



**CEO ADDRESS**

**CFO FINANCIAL OVERVIEW**

## CEO ADDRESS

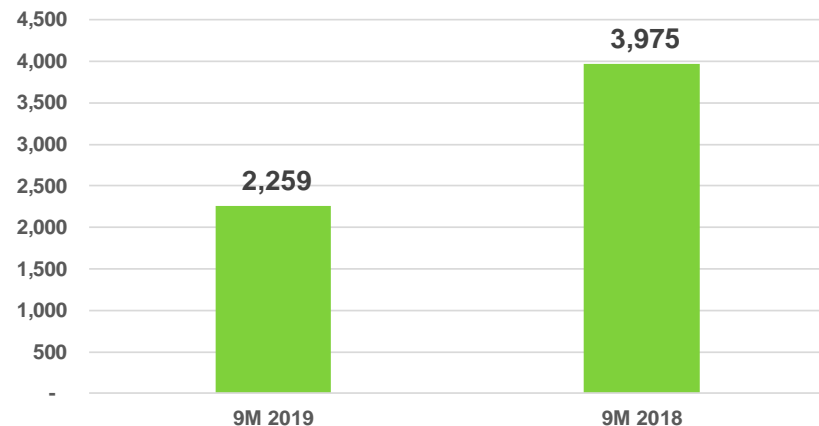
- ❖ **Introduction & Overview**
- ❖ **Financial Performance**
- ❖ **Operational Review**
- ❖ **Projects in Progress and Deliveries**
- ❖ **Embracing Change in Business Environment**

*(Please refer to CEO speech text for details)*

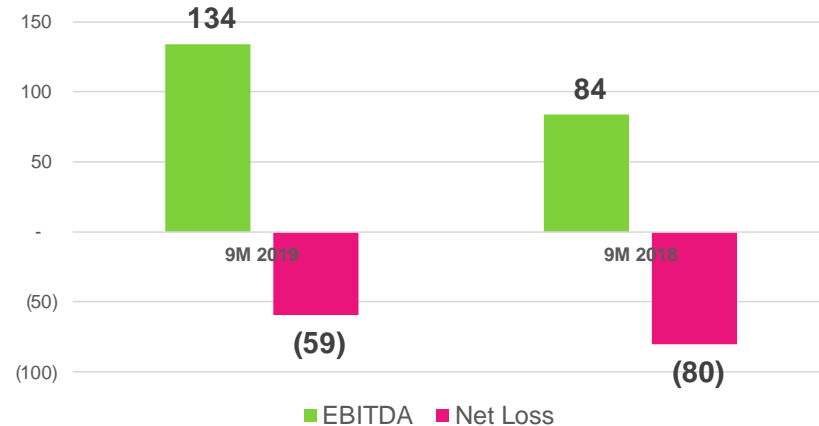
- ❖ **Sembcorp Marine has had a challenging but eventful third quarter.**
- ❖ **We were able to capture new orders in 3Q 2019 that added \$400 million to our order book. These included a breakthrough contract in the highly competitive Taiwanese offshore wind sector that will help us gain further traction in the offshore wind market.**
- ❖ **To stay relevant, generate additional value, and grow our business, we are actively tapping the global transition towards a greener energy mix.**
- ❖ **On Nov 1, we also announced our second floating production unit (FPU) fabrication and integration project from Shell.**
- ❖ **On the financial side, our current priority is in ensuring that we have a healthy cash flow that meets our operational and capital needs. The \$2 billion subordinated loan facility from parent company strengthened SCM liquidity and balance sheet.**
- ❖ **For 9M 2019, we generated positive EBITDA and improved operating cash flow.**
- ❖ **While maintaining Group-wide cost prudence, we are keeping a balanced focus on our investments in innovation, capability retention and manpower development. These investments will enable Sembcorp Marine to secure higher-value projects in new and existing markets, and to prepare for our future growth.**

- ❖ For 9M2019, the Group generated EBITDA of \$134 million.
- ❖ Operating cash flow surplus (before working capital changes) of \$146 million, both of which were improvements from 9M 2018.
- ❖ 9M 2019 Revenue totalled \$2.26 billion
- ❖ Net Loss at \$59 million, mainly due to the continued low business volume overall and accelerated depreciation on Tanjong Kling yard.
- ❖ More to be covered in CFO's address.

Financial Performance - Revenue (\$m)



EBITDA & Net Loss (\$m)



- ❖ Besides the new offshore wind contract, which we signed with first-time customer Jan De Nul, the Group won an FPSO conversion job from Shapoorji Pallonji and Bumi Armada, as well as a repeat FPU order from Shell. The new Shell FPU project is for the Whale field in the Gulf of Mexico. It comes after the Shell Vito FPU secured last year and now under construction at Tuas Boulevard Yard. As we take on the Whale FPU project, we will be harnessing considerable synergies from the ongoing Vito project.
- ❖ Year-to-date new contracts amount to \$845 million, compared to \$730 million in the same period last year.
- ❖ Siccar Point Cambo Field FPSO – customer has selected Sevan cylindrical hull solution and engaged us for an exclusive FEED study. This puts Sembcorp Marine in the prime position to clinch the project once Siccar Point and their partners move ahead with the Final Investment Decision.
- ❖ With \$845 million new orders thus far in 2019, our net order book now stands at \$2.42 billion, excluding the Sete Brasil drill ships.

- ❖ **On Oct 7, we announced a final settlement with the Sete Group on the seven drill ship contracts signed with them in 2012. The agreement is subject to the fulfilment of certain conditions precedent.**
- ❖ **Under the settlement, the titles to five of the seven drill ships will be retained by us, while the titles to the remaining two drill ships in advanced construction progress will be apportioned between Sembcorp Marine and Sete Brasil according to payments we already received from the latter.**
- ❖ **Once the conditions precedent are met, the drill ship contracts will be terminated and the parties involved will mutually release each other from all claims related to the contracts.**

# Repairs & Upgrades

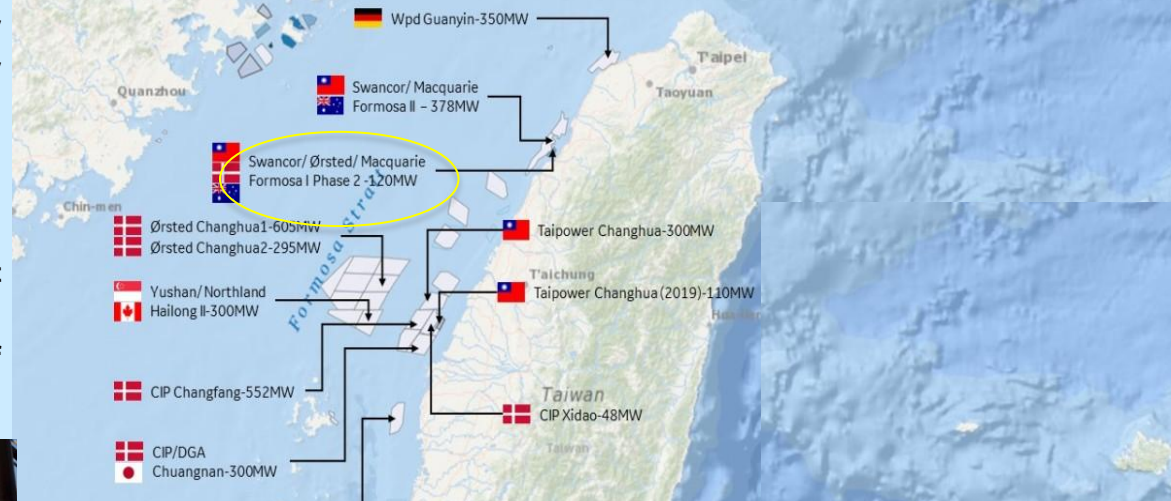
- ❖ **Repairs & Upgrades business posted strong results in the third quarter with 67 vessels repaired, refurbished and upgraded. This brings the total to 220 vessels in the first nine months of 2019, with a higher average revenue per vessel of \$1.78 million, compared to \$1.46 million per vessel in the same period last year.**
- ❖ **In the FSU/FSRU segment, we secured five new contracts for conversion and upgrading, valued at \$71 million in total. These projects are among 55 LNG-related repair and upgrade jobs we have thus far received, which is a new industry record for the highest number in a single year, exceeding the 2018 record of 41 vessels – also by Sembcorp Marine.**
- ❖ **The new IMO regulations on ballast water treatment and fuel sulphur reduction continue to bring good opportunities for Repairs & Upgrades business. To date we won installation orders for 99 scrubber units, to be completed in the first half of 2020, and ballast water management system installation projects for 109 vessels, which we will complete by 2021.**
- ❖ **Our Green Technology Retrofit Solutions generated \$50 million of revenue in 9M 2019. We are confident this segment will grow further.**



