



Company Registration Number: 196300098Z

## PRESS RELEASE

### Results for 1H 2016

#### FIRST HALF 2016 NET PROFIT OF \$66 MILLION

##### Key highlights:

For the six months to June 30, 2016:

- Revenue totalled \$1.8 billion.
- Group EBITDA of \$196 million.
- Gross profit totalled \$187 million.
- Net profit of \$66 million.
- Group net order book stands at \$9.2 billion as at 1H 2016.
- Interim dividend of 1.5 cents declared.

**Singapore, July 28, 2016:** Sembcorp Marine posted group revenue of \$1.8 billion for the six months ended June 30, 2016 (1H 2016). This compares with \$2.5 billion in group revenue achieved in 1H 2015.

Turnover for Rigs & Floaters was \$956 million for 1H 2016, a 45% year-on-year decline from the \$1.7 billion booked in the previous corresponding period. The decline was led by lower revenue recognition for rig building projects resulting from customers' delivery deferment requests. Floaters revenue was higher on good progress from FPSO and FSO projects.

Offshore Platforms revenue increased 21% year-on-year from \$488 million in 1H 2015 to \$589 million in 1H 2016 on sales recognition from its growing order book base.

Key deliveries for Rigs & Floaters and Offshore Platforms segments in 1H 2016 include an accommodation semi-submersible vessel to Prosafe, the Ivar Aasen process, drilling and quarters topsides to Det noske oljeselskap ASA and the Maersk Highlander F&G JU2000E jack-up rig to Maersk Oil.

In July 2016, Sembcorp Marine also delivered the Noble Lloyd Noble jack-up rig to Noble Corporation. Receipts from this delivery and other major projects totalled more than \$900 million. This should further reduce our net gearing from 1.07 times as at 1Q 2016 to below 1.0 times in July 2016.

Repairs & Upgrades revenue declined 8% to \$245 million in 1H 2016 from \$266 million previously, despite an increase in the number of ships repaired to 258 vessels compared with 235 vessels in 1H 2015.

With the sharp revenue decline in its largest segment of Rigs & Floaters, 1H 2016 Group gross profit declined 49% year-on-year to \$187 million. EBITDA was \$196 million compared with \$347 million achieved previously. 1H 2016 Group net profit declined 69% year-on-year to \$66 million from \$215 million in 1H 2015.

A gain of \$9.3 million from Gravifloat investment was offset by an impairment loss of \$8.4 million on the Group's holdings in available for sale financial assets.

## Financial Highlights

Period (S\$m)	2Q 2016	2Q 2015	% change	1H 2016	1H 2015	% change
Turnover	908	1,208	(25)	1,827	2,511	(27)
Gross Profit	106	199	(47)	187	368	(49)
EBITDA	89	178	(50)	196	347	(44)
Operating Profit	54	147	(64)	125	285	(56)
Pretax Profit	19	136	(86)	88	271	(68)
Net Profit	11	109	(90)	66	215	(69)
EPS (basic) (cts)	0.55	5.23	(90)	3.17	10.30	(69)
NAV (cts)				120.29	*120.24	
* NAV as at December 31st, 2015						

## 2Q 2016 VERSUS 2Q 2015

On a quarterly basis, Group turnover for 2Q 2016 at \$908 million was 25% lower when compared with \$1.2 billion for the same period in 2015.

Group gross profit of \$106 million was 47% lower on year-on-year basis mainly due to lower rig building projects. Group operating profit fell 64% year on year to \$54 million.

Operating profit before the effects of foreign exchange was \$86 million, which was higher than the \$65 million for 1Q 2016. Foreign exchange losses in 2Q 2016 mainly arose from revaluation of assets and liabilities denominated in Sterling pounds and US\$ to Singapore dollar.

Group pre-tax profit was 86% lower at \$19 million, on higher finance costs, losses from associates and \$8 million impairment. 2Q 2016 net profit was \$11 million compared with \$109 million in 2Q 2015. Excluding non-operating items of \$8m, 2Q 2016 net profit would have been \$20 million.

