



CEO ADDRESS

CFO FINANCIAL OVERVIEW

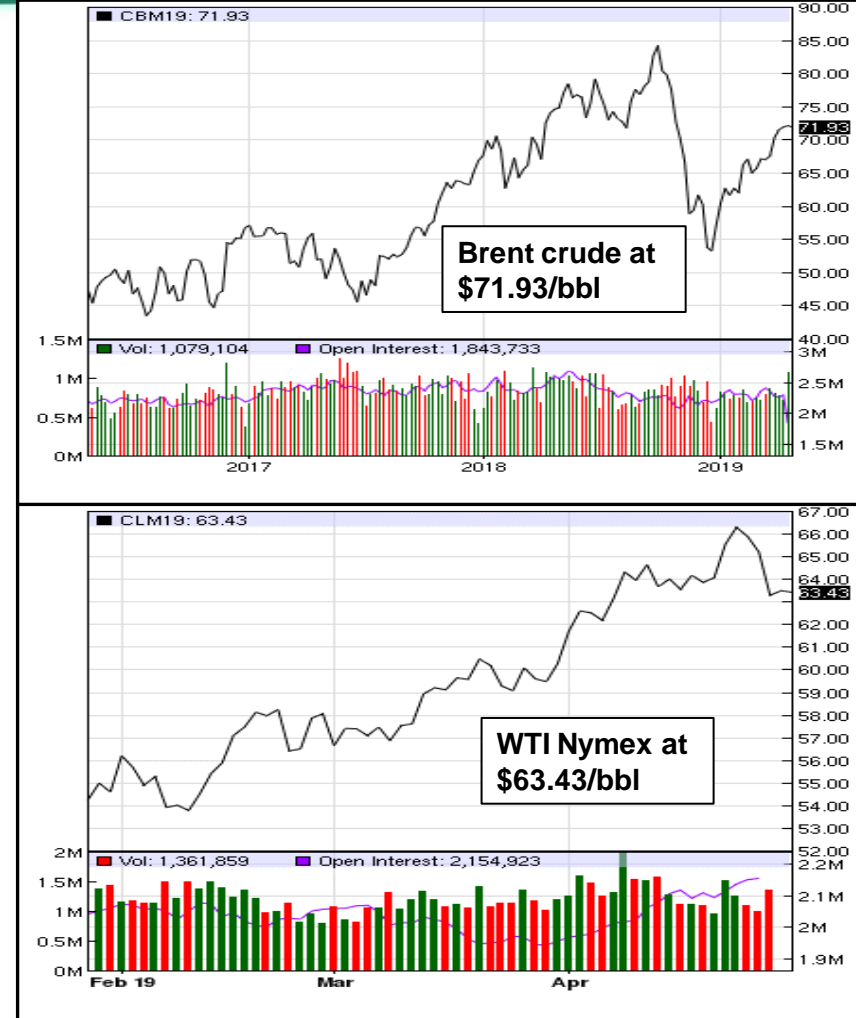
CEO ADDRESS

- ❖ **Macro Environment update**
- ❖ **Financial Performance for 1Q 2019**
- ❖ **Operations Review**
- ❖ **Outlook and Prospects**

(Please refer to CEO speech for details)

Macro Environment

- ❖ Global economic growth for 2019 has been projected to moderate as unresolved trade tensions, the effects of tightening monetary policies, as well as geopolitical and macro-economic uncertainties continue to impact business confidence and investments.
- ❖ The offshore and marine sector continued to improve. Global capex spend for offshore exploration and production (E&P) continues to improve especially for the offshore production segment.
- ❖ Offshore drilling activities saw some improvement in day rates and utilisation levels for some drilling segments.
- ❖ Despite the improving industry fundamentals, time and effort are required for co-development with prospective customers prior to securing new orders. Competition remains intense.



- ❖ In the first three months of 2019, business volume was relatively stable. Higher percentage recognition from ongoing projects and ship repair and upgrade activities were offset by reduced contribution from completion of past projects. Overall business volume in 1Q 2019 remained significantly below peak levels.
- ❖ The Group posted net profit of \$2 million for 1Q 2019. Excluding non-recurring items, net operating profit for 1Q 2019 was \$12 million, compared with net operating profit of \$23 million for 4Q 2018, and net operating loss of \$33 million for 1Q 2018.

For 1Q 2019:

- ❖ Net order book stands at \$5.77 billion as at 1Q 2019. New orders secured in 1Q 2019 was about \$175 million.
- ❖ Group revenue was \$811 million, compared with \$1.18 billion in 1Q 2018.
- ❖ Net profit was \$2 million, compared with a net profit of \$5 million in 1Q 2018.
- ❖ Net gearing was 1.47 times, compared with 1.44 times for 4Q/FY 2018, and 1.14 times at 1Q 2018.

New Orders & Net Order Book

- ❖ **Net order book as at 1Q 2019 is \$5.77 billion, with completion and deliveries till 2021 (FY 2018: \$6.21 billion). Excluding the Sete drillship contracts, net order book stands at \$2.65 billion (FY 2018: \$3.09 billion).**
- ❖ **In 1Q 2019, new contracts secured was about \$175 million for projects comprising the design and construction of a 12,000-cubic-metre (cbm) LNG bunker vessel as well as repair and modernisation works on 13 cruise ships.**
 - **The LNG bunker vessel design and construction project, secured in February 2019 from Mitsui O.S.K. Lines' subsidiary Indah Singa Maritime, marks our first newbuild order and entry into this niche market segment. The 112m long and 22m wide LNG bunker vessel will be the largest of its kind to be built in Singapore, in terms of size and LNG tank capacity.**
 - **The Group will fabricate the vessel's two GTT Mark III Flex membrane tanks, which have a combined 12,000cbm capacity, under a licensing agreement with French LNG containment specialist GTT. The LNG bunker vessel is equipped with dual-fuel engines running on LNG for cleaner propulsion, or marine diesel oil.**



- **Project:** Design and construction of 12,000 cbm LNG bunker vessel with GTT Mark III Flex membrane tank system; to be the biggest vessel of its kind built in Singapore. For cleaner propulsion, the LNG bunker vessel will have dual-fuel engines running on LNG or marine diesel oil.
- **Customer:** Indah Singa Maritime Pte Ltd, a subsidiary of Mitsui O.S.K. Lines, Ltd. (MOL)
- **Location:** Upon its completion in early 2021, the vessel will be chartered to Pavilion Gas Pte Ltd for deployment in Singapore



New Orders & Net Order book

- ❖ **We continue to progress in our diversification into new product segments and commercialisation of our proprietary Gravifloat technologies for diverse nearshore LNG terminal and gas infrastructure applications.**
- ❖ **We remain focused on building our order book and are actively pursuing opportunities across key segments, including rigs and floaters, production platforms, gas and renewable energy solutions, as well as specialised shipbuilding.**