- ❖ **Sembcorp Marine's major projects are on track, including the Johan Castberg and Karish newbuild FPSOs, and the Shell Vito FPU. We recently also kicked off the construction phase of the 12,000-cubic-metre LNG bunker tanker project with MOL.**
- ❖ **On Nov 8, we delivered the Q7000 well intervention semi-submersible rig to Helix Energy Solutions, demonstrating a firm commitment with the customer to complete the project despite the challenging market conditions.**
- ❖ **We are very proud of the Q7000 project as it shows how our design and engineering expertise enhances the functionality of our customers' ships, rigs and offshore platforms. To reinforce this differentiated value and strengthen our competitive advantage further, we are building new capabilities continuously.**
- ❖ **In Brazil, our Estaleiro Jurong Aracruz (EJA) facility handed over the P-68 FPSO to Petrobras on Sep 16, crossing a very important milestone with the completion of its first major project. This successful delivery is proof of EJA's ability to take on full EPCC offshore projects. The yard is now working to complete the P-71 FPSO modules fabrication and integration project, also for Petrobras. EJA has also secured contracts for the repair and upgrade of several semi-submersible drilling rigs and drill ships.**

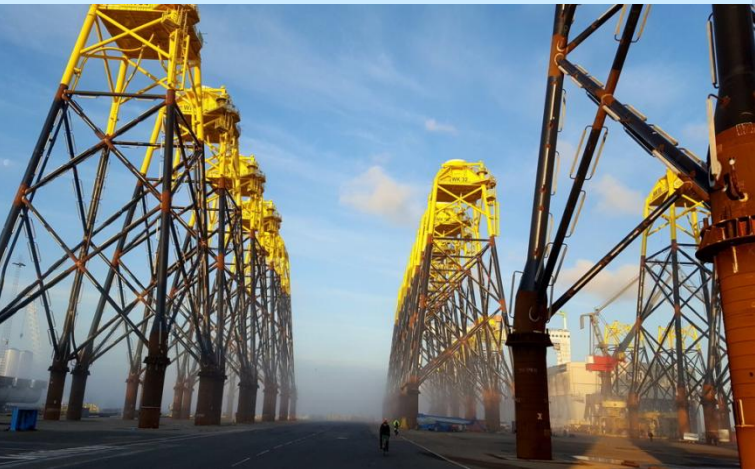
## Formosa 2 Offshore Wind Farm Project – Jan De Nul Fabrication of 15 Jacket Foundations

- Project: To fabricate 15 jacket foundations for the Formosa Phase 2 Offshore Wind Farm for customer Jan De Nul n.v.
- Delivery planned for December 2020.
- The Formosa 2 offshore wind farm is being developed off the coast of Taiwan by a joint venture between Macquarie Capital and Swancor Renewable Energy, a subsidiary of Swancor Holding.



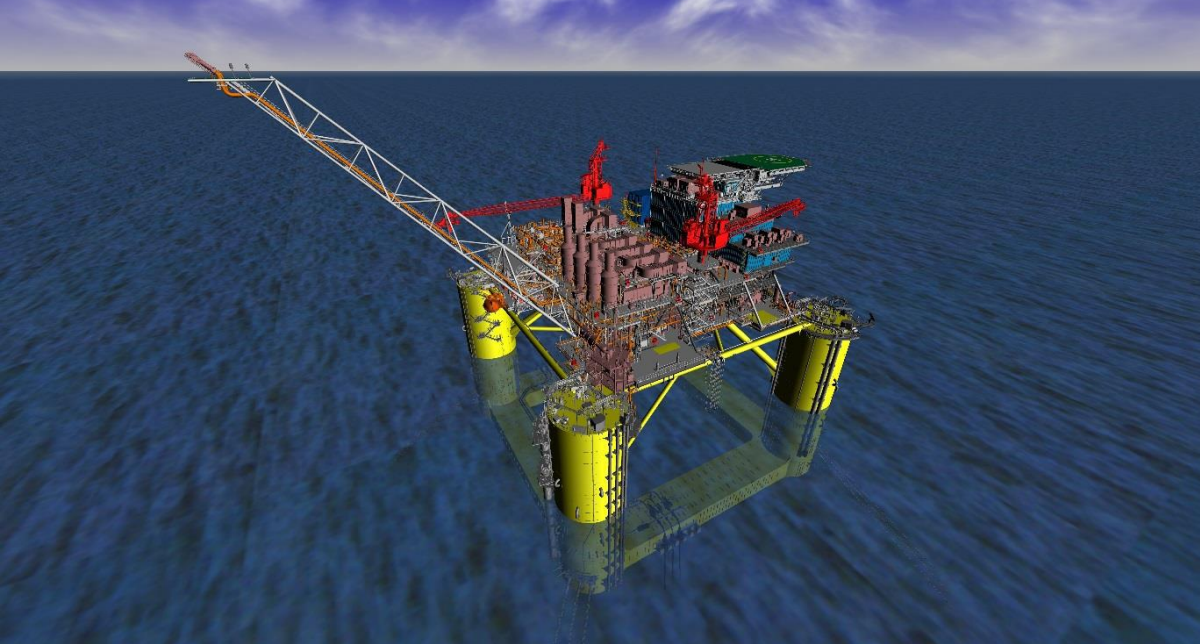
Located 4km offshore Miaoli County in the Taiwan Strait, the 376MW Formosa 2 facility will be Taiwan’s largest offshore wind farm, generating sufficient electricity for over 380,000 households when it starts operation in late 2021.

The 376MW wind farm is being built as part of the zonal development programme by the Taiwan Government, which aims to add 5.5GW of wind power to its energy mix by 2025. Taiwan’s Ministry of Economic Affairs Bureau of Energy has approved three Formosa wind farm projects as part of its goal to commission more than 1,000 wind turbines by 2030.




## Shell Whale Floating Production Unit (FPU)

### Construction and Integration of FPU Topside and Hull



- **Project:** Sembcorp Marine Rigs & Floaters Pte. Ltd. has won a contract from Shell Offshore Inc. to build and integrate the topside and hull of a Floating Production Unit (FPU) for the Whale field in the Gulf of Mexico.
- Slated for completion in 2022, the Whale FPU comprises a topside module and a four-column semi-submersible floating hull, with a combined weight of 25,000 tonnes.
- Agreement precedes a final investment decision for the full Whale project, expected to be made next year.
- Paves the way for the Whale FPU to move ahead and take advantage of synergies from the ongoing Shell Vito FPU, currently under construction at Sembcorp Marine's Tuas Boulevard Yard.
- **Location:** The FPU will operate in the Alaminos Canyon Block 772.

