



Company Registration Number: 196300098Z

PRESS RELEASE

SEMBCORP MARINE POSTS 1H 2015 NET PROFIT OF \$215 MILLION

Key highlights:

- **Group Revenue decreased 6% year-on-year to \$2.51 billion in 1H 2015.**
- **1H2015 EBITDA decreased 3% year-on-year to \$347 million.**
- **1H2015 Net Profit decreased 15% year-on-year to \$215 million.**
- **Return on equity (ROE) at 14% as at 1H 2015.**
- **Interim dividend of 4 cents per share.**
- **Net order book year-to-date at \$10.9 billion.**

Singapore, July 29, 2015: Sembcorp Marine achieved a net profit of \$215 million for the six months ended 30 June 2015, a decline of 15% compared with 1H 2014 as industry conditions continued to be weak on low oil prices and the sharp fall in global oil & gas capex spend.

Group turnover for six months ended 30 June 2015 decreased 6% year-on-year to \$2.51 billion, which compares with \$2.68 billion for the corresponding period in 2014. The decline in revenue was due mainly to a fall in rig building and repair revenue booked, while offshore & conversion revenue was higher.

In 1H2015, Group EBITDA (earnings before interest, tax and depreciation) declined 3% year-on-year to \$347 million, while operating profit fell 6% to \$285 million, from \$303 million in the previous corresponding period.

At the pre-tax level, Group profit of \$271 million was 15% lower than the \$318 million achieved in the previous year. Associate and joint venture income declined 91% year on year to \$1.3 million.

Turnover for the Rig building sector declined 18% year on year from \$1.67 billion to \$1.38 billion in the six month period. The Group delivered the Helix semi-submersible Q5000, the Prosafe accommodation semi-submersible as well as one Hakuryu jack-up rig during the six months, with another 16 rigs in the work-in-progress stage.

Offshore and conversion revenue increased 27% from \$657 million in 1H2014 to \$833 million in 1H2015.

Ship repair revenue was 14% lower at \$266 million in 1H 2015 compared with \$308 million in the corresponding period in 2014 as average revenue per vessel remained low although the number of ships repaired increased.

FINANCIAL HIGHLIGHTS

Period (\$\$'m)	2Q 2015	2Q 2014	% change	1H 2015	1H 2014	% change
Turnover	1,208	1,341	(10)	2,511	2,676	(6)
Gross Profit	199	194	3	368	364	1
EBITDA	178	182	(2)	347	359	(3)
Operating Profit	147	154	(5)	285	303	(6)
Pretax Profit	136	163	(17)	271	318	(15)
Net Profit	109	132	(17)	215	254	(15)
EPS (basic) (cts)	5.23	6.30	(17)	10.30	12.17	(15)
NAV (cts)				146.0	141.9*	
* NAV as at Dec 31, 2014						

2Q 2015 VERSUS 2Q 2014

On a quarterly basis, Group turnover for 2Q 2015 at \$1.21 billion was 10% lower when compared with \$1.34 billion for the same period in 2014.

Group gross profit of \$199 million was 3% higher on year-on-year basis mainly due to higher offshore and conversion projects and repair segment earnings.

At the operating level, Group profit fell 5% year on year to \$147 million on higher operating expenses of which fair value adjustments on financial instruments led to a loss of \$16.9 million on mark-to-market adjustments on foreign currency forward contracts.

Group pre-tax profit was 17% lower at \$136 million, on lower contribution from associates and joint ventures and higher finance costs. Group finance costs increased to \$11.2 million from \$3.6 million previously.

Net profit in 2Q 2015 declined 17% year-on-year to \$109 million compared with \$132 million in 2Q 2014.

Balance Sheet

Interest-bearing borrowings increased mainly due to borrowings for working capital and capital expenditure. The Group has secured adequate committed long term banking facilities to refinance the short term borrowings as they fall due.

