



Company Registration Number: 196300098Z

PRESS RELEASE

1H 2011 NET PROFIT AT \$300.4 MILLION

Singapore, August 2, 2011: Sembcorp Marine achieved a net profit of \$300.4 million for the half year ended 30 June 2011. This was 8% lower as compared with \$324.9 million for the corresponding period in 2010, attributable mainly to the timing in recognition of the new rig building projects that were secured since 4Q 2010.

Group turnover at \$1,660.2 million was 32% lower as compared with \$2,457.3 million in 1H 2010. The lower turnover was due to the timing in recognition of projects, in particular the rig building sector which saw a 56% decline in turnover as new jack-up rigs secured since the fourth quarter of last year are still in the planning stage. In comparison, the corresponding period in 2010 saw more turnkey semi-submersible rig building projects and the resumption of revenue recognition on the completion and delivery of *PetroRig III*.

The lower rig building turnover was however partially offset by higher contributions from the ship conversion/offshore and ship repair sectors which saw turnover increasing 19% and 4% respectively in 1H 2011 as compared with the same period in 2010. A record total of nine units of FPSOs, fixed platforms and offshore projects, with eight units expected to be delivered within the year, are in different stages of construction. Three such units achieved the initial 20% physical completion and accounted for the higher turnover in 1H 2011.

The ship repair sector saw a total of 130 vessels repaired with the average value per vessel increasing from \$2.14 million in 1H 2011 to \$2.38 million for the corresponding period in 2010.

Group operating profit level as at 1H 2011 was \$324.9 million and this was 10% lower as compared with \$361.9 million in 1H 2010. At pre-tax level, Group profit at \$361.4 million was 12% down as compared with \$409.7 million in 1H 2010.

Financial Highlights

Description (\$'m)	Year		% Change	Year		% Change
	2Q 2011	2Q 2010		1H 2011	1H 2010	
Turnover	831	1,098	(24)	1,660	2,457	(32)
Gross Profit	197	237	(17)	392	428	(9)
EBITDA	179	223	(20)	366	404	(9)
Operating Profit	159	202	(22)	325	362	(10)
Pre-tax Profit	181	225	(19)	361	410	(12)
Net Profit	150	176	(15)	300	325	(8)
EPS, basic (cents)	7.20	8.51	(15)	14.45	15.72	(8)
NAV (cents)	105.6	99.7	6			

2Q 2011 VERSUS 2Q 2010

On a quarter-to-quarter basis, Group turnover for 2Q 2011 was lower at \$831.3 million from \$1,097.9 million for the same period in 2010.

Group operating profit was 22% lower at \$158.8 million and gross profit at \$196.9 million was 17% lower in 2Q 2011. Group pre-tax profit was 19% lower at \$181.3 million as compared with same period in 2010.

At net profit level, it was \$149.7 million in 2Q 2011 as compared with \$176.1 million in 2Q 2010, attributable mainly to timing in recognition of rig building projects.

INTERIM DIVIDEND

The Board of Directors of Sembcorp Marine is recommending a one-tier tax-exempt interim dividend of 5.00 cents per share, the same amount as paid in 1H 2010. In terms of payout ratio, it is 35% as compared with 32% in 1H 2010.

The one-tier tax-exempt interim dividend will be paid on 31 August 2011.

OUTLOOK

The Group has a net order book of \$5.7 billion with completion and deliveries stretching till 2014. This includes \$2.6 billion in contract orders secured since the start of 2011, excluding ship repair contracts.

While the world economy remains fragile with short-term demands affected by recent events in Europe and the United States, there are signs of steady improvement from emerging economies that will provide support for increasing longer-term energy demand.

The fundamentals driving the offshore oil industry remain intact with exploration and production (E&P) spending by oil majors and national oil companies expected to increase in 2011. Increased spending is expected for deepwater activity, driven largely by investments in Brazil, West Africa and Asia.

