



Company Registration Number: 196300098Z

PRESS RELEASE

ANOTHER YEAR OF RECORD NET PROFIT AT \$860 MILLION

Singapore, February 23, 2011: Sembcorp Marine achieved another year of record performance with net profit increased by 23% to a high of \$860 million in 2010. Earnings per share rose by 22% to 41.55 cents. Return on equity was 38.4%.

Group turnover at \$4,555 million was 20% lower as compared with \$5,725 million in 2009. The lower turnover was attributable mainly to lower progressive revenue recognition for the rig building, ship conversion and offshore projects as well as lower variation order settlement in 2010 versus 2009.

Group operating profit at \$943 million was 9% higher as compared with \$862 million in 2009. The higher operating profit was due to the resumption of margin recognition arising from the sale of the CJ70 harsh environment jack-up rig as well as the execution of repeat rig orders for customers during the year.

At pre-tax level, Group profit increased 19% to hit a record high of above \$1 billion mark for the first time at \$1,078 million from \$908 million in 2009. The increase was attributable to higher profit margin and the receipt of settlement of the disputed foreign exchange transactions with Societe Generale during the year.

Financial Highlights

Description (\$'m)	Year		% change	4Q	4Q	% change
	FY 2010	FY 2009		2010	2009	
Turnover	4,555	5,725	(20)	983	1,343	(27)
Gross Profit	1,129	986	15	368	440	(16)
EBITDA	1,026	938	9	319	409	(22)
Operating Profit	943	862	9	298	387	(23)
Pre-tax Profit	1,078	908	19	314	395	(21)
Net Profit	860	700	23	239	297	(20)
Net Profit, exclude Nol*	807	712	13	239	301	(21)
EPS, basic (cents)	41.55	34.02	22	11.54	14.41	(20)
NAV (cents)	125.1	91.3	37			

* Nol : non-operating items

4Q 2010 versus 4Q 2009

On a quarterly basis, Group net profit at \$239 million was 20% lower as compared with \$297 million for the corresponding period in 2009. The lower net profit was attributable mainly to lower turnover in 4Q 2010 and the resumption of margin recognition for a unit of BMC 375 jack-up rig and a heavy lift vessel in 4Q 2009.

Group turnover at \$983 million was 27% lower as compared with \$1,343 million registered in 2009. The lower turnover was due mainly to lesser number of rig building, ship conversion and offshore projects achieving initial percentage of completion revenue recognition in 4Q 2010.

Group operating profit at \$298 million was 23% lower as compared with \$387 million in 4Q 2009. The higher operating profit in 4Q 2009 was due to the resumption of margin recognition for projects upon securing new buyers during that quarter.

At pre-tax level, Group profit at \$314 million was 21% lower as compared with \$395 million for the corresponding period in 2009.

DIVIDEND

In view of the record performance in 2010 and to reward shareholders for their continued interest and unwavering support to the Group amid challenging operating environment in the past, the Board of Directors are pleased to recommend:

- i) A final ordinary one-tier tax-exempt cash dividend of 6.00 cents per share &
- ii) A special one-tier tax-exempt cash dividend of 25.00 cents per share

Total final one-tier tax-exempt cash dividend will be 31.00 cents per share for the financial year ended 31 December 2010.

Including the interim one-tier tax-exempt cash dividend of 5.00 cents per share paid on 31 August 2010, the total final dividend for FY 2010 will be 36.00 cents per share, an increase of 140% over the 15.00 cents per share in FY 2009.

The proposed final and special cash dividend, if approved at the Annual General Meeting to be held on 20 April 2011, will be paid on 11 May 2011.

Dividend per share (cents)

Year ended 31 December	2010	2009	% change
Interim (one-tier tax-exempt)	5.00	5.00	-
Final (one-tier tax-exempt)	6.00	6.00	-
Final Special (one-tier tax-exempt)	25.00	4.00	525
Total Dividend	36.00	15.00	140

OUTLOOK

The Group has a net order book of S\$4.8 billion with completion and deliveries stretching till second quarter of 2013. This includes S\$3.04 billion in contract orders secured in 2010 and S\$361 million worth of contracts secured since the start of 2011, excluding ship repair contracts.