Trade and other receivables increased mainly due to billings to a customer in accordance with the contract terms for ongoing projects and the amount of \$380 million was subsequently received on July 1, 2015. This will improve the Group's net borrowing position.

Interim Dividend

The Board of Directors is recommending a one-tier tax-exempt interim dividend of 4.00 cents per share for 1H 2015 (1H2014: 5.00 cents). The one-tier tax-exempt interim dividend will be paid to shareholders on 28 August 2015. The interim dividend payout ratio of about 39% is in line with that of 1H 2014.

OUTLOOK

The persistently low oil prices have escalated the ongoing cuts in global exploration and production capital expenditure. Some customers are deferring or seeking to defer the delivery of their ordered rigs on a lack of charter contracts.

While the new order outlook for offshore exploration vessels remains bleak, particularly in the jack-up segment which is in an oversupply situation, the Group has benefitted from its strategy to diversify its product offering in addition to drilling solutions.

Brazil's oil and gas industry remains fraught in uncertainty. We continue to engage with our customers to find the best way forward for our projects and to explore all options including slowing down construction.

The Group has a net order book of S\$10.9 billion. This includes S\$1.35 billion in contracts secured since January 2015, the largest of which is the engineering and construction contract for the DP3 new semi-submersible crane vessel for Heerema Offshore Services B.V.

While the Group faces many challenges ahead, we will continue to actively manage our balance sheet to maintain a healthy financial position.

On July 1, 2015, we reached a key milestone in our Transformation efforts as our various business units were integrated under ONE Brand focusing on four key capabilities, namely, Rigs & Floaters; Repairs & Upgrades; Offshore Platforms; and Specialised Shipbuilding. As an integrated Sembcorp Marine, we will optimise our capabilities and capacities, as well as increase our efficiency and productivity to better serve our partners and customers.