As offshore rig demand continues to strengthen in most regions around the world, there is a need for technically advanced, versatile and efficient rigs that will address both the shallow and deepwater prospects. Demand for premium jack-up rigs is expected to continue with the trend of replacing older equipment with new equipment. For the deepwater segment, continued growth is expected following the resumption of drilling activities in the United States Gulf of Mexico and the strong growth in demand for development drilling in Brazil and West Africa. Enquiries for drilling rigs remain healthy.

For the fixed and floating production market, global market outlook remains positive, supported by increasing long-term demand for oil and sustainable oil prices. Demand for fixed platforms and FPSOs is expected to be strong as more oil fields move towards development phase. Sembcorp Marine with its strong track record and proven expertise is well-positioned to benefit from the growing opportunities in this sector.

The ship repair market continues to strengthen with continued demand for bigger docks. The Group has secured several long-term contracts from its customers and these long-term partners will continue to provide a stable base-load for the Group's ship repair sector.

Construction of the Phase I Integrated New Yard facility in Tuas View Extension is progressing on schedule with two drydocks due for completion by end of 2012. Upon full completion of Phase I in the second half of 2013, the Group's ship repair and conversion/offshore capacity will increase substantially.

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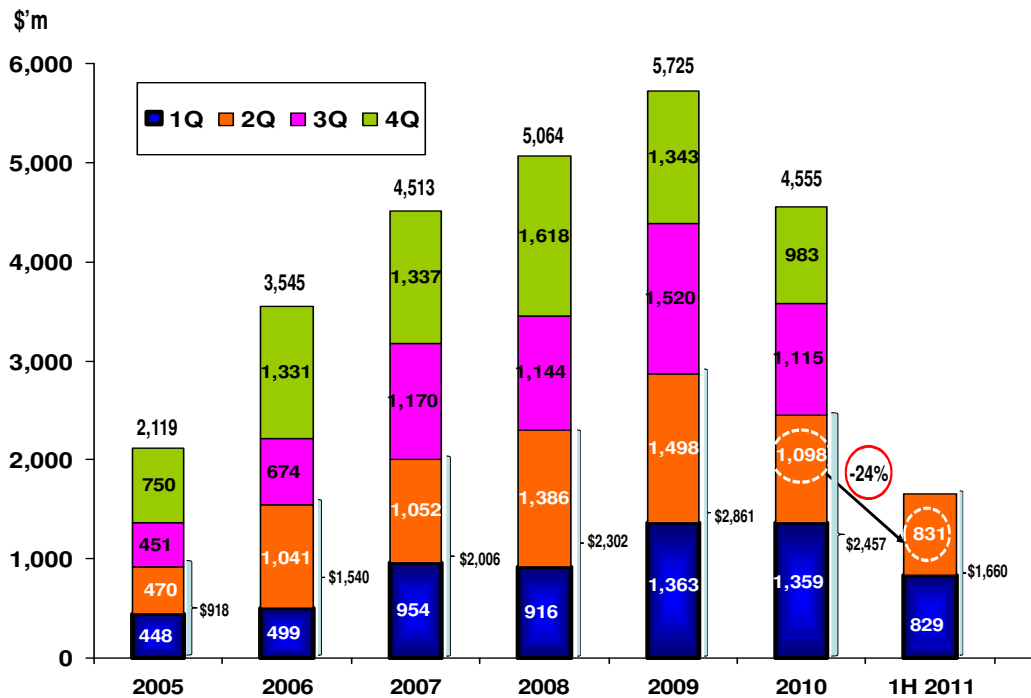
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APPENDIX