## **BALANCE SHEET**

Short term borrowings as at June 30, 2016 decreased as compared with the preceding year-end mainly due to refinancing of short term borrowings to long term borrowings. The Group has secured adequate committed banking facilities to support its operations.

With the successful delivery of a jack-up rig in July 2016, the work-in-progress will be reduced. Receipts from this delivery and other major projects totalled more than \$900 million, bringing our net gearing down from 1.07 times as at 1Q 2016 to below 1.0 times in July 2016.

## **INTERIM DIVIDEND**

The Board of Directors is recommending a one-tier tax exempt interim dividend of 1.5 cents per share for 1H 2016 (1H 2015: 4.00 cents). This represents a dividend payout ratio of 47% compared to the 39% for 1H 2015. Book closure is August 18, 2016 and the one-tier tax exempt interim dividend will be paid to shareholders on August 29, 2016.

## **OUTLOOK**

Global economic growth remains subdued and uncertain. More offshore exploration and production projects have been curtailed. Capital investments in oil & gas are significantly down and this will continue to have a negative impact on the recovery process.

There has been no significant development since Sete Brasil's filing for judicial restructuring on April 29, 2016. We will continue to engage Sete Brasil.

The Group remains focussed on delivering from its order backlog with net orders totalling \$9.2 billion as at end June 2016. The Group's recent significant and successful project deliveries have improved cash flow.

During these challenging times, the Group will continue to focus on costs, liquidity and balance sheet management. The Group continues to rigorously optimise its manpower requirements. We will remain prudent and will actively manage our balance sheet to maintain a healthy financial position.

Sembcorp Marine's strategic investments in infrastructure and technology over the years have enhanced our resilience to navigate through these tough times. We have gone through several down-cycles in the past and have built up a strong core that will enable us to weather the elements during this difficult period.

***For more information, please contact:***

**Analysts' queries:**

Ms Lisa Lee

Head of Investor Relations

Tel No: (65) 6262 7107

Email: [lisa.lee@sembmarine.com](mailto:lisa.lee@sembmarine.com)

