Company Registration Number: 196300098Z

PRESS RELEASE

Results for 4Q/FY 2017

Key highlights:

For the 12 months to December 31, 2017.

- Revenue of $2.39 billion.
- Net profit totalled $14 million.
- Liquidity improved with positive operating cash flow of $144 million.

Singapore, February 21, 2018: Sembcorp Marine posted Group revenue of $2.39 billion for the twelve months to December 31, 2017. This compares with $3.54 billion in revenue generated the previous year. 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 original customers.

Rigs & Floaters reported a turnover of $1.10 billion in FY 2017, a 42% decline from the $1.89 billion booked in the previous year on lower revenue from drillships, other rigs and floaters. Following the termination of five jack-up rigs contracts with their original customers during the year, 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 34% year-on-year to $732 million in FY 2017 from $1.12 billion in FY 2016 due to fewer projects on hand.

Repairs & Upgrades revenue totalled $471 million, a 3% year-on-year increase from $460 million in FY 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 FY 2017 was $61 million, while Operating profit for FY 2017 decreased to $20 million. Net profit for FY 2017 totalled $14 million, compared with FY 2016 net profit of $79 million. The reduction in profitability was due to lower overall business volume which impacted the absorption of overhead costs, and additional cost accruals made during Q4 2017 for floater projects, which are pending finalisation with customers. Non-operating gain on divestment of Cosco Shipyard Group and the disposal of Cosco Shipping Singapore stake (formerly Cosco Corp) was partially offset by provisions and impairment for associate and joint venture companies.

Financial Highlights

Group ($ million)	4Q 2017	4Q 2016	% change	FY 2017	FY 2016	% change
Turnover	655.0	829.9	(21)	2,387.4	3,544.8	(33)
Gross (Loss)/ Profit	(48.2)	34.7	n.m.	60.5	292.8	(79)
EBITDA	4.4	120.2	n.m.	213.4	384.3	(44)
Operating (Loss)/ Profit	(43.6)	67.1	n.m.	20.5	225.3	(91)
(Loss)/Profit before tax	(54.2)	21.3	n.m.	(15.6)	90.5	n.m.
Net (Loss)/ Profit	(33.8)	34.3	n.m.	14.1	78.8	(82)
EPS (basic) (cts)	(1.62)	1.64	n.m.	0.67	3.77	(82)
NAV (cts)				118.69	122.62	(3)

4Q 2017 versus 4Q 2016

On a quarterly basis, Group turnover for 4Q 2017 at $655 million was 21% lower compared with $830 million for the same period in 2016. The lower revenue was due to lower rig building revenue, fewer floater and offshore platforms projects.

The Group reported losses of $48 million at the gross level and $44 million at the operating level. This was due to lower overall business volume which impacted the absorption of overhead costs, and additional cost accruals made during Q4 2017 for floater projects, which are pending finalization with customers.

Sale of 9 jack-ups for US$1.3 billion

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. This was received during 4Q 2017. 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.

Agreement to sell semi-submersible

The Group also announced an agreement to sell the semi-submersible rig West Rigel to a buyer at a price of US$500 million. Under the terms of the agreement, the sale is subject to conditions precedent being met by both parties before the delivery of the rig and the payment of the price. Once the conditions are fulfilled, the buyer will take delivery of the rig, which will remain in the company's yard for reactivation works.

Balance Sheet and Cash Flow

Net debt decreased, with net debt to equity at 1.11 times at end of FY 2017 compared with 1.13 times in FY2016 and 1.31 times at 9M 2017. Cash flow from operating activities (before working capital changes) was $203 million in FY 2017. Cash generated from operations was $144 million mainly due to receipts from ongoing and completed projects.

In 4Q 2017, cash generated from operations was $556 million, arising mainly from the upfront payment from Borr Drilling. A net loan repayment of $285 million was made in the quarter, and gross cash increased by $245 million.

