



SembCorp  
Marine

## **FY2004 Results Announcement**

**February 7, 2005**

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## **Scope of Briefing**

### **Part I**

- Financial Review

### **Part II**

- Operations Review & Outlook
- Strategy for Sustained Growth
- Outlook for 2005 & Financial Targets

### **Part III**

- Q & A

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# Financial Review



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## FY2004 Performance Highlights



### 2004 : A Record Year

- Revenue increased by 28% to a record high at \$1,362.8 million
- Operating profit increased 26% to \$93.9 million
- PBT (exclude EI) increased 25% to \$117.1 million
- PATMI (exclude EI) increased 27% at \$98.1 million
- PATMI (include EI) increased 21% to \$95.0 million
- EPS (exclude EI) at 6.90 cents (2003 : 5.46 cents) : up 26%
- EPS (include EI) 6.68 cents (2003: 5.55 cents) : up 20%
- Operating cashflow\* at \$124.0 million (2003 : \$104.9m) : up 18%
- Total dividend for FY 2004 : 7.5 cents per share
  - Final dividend of 1.0 cents per share and special dividend of 5.0 cents, making a total of 6.0 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

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EI : Exceptional Items \* : Before reinvestment in working capital

## Earnings & EPS

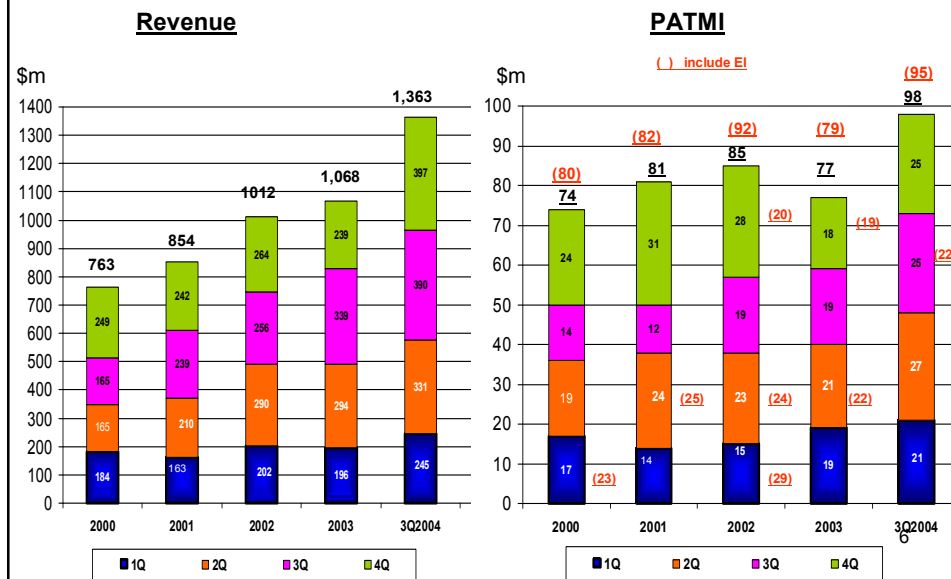


PATMI growth at 27% (exclude EI) & at 21% (include EI)

Description \ Year	4Q 2004	4Q 2003	% Δ	FY 2004	FY 2003	% Δ
Revenue (\$'m)	397.0	239.0	66.1	1,362.8	1,068.0	27.6
EBITDA	28.5	25.3	12.6	131.4	109.6	19.9
Operating Profit (\$'m)	18.3	15.8	16.2	93.9	74.3	26.3
Pre-tax Profit (exclude EI)	29.0	19.1	52.0	117.1	93.9	24.7
PATMI (exclude EI)	25.0	18.6	34.4	98.1	77.3	26.9
PATMI	24.9	19.5	27.6	95.0	78.5	21.0
Operating Margin (%)	4.6	6.6	(30.3)	6.9	7.0	(1.4)
EPS (cents) - exclude EI	1.75	1.31	33.6	6.90	5.46	26.4
EPS (cents)	1.75	1.37	27.7	6.68	5.55	20.4

\* Exceptional items

## 5-Year Revenue & PATMI



## Performance of Associates

(Profit before Tax)



