



Company Registration Number: 196300098Z

PRESS RELEASE

Results for 4Q 2016 and FY 2016

FY 2016 Net Profit of \$79 million

Key highlights:

For the 12 months to December 31, 2016,

- Revenue totalled \$3.54 billion.
- EBITDA of \$384 million.
- Net profit totalled \$79 million.
- Positive operating cashflow of \$669 million from negative \$867 million in FY 2015.

Singapore, February 22, 2017: Sembcorp Marine posted Group revenue of \$3.54 billion for the year ended December 31, 2016 (FY 2016) compared with \$4.97 billion previously. The Group reported an earnings turnaround in FY 2016 with EBITDA totalling \$384 million while Net Profit was \$79 million. Operating cashflow was \$669 million in FY 2016 compared with negative cashflow of \$867 million in FY 2015.

Turnover for Rigs & Floaters was \$1.89 billion for FY 2016, a 43% decline from the \$3.32 billion booked in the previous year due to lower revenue from drillships and other rigs. Deliveries included two jack-up rigs, one accommodation semi-submersible and an FPSO conversion during the year.

Offshore Platforms revenue increased 10% year-on-year to \$1.12 billion in FY 2016 from \$1.02 billion in FY 2015 on higher recognition of offshore platform projects. Significant deliveries include that of three production platform topsides (platform process, drilling and quarters topsides) to a key customer.

Despite an increase in the number of ships repaired, Repairs & Upgrades revenue declined 18% year-on-year from \$557 million to \$460 million due to lower average revenue per vessel reflecting tough competition in the segment.

FY 2016 net profit totalled \$79 million, compared with FY 2015 net loss of \$290 million. In FY 2015, the Group made \$609 million in impairment and provisions for rigs (\$329 million for Sete Brasil drillship projects and \$280 million for other rigs).

Financial Highlights

Period (\$'m)	4Q 2016	4Q 2015	% change	FY 2016	FY 2015	% change
Turnover	830	1,327	(38)	3,545	4,968	(29)
Gross Profit/(Loss)	35	(328)	n.m.	293	131	124
EBITDA	120	(472)	n.m.	384	(18)	n.m.
Operating Profit/(Loss)	67	(510)	n.m.	225	(150)	n.m.
Profit/(Loss) before tax	21	(671)	n.m.	91	(378)	n.m.
Net Profit/(Loss)	34	(537)	n.m.	79	(290)	n.m.
EPS (basic) (cts)	1.64	(25.70)	n.m.	3.77	(13.87)	n.m.
NAV (cts)				122.62	120.24	2
Cash generated/(used in) from operations				669	(867)	n.m.

4Q 2016 VERSUS 4Q 2015

On a quarterly basis, Group turnover for 4Q 2016 was \$830 million, 38% lower compared with \$1.33 billion in 4Q 2015. Rigs and Floaters revenue declined 42% on lower revenue recognition of drillship projects.

Lower revenue recognition from its projects also contributed to a 32% decline in Offshore Platforms. Repairs & Upgrades revenue dropped 31% on lower average revenue per vessel repaired and a slight drop in the number of vessels repaired.

BALANCE SHEET

Cash generated from operating activities as at FY 2016 totalled \$669 million on successful project deliveries and milestone receipts from on-going projects. Inventories and work-in-progress also declined in FY 2016 with deliveries and collection from projects with milestone payments. Net debt increased 7% to \$2.94 billion on strategic acquisitions (Gravifloat, LMG, Aragon, PPL Shipyard), while capex reduced upon completion of Phase II of Tuas Boulevard Yard.

FINAL DIVIDEND

The Board of Directors recommends the payment of a final ordinary one-tier tax exempt dividend of 1.0 cents per share (2.0 cents previously). Together with the 1.5 cents paid during the interim results, total dividend for FY 2016 is 2.5 cents, from 6.0 cents previously, which represents a dividend payout ratio of 66%. The final dividend, if approved at the AGM on April 18, 2017, will be paid on May 12, 2017.

OUTLOOK

While prospects for the oil & gas industry have taken a more positive turn following the November 2016 agreement by OPEC and major non-OPEC countries to cut production, we believe a more robust recovery may take longer. Despite the challenging outlook and intense competition, we believe that growth prospects for the offshore and marine industry remain positive in the medium to long term.

