



**Singapore, November 2, 2006**

- **57% GROWTH IN PROFIT FOR 9M 2006 WITH HIGHEST GROWTH FROM RIG BUILDING & SHIP REPAIR SECTORS**
- **PATMI AT \$143 MILLION FOR 9M 2006 AT ITS HIGHEST, SURPASSING THE \$121 MILLION FOR FY 2005 BY 18%**
- **NET ORDER BOOK STANDS AT S\$6 BILLION**

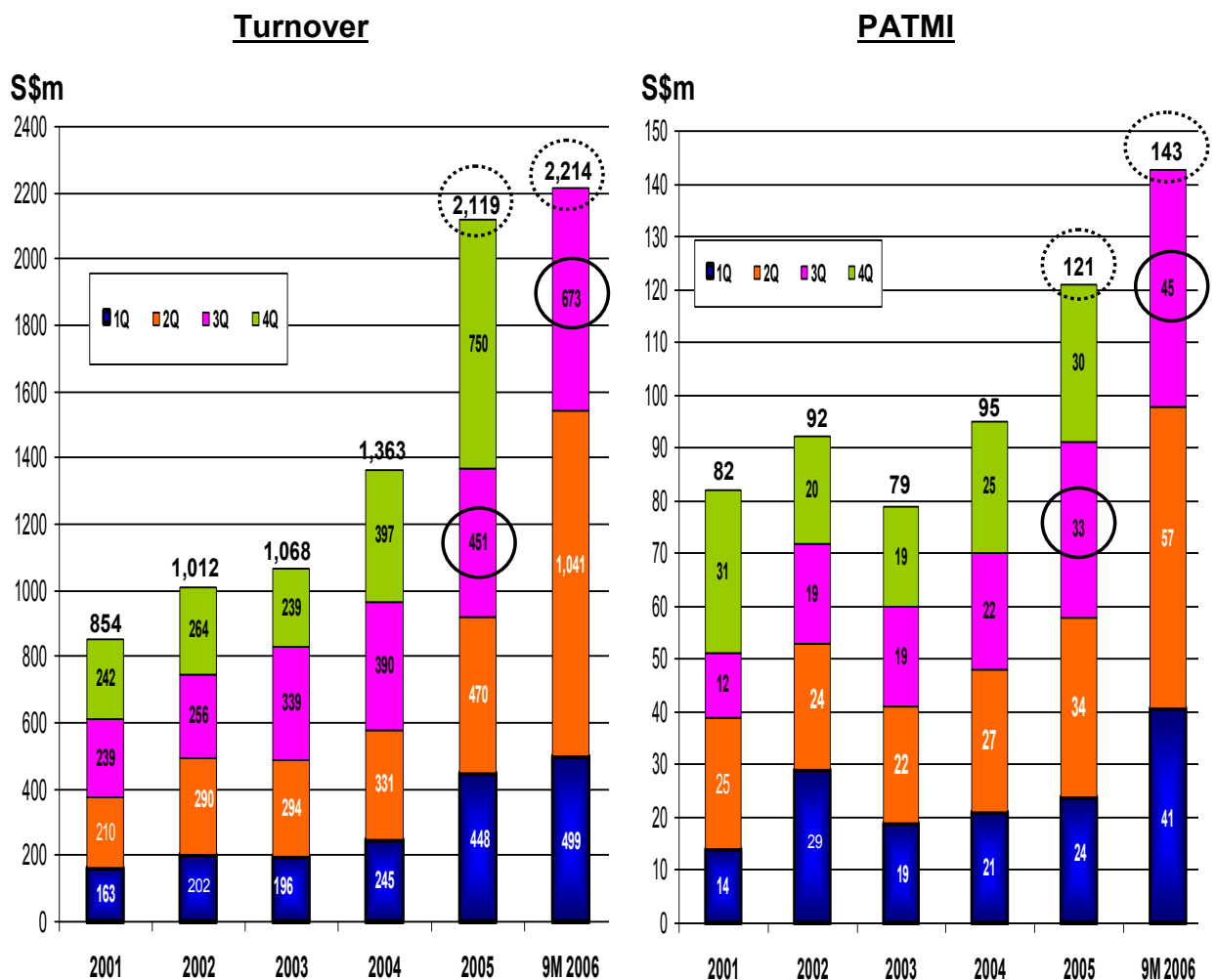
**FINANCIAL HIGHLIGHTS**

<b>\$'m</b>	<b>3Q 2006</b>	<b>3Q 2005</b>	<b>% Change</b>	<b>9M 2006</b>	<b>9M 2005</b>	<b>% Change</b>
Turnover	673.3	451.2	49.2	2,213.6	1,369.3	61.7
Operating Profit	39.7	35.3	12.6	140.0	91.4	53.1
EBITDA	51.7	44.5	16.2	172.5	117.4	46.9
Profit before tax	54.9	41.9	31.1	182.3	117.0	55.9
PATMI	44.7	32.7	36.6	143.1	91.1	57.0
PATMI, exclude non-operating expense	45.6	32.7	39.3	142.2	91.1	56.0
Earnings per share (cents)						
- Basic	3.07	2.27	35.2	9.85	6.35	55.1
- Diluted	3.01	2.21	36.2	9.65	6.19	55.9

