CORPORATE PRESENTATION
4Q/ FY 2017 results briefing – 21 February 2018

sembcorp marine

AGENDA

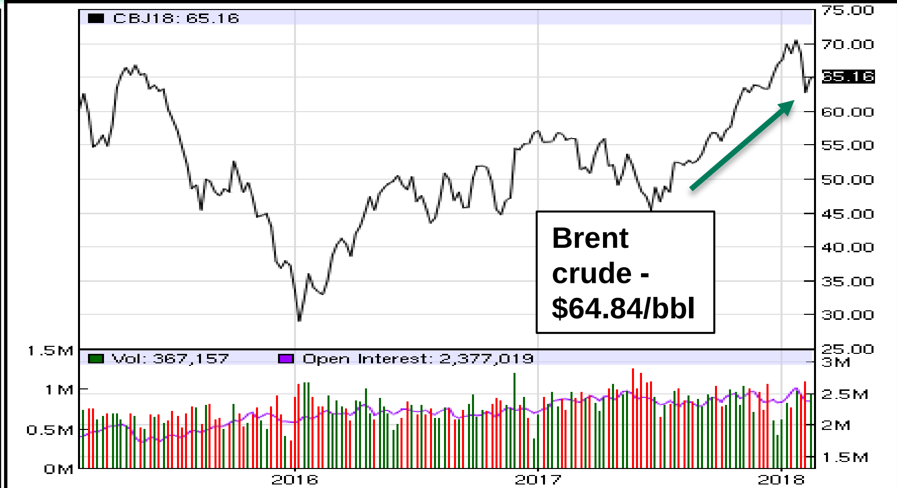
- CEO Address
- CFO Financial Highlights

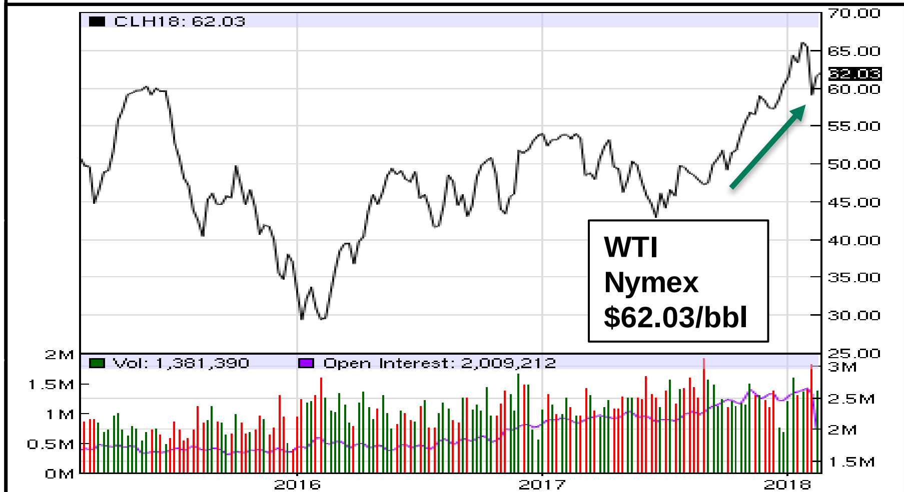
CEO ADDRESS

- Macro Environment update
- Financial performance for 4Q/ FY 2017
- Operations Review
- Outlook and Prospects

Macro environment – Recovery in sight but risks remain

- Global economic growth outlook improving, increased investments and consumption demand, pickup in manufacturing and trade, rising consumer and business confidence.
- Risk to the momentum remain, in particular, tightening of global interest rates.
- Global exploration & production (E&P) capex spending show signs of improvement. Oil majors continue to adjust to lower oil prices.
- Offshore rigs utilization and day rates generally stabilized at current lower levels. Broad based recovery will take some time.
- Prudent and proactive decisions made over the last few years have helped the Group ride these challenges in 2017.





Source: Nasdaq

Financial Performance

- While the offshore oil and gas industry has begun to show signs of improvement, new order flow remained weak, while competition within the sector intensified.
- Despite difficult operating conditions, Sembcorp Marine remained profitable in FY2017.
- Net gearing improved with monetization of rig inventory.
- Key Highlights for FY 2017:
  - Total revenue of $2.39 billion.
  - Net Profit was $14 million.
  - Operating cash flow generated was $144 million.
  - Net gearing was 1.11 times, a decrease from 1.31 times at end Sept 2017.
  - Final dividend per share of 1.0 cent. Including interim dividend of 1.0 cent, total dividend is 2.0 cents.

Review of Operations – Sale of Jack-up and Semi-sub rigs

- On October 9, 2017, we announced the sale of nine Pacific Class 400 jack-up drilling rigs to Borr Drilling and its subsidiaries.
- The nine jack-up rigs were sold for about US$1.3 billion, plus a market based fee calculated based on an uplift in value of rigs sold.
- Borr Drilling will take delivery of the rigs progressively and has made an upfront payment of about US$500 million. The balance of US$800 million paid at any time within five years from the respective rig delivery dates.
- On December 26, 2017, we announced an agreement for the sale of semi-submersible rig West Rigel to a buyer for US$500 million. Under the terms of the agreement, the buyer will take delivery of the rig once conditions precedent are fulfilled by both parties.
- The sale of these 10 rigs, despite challenging market conditions is a testament to the market's confidence in the quality and capabilities of our premium, high spec drilling units.
- Transaction will significantly improve our cash flows and liquidity position; further strengthen our balance sheet and ability to tap on more opportunities as the industry recovers.

sembcorp marine

Project deliveries in 2017

FPSO Pioneiro de Libra

Project: Conversion of shuttle tanker to an FPSO, including detailed engineering, installation and integration of topside modules, installation of external turret and power generation, accommodation upgrading as well as extensive piping and electrical cabling works

Customer: OOGTK Libra GmbH & Co KG, joint venture between Odebrecht Oil & Gas and Teekay Offshore

Delivery: 1Q 2017

Operation: Libra field, Santos Basin, Brazil

Project deliveries in 2017

Randgrid FSO

Project: Conversion of shuttle tanker into an FSO, including fabrication and installation of new living quarters, hull reinforcements, refurbishment of submersible turret loading (STL) compartment, installation of new helideck, offshore crane, loading hose reel package and azimuth thruster, replacement of two generators, as well as piping and cabling works.
Customer: Teekay
Delivery: 2Q 2017
Operation: Gina Krog Field, Norwegian North Sea, on charter by Statoil

Project deliveries in 2017

Pacific Class 400 premium jack-up rigs delivered to Borr Drilling

Customer: Borr Drilling
Delivery: 4Q 2017, 1Q 2018
Contract: Sale of 9 Pacific Class 400 premium jack-up rigs to Borr Drilling

Ongoing Projects – Semi-sub crane vessel newbuild

Heerema Semi-submersible Crane Vessel – in October 2017

Project: Engineering and construction of a newbuild semi-submersible crane vessel
Customer: Heerema Offshore Services B.V.

Ongoing Projects – Semi-sub crane vessel newbuild

Heerema Semi-submersible Crane Vessel – in end-4Q 2017

Project: Engineering and construction of a newbuild semi-submersible crane vessel
Customer: Heerema Offshore Services B.V.

