



## 1H 2003 Results Announcement

August 1, 2003

## SUMMARY

- SembCorp Marine's revenue declined by 0.4 per cent to \$489.8 million
- Operating profit increased by 5.4 per cent to \$40.7 million
- PBT (before exceptional items) grew by 11.7 per cent to \$50.6 million
- PATMI (before exceptional items) grew by 3.4 per cent to \$39.8 million
- The Directors recommend an interim dividend of 7.5% (0.75 cents per share) and a special dividend of 7.5% (0.75 cents per share), making a total of 15% (1.5 cents per share)

# SCOPE



- Review of 1H2003 Financial Performance
- Review of Sectors
- Key Developments & Updates
- Order Book Updates
- Market Outlook
- What to Expect 2H2003
- Q & A

## REVIEW OF 1H 2003 FINANCIAL PERFORMANCE



Ship Repair



Ship Conversion  
& Offshore



Shipbuilding



Rig Construction



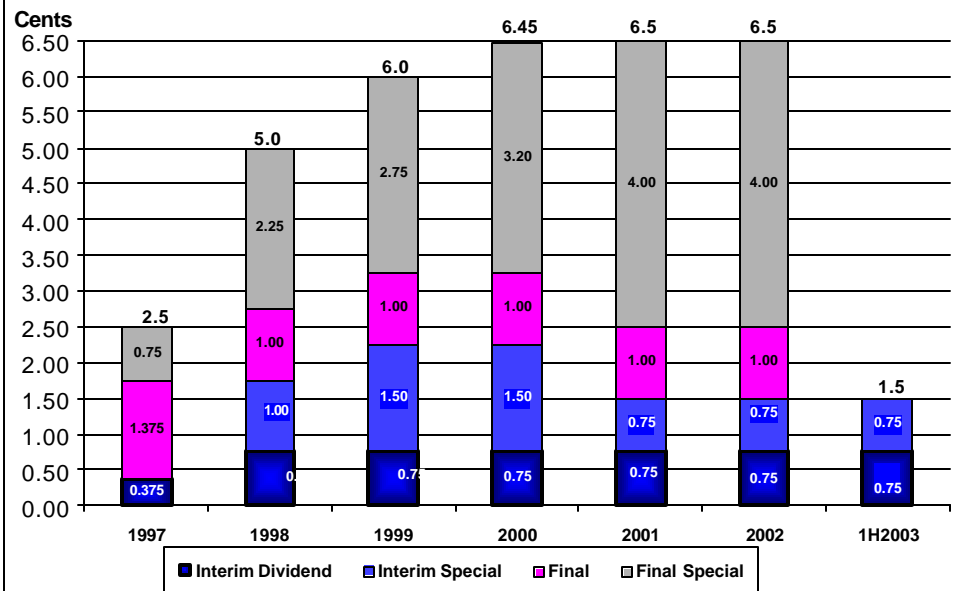
## Financial Highlights



Year	2Q 03	2Q 02	% change	1H03	1H02	% change
Revenue (\$'m)	294.4	289.9	1.5	489.8	492.0	(0.4)
Operating Profit (\$'m)	23.0	21.2	8.1	40.7	38.7	5.4
Pre-tax Profit before EI (\$'m)	26.9	24.9	7.9	50.6	45.3	11.7
Pre-tax Profit including EI (\$m)	27.2	25.1	8.4	50.9	59.8	(14.9)
PATMI before EI (\$'m)	21.3	23.4	(9.0)	39.8	38.5	3.4
PATMI including EI (\$'m)	21.6	23.6	(8.4)	40.1	53.0	(24.3)

