



Company Registration Number: 196300098Z

**PRESS RELEASE**

**FY 2008: A SOLID YEAR WITH STRONG OPERATIONAL GROWTH**

**Singapore, February 24, 2009:** Sembcorp Marine today reported a strong FY 2008 PATMI of \$430 million, after a one-off charge of \$44 million arising from commercial settlement of foreign exchange (FX) transactions in 4Q 2008. This was 78% higher as compared with FY 2007’s PATMI of \$241 million.

Excluding the one-off charge of \$44 million, PATMI for FY 2008 was \$474 million, 31% higher than FY 2007. PATMI for FY 2007, excluding FX transactions and non-operating items stood at \$362 million.

**Financial Highlights**

Year Description (\$'m)	FY 2008	FY 2007	% Change	4Q 2008	4Q 2007	% Change
Revenue	5,063.9	4,513.1	12.2	1,617.5	1,336.7	21.0
Gross Profit	655.2	411.5	59.2	261.9	159.2	64.5
EBITDA	572.5	413.1	38.6	188.4	145.1	29.8
Operating Profit	501.8	349.0	43.8	168.8	126.8	33.1
Pre-tax Profit	545.0	364.7	49.4	88.2	77.0	14.5
PATMI	429.9	241.0	78.4	69.4	0.8	8575.0
PATMI, exclude FX & Nol	473.7	362.3	30.7	113.2	120.4	(6.0)
EPS, basic (cents)	20.83	11.72	77.7	3.38	0.04	8350.0
NAV (cents)	64.1	81.1	(21.0)	64.1	81.1	(21.0)

Group operating profit at \$501.8 million was 44% higher than FY 2007’s \$349.0 million.

Group pre-tax profit increased 49% from \$364.7 million in FY 2007 to \$545.0 million in FY 2008. The increase was attributable to the higher revenue and operating margin from rig building and ship repair businesses, offset by the lower contributions from Cosco Shipyard Group.

Revenue in FY 2008 was \$5,064 million, a 12% increase as compared to \$4,513 million in FY 2007. The increase was attributable to rig building, ship conversion/offshore and ship repair businesses.

## 4Q 2008 vs 4Q 2007

On a quarterly basis, Group turnover for 4Q 2008 increased 21% to \$1,617.5 million as compared with \$1,336.7 million for the corresponding period in 2007.

Group operating profit increased 33% to \$168.8 million in 4Q 2008 from \$126.8 million in 4Q 2007.

Group pre-tax profit increased 15% to \$88.2 million from \$77.0 million in 4Q 2007. The increase was attributed to higher revenue and operating margin from rig building and ship repair businesses, offset by losses from Cosco Shipyard Group.

Group attributable profit excluding FX transactions at \$113.2 million in 4Q 2008 was marginally down by 6% as compared with \$120.4 million in 4Q 2007, attributable mainly to losses from Cosco Shipyard Group. However, after offsetting the \$44 million charge arising from the settlement of the FX transactions in 4Q 2008, Group attributable profit was \$69.4 million as compared with \$0.8 million in 4Q 2007 after offsetting the \$308.2 million charge arising from the FX transactions and related expenses and non-operating items in the last quarter of 2007.

## Dividend

The Board of Directors of Sembcorp Marine has recommended a final one-tier tax-exempt dividend of 6.00 cents per share to be paid on 13 May 2009. This is in addition to the interim one-tier tax-exempt dividend of 5.00 cents per share paid on 1 September 2008. Total dividend in absolute terms for FY 2008 will be 11.00 cents per share, an increase of 26% as compared with the 8.73 cents per share paid in FY 2007.

### Dividend per share (cents)

Year ended 31 December	2008	2007	% Growth
Final one-tier tax-exempt	6.00	5.16	16
Interim one-tier tax-exempt	5.00	3.57	40
Total Dividend	11.00	8.73	26

**Mr Tan Kwi Kin, Group President and CEO of Sembcorp Marine said “*The Group has performed well in 2008. Moving forward, we will continue to strive towards delivering creditable performance and value to our shareholders. Our strategy to ride through these difficult times will be to maintain strong liquidity and a net cash position as well as to capitalize on future opportunities for sustainable growth.*”**

## Outlook & Prospects

While the financial turmoil has a damaging impact on the world economy and the current oil prices, the Group is confident that the long-term fundamentals and outlook for the marine and offshore industry continue to be positive in the light of continued global reliance on oil and gas and accelerating depletion of oil and gas reserves.

