



Company Registration Number: 196300098Z

## PRESS RELEASE

### Results for FY2015

**FY2015 net profit of \$384 million, before impairment, provisions, and share of losses of associates and joint ventures**

**FY2015 net loss of \$290 million**

#### **Key highlights:**

For the 12 months to December 31 2015,

- Revenue totalled \$4.97 billion, down 15% from FY 2014's \$5.83 billion.
- FY2015 net profit of \$384 million before:
  - Impairment and provisions of \$609 million for rigs including \$329 million for Sete Brasil drillship projects.
  - Share of losses of associates/JVs of \$192 million.
- Total dividends per share of 6 cents, including an interim dividend of 4 cents and proposed final dividend of 2 cents.
- The Group secured \$3.2 billion in new contracts in FY2015, bringing total net order book to \$10.4 billion as at end of FY 2015.

**Singapore, February 15, 2015:** Sembcorp Marine posted group revenue of \$4.97 billion for the year ended December 31, 2015 (FY2015) compared with \$5.83 billion previously. Turnover for Rigs & Floaters was \$3.3 billion for the year to December 2015, a 21% decline from the \$4.2 billion booked in the previous year. The Group delivered one jack-up rig, one well intervention semi-submersible and one accommodation semi-submersible during the year, compared with eight drilling rigs in the previous corresponding year.

Offshore Platforms revenue increased 10% year-on-year from \$925 million in FY2014 to \$1,017 million in FY2015. Despite an increase in the number of ships repaired, Repairs & Upgrades revenue declined 10% year-on-year from \$622 million to \$557 million due to lower average revenue per vessel reflecting tough competition in the segment.

The Group posted FY2015 net profits of \$384 million, before \$609 million in impairment and provisions for rigs including \$329 million for Sete Brasil projects and \$192 million for associate/joint venture losses. Sembcorp Marine views these provisions as prudent and necessary under present circumstances.

With the impairment and provisions, the Group recorded a net loss of \$290 million for the year.

Group earnings was also depressed as customer requests for deferment for jackup rigs resulted in lower margin recognition for rig building projects. However, profits for offshore platforms and repair and upgrade businesses was higher.

## Financial Highlights

<b>Financial Results - Before Impairments, Provisions, Share of losses from associates/JVs</b>			
<b>S\$'M</b>	<b>FY15A</b>	<b>FY14A</b>	<b>% Chg</b>
Turnover	5,134	5,833	-12
Gross Profit	587	844	-30
EBITDA	591	822	-28
Operating Profit	459	707	-35
Net Profit	384	560	-31
Gross Profit Margin (%)	11.4	14.5	
Operating Profit Margin (%)	8.9	12.1	
Net Profit Margin (%)	7.5	9.6	

<b>Financial Results</b>			
<b>S\$'M</b>	<b>FY15A</b>	<b>FY14A</b>	<b>% chg</b>
Turnover	4,968	5,833	-15
Gross Profit	131	844	-84
EBITDA	(18)	822	n.m.
Operating (Loss)/ Profit	(150)	707	n.m.
Net (Loss)/ Profit	(290)	560	n.m.
EPS (basic) cts	(13.87)	26.83	
Gross Profit Margin (%)	2.6	14.5	
Operating (Loss)/ Profit Margin (%)	(3.0)	12.1	
Net (Loss) / Profit Margin (%)	(5.8)	9.6	

## **4Q 2015 VERSUS 4Q 2014**

On a quarterly basis, Group turnover for 4Q 2015 was \$1.33 billion, 8% lower compared with \$1.44 billion previously mainly due to the lower revenue recognition from rig building in the quarter. Contributions from Offshore Platforms and Repairs & Upgrades were higher.

Prior to impairment and provisions and share of losses from associates/joint ventures, 4Q2015 net profit would have been \$99 million.

## **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. Cash and cash equivalent decreased mainly due to capital expenditures and working capital changes for ongoing projects.

## **FINAL DIVIDEND**

The Board of Directors recommends the payment of a final ordinary one-tier tax exempt dividend of 2.00 cents per share (8.00 cents previously). Together with the 4.00 cents paid during the interim results, total dividend paid is 6.00 cents, from 13 cents previously. The final dividend, if approved at the AGM on 18 April 2016, will be paid on 13 May 2016.

## **OUTLOOK**

In FY2015, Sembcorp Marine secured S\$3.2 billion in new orders, which represents a healthy replenishment of order books notwithstanding the challenging macro environment. With these new contracts, the Group's net order book backlog as at 31 Dec 2015 stands at \$10.4 billion.

