



中远投资 (新加坡) 有限公司

COSCO CORPORATION (SINGAPORE) LIMITED

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Press Release

3Q 2013 Results: Financial Quarter ended 30 September 2013

	3Q 2013	3Q 2012	Chg	9M 2013	9M 2012	Chg
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	989,433	937,002	+6	2,612,754	2,891,063	-10
Gross Profit	73,205	115,110	-36	247,614	331,326	-25
Pre-tax profit	23,996	50,523	-53	61,843	180,918	-66
Net profit <i>(attributable to equity holders of the Company)</i>	4,224	26,556	-84	26,009	81,995	-68
Diluted EPS <i>(cents)</i>	0.19	1.19	-84	1.16	3.66	-68

Highlights:

- Group turnover rose 5.6% to \$989.4m on higher shipyard revenues.
- Turnover from shipyard operations increased 5.7% to \$976.0m backed by growth in revenue from marine engineering projects.
- Turnover from dry bulk shipping and other businesses held steady at \$13.4m level on renewal of short-term charters at relatively similar rates.
- Gross profit fell 36.4% to \$73.2 million mainly due to lower profit contributions from ship building and marine engineering segments on inventory write-down and provisions for expected losses.
- Net profit attributable to equity holders of the Company declined 84.1% to \$4.2m as a result.
- The Group will continue to focus on improving efficiency and productivity and moving up the value chain.

SINGAPORE (5 Nov 2013) – Singapore Exchange (“SGX”) mainboard-listed COSCO Corporation (Singapore) Limited (“COSCO” or the “Company”), a leading ship repair & marine engineering and shipping group, today announced its 3rd quarter financial results for the 3 months ended 30 September 2013.

Group turnover rose 5.6% to \$989.4 million in Q3 2013 from \$937.0 million in Q3 2012 on the back of higher shipyard revenue. Turnover from shipyard operations increased 5.7% to \$976.0 million in Q3 2013 from \$923.5 million in Q3 2012 mainly supported by growth in revenue from marine engineering segment which more than offset the lower revenue contribution from ship building & ship repair segments. The Group delivered 2 bulk carriers and 2 barges in Q3 2013. Turnover from dry bulk shipping and other businesses held steady at \$13.4 million (Q2 2013: \$13.5 million) as most of the current quarter short-term charter rates were secured earlier in the last quarter (at average BDI of 888) which are comparable to rates received in Q3 2012.

Gross profit decreased 36.4% from \$115.1 million in Q3 2012 to \$73.2 million in Q3 2013 mainly due to lower profit contributions from ship building and marine engineering segments as a result of inventory write-down and provisions for expected losses recognized on construction contracts. Other income which comprised gain from the disposal of scrap metal, interest income, net currency exchange gain/(loss) and others increased 26.8% to \$39.7 million in Q3 2013 boosted by a one-off compensation from customer.

Interest expense increased 8.3% to \$27.8 million in Q3 2013 due to higher bank borrowings to fund shipyard operations.

Overall, net profit attributable to equity holders of the Company declined 84.1% from \$26.6 million in Q3 2012 to \$4.2 million in Q3 2013 mainly due to lower contributions from dry bulk shipping and shipyard operations.

Captain Wu Zi Heng, Vice Chairman and President of the Company said, “Our industry outlook remains cautious amidst the uncertain global economic climate and difficult operating conditions. The shipbuilding projects currently under construction for contracts secured at lower value during the market slump in the recent years will exert

downward pressure on our profit margins. We will continue to focus on efficiency and productivity while upgrading our technical capabilities to move up the value chain.”

As at 30 September 2013, the Group’s order book stood at US\$7.2 billion with progressive deliveries up to 2015. This order book is subject to revision from any new or cancellation of orders that may arise.

New orders received in first nine months 2013 include 1 semi-submersible tender assist drilling rig, 1 LNG vessel, 1 float-over launch barge, 1 stinger barge, 1 floating accommodation unit, 1 semi-submersible accommodation vessel, 1 jack-up drilling rig, 1 semi-submersible accommodation rig, 2 salvage lifting vessels, 2 module carriers, 4 bulk carriers, 5 oil tankers and 10 platform supply vessels.

For new product types, the Group expects to incur higher execution costs. With continuing excess capacity in the shipping industry and the uncertain and weak global economic conditions, shipowners may be reluctant to place new orders for vessels and the Group may experience a decline in new orders in ship building which may lead to excess shipyard capacity.

In dry bulk shipping, we expect that any rebound in BDI is likely to be subdued as expansion in the global bulk carrier fleet continues to outpace demand.

About COSCO Corporation (Singapore) Ltd

Listed on the main board of the SGX, COSCO Corporation (Singapore) Ltd (“COSCO”) is a leading ship repair, shipbuilding & marine engineering and dry bulk shipping group. The Group owns 51% of the largest shipyard group in China, COSCO Shipyard Group, and a fleet of 12 dry bulk carriers. It also operates shipping agencies. COSCO is the listed subsidiary of China Ocean Shipping (Group) Company, the largest shipping group in China.

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