The Group has a net order book of S\$9.0 billion, comprising rig building, ship conversion and offshore projects of which S\$5.7 billion were secured in FY 2008. These projects will keep the Group's shipyards busy with a sufficient base-load.

For ship repair, the Group's strategic alliances and partnerships with long-term customers for synergistic benefits and "win-win" solutions should provide the Group with a stable base load. It should also cushion the Group from the impact arising from the current financial turmoil.

Market for the large FPSO (floating production storage offloading) units and production platforms is expected to remain strong based owners' long-term commercial viability of the projects. Such projects have longer gestation period and constitute part of the owners' investment portfolio designed to provide future output to replace depleting reserves.

The immediate economic outlook is uncertain. However, with our strong net cash and balance sheet position, the Group is well-positioned to ride out the challenges of the year ahead.

***"FY 2008 was another record year with solid operational growth for the Group. Despite the current financial turmoil and its impact on the world economy, our strong net order book of \$9.0 billion comprising rig building, ship conversion and offshore projects will keep our shipyards busy with progressive completion and deliveries from 2009 to 2012.***

***We remain committed in executing and delivering our projects on time or ahead of schedule. Our focus on increasing operational efficiency through innovation, production process improvements and repeat customer orders have paid off with operating margin increasing from 5.9% in 2005 to 9.9% in 2008. We will continue to further enhance our operational effectiveness and competitive edge and to build our order book during these difficult times."***

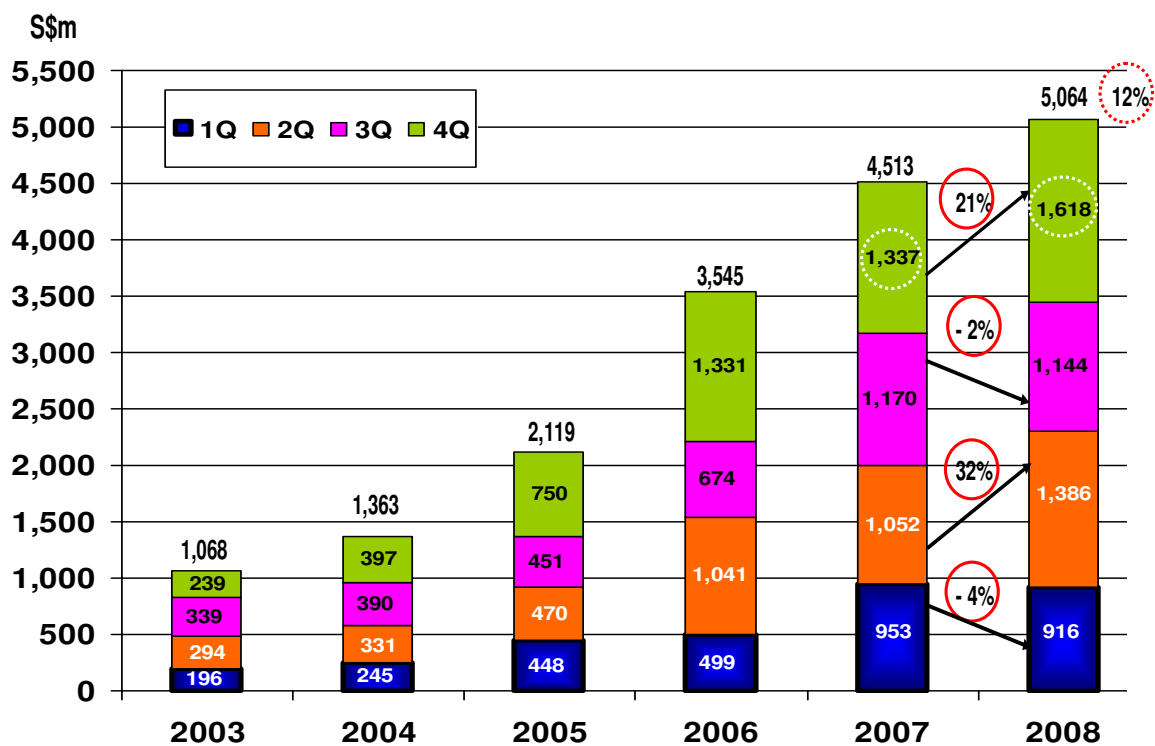
**Mr Tan Kwi Kin  
Group President and CEO**