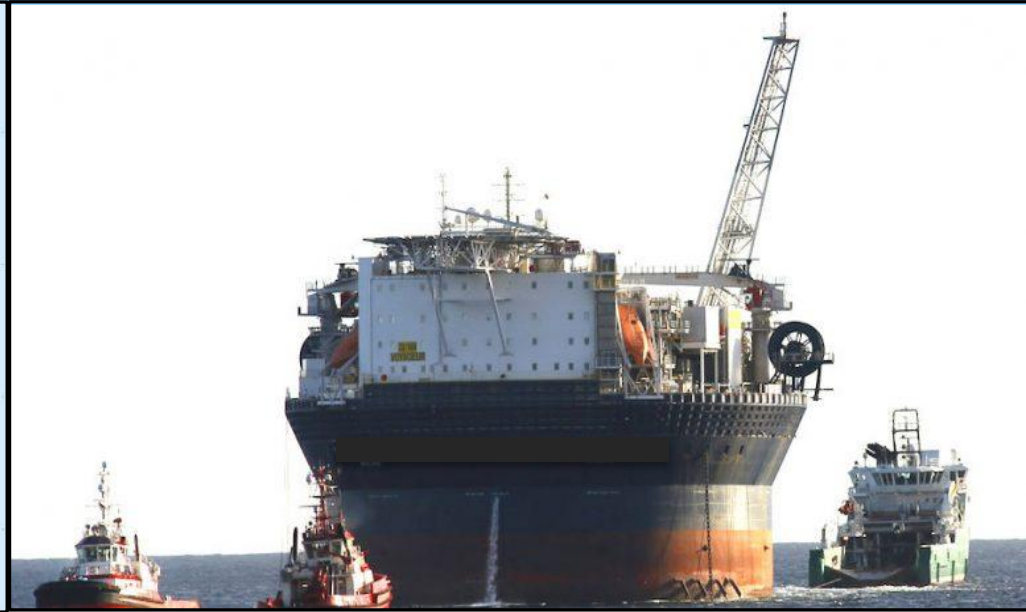
A photograph showing several large, green and orange industrial cranes at a shipyard. The cranes are tall and have long horizontal jibs. The background shows a clear sky and some industrial structures.

The state-of-the-art 30,000-tonne cranes at Tuas Boulevard Yard will enable the efficient assembly of the Whale FPU topside into a mega-block and combine it with the hull efficiently in one single lift

The yard's enormous lifting capacity is becoming a winning differentiator for Sembcorp Marine's project execution.

## Siccar Point FEED Contract

Front-End Engineering and Design (FEED) of Circular Hull FPSO Solution



- **Project:** Exclusive Front-End Engineering and Design (FEED) contract to deliver a floating production, storage and offloading (FPSO) design solution based on Sembcorp Marine's proprietary Sevan geostationary circular hull
- **Customer:** Siccar Point Energy E&P Ltd
- **Design Advantage:** Cost-effective alternative to traditional ship-shaped/turret-moored designs. Eliminates the need for a costly turret while accommodating a larger number of risers and flexibility for future tie-ins.
- **Location:** Cambo field in the UK Continental Shelf. Located 125km northwest of the Shetland Islands, the Cambo field has a water depth of 1,100m.

## Helix Q7000

### Newbuild Semi-submersible Well Intervention Vessel



**Project:** Construction of second newbuild semi-submersible well intervention vessel based on a design jointly developed by Sembcorp Marine and Helix

**Customer:** Helix Energy Solutions

**Delivery:** Early November 2019

**Charter:** Expected to commence first project in Jan 2020, providing subsea services off the West African coast

# Recent Project Deliveries

## Petrobras P-68 FPSO

Hull carry-over works and topside modules fabrication and integration



- Significant operational milestone for wholly-owned and operated Brazil subsidiary Estaleiro Jurong Aracruz (EJA) – Completion of first floating production, storage and offloading (FPSO) project.

- FPSO has production capacity of 150,000 barrels of oil per day and 1.6-million-barrel storage capacity, with accommodation for 154 pax

**Project:** Fabrication and integration by Brazil yard Estaleiro Jurong Aracruz of FPSO topsides, including six modules, pipe-racks and a flare as well as execution of carry-over works on a newbuild FPSO hull built by another yard

**Customer:** Petrobras

**Delivery:** Sep 2019, deployed to ultra-deepwater Berbigão and Sururu fields in Brazil's Santos Basin

## Johan Castberg Project for Equinor

Turnkey Engineering, Procurement and Construction of Newbuild FPSO Hull and Living Quarters



**Project:** Turnkey engineering, procurement and construction of newbuild FPSO hull and living quarters

**Customer:** Equinor (formerly Statoil)

**Operation:** Johan Castberg field development, Barents Sea, offshore Norway

## TechnipFMC Karish FPSO

EPC construction & integration of FPSO hull, living quarters & topside modules



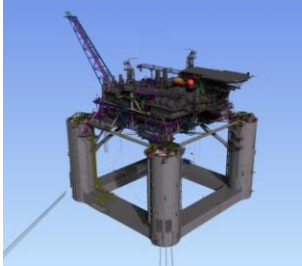
**Project:** EPC construction and integration of a newbuild FPSO hull, living quarters and topside modules, including owner-furnished equipment

**Customer:** TechnipFMC

**Operation:** Karish deepwater field developments in the Eastern Mediterranean



## Construction and Integration of FPU Hull, Topsides and Living Quarters



**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 Inc.

**Operation:** Mississippi Canyon, US Gulf of Mexico

## 9M 2019 REPAIRS & UPGRADES – DIVERSE MARINE & OFFSHORE PROJECTS



Tuas Boulevard Yard



Admiralty Yard

## 9M 2019 REPAIRS & UPGRADES – LNG Repairs



## 9M 2019 REPAIRS & UPGRADES – CRUISESHIPS



Repairs and installation of scrubbers on Diamond Princess for Princess Cruises



Overhaul and revitalisation of Voyager of the Seas for Royal Caribbean Cruises in 3Q 2019



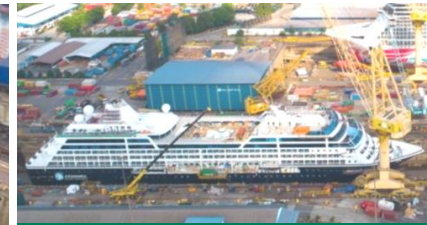
Concurrent major refit and refurbishment of Norwegian Joy for Norwegian Cruise Line and Explorer Dream (ex-SuperStar Virgo) for Genting Cruise Lines



Sailaway of India's first cruise liner Karnika, owned by Jalesh Cruises



Modernisation of Celebrity Millennium for Celebrity Cruises



Repair and upgrade of Azamara Quest for Azamara Club Cruises

- ❖ **As Sembcorp Marine navigates the current market challenges, we are mindful that the offshore, marine and energy sectors are readily responding to a global shift towards the use of greener energy.**
- ❖ **Major oil and gas companies – our traditional customer base – are increasingly diversifying their portfolios to include clean and renewable products such as offshore wind, and they now see themselves more holistically as producers of *Energy*, rather than oil or gas. This opens up exciting opportunities in terms of the variety, breadth and depth of solutions and services Sembcorp Marine can offer in an expanded energy value chain. But it also means our business, operational and cost models must change. And they have.**
- ❖ **For instance, we are now engaging companies that produce, transport or consume a wider spectrum of energy sources, including oil, gas, wind, battery and hydrogen fuel cells.**

