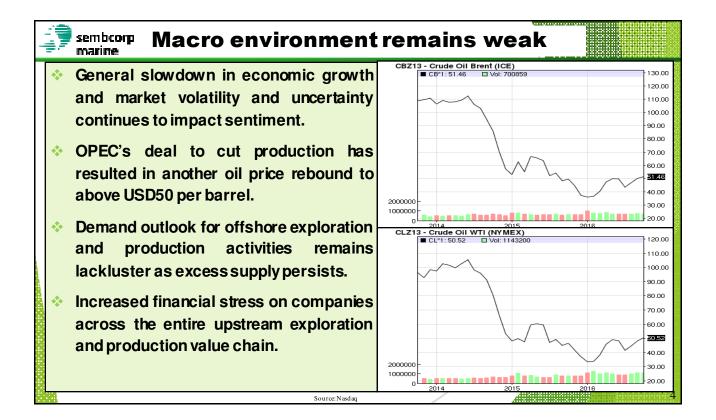






### **CEO ADDRESS**

- Macro update
- Financial performance for 3Q & 9M 2016
- Operations Review
- Outlook and Prospects





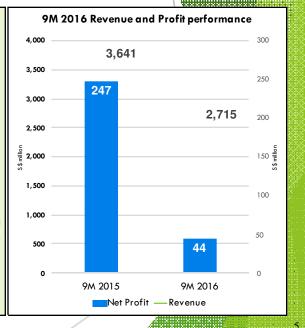
### **Financial Performance**

#### Key Highlights for 9M 2016:

- ❖ Total revenue of S\$2.7 billion.
- Net Profit was S\$44.5 million.

#### Key Highlights for 3Q 2016:

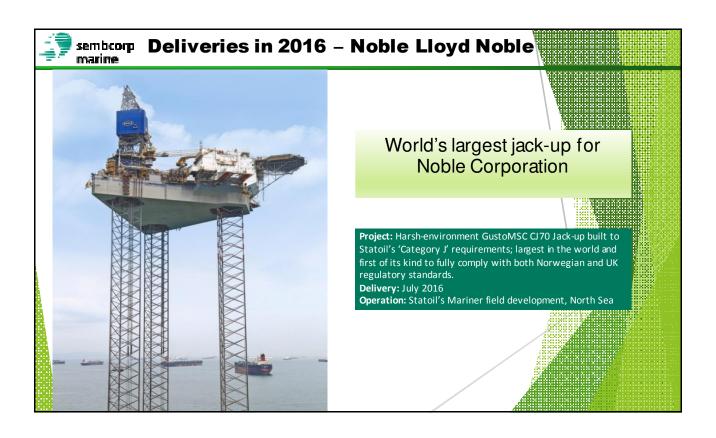
- Total revenue of S\$888 million.
- ❖ Net Loss was S\$21.8 million.
- Excluding foreign exchange effects, Operating profit for 3Q 2016 was S\$51.8 million, higher than the S\$39.6 million in operating profit (before forex effects) for 3Q 2015.
- Generated Operating cash flow of S\$796 million; gearing improves to 1.03 times.

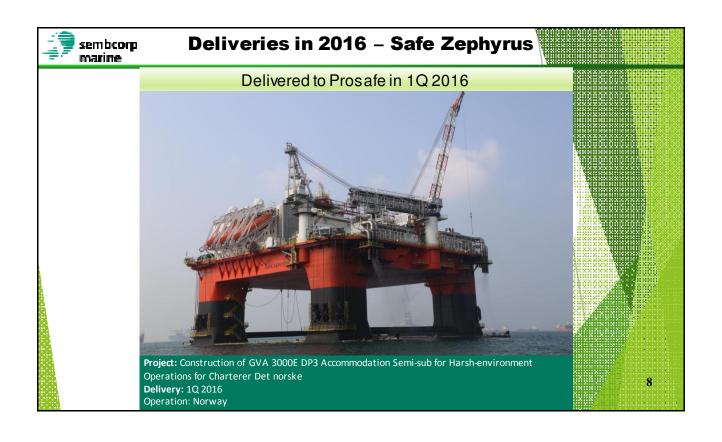




## **Operations Review**

- Key deliveries in 9M 2016 have improved overall cash flow and strengthened Sembcorp Marine's balance sheet.
- 5 significant deliveries were made during 9M 2016.













