

AGENDA

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

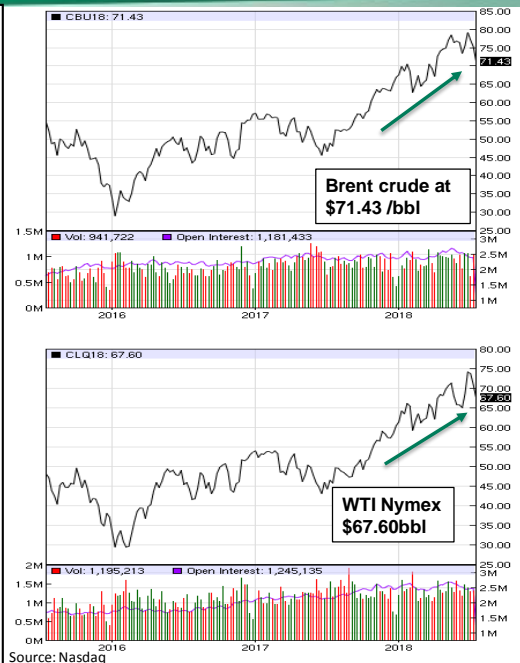
CEO ADDRESS

- ❖ Macro Environment Update
- ❖ Financial Performance for 1H 2018
- ❖ Operations Review
- ❖ Outlook

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Macro environment – Recovery in sight but risks remain

- ❖ The global economy has improved over the last six months. Despite this, the recovery is vulnerable to potential disruptions, including volatile financial markets, increased trade protectionism and geopolitical tensions.
- ❖ Global oil prices have hovered at a range of between US\$60 to US\$75 per barrel. Oil demand continues to remain firm with an improving global economy.
- ❖ Fundamentals in the offshore and marine sector continue to improve, with offshore rig utilization and day rates in certain segments showing signs of an initial recovery. More offshore production projects have reached their final investment decision stage and this trend is expected to continue.
- ❖ While overall sentiment and offshore CAPEX spend have begun to improve, it will take some time before sustained new orders occur. Significant time and effort in project co-development with potential customers are needed before orders are secured. Competition continued to be intense.



Source: Nasdaq

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- ❖ For the Group, we have achieved initial orders traction, with EPC projects for the production segment worth \$730 million secured in 1H 2018. Detailed engineering and construction planning will take some time before main construction activities and corresponding revenue recognition take place.
- ❖ As such, as previously shared, overall business volume remained significantly below peak levels. However, to ensure that we can smoothly execute our new orders and other potential orders, we have right-sized our resource manning and cost base to current activity level, and also catered for business growth and resource sustainability.
- ❖ The above has resulted in operating losses of \$45 million for 4Q17, \$33 million for 1Q 2018 and \$29 million for 2Q 2018. Work volume for the foreseeable quarters, while improving, is expected to remain low, and the trend of negative operating profit will continue for the current financial year before improving thereafter.

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- ❖ On the liquidity front, with the sale completion of West Rigel in 2Q 2018 for US\$500 million, our entire inventory of 10 rigs have been fully monetized. Liquidity in 1H 2018 remained within a stable range, with working capital needs for existing projects and capex offset by the partial proceeds from the West Rigel sale. When the remaining proceeds of approximately US\$1.0 billion from the 10 rigs sale are collected, Group liquidity will further improve. In summary:
 - Group revenue was \$2.81 billion, compared with \$1.39 billion in 1H 2017.
 - Net loss was \$50 million, compared with a Net profit of \$42 million in 1H 2017.
 - Net gearing was 1.26 times, compared with 1.13 times at end 4Q/FY 2017 and 1.47 times at end 1H 2017.
 - New orders worth \$730 million were secured in 1H 2018, bringing our total net orderbook to \$7.27 billion as at end June 2018.

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In 2Q 2018, successful deliveries of several key projects include:

- ❖ **FSO Ailsa – We achieved a major milestone in June 2018 with the sail-away of FSO Ailsa – our first full turnkey floating storage and offloading (FSO) newbuild project. Constructed over 22 months, the FSO achieved an excellent safety record of zero lost-time incidents.**
- ❖ **Culzean Well Head, Utilities & Living Quarters, Central Processing Facility Topsides – In 2Q 2018, we delivered within schedule and budget the Well Head, Utilities & Living Quarters as well as Central Processing Facility topsides to TOTAL for operation in the Culzean field located in the UK North Sea sector.**
- ❖ **We delivered two proprietary designed Pacific Class 400 jack-up rigs to Borr Drilling.**
- ❖ **Other deliveries made in 1Q 2018 include a Pacific Class 400 newbuild jack-up Hakuryu 14 to BOT Lease Co., Ltd, and the Kaombo Norte FPSO converted from a Very Large Crude Carrier to Saipem.**

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Ailsa FSO Newbuild



Project: Turnkey FSO newbuilding comprising design, engineering, procurement, construction and commissioning, including installation and integration of turret and topside modules

Customer: MODEC

Operation: TOTAL's Culzean field, UK North Sea

Delivery: 2Q 2018

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Project deliveries in 2Q 2018

Culzean Platform EPC Project



Well Head Fixed Platform Topside (Admiralty Yard, Singapore)

Utilities & Living Quarters Fixed Platform Topside (Admiralty Yard, Singapore)