Review of Operations – Deliveries

- ❖ **In February 2019, we completed reactivation works and successfully delivered the newbuild harsh-environment semi-submersible Transocean Norge (ex-West Rigel) to Transocean. The Moss Maritime CS60 semi-submersible has secured a charter from Equinor for drilling operations in the Norwegian Continental Shelf. Built for a water depth rating of 10,000 feet with a maximum drilling depth of 40,000 feet, the N-Class compliant rig is engineered and winterised to carry out year-round drilling operations.**
- ❖ **With the delivery of the final Borr Drilling jack-up rig Njord in January 2019, we have completed and delivered all nine proprietary designed Pacific Class 400 jack-ups to Borr Drilling. All nine rigs were delivered on or ahead of schedule upon Borr's request, and five rigs have already sailed away with drilling contracts reportedly secured. Notably, Njord was the first drilling rig to be awarded a Cyber Security-Ready (CS-Ready) Notation by ABS after fulfilling requirements to implement access controls and cybersecurity management systems.**

Project deliveries in 1Q 2019

Final 9th Pacific Class 400 premium jack-up rig to Borr Drilling



Contract: Sale of 9 proprietary design Pacific Class 400 premium jack-up rigs to Borr Drilling

Customer: Borr Drilling

Delivery: Jan 2019 – Final 9th unit delivered (Njord)

Project deliveries in 1Q 2019

Transocean Norge (ex-West Rigel) Newbuild Harsh-Environment Semi-submersible Drilling Rig



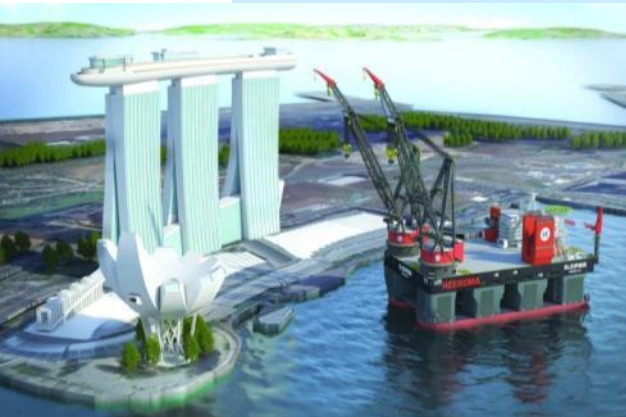
Project: Newbuild Moss Maritime CS60 design harsh environment semi-submersible drilling rig bought by Transocean and partners

Customer: Transocean and partners

Delivery: Feb 2019, secured charter from Equinor for drilling operations in Norwegian Continental Shelf

Ongoing Projects – Heerema newbuild

Heerema Semi-submersible Crane Vessel



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

Ongoing Projects – Transocean Drillships

Construction of Transocean Drillships – 1st Unit



Project: Construction of two high-specification ultra-deepwater drillships for Transocean based on Sembcorp Marine's proprietary Jurong Espadon III drillship design.

Customer: Transocean

Construction of Transocean Drillships – 2nd Unit



Project: Construction of two high-specification ultra-deepwater drillships for Transocean based on Sembcorp Marine's proprietary Jurong Espadon III drillship design.

Customer: Transocean

Ongoing Projects – Johan Castberg Project for Equinor (former Statoil)

Turnkey Engineering, Procurement and Construction of Newbuild FPSO Hull and Living Quarters for Equinor – Keel Laying



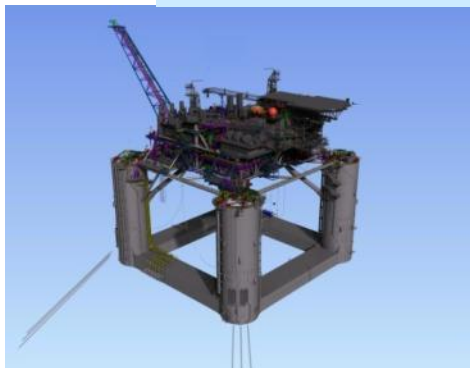
Project: Turnkey Engineering, Procurement and Construction of Newbuild FPSO Hull and Living Quarters

Customer: Equinor (former Statoil)

Operation: Johan Castberg field development, Barents Sea, offshore Norway

Ongoing Projects – Shell Vito Project

Construction and Integration of FPU Hull, Topsides and Living Quarters – Steel Fabrication

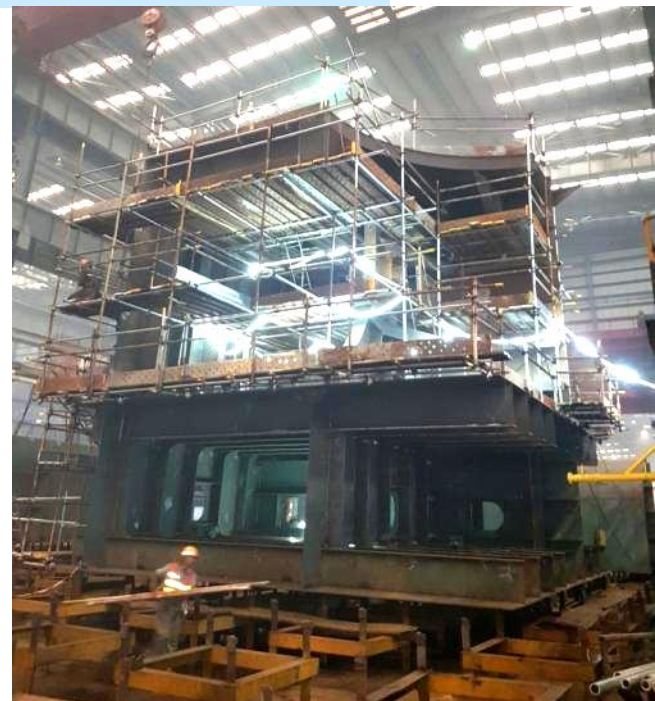


Project: Construction and integration of hull, topsides and living quarters for Shell's Vito semi-submersible Floating Production Unit (FPU), including installation of owner-furnished equipment

Customer: Shell Offshore

Operation: Mississippi Canyon Block 984 , US Gulf of Mexico

EPC construction and integration of a newbuild FPSO hull, living quarters and topside modules – Fabrication works



Project: EPC construction and integration of a newbuild FPSO hull, living quarters and topside modules, including owner-furnished equipment