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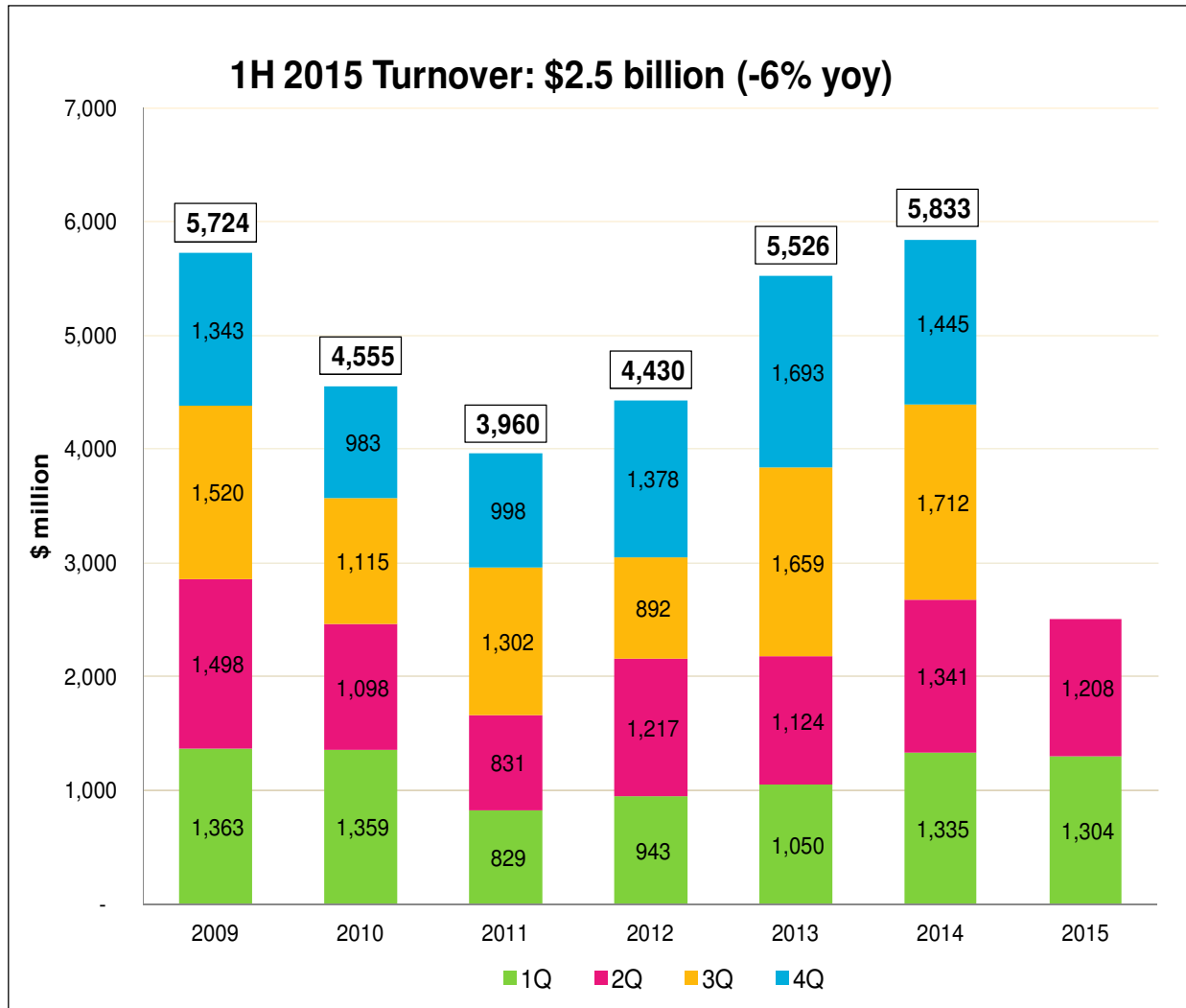