Central Processing Facility Fixed Platform Topside (Admiralty Yard, Singapore)

Power Generation Module & 2 Interconnecting Bridges (Sembmarine SLP, UK)

Project: Engineering, procurement, construction and onshore pre-commissioning of Central Processing Facility plus 2 connecting bridges, Wellhead and Utilities & Living Quarters Topsides
Customer: TOTALS.A.
Operation: Culzean field, UK North Sea
Delivery: 2Q 2018

Project deliveries in 2Q 2018

2 Pacific Class 400 premium jack-up rigs to Borr Drilling in 2Q18



Grid

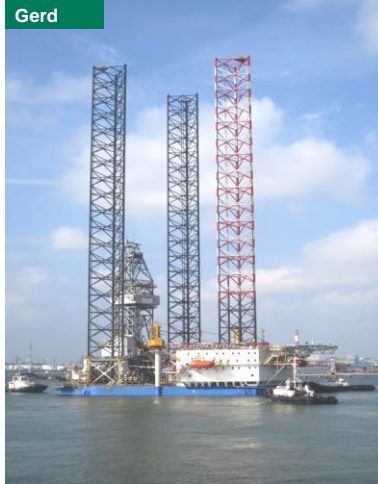


Gunnlod

Contract: Sale of 9 proprietary design Pacific Class 400 premium jack-up rigs to Borr Drilling
Customer: Borr Drilling
Delivery: 2Q 2018 – 2 units delivered (Grid in April and Gunnlod in June)

Project deliveries in 1Q 2018

2 Pacific Class 400 premium jack-up rigs to Borr Drilling in 1Q18

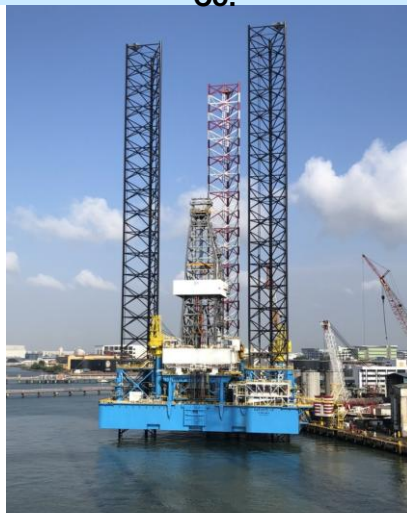


Contract: Sale of 9 Pacific Class 400 premium jack-up rigs to Borr Drilling
Customer: Borr Drilling
Delivery: 1Q 2018 - 2 units delivered (Gerd in January and Gersemi in February)

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Project deliveries in 1Q 2018

Hakuryu 14 – Pacific Class 400 premium jack-up rig to BOT Lease Co.



Project: Construction of a proprietary design Pacific Class 400 premium jack-up rig
Customer: BOT Lease Co. Ltd
Delivery: 1Q 2018

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Project deliveries in 1Q 2018

Kaombo Norte FPSO Conversion



Project: Conversion of a Very Large Crude Carrier into a turret-moored FPSO, including refurbishment, construction engineering, fabrication of flare, helideck, upper turret and access structure, integration of the topsides modules and lower turret components, and pre-commissioning
Operation: Kaombo project offshore Angola
Customer: Saipem . **Delivery:** 1Q 2018

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Ongoing Projects – Heerema newbuild

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 – Transocean Drillships

Construction of Transocean Drillships



Project: Construction of two high-specification ultra-deepwater drillships for Transocean based on Sembcorp Marine's proprietary Jurong Espadon III drillship design.
Customer: Transocean

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Ongoing Projects – Johan Castberg Project for Equinor (former Statoil)

Turnkey Engineering, Procurement and Construction of Newbuild FPSO Hull and Living Quarters – Commencement of Steel Fabrication



Project: Turnkey Engineering, Procurement and Construction of Newbuild FPSO Hull and Living Quarters
Customer: Equinor (former Statoil)
Operation: Johan Castberg field development, Barents Sea, offshore Norway

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Construction and Integration of FPU Hull, Topsides and Living Quarters – Commencement of Steel Fabrication



Project: Construction and integration of hull, topsides and living quarters for Shell's Vito semi-submersible Floating Production Unit (FPU), including installation of owner-furnished equipment
Customer: Shell Offshore
Operation: Mississippi Canyon Block 984 , US Gulf of Mexico

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❖ Our ongoing projects include:

- Engineering and construction of Sleipnir, the world's largest semi-submersible crane vessel (SSCV) for Heerema, which is on track for delivery in 1H 2019;
- Conversion of FPSO Kaombo Sul for Saipem for operations in offshore Angola;
- Construction of two high-specification, ultra-deepwater drillships for Transocean based on Sembcorp Marine's proprietary Jurong Espadon III drillship design;
- Three newbuild Pacific Class 400 jack-up drilling rigs under construction for delivery to Borr Drilling.

❖ Initial works have also started for several recently secured contracts. These include:

- Turnkey engineering, procurement and construction of newbuild FPSO hull and living quarters for Equinor (formerly known as Statoil), for the Johan Castberg field development in the Barents Sea.