\* EI : Exceptional Items

## Dividend Payout Record

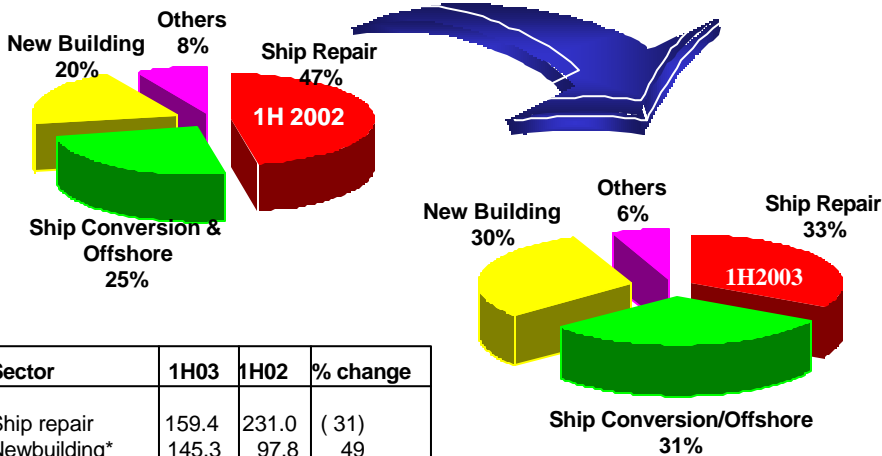


# Capex



Description \ Year(\$m)	2002	2003 (30 June)
Building	-	0.4
Plant/Machinery & Cranes	12.2	7.4
Office Equipment & Tools	2.2	0.4
Planned Investments	44.8	1.6
<b>Total</b>	<b>59.2</b>	<b>9.8</b>

# Revenue Contributions by Sectors



Sector	1H03	1H02	% change
Ship repair	159.4	231.0	(31)
Newbuilding*	145.3	97.8	49
Ship conversion & offshore	152.6	123.7	24
Others	33.5	39.5	(20)
<b>Total</b>	<b>489.8</b>	<b>492.0</b>	<b>(0.4)</b>

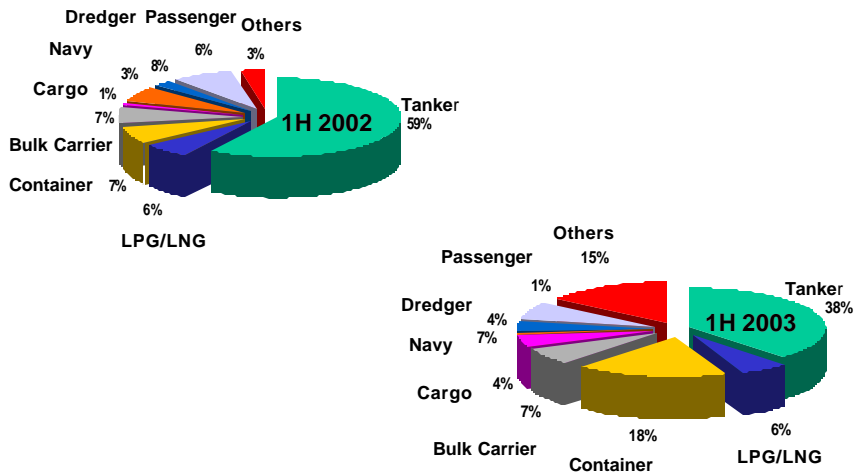
Newbuilding refers to shipbuilding & construction of semi-submersibles

# Ship Repair



	1H03	1H02	% Change
No. of vessels	172	186	(7.5)
Average value per vessel (\$m)	0.93	1.24	(25)
No. of VLCCs	18	18	-

# Ship Repair : Vessel Types



## Ship Conversion & Offshore



No. completed in 1Q03	2	<ul style="list-style-type: none"> <li>* W.D. Fairway (jumboisation)</li> <li>* Maxita (crane ship conversion)</li> </ul>
No. completed in 2Q03	3	<ul style="list-style-type: none"> <li>* FPSO Fluminense</li> <li>* FSO Kome-Kribi 1</li> <li>* Shuttle Tanker</li> </ul>
Work-in-progress (no.)	4	<ul style="list-style-type: none"> <li>* P-43 FPSO (3Q03 - Jul)</li> <li>* P-50 FPSO (1Q 04)</li> <li>* Erha project (1Q 05)</li> <li>* Jascon 5 (4Q 03)</li> </ul>