Increasing contributions from associated companies

Year Description	4Q 2004	4Q 2003	% Δ	FY 2004	FY 2003	% Δ
Cosco (Dalian) Shipyard	1.84	0.69	168	6.95	3.02	130
Jurong Shipyard Inc	7.39	0.64	1057	6.06	1.64	269
Jurong Clavon	-	0.77	n.m.	0.09	0.08	13
PPL Shipyard	-	-	-	-	0.88	n.m.
Bohai Sembawang	-	-	-	-	0.21	n.m.
Pacific Workboats	0.71	(0.14)	n.m.	1.07	(0.14)	n.m.
Others	(0.23)	(0.21)	10	(0.89)	2.31	n.m.
<b>Total</b>	<b>9.71</b>	<b>1.75</b>	<b>455</b>	<b>13.28</b>	<b>8.00</b>	<b>66</b> <small>7</small>

## Capital/Gearing/ROE



Net Cash at a healthy level at \$319.8 million

Year Description	FY2004	FY2003	% change
Shareholders' Funds	968.9	927.1	4.5
Capital Employed	1,002.7	941.9	6.5
Net Cash	319.8	101.8	214.1
ROE (%)	10.0	8.4	19.0
Net Asset Value (cents)	67.9	65.3	4.0

## Free Cashflow



Net Cash increased by 216% as compared with FY2003

Year Description	FY2004	FY2003	% change
Cashflow from operation before reinvestment in working capital	124.0	104.9	18.2
Net cash provided by operating activities	218.3	59.6	266.3
Net cash provided by/(used In) investing activities	39.4	(16.1)	n.m
Dividends paid to shareholders	57.3	72.1	(20.5)
Net increase in cash & cash equivalent	469.5	148.4	216.4

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## Capex



Our Investment in Cosco Shipyard Group takes effect in 2005

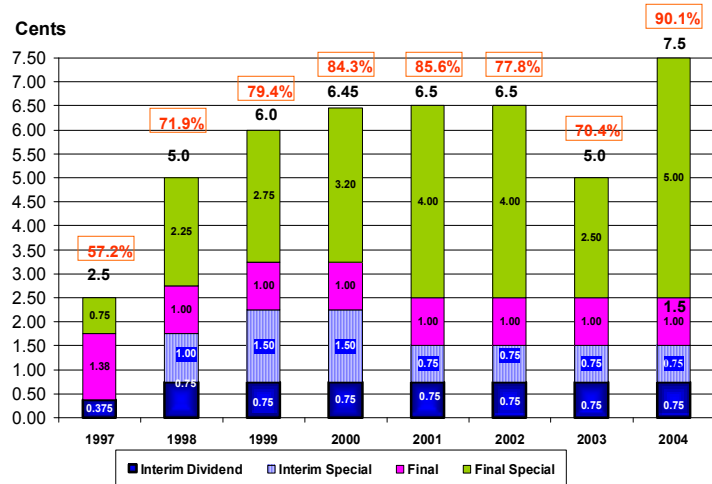
Year(\$m) Description	2005 Budget	2004 Budget	FY2004 Actual
Rig	97.3	-	57.9
Buildings	0.7	0.8	4.0
Plants, Machinery & Cranes	17.9	34.5	24.4
Office & Workshop Equipment	4.6	6.4	2.3
	<b>120.5</b>	<b>41.7</b>	<b>88.6</b>
Other Investment			
Cosco Corporation (S) Ltd	-	-	14.0
Cosco Shipyard Group	49.0	45.0	-
Others	-	-	2.3
	<b>49.0</b>	<b>45.0</b>	<b>16.3</b>
<b>Total</b>	<b>169.5</b>	<b>86.7</b>	<b>104.9</b>

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## Dividend Payout Policy



Record Dividend Payout at 7.5 cents per share for 2004  
 Gross Dividend Yield at 5.2%  
 We will continue to pay high dividend



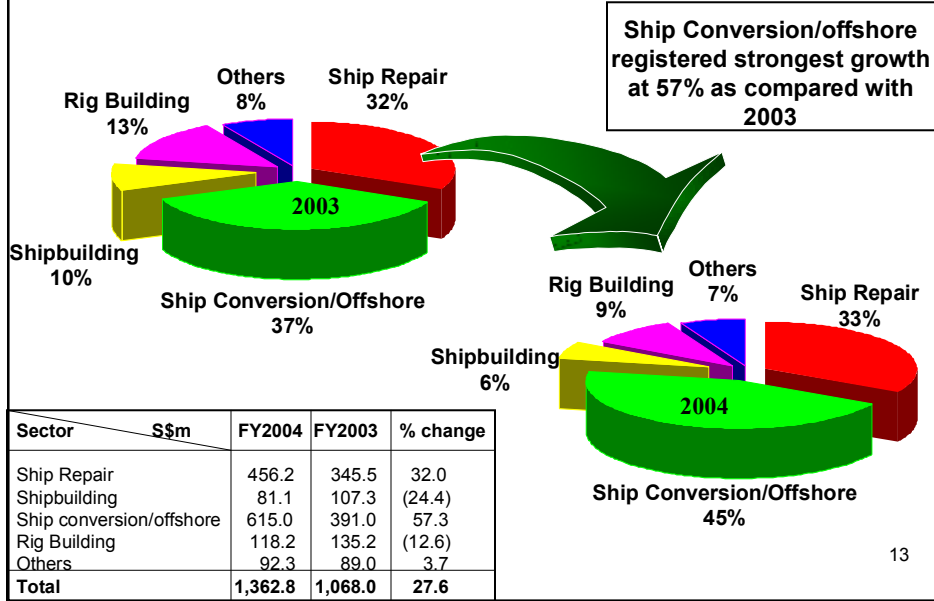
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## Operations Review & Outlook



