Company Registration Number: 196300098Z

PRESS RELEASE

1H 2014 NET PROFIT INCREASED 4 % TO $254 MILLION

Singapore, August 4, 2014: Sembcorp Marine achieved a 4% year-on-year increase in net profit from $244 million to $254 million for the six months ended 30 June 2014, amid still challenging market conditions.

Group turnover for the first half of 2014 grew 23% year-on-year to $2.68 billion, which compares with $2.17 billion for the corresponding period in 2013. The higher revenue came mainly from increased contribution from the Group's rig building activities and from offshore platform projects.

In 1H 2014, Group EBITDA (earnings before interest, tax and depreciation) increased by 6% year-on-year to $359 million, while operating profit grew 5% to $303 million, from $290 million in the previous corresponding period. This was despite a decline in other operating income to $16.6 million.

At the pre-tax level, Group profit of $321 million was 5% higher than the $305 million achieved in the first half of last year. Associate and joint venture income increased 55% to $17.5 million.

Turnover for the Rig building sector increased 36% year-on-year from $1,226 million to $1,670 million. The Group delivered six jack-up rigs in the first half, with another eight in the work in progress stage.

The Fixed platform segment registered a 30% increase in revenue from $413 million to $535 million in 1H 2014, with two major project deliveries in 2Q 2014.

Offshore and conversion revenue declined 40% from $206 million in 1H 2013 to $123 million in 1H2014, with just one project delivery during the period.

Ship repair revenue was 2% lower at $307 million in 1H 2014 compared with $314 million in the corresponding period in 2013 due to timing in recognition of repair projects.

Key highlights:

- Group revenue increased 23% year-on-year to $2.7 billion in 1H 2014.
- Group remained in net cash position of $0.9 billion.
- Return on equity (ROE annualised) at creditable 19%.
- The Group secured $2.5 billion in new contracts in 1H 2014, bringing net order book to $12.7 billion as at 4 August 2014.

Financial Highlights

Period (S$'m)	2Q 2014	2Q 2013	% change	1H 2014	1H 2013	% change
Turnover	**1,341**	1,124	19	**2,676**	2,174	23
Gross Profit	**194**	143	36	**364**	299	22
EBITDA	**182**	171	6	**359**	338	6
Operating Profit	**154**	146	6	**303**	290	5
Pretax Profit	**165**	156	6	**321**	305	5
Net Profit	**132**	125	5	**254**	244	4
EPS (basic) (cts)	**6.30**	5.98	5	**12.17**	11.67	4
NAV (cts)				**132.3**	118.2	12

2Q 2014 VERSUS 2Q 2013

On a quarterly basis, Group turnover for 2Q 2014 at $1,341 million was 19% higher as compared with $1,124 million for the same period in 2013.

Group gross profit of $194 million was 36% higher on year-on-year basis while operating profit was 6% higher at $154 million, mainly due to foreign exchange differences and lower gain on disposal of property, plant and equipment.

Group pre-tax profit was 6% higher at $165 million helped by higher associate and joint venture contributions.

Net profit in 2Q 2014 grew 5% year-on-year to $132 million compared with $125 million in 2Q 2013, largely due to higher profit contribution from the Group’s rig building and fixed platform segments.

INTERIM DIVIDEND

The Board of Directors of Sembcorp Marine is recommending the payment of a one-tier tax-exempt dividend of 5.00 cents per share, the same amount as paid in 1H 2013.

The one-tier tax-exempt interim dividend will be paid on 29 August 2014.

OUTLOOK

The Group has a net order book of $12.7 billion with completion and deliveries stretching into 2019. This includes a total of $2.5 billion in new rig and offshore conversion contracts secured since the start of 2014, but excludes repair and upgrade contracts.

