Company Registration Number: 196300098Z

PRESS RELEASE

Results for 3Q/9M 2017

Key highlights:

For the 9 months to September 30, 2017.

- Revenue of $1.73 billion.
- Gross profit totalled $109 million.
- Net profit totalled $48 million.
- Sale of 9 jack-up rigs to Borr Drilling for US$1.3 billion in early October 2017.

Singapore, October 31, 2017: Sembcorp Marine reported Group revenue of $1.73 billion for the nine months to September 30, 2017. This compares with $2.71 billion in revenue in 9M 2016. The lower revenue was largely due to lower sales from all key business segments with the exception of Repairs & Upgrades, as well as a reversal of previously recognised rig sales upon the termination of contracts with a customer.

Turnover for Rigs & Floaters was $690 million for 9M 2017, a 50% decline from the $1.39 billion booked in the previous nine-month period due to lower revenue from drillships, other rigs and floaters. Following the termination of two rigs contracts with a customer in 3Q 2017, there was also a reversal of sales from the projects. This was partially offset by revenue recognition from ongoing semi-submersible projects and the delivery of an FPSO.

Offshore Platforms revenue declined 32% year-on-year to $623 million in 9M 2017 from $916 million in 9M 2016 due to fewer projects on hand.

Repairs & Upgrades revenue totalled $352 million, a 1% year-on-year increase from $350 million in 9M 2016. While fewer ships were repaired, the average revenue per vessel was higher due to an improved vessel mix with more higher-value works.

Gross profit for 9M 2017 was $109 million, a 58% year-on-year decline.

Operating profit for 9M 2017 decreased 60% year-on-year to $64 million mainly due to lower contribution from rig building and offshore platforms projects, costs incurred for a floater project which is pending finalisation with the customer and the effects of contracts termination and inventories written down.

Net profit for 9M 2017 totalled $48 million, compared with 9M 2016 net profit of $45 million. The increase was mainly due to a gain on disposal of our stake in Cosco Shipyard Group Co., Ltd., lower impairment losses on available-for-sale financial assets and lower share of losses from associates and joint ventures. This was offset by $12.7 million in inventories written down following the sale of nine jack-up rigs to Borr Drilling.

Financial Highlights

Group ($ million)	3Q 2017	3Q 2016	% change	9M 2017	9M 2016	% change
Turnover	316.9	888.0	(64)	1,732.4	2,714.9	(36)
Gross Profit	12.4	71.0	(83)	108.7	258.0	(58)
EBITDA	71.7	68.4	5	209.1	264.0	(21)
Operating Profit	22.0	32.9	(33)	64.1	158.2	(60)
(Loss)/Profit before tax	(1.8)	(18.3)	(90)	38.6	69.3	(44)
Net Profit/ (Loss)	2.7	(21.8)	n.m.	47.9	44.5	8
EPS (basic) (cts)	0.13	(1.04)	n.m.	2.29	2.13	8
NAV (cts)				120.60	*122.62	(2)

Note: * NAV as at December 31, 2016

3Q 2017 versus 3Q 2016

On a quarterly basis, Group turnover for 3Q 2017 at $317 million was 64% lower compared with $888 million for the same period in 2016. The lower revenue was due to lower rig building revenue, fewer floater and offshore platforms projects, and revenue reversal for two jack-up rigs which were terminated with a customer during the quarter.

For 3Q 2017, the Group made a profit of $12 million at the gross level and $22 million at the operating level mainly due to lower contributions from rig building and offshore platforms segments, and a $12.7 million write-down of inventories following the sale of nine jack-up rigs. Net profit for 3Q 2017 totalled $3 million.

Sale of 9 Pacific Class 400 jack-up rigs to Borr Drilling

On October 6, 2017, the Group announced it signed agreements for the sale of nine jackup rigs to Borr Drilling for US$1.3 billion. Under the terms of the Agreements, Borr Drilling will take delivery of the nine jack-up rigs progressively over a 14-month period, from 4Q 2017 to 1Q 2019.

