



Aerial view of Tuas Boulevard Yard Phase I and II

## **AGENDA**

- ❖ **CEO Presentation**
- ❖ **CFO Presentation**

## CEO ADDRESS

- ❖ Macro Environment remains challenging
- ❖ Update on Sete Brasil and other rig projects
- ❖ Deliveries and other activities
- ❖ Outlook and Prospects

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## Market equilibrium remains elusive

- ❖ Upstream oil & gas industry into second year of weak prices and capex cuts.
- ❖ Market equilibrium in the oil & gas industry remains elusive.
- ❖ Offshore rig charter rates and utilization continue to slide.



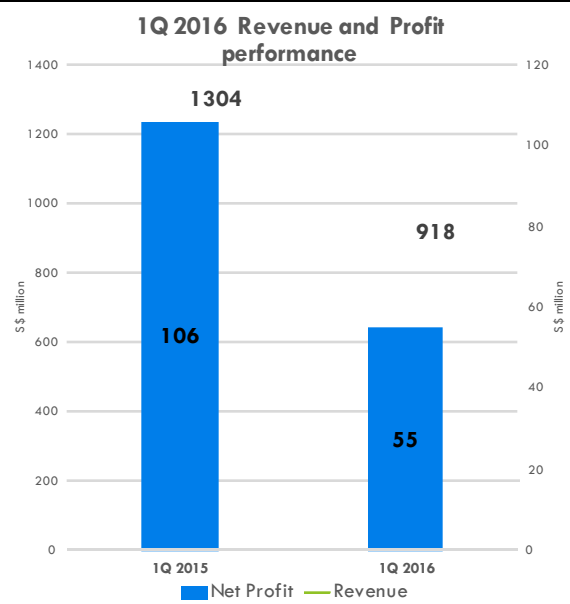
Source: Reuters

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## Financial Performance

### Key Highlights for 1Q 2016:

- ❖ Total revenue of \$918 million.
- ❖ Net Profit was S\$55 million.



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## Update on Sete Brasil drillships contracts

- ❖ Brazil political upheaval continues unabated; drive to impeach current President and deteriorating economy adding to volatility and uncertainty.
- ❖ Sete Brasil shareholders have approved resolution to file for judicial recovery.
- ❖ Sembcorp Marine has commenced arbitration proceedings against various subsidiaries of Sete Brasil to preserve the Group's interest under the Sete Contracts.
- ❖ We believe provisions of S\$329 million made in 4Q 2015 are adequate under present circumstances.

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## **Update on other drilling rig contracts**

- ❖ Marco Polo Drilling failed to take delivery of its rig. We have terminated the contract and taken legal action to recover the balance due from the customer.
- ❖ All completed rigs technically accepted by customers. Sembcorp Marine has finalised or are finalising mutually acceptable solutions for delivery deferment requests.
- ❖ Provisions of S\$280 million taken in 4Q 2015, in case of prolonged deferment or possible cancellation of rigs, should be adequate under current circumstances.

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## **Other Operations Review**

- ❖ Key deliveries in 1Q 2016 include the Safe Zephyrus to Prosafe in end-January 2016 as well as the FPSO Ghana Ten to Modec.
- ❖ Secured creditable S\$60 million in new orders (all non-drilling solutions), despite very tough market conditions. We expect to continue to grow our orderbook.
- ❖ Net orderbook at S\$9.7 billion as at March 31, 2016.

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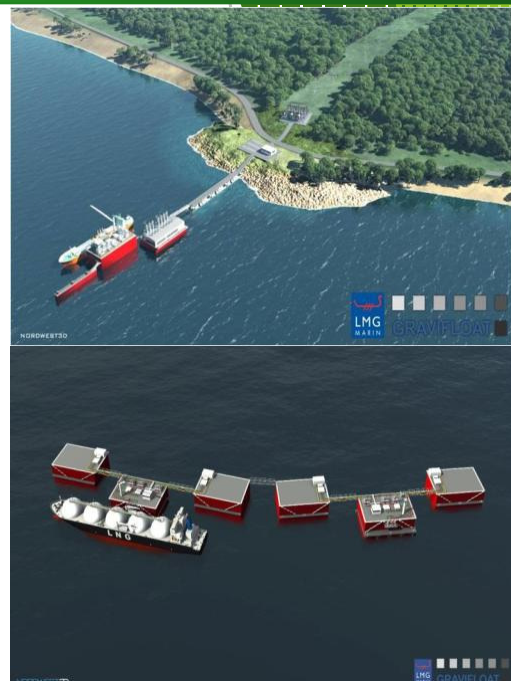
## Outlook & Prospects

- ❖ Down cycle expected to be more protracted than previous cycles.
- ❖ Sembcorp Marine prepared to face and overcome the challenges ahead
- ❖ Acquisition of an additional 44% stake in GraviFloat on March 9, 2016 raises Sembcorp Marine's stake to 56%
- ❖ Headcount optimization ongoing.
- ❖ Active management of balance sheet to maintain healthy financial position.
- ❖ Foundations laid for future growth through strategic investments in hard and soft infrastructure.

