Company Registration Number: 196300098Z

PRESS RELEASE

SEMBCORP MARINE DELIVERS A DOUBLE DIGIT 1Q 2008 GROWTH

- **PATMI grew by 24% to $91 million in 1Q 2008**
- **EPS, Basic increased by 23% to 4.41 cents**
- **Annualised ROE (excludes AFS Reserves) at 29.2%**

Singapore, May 7, 2008 : Sembcorp Marine today reported a 23.9% growth in PATMI from $73.7 million in 1Q 2007 to $91.3 million in 1Q 2008. Group turnover for 1Q 2008 decreased by 3.9% from $953.7 million in 1Q 2007 to $916.1 million in 1Q 2008 primarily because of the timing difference in the recognition of revenue from the rig building contracts. However, this is offset by the higher revenue recognised from the ship conversion/offshore and ship repair businesses.

Group operating profits increased by 7.2% from $74.1 million in 1Q 2007 to $79.5 million in 1Q 2008. Group pre-tax profits increased by 36.0% from $84.7 million in 1Q 2007 to $115.1 million. The increase is mainly attributable to higher operating margins from rig building and ship repair businesses and better contribution from associated companies.

Excluding net non-operating items and prior years' under/over-provision of tax, Group attributable profits increased by 32.4% to $91.3 million.

FINANCIAL HIGHLIGHTS

$'m	1Q 2008	1Q 2007	% Change
Revenue	916.1	953.7	(4)
Gross Margin	96.8	80.4	20
Operating Profit	79.5	74.1	7
EBITDA	95.2	87.4	9
Profit before tax	115.1	84.7	36
PATMI	91.3	73.7	24
PATMI, exclude NoI & prior year tax	91.3	69.0	32
Earnings per share (cents)			
- Basic	4.41	3.59*	23
- Basic, exclude NoI	4.41	3.60*	23
NAV (cents)	76.3	**31-Dec 2007** 81.1	(6)

* Adjusted for 2 for 5 Bonus Issue in 2007

OUTLOOK

The Group has a net order book of S$6.6 billion with completion and deliveries stretching till 2011.

Based on the scheduled completion of these projects, the Group expects FY 2008 to be a better year than FY 2007.

The fundamentals for the offshore market are expected to remain strong, due to the positive growth in the global demand for oil and gas resulting in sustained high oil prices supporting continued exploration and production activities.

Demand for rig building continues to be strong with demand trending towards deepwater rigs. The positive outlook for the offshore production market will see increasing demand for fixed and floating production systems, including Floating Production Storage and Offloading (FPSO) units.

Ship repair business is expected to remain strong driven mainly by higher consumption of oil and commodities in Asia amid fears of a US slowdown. Continuing demand for ship repair and dock space booking will benefit the Group.

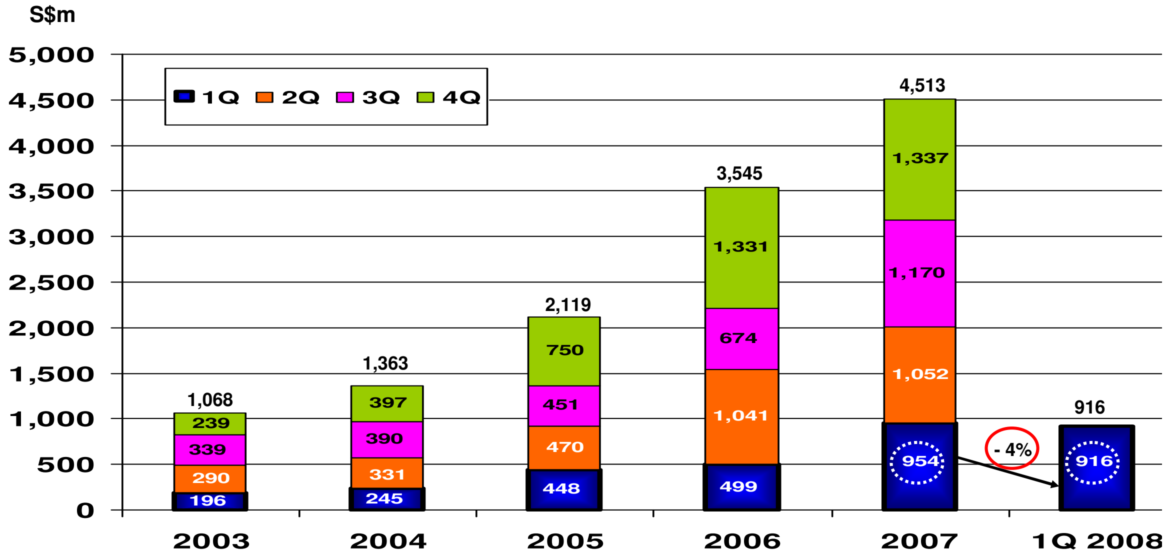
The Group continues to benefit from the expected growth in all these sectors.

