



Company Registration Number: 196300098Z

PRESS RELEASE

SEMBCORP MARINE PERFORMS WELL AMID CHALLENGING OPERATING ENVIRONMENT IN 2013

- **4Q 2013 Net Profit increased 9% to \$182 million**
- **FY 2013 Net Profit increased 3% to \$556 million**
- **Total FY 2013 Dividend of 13 cents per share**

Singapore, February 24, 2014: Sembcorp Marine recorded a full year net profit of \$556 million amid a challenging operating environment in 2013. Earnings per share for the Group were 26.6 cents while Return on Equity was 22%.

Group net profit at \$556 million in 2013 was 3% higher as compared with \$538 million a year ago. On a quarterly basis, 4Q 2013 net profit at \$182 million was 9% higher as compared with \$167 million in 2012. Excluding the non-operating items, the Group's net profit at \$553 million in 2013 was 11% higher as compared with \$500 million in 2012 while net profit in 4Q 2013 at \$182 million was 45% higher than the \$126 million recorded for the corresponding quarter last year.

Group operating profit in 2013 increased 16% to \$644 million from \$554 million in 2012. On a quarter to quarter basis, operating profit in 4Q 2013 at \$188 million was 27% higher as compared with \$148 million in 4Q 2012.

Group turnover for 2013 was \$5,526 million representing a 25% increase as compared with \$4,430 million in 2012. Overall, the higher turnover was attributable mainly to higher revenue recognition with more rig building projects achieving initial progressive recognition in 4Q 2013 resulting in a 23% increase in turnover from \$1,378 million in 4Q 2012 to \$1,693 million in 4Q 2013.

For the rig building sector, 4Q 2013 turnover at \$1,197 million was 38% higher as compared with \$870 million for the same period in 2012. The increase was attributable to the initial recognition of the second unit of the Group's repeat drillship design, one accommodation semisubmersible rig and two jack-up rigs. On a FY 2013 basis, turnover increased 51% to \$3,564 million as compared with \$2,356 million in 2012. A total of eight jack-up rigs comprising of diverse designs were

delivered during the year. These deliveries include four jack-ups from the Group's proprietary Pacific Class 400 design series, two Friede & Goldman JU3000N design rigs and two remaining units based on the Friede & Goldman JU2000E design.

The ship conversion and offshore sector registered a 5% decline in turnover from \$330 million in 4Q 2012 to \$314 million in 4Q 2013 attributable to the timing of projects that achieved progressive revenue recognition during the period. For FY 2013, it was 14% lower from \$1,395 million in 2012 to \$1,204 million. The decline was due to the timing of projects coupled with lesser number of projects that achieved progressive revenue recognition during the year.

Turnover from the ship repair sector in 4Q 2013 was \$163 million as compared with \$167 million for the same period in 2012 due mainly to the timing in recognition of the repair and upgrade projects. For FY 2013, it was \$681 million, a 6% increase as compared with \$642 million in 2012.

DIVIDEND

The Board of Directors are pleased to recommend a total final one-tier tax-exempt cash dividend of 8 cents per share for the financial year ended 31 December 2013 comprising:

- i) A final ordinary one-tier tax-exempt cash dividend of 6 cents per share &
- ii) A final special one-tier tax-exempt cash dividend of 2 cents per share

Including the interim one-tier tax-exempt cash dividend of 5 cents per share paid on 29 August 2013, the total dividend will be 13 cents per share, which translates to a payout ratio of 49% for 2013.

The proposed final and special cash dividend, if approved at the Annual General Meeting to be held on 22 April 2014, will be paid on 14 May 2014.

OUTLOOK

The Group has a net order book of \$12.3 billion with completion and deliveries stretching into 2019. This includes \$4.2 billion in contract orders secured in 2013, excluding repair and upgrade contracts.

The global economy remains fragile and uncertain. Amid the volatile economic conditions and a competitive landscape, the Group remains focused on its core business. Moving ahead and in anticipation of the tight labour supply situation, the Group will further improve operational efficiency, productivity and safety management as well as ensure timely delivery of projects to its customers, although margin remains challenging.

Demand remains strong for Sembcorp Marine's big docks, including the four VLCC drydocks that commenced operations at the Group's new 73.3-hectare Sembmarine

Integrated Yard @ Tuas Phase I facility in August 2013. The new yard will position Sembcorp Marine for long-term sustainable growth with its innovative design, advanced automation and optimised facilities. It will enable the Group to utilise its workforce and resources more effectively to achieve higher productivity and faster turnaround. Geared to meet the stringent safety and quality requirements of vessels and to comply with new regulatory and environmental standards, the integrated yard is well-equipped to provide innovative solutions to serve the growing needs of customers.

