



## **AGENDA**

- ❖ **CEO Address**
- ❖ **CFO Financial Highlights**

## CEO ADDRESS

- ❖ Macro update
- ❖ Financial performance for 1Q 2017
- ❖ Operations review
- ❖ Outlook and prospects

## Macro environment – remains challenging

- ❖ Global economy shows signs of improvement on pickup of consumption, investments and trade but vulnerable to geo-political forces.
- ❖ Offshore and marine market remains challenging.
- ❖ November OPEC agreement to reduce oil output has led to oil prices rebounding to the current US\$50 per barrel range. We are hopeful for this trend to continue.
- ❖ Pace of recovery in oil and gas investments is uncertain and will continue to be impacted by existing rigs supply.
- ❖ Continue to monitor macro environment closely and strategically respond to developments.



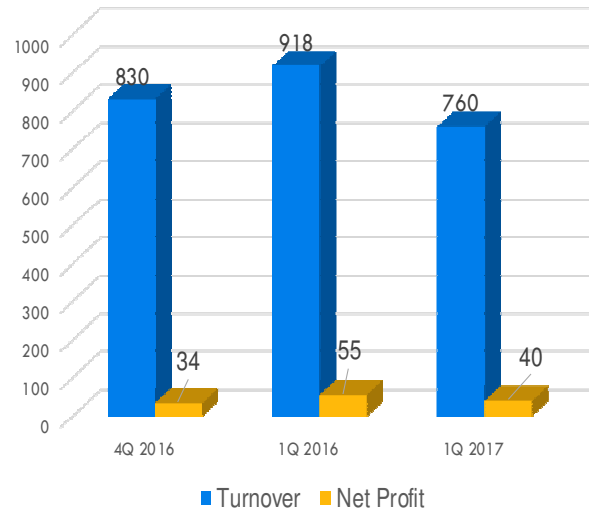
Source: Nasdaq

## Financial Performance

### Key Highlights for 1Q 2017:

- ❖ Total revenue of \$760 million, compared with \$918 million in 1Q 2016.
- ❖ Group Net Profit was \$40 million, compared with \$55 million in 1Q 2016.

### 1Q 2017 Financial Performance (\$m)



5

## Review of Operations

- ❖ Successful delivery of the FPSO Pioneiro de Libra in 1Q 2017.
- ❖ Continued good progress being made on execution of current order book.
- ❖ Key ongoing projects include:
  - Engineering & construction of world's largest semi-submersible crane vessel for Heerema;
  - Design & Construction of MODEC's newbuild Floating Storage and Offloading (FSO) vessel for deployment in 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;
  - FPSO Kaombo Norte and FPSO Kaombo Sul for Saipem's operations in offshore Angola; and
  - FPSO Gina Krog for Teekay for deployment in the North Sea.

6

## Successful deliveries in 1Q 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

## Ongoing Projects – Semi-sub crane vessel

### Heerema Semi-submersible Crane Vessel



**Project:** Engineering and construction of a newbuild semi-submersible crane vessel  
**Customer:** Heerema Offshore Services B.V.  
**Expected Delivery:** 2Q 2019

## Ongoing Projects – Progressing Well

### Culzean FSO Newbuild



**Project:** Turnkey FSO newbuilding comprising engineering, procurement, construction and commissioning, including installation and integration of turret and topside modules  
**Customer:** MODEC  
**Expected Delivery:** 1Q 2018  
**Operation:** Maersk Oil's Culzean field, UK North Sea

9

## Review of Operations

- ❖ **Ongoing projects at our overseas yards include:**
  - FPSO topsides modules construction/integration for Petrobras P68 and P71 at our EJA Yard in Brazil; Construction of a power generation module and other infrastructure (part of our EPC project for Maersk Oil) at our SLP yard in UK; and LNG modules work at Indonesian yards.
- ❖ **In 1Q 2017 Repairs & Upgrades performed a total of 111 repairs and upgrades. Revenue per vessel was marginally higher.**
- ❖ **The International Maritime Organization (IMO) Ballast Water Management Convention, to come into effect in Sept 2017, augurs well for our repairs and upgrades business.**
- ❖ **Developed our proprietary Semb-Eco LUV Ballast Water Management System (BWMS) which recently won the Outstanding Maritime R&D and Technology Award at IMA 2017.**
- ❖ **Enquiries are increasing for installation of BWMS in vessels and other related services. Optimistic that demand will grow over next few years.**