However, with increasing enquiries for non-drilling solutions, we foresee an earlier recovery in demand for fixed platforms, FPSO and FSO conversions and new-builds in the next few years. Rising global demand for gas also augers well for our broad-based LNG solutions and capabilities. We believe these are the key segments that will offer opportunities in 2017.

The Group's strategy and focus remain anchored on strengthening and optimising our talent pool; pursuing operational excellence in executing our projects; investing in new capabilities, products and technological innovation to help grow our order book; and prudently managing our financial resources to preserve financial flexibility and ensure overall sustainability of our business.

For more information, please contact:

Analysts' queries:

Ms Lisa Lee
Head of Investor Relations
Tel No: (65) 6262 7107
Email: lisa.lee@sembmarine.com

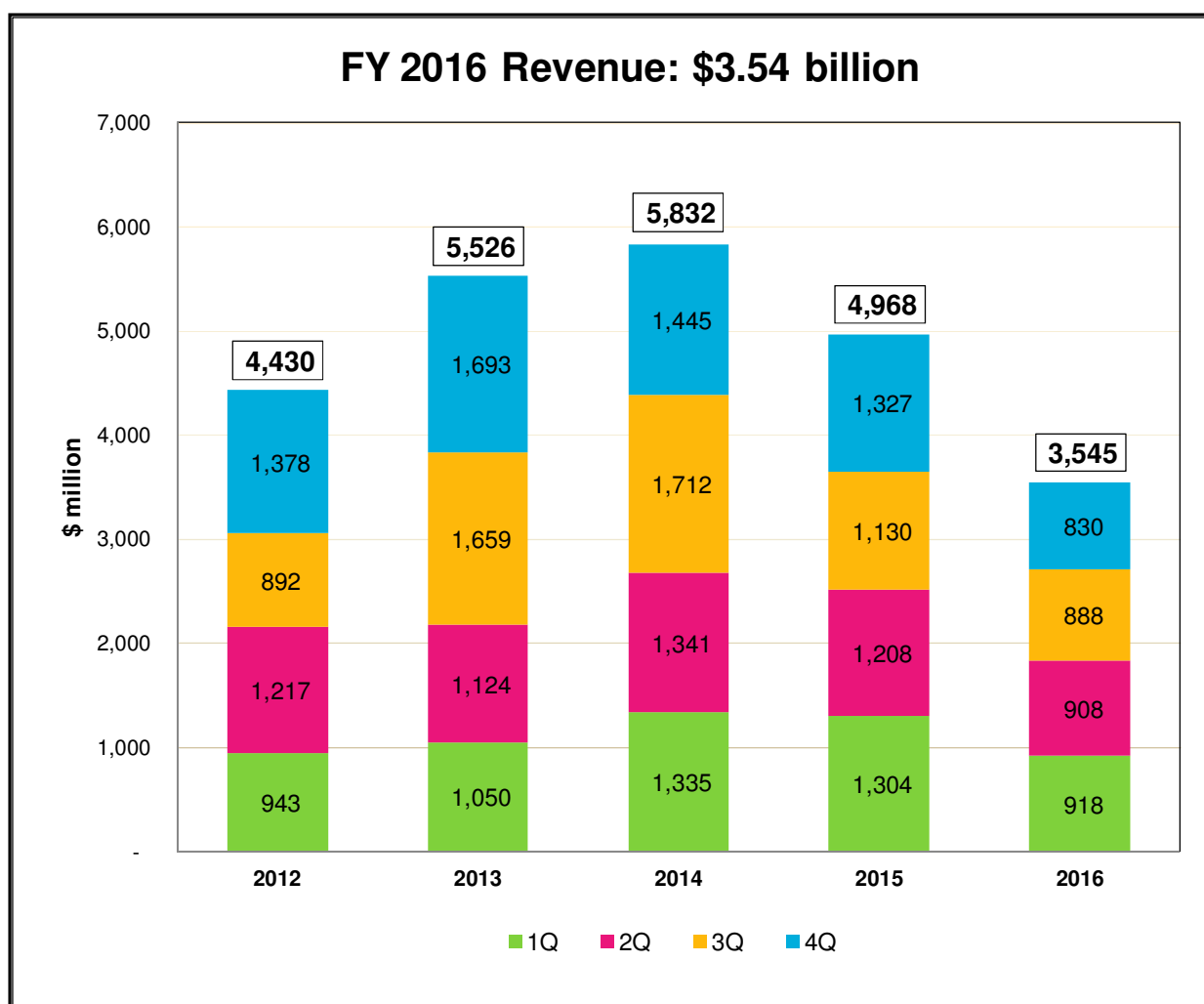
Media queries:

Mr David Wong
Head of Corporate Communications
Tel No: (65) 6262 8036
Email: david.wong@sembmarine.com

For more details please refer to our website: www.sembmarine.com

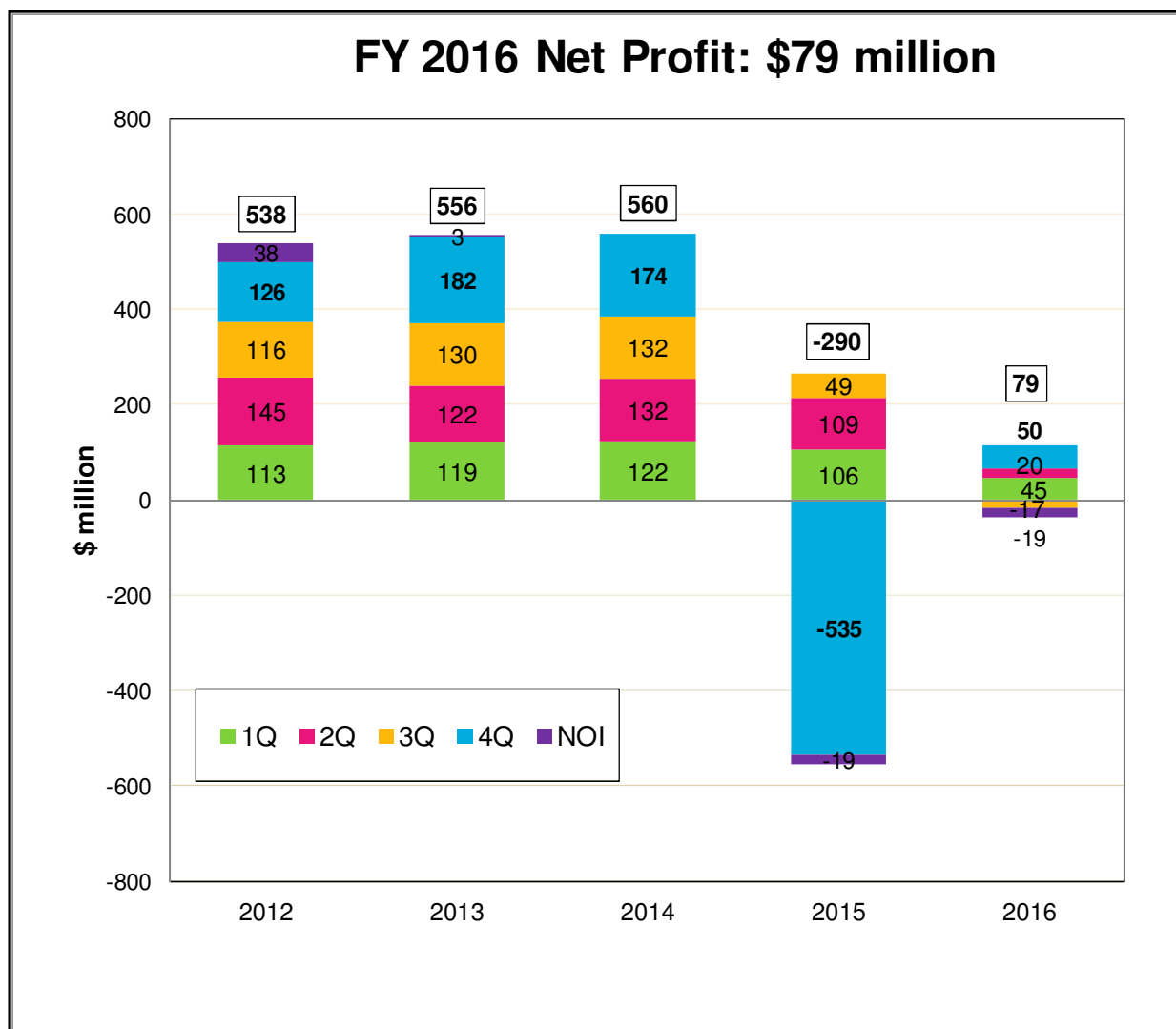
Appendix

QUARTERLY TURNOVER (FY 2012 TO FY 2016)



- Group turnover declined 29% year-on-year to \$3.54 billion in FY 2016 from \$4.97 billion in FY 2015.
- Lower revenue recognition from Rig building projects.
- Lower average revenue per vessel repaired for Repairs & Upgrade.
- Higher revenue recognition from Offshore Platforms and Floaters projects.