Several of our customers have requested for delivery deferrals in light of delays in chartering out their rigs. Given the current depressed environment in the upstream sector, we have tried to accommodate their requests, while preserving our commercial interests. As has been reported, one of our customers has failed to take delivery of its rig, and we have terminated the contract and taken legal action to recover the amount due to us. For the rest of our completed rigs with deferral requests, they have all been technically accepted by our customers and we have arrived at or are finalising mutually acceptable solutions with them.

The Group has made prudent impairment and provisions of \$609 million in FY2015 for rig contracts, of which \$329 million relate to Sete Brasil. Looking ahead, this down-cycle is expected to be more protracted than previous cycles. Sembcorp Marine believes that it is sufficiently prepared, not just to ride through the storm, but to lay stronger foundations for the future when the market recovers. The Group will continue to actively manage our balance sheet to maintain a healthy financial position.

The Group remains optimistic on the longer term prospects of its business as its facilities have been built to cater to the industry's demand for the long term. 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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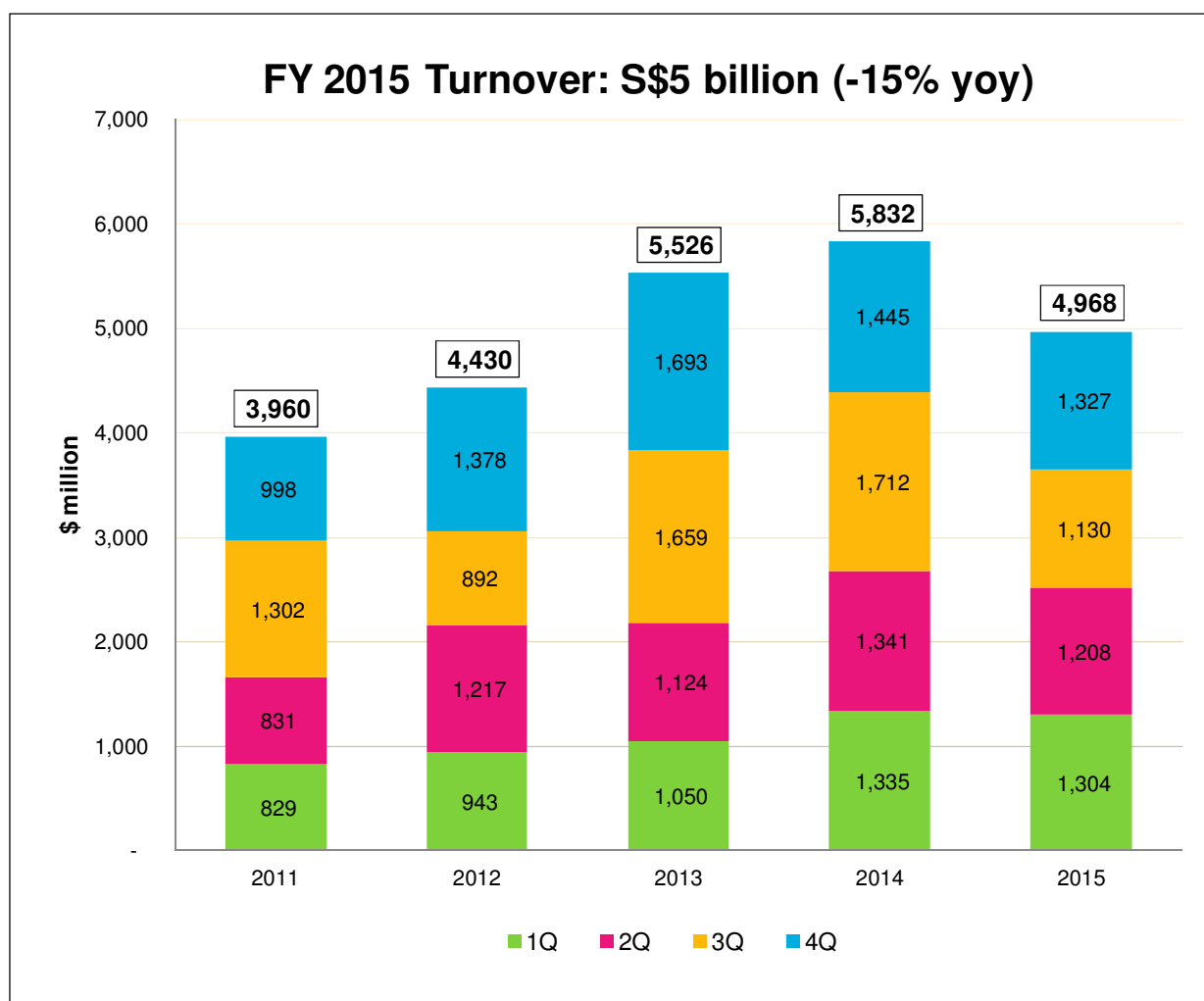
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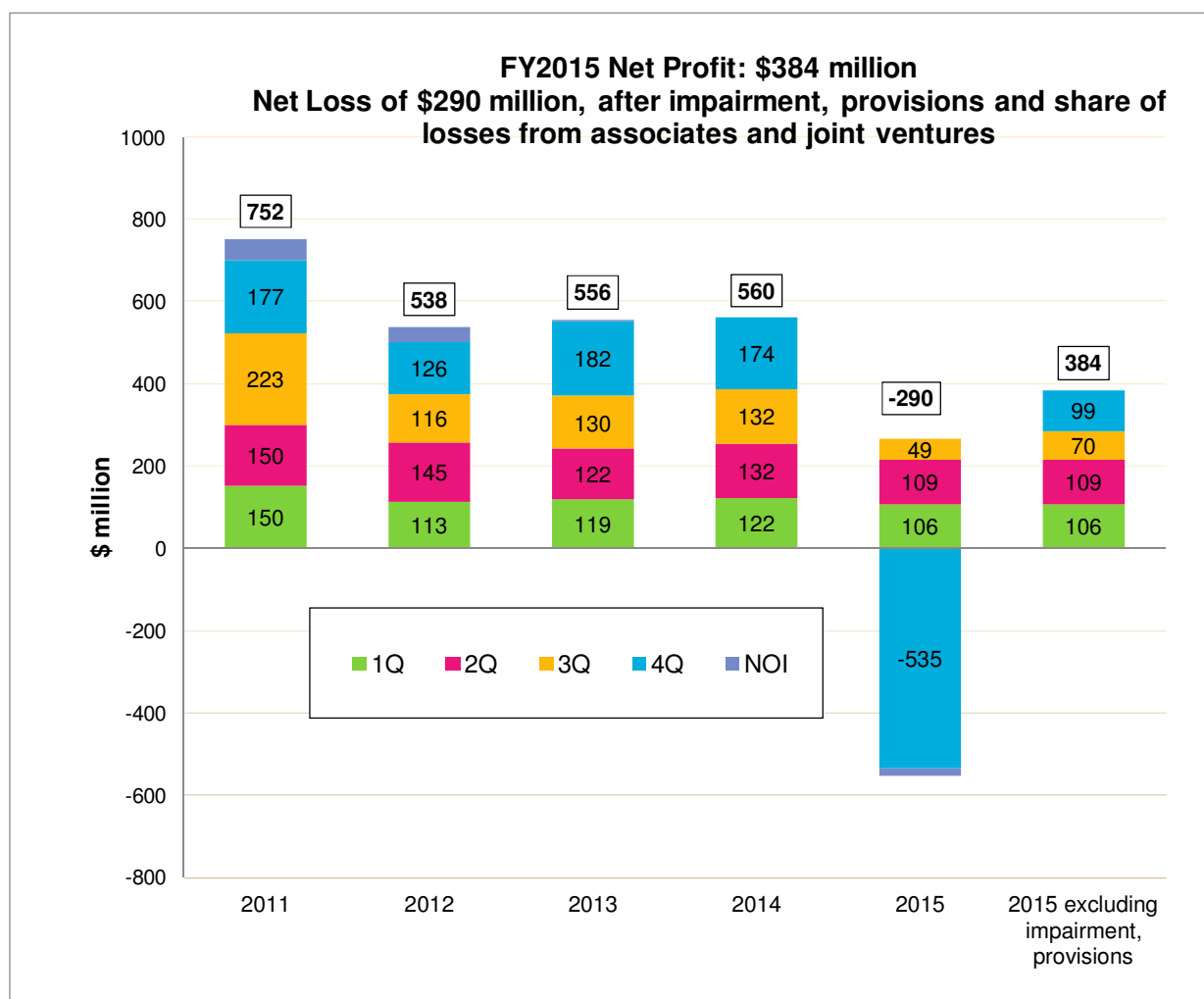
## Appendix

### QUARTERLY TURNOVER (2011 TO 2015)



- Group turnover declined 15% year-on-year to \$4,968 million in FY 2015 from \$5,832 million in FY 2014.
- Lower revenue recognition from Rig building projects.
- Lower average revenue per vessel repaired for Repairs & Upgrade.
- Higher revenue recognition from Offshore Platforms and Floaters projects.

