



Company Registration No. 196300098Z

PRESS RELEASE

A 28% INCREASE IN 2Q 2010 NET PROFIT TO \$176 MILLION

Singapore, August 3, 2010 : Sembcorp Marine achieved a 28% increase in net profit to \$176.1 million from \$138.1 million in 2Q 2009. Group turnover at \$1,097.9 million was 27% lower as compared with \$1,497.6 million for the corresponding period in 2009.

Group operating profit at \$202.3 million was 21% higher than the same quarter in the previous year. Group pre-tax profit increased 26% to \$224.8 million from \$178.9 million in 2Q 2009. These increases are mainly attributable to execution of projects ahead of schedule and the Group achieving better margins for rig building, offshore and conversion projects through higher productivity.

For the half year, Group turnover at \$2,457.3 million was 14% lower than the \$2,861.1 million for the corresponding period in 2009. Group operating profit at \$361.9 million was 20% higher as compared with \$301.3 million in the previous year. At the pre-tax level, Group profit increased 24% to \$409.7 million from \$330.1 million in 1H 2009.

Net profit for 1H 2010 at \$324.9 million was 26% higher as compared with \$258.3 million recorded in 1H 2009.

Financial Highlights

Description (\$'m)	Year		% Change	Year		% Change
	2Q 2010	2Q 2009		1H 2010	1H 2009	
Turnover	1,097.9	1,497.6	(27)	2,457.3	2,861.1	(14)
Gross Profit	237.1	193.0	23	428.5	339.2	26
EBITDA	223.4	184.8	21	403.6	336.9	20
Operating Profit	202.3	166.7	21	361.9	301.3	20
Pre-tax Profit	224.8	178.9	26	409.7	330.1	24
Net Profit	176.1	138.1	28	324.9	258.3	26
EPS, basic (cents)	8.51	6.71	27	15.72	12.56	25
NAV (cents)	99.7	91.3	9			

Interim Dividend

In view of the Group's strong performance for 1H 2010, the Board of Directors is recommending a one-tier tax-exempt interim dividend of 5.00 cents per share.

The one-tier tax-exempt interim dividend will be paid to shareholders on 31st August 2010.

Outlook

The Group has a net order book of S\$4.3 billion with completion and deliveries stretching till December 2012. This includes S\$853 million in contract orders secured to-date since January 2010 comprising the construction of the Ekofisk North Sea accommodation topside for Norway's ConocoPhillips Skandinavia AS, the P-62 pre-FPSO conversion for Petrobras Netherlands B.V. and the incremental order book derived from the sale of CJ-70 harsh-environment jack-up drilling rig to a subsidiary of Seadrill Limited.

The world economy continues to improve, albeit at an uneven pace across countries, with growth largely driven by Asia. While the recent oil spill and the subsequent US government moratorium have an immediate impact on deepwater drilling activities in the Gulf of Mexico, the mid to longer term consequence will be more safety regulations and survey compliances for the offshore oil and gas industry. Potentially, this may result in the upgrading of existing rigs to meet the more stringent requirements and new rig orders to replace the aging fleet for drilling in deep waters. The Group is well-placed to leverage on these opportunities with its proven track record and strong turnkey rig construction capabilities.

The fundamentals driving the offshore oil and gas sector remain intact with oil prices remaining above the US\$70 bbl range. Despite the volatile global environment, we continue to receive enquiries but competition is very keen.

For Brazil, the Group has tendered bids for seven (7) units of drillships based on the exclusive Jurong LMG drillship design and two (2) units of semi-submersible rigs based on the Friede & Goldman Ex-D design.

The ship repair market continues to improve with the bigger docks well-booked due to strong support from the Group's Alliance/FCC and regular customers as well as its niche market segment of LNG carriers.