### **Other Key Activities**

- Good progress being made on execution of current order book.
- Key projects include:

Delivery: 2Q 2016

Operation: Ivar Aasen field, Norwegian North Sea

- Engineering & construction of world's largest sem i-submersible crane vessel for Heerema;
- Design and construction of Floating Storage and Offloading (FSO) vesselfor MODEC;
- Engineering, Procurement and Construction (EPC) of harsh environment topside modules for Maersk Oil, including a central processing facility, wellhead platform and living quarters platform;
- FPSO conversion for Libra field;
- LNG and Electrical sub-station modules;
- Topsides modules construction and integration at EJA Yard in Brazil.

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## **Update on Sete Brasil**

- Sete Brasil filed for judicial restructuring on April 29, 2016 and submitted its restructuring plan on August 12, 2016; continues to discuss with its creditors, shareholders and other stakeholders to find an equitable solution.
- We announced on April 22, 2016 that we have commenced arbitration proceedings against several subsidiaries of Sete Brasil. These are ongoing.
- We are monitoring developments and continue to engage with Sete Brasil as necessary.
- ❖ We believe provisions of S\$329 million made in 4Q2015 for the Sete Brasil contracts remain adequate under present circumstances.

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# Update on other drilling rig contracts

- Several rigs due for delivery in our order book have been deferred. We have taken steps to protect our interests and are evaluating other courses of action, including sale to third parties.
- Standstill agreement with North Atlantic Drilling for the delivery of the West Rigel semi-submersible rig extended to January 6, 2017. Both parties are marketing the rig for charter or sale.
- Provisions of S\$280 million taken in 4Q 2015 for deferment and possible cancellation of rigs should remain adequate under current environment.



### Net orderbook at \$\$8.4 billion

- Net order book reasonably robust at S\$8.4 billion as at September 30, 2016. Excluding Sete Brasil projects, net order book stands at S\$5.2 billion.
- For 9M 2016, we secured S\$320 million in new orders for nondrilling solutions.
- In active discussions with potential customers and hopeful that new orders will be won during the year.

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# sembcorp Cost Management Measures: Human Resources marine

- Since start of operations of Tuas Boulevard Yard and Transformation Initiative, steps taken and ongoing to optimise human resources, build and enhance their capabilities to increase efficiency and productivity.
- Reallocated excess manpower from drilling to non-drilling work without compromising safety and quality; terminated less efficient sub-contractors and allow natural attrition of employees.
- For EJA Yard, steps taken to reduce manpower commensurate with level of activities.
- Above measures resulted in reduction of 8,000 comprising employees and subcontractor manpower.
- Continue to evaluate & optimise manpower requirements and take further measures as needed; selectively recruit talents to support new business, build capabilities and competencies in line with long term workforce sustainability strategy.
- Besides manpower optimisation, implemented salary freeze and adjustments to variable remuneration for management staff since 2015 to reduce operating costs.



### **Yard Capex and Capacity Management**

- Phase 2 of Tuas Boulevard Yard (TBY) scheduled for completion in 1Q 2017; we will be better positioned to optimise yard capacities.
- Two of our yards in Singapore will be returned to the Government during 2017.
- Continue to leverage and maximise utilization of TBY while we review schedule for returning other yards in Singapore at or before lease expiry dates.
- EJA Yard will be fully completed by 4Q 2017; able to provide full complement of services, including dry docking of vessels, conversion and new building of FPSOs and other vessels.
- Yard infrastructure investments started in 2010; to-date most new yard capex expended.
- Going forward, new yard capex will only proceed if required for execution of secured contracts; non-essential capex deferred.



# **Cashflow and Liquidity**

- Majority of current S\$8.4 billion order book is based on progressive payment terms. Less than 20% of order book is for drilling rigs with back-ended payment terms.
- Need for fresh working capital to fulfil such orders will continue to decrease.
- Remain committed to actively manage balance sheet towards maintaining a healthy financial position through financial discipline and prudence.
- For 3Q 2016, we generated S\$796 million of operating cash flow for project deliveries and achievement of progress milestones.
- Our net gearing as at end September 2016 stands at 1.03 times, an improvement from the 1.11 times as at end 1H 2016.

