Launch of Heerema's SSCV Sleipnir from the dedicated offshore drydock at the Tuas Boulevard Yard.

STAYING RESILIENT & RELEVANT

Maintaining a competitive edge is vital for Sembcorp Marine's continued ability to deliver sustainable value to its shareholders, customers, communities and other stakeholders. The Group channels its collective knowledge and experience into the development of impactful innovations that turn challenges into global opportunities.

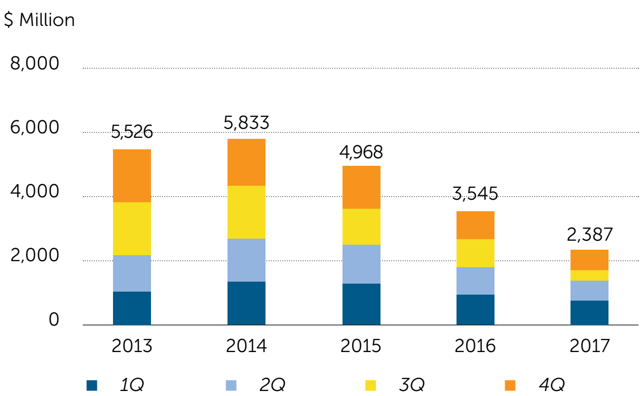
OPERATIONS REVIEW

Despite the challenging macro-environment, Sembcorp Marine achieved $213 million in earnings before interest, tax, depreciation and amortisation in FY2017. Net profit for the year was $14 million, compared with $79 million in FY2016.

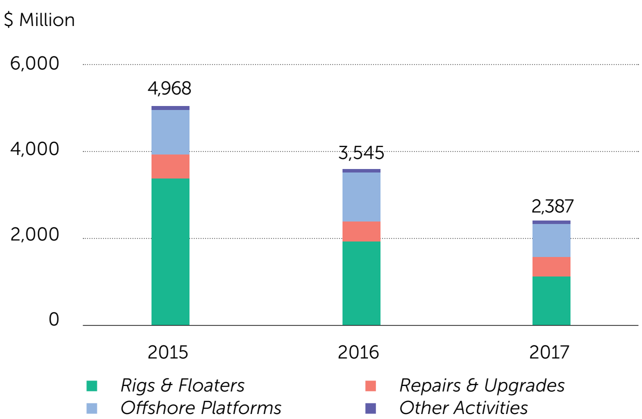
In FY2017, Group revenue totalled $2.39 billion for the 12 months to December 31, 2017. This compares with $3.54 billion in revenue the previous year. The lower revenue was largely due to lower sales from all key business segments (with the exception of Repairs & Upgrades) as well as a reversal of previously recognised rig sales upon the termination of contracts with original customers.

Rigs & Floaters reported a turnover of $1.10 billion in FY2017, a 42% decline from the $1.89 billion booked in the previous year on lower revenue from drillships, other rigs and floaters.

FY2017 Revenue: $2.39 billion

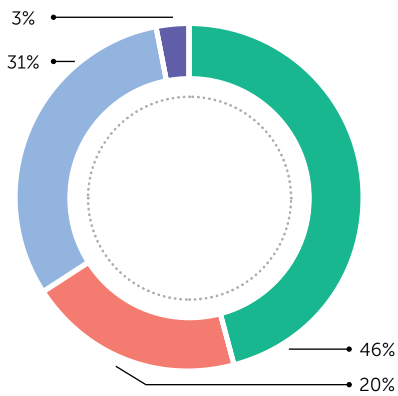


Revenue Breakdown by Segments

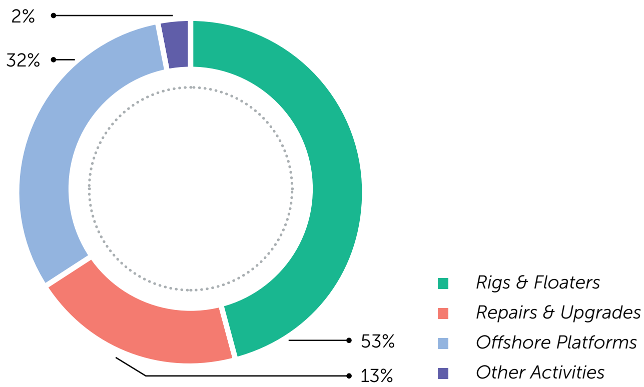


Revenue Contribution by Segments

FY2017: $2.39 billion



FY2016: $3.54 billion



Following the termination of five jack-up rig contracts with their original customers during the year, there was also a reversal of sales from the projects. This was partially offset by revenue recognition from ongoing semi-submersible, floater and platform projects, and the delivery of a floating production, storage and offloading vessel (FPSO), a floating storage and offloading unit (FSO), an LNG modules fabrication project and a jack-up drilling unit during the year under review.