Borr Drilling has made an upfront payment of about US$500 million. The balance amount of approximately US$800 million will be paid at any time within five years from the respective delivery dates of the rigs.

Borr Drilling will pay interest at market rates from the respective delivery dates of the rigs to full payment of the balance amount. The balance amount and all interest payable will be secured by a first priority mortgage over the rigs and a corporate guarantee from Borr Drilling Limited.

Balance Sheet and Cash Flow

Net debt increased during the year, with net debt to equity at 1.31 times at end of 9M 2017 compared with 1.13 times at end FY2016. Upon receipt of the upfront payment of US$500 million, net debt to equity is expected to improve significantly. Cash used in operations for 9M 2017 was $412 million mainly for working capital for ongoing projects. Net cash generated from investing activities was $70 million mainly due to proceeds from the divestment of our stake in Cosco Shipyard Group, offset by capital expenditure for Tuas Boulevard Yard and Estaleiro Jurong Aracruz (Brazil) Yard.

Outlook

Global exploration and production spending continues to show signs of improvement. Recent stabilisation of drilling rigs day rates and utilisation levels, coupled with increased activities in secondary rigs sales indicate a commencement of recovery in the drilling segment.

Enquiries for non-drilling solutions continue to be encouraging. We have been actively responding to more enquiries and tenders for developing engineering solutions for the production segment.

Good progress has been made in the development and commercialisation of our Gravifloat technology for near-shore gas infrastructure solutions.

For repairs and upgrades, niche markets in LNG carriers and cruise ships continue to underpin performance. We expect this trend to continue.

As we continue to strengthen our balance sheet and prudently manage our financial resources, Sembcorp Marine's strategy remains focused on the pursuit of operational excellence, investing in new capabilities and technological innovation, and active customer engagement and business development to grow our order book and ensure the sustainability of our business.

