



中远投资 (新加坡) 有限公司

COSCO CORPORATION (SINGAPORE) LIMITED

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Press Release

FY 2015 Results: Financial Year ended 31 December 2015

	FY 2015	FY 2014	Chg
	S\$'000	S\$'000	%
Turnover	3,519,773	4,260,705	(17)
Gross (Loss)/Profit	(214,785)	291,041	NM
Pre-tax (Loss)/Profit	(901,166)	17,251	NM
Net (Loss)/Profit <i>(attributable to equity holders of the Company)</i>	(569,958)	20,893	NM
Diluted EPS <i>(cents)</i>	(25.45)	0.93	NM

Highlights:

- Group turnover fell 17% to \$3.5bn, weighed down by poor markets for both shipyard and shipping businesses.
- Turnover from shipyard operations dropped 17% to \$3.5bn due to lower revenue contribution from marine engineering, partially offset by increase in ship building and ship repair revenue.
- Turnover from dry bulk shipping and other businesses declined 25% to \$39.4m on lower charter rates.
- Group posted gross loss of \$214.8m due mainly to lower revenues and higher inventory write-downs.
- Broadly adverse market conditions accounted for overall net loss attributable to equity holders of \$570m.
- The Group expects 2016 to be another very difficult and challenging year for the Group.

SINGAPORE 15 February 2016 – 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 financial results for the full year ended 31 December 2015.

Group turnover decreased 17.4% to \$3.5 billion in FY 2015 from \$4.3 billion in FY 2014 owing to decrease in shipyard and shipping revenue.

Turnover from shipyard operations fell 17.3% to \$3.5 billion in FY 2015 from \$4.2 billion in FY 2014, mainly attributed to lower revenue contribution from marine engineering, partially offset by an increase in revenue from ship building and ship repair. The Group delivered 21 projects in FY 2015, namely 6 platform supply vessel, 9 bulk carriers, 2 anchor handling tug supply vessels, 1 oil tanker, 1 floating accommodation unit and 2 semi-submersible accommodation vessels.

Turnover from dry bulk shipping and other businesses decreased 25.0% from \$52.5 million in FY 2014 to \$39.4 million in FY 2015 on lower charter rates.

The Group swung into a gross loss of \$214.8 million in FY 2015 from gross profit of \$291.0 million in FY 2014 on lower revenues and higher inventory write-down which increased \$184.8 million to \$309.3 million in FY 2015 due mainly to the impairment made for DP3 Deepwater Drillship (DDD), which is currently available for lease or sale.

Other income decreased 23.9% to \$81.4 million in FY 2015 mainly due to lower sales value of scrap materials and lower interest income. Administrative expenses increased \$348.8 million to \$522.5 million mainly due to the increase in allowance for impairment of trade and other receivables of \$354.5 million to \$380.3 million which relates mainly to construction contracts on modules of drillship and FPSO for certain Brazilian customers with uncertainties in their project status. Interest expense increased 30.7% to \$166.9 million in FY 2015 due to higher bank borrowings used to fund shipyard operations.

As a result, the Group recorded net loss attributable to equity holders of the Company of \$570.0 million in FY 2015 as compared to net profit of \$20.9 million in FY 2014.

Captain Wu Zi Heng, Vice Chairman and President of the Company said, “The global offshore market continued to slow down significantly with no signs of improvement. Amidst persistent weakness in the state of the global economy and depressed crude oil prices, the Group continues to face adverse unfavourable market conditions. Against the backdrop of these difficult and challenging business and operating conditions, which is likely to persist and even worsen in 2016, our Group will capitalize on the downturn to improve our capabilities for long-term sustainable growth in our offshore marine engineering and new shipbuilding operations.”

As at 31 December 2015, the Group’s order book stood at US\$8 billion with progressive deliveries up to early 2018. This order book is subject to revision from any new, cancellation, variation or scheduling of orders that may arise. These may include modules of drillship and FPSO contracts for certain Brazilian customers. New orders received in 2015 include 7 container vessels, 2 cargo transfer vessels, 2 oil tankers, 1 shuttle tanker, 1 module carrier, 1 tanker assist / emergency response / rescue / field support vessel, 1 research vessel, 1 product oil tanker and 1 FPSO conversion.

Amidst excess tonnage and overall weak macroeconomic conditions, the world dry bulk shipping market has declined to a low level in 2015. On 24 December 2015, the BDI declined to 478 points, the lowest since the Index was created. Given the difficult market conditions, any possible recovery in the dry bulk shipping segment will be slow and fraught with uncertainty.

As the world shipping market continues to face tonnage over- capacity pressures, new ship building orders have fallen to a low level in 2015. The Group will continue to face pressure in the ship building segment which has led to excess shipyard capacity.

The Group expects 2016 to be another very difficult and challenging year for the Group.

About COSCO Corporation (Singapore) Ltd

Listed on the main board of the SGX, COSCO Corporation (Singapore) Ltd (“COSCO”) is a leading offshore marine engineering, shipbuilding, ship repair & conversion and dry bulk shipping group. The Group owns 51% of a large shipyard group in China, COSCO Shipyard Group, and a fleet of 10 dry bulk carriers. COSCO is the listed subsidiary of China Ocean Shipping (Group) Company, the largest shipping group in China.

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