SembCorp Marine

SembCorp Marine

FY 2003 Results Announcement

February 5, 2004

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Scope

SembCorp Marine

- Opening Address
- Financial Review
- Business Review & Outlook
- Q & A

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2003 Performance Highlights

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- Revenue increased 6% to $1,068 million
- Operating profit declined 17% to $74.3 million
- PBT (before exceptional items) declined 18% to $95.2 million
- PATMI (before exceptional items & tax writeback) declined 8% to $74.0 million
- PATMI (including exceptional items) at $78.5 million
- EPS at 5.6 cents
- Operating cashflow at $104.9 million
- Total dividend for FY03 : 5 cents per share

  * Final dividend of 1.0 cents and special dividend of 2.5 cents, making a total of 3.5 cents per share less tax
  * Interim dividend of 0.75 cents and special dividend of 0.75 cents, making a total of 1.5 cents per share less tax

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Operating Environment

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2003 was a challenging year

- Disposal of investments
- 1H03 weakness in ship repair due to SARS and strong freight rates
- Positioning to grow offshore businesses
  - proprietary design in rig
  - marketing of Pacific Class 375 Deep Drilling Offshore Jack-up
- Shipbuilding
  - take advantage of strong global demand

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Divestment

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- **Disposal of entire 19.78% interests in Jurong Engineering**
  - proceeds amounted to $10.7 million with net gain of $297,000
- **Disposal of entire 50% JV interest in Bohai Sembawang Shipyard (Tianjin)**
  - proceeds amounted to $25.3 million with net gain of $1.9 million

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Acquisition

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- **Acquisition of 35% stake in PPL Shipyard**
  - 85% subsidiary
  - better positioned to grow offshore businesses
- **Pacific Workboats Pte Ltd**
  - JV between Dolphin Shipping Pte Ltd and Pacific Carriers Ltd
  - to operate and service offshore supply boats
- **Kristainsand Drilling Pte Ltd**
  - JV between SembCorp Marine Group (82%) and Sinvest AS (18%), a subsidiary of Skeie Group AS of Norway

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Strategy for Sustained Growth

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- **Strengthening home-based shipyards**
  - complementary facilities & capabilities
- **Diversity in product mix and moving up the value chain**
  - ship repair to shipbuilding, ship conversion/offshore & rig building
- **Strengthening our Global Hub**
  - China
  - Brazil
- **Technology-based**
  - proprietary designs for container vessels & rig building
- **Strategic Alliances with customers**
  - growing baseload

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Outlook for 2004 (macro level)

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- Strong fundamentals in offshore businesses & shipbuilding
- Intense competition for ship repair
- Threat of terrorism (ISPS code)
- Bird Flu (?)

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Financial Targets

- Growth in offshore businesses by 10% to 15%
- Contributions from overseas yards (Brazil & China) to grow 20%
- ROE target of 12%

Financial Review

Earnings & EPS

Description \ Year	FY2003	FY2002	% change
Revenue ($'m)	1,068.0	1,011.5	6
EBITDA ($'m)	112.7	128.7	(12)
Operating Profit ($'m)	74.3	89.9	(17)
Pre-tax Profit ($'m)	95.2	116.3	(18)
PATMI before EI* ($'m) & tax writeback	77.3 74.0	85.4 80.8	(10) (8)
PATMI including EI* ($'m)	78.5	92.1	(15)
EPS (cents)	5.6	6.5	(15)
Gross Profit Margin (%)	9.5	12.7	(25)

* Exceptional items

Performance of Associates

(Profit before Tax)

Company \ Year	2003 ($'m)	2002 ($'m)	% Change
Jurong Shipyard Inc	1.64	3.18	(48)
PPL Shipyard*	0.88	0.07	1235
Dalian Cosco Marine	3.02	0.73	314
Bohai Sembawang	0.21	0.24	(13)
Others	2.25	1.84	22
Total	8.00	6.06	32

* as associated company

Steady contributions from overseas yards : Dalian Cosco & Jurong Shipyard Inc

Capital/Net Cash/ROE

Year / Description	FY2003	FY2002	% change
Shareholders' Funds ($m)	927.1	940.0	(1.4)
Capital Employed ($m)	941.9	950.3	(0.9)
Net Cash ($m)	101.8	134.7	(24.5)
ROE (%)	8.4	9.9	(15.0)
Net Asset Value (cents)	65.3	66.5	(1.8)

Net Cash at a healthy level at $101.8 million

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Cashflow

Year ($m) / Description	FY2003	FY2002	% change
Cashflow from operation before working capital	104.9	123.3	(14.9)
Net cash used in investing activities	16.1	22.2	(27.5)
Dividends paid to shareholders	71.8	71.5	0.4