FINAL DIVIDEND

The Board of Directors recommends the payment of a final ordinary one-tier tax exempt dividend of 1.0 cent per share (1.0 cent previously). Together with the 1.0 cent paid during the interim results, total dividend for FY 2017 is 2.0 cents, from 2.5 cents previously. The final dividend, if approved at the AGM on April 18, 2018, will be paid on May 11, 2018.

Outlook

Global exploration and production (E&P) capex spending continues to show signs of improvement, underpinned by higher oil prices.

Offshore rigs utilization and day rates have stabilized, but rig orders recovery may take some time as the oversupply in most drilling segments has yet to re-balance.

The production segment remains encouraging and we are responding to increasing enquiries and tenders for innovative engineering solutions.

We continue to make progress in our efforts to develop and commercialise our Gravifloat technology for near-shore gas infrastructure solutions.

Demand for repairs and upgrades, especially for LNG carriers and cruise ships remains strong. Regulations on ballast water treatment requirements coming into force in the foreseeable future will further underpin the potential of this segment.

However, the immediate outlook remains challenging. It will take some time for capex spending to translate into new orders. Industry activities remain low and competition for orders remains intense. Sembcorp Marine will continue to further strengthen its balance sheet and actively pursue the conversion of enquiries into new orders.

For more information, please contact:

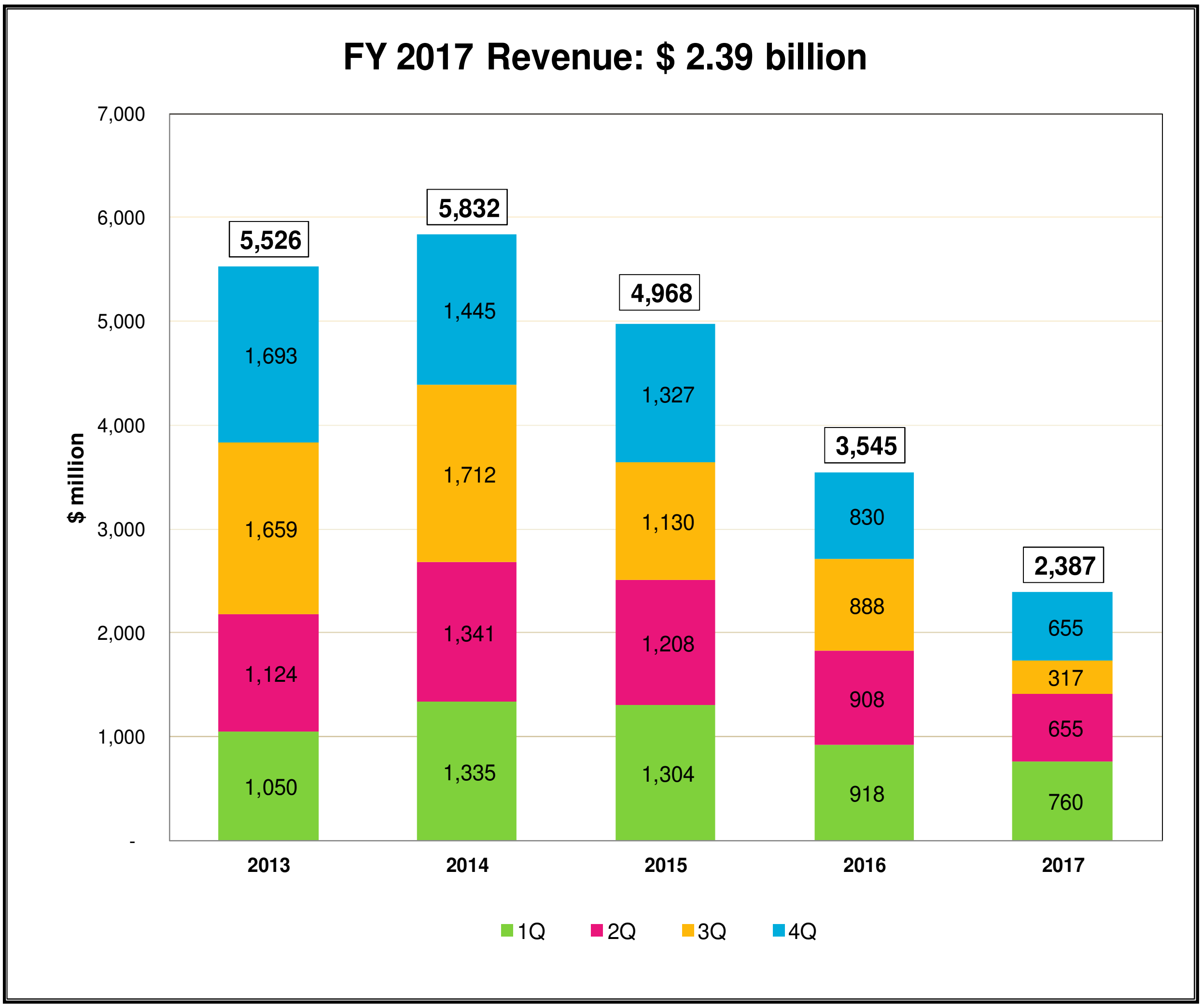
Analysts' queries:
Ms Lisa Lee
Head of Investor Relations
Tel No: (65) 6262 7107
Email: lisa.lee@sembmarine.com