Ongoing Projects – FSO Newbuild

Maersk Culzean FSO Newbuild – in 4Q 2017

Project: Turnkey FSO newbuilding comprising engineering, procurement, construction and commissioning, including installation and integration of turret and topside modules
Customer: MODEC
Operation: Maersk Oil's Culzean field, UK North Sea

Ongoing Projects – Culzean platforms

Maersk Culzean Platform EPC Project

Project: Engineering, procurement, construction and onshore pre-commissioning of Central Processing Facility plus 2 connecting bridges, Wellhead Platform and Utilities & Living Quarters Platform Topsides
Customer: Maersk Oil North Sea UK
Operation: Culzean field, UK North Sea

Ongoing Projects – Culzean platforms

Central Processing Platform + GCM

Utilities & Living Quarter

Wellhead Head Platform

Higher value work at Repairs & Upgrades

REPAIRS & UPGRADES

Steady flow of vessels at Repairs & Upgrades

REPAIRS & UPGRADES

Review of Operations – Projects in progress

- **Good progress being made for ongoing projects in our order book. These include :**
  - **Engineering & construction of world's largest semi-submersible crane vessel for Heerema;**
  - **Design & Construction of MODEC's newbuild harsh environment Floating Storage and Offloading (FSO) vessel for deployment at the Culzean field in the UK North Sea;**
  - **Engineering, Procurement and Construction (EPC) of Maersk Oil's Central Processing Facility, Wellhead Platform and Utilities & Living quarters platform for the Culzean field;**
  - **Conversion of FPSO Kaombo Norte and FPSO Kaombo Sul for Saipem to be located offshore Angola.**

sembcorp marine

Review of Operations – Projects in progress

- Construction of two high-spec ultra-deepwater drillships for Transocean based on Sembcorp Marine's proprietary Jurong Espadon III drillship design.
- Four newbuild Pacific Class 400 jack-up rigs under construction for delivery to Borr Drilling (3 units) and BOT Lease Co., Ltd (1 unit).
- Ongoing projects at our overseas yards include :
  - Construction of a power generation module and other infrastructure (part of our EPC project with Maersk Oil) at our SLP yard in the UK;
  - Hull carry over works as well as topside modules construction and integration for the FPSO P-68 Tupi Project at our EJA Brazil yard.

Review of Operations – Repairs & Upgrades

- Repairs & Upgrades performed a total of 390 dry-dockings, repairs and upgrades in FY 2017. Revenue per vessel improved due to better vessel mix and more high value works.
  - A total of 16 cruise ship refits were completed in 2017, including the completion of the Star Legend from Star Cruises in December.
  - In LNG repairs, Sembcorp Marine tops global list with total of 34 LNG ships repaired and upgraded in 2017. Enhanced and broadened LNG engineering solutions, repair and upgrade capabilities and facilities to provide holistic solutions to LNG owners and managers.
  - Completed 11 ballast water treatment systems installation and retrofits in 2017 for various owners. Despite the deferment of the Ballast Water Management Convention to 2019, there remains an ongoing requirement for the installation of ballast water treatment systems by IMO for newbuilds and under US Coast Guard for vessels navigating through US waters.

Sete Brasil Drillships

- Discussions ongoing between Sete Brasil and its creditors on its judicial recovery plan.
- We are following the developments closely and will continue to engage Sete Brasil as necessary to advance the restructuring plan.
- We believe that the $329 million provisions made in FY 2015 for the Sete Brasil contracts remain sufficient under present circumstances.

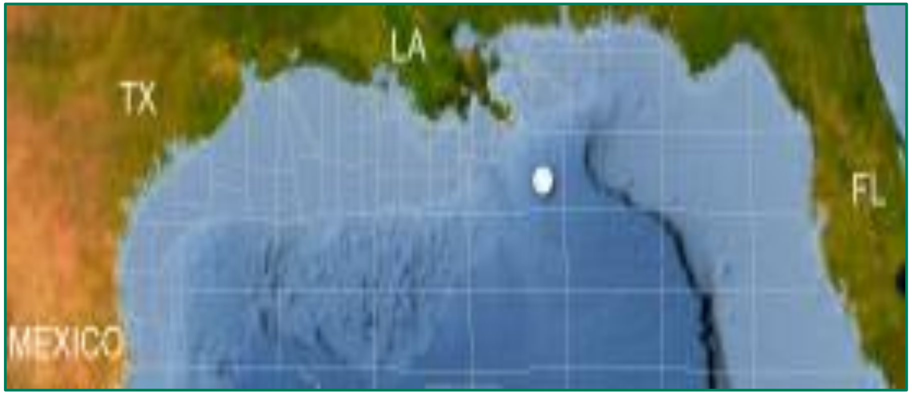
New Orders & Orderbook developments in 2017

- On December 6, 2017 we announced the award of a US$490 million contract from Statoil Petroleum AS for the turnkey Engineering, Procurement and Construction of Hull and Living Quarters for a newbuild FPSO.
- Scheduled for completion in 1Q 2020, the FPSO will be deployed at the Johan Castberg field development in the Barents Sea, offshore Hammerfest, Norway.
- With a hull of approximately 55m wide and 295m long, the FPSO will be self-contained for harsh-environment operation, with living quarters accommodating up to 140 personnel.

Orderbook developments in 2017

- On December 5, 2017 we signed a letter of intent with Shell Offshore Inc. for the construction of the hull and topside, and the integration of the Vito floating production unit (FPU).
- Comprising a single topside module supported by a four column semisubmersible floating hull, the Vito FPU is designed with throughput capacity of 100,000 bpd of oil and 100 MMSCFD of gas.
- If the project moves forward, the Vito FPU will be a new facility located at the Vito field in the Mississippi Canyon, in water depths of 4,050 ft.
- Final contract award depends on Shell and its partners sanctioning the project.

Vito Oil /Gas Field Location & Discovery details:



Field Name	Vito
Discovery Date	Jul-09
Block	Mississippi Canyon 984, 985, 940
Reserve Type	Oil/Gas
Current Status	Discovery (Appraised)
Production Start	FID pending
Water Depth	1,282 m / 4,231 ft

Orderbook developments in 2017

- We have also signed an LOI with US-based SeaOne Caribbean (SeaOne) in 3Q 2017 for the design and construction of at least two large Compressed Gas Liquid carriers. FEED studies are currently in progress.
- We continue to make steady progress in the development of projects for our proprietary Gravifloat technologies for a range of near-shore gas infrastructure solutions, including liquefaction, regasification, storage and power generation.
- We are hopeful that our advanced discussions with several potential customers on the Gravifloat solution will translate to initial orders.
- Developed a suite of green solutions for the shipping industry. For eg. Our award winning Semb-Eco LUV Ballast Water Management System.
- These projects demonstrate our capabilities to provide a broad spectrum of innovative solutions to serve the gas value chain and chart new frontiers in green and sustainable solutions.

Net orderbook at $7.58 billion

- The sale of the nine jack-up rigs to Borr Drilling contributed a total of $1.77 billion to our orderbook for year 2017. With the US$490 million Statoil FPSO project and another $270 million in new orders for non-drilling solutions (which includes US$145 million hull carry over works awarded by Petrobras), total orders secured in 2017 was $2.74 billion.
- With deliveries till 2020, our net order book currently stands at $7.58 billion. Excluding Sete Brasil projects, net order book totals $4.45 billion.
- Enquiries for projects in the floaters, production platform, gas solutions and specialized shipbuilding segments continue to be active. We are actively responding to the queries and tenders and pursuing various project leads to further grow our order book.

Harnessing Innovation for Sustainability

- To ensure long-term competitiveness, Sembcorp Marine has embarked on several partnerships to leverage on innovation for sustainable growth.
- We have forged joint industry collaborations with DNV GL, A*STAR's Singapore Institute of Manufacturing (SIMTech) and National Additive Manufacturing Innovation Centre (NAMIC) to develop disruptive applications that could revolutionise solutions for Singapore's offshore and marine sector and boost global competitiveness.
- To be test-bedded at our Tuas Boulevard Yard, these innovation projects involve: Researching Laser Aided Additive Manufacturing technology; Developing close-up ship structure inspection by drones; Investigating use of Digital Twin technology to create a digital replica for ship design.
- These collaborations augment our Tuas Boulevard Yard as a living lab for incubating and verifying smart, sustainable and disruptive applications.

