



## **AGENDA**

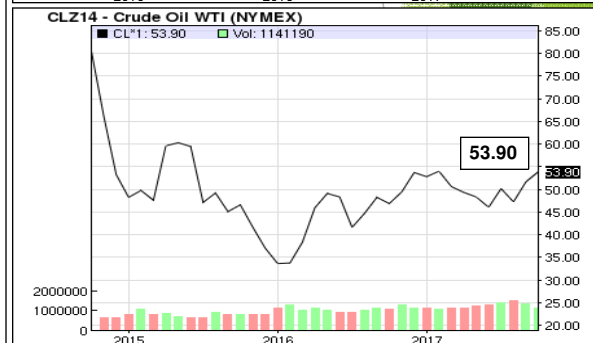
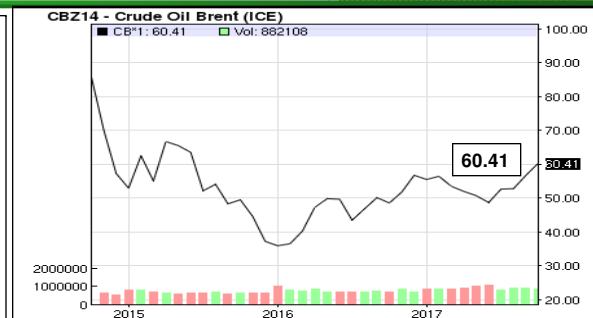
- ❖ **CEO Address**
- ❖ **CFO Financial Highlights**

## CEO ADDRESS

- ❖ Macro Environment update
- ❖ Financial performance for 9M 2017
- ❖ Operations Review
- ❖ Outlook and Prospects

## Macro environment – remains challenging

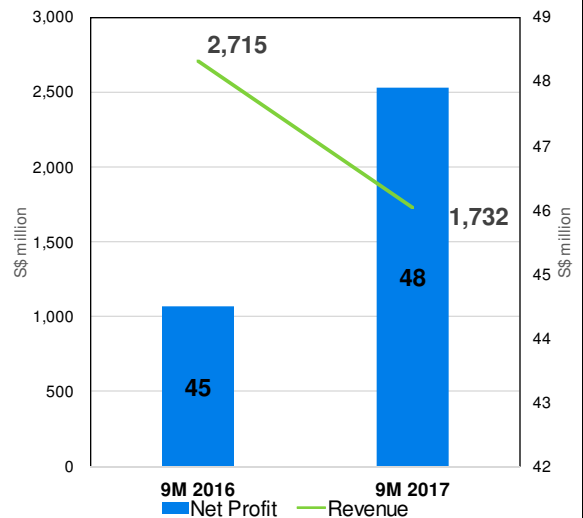
- ❖ Global economy maintained good momentum in 3Q 2017 with sustained growth in industrial production, consumer spending & investment.
- ❖ Business confidence improved with rising optimism in outlook.
- ❖ Oil prices have firmed slightly along its one year price range of US\$46 to \$60 per barrel.
- ❖ Upstream oil & gas investment activities have started to show signs of improvement. Major oil companies adapting to lower oil price environment and better positioned to proceed with final investment decisions.
- ❖ We continue to monitor the macro economic and industry conditions to better position ourselves to respond strategically to evolving developments in the operating environment.



Source: Nasdaq

- ❖ Despite the tough operating environment, Sembcorp Marine remained profitable for 9M 2017.
- ❖ Net gearing remained steady but is expected to improve significantly with monetization of rig inventory.
- ❖ Key Highlights for 9M 2017:
  - Total revenue of \$1.73 billion.
  - Net Profit was \$48 million.

9M 2017 Revenue and Profit



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- ❖ On October 9, 2017, we announced that we successfully sold nine Pacific Class 400 jack-up drilling rigs to Borr Drilling and its subsidiaries, following fulfilment of conditions precedent to the sale.
- ❖ The nine jack-up rigs were sold for about US\$1.3 billion, plus a market based fee calculated based on an uplift in value of rigs sold.
- ❖ Borr Drilling will take delivery of the rigs progressively and make an upfront payment of about US\$500 million. The balance of US\$800 million paid at any time within five years from the respective rig delivery dates.
- ❖ Transaction will significantly improve our liquidity position; help strengthen our ability to offer quality solutions to customers; and better position us when the industry recovers.