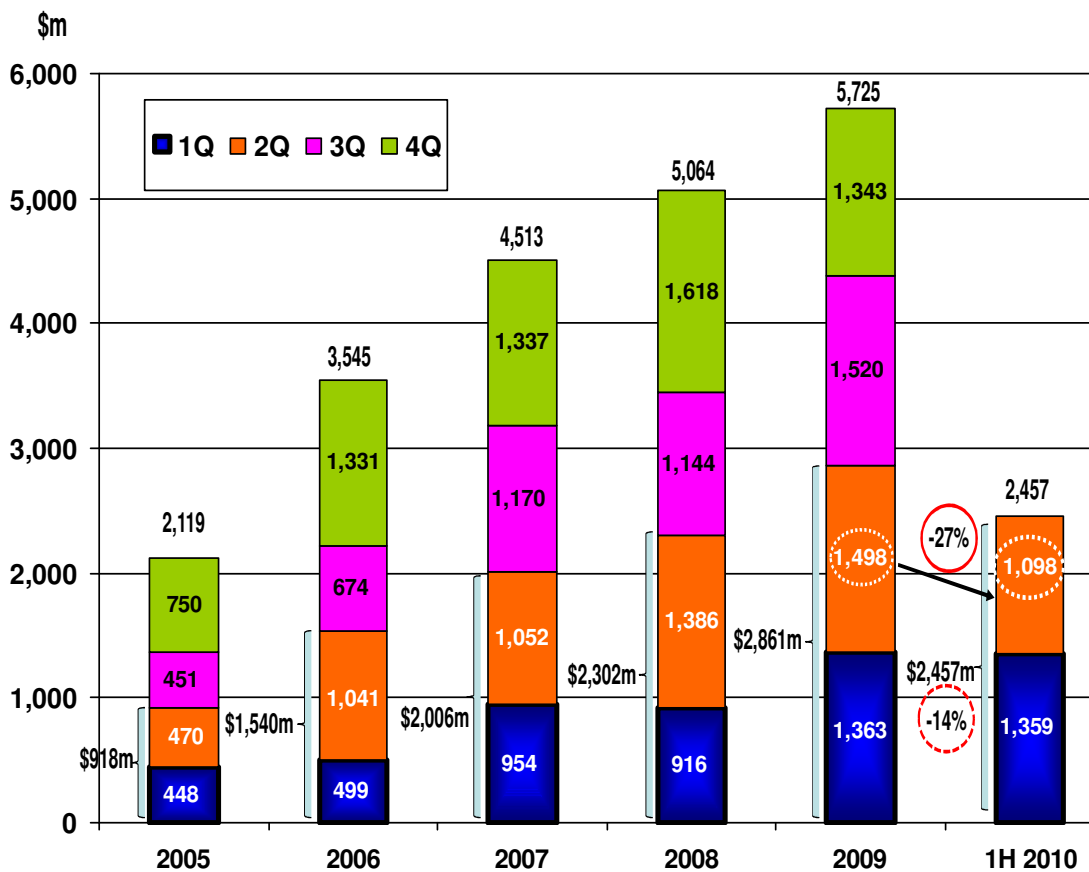
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APPENDIX

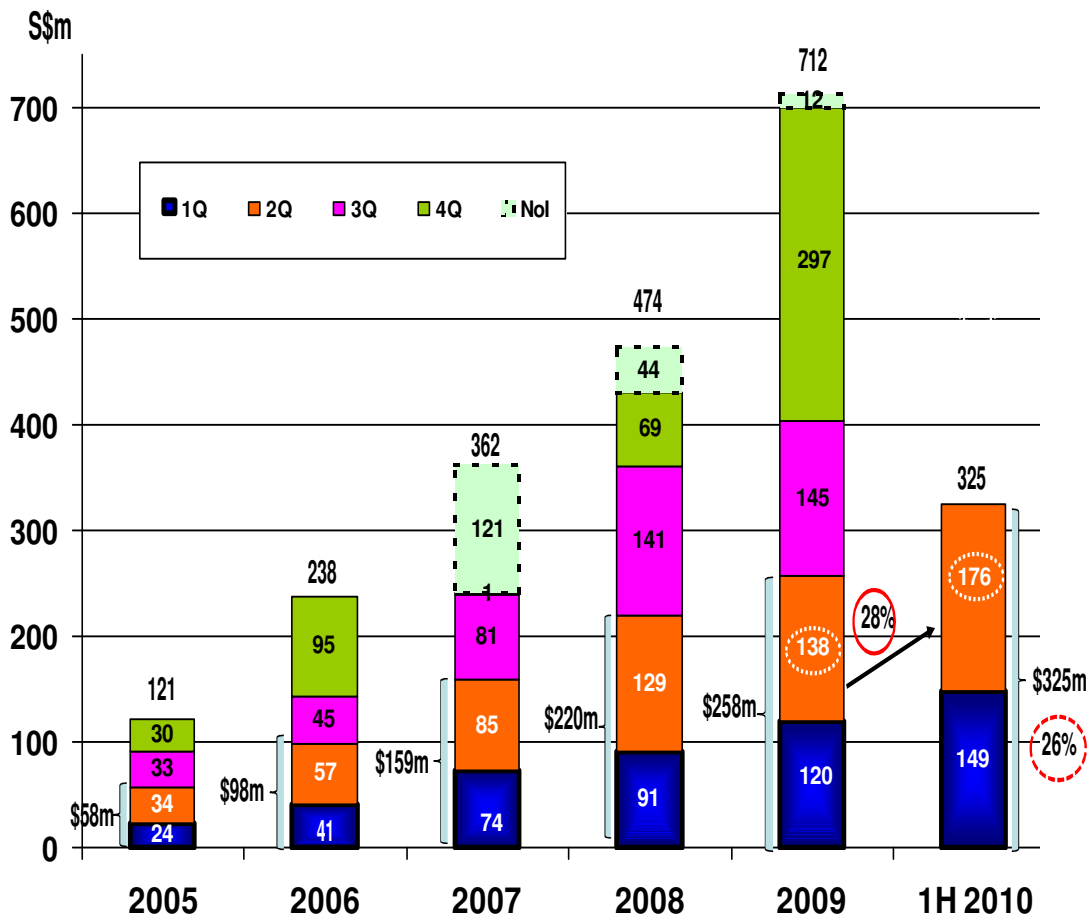
QUARTERLY TURNOVER (2005 to 1H 2010)