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## Turnover by Segments



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## Turnover by Segments

(4Q2004 vs 4Q2003 & FY2004 vs FY2003)



Sector	\$m	4Q 2004	4Q 2003	% Change	FY2004	FY2003	% Change
Ship Repair		117.9	98.5	19.7	456.2	345.5	32.0
Shipbuilding		16.3	14.4	13.2	81.1	107.3	(24.4)
Ship Conversion Offshore		171.1	61.6	177.8	615.0	391.0	57.3
Rig Building		66.3	27.8	138.5	118.2	135.2	(12.6)
Others		25.4	36.7	(30.8)	92.3	89.0	3.7
<b>Total</b>		<b>397.0</b>	<b>239.0</b>	<b>66.1</b>	<b>1,362.8</b>	<b>1,068.0</b>	<b>27.6</b>

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## Ship Repair : Review



Strong growth attributable to our ability to secure some high value FPSO upgrading and bottom-damaged repair jobs

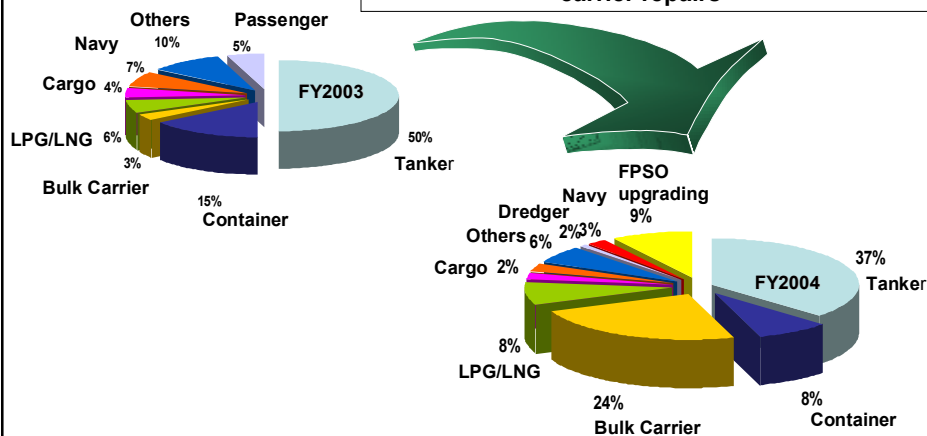
Description	Year		
	FY2004	FY2003	% change
Revenue contributions	456.2	345.5	32
No. of vessels	313	341	(8)
Average value per vessel (\$m)	1.46	1.01	45

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## Ship Repair : Review



FSU/FPSO upgrading and tankers accounted for 46% ship repair. Significant increase in bulk carrier repairs



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## Ship Repair : Enquiry Levels



Enquiry levels registered a 3% increase as compared with 2003. 2005 is expected to remain high

2004			2003		
1H	2H	FY	1H	2H	FY
874	654	1,528	809	674	1,483

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## Shipbuilding : Review



Lower shipbuilding contribution at \$81 million due mainly to many shipbuilding projects that are still at early stages of production

Description \ Year	FY2004	FY2003	% change
No. of vessels delivered	4(3)*	4(3)*	-
No. of vessels (WIP)	12	4	200
Percentage completion (\$m)	81	107	(24)

WIP – work in progress  
( )\* - Fast Boat/tugs

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## Shipbuilding : Review



No major shipbuilding completion  
in 2004

### Projects Completed & Delivered in FY2004

Project Name	Type	Customer
• 1 unit	Fast Boat	DML Overseas
• 2 units	Tugs 3,200 hp	Pacific Workboats
• 1 unit	2,500 Teu	Karl Schlüter

