



Company Registration Number: 196300098Z

PRESS RELEASE

Results for 3Q and 9M 2016

NINE MONTHS 2016 NET PROFIT OF \$44.5 MILLION

Key highlights:

For the nine months to September 30, 2016:

- Gross profit totalled \$258 million.
- Group EBITDA of \$264 million.
- Group net order book stands at \$8.37 billion.
- Strategic acquisition of LMG Marin AS.

Singapore, October 25, 2016: Sembcorp Marine recorded total group revenue of \$2.71 billion for the nine months ended Sep 30, 2016 (9M 2016). This compares with \$3.64 billion in group revenue posted in 9M 2015.

The Rigs & Floaters segment posted revenue of \$1.39 billion for the 9M 2016, a 44% year-on-year decline from the \$2.46 billion booked in the previous corresponding period. The decline was led by lower revenue recognition for the rig building projects resulting from customer deferment requests and customer restructuring. Floaters revenue was higher.

Offshore Platforms revenue increased 27% year-on-year from \$722.4 million in 9M 2015 to \$915.7 million in 9M 2016 on sales recognition of its robust order book base from Offshore Platforms contracts.

For the 9M 2016 period, key deliveries for Rigs & Floaters and Offshore Platforms segments include an accommodation semi-submersible vessel to Prosafe, the Ivar Aasen process platform, drilling and living quarters topsides to Det Norske Oljeselskap ASA, the Maersk Highlander F&G JU2000E jack-up rig to Maersk Oil and the Noble Lloyd Noble jack-up rig to Noble Corp.

Repairs & Upgrades revenue declined 12% year-on-year to \$349.9 million for 9M 2016 from \$397.2 million previously, despite an increase in the number of ships repaired to 379 vessels for 9M 2016 compared with 358 vessels in 9M 2015.

Group gross profit for 9M 2016 declined 44% year-on-year to \$258 million from \$459 million. EBITDA was \$264 million compared with \$454.1 million achieved previously.

The Group's share of losses of associates and joint ventures for 9M 2016 increased by 29% year-on-year to \$29.8 million. For the 9M 2016, Group net profit declined 82% year-on-year to \$44.5 million from \$247.2 million in 9M 2015.

A gain of \$9.3 million from Gravifloat investment was offset by an impairment loss of \$12.3 million on the Group's holdings in Cosco Corp. Foreign exchange losses in 9M 2016 of \$71.1 million mainly arose from revaluation of assets and liabilities denominated in Sterling pounds and US\$ to Singapore dollars.

Financial Highlights

Period (S\$m)	3Q 2016	3Q 2015	% change	9M 2016	9M 2015	% change
Turnover	888	1,130	(21)	2,715	3,641	(25)
Gross Profit	71	91	(22)	258	459	(44)
EBITDA	68	107	(36)	264	454	(42)
Operating Profit	33	75	(56)	158	360	(56)
(Loss)/Profit before tax	(18)	23	n.m.	69	294	(76)
Net (Loss)/ Profit	(22)	32	n.m.	44	247	(82)
EPS (basic) (cts)	(1.04)	1.54	n.m.	2.13	11.84	(82)
NAV (cts)				119.38	*120.24	
* NAV as at December 31, 2015						

3Q 2016 VERSUS 3Q 2015

On a quarterly basis, Group turnover for 3Q 2016 at \$888 million was 21% lower when compared with \$1.13 billion for the same period in 2015.

Group gross profit of \$71 million was 22% lower on year-on-year basis mainly due to lower earnings from rig building projects. At the operating level, Group profit totalled \$32.9 million, which represents a 56% year-on-year decline on higher operating expenses of which foreign exchange losses of \$18.9 million mainly were reported on revaluation of assets in Sterling pounds.

The Group recorded a net loss of \$21.8 million for 3Q 2016 compared with a net profit of \$32.1 million in 3Q 2015 due mainly to higher finance costs of \$22.5 million and share of losses of associates and joint ventures of \$27.7 million for the quarter.

Excluding the effects of foreign exchange, operating profit for 3Q 2016 was \$51.8 million, which was higher than the \$39.6 million in operating profit (before effects of foreign exchange) for 3Q 2015.

During the quarter, the Group acquired a 100% stake in LMG Marin AS, a Norway-based company with expertise in naval architectural design, engineering and technology development. LMG owns a series of design patents and has experience in

the design of drillships, offshore production & storage floaters, OSVs, LNG carriers, LNG-powered ships, car ferries and cruise ships.