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Dividend Payout Record

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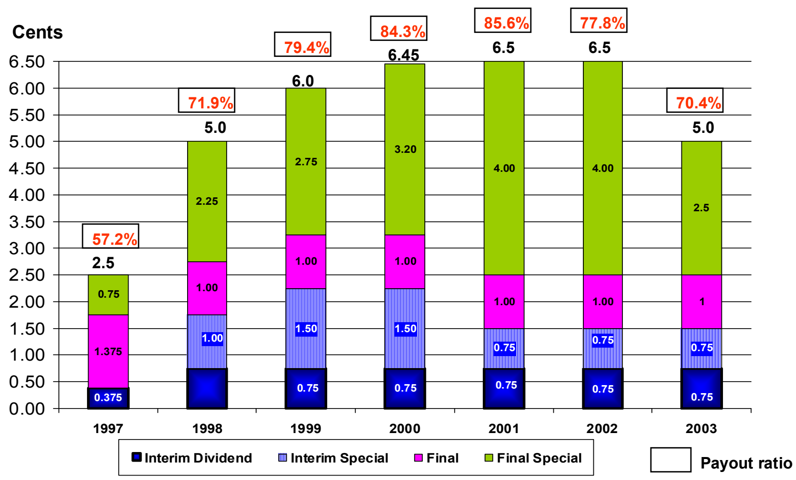

Dividend payout ratio has been consistently high at above 70% with gross dividend yield averaging 6% for the past 5 years

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Capex

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Year($m) / Description	2004	2003
Building	0.8	0.6
Plant/Machinery & Cranes	34.5	29.8
Office Equipment & Tools	6.4	2.2
Planned Investments	45.0	16.6
Total	**86.7**	**49.2**

Investment in plant & machinery to accommodate higher steel throughput

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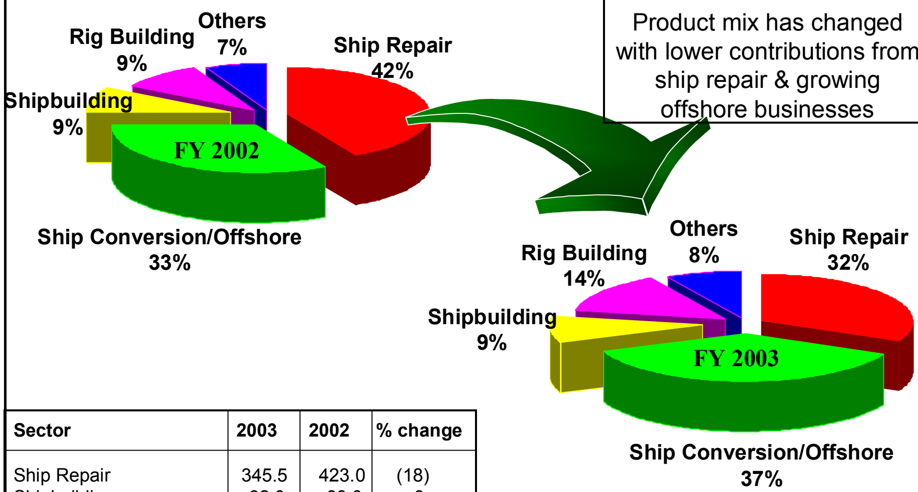
Turnover by Segments

Product mix has changed with lower contributions from ship repair & growing offshore businesses



Sector	2003	2002	% change
Ship Repair	345.5	423.0	(18)
Shipbuilding	92.0	89.0	3
Ship conversion/offshore	391.0	337.0	16
Rig Building	150.5	94.5	59
Others	89.0	68.0	31
Total	1,068.0	1,011.5	6

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Turnover by Customers

Sector	2003($m)	Overseas	Singapore
Ship Repair	345.5	90.3%	9.7%
Shipbuilding	92.0	100.0%	-
Ship conversion/offshore	391.0	100.0%	-
Rig Building	150.5	100.0%	-
Others	89.0	-	100.0%
Total	1,068.0	88.5%	11.5%

89% of total revenue came from overseas customers

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Business Review & Outlook

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Ship Repair : Review

Year / Description	2003	2002	% change
Revenue contributions ($m)	345.5	423.0	(18)
No. of vessels	341	332	3
Gross tonnage (m)	13.3	16.3	(18)
Average value per vessel ($m)	1.01	1.27	(20)
No. of VLCCs	40	41	(2)