## Growing non-drilling solutions - GraviFloat

**Increased stake in GraviFloat to 56% after buying an additional 44% for US\$38 million**

- Under the agreement, the Company will eventually increase its stake by a further 44% to 100% through an equity purchase at the same price.
- GraviFloat was formed to design, deliver and operate re-deployable, gravity-based, modularised LNG and LPG Terminals for installation in shallow waters.
- Incorporated in Norway in 2006 as a spin-off of LMG Marin (a marine & engineering and naval architecture company), GraviFloat is headquartered in Bergen.
- GraviFloat technology allows the LNG terminal to be fully built and completed at a shipyard and installed in shallow waters to facilitate direct ship loading of LNG.
- It offers a more cost effective solution compared with FSRU (floating, storage and regasification units) and land terminals, and can be designed for both liquefaction and receiving terminal services.



## CFO Presentation

- ❖ Earnings Performance
- ❖ Financial Position

## Performance Highlights

### Key highlights:

For the 3 months to March 2016:

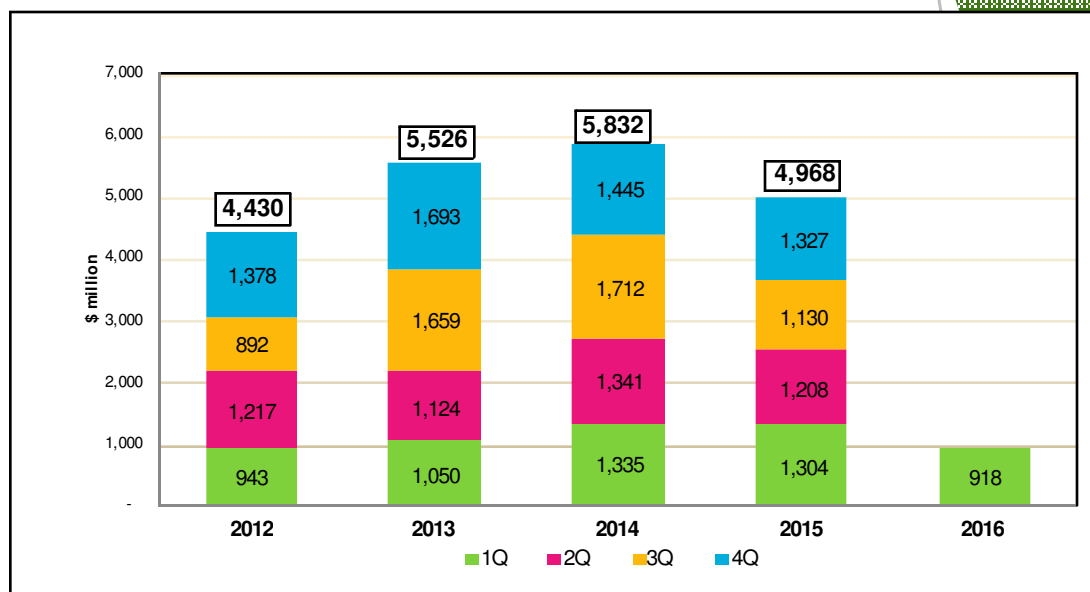
- ❖ Turnover totalled \$918 million, down 30% from 1Q 2015's \$1.3 billion.
- ❖ Gross profit of \$81 million on earnings recognition of ongoing projects and deliveries.
- ❖ Group EBITDA of \$106 million.
- ❖ Net profit attributable to shareholders of \$55 million
- ❖ Group net orderbook stands at S\$9.7 billion, including S\$60 million in new contracts secured in 1Q 2016.