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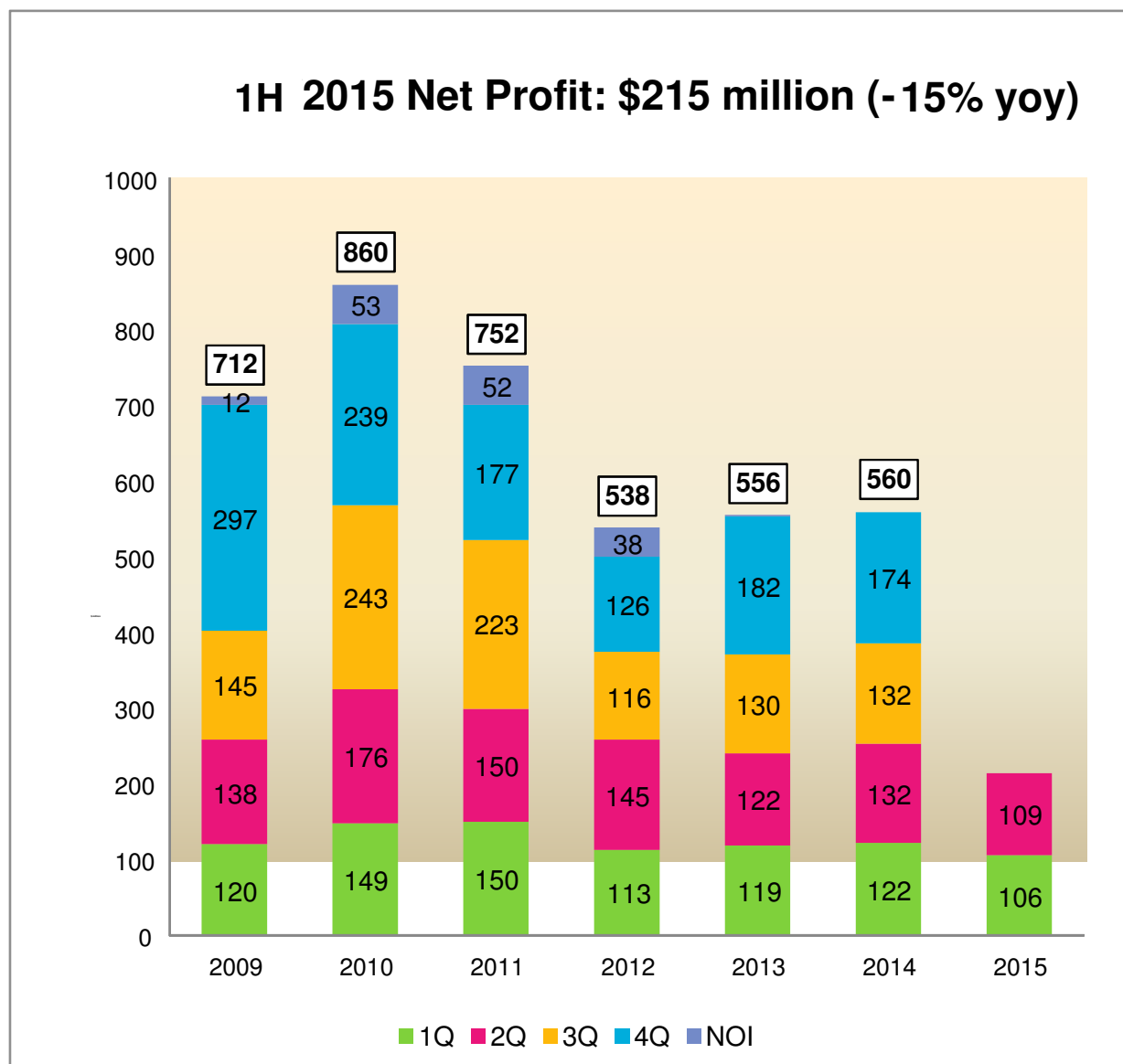
Appendix

