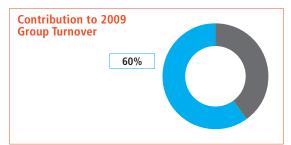
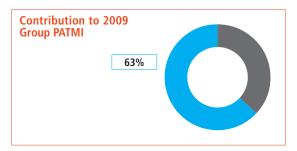
Marine Review

Performance Scorecard (s\$ million)		
2009	2008	Change (%)
5,724.7	5,063.9	13
937.5	572.5	64
862.4	501.8	72
700.1	473.7	48
700.1	429.9	63
44	29	52
	5,724.7 937.5 862.4 700.1 700.1	5,724.7 5,063.9 937.5 572.5 862.4 501.8 700.1 473.7 700.1 429.9





Key Developments

- Embarked on the development of a 206-hectare modern, work-effective and integrated new yard facility at the Tuas View Extension in Singapore to position the business for sustainable growth and expansion.
- Formed a joint venture with Kakinada Seaport to establish and operate a marine and offshore facility on the east coast of India. The facility began immediate first phase operations and will be developed within the next three to five years into a one-stop integrated offshore service facility.
- Net orderbook at \$\$5.5 billion as of end-December 2009 with completions and deliveries until 2012.

Competitive Edge

- Singapore's leading marine and offshore engineering group for more than 45 years.
- Comprehensive portfolio encompassing the full spectrum of integrated solutions from ship repair, shipbuilding, ship conversion, rig repair, rig building, topsides fabrication to offshore engineering and construction.
- Strong track record for quality and timely delivery and the ability to handle complex turnkey projects and repairs while meeting high standards for health, safety, security and environment.
- Global network of yards strategically located near major shipping routes.
- Development and ownership of proprietary designs for rigs and container vessels.
- Long-term strategic alliances with international ship operators provide a steady and growing baseload in ship repair.

Marine Review

Operations Review

Sembcorp's Marine business delivered strong results in 2009 underpinned by its rig building, offshore and conversion and ship repair businesses. Turnover grew 13% from \$\$5.1 billion to \$\$5.7 billion, while profit after tax and minority interest (PATMI) before exceptional items (EI) increased 48% to \$\$700.1 million, surpassing 2008's PATMI before EI of \$\$473.7 million. 2009 PATMI grew 63% from \$\$429.9 million to \$\$700.1 million. Operating profit and operating margins improved during the year. 2009 operating profit was \$\$862.4 million and the business' operating margin was 15% compared to \$\$501.8 million and 10% respectively in 2008. Return on equity for the year stood at a strong 44%.

Net orderbook stood strong at \$\$5.5 billion as of December 2009, with completions and deliveries until 2012. \$\$1.2 billion worth of orders were secured during the year.

Ship repair

During the year, ship repair turnover was \$\$706 million compared to \$\$795 million in 2008. A total of 282 vessels docked at our yards in 2009 and the average value per vessel was \$\$2.5 million. Long-term strategic alliances continued to provide a steady and growing baseload. Together with our regular repeat customers, they made up 83% of total ship repair revenue in 2009.

High value repairs to oil tankers, container vessels, as well as liquefied natural gas (LNG) and liquefied petroleum gas (LPG) tankers, floating production storage and offloading (FPSO) upgrading, passenger vessels and drillship repairs dominated the vessel mix for the segment.

During the year, Sembcorp Marine secured a favoured customer contract from BG LNG Services for the repair, refurbishment, upgrading and related marine services for its fleet of LNG carriers.

Ship conversion and offshore

Turnover from ship conversion and offshore activities at \$\$1.3 billion in 2009 was marginally down by 1% as compared with \$\$1.4 billion in 2008. The sector constituted 23% of the total turnover of our Marine business. Projects completed during the year

included two offshore platforms for Total E&P and a topside for Carigali-PTTER Operating Company which is the biggest and heaviest topside ever constructed by our offshore engineering arm, SMOE.