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- ❖ **Key deliveries during 9M 2017 include the following:**
  - **The Pioneiro de Libra FPSO, Sembcorp Marine's first full EPC FPSO conversion, arrived in Brazil waters in May after its successful delivery to Odebrecht and Teekay in March this year. The project achieved more than 19 million man-hours worked without any Lost Time Incidents.**
  - **The conversion of the Randgrid FSO, which was completed and delivered in July for Teekay. The project team achieved close to 4.98 million man-hours worked without any Lost Time Incidents.**

- ❖ **Steady progress being made for various projects in our order book. These include :**
  - **Engineering & construction of world's largest semi-submersible crane vessel for Heerema;**
  - **Design & Construction of MODEC's newbuild harsh environment Floating Storage and Offloading (FSO) vessel for deployment at the Culzean field in the UK North Sea;**
  - **Engineering, Procurement and Construction (EPC) of Maersk Oil's Central Processing Facility, Wellhead Platform and Utilities & Living quarters platform for the Culzean field;**
  - **Conversion of FPSO Kaombo Norte and FPSO Kaombo Sul for Saipem to be located offshore Angola.**

## Review of Operations – Projects in progress

- ❖ Construction of two high-spec ultra-deepwater drillships for Transocean based on Sembcorp Marine's proprietary Jurong Espadon III drillship design. Transocean recently decided to proceed with enhancing capabilities of the two drillships, resulting in corresponding increase in the value of the contracts and extension of the delivery schedule to the second and fourth quarter of 2020.
- ❖ Ongoing projects at our overseas yards include :
  - Construction of a power generation module and other infrastructure (part of our EPC project with Maersk Oil) at our SLP yard in the UK;
  - Hull carry over works as well as topside modules construction and integration for the FPSO P-68 Tupi Project at our EJA Brazil yard.

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## Review of Operations – Repairs & Upgrades

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- ❖ Completed a total of 328 repairs and upgrades in the nine months to 2017. Revenue per vessel improved due to better vessel mix and more high value works.
  - A total of 13 cruise ship refits were completed in the nine month period. Key projects include the upgrade of M2 for Al Seer Marine, Mariner of the Seas for Royal Caribbean Cruises, Diamond Princess and Dawn Princess for Princess Cruises, Paul Gauguin for PG Cruise. We expect 2017 to be a record year for cruise ship repairs and upgrading.
  - For LNG vessel segment, completed repairs and upgrades for 26 LNG ships in 9M 2017. Major jobs include reactivation of Arctic Spirit for Teekay LNG and Methane Kari Elin for Shell. Expect total number of LNG vessels serviced this year to exceed 2016.
  - Offshore repairs and refits include the Deep Driller V jack-up for Aban Offshore and FPSO Glas Dowr for Bluewater. Overhaul of FPSO Pyrenees Venture operated by Modec in progress.
  - Continue to receive queries for installation of Ballast Water Management Systems (BWMS) despite the deferment of BWM Convention to 2019. Requirement for BWMS installation by IMO for newbuilds remains and for vessels plying US waters under the US Coast Guards regulations.

## Successful deliveries in 9M 2017

### FPSO Pioneiro de Libra



**Project:** Conversion of shuttle tanker to an FPSO, including detailed engineering, installation and integration of topside modules, installation of external turret and power generation, accommodation upgrading as well as extensive piping and electrical cabling works  
**Customer:** OOGTK Libra GmbH & Co KG, joint venture between Odebrecht Oil & Gas and Teekay Offshore  
**Delivered:** 1Q 2017  
**Operation:** Libra field, Santos Basin, Brazil

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## Sail away of Randgrid FSO for Gina Krog field

### Randgrid FSO

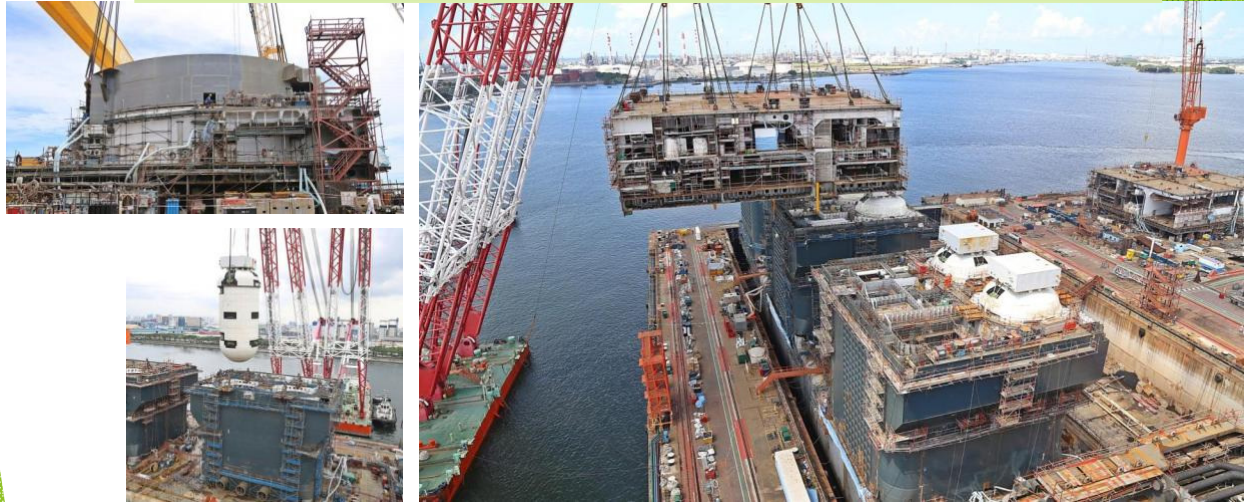


**Project:** Conversion of shuttle tanker into an FSO, including fabrication and installation of new living quarters, hull reinforcements, refurbishment of submersible turret loading (STL) compartment, installation of new helideck, offshore crane, loading hose reel package and azimuth thruster, replacement of two generators, as well as piping and cabling works.  
**Customer:** Teekay  
**Delivered:** 2Q 2017  
**Operation:** Gina Krog Field, Norwegian North Sea, on charter by Statoil

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## Ongoing Projects

### Heerema Semi-submersible Crane Vessel



**Project:** Engineering and construction of a newbuild semi-submersible crane vessel  
**Customer:** Heerema Offshore Services B.V.