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- **Construction and integration of hull, topsides and living quarters for Shell's Vito semi-submersible Floating Production Unit (FPU).**
- **Engineering, procurement, construction and integration of a newbuild FPSO hull, living quarters and topside modules, including owner-furnished equipment, for TechnipFMC for deployment in the Energean-operated Karish and Tanin deepwater field developments in the Eastern Mediterranean.**
- ❖ **Key projects in progress overseas include:**
 - **Hull carry-over works as well as topside modules construction and integration for the FPSO P-68 Tupi Project in our EJA Brazil yard;**
 - **Topside modules construction and integration works for the FPSO P-71 Tupi Project in EJA Brazil yard.**

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- ❖ **During 1H 2018, we performed a total of 158 dry-dockings, repairs and upgrades. While the number of vessels serviced was lower than the 239 units for 1H 2017, revenue per vessel for 1H 2018 was higher than 1H 2017 on higher value works and improved vessel mix.**

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Higher value work at Repairs & Upgrades

1H 2018 REPAIRS & UPGRADES – HIGHLIGHTS



Sailaway of Sapphire Princess after successful overhaul, including installation of 4 scrubber towers



Carnival Spirit cruiseship repairs



Various cruiseship repairs performed



Steady flow of vessels at Repairs & Upgrades

1H 2018 REPAIRS & UPGRADES – HIGHLIGHTS



LNG carrier Southern Cross after repair completion



LNG carrier repairs



Diverse vessels undergoing repairs, upgrades and other works



Tanker repairs

Sete Brasil Drillships

- ❖ **In early March 2018, media reported tentative agreement between Sete Brasil and Petrobras, under which Petrobras will charter four drilling units from the Sete Brasil fleet, subject to the satisfaction of certain conditions.**
- ❖ **We continue to engage Sete Brasil to better understand their restructuring plan. We are following the developments closely and are ready to respond to any further developments.**
- ❖ **The \$329 million provisions we made in FY 2015 for the Sete Brasil contracts remain adequate under the present circumstances.**

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Semi-submersible Rig Sale – West Rigel

- ❖ **We have announced on 10 May 2018 that the conditions precedent in the agreement for the sale of the West Rigel semi-submersible rig at the price of US\$500 million, have been fulfilled by the buyer.**
- ❖ **We have completed the delivery of title for West Rigel to the buyer, and have received partial payment for the sale. The rig will remain in our yard for certain reactivation works to be undertaken. The sale will further contribute to improving our liquidity position.**

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These include the following:

- EPC construction and integration of a newbuild FPSO hull, living quarters and topside modules, including owner-furnished equipment, for TechnipFMC



- Construction and integration of hull, topsides and living quarters for Shell's Vito semi-submersible Floating Production Unit (FPU).



Orderbook developments

- ❖ We are actively engaging SeaOne Caribbean (SeaOne) to advance the LOI signed for the building of at least two large Compressed Gas Liquid carriers, following the completion of preliminary studies.
- ❖ We are making progress in marketing our range of proprietary Gravifloat technologies for near-shore LNG terminal and gas infrastructure solutions.
- ❖ We continue to actively respond to enquiries and tenders for projects in the floaters, production platforms, gas solutions and specialised shipbuilding segments to further develop and strengthen our order book.
- ❖ These efforts form Sembcorp Marine's strategy of diversifying into new product segments and providing innovative solutions across the offshore and marine, and energy value chain.

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Net orderbook at \$7.27 billion

- ❖ With the award of TechnipFMC FPSO contract and Shell Vito FPU contract, our net order book as at end 1H 2018 stands at \$7.27 billion, with completion and deliveries stretching into 2021 (FY17: \$7.58 billion). Excluding the Sete Brasil drillship contracts, our net order book stands at \$4.15 billion (FY17: \$4.45 billion).

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- ❖ As part of our strategy to strengthen our intellectual assets portfolio and position the Group for future growth, the Group entered into a sale and purchase agreement with Norway’s Sevan Marine (“Sevan”) in June 2018 to acquire Sevan’s interests and title to all its intellectual property, its 95% equity interest in HiLoad LNG AS, and other Sevan’s operation assets and employees at a cash consideration of US\$39 million.
- ❖ Pending satisfaction of conditions precedent, transaction completion is expected in the next few months.
- ❖ With the above acquisition, the Group will be well placed with a suite of intellectual properties and knowledge to execute leading-edge design and engineering solutions for the global offshore and marine sectors. This puts the Group in a better position to offer alternative and innovative products and solutions to our customers and partners.

- ❖ With our Tuas Boulevard Yard’s enlarged capacity, optimised facilities, and automated steel fabrication facility, we were able to secure mega-scale newbuild projects which are the first of their kind for the Group.
- ❖ These milestone projects include Shell’s Vito FPU project, Equinor’s Johan Castberg FPSO project, TechnicFMC’s Karish and Tanin FPSO project, the world’s largest SSCV for Heerema, and the FSO Ailsa newbuild which we recently delivered to MODEC. Our continuous investments in enhancing our capabilities and advancing up the value chain have enabled us to break into new markets and stay ahead of the curve.
- ❖ Our Tuas Boulevard Yard also serves as a living lab for developing innovative technologies and engineering solutions as well as incubating and verifying disruptive applications. We are collaborating with several technology partners to test-bed the integration of smart technologies, automation and artificial intelligence to transform our operations and enhance our competitive edge.