## Shipbuilding



No. completed in 1Q03	nil	
No. completed in 2Q03	nil	
Work-in-progress (no.)	3	<ul style="list-style-type: none"> <li>* 1<sup>st</sup> unit 2500 TEU container (3Q03)</li> <li>* 2<sup>nd</sup> unit 2500 TEU container(1Q04)</li> <li>* Fast Boat (2Q04)</li> </ul>

## Rig Construction



No. completed in 1Q03	nil	-
No. completed in 2Q03	1	<b><u>PPL Shipyard</u></b> * Constellation I
Work-in-progress (no.)	3	<b><u>Jurong Shipyard</u></b> * Development Driller I (1Q04) * Development Driller II (4Q04) <b><u>PPL Shipyard</u></b> * Constellation II (1Q04)

## Associates (Mauà Jurong : Brazil)



No. completed in 1Q03	nil	
No. completed in 2Q03	nil	
Work-in-progress	3	* P-43 & P-48 Topsides * P-50 Utility Modules

## Key Developments & Updates



Date	Description
• May 25	Disposal of entire interests in Jurong Engineering
• July 10	Acquisition of additional 35% stake in PPL Shipyard
• July 21	Secured S\$110 million shipbuilding contract

Updates on:

- \* Development Driller I
- \* P-43 FPSO conversion
- \* P-50 FPSO conversion

## Disposal of JEL Shares



- Disposal of entire 19.78% interests in Jurong Engineering
- Total proceeds from disposal amounted to \$10.7 million with net gain of \$297,000
- Rationale : Disposal of non-core asset

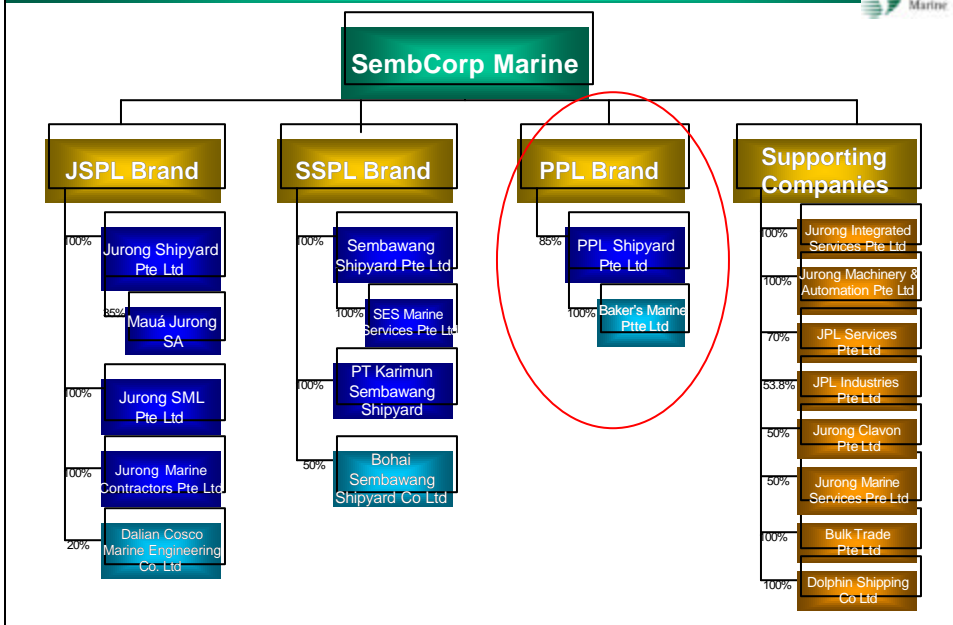


## Majority stakes in PPL Shipyard : 50% to 85%



- Acquisition of 35% equity stake in PPL Shipyard for consideration of S\$14.7 million based on a 23% premium over PPLS' NTA of \$1.71 per share as at June 30, 2003
- PPL Shipyard becomes 85% subsidiary of SembCorp Marine
- With majority stake in PPL Shipyard complemented by the other facilities and capabilities within SembCorp Marine - will be better positioned to grow offshore business