For media and analysts enquiries, please contact:

Ms Judy Han
Senior Vice President
Investor Relations & Communications
Tel No : (65) 6262 7203
Fax No : (65) 6261 0738
Email : judy@sembcorpmarine.com.sg
Website : www.sembcorpmarine.com.sg

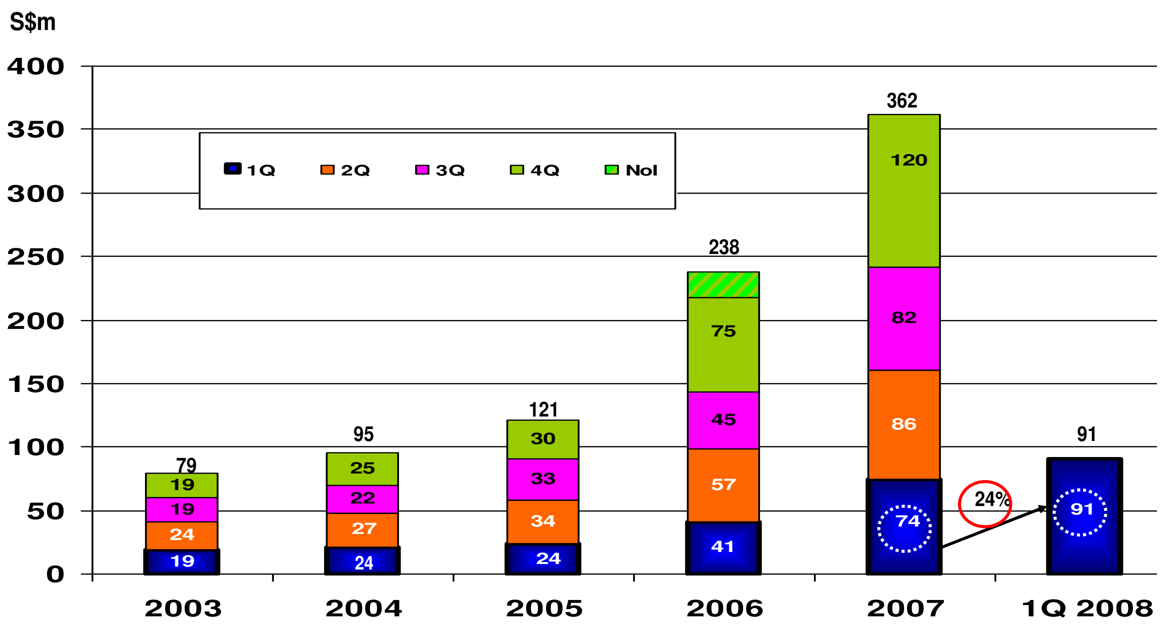
QUARTERLY REVENUE (2003 to 1Q 2008)

- The lower 1Q 2008 revenue was attributable to the timing difference in the recognition of the revenue from the rig building contracts. This was offset by the higher revenue recognised from the ship conversion and offshore and ship repair businesses.



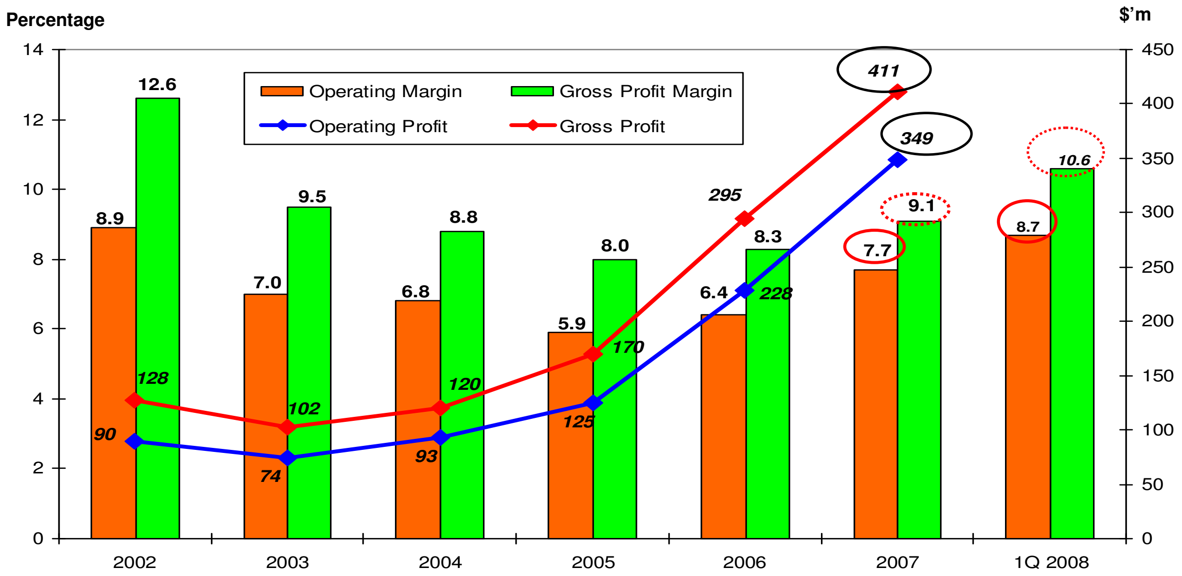
QUARTERLY PATMI (2003 to 1Q 2008)