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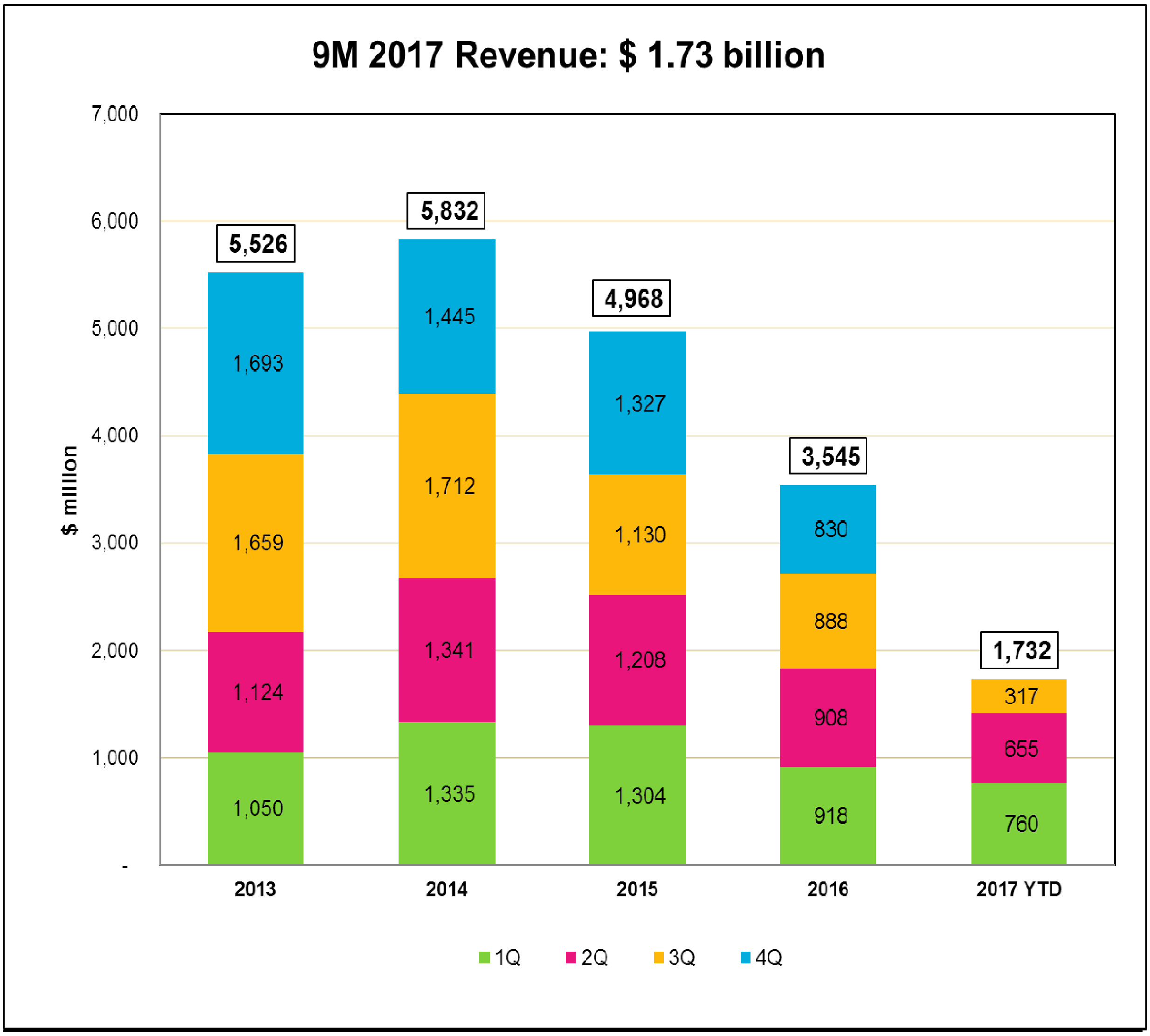
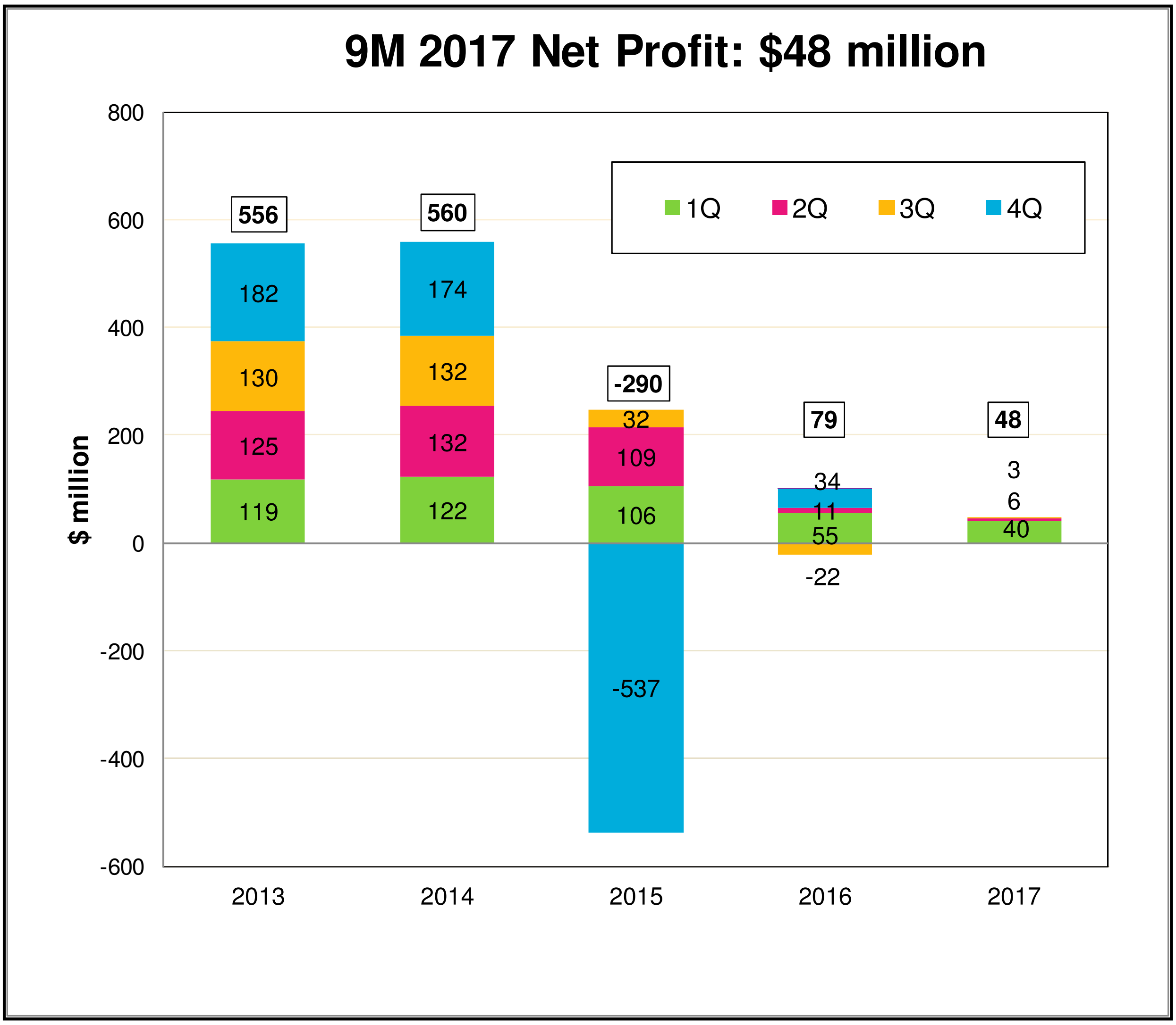
Appendix