QUARTERLY TURNOVER (2009 TO 1H 2015)



- Group turnover declined 6% year-on-year from \$2,676 million in 1H 2014 to \$2,511 million in 1H 2015. The lower turnover was attributable to lower repair and rig building revenue recognition in the first half of this year as compared with the previous year.

QUARTERLY NET PROFIT (2009 TO 1H 2015)



- Net profit declined 17% year on year, from \$132 million in 2Q 2014 to \$109 million in 2Q 2015.
- Net profit for 1H 2015 declined 15% year-on-year to \$215 million from \$254 million in 1H 2014.

CASHFLOW

Group (\$ million)	1H 2015	1H 2014	% change
Cashflow from operations before working capital changes	370	365	1
Net cash (outflow)/inflow from operating activities	(408)	465	n.m.
Net cash outflow from investing activities	(437)	(312)	40
Net cash inflow from financing activities	570	(19)	n.m.
Cash & cash equivalents	806	1,821	(56)
Borrowings	2,461	938	n.m.
Net (Debt)/Cash	(1,655)	883	n.m.
Progress Billing > WIP	721	1,569	(54)

- Net debt position of \$1.66 billion, with positive progress billings in WIP of \$721 million.

CAPITAL, GEARING AND ROE

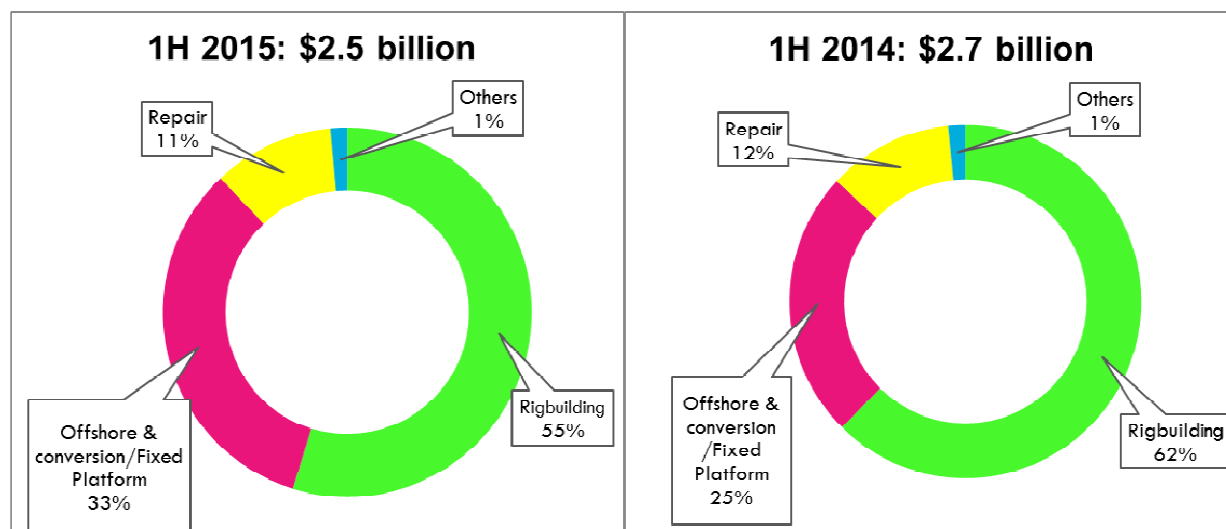
Group (\$ million)	Jun-15	Jun-14	% change	Dec-14	% change
Shareholders' Funds	3,051	2,764	10	2,965	3
Net (Debt)/Cash	(1,655)	883	n.m.	(662)	150
Net Working Capital	1,268	568	n.m.	1,119	13
Return on Equity (ROE) (%) - annualised	14.3	18.7	(24)	19.9	(28)
Net Asset Value (cents)	146.0	132.3	10.0	141.9	3
Return on Total Assets (ROTA) (%) - annualised	5.8	7.5	(23)	8.0	(28)
Economic Value Added	21	141	(85)	331	(94)

Note: n.m : not meaningful

- Return on Equity (ROE annualised) at 14.3%.
- Economic Value Added (EVA) was \$21 million in June 2015
- The Group will continue to strive toward delivering creditable performance and value creation to shareholders.
- We will continue to maintain a strong balance sheet.

REVENUE CONTRIBUTION BY SECTORS (1H 2015 versus 1H 2014)

