



Company Registration Number: 196300098Z

PRESS RELEASE

Results for 2Q/1H 2017

FIRST HALF 2017 NET PROFIT OF \$45 MILLION

Key highlights:

For the 6 months to June 30, 2017.

- Revenue totalled \$1.42 billion.
- Group EBITDA of \$137 million.
- Gross profit totalled \$96 million.
- Net profit achieved was \$45 million.
- Group net order book stands at \$6.7 billion as at end 1H 2017.
- Interim dividend of 1.0 cent per share.

Singapore, July 27, 2017: Sembcorp Marine posted Group revenue of \$1.42 billion for the six months to June 30, 2017, compared with \$1.83 billion in 1H 2016. Net profit achieved was \$45 million for the first six months of FY 2017.

Turnover for Rigs & Floaters was \$669 million for 1H 2017, a 30% decline from the \$956 million booked in the previous year due mainly to lower revenue from rigs construction and FPSO conversions. This was partially offset by revenue recognition from an ongoing semi-submersible crane vessel project.

Offshore Platforms revenue declined 20% year-on-year to \$473 million in 1H 2017 from \$589 million in 1H 2016 due to lesser projects on hand.

Repairs & Upgrades revenue totalled \$228 million, a 7% year-on-year decline from \$245 million in 1H 2016. While fewer ships were repaired, the average revenue per vessel improved slightly due to a better vessel mix with more higher-value works.

For 1H 2017, gross profit decreased 49% year-on-year to \$96 million, while operating profit decreased 66% to \$42 million. This was mainly due to lower contribution from rig building projects, costs incurred for a floater project which is pending finalisation with customer, and lower contribution from offshore platform projects.

1H 2017 net profit of \$45 million was lower compared with \$66 million in 1H 2016 due to the same factors mentioned above, which is partially offset by the gain on disposal of Cosco Shipyard Group Co., Ltd.

Financial Highlights

Group (\$ million)	2Q 2017	2Q 2016	% change	1H 2017	1H 2016	% change
Turnover	655.5	908.5	(28)	1,415.5	1,826.9	(23)
Gross Profit	76.3	106.5	(28)	96.2	187.1	(49)
EBITDA	76.7	89.2	(14)	137.3	195.6	(30)
Operating Profit	28.5	53.6	(47)	42.1	125.3	(66)
Profit before tax	3.5	19.2	(82)	40.3	87.5	(54)
Net Profit	5.6	11.5	(51)	45.1	66.3	(32)
EPS (basic) (cts)	0.27	0.55	(51)	2.16	3.17	(32)
NAV (cts)				121.62	*122.62	(1)
* as at 31 December 2016						

Note: * NAV as at December 31, 2016

2Q 2017 versus 2Q 2016

On a quarterly basis, Group turnover for 2Q 2017 at \$655 million was 28% lower compared with \$908 million for the same period in 2016.

Group gross profit of \$76 million was 28% lower on year-on-year basis mainly due to lower contribution from rig building and offshore platform projects. At the operating level, Group profit fell 47% year-on-year to \$29 million. Net profit was lower at \$6 million mainly due to the impact of foreign currency translation loss on the USD borrowings for the Brazil yard.

Balance Sheet and Cash Flow

Net debt increased during the quarter, with net debt to equity at 1.31 times at end of 1H 2017 compared with 1.18 times at end 1Q 2017. Cash used in operations for 1H 2017 was \$295 million mainly for working capital for ongoing projects. Net cash used in investing activities was \$98 million, mainly for capital expenditure for Tuas Boulevard Yard and Estaleiro Jurong Aracruz (Brazil) Yard.

Interim Dividend

The Board of Directors recommends a one-tier tax exempt interim dividend of 1.0 cent per share for 1H 2017 (1H 2016: 1.5 cents). Book closure is August 16, 2017 and the one-tier tax exempt interim dividend will be paid to shareholders on August 29, 2017.

Outlook

Global exploration and production spending is expected to increase. Offshore day rates appear to have stabilized and utilization levels have begun to improve. However, a more robust recovery will take longer.

Enquiries for non-drilling solutions continue to be encouraging. We have been actively involved with our potential customers in developing engineering solutions for the production segment. We remain cautiously optimistic of new orders for production facilities in the next few years.

We continue to make steady progress in the development and commercialisation of our Gravifloat technology for near-shore gas infrastructure solutions. However, it will take time for such efforts to translate into orders.