Ship repair revenue for the first time fell below the benchmark level of $400 million to $345.5 million due mainly to weaker 1H03

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Ship Repair : Review

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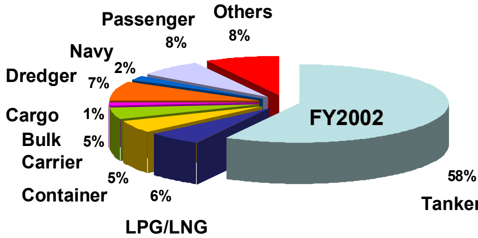
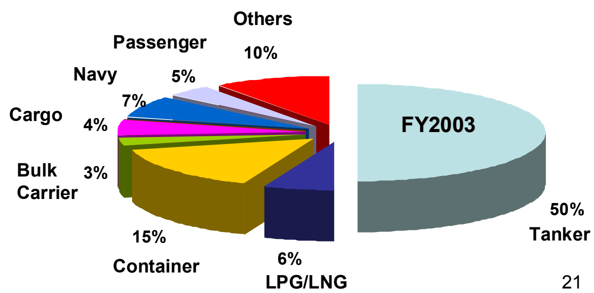
By vessel types



Tanker repairs were down but more container vessels were repaired



Ship Repair – Alliance Partners

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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						◆	
V Ships of Monaco							◆

Steady & growing baseload from Alliance Partners

Ship Repair : By Customers

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Type	2003	2002
Alliance Partners	20%	19%
Regulars	62%	68%
Total	82%	87%

Alliance partners & regular customers continue to provide stable baseload

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Ship Repair : Enquiry Levels

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2003			2002		
1H	2H	FY	1H	2H	FY
809	674	1,483	892	705	1,597

Enquiry levels still healthy although it registered a decline by 7% in FY03 as compared with FY02

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Ship Repair : Outlook & Orderbook

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- **Ship Repair remains competitive**
  – competition mainly from low cost centres
- **Freight rates remain strong**
  - deferred dockings
  - owners are more willing to spend in future dockings
- **Improvement in advance dock booking**
  - 7 weeks look ahead
- **Alliance/block bookings for 2004 at $180 million**

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Shipbuilding : Review

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Year / Description	2003	2002	% change
No. of vessels delivered	4(3)	4	-
No. of vessels (WIP)	2(1)	4	(50)
Percentage completion ($m)	92	89	3

WIP – work in progress
( ) no. of coastal vessels

Contributions from shipbuilding is expected to grow

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Shipbuilding : Review

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Completed & delivered in 2003

Project Name	Type	Customer
Thomas Mann	2,500 TEU Container vessel	Reederei Karl Schluter
3 units	Coastal vessels	-

Shipbuilding : Review

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On-going projects

Project Name/Type	Customer	Delivery schedule
2nd unit 2,500 TEU container vessel	Reederei Karl Schluter	4Q04
4th unit of Coastal vessel	-	1Q04

Shipbuilding : Order book

Project Name/Type	Customer	Delivery Schedule
1st unit 2,600 TEU container vessel	Wan Hai Lines	1Q05
2nd unit 2,600 TEU container vessel	Wan Hai Lines	2Q05
3rd unit 2,600 TEU container vessel	Wan Hai Lines	4Q05
4th unit 2,600 TEU container vessel	Wan Hai Lines	2Q06
4 units of Coastal vessel	-	4Q04
4 units 3,200 hp tugs	-	4Q04

Total Order Book for Shipbuilding stands at S$267 million

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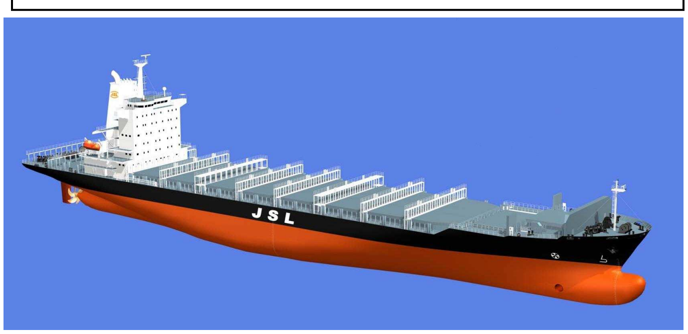
Shipbuilding : Outlook

- Shipbuilding for all categories of vessels remains good
- Continual demand for niche market in feeder container vessels & offshore supply vessels

Good response to our proprietary design : the 2600 TEU container series



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Ship Conversion & Offshore : Review

Description / Year	2003	2002	% change
No. of vessels completed	7	9	(22)
No. of vessels (WIP)	5	7	(28)
Percentage completion ($m)	391	337	16