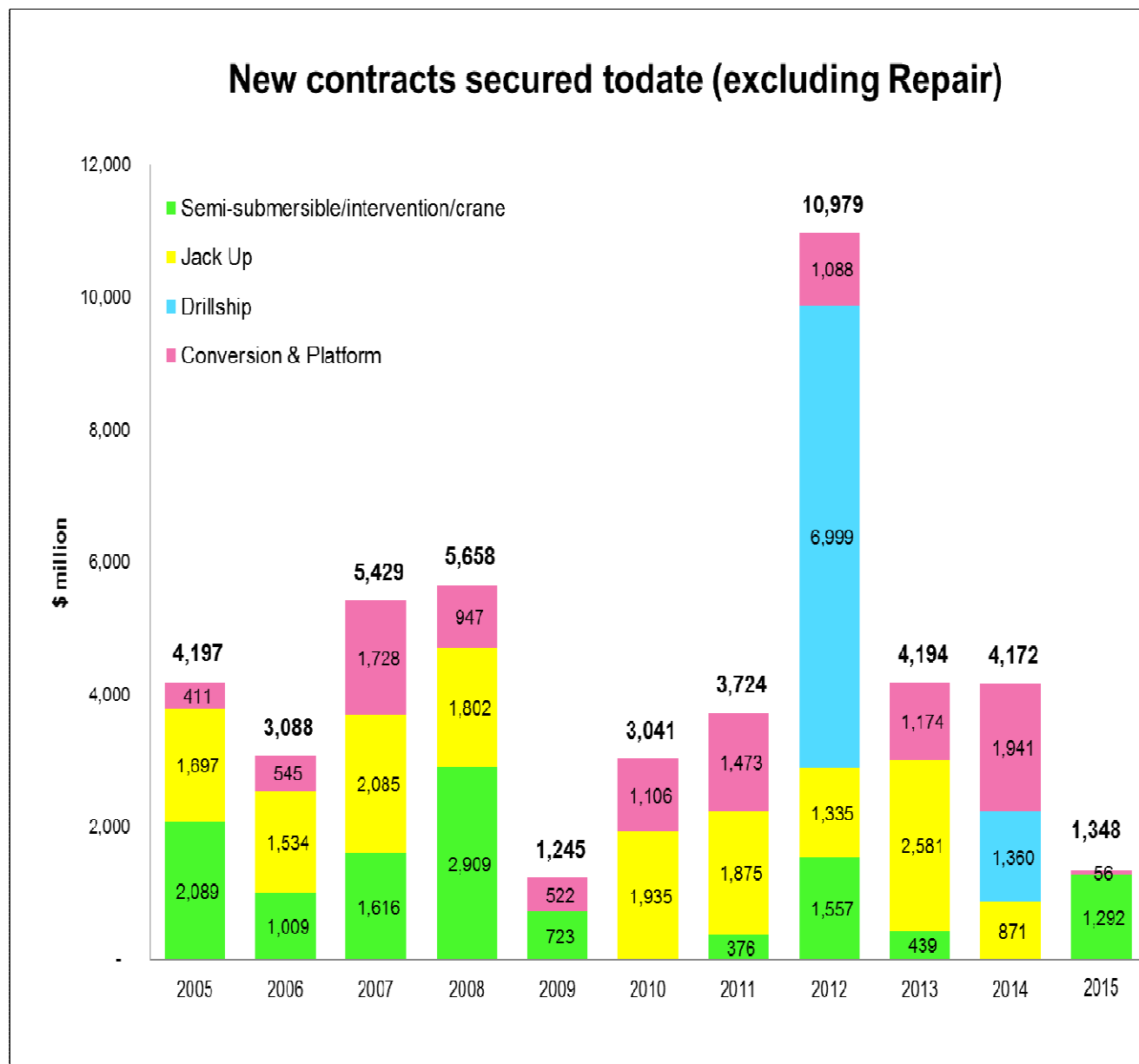
By Value & Percentage Contributions



Turnover (\$ million)	1H 2015	1H 2014	% change	2Q 2015	2Q 2014	% change
Rigbuilding	1,376	1,670	(18)	623	873	(29)
Offshore & conversion/Fixed Platform	833	657	27	402	295	36
Repair	266	308	(14)	166	150	11
Others	37	42	(11)	18	22	(20)
TOTAL	2,511	2,676	(6)	1,208	1,341	(10)