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## Shipbuilding: Review



Shipbuilding activities will increase in 2005 & 2006

Project Name/Type	Customer	Delivery schedule
• 2 units 3,200 hp tugs	Pacific Workboats	1Q 2005
• 2 units 2,600 TEU container	Wan Hai Lines	2Q & 3Q 2005
• 2 units 2,600 TEU container	Wan Hai Lines	4Q 2005 & 2Q 2006
• 2 units 2,600 TEU container	Reederei F Laeisz	1Q & 3Q 2006
• 2 units 2,600 TEU container	Wan Hai Lines	2Q & 3Q 2007
• 2 units 4,950 dwt tanker	Kuwait Oil Tanker	2Q 2006

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## Ship Conversion & Offshore : Review



Stronger conversion/offshore due to major progressive completion of P-50 FPSO marine conversion project & P-50 Topside fabrication in 2H 2004

Year Description	FY2004	FY2003	% change
No. of vessels completed	6	7	(14)
No. of vessels (WIP)	5	5	-
Percentage completion (\$m)	615	391	57

WIP – work in progress

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## Ship Conversion & Offshore : Review



Some major completions in FY2004

### Projects Completed & Delivered in FY2004

Project Name	Type	Customer
<ul style="list-style-type: none"> <li>● Jascon 5</li> </ul>	Dynamic Positioning Class 3 Pipe-lay/Construction Barge	Consolidated Projects
<ul style="list-style-type: none"> <li>● P-50</li> </ul>	Marine Conversion	Petrobras BV
<ul style="list-style-type: none"> <li>● CNOOC 114</li> </ul>	FSO Conversion	International Andromeda
<ul style="list-style-type: none"> <li>● Berge Sisar</li> </ul>	LPG Conversion	Bergesen Offshore
<ul style="list-style-type: none"> <li>● TT Nina</li> </ul>	FPSO conversion	Modec International
<ul style="list-style-type: none"> <li>● Sendje Berge</li> </ul>	FPSO conversion	Bergesen Offshore

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## Ship Conversion & Offshore : Review



Some ship conversion projects will be due for completion

Project Name	Type	Customer	Delivery schedule
* Erha project	FPSO – new hull	Exxon Mobil	1Q 2005
• Santos	FPSO conversion	Modec	1Q 2005
Mutineer			
• P-50	Topside integration	Petrobras	2Q 2005
• P-54	FPSO marine conversion	Petrobras	1Q 2006
• P-54	Compressor modules	Petrobras	1Q 2006
• P-54	Integration & commissioning	Petrobras	2Q 2007

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## Rig Building : Review



Rig Building still in early stages of production

Description	Year		
	FY2004	FY2003	% change
No. of Rigs delivered	1(1)	1(1)	-
No. of Rigs (WIP)	5(2)	3(1)	67
Percentage completion (\$m)	118	135	(13)

WIP – work in progress  
( ) PPL Shipyard


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## Rig Building : Review



1 unit Jack-up delivered in 2004

Completed in FY2004

Project Name	Type	Customer
 Constellation II*	Jack-up	GlobalSantaFe

\* PPL Shipyard

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## Rig Building : Review



Rig building activities expected to increase from 2005

Project Name/Type	Customer	Delivery schedule
• Development Driller I	GlobalSantaFe	1Q 2005
• Development Driller II - Option 2 : expiry mid 05	GlobalSantaFe	1Q 2005
• 1 unit Jack-Up	Kristiansand Drilling	2Q 2006
• 1 unit Jack-Up	Mosbarron	1Q 2007
• 1 unit Jack-Up	PetroJack	2Q 2007
• 1 unit Jack-Up	Apexindo	1Q 2007

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## Contracts Secured in 2004



