



Company Registration No. 196300098Z

**PRESS RELEASE**

**A RECORD QUARTER WITH THE HIGHEST QUARTERLY PATMI ACHIEVED**

**Singapore, November 4, 2009** : Sembcorp Marine achieved a record quarter with PATMI at \$145 million, the highest quarterly PATMI ever attained. Group turnover at \$1,520 million was 33% higher as compared with the \$1,144 million registered for the corresponding period in 2008.

Group operating profit at \$174 million was 22% higher than the same quarter in the previous year. Group pre-tax profit at \$183 million was marginally higher than the \$181 million achieved in 3Q 2008 attributable to higher operating margins from rig building projects and offset by the substantially lower contribution from associate Cosco Shipyard Group.

On a nine-month basis, Group turnover at \$4,382 million was 27% above the \$3,446 million achieved for the corresponding period in 2008. Group operating profit increased 43% to \$475 million as compared with \$333 million recorded in the previous year. At pre-tax level, Group profit increased 12% to \$513 million from \$457 million in 9M 2008. The increase was due mainly to the higher operating margins from rig building, offshore and ship conversion projects and offset by the substantially lower contribution from Cosco Shipyard Group.

For 9M 2009, Group attributable profit at \$403 million was 12% higher compared with the same period in 2008.

**Financial Highlights**

Description (\$'m)	Year		% Change	Year		% Change
	3Q 2009	3Q 2008		9M 2009	9M 2008	
Revenue	1,520	1,144	33	4,382	3,446	27
Gross Profit	207	159	30	546	393	39
EBITDA	192	161	20	529	384	38
Operating Profit	174	142	22	475	333	43
Pre-tax Profit	183	181	1	513	457	12
PATMI	145	141	3	403	360	12
PATMI, exclude Nol	145	141	3	410	360	14
PATMI, exclude Nol & CSG	142	116	22	390	281	39
EPS, basic (cents)	7.02	6.84	3	19.58	17.45	12

## **Outlook**

The Group has a net order book of S\$6.7 billion comprising rig building, ship conversion and offshore projects. This includes the S\$1.12 billion in new orders secured in the first half of 2009. These secured projects will provide a ready base-load of work and keep the Group's shipyards busy with progressive completion and deliveries from 4Q 2009 until 2012.

With the world economy showing some signs of recovery in the third quarter of 2009, driven largely by Asia, the demand for energy is expected to grow. Fundamentals for the offshore oil and gas sector remain intact with prices of oil stabilising within the US\$70 to US\$80 a barrel range. The long-term fundamentals driving deepwater exploration and production activities are expected to continue in order to replenish declining oil and gas reserves and to increase production to meet growing energy demand.

The ship repair business is expected to remain reasonably good for the rest of 2009 with the big docks well booked and the strong support provided by the Group's Alliance/FCC and regular customers. Singapore's strategic location and its reputation as an international maritime centre, coupled with the Group's strategic alliances and partnerships fostered with long-term customers, will provide a stable base-load for the Group's ship repair sector.