TURNOVER

- Group turnover for 2Q 2011 declined 24% from \$1.10 billion in 2Q 2010 to \$831 million mainly due to lower revenue recognition in the rig building sector.
- On a half yearly basis, turnover was 32% lower at \$1.66 billion as compared with \$2.46 billion in 2010. Factors contributing to lower turnover as follows:
 - New jack-up rigs secured since 4Q 2010 are still in the planning stage and as such accounted for the lower revenue recognition
 - There were more revenue recognition from turnkey semi-submersible rigs in 1H 2010 as compared with 1H 2011
 - The resumption of revenue recognition on completion and delivery of semi-submersible rig *PetroRig III* contributed to the higher revenue in 1H 2010

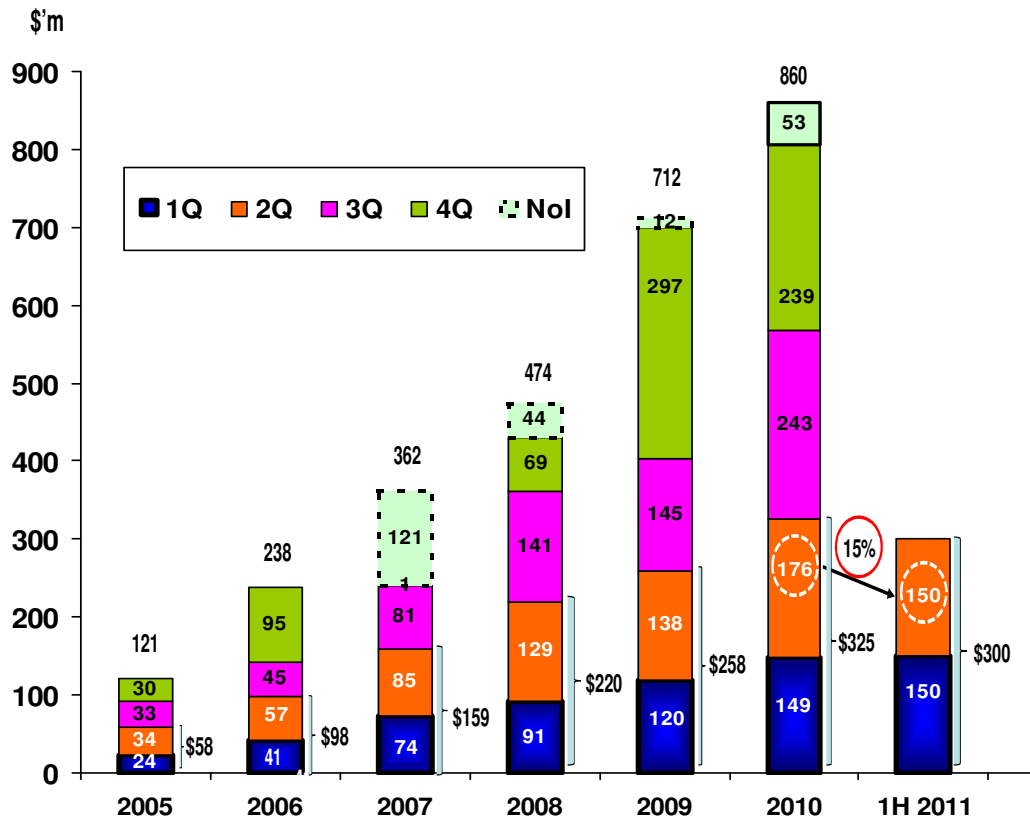
Group Turnover (2005 to 1H 2011)