10

## **Sete Brasil drillships**

- ❖ **Sete Brasil submitted its last restructuring plan to the Brazilian court in April 2017. Hearings and discussions on the plan are ongoing.**
- ❖ **We continue to engage with Sete Brasil as necessary to better understand its restructuring plan.**
- ❖ **We are monitoring the situation actively so as to be well prepared to respond strategically, as appropriate.**
- ❖ **We believe provisions of \$329 million made in FY2015 for the Sete Brasil contracts remain adequate under present circumstances.**

## **Rig Delivery Deferrals**

- ❖ **We continue to work with our customers for solutions on delivery deferrals of their rigs.**
- ❖ **All these rigs have been technically completed and accepted by respective customers.**
- ❖ **Standstill agreement with North Atlantic Drilling for the delivery of the West Rigel semi-submersible rig extended to July 6, 2017. Both parties are marketing the rig for sale or charter.**
- ❖ **Provisions of \$280 million taken in FY2015 in case of prolonged deferment and possible cancellation of rigs are adequate under present circumstances.**

## **Net orderbook at \$7.14 billion**

- ❖ For 1Q 2017, we secured \$75 million in orders in the non-drilling solutions segment.
- ❖ Net order book stands at \$7.14 billion. Excluding Sete Brasil projects, net order book totals \$4.02 billion.
- ❖ With improvement in oil prices, enquiries for non-drilling solutions have gained further momentum. Active engagements with potential customers in recent months on potential projects.
- ❖ Further progress made in development of our near-shore gas infrastructure solutions, using our Gravifloat technologies. In active discussions with several potential customers and we remain hopeful of new orders in 2017 for this new business segment.

## **Cost Management & Operational Excellence - HR**

- ❖ We continue to optimise our human resources as well as build new capabilities and competencies for long term workforce sustainability.
- ❖ Reallocation of excess manpower from drilling to non-drilling work, without compromising on safety and quality of execution.
- ❖ Allowed for natural attrition of our employees and terminated less efficient sub-contractors.
- ❖ Similar measures taken for our EJA yard in Brasil to rightsize and optimise the workforce.
- ❖ In 1Q 2017, these measures led to a reduction of approx 500 in our workforce. Since 2015, the reduction in our total workforce, including employers and sub-contractors, is about 9,000.
- ❖ Workforce optimisation continues through skill training and upgrading; selectively recruiting talents to support new businesses.

## Singapore Yards

- ❖ With completion of Phase 2 of Tuas Boulevard Yard (TBY) in January 2017, we now have 7 docks at TBY.
- ❖ Enable us to better optimise our work execution and realise operational efficiencies.
- ❖ As part of yard capacity management, the Group will continue to leverage and maximise utilisation at TBY yard. Review schedule for returning our other yards in Singapore at or before their lease expiry.
- ❖ To date, we have returned the Pulau Samulun Yard to the Singapore Government. In 2017, the Shipyard Road Yard and Tuas Road Yard are scheduled to be returned. Plan to return our Tanjong Kling Yard ahead of its lease expiry date.

15

## Cashflow and Liquidity Management

- ❖ Continue to exercise financial discipline and prudence in our cash flow management. Majority of order book continues to be on progress payment terms to minimize our need for significant working capital.
- ❖ In 1Q 2017, Operating cash flow used was \$69 million, compared with \$59 million used in 1Q 2016.
- ❖ Capital expenditure for 1Q 2017 was \$53 million, as most of our yard capex has been expended. We expect this trend to continue.
- ❖ Net gearing increased marginally during the quarter, with net debt to equity at 1.18 times at 1Q 2017, versus 1.13 times at end FY 2016.
- ❖ Sufficient debt headroom. With existing facilities and continued support from banks and bondholders, are able to execute our orders and meet liquidity needs.

16



## Key Divestments

- ❖ We received necessary regulatory approvals for our divestment of our 30% stake in Cosco Shipyard Group Co., Ltd (CSG) in January 2017.
- ❖ Divestment realised a gain of approximately \$47 million which was recognised in 1Q 2017.
- ❖ Proceeds from the divestment of \$220 million are expected to be received in 2Q 2017 and will be used to support our business growth.