## FINANCIAL HIGHLIGHTS

Period (\$ \$'m)	1Q 2016	1Q 2015	% change
Turnover	918	1,304	(30)
Gross Profit	81	169	(52)
EBITDA	106	169	(37)
Operating Profit	72	138	(48)
Pretax Profit	68	135	(50)
Net Profit	55	106	(48)
EPS (basic) (cts)	2.63	5.07	(48)
NAV (cts)	122.18	*120.24	
* NAV as at December 31st, 2015			

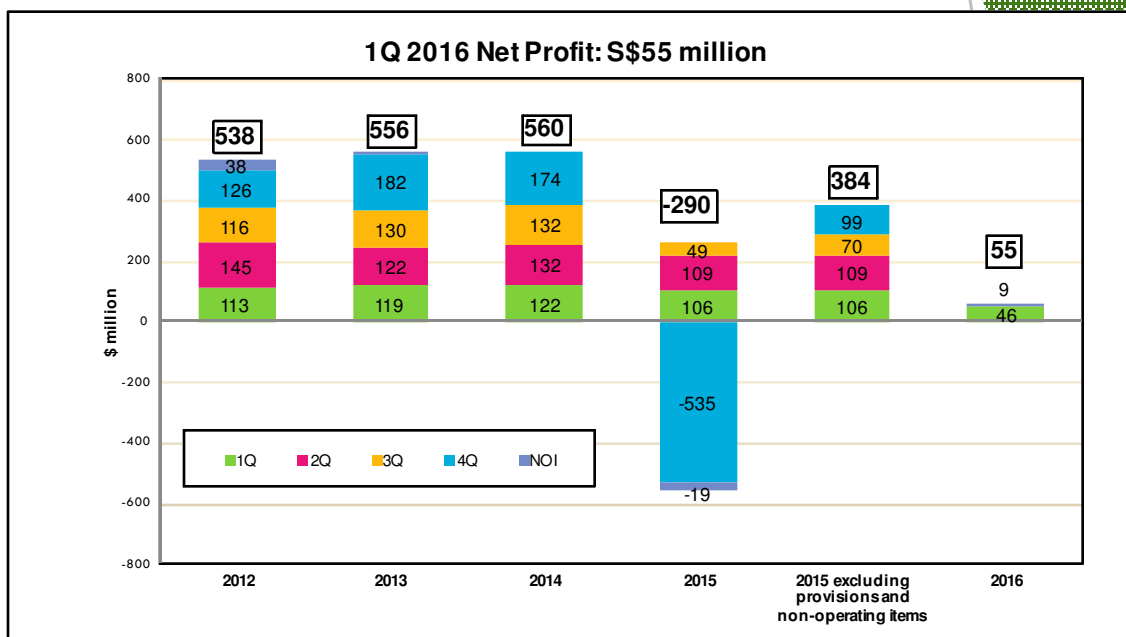
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## 1Q2016 TURNOVER: S\$918 million



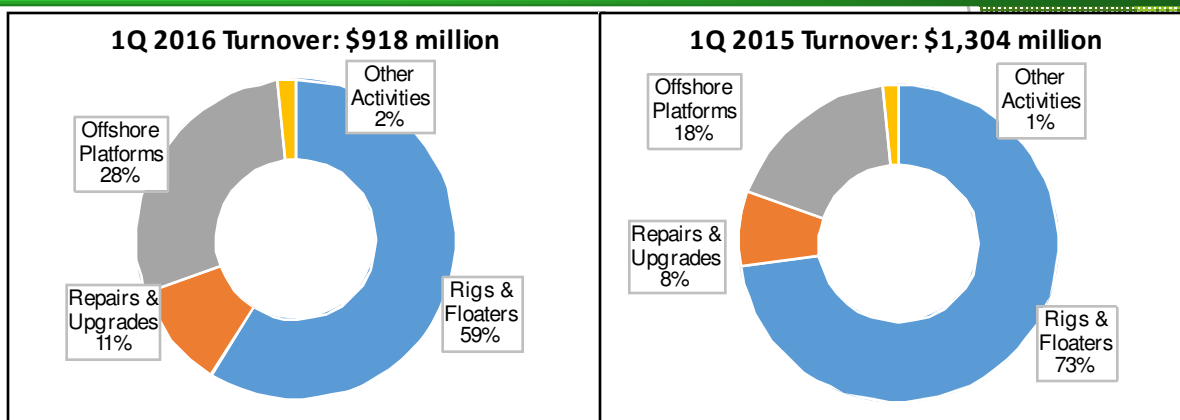
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## 1Q2016 Net Profit at S\$55 million



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## Business Review: Turnover by Segments