Customer: TechnipFMC

Operation: Karish deepwater field developments in the Eastern Mediterranean

REPAIRS & UPGRADES – LNG CARRIERS, MARINE & OFFSHORE PROJECTS



Diverse range of repairs in progress during 1Q 2019, including LNG carriers as well as various marine and offshore projects

REPAIRS & UPGRADES – CRUISESHIPS



Major conversion of Explorer Dream (ex-SuperStar Virgo) for Genting Cruise Lines



Modernisation of Celebrity Millennium for Celebrity Cruises



Repairs and installation of scrubbers on Diamond Princess for FCC partner Princess Cruises



Extensive refurbishment of Norwegian Joy for new FCC partner Norwegian Cruise Line, and Karnika for Jalesh Cruises, India's first luxury cruise line

Our ongoing projects continue to make good progress. They include:

- ❖ Engineering and construction of Sleipnir, the world's largest semi-submersible crane vessel for Heerema;**
- ❖ Construction of two high-specification ultra-deepwater drillships for Transocean, based on Sembcorp Marine's proprietary Jurong Espadon III drillship design;**
- ❖ Turnkey engineering, procurement and construction of newbuild FPSO hull and living quarters for Equinor, for the Johan Castberg field development in the Barents Sea;**
- ❖ Construction and integration of hull, topsides and living quarters for Shell's Vito semi-submersible Floating Production Unit (FPU); and**
- ❖ Engineering, procurement, construction and integration of a newbuild FPSO hull, living quarters and topside modules, including owner-furnished equipment, for TechnipFMC for deployment in the Energean-operated Karish deepwater field in the Eastern Mediterranean.**

Initial works have also commenced for our recently secured renewable energy engineering solutions contracts, comprising:

- ❖ **Engineering, procurement, construction, hook-up and commissioning works for two topsides for Ørsted Wind Power to be deployed to the UK's Hornsea 2 Offshore Wind Farm; and**
- ❖ **Design and construction of three battery-powered ropax ferries for Norled AS, based on a proprietary design by Sembcorp Marine's wholly-owned subsidiary LMG Marin.**

Key projects underway at our EJA Yard in Brazil include:

- ❖ **Hull carry-over works as well as topside modules construction and integration for the FPSO P-68; and topside modules construction for FPSO P-71, both for the Tupi Project.**

- ❖ In 1Q 2019, a total of 75 vessels were repaired or upgraded at our yards, compared with 80 vessels in 1Q 2018. Average revenue per vessel was higher at \$1.37 million compared with \$0.99 million on improved vessel mix of higher-value works.
- ❖ Our cruise ship repair and upgrade business started the year on a strong footing with the award of 13 new cruise vessel repair and modernisation projects. Awarded by leading cruise brands such as Carnival Cruise Line, Royal Caribbean Cruise Line, Star Cruises, Norwegian Cruise Line and Star Clippers Monaco, these latest contracts continue to strengthen our leadership position for cruise ship refits and upgrading business, with 115 vessels over the past 10 years.

- ❖ **For green technology solutions, namely ballast water management systems (BWMS) and gas scrubber installations, we continue to actively execute an increasing number of such contracts.**
- ❖ **The acquisition of Semb-Eco core patents in January 2019 has further strengthened our position as an industry leader for ballast water treatment, exhaust gas cleaning as well as biofouling and corrosion control solutions.**
- ❖ **We expect strong demand for BWMS installations and scrubber retrofitting works to continue in the foreseeable years.**

- ❖ **We continue to closely monitor the developments of Sete Brasil's judicial recovery plan and will respond accordingly. Based on media reports, the current plan includes the sale of four drillings rigs being built at two Singapore yards.**
- ❖ **We believe the \$329 million provision made in FY 2015 for the Sete Brasil contracts remains sufficient under the present circumstances.**

- ❖ **We continue to deepen our innovation capabilities and technological expertise through continuous research and development, including partnering with global technology partners to develop new LNG, drone-based, digital twin and 3D-printing technologies, applications and solutions for offshore and marine operations.**
- ❖ **In recognition of our contributions to enhancing the competitiveness of Singapore's offshore and marine engineering sector, Sembcorp Marine was accorded the Offshore and Marine Engineering Award by the Maritime and Port Authority of Singapore (MPA) at the Singapore International Maritime Awards 2019 for the second time, following our first award win in 2015. We had also clinched MPA's Outstanding Maritime R&D and Technology Award earlier in 2017 for our non-chemical and by product-free ballast water management system.**

- ❖ **We continue to implement workforce optimisation, rightsizing, cost controls and productivity enhancement initiatives, to ensure optimal and prudent resource allocation for operational resilience, competitiveness and efficiency.**
- ❖ **The enhancement of our workforce capabilities, resilience and competitiveness is part of our strategic positioning to ready the Group for the eventual market recovery.**

- ❖ **We continue to exercise financial prudence and discipline to rebuild and strengthen the Group's financial position as we navigate the prolonged cyclical downturn. Our key priority is building our order book.**
- ❖ **Capex for 1Q 2019 was about \$77 million. This comprised installation of certain new capabilities and completion of corporate headquarters at our Tuas Boulevard Yard. Going forward, we expect capex to further moderate compared to prior year.**
- ❖ **For 1Q 2019, operating cash flow generated before working capital changes was \$69 million. Net gearing was 1.47 times, compared with 1.44 times as at 4Q/FY 2018 and 1.14 times as at 1Q 2018.**

- ❖ **Global capex spend for offshore exploration and production (E&P) continues to improve especially for the offshore production segment. Offshore drilling activities saw some improvement in day rates and utilisation levels for some drilling segments.**
- ❖ **Sembcorp Marine is responding to increasing enquiries and tenders for offshore production units, innovative engineering solutions and projects related to the gas value chain.**
- ❖ **The outlook for ship repairs and upgrades continues to improve, underpinned by higher work volume from the new IMO regulations requiring the installation of ballast water treatment systems and gas scrubbers.**
- ❖ **Overall, competition remains intense, and production activity for the Group is expected to remain low. We will continue to take steps to manage our costs, cash flows and gearing to address our balance sheet and to capitalise on new business opportunities.**

CFO Presentation

❖ **Earnings Performance**

❖ **Financial Position**

Key highlights:

For three months ended March 31, 2019:

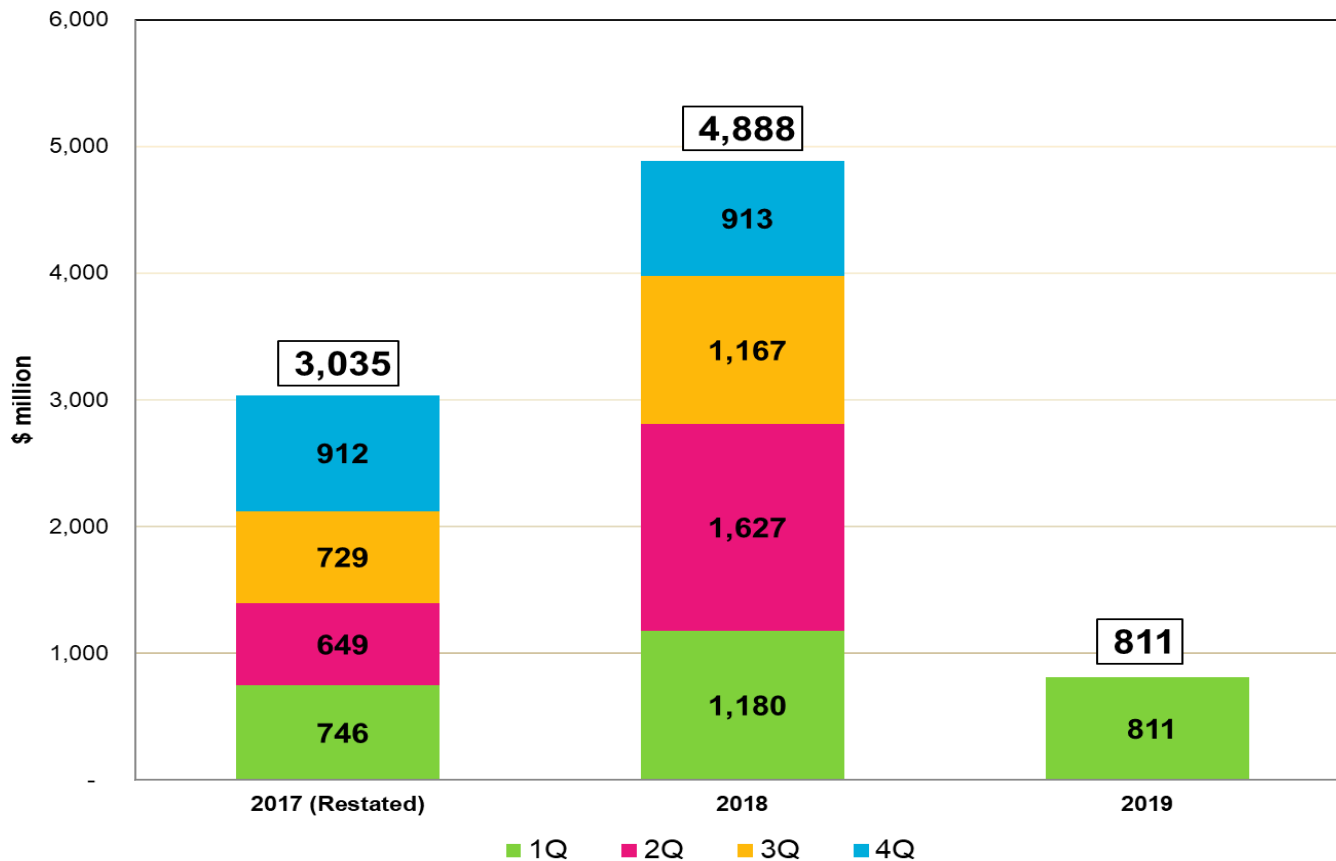
- ❖ **Turnover totalled \$811 million compared with 1Q 2018 at \$1.18 billion.**
- ❖ **Group EBITDA of \$68 million.**
- ❖ **Net profit attributable to shareholders of \$2 million.**
- ❖ **Secured \$175 million in new orders in 1Q 2019.**
- ❖ **Group net orderbook stands at \$5.77 billion.**

Financial Highlights

Group (\$ million)	1Q 2019	1Q 2018	% change
Turnover	811	1,180	(31)
Gross Profit	22	43	(50)
EBITDA	68	66	3
Operating Profit	7	20	(64)
(Loss) / Profit before tax	(1)	6	n.m.
Net Profit	2	5	(68)
EPS (basic) (cts)	0.08	0.25	(68)
NAV (cts)	110.73	110.68*	
* as at 31 Dec 2018			