NET PROFIT

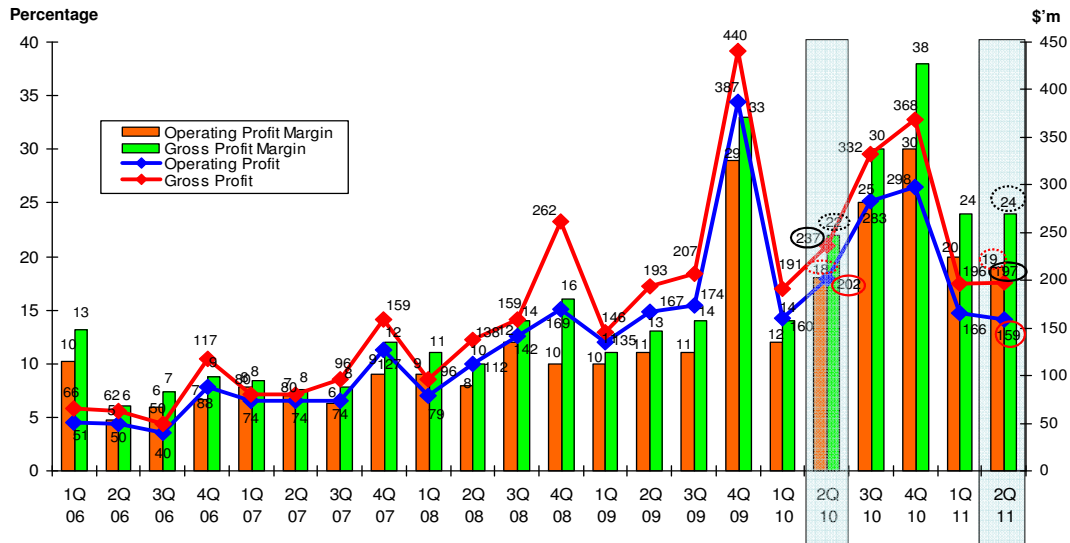
- The Group achieved a net profit of \$150 million in 2Q 2011. This was 15% lower as compared with \$176 million for the corresponding period in 2010
- On a half yearly basis, net profit at \$300 million was 8% lower as compared with 2010
- The decline was attributable mainly to timing in recognition of new rig building projects that were secured since 4Q 2010 and partially offset by higher contributions from the ship conversion/offshore and ship repair sectors

Net Profit (2005 to 1H 2011)



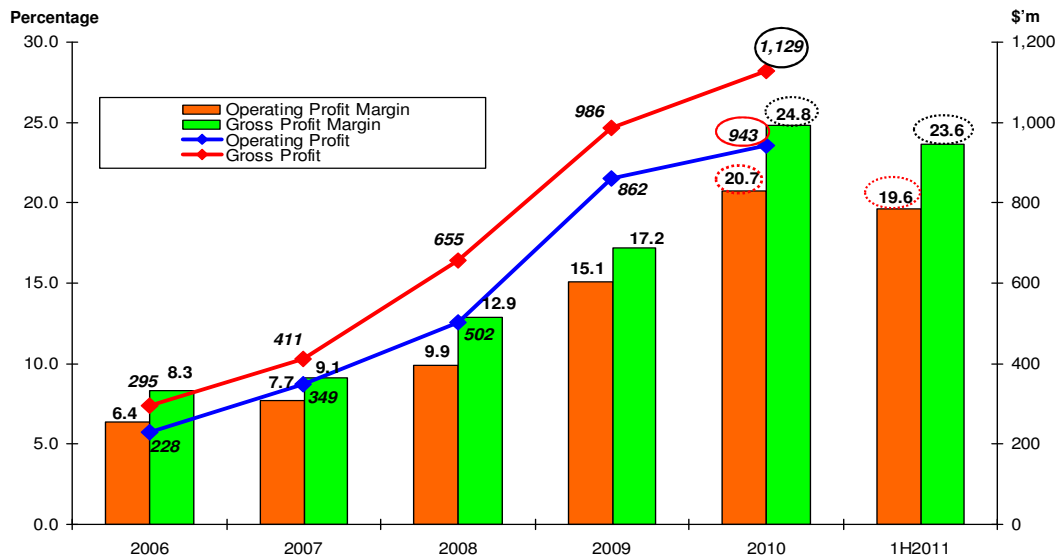
QUARTERLY GROSS & OPERATING PROFIT MARGIN