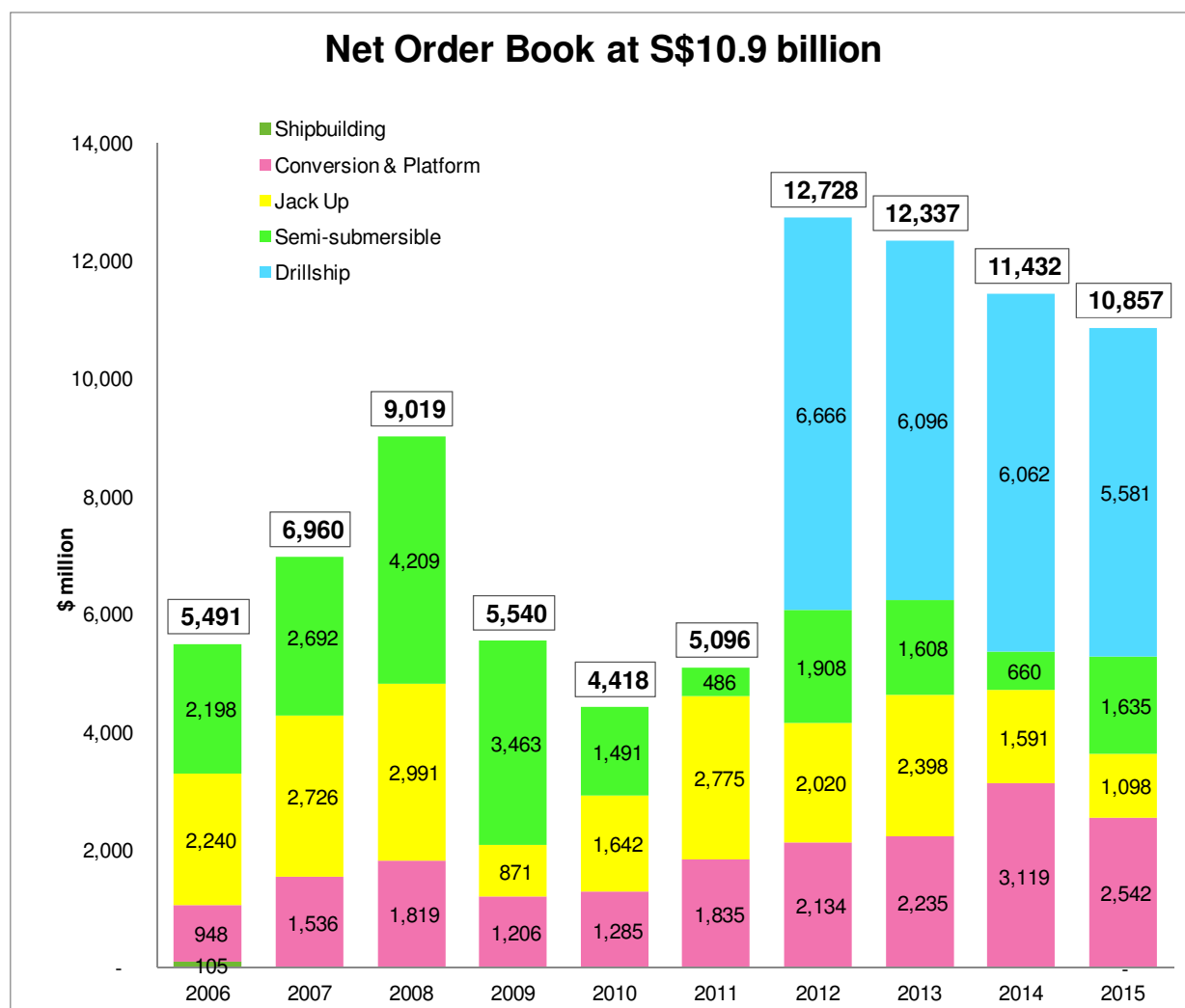
- Group revenue declined 6% year-on-year from \$2.7 billion to \$2.5 billion in 1H 2015, on lower revenue from the Repair and Rig building segments.
- Rig building remained the largest contributor accounting for 55% of total revenue followed by Offshore & conversion at 33%, ship repair at 11% and others at 1%.
- With challenging market conditions and a broader timeline in revenue recognition for some projects, the rig building sector registered an 18% decline in revenue from \$1,670 million in 1H 2014 to \$1,376 million in 1H 2015.
- The Offshore & Conversion segment registered a 27% increase in revenue from \$657 million to \$833 million for the six months.
- Ship repair registered a decline of 14% from \$308 million in 1H 2014 to \$266 million in 1H 2015. After a first quarter decline, ship repair revenue increased 11% quarter-on-quarter to \$166 million in 2Q 2015.

CONTRACTS SECURED BY YEAR



- The Group finalised the contract to design and build a new semi-submersible crane vessel for Heerema Offshore Services B.V. for approximately USD1 billion.
- The Group also secured a \$56 million FSO conversion contract with Teekay Offshore to convert a shuttle tanker into an FSO.

NET ORDER BOOK



- Net order book to-date stands at \$10.9 billion with deliveries and completion stretching till 2020.
- Going forward, the Group expects to build up its order book despite the current challenging market environment.

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.