**Media queries:**

Mr David Wong

Head of Corporate Communications

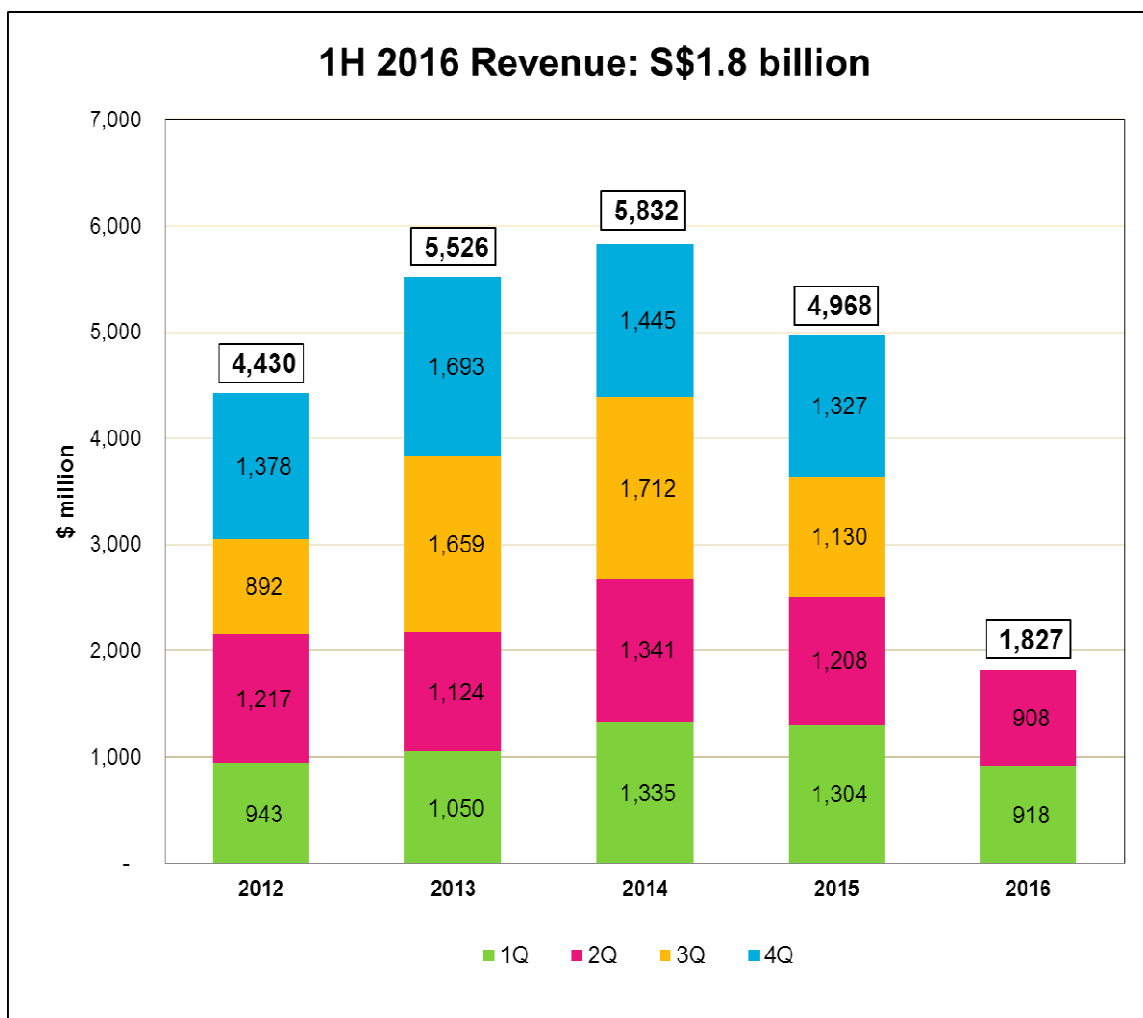
Tel No: (65) 6262 8036

Email: [david.wong@sembmarine.com](mailto:david.wong@sembmarine.com)

For more details please refer to our website: [www.sembmarine.com](http://www.sembmarine.com)