- Group turnover increased by 62% from \$1,369.3 million in 9M 2005 to \$2,213.6 million in 9M 2006 with growth mainly from the rig building and ship repair businesses
- Group operating profits increased 53% from \$91.4 million in 9M 2005 to \$140 million in 9M 2006
- EBITDA increased 47% to \$172.5 million
- Group pre-tax profits increased by 56% from \$117.0 million in 9M 2005 to \$182.3 million in 9M 2006. The increase was attributed to higher operating margin from the rig building and ship repair businesses as well as better contributions from associated companies
- PATMI increased 57% from \$91.1 million in 9M 2005 to \$143.1 million in 9M 2006. Excluding the non operating items of \$0.9 million, PATMI increased by 56% to \$142.2 million
- EPS increased 55% to \$9.85 cents per share in 9M 2006
- Annualised ROE is 17%

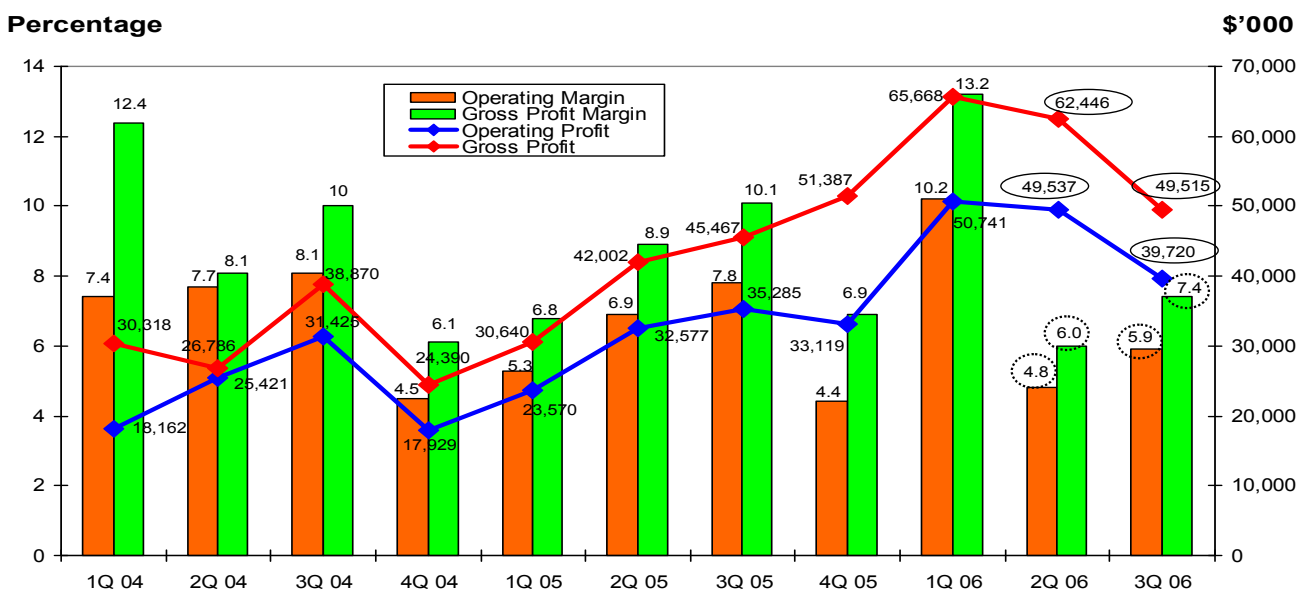
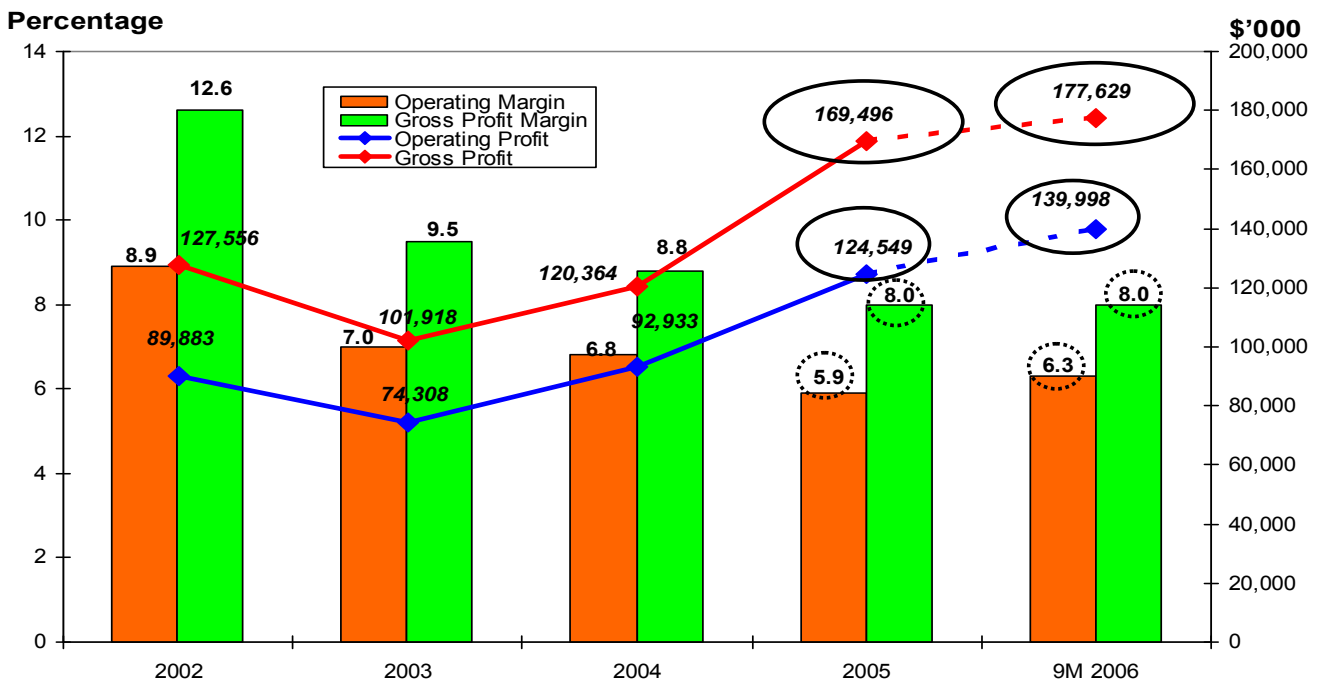
## QUARTERLY TURNOVER & PATMI (2001 to 9M 2006)