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## **Outlook and Prospects**

- Growth prospects for offshore and marine industry remains encouraging over the long term.
- New yard facilities and capabilities essential to meet present and future industry needs; flagship Tuas Boulevard Yard has helped unlock new opportunities; enabled the move up the value chain to secure more complex and larger contracts.
- International Maritime Organisation (IMO) announced coming into effect of ballast water convention in Sept 2017; bodes well for our repairs and upgrade business over the next few years for installation of ballast water management system and related services.

sembcorp marine

## **Strategic Acquisitions**

Strategic acquisitions to position Sembcorp Marine for the future:

- Secured full ownership of PPL Shipyard by buying remaining 15% stake; enables us to fully align business management and strategies with Group.
- Identified market potential of gas value chain; investment in Gravifloat since 2014 enables us to offer suite of near-shore redeployable, modularised solutions.
- Acquired KANFA Aragon, a process design and engineering group specializing in floater solutions.
- Acquired Norway based LMG Marin AS, with broad based patents and expertise in naval architecture, ship design and engineering spanning floating structures, platforms, drillships, FPSO, FSO, LNG carriers, cruise ships, etc.
- Above further broadens and deepens our proprietary design and engineering capabilities, support ongoing diversification strategy across offshore and marine value chain, both within and outside oil and gas sector.

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## **Summary**

- Continue to focus on liquidity, cost and balance sheet management; manpower requirements actively managed in line with changing needs.
- Adopt disciplined approach to manage costs and finances to strengthen balance sheet, ensure adequate cash liquidity and improve gearing; key priority remains timely and effective execution.
- Sembcorp Marine has gone through several down-cycles and built a strong core to navigate tough times.
- Strategic investments in infrastructure and technology have enhanced our resilience to better position us to capture new opportunities.
- With strong support of key stakeholders, confident we will weather and ride the cyclical downturn and be well-placed to benefit from recovery ahead.

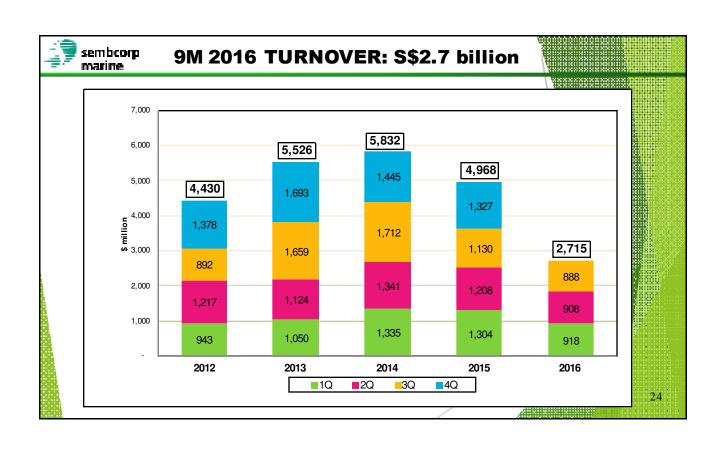
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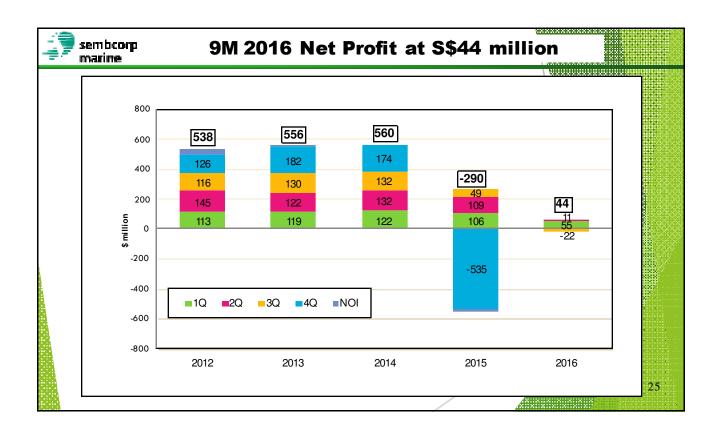