- Quarter to quarter margin variation is dependent on the product business mix and timing in the physical completion of projects in the prevailing quarter
- 2Q 2011 operating profit margin at 19% was higher than the 18% recorded for the corresponding period in 2010
- Gross profit margin at 24% in 2Q 2011 was higher than the 22% recorded in 2Q 2010



GROSS & OPERATING PROFIT MARGIN

- Operating profit margin in 1H 2011 was 19.6% and Gross profit margin in 1H 2011 was 23.6%



PERFORMANCE OF ASSOCIATES & JVs (Profit before tax)

- Contributions from Associates and JVs increased 16% q-on-q due mainly to higher contributions from Cosco Shipyard Group and Pacific Workboats
- On a half year basis, the contribution was 9% higher

Description (\$'m)	Year		% Change	Year		% Change
	2Q 2011	2Q 2010		1H 2011	1H 2010	
Cosco Shipyard Group	14.9	12.4	20.2	27.3	24.0	13.8
Pacific Workboats	1.5	1.0	50.0	1.8	1.8	-
Others	0.2	0.9	(77.8)	-	0.9	n.m
Share of Associates & JVs Results	16.6	14.3	16.1	29.1	26.7	9.1

STRONG POSITIVE CASHFLOW

- Cash & cash equivalents at \$1.6 billion as at 1H 2011 was down 33% as compared with 1H 2010, attributable mainly to higher working capital requirement, CAPEX and record dividend payout to reward shareholders
- Net cash position continues to remain strong at \$1.6 billion

Description (\$'m)	Year		% change
	1H 2011	1H 2010	
Cashflow from operation before reinvestment in working capital	372.1	406.1	(8.4)
Net cash (outflow)/inflow from operating activities	(470.7)	632.8	(174.4)
Net cash outflow from investing activities	(121.6)	(17.4)	599.5
Net cash outflow from financing activities	(682.2)	(218.1)	212.8
Cash & cash equivalents	1,591.4	2,378.6	(33.1)
Net Cash (net of borrowings)	1,589.4	2,364.5	(32.8)
<i>Progress Billing > WIP</i>	461.6	653.5	(29.4)

CAPITAL, EVA, GEARING AND ROE

- ROE annualised at 25%
- Economic Value Added (EVA) at \$205.2 million
- The Group will continue to strive towards delivering creditable performance and value creation to shareholders. We will continue to maintain a strong balance sheet

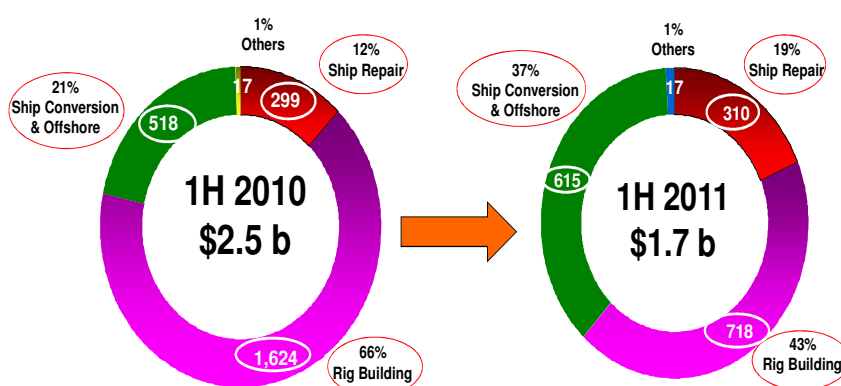
Year			
Description (\$'m)	1H 2011	FY 2010	% change
Shareholders' Funds	2,201.3	2,599.4	(15)
Net Cash	1,589.4	2,907.1	(45)
ROE – annualised (%)	25.0	38.4	(35)
Net Asset Value (cents)	105.6	125.1	(16)
RoTA – annualised (%)	12.2	17.3	(29)
Economic Value Added	205.2	265.9*	(23)