Long term fundamentals driving the offshore exploration and production (E&P) market remain stable. However, slow down in capital expenditure may impact new orders and keen competition continues to exert pressure on margins. The strong underlying trend toward high specification, harsh environment jack-up drilling units and deepwater and ultra-deepwater floaters is expected to drive offshore capex spend, and the Group is well positioned to benefit given its broad product offering and strong execution track record. The pipeline for new projects is encouraging, based on robust enquiry levels.

Overall, our repair business continues to see increase in market share. However, despite the larger number of vessels, the average revenue per ship remained low in view of market conditions.

The Group's four new dry docks at Sembmarine Integrated Yard @ Tuas (SIY@Tuas) continue to see full utilisation for vessels undergoing repair, upgrades & conversion or building. With its broad range of capabilities and leading edge technology, the SIY@Tuas yard will position the Group for long term sustainable growth. The yard has attracted and continues to attract alliance and new customers as services continue to be ramped up.

Construction of Estaleiro Jurong Aracruz, Sembcorp Marine's wholly owned shipyard in Brazil, is on track to commence initial operations in 2H 2014, and is scheduled for completion in 2015.

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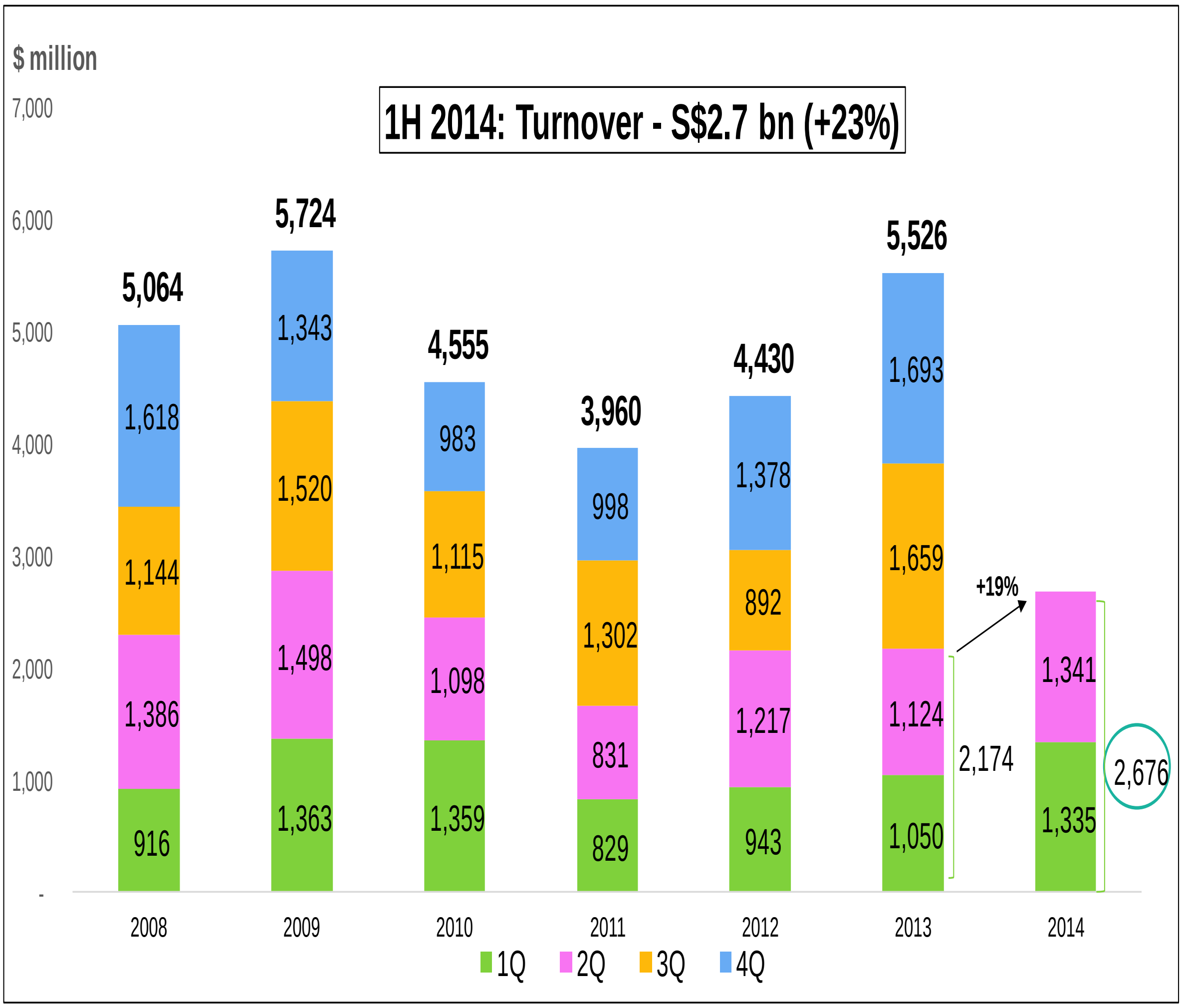
Appendix