Sustainability - Green energy initiatives

- Partnered SP Group to jointly develop a smart renewable energy-based Digital Energy-saving System (“DES”) for our Tuas Boulevard Yard.
- The DES will harness solar energy through the installation of solar panels on the rooftop of our steel fabrication facility. At more than 120,000 sqm, it will be Southeast Asia's largest single solar rooftop for a shipyard. The DES will also feature energy storage capabilities, energy sensors and a real-time digital platform to optimise energy usage throughout the Yard.
- When fully implemented, output from our steel fabrication facility will be powered at least 30% by renewable energy. This will help contribute to our environmental sustainability goals and that of our customers.
- In recognition of Sembcorp Marine’s commitment towards sustainability and corporate, social responsibility, the Group was accorded the prestigious Sustainable Business Award (Multinational Corporation category) by Global Compact Network Singapore at the Singapore Apex Corporate Sustainability Awards 2017.

Human Resources

- During 2017, we continued to implement cost-management strategies to enhance productivity and optimise our headcount.
- These include reduction in manpower cost through wage cuts and wage freeze, productivity improvement measures to enhance competitiveness, and right sizing, re-training and re-organizing our employees to cater to changes in our product mix, especially in non-drilling solutions and the gas value chain.
- For 2018, we will focus on re-skilling and up-skilling our workforce, including selective recruitment of specialist talents to position the Group for new opportunities, diversification and growth.

Singapore Yards

- Completed Phase II of Tuas Boulevard Yard in 1Q 2017. Equipped with berthing and docking facilities for mega-sized vessels and deep-draft rigs as well as one of the largest and most advanced steel fabrication facilities in the region, TBY has enabled us to unlock fresh opportunities and ensure long-term competitiveness.

- With our enhanced capabilities and enlarged capacity, we are able to venture into turnkey Engineering, Procurement, Construction of mega offshore projects and forge new frontiers across the offshore & marine, & energy value chain.

- Our ongoing plans to progressively return our older yard facilities and moving our core operations to TBY remain ontrack. This will allow us to further optimse our resources, synergise our operations and enhance cost-efficiency and overall competitiveness.

Brazil

- The Company made an announcement to the SGX on 30 March 2015 relating to allegations of illegal payments in connection with contracts entered into in Brazil by certain subsidiaries of the Company.
- The Company disclosed in the announcement that the Company had initiated an internal investigation on the allegations.
- That investigation is ongoing and remains legally privileged. The Company is not aware of any of its employees being implicated by any authorities.
- The Company notes that Mr Guilherme Esteves de Jesus has been charged with various offences by the Brazilian authorities in connection with the above mentioned allegations. These charges are connected to drillship construction contracts entered into by the Company's subsidiaries. The Company notes that Mr de Jesus is defending the charges against him. The date of the court hearing of the charges against Mr de Jesus is not yet known.
- The Company will continue to monitor developments in Brazil and other jurisdictions with respect to this matter.

Cashflow and Liquidity Management

- **Financial discipline continues to guide our liquidity management with a view to conserve cash and strengthen our balance sheet. Our successful monetizing of our rigs inventory will significantly contribute to improving our liquidity position over time.**
- **Majority of order book contracts and new orders continues to be on progress payment terms to minimize our need for significant working capital.**
- **Capex for FY 2017 was about $178 million. We expect capex to trend slightly upwards as we execute the development of TBY in response to business needs.**
- **Operating cash flow generated in FY 2017 was $144 million. As at end FY2017, net gearing improved to 1.11 times (compared with 1.31 times at end 3Q 2017 and 1.13x as at end Dec 2017). Initial receipt from divestment of our jack-up rigs inventory was a major contributor .**
- **Sufficient debt headroom. Confident we will be able to execute our orders and meet liquidity needs with existing facilities and continued support of our financiers.**

Final Dividend

- To recognise our valued shareholders for their loyalty and support, the Board of Directors is recommending a final cash dividend of 1.0 cent per share, which is scheduled to be paid on 11 May 2018.

- Including the interim dividend of 1.0 cent per share, total dividend payout is 2.0 cents per share for FY 2017.

sembcorp marine

Outlook

- Global exploration and production (E&P) capex spending continues to show signs of improvement, underpinned by higher oil prices.
- Offshore rigs utilization and day rates have stabilized, but rig orders recovery may take some time as the oversupply in most drilling segments has yet to re-balance.
- The production segment remains encouraging and we are responding to increasing enquiries and tenders for innovative engineering solutions.
- We continue to make progress in our efforts to develop and commercialise our Gravifloat technology for near-shore gas infrastructure solutions.
- Demand for repairs and upgrades, especially for LNG carriers and cruise ships remains strong. Regulations on ballast water treatment requirements coming into force in the foreseeable future will further underpin the potential of this segment.
- However, the immediate outlook remains challenging. It will take some time for capex spending to translate into new orders. Industry activities remain low and competition for orders remains intense. Sembcorp Marine will continue to further strengthen its balance sheet and actively pursue the conversion of enquiries into new orders.

CFO Presentation

- Earnings Performance
- Financial Position

Performance Highlights

sembcorp marine

Key highlights:

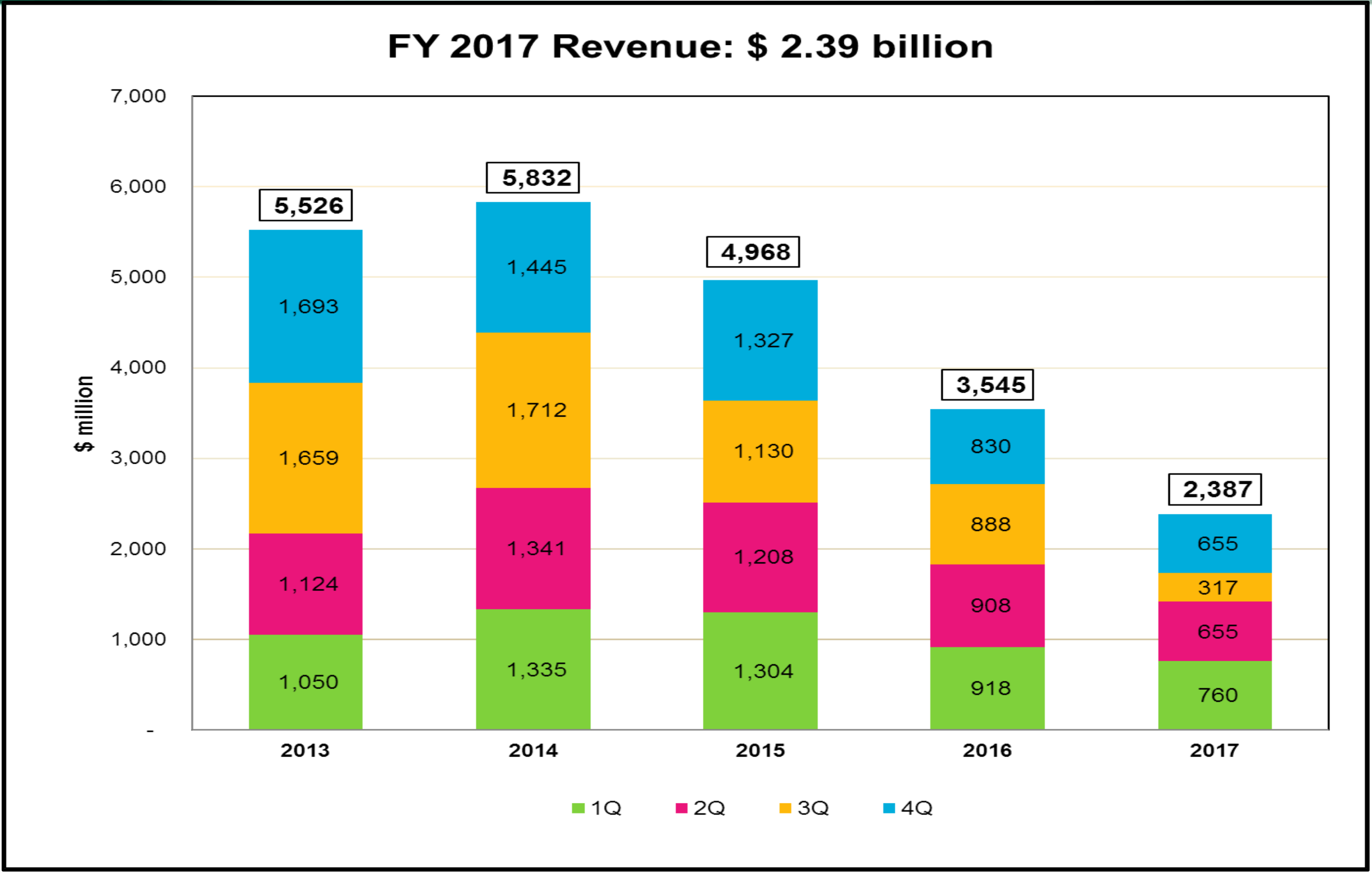
For the 12 months to December 31, 2017:

