



Company Registration Number: 196300098Z

PRESS RELEASE

Results for 1Q 2016

FIRST QUARTER 2016 NET PROFIT OF \$55 MILLION

Key highlights:

For the three months to March 31, 2016,

- Revenue totalled \$918 million, compared with 1Q 2015 revenue of \$1.3 billion.
- Gross profit totalled \$81 million.
- Group EBITDA of \$106 million.
- Net profit of \$55 million.
- Annualised ROE at 8.7%.
- Group net order book stands at \$9.7 billion as at 1Q 2016 with new contracts secured of \$60 million.

Singapore, April 27, 2016: Sembcorp Marine posted group revenue of \$918 million for the three months ended March 31, 2016 (1Q 2016) compared with \$1.3 billion for 1Q 2015.

Turnover for Rigs & Floaters was \$540 million for the 1Q 2016, a 43% decline from the \$947 million booked in the previous corresponding period. The decline was largely due to lower revenue recognition for the rig building projects resulting from customer deferment requests and customer restructuring. Floaters revenue was higher. The Group delivered one accommodation semi-submersible vessel to Prosafe and one FPSO conversion to Modec during the three-month period.

Offshore Platforms revenue increased 10% year-on-year from \$237 million in 1Q 2015 to \$261 million in 1Q 2016.

Repairs & Upgrades revenue was mostly unchanged at \$99 million in 1Q 2016 from \$100 million previously, with 125 vessels repaired compared with 121 vessels in 1Q 2015.

With the sharp revenue decline in its largest segment of Rigs & Floaters, Group gross profit declined 52% year-on-year to \$81 million. EBITDA was \$106 million compared with \$169 million achieved in 1Q 2015. The Group also recorded a gain of \$9 million on deemed disposal of Gravifloat from the Group's step-up acquisition from 12% to 56% in March 2016.

Group earnings were also depressed as customer requests for deferment resulted in lower margin recognition for rig building projects. However, this was partly offset by higher margin recognition from Floaters and Offshore Platform projects.

Financial Highlights

Period (S\$m)	1Q 2016	1Q 2015	% change
Turnover	918	1,304	(30)
Gross Profit	81	169	(52)
EBITDA	106	169	(37)
Operating Profit	72	138	(48)
Pretax Profit	68	135	(50)
Net Profit	55	106	(48)
EPS (basic) (cts)	2.63	5.07	(48)
NAV (cts)	122.18	*120.24	

(* NAV as at December 31st 2015)

BALANCE SHEET

The short term borrowings as at 31 March 2016 decreased as compared with the preceding year end mainly due to refinancing of short term borrowings to long term borrowings. The Group has secured adequate committed long term banking facilities to refinance the short term borrowings as they fall due.

OUTLOOK

The offshore oil and gas exploration industry is now into its second year of weak prices and capex cuts following the collapse of oil prices in mid 2014. Offshore rig charter contracts continue to be negotiated at lower levels and utilisation is on a downtrend for all segments.

The global oil and gas industry continues to be volatile and uncertain with the April OPEC and non-OPEC producers meeting in Doha failing to reach an agreement for a production freeze.

On 20 April 2016, shareholders of Sete Brazil agreed to a plan to file for judicial recovery. Meanwhile the political upheaval in Brazil continues with the process to impeach its current President.