Progress of Brazilian yard construction : Estaleiro Jurong Aracruz

Construction on Estaleiro Jurong Aracruz, Sembcorp Marine's wholly-owned shipyard in Brazil, continues to progress well and the yard remains on track to commence initial operations in the second half of 2014.

For media and analysts enquiries, please contact:

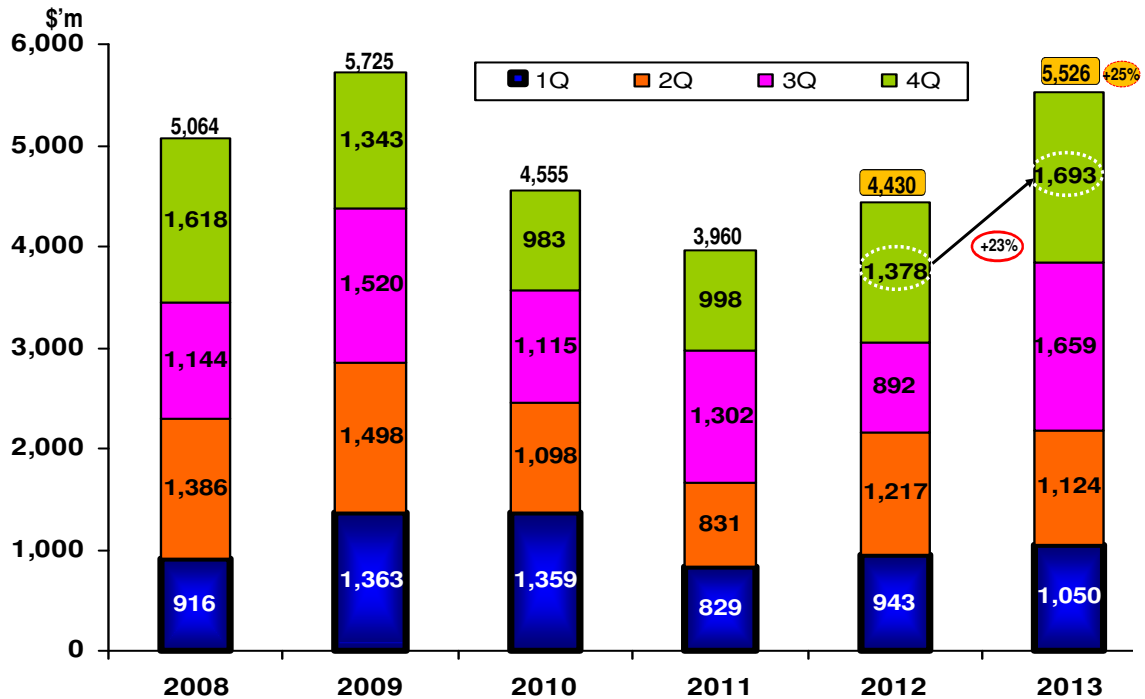
Ms Judy Han
Senior Vice President
Investor Relations & Communications
Tel : (65) 62627203
Email : judy.han@sembmarine.com

Ms Serene Lam
Assistant Manager
Investor Relations & Communications
Tel : (65) 6262 7065
Email: serene.lam@sembmarine.com