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## Ongoing Projects

### Maersk Culzean FSO Newbuild



**Project:** Turnkey FSO newbuilding comprising engineering, procurement, construction and commissioning, including installation and integration of turret and topside modules  
**Customer:** MODEC  
**Operation:** Maersk Oil's Culzean field, UK North Sea

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## Ongoing Projects

### Maersk Culzean Platform EPC Project



**Project:** Engineering, procurement, construction and onshore pre-commissioning of Central Processing Facility plus 2 connecting bridges, Wellhead Platform and Utilities & Living Quarters Platform Topsides  
**Customer:** Maersk Oil North Sea UK  
**Operation:** Culzean field, UK North Sea

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## Ongoing Projects

### Kaombo FPSO Conversions



**Project:** Conversion of two VLCCs into turret-moored FPSOs, including refurbishment, construction engineering, fabrication of flare, helideck, upper turret and access structure, integration of topsides modules and lower turret components as well as pre-commissioning  
**Customer:** Saipem (contracted by owner TOTAL)  
**Operation:** Kaombo Field, Offshore Angola,

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## Steady flow of vessels at Repairs & Upgrades

### REPAIRS & UPGRADES : CRUISE SHIPS



## Steady flow of vessels at Repairs & Upgrades

### REPAIRS & UPGRADES : LNG CARRIERS



## **Sete Brasil drillships & NADL semisub**

- ❖ Sete Brasil continues discussions with its creditors on its judicial recovery plan.
- ❖ We continue to monitor the developments and engage with Sete Brasil as necessary to progress the restructuring plan.
- ❖ We believe provisions of \$329 million made in FY2015 for the Sete Brasil contracts remain adequate under present circumstances.
- ❖ Standstill agreement between North Atlantic Drilling and Sembcorp Marine for the West Rigel semi-submersible rig until January 2, 2018 remains in place.
- ❖ Under the agreement, both parties will actively market the rig for sale or charter. We believe provisions made in FY 2015 for this rig remain adequate under current circumstances.

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## **Review of Operations – Orderbook developments**

- ❖ In 3Q 2017, our Brazil subsidiary Estaleiro Jurong Aracruz (EJA) secured a contract worth US\$145 million from Tupi B.V to perform hull carry over works for the full integration of Petrobras 68 (P-68 FPSO).
- ❖ On September 18 2017, we announced the signing of a letter of intent between Sembcorp Marine Specialised Shipbuilding and US-based SeaOne Caribbean for the design and construction of at least two large Compressed Gas Liquid (CGL) carriers.
- ❖ The neo-Panamax CGL carriers would incorporate proprietary ship component ideas from Sembcorp Marine's subsidiary LMG Marin.
- ❖ With 2 billion cu ft storage capacity, the CGL carriers will be equipped with SeaOne's patented CGL technology and systems.
- ❖ FEED studies for the project are currently in progress. We look forward to partnering SeaOne on this milestone project and for future projects.

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## **Net Orderbook at \$7.97 billion**

- ❖ The sale of the nine jack-up rigs to Borr Drilling contributed a total of \$1.77 billion to our orderbook for year 2017. With another \$270 million in new orders for non-drilling solutions (which includes US\$145 million P-68 hull COW contract for Petrobras), total new orders year to date is \$2.04 billion.
- ❖ With deliveries till 2020, our net order book currently stands at \$7.97 billion. Excluding Sete Brasil projects, net order book totals \$4.85 billion.
- ❖ We continue to receive active enquiries for projects relating to floaters, production platform, gas solutions and specialized shipbuilding. We are responding to the enquiries or in discussions with such prospective customers and pursuing several project leads.

## **Developing Sustainable Solutions**

- ❖ With move towards natural gas as cleaner and more sustainable energy source, Sembcorp Marine has developed a number of innovative solutions for the gas value chain.
- ❖ Steady progress in development of projects for proprietary Gravifloat near-shore gas infrastructure solutions. In advanced discussions with prospective customers and hopeful that initial orders will materialize in foreseeable year.
- ❖ Our CGL carrier is another part of our suite of innovative solutions for the gas value chain.
- ❖ Developed a suite of green solutions for the offshore and marine industry. Award-winning Semb-Eco LUV Ballast Water Management System which utilises ultra-violet and patented bio-fouling control technology to effectively disinfect invasive aquatic species in challenging water conditions.