Niche markets in LNG carrier and cruise ship repairs and upgrades have held up well and have relatively outperformed other segments. We expect this trend to continue.

Sembcorp Marine's strategy and focus remain anchored on strengthening and optimising our talent pool; pursuing operational excellence in executing our projects; investing in new capabilities, products and technological innovation to help grow our order book; and prudently managing our financial resources to preserve financial flexibility and ensure overall sustainability of our business.

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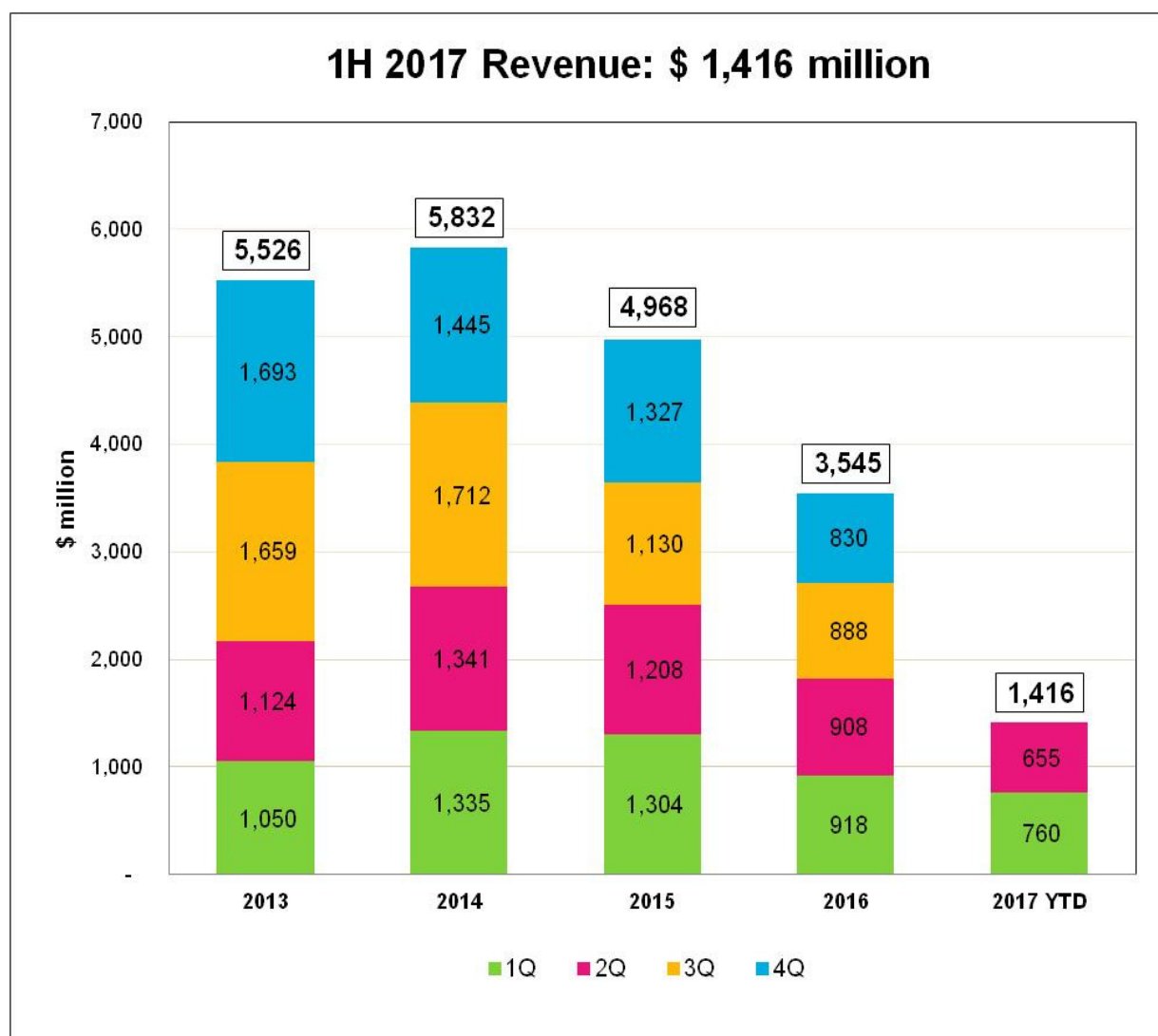
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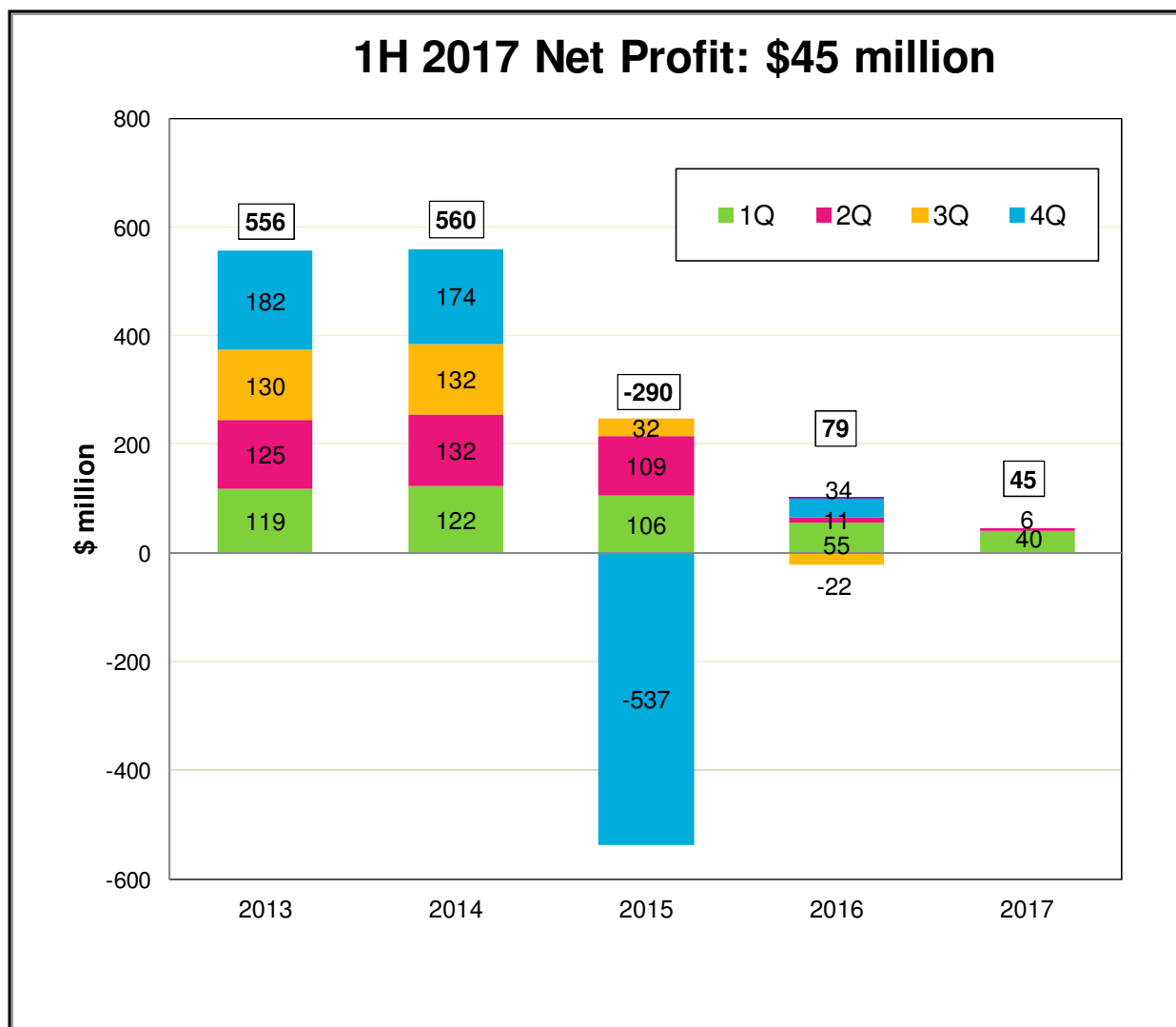
Appendix

