



Phase II of the state-of-the-art Sembcorp Marine Tuas Boulevard Yard in Singapore, expected to be completed in 2017

Competitive Edge

- A global leader in integrated marine and offshore solutions with more than 50 years' proven track record
- Focused on four key capabilities: rigs & floaters; repairs & upgrades; offshore platforms and specialised shipbuilding
- Global network of strategic locations in Singapore, India, Indonesia, the UK and Brazil

Performance Scorecard

Financial Indicators (\$ million)	2015	2014	Change (%)
Turnover	4,968.1	5,832.6	(15)
Earnings before interest, tax, depreciation and amortisation	501.1	823.6	(39)
Profit from operations	(342.0)	717.8	NM
– Earnings before interest and tax	(168.5)	708.0	NM
– Share of results: Associates & JVs, net of tax	(173.5)	9.8	NM
Net profit	(289.7)	560.1	NM
Return on equity (%)	(10.6)	19.9	NM

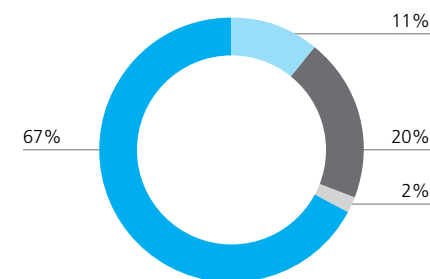
Note: Figures taken at Sembcorp Marine level

Operational Indicators (\$ billion)

	2015	2014
Net orderbook	10.4	11.4

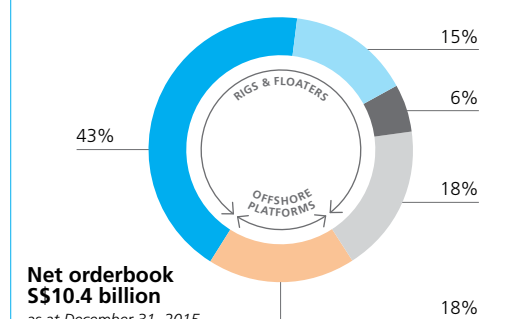
Turnover by Segment

- Rigs & floaters
- Offshore platforms
- Repairs & upgrades
- Other activities



Orderbook Composition

- Drillships
- Semi-submersibles
- Jack-up rigs
- Floaters
- Offshore platforms



Net orderbook
S\$10.4 billion
as at December 31, 2015
Excludes repairs & upgrades

Key Developments



Secured contract orders worth S\$3.2 billion in 2015, including two sizeable contracts worth around US\$1 billion each to serve customers in oil and gas production. As at the end of 2015, net orderbook stood at S\$10.4 billion



Transformed from a multi-brand, multi-business-unit entity into an integrated company operating under a single brand and focused on four key capabilities



Opened a state-of-the-art steel structure fabrication workshop in Singapore, the largest of its kind in Southeast Asia

OPERATING AND FINANCIAL REVIEW

A difficult market environment

In 2015, the Marine business faced a very difficult market environment. Amid further collapse in oil prices, oil and gas exploration projects were curtailed globally. This led to a reduction in new projects for yards worldwide, as well as requests for deferment or cancellation of existing rig deliveries. In addition, the Marine business was affected by uncertainties in the Brazil market and by the financial difficulties of its customer, Sete Brasil.

Against this background, in 2015, Sembcorp Marine recorded a turnover of S\$5.0 billion compared to S\$5.8 billion in 2014, and a net loss of \$289.7 million compared to a net profit of S\$560.1 million in 2014. Profit from operations was negative S\$342.0 million for 2015, in comparison to S\$717.8 million in 2014.

2015 saw the business making prudent impairment and provisions totalling S\$609 million

for its rig contracts, of which S\$329 million was for Sete Brasil projects. It also recorded S\$192 million of associate / joint venture losses.

In light of uncertainties in Brazil, a provision of S\$329 million was made by the business for its Sete Brasil projects, taking into consideration what the business believes to be the full extent of its exposure to the contracts. In addition, the business also made provisions of approximately S\$280 million in case of prolonged deferment or possible cancellation of rigs. Following the failure of one of its customers to take delivery of its rig, the business has terminated that contract and taken legal action to recover the amount due to it. All other completed rigs with deferment requests have been technically accepted by customers and the business has arrived at, or is finalising, mutually acceptable solutions with these customers. To date, the business has not had any cancellation of rig orders.