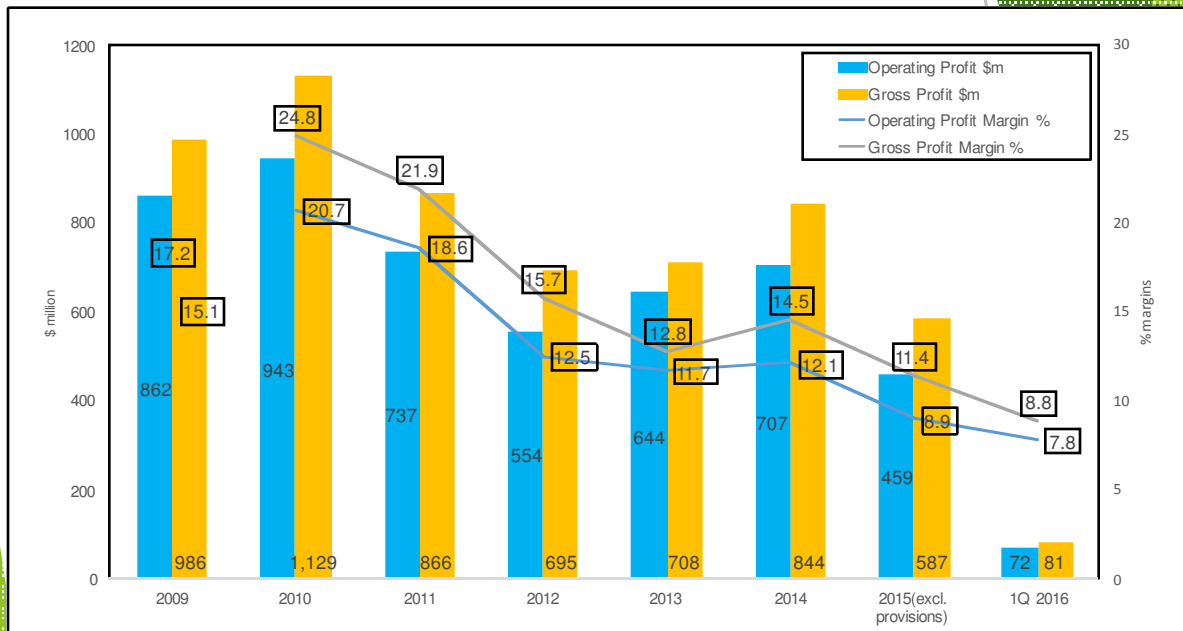


Turnover (S\$ million)	1Q 2016	1Q 2015	% change
Rigs & Floaters	540	947	(43)
Repairs & Upgrades	99	100	(1)
Offshore Platforms	261	237	10
Other Activities	18	20	(10)
<b>TOTAL</b>	<b>918</b>	<b>1,304</b>	<b>(30)</b>

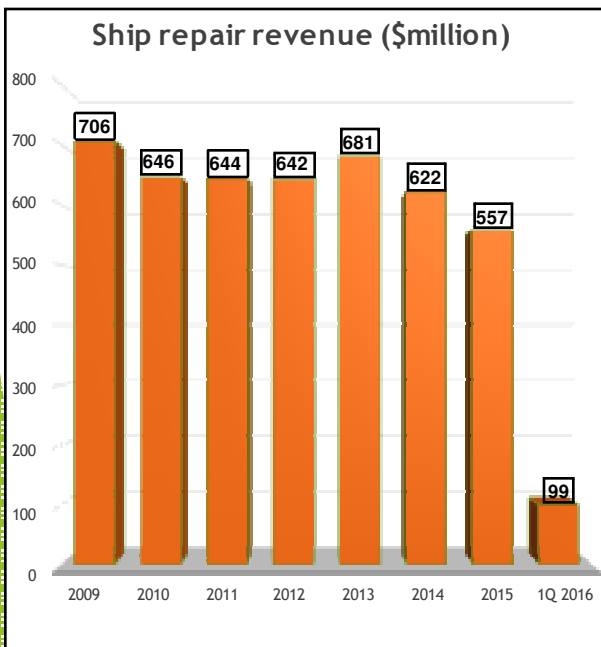
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## Gross and operating profit margins