- **Turnover totalled \$2.39 billion compared with FY 2016's \$3.54 billion.**
- **Gross profit of \$61 million on earnings recognition of ongoing projects and deliveries.**
- **Group EBITDA of \$213 million.**
- **Net profit attributable to shareholders of \$14 million.**
- **Final dividend of 1 cent per share. Including interim dividend of 1 cent/share, Total dividend : 2 cents/share.**
- **Group net orderbook stands at S\$7.58 billion.**

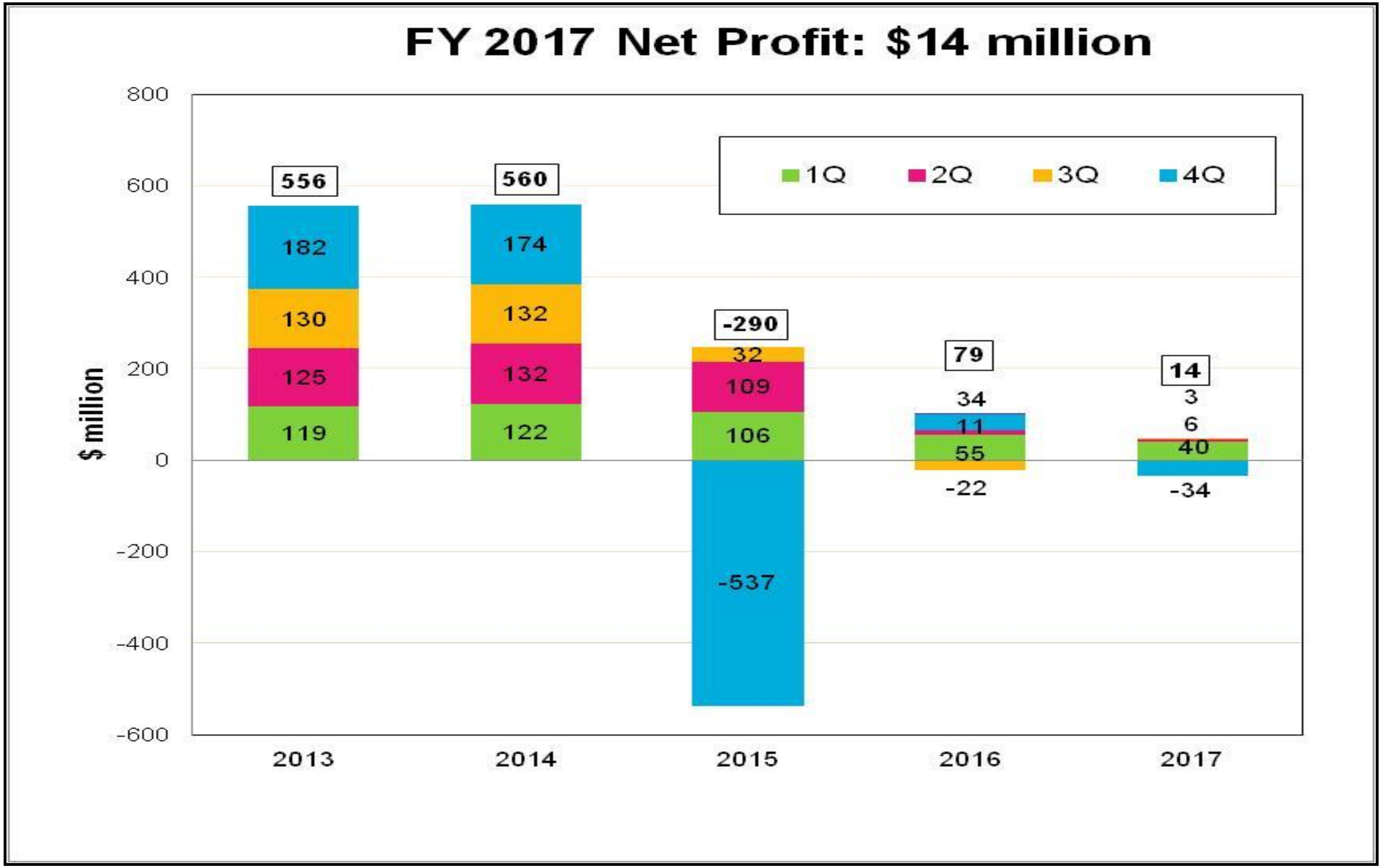
FINANCIAL HIGHLIGHTS

Group ($ million)	4Q 2017	4Q 2016	% change	FY 2017	FY 2016	% change
Turnover	655.0	829.9	(21)	2,387.4	3,544.8	(33)
Gross (Loss)/ Profit	(48.2)	34.7	n.m.	60.5	292.8	(79)
EBITDA	4.4	120.2	(96)	213.4	384.3	(44)
Operating (Loss)/ Profit	(43.6)	67.1	n.m.	20.5	225.3	(91)
(Loss)/Profit before tax	(54.2)	21.3	n.m.	(15.6)	90.5	n.m.
Net (Loss)/ Profit	(33.8)	34.3	n.m.	14.1	78.8	(82)
EPS (basic) (cts)	(1.62)	1.64	n.m.	0.67	3.77	(82)
NAV (cts)				118.69	122.62	(3)