BALANCE SHEET

Group net borrowings as at 30 September 2016 of \$2.62 billion was lower than the \$2.75 billion as at end FY2015 due to the cash inflow from project deliveries and milestone receipts from on-going projects.

OUTLOOK

The macro environment remains challenging, with global economic growth uneven and muted. The outlook of the Oil & Gas Sector is uncertain and recovery is expected to be long drawn. Offshore exploration and production projects continue to be curtailed. There are however some prospects in the LNG value chain.

Sete Brasil filed for judicial restructuring on 29 April 2016. We continue to monitor the developments.

Receipts from project deliveries and achievements of progress milestones have improved the Group's cash flow and balance sheet during the quarter. The Group will continue to focus on liquidity, costs and balance sheet management. This includes active management of our manpower requirements in line with changing needs.

Sembcorp Marine expects to navigate these tough times, having gone through several down-cycles in the past. With a strong core team and strategic investments in infrastructure and technology built over the years, the Group is more resilient and better positioned to capture new opportunities

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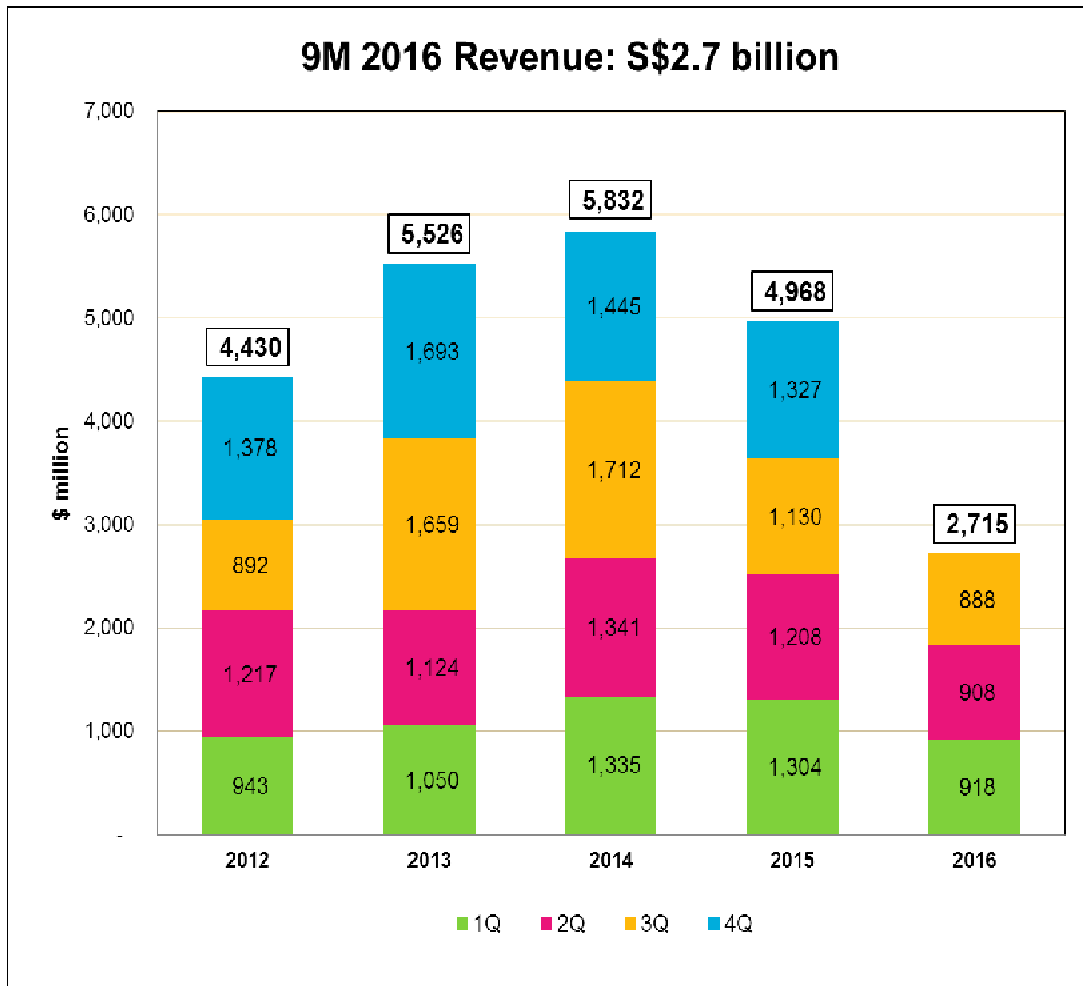
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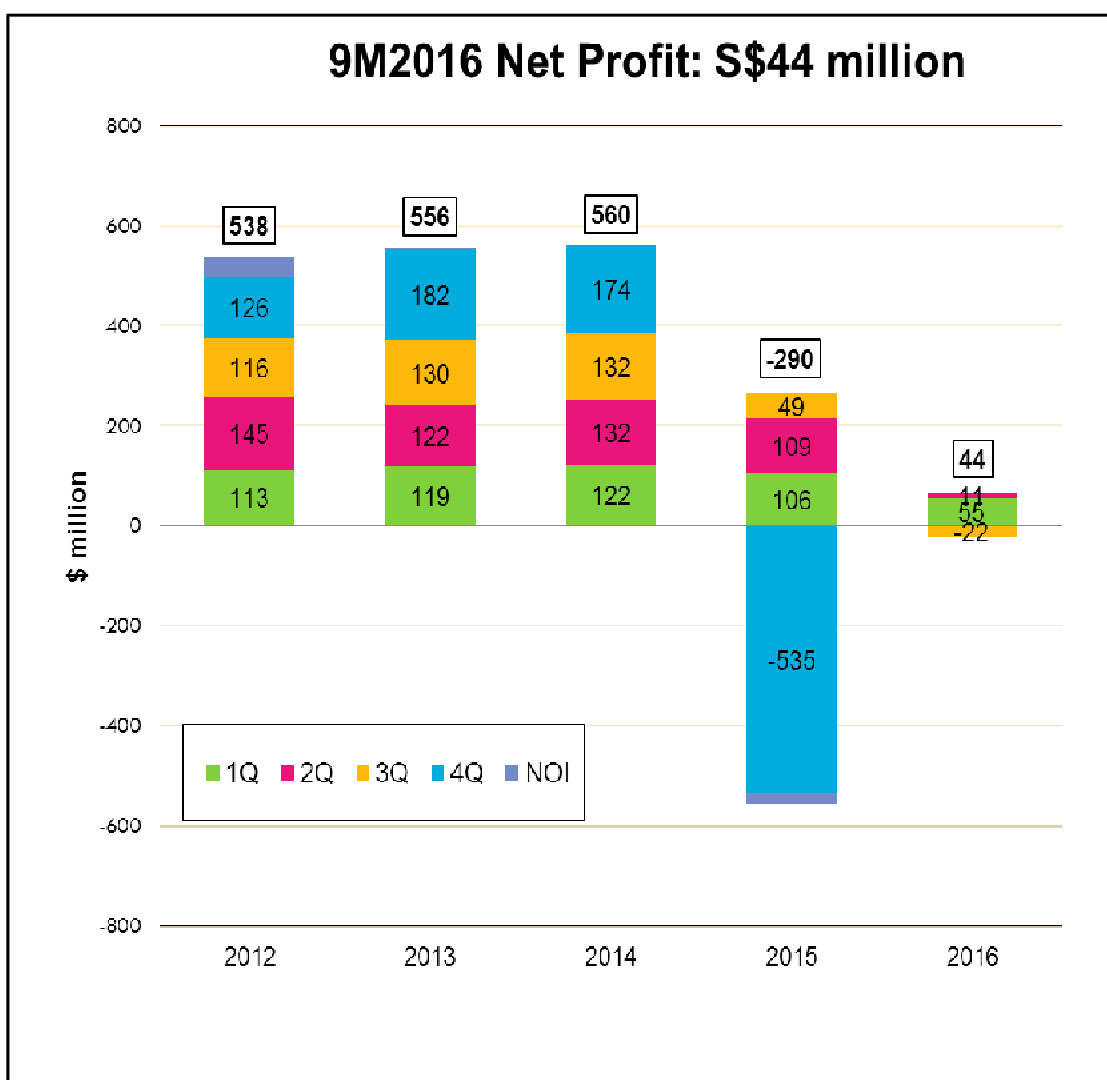
Appendix

QUARTERLY TURNOVER (2012 TO 9M 2016)



- Group turnover declined 21% year-on-year to \$888 million in 3Q 2016 from \$1.13 billion in 3Q 2015.
- Lower revenue recognition from Rig building projects.
- Lower average revenue per vessel repaired for Repairs & Upgrades.
- Higher revenue recognition from Offshore Platforms projects.