- PATMI for 9M 2006 at \$143 million surpassed the \$121 million for FY 2005 by 18%
- Turnover as at 9M 2006 at \$2,214 million was 4% higher than FY 2005 Turnover of \$2,119 million
- Group turnover for 3Q 2006 at \$673 million was 49% higher as compared with \$451 million for the corresponding period in 3Q 2005.
- PATMI at \$45 million in 3Q 2006 was 37% higher as compared with \$33 million for the same period in 2005. Based on comparison of historical third quarter results, 3Q 2006 at \$45 million was the highest ever achieved
- In comparison with \$1,041 million turnover for 2Q 2006, turnover for 3Q 2006 at \$673 million was 36% lower
- PATMI excluding non operating income for 3Q 2006 at \$45.6 million was 8% lower as compared with 2Q 2006 at \$49.6 million mainly due to lower initial revenue recognition for one jack-up rig compared with two units of jack-up rigs and one semi-submersible rig in 2Q 2006



## OPERATING MARGIN & OPERATING PROFIT (2002 to 9M 2006)

- Gross Profit and Operating Profit at 9M 2006 show increasing trends at \$177.6 million and \$140.0 million as compared with FY 2005 at \$169.5 million and \$124.5 million respectively. Similarly Operating Margin at 6.3% for 9M 2006 was higher than FY 2005's 5.9%
- On a quarterly basis, the lower \$ margin was due to only one unit of jack-up rig achieving the 20% initial revenue recognition threshold as compared to two units of jack-up rigs and one semi-submersible rig in 2Q 2006
- 4 units of the jack-up rig and 1 unit of semi-submersible rig are scheduled to achieve initial revenue recognition in 4Q 2006



## CAPEX

- Capex in 3Q 2006 was substantially higher at \$197.4 million mainly due to the completion of acquisitions of Cosco Corporation (S) shares and SMOE and SemBeth Land

<b>Description</b>	<b>Year(\$'m)</b>	<b>2006 Forecast</b>	<b>2005 Actual</b>	<b>9M 2006 Actual</b>
Rigs		35.5	97.6	35.5
Buildings		22.0	0.2	0.4
Plants, Machinery & Cranes		74.3	33.2	45.9
Office & Workshop Equipment		10.7	8.6	6.4
<b>Sub-total</b>		<b>142.5</b>	<b>139.6</b>	<b>88.2</b>
<b>Other investment</b>				
Cosco Corporation (S) Ltd		120.3	-	120.3
Cosco Shipyard Group(China)		23.8	47.5	8.7
SMOE & SemBeth		66.8*	-	66.8
Others		1.6	8.5	1.6
<b>Sub-total</b>		<b>212.5</b>	<b>56.0</b>	<b>197.4</b>
<b>Total</b>		<b>355.0</b>	<b>195.6</b>	<b>285.6</b>

\* In addition to a loan amount of \$116.9 million assumed by a subsidiary company

