

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 first quarter ended 31 March 2015			
	2015 1Q	2014 1Q	Growth %
Revenue (\$m)	280	324	(14)
Earnings before interest and tax (EBIT) (\$m)	18.6	28.2	(34)
Other income, net (\$m)	2.8	1.5	86
Finance income, net (\$m)	1.0	1.0	(4)
Profit before tax (PBT) (\$m)	23.4	31.5	(26)
Profit attributable to shareholders (\$m)	21.2	25.1	(16)

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

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Marine sector unaudited results for the first quarter ended 31 March 2015:

	1Q2015 \$'000	1Q2014 \$'000	+ / (-) %
1. (a) Revenue	279,634	323,564	(13.6)
(b) Cost of sales	(249,279)	(281,801)	(11.5)
(c) Gross Profit	30,355	41,763	(27.3)
(d) Distribution and selling expenses	(1,001)	(2,105)	(52.4)
(e) Administrative expenses	(8,643)	(8,799)	(1.8)
(f) Other operating expenses	(2,150)	(2,653)	(19.0)
(g) Profit from operations	18,561	28,206	(34.2)
(h) Other income	2,863	1,543	85.5
(i) Other expenses	(32)	(23)	39.1
(j) Other income, net	2,831	1,520	86.3
(k) Finance income	950	1,080	(12.0)
(l) Finance costs	-	(94)	(100.0)
(m) Finance income, net	950	986	(3.7)
(n) Share of results of associates and joint ventures, net of tax	1,048	820	27.8
(o) Profit before taxation	23,390	31,532	(25.8)
(p) Taxation	(2,180)	(6,423)	(66.1)
(q) Profit for the period	21,210	25,109	(15.5)
Attributable to:			
(r) Shareholders of the Company	21,217	25,112	(15.5)
(s) Non-controlling interests	(7)	(3)	133.3
	21,210	25,109	(15.5)
2. (a) Profit from operations is arrived at after charging/(crediting) the following:			
Depreciation and amortisation	7,505	6,595	13.8
Write-back of allowance for doubtful debts & bad debts written off, net	(964)	(50)	NM
(Write-back of allowance)/Allowance for inventory obsolescence, net	(822)	22	NM
(b) Finance income, net comprises			
Interest income	865	541	59.9
Foreign exchange gain/(loss), net	85	(32)	(365.6)
Fair value changes of financial instruments/hedged items	-	477	(100.0)
	950	986	(3.7)

* NM - Not Meaningful



ST Engineering

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	1Q2015 \$'000	1Q2014 \$'000	+ / (-) %
3. (a) Profit for the period [1(q) above] as a percentage of revenue	7.6%	7.8%	
(b) Profit attributable to shareholders [1(r) above] as a percentage of share capital and reserves at end of period	10.9%	10.7%	
4. (a) Revenue reported for first quarter	279,634	323,564	(13.6)
(b) Profit for the period reported for first quarter	21,210	25,109	(15.5)
5. (a) There was an adjustment of \$400,000 for underprovision of current tax in respect of prior years (1Q2014: There was no over or under provision of current and deferred tax in respect of prior years).			
(b) There was no disposal of property during the period.			

6. Business Group Information

	Revenue			Profit before Taxation		
	1Q2015	1Q2014	+ / (-)	1Q2015	1Q2014	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<u>By Business Group</u>						
Shipbuilding	179,059	246,536	(27.4)	387	16,128	(97.6)
Shiprepair	82,538	56,903	45.1	20,863	11,696	78.4
Engineering	18,037	20,125	(10.4)	2,140	3,708	(42.3)
Total	279,634	323,564	(13.6)	23,390	31,532	(25.8)

By Geographical Areas

Asia	90,787	83,201	9.1
USA	81,448	110,051	(26.0)
Europe	19,443	18,764	3.6
Others	<u>87,956</u>	<u>111,548</u>	(21.1)
Total	<u>279,634</u>	<u>323,564</u>	(13.6)

By Country of Incorporation

Asia	200,482	215,888	(7.1)
USA	79,152	107,676	(26.5)
Europe	-	-	-
Others	-	-	-
Total	<u>279,634</u>	<u>323,564</u>	(13.6)

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7. Review of Performance

(a) Revenue

1Q2015 vs 1Q2014

1Q2015	1Q2014	Growth	
\$280m	\$324m	(\$44m)	(14%)

Revenue for 1Q2015 was lower than 1Q2014 by 14% or \$44 million. The decrease was due mainly to lower revenue recognition from **Shipbuilding** contracts from both the local and US operations partially offset by higher **Shiprepair** revenue.

(b) Profitability

1Q2015 vs 1Q2014

1Q2015	1Q2014	Growth	
\$23.4m	\$31.5m	(\$8.1m)	(26%)

The current quarter's profit before tax ("PBT") of \$23.4 million was lower than 1Q2014 by 26% or \$8.1 million. The lower PBT was due mainly to lower gross profits due to lower **Shipbuilding** revenue coupled with weaker **Shipbuilding** performance from the US operations.

8. Prospects

1H2015

Barring unforeseen circumstances, revenue and PBT for 1H2015 are expected to be lower compared to 1H2014.

9. Balance Sheet

	31-Mar-15 \$'000	31-Dec-14 \$'000
Property, plant and equipment	336,855	334,075
Joint ventures	9,207	8,159
Intangible assets	92	94
Long-term receivables, non-current	285	1,001
Amounts due from related parties, non-current	4,806	12,806
Derivative financial instruments	4,053	605
Deferred tax assets	23,427	19,021
Non-current assets	378,725	375,761
Current assets	842,421	738,494
Total assets	1,221,146	1,114,255
Current liabilities	949,341	856,315
Non-current liabilities	104,084	99,068
Total liabilities	1,053,425	955,383
Share capital and reserves	167,689	158,834
Non-controlling interests	32	38
Total equity and liabilities	1,221,146	1,114,255
Net current liabilities	(106,920)	(117,821)

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10. Statement of Cash Flows for the first quarter ended 31 March 2015

	1Q2015 \$'000	1Q2014 \$'000
Net cash from operating activities	54,334	54,287
Net cash used in investing activities	(4,618)	(5,329)
Proceeds from sale of property, plant and equipment	120	9
Purchase of property, plant and equipment	(4,738)	(5,338)
Net cash used in financing activities	(63,486)	(3,749)
Loans to related corporations	(134,128)	-
Repayment of loans by related corporations	70,642	-
Dividend paid to shareholder of the Company	-	(3,749)
Net increase/(decrease) in cash and cash equivalents	(13,770)	45,209
Cash and cash equivalents at beginning of the period	224,027	333,058
Exchange difference on cash and cash equivalents at beginning of the period	933	(582)
Cash and cash equivalents at end of the period	<u>211,190</u>	<u>377,685</u>

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