## Marketing of Brands



## \$S110 million Container Vessel Contract



2500 TEU container vessel

The designs of these two container vessels are an improvement over two similar container vessels (2500 teu) currently under construction in Jurong Shipyard

- \$S110 million contract to design and build 2 units of 2600 TEU container vessels for Wan Hai Lines, a leading container operator based in Taiwan
- Contract also covers options for 2 additional units exercisable by owner by October 2003
- Construction commenced in July 2003 with
  - 1<sup>st</sup> unit delivery in March 2005
  - 2<sup>nd</sup> unit delivery in July 2005

## Major Milestone in Rig Construction: Development Driller I



- Major milestone in rig-building technique - to skid and mate the massive 14,000 ton upper hull over lower hull of US\$285 million newbuild semi-submersible for GlobalSantaFe Corporation on June 18, 2003
- Engineering feat the first of its kind – a departure from traditional method of installation by small sub-blocks onto the lower hull while afloat using floating cranes
- Entire operation took 11 hours to complete and within the planned schedule
- Delivery scheduled 1<sup>st</sup> quarter of 2004

## Skidding and Mating Operations – Sequence of Events



1

### Construction of Upper and Lower Hulls



The lower hull, consisting of 2 pairs of pontoons and columns, was constructed separately in Jurong Shipyard's No. 5 Drydock

The upper hull, measuring 8.5m x 75m, was built over a skid truss on land that was reinforced to take the substantial load



## Skidding and Mating Operations – Sequence of Events



2

### Floating of Lower Hull into Position



Part of the lower hull towed to No. 3 ULCC Drydock, which measures 380m x 80.2m x 14m

The lower hull shifted into position at No. 3 ULCC Drydock prior to the skidding and mating operations



## Skidding and Mating Operations – Sequence of Events



3

### Skidding Operation

The upper and lower hulls in position for skidding. Upper hull connected to 12 skid shoes. The keel blocks and supporting truss laid on ULCC Drydock. The skidding beam on which the upper hull was skidded on had a length of 188 metres

The skidding of upper hull over lower hull using 4 computer-controlled hydraulic-operated strand jacks



## Skidding and Mating Operations – Sequence of Events



4

### Mating Operation

Skidding operation complete, with the upper and lower hulls ready for mating. During mating operation, the lower hull floated to merge with the lower hull

Mating operation complete with the upper hull fully connected with the lower hull



## P-43 : Completion of Marine Conversion



- P-43 left the shipyard for Mauà Jurong (Brazil) on July 13, 2003 for topsides installation, integration and commissioning
- Expected to arrive in Mauà Jurong (Brazil) end September 2003
- Commencement of Topsides installation, integration and commissioning in Mauà Jurong (Brazil)

## P-50 FPSO Conversion : Updates



- US\$244 million FPSO conversion awarded by Petrobras Netherlands BV, a subsidiary of Petrobras
- The 280,000 dwt VLCC, Felipe Camarao arrived at the shipyard in October 2002
- Work-in-progress as per schedule with marine conversion completion scheduled for 1Q 04

# ORDER BOOK UPDATES



Ship Repair



Ship Conversion & Offshore



Shipbuilding



Rig Construction



# Ship Repair



## Ship Repair – Alliance Partners



Year Effective	1989	1998	1999	2000	2001	2002	2003
ChevronTexaco Shipping	◆						
Kumaiai Senpaku		◆					
NOL Shipping		◆					
P.T. Humpuss Intermoda			◆				
Shell Shipping			◆				
BP Shipping				◆			
BHP & T-Billiton						◆	
JO Tankers					◆		
Primorsk Shipping of CIS				◆			
Tschudi & Eitzen						◆	
Alaska Tanker Co						◆	
<b>V Ships of Monaco*</b>							◆