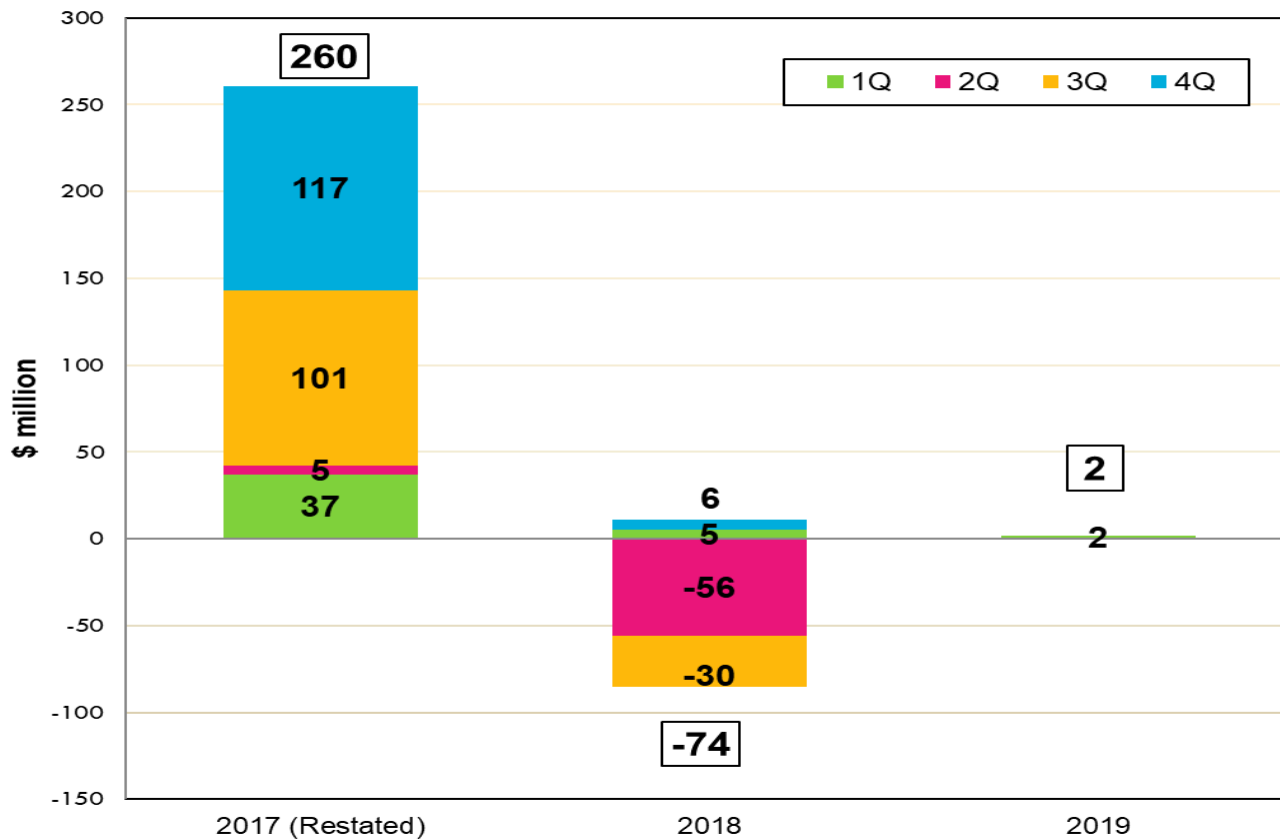
Financial Review: Revenue

1Q 2019 Revenue: \$811 million



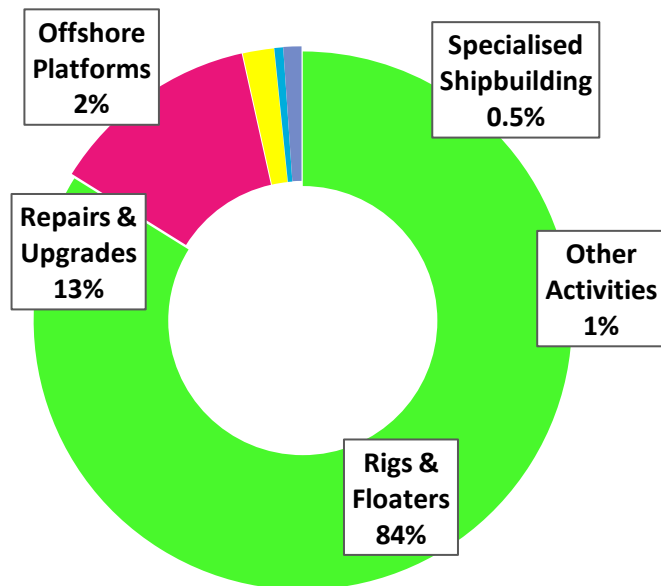
Financial Review: Net Profit/Loss

1Q 2019 Net Profit: \$2 million

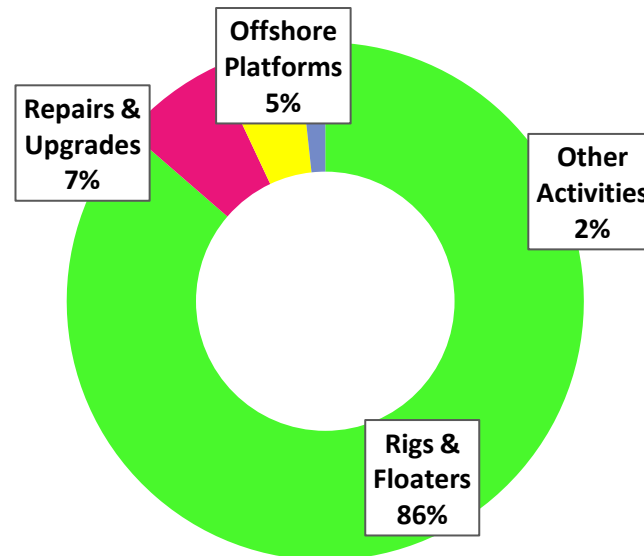


Business Review: Turnover by Segments

1Q 2019: \$811 million



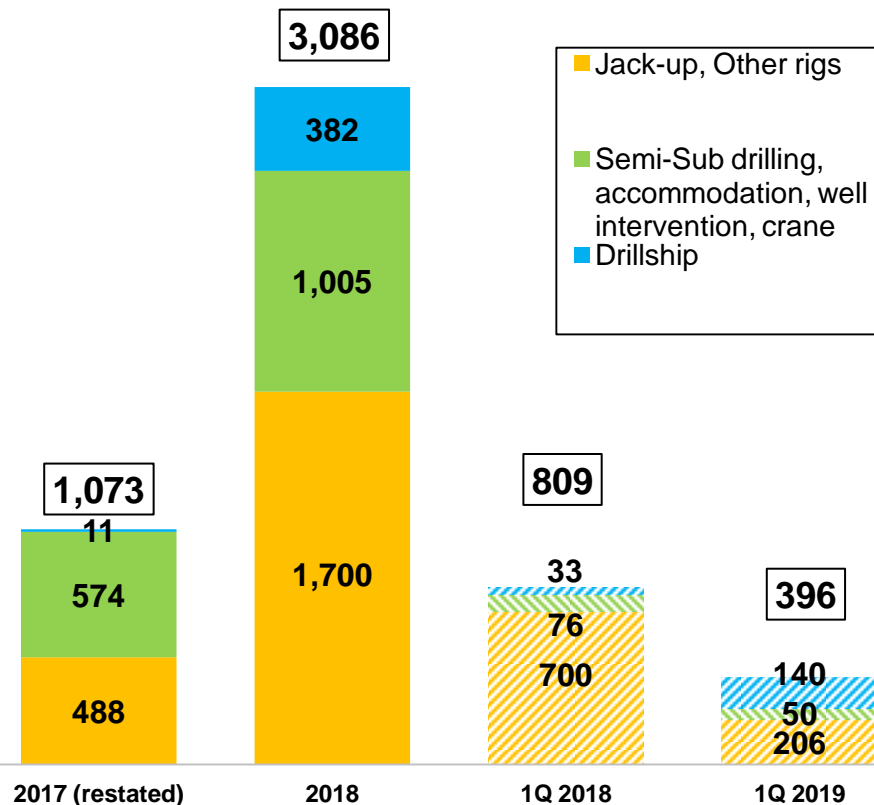
1Q 2018: \$1.18 billion



Turnover (\$ million)	1Q 2019	1Q 2018	% change
Rigs & Floaters	680	1,019	(33)
Repairs & Upgrades	103	79	30
Offshore Platforms	15	62	(76)
Specialised Shipbuilding	4	-	n.m.
Other Activities	9	20	(56)
TOTAL	811	1,180	(31)

Rig building revenue was \$396 million in 1Q 2019 on recognition of delivery of 1 jack-up rig to Borr Drilling and drillship revenue from ongoing Transocean projects of \$140 million, with semi-subs rev at \$50 million.