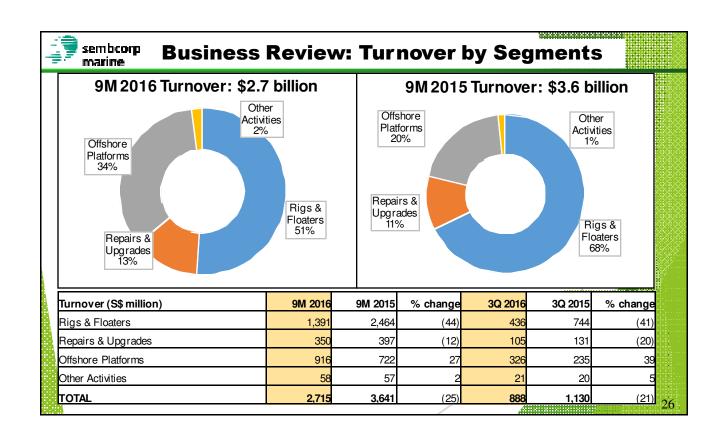
## **CFO Presentation**

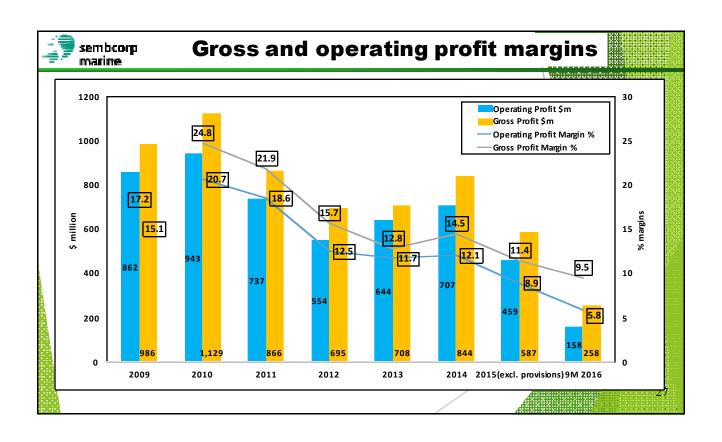
- Earnings Performance
- Financial Position

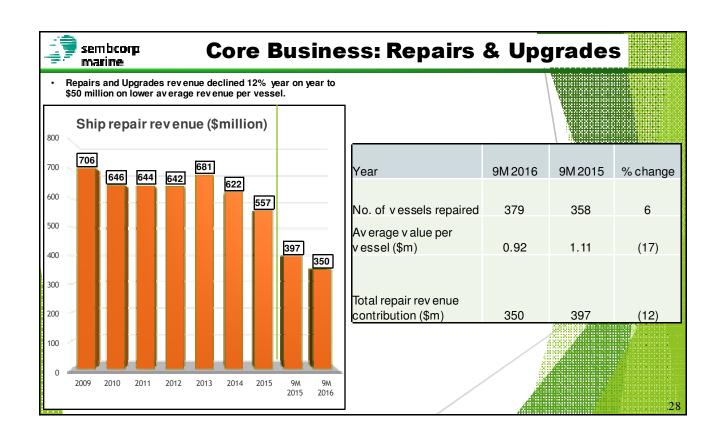
sembcorp marine	FINANCI	AL HIG	HLIGI	HTS		
Period (S\$'m)	3Q 2016	3Q 2015	% change	9M 2016	9M 2015	% change
Turnover	888	1,130	(21)	2,715	3,641	(25)
Gross Profit	71	91	(22)	258	459	(44)
EBITDA	68	107	(36)	264	454	(42)
Operating Profit	33	75	(56)	158	360	(56)
(Loss)/Profit before tax	(18)	23	n.m.	69	294	(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	
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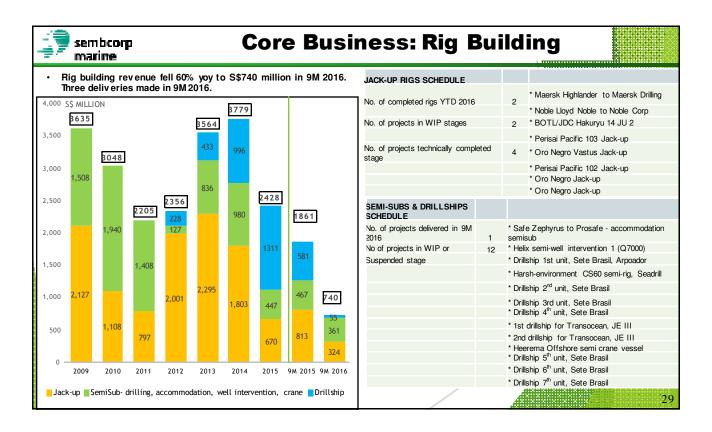