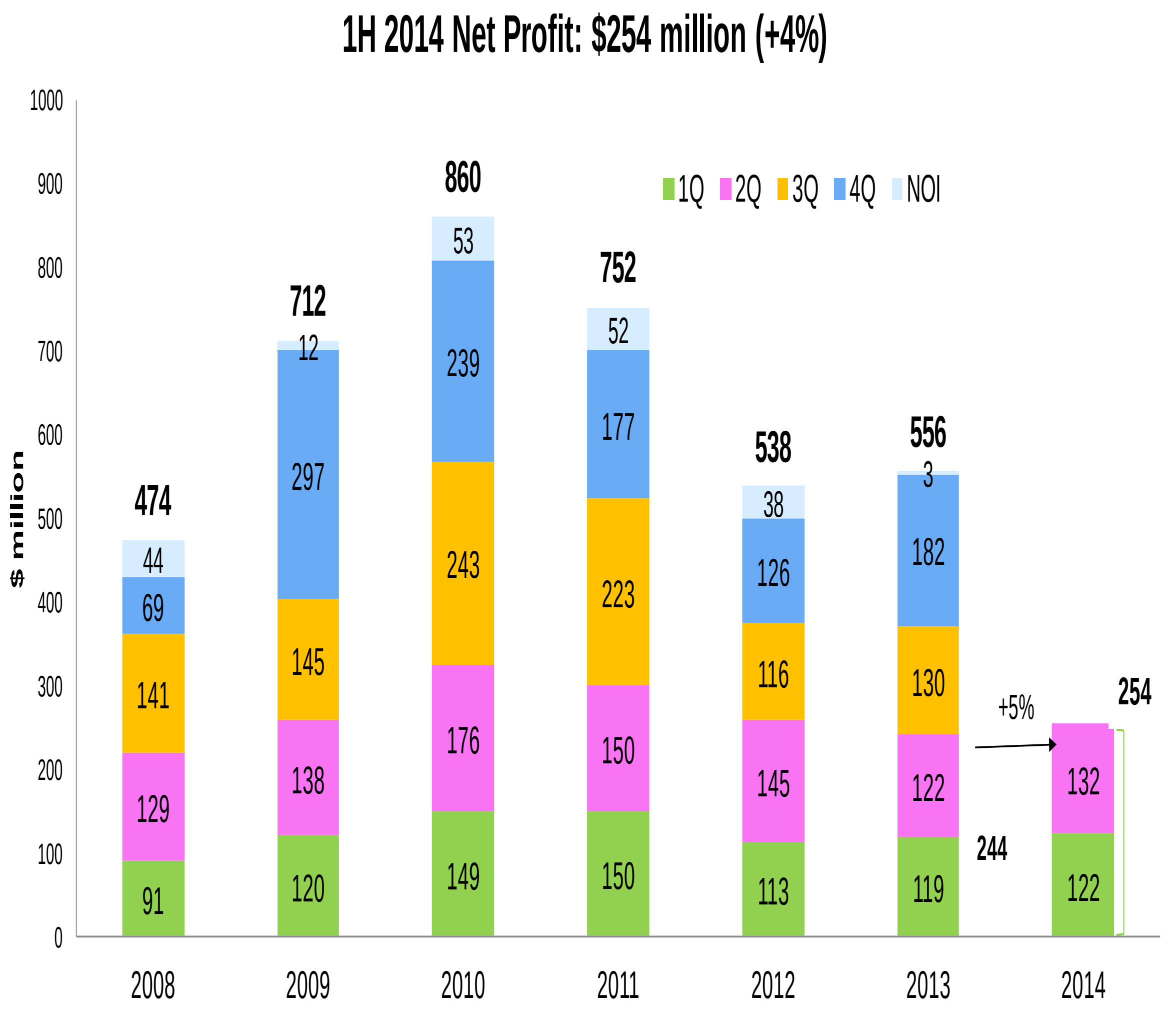
QUARTERLY TURNOVER (2008 TO 1H 2014)