QUARTERLY NET PROFIT/LOSS (FY 2012 TO FY 2016)



- 4Q 2016 Net profit was \$34 million, after deducting non-operating items. In 4Q 2015, \$537 million loss in was due to write-downs of inventories and work-in-progress, provision for foreseeable losses for rig building projects and share of loss from associates.
- FY 2016 Net profit would be \$98 million, excluding non-operating items.

CASHFLOW

Group (S\$ million)	FY 2016	FY 2015	% change
Operating profit before working capital changes	384	536	(28)
Cash generated from/(used in) operations	669	(867)	n.m.
Net cash generated from/ (used in) operating activities	569	(989)	n.m.
Net cash flow used in investing activities	(490)	(932)	(47)
Net cash flow generated from financing activities	534	1,467	(64)
Cash & cash equivalents in balance sheets	1,217	629	93
Borrowings	4,155	3,380	23
Net Debt	2,938	2,751	7
Progress Billing > WIP	193	288	(33)

Note: n.m : not meaningful

- Cashflow generated from operations at \$669 million on successful project deliveries and achievement of scheduled milestones for projects under execution.
- Progress billings, in excess of work in progress, stand at \$193 million.

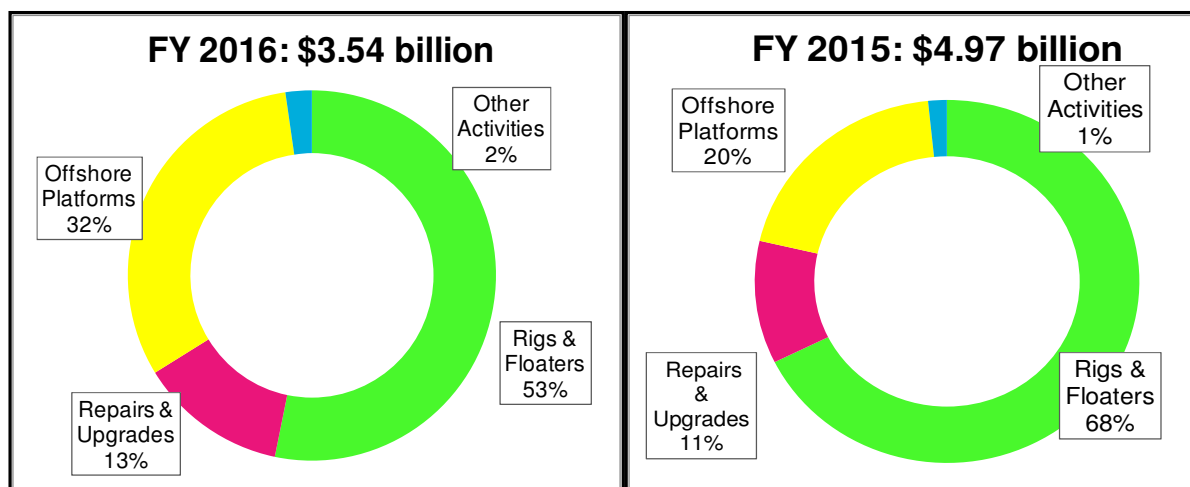
CAPITAL, GEARING AND ROE

Group (S\$ million)	Dec-16	Dec-15	% change
Shareholders' Funds	2,562	2,511	2
Net Debt	2,938	2,751	7
Net Working Capital	1,270	1,220	4
Return on Equity (ROE) (%)	3.1	(10.6)	n.m
Net Asset Value (cents)	122.6	120.2	2
Return on Total Assets (ROTA) (%)	1.8	(2.9)	n.m.