QUARTERLY TURNOVER (FY 2013 TO 9M 2017)



- Group turnover declined 36% year-on-year to $1.73 billion in 9M 2017 from $2.71 billion in 9M 2016.
- Lower revenue recognition from Rig building and Offshore Platforms projects.
- Higher revenue recognition from semi-submersible crane project.
- Lower number of vessels repaired but average revenue per vessel remained steady.

QUARTERLY NET PROFIT/LOSS (FY 2013 TO 9M 2017)



- Net profit for 9M 2017 totalled $48 million, compared with 9M 2016 net profit of $45 million. This includes a gain of $47 million from the divestment of the Group's 30% stake in Cosco Shipyard Group Co., Ltd, which was completed in January 2017, offset by the inventories written down arising from the sale of the nine jack-up rigs.

CASHFLOW

Group ($ million)	9M 2017	9M 2016	% change
Operating profit before working capital changes	235	245	(4)
Cash (used in)/ generated from operations	(412)	803	n.m.
Net cash (used in)/ generated from operating activities	(489)	722	n.m.
Net cash generated from/ (used in) investing activities	70	(342)	n.m.
Net cash generated from financing activities	265	531	(50)
Net increase in cash & cash equivalents	(154)	911	n.m.
Cash & cash equivalents in balance sheets	1,056	1,492	(29)
Borrowings	(4,410)	(4,108)	7
Net Debt	(3,352)	(2,615)	28
Progress Billing > WIP	190	458	(59)

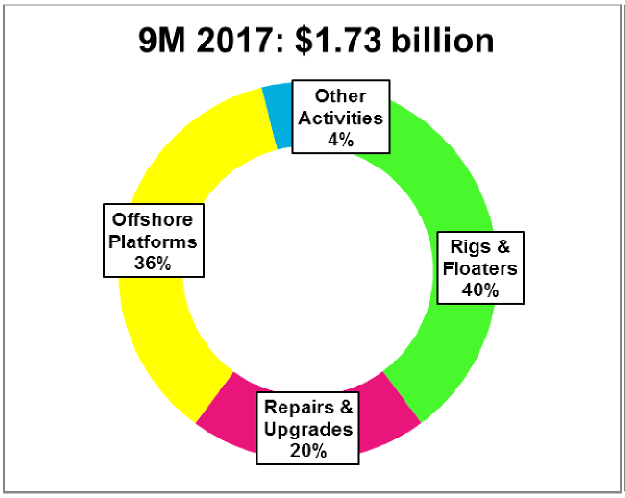
- Operating profit before working capital changes was $235 million in 9M 2017.
- Cash used in operations was $412 million mainly for working capital for ongoing projects. Net cash generated from investing activities was $70 million mainly due to proceeds from sale of investment in Cosco Shipyard Group, offset by capital expenditure for Tuas Boulevard Yard and for Estaleiro Jurong Aracruz Yard in Brazil.
- Progress billings, in excess of work in progress, stand at $190 million.