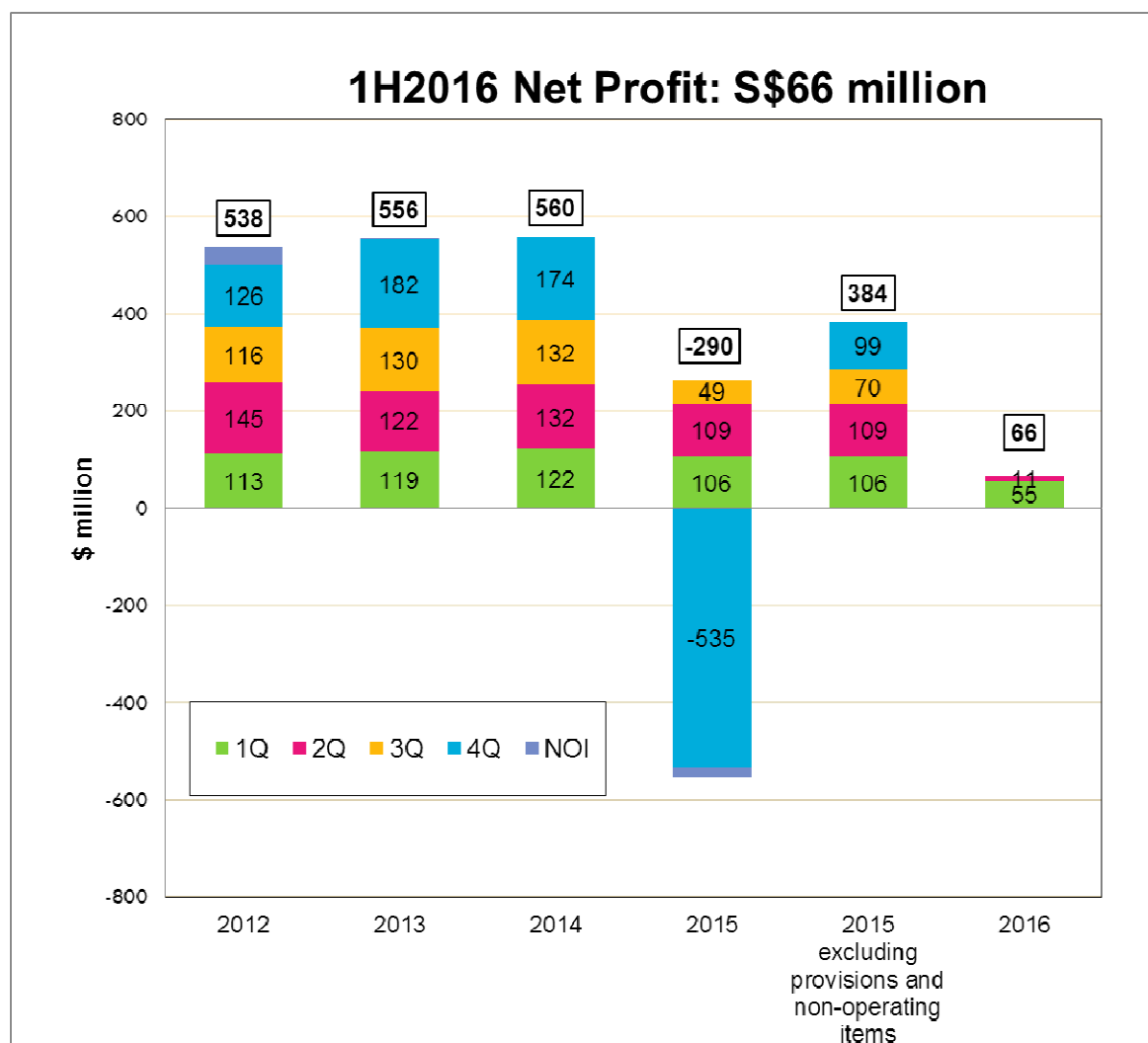
## Appendix

### QUARTERLY TURNOVER (2012 TO 1H 2016)



- Group turnover declined 25% year-on-year to \$908 million in 2Q 2016 from \$1.2 billion in 2Q 2015.
- Lower revenue recognition from Rig building projects.
- Lower average revenue per vessel repaired for Repairs & Upgrade.
- Higher revenue recognition from Offshore Platforms and Floaters projects.

## QUARTERLY NET PROFIT (2012 TO 1H 2016)



- 2Q 2016 Net profit was \$11 million versus \$109 million in 2Q 2015 on lower margin mainly due to lower revenue recognition from Rig Building projects. Foreign exchange translation of \$32 million, higher finance costs, impairment loss of \$8 million on investment shares held and share of losses from associates also impacted earnings.
- 1H 2016 Net profit was \$66 million versus \$215 million in 1H 2015, on lower margin mainly due to lower revenue recognition from Rig Building projects, higher finance costs and share of losses from associates.

## CASHFLOW

Group (\$ million)	1H 2016	1H 2015	% change
Operating profit before working capital changes	175	372	(53)
Net cash outflow from operating activities	(43)	(408)	(89)
Net cash outflow from investing activities	(240)	(438)	(45)
Net cash inflow from financing activities	648	570	14
Cash & cash equivalents in balance sheets	968	806	20
Borrowings	(3,981)	(2,461)	62
Net Debt	(3,013)	(1,655)	82
Progress Billing > WIP	568	721	(21)

Note: n.m : not meaningful

- Net debt totalled \$3 billion, or a net debt to equity ratio of 1.11 times.
- Progress billings, in excess of work in progress, stand at \$568 million.