## Outlook and Prospects

- ❖ Oil prices appear to have stabilised. Global exploration and production spending is expected to increase in 2017, compared to the last two years.
- ❖ Enquiries for non-drilling solutions continue to be encouraging. We are cautiously optimistic of new orders for production facilities in the next few years.
- ❖ Customer interest in our broad-based LNG solutions and capabilities remains strong as global demand for gas is on the rise.
- ❖ We are making steady progress in the development and commercialisation of our Gravifloat technology for near-shore gas infrastructure solutions.
- ❖ However, it will take time for such efforts to translate into orders.
- ❖ Sembcorp Marine'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 prudent management of our financial resources.

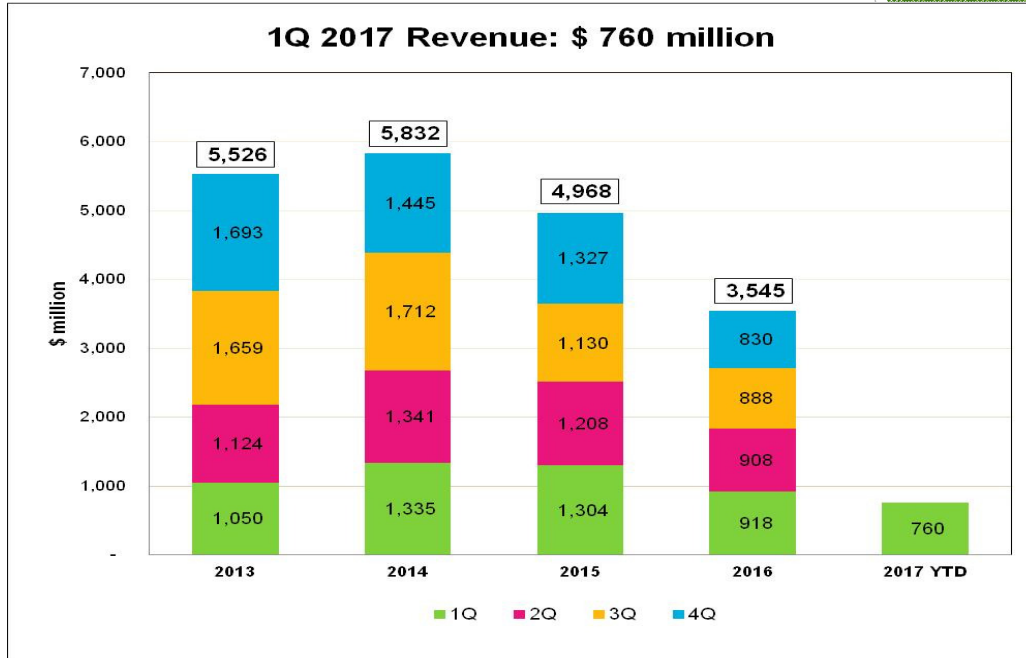
## CFO Presentation

- ❖ Earnings Performance
- ❖ Financial Position

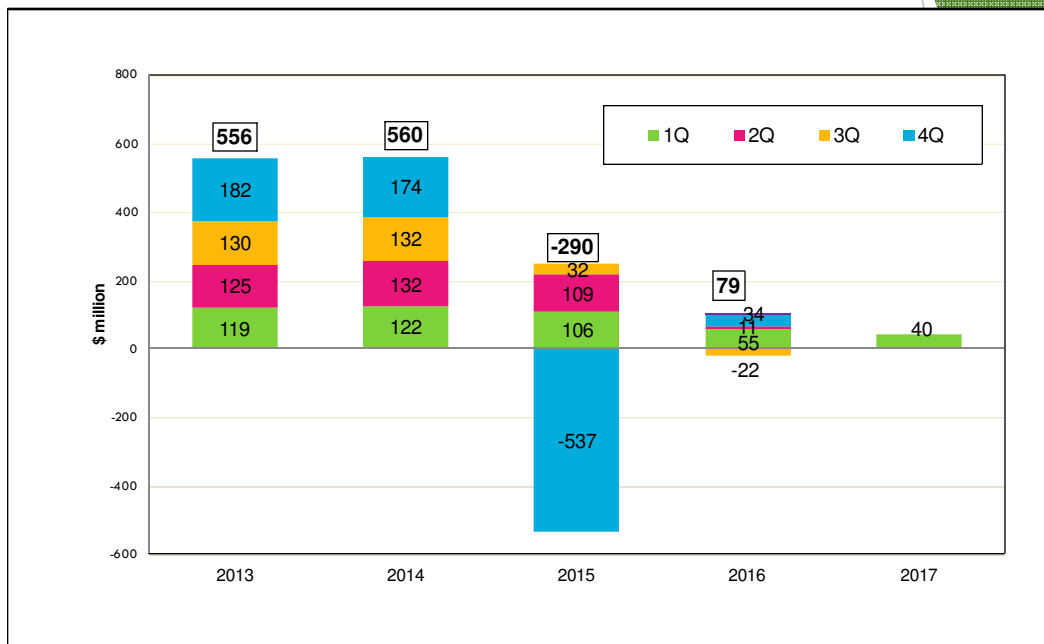
## FINANCIAL HIGHLIGHTS

Period (\$ million)	1Q 2017	1Q 2016	% change
Turnover	760.1	918.4	(17)
Gross Profit	19.9	80.6	(75)
EBITDA	60.6	106.4	(43)
Operating Profit	13.6	71.7	(81)
Profit before tax	36.8	68.3	(46)
Net Profit	39.5	54.8	(28)
EPS (basic) (cts)	1.89	2.63	(28)
NAV (cts)	124.12	*122.62	
* as at 31 December 2016			