\* New

- Stable clientele base load
- Testimony of quality, confidence, on-time-delivery & safety management system

## Contributions from Alliance Partners and Regular Customers



Type	Ship Repair (%)	
	1H 2002	1H 2003
Alliance Partners	38%	20%
Regulars	52%	55%
Total	90%	75%

**Expected contributions from Alliance/FCC Customers for 2H03 : S\$64 million**

## Ship Conversion & Offshore



## Ship Conversion & Offshore



Vessel Type	Type	Comments	Estimated Completion
<b><u>Work-in-progress</u></b>			
• P-43	FPSO	in progress	July 03
• P-50	FPSO	in progress	Mar 04
• Erha project	FPSO	in progress	Mar 05
• Jascon 5	Crane	in progress	Dec 03



## Shipbuilding



## Shipbuilding



Vessel Type	Type	Comments	Estimated Completion
<b><u>Work-in-progress</u></b>			
• 1 <sup>st</sup> unit 2,500 TEU	Container	in progress	3Q03
• 2 <sup>nd</sup> unit 2,500 TEU	Container	in progress	1Q04
• Fast Boat	Coastal vessel	in progress	1Q04
<b><u>New</u></b>			
• 1 <sup>st</sup> unit 2,600 TEU	Container	July03	1Q05
• 2 <sup>nd</sup> unit 2,600 TEU	Container	July03	3Q05

## Shipbuilding Projects Schedule



Schedule Type	2002	2003	2004	2005	2006
2500 TEU container (1 <sup>st</sup> unit)	—				
2500 TEU container (2 <sup>nd</sup> unit)		—			
Fast Boat (4 units)		—			
2600 TEU container (new)			—		
2600 TEU container (new)			—		

## Rig Construction



## Rig Construction



Vessel Type	Type	Comments	Estimated Completion
<b>Work-in-progress</b>			
<b>Jurong Shipyard</b>			
• Development Driller I	semi-submersible	in progress	1Q04
• Development Driller II	semi-submersible	in progress	4Q04
<b>PPL Shipyard</b>			
• Constellation II	Jack-up	in progress	1Q04

## Summary of Rig Construction Projects



Schedule Type	2002	2003	2004	2005	2006
Development Driller I	[Orange bar spanning 2002, 2003, and 2004]				
Development Driller II	[Orange bar spanning 2002, 2003, and 2004]				
- Option 1				Expiry mid 2004	
- Option 2				Expiry mid 2005	
Constellation I	Delivered				
Constellation II	[Red bar spanning 2002, 2003, and 2004]				
- Option 1		Expired			
- Option 2		Expiry August 2003			
- Option 3		Expiry January 2004			
- Option 4		Expiry January 2005			

## Offshore Projects by Mauà Jurong (Brazil)



Type \ schedule	2001	2002	2003	2004
<b>P-43/P-48</b> Topside Modules Fabrication Integration & commissioning	—————		—————	
<b>P-50</b> Fabrication of Utility Modules Integration & commissioning			—————	—————

## Updates: Total Order Book (exclusive of ship repair)



Sector \ \$m	Contract Sum (Updated)	Taken up 31/12/02	2003		Balance 30/6/03
			1st Q	2nd Q	
Ship Conversion & Offshore	967	282	81	82	522
Rig Construction -Semi-submersible	303	92	18	44	149
-Jack-up	263	127	71	29	36
Shipbuilding	234	0	0	84	150
Topsides & Utility Modules	466	218	41	37	170
<b>Total</b>	<b>2,233</b>	<b>719</b>	<b>211</b>	<b>276</b>	<b>1,027</b>