QUARTERLY TURNOVER (FY 2013 TO 1H 2017)



- Group turnover declined 23% year-on-year to \$1.42 billion in 1H 2017 from \$1.83 billion in 1H 2016.
- Lower revenue recognition from Rig building and Offshore platform projects, fewer ships for Repairs and Upgrades.
- Higher revenue recognition from semi-submersible crane project.
- Lower number of vessels repaired but average revenue per vessel improved slightly.

QUARTERLY NET PROFIT/LOSS (FY 2013 TO 1H 2017)



- 1H 2017 Net profit was lower at \$45 million, due to lower contribution from rig building and offshore platform projects, including costs incurred for a floater project which is pending finalisation with a customer.

CASHFLOW

Group (\$ million)	1H17A	1H 2016	% change
Operating profit before working capital changes	143	175	(18)
Cash (used in)/ generated from operations	(295)	7	n.m.
Net cash (used in)/ generated from operating activities	(334)	(43)	679
Net cash used in investing activities	(98)	(240)	(59)
Net cash generated from financing activities	240	648	(63)
Net increase in cash & cash equivalents	(193)	366	n.m.
Cash & cash equivalents in balance sheets	1,016	968	5
Borrowings	(4,391)	(3,981)	10
Net Debt	(3,375)	(3,013)	12
Progress Billing > WIP	341	568	(40)

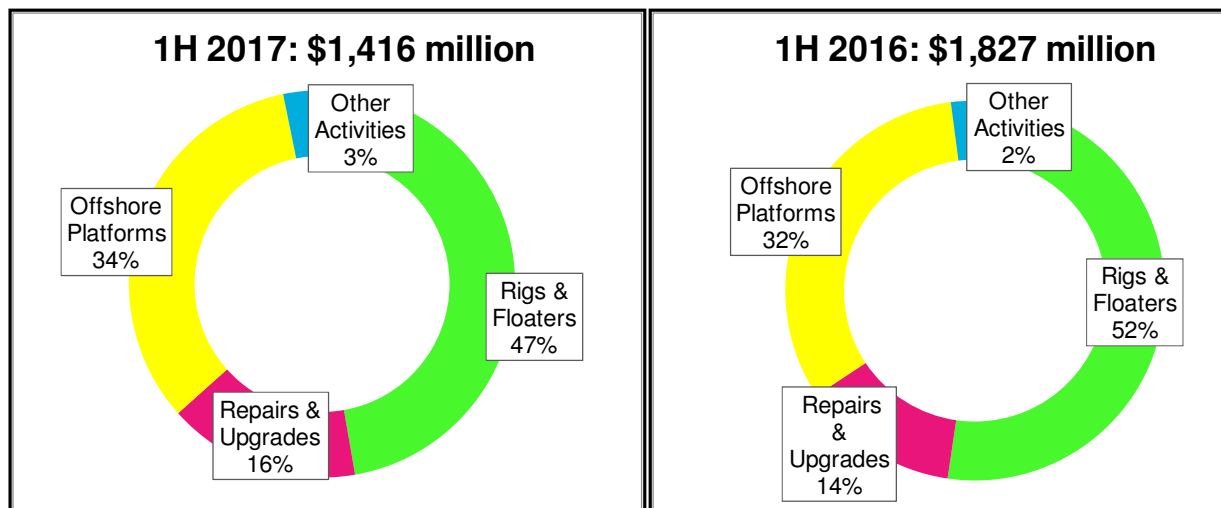
- Operating profit before working capital changes was \$143 million in 1H 2017.
- Cash used in operations was \$295 million mainly due to increased payment to creditors. Net cash used in investing activities was \$98 million on expansion and operational expenditure for Phase II of Tuas Boulevard Yard and Estaleiro Jurong Aracruz Yard in Brazil.
- Progress billings, in excess of work in progress, stand at \$341 million.

CAPITAL, GEARING AND ROE

Group (\$ million)	Jun-17	Jun-16	% change	Dec-16	% change
Shareholders' Funds	2,542	2,514	1	2,562	(1)
Net Debt	3,375	3,013	12	2,938	15
Net Working Capital	1,390	1,917	(27)	1,270	9
Return on Equity (ROE) (%) - annualised	3.5	5.3	(34)	3.1	13
Net Asset Value (cents)	121.6	120.3	1	122.6	(1)
Return on Total Assets (ROTA) (%) - annualised	2.0	2.2	(9)	1.8	11

REVENUE CONTRIBUTIONS BY SECTORS (1H 2017 vs 1H 2016)

