



Company Registration Number: 196300098Z

PRESS RELEASE

1H 2013 NET PROFIT AT \$243.6 MILLION

Singapore, August 1, 2013: Sembcorp Marine achieved a 1H 2013 net profit of \$243.6 million, 4.8% lower as compared with \$255.9 million earned in the first half of 2012. This was due mainly to the timing in recognition of projects, the number of projects that achieved initial recognition as well as the value and the design of rig building projects.

For 1H 2013, Group operating profit at \$289.6 million was 3.4% higher as compared with \$280.0 million in 1H 2012. At pre-tax level, Group profit at \$305.1 million was 6.8% lower as compared with \$327.5 million for the same period in 2012.

Group turnover in 1H 2013 was \$2,174.4 million. This was marginally higher as compared with \$2,159.6 million in 1H 2012 attributable to higher progressive recognition of rig building projects in the first half of 2013, offset by lower contributions from the conversion and offshore sector in 1H 2013.

Turnover from the rig building sector in 1H 2013 at \$1,225.6 million was 15.9% higher as compared with \$1,057.7 million for the corresponding period in 2012. One unit of accommodation semi-submersible rig achieved initial recognition in 1H 2013 as compared with three jack-up rigs (two jack-ups and one harsh environment jack-up) for the corresponding period in 2012.

The conversion and offshore sector registered a decline of 19.1% in turnover at \$619.2 million in 1H 2013 with one unit of semi-submersible rig conversion project and LNG modules fabrication achieving initial recognition as compared with \$765.1 million for the same period in 2012.

The turnover for the repair sector in 1H 2013 at \$314.0 million was 2.4% lower as compared with the corresponding period in 2012 due to timing in recognition of repair projects.

Financial Highlights

Description (\$'m)	Year			Year		
	2Q 2013	2Q 2012	% Change	1H 2013	1H 2012	% Change
Turnover	1,124	1,217	(8)	2,174	2,160	1
Gross Profit	143	196	(27)	299	353	(15)
EBITDA	171	181	(6)	338	322	5
Operating Profit	146	160	(9)	290	280	3
Pre-tax Profit	156	184	(15)	305	328	(7)
Net Profit	125	143	(13)	244	256	(5)
Net Profit, before Nol	122	145	(16)	241	258	(7)
EPS, basic (cents)	5.98	6.84	(13)	11.67	12.27	(5)
NAV (cents)				118.21	108.56	9

2Q 2013 VERSUS 2Q 2012

On a quarterly basis, Group turnover for 2Q 2013 at \$1,124.2 million was 7.6% lower as compared with \$1,217.0 million for the same period in 2012.

Group operating profit was 8.6% lower at \$146.2 million while gross profit at \$142.9 million was 27.1% lower as compared with 2Q 2012. Group pre-tax profit was 15.2% lower at \$156.1 million as compared with \$184.0 million for the same period in 2012 due to lower interest income and lower contribution from associates. In 2Q 2012, interest income was received for deferred payment granted to customers.

At net profit level, it was \$124.9 million in 2Q 2013 as compared with \$142.8 million in 2Q 2012, attributable mainly to the product mix and timing in recognition of the rig building and ship conversion/offshore 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 2012. In terms of payout ratio, it is 43% as compared with 41% in 1H 2012.

The one-tier tax-exempt interim dividend will be paid on 29 August 2013.

OUTLOOK

The Group has secured contract orders worth a total of \$3.5 billion (excluding repairs) since the start of the year, growing the Group's net order book from \$12.7 billion as at end 2012 to \$14.4 billion, with completion and deliveries extending till 2019.

Fundamentals for the offshore and marine industry remain stable underpinned by high oil prices and projected increases in offshore exploration and production (E&P) spending. Demand for rigs is expected to remain strong, however, competition from the Chinese and Korean yards will impact margin.

Despite the challenging shipping market environment, there is continued demand for repairs in the niche segments of LNG carrier repairs, life extension work and upgrading of offshore vessels and cruise ships

Moving ahead, the Group remains committed to building its capabilities and strengthening its position in the key business segments of repair, conversion & offshore and rig building amid the competitive environment while maintaining its focus on operational efficiency, productivity improvements, safety management and the timely deliveries of projects to the Group's valued customers.