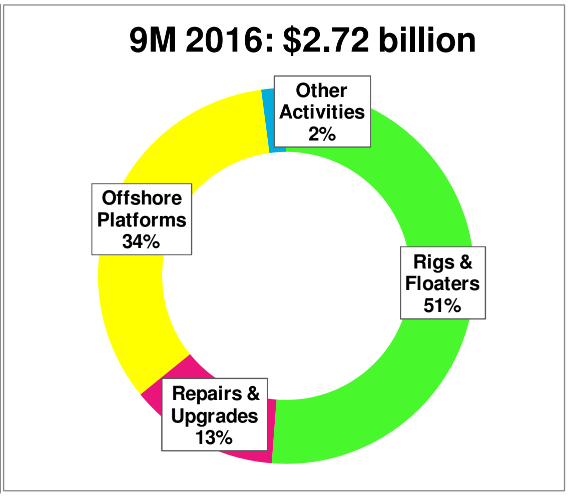
CAPITAL, GEARING AND ROE

Group ($ million)	Sep-17	Sep-16	% change	Dec-16	% change
Shareholders' Funds	2,520	2,494	1	2,562	(2)
Net Debt	3,352	2,615	28	2,938	14
Net Working Capital	1,166	1,687	(31)	1,270	(8)
Return on Equity (ROE) (%) - annualised	2.5	2.4	4	3.1	(19)
Net Asset Value (cents)	120.6	119.4	1	122.6	(2)
Return on Total Assets (ROTA) (%) - annualised	1.7	1.5	13	1.8	(6)

REVENUE CONTRIBUTIONS BY SECTORS (9M 2017 vs 9M 2016)