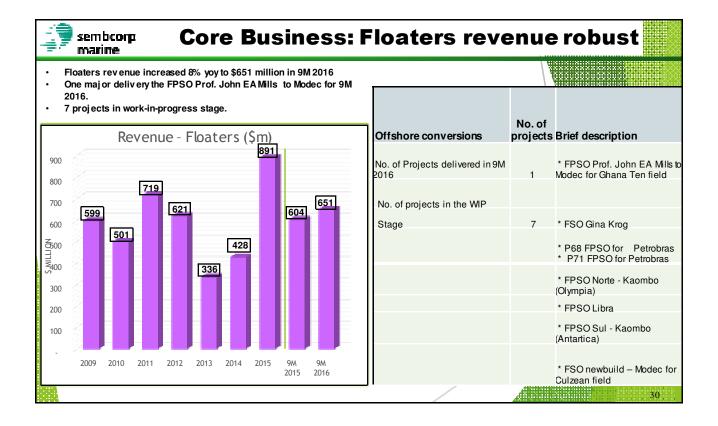


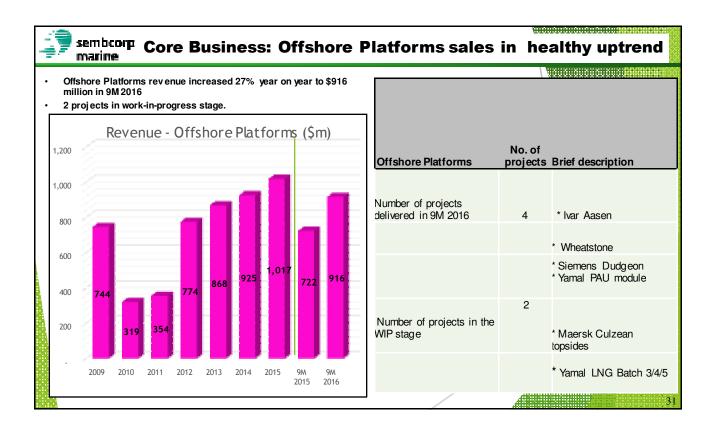




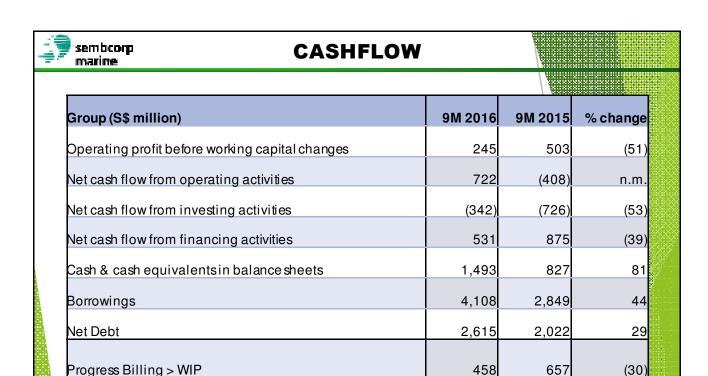


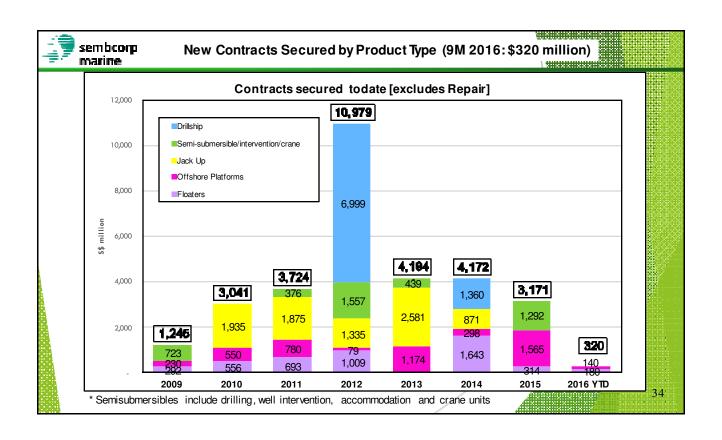


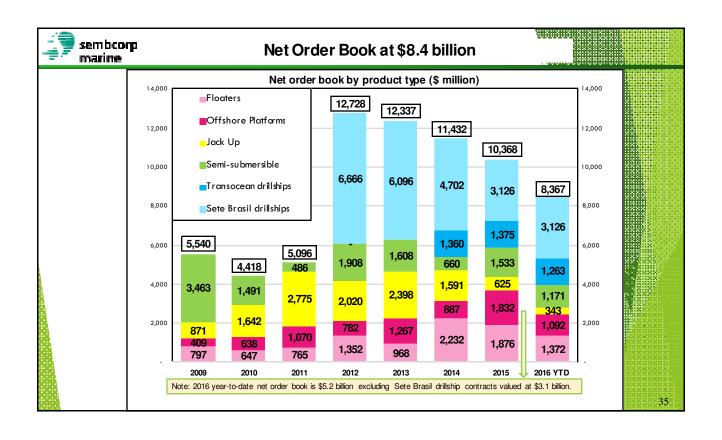


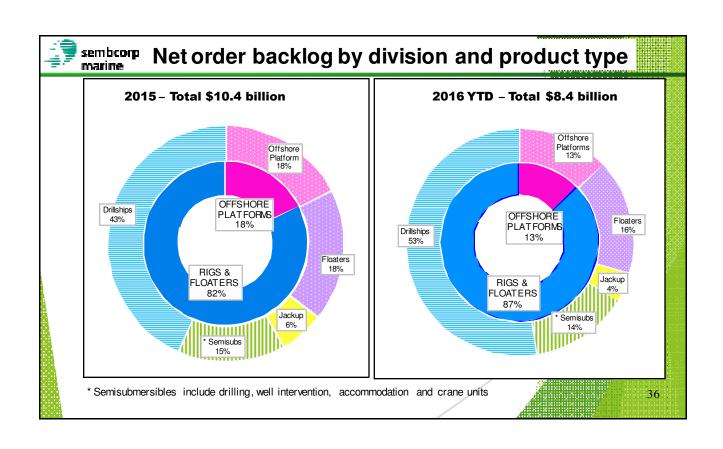


sembcorp CAPITAL, GEARING & ROE							
Group (S\$ million)	Sep-16	Dec-15	% change				
Shareholders' Funds	2,494	2,511	(1)				
Net Debt	2,615	2,751	(5)				
Net Working Capital	1,687	1,220	38				
Return on Equity (ROE) (%) (Annualised)	2.4	(10.6)	n.m				
Net Asset Value (cents)	119.4	120.2	(1)				
Return on Total Assets (ROTA) (%) (Annualised)	1.5	(2.9)	n.m.				
Economic Value Added	(294)	(809)	(64)				