REVENUE – RIG BUILDING (\$ MILLION)



JACK-UP RIGS SCHEDULE

○ No. of jack up rigs delivered in 1Q 2019

1

* Borr Drilling jack-up rig P2052

SEMI-SUBMERSIBLES, DRILLSHIPS SCHEDULE

○ Number of projects in WIP stage

3

* Heerema Offshore semi-sub crane vessel

* 1st drillship for Transocean, JE III

* 2nd drillship for Transocean, JE III

○ 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

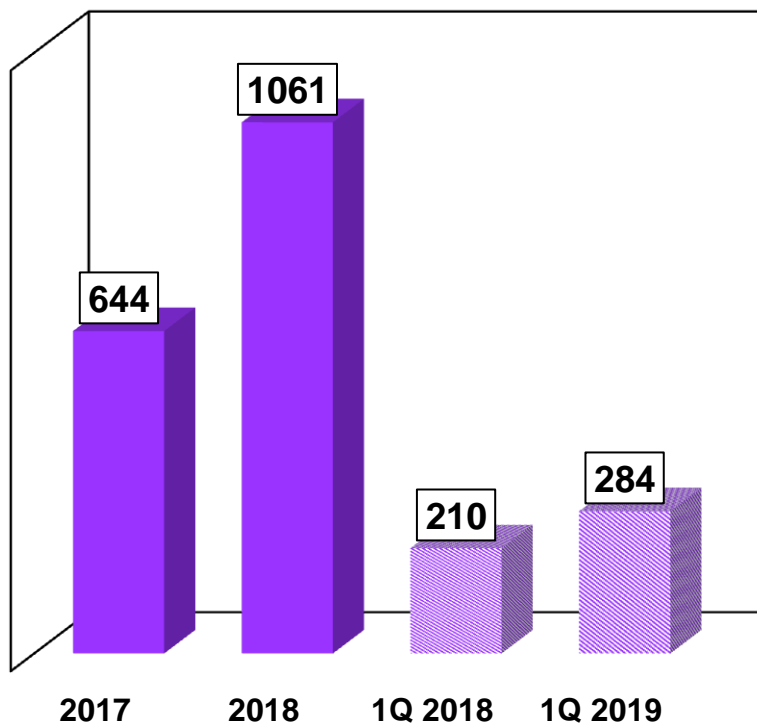
* Drillship 5th unit, Sete Brasil

* Drillship 6th unit, Sete Brasil

* Drillship 7th unit, Sete Brasil

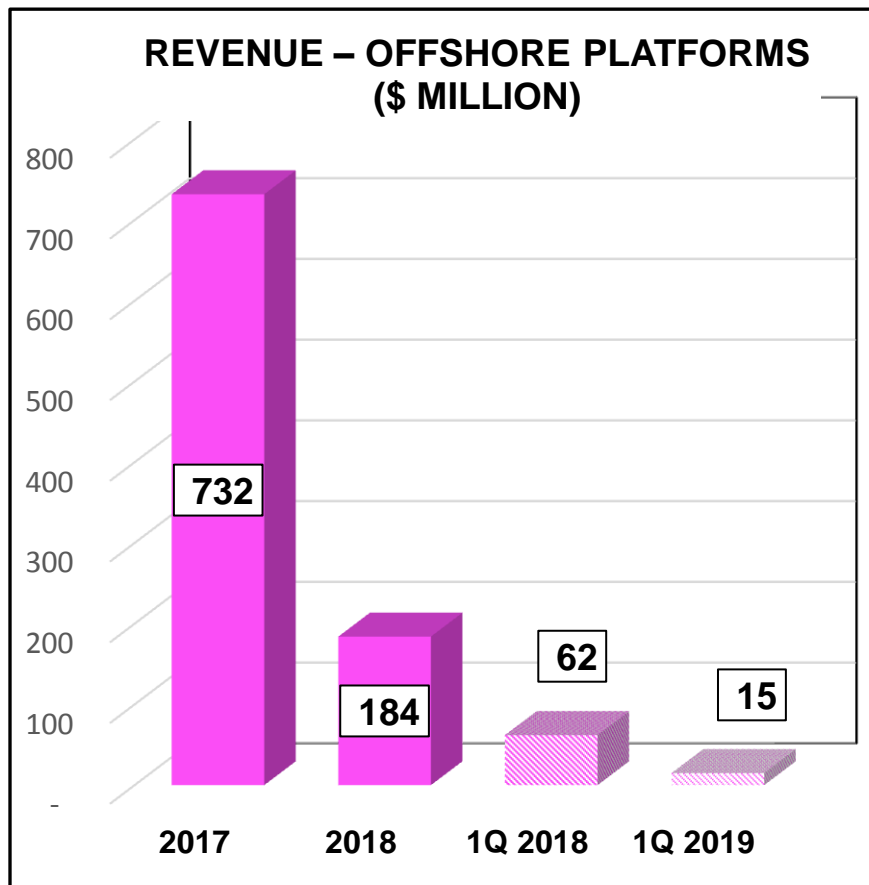
- 1Q 2019 Floater revenue increased 35% to \$284 million on higher percentage recognition for the Johan Castberg, Shell Vito and Karish FPSO projects.

REVENUE - FLOATERS (\$ MILLION)



Offshore conversions	No. of projects	Brief description
○ No. of Projects delivered in 1Q 2019	Nil	
○ No. of projects in the WIP stage	6	* P68 FPSO for Petrobras * P71 FPSO for Petrobras * P68 hull carry over work
		* Statoil Johan Castberg FPSO project * Shell Vito FPU project * Karish FPSO project

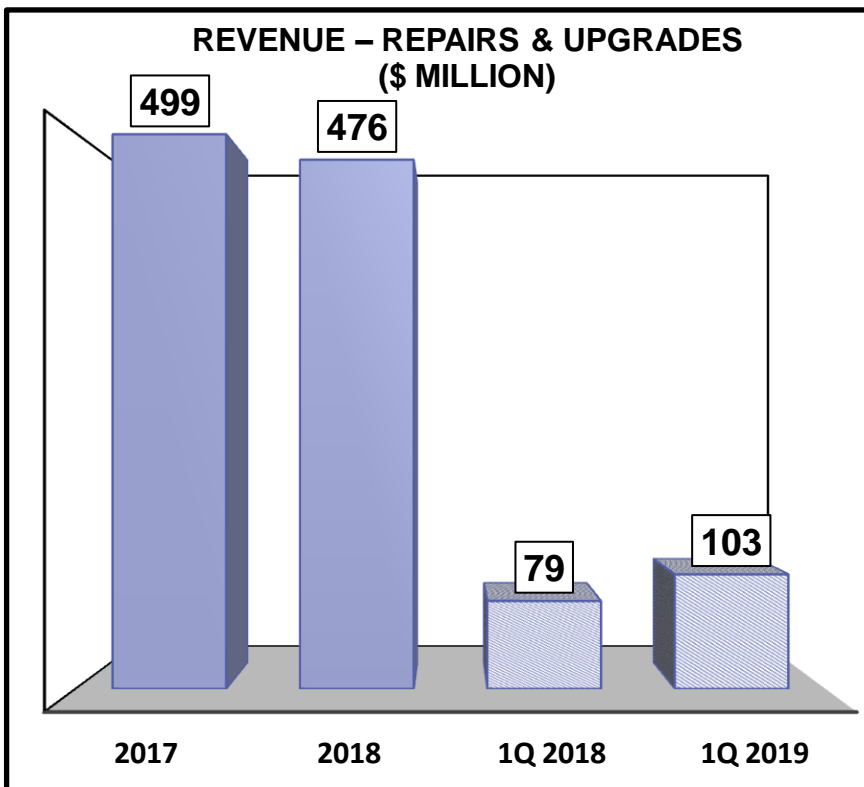
- Offshore Platforms revenue was \$15 million in 1Q 2019 on contributions from Hornsea & Tangguh projects.