## 1Q 2017 TURNOVER: \$760 million

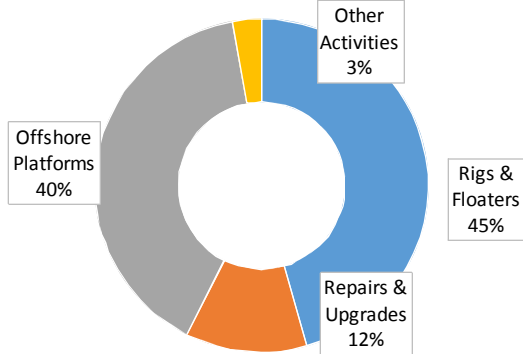


## 1Q 2017 Net Profit at \$40 million

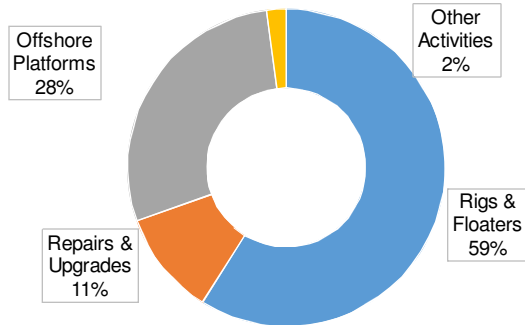


## Business Review: Turnover by Segments

1Q 2017 Turnover: \$760 million

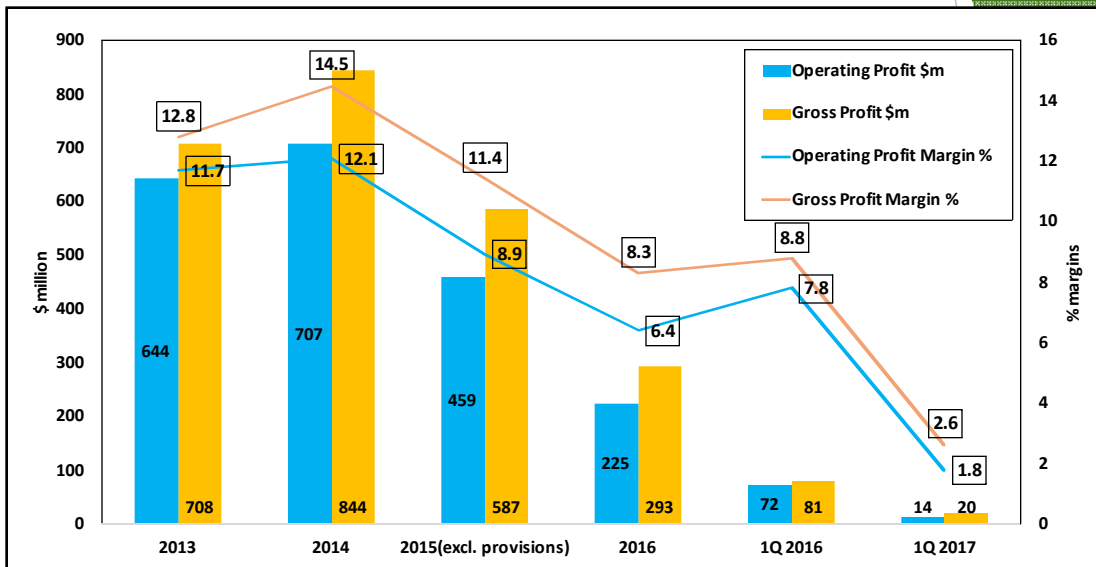


1Q 2016 Turnover: \$918 million

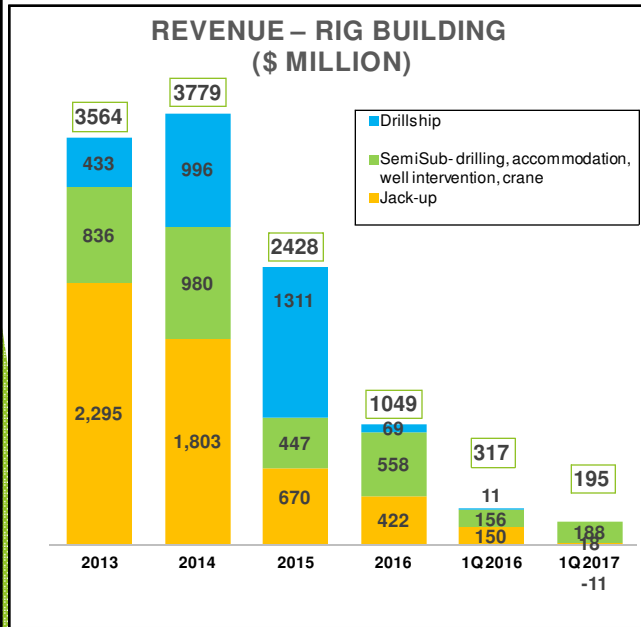


Turnover (\$ million)	1Q 2017	1Q 2016	% change
Rigs & Floaters	347	540	(36)
Repairs & Upgrades	90	99	(9)
Offshore Platforms	302	261	16
