax (EBIT) ($m)	28.6	31.6	(9)
Other income, net ($m)	2.2	1.3	66
Finance income, net ($m)	0.1	0.5	(74)
Profit before tax (PBT) ($m)	32.7	34.0	(4)
Profit attributable to shareholders ($m)	29.8	25.7	16

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

Singapore Technologies Engineering Ltd
ST Engineering Hub, 1 Ang Mo Kio Electronics Park Road #07-01, Singapore 567710
T: (65) 6722 1818 F: (65) 6720 2293
www.stengg.com
(Regn. No.: 199706274H)

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Marine sector unaudited results for the third quarter ended 30 September 2014

			3Q2014 $'000	3Q2013 $'000	+ / (-) %
1.	(a)	**Revenue**	**336,337**	**295,905**	**13.7**
	(b)	Cost of sales	(294,787)	(251,944)	17.0
	(c)	**Gross Profit**	**41,550**	**43,961**	**(5.5)**
	(d)	Distribution and selling expenses	(1,582)	(1,176)	34.5
	(e)	Administrative expenses	(8,614)	(8,210)	4.9
	(f)	Other operating expenses	(2,724)	(2,953)	(7.8)
	(g)	**Profit from operations**	**28,630**	**31,622**	**(9.5)**
	(h)	Other income	2,179	1,327	64.2
	(i)	Other expenses	(10)	(18)	(44.4)
	(j)	Other income, net	2,169	1,309	65.7
	(k)	Finance income	18,601	11,719	58.7
	(l)	Finance costs	(18,461)	(11,188)	65.0
	(m)	Finance income, net	140	531	(73.6)
	(n)	Share of results of joint ventures, net of tax	1,747	510	242.5
	(o)	**Profit before taxation**	**32,686**	**33,972**	**(3.8)**
	(p)	Taxation	(2,906)	(8,241)	(64.7)
	(q)	**Profit for the period**	**29,780**	**25,731**	**15.7**
		Attributable to:			
	(r)	**Shareholders of the Company**	**29,779**	**25,730**	**15.7**
	(s)	Non-controlling interests	1	1	**0.0**
			29,780	**25,731**	**15.7**

2.	(a)	Profit from operations is arrived at after charging/(crediting) the following:			
		Depreciation and amortisation	7,152	4,793	49.2
		(Write-back of allowance)/allowance for doubtful debts & bad debts written off, net	(97)	7	NM
		(Write-back of allowance)/allowance for stock obsolescence, net	(185)	388	(147.7)
	(b)	Finance income/(costs), net comprises:			
		Interest income	796	638	24.8
		Foreign exchange gain/(loss), net	116	(3)	NM
		Fair value changes of financial instruments/hedged items	(772)	(75)	>500
		Interest expenses	-	(29)	(100.0)
			140	531	(73.6)

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			3Q2014 $'000	3Q2013 $'000	+ / (-) %
3.	(a)	Profit for the period [1(q) above] as a percentage of revenue	8.9%	8.7%	
	(b)	Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	13.4%	10.7%	
4.	(a)	Revenue reported for first half year	671,455	565,044	18.8
	(b)	Profit for the period reported for first half year	45,873	49,447	(7.2)
	(c)	Revenue reported for third quarter	336,337	295,905	13.7
	(d)	Profit for the period reported for third quarter	29,780	25,731	15.7
	(e)	Revenue reported for first nine months	1,007,792	860,949	17.1
	(f)	Profit for the period reported for first nine months	75,653	75,178	0.6

5. (a) There was no adjustment for over or under provision of current and deferred tax in respect of prior years (3Q2013: Nil).

(b) There was no disposal of property during the third quarter.

6. Business Group Information

By Business Group

	Revenue			Profit before Taxation		
	2014 $'000	**2013** $'000	**+ / (-)** %	**2014** $'000	**2013** $'000	**+ / (-)** %
Third Quarter						
Shipbuilding	264,504	207,013	27.8	10,877	12,964	(16.1)
Shiprepair	54,229	76,450	(29.1)	19,644	20,011	(1.8)
Engineering	17,604	12,442	41.5	2,165	997	117.2
Total	336,337	295,905	13.7	32,686	33,972	(3.8)
Nine Months Ended 30 September						
Shipbuilding	774,828	596,332	29.9	31,022	42,220	(26.5)
Shiprepair	177,462	229,670	(22.7)	50,331	53,902	(6.6)
Engineering	55,502	34,947	58.8	7,512	3,126	140.3
Total	1,007,792	860,949	17.1	88,865	99,248	(10.5)

	Revenue		
	3Q2014 $'000	**3Q2013** $'000	
By Geographical Areas			
Asia	85,365	102,365	(16.6)
USA	90,664	124,059	(26.9)
Europe	13,757	19,019	(27.7)
Others	146,551	50,462	190.4
Total	336,337	295,905	13.7
By Country of Incorporation			
Asia	247,852	171,984	44.1
USA	88,485	123,921	(28.6)
Europe	-	-	-
Others	-	-	-
Total	336,337	295,905	13.7

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7. Review of Performance

(a) Revenue

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
$336m	$296m	$40m	14%

3Q2014 revenue of $336 million was higher than 3Q2013 by 14% or $40 million. The increase was due mainly to higher revenue recognition from **Shipbuilding** contracts from the local operations and higher **Engineering** revenue, partially offset by lower **Shiprepair** revenue.

(b) Profitability

3Q2014 vs 3Q2013

3Q2014	3Q2013	Growth	
$32.7m	$34.0m	($1.3m)	(4%)

3Q2014 profit before tax (PBT) of $32.7 million was comparable to 3Q2013.

8. Prospects

FY2014

Barring unforeseen circumstances, revenue for FY2014 is expected to be comparable, whilst PBT is expected to be lower compared to FY2013.

9. Balance Sheet

	30-Sep-14 $'000	**31-Dec-13** $'000
Property, plant and equipment	327,595	324,043
Joint ventures	5,996	3,223
Intangible assets	160	355
Long-term receivables, non-current	182	194
Amounts due from related parties, non-current	12,806	4,806
Derivative financial instruments	1,422	27,899
Deferred tax assets	21,091	16,072
Non-current assets	369,252	376,592
Current assets	847,384	764,224
Total assets	**1,216,636**	**1,140,816**
Current liabilities	922,232	846,639
Non-current liabilities	98,729	103,680
Total liabilities	**1,020,961**	**950,319**
Share capital and reserves	195,638	190,459
Non-controlling interests	37	38
Total equity and liabilities	**1,216,636**	**1,140,816**
Net current liabilities	**(74,848)**	**(82,415)**

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10. Statement of Cash Flows for the third quarter ended 30 September 2014

	3Q2014 $'000	3Q2013 $'000
Net cash from operating activities	**25,249**	**42,465**
Net cash used in investing activities	**(59,487)**	**(8,227)**
Proceeds from sale of property, plant and equipment	8	2
Purchase of property, plant and equipment	(1,995)	(8,271)
Dividends from joint ventures	500	42
Loans to related companies	(58,000)	-
Net cash from financing activities	**-**	**6,259**
Proceeds from short-term bank loans	-	6,288
Interest paid	-	(29)
Net increase/(decrease) in cash and cash equivalents	**(34,238)**	**40,497**
Cash and cash equivalents at beginning of period	321,789	322,888
Exchange difference on cash and cash equivalents	650	(125)
Cash and cash equivalents at end of period	**288,201**	**363,260**

Media Contact:
Nancy Toh
Senior Vice President / Group Financial Controller
Tel: (65) 6860 9213
Fax: (65) 6861 3028
Email: tohnancy@stengg.com