Integrated New Yard @ Tuas

Sembcorp Marine's Integrated New Yard Phase I Facility, which spans 73.3 hectares, is on track for commercial operations with the first ship scheduled for docking in August 2013. Equipped with 4 VLCC drydocks and more than 3.9 kilometres of berthing quays, the new yard will be capable of undertaking FPSO conversions as well as servicing a wide range of vessels, including VLCCs, new generations of mega containerships, LNG carriers, passenger ships, offshore vessels and fixed platforms.

Estaleiro Jurong Aracruz, Brazil

Construction of Estaleiro Jurong Aracruz (EJA), Sembcorp Marine's 82.5-hectare integrated new yard facility in Brazil is progressing on schedule. EJA is expected to commence operations in 1Q 2014.

For media and analysts queries, please contact:

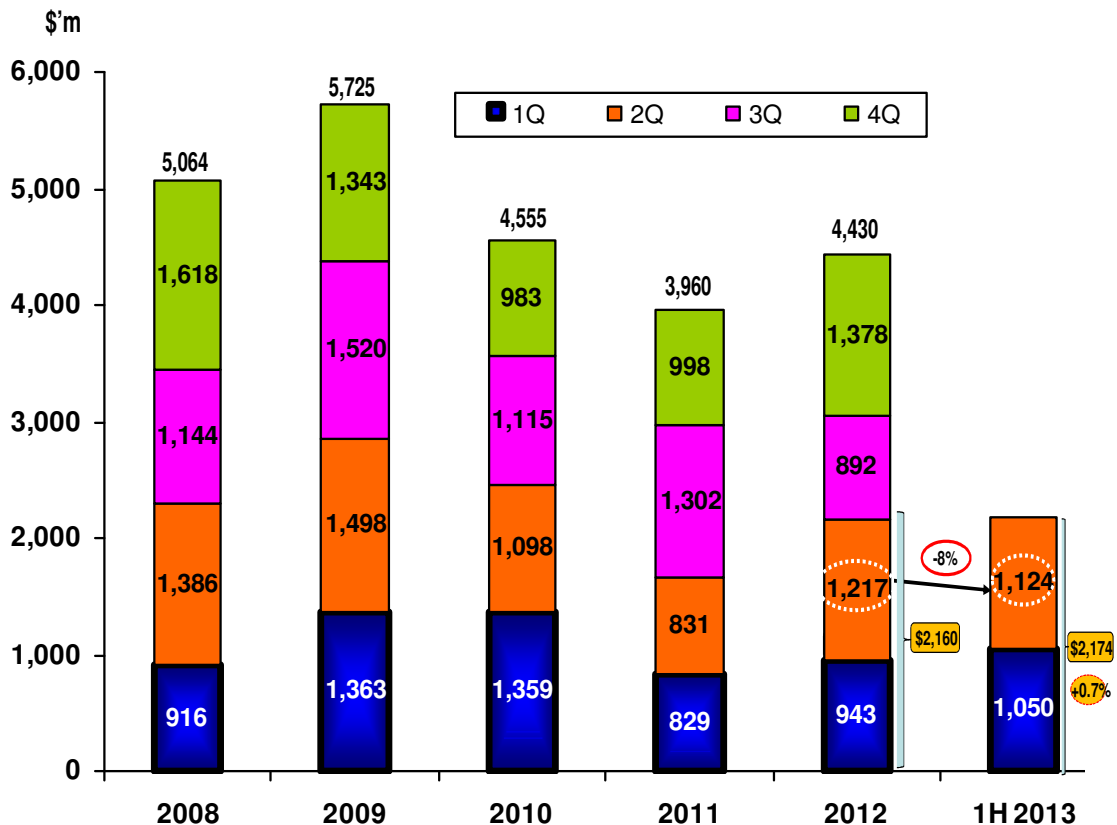
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APPENDIX

TURNOVER

- Group turnover for 2Q 2013 declined 7.6% from \$1,217.0 million in 2Q 2012 to \$1,124.2 million attributable mainly to timing in recognition of rig building and ship conversion & offshore projects.
- On a half yearly basis, turnover was 0.7% higher at \$2,174.4 million as compared with \$2,159.6 million in 1H 2012. The slight increase in turnover was attributable to:
 - Progressive recognition of 11 projects in the rig building sector with one accommodation semi-submersible rig achieving initial recognition in 2Q 2013
 - One unit of semi-submersible rig conversion project and LNG modules fabrication achieving initial recognition in 2Q 2013 with five other FPSO/fixed platforms in various progressive stages of recognition
 - A slight dip in ship repair revenue in 2Q 2013 due to timing in recognition of repair projects