Media queries:
Mr David Wong
Head of Corporate Communications
Tel No: (65) 6262 8036
Email: david.wong@sembmarine

For more details please refer to our website: www.sembmarine.com

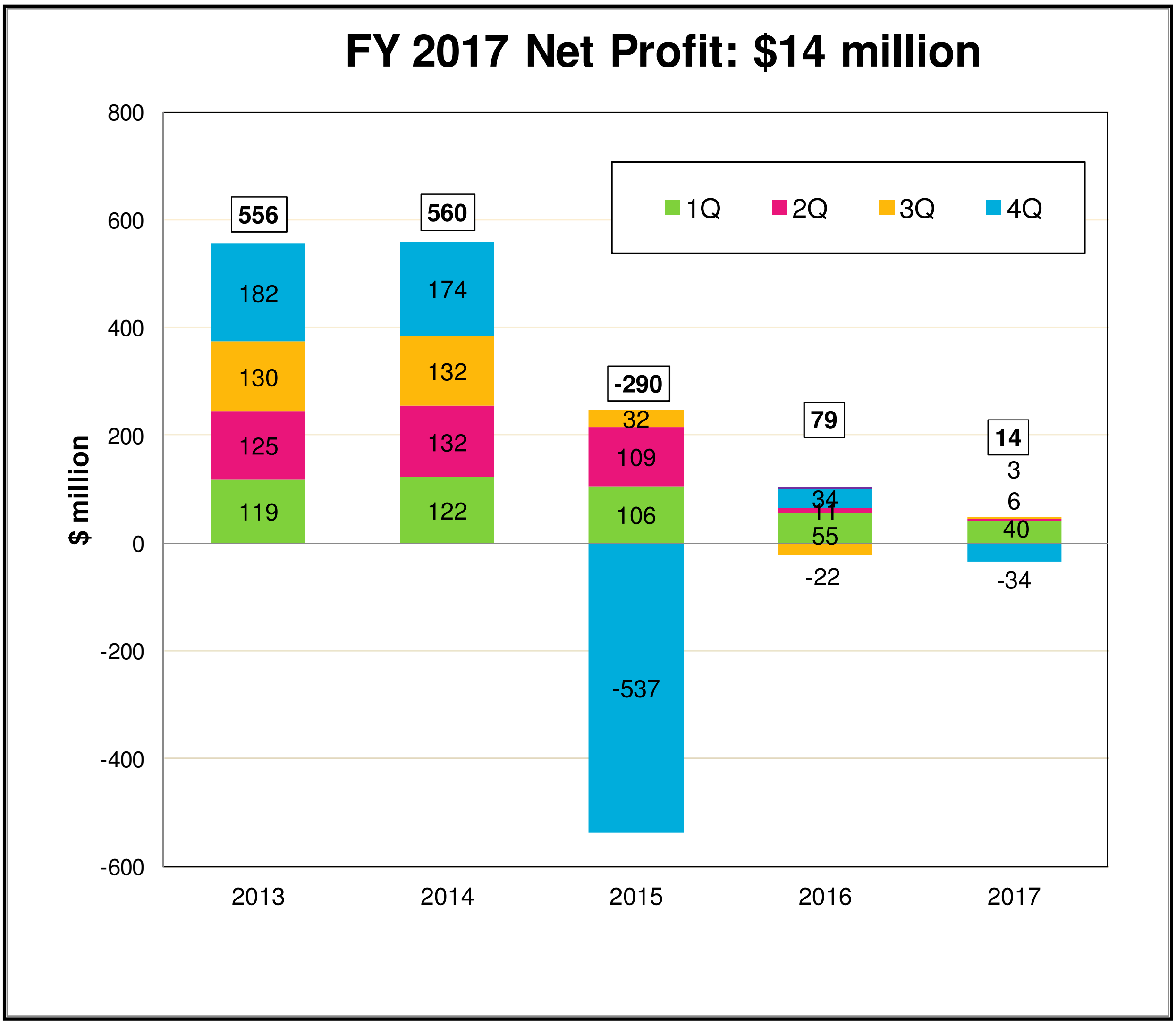
Appendix

QUARTERLY TURNOVER (FY 2013 TO FY 2017)



- Group turnover was $2.39 billion in FY 2017, from $3.54 billion in FY 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 improved slightly.

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



- Net profit for FY 2017 totalled $14 million, compared with FY 2016 net profit of $79 million, mainly due to lower contribution from rig building and offshore platform projects and costs incurred for floater projects which are pending finalisation with customers. Non-operating gain on divestments helped offset provisions and impairments for associate and joint venture companies.

CASHFLOW

Group ($ million)	4Q 2017	4Q 2016	% change	FY 2017	FY 2016	% change
Operating (loss)/profit before working capital changes	(31)	140	n.m.	203	384	(47)
Cash generated from/ (used in) operations	556	(133)	n.m.	144	669	(78)
Net cash generated from/ (used in) operating activities	539	(153)	n.m.	50	569	(91)