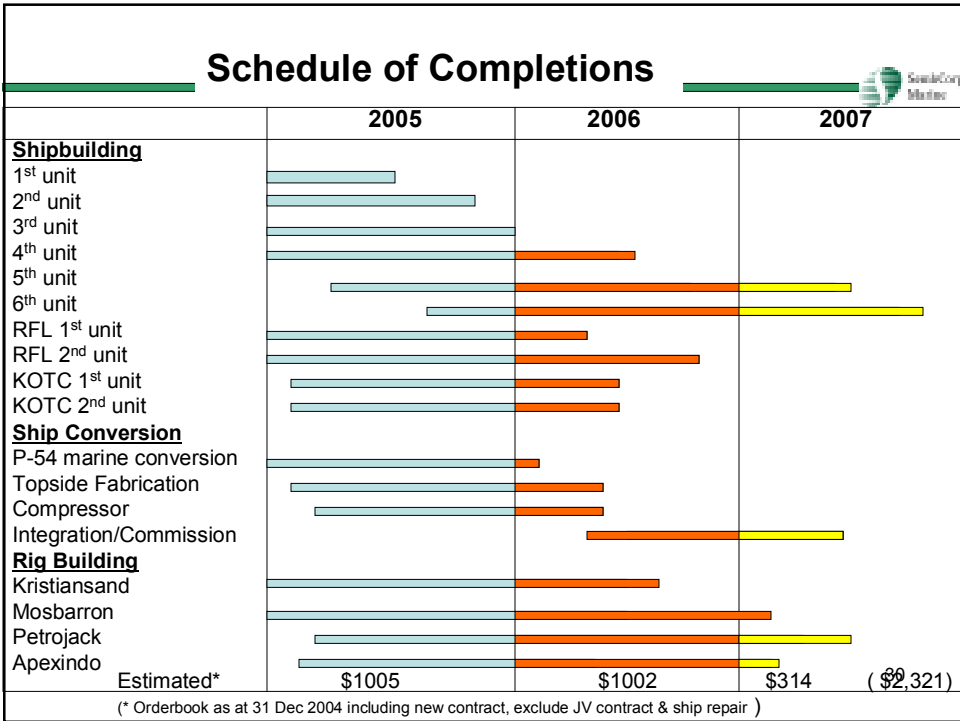
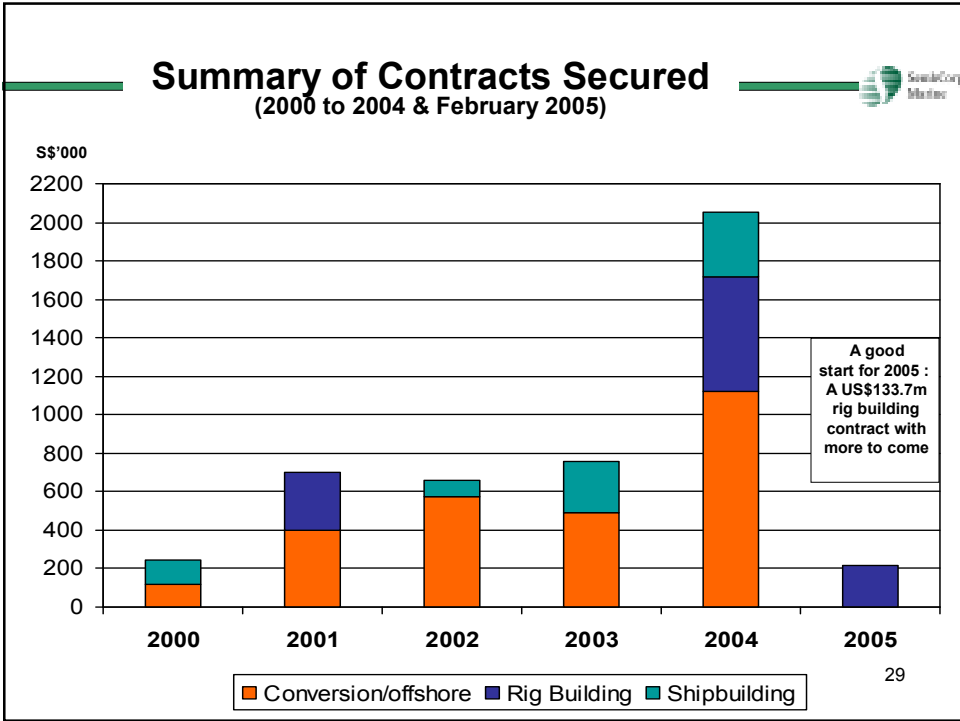
**Record contracts secured in FY2004 at \$2.1 billion  
with more orders to come**

Sector	S\$m	Value	Projects
Conversion & offshore		\$1,126	* P-54 FPSO conversion * CNOOC 114 * Berge Sisar LPG conversion * Yoyo LPG
Rig Building		\$ 594	* 3 units Pacific Class 375 Jack-up
Shipbuilding		\$ 335	* 4 units 2,600 TEU containers * 2 units 4,950 dwt tankers
<b>Total</b>		<b>\$2,055</b>	27