## QUARTERLY NET PROFIT /LOSS (2011 TO 2015)



- 4Q 2015 Net profit was \$99 million, before impairment, provisions and share of losses of associates and joint ventures.
- After making impairment and provisions of \$609 million for Sete Brasil projects and other rig projects, plus its share of losses from associates and joint ventures 4Q 2015 net loss of \$537 million.
- FY2015 net profit was \$384 million. FY 2015 Net loss of \$290 million compared with FY 2014 net profit of \$560 million, on prudent and necessary provisions and other accounting measures taken in 3Q and 4Q2015.

## CASHFLOW

Group (S\$ million)	FY2015	FY2014	% change
Operating profit before working capital changes	536	850	-37
Net cash outflow from operating activities	(989)	(508)	95
Net cash outflow from investing activities	(932)	(770)	21
Net cash inflow from financing activities	1,467	668	n.m.
Cash & cash equivalents	629	1,079	-42
Borrowings	3,380	1,741	94
Net Debt	2,751	662	n.m.
Progress Billing > WIP	288	1,005	-71

Note: n.m : not meaningful

- Net debt rose of \$2.8 billion, or a net debt to equity ratio of 1.03 times.
- Progress billings, in excess of work in progress, stand at \$288 million.

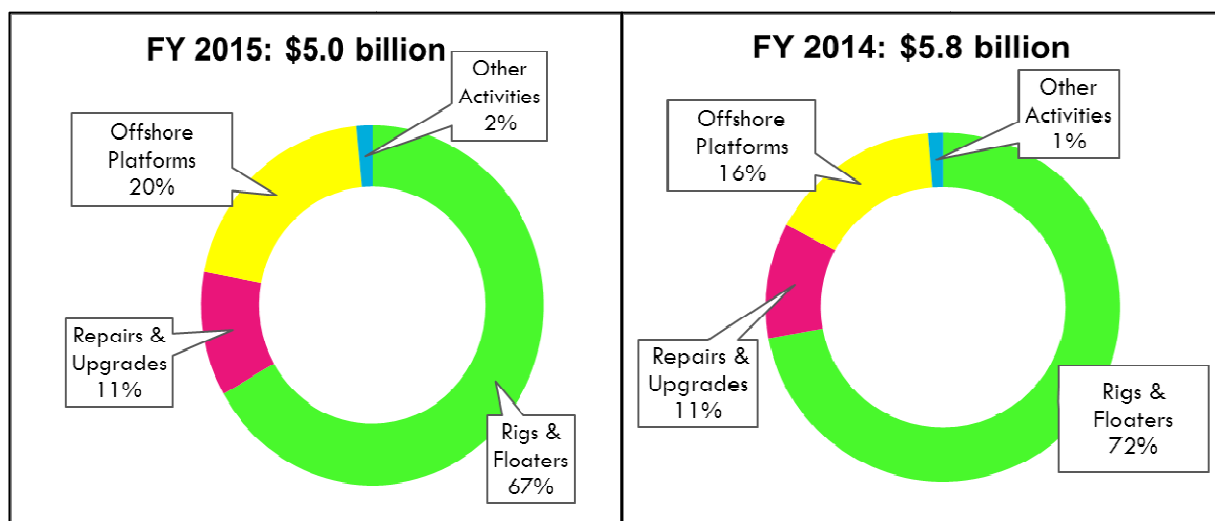
## **CAPITAL, GEARING AND ROE**

Group (S\$ million)	Dec-15	Dec-14	% change
Shareholders' Funds	2,511	2,965	(15)
Net Debt	2,751	662	n.m.
Net Working Capital	1,218	1,119	9
Return on Equity (ROE) (%)	(10.6)	19.9	n.m.
ROE - <b>exclude NOI</b> (%)	(9.9)	19.8	n.m.
Net Asset Value (cents)	120.2	141.9	(15)
Return on Total Assets (ROTA) (%)	(2.9)	8.0	n.m.
ROTA - <b>exclude NOI</b> (%)	(2.7)	8.0	n.m.