Sembcorp Marine believes this down-cycle is likely to be more protracted than previous cycles. Whilst maintaining its cautious outlook, the Group is prepared not just to overcome these challenges but to lay stronger foundations for the future when the market recovers. The Group will continue to actively manage its balance sheet. It remains optimistic of the longer term prospects of its business with facilities being 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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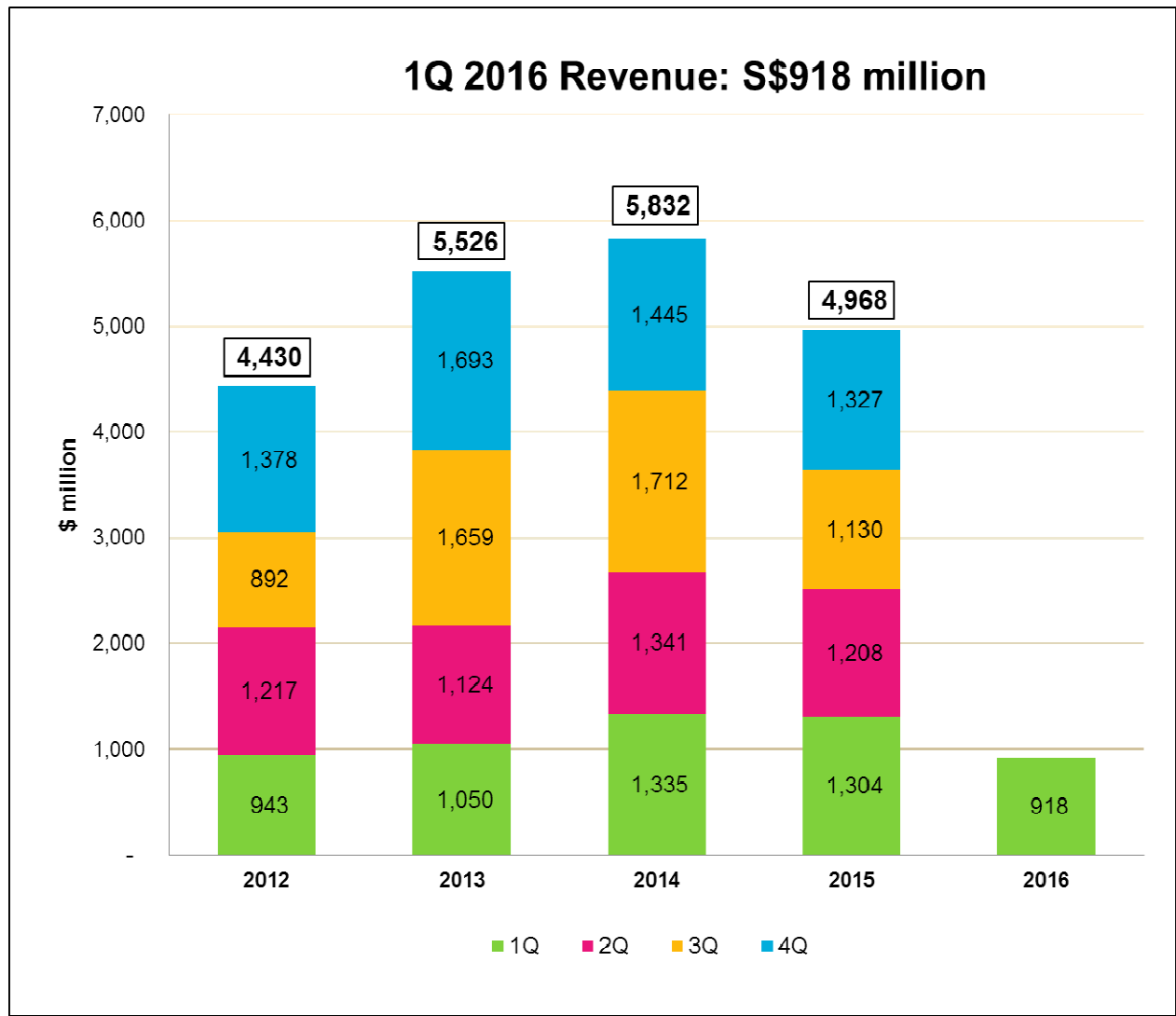
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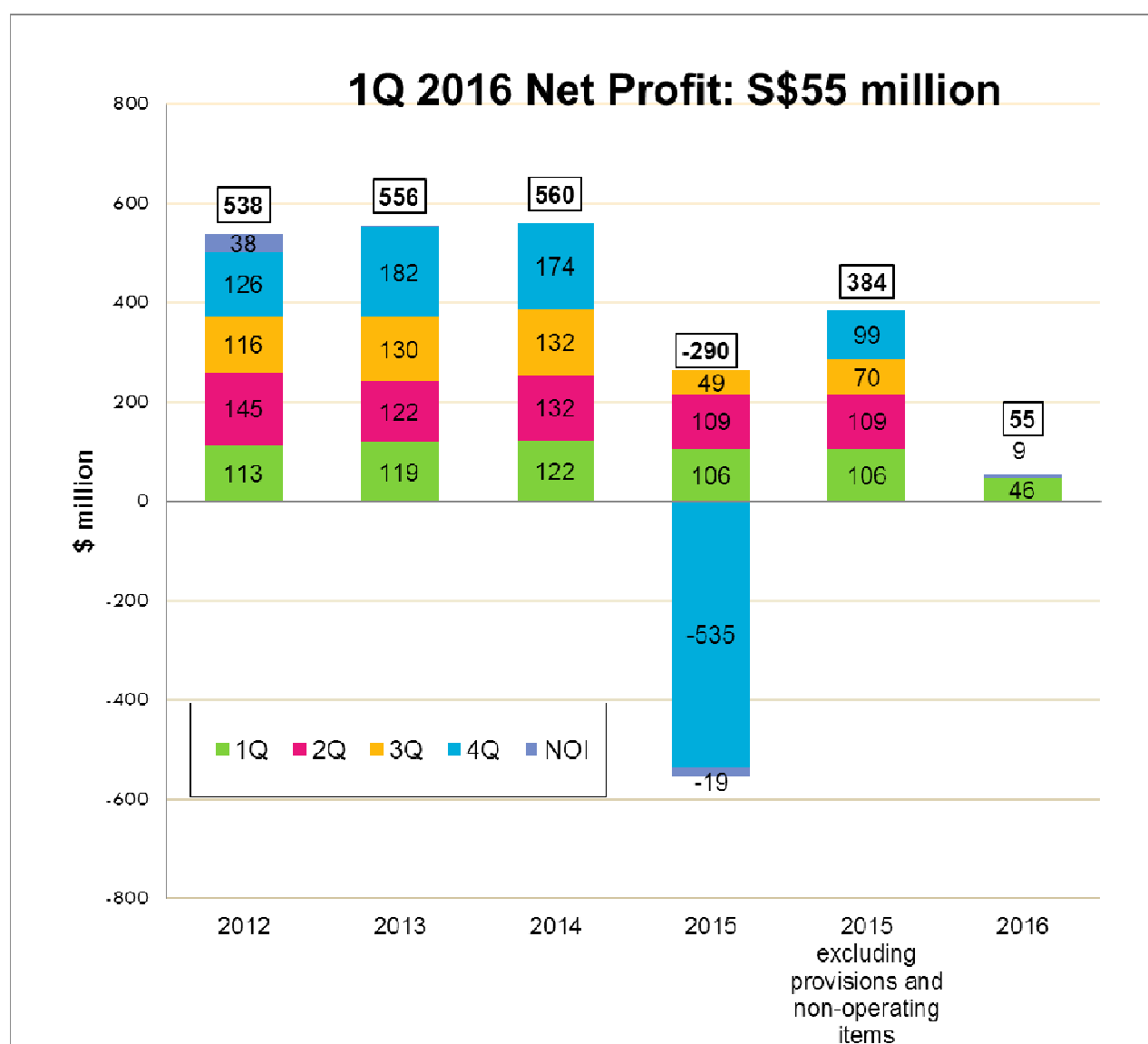
Appendix