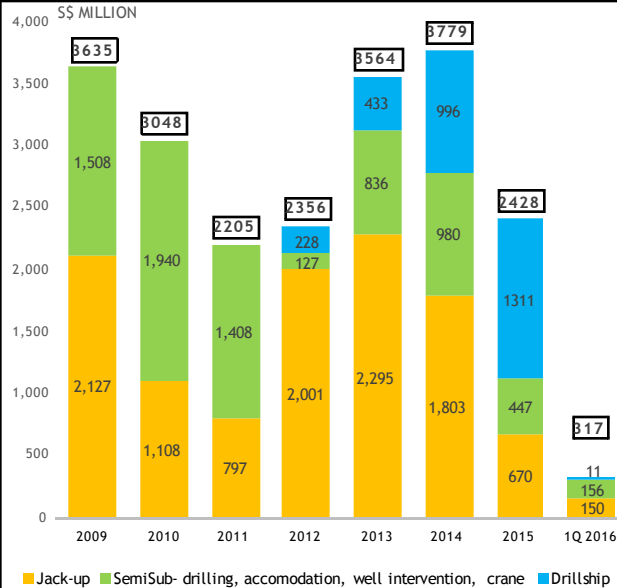
## Core Business: Repairs & Upgrades



Year	1Q 2016	1Q 2015	% change
No. of vessels repaired	125	121	+3
Average value per vessel (\$m)	0.8	0.8	-
Total repair revenue contribution (\$m)	99	100	-1

## Core Business: Rig Building

- Rig building revenue fell 58% yoy to S\$317 million in 1Q 2016, accounting for 35% of total group revenue.
- Delivered one Prosafe accommodation semi-sub in 1Q 2016.



### JACK-UP RIGS SCHEDULE

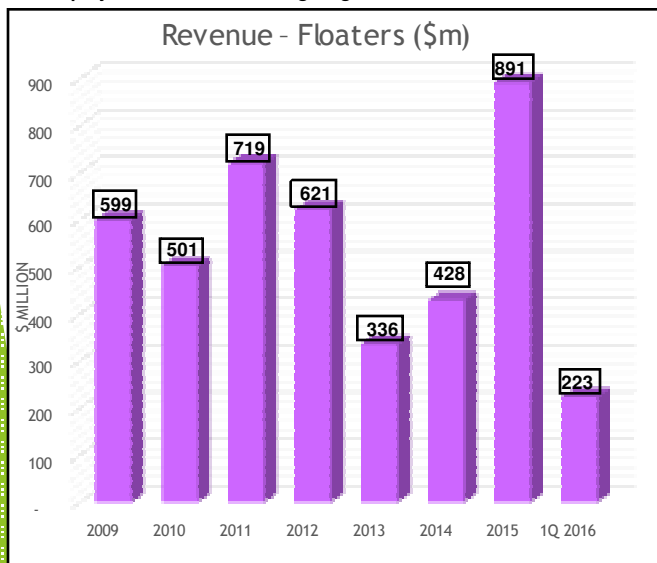
No. delivered in 1Q 2016	Nil	
No. of projects in WIP	8	<ul style="list-style-type: none"> <li>* Oro Negro Vastus JU</li> <li>* PC400 Jack-up, Perisai Pacific 102</li> <li>* PC400 JU, Oro Negro P2045</li> <li>* PC400 JU, Oro Negro P2046</li> <li>* MSC CJ 70 JU, Noble Mariner</li> <li>* F&amp;G JU2000E JU, Hercules</li> <li>* PC400 JU, Perisai Pacific 103</li> <li>* PC400 JU, BOTL/JDC Hakuryu 14 JU 2</li> </ul>

### SEMI-SUBS / DRILLSHIPS

No. of projects delivered in 1Q 2016	1	* Prosafe accommodation semi 1
No of projects in WIP stage	13	<ul style="list-style-type: none"> <li>* Drillship 1st unit, Sete Brasil, Arpoador</li> <li>* Helix semi-well intervention 2 (Q7000)</li> <li>* Harsh-environment CS60 semi-submersible rig, Seadrill</li> <li>* Drillship 2<sup>nd</sup> unit, Sete Brasil</li> <li>* Prosafe accommodation semi 2</li> <li>* Drillship 3rd unit, Sete Brasil</li> <li>* Drillship 4<sup>th</sup> unit, Sete Brasil</li> <li>* Drillship 5<sup>th</sup> unit, Sete Brasil</li> <li>* Drillship 6<sup>th</sup> unit, Sete Brasil</li> <li>* Drillship 7<sup>th</sup> unit, Sete Brasil</li> <li>* 1st drillship - Transocean, JE III</li> <li>* 2nd drillship for Transocean, JE III</li> <li>* Heerema new semi-s crane vessel</li> </ul>