Website : www.sembmarine.com

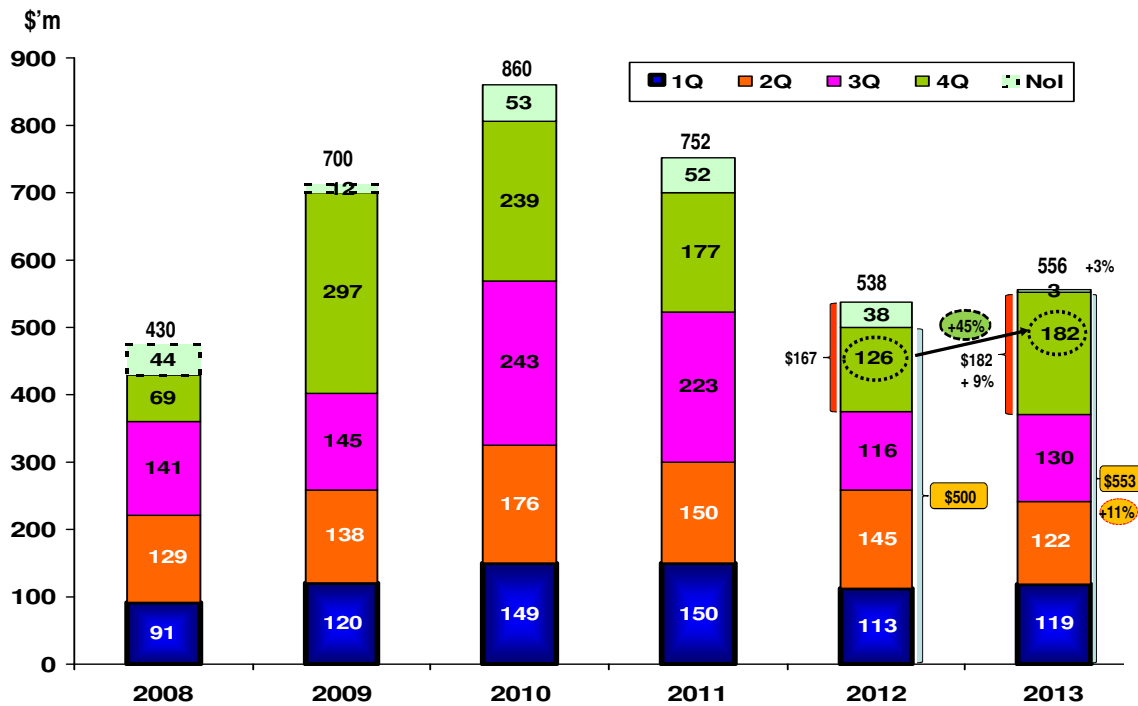
APPENDIX

TURNOVER



- Group turnover for 2013 increased 25% from \$4,430 million in 2012 to \$5,526 million attributable mainly to increased contributions from the rig building sector with more rig building projects achieving initial recognition during the year
- On a q-on-q basis, Group turnover at \$1,693 million was 23% higher as compared with \$1,378 million in 2012 due to more rig building projects achieving initial progressive recognition

NET PROFIT



- FY 2013 net profit at \$556 million was 3% higher as compared with \$538 million recorded in FY 2012
- Excluding the non-operating items, net profit at \$553 million was 11% higher as compared with \$500 million achieved a year ago
- On a quarterly basis, 4Q 2013 net profit at \$182 million was 9% higher as compared with \$167 million in 2012
- Excluding the non-operating items, 4Q 2013 net profit at \$182 million was 45% higher as compared with \$126 million in 2012

PERFORMANCE OF ASSOCIATES & JVs (Profit before tax)

Description (\$'m)	Year		% Change	Year		% Change
	4Q 2013	4Q 2012		FY 2013	FY 2012	
Cosco Shipyard Group	1.9	9.7	(80)	17.0	42.2	(60)
Pacific Workboats	(0.3)	3.4	(109)	5.8	10.8	(46)
Sembmarine Kakinada	(1.5)	0.3	n.m.	(6.1)	(0.5)	n.m.
Others	-	1.1	n.m.	(1.1)	3.8	n.m.
Share of Associates & JVs Results	0.1	14.5	(99)	15.6	56.3	(72)

- Contributions from Associates and JVs declined 99% q-on-q
- On a full year basis, the decline was 72%

POSITIVE CASHFLOW

Description (\$'m)	Year		% change
	FY 2013	FY 2012	
Cashflow from operation before working capital changes	748.6	670.7	12
Net cash inflow from operating activities	937.2	207.5	n.m.
Net cash outflow from investing activities	(797.7)	(526.7)	51
Net cash inflow/(outflow) from financing activities	135.3	(231.9)	(158)
Cash & cash equivalents	1,694.9	1,408.9	20
Net Cash (net of borrowings)	928.8	1,075.9	(14)
<i>Progress Billing > WIP</i>	<i>1,440.8</i>	<i>884.0</i>	<i>63</i>