QUARTERLY TURNOVER (2012 TO 1Q 2016)



- Group turnover declined 30% year-on-year to \$918 million in 1Q2016 from \$1,304 million in 1Q 2015.
- Lower revenue recognition from Rig building projects.
- Lower number of vessels repaired for Repairs & Upgrade.
- Higher revenue recognition from Offshore Platforms and Floaters projects.

QUARTERLY NET PROFIT /LOSS (2012 TO 1Q 2016)



- 1Q 2016 Net profit was \$55 million versus \$106 million in 1Q 2015 on lower margin mainly due to lower revenue recognition from Rig Building projects.
- Higher margin recognition from Floaters and Offshore platform projects.
- Gain of S\$9 million on deemed disposal of Gravifloat, arising from the Group's step-up acquisition from 12% to 56% in March 2016.

CASHFLOW

Group (S\$ million)	1Q 2016	1Q 2015	% change
Operating profit before working capital changes	84	174	(52)
Net cash outflow from operating activities	(73)	(50)	46
Net cash outflow from investing activities	(149)	(221)	(33)
Net cash inflow from financing activities	572	306	87
Cash & cash equivalents	957	1,126	(15)
Borrowings	(3,902)	(2,034)	92
Net Debt	(2,945)	(908)	n.m.
Progress Billing > WIP	336	917	(63)

Note: n.m : not meaningful

- Net debt totalled \$2.9 billion, or a net debt to equity ratio of 1.07 times.
- Progress billings, in excess of work in progress, stand at \$336 million.

CAPITAL, GEARING AND ROE

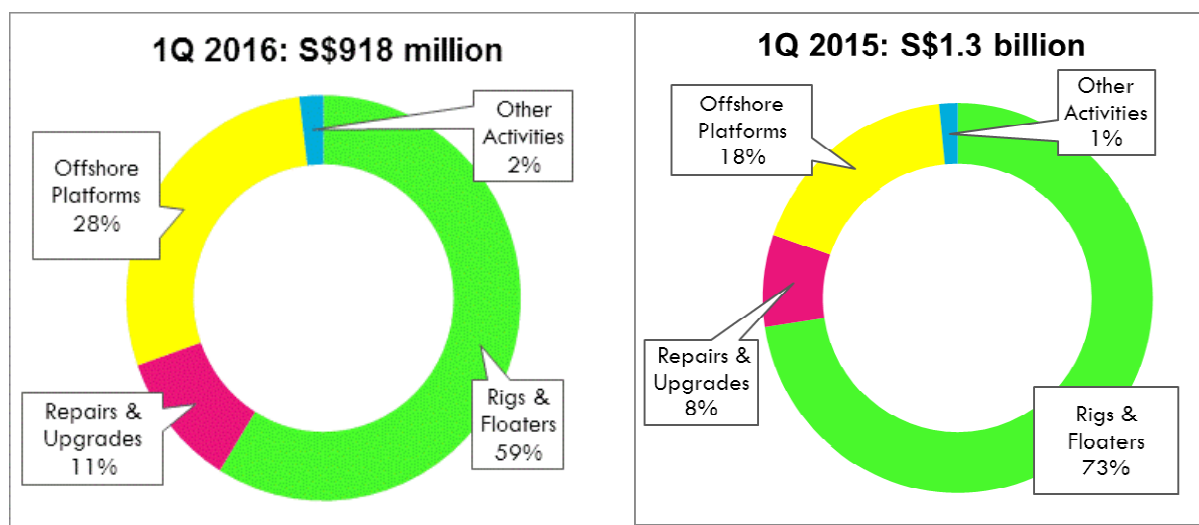
Group (S\$ million)	Mar-16	Mar-15	% change
Shareholders' Funds	2,553	3,106	(18)
Net Debt	2,945	908	n.m.
Net Working Capital	1,888	1,204	57
Return on Equity (ROE) (%) (Annualised)	8.7	14.0	(38)
ROE - exclude NOI (%) (Annualised)	7.2	13.9	(48)
Net Asset Value (cents)	122.2	148.7	(18)
Return on Total Assets (ROTA) (%) (Annualised)	3.1	5.7	(46)
ROTA - exclude NOI (%) (Annualised)	2.7	5.7	(53)

Note: n.m : not meaningful

- Return on Equity (ROE) of 8.7% (Annualised) as at March 31, 2016.

REVENUE CONTRIBUTIONS BY SECTORS (1Q 2016 versus 1Q 2015)