Note: n.m : not meaningful

## **REVENUE CONTRIBUTIONS BY SECTORS (FY 2015 vs FY 2014)**

## By Value & Percentage Contributions

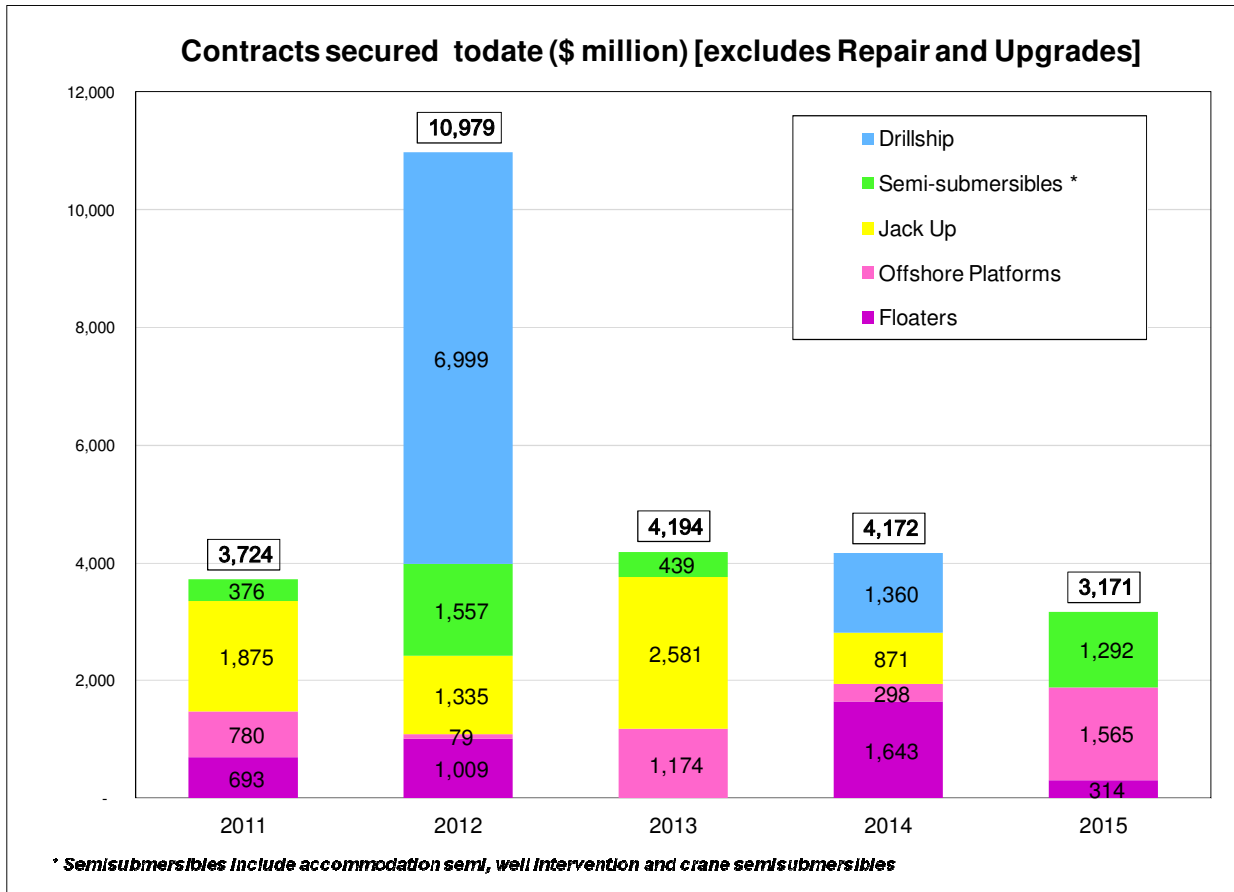


Turnover (\$ million)	FY 2015	FY 2014	% change
Rigs & Floaters	3,319	4,207	(21)
Repairs & Upgrades	557	622	(10)
Offshore Platforms	1,017	925	10
Other Activities	76	79	(4)
<b>TOTAL</b>	<b>4,968</b>	<b>5,833</b>	<b>(15)</b>

- Rigs & Floaters was the largest segment, accounting for 67% of total revenue followed by Offshore Platforms at 20%, Repair & Upgrades at 11% and others at 2%.
- FY 2015 Rigs & Floaters revenue declined 21% year-on-year to \$3.3 billion due to lower project recognition and deliveries versus the previous year.
- Offshore Platforms revenue increased 10% year-on-year to \$1,017 million.
- Repair & Upgrades declined 10% year-on-year to \$557 million.