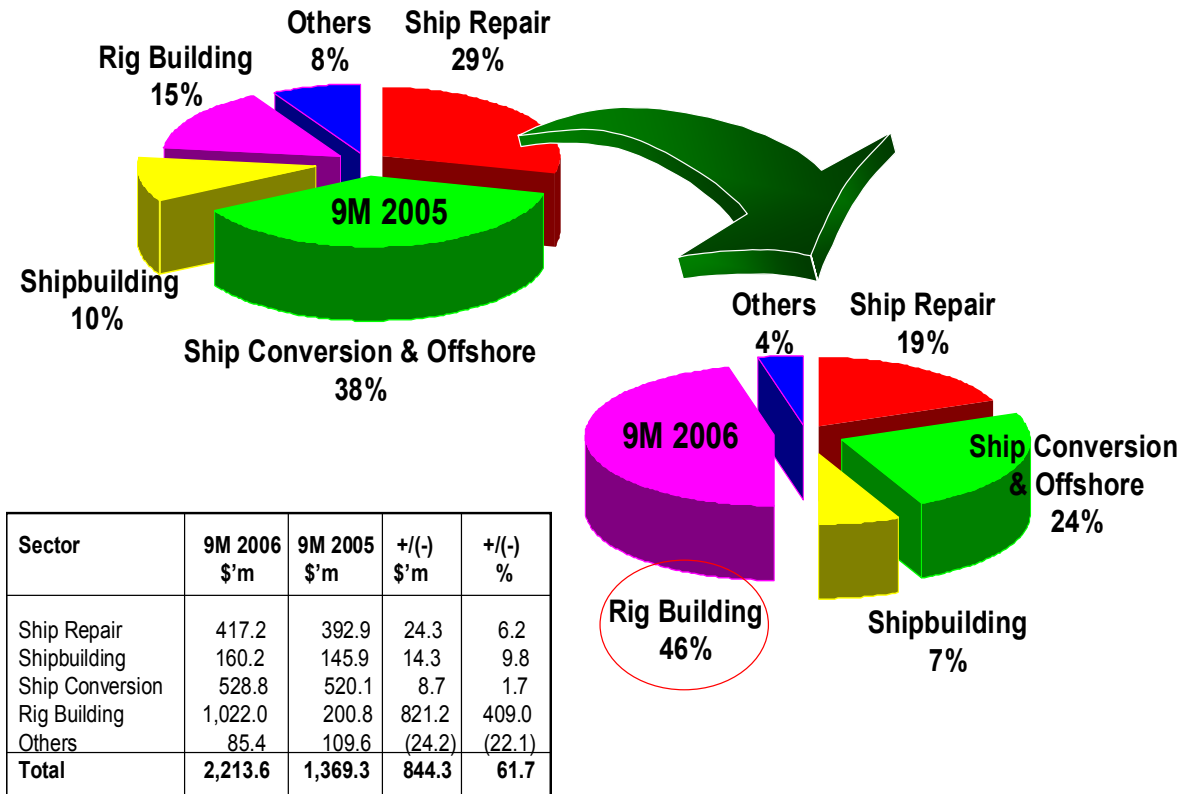
## TURNOVER BY SECTORS

- Rig Building sector registered the highest growth followed by shipbuilding, ship repair and ship conversion & offshore as at 9M 2006

<b>Sector</b>	<b>3Q 2006 (\$'m)</b>	<b>3Q 2005 (\$'m)</b>	<b>% Change</b>	<b>9M 2006 (\$'m)</b>	<b>9M 2005 (\$'m)</b>	<b>% Change</b>
Ship Repair	159.6	161.7	( 1.3)	417.2	392.9	6.2
Shipbuilding	43.2	46.9	( 7.9)	160.2	145.9	9.8
Ship Conversion & Offshore	186.4	117.6	58.5	528.8	520.1	1.7
Rig Building	268.7	55.7	382.4	1,022.0	200.8	409.0
Others	15.4	69.3	(77.8)	85.4	109.6	( 22.1)
<b>Total</b>	<b>673.3</b>	<b>451.2</b>	<b>49.2</b>	<b>2,213.6</b>	<b>1,369.3</b>	<b>61.7</b>

## REVENUE CONTRIBUTIONS BY SECTORS (9M 2005/9M 2006)

- Rig Building sector registered the highest growth, contributing 46% to total revenue for 9M 2006 as compared with 15% for 9M 2005



- The rig building sector registered the strongest growth at \$821 million followed by ship repair at \$24 million and shipbuilding at \$14 million for 9M 2006 as compared with corresponding period in 2005
- Ship Conversion & Offshore increased by \$9 million due mainly to the completion of the marine hull conversion of turnkey FPSO P-54 project while the new conversion contracts are still in the early stages of production

## SECTOR OPERATIONS REVIEW

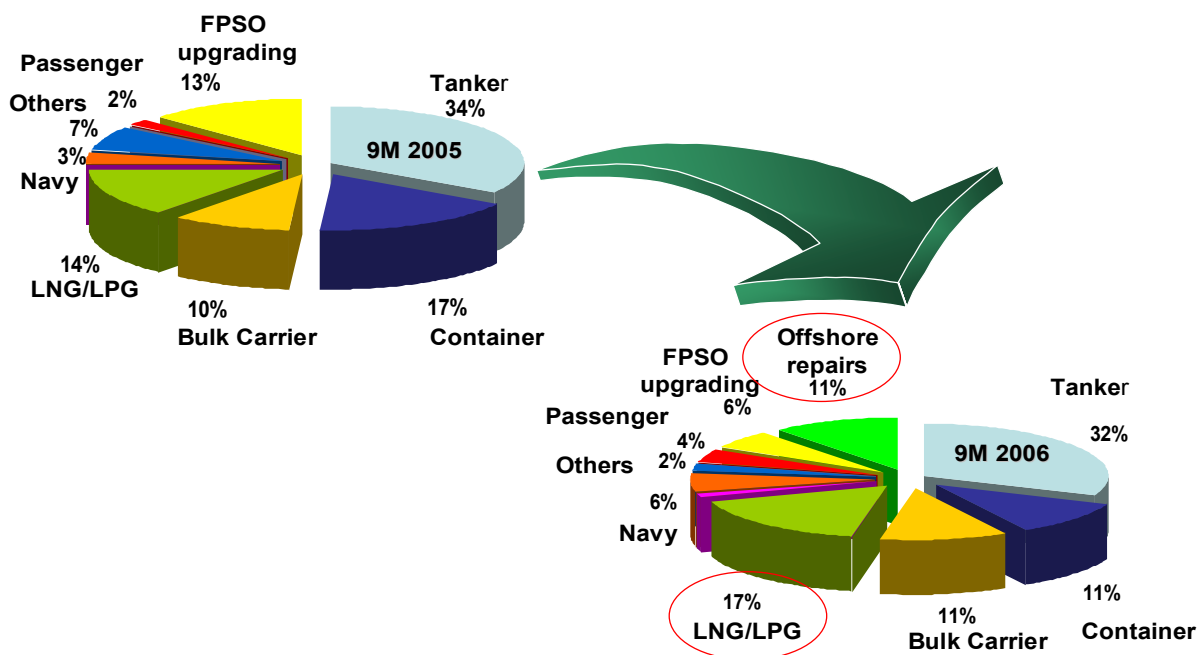
### SHIP REPAIR

- Demand for ship repair remains strong and in the specialised market of LNG/LPG gas tankers, container vessels, tankers and repairs of offshore rigs
- Average value per vessel increased from \$1.50 million to \$1.72 million in 9M 2006, an increase of 15%
- Number of vessels repaired declined by 8% to 242 in 9M 2006 as compared with 262 for the same period last year