Net cash generated from/ (used in) investing activities	(5)	(149)	(97)	65	(490)	n.m.
Net cash (used in)/ generated from financing activities	(289)	3	n.m.	(24)	534	n.m.
Net increase in cash & cash equivalents	246	(298)	n.m.	91	612	(85)
Cash & cash equivalents in balance sheets				1,301	1,217	7
Borrowings				(4,100)	(4,155)	(1)
Net Debt				(2,799)	(2,938)	(5)
Progress Billing > WIP				174	193	(10)

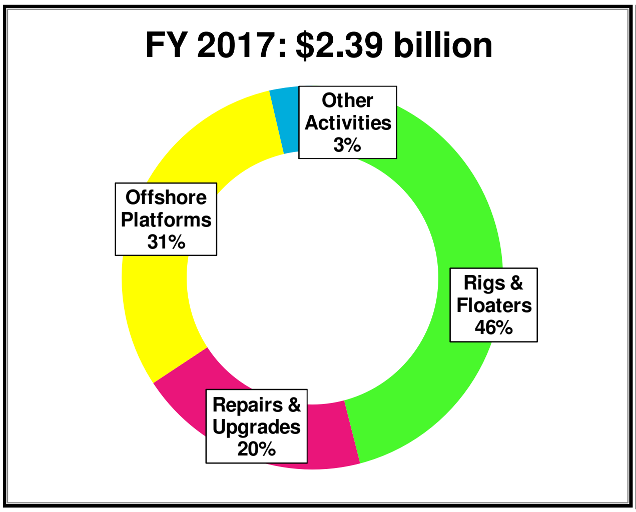
- Operating profit before working capital changes was $203 million in FY 2017.
- In FY 2017 cash generated from operations was $144 million mainly due to receipts from ongoing and completed projects, as well as down payments from Borr Drilling. Net cash generated from investing activities was $65 million mainly due to proceeds from sale of investment in Cosco Shipyard Group and disposal of available for sale financial assets, offset by capital expenditure for Tuas Boulevard Yard and for Estaleiro Jurong Aracruz Yard in Brazil. In 4Q 2017 cash generated from operations was $556 million upon receipt of payment from Borr Drilling of US$500 million as upfront payment for the 9 jack-up drilling rigs.
- Progress billings, in excess of work in progress, stand at $174 million.