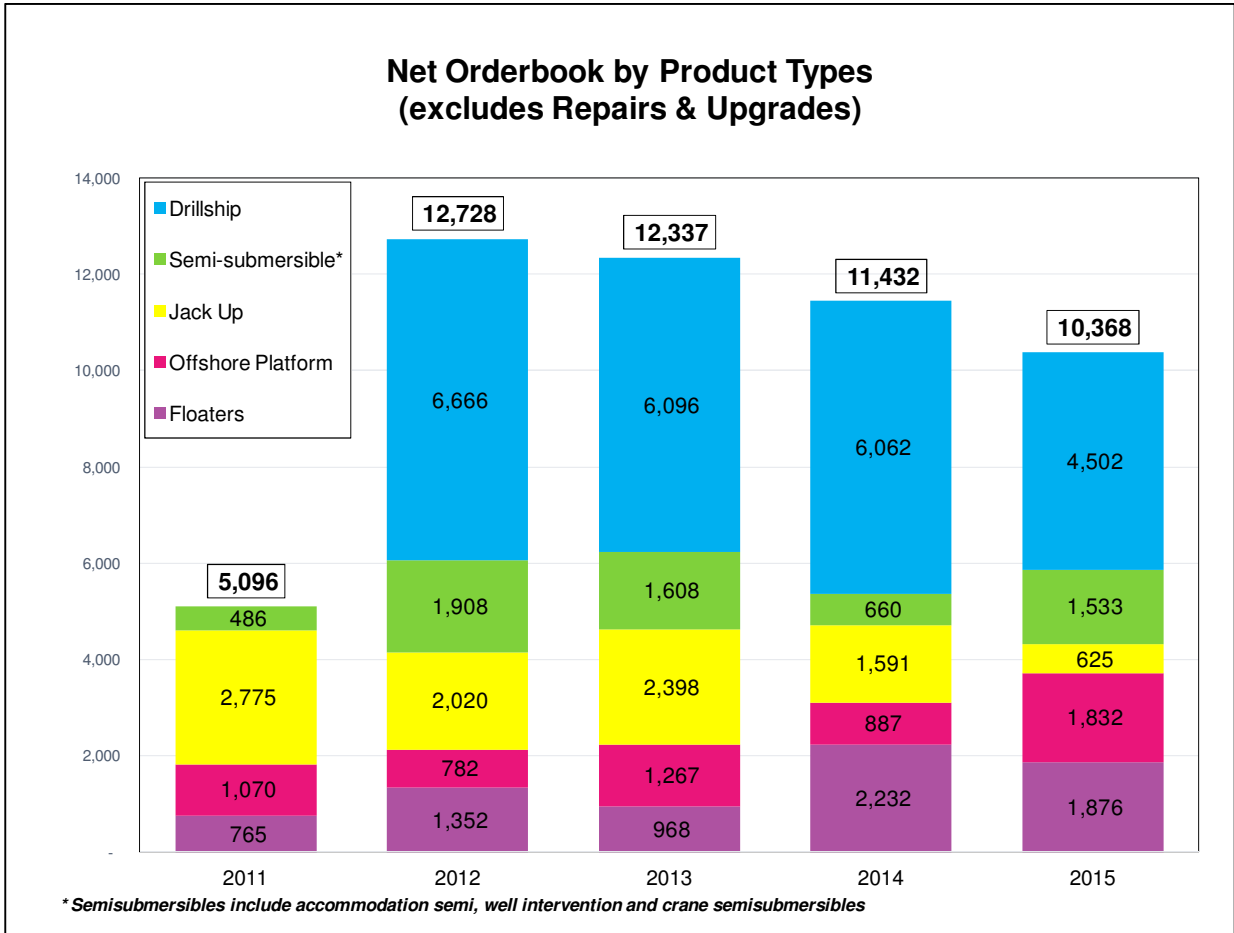
## CONTRACTS SECURED BY YEAR





Contracts secured in FY 2015 totalled \$3.2 billion. These include:

1. A contract worth USD 1 billion (including long lead items) from Maersk Oil North Sea UK Limited for three topside modules.
2. A contract to design and build a new semi-submersible crane vessel for Heerema Offshore Services B.V. for approximately USD1 billion.
3. A \$56 million FSO conversion contract with Teekay Offshore.
4. A FSO newbuild contract with MODEC for the Culzean field.



- Net order book year-to-date stands at \$10.4 billion with deliveries and completion stretching till 2020.

*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.*