The business' share of losses in associates and joint ventures of S\$192 million comprised the net

impact of the Marine business' equity-accounted share in provisions made by its 30%-owned associate Cosco Shipyard Group, which was also affected by the severe industry down-cycle, as well as its share of loss in other associates and non-operating items.

Excluding the impairment, provisions and share of losses of associates and joint ventures, the business posted a net profit of S\$384 million for 2015.

Orderbook of S\$10.4 billion
S\$3.2 billion of orders secured in 2015 despite depressed market conditions

In 2015, the business' best-in-class facilities, new capabilities and success in broadening its customer base enabled it to secure S\$3.2 billion in new orders, despite the depressed market conditions. These new orders brought the business' net orderbook to S\$10.4 billion as of December 31, 2015.

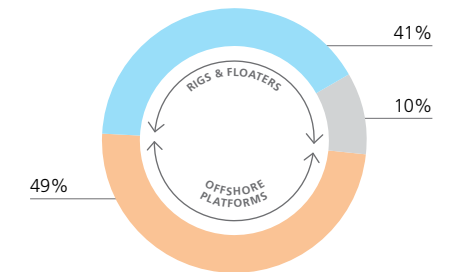
The new orders included a contract from Heerema Offshore Services to design and build the world's largest semi-submersible crane vessel for approximately US\$1 billion. Scheduled for delivery in the fourth quarter of 2018, this giant crane vessel will be built at the state-of-the-art Sembcorp Marine Tuas Boulevard Yard. Also, the business secured an engineering, procurement and construction contract worth more than US\$1 billion from Maersk Oil North Sea UK, for the construction of a central processing facility, two connecting bridges, a wellhead platform as well as utilities and living quarters platform topsides, for deployment in the Culzean field development.

In addition, during the year the business entered into a floating storage and offloading (FSO) conversion contract worth S\$56 million with Teekay, as well as a contract to design and build a new FSO for MODEC Offshore Production Systems (Singapore).

Over the last five decades, Sembcorp Marine has developed strong relationships with many customers, including national and international oil companies and key players in the drilling and production markets. With its diversified and enhanced capabilities, the Marine business aims to further cement such relationships and build strategic partnerships with them.

Contracts Secured in 2015

New orders worth S\$3.2 billion



Rigs & floaters

- Semi-submersibles
 - Semi-submersible crane vessel for Heerema Offshore Services worth approximately US\$1 billion
- Floaters
 - FSO conversion for Teekay worth S\$56 million
 - FSO newbuild for MODEC Offshore Production Systems (Singapore)
- Offshore platforms
 - Three topside modules for Maersk Oil North Sea UK worth over US\$1 billion

Excludes repairs & upgrades

Strategic response to competition

Building long-term capabilities, diversifying to serve new segments

Sembcorp Marine recognises the need to deepen and broaden its yard capabilities to enable cost-effective execution and maintain its competitiveness globally. In 2015, the business completed a new state-of-the-art steel structure fabrication workshop at its flagship Sembcorp Marine Tuas Boulevard Yard in Singapore. The 120,000-square-metre workshop is the largest of its kind in Southeast Asia. It will boost the business' steel fabrication capacity and productivity, and allow the business to undertake more complex projects in a more cost-effective manner and with shorter delivery times.

In addition, the Marine business sees further need to diversify to serve different segments within the exploration and production value chain, such as the development and production segments. To this end, it remains committed to enhancing its technology and engineering expertise, investing prudently in research and development

to improve operational efficiency and develop new capabilities. The business has broadened its product offering to include well intervention semi-submersibles, accommodation rigs and proprietary design drillships.

The business is also developing other product segments within the offshore oil and gas value chain to enhance its full spectrum of integrated solutions. Through its investment in GraviFloat, it has the technology to design, deliver and operate re-deployable, gravity-based, modularised terminals for nearshore gas and power generation installations. It also has proprietary expertise in the design, engineering and delivery of innovative floating production and drilling solutions for the oil and gas industry, through its Houston-based subsidiary Sembmarine SSP. This enables it to offer next-generation innovative and cost-effective solutions for deep-water oil and gas drilling, production and storage, as well as logistics hub applications in harsh environments and extreme arctic conditions.