- ❖ As part of our sustainability strategy, Sembcorp Marine and the SP Group will jointly develop a smart renewable energy-based Digital Energy-saving System (“DES”) for our Tuas Boulevard Yard.
- ❖ The DES will harness solar energy through the installation of solar panels on the rooftop of our steel fabrication facility and will also feature energy storage capabilities, energy sensors and a real-time digital platform to optimise energy usage throughout the Yard.
- ❖ When implemented, output from our steel fabrication facility will be powered 30% by renewable energy. This will help contribute to our environmental sustainability goals and that of our customers.
- ❖ In recognition of Sembcorp Marine’s commitment towards environment sustainability, social growth and corporate governance, the Group was recently conferred the inaugural Sustainability Award at the Securities Investors Association (Singapore) 18th Investors’ Choice Awards this year.

- ❖ We have implemented several workforce optimisation measures as part of cost management. Besides redeploying and re-training our workforce from drilling to non-drilling work, steps have been taken to right-size our manpower base through natural attrition, non-renewal and early termination of service contracts.
- ❖ We remain steadfast in our commitment to continually train workers to further upgrade their skills, productivity and competitiveness. We will continue to build our talent pool through selective recruitment of specialist talents with niche skill-sets to add value to our diversification and growth.

## Singapore Yards

- ❖ Tuas Boulevard Yard, which completed Phase II in 1Q 2017, is a cornerstone in Sembcorp Marine's sustainable growth strategy. With our enhanced capabilities and enlarged capacity, we are able to venture into the EPC construction of mega offshore projects and forge new frontiers across the offshore and marine and energy value chain.
- ❖ Progressively returning older yard facilities and moving core operations to TBY. Pulau Samulun Yard was returned earlier in 4Q 2015. Presently, we have moved out from the Shipyard Road Yard and the Tuas Road Yard, and are now in the process of returning these facilities to the government.
- ❖ Targeting to return our Tanjong Kling Yard before the expiry of its lease period. This will further optimise our resources, synergise our operations and enhance cost-efficiency.

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## Cashflow and Liquidity Management

- ❖ Continue to exercise financial discipline and prudence in our financial management to conserve cash and strengthen our balance sheet. Majority of order book continues to be on progress payment terms to minimise our need for significant working capital.
- ❖ Operating cash flow used in 9M 2017 was \$412 million, mainly due to increased payment to creditors following project completions. Capital expenditure for 9M 2017 was \$135 million. Going forward we will only proceed with yard capex needed for our secured contracts or which realise cost savings, with non essential capex deferred.
- ❖ Net gearing remained unchanged during the quarter with net debt to equity at 1.31 times as at end of September 2017, versus 1.31 times at end 2Q 2017, mainly due to timing of receipts and payments for certain projects.
- ❖ With US\$500 million from Borr Drilling received, net debt equity improved to 1.04 times.
- ❖ Sufficient debt headroom. Confident we will be able to execute our orders and meet liquidity needs with existing facilities and continued support of our financiers.

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- ❖ 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 Gravitfloat 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.

## CFO Presentation

- ❖ Earnings Performance
- ❖ Financial Position

## Performance Highlights

### Key highlights:

For the 9 months to September 30, 2017:

- ❖ Turnover totalled \$1.73 billion compared with 9M 2016's \$2.72 billion.
- ❖ Gross profit of \$109 million on earnings recognition of ongoing projects and deliveries.
- ❖ Group EBITDA of \$209 million.
- ❖ Net profit attributable to shareholders of \$48 million
- ❖ Group net orderbook stands at S\$7.97 billion.

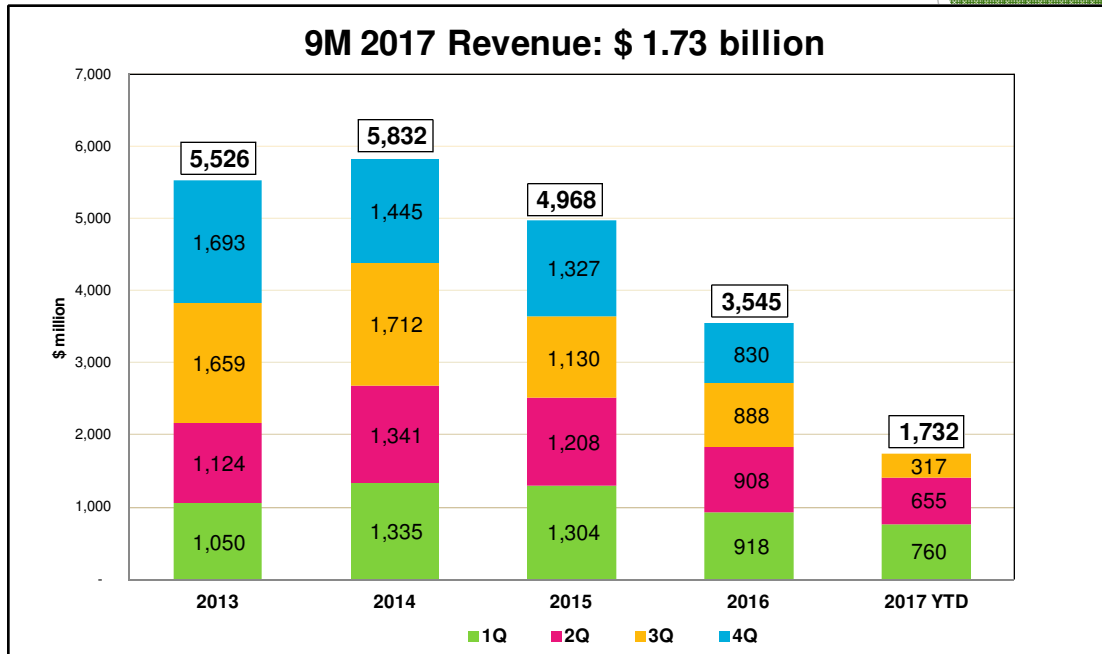
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## FINANCIAL HIGHLIGHTS