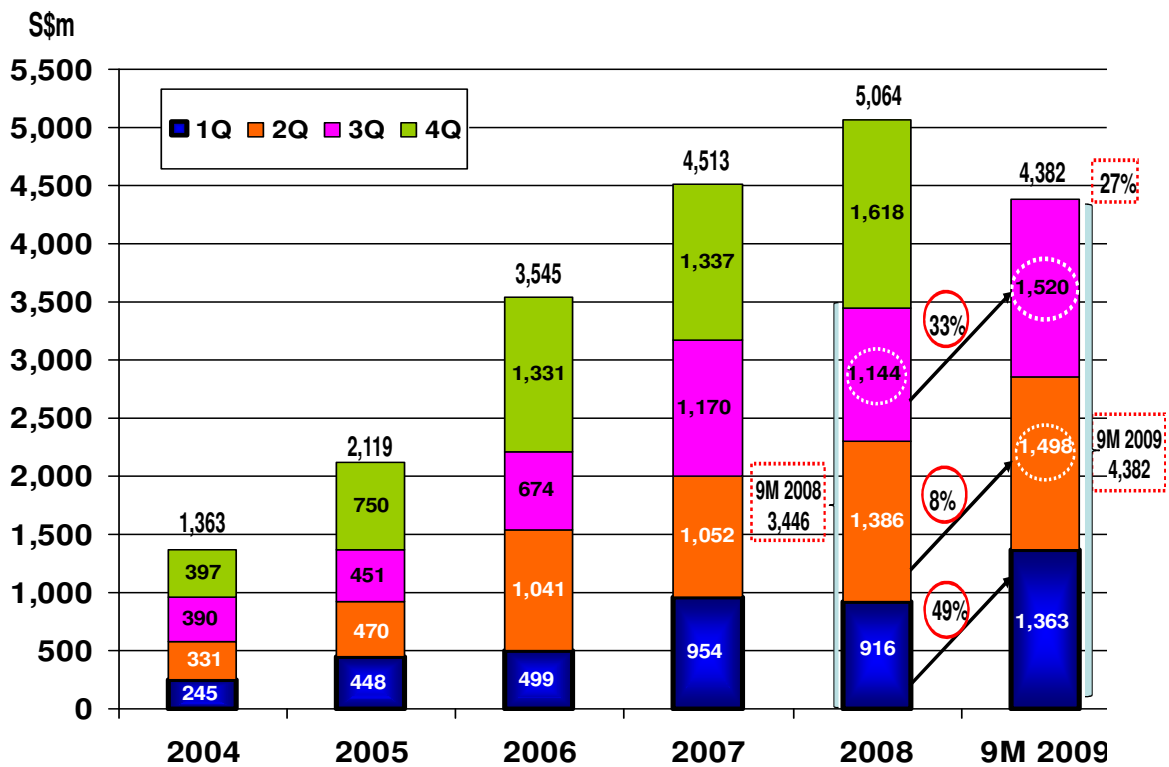
### **For media and analysts enquiries, please contact:**

Ms Judy Han  
Senior Vice President  
Investor Relations & Communications  
Tel No : (65) 6262 7203  
Fax No : (65) 6261 0738  
Email : [judy@sembcorpmarine.com.sg](mailto:judy@sembcorpmarine.com.sg)  
Website : [www.sembcorpmarine.com.sg](http://www.sembcorpmarine.com.sg)