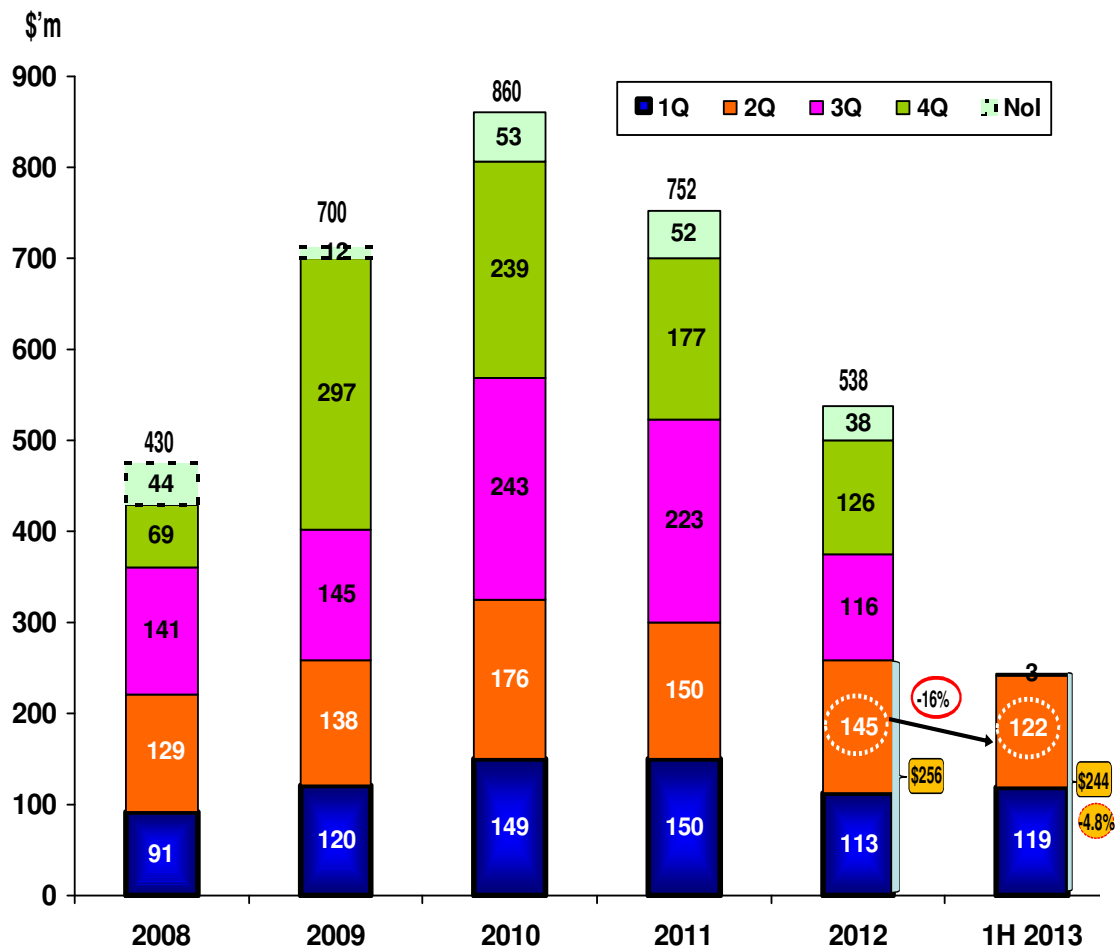
Group Turnover (2008 to 1H 2013)