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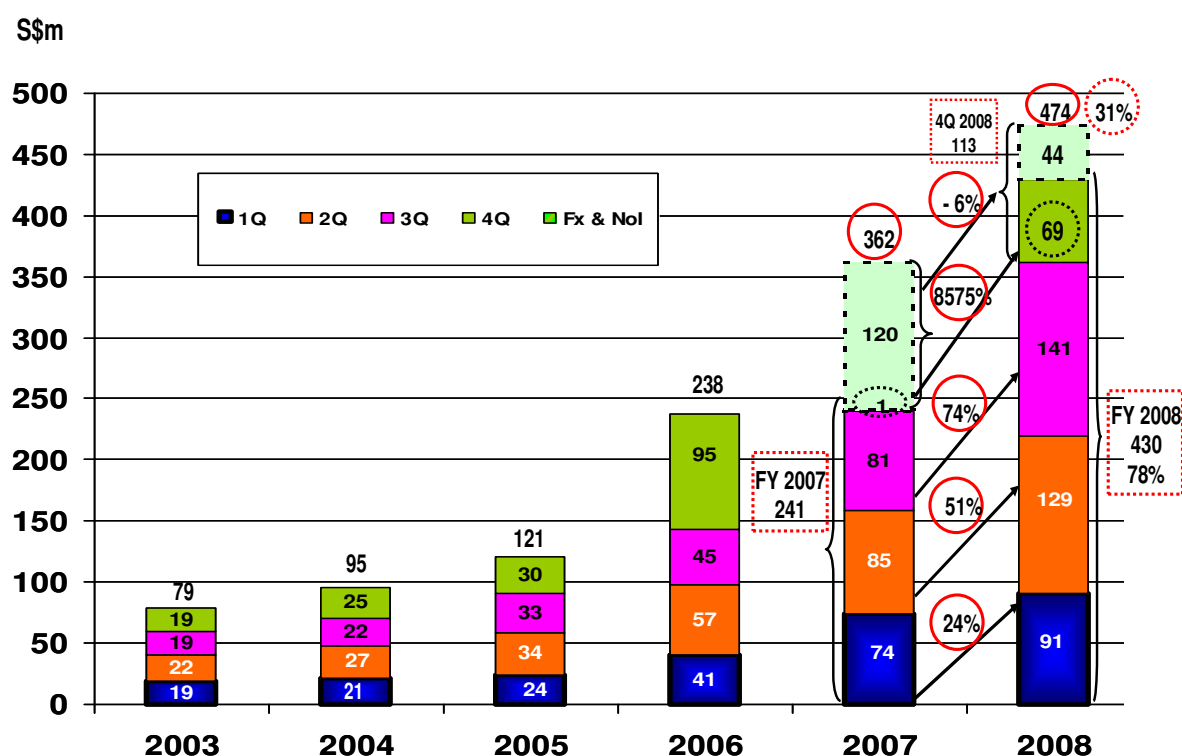
## ANNEX