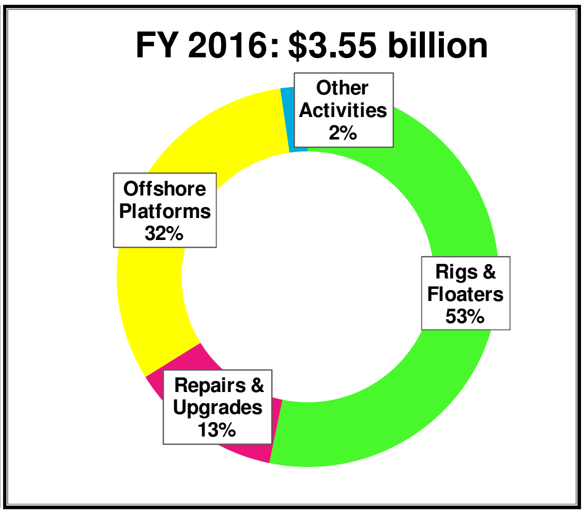
CAPITAL, GEARING AND ROE

Group ($ million)	Dec-17	Dec-16	% change
Shareholders' Funds	2,478	2,562	(3)
Net Debt	2,799	2,938	(5)
Net Working Capital	1,546	1,270	22
Return on Equity (ROE) (%)	0.6	3.1	(81)
Net Asset Value (cents)	118.7	122.6	(3)
Return on Total Assets (ROTA) (%)	1.1	1.8	(39)

REVENUE CONTRIBUTIONS BY SECTORS (FY 2017 vs FY 2016)