QUARTERLY NET PROFIT (2012 TO 9M 2016)



- 3Q 2016 Net Loss was \$21.8 million. In 3Q 2015, the Group reported a Net Profit of \$32.1 million.
- 3Q 2016 foreign exchange loss of \$18.9 million. This mainly arose from the revaluation of assets denominated in Sterling pounds to Singapore dollars. 3Q 2015 forex gain of \$35.1 million arose from revaluation of assets and liabilities denominated in Euro, USD and Brazilian Real.
- Lower margin recognition from Rig Building projects.
- Share of losses from associates and joint ventures and impairment loss, in all totalling \$31.6 million in 3Q 2016.

CASHFLOW

Group (\$ million)	9M 2016	9M 2015	% change
Operating profit before working capital changes	245	503	(51)
Net cash flow from operating activities	722	(408)	n.m.
Net cash flow from investing activities	(342)	(726)	(53)
Net cash flow from financing activities	531	875	(39)
Cash & cash equivalents in balance sheets	1,493	827	81
Borrowings	4,108	2,849	44
Net Debt	2,615	2,022	29
Progress Billing > WIP	458	657	(30)

Note : n.m : not meaningful

- Net debt totalled \$2.62 billion, or a net debt to equity ratio of 1.03 times.
- Progress billings, in excess of work in progress, stand at \$458 million.

CAPITAL, GEARING AND ROE

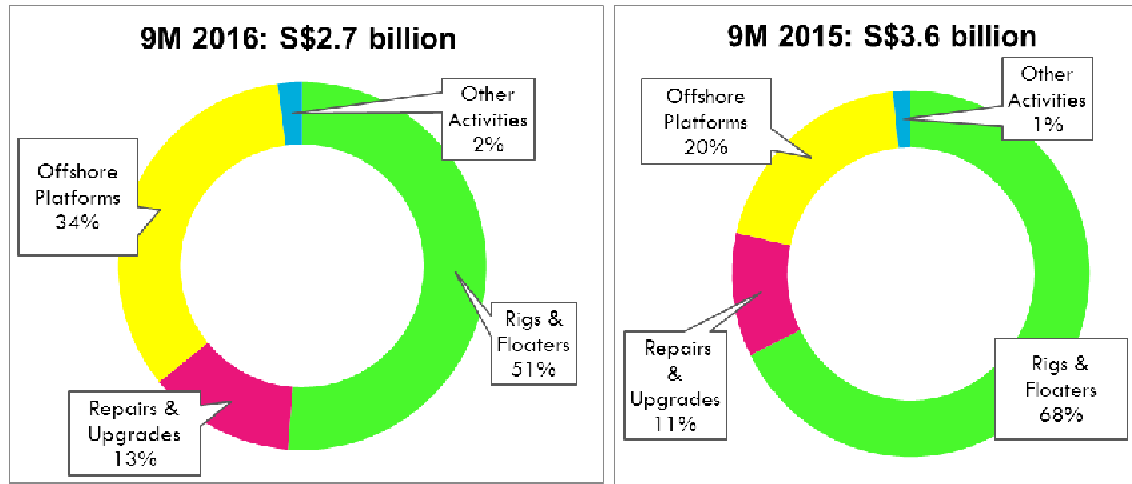
Group (\$ million)	Sep-16	Dec-15	% change
Shareholders' Funds	2,494	2,511	(1)
Net Debt	2,615	2,751	(5)
Net Working Capital	1,687	1,220	38
Return on Equity (ROE) (%) (Annualised)	2.4	(10.6)	n.m
Net Asset Value (cents)	119.4	120.2	(1)
Return on Total Assets (ROTA) (%) (Annualised)	1.5	(2.9)	n.m.

Note : n.m : not meaningful

- Lower net debt of \$2.62 billion as at Sep 30, 2016, versus \$2.75 billion as at December 31, 2015.
- Improved working capital to \$1.69 billion as at Sep 30, 2016, from \$1.22 billion as at December 31, 2015.