Although global recovery has improved in past months, recent events in the Middle-East and North Africa may create uncertainties in the world economy which may have an impact on businesses.

For the oil and gas industry, the fundamentals remain intact with oil prices expected to sustain above US\$80 per barrel. Exploration and production (E&P) spending budgets continue to show positive development with oil companies reporting intention to increase E&P spending further in 2011.

Given the highly skewed ageing rig fleet and the bifurcation in the jack-up market with oil companies increasingly focused on new, safer and efficient rigs, demand for premium and high specification rigs is expected to remain strong. The Group has since the fourth quarter of 2010 secured eight firm orders of jack-up rigs amounting to S\$2.0 billion with options for another ten units.

While drilling activities in the Gulf of Mexico have slowed pending finalization of deepwater drilling regulations, deepwater drilling activities for the rest of the world are expected to increase. This optimism is reflected in the number of newbuild orders, in particular for drillships, by drilling contractors since the last quarter of 2010. Sembcorp Marine, with its proven track record in deepwater rigs, will be well-positioned to capture new orders and meet the industry's most stringent operating requirements.

Overall enquiries have improved though competition remains keen.

The ship repair market continues to improve with continued demand for bigger docks. The Group has secured several long-term contracts from its customers, in particular in the niche segments for the repair, upgrading and life extension of LNG carriers and passenger/cruise vessels. These long-term customers will continue to provide a stable base-load for the Group's ship repair sector.

For media and analysts enquiries, please contact:

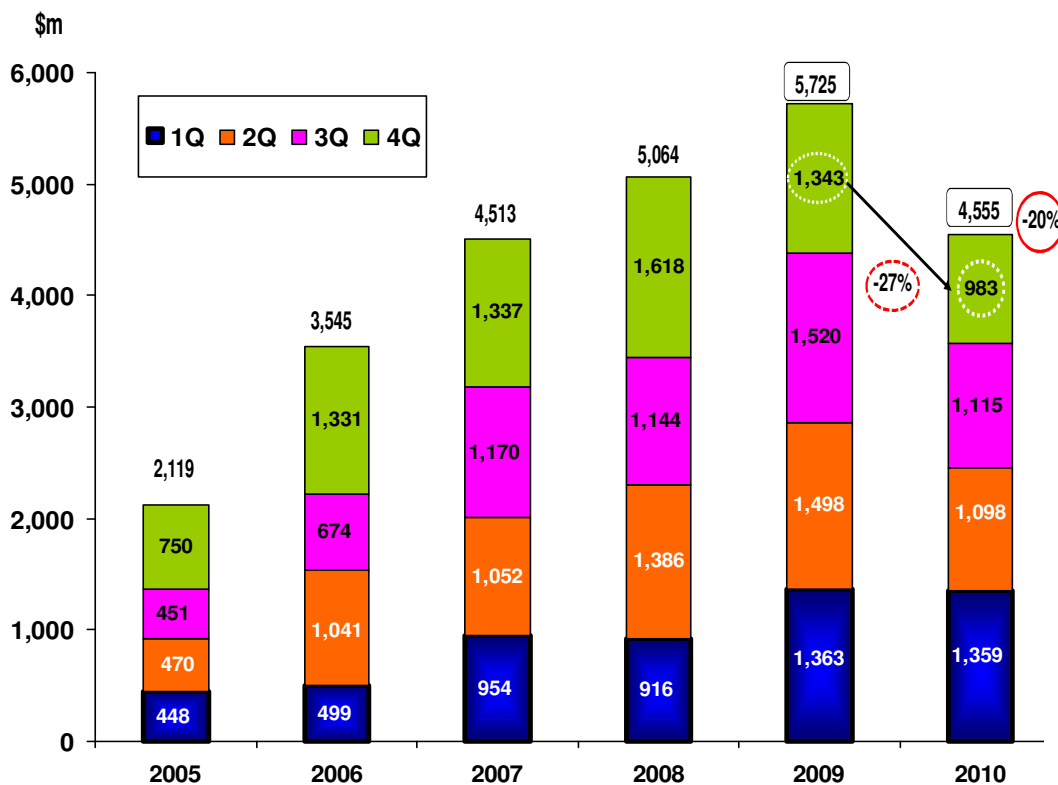
Ms Judy Han
Senior Vice President
Investor Relations & Communications
Tel : (65) 62627203
Fax : (65) 62610738
Email : judy@sembcorpmarine.com.sg
Website : www.sembcorpmarine.com.sg