- Net cash position continues to remain healthy at \$929 million

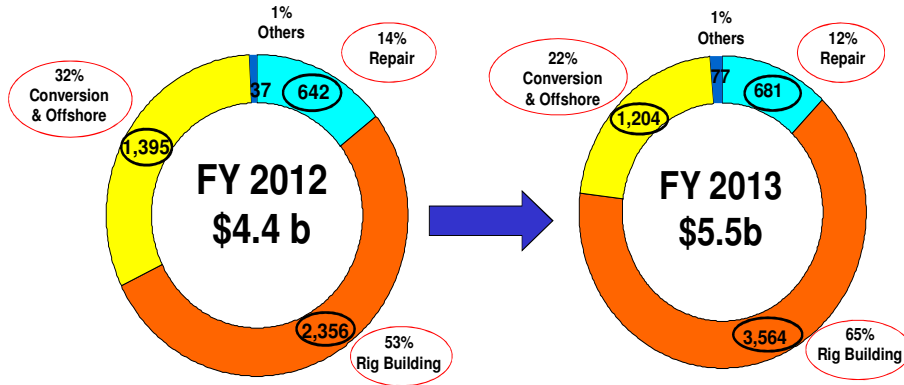
CAPITAL, EVA, GEARING AND ROE

Year			
Description (\$'m)	FY 2013	FY 2012	% change
Shareholders' Funds	2,677.0	2,438.5	10
Net Cash	928.8	1,075.9	(14)
ROE (%)	21.7	22.2	(2)
Net Asset Value (cents)	128.2	116.8	10
RoTA	9.1	10.5	(13)
Economic Value Added	405.7	383.6	6

- ROE at 22%
- Economic Value Added (EVA) at \$406 million
- The Group will continue to strive towards delivering credible performance and value creation to shareholders
- We will continue to maintain a strong balance sheet

TURNOVER CONTRIBUTIONS BY SECTORS

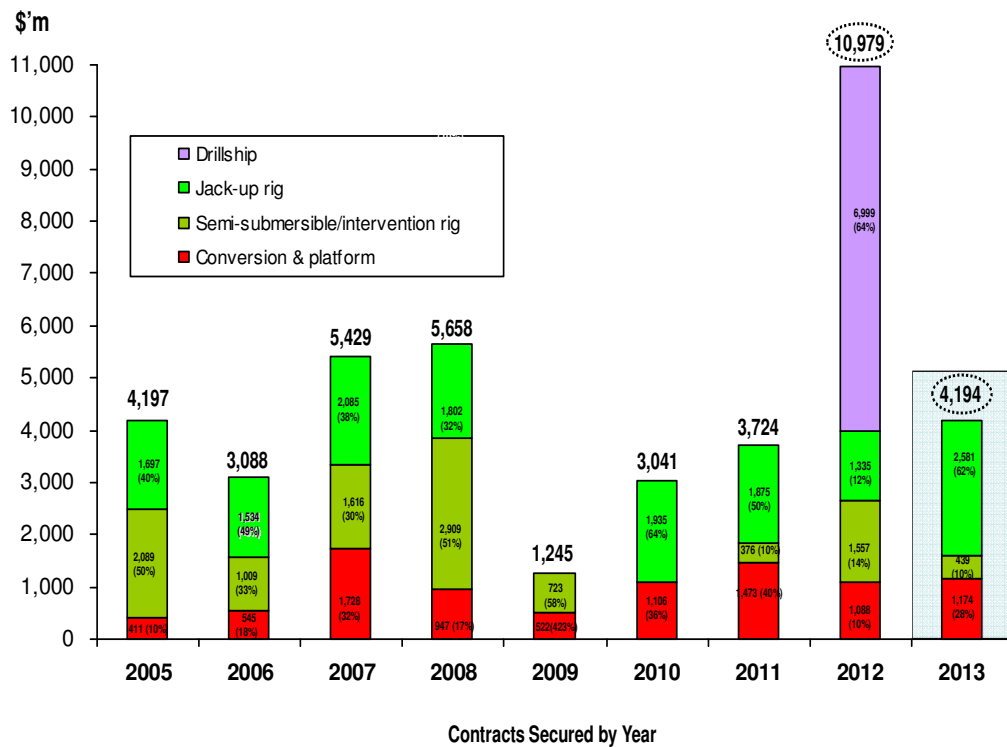
By Value & Percentage Contributions



Turnover (\$'m)	4Q 2013	4Q 2012	% Change	FY 2013	FY 2012	% Change
Repair	163	167	(3)	681	642	6
Rig building	1,197	870	38	3,564	2,356	51
Conversion & offshore	314	330	(5)	1,204	1,395	(14)
Others	19	11	78	77	37	108
TOTAL	1,693	1,378	23	5,526	4,430	25