WIP – work in progress

Conversion stronger due to higher value in ship conversion undertaken in FY03

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Ship Conversion & Offshore : Review

Projects Completed & Delivered in 2003

Project Name	Type	Customer
Saipem 3000 (Maxita)	Crane ship conversion	Saipem Spa
W.D. Fairway	Suction Hopper Dredger	Boskalis Westminster
Fluminses	FPSO Conversion	Modec
Kome-Kribi 1	FSO Conversion	Modec
Petrobras 43	FPSO marine conversion	Brown & Root Halliburton
Shuttle Tankers	2 units	Norwegian owner

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Ship Conversion & Offshore : Review

On-going projects for 2004

Project Name	Type	Customer	Delivery Schedule
P-50	FPSO conversion (marine)	Petrobras	2Q04
Erha project	FPSO – new hull (JV with SMOE)	Exxon Mobil	1Q05
Jascon 5	Dynamic Positioning Class 3 Pipe-lay/ construction barge	Consolidated Projects	1Q04
Maua Jurong			
P-43	*Topside integration & commissioning	B & R Halliburton	3Q04
P-50	*Topside production modules fabrication * Integration & commissioning	Petrobras	2Q04 1Q05

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Ship Conversion & Offshore: Order book

Project Name	Type	Customer	Delivery schedule
T T Nina	**FPSO conversion**	**Modec**	**4Q04**

* 366,000 dwt ULCC arrived in August 2003 for conversion
* processing capacity of 70,000 barrels of oil per day & 75 million cubic feet of natural gas
* storage capacity of 2 million barrels of oil per day
* deployment in Baobab Field, offshore Cote d'lvoire, West Africa

Project Name	Type	Customer	Delivery schedule
M T Fairway	**FPSO conversion**	**Modec**	**4Q04**

*149,686 dwt VLCC expected to arrive in mid February 2003 for conversion
* processing capacity of 100,000 barrels of oil per day
* storage capacity of 930,000 barrels of oil per day
* deployment at Santos' Mutineer-Exeter field development, off Western Australia

2 new FPSO conversion projects were secured in 3Q03

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Ship Conversion & Offshore : Outlook

World demand for oil continues to grow

– expected growth of 1.6% annually from 2003 to 2030 (IEA projection)
- GDP growth estimated at 4% annually over next 4 years (IMF)

Oil and gas prices have remained strong

- oil spot prices have remained in upper US$20s/low US$30s since mid-03
- gas prices also strong

Favourable E & D Activity

- global E & D spending is expected to increase in 2004

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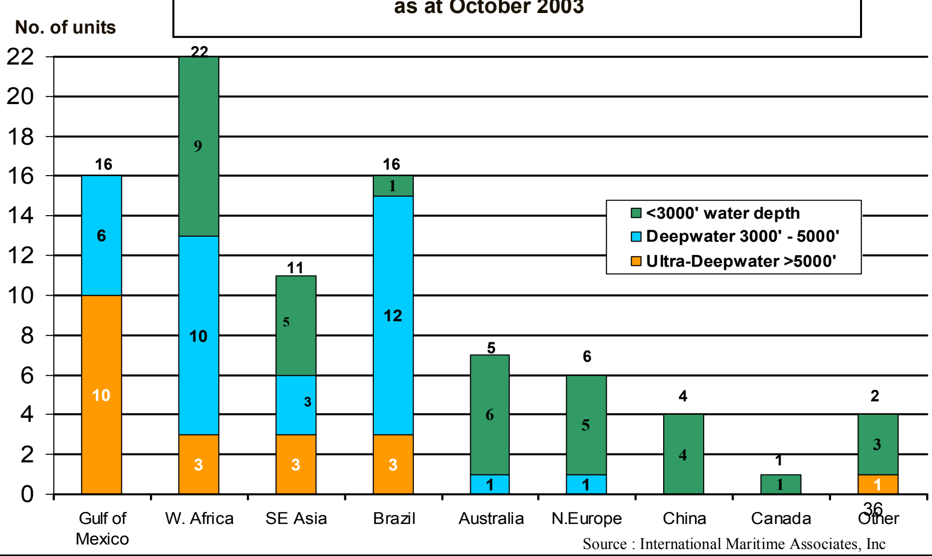
Ship Conversion & Offshore : Outlook

87 Floating Production Systems are Planned or Under Study as at October 2003



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Source : International Maritime Associates, Inc

Rig Building : Review

Description / Year	2003	2002	% change
No. of Rigs delivered	1(1)	0	100
No. of Rigs (WIP)	3(1)	2	50
Percentage completion ($m)	150.5	94.5	59