## Core Business: Floaters revenue robust

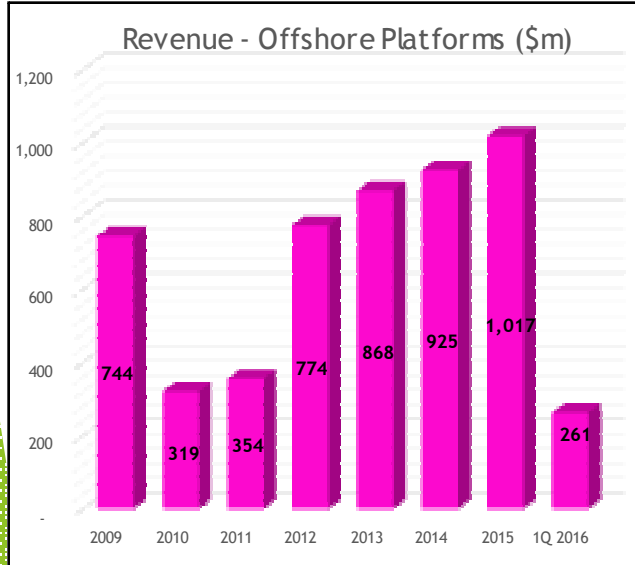
- Floaters revenue increased 15% yoy to \$223 million in 1Q 2016
- FPSO Ghana Ten recently delivered in 1Q 2016.
- 7 projects in WIP & Planning stages



Offshore conversions	No. of projects	Brief description
No. of Projects recently delivered	1	* Ghana Ten
No. of projects in the WIP and Planning & Engineering Stage	6	<ul style="list-style-type: none"> <li>* FSO Gina Krog</li> <li>* P68 FPSO for Petrobras</li> <li>* P71 FPSO for Petrobras</li> <li>* FPSO Norte - Kaombo (Olympia)</li> <li>* FPSO Libra</li> <li>* FPSO Sul - Kaombo (Antartica)</li> </ul>
No. of Projects in Planning & Engineering Stage	1	* FPSO Cuizean Modec

## Core Business: Offshore Platforms sales in healthy uptrend

- Offshore Platforms revenue increased 10% yoy to \$261 million in 1Q 2016
- 6 projects in WIP & Planning and Engineering stages.



Offshore Platforms	No. of projects	Brief description
Number of projects delivered in 1Q 2016	-	Nil
Number of projects in the WIP stage	5	* Ivar Aasen * Wheatstone * Siemens Dudgeon
Number of projects in Planning and Engineering stage	1	* Maersk Culzean topsides * Yamal LNG Batch 3 * Yamal PAU module

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## CAPITAL, GEARING & ROE

Group (\$\$ million)	Mar-16	Mar-15	% change
Shareholders' Funds	2,553	3,106	(18)
Net Debt	2,945	908	n.m.
Net Working Capital	1,888	1,204	57
Return on Equity (ROE) (%) (Annualised)	8.7	14.0	(38)
ROE - exclude NOI (%) (Annualised)	7.2	13.9	(48)
Net Asset Value (cents)	122.2	148.7	(18)
Return on Total Assets (ROTA) (%) (Annualised)	3.1	5.7	(46)
ROTA - exclude NOI (%) (Annualised)	2.7	5.7	(53)

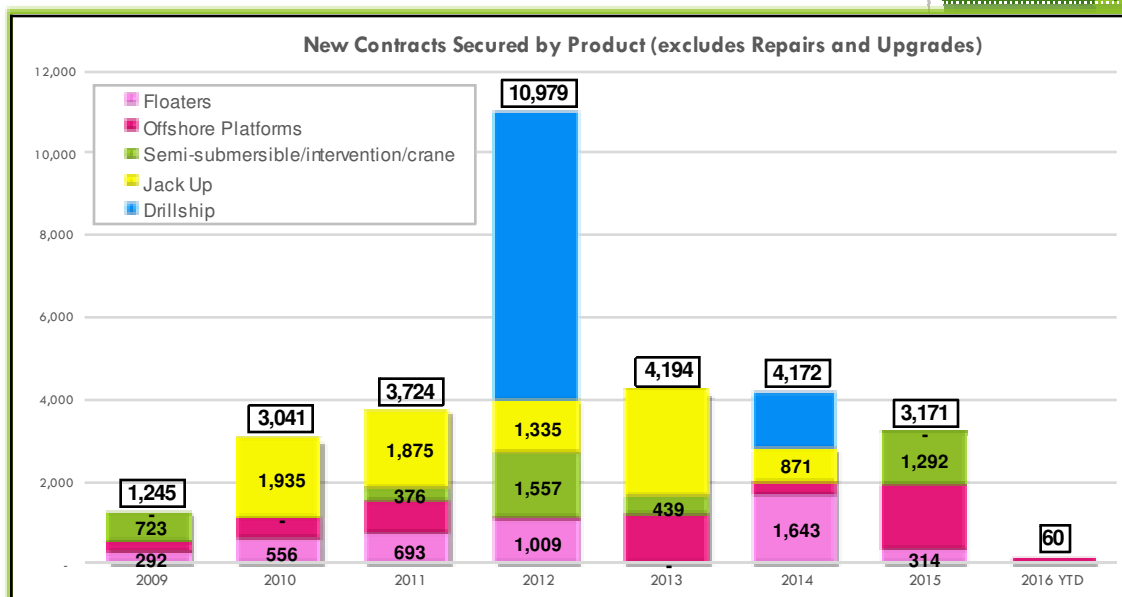
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## CASHFLOW