- Group turnover for 2Q 2010 declined 27% to \$1.1 billion mainly attributable to the Group achieving lower value of initial percentage of completion revenue recognition for rig building projects compared to 2Q 2009
- For the half year, Group turnover at \$2.5 billion was 14% lower as compared with \$2.9 billion registered in 1H 2009



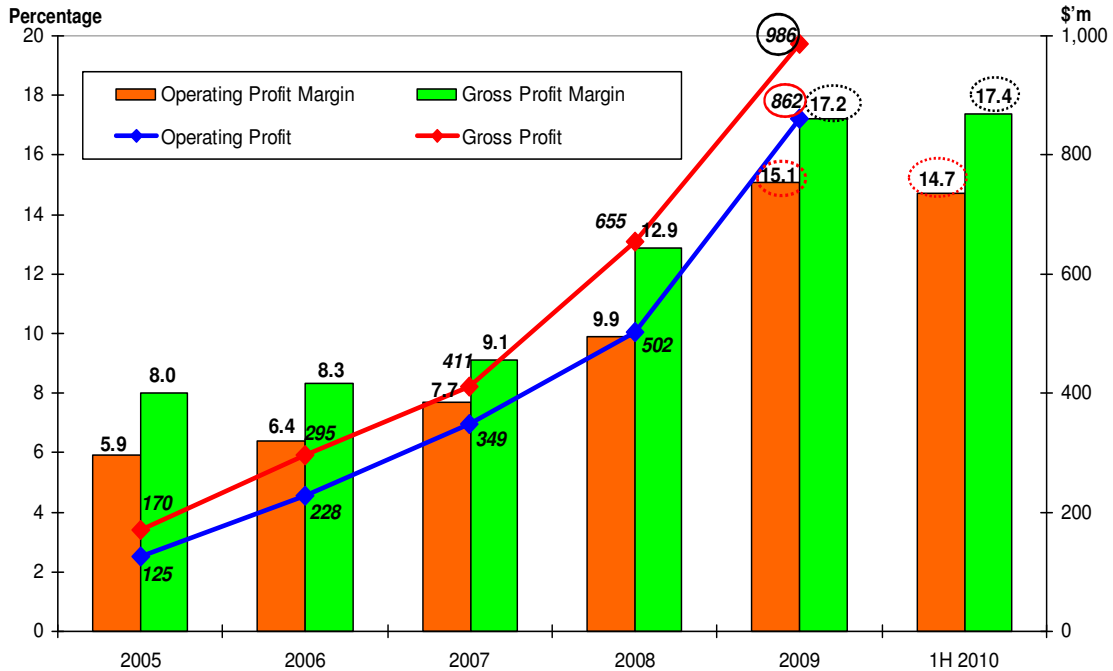
QUARTERLY NET PROFIT (2005 to 1H 2010)