## CAPITAL, GEARING AND ROE

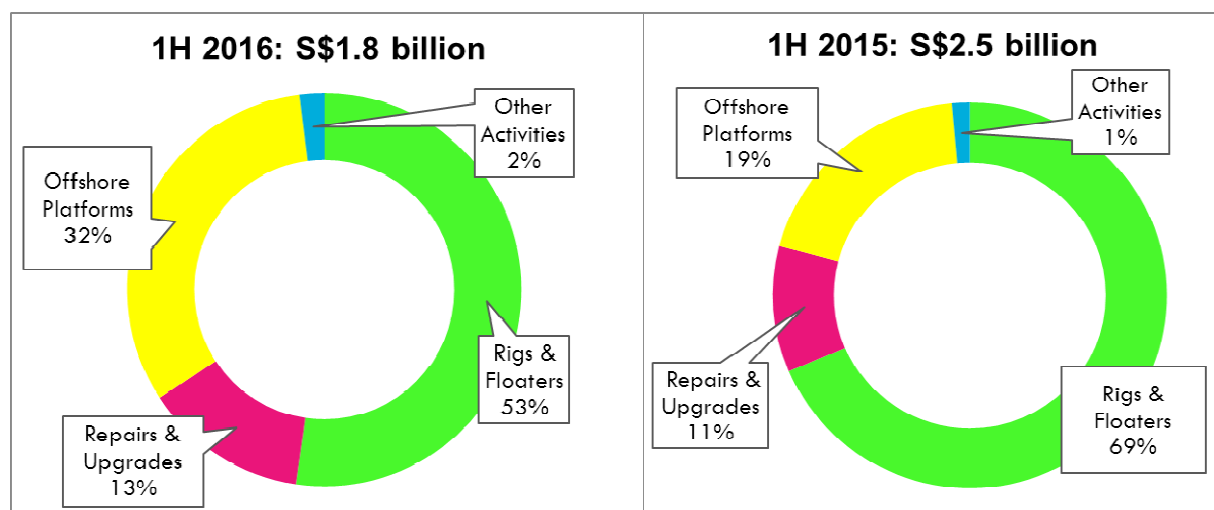
Group (\$ million)	Jun-16	Jun-15	% change	Dec-15	% change
Shareholders' Funds	2,514	3,051	(18)	2,511	-
Net Debt	(3,013)	(1,655)	82	(2,751)	n.m.
Net Working Capital	1,917	1,268	51	1,220	57
Return on Equity (ROE) (%) (Annualised)	5.3	14.3	(63)	(10.6)	n.m.
ROE - exclude NOI (%) (Annualised)	5.2	14.3	(64)	(9.9)	n.m.
Net Asset Value (cents)	120.3	146.0	(18)	120.2	-
Return on Total Assets (ROTA) (%) (Annualised)	2.2	5.8	(62)	(2.9)	n.m.
ROTA - exclude NOI (%) (Annualised)	2.2	5.8	(62)	(2.7)	n.m.

Note: n.m : not meaningful

- Return on Equity (ROE) of 5.3% (Annualised) as at June 30, 2016.