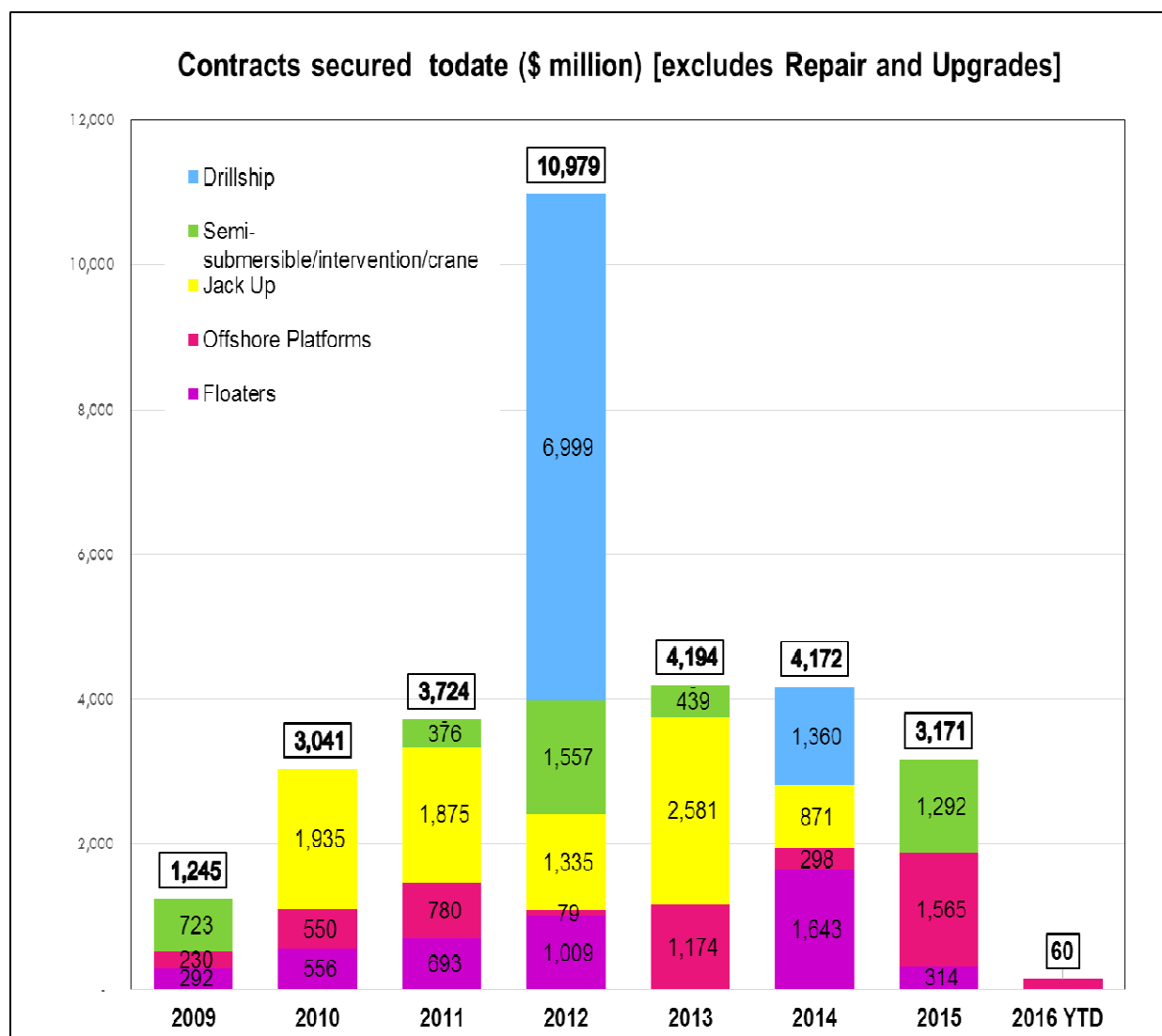
By Value & Percentage Contribution



Turnover (S\$ million)	1Q 2016	1Q 2015	% change
Rigs & Floaters	540	947	(43)
Repairs & Upgrades	99	100	(1)
Offshore Platforms	261	237	10
Other Activities	18	20	(10)
TOTAL	918	1,304	(30)