Rig building

The rig building segment registered a 28% growth, from \$\$2.8 billion in 2008 to \$\$3.6 billion in 2009, contributing 64% to total turnover. During the year, we completed and delivered four BMC Pacific 375 jack-up rigs on or ahead of schedule: the Aquamarine Driller, Sapphire Driller, Topaz Driller and WilConfidence. We also completed and delivered two Friede & Goldman semi-submersibles, the Ocean Courage and Ocean Valour, as well as a unit of Bingo 9000 semi-submersible, the Noble Danny Adkins.

Strategic milestones

During the year, the Marine business announced that it would be building a 206-hectare modern, work-efficient and integrated new yard facility to be situated at the Tuas View Extension. The yard will be developed in three phases over a period of 16 years. Construction works for the first phase repair and conversion yard commenced in November 2009. Initial operations are targeted to begin in mid-2012, and the business will relocate its current facilities at Pulau Samulun to the new yard following the expected completion of its 73.3-hectare first phase by the end of 2013.

The new yard is set to a be a "one-stop solutions hub" for ship repair and conversion, ship building, rig building and offshore engineering, and construction, situated along the major sea lanes in the Singapore Straits. Harnessing Marine's 46 years of experience in managing and operating shipyards, the new yard will have facilities and layout schemes that maximise workflow efficiency and resource optimisation. It will be able to cater to different ships including very large crude carriers (VLCCs), new generation mega containerships, LNG carriers and passenger ships. When fully completed, the yard will position Sembcorp Marine as a global leader in ship repair and conversion, ship building, rig building, as well as offshore engineering and construction.

During the year, Sembcorp Marine's Sembawang Shipyard also formed a joint venture with Kakinada Seaports to establish and operate a marine and offshore facility catering to offshore drilling units and merchant vessels trading or operating in Indian waters. Strategically located along the east coast of India and well supported by the Indian government, the facility began immediate initial operations and secured its first two favoured customer contracts with Trancocean Offshore International Ventures and Aban Offshore. Sembcorp Marine holds an effective 19.9% share in the joint venture, with an option to increase this to 40%. The facility will be developed within the next three to five years into a one-stop integrated offshore service facility offering services including the repair and servicing of offshore vessels and ships, new-building of offshore vessels and ships, riser and equipment repair and modules fabrication.

In February 2010, the business announced that it would be building a new shipyard in Brazil to cater directly to one of the fastest growing offshore oil and gas exploration and production markets in the world. The business has acquired 825,000 square metres of freehold land with 1.6 kilometres of coastline in the state of Espirito Santo in Brazil for this project. The site's strategic proximity to the offshore Espirito Santo Basin, one of the recently discovered giant pre-salt oil basins of Brazil, makes it an ideal location from which to support the country's oil and gas activities. On completion, the shipyard will be equipped with state-of-the-art facilities, including a drydock, slipways, berthing guays, as well as ancillary steel and piping facilities. In addition to the traditional activities of drilling rig repairs, ship repairs and modification works, the yard will be capable of constructing drillships, building semi-submersible rigs, undertaking FPSO integration, fabricating topside modules and constructing platform supply vessels.

Market Review and Outlook

The Marine business has a net orderbook of S\$5.5 billion comprising rig building, ship conversation and offshore projects. This includes S\$1.2 billion in new orders secured in 2009. These will keep the business' shipyards busy with progressive completion and deliveries from 2010 until 2012.

With the world economy showing signs of recovery since the third quarter of 2009 driven largely by Asia, the demand for energy is expected to grow. Fundamentals for the offshore oil and gas sector remain intact, with prices of oil stabilising within the US\$70 to US\$80 a barrel range. The long-term fundamentals driving deepwater exploration and production activities are expected to be maintained in order to replenish declining oil and gas reserves and increase production to meet growing energy demand.

For ship repair, the bigger docks are well-booked due to the strong support from the Group's alliance, favoured customer contract and regular customers, as well as its niche market segment of refurbishment of LNG carriers. Demand for the bigger docks remains strong. Singapore's strategic location and its reputation as an international maritime centre, coupled with our Marine business' strategic alliances and partnerships with long-term customers, will provide a stable baseload for the Group's ship repair sector.