By Value & Percentage Contributions

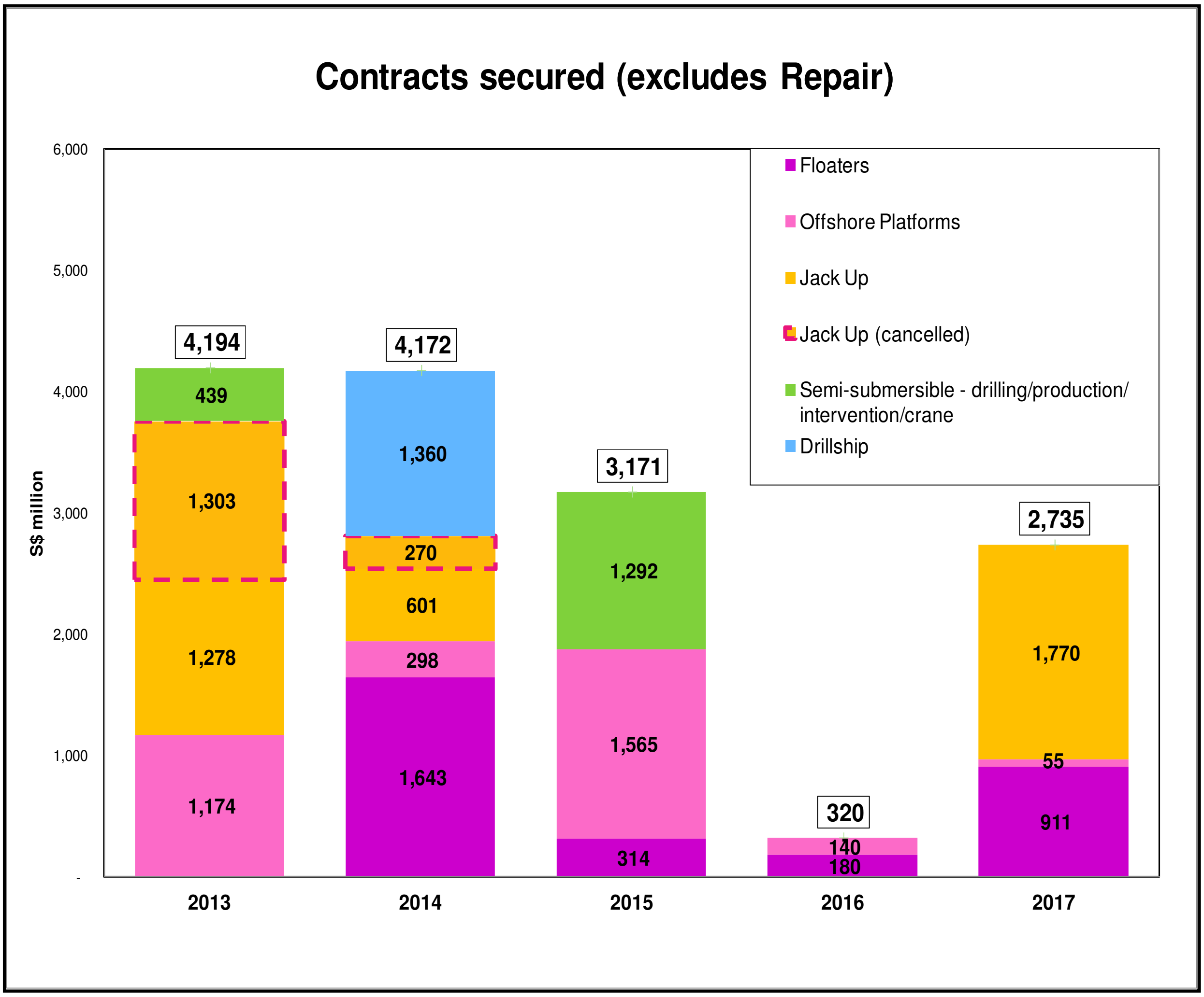




Turnover ($ million)	4Q 2017	4Q 2016	% change	FY 2017	FY 2016	% change
Rigs & Floaters	407	496	(18)	1,098	1,887	(42)
Repairs & Upgrades	120	110	9	471	460	3
Offshore Platforms	110	200	(45)	732	1,116	(34)
Other Activities	18	24	(24)	86	82	5
TOTAL	**655**	**830**	(21)	**2,387**	**3,545**	(33)

- Rigs & Floaters remained the largest segment, accounting for 46% of total revenue followed by Offshore Platforms at 31%, Repair & Upgrades at 20% and others at 3%.
- FY 2017 Rigs & Floaters revenue declined 42% year-on-year to $1.1 billion due to lower project recognition and deliveries, as well as revenue reversal for cancelled rigs.
- Offshore Platforms revenue in FY 2017 fell 34% year-on-year to $732 million due to lesser projects on hand.
- Repairs & Upgrades revenue increased 3% year-on-year to $471 million with higher value per vessel despite fewer vessels repaired.

CONTRACTS SECURED BY YEAR



- Five jack-up rigs contracts were cancelled as Sembcorp Marine has terminated the contracts with the original customers in FY 2017. Another contract for one rig was terminated in FY 2016. (all 6 rigs were secured in 2013 and 2014 - in dotted box)