- Group turnover increased 23% from $2,174 million in 1H 2013 to $2,676 million in 1H 2014.

- The higher turnover was attributable to higher rig building and offshore platform activities in 1H 2014 as compared with the corresponding period in 2013.

QUARTERLY NET PROFIT (2008 TO 1H 2014)



- Net profit grew 4% from $244 million in 1H 2013 to $254 million for the corresponding period in 2014.

- For 2Q 2014, net profit increased 5% from $125 million to $132 million.

PERFORMANCE OF ASSOCIATES & JVs (Profit before tax)

Group (S$ million)	1H 2014	1H 2013	% change
Cosco Shipyard Group	17	8	112
Pacific Workboats	2	4	-50
Sembmarine Kakinada	(2)	-	n.m.
Others	-	(1)	n.m.
Share of Associates & JV results	17	11	55

Note: n.m. : not meaningful

- Contributions from Cosco Shipyard Group grew 112% to $17 million.
- Contributions from Associates and JVs grew 55% to $17 million due mainly to higher contribution from Cosco Shipyard Group Co.

POSITIVE CASHFLOW

Group (S$ million)	1H 2014	1H 2013	% change
Cashflow from operations before working capital changes	365	336	9
Net cash inflow from operating activities	465	595	-22
Net cash outflow from investing activities	(312)	(255)	22
Net cash inflow/(outflow) from financing activities	(19)	58	n.m.
Cash & cash equivalents	1,821	1,811	1
Net Cash (net of borrowings)	883	1,227	-28
Progress Billing > WIP	1,569	1,271	23

- Net cash position continues to remain healthy at $883 million.

CAPITAL, GEARING AND ROE

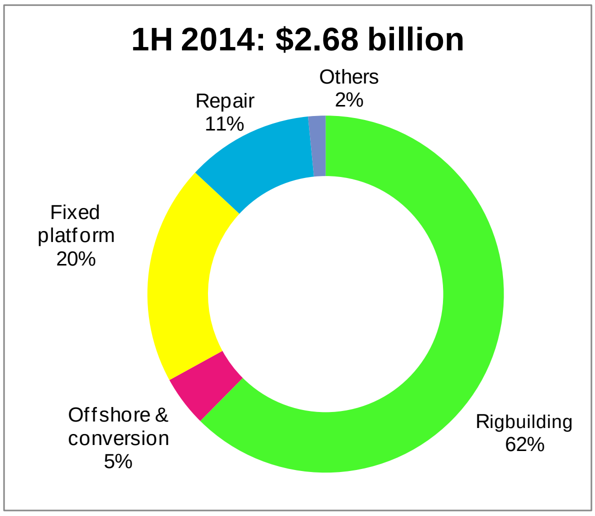
Group (S$ million)	Jun 2014	Jun 2013	% change	Dec 2013	% change
Shareholders' Funds	2,764	2,470	12	2,677	3
Net Cash	883	1,227	-28	929	-5
ROE - annualised (%)	18.7	19.9	-6	21.7	-14
Net Asset Value (cents)	132.3	118.2	12	128.2	3
ROTA - annualised (%)	7.5	7.9	-5	9.1	-18
Economic Value Added	141	146	-3	406	n.m.