NET PROFIT

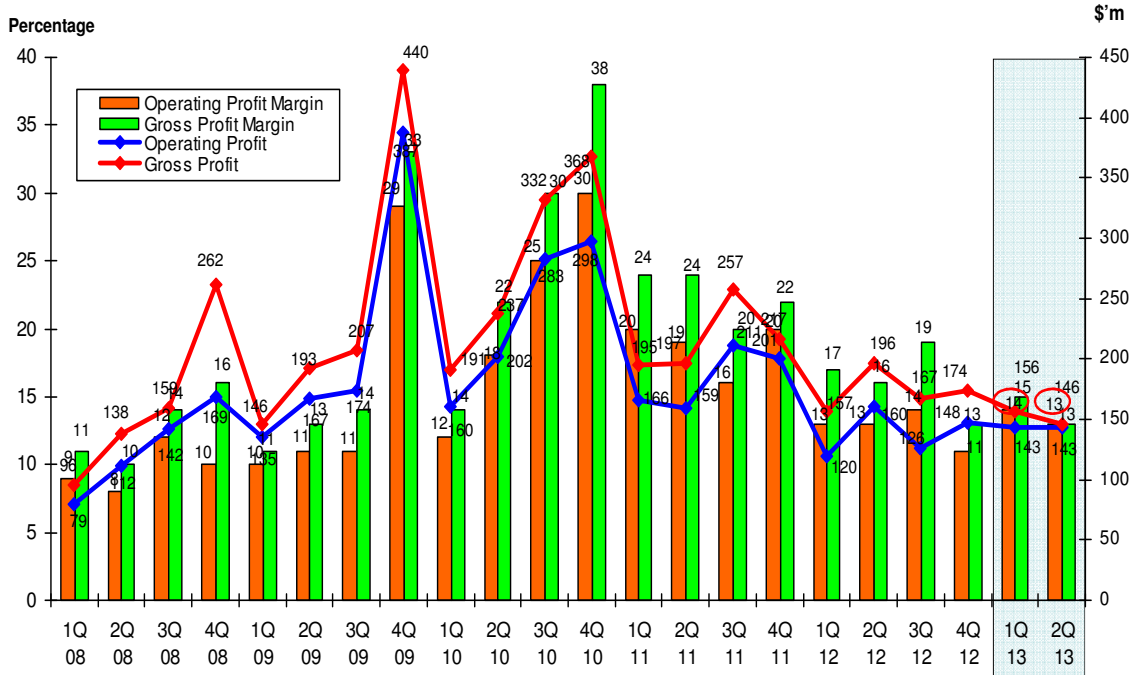
- The Group achieved a net profit of \$124.9 million in 2Q 2013. This was 12.5% lower as compared with \$142.8 million for the corresponding period in 2012. Excluding non-operating items, net profit at \$122.1 million in 2Q 2013 was 16.0% lower
- On a half yearly basis, net profit at \$243.6 million was 4.8% lower as compared with 1H 2012. Excluding non-operating items, net profit at \$240.8 million in 1H 2013 was 6.8% lower
- The decline was attributable mainly to timing in recognition with one unit of accommodation semi-submersible rig achieving initial recognition as compared with three jack-up rigs (two jack-ups of repeated design and one unit harsh environment jack-up) that achieved initial recognition in 1H 2012

Net Profit (2008 to 1H 2013)