- A 24% growth in PATMI at $91 million in 1Q 2008 as compared with $74 million in 1Q 2007
- A record first quarter as compared with all previous first quarters



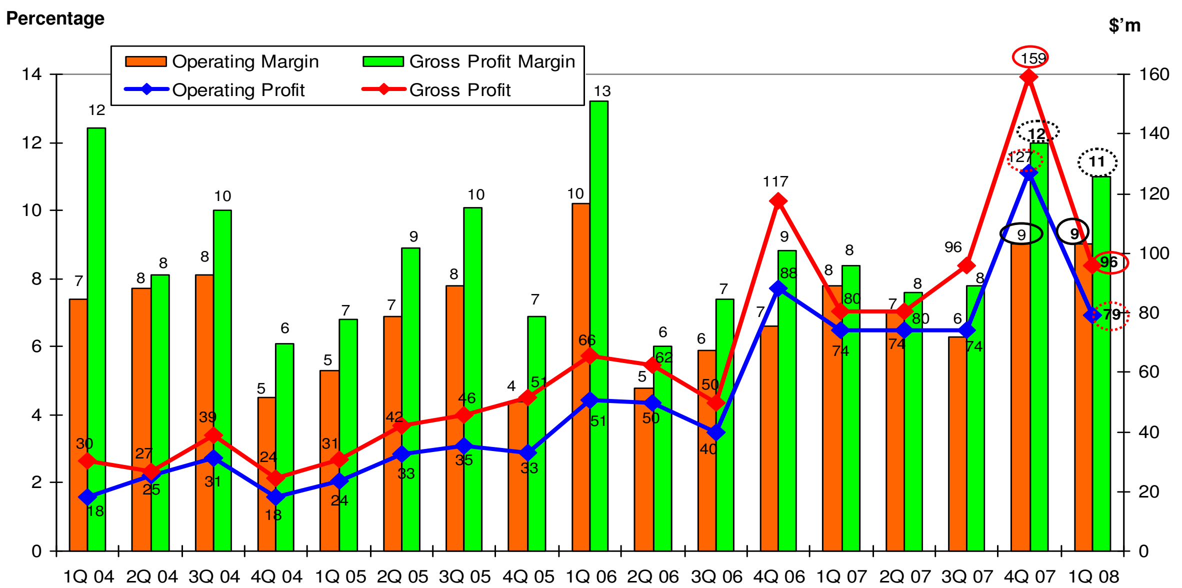
OPERATING MARGIN & OPERATING PROFIT

- Further Operating Margin expansion for 1Q 2008 with Gross Margin at 10.6% and Operating Margin at 8.7%
- FY 2008 Operating Margin & Operating Profit expected to gradually trend upwards compared with FY 2007



QUARTERLY OPERATING MARGIN

- Lower $ margin in 1Q 2008 due to lower PoC (percentage of completion) revenue recognition
- Quarter-to-quarter Operating Margin and Operating Profit may vary due to the product mix and timing of revenue recognition.
- Year-on-year is expected to trend upwards



PERFORMANCE OF ASSOCIATES (Profit before tax)

- **Increasing contributions from Associated Companies**

Description / Year	1Q 2008 $'m	1Q 2007 $'m	% Change
Cosco Shipyard Group	31.4	10.4	202
Maua Jurong/J S Inc	-	0.1	n.m.
Pacific Workboats	2.2	-	n.m.
Others	0.6	-	n.m.
Share of Asso. Co & JV Results	34.2	10.5	226

STRONG POSITIVE CASHFLOW

- **Net Cash improved to $1.08 billion due to the on track delivery of the 1st unit of semi-submersible rig in 1Q 2008**

Description / Year	1Q 2008 $'m	1Q 2007 $'m	% Change
Cashflow from operation before Reinvestment in working capital	92.4	89.4	3
Net cash provided by/(used in) Operating activities	857.5	(4.6)	n.m.
Net cash used in investing activities	(24.2)	(19.2)	26
Net cash used in financing activities	(94.2)	(36.6)	157
Cash & cash equivalent	1,479.6	432.8	242
Net Cash (net of borrowings)	1,083.0	89.4	1,111