- ❖ **Our continued investment in capability and capacity building is putting Sembcorp Marine in the driver's seat to compete for projects in new customer bases and market segments. Although this does imply certain functions like engineering are becoming fixed costs, it is necessary for our current and future growth, along with our efforts to incorporate the latest technologies and innovations into our products, services and operations.**
- ❖ **In this regard, we see 3D printing particularly as a game-changer. On Oct 29, the Group received certifications from DNV GL qualifying our 3D printing procedures and specifications for making and restoring components used in construction and repair projects.**
- ❖ **While we still have a lot more to do, we want to work towards a 3D printing capability that gives Sembcorp Marine greater self-sufficiency and reduces our supply chain risks. We are excited by the possibilities that 3D printing brings.**

- ❖ **Continuous innovation and technological improvements extend deep and wide into our shipyards. A vital addition to our yard capability is a pair of gantry cranes at Tuas Boulevard that can handle 30,000 tonnes in one lift. This is a winning differentiator for Sembcorp Marine because gigantic offshore structures can be fabricated, assembled and transported out of Tuas Boulevard Yard with optimal efficiency.**
- ❖ **Sembcorp Marine and our customers will effectively overcome the hurdle of insufficient lifting capacity that previously may have led to major projects incurring more time, logistics and cost when structures could only be fabricated, assembled or delivered in several smaller parts.**
- ❖ **Future installation work at Tuas Boulevard could extend to FPSOs where assembled mega-size modules or a complete integrated turret mooring system is fitted on to the hull as a single component. Our 30,000-tonne lifting capacity will enable us to execute bigger and higher-value projects, with faster turnaround.**

- ❖ **Notwithstanding the difficult market conditions, Sembcorp Marine is competing aggressively for jobs in new and existing segments. We are making good progress in our continuing negotiations on a number of attractive project prospects. We are executing our ongoing jobs with improving efficiency, and we remain focused on optimising our operating costs – without compromising quality and safety.**
- ❖ **Our game plan of embracing new innovation and building future-oriented capabilities will prepare Sembcorp Marine for the opportunities and challenges ahead. And to translate these capabilities into new orders and regular revenue streams, we will focus on enhancing our brand visibility and awareness, especially in segments of our expanded market base that are relatively unfamiliar with the Sembcorp Marine Group.**
- ❖ **On this note, we are confident Sembcorp Marine can and will continue to create long-term, sustainable value for our stakeholders.**



# CFO Presentation

- ❖ **Earnings Performance**
- ❖ **Financial Position**

## Key highlights:

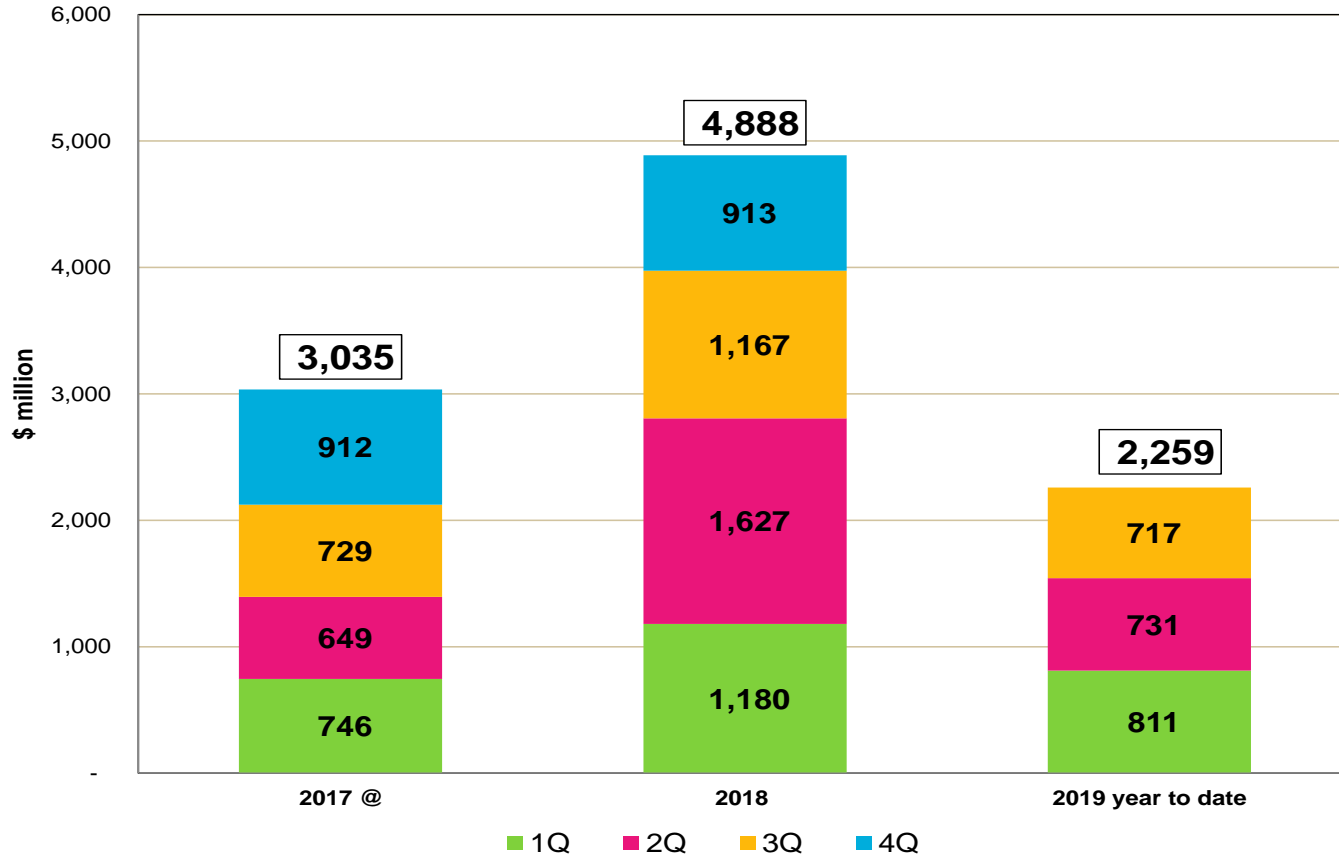
**For nine months ended 30 September 2019:**