- ❖ Ongoing efforts to optimise our workforce and manage our resources for improved productivity and efficiency remain in place. Right-sizing, re-training and reorganisation measures will continue to ensure resilience and successful execution of our full turnkey EPC newbuild orders and meeting future requirements for on-going project tenders.
- ❖ The selective recruitment of specialist talents with niche capabilities to grow our new business segments will continue as part of our future business growth.
- ❖ Ensuring high standards of workplace safety and health continues to be a top priority in managing our workforce. In recognition of Sembcorp Marine's commitment towards occupational health and safety excellence, the Group was accorded the Safety Initiative Award at the 2018 Seatrade Maritime Awards Asia in April 2018.

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- ❖ We continue to adopt a prudent and disciplined approach in our financial management to maintain a healthy balance sheet, cash flow and gearing. We remain focused on building our orderbook, executing projects on time through safe, smooth and effective execution, and achieving progressive revenue recognition. The monetisation of our entire rigs inventory will have a positive impact on our liquidity position over time.
- ❖ Capex for 1H 2018 was about \$113 million. Capex for the foreseeable future will continue to be incurred mainly for execution of our secured contracts or which will realise cost-savings or enhance our execution capabilities.
- ❖ In 1H 2018, operating cash flow generated before working capital changes was \$66 million, compared with \$135 million in 1H 2017. Net gearing remained relatively stable at 1.26 times, compared with 1.13 times as at 4QFY 2017 and 1.47 times as at 1H 2017.
- ❖ To minimise the need for significant working capital as we grow our orderbook, the majority of our contracts and new orders continue to be on progress payment terms.
- ❖ We are carefully managing our gearing to ensure that we have sufficient debt headroom. We are confident that with our existing facilities and the continued support of our bankers and bondholders, we have the ability to execute our orders and meet our liquidity requirements.

- ❖ CAPEX spend on global exploration and production (E&P) continues to improve with firmer oil prices in the first half of 2018.
- ❖ However, offshore rig order recovery will continue to take some time as the market remains oversupplied, particularly for jack-up rigs. There are some pockets of initial demand for mid and deep water rigs.
- ❖ The majority of new orders have been for offshore production projects. This trend is expected to continue and Sembcorp Marine is responding to an encouraging pipeline of enquiries and tenders for innovative engineering solutions.
- ❖ Competition in the repairs and upgrades segment remains intense. The segment will be underpinned by regulations that require ballast water treatment systems and gas scrubbers to be installed over the next two to five years.
- ❖ The overall industry outlook remains challenging. While improvement in E&P CAPEX spending is projected to continue, it will take some time before we see a sustained recovery in new orders.

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- ❖ The Group's transformation efforts to move up the value chain have resulted in new business opportunities, but they require significant time and effort in project co-development with potential customers before orders are secured. Such new-build engineering, procurement and construction (EPC) projects have detailed engineering and construction planning phase, which may take six to twelve months before main construction activities and corresponding revenue recognition can take place. Margins remain compressed with intense competition.
- ❖ Overall business volume and activity for the Group is expected to remain low for the immediate quarters. The trend of negative operating profit will continue in the near term. Our cash resources remain sufficient and we will prudently manage our costs and cash flows to align them with business volume and potential opportunities.
- ❖ We will actively pursue the conversion of as many enquiries into new orders, execute existing orders efficiently and position the Group well for the industry recovery.

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CFO Presentation

- ❖ Earnings Performance
- ❖ Financial Position

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Performance Highlights

Key highlights:

For the 6 months to June 30, 2018:

- ❖ Turnover totalled \$2.81 billion compared with 1H 2017 at \$1.39 billion.
- ❖ Group EBITDA of \$62 million.
- ❖ Net loss attributable to shareholders of \$50 million.
- ❖ Secured \$730 million in new orders in 1H 2018.
- ❖ Group net orderbook stands at \$7.27 billion.
- ❖ No interim dividend declared for 1H 2018. (1H 2017: 1 cent/share).