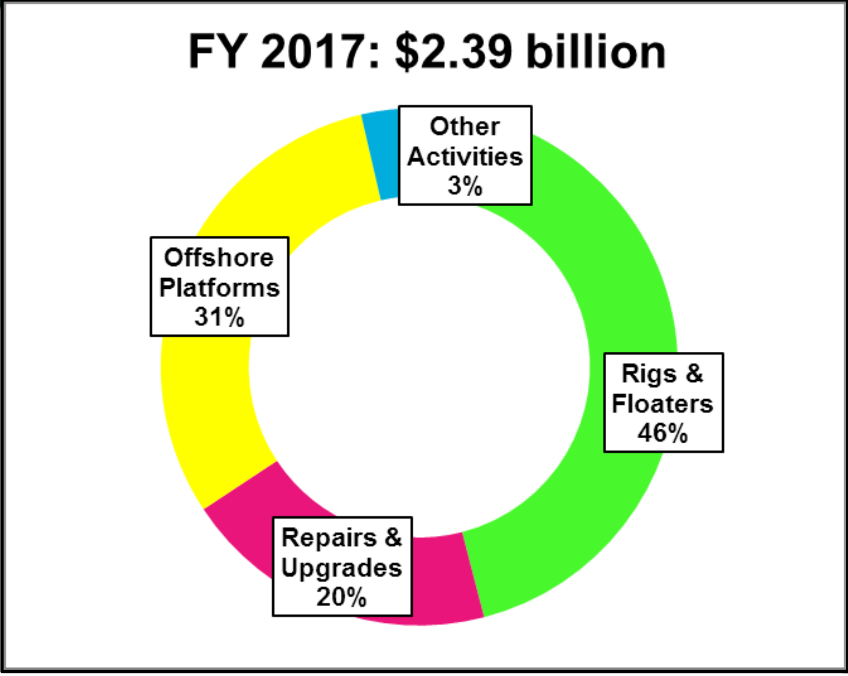
Financial Review: Revenue

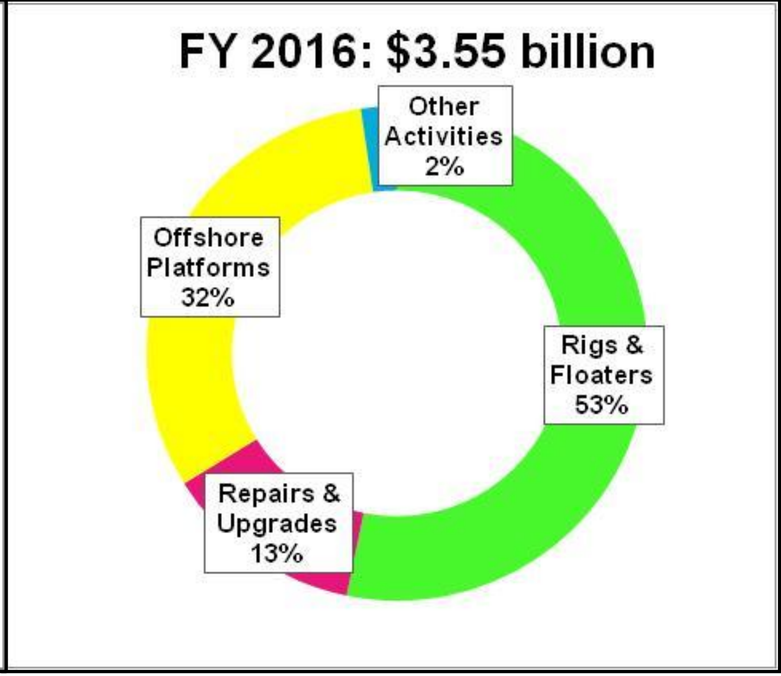


Financial Review: Net Profit



Business Review: Turnover by Segments



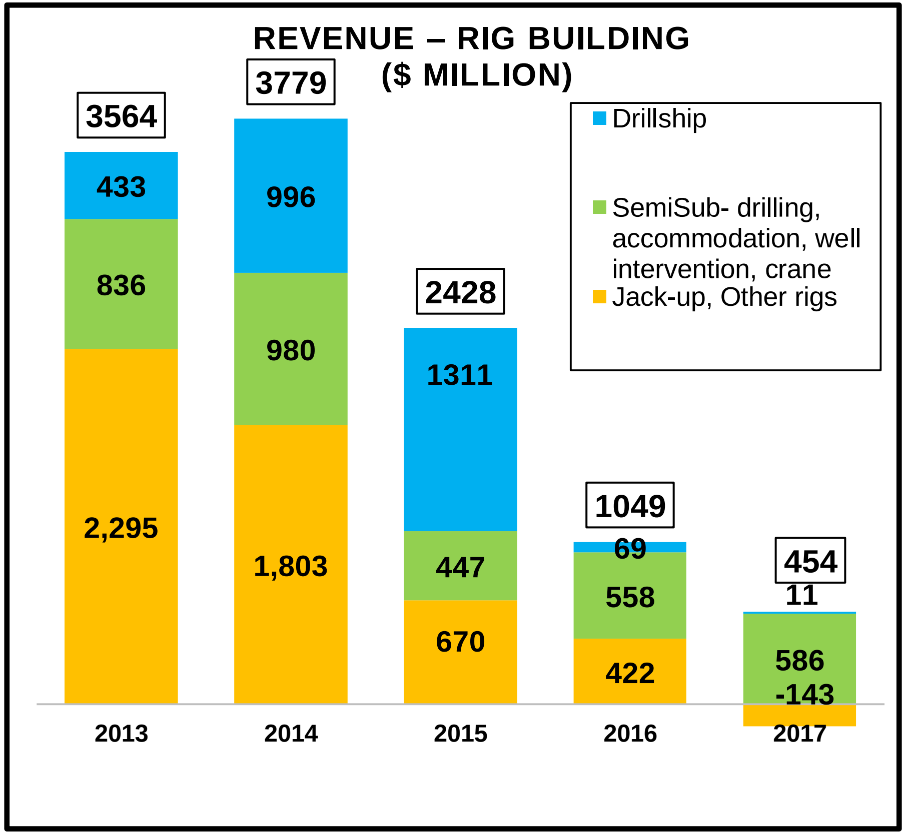


Turnover ($ million)	4Q 2017	4Q 2016	% change	FY 2017	FY 2016	% change
Rigs & Floaters	407	496	(18)	1,098	1,887	(42)
Repairs & Upgrades	120	110	9	471	460	3
Offshore Platforms	110	200	(45)	732	1,116	(34)
Other Activities	18	24	(24)	86	82	5
TOTAL	**655**	**830**	(21)	**2,387**	**3,545**	(33)

sembcorp marine

Core Business: Rig Building

- **Rig building revenue was $454 million in FY 2017 mainly due to revenue reversal from termination of jack-up rigs with original customer. In Oct 2017, the group sold 9 jack-up rigs to Borr Drilling for USD1.3 billion. During the year, one of the jack-ups was delivered to Borr Drilling, with 7 scheduled for 2018 and 1 in 2019.**

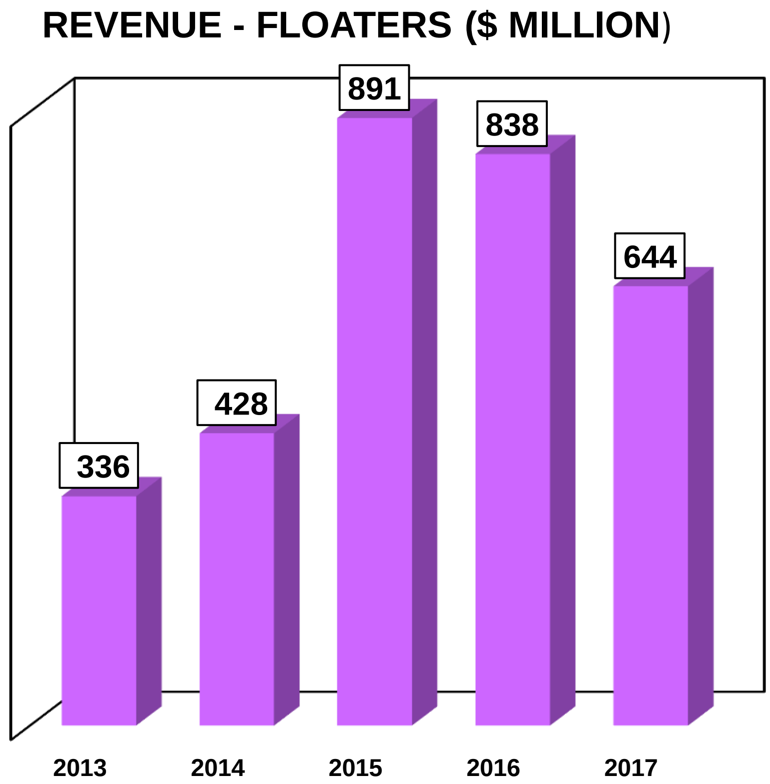


JACK UP RIGS SCHEDULE		
No. of completed rigs delivered in 2017	1	First rig delivered to Borr Drilling
No. of projects in WIP stages	1	* BOTL/JDC Hakuryu 14
No. of Borr Drilling jack up rigs in WIP stage	8	* Borr Drilling Jack up rigs 2 - 9