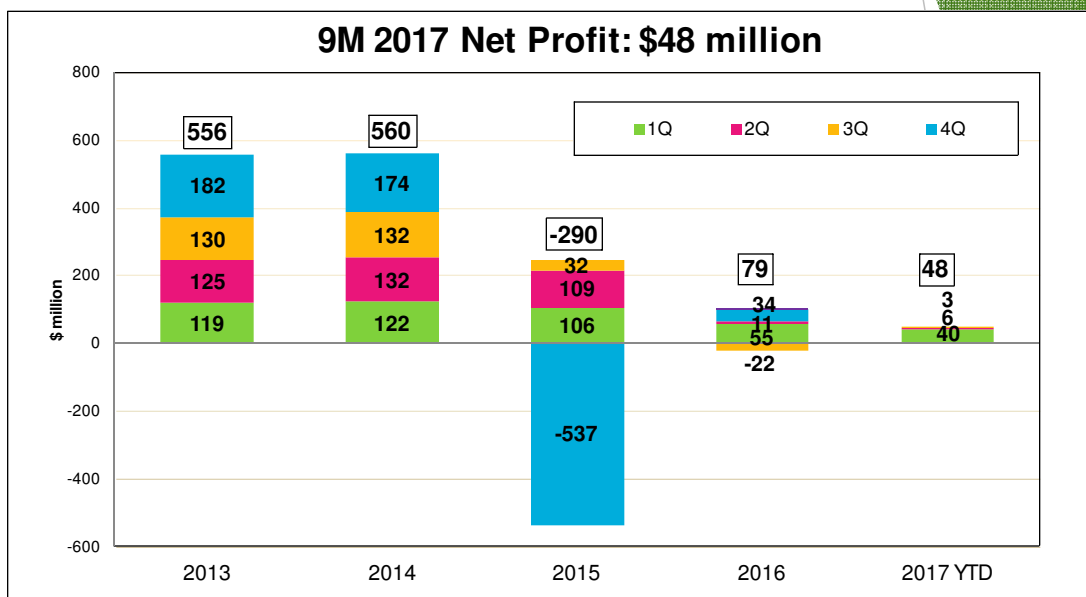
Group (\$ million)	3Q 2017	3Q 2016	% change	9M 2017	9M 2016	% change
Turnover	316.9	888.0	(64)	1,732.4	2,714.9	(36)
Gross Profit	12.4	71.0	(83)	108.7	258.0	(58)
EBITDA	71.7	68.4	5	208.9	264.0	(21)
Operating Profit	22.0	32.9	(33)	64.1	158.2	(60)
(Loss)/Profit before tax	(1.8)	(18.3)	(90)	38.6	69.3	(44)
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)
* as at Dec 31, 2016						

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## Financial Review: Revenue