Other Activities	21	18	18
<b>TOTAL</b>	<b>760</b>	<b>918</b>	<b>(17)</b>

## Gross and operating profit margins



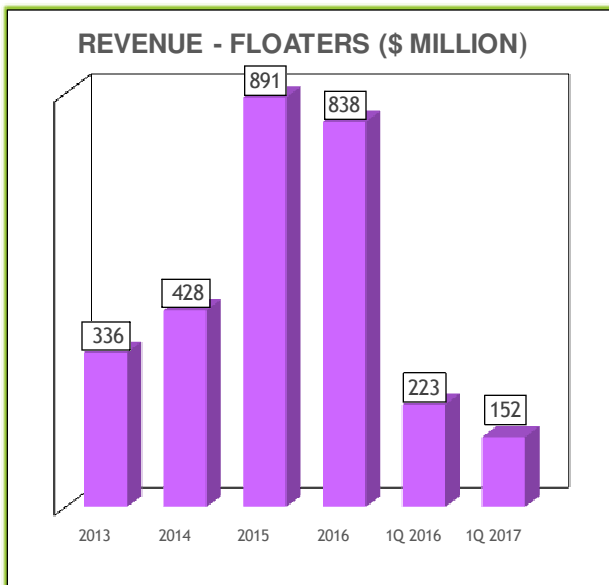
- Rig fell 38% YOY to S\$195 million in 1Q 2017. There were no deliveries during the quarter.



JACK UP RIGS SCHEDULE		
No. of projects in WIP stages	1	* BOTL/JDC Hakuryu 14 JU 2
No. of projects technically completed stage	5	* Perisai Pacific 103 Jack-up * Oro Negro Vastus Jack-up * Perisai Pacific 102 Jack-up * Oro Negro Jack-up * Oro Negro Jack-up