SEMI-SUBMERSIBLE DRILLSHIP SCHEDULE		
No. of projects delivered in 2017 YTD	-	-
No. of projects in WIP stage	4	* Helix semi-well intervention (Q7000)
		* Heerema Offshore semisub crane vessel
		* 1st drillship for Transocean, JE III
		* 2nd drillship for Transocean, JE III
No. of projects technically completed stage	1	* Harsh Environment CS60 semi-submersible rig for Seadrill – West Rigel – Agreement to sell for USD500 million
Number of projects in suspended state	7	* Drillship 1st unit, Sete Brasil
		* Drillship 2nd unit, Sete Brasil
		* Drillship 3rd unit, Sete Brasil
		* Drillship 4th unit, Sete Brasil
		* Drillship 5th unit, Sete Brasil
		* Drillship 6th unit, Sete Brasil
		* Drillship 7th unit, Sete Brasil

Core Business: Floaters

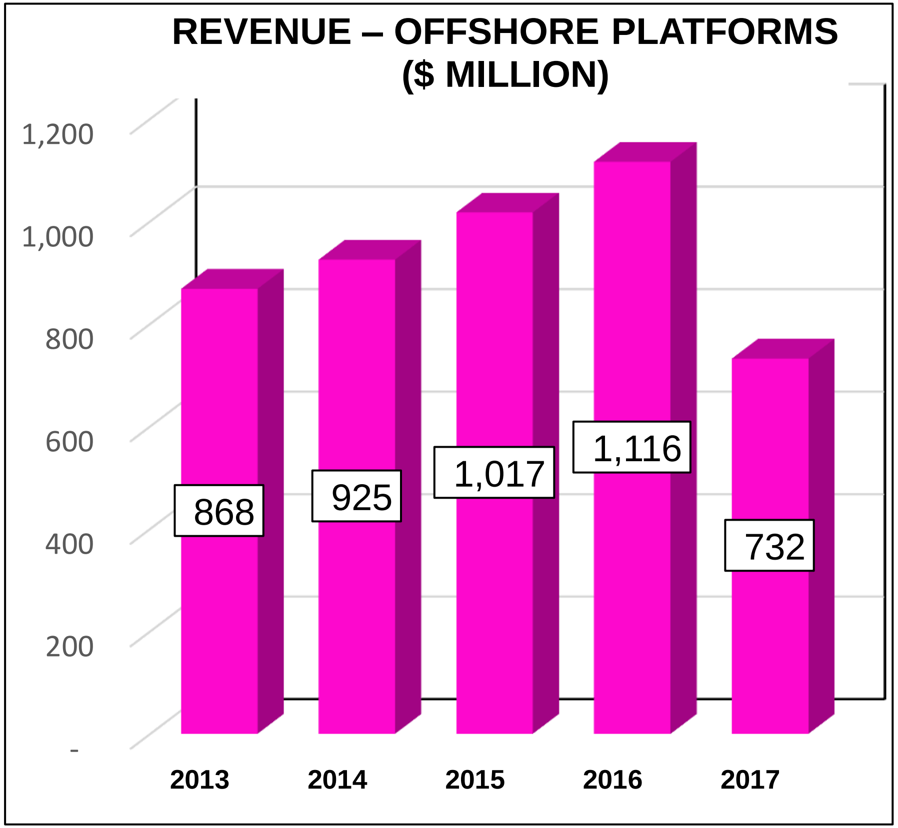
- Floaters revenue declined 23% YOY to $644 million in FY 2017 on fewer projects being booked. Major deliveries included the FPSO Pioneiro de Libra and the Rangrid FSO for Gina Krog field.



Offshore conversions	No. of projects	Brief description
No. of Projects delivered in 2017	2	* FPSO Pioneiro de Libra to OOGTK
		* Rangrid FSO for Gina Krog field to Teekay
No. of projects in the WIP	6	* P68 FPSO for Petrobras * P71 FPSO for Petrobras * P68 hull carry over work
Stage		* FPSO Norte - Kaombo
		* FPSO Sul - Kaombo
		•FSO newbuild – Modec for Culzean field

Core Business: Offshore Platforms

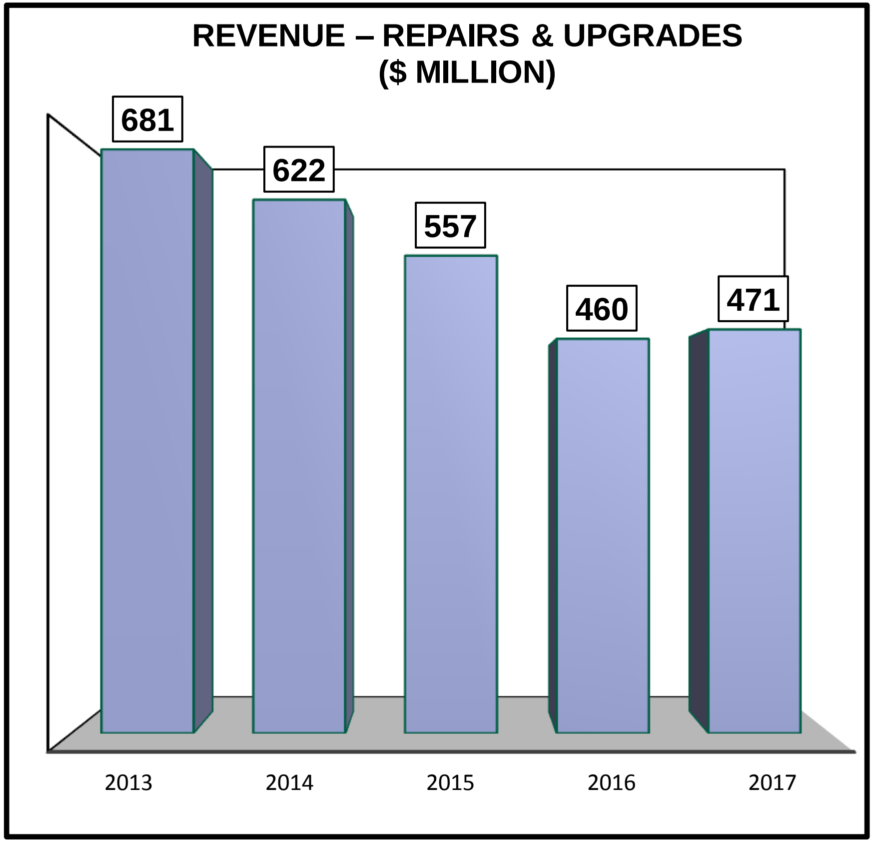
- Offshore Platforms revenue declined 34% YOY to $732 million in FY 2017 due to fewer projects on hand. Delivered two projects in FY17.
- 1 projects in work-in-progress stage and 1 in planning stage.