CAPITAL, GEARING AND ROE

- **Increased Net Cash Balances and *ROE (excl AFS Reserves) 29.2%**

Year / Description	March 2008 $'m	FY 2007 $'m	% Change
Shareholders' Funds	1,580.2	1,680.1	(6)
Capital Employed	1,608.5	1,705.7	(6)
Net Cash	1,083.0	298.8	262
*ROE – annualized (%)	22.4	24.0	(7)
*ROE – excl. AFS Reserves (%)	29.2	30.9	(6)
Net Asset Value (cents)	76.3	81.1	(6)
*RoTA – annualized (%)	8.0	9.2	(13)

* Exclude Non Operating Items

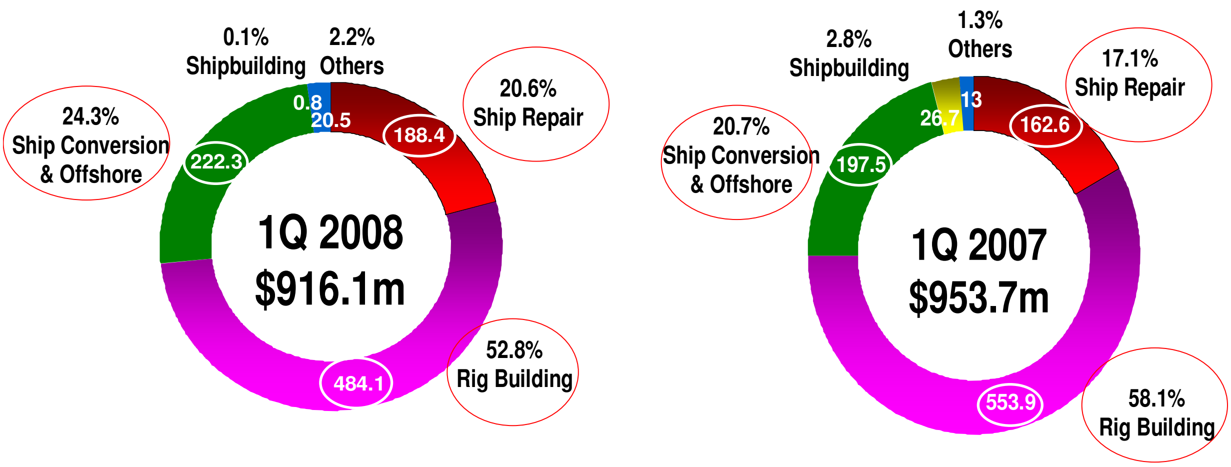
CAPITAL, GEARING AND ROE

- **Increased Net Cash Balances and ROE (excl AFS Reserves) 29.2%**

Year / Description	March 2008 $'m	FY 2007 $'m	% Change
Shareholders' Funds	1,580.2	1,680.1	(6)
Capital Employed	1,608.5	1,705.7	(6)
Net Cash	1,083.0	298.8	262
ROE – annualized (%)	22.4	16.0	40
ROE – excl. AFS Reserves (%)	29.2	20.6	42
Net Asset Value (cents)	76.3	81.1	(6)
RoTA – annualized (%)	8.0	6.1	31

REVENUE CONTRIBUTIONS BY SECTORS (1Q 2008 vs 1Q 2007)

By Value & Percentage Contributions



Revenue (S$'m)	1Q 2008	1Q 2007	% Change	4Q 2007	4Q 2006	% Change
Ship repair	188.4	162.6	15.9	195.7	194.9	0.4
Rig building	484.1	553.9	(12.6)	736.2	707.0	4.1
Ship Conversion/offshore	222.3	197.5	12.6	364.0	371.6	(2.0)
Shipbuilding	0.8	26.7	(97.0)	10.9	50.4	(78.4)
Others	20.5	13.0	57.7	29.9	7.6	293.4
TOTAL	916.1	953.7	(3.9)	1,336.7	1,331.5	-

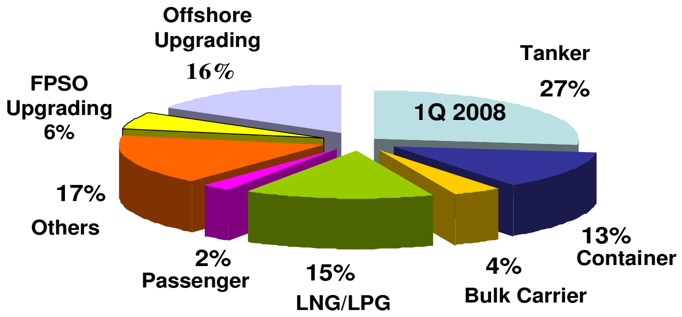
- Ship repair registered a 15.9% quarter-on-quarter growth from $162.6 million to $188.4 million in 1Q 2008
- Rig building declined by 12.6% from $553.9 million in 1Q 2007 to $484.1 million in 1Q 2008, attributable to the timing difference in recognition of revenue from rig building contracts.
- Ship conversion/offshore registered a 12.6% increase from $197.5 million to $222.3 million in 1Q 2008
- Shipbuilding declined by 97% from $26.7 million to $0.8 million mainly due to the deliberate scaling down of shipbuilding activities and the redeployment of such resources to rig building and offshore businesses