## APPENDIX

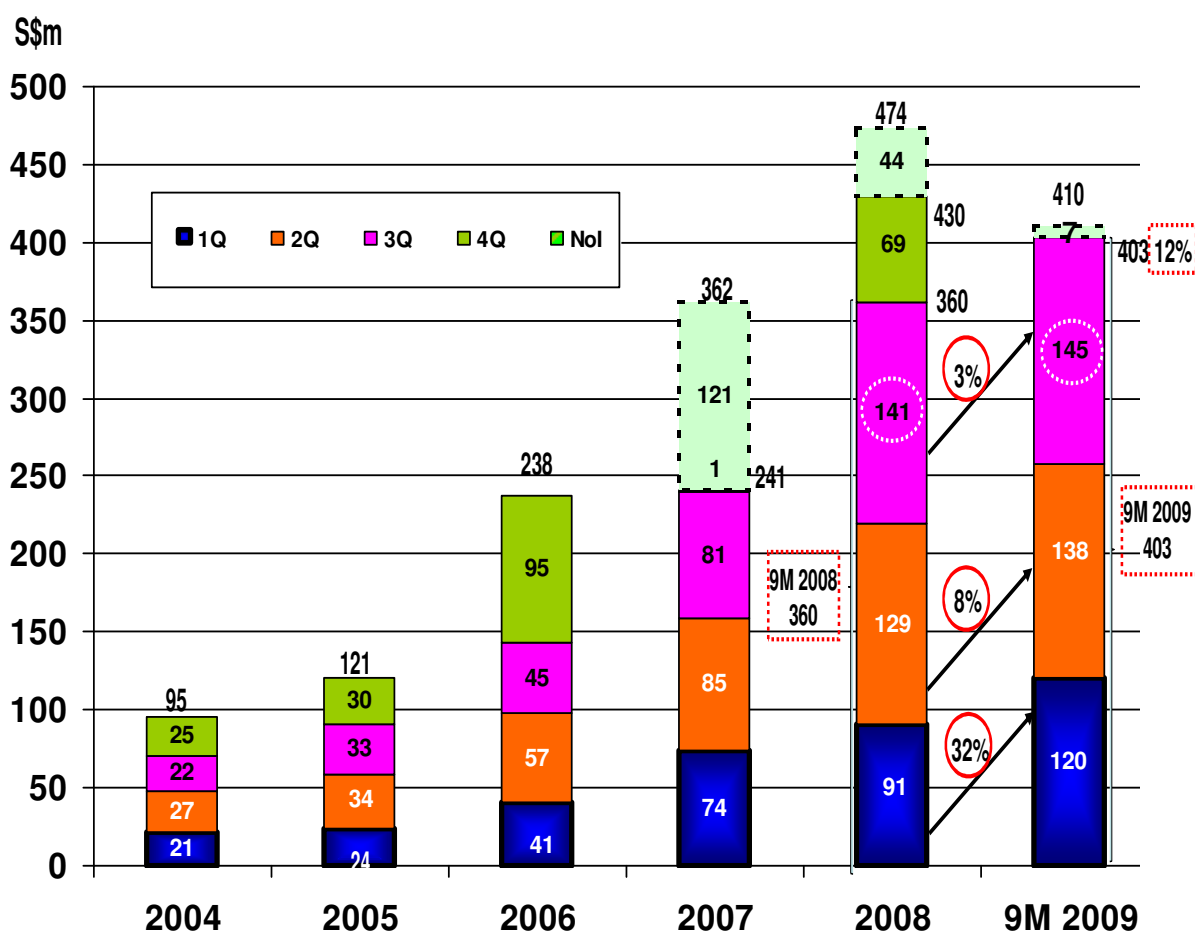
### QUARTERLY REVENUE (2004 to 9M 2009)

- Group revenue for 3Q 2009 increased 33% to \$1.5 billion attributable to higher rig building activities
- For the 9M period, Group revenue at \$4.4 billion was 27% higher as compared with \$3.4 billion registered in 9M 2008



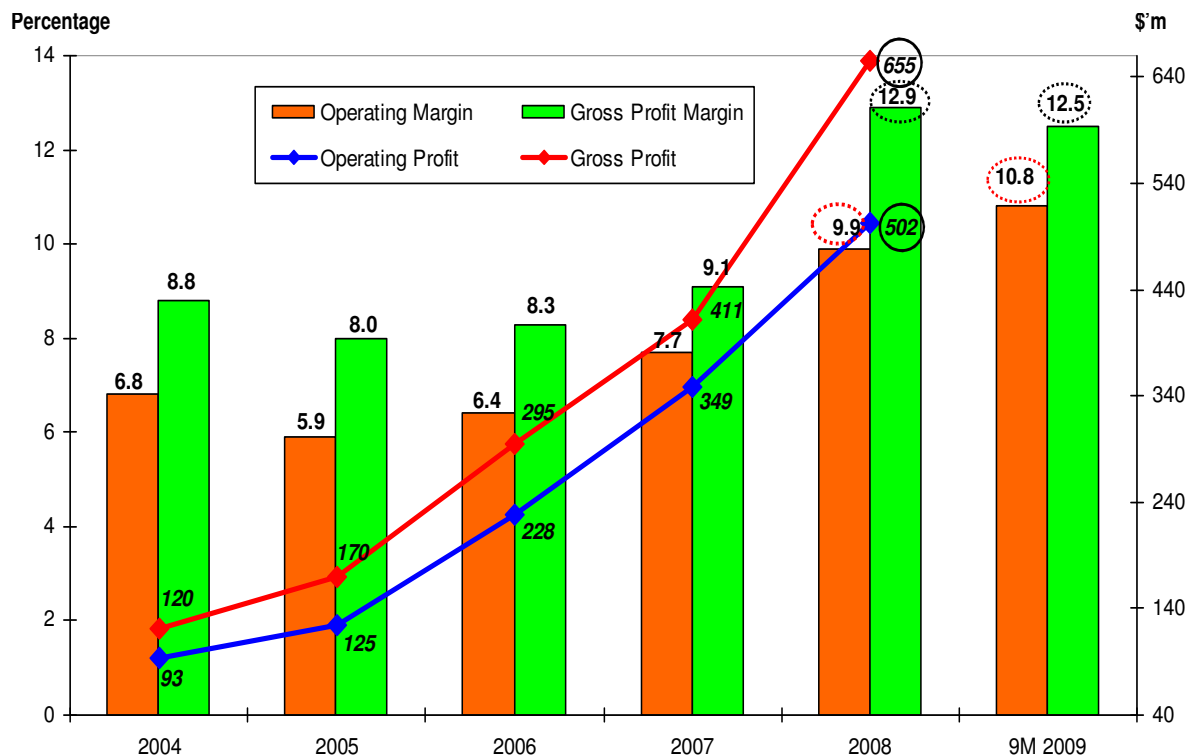
## QUARTERLY PATMI (2004 to 9M 2009)