APPENDIX

TURNOVER

- Group turnover for FY 2010 declined 20% from \$5.73 billion in FY 2009 to \$4.56 billion mainly attributable to lower progressive revenue recognition of the rig building, ship conversion and offshore projects as well as lower variation order settlement for offshore contracts in FY 2010
- On a q-on-q basis, Group turnover at \$983 million was 27% lower as compared with \$1.34 billion in 2009 due to lesser number of rig building as well as offshore and conversion projects achieving initial percentage of completion revenue recognition

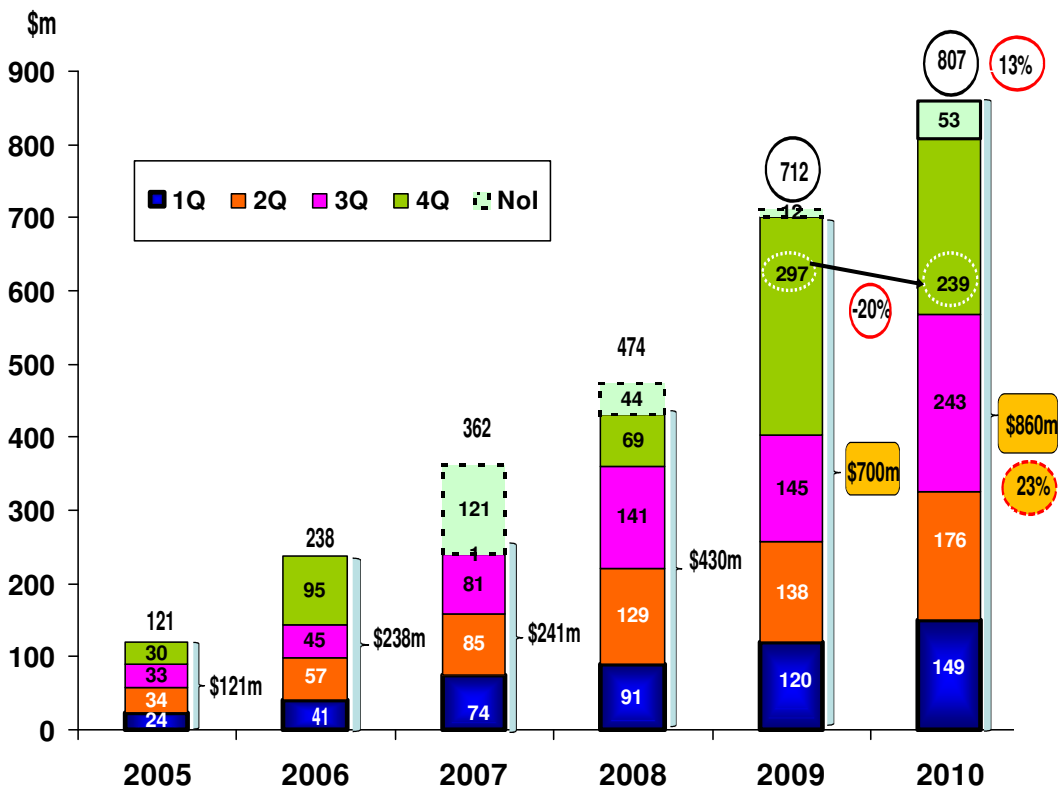
Group Turnover (2005 to 2010)