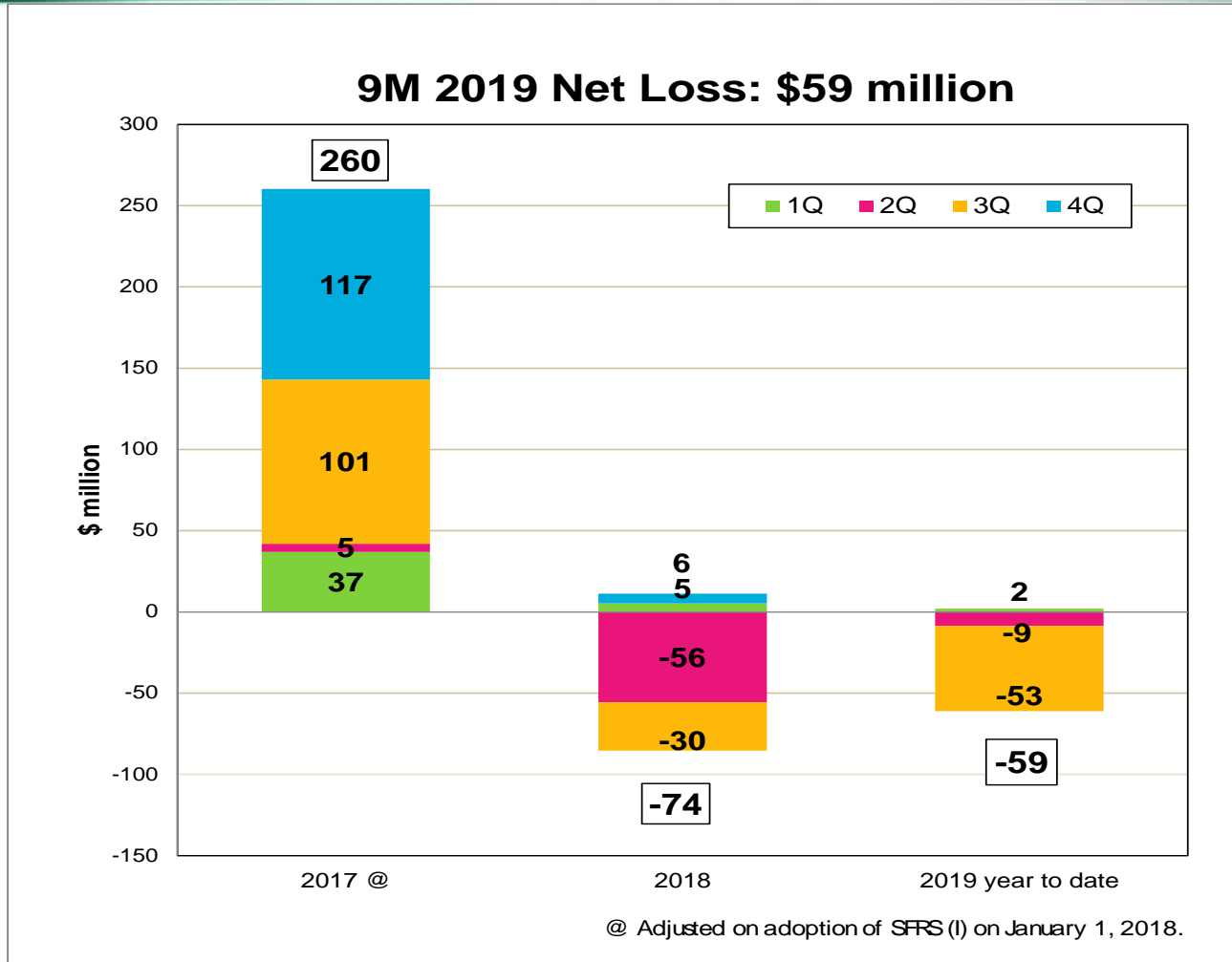
- ❖ **Turnover totalled \$2.26 billion compared with 9M 2018 at \$3.98 billion.**
- ❖ **Group EBITDA of \$134 million.**
- ❖ **Net loss attributable to shareholders of \$59 million.**
- ❖ **Secured \$845 million in new orders in 2019 to-date.**
- ❖ **Group net orderbook stands at \$2.42 billion.**

# Financial Highlights

Group (S\$ million)	3Q 2019	3Q 2018	% change	9M 2019	9M 2018	% change
Turnover	717.2	1,167.2	(39)	2,259.0	3,974.7	(43)
Gross Loss	(46.2)	(12.8)	n.m.	(19.8)	(16.8)	18
EBITDA	9.2	22.2	(58)	134.3	84.0	60
Operating Loss	(52.9)	(21.3)	n.m.	(50.2)	(54.4)	(8)
Loss before tax	(64.4)	(35.0)	84	(80.7)	(95.3)	(15)
Net Loss	(52.6)	(29.8)	77	(59.5)	(80.1)	(26)
EPS (basic) (cts)	(2.52)	(1.42)	77	(2.85)	(3.83)	(26)
NAV (cts)				107.72	*110.68	-
* as at 31 December 2018						