Offshore Platforms revenue declined 34% year-on-year to $732 million in FY2017 from $1.12 billion in FY2016 due to fewer projects on hand.

Repairs & Upgrades revenue totalled $471 million, a 2.5% year-on-year increase from $460 million in FY2016. While fewer ships were repaired, the average revenue per vessel was higher due to an improved vessel mix with more higher-value works.

In FY2017, Rigs & Floaters continued to account for the largest share of Group revenue at 46%, followed by Offshore Platforms at 31% and Repairs & Upgrades at 20%.

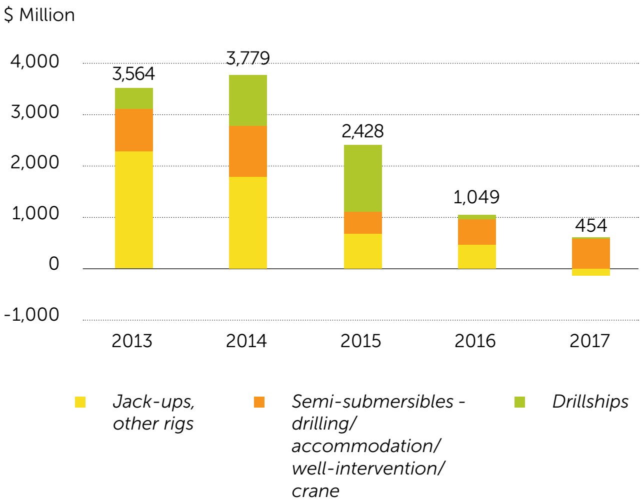
OPERATIONS REVIEW

Rig building revenue was $454 million in FY2017 versus $1.05 billion in FY2016. This was due mainly to revenue reversal from termination of five jack-up rig contracts with their original customers in 2017.

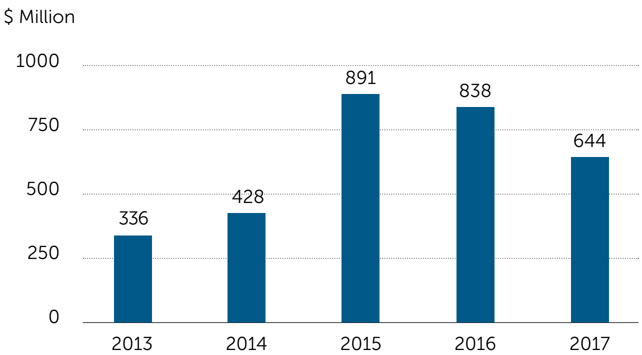
Subsequently, in October 2017, the Group sold nine jack-up rigs to Borr Drilling for US$1.3 billion ($1.77 billion). During the year, one of the jack-ups was delivered to Borr Drilling, with seven units scheduled for delivery in 2018 and one unit in 2019.

In 1Q2018, the Group successfully delivered another two jack-up units to Borr Drilling and a jack-up rig to BOT Lease Co.

Revenue - Rig Building



Revenue - Floaters

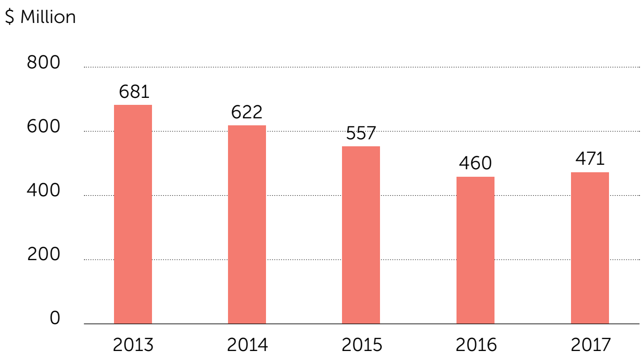


Floaters revenue declined 23% year-on-year to $644 million in FY2017 on fewer projects booked. Major deliveries included the FPSO Pioneiro de Libra to Odebrecht Oil & Gas and Teekay Offshore Partners joint venture as well as the Randgrid FSO to Teekay for the Gina Krog field.

The FPSO Pioneiro de Libra achieved first oil and commenced its 12-year charter contract on November 30, 2017, with a group of international companies including Petrobras, Total, Shell, CNPC and CNOOC. The FPSO is the first unit to produce oil on the giant Libra field, which covers more than 1,500 kilometres in the Santos Basin.