REVENUE CONTRIBUTIONS BY SECTORS (9M 2016 versus 9M 2015)

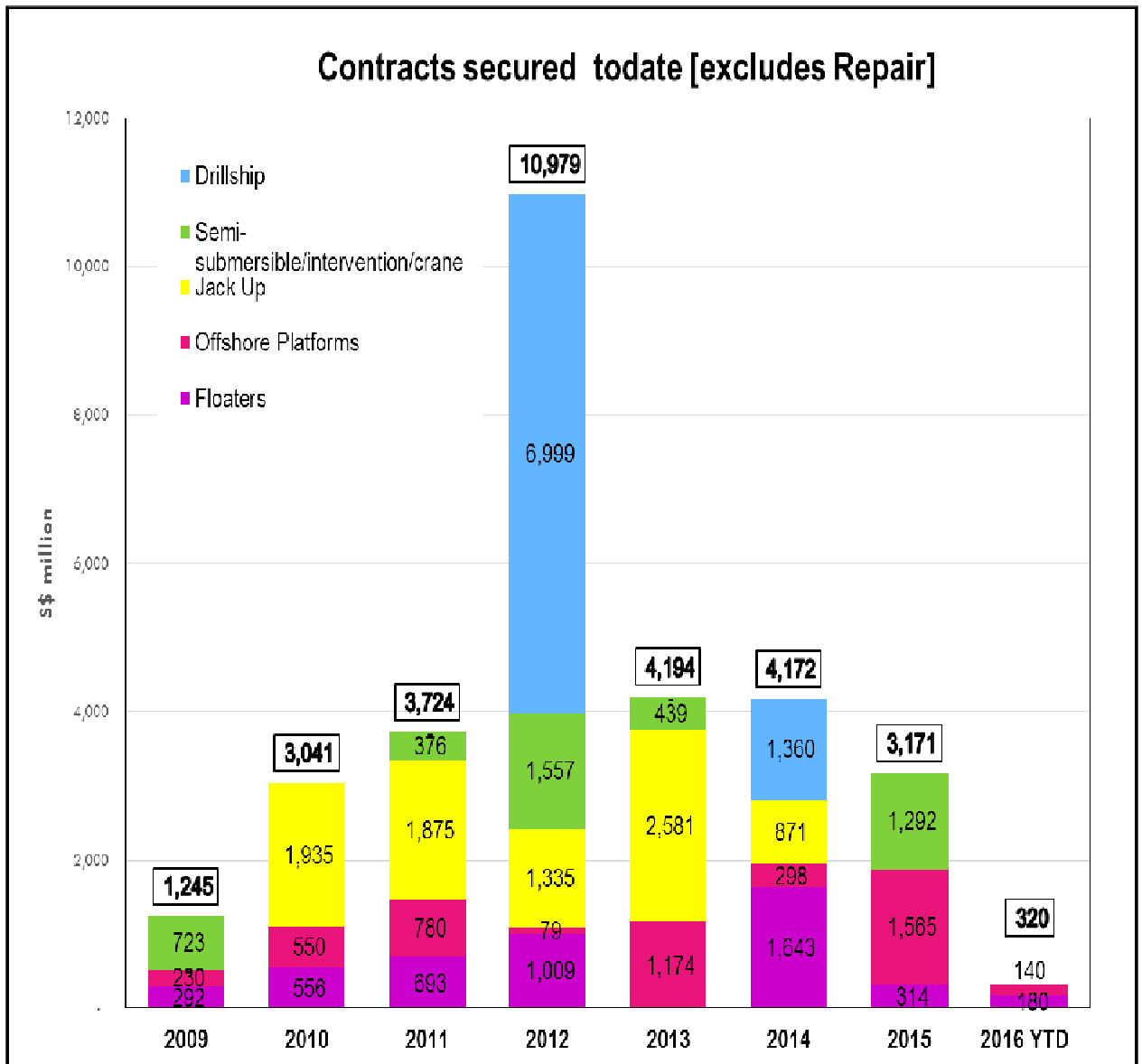
By Value & Percentage Contribution



Turnover (S\$ million)	9M 2016	9M 2015	% change	3Q 2016	3Q 2015	% change
Rigs & Floaters	1,391	2,464	(44)	436	744	(41)
Repairs & Upgrades	350	397	(12)	105	131	(20)
Offshore Platforms	916	722	27	326	235	39
Other Activities	58	57	2	21	20	5
TOTAL	2,715	3,641	(25)	888	1,130	(21)