- Net Profit grew by 28% to \$176.1 million in 2Q 2010 as compared with \$138.1 million in 2Q 2009
- On a half yearly basis, Net Profit at \$324.9 million was 26% higher than \$258.3 million achieved in 1H 2009



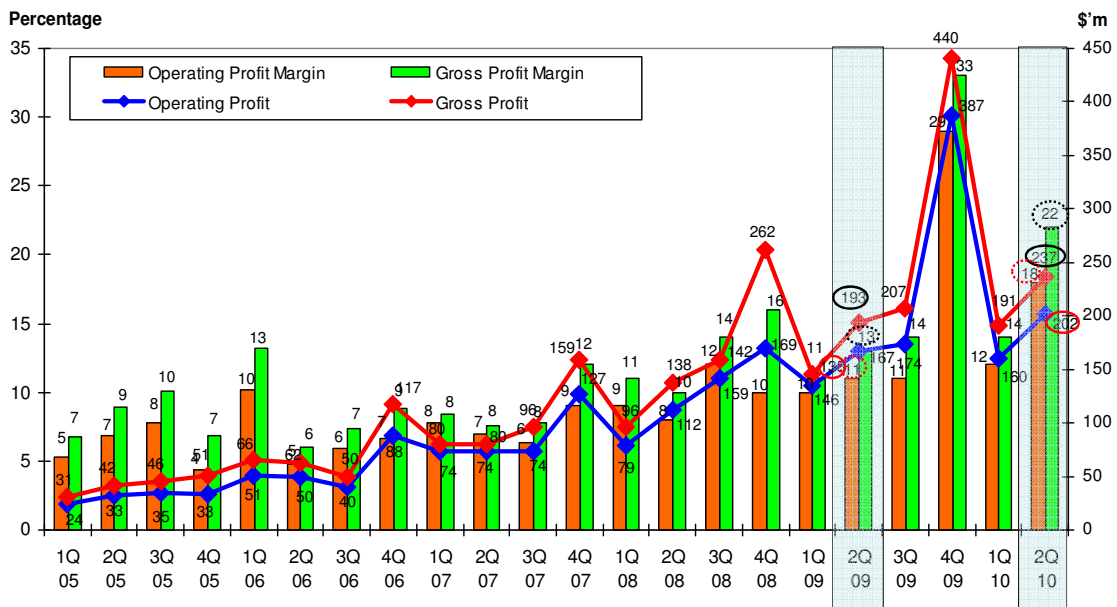
GROSS & OPERATING PROFIT MARGIN

- Operating profit margin as at 1H 2010 was 14.7% with gross profit margin at 17.4%, attributable to operational efficiencies and project execution ahead of schedule



QUARTERLY GROSS & OPERATING PROFIT MARGIN

- 2Q 2010 operating profit margin at 18% was higher than the 12% recorded in 1Q 2010
- Gross profit margin at 22% in 2Q 2010 was higher as compared with the 14% recorded in the previous quarter



PERFORMANCE OF ASSOCIATES & JVs (Profit before tax)

- Contributions from Associates and JVs improved 18% q-on-q due mainly to higher contribution from Cosco Shipyard Group. This was offset by lower contribution from Pacific Workboats due to the timing of fleet renewal programme
- On a half year basis, the contribution was 3% lower

Description	Year (\$'m)		% Δ	1H 2010	1H 2009	% Δ
	2Q 2010	2Q 2009				
Cosco Shipyard Group	12.4	10.2	21.5	24.0	23.5	2.3
Pacific Workboats	1.0	1.9	(48.6)	1.7	3.9	(55.4)
Others	0.9	-	n.m.	0.9	-	n.m.
Share of Associates & JVs Results	14.3	12.1	18.0	26.7	27.4	(2.6)

STRONG POSITIVE CASHFLOW

- Net cash position remains strong at \$2.4 billion

Description (\$'m)	Year		% change
	1H 2010	1H 2009	
Cashflow from operation before reinvestment in working capital	406.1	339.6	19.6
Net cash inflow from operating activities	635.6	183.4	246.6
Net cash outflow from investing activities	(17.4)	(48.9)	(64.4)
Net cash outflow from financing activities	(218.1)	(133.9)	62.9
Cash & cash equivalents	2,378.6	2,054.7	15.8
Net Cash (net of borrowings)	2,364.5	1,843.1	28.3
<i>Progress Billing > WIP</i>	653.5	1,182.6	(44.7)