### (1) Quarterly Revenue (2003 to 2008)



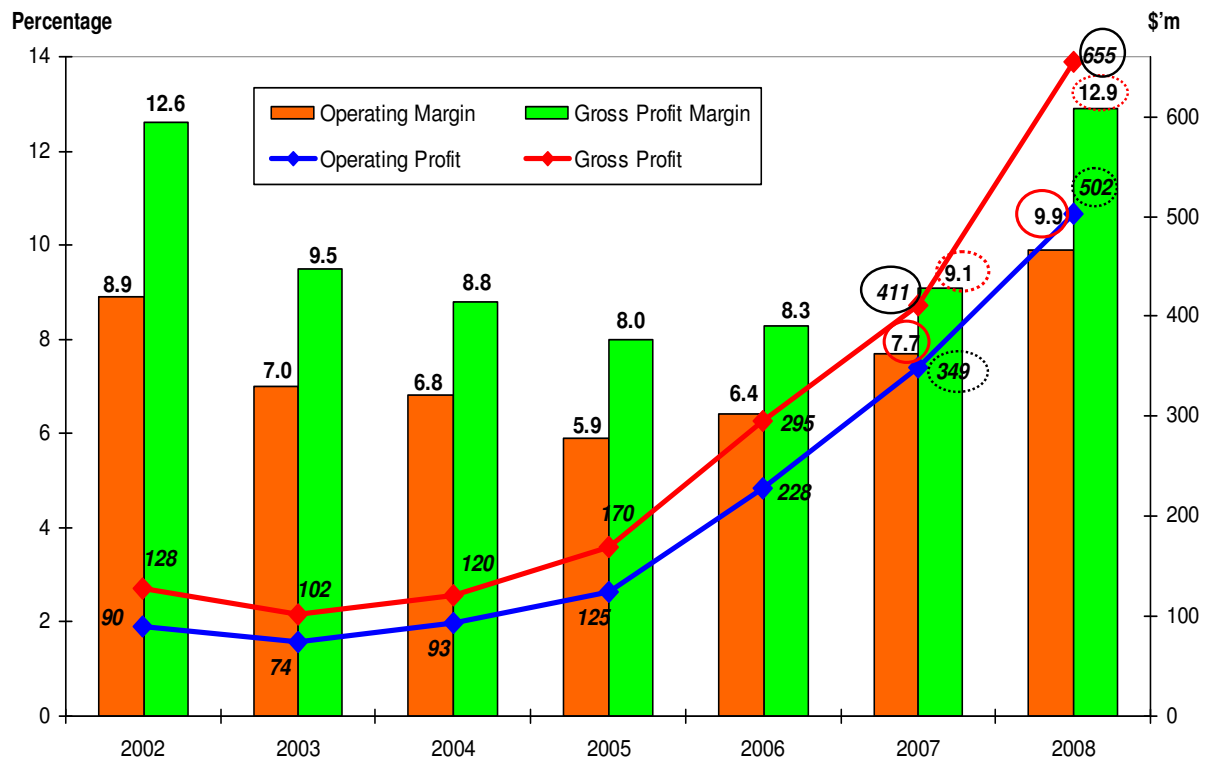
- Group revenue for FY 2008 increased by 12% from \$4,513 million in FY 2007 to \$5,064 million with growth mainly driven by the rig building, ship repair and ship conversion/offshore businesses.
- On a quarterly basis, Group revenue increased by 21% from \$1,337 million in 4Q 2007 to \$1,618 million due to higher revenue intake for rig building and ship conversion and offshore projects.

(2) Quarterly PATMI (2003 to 2008)