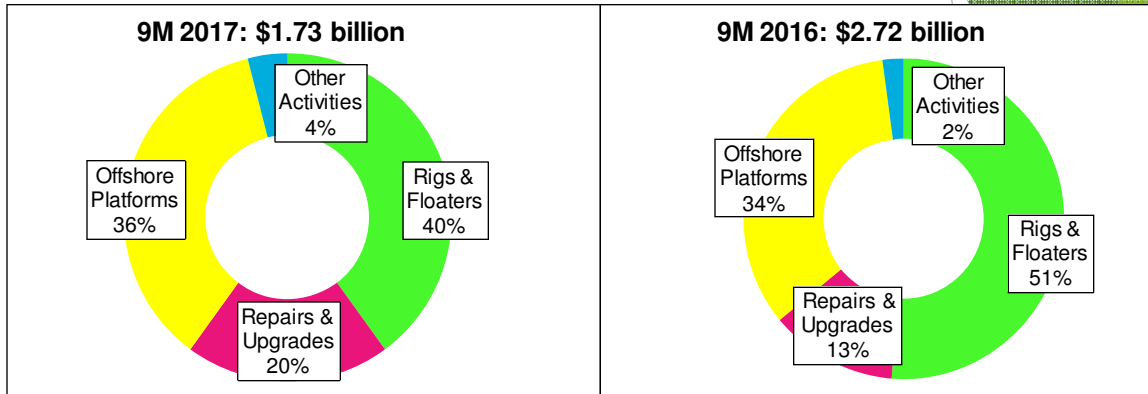


## Financial Review: Net Profit





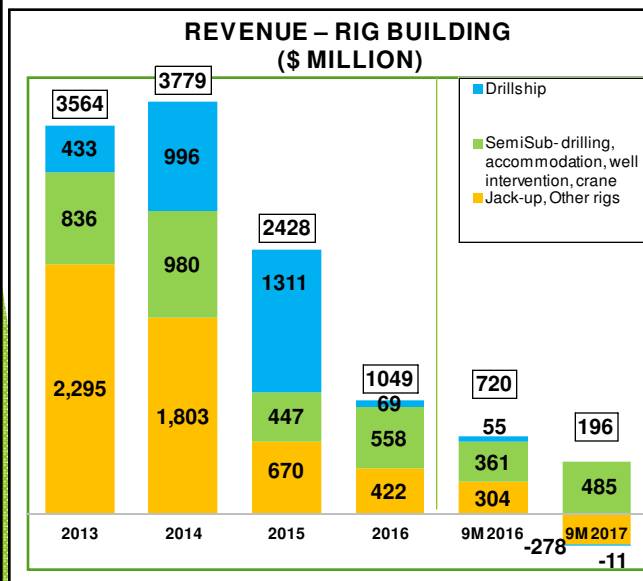
## Business Review: Turnover by Segments



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
<b>TOTAL</b>	<b>317</b>	<b>888</b>	<b>(64)</b>	<b>1,732</b>	<b>2,715</b>	<b>(36)</b>

## Core Business: Rig Building

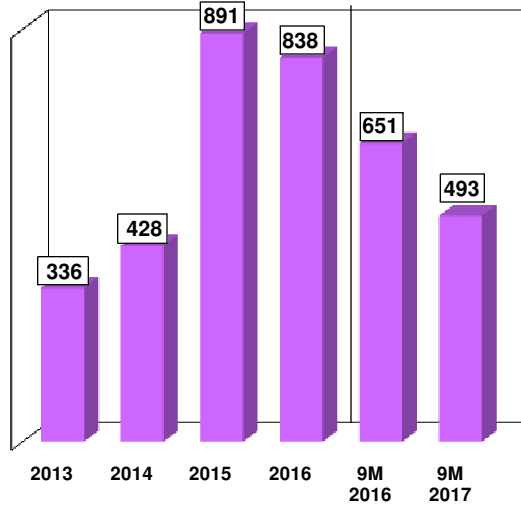
- Rig building revenue was \$196 million in 9M 2017 mainly due to revenue reversal from termination of two jack-up rigs with original customer. There were no rig deliveries during the quarter. In Oct 2017, the group sold 9 jack-up rigs to Borr Drilling for USD1.3 billion.



JACK UP RIGS SCHEDULE	
No. of completed rigs delivered in 2017 YTD	-
No. of projects in WIP stages	1 * BOTL/JDC Hakuryu 14 JU 2
No. of jack up rigs sold to Borr Drilling in October 2017	9 * Borr Drilling Jack up rigs 1 - 9
SEMI-SUBMERSIBLE DRILLSHIP SCHEDULE	
No. of projects delivered in 2017 YTD	-
No. of projects in WIP stage	4 * Helix semi-well intervention (Q7000) * Heerema Offshore semisub crane vessel * 1st drillship for Transocean, JE III * 2nd drillship for Transocean, JE III * Harsh Environment CS60 semi-submersible rig for Seadrill - West Rigel
No. of projects technically completed stage	1
Number of projects in suspended state	7 * Drillship 1 <sup>st</sup> unit, Sete Brasil * Drillship 2 <sup>nd</sup> unit, Sete Brasil * Drillship 3 <sup>rd</sup> unit, Sete Brasil * Drillship 4 <sup>th</sup> unit, Sete Brasil * Drillship 5 <sup>th</sup> unit, Sete Brasil * Drillship 6 <sup>th</sup> unit, Sete Brasil * Drillship 7 <sup>th</sup> unit, Sete Brasil

- Floaters revenue declined 24%YOY to \$493 million in 9M 2017 on fewer projects being booked. Major deliveries included the FPSO Pioneiro de Libra and the Rangrid FSO for Gina Krog field.