SECTOR OPERATIONS REVIEW

SHIP REPAIR

	1Q 2008	1Q 2007	% Change
Revenue contributions ($'m)	188.4	162.6	16
Number of vessels	66	65	2
Average repair value per vessel ($'m)	2.85	2.50	14

Ship Repair by Vessel Types

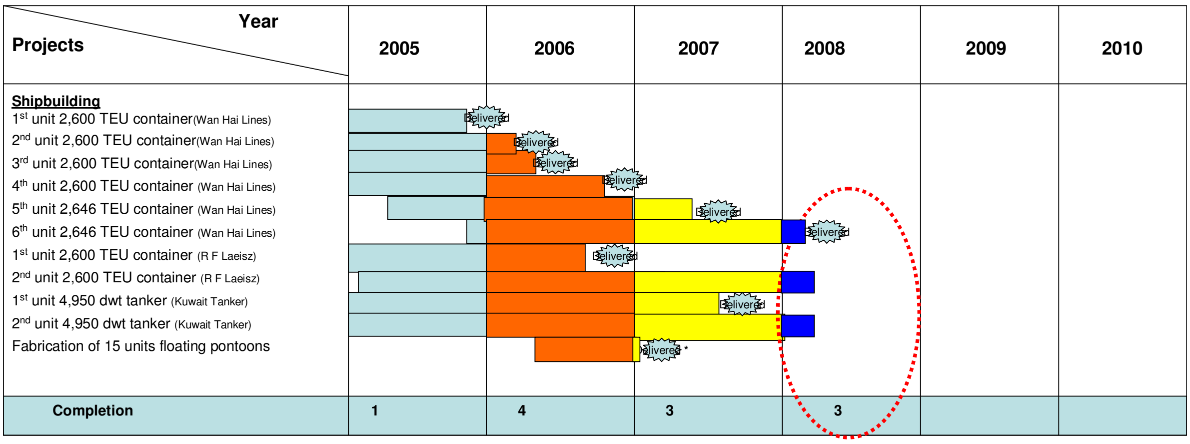


- Ship repair revenue registered a 15.9% increase to $188.4 million in 1Q 2008
- No. of vessels repaired increased marginally by 1.5% to 66 vessels as compared with 65 in 1Q 2007
- Average value per vessel increased from $2.50 million to $2.85 million in 1Q 2008 reflecting higher value per vessel repaired
- Tankers constituted the bulk of repairs at 27% followed by upgrading of offshore vessels like drillships at 16%, LNG/LPG tankers at 15%, container vessels at 13%, FPSO upgradings at 6%, bulk carriers at 4%, passenger vessels at 2% and others at 17%

SHIPBUILDING

No. completed in 1Q 2008	1	• 6th unit of 2,600 TEU container vessel for Wan Hai Lines
No. of projects in work-in-progress stages	2	• 2nd unit of 2,600 TEU container vessel for Reederei F Laeisz • 2nd unit 4,950 dwt tanker for Kuwait Tanker
Percentage Completion ($'m)	**0.8**	

Schedule of Delivery and Completion (exclude ship repair)