- 3Q 2009 PATMI at \$145 million was the highest quarter recorded, breaking the previous record of \$141 million that was achieved in 3Q 2008
- PATMI at \$145 million for 3Q 2009 was 3% higher than the 3Q 2008 PATMI of \$141 million
- Excluding associate Cosco Shipyard Group, PATMI increased by 22% to \$142 million
- On a 9M basis, PATMI at \$403 million was 12% higher than the \$360 million achieved for the corresponding period in 2008
- Excluding non-operating items, PATMI increased by 14% to \$410 million
- Excluding non-operating items and associate Cosco Shipyard Group, PATMI increased 39% to \$390 million versus \$281 million in 2008



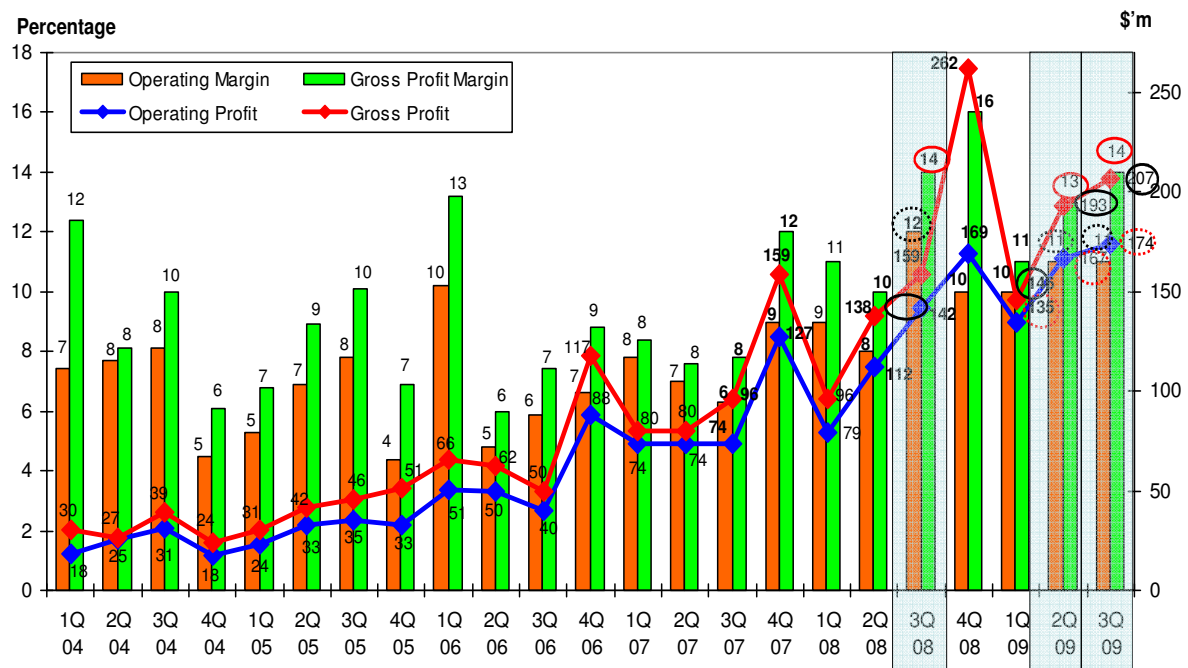
## GROSS & OPERATING MARGIN

- On a nine-month basis, operating margin increased to 10.8% attributable to better operating efficiencies and the execution of repeat rig orders for customers