## Details of Contracts Secured in 2004



Month	Value (S\$m)	Details
December	\$ 143 \$ 52 \$ 215	* 2 units 2,646 TEU container ships for Wan Hai Lines * 2 units 4,950 dwt tankers for Kuwait Oil Tanker Co SAK * 1 unit Baker Pacific Class 375 Jack-up Rig for Petrojack AS of Norway
November	\$ 140	* 2 units 2,600 TEU container ships for Reederei F. Laeisz of Germany
June	\$ 1,068	* P-54 FPSO EPC Turnkey conversion project for Petrobras Netherlands BV
May	\$ 193	* 1 unit Baker Pacific Class 375 Jack-up Rig for Mosbarron Ltd
January	\$ 186	* 1 unit Baker Pacific Class 375 Jack-up Rig for Kristiansand Drilling Pte Ltd
Jan-Jun	\$ 58	* Others – CNOOC114, Berge Sisar, Yoyo LPG



## Total Order Book

(exclude Ship Repair)



Record Order Book at S\$2.3 billion as at 31 December 2004

Sector \ S\$m	Contract Value	Balance
Shipbuilding	555	487
Ship conversion & offshore	1,982	1,212
Rig Building	589	589
<b>Total</b>	<b>3,126</b>	<b>2,288</b>

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## Ship Repair : Outlook



### ● Ship Repair expected to remain strong

- strong demand
- market still competitive
- current environment dictates competition beyond pricing

### ● Strong Freight Rates

- ability to deliver on schedule important
- owners are more willing to spend in dockings

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## Shipbuilding : Outlook



- Shipbuilding supported by strong freight rates
- Continual demand for niche market in feeder container vessels & offshore supply vessels

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## Ship Conversion & Offshore : Outlook



- **World demand for oil continues to grow**
  - IEA expects global oil demand to increase 3.4% from 2003 to 2004 & continued growth expected in 2005 (1.7% due to high oil prices)
  - strong economic growth from China & India
- **Oil and gas prices expect to remain high**
  - oil spot prices have soared to above US\$50/barrel
  - natural gas prices have also been strong
- **E & P spending outlook is bullish**
  - worldwide exploration & production spending will continue to rise in 2005
  - spending expected to climb 5.7% (US\$167.3 billion in 2004 to US\$176.8 billion in 2005)\*

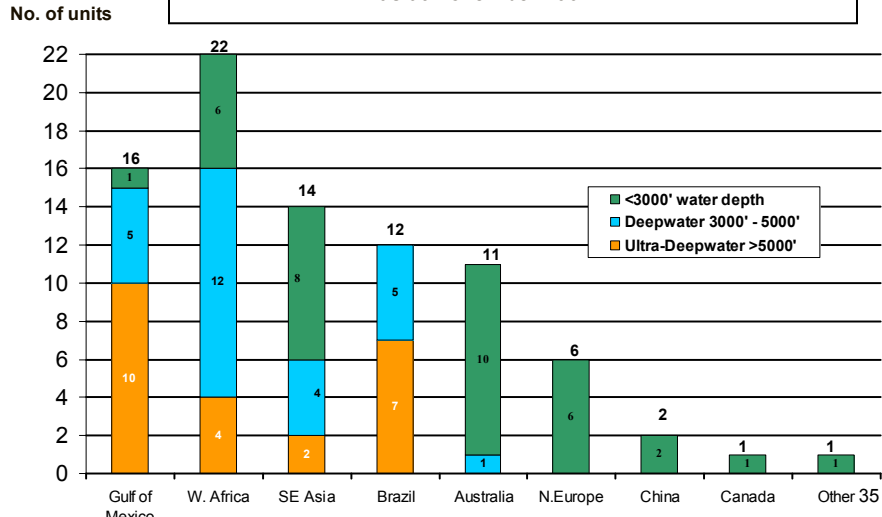
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\* industry survey by Lehman Brothers