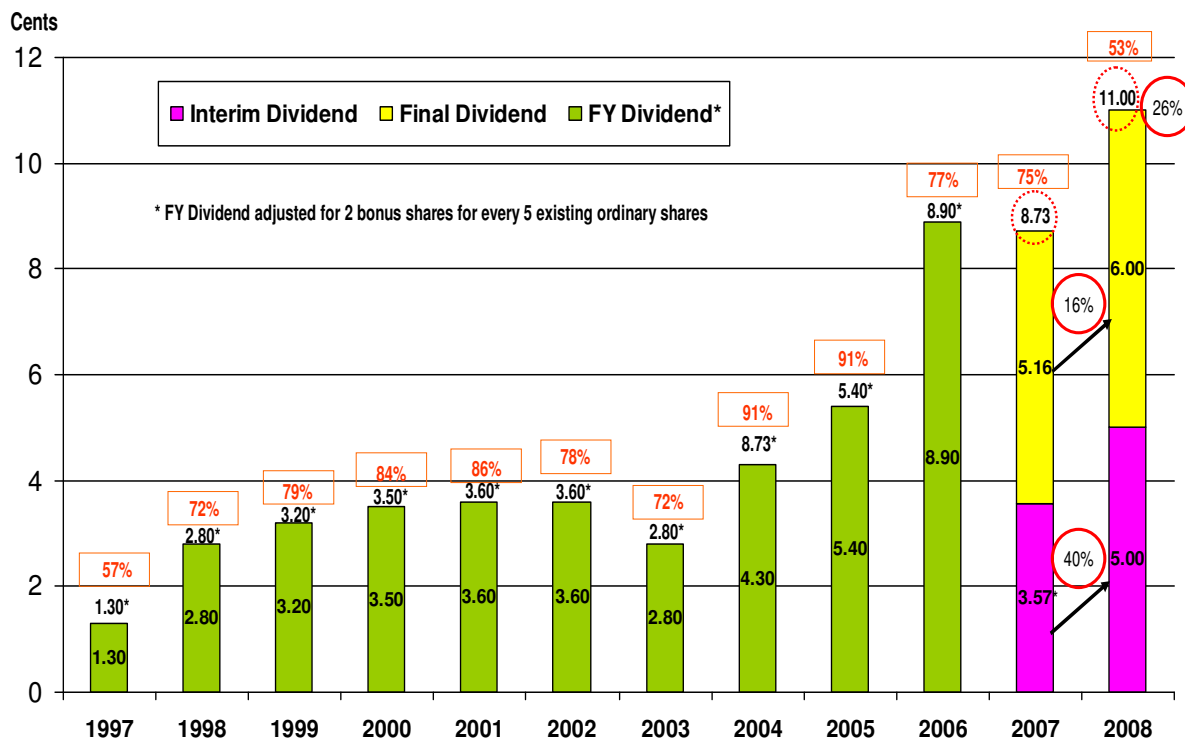
- FY 2008 PATMI increased by 78% to \$430 million as compared with \$241 million in FY 2007
- Excluding the foreign exchange transactions, FY 2008 PATMI at \$474 million was 31% higher than the \$362 million achieved in FY 2007
- On a quarterly basis, PATMI excluding foreign exchange transactions for 4Q 2008 at \$113.2 million was marginally lower by 6.0% as compared with the \$120 million recorded in 4Q 2007, attributable mainly to losses from Cosco Shipyard Group
- Including the foreign exchange transactions, PATMI in 4Q 2008 at \$69.4 million was 8575% higher as compared with \$0.8 million in 4Q 2007. Going forward, any settlement arising from FX transactions will be written back in the respective quarter(s)

### (3) Margin Expansion



- Year-on-year margin expansion from FY 2007 to FY 2008
- Operating margin increased from 7.7% in FY 2007 to 9.9% in FY 2008
- Gross profit margin increased from 9.1% in FY 2007 to 12.9% in FY 2008
- In dollar terms, operating profit increased from \$349 million in FY 2007 to \$502 million in FY 2008 with gross profit increasing from \$411 million to \$655 million for the same period

#### (4) Our Commitment to Shareholder Value



- One-tier tax-exempt final dividend of 6.00 cents per share. This is 16% higher than the 5.16 cents per share paid for the same period in 2007
- Including the one-tier tax-exempt Interim dividend paid in September 2008, total dividend for FY 2008 will be 11.00 cents per share, an increase of 26% as compared with 8.73 cents per share paid in FY 2007

(5) **Performance of Associates & JVs (Profit before Tax)**

\* Contributions from Associates & JVs declined 20% in FY 2008  
 \* Cosco Shipyard Group accounted mainly for the decline for FY 2008

Description	Year (\$'m)	FY 2008	FY 2007	% Δ	4Q 2008	4Q 2007	% Δ
Cosco Shipyard Group		55.5	76.9	(27.8)	(43.6)	21.2	n.m.
Màua-Jurong Shipyard Inc		0	(3.2)	n.m.	-	0.2	n.m.
Pacific Workboats		8.2	8.1	1.2	0.9	3.5	(74.3)
Others		1.6	-	n.m.	0.2	-	n.m.
Share of Associates & JVs Results		65.3	81.8	(20.2)	(42.5)	24.9	n.m.