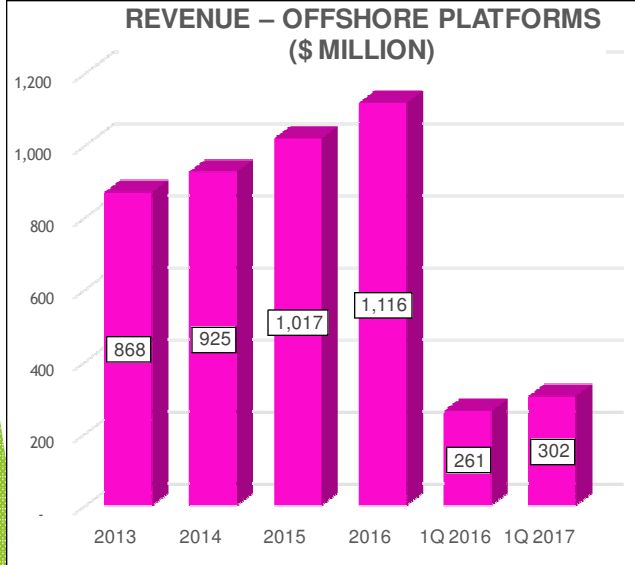
SEMI-SUBMERSIBLE/ DRILLSHIP SCHEDULE		
No of projects in WIP or Suspended stage	12	* Helix semi-well intervention (Q7000) * Harsh-environment CS60 semi-rig, Seadrill * Heerema Offshore semisub crane vessel * 1st drillship for Transocean, JE III * 2nd drillship for Transocean, JE III * Drillship 1 <sup>st</sup> unit, Sete Brasil * Drillship 2 <sup>nd</sup> unit, Sete Brasil * Drillship 3 <sup>rd</sup> unit, Sete Brasil * Drillship 4 <sup>th</sup> unit, Sete Brasil * Drillship 5 <sup>th</sup> unit, Sete Brasil * Drillship 6 <sup>th</sup> unit, Sete Brasil * Drillship 7 <sup>th</sup> unit, Sete Brasil

- Floaters revenue declined 32%YOY to \$152 million in 1Q 2017.
- FPSO Pioneiro de Libra was delivered in 1Q 2017.



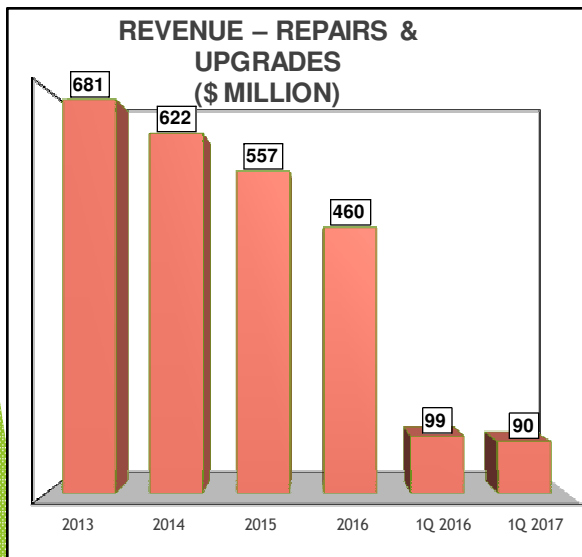
Offshore conversions	No. of projects	Brief description
No. of Projects delivered in 1Q 2017	1	* FPSO Pioneiro de Libra to OOGTK
No. of projects in the WIP		
Stage	6	* FSO Gina Krog * P68 FPSO for Petrobras * P71 FPSO for Petrobras * FPSO Norte - Kaombo (Olympia) * FPSO Sul - Kaombo (Antartica) * FSO newbuild – Modec for Culzean field

- Offshore Platforms revenue increased 16%YOY to \$302 million in 1Q 2017.
- 3 projects in work-in-progress stage.



Offshore Platforms	No. of projects	Brief description
Number of projects in the WIP stage	3	* Maersk Culzean topsides – for well head platform, central facilities platform and utilities and living quarters platform
		* Yamal LNG Batch 3/4
		* Yamal LNG Batch 5

- 1Q 2017 Repairs & Upgrades revenue declined 9% year on year to \$90 million on fewer vessels repaired. Revenue per vessel increased on improved vessel mix.



Year	1Q 2017	1Q 2016	% change
No. of vessels repaired	111	125	-11
Average value per vessel (\$m)	0.81	0.79	+2
Total repair revenue contribution (\$m)	90	99	(9)

## CAPITAL, GEARING & ROE

Group (S\$ million)	Mar-17	Dec-16	% change
Shareholders' Funds	2,594	2,562	1
Net Debt	3,126	2,938	6
Net Working Capital	1,325	1,270	4
Return on Equity (ROE) (%) - annualised	6.1	3.1	97
Net Asset Value (cents)	124.1	122.6	1
Return on Total Assets (ROTA) (%) - annualised	2.7	1.8	50