## Market Outlook



Ship Repair



Ship Conversion & Offshore



Shipbuilding



Rig Construction



## Market Outlook



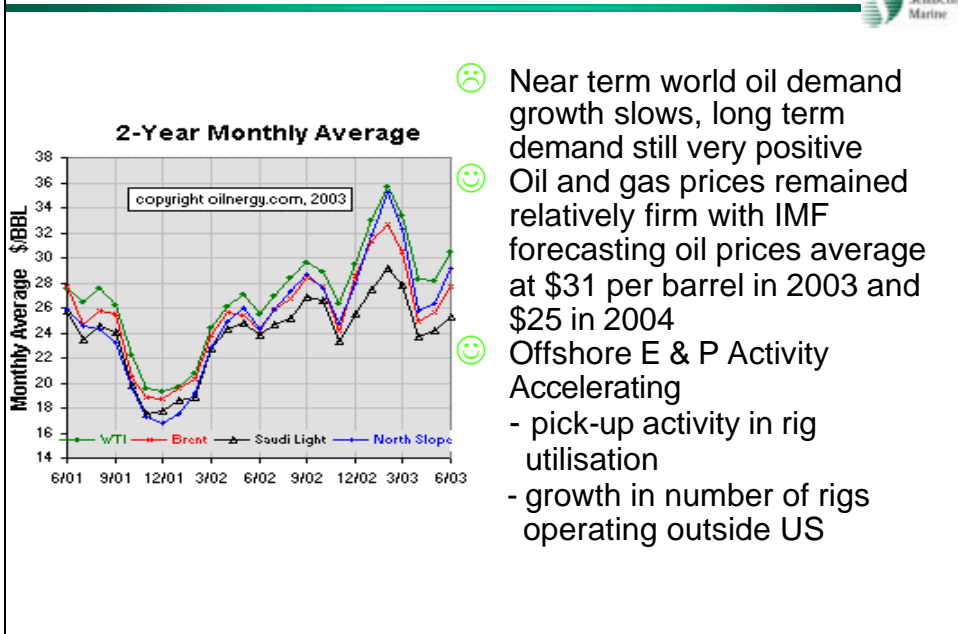
- ☹️ No significant economic recovery since global slowdown in September 2001
- 😊 Overall Improvement in tanker and bulker freight market since 3Q 2002. Signs of slight slowdown in tanker rates since end June 2003
- 😊 Stricter IMO's ruling to enhance longitudinal strengths of larger tankers and capesized bulkers effective June 2002 still present opportunities for steelwork renewal
- 😊 Migration of LNG ships to Singapore and special survey for Double Hull VLCC

## Freight Rates



	2000	2001	2002	2003(J)	Jun 27	Jul 11	Jul 18
<b>VLCC</b>							
260,000t Gulf – Japan	58,190	35,951	22,804	55,584	27,162	19,007	17,025
260,000t WAF – East	48,698	36,662	15,788	44,819	24,104	14,578	16,444
Av Earnings 2000/01-built	55,444	38,829	19,429	53,249	29,402	20,269	18,789
Av Earnings 1990/91-built	50,661	35,639	18,085	48,893	27,583	19,454	18,174
<b>Suezmax</b>							
Av Earnings 1998/99-built	45,506	33,865	15,357	46,246	30,907	15,426	14,749
Av Earnings 1990/91-built	39,565	30,219	15,359	39,289	27,265	15,160	14,753
<b>Aframax</b>							
Av Earnings 1999/00-built	33,698	31,095	18,470	37,240	23,179	21,135	21,992
Av Earnings 1990/91-built	32,806	30,211	17,896	36,100	22,667	20,698	21,531
<b>Bulk Carrier- Capesize</b>							
Av Earnings 1999/00-built	24,414	15,467	13,382	28,366	29,883	29,336	29,137
Av Earnings 1990/91-built	19,974	12,536	11,381	23,830	25,050	24,705	24,535
<b>Bulk Carrier – Panamax</b>							
Av Earnings 1997/98-built	10,843	8,921	7,284	13,800	14,915	15,866	12,223
Av Earnings 1980's-built	9,989	8,194	6,406	12,536	13,628	14,511	14,855
<b>Chemical</b>							
3,000 Europe – Far East	52.18	55.52	54.70	57.80	57.75	59.00	57.00
<b>Container</b>							
Sub_P'max 2,750 teu	22,168	16,771	10,700	21,000	21,500	23,750	23,750
Gas – 52,000m3	21,996	22,505	17,080	21,239	21,370	21,370	21,370
AHTS 12,000+ Bhp	11,377	18,443	10,389	15,673	17,325	7,573	5,330