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Financial Highlights

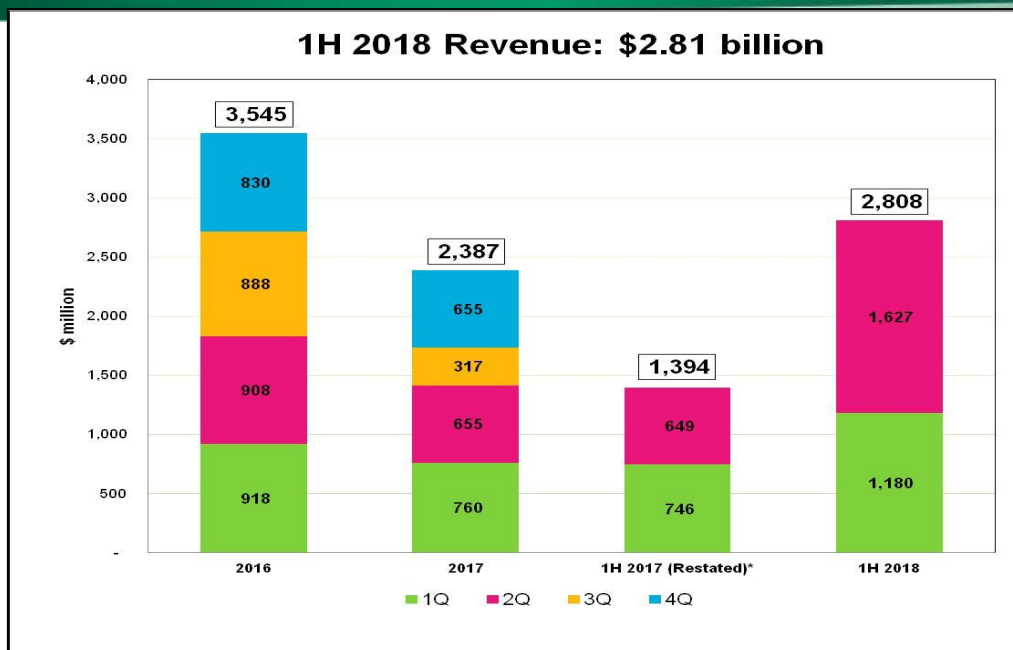
Group (\$ million)	2Q 2018	2Q 2017 (Restated)*	% change	1H 2018	1H 2017	% change
Turnover	1,627.2	648.9	151	2,807.5	1,394.4	101
Gross (Loss)/ Profit	(47.1)	73.0	n.m.	(4.0)	88.2	n.m.
EBITDA	(3.7)	73.4	n.m.	61.8	129.2	(52)
Operating (Loss)/ Profit	(52.6)	25.2	n.m.	(33.0)	34.0	n.m.
(Loss) / Profit before tax	(66.4)	2.9	n.m.	(60.3)	36.7	n.m.
Net (Loss)/ Profit	(55.6)	5.1	n.m.	(50.3)	42.2	n.m.
EPS (basic) (cts)	(2.66)	0.24	n.m.	(2.41)	2.02	n.m.
NAV (cts)				111.6	116.8**	

*Restated to reflect accounting changes on adoption of SFRS (I)

**As at 31 December 2017

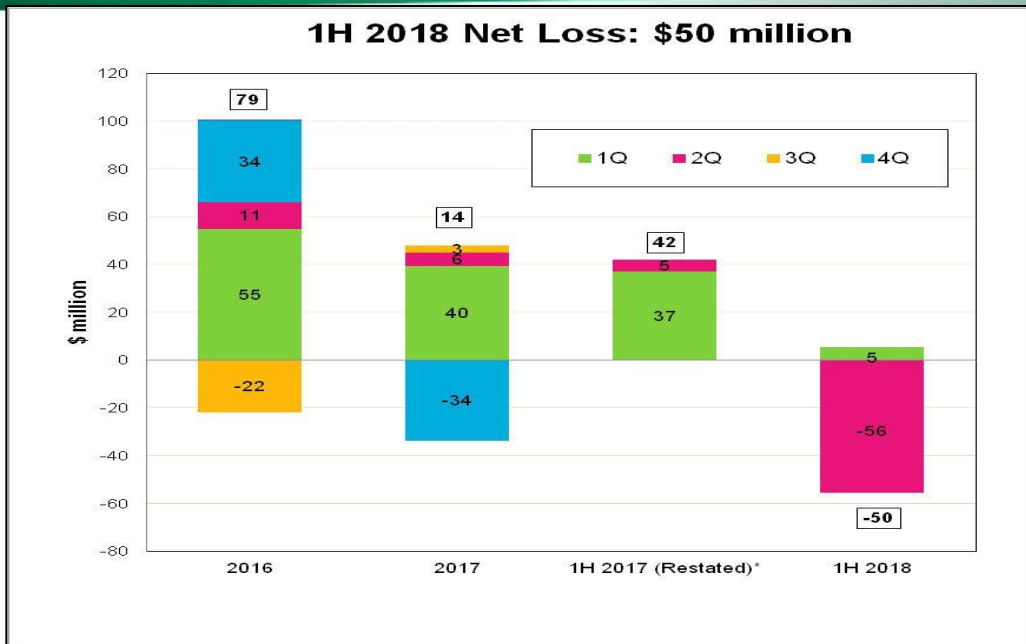
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Financial Review: Revenue



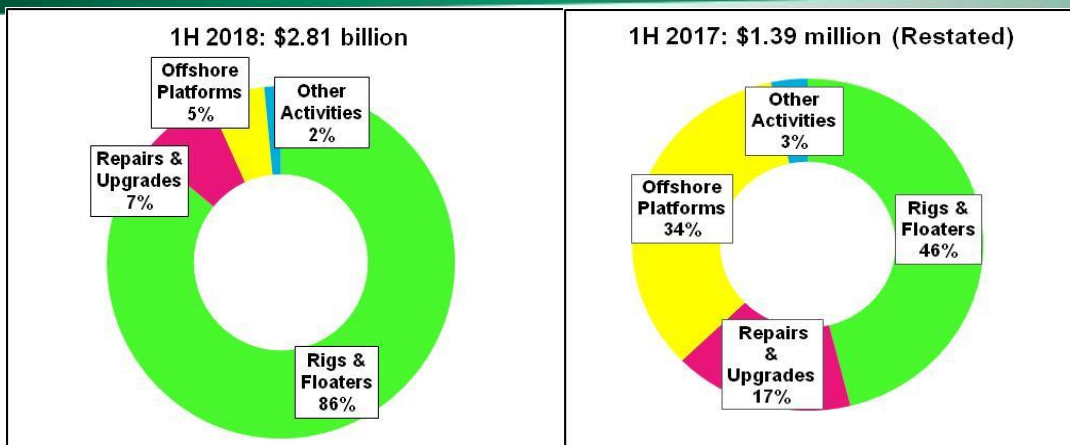
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Financial Review: Net Profit/Loss