## QUARTERLY GROSS & OPERATING MARGIN

- 3Q 2009 operating margin remains the same at 11% as compared with 2Q 2009
- Gross margin at 14% in 3Q 2009 was higher than the 13% recorded in 2Q 2009



## **PERFORMANCE OF ASSOCIATES & JVs (Profit before tax)**

- Contributions from Associates and JVs declined 78% q-on-q due mainly to lower contribution from Cosco Shipyard Group by 87%
- On a 9M basis, the contribution from Cosco Shipyard Group was lower by 72%

Description	Year (\$'m)		% Δ	Year (\$'m)		% Δ
	3Q 2009	3Q 2008		9M 2009	9M 2008	
Cosco Shipyard Group	4.1	31.9	(87.2)	27.6	99.1	(72.2)
Pacific Workboats	3.3	2.2	50.7	7.2	7.3	( 1.2)
Others	0.3	0.8	n.m.	0.3	1.4	n.m.
Share of Associates & JV's Results	7.7	34.9	(78.0)	35.1	107.8	(67.5)

## **STRONG POSITIVE CASHFLOW**

- Net cash position remains strong at \$1.65 billion
- The Group will continue to strive towards delivering credible performance and value creation to shareholders. We continue to maintain a strong balance sheet and to be in a net cash position during these challenging times

Description (\$'m)	Year		% change
	9M 2009	9M 2008	
Cashflow from operation before reinvestment in working capital	535.5	399.7	34.0
Net cash provided by operating activities	107.0	1,629.5	(93.4)
Net cash used in investing activities	( 60.2)	( 57.9)	4.0
Net cash used in financing activities	( 425.1)	( 385.9)	10.2
Cash & cash equivalents	1,675.8	1,926.2	( 13.0)
Net Cash (net of borrowings)	1,652.8	1,571.8	5.2
<i>Progress Billing &gt; WIP</i>	<i>1,009.9</i>	<i>1,313.2</i>	<i>(23.1)</i>

## CAPITAL, GEARING AND ROE

- ROE (annualised) and excluding non-operating items at a record high at 38%

Year Description (\$'m)	9M 2009	FY 2008	% change
Shareholders' Funds	1,597.4	1,318.0	21
Net Cash	1,652.8	1,831.8	(10)
*ROE – annualised (%)	37.5	31.6	19
*ROE – annualised exclude AFS & Hedging Reserves (%)	37.5	36.9	2
Net Asset Value (cents)	77.4	64.1	21
*RoTA – annualised (%)	11.6	10.4	12

\* Excludes Non-Operating Items

## CAPITAL, EVA, GEARING AND ROE

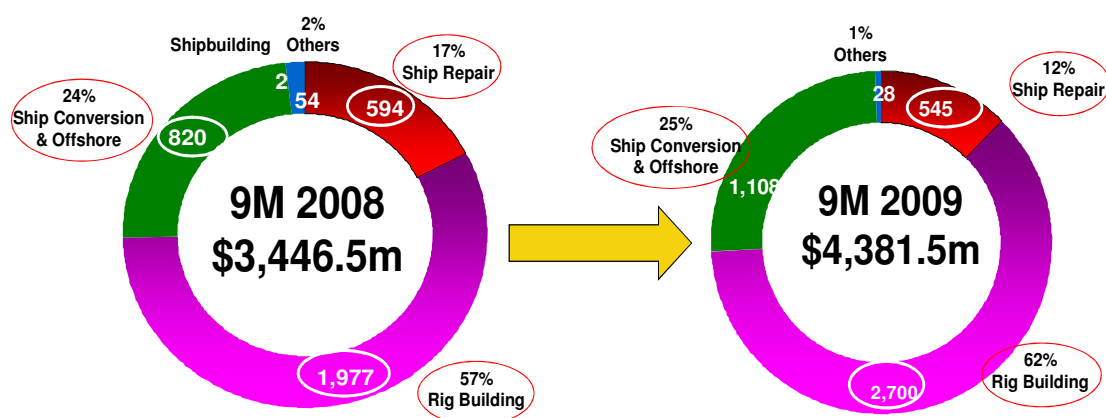
- Economic Value Added (EVA) as at 9M 2009 increased 9% to \$336 million as compared with \$307 million as at 9M 2008
- ROE (annualised) was 37%