(6) **Strong Positive Cashflow**

Net Cash improved to \$1.8 billion

Description	Year	FY 2008	FY 2007	% change
Cashflow from operation before reinvestment in working capital		634.7	411.6	54.2
Net cash provided by operating activities		2,010.4	472.3	325.7
Net cash (used in)/provided by investing activities		( 85.0)	182.2	(146.7)
Net cash used in financing activities		(518.4)	( 146.5)	253.9
Cash & cash equivalents		2,054.0	740.5	177.4
Net Cash (net of borrowings)		1,831.8	298.8	513.1
<i>Progress Billing &gt; WIP</i>		967.0	564.6	71.3



(7) **Capital, EVA, Gearing and ROE**

**\*ROE (excluding AFS & Hedging Reserves) at 37%**

<b>Year</b> <b>Description (\$'m)</b>	<b>FY 2008</b>	<b>FY 2007</b>	<b>% change</b>
Shareholders' Funds	1,318.0	1,680.1	(22)
Net Cash	1,831.8	298.8	513
*Economic Value Added (EVA)	380.2	262.9	45
*ROE (%)	31.6	24.0	32
*ROE – excl. AFS & Hedging Reserves (%)	36.9	30.9	19
Net Asset Value (cents)	64.1	81.1	(21)
*RoTA (%)	10.4	9.2	13

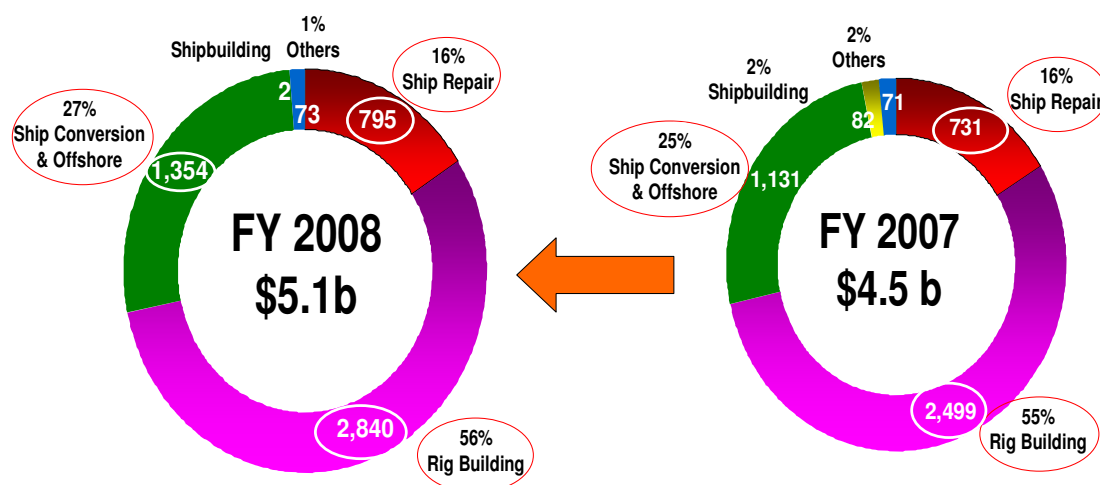
\* Exclude FX and non-operating items

(8) **Capital, EVA, Gearing and ROE**

**ROE (excluding AFS & Hedging Reserves) at 34%**

<b>Year</b> <b>Description (\$'m)</b>	<b>FY 2008</b>	<b>FY 2007</b>	<b>% change</b>
Shareholders' Funds	1,318.0	1,680.1	( 22)
Net Cash	1,831.8	298.8	513
Economic Value Added (EVA)	336.5	( 45.3)	843
ROE (%)	28.7	16.0	79
ROE – exclude AFS & Hedging Reserves (%)	33.5	20.6	63
Net Asset Value (cents)	64.1	81.1	(21)
RoTA (%)	9.5	6.1	56