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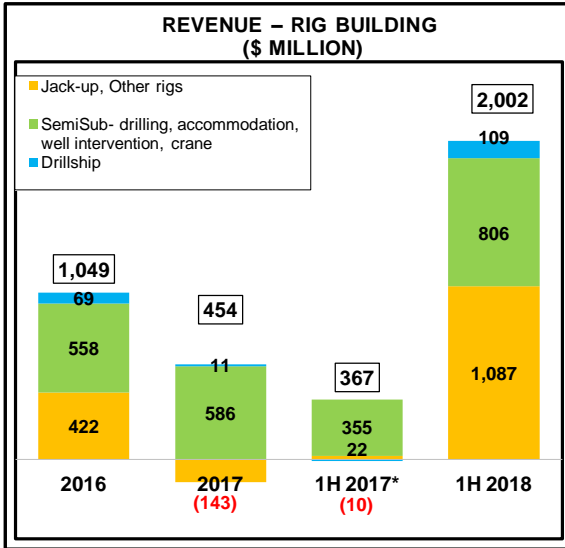
Business Review: Turnover by Segments



Turnover (\$ million)	2Q 2018	2Q 2017 (Restated)	% change	1H 2018	1H 2017 (Restated)	% change
Rigs & Floaters	1,394	316	342	2,413	643	275
Repairs & Upgrades	126	137	(8)	205	232	(12)
Offshore Platforms	85	172	(51)	147	473	(69)
Other Activities	23	25	(9)	43	47	(8)
TOTAL	1,627	649	151	2,808	1,394	101

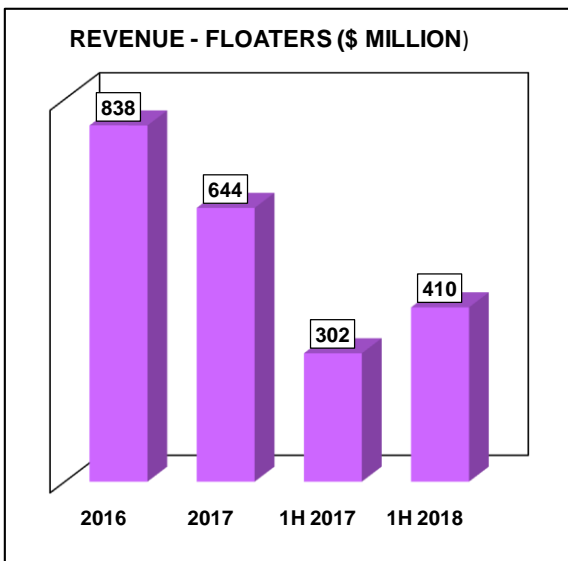
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- Rig building revenue was \$2 billion in 1H 2018 mainly on recognition of delivery of 4 jack-up rigs to Borr Drilling, 1 jack-up rig to BOTL and the sale of West Rigel. Drillship revenue from Transocean projects was \$109 million, semi-subs was \$806 million.



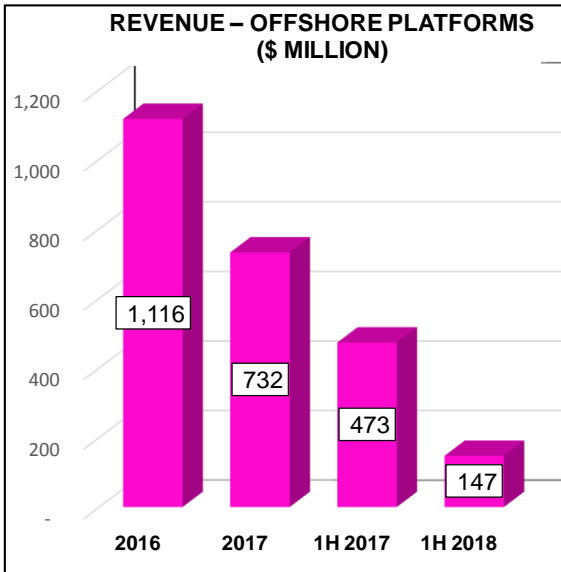
JACK-UP RIGS SCHEDULE		
No. of completed rigs delivered in 1H 2018	5	4 jack-ups for Borr Drilling, 1 for BOTL
No of Borr Drilling jack up rigs in WIP or completed stage	4	* Borr Drilling jack-up rigs 6- 9
SEMI-SUBMERSIBLE, DRILLSHIP SCHEDULE		
No. of projects technically completed	2	* Harsh Environment CS60 semi-submersible rig for Seadrill – West Rigel – sold for USD500 million. * Helix well-intervention semi-submersible
No. of projects in WIP stage	3	* Heerema Offshore semi-sub crane vessel * 1st drillship for Transocean, JE III * 2nd drillship for Transocean, JE III
Number of projects in suspended state	7	* Drillship 1 st unit, Sete Brasil * Drillship 2 nd unit, Sete Brasil * Drillship 3 rd unit, Sete Brasil * Drillship 4 th unit, Sete Brasil * Drillship 5 th unit, Sete Brasil * Drillship 6 th unit, Sete Brasil * Drillship 7 th unit, Sete Brasil

- Floater revenue increased 36% to \$410 million on higher percentage recognition for the Johan Castberg and Shell Vito projects.