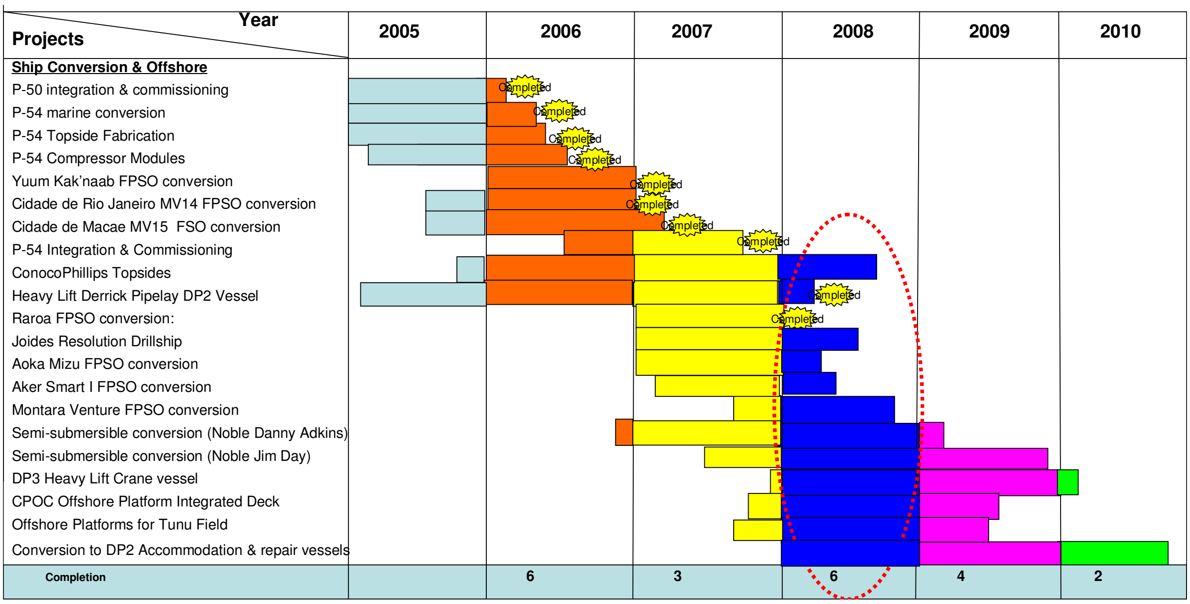


- Shipbuilding revenue registered a decline of 97% from $26.7 million in 1Q 2007 to $0.8 million in 1Q 2008
- The decline was due to the deliberate scaling down of shipbuilding activities and the redeployment of resources for rig building and offshore businesses

SHIP CONVERSION & OFFSHORE

No. completed in 1Q 2008	1	• Heavy Lift Derrick Pipelay vessel for SapuraCrest
No. of projects in work-in-progress stages	7	• Aoka Mizu FPSO conversion • Joides Resolution Drillship • Aker Smart I FPSO conversion • ConocoPhilips Topsides • Noble Danny Adkins semi-submersible conversion • CPOC Offshore Platform Integrated Deck • Offshore Platforms for Tunu Field
Projects in planning and engineering stage	4	• Montara Venture FPSO conversion • Noble Jim Day semi-submersible conversion • DP3 Heavy Lift Crane vessel • Conversion to DP2 Accommodation & repair vessels
Percentage Completion ($'m)	**222.3**	

Schedule of Delivery and Completion (exclude ship repair)

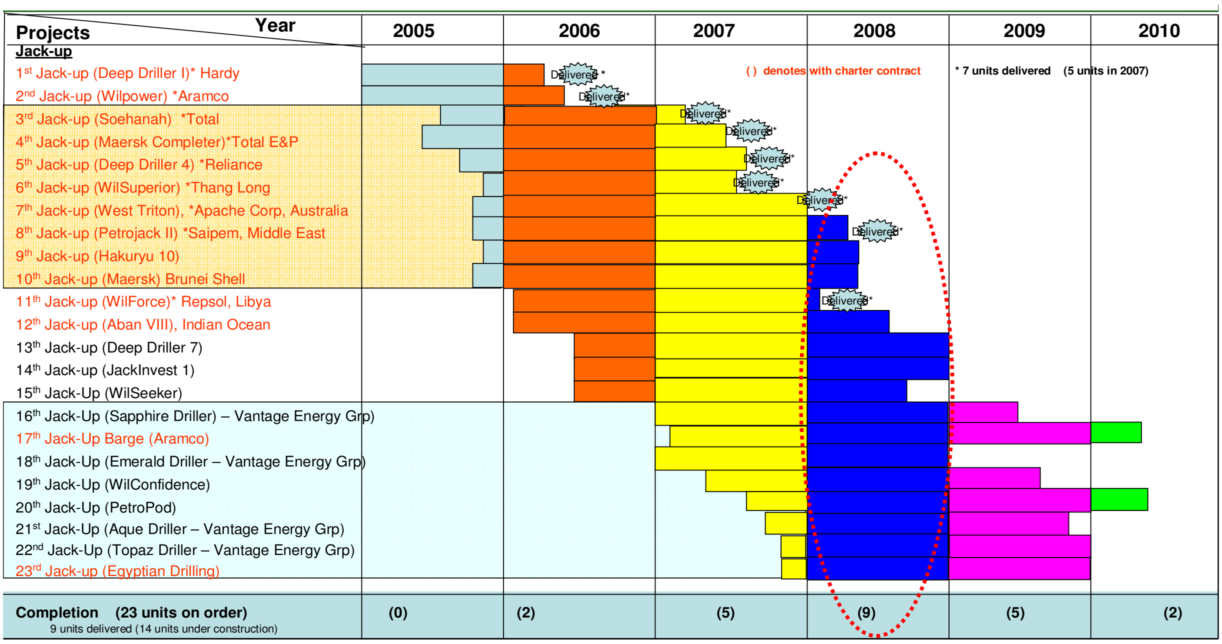


- Ship conversion and offshore revenue registered a 12.6% increase from $197.5 million to $222.3 million in 1Q 2008
- FY 2008 is expected to be strong and we expect to fill order book from 2008 onwards