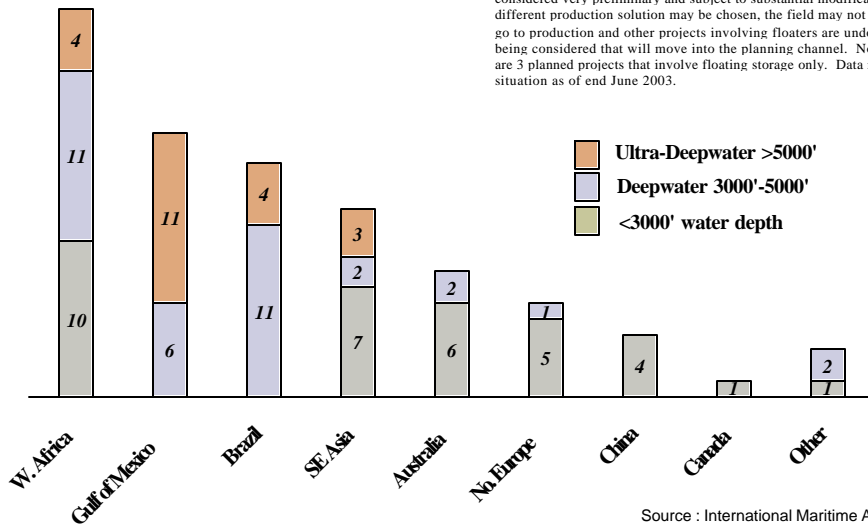
## World Crude Oil Trends & Effects



## 91 Floating Production Systems are Planned or Under Study as of June 2003



Shown in this chart is the number of floating production units associated with potential new fields where floating production is under consideration as a development solution. This information should be considered very preliminary and subject to substantial modification. Different production solution may be chosen, the field may not actually go to production and other projects involving floaters are undoubtedly being considered that will move into the planning channel. Not shown are 3 planned projects that involve floating storage only. Data reflect situation as of end June 2003.



## Looking Ahead



### ● Ship Repair : Mixed Outlook

- will remain competitive
- due to more stringent requirements, ship owners will have to continue to repair their vessels

### ● Ship Conversion & Offshore : Expected to be Strong

- market fundamentals for FPSO/FSOs remain strong
- offshore deepwater rig utilization remains strong in particular W. Africa, Brazil & Asia Pacific region
- strong on-going demand for repair & upgrading of existing rig fleet

### ● Shipbuilding : Expected to be Strong

- continual demand for niche market in feeder container vessels and offshore supply vessels

### ● Offshore Construction : Expected to be Strong

- potential demand for offshore drilling rigs due to ageing fleet

## Our Priorities in Sustaining Growth



### ● Hub Strategy

- Continue with our hub strategy to serve customers

### ● To grow Offshore Business

- Rig construction
- Design rights

### ● Long Term Strategic Alliances with Customers

- Leverage on IT

### ● Branding of Shipyards

- Marketing of the shipyard brands

## What to Expect in 2H 2003



- The Group's ship conversion, ship building and offshore construction sectors will continue to contribute positively to the Group for the next two quarters based on the current strong orderbook
- With the SARS situation in Singapore under control, the Group expects overall improvement in its ship repair bookings for the next two quarters
- Barring unforeseen circumstances, the Group expects to maintain its operating profit for the third quarter as well as for the full year of 2003



## 1H 2003 Results Announcement



Thank You

Q & A