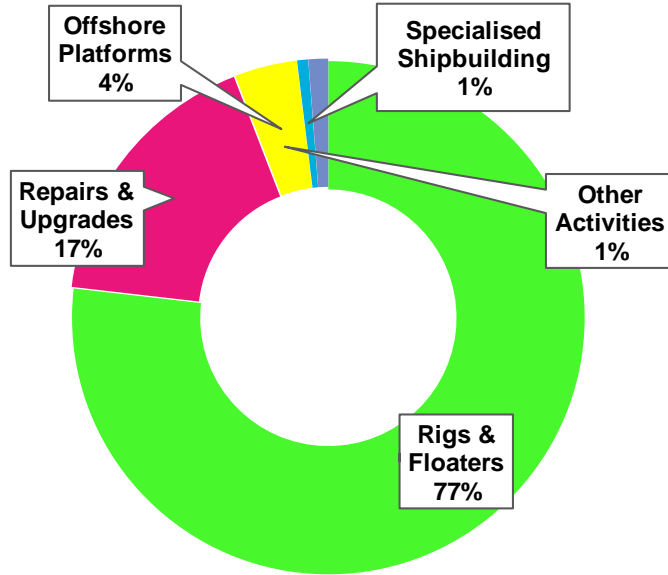
## 9M 2019 Revenue: \$2.26 billion



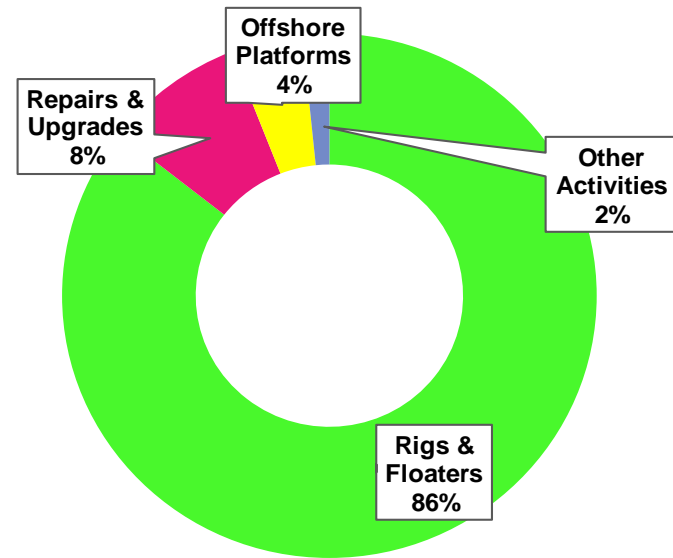


# Business Review: Turnover by Segments

**9M 2019: \$2.26 billion**



**9M 2018: \$3.97 billion**

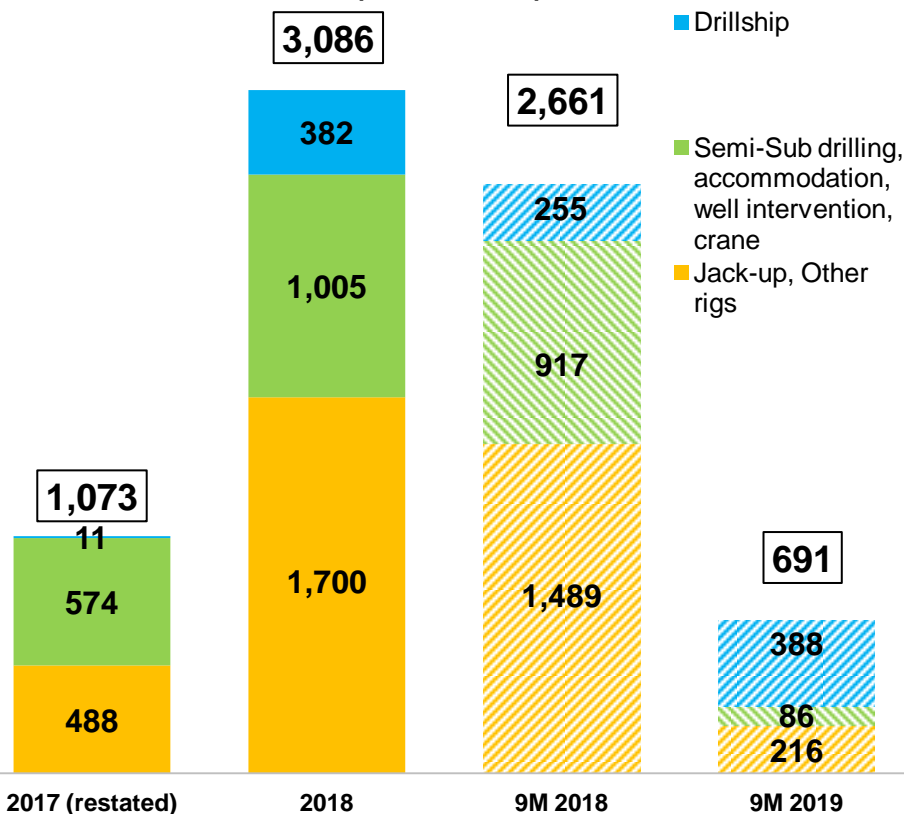


Turnover (\$ million)	3Q 2019	3Q 2018	% change	9M 2019	9M 2018	% change
Rigs & Floaters	513	989	(48)	1,735	3,402	(49)
Repairs & Upgrades	146	131	11	391	336	16
Offshore Platforms	40	25	59	89	172	(48)
Specialised Shipbuilding	9	-	n.m.	16	-	n.m.
Other Activities	10	22	(56)	28	65	(57)
<b>TOTAL</b>	<b>717</b>	<b>1,167</b>	<b>(39)</b>	<b>2,259</b>	<b>3,975</b>	<b>(43)</b>

# Core Business: Rig Building

Rig building revenue was \$691 million in 9M 2019 (9M 2018: \$2.7 billion) on recognition of delivery of 1 jack-up rig to Borr Drilling of \$216 million, and drill ship revenue from ongoing Transocean projects of \$388 million (\$255m in 9M 2018), with semi-subs rev at \$86 million (\$917m in 9M 2018)

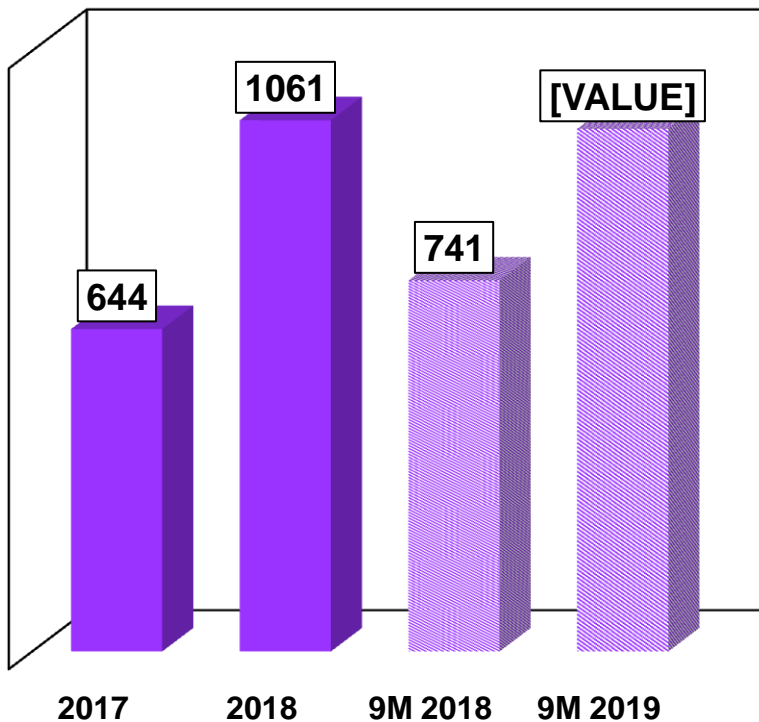
**REVENUE – RIG BUILDING  
(\$ MILLION)**



Jack-up Rigs, Semi-submersibles, Drill Ships	No. of Projects	Brief description
○ Number of jack up rigs delivered in 9M 2019	1	• Borr Drilling jack-up rig P2052
○ Number of semi-subs delivered in 9M 2019	1	• Heerema Offshore semi-sub crane vessel
○ Number of projects in WIP stage	2	• 1st drill ship for Transocean, JE III • 2nd drill ship for Transocean, JE III
○ Number of projects sold to new buyer	2	• Drill ship 1, previously owned by Sete Brasil • Drill ship 2, Sete Brasil, previously owned by Sete Brasil
The new purchaser is expected to negotiate with the Group to enter into new contracts to complete the drillships.		

- 9M 2019 Floater revenue increased 40% to \$1.04 billion on higher percentage recognition for the Johan Castberg, Shell Vito and Karish FPSO projects.

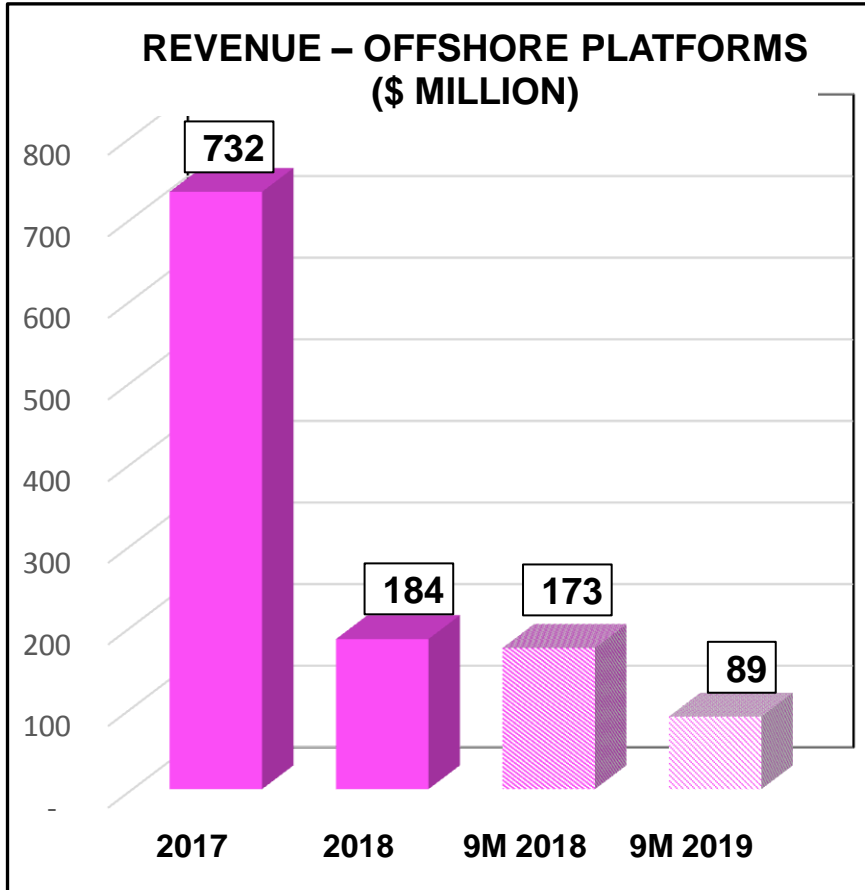
**REVENUE - FLOATERS (\$ MILLION)**



Offshore Floating Production Newbuildings/ Conversion	No. of projects	Brief description
○ No. of Projects delivered in 9M 2019	1	<ul style="list-style-type: none"> <li>P68 FPSO for Petrobras</li> </ul>
○ No. of projects in the WIP stage	4	<ul style="list-style-type: none"> <li>P71 FPSO for Petrobras</li> <li>Equinor Johan Castberg FPSO project</li> <li>Shell Vito FPU project</li> <li>Karish FPSO project</li> </ul>
○ No. of projects in the Planning stage	2	<ul style="list-style-type: none"> <li>Shapoorji FPSO project</li> <li>Shell Whale FPU project</li> </ul>



Offshore Platforms revenue was \$89 million in 9M 2019 on contributions from Hornsea & Tangguh projects.