	<b>9M 2006</b>	<b>9M 2005</b>	<b>% Change</b>
Revenue contributions (\$'m)	417.2	392.9	6.2
Number of Vessels	242	262	(7.6)
Average value per vessel (\$'m)	1.72	1.50	14.7

### Ship Repair by Vessel Types

- Tanker, gas tankers, containership, FPSO upgrading and offshore repairs form the bulk of ship repairs at 77% as at 9M 2006



## SHIPBUILDING

- Shipbuilding for 9M & FY 2006 will remain high due to the progressive completion and deliveries of 4 units of container vessels and 3 units of 2,600 TEU container vessels and 2 smaller units of 4,950 dwt tankers under work-in-progress stages of construction

No. Completed in 9M 2006	4	<ul style="list-style-type: none"> <li>• 2<sup>nd</sup> unit 2,600 TEU container for Wan Hai Lines</li> <li>• 3<sup>rd</sup> unit 2,600 TEU container for Wan Hai Lines</li> <li>• 4<sup>th</sup> unit 2,600 TEU container for Wan Hai Lines</li> <li>• 1<sup>st</sup> unit 2,600 TEU container for Reederei F Laeisz</li> </ul>
No. of projects in work-in-progress stages	5	<ul style="list-style-type: none"> <li>• 2 units 4,950 dwt tankers for Kuwait Oil Tanker</li> <li>• 5<sup>th</sup> unit 2,600 TEU container for Wan Hai Lines</li> <li>• 6<sup>th</sup> unit 2,600 TEU container for Wan Hai Lines</li> <li>• 2<sup>nd</sup> unit 2,600 TEU container for Reederei F Laeisz</li> </ul>
<b>9M Percentage completion (\$'m)</b>	<b>\$160.2</b>	

## SHIP CONVERSION & OFFSHORE

- Ship conversion & offshore registered modest growth as at 9M 2006 due to completion of marine hull conversion of turnkey P-54 FPSO project

No. Completed in 9M 2006	2	<ul style="list-style-type: none"> <li>• P-50 Topsides installation &amp; integration</li> <li>• P-54 marine conversion</li> </ul>
No. of projects in work-in-progress stages	7	<ul style="list-style-type: none"> <li>• P-54 Topsides Fabrication</li> <li>• P-54 Compressor Modules</li> <li>• PRA-1 FPSO conversion for Modec</li> <li>• ConocoPhillips Topsides Installation &amp; Commissioning</li> <li>• Heavy Lift Derrick Pipelay vessel for SapuraCrest</li> <li>• RJS FSO conversion for Modec</li> <li>• WS Enterprise FPSO conversion</li> </ul>
<b>9M Percentage Completion (\$'m)</b>	<b>\$528.8</b>	

## **RIG BUILDING**

- Only 1 unit of the jack-up rig achieved 20% initial revenue recognition threshold in 3Q 2006
- For 4Q 2006, 4 units of jack-up rigs and 1 unit of semi-submersible rig are scheduled to achieve initial revenue recognition

### **Jack-Up Rigs**

No. Completed in 9M 2006	2	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> unit Jack-up : Deep Driller I</li> <li>• 2<sup>nd</sup> unit Jack-up : WilPower</li> </ul>
Number of projects in work-in-progress stages	6	<ul style="list-style-type: none"> <li>• 3<sup>rd</sup> unit Jack-up : Petrojack I</li> <li>• 4<sup>th</sup> unit Jack-up : Soehanah</li> <li>• 5<sup>th</sup> unit Jack-up : Deep Driller 4</li> <li>• 6<sup>th</sup> unit Jack-up : WilSuperior</li> <li>• 7<sup>th</sup> unit Jack-up : Sea Drill 2</li> <li>• 8<sup>th</sup> unit Jack-up : PetroJack II</li> </ul>
Projects in planning and engineering stage	7	<ul style="list-style-type: none"> <li>• 9<sup>th</sup> unit of Jack-up : Hakuryu X</li> <li>• 10<sup>th</sup> unit Jack-up : Petrojack III</li> <li>• 11<sup>th</sup> unit Jack-up : WilForce</li> <li>• 12<sup>th</sup> unit Jack-up : Aban</li> <li>• 13<sup>th</sup> unit Jack-up : Deep Driller 7</li> <li>• 14<sup>th</sup> unit Jack-up : JackInvest 1</li> <li>• 15<sup>th</sup> unit Jack-up : WilSeeker</li> </ul>
<b>9M Percentage Completion (\$'m)</b>	<b>\$775.7</b>	

### **Semi-submersible Rigs**

No. Completed in 9M 2006	1	<ul style="list-style-type: none"> <li>• Lower semi-submersible hull for Atlantia Offshore</li> </ul>
Number of project(s) in work-in-progress stages	1	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> unit semi-submersible rig (West Sirius)</li> </ul>
Projects in planning and engineering stage	3	<ul style="list-style-type: none"> <li>• 2<sup>nd</sup> unit semi-submersible rig (West Taurus)</li> <li>• 3<sup>rd</sup> unit semi-submersible rig (Petrorig 1)</li> <li>• 4<sup>th</sup> unit semi-submersible rig (Petrorig 2)</li> </ul>
<b>9M Percentage Completion (\$'m)</b>	<b>\$246.3</b>	