* 1H 2010

TURNOVER CONTRIBUTIONS BY SECTORS

By Value & Percentage Contributions

- Total turnover for 1H 2011 at \$1,660 million was 32% lower as compared with \$2,457 million in 1H 2010
- The rig building sector remains the largest sector, constituting 43% of total turnover in 1H 2011 followed by Ship Conversion & Offshore sector at 37%. Ship Repair was 19% and Others at 1%
- The rig building sector's lower contribution as at 1H 2011 was attributable to the timing in initial revenue recognition of the jack-up rigs that were secured since 4Q 2010. To-date, only 3 units of jack-up rigs achieved initial recognition as compared with 1H 2010 where there were more revenue recognition from turnkey semi-submersible rigs in addition to the resumption of revenue recognition on the completion and delivery of semi-submersible rig, *PetroRig III*
- The ship conversion and offshore sector registered the highest increase from \$518 million in 1H 2010 to \$615 million for the same period in 2011 attributable mainly to timing in recognition of 2 offshore platform projects in addition to a total of 5 FPSO conversions and 2 offshore projects
- Ship repair turnover registered an increase from \$299 million in 1H 2010 to \$310 million in 1H 2011. Alliance/FCC partners and regular customers continue to support the Group with a steady base-load

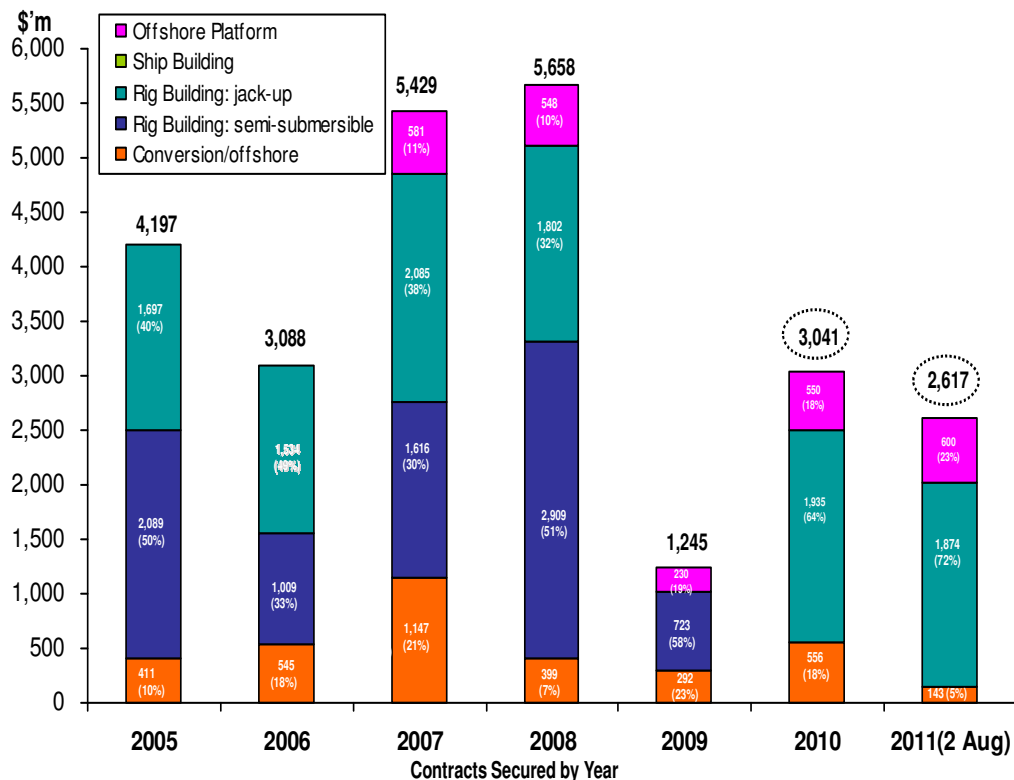


Turnover (\$'m)	2Q 2011	2Q 2010	% Change	1H 2011	1H 2010	% Change
Ship repair	164.6	155.4	5.9	309.7	299.1	3.5
Rig building	399.7	737.4	(45.8)	718.4	1,623.9	(55.8)
Ship Conversion/offshore	258.6	197.9	30.7	614.8	517.7	18.8
Others	8.4	7.2	16.7	17.3	16.6	4.2
TOTAL	831.3	1,097.9	(24.3)	1,660.2	2,457.3	(32.4)