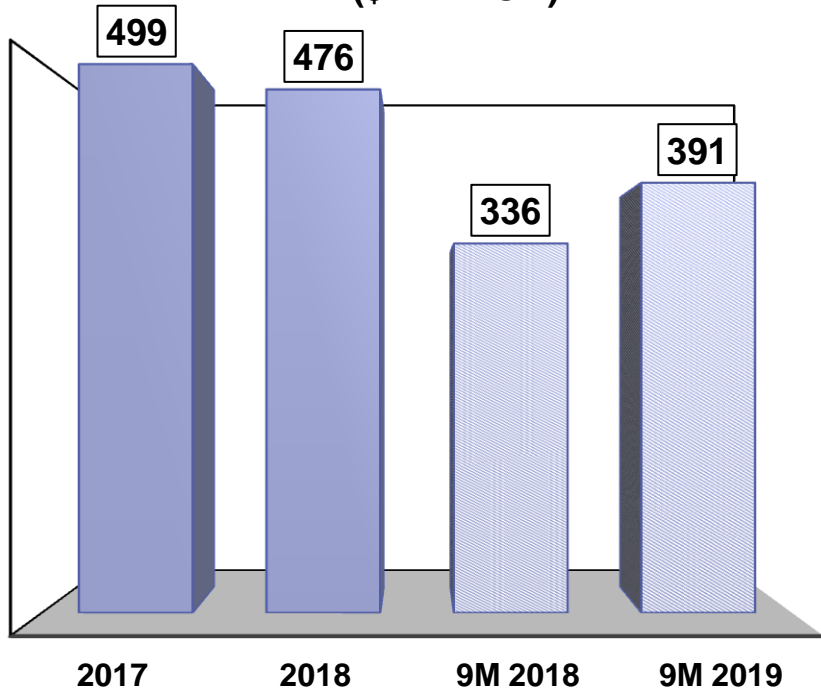


Offshore Platforms	No. of projects	Brief description
○ No. of projects delivered in 9M 2019	Nil	
○ No. of projects in WIP stage	4	<ul style="list-style-type: none"> <li>• Tangguh LNG modules</li> <li>• Hornsea II jackets</li> <li>• Hornsea II substation topsides</li> <li>• Formosa 2 - 15 offshore windfarm jackets foundations</li> </ul>

# Core Business: Repairs & Upgrades

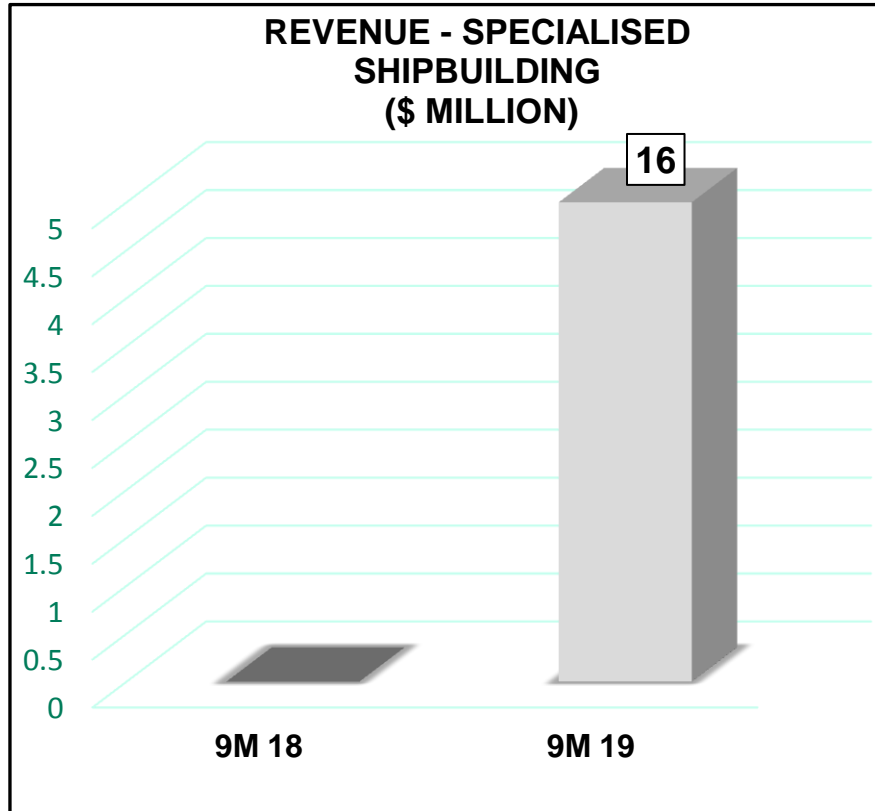
- Revenue from Repairs & Upgrades totalled \$391 million in 9M 2019 (9M 2018: \$336 million), on higher average revenue per vessel due to improved vessel mix on relatively higher value works.

**REVENUE – REPAIRS & UPGRADES  
(\$ MILLION)**



Period	9M 2019	9M 2018	% change
No of vessels repaired	220	230	(4)
Average value per vessel (\$m)	1.78	1.46	22
Total repair revenue contribution (\$m)	391	336	16

- Maiden revenue contribution from Specialised Shipbuilding was \$16 million for 9M 2019 on recognition of ongoing Ropax ferries projects.



Specialised Shipbuilding	No. of projects	Brief description
○ No. of projects delivered in 9M 2019	Nil	
○ No. of projects in WIP stage	3	• Ropax ferries
	1	• LNG bunker vessel