**COMPARISON OF CONTRACTS SECURED : 2006 vs 2005 (January to October)**

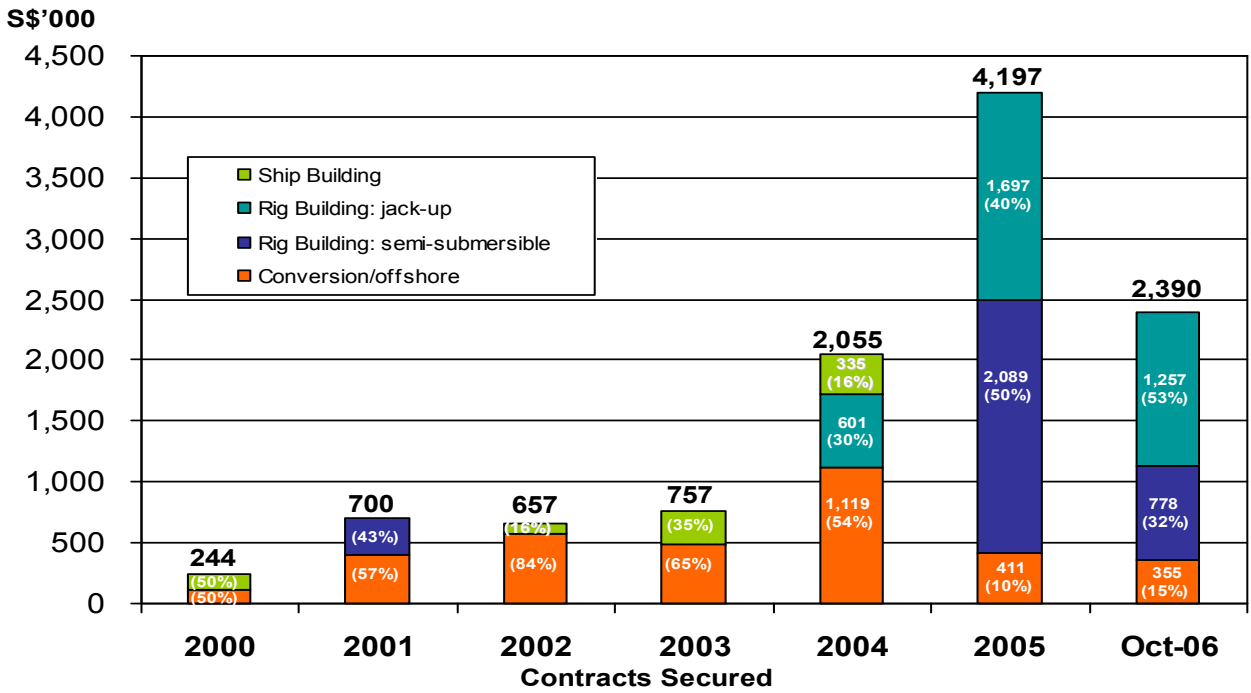
- Contract flows expected to be strong and should not be gauged on a quarter to quarter basis

Quarter	2006		2005	
	Value (\$m)	Details	Value (\$m)	Details
Jan – Mar	\$ 288	<ul style="list-style-type: none"> <li>• 1 unit Baker Marine Pacific Class 375 Jack-up rig for Aban Lloyd Chiles</li> </ul>	\$ 217	<ul style="list-style-type: none"> <li>• 1 unit Baker Marine Pacific Class 375 Jack-up rig for PT Apexindo</li> </ul>
	\$ 88	<ul style="list-style-type: none"> <li>• 1 FPSO conversion – WS Enterprise for Bergesen Worldwide Offshore</li> </ul>	\$ 161	<ul style="list-style-type: none"> <li>• Fabrication &amp; integration of topsides production modules for newbuild FPSO for ConocoPhillips China</li> </ul>
	\$ 228	<ul style="list-style-type: none"> <li>• 1 unit Baker Marine Pacific Class 375 Jack-up rig for Sinvest ASA</li> </ul>	\$ 123	<ul style="list-style-type: none"> <li>• Design &amp; construction of a self-propelled vessel for SapuraCrest Petroleum Berhad</li> </ul>
	\$ 778	<ul style="list-style-type: none"> <li>• 1 unit Friede &amp; Goldman ExD design semi-submersible rig for PetroMena ASA</li> </ul>	\$ 82	<ul style="list-style-type: none"> <li>• Fabrication of s deep draft semi-submersible for Atlantia Offshore</li> </ul>
			\$ 194	<ul style="list-style-type: none"> <li>• 1 unit Baker Marine Pacific Class 375 Jack-up rig for Deep Drilling Invest</li> </ul>
			\$ 196	<ul style="list-style-type: none"> <li>• 1 unit Baker Marine Pacific Class 375 Jack-up rig for WilSuperior</li> </ul>
<b>Total for 1Q 2006</b>	<b>\$1,382</b>		<b>\$ 973</b>	
Apr – Jun	\$ 266	<ul style="list-style-type: none"> <li>• 1 unit Baker Marine Pacific Class 375 Jack-up rig for Sinvest ASA</li> </ul>	\$ 212	<ul style="list-style-type: none"> <li>• 1 unit Baker Marine Pacific Class 375 Jack-up rig for Seatankers</li> </ul>
	\$ 230	<ul style="list-style-type: none"> <li>• 1 unit Baker Marine Pacific Class 375 Jack-up rig for Awilco Offshore</li> </ul>	\$ 209	<ul style="list-style-type: none"> <li>• 1 unit Baker Marine Pacific Class 375 Jack-up rig for PetroJack II</li> </ul>
			\$ 215	<ul style="list-style-type: none"> <li>• 1 unit Baker Marine Pacific Class 375 Jack-up rig for Japan Drilling</li> </ul>
			\$1,310	<ul style="list-style-type: none"> <li>• 2 units Friede &amp; Goldman Ex-D designed semi-submersible rigs for SeaDrill</li> </ul>
			\$ 216	<ul style="list-style-type: none"> <li>• 1 unit Baker Marine Pacific Class 375 Jack-up rig for PetroJack II</li> </ul>
<b>Total for 2Q 2006</b>	<b>\$ 496</b>		<b>\$2,162</b>	