## REVENUE CONTRIBUTIONS BY SECTORS (1H 2016 versus 1H 2015)

### By Value & Percentage Contribution

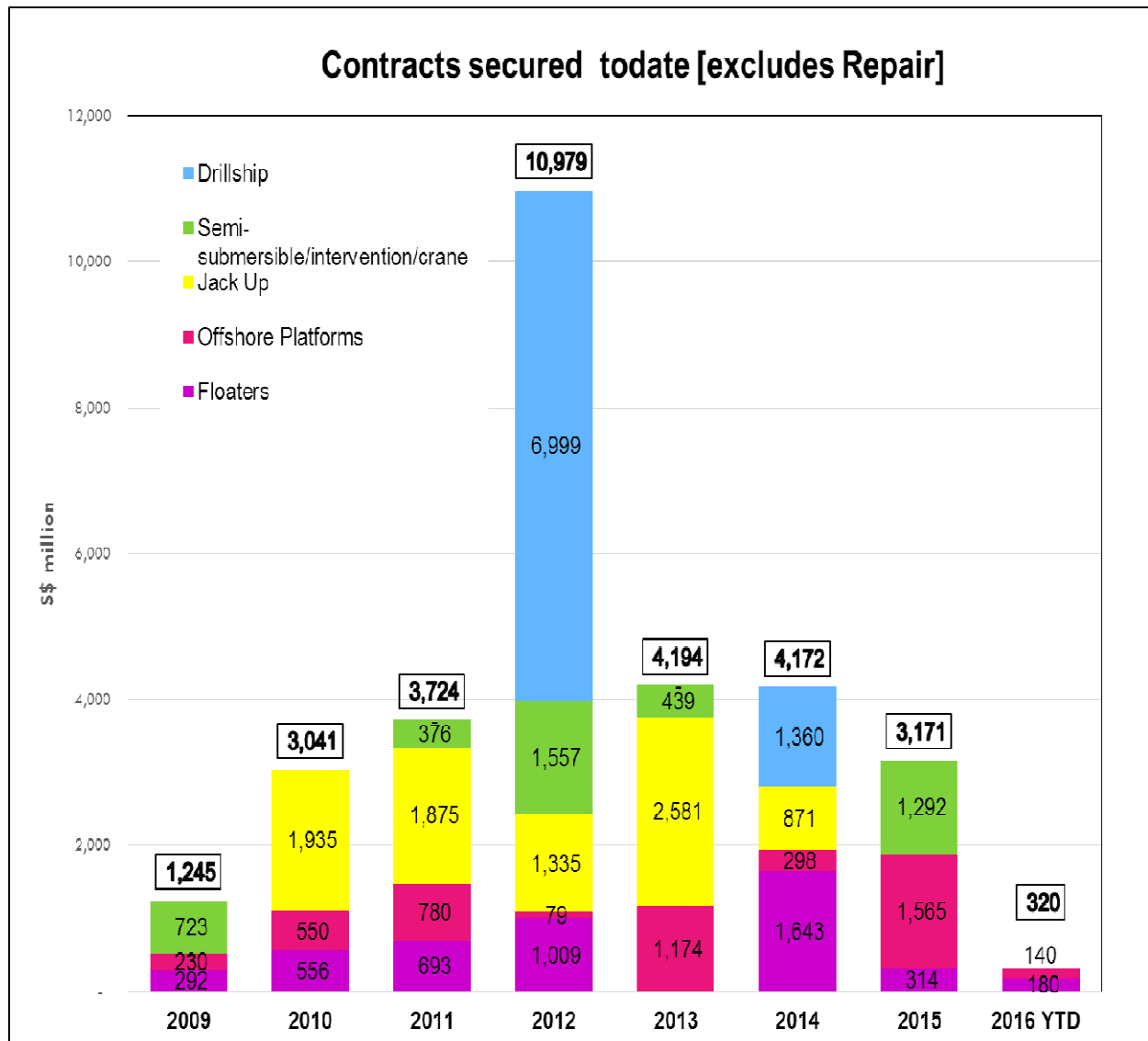


Turnover (S\$ million)	1H 2016	1H 2015	% change	2Q 2016	2Q 2015	% change
Rigs & Floaters	956	1,721	(45)	416	774	(46)
Repairs & Upgrades	245	266	(8)	146	166	(12)
Offshore Platforms	589	488	21	328	251	31
Other Activities	37	37	n.m.	19	18	7
<b>TOTAL</b>	<b>1,827</b>	<b>2,511</b>	<b>(27)</b>	<b>909</b>	<b>1,208</b>	<b>(25)</b>

- Rigs & Floaters was the largest segment, accounting for 53% of 1H 2016 total revenue followed by Offshore Platforms at 32%, Repair & Upgrades at 13% and others at 2%.
- 1H 2016 Rigs & Floaters revenue declined 45% year-on-year to \$956 million due to lower project recognition and deliveries versus the previous corresponding period. Floaters revenue increased.
- Offshore Platforms revenue increased 21% year-on-year to \$589 million for 1H 2016.
- Repair & Upgrades decreased 8% year-on-year to \$245 million for 1H 2016.