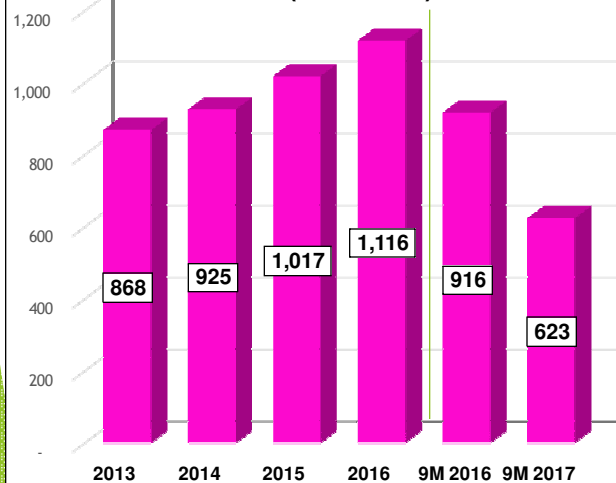
**REVENUE - FLOATERS (\$ MILLION)**



Offshore conversions	No. of projects	Brief description
No. of Projects delivered in 2017 to-date	2	* FPSO Pioneiro de Libra to OOGTK * Rangrid FSO for Gina Krog field to Teekay
No. of projects in the WIP Stage	6	* P68 FPSO for Petrobras * P71 FPSO for Petrobras * P68 hull carry over work * FPSO Norte - Kaombo * FPSO Sul - Kaombo * FSO newbuild – Moddec for Culzean field

- Offshore Platforms revenue declined 32%YOY to \$623 million in 9M 2017 due to fewer projects on hand. Delivered two projects in 9M17.
- 1 projects in work-in-progress stage.

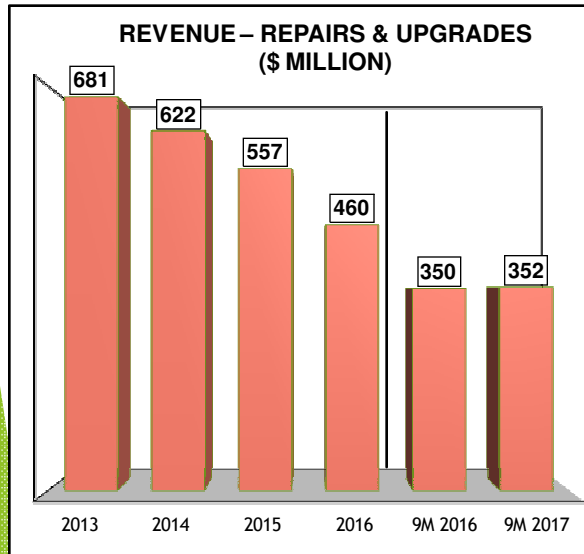
**REVENUE – OFFSHORE PLATFORMS (\$ MILLION)**



Offshore Platforms	No. of projects	Brief description
Number of projects delivered in 9M 2017	2	Yamal LNG Batch 3/4 Yamal LNG Batch 5
Number of projects in the WIP stage	1	* Maersk Culzean topsides – for well head platform, central facilities platform and utilities and living quarters platform

## Core Business: Repairs & Upgrades

- 9M 2017 Repairs & Upgrades revenue increased 1% year on year to \$352 million on higher revenue per vessel due to improved vessel mix despite fewer vessels repaired in the nine months.



Period	9M 2017	9M 2016	% change
No. of vessels repaired	328	379	(13)
Average value per vessel (\$m)	1.07	0.92	16
Total repair revenue contribution (\$m)	352	350	1

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## CAPITAL, GEARING & 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)

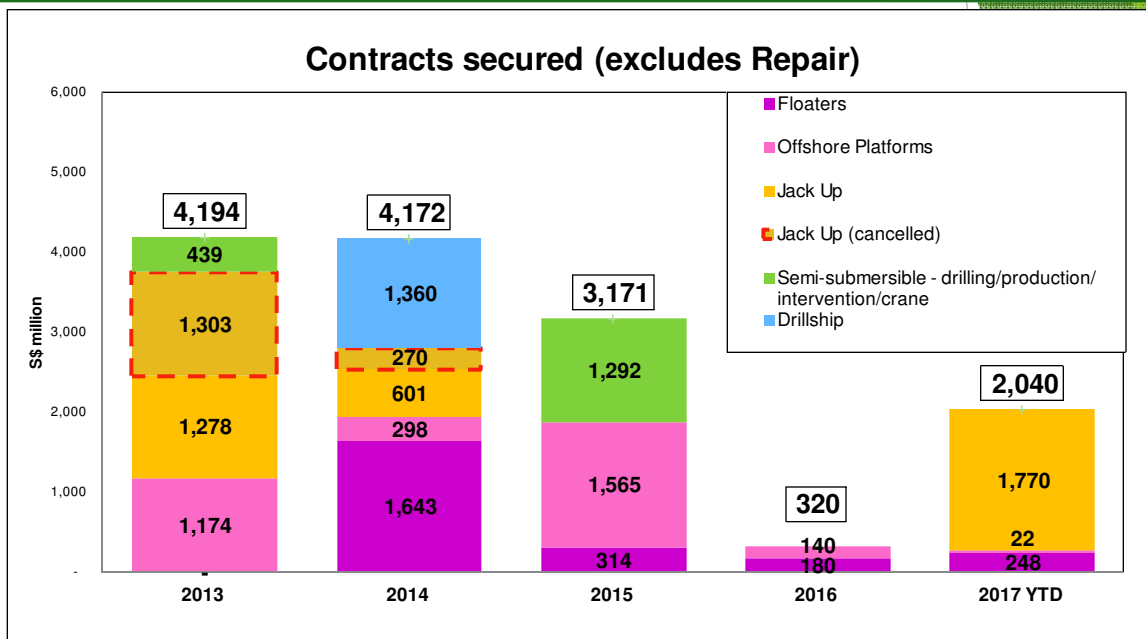
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## CASHFLOW