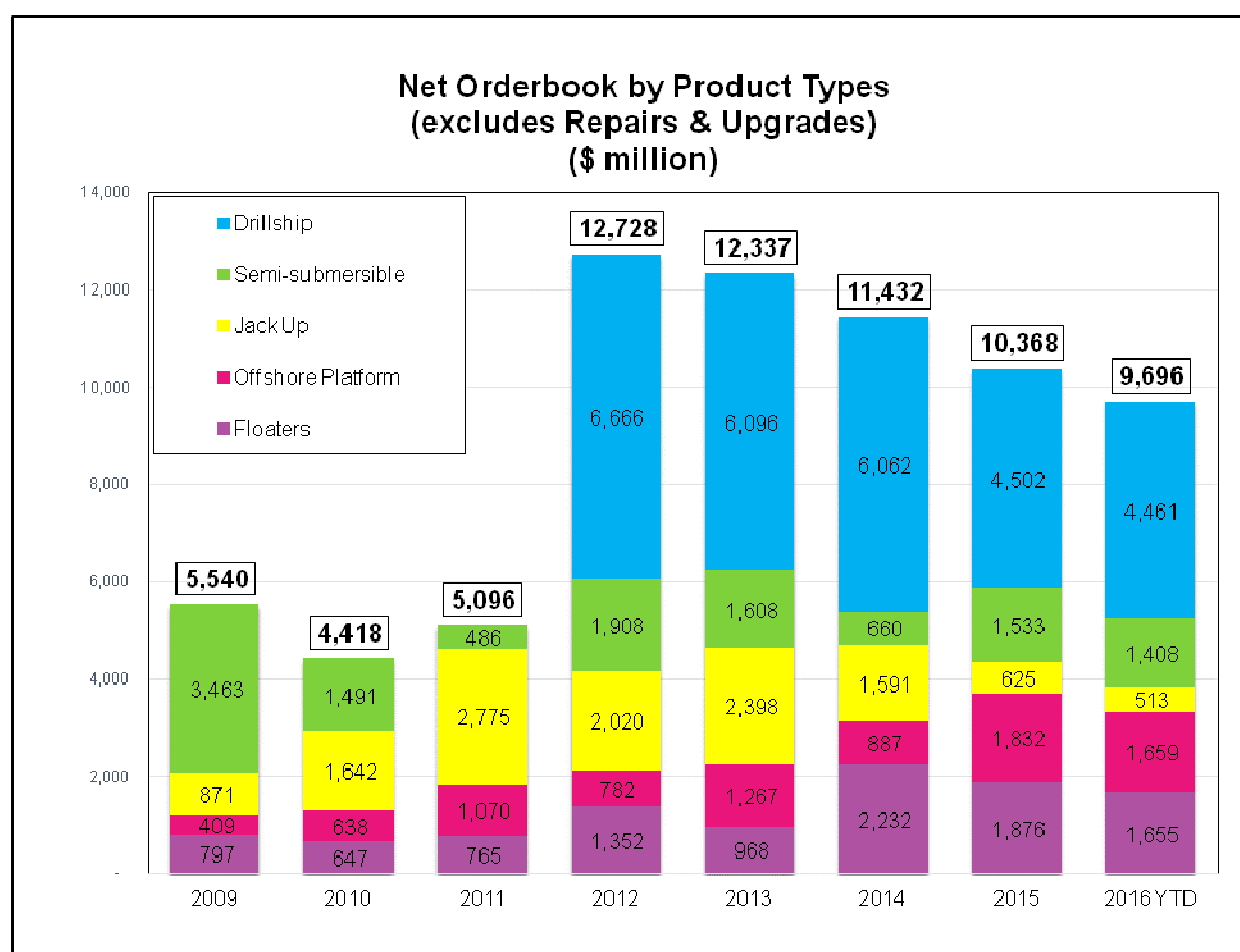
- Rigs & Floaters was the largest segment, accounting for 59% of total revenue followed by Offshore Platforms at 28%, Repair & Upgrades at 11% and others at 2%.
- 1Q 2016 Rigs & Floaters revenue declined 43% year-on-year to \$540 million due to lower project recognition and deliveries versus the previous corresponding period. Floaters revenue increased.
- Offshore Platforms revenue increased 10% year-on-year to \$261 million.
- Repair & Upgrades declined 1% year-on-year to \$99 million.

CONTRACTS SECURED BY YEAR



- Secured S\$60 million in new contracts for LNG modules fabrication in 1Q 2016.
- The Group expects to continue to grow its orderbook.

NET ORDER BOOK



- Net order book year-to-date stands at \$9.7 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.