By Value & Percentage Contributions

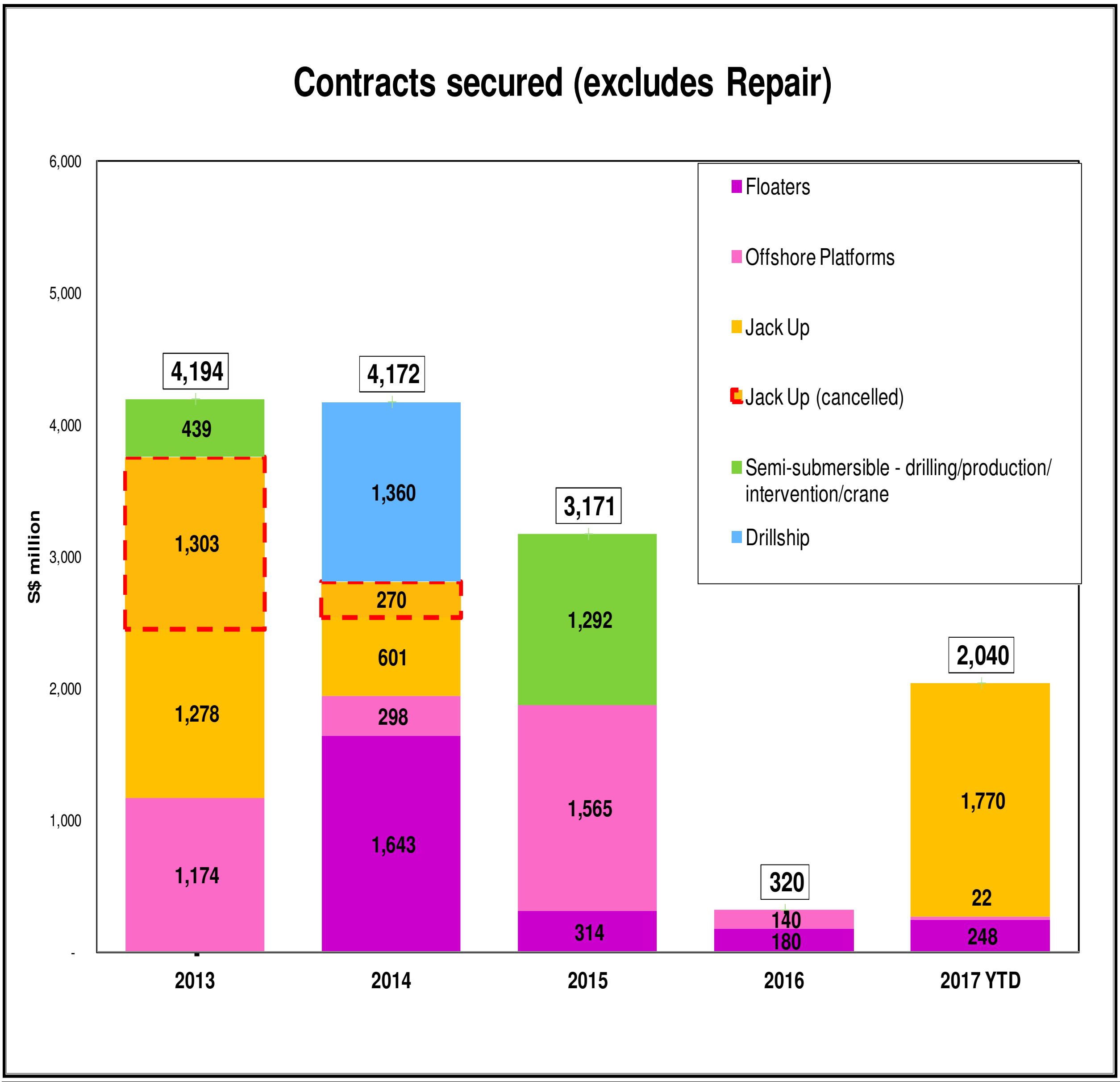




Turnover ($ million)	3Q 2017	3Q 2016	% change	9M 2017	9M 2016	% change
Rigs & Floaters	21	436	(95)	690	1,391	(50)
Repairs & Upgrades	124	105	18	352	350	1
Offshore Platforms	149	326	(54)	623	916	(32)
Other Activities	23	21	8	68	58	17
TOTAL	**317**	**888**	(64)	**1,732**	**2,715**	(36)