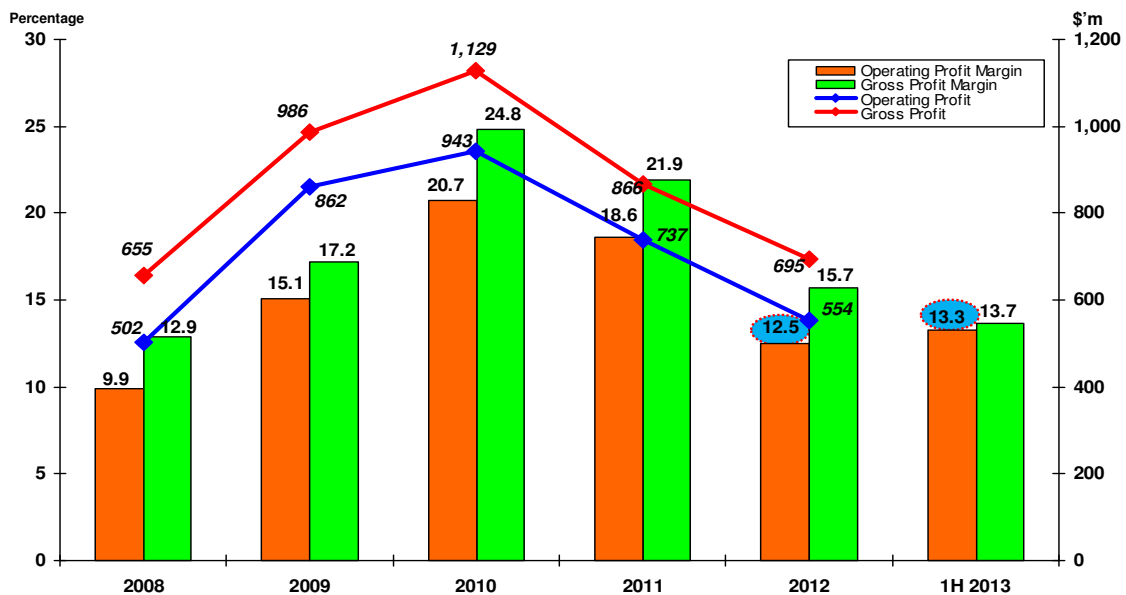
QUARTERLY OPERATING PROFIT MARGIN

- Quarter to quarter margin variation is dependent on the business mix, quarterly timing in recognition of projects, the number of projects achieving initial recognition and the value of projects in the prevailing quarter
- 2Q 2013 operating profit margin was 13.0%



GROSS & OPERATING PROFIT MARGIN

- Operating profit margin in 1H 2013 was 13.3% and gross profit margin at 13.7%



PERFORMANCE OF ASSOCIATES & JVs (Profit before tax)

- Contributions from Associates and JVs declined 67% q-on-q due mainly to lower contributions from Cosco Shipyard Group
- On a half yearly basis, the contribution declined 61% as compared with 1H 2012

Description (\$'m)	Year		% Change	Year		% Change
	2Q 2013	2Q 2012		1H 2013	1H 2012	
Cosco Shipyard Group	3.8	12.2	(69)	8.0	24.0	(67)
Pacific Workboats	2.3	3.4	(32)	4.3	5.2	(17)
Others	(1.0)	(0.2)	n.m.	(1.0)	(0.2)	n.m.
Share of Associates & JVs Results	5.1	15.4	(67)	11.3	29.0	(61)

POSITIVE CASHFLOW

- Cash & cash equivalents at \$1.8 billion as at 1H 2013 was 51% higher as compared with 1H 2012, attributable mainly to deliveries of projects
- Net cash position continues to remain healthy at \$1.2 billion

Description (\$'m)	Year		% change
	1H 2013	1H 2012	
Cashflow from operation before working capital changes	336.2	335.2	0
Net cash inflow/(outflow) from operating activities	595.2	(127.9)	n.m.
Net cash outflow from investing activities	(255.0)	(230.7)	11
Net cash inflow/(outflow) from financing activities	57.7	(426.8)	n.m.
Cash & cash equivalents	1,811.2	1,200.0	51
Net Cash (net of borrowings)	1,227.4	1,165.7	5
<i>Progress Billing > WIP</i>	1,270.7	629.1	102

CAPITAL, EVA, GEARING AND ROE

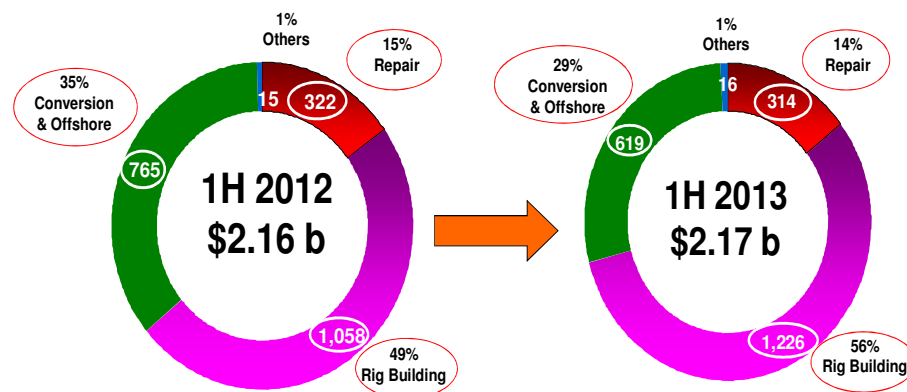
- ROE annualised at 20%
- Economic Value Added (EVA) at \$146.4 million
- The Group will continue to strive towards delivering creditable performance and value creation to shareholders.