Year Description (\$'m)	9M 2009	FY 2008	% change
Shareholders' Funds	1,597.4	1,318.0	21
Net Cash	1,652.8	1,831.8	(10)
ROE – annualised (%)	36.8	28.7	28
ROE – annualised exclude AFS & Hedging Reserves (%)	36.8	33.5	10
Net Asset Value (cents)	77.4	64.1	21
RoTA – annualised (%)	11.4	9.5	20
Economic Value Added	335.6	307.2*	9

\* 9M 2008

## REVENUE CONTRIBUTIONS BY SECTORS

### By Value & Percentage Contributions



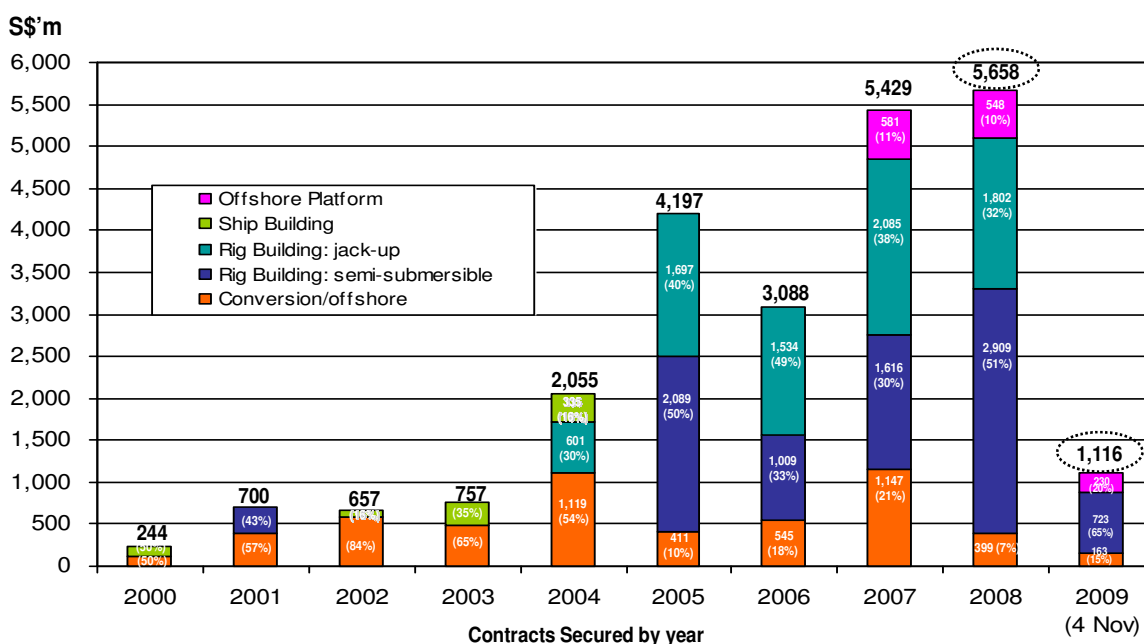
Revenue (S\$m)	3Q 2009	3Q 2008	% Change	9M 2009	9M 2008	% Change
Ship repair	176.5	210.7	(16.2)	545.4	593.6	(8.1)
Rig building	910.7	631.4	44.2	2,700.4	1,976.8	36.6
Ship Conversion/offshore	426.5	285.2	49.5	1,108.0	820.2	35.1
Shipbuilding	-	-	-	-	2.0	n.m.
Others	6.7	16.9	(60.4)	27.7	53.9	(48.6)
<b>TOTAL</b>	<b>1,520.4</b>	<b>1,144.2</b>	<b>32.9</b>	<b>4,381.5</b>	<b>3,446.5</b>	<b>27.1</b>