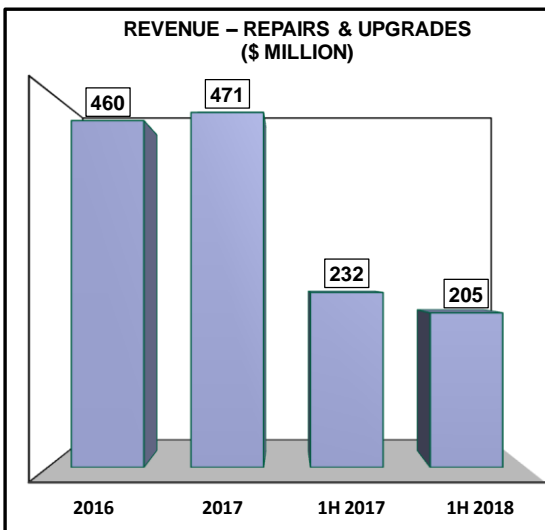
Offshore conversions	No. of projects	Brief description
No. of Projects delivered in 1H 2018	2	* FPSO Norte – Kaombo * FSO Ailsa for Modec
No. of projects in the WIP Stage	6	* P68 FPSO for Petrobras * P71 FPSO for Petrobras * P68 hull carry over work * FPSO Sul - Kaombo
No. of projects in Planning Stage	1	* Statoil Johan Castberg FPSO project * Shell Vito FPU project * Karish & Tanin FPSO project

- Offshore Platforms revenue declined sharply to \$147 million in 1H 2018 due to fewer projects on hand.



Offshore Platforms	No. of projects	Brief description
No. of projects completed in 1H 2018	1	* TOTAL Culzean topside modules – for well head platform, central facilities platform and utilities and living quarters platform
No. of projects in WIP stage	1	Tangguh LNG

- Revenue from Repairs & Upgrades totalled \$205 million in 1H 2018 on fewer ships repaired, although revenue per vessel was higher on improved vessel mix on relatively higher value works.



Period	1H 2018	1H 2017	% change
No. of vessels repaired	158	239	(34)
Average value per vessel (\$m)	1.30	0.97	34
Total repair revenue contribution (\$m)	205	232	(12)

CAPITAL, GEARING & ROE

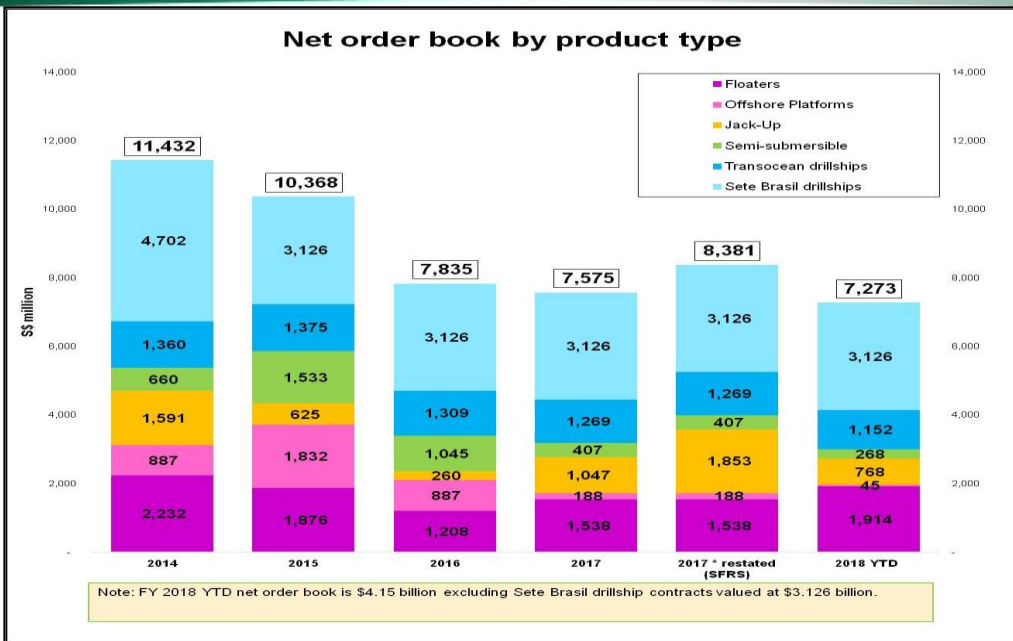
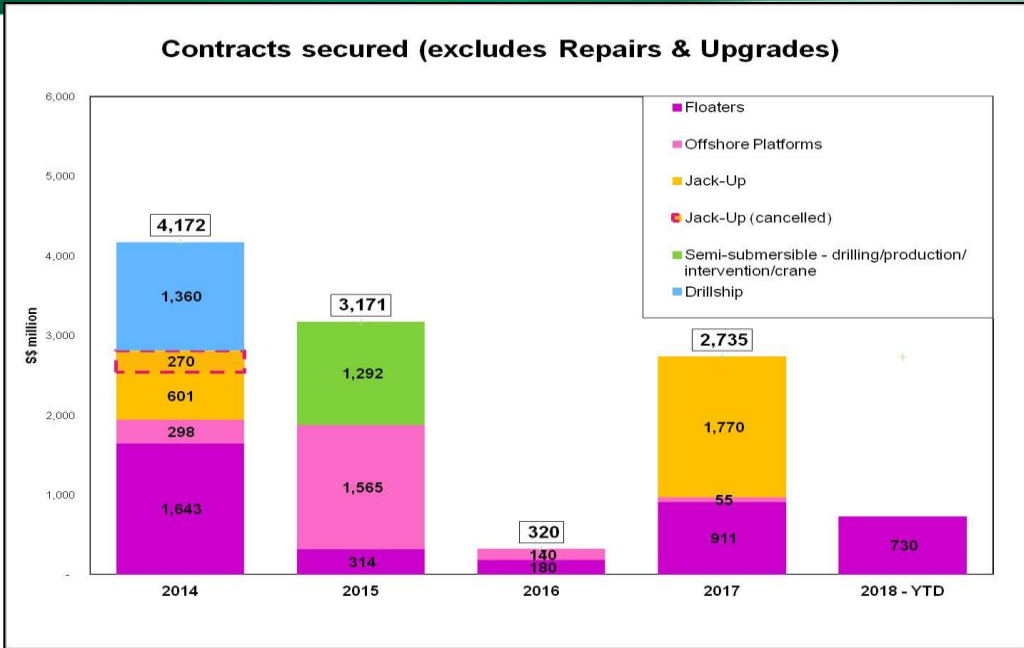
Group (\$ million)	Jun 2018	Dec 2017 (Restated)
Shareholders' Funds	2,332	2,439
Total Equity	2,371	2,480
Net Debt	2,994	2,799
Return on Equity (ROE) (%) (annualised)	(4.2)	11.1
Net Asset Value (cents)	111.6	116.8
Return on Total Assets (ROTA) (%) (annualised)	(0.1)	3.7
Net Gearing Ratio (X) * (Net debt/Total equity)	1.26	1.13