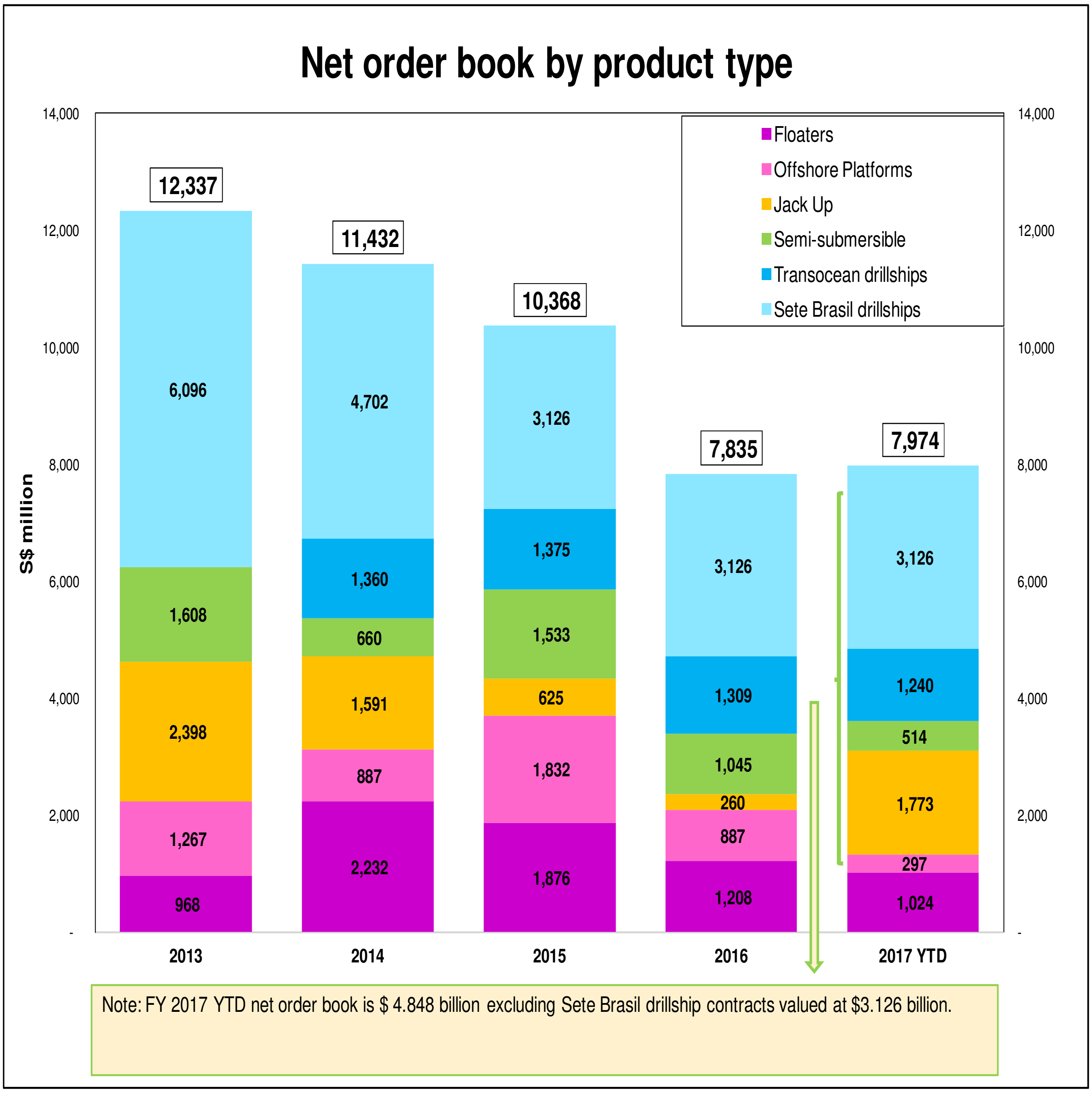
- Rigs & Floaters remained the largest segment, accounting for 40% of total revenue followed by Offshore Platforms at 36%, Repair & Upgrades at 20% and others at 4%.
- 9M 2017 Rigs & Floaters revenue declined 50% year-on-year to $690 million due to lower project recognition and deliveries, as well as revenue reversal for cancelled rigs.
- Offshore Platforms revenue in 9M 2017 fell 32% year-on-year to $623 million due to lesser projects on hand.
- Repairs & Upgrades revenue increased 1% year-on-year to $352 million with higher value per vessel despite fewer vessels repaired.

CONTRACTS SECURED BY YEAR



- 6 jack-up rigs contracts (secured in 2013 and 2014 - in dotted box) are cancelled as SCM has terminated the contracts with the original customers.
- Sale of 9 jack-up rigs to Borr Drilling, which include the above 6 rigs and 3 rigs presently under construction, contributes $1.77 billion to 2017 contracts secured to-date. Deliveries for the 9 rigs will be from 4Q17 to 1Q19.
- The Group also secured carry over works for the P-68 hull from Petrobras and additional orders from its Offshore Platforms and Floaters segments.

NET ORDER BOOK



- Net order book as at 9M 2017 stands at $7.97 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.