Capabilities That Enhance Long-term Competitiveness

Sembcorp Marine Tuas Boulevard Yard, Singapore

PHASE I

73.3 hectares
Four VLCC drydocks: 1.55 million dwt



VLCC drydock
350m x 66m x (-8.5m)

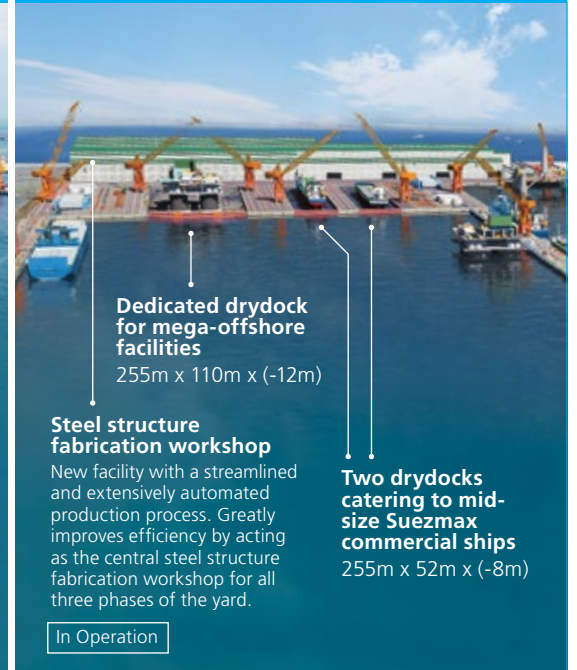
Longest and deepest repair dock in Asia
412m x 66m x (-11m)
Capable of docking containerhips of up to 18,000 TEU

VLCC drydock
350m x 66m x (-8.5m)

Widest drydock in Singapore
360m x 89m x (-8.5m)
Accommodates jack-up and semi-submersible rigs

PHASE II

34.5 hectares
Expected completion in 2017



Dedicated drydock for mega-offshore facilities
255m x 110m x (-12m)

Steel structure fabrication workshop
New facility with a streamlined and extensively automated production process. Greatly improves efficiency by acting as the central steel structure fabrication workshop for all three phases of the yard.

In Operation

Two drydocks catering to mid-size Suezmax commercial ships
255m x 52m x (-8m)

Natural deep waters

Enables installation of semi-submersible thrusters without towing the rigs to sea

Special reinforced load-out areas for offshore modules of up to 20,000 tonnes

Enables direct lifting and deployment of topside modules onto hulls without requiring the hulls to be towed out to sea