Quarter	2006		2005	
	Value (\$m)	Details	Value (\$m)	Details
Aug - Sept	Nil	Nil	\$ 127  \$ 697	<ul style="list-style-type: none"> <li>• 1 unit FPSO &amp; 1 unit FSO conversions</li> <li>• 1 unit Friede &amp; Goldman Ex-D designed semi-submersible rig for PetroMena</li> </ul>
Sept	\$ 103  \$ 2 \$ 64	Assumption of SMOE contracts: <ul style="list-style-type: none"> <li>• Bohai Phase II Development (50% share)</li> <li>• Kerisi Wellhead</li> <li>• Kerisi CPP</li> </ul>	NA	NA
<b>Total for 3Q 2006</b>	<b>\$ 169</b>		<b>\$ 824</b>	
October	\$ 25  \$ 30  \$ 43  \$ 245	<ul style="list-style-type: none"> <li>• Fabrication of 8 units floating pontoons</li> <li>• 1 unit upgrade of Drillship</li> <li>• 1 unit Maari FPSO conversion</li> <li>• 1 unit Baker Marine Pacific Class 375 Jack-up rig for Offshore Group Corp.</li> </ul>	\$ 238	<ul style="list-style-type: none"> <li>• 1 unit Baker Marine Pacific Class 375 Jack-up rig for Awilco</li> </ul>
<b>Total</b>	<b>\$ 343</b>		<b>\$ 238</b>	
<b>Grand Total as at 2 Nov 2006</b>	<b>\$2,390</b>		<b>\$4,197</b>	

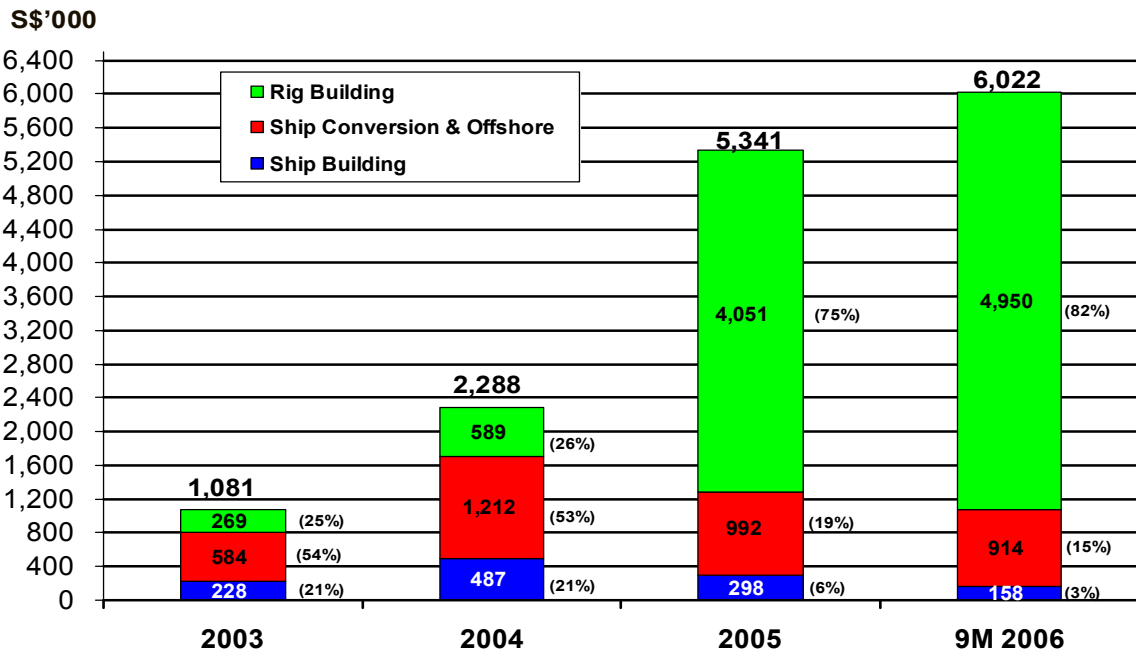
**SUMMARY OF CONTRACTS SECURED : 2000 TO 2006 (JANUARY TO OCTOBER 2006)**

- Contracts secured to-date stand at S\$2.39 billion. This is expected to grow



**NET ORDER BOOK (EXCLUDES SHIP REPAIR)**

- Net Order Book remains strong at \$6.0 billion, including new contracts secured as at October 2006