Group (\$ million)	9M 2017	9M 2016	% change	FY 2016
Operating profit before working capital changes	235	245	(4)	384
Cash (used in)/ generated from operations	(412)	803	n.m.	669
Net cash (used in)/ generated from operating activities	(489)	722	n.m.	569
Net cash generated from/ (used in) investing activities	70	(342)	n.m.	(490)
Net cash generated from financing activities	265	531	(50)	534
Net increase in cash & cash equivalents	(154)	911	n.m.	612
Cash & cash equivalents in balance sheets	1,058	1,493	(29)	1,217
Borrowings	(4,410)	(4,108)	7	(4,155)
Net Debt	(3,352)	(2,615)	28	(2,938)
Progress Billing > WIP	190	458	(59)	193

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## New Contracts Secured by Product Type ( 9M 2017: \$2.04 billion)

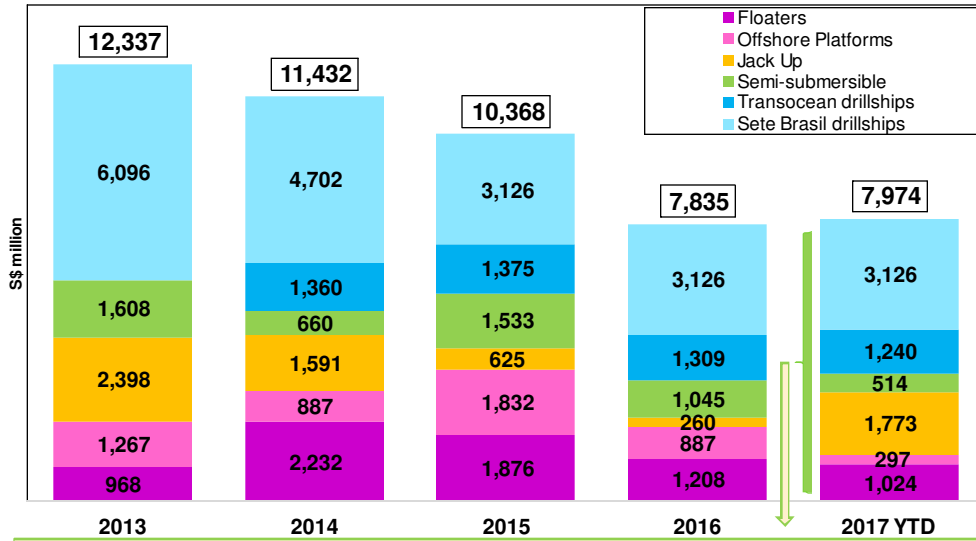


Note: Semisubmersibles include drilling, well intervention, accommodation and crane units

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## Net Order Book at S\$7.97 billion

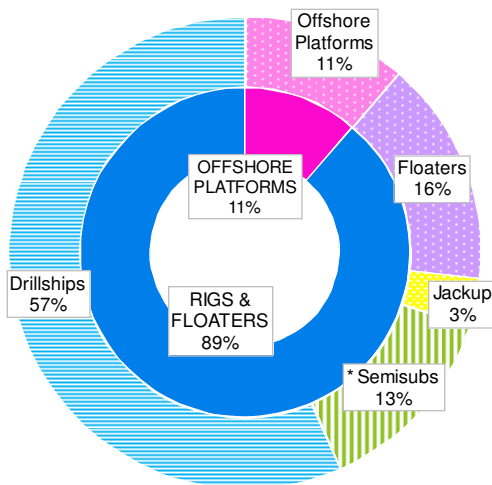
### Net order book by product type



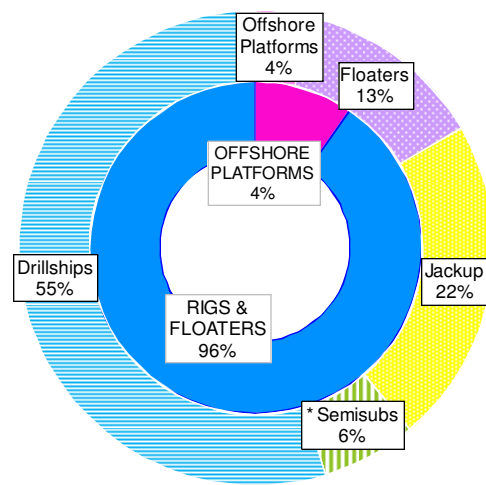
Note: FY 2017 YTD net order book is \$ 4.848 billion excluding Sete Brasil drillship contracts valued at \$3.126 billion.

## Net order backlog by division and product type

### 2016 - Total \$7.8 billion



### 2017 YTD - Total \$7.97 billion



\* Semisubmersibles include drilling, well intervention, accommodation and crane units

## 9M 2017 Results Question & Answer session



*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.*