Offshore Platforms	No. of projects	Brief description
No. of projects delivered in FY 2017	2	Yamal LNG Batch 3/4
		Yamal LNG Batch 5
No. of projects in the WIP stage	1	* Maersk Culzean topside modules – for well head platform, central facilities platform and utilities and living quarters platform
Number of projects in Planning Stage	1	Tangguh LNG

Core Business: Repairs & Upgrades

- **FY 2017 Repairs & Upgrades revenue increased 2% year on year to $471 million on higher revenue per vessel due to improved vessel mix despite fewer vessels repaired in the 12 months.**



Period	FY 2017	FY 2016	% change
No. of vessels repaired	390	469	(17)
Average value per vessel ($m)	1.21	0.98	23
Total repair revenue contribution ($m)	471	460	2

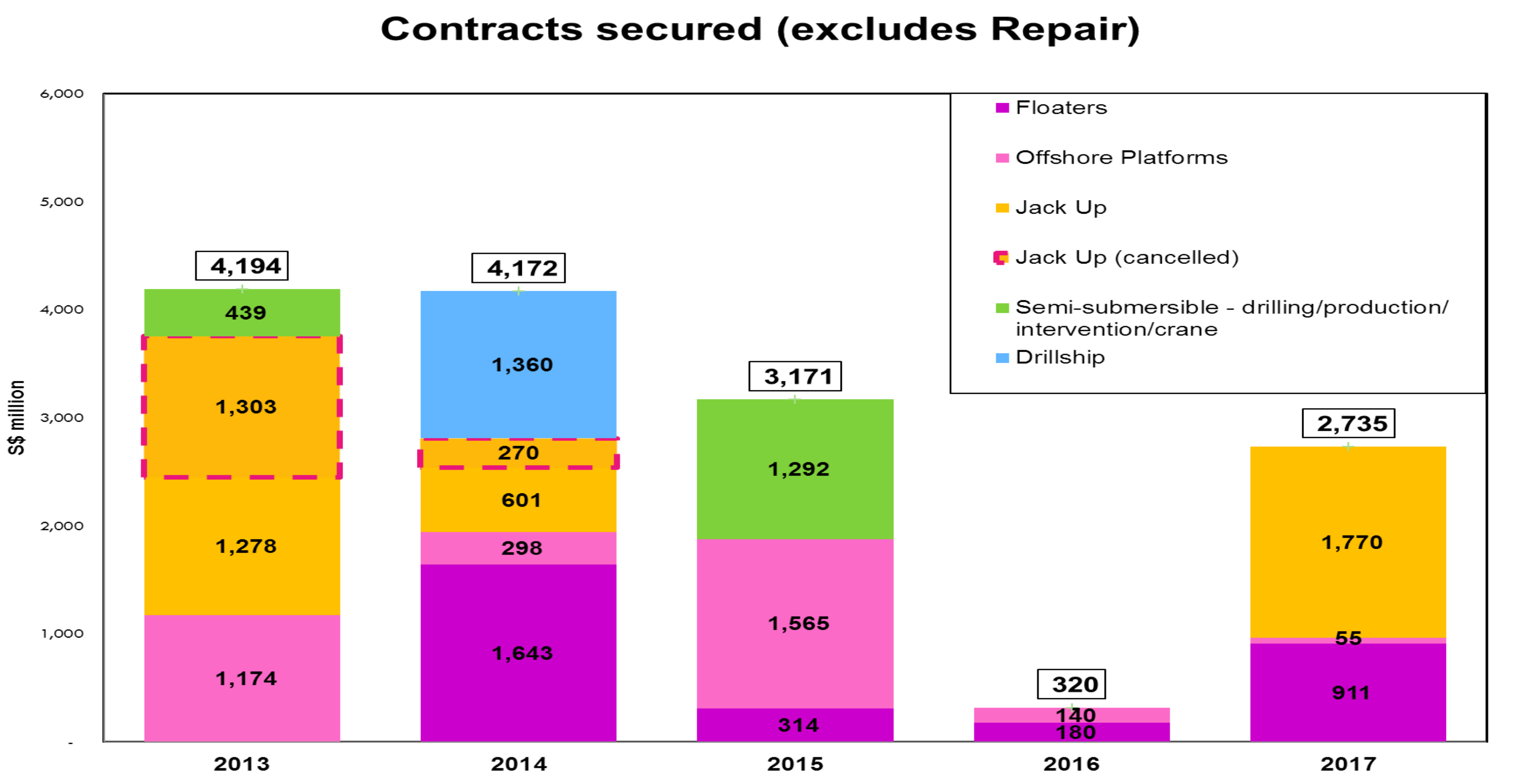
CAPITAL, GEARING &ROE

Group ($ million)	Dec-17	Dec-16	% change
Shareholders' Funds	2,478	2,562	(3)
Net Debt	2,799	2,938	(5)
Net Working Capital	1,546	1,270	22
Return on Equity (ROE) (%)	0.6	3.1	(81)
Net Asset Value (cents)	118.7	122.6	(3)
Return on Total Assets (ROTA) (%)	1.1	1.8	(39)