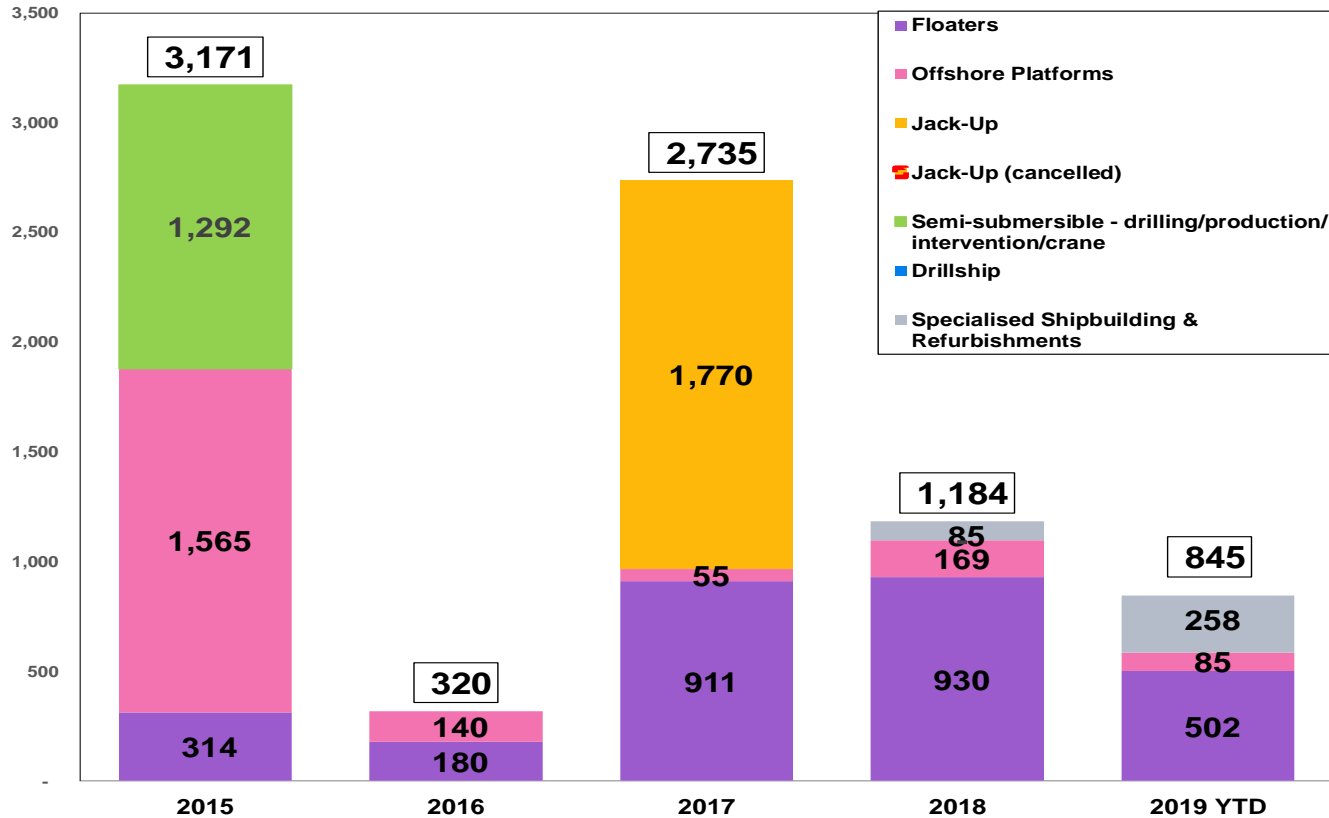
# CAPITAL, GEARING & ROE

<b>Group (\$ million)</b>	<b>Sep-19</b>	<b>Dec-18</b>	<b>% change</b>
Shareholders' Funds	2,250	2,312	(3)
Net Debt	3,684	3,391	9
Net Working Capital	(297)	198	n.m.
Net Gearing ratio (times) (excluding subordinated loan)	0.96	1.44	(33)
Net Gearing ratio (times)	1.61	1.44	12
Interest coverage ratio (times)	1.3	1.4	(7)
ROE (%) annualised	(3.5)	(3.1)	13
ROTA (%) annualised	0.6	0.3	100
Net Asset Value (cents)	107.72	110.68	(3)

Group (\$ million)	3Q 2019	3Q 2018	% change	9M 2019	9M 2018	% change
Operating profit/(loss) before working capital changes	21	23	(9)	146	89	64
Cash generated from/(used in) operations	(279)	(63)	n.m.	17	(101)	n.m.
Net cash flow from operating activities	(290)	(78)	n.m.	(17)	(154)	(89)
Net cash flow from investing activities (mainly Capex)	(67)	(159)	(58)	(270)	(265)	2
Net cash flow from financing activities	37	69	(46)	(86)	(201)	(57)
<b>Net increase/(decrease) in Cash</b>	<b>(320)</b>	<b>(169)</b>	<b>89</b>	<b>(373)</b>	<b>(620)</b>	<b>(40)</b>
Cash in balance sheets				468	683	(31)
Borrowings				(4,152)	(3,944)	5
<b>Net Debt</b>				<b>(3,684)</b>	<b>(3,261)</b>	<b>13</b>

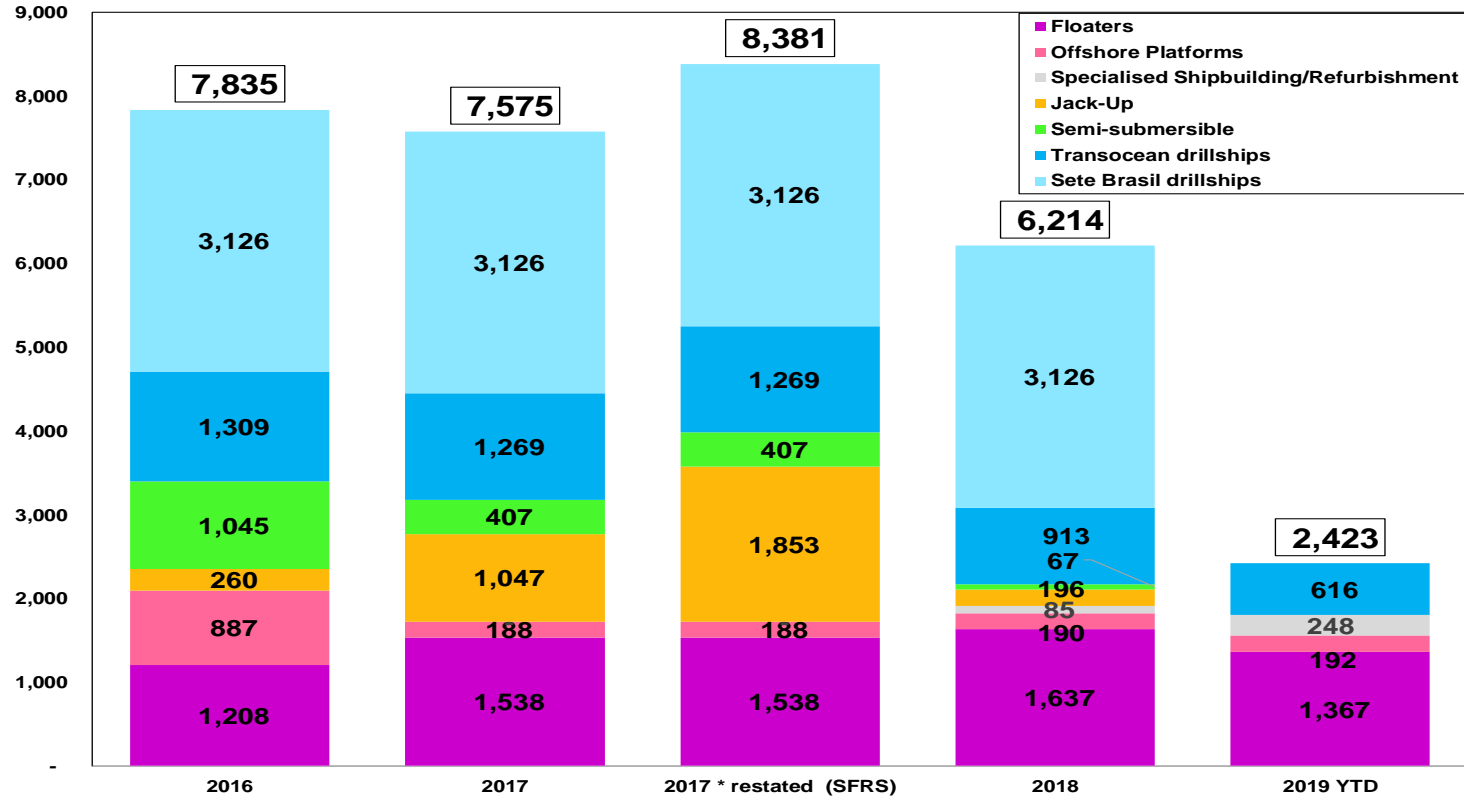
# New Contracts Secured of \$845 million)

## Contracts Secured (\$ million)



# Net Order Book at \$2.42 billion

## Net orderbook by Product Type



*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.*





**sembcorp  
marine**

**Integrated Synergies, Global Possibilities.**