CONTRACTS SECURED BY YEAR (excluding ship repairs)

- Contracts secured to-date stood at \$2.6 billion, excluding ship repair
- A total of 7 firm orders in jack-up rigs with a total value of US\$1,343.0 million were secured from October to December 2010. Including the 6 jack-up rigs secured since January 2011, the Group has clinched a total of 13 jack-up rigs worth US\$2,846.6 million, excluding 8 options of jack-up rigs
- Ship conversion and offshore projects secured since January 2011 to-date stood at S\$743 million. This included the S\$600 million Integrated Processing & Living Quarters Platform secured in July 2011
- Market fundamentals remain strong. The Group expects to build up its order flow for FY 2011

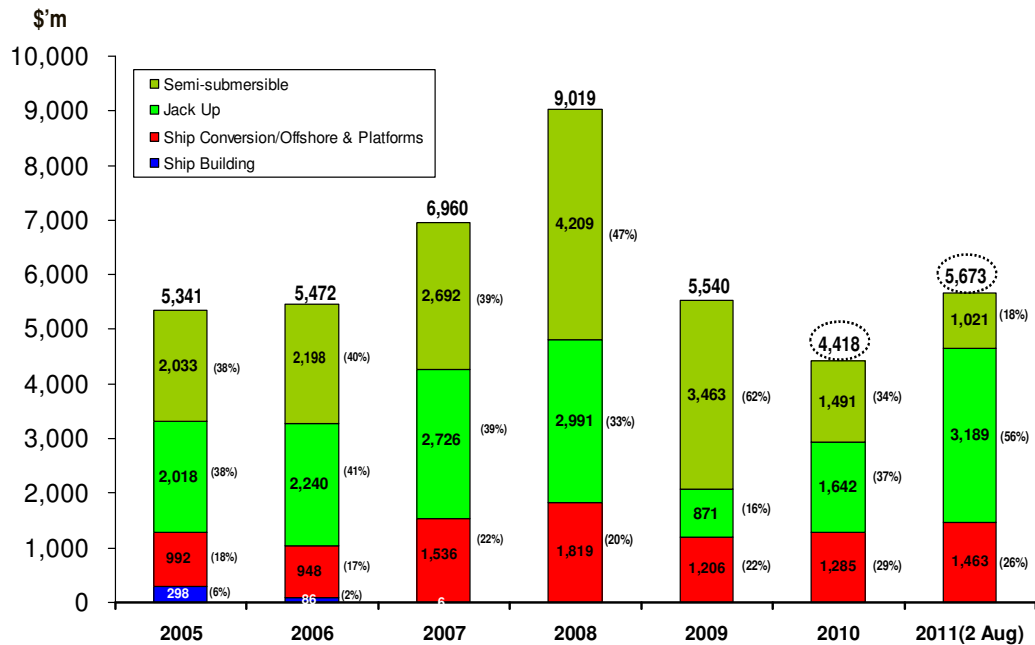
Contracts Secured By Year (2005 to 2 August 2011)



NET ORDER BOOK (excluding ship repairs)

- Net order book, including new contracts secured to-date, stands at S\$5.7 billion with completion and deliveries till 2014
- Going forward, the Group expects to grow its net order book
- The Group will continue to focus on executing and delivering its projects on time or ahead of schedule and to build on its core competencies and capabilities

Net Order Book By Year (2005 to 2 August 2011)



Disclaimer

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.