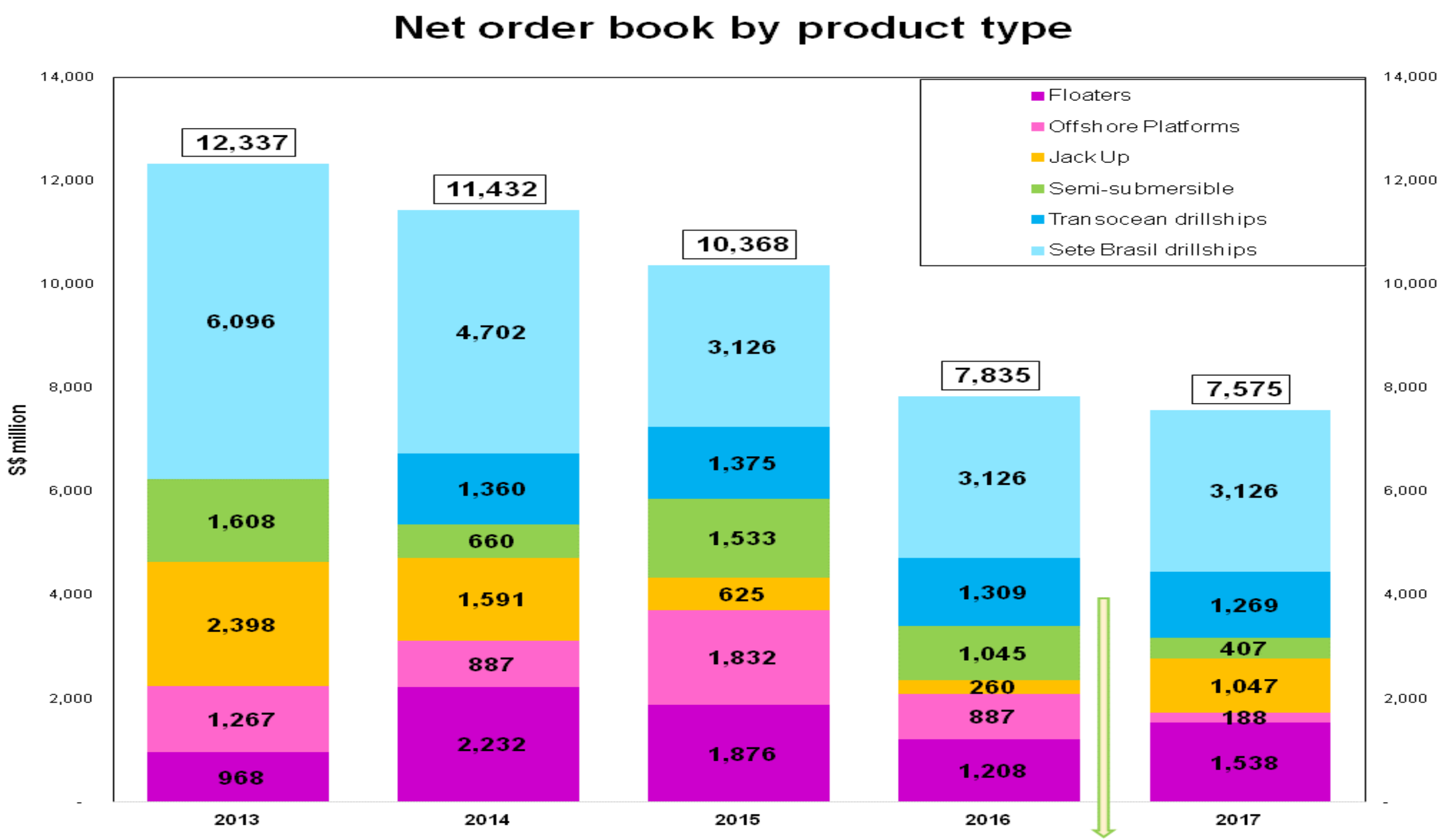
CASHFLOW

Group ($ million)	4Q 2017	4Q 2016	% change	FY 2017	FY 2016	% change
Operating (loss)/profit before working capital changes	(31)	140	n.m.	203	384	(47)
Cash generated from/ (used in) operations	556	(133)	n.m.	144	669	(78)
Net cash generated from/ (used in) operating activities	539	(153)	n.m.	50	569	(91)
Net cash generated from/ (used in) investing activities	(5)	(149)	(97)	65	(490)	n.m.
Net cash (used in)/ generated from financing activities	(289)	3	n.m.	(24)	534	n.m.
Net increase in cash & cash equivalents	246	(298)	n.m.	91	612	(85)
Cash & cash equivalents in balance sheets				1,301	1,217	7
Borrowings				(4,100)	(4,155)	(1)
Net Debt				(2,799)	(2,938)	(5)
Progress Billing > WIP				174	193	(10)

New Contracts Secured (Product) - FY 2017: $ 2.74 billion)

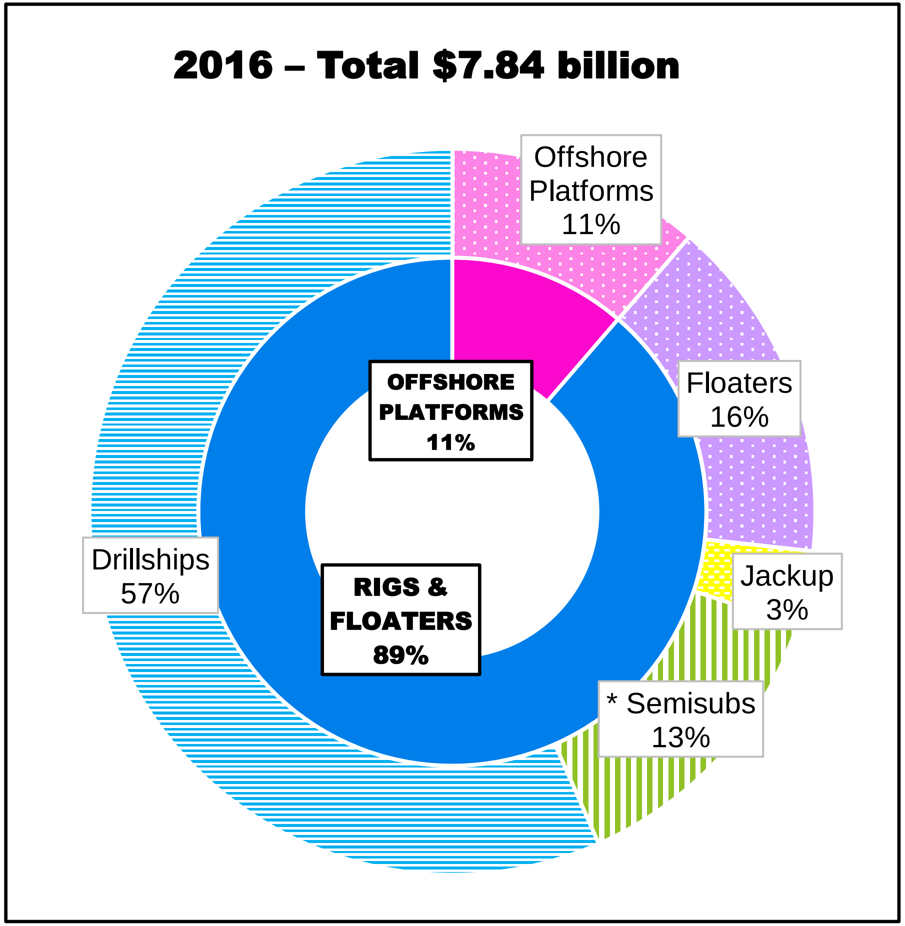


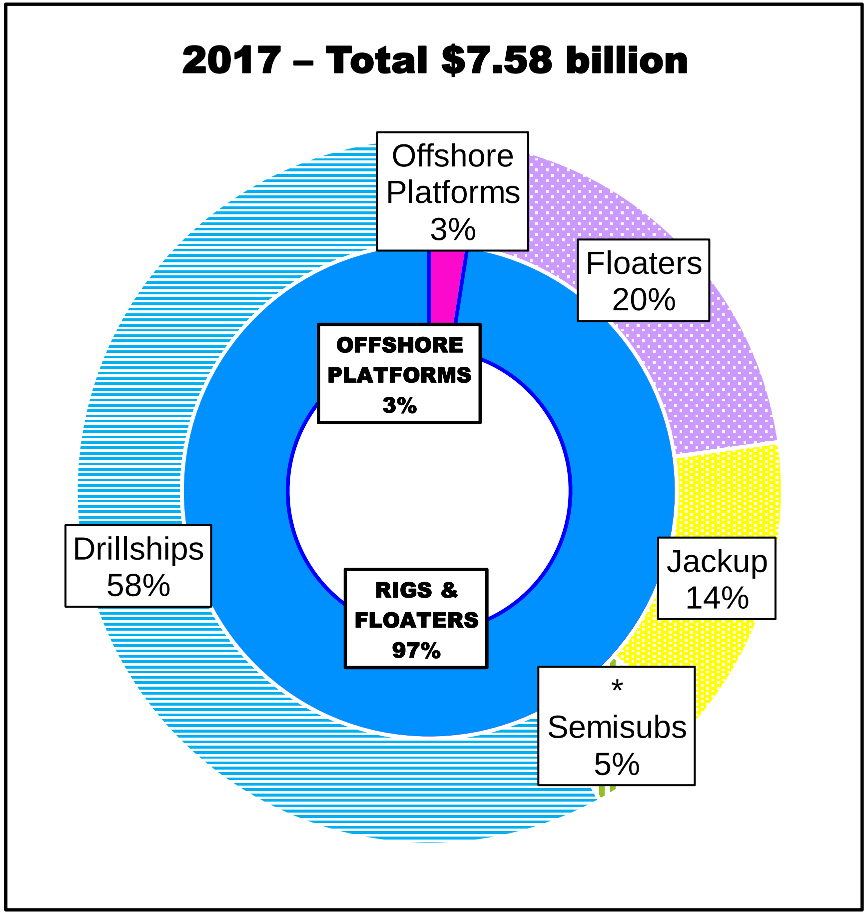
Net Order Book – FY2017 :$7.58 billion



Note: FY 2017 net order book is $ 4.45 billion excluding Sete Brasil drillship contracts valued at $3.126 billion.

Net order backlog by division and product type





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

sembcorp marine

This presentation 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.

sembcorp marine

Integrated Synergies, Global Possibilities.