WIP – work in progress
( ) Jack-up undertaken by PPL Shipyard

Growing contributions from Rig Building

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Rig Building : Review

Completed in 2003

Project Name	Type	Customer
Constellation 1*	Jack-up	GlobalSantaFe

* PPL Shipyard

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Rig Building : Review

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Work in progress in 2004

Project Name/Type	Customer	Delivery schedule
Constellation II – Jack-up - Option 1 : expired - Option 2 : expired August 03 - Option 3 : expired January 04 - Option 4 : expiry January 05	GlobalSantaFe	1Q04
Development Driller I	GlobalSantaFe	2Q04
Development Driller II - Option 1 : expiry mid 04 - Option 2 : expiry mid 05	GlobalSantaFe	4Q04

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Rig Building : Order Book

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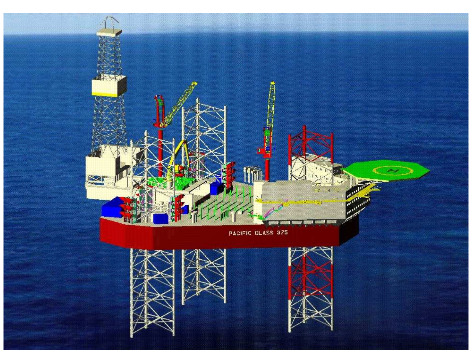
Jack-up : US$110 million

- EPC Construction contract to construct 1 unit of Baker Marine Pacific Class 375 Deep Drilling Offshore Jack-up
- 1 option with expiry 18 months from date of signing (January 04)
- proprietary design developed by PPL Shipyard
- construction to commence 2Q04 with completion in 1Q05



Features

Drill depth : 30,000 feet
Cantilever : 70 ft no skid off
Drawworks : 3,000 HP

Construction : 24 months
Cost : $110 million

"… the design and capabilities of this proprietary design could lead to the emergence of more Baker designed rigs being built."

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Rig Building : Outlook

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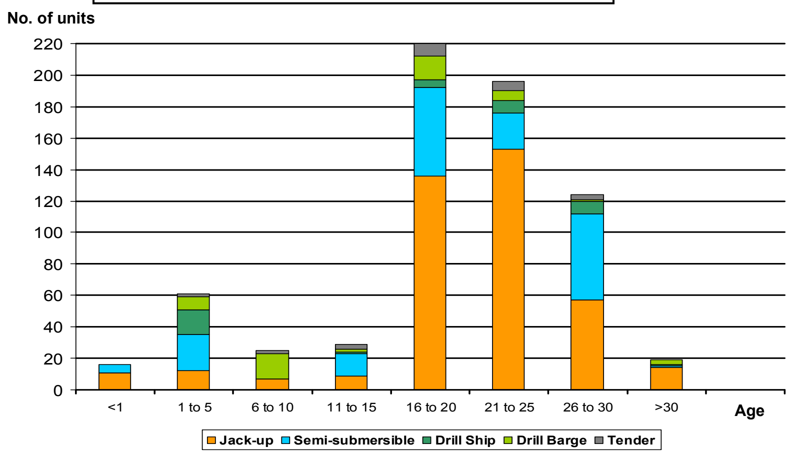
- Potential demand for newbuilding and upgrading

- average age of Jack-ups 21 years
- average age of semi-submersibles 20 years



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Source : Rigzone

Order Book : Ship Repair

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Ship Repair

- S$180 million, including from Alliance/FCC partners
- Nan Hai Fa Xian – major upgrading

Firm commitment & support from Alliance/FCC partners & regular customers for 2004

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Contracts Secured in 2003 & to-date

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Sector	Value	Projects
Conversion & offshore	$270m	* Erha Field Project * Jascon 5 * Shuttle tankers * TT Nina * MT Fairway
Shipbuilding	$267m	* 4 units coastal vessels * 4 units 2,600 TEU containership * 4 units coastal vessels * 4 units tugs
Topsides & Utility modules	$220m	* P-50 Utility & production modules
Rig Building	$186m	* 1 unit Pacific Class 375 Jack-up
Total	$943m	

Contracts secured to-date stands at S$943 million with more expected

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Total Order Book

(exclusive of Ship Repair)

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Sector / S$m	Contract Value	Balance
Shipbuilding	352	259
Ship conversion & offshore	947	424
Rig Building	615	269
Topsides & Utility Modules	648	160
Total	**2,562**	**1,112**

Total Order Book remains strong at S$1.11 billion

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Thank You
Q & A