Group (\$\$ million)	1 Q 2016	1 Q 2015	% change
Operating profit before working capital changes	84	174	(52)
Net cash outflow from operating activities	(73)	(50)	46
Net cash outflow from investing activities	(149)	(221)	(33)
Net cash inflow from financing activities	572	306	87
Cash & cash equivalents	957	1,126	(15)
Borrowings	(3,902)	(2,034)	92
Net Debt	(2,945)	(908)	n.m.
Progress Billing > WIP	336	917	(63)

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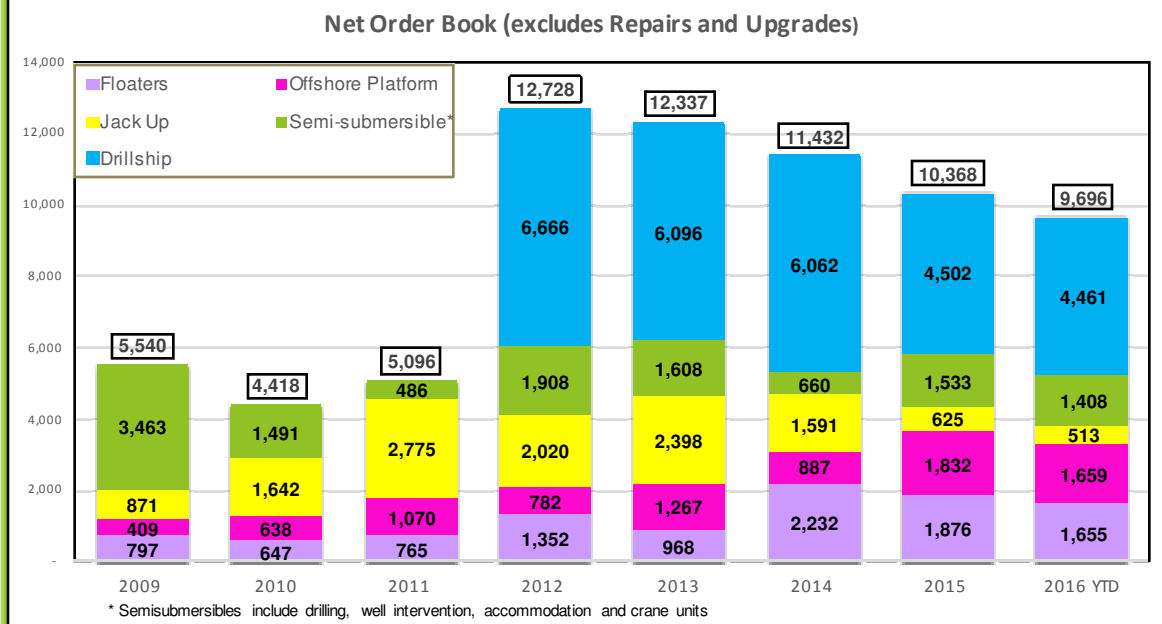
## New Contracts Secured by Product Type (\$million)