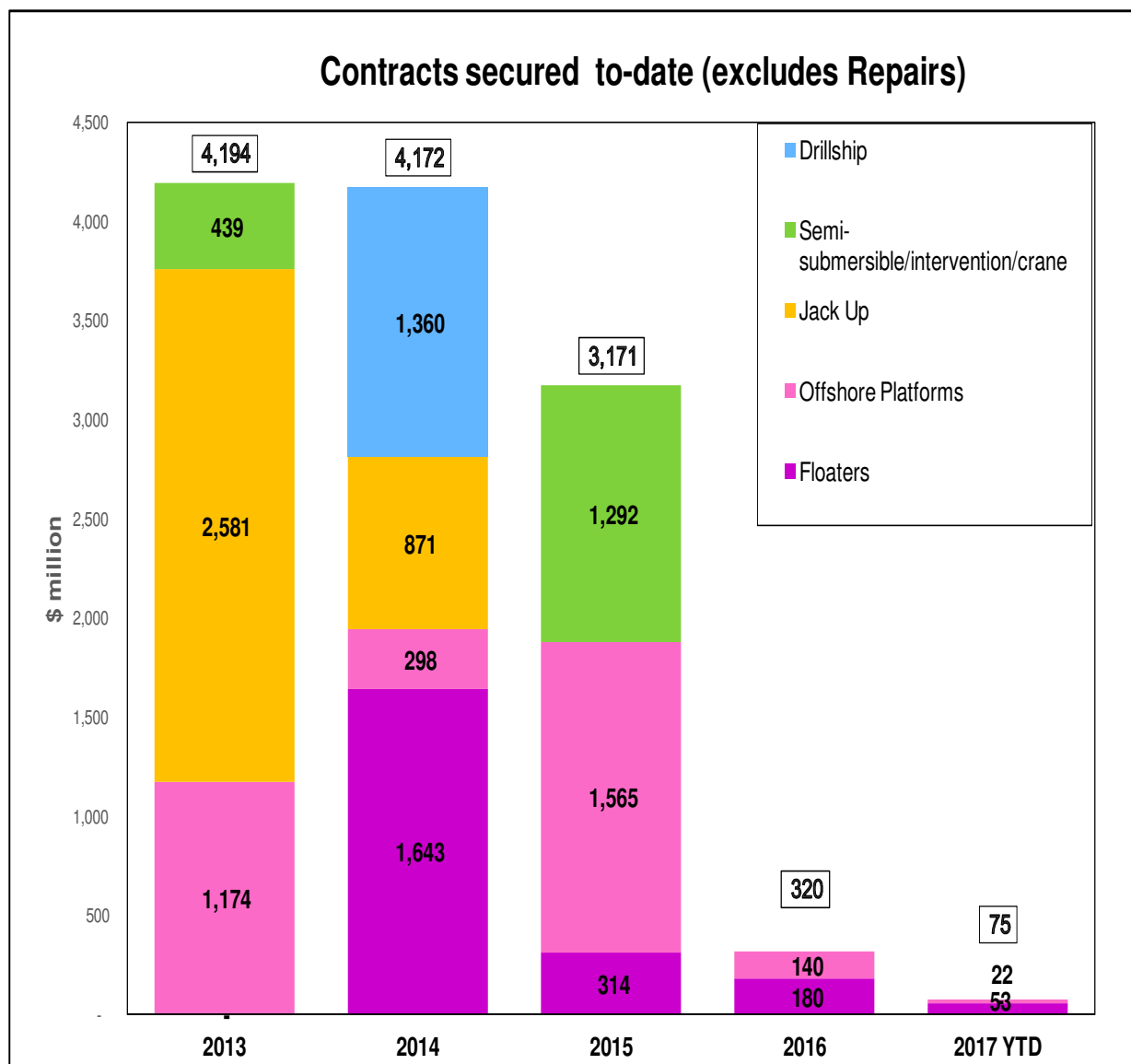
By Value & Percentage Contributions



Turnover (\$ million)	2Q 2017	2Q 2016	% change	1H 2017	1H 2016	% change
Rigs & Floaters	322	416	(23)	669	956	(30)
Repairs & Upgrades	138	146	(6)	228	245	(7)
Offshore Platforms	172	328	(48)	473	589	(20)
Other Activities	24	19	29	46	37	23
TOTAL	656	909	(28)	1,416	1,827	(23)