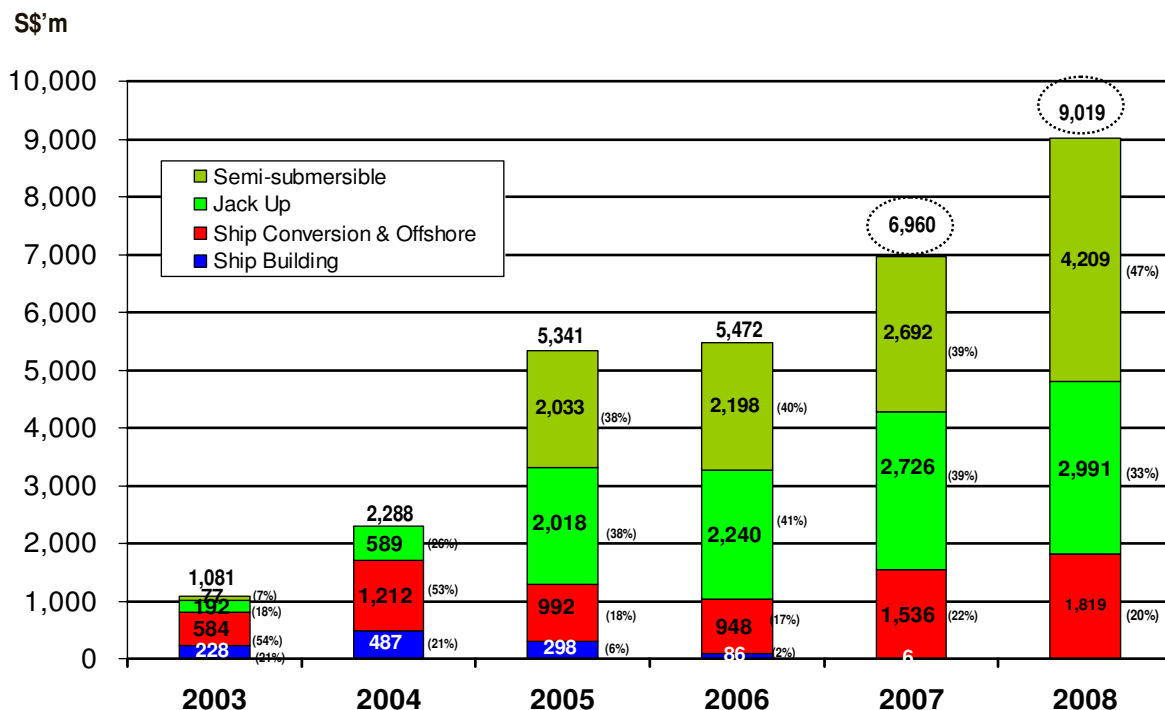
(9) **Revenue Contributions by Sectors (FY 2008 vs FY 2007)**



Revenue (\$m)	FY 2008	FY 2007	% Change	4Q 2008	4Q 2007	% Change
Ship repair	794.8	731.1	8.7	201.2	195.7	2.8
Rig building	2,839.6	2,498.9	13.6	862.8	736.2	17.2
Ship Conversion/offshore	1,354.4	1,130.5	19.8	534.2	364.0	46.8
Shipbuilding	2.0	81.6	(97.5)	-	10.9	n.m.
Others	73.1	71.0	3.0	19.3	29.9	(35.5)
<b>TOTAL</b>	<b>5,063.9</b>	<b>4,513.1</b>	<b>12.2</b>	<b>1,617.5</b>	<b>1,336.7</b>	<b>21.0</b>

- All 3 main sectors registered strong growth in FY 2008
- Ship conversion and offshore registered the highest growth at 19.8% or \$1,354 million, contributing 27% to total revenue in FY 2008 as compared with \$1,131 million or 25% to total revenue in FY 2007
- The Rig Building sector registered strong growth at \$2,840 million, contributing 56% to total revenue for FY 2008 as compared with \$2,499 million or 55% of total revenue in FY 2007
- Ship repair also registered an 8.7% increase to \$795 million as compared with \$731 million in FY 2007

**(10) Net Order Book (excluding ship repair)**



- Record Net order book at \$9.0 billion as at end 2008, comprising rig building, ship conversion and offshore projects
- The Group's shipyards will be kept busy with progressive completion and deliveries from 2009 to early 2012
- To build order book despite challenging market environment

*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.*