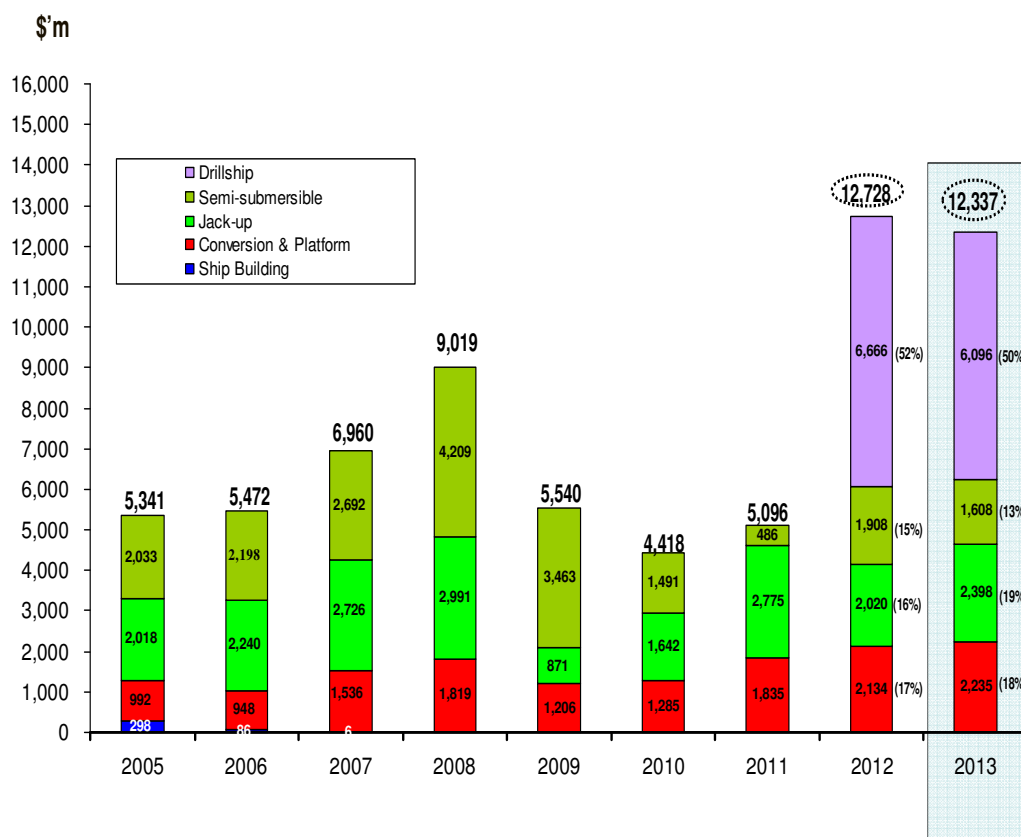
- Total turnover for 2013 at \$5,526 million was 25% higher as compared with \$4,430 million in 2012
- The rig building sector was the largest contributor, constituting 65% of total turnover in 2013, followed by ship conversion & offshore sector at 22%, repair and upgrading at 12% and others at 1%
- The higher turnover in 2013 as compared with 2012 was attributable to more rig building projects comprising a combination of jack-up, semi-submersible, accommodation rigs and drillships in the rig building sector achieving progressive revenue recognition
- On a quarterly basis, the fourth quarter of 2013 saw the initial recognition of the second drillship. This together with the second unit of accommodation semi-submersible rig and two jack-ups contributed to the higher turnover in 4Q 2013
- The ship conversion and offshore sector saw contributions lowered by 14% from \$1,395 million in 2012 to \$1,204 million in 2013
- FY 2013 repair & upgrade sector turnover saw an increase at 6% to \$681 million as compared with \$642 million in 2012. The Group's Sembmarine Integrated Yard @ Tuas commenced operations in August 2013

CONTRACTS SECURED BY YEAR (excluding repair & upgrade)



- Contracts secured for 2013 stood at \$4.2 billion
- A total of 7 jack-up rigs of the Group's proprietary Pacific Class 400 design worth a total value of US\$1.5 billion were secured during the year
- The Group also secured a well intervention rig and a harsh-environment jack-up rig worth a combined value of US\$942 million
- S\$1.2 billion worth of contracts were secured from the ship conversion & offshore platform sector

NET ORDER BOOK (excluding repair & upgrade)



- Net order book (excluding repair and upgrades) as at 31 December 2013 stood at \$12.3 billion with completion and deliveries till 2019
- The Group expects to grow its order book

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.