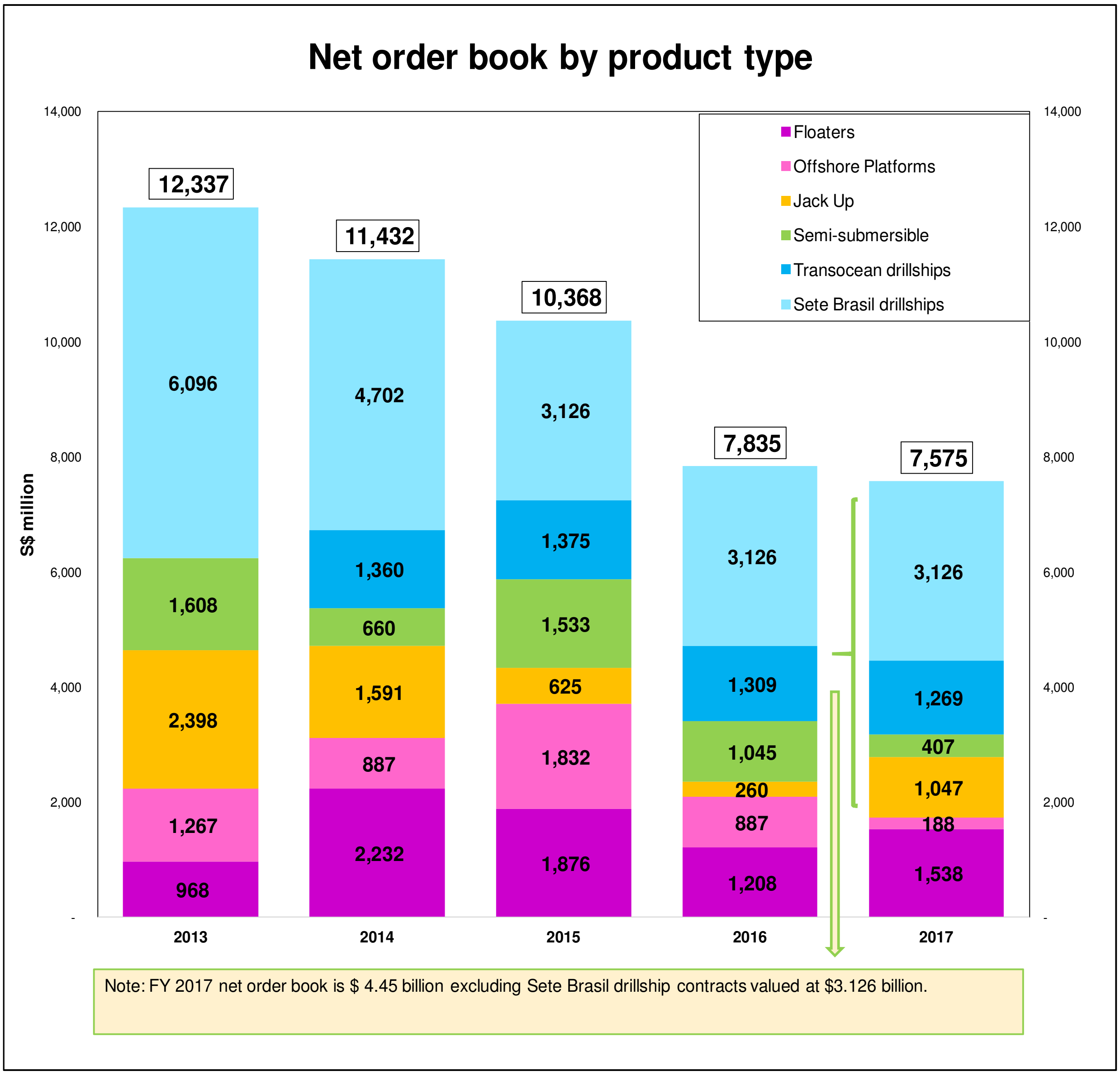
- Sale of nine jack-up rigs to Borr Drilling, which include the above 6 rigs and 3 rigs presently under construction, contributes $1.77 billion (US$1.33 billion) to 2017 contracts secured. Deliveries for the 9 rigs scheduled from 4Q17 to 1Q19.

- Secured a US$490 million contract from Statoil for the engineering, procurement and construction of a newbuild FPSO hull and living quarters. The FPSO when completed will be deployed at the Johan Castberg field in the Barents Sea, near Norway. Project completion is scheduled in 1Q 2020.

- The Group also secured carry over works for the P-68 hull worth US$145 million from Petrobras and additional orders from its Offshore Platforms and Floaters segments.

NET ORDER BOOK

Net order book as at FY 2017 stands at $7.58 billion with deliveries and completion stretching to 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.