## SCHEDULE OF DELIVERY & COMPLETION OF PROJECTS (exclude ship repair)

- Shipbuilding and ship conversion & offshore earnings visibility in 2006
- Shipbuilding activities will scale down from 2007 with 1 to 2 deliveries per year
- Ship conversion & offshore order book expected to grow from 2007 onwards

Projects \ Year	2005	2006	2007	2008	2009	2010
<b>Shipbuilding</b>						
1 <sup>st</sup> unit 2,600 TEU container (Wan Hai Lines)		Delivered				
2 <sup>nd</sup> unit 2,600 TEU container (Wan Hai Lines)		Delivered				
3 <sup>rd</sup> unit 2,600 TEU container (Wan Hai Lines)		Delivered				
4 <sup>th</sup> unit 2,600 TEU container (Wan Hai Lines)		Delivered				
5 <sup>th</sup> unit 2,646 TEU container (Wan Hai Lines)						
6 <sup>th</sup> unit 2,646 TEU container (Wan Hai Lines)						
1 <sup>st</sup> unit 2,600 TEU container (R F Laeisz)		Delivered				
2 <sup>nd</sup> unit 2,600 TEU container (R F Laeisz)						
1 <sup>st</sup> unit 4,950 dwt tanker (Kuwait Tanker)						
2 <sup>nd</sup> unit 4,950 dwt tanker (Kuwait Tanker)						
<b>Completion</b>	1	6	3			
<b>Ship Conversion &amp; Offshore</b>						
P-50 integration & commissioning		Delivered				
P-54 marine conversion		Completed				
P-54 Topside Fabrication		Completed				
P-54 Compressor Modules		Completed				
P-54 Integration and Commissioning						
ConocoPhillips Topsides						
Heavy Lift Derrick Pipelay Vessel						
PRA-1 FPSO conversion						
RJS FSO conversion						
BW Enterprise FPSO conversion						
Maari FPSO conversion						
<b>Completion</b>	1	4	4	1		

- Strong earnings visibility for jack-up and semi-submersible rigs till 2009
- We expect to fill up our order book for 2008 & 2009 onwards

Projects \ Year	2005	2006	2007	2008	2009	2010
<b>Jack-up</b>						
1 <sup>st</sup> Jack-up (Deep Driller I)* Hardy		Delivered*				
2 <sup>nd</sup> Jack-up (Wilpower)* Aramco		Delivered*				
3 <sup>rd</sup> Jack-up (Petrojack I)* Maersk						
4 <sup>th</sup> Jack-up (Soehanah)* Total						
5 <sup>th</sup> Jack-up (Deep Driller 4)						
6 <sup>th</sup> Jack-up (WilSuperior)						
7 <sup>th</sup> Jack-up (SeaDrill 2)						
8 <sup>th</sup> Jack-up (Petrojack II)						
9 <sup>th</sup> Jack-up (Hakuryu X)						
10 <sup>th</sup> Jack-up (Petrojack III)* Maersk						
11 <sup>th</sup> Jack-up (WilForce)						
12 <sup>th</sup> Jack-up (Aban)						
13 <sup>th</sup> Jack-up (Deep Driller 7)						
14 <sup>th</sup> Jack-up (JackInvest 1)						
15 <sup>th</sup> Jack-Up (WilSeeker)						
16 <sup>th</sup> Jack-Up (Offshore Grp)						
<b>Completion (16 jack-ups on order*)</b>	(0)	(3)	(5)	(7)	(1)	
<b>Semi-submersible</b>						
Lower semi-submersible hull (Atlantia)		Delivered				
1 <sup>st</sup> Semi-submersible (West Sirius)* Devon Energy						
2 <sup>nd</sup> Semi-submersible (West Taurus)						
3 <sup>rd</sup> Semi-submersible (Petrorig I)* Petrobras						
4 <sup>th</sup> Semi-submersible (Petrorig 2)						
<b>Completion (4 units on order)</b>	(0)	(1)	(0)	(2)	(2)	
<b>Total (21)</b>	0	4	5	9	3	

( ) denotes with contract \* 2 units delivered

## **OUTLOOK**

*Mr Tan Kwi Kin, Group President and CEO said “Having completed our consolidation phase through acquisitions and strategic facility development, we are poised to grow our business and capture an increasing market share. We believe that the market will remain strong for the next few years supported by strong fundamentals.”*

The Group’s net order book as at to-date remains strong at S\$6.0 billion with completion and deliveries till 2009. New orders secured to-date stand at S\$2.39 billion.

The Group expects FY 2006 to be a stronger year than FY 2005 based on the scheduled completion of projects.

Demand for ship repair remains strong especially in the specialised market for LNG/LPG gas tankers and container vessels.

Prospects for sustained exploration and production activities remain robust despite the recent dip in oil prices which at these levels still strongly underpin the high level of activities. Demand for Floating Production Storage and Offloading (FPSO) vessels and Floating Storage and Offloading (FSO) vessels and Fixed Production Platforms continue to strengthen.

Market fundamentals for rig building remain strong attributable to high worldwide utilisation rates, unprecedented high charter rates as well as an ageing rig fleet worldwide.

Overall, the market outlook for all sectors in the marine and offshore industry remains strong.

### **For media & analysts enquiries, please contact:**

Judy Han (Ms)  
Senior Vice President  
Investor Relations & Communications  
Tel No : 65-62627203  
Fax : 65-62610738  
E-mail : [judy@sembcorpmarine.com.sg](mailto:judy@sembcorpmarine.com.sg)  
Website: [www.sembcorpmarine.com.sg](http://www.sembcorpmarine.com.sg)