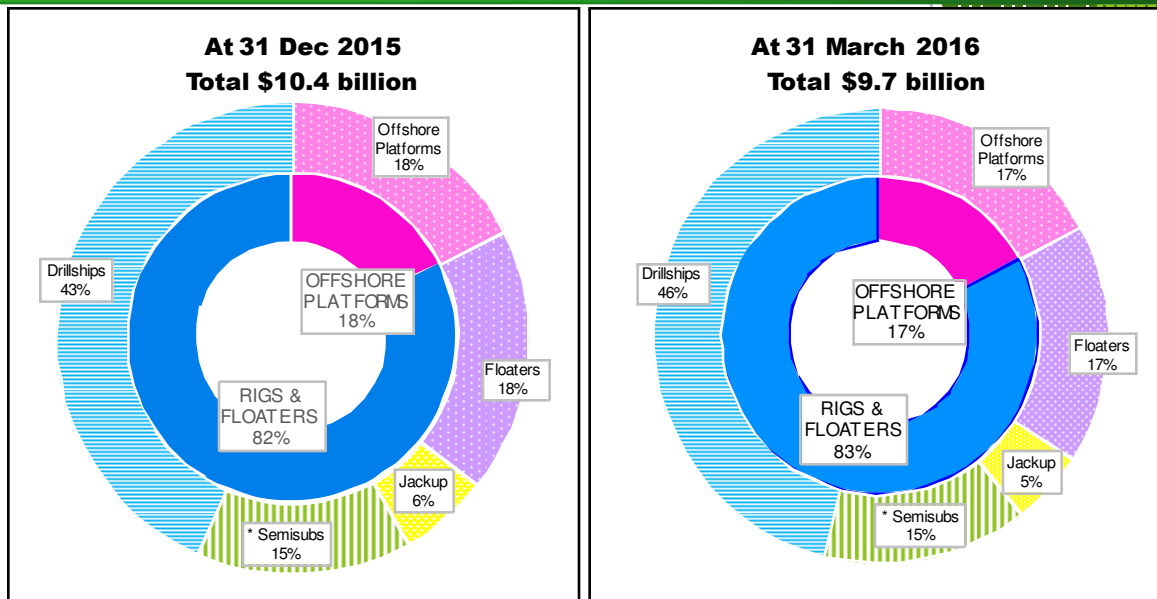
\* Semisubmersibles include drilling, well intervention, accommodation and crane units

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## Net Order Book at \$9.7 billion



## Net order backlog by division and product type



\* Semisubmersibles include drilling, well intervention, accommodation and crane units

# 1Q 2016 Results Appendix

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## ROBUST BUSINESS MODEL

1963 – 1969

1970 – 1975

1976 – 1994

1995 – 2000

2001 – 2005

2006 – 2014

### Transformation for Growth





**sembcorp  
marine**

## FOUR KEY CAPABILITIES

2015 & beyond...

### OUR FOUR KEY CAPABILITIES

Through harnessing our globally-integrated design and execution capabilities, we provide turnkey solutions for complex projects.

**Product Areas:**

- FPSO, FDPSP, FSO, FPU, FLNG, FSRU, MOPU conversions and newbuilds
- Drillships, semi-submersibles (drilling, accommodation and well-intervention), jack-up rigs, TLP and SPAR constructions



We assure customers with our on-time delivery, quality and exemplary HSE standards. We tackle the most sophisticated and complex projects.

**Product Areas:**

- Offshore platforms
- Integrated and process
- Production, riser and drilling
- Wellhead, power generation, manifold and accommodation
- Wind-farm substations
- LNG modules



We design and build high-performance, specialised vessels. We meet and exceed specifications and requirements.

**Product Areas:**

- Accommodation and crane barges
- Offshore support vessels
- Harbour- and ocean-going tugs
- Dredgers
- Research/seismic/multi-purpose vessels
- Heavy-lift pipelay vessels
- Carriers (container/heavy cargo/LPG/LNG)



We offer proactive and holistic solutions based on establishing deep relationships. We work across all types of vessel projects – from the routine to the most complex.

**Product Areas:**

- Repair, refurbishment, retrofitting, life extension and upgrading of vessels, marine and offshore structures and MODUs
- Jumboisation and de-jumboisation
- Ship-type conversion



**sembcorp  
marine**

## Leaders in offshore marine engineering solutions

### Rigs and Floaters



### Repairs & Upgrades



### Offshore Platforms



### Specialised Shipbuilding





### Sembcorp Marine to offer new tech solutions using circular hull form with SSP Offshore

- The Group signed a sales & purchase agreement with SSP Offshore to acquire substantially all its business assets for US\$21 million.
- Key assets of SSP Offshore include its flagship SSP Floater technology – the next-generation circular hull form – and the company's entire portfolio of proprietary SSP® (Satellite Services Platform) solutions, including the *SSP Driller* for deep-water drilling, the *SSP Plus FPSO* for production and storage, and the *SSP Hub* for logistic hub applications.
- The acquisition of SSP Offshore assets is in line with the Group's strategy of diversifying its product offerings and expanding into new market segments to further grow its offshore and marine business.



*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.*