Offshore Platforms	No. of projects	Brief description
○ No. of projects delivered in 1Q 2019	Nil	
○ No. of projects in WIP stage	3	Tangguh LNG modules
		Hornsea II jackets
		Hornsea II substation topsides

Core Business: Repairs & Upgrades

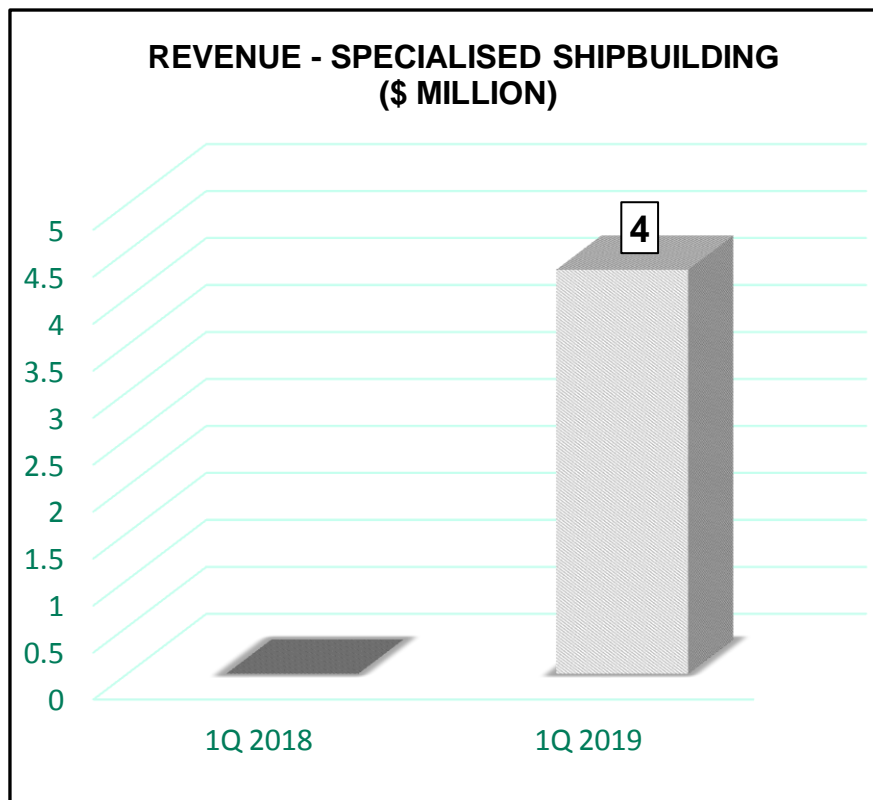
- Revenue from Repairs & Upgrades totalled \$103 million in 1Q 2019 (1Q 2018: \$79 million) on fewer ships repaired, although average revenue per vessel was higher on improved vessel mix on relatively higher value works.



Period	1Q 2019	1Q 2018	% change
No. of vessels repaired	75	80	(6)
Average value per vessel (\$m)	1.37	0.99	38
Total repair revenue contribution (\$m)	103	79	30

Core Business: Specialised Shipbuilding

- Maiden revenue contribution from Specialised Shipbuilding was \$4 million for 1Q 2019 on recognition of ongoing Ropax ferries projects.



No. of Specialised Shipbuilding projects			Brief description
○ No. of projects delivered in 1Q 2019	Nil		
○ No. of projects in WIP / Planning stage	3		Ropax ferries
	1		LNG bunker vessel