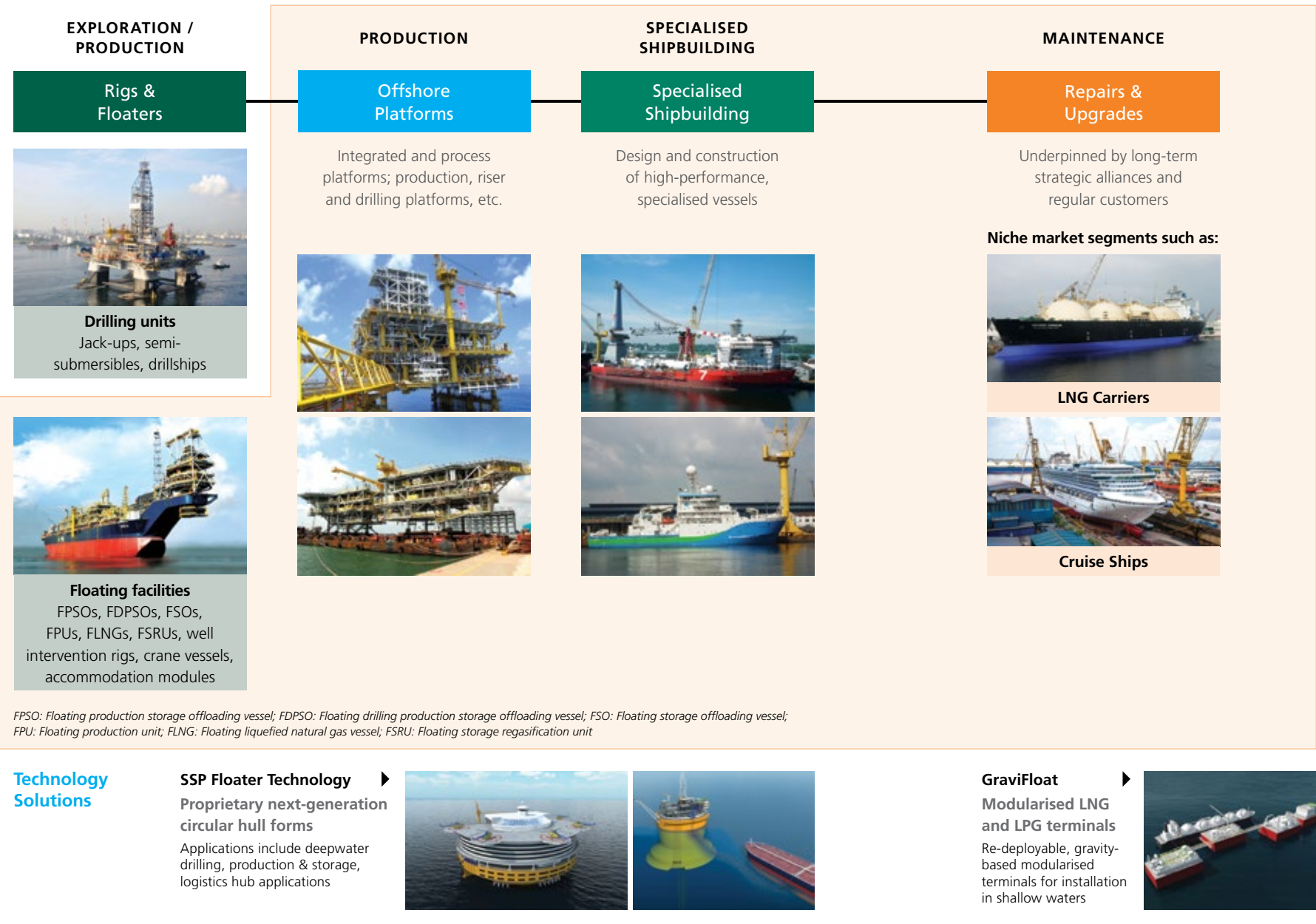
Three finger piers and a basin ranging from 210m to 400m with maximum draft from 9m to 15m

Enables ultra-deepwater semi-submersibles and cruise ships to be berthed without restrictions

dwt: deadweight tonnes; m: metres; TEU: twenty foot equivalent units; VLCC: very large crude carrier

Full Spectrum of Integrated Solutions

NON-DRILLING SOLUTIONS



FPSO: Floating production storage offloading vessel; FDPSO: Floating drilling production storage offloading vessel; FSO: Floating storage offloading vessel; FPU: Floating production unit; FLNG: Floating liquefied natural gas vessel; FSRU: Floating storage regasification unit

Becoming nimbler and more efficient
Transformation to build a global integrated company

In 2015, the Marine business reached a key milestone in transforming its businesses for the future. From a multi-brand, multi-business-unit entity, the business became an integrated company, operating under one brand. The new integrated Sembcorp Marine is focused on four key capabilities: rigs & floaters, repairs & upgrades, offshore platforms as well as specialised shipbuilding.

As an integrated company, Sembcorp Marine will be able to harness the combined scale and expertise of its global operations to become more flexible, innovative and responsive. This puts the business in a good position to undertake larger and more complex projects, and take on challenges and opportunities in a fast-changing and increasingly complex business environment. Furthermore, integrating the combined shared expertise and accumulated experience of high-calibre teams across its global operations will allow our Marine business to serve its customers better.

OUTLOOK

Looking ahead, the current down-cycle for the business is expected to be more protracted than previous cycles. However, Sembcorp Marine believes that it is sufficiently prepared, not just to ride out the storm, but also to lay stronger foundations for its future when the market recovers. The business will continue to actively manage its balance sheet to maintain a healthy financial position.

The business remains optimistic on its longer-term prospects, as its facilities have been built to cater to the industry's demand for the long term. As an integrated Sembcorp Marine, the business will optimise its capabilities and capacities, as well as increase its efficiency and productivity to better serve its partners and customers.