CAPITAL, EVA, GEARING AND ROE

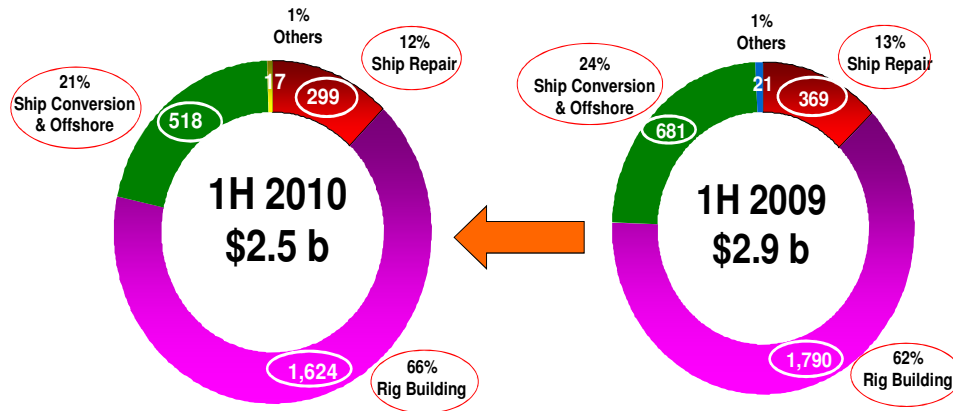
- ROE (annualised) at 33%
- Economic Value Added (EVA) at \$265.9 million
- The Group will continue to strive towards delivering credible performance and value creation to shareholders. We continue to maintain a strong balance sheet and to be in a net cash position

Year Description (\$'m)	1H 2010	FY 2009	% change
Shareholders' Funds	2,068.6	1,884.1	10
Net Cash	2,364.5	1,958.5	21
ROE – annualised (%)	32.9	43.7	(25)
Net Asset Value (cents)	99.7	91.3	9
RoTA – annualised (%)	13.8	15.1	(9)
Economic Value Added	265.9	208.2*	28