Note: n.m : not meaningful

REVENUE CONTRIBUTIONS BY SECTORS (FY 2016 vs FY 2015)

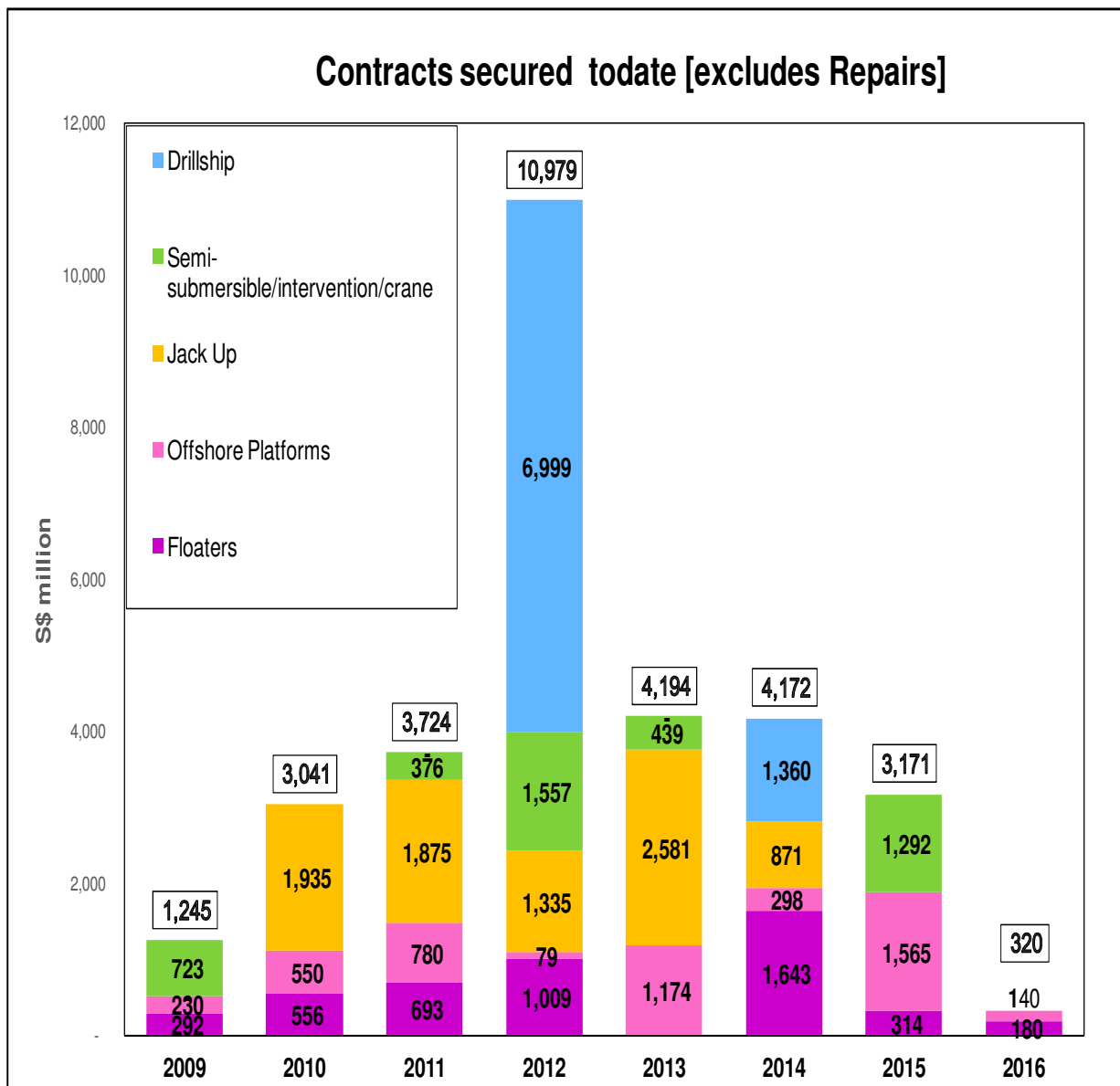
By Value & Percentage Contributions



Turnover (S\$ million)	FY 2016	FY 2015	% change	4Q 2016	4Q 2015	% change
Rigs & Floaters	1,887	3,319	(43)	496	854	(42)
Repairs & Upgrades	460	557	(18)	110	160	(31)
Offshore Platforms	1,116	1,017	10	200	294	(32)
Other Activities	82	76	8	24	19	28
TOTAL	3,545	4,968	(29)	830	1,327	(38)