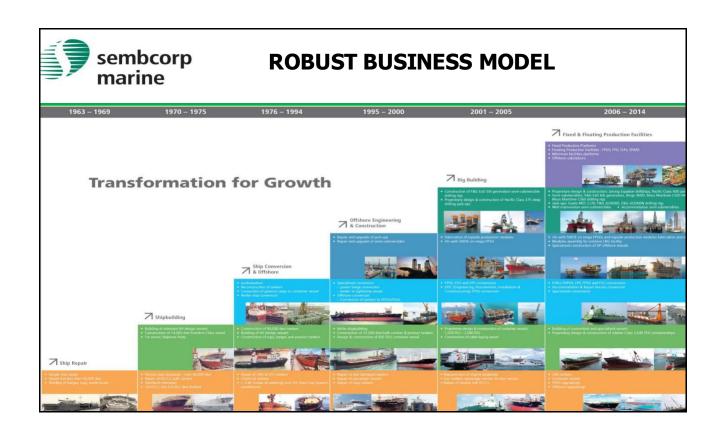




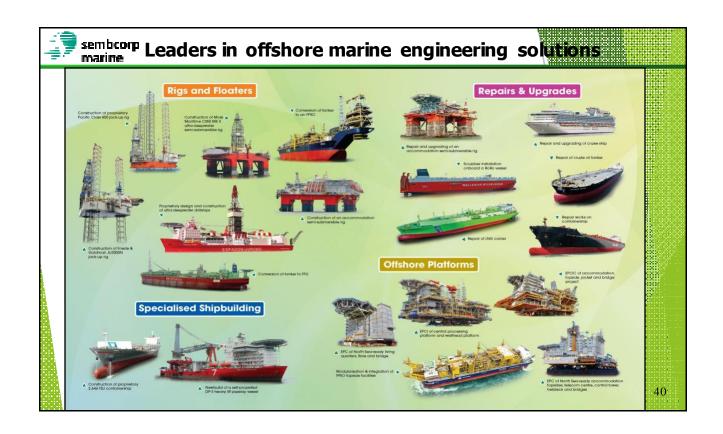










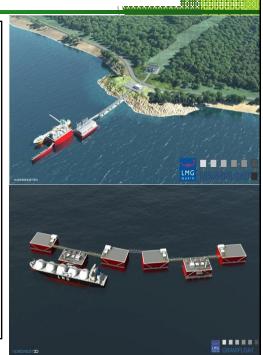




### **Growing non-drilling solutions - Gravifloat**

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.
- Grav ifloat was formed to design, deliver and operate redeployable, 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.
- Grav ifloat 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.



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### **Growing non-drilling solutions - Gravifloat**

The GF Design Platform can integrate with a variety of topsides to form a unit. Each unit can operate as a standalone platform, or be connected with other units, depending on type and scale required.

Various operations under the GF-Design: -

- GF-SRU a storage and regassification
- GF-Power a small scale LNG plant with CCGT plants, with integrated storage, regas and terminal functions
- GF-LNG integrated LNG terminals, and liquefaction plant and LNG export terminal
- GF-Bunkering Terminal storage for redistribution and/or bunkering





## **Growing new technology solutions - SSP Offshore**

### 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.

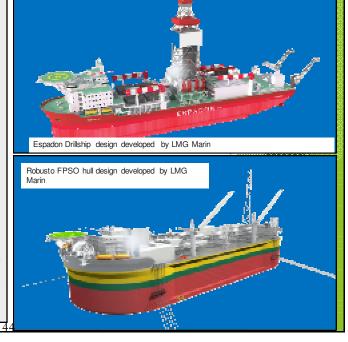


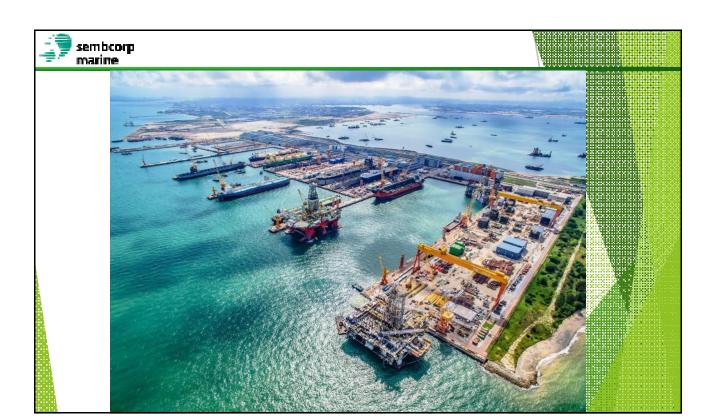


#### sembcorp Growing new design/technology solutions - LMG Marin marine

Sembcorp Marine wholly-owned subsidiary, Sembcorp Marine Integrated Yard Pte. Ltd. ("SMIY") acquired 100% equity stake in LMG Marin AS ("LMG") for US\$20 million.

- LMG is a naval architecture and ship design and engineering house headquartered in Bergen, Norway, with offices in Poland and France.
- Established in 1943, its extensive design and engineering portfolio spans floating structures, platforms and a wide variety of ship types, such as drillships; floating production, storage and offloading vessels (FPSO); floating storage and offloading vessels (FSO); offshore support vessels (OSV); LNG carriers; LNG-powered ships; car ferries; and cruise ships.
- LMG originated several key designs adopted by Sembcorp Marine EG. the next-generation Espadon drillship design; the FSO design for its newbuild FSO for deployment in the UK North Sea; and the Gravifloat modular LNG and LPG platform solutions
- The Robusto FPSO hull design, customised for operation in Brazil and West Africa, is another notable LMG creation.
- . The consideration for the Acquisition, to be fully paid in cash by internally generated funds, was arrived at on a willing-buyer willing-seller basis, after taking into account (i) the estimated net tangible asset value of US\$3.8 million as at 31 July 2016, and (ii) intellectual property and patents of







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.