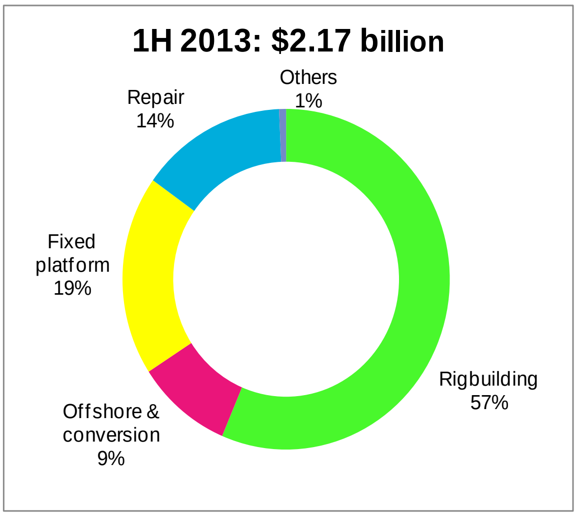
Note: n.m : not meaningful

- ROE (annualised) at 19%.
- Economic Value Added (EVA) stood at $141 million in 1H 2014 as compared with $146 million in 1H 2013.

REVENUE CONTRIBUTIONS BY SECTORS (1H 2014 vs 1H 2013)