NET PROFIT

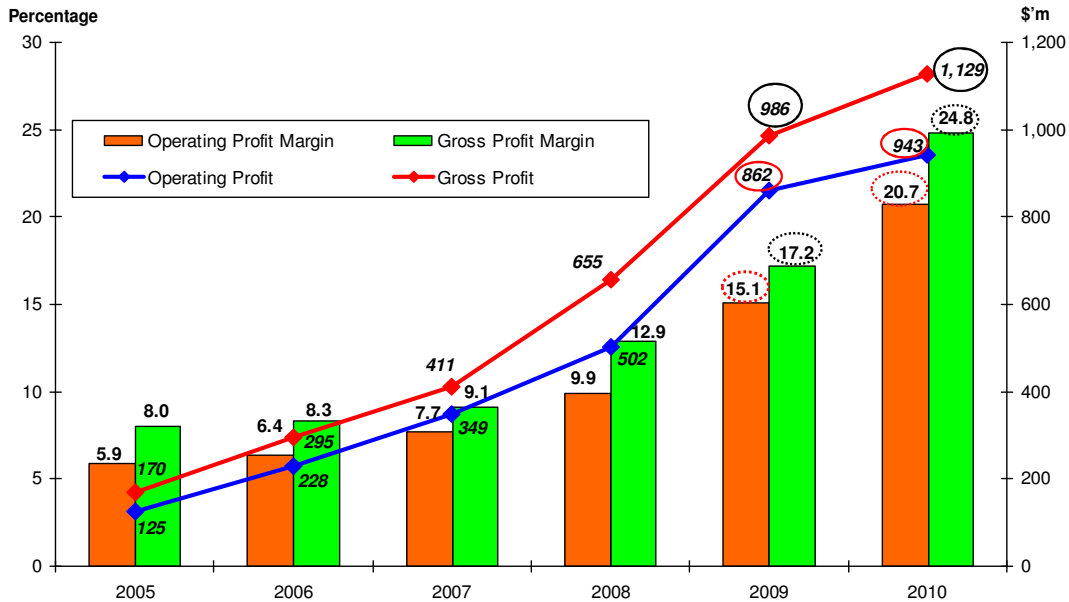
- Net profit at \$860 million in FY 2010 was at a record high, 23% higher than the \$700 million recorded in FY 2009
- Excluding the one-off credit of \$53 million to the consolidated income statement arising from the settlement of the disputed foreign exchange transactions with Societe Generale in 3Q 2010, net profit increased 13% to \$807 million in FY 2010
- On a quarterly basis, net profit at \$239 million in 4Q 2010 was 20% lower as compared with \$297 million achieved in 4Q 2009
- Excluding non-operating item, net profit at \$239 million was 21% lower as compared with \$301 million in 4Q 2009

Net Profit (2005 to 2010)