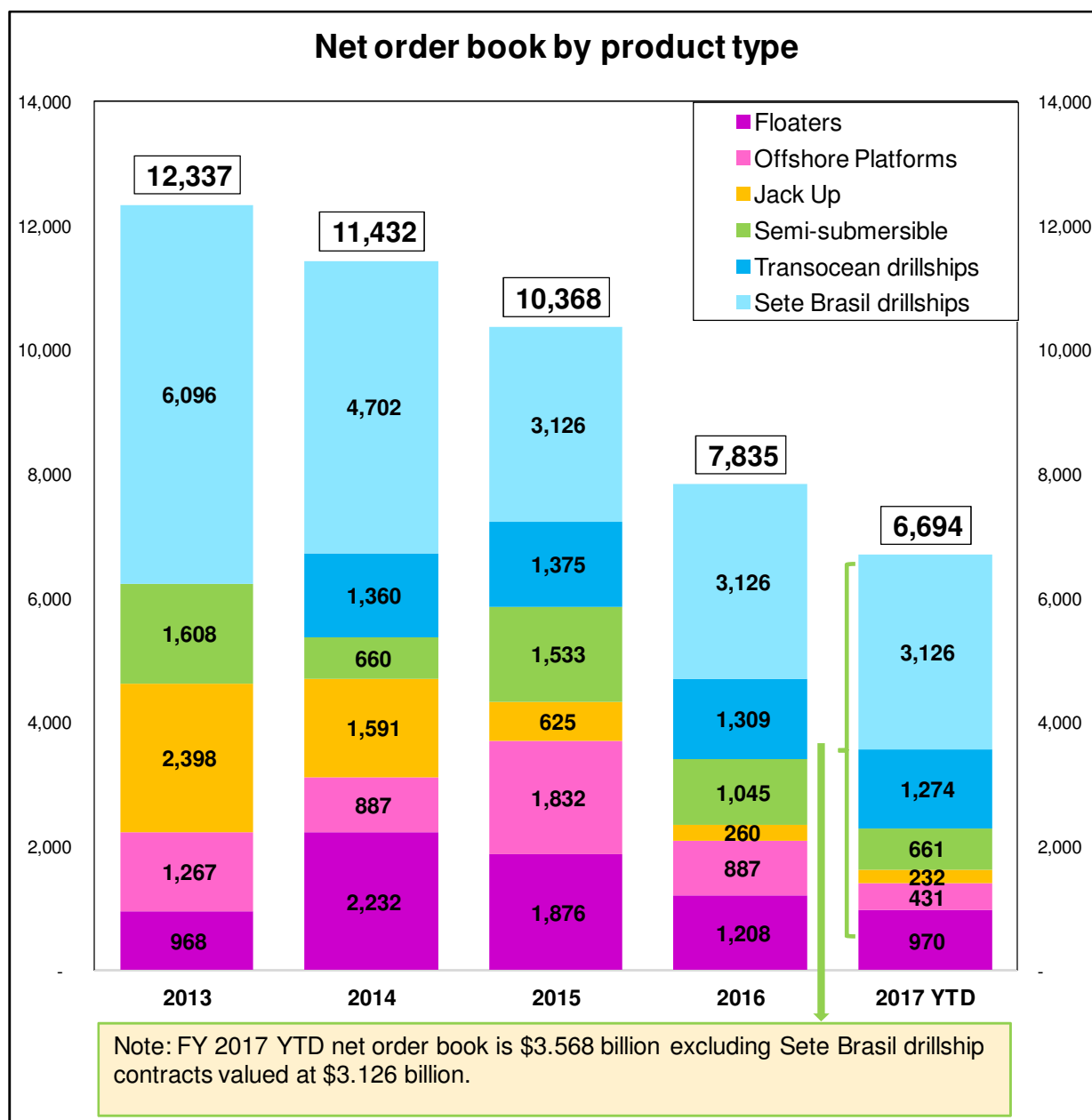
- Rigs & Floaters was the largest segment, accounting for 47% of total revenue followed by Offshore Platforms at 34%, Repair & Upgrades at 16% and others at 3%.
- 2Q 2017 Rigs & Floaters revenue declined 23% year-on-year to \$322 million due to lower project recognition and deliveries.
- Offshore Platforms revenue in 2Q 2017 fell 48% year-on-year to \$172 million due to lesser projects on hand.
- Repairs & Upgrades declined 6% year-on-year to \$138 million with fewer vessels repaired.

CONTRACTS SECURED BY YEAR



The Group secured \$75 million in contracts in Offshore Platforms and Floaters segments in 1H 2017.

NET ORDER BOOK



- Net order book as at 1H 2017 stands at \$6.7 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.