Description (\$'m)	Year		% change	FY 2012	% change
	1H 2013	1H 2012			
Shareholders' Funds	2,469.6	2,266.4	9	2,438.5	1
Net Cash	1,227.4	1,165.7	5	1,075.9	14
ROE - annualised (%)	19.9	21.9	(9)	22.2	(10)
Net Asset Value (cents)	118.2	108.6	9	116.8	1
RoTA – annualised (%)	7.9	10.3	(23)	9.9	(20)
Economic Value Added	146.4	163.7	(11)	383.6	(62)

TURNOVER CONTRIBUTIONS BY SECTORS

By Value & Percentage Contributions

- Total turnover for 1H 2013 at \$2,174 million was 1% higher as compared with \$2,160 million in 1H 2012
- The rig building sector remains the largest sector, constituting 56% of total turnover in 1H 2013 followed by the conversion & offshore sector at 29%. The repair sector was 14% and others at 1%
- The slightly higher turnover in 1H 2013 was attributable to higher revenue recognition in the rig building sector, offset by the lower contributions in the conversion & offshore sector. Turnover from the rig building sector increased 16% from \$1,058 million in 1H 2012 to \$1,226 million for the corresponding period in 2013. On a q-on-q basis, 2Q 2013 turnover at \$628 million was 5% lower as compared to \$664 million in 2012
- On a half-yearly basis, the conversion and offshore sector turnover registered a decline of 19% from \$765 million in 1H 2012 to \$619 million for the same period in 2013 attributable mainly to timing of recognition, with two projects of lower contract value achieving initial recognition as compared with more projects for the corresponding period in 2012
- The repair sector turnover registered a slight decline of 2% from \$322 million in 1H 2012 to \$314 million in 1H 2013. On a quarterly basis, it was 12% lower at \$158 million as compared with \$179 million in 2Q 2012 attributable to timing in recognition of repair projects

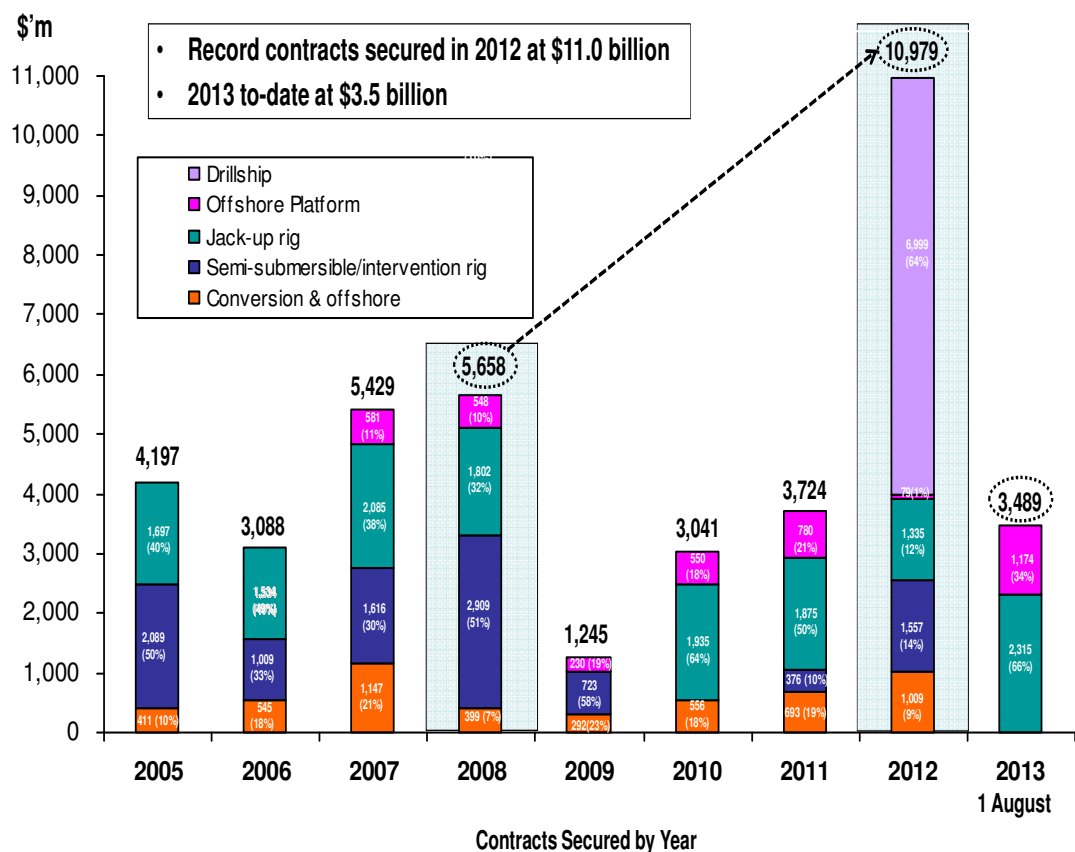


Turnover (\$'m)	2Q 2013	2Q 2012	% Change	1H 2013	1H 2012	% Change
Repair	158	179	(12)	314	322	(2)
Rig building	628	664	(5)	1,226	1,058	16
Conversion & offshore	328	364	(10)	619	765	(19)
Others	10	10	6	16	15	3
TOTAL	1,124	1,217	(8)	2,174	2,160	1