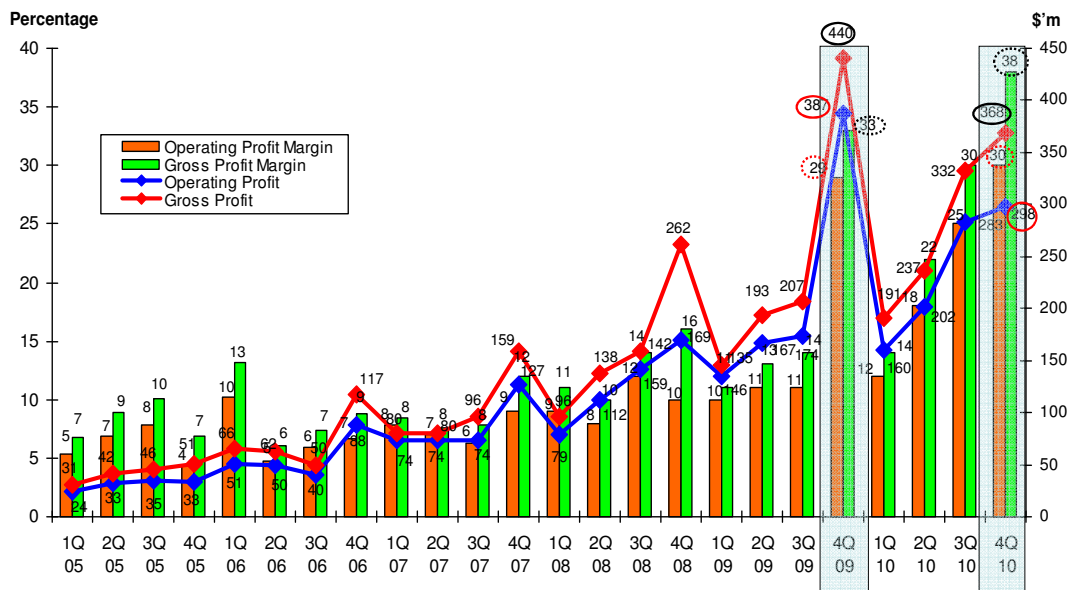
GROSS & OPERATING PROFIT MARGIN

- Operating profit margin increased from 15.1% in 2009 to 20.7% in 2010 with gross profit margin increasing from 17.2% to 24.8% for the corresponding period, attributable mainly to operational efficiencies and project execution ahead of schedule



QUARTERLY GROSS & OPERATING PROFIT MARGIN

- 4Q 2010 operating profit margin at 30% was higher than the 29% recorded for the corresponding period in 2009
- Gross profit margin at 38% in 4Q 2010 was higher than the 33% recorded in 4Q 2009



PERFORMANCE OF ASSOCIATES & JVs (Profit before tax)

- Contributions from Associates and JVs improved 127% year-on-year due mainly to higher contributions from Cosco Shipyard Group

Description (\$'m)	Year		% change	4Q		% change
	FY 2010	FY 2009		2010	2009	
Cosco Shipyard Group	51.8	17.1	203	16.0	(10.5)	n.m.
Pacific Workboats	4.2	7.9	(47)	1.6	0.7	129
Others	1.6	0.4	300	(1.4)	0.1	n.m.
Share of Associates & JV's Results	57.6	25.4	127	16.2	(9.7)	n.m.

n.m. : not meaningful

STRONG POSITIVE CASHFLOW

- Net cash position continues to remain strong at \$2.9 billion

Description (\$'m)	Year		% change
	FY 2010	FY 2009	
Cashflow from operation before reinvestment in working capital	1,044.5	960.5	9
Net cash provided by operating activities	1,304.9	427.5	205
Net cash used in investing activities	(72.3)	(60.6)	19
Net cash used in financing activities	(323.4)	(428.7)	(25)
Cash & cash equivalents	2,915.1	1,978.5	47
Net Cash (net of borrowings)	2,907.1	1,958.5	48
<i>Progress Billing > WIP</i>	645.7	696.0	(7)

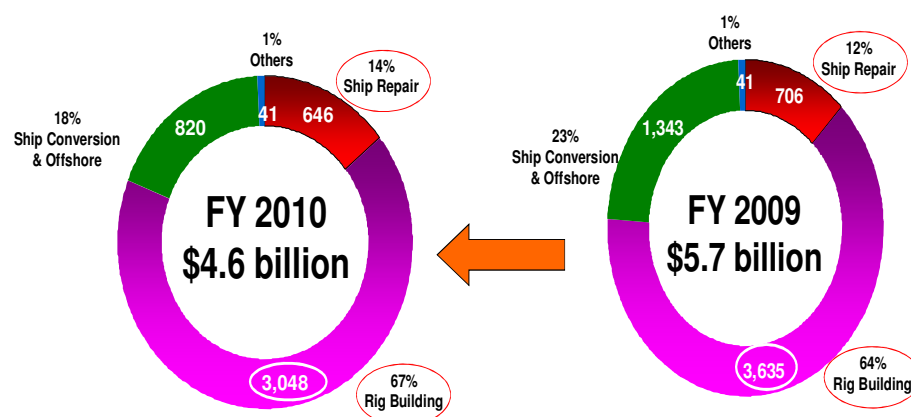
CAPITAL, EVA, GEARING AND ROE

- ROE at 38%
- Economic Value Added (EVA) at \$740 million was 12% higher as compared with FY 2009
- The Group will continue to strive towards delivering creditable performance and value creation to shareholders. We will continue to maintain a strong balance sheet