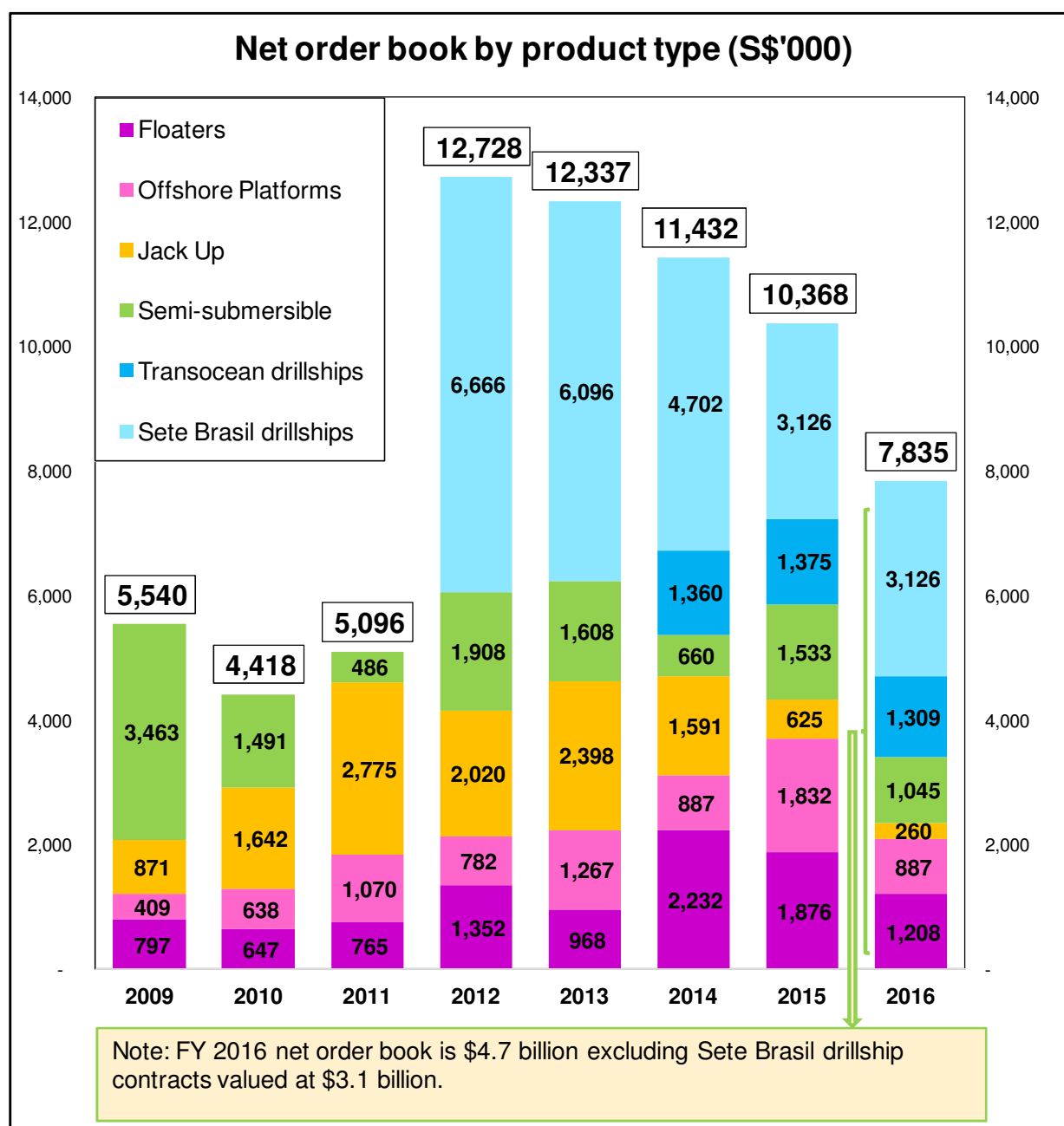
- Rigs & Floaters was the largest segment, accounting for 53% of total revenue followed by Offshore Platforms at 32%, Repair & Upgrades at 13% and others at 2%.
- FY 2016 Rigs & Floaters revenue declined 43% year-on-year to \$1.89 billion due to lower project recognition and deliveries. Customers' delivery deferment requests also led to lower revenue recognition during the year.
- Offshore Platforms revenue increased 10% year-on-year to \$1.12 billion due to achievement of scheduled progress milestones.
- Repairs & Upgrades declined 18% year-on-year to \$460 million. While the number of vessels repaired was higher, revenue per vessel was lower.

CONTRACTS SECURED BY YEAR



- Secured \$320 million in contracts from Offshore Platforms and Floaters in FY 2016.

NET ORDER BOOK



- Net order book as at FY 2016 stands at \$7.84 billion with deliveries and completion stretching till 2020.

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.