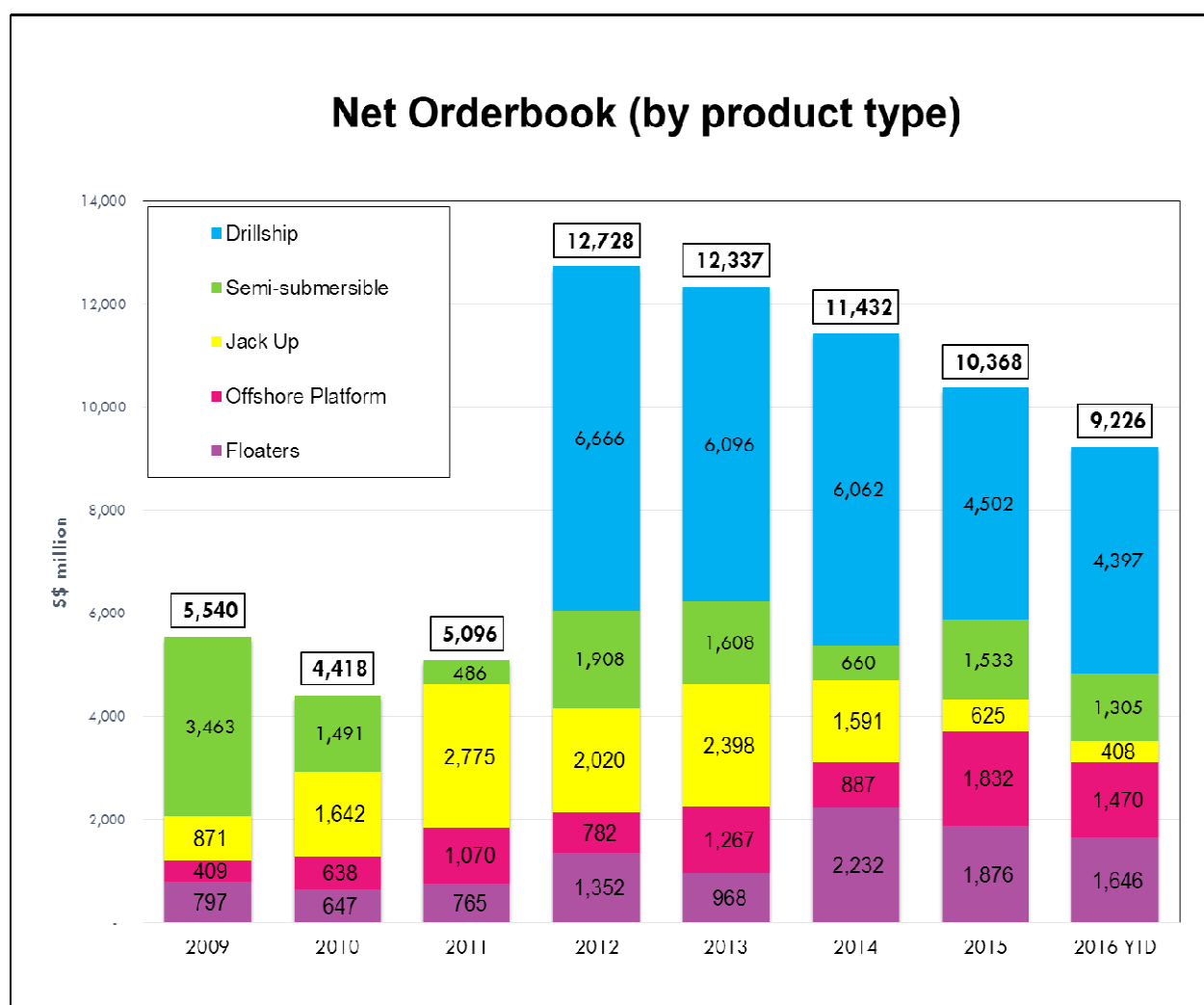


## CONTRACTS SECURED BY YEAR



- Secured S\$320 million in contracts from Offshore Platforms and Floaters in 1H 2016.
- The Group expects to continue to grow its order book.

## NET ORDER BOOK



- Net order book year-to-date stands at \$9.2 billion.

*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.*