CONTRACTS SECURED BY YEAR (excluding repair)

- Contracts secured to-date stood at \$3.5 billion, excluding repair
- A total of 7 firm rig orders were secured with a total value of US\$1,858.5 million. This comprised 6 jack-up rigs of PC400 repeat design worth a total of US\$1,262.5 million and a harsh environment jack-up rig at US\$596 million
- For the conversion and offshore sector, a total of \$1,174 million worth of projects were secured in 1H 2013. This comprised the engineering, procurement and construction of the Process, Drilling and Quarters Platform for the North Sea and the fabrication of the Bridge and Flare Structures for the Golden Eagle Project
- Market fundamentals remain strong. The Group expects to build up its order flow for 2013

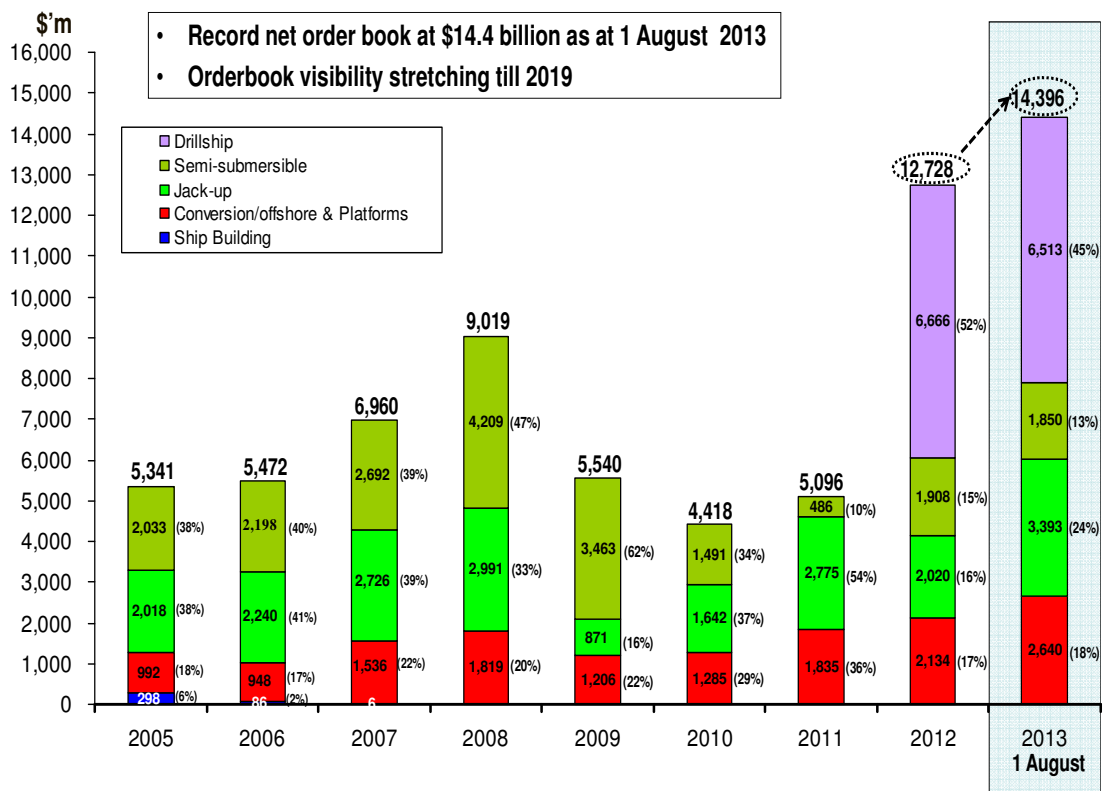
Contracts Secured By Year (2005 to 1 August 2013)



NET ORDER BOOK (excluding ship repair)

- Net order book, including new contracts secured to-date, stands at \$14.4 billion with completion and deliveries till 2019
- 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 1 August 2013)



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.