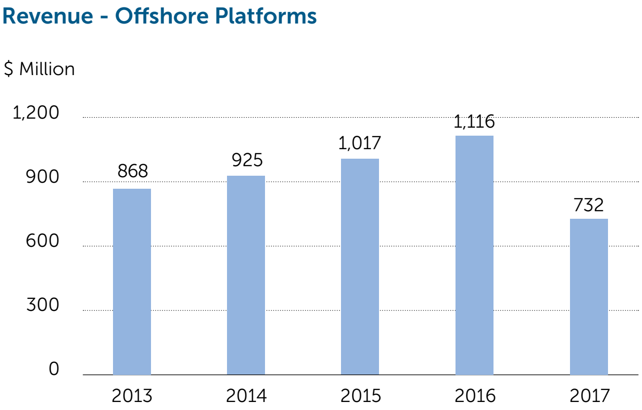
Sembcorp Marine flagship Tuas Boulevard Yard Phase I and II received a variety of vessels which included LNG carriers, cruise vessels, tankers and offshore platforms throughout the year

Revenue - Repairs & Upgrades



Despite a decrease in the number of ships repaired, Repairs & Upgrades revenue increased 2.5% year-on-year from $460 million in FY2016 to $471 million in FY2017 as the revenue earned per vessel was higher. This reflects the higher value work secured from customers despite the fewer vessels repaired.

During the year, the Group repaired a total of 390 vessels compared with 469 vessels in the previous year. However, average revenue per vessel increased to $1.21 million compared with $0.98 million the prior year. The Group continued to be the world's leading repair yard for LNG/LPG carriers as well as passenger ships.



WORKS IN PROGRESS

The Group continues to make steady progress for ongoing projects in its order book.

At Sembcorp Marine's Singapore yards, these projects include:

- The engineering and construction of the world's largest semi-submersible crane vessel (SSCV) for Heerema. Scheduled for completion in 2019, the SSCV will be deployed for both the installation and decommissioning of offshore structures, including offshore platforms, production units, offshore wind structures and other large installations;
- The design and construction of MODEC's newbuild harsh environment FSO vessel for deployment at the Culzean field in the UK North Sea;
- The engineering, procurement and construction (EPC) of Maersk Oil's Central Processing Facility, Wellhead Platform and Utilities & Living Quarters Platform for the Culzean field;
- The conversion of FPSO Kaombo Norte and FPSO Kaombo Sul for Saipem to be located offshore Angola;
- Two high-specification ultra-deepwater drillships for Transocean based on Sembcorp Marine's proprietary Jurong Espadon III drillship design; and
- Three newbuild Pacific Class 400 jack-up rigs under construction for delivery to Borr Drilling.

At Sembcorp Marine's overseas yards, ongoing projects include:

- Construction of a power generation module and other infrastructure (part of the EPC project with Maersk Oil) at Sembmarine SLP yard in the UK; and
- FPSO P-68 hull carry-over works as well as topside modules construction and integration for the FPSOs P-68 and P-71 at the Brazil yard.

The world's largest semi-submersible crane vessel undergoing quayside work

Topsides installation on a floating storage and offloading vessel which will be deployed at the Culzean field

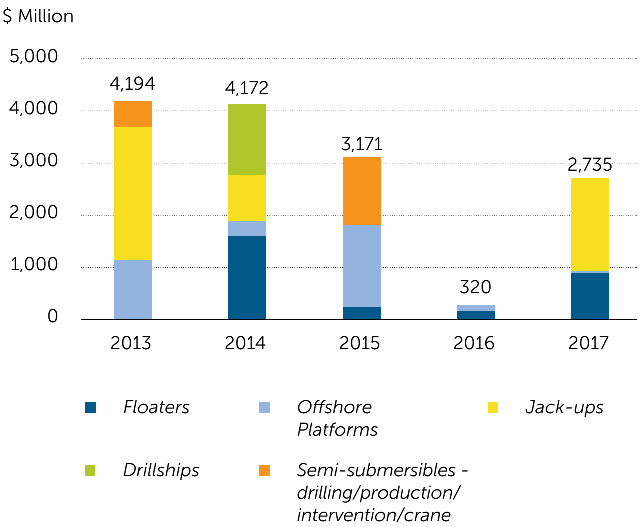
One of two FPSO conversion projects for the Kaombo field offshore Angola

OPERATIONS REVIEW

The Culzean offshore platform EPC project is on track for the UK sector of the North Sea

CONTRACTS SECURED AND NET ORDER BOOK

Contracts Secured (Excluding Repairs)



The Group secured $2.74 billion (excluding repairs and upgrades) in contracts in 2017.