By Value & Percentage Contributions

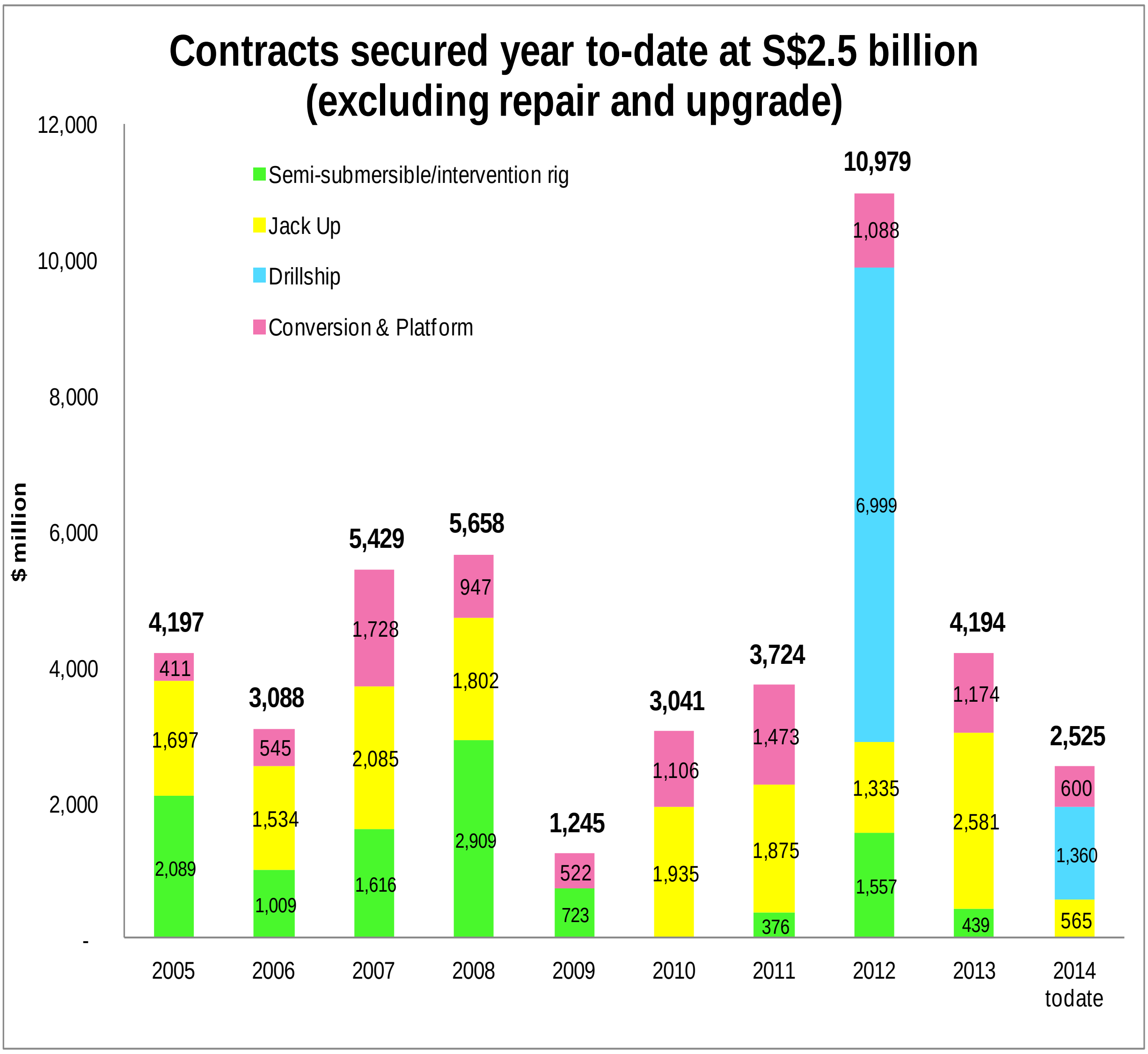




Turnover ($ million)	1H 2014	1H 2013	% change	2Q 2014	2Q 2013	% change
Rigbuilding	1,670	1,226	36	873	628	39
Offshore & conversion	123	206	-40	77	129	-40
Fixed platform	535	413	30	219	199	10
Repair	307	314	-2	150	158	-5
Others	42	15	n.m.	22	10	n.m.
TOTAL	2,676	2,174	23	1,341	1,124	19

- Group revenue increased 23% from $2,174 million to $2,676 million, led by Rig building and Fixed Platform segments.
- Rig building was the largest sector, accounting for 62% of total revenue followed by fixed platform at 20%, ship repair at 11%, ship conversion and offshore at 5% and others at 1%.
- The rig building sector registered the highest growth at 36% from $1,226 million in 1H 2013 to $1,670 million in 1H 2014.
- The ship conversion & offshore sector registered a 40% decline in revenue from $206 million in 1H 2013 to $123 million in 1H 2014. This was offset by a 30% increase in revenue at the Fixed Platform segment from $413 million to $535 million in 1H 2014.
- Ship repair registered a decline of 2% from $314 million in 1H 2013 to $307 million in 1H 2014.