Year Description (\$'m)	FY 2010	FY 2009	% change
Shareholders' Funds	2,599.4	1,884.1	38
Net Cash	2,907.1	1,958.5	48
ROE (%)	38.4	43.7	(12)
Net Asset Value (cents)	125.1	91.3	37
RoTA (%)	17.3	15.1	15
Economic Value Added	740.3	662.0	12

TURNOVER CONTRIBUTIONS BY SECTORS

By Value & Percentage Contributions



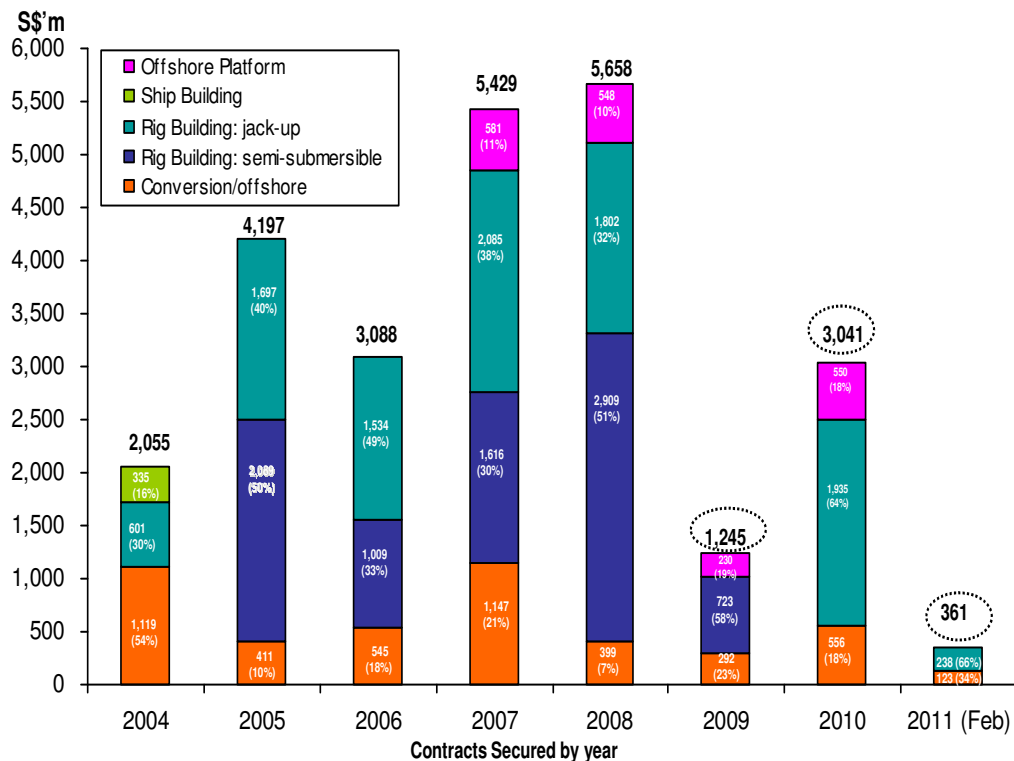
Turnover (\$\$'m)	FY 2010	FY 2009	% Change	4Q 2010	4Q 2009	% Change
Ship repair	646.1	705.9	(8.5)	158.0	160.5	(1.6)
Rig building	3,047.8	3,634.7	(16.1)	655.7	934.3	(29.8)
Ship Conversion/offshore	820.4	1,343.3	(38.9)	151.9	235.3	(35.4)
Others	40.6	40.8	(0.5)	17.3	13.1	32.1
TOTAL	4,554.9	5,724.7	(20.4)	982.9	1,343.2	(26.8)