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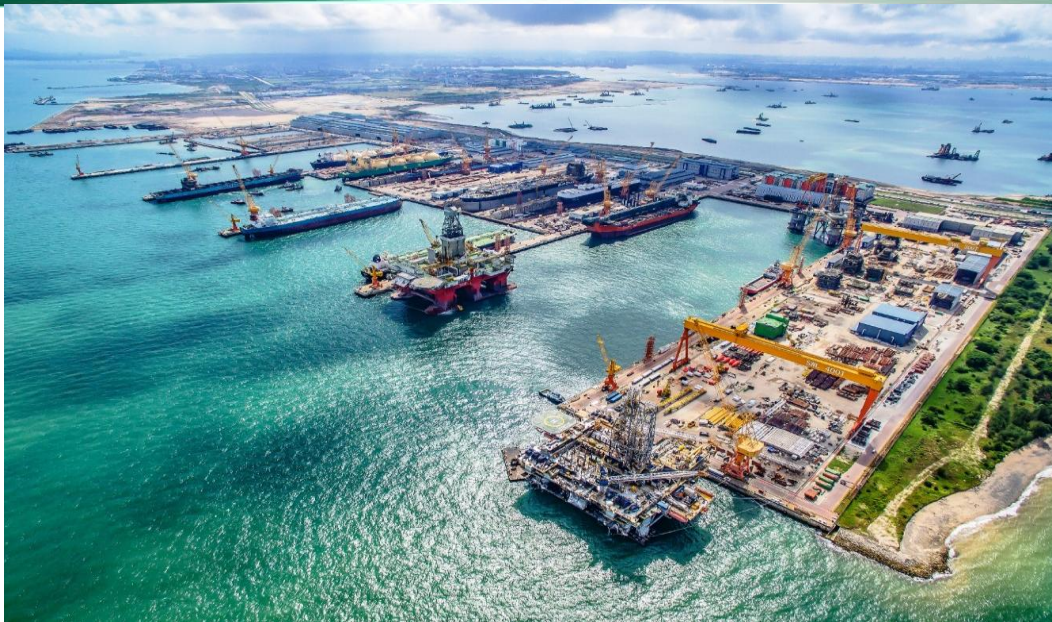
CASHFLOW

Group (\$ million)	2Q 2018	2Q 2017 (Restated)	% change	1H 2018	1H 2017 (Restated)	% change
Operating cashflow before working capital changes	(1)	78	n.m.	66	135	(51)
Cash used in operations	(69)	(226)	(69)	(38)	(295)	(87)
Net cash flow from operating activities	(82)	(247)	(67)	(76)	(334)	(77)
Net cash flow from investing activities (mainly Capex)	(62)	(46)	35	(106)	(98)	8
Net cash flow from financing activities	(26)	82	n.m.	(270)	240	n.m.
Net decrease in cash & cash equivalents	(170)	(211)	(19)	(451)	(193)	134
Cash & cash equivalents in balance sheets				848	1,016	(17)
Borrowings				(3,842)	(4,391)	(13)
Net Debt				(2,994)	(3,375)	(11)

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This presentation 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.





Integrated Synergies, Global Possibilities.