## Ship Conversion & Offshore : Outlook



85 Floating Production Systems are Planned or Under Study as at November 2004

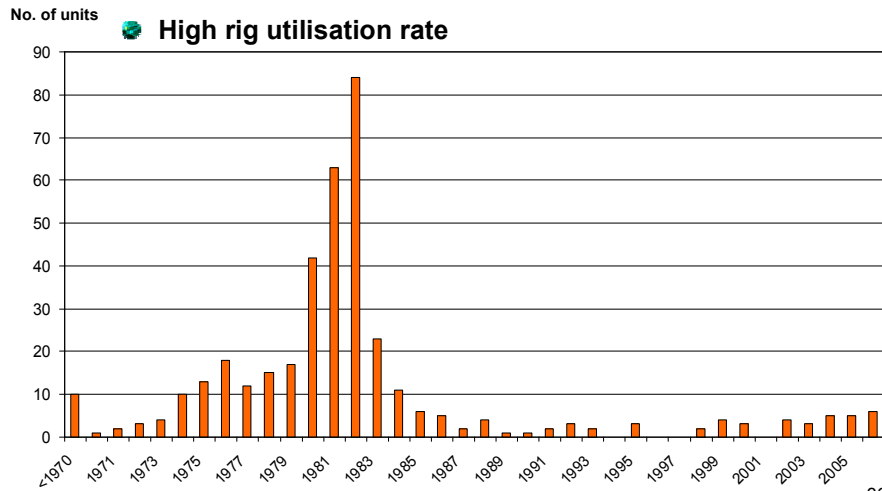


## Rig Building : Outlook



Ageing jack-up rig fleet and need for replacement in particular deepwater drilling rigs

High rig utilisation rate

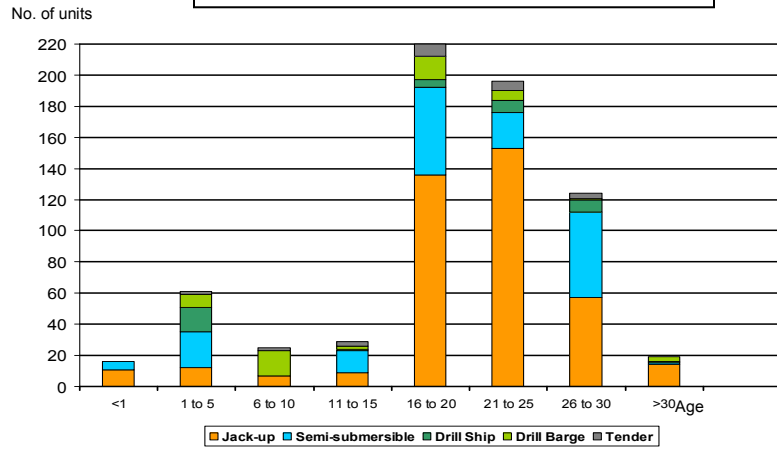


# Rig Building : Outlook



## Potential demand for newbuilding and upgrading

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



Source : Rigzone

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# Strategy for Sustained Growth



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## Strategy for Sustained Growth



### Strengthening our Global Hubs

- Singapore and China

### Leveraging on Complementary Overseas Facilities

- Singapore and Brazil

### Technology-based

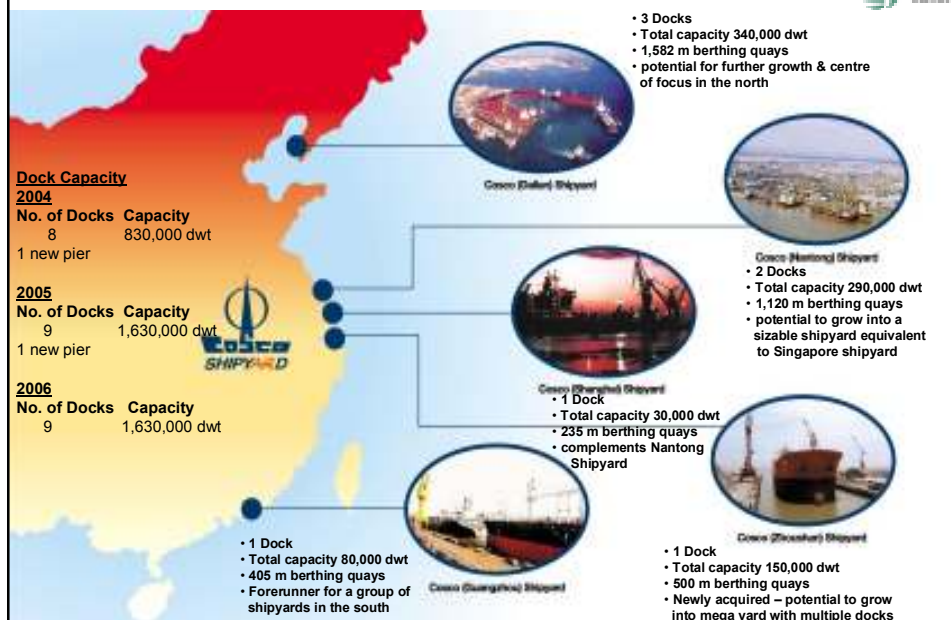
- proprietary designs for container vessels
- proprietary designs for rigs