Key highlights on new contracts include the award of a US$490 million contract from Statoil Petroleum AS for the turnkey EPC of hull and living quarters for a newbuild FPSO.

Scheduled for completion in 1Q2020, the FPSO will be deployed at the Johan Castberg field development in the Barents Sea, offshore Hammerfest, Norway.

With a hull approximately 55m wide and 295m long, the FPSO will be self-contained for harsh-environment operation, with living quarters for up to 140 personnel.

Several reversals were made to the order book to account for rigs Sembcorp Marine had terminated with the original customers. The Group cancelled $1.30 billion from its 2013 order book to reflect terminated rigs from Perisai (two units) and Oro Negro (three units). Sembcorp Marine had cancelled another $270 million from its 2014 order book to account for the terminated contract with Marco Polo Marine.

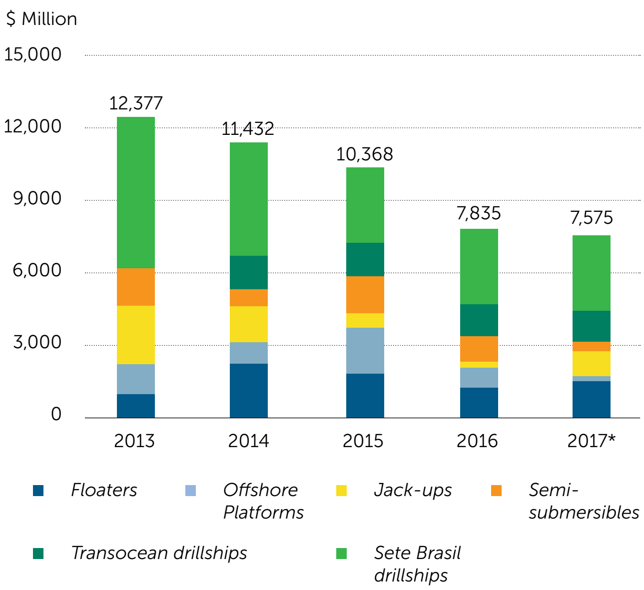
Following the sale of the rigs to Borr Drilling, these contracts, plus an additional three new rigs, were newly reflected in the Group's 2017 net order book.

A contract was awarded by Statoil Petroleum for a newbuild FPSO

Sailaway of FPSO Pioneiro de Libra

The cruise ship Azamara Journey was one of 16 cruise vessels docked at Sembcorp Marine

Net Order Book by Product Type

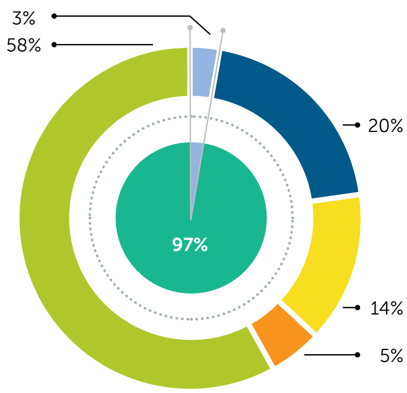


Note:
* FY2017 net order book is $4.45 billion excluding Sete Brasil drillship contracts valued at $3.13 billion.

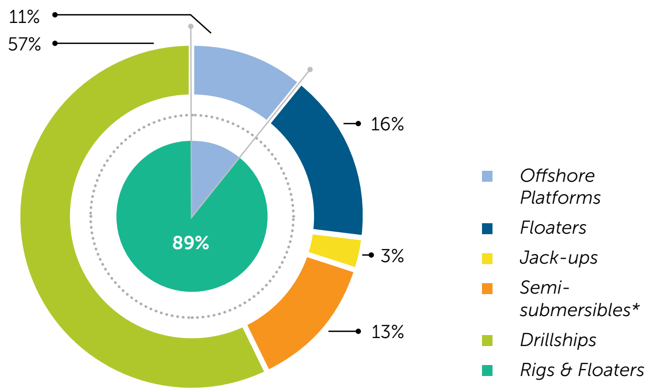
As at December 31, 2017, the Group had a net order book of $7.58 billion with completion and deliveries stretching into 2020. This includes $4.40 billion in drillships, $1.05 billion in jack-ups (mostly from the sale of nine jack-up rigs to Borr Drilling), $407 million in non-drilling semi-submersible vessels mainly for well-intervention and crane semi-submersibles, $1.54 billion for floaters and $188 million for offshore platforms.

Net Order Backlog by Division and Product Type

FY2017: $7.58 billion



FY2016: $7.84 billion



Note:
* Semi-submersibles include drilling, well-intervention, accommodation and crane units