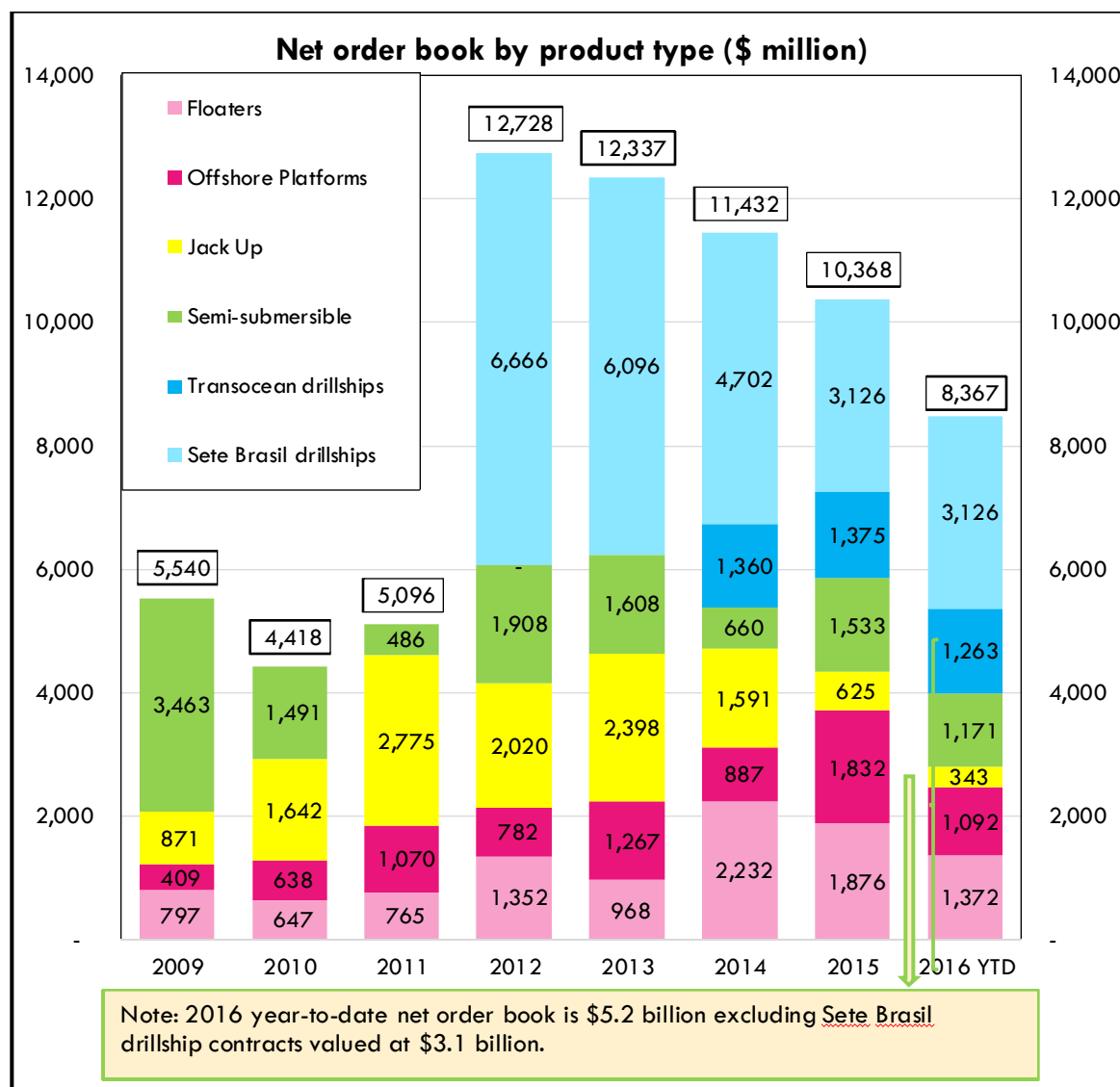
- Rigs & Floaters was the largest segment, accounting for 51% of 9M 2016 total revenue followed by Offshore Platforms at 34%, Repairs & Upgrades at 13% and others at 2%.
- 9M 2016 Rigs & Floaters revenue declined 44% year-on-year to \$1.39 billion due to lower project recognition and deliveries versus the previous corresponding period. Floaters revenue increased.
- Offshore Platforms revenue increased 27% year-on-year to \$916 million for 9M 2016.
- Repairs & Upgrades declined 12% year-on-year to \$350 million for 9M 2016.

CONTRACTS SECURED BY YEAR



- Secured S\$320 million in contracts from Offshore Platforms and Floaters in 9M 2016.

NET ORDER BOOK



- Net order book year-to-date stands at \$8.4 billion with deliveries and completion stretching till 2020. Excluding Sete Brasil contracts, net order book stands at \$5.2 billion.

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.