### Strategic Alliances with customers

- facilities within the group

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## China Hub



## Partnership in Growth



- The partnership will be a win-win situation for all
- Approval by PRC Regulatory Authority on 5 November 2004
- \* Effective Date : 2005

### Cosco Shipyard Group (as at June 2004)

Year (million)	2002		2003		1H2004	
	RMB	S\$	RMB	S\$	RMB	S\$
Revenue	1,381	285	1,651	340	1,137	234
Profit before tax	147	30	257	53	292	60
PATMI	58	12	118	24	138	28
Minority Interests	65	13	112	23	121	25

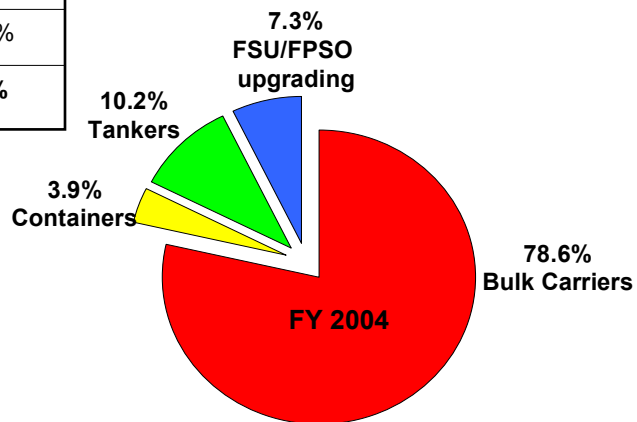
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## Vessel Types



Breakdown of Revenue	
Ship Repair	92.2%
Others	7.8%
<b>Total</b>	<b>100%</b>

79% of repairs from Bulk Carriers



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**Leveraging on Complementary Overseas Facilities**

**Leveraging between Singapore & Brazil**

- Marine conversion in Singapore
- Topside fabrication in Brazil
- Topside integration & commissioning in Brazil
- \* P-43, P-50 & P-54

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**Leveraging on Proprietary Design in Container Series to increase market share**

**From 830 TEU to 2,600 TEU**

**Specifications (2,600 TEU)**

LOA	: 213.00m
LBP	: 202.10m
Beam	: 32.20m
Depth	: 16.50m
Design Draft	: 10.50m
Scantling Draft	: 11.50m
Design Speed	: abt 22.80 kts
Service Speed	: abt 22.30 kts
Complements	: 25 + 6 suez

- 6 units of 2,600 TEU container vessels for Wan Hai Lines
- 2 units of 2,600 TEU for Reederei F. Laeisz
- 2 units of 2,500 TEU for Karl Schlüter

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## Leveraging on Proprietary Design in Jack Up to increase market share



### Rig Specifications

Design : Baker Marine Pacific class  
mobile offshore self-elevating  
drilling unit  
Operating water : shallow water/375 ft  
Depth : 375 ft  
Drill depth: 30,000 feet  
Cantilever : 70 ft no skid off  
Drawworks : 3,000 HP  
Accommodation: 120 persons

- Marketing of design in early 2004
- 4 such units secured so far with more to come
  - 1<sup>st</sup> unit - Kristiansand Drilling
  - 2<sup>nd</sup> unit - Mosbarron Ltd
  - 3<sup>rd</sup> unit - Petrojack AS of Norway
  - 4<sup>th</sup> unit - PT Apexindo Pratama Duta Tbk

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## Strategic Alliance with Customers



- Provision of complementary facilities and capabilities
- Alliance Partners continue to support with steady & growing baseload

Year Effective	1989	1998	1999	2000	2002	2003	2004
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						◆	
Taiwan Marine Transport							◆
TECTO (Belgium)							◆
North West Shelf							◆

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## Contributions



Alliance partners & regular customers continue to provide stable baseload

Type	FY2004	FY2003
Alliance Partners	29%	20%
Regulars	54%	62%
Sub-total	83%	82%
Others	17%	18%
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>

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## Outlook for 2005 & Financial Targets



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## Outlook for 2005 (macro level)



- Strong fundamentals in offshore conversion & rig building
- Ship repair demand expected to be strong amidst competitive environment & favourable freight rates
- Good demand for niche shipbuilding

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## Financial Targets



- Growth in shipbuilding, ship conversion & offshore businesses estimated at 15%
- Increasing contributions from overseas yards (Brazil & China) : about 15%
- ROE target of 12%  
- 2004 at 10%

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**Thank You**



**Q & A**