RIG BUILDING : JACK-UP RIGS

No. completed in 1Q 2008	2	• Jack-up rig PetroJack II for PetroJack • Jack-up rig WilForce for Awilco
No. of projects in work-in-progress stages	9	• Jack-up rig, Hakuryu 10 for Japan Drilling • Jack-up rig for Maersk Contractors • Jack-up rig, Aban VIII for Aban Lloyd • Jack-up rig, Deep Driller 7 for Sinvest • Jack-up rig for Jack Invest 1 • Jack-up rig WilSeeker for Awilco • Jack-up rig Sapphire Driller for Vantage Energy • Jack-up rig Emerald Driller for Vantage Energy • Jack-up rig WilConfidence for Awilco
Projects in planning and engineering stage	5	• Jack-up Barge for Aramco • Jack-up rig for PetroProd • Jack-up rig Aque Driller for Vantage Energy • Jack-up rig Topez Driller for Vantage Energy • Jack-up rig for Egyptian Drilling
Percentage Completion ($'m)	**271.8**	

Schedule of Delivery and Completion (exclude ship repair)

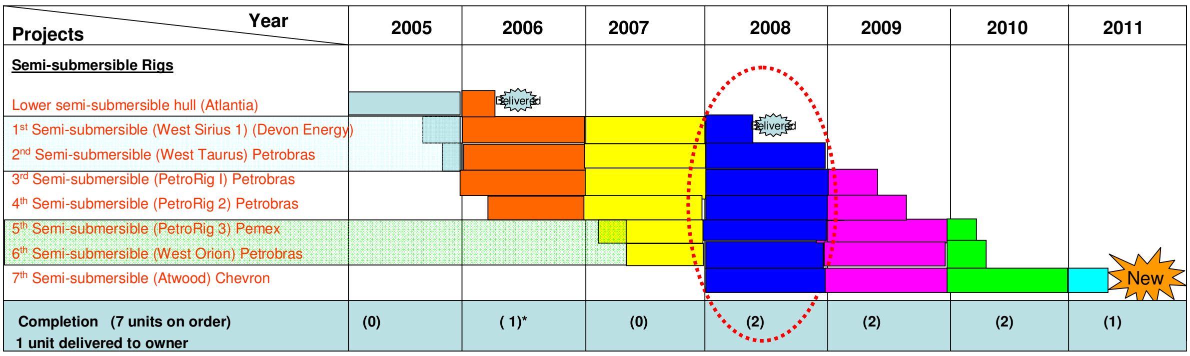


- 1 unit Jack-up rig achieved initial 20% recognition in 1Q 2008 compared with 2 jack-up rig units in 4Q 2007
- 2Q 2008 expected to see more initial revenue recognition in Jack-up rigs
- All projects received progressive payment
- We expect to build up our order book with deliveries scheduled for FY 2010 onwards

RIG BUILDING : SEMI-SUBMERSIBLE RIGS

No. completed in 1Q 2008	1	• Semi-submersible rig West Sirius for Seadrill
No. of projects in work-in-progress stages	3	• Semi-submersible rig West Taurus for Seadrill • Semi-submersible rig for PetroRig 1 • Semi-submersible rig for PetroRig 2
Projects in planning and engineering stage	3	• Semi-submersible rig for PetroRig 3 • Semi-submersible rig West Orion for Seadrill • Semi-submersible rig for Atwood Oceanics
Percentage Completion ($'m)	**212.3**	

Schedule of Delivery and Completion (exclude ship repair)