- Total turnover for FY 2010 at \$4,555 million was 20% lower as compared with \$5,725 million in 2009
- The rig building sector was the largest sector, constituting 67% to total turnover in 2010 followed by ship conversion & offshore sector at 18%, ship repair at 14% and others at 1%
- The lower turnover was attributable to rig building, ship conversion and offshore projects achieving lower percentage of completion revenue recognition. Also, there were lower variation order settlement in 2010 versus 2009
- FY 2010 ship repair turnover also declined by 9% 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

CONTRACTS SECURED BY YEAR (excluding ship repairs)

- Contracts secured for FY 2010 stood at \$3.04 billion
- Contracts secured in 2011 to-date stands at \$361 million, excluding ship repair & upgrades
- A total of 8 firm orders in jack-up rigs with a total value of S\$2,173 million were secured in 2010 and 2011 to-date, excluding options for an additional 10 jack-up rigs
- Ship conversion and offshore projects secured in 2010 and 2011 to-date amounted to S\$679 million with offshore platform at \$550 million
- Market fundamentals remain strong. The Group expects to build up its order flow for FY 2011

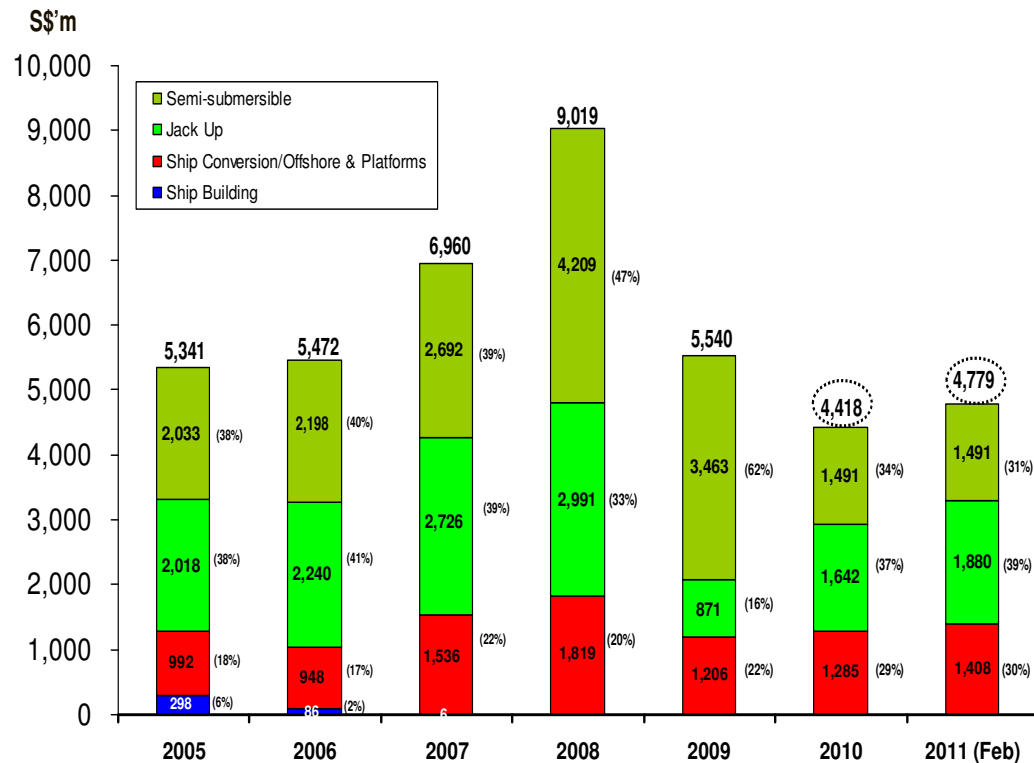
Contracts Secured By Year (2004 to 23 February 2011)



NET ORDER BOOK (excluding ship repairs)

- Net order book, including new contracts secured to-date, stands at S\$4.8 billion with completion and deliveries till mid-2013
- Going forward, the Group expects to grow its net order book

Net Order Book By Year (2005 to 23 February 2011)



Disclaimer

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.