- The rig building sector registered the highest growth at 37%, from \$1,976.8 million in 9M 2008 to \$2,700.4 million in 9M 2009. Rig Building accounted for 62% of the total revenue followed by Ship Conversion & Offshore at 25%, Ship Repair at 12% and Others at 1%
- The increase in rig revenue is due to the recognition of the balance of semi-submersible rig PetroRig II upon delivery to owner, Diamond Offshore. One unit of jack-up and one unit of semi-submersible rigs also achieved initial 20% recognition in 3Q 2009
- For ship repair, the lower revenue in 3Q 2009 was due to timing in recognition of ship repair projects. Alliance/FCC partners and regular customers continue to support the Group with steady base-load during such challenging market conditions
- The higher 3Q 2009 ship conversion and offshore activities, in particular projects from SMOE, contributed to the higher revenue in 3Q 2009. At \$426.5 million, 3Q 2009 revenue was 50% higher than the \$285.2 million recorded in 3Q 2008. On a 9M basis, the increase was 35% at \$1,108.0 million versus \$820.2 million in 2008



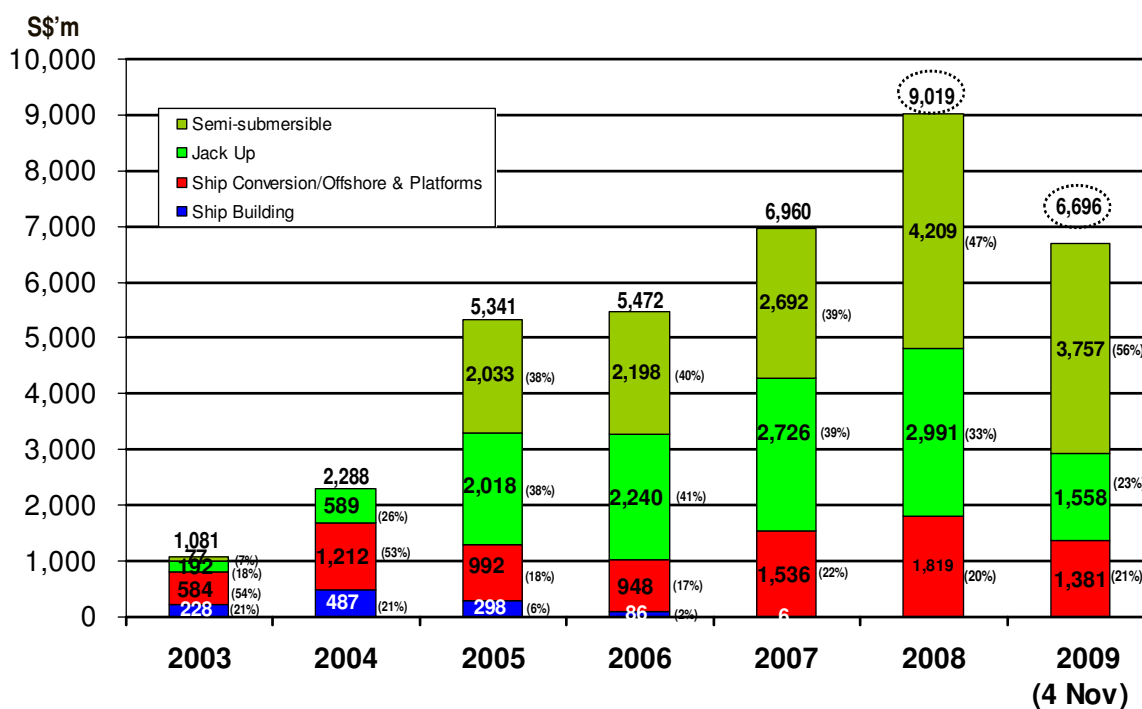
## CONTRACTS SECURED BY YEAR (excluding ship repairs)

- Contracts secured to-date remain the same at S\$1.12 billion
- Fundamentals driving deepwater activities remain strong
- We are confident of building up our order book



## NET ORDER BOOK (excluding ship repairs)

- Net order book, including new contracts secured to-date, stands at S\$6.7 billion with completion and deliveries stretching to early 2012



*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.*