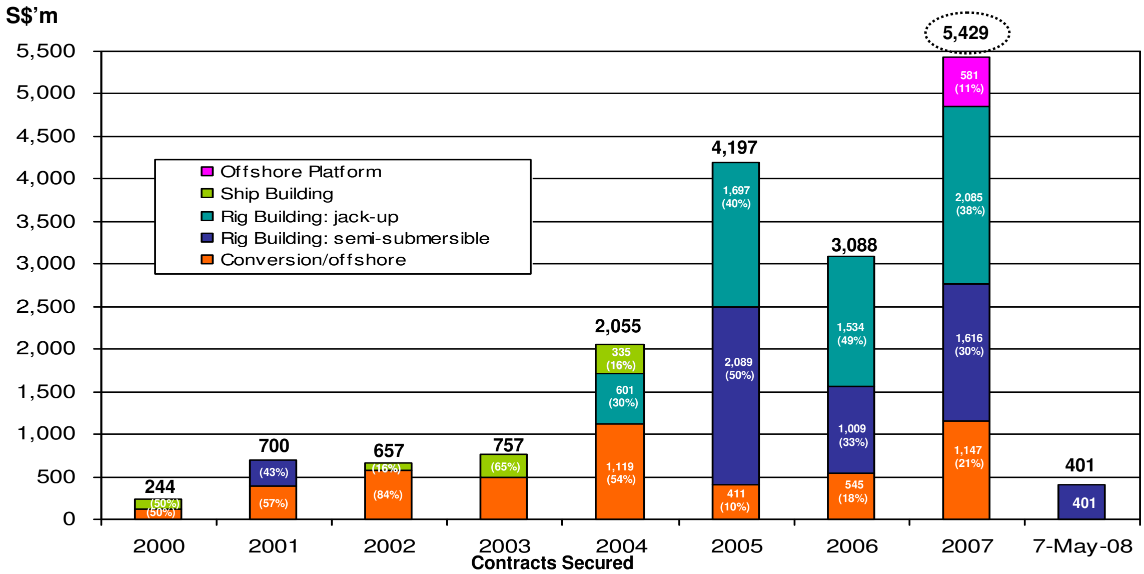


( ) denotes with charter contract

- No major initial 20% revenue recognition for semi-submersible rig in 1Q 2008, similar to 4Q 2007
- However, we expect 1 unit of semi-submersible rig to achieve initial 20% revenue recognition in 2Q 2008
- All projects received progressive payment
- 1 unit of the 6th generation semi-submersible rig, West Sirius was delivered to owner on schedule and currently chartered to Devon Energy for deployment in the Gulf of Mexico
- 1 unit of semi-submersible rig was secured from Atwood Oceanics Pacific Ltd, a wholly-owned subsidiary of Atwood Oceanics, a Houston based International Offshore Drilling Contractor listed on the New York Stock Exchange
- Market outlook for semi-submersible rig is expected to be strong
- We expect to build up our order book with deliveries scheduled for FY 2011 and beyond

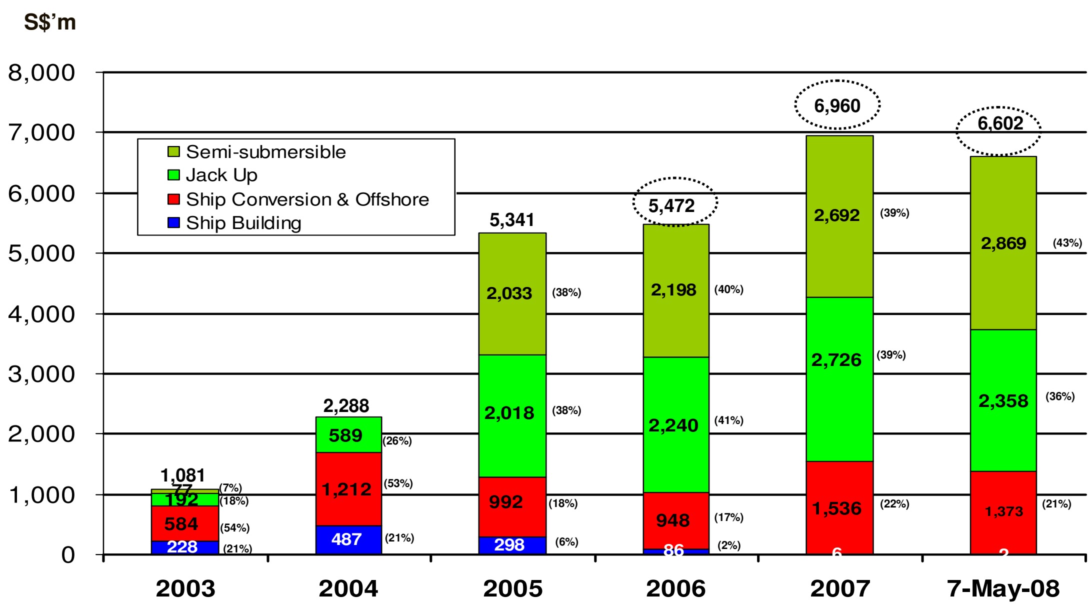
CONTRACTS SECURED TO-DATE (exclusive of ship repair)

- Contract secured to-date stands at S$401 million
- Fundamentals for the rig building and offshore market remain strong
- We expect to build up our order book



NET ORDER BOOK

- Strong net order book at S$6.6 billion
- Net order book expected to grow



This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, exchange rate movement, cost of capital and capital availability, competition from other companies and venues for sale and distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes. The forward-looking statements reflect the current views of Management on future trends and developments.