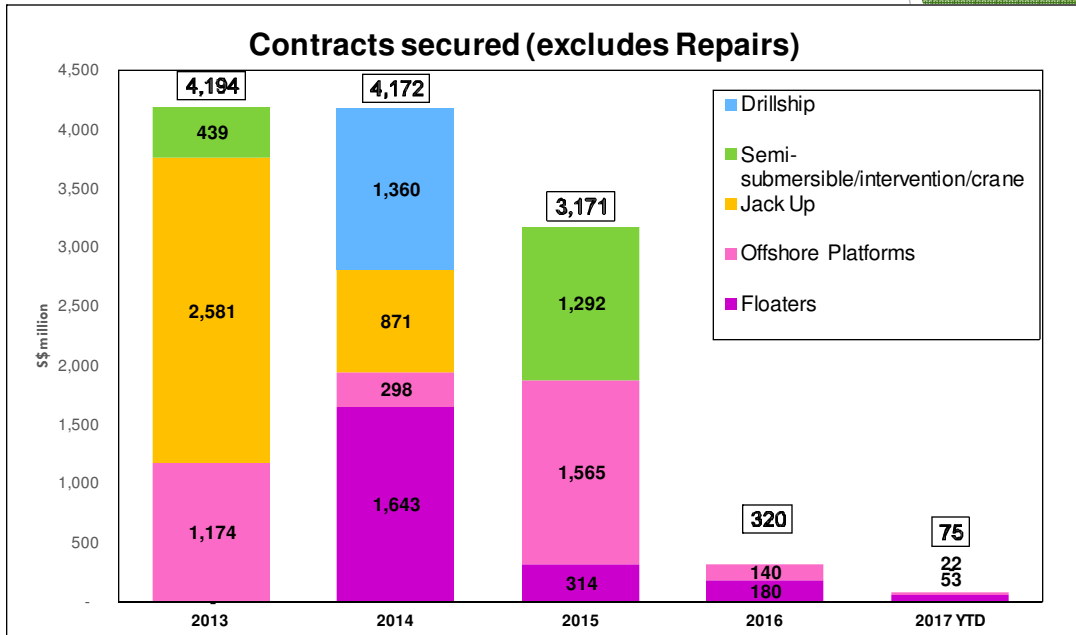
29

## CASHFLOW

Group (\$ million)	1Q 2017	1Q 2016	% change
Operating profit before working capital changes	61	84	(27)
Cash used in operations	(69)	(59)	18
Net cash used in operating activities	(87)	(73)	19
Net cash used in investing activities	(53)	(149)	(64)
Net cash generated from financing activities	157	572	(73)
Net increase in cash & cash equivalents	18	351	(95)
Cash & cash equivalents in balance sheets	1,219	955	28
Borrowings	(4,345)	(3,902)	11
Net Debt	(3,126)	(2,947)	6
Progress Billing > WIP	165	336	(51)

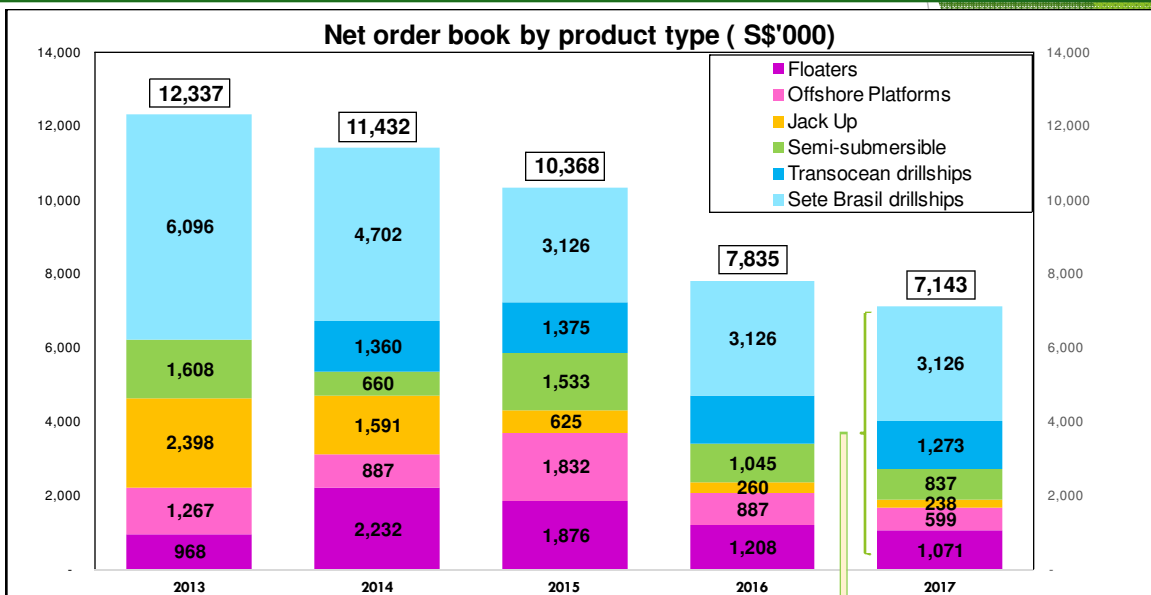
30

## New Contracts Secured by Product Type ( 1Q 2017: \$75 million)



Note: Semisubmersibles include drilling, well intervention, accommodation and crane units