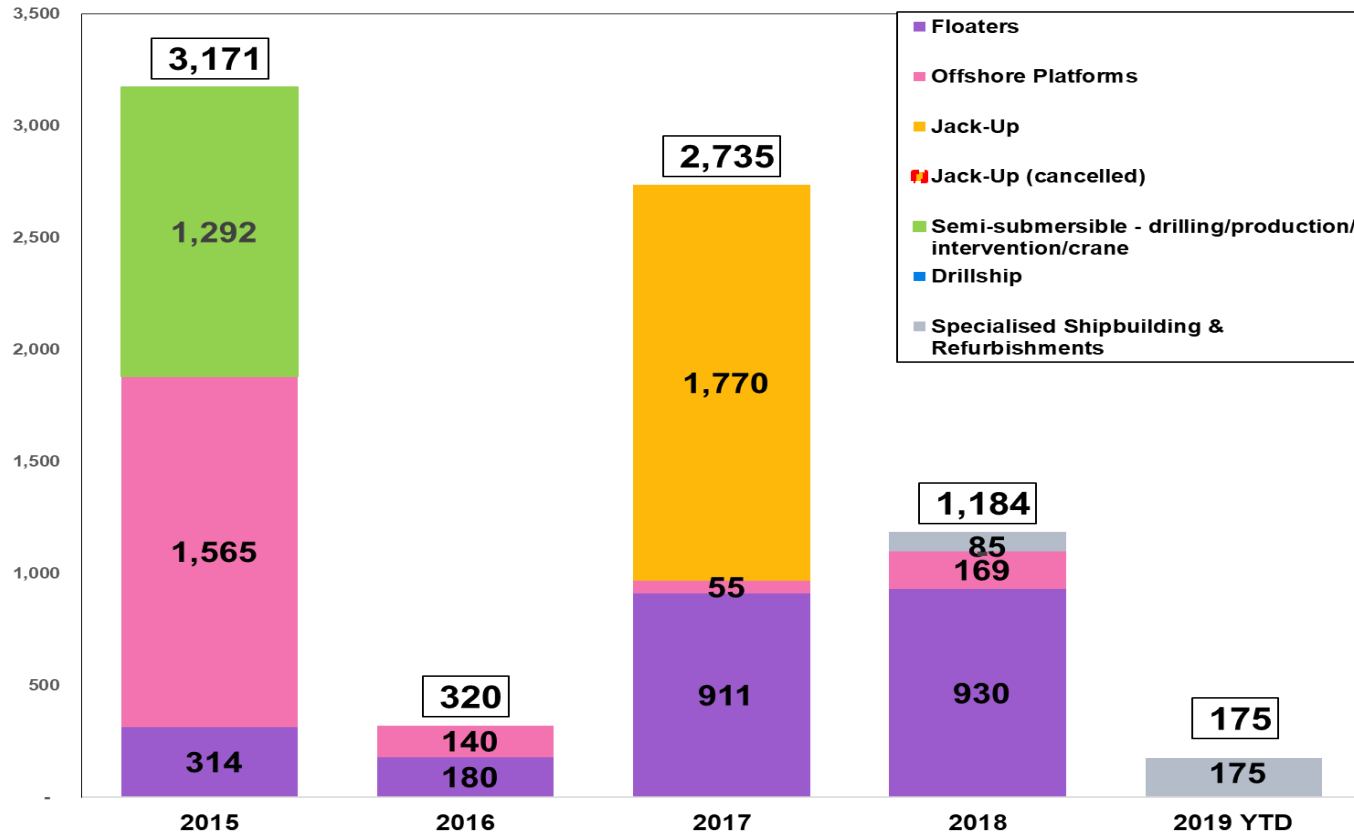
CAPITAL, GEARING & ROE

Group (\$ million)	Mar-19	Dec-18	% change
Shareholders' Funds	2,313	2,312	-
Net Debt	3,464	3,391	2
Net Working Capital	132	198	(33)
Return on Equity (ROE) (%) - annualised	0.3	(3.1)	n.m.
Net Asset Value (cents)	110.73	110.68	-
Return on Total Assets (ROTA) (%) - annualised	1.6	0.3	n.m.
Total equity	2,349	2,348	-
Net Gearing Ratio (times) *	1.47	1.44	2

CASHFLOW

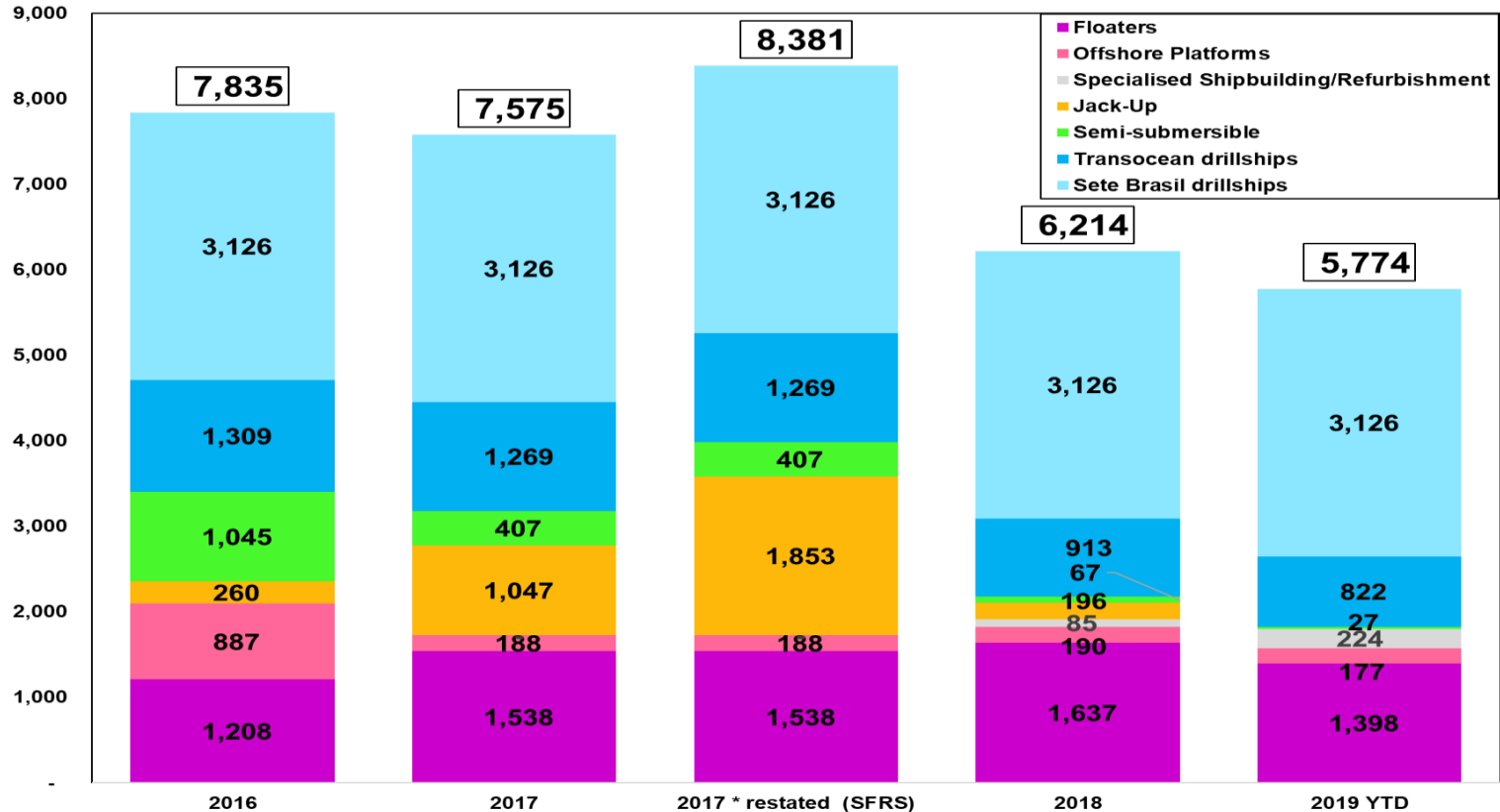
Group (\$ million)	1Q 2019	1Q 2018	% change
Operating cashflow before working capital changes	69	67	3
Cash generated from operations	9	31	(71)
Net cash flow from operating activities	-	7	n.m.
Net cash flow from investing activities (mainly Capex)	(76)	(44)	73
Net cash flow from financing activities	(235)	(244)	(4)
Net increase/(decrease) in cash & cash equivalents	(311)	(281)	11
Cash & cash equivalents in balance sheets	524	1,018	(49)
Borrowings	(3,988)	(3,809)	5
Net Debt	(3,464)	(2,791)	24

Contracts Secured (\$ million)



Net Order Book – FY 2019 year to date : \$5.77 billion

Net orderbook by Product Type



Note: FY 2019 YTD net order book is \$2.6 billion excluding Sete Brasil drillship contracts.

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.



Integrated Synergies, Global Possibilities.