* 1H 2009

TURNOVER CONTRIBUTIONS BY SECTORS

By Value & Percentage Contributions

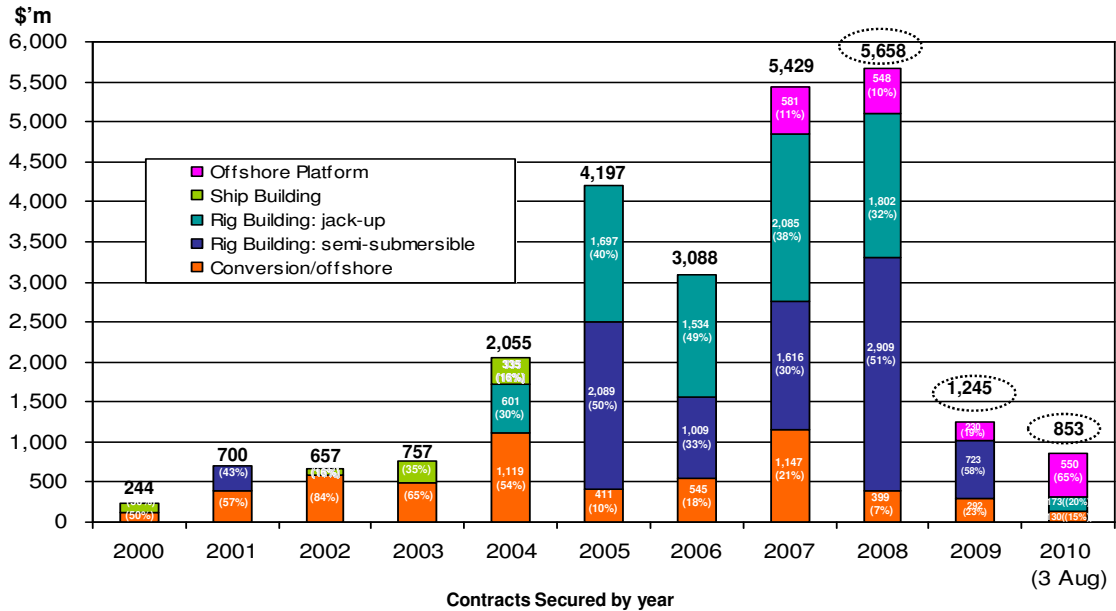


Turnover (S\$m)	2Q 2010	2Q 2009	% Change	1H 2010	1H 2009	% Change
■ Ship repair	155.4	173.0	(10.2)	299.1	368.9	(18.9)
■ Rig building	737.4	1,030.2	(28.4)	1,623.9	1,789.7	(9.3)
■ Ship Conversion/offshore	197.9	280.4	(29.4)	517.7	681.5	(24.0)
■ Others	7.2	14.0	(48.6)	16.6	21.0	(21.0)
TOTAL	1,097.9	1,497.6	(26.7)	2,457.3	2,861.1	(14.1)

- Total turnover for 1H 2010 at \$2.5 billion was 14% lower as compared with \$2.9 billion for the same period in 2009
- The rig building sector was the largest sector, constituting 66% to total turnover in 1H 2010 followed by Ship Conversion & Offshore sector at 21%, Ship Repair at 12% and Others at 1%
- Lower rig building turnover due to lower initial revenue recognition in 2Q 2010 as compared to 1 unit semi-submersible rig and 2 jack-up rigs in 2Q 2009
- Ship repair turnover declined due to timing in recognition of some major ship repair contracts. Alliance/FCC partners and regular customers continue to support the Group with steady base-load despite such challenging market conditions
- 2Q 2010 ship conversion and offshore turnover lower due to timing of initial percentage of completion in revenue recognition of offshore platform and production projects during the quarter

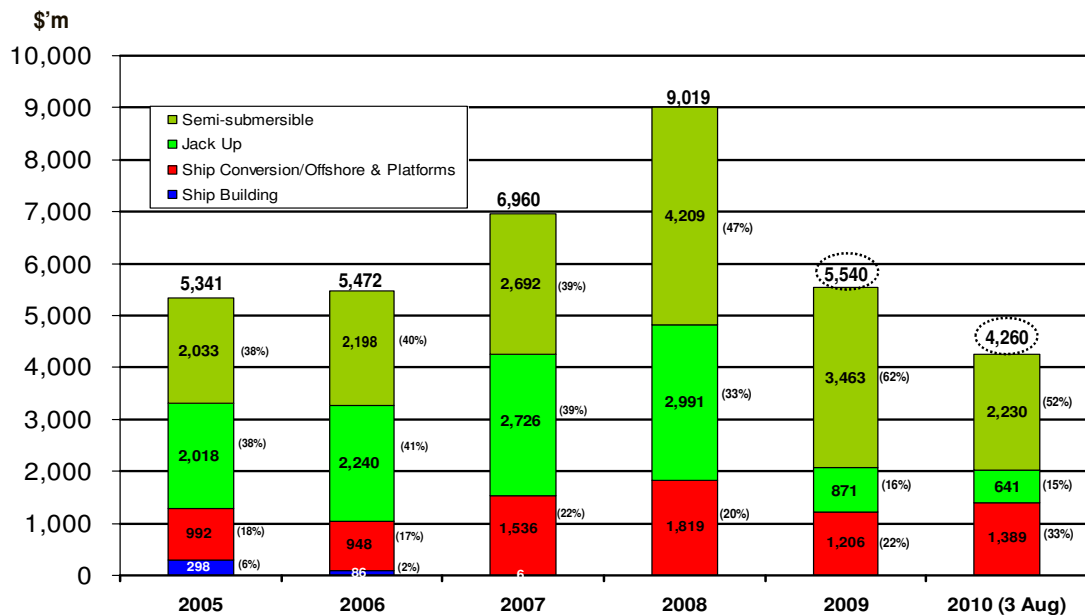
CONTRACTS SECURED BY YEAR (exclude ship repairs)

- Contracts secured to-date stand at S\$853 million
- Fundamentals driving future requirements for deepwater production equipment remain intact
- We will continue to build up our order book despite challenging environment



NET ORDER BOOK (exclude ship repairs)

- Net order book, including new contracts secured to-date remains at S\$4.3 billion with completion and deliveries stretching to December 2012



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.