## Net Order Book at \$7.14 billion

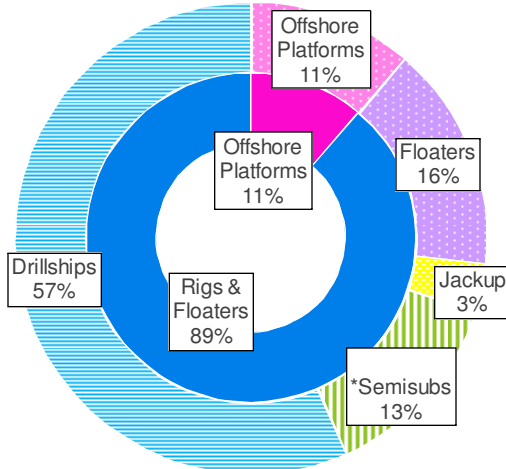


Note: FY2017 YTD net order book is \$4.0 billion excluding Sete Brasil drillship contracts valued at \$3.1 billion.

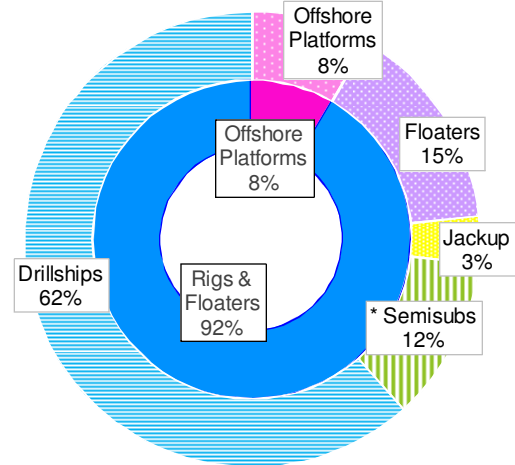


## Net order backlog by division and product type

2016 – Total \$7.84 billion



2017 YTD – Total \$7.14 billion



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

33

## 1Q 2017 Results Question and Answer session Appendix

34

## Ongoing projects – Heerema crane semi-submersible

### Contract with Heerema to build NSCV

- ❖ Signed the contract with Heerema Offshore Services B.V. for the engineering and construction of a new semi-submersible crane vessel (NSCV) for approximately USD1 billion.
- ❖ The NSCV is designed to install and remove offshore facilities world-wide and will be equipped with two Huisman 10,000 MT heavy-lifting offshore cranes and a large reinforced work deck area.
- ❖ With a vessel length of 220 metres and a width of 102 metres, the NSCV will be the largest crane vessel in the world. Self-propelled and with a transit speed of 10 knots, the NSCV will be the largest dual fuelled (MGP and LNG) engine crane vessel in the world.
- ❖ Heerema Offshore Services B.V. is a subsidiary of Heerema Marine Contractors Nederland Holding SE (HMC). The Company is a leader in transportation, installation and removal of all types of offshore facilities, including fixed and floating structures and subsea pipelines and infrastructure in shallow, deep and ultra-deep waters.



## Ongoing Projects – Culzean topsides

### Offshore Platform secures Culzean job

- ❖ Sembcorp Marine Offshore Platforms secured an Engineering, Procurement and Construction contract to build three topsides for the Culzean Field Development in the UK North Sea.
- ❖ The contract includes the building of the Central Processing Facility plus 2 connecting bridges, Wellhead Platform and Utilities & Living Quarters Platform Topsides. The facility will be installed at a water depth of some 90 metres in the UK sector of the Central North Sea. The project is a high pressure, high temperature (HP/HT) gas condensate development.
- ❖ Sembcorp Marine Admiralty Yard in Singapore will be the core fabrication yard for the project, while Sembmarine SLP in Lowestoft, UK will undertake the workscope of the power generation module, two bridges and a flare. The Culzean gas field is expected to be capable of providing 5% of the UK's total gas consumption by 2020/2021.



## Ongoing projects – MODEC FSO newbuild



*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.*