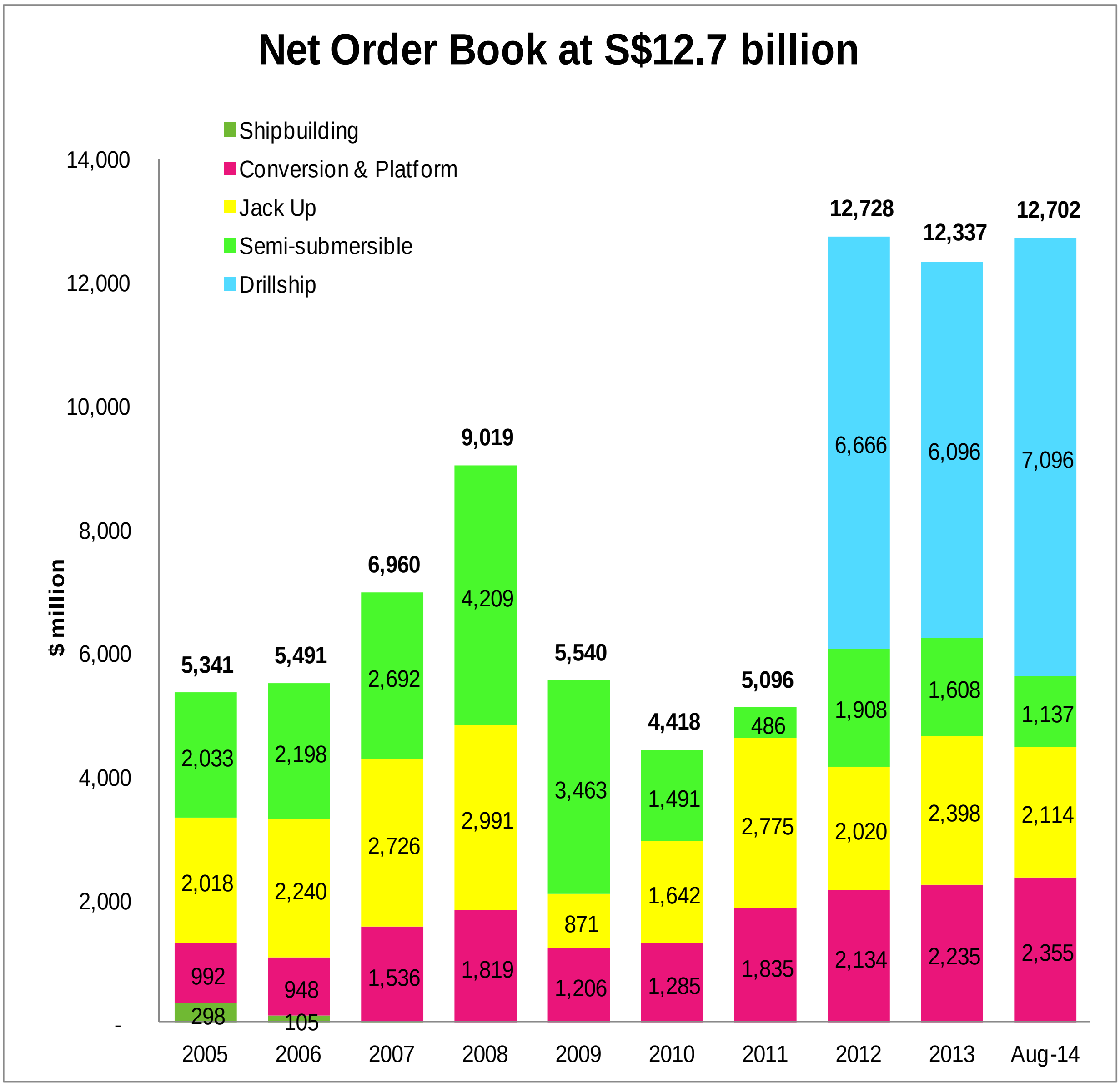
CONTRACTS SECURED BY YEAR



Contracts secured as at 4 August 2014 stands at $2.5 billion.

- A total of two drillships worth US$1.08 billion, two jack-up rigs worth US$450 million and S$600 million in conversion jobs were secured year to date.
- The two drillships secured are based on the group's proprietary Jurong Espadon III drillship design, for which Transocean has options to build three more drillships of similar design.
- The group secured one jack-up rig contract based on its proprietary PPL Pacific Class 400 design, and comes with an option for another two units. Another jack-up rig contract based on a customised version of the F&G JU2000E design was also secured in 1H 2014.
- We expect to build up our order book.

NET ORDER BOOK



- Net order book to-date stands at $12.7 billion with deliveries and completion stretching till 2019.
- Going forward, the Group expects to grow its order book.

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.