

MARINE

The Marine sector rose above odds to achieve significant milestones and turned in a steady performance with \$949m of revenue in 2009.

REAPING RESULTS AND EARNING RECOGNITION

2009 saw the Marine sector grow its revenue by 15% and profit before tax by 36%. Overall backlog continues to be healthy with new contracts secured.

Among the new contracts signed during the year were two contracts from OSG Ship Management (OSG) for the outfitting and commissioning of two 350,000 barrel Articulated Tug Barge (ATB) units. The sector also secured a contract worth US\$87m (about \$121m) to build an enhanced version of a T-AGS 60 Class Oceanographic Survey Ship for the US Navy. Construction of the new ship, T-AGS 66, will begin at Halter Moss Point in mid 2010 with delivery scheduled in 2013. The Marine sector grew the scope of its services for the RSN, landing a \$108m contract for the logistics management of the RSN's warehouses at its Changi and Tuas Naval Bases.

The Marine sector also commenced a Public Private Partnership support contract providing Submarine Support and Rescue Services to the RSN. During the year, the sector completed and delivered to its customers a Platform Supply Vessel (PSV), an Anchor Handling Tug Supply Vessel (AHTS), three ATBs and two Fishery Survey Vessels (FSV).

The sector was also successful in obtaining a grant from the United States Maritime Administration





to develop shipyard infrastructure. These funds, along with a Mississippi state grant, will be used to enhance its US operations' production facilities, including the construction of a 40,000 sq ft fabrication shop to support the Fast Missile Craft project as the programme enters production phase. The Marine sector participated in major industry exhibitions during the year, including IMDEX Asia, Brunei International Defence Exhibition, Nor-Shipping, the International WorkBoat Show, and the Connecticut Maritime Association's 24th Annual Shipping Conference and Exhibition.

ST Marine garnered its first ShipPax Award at the prestigious 2009 event for its first Roll-on Roll-off vessel (RoRo), *City of Hamburg*, in the RoRo concept category. This is also a first for a Singapore-based shipbuilding company in the category. The award recognises ST Marine's detailed design and innovative engineering capabilities and reaffirms its standing in the global RoRo marketplace.



Left to right:

ST Marine won a ShipPax Award for its first RoRo vessel, *City of Hamburg*.

The 20-year operations contract for the Submarine Support and Rescue Vessel commenced.

Major lengthening and upgrading work on *Java Constructor* was delivered on schedule with over 1.25 million manhours free of Lost Time Injury and Medical Treatment Injury.

ST MARINE CONTINUED TO BUILD ON ITS STRONG POSITION IN DREDGERS, SEISMIC VESSELS, PIPE LAYING VESSELS AND SUPPORT VESSELS IN THE OFFSHORE AND INFRASTRUCTURE MARKETS.

BY SECURING AN EQUAL MIX OF COMMERCIAL AND GOVERNMENT CONTRACTS, THE ORDER BOOK FOR THE MARINE SECTOR'S US OPERATIONS GREW TO ITS LARGEST EVER.



Ship Design and Building

The Marine sector achieved several milestones in shipbuilding during the year.

In Singapore, it successfully delivered an AHTS for Lewek Shipping. It also completed the Submarine Support and Rescue Vessel with the commencement of a 20-year operations contract for RSN with its partner James Fisher Marine Services. A milestone was achieved when ST Marine launched Singapore's first Roll-on Roll-off Passenger (Ropax) ferry for Louis Dreyfus Armateurs. The Ropax was also the largest vessel to be launched from the new permanent launchway. In addition, it keel laid a Seismic Survey Vessel for Swire Pacific Offshore, a Landing Platform Dock for a regional navy, and a Diving Support Vessel (DSV).

In Mississippi, the US operations delivered its largest ever ATB and PSV to OSG and Hornbeck Offshore respectively. It also delivered two FSVs for the National Oceanic and Atmospheric Administration and two ATBs to Crowley Maritime Corporation's Vessel Management Services.

The Marine sector is poised to deliver on schedule the Ropax, Seismic Survey Vessel, DSV, PSV, the remaining 330,000 and 350,000 barrel ATBs for Crowley and OSG respectively, the TAGM-25 Missile Instrumentation Ship and the Egyptian Fast Missile Craft.

Shirepair and Services

ST Marine continued to build on its strong position in dredgers, seismic vessels, pipe laying vessels and support vessels in the offshore and infrastructure markets. Among the projects undertaken successfully during the year was the 100th Stolt-Nielsen vessel, marking a decade-long partnership. This exemplifies the kind of long term partnership the Marine sector strives to nurture with all its customers.

The sector completed several significant conversion and modification projects. These included the complete outfitting of *Geowave Voyager*, a seismic vessel from Norwegian company Wavefield Inseis. In April, *Java Constructor*, from Clough Java Offshore, Australia, was delivered on schedule after the completion of

lengthening and upgrading work on the derrick pipe lay barge. Its pipe lay system was upgraded and its crane capacity was increased from 400 to 900 tons. During the upgrading, ST Marine and Clough Offshore achieved over 1.25 million manhours free of Lost Time Injury and Medical Treatment Injury.

In addition, modification and upgrading work was done on pipe laying vessel, *Semac1* from Saipem, Portugal and research vessel *Geo Natuna* from Swire Pacific Offshore, Singapore. Other major upgrading works were carried out on: dredger *Goryo Ho* from Hyundai Engineering, Korea; container vessel *Pacific Osprey* from Uniteam, Germany; livestock carrier *Al Messilah* from Livestock Transport and Trading, Kuwait; and geotechnical vessel *Bluestone Topaz* from Bluestone Offshore, Singapore.

Major upgrading works in progress include upgrading of accommodation and outfitting work on pipe laying vessel *Castoro 10* from Saipem and dredger *Volvox Asia* from Van Oord ACZ, Netherlands.



The AHTS was delivered ahead of schedule to Lewek Shipping.



Left to right:
One of two ATBs delivered to Crowley Maritime.

ST Marine completed the 100th vessel for Stolt-Nielsen over a decade-long partnership.

Environmental Engineering and Services

In August, ST Marine's wholly owned subsidiary STSE Engineering Services Pte Ltd (STSE) signed an MOU with Sino-Singapore Tianjin Eco-City Investment & Development Co., Ltd to explore collaboration in the provision of Pneumatic Waste Collection Systems in Tianjin Eco City's business park and several residential developments.

STSE's subsidiary in China, ST Environmental Services & Technologies Co. Ltd (STE&T), made a breakthrough in the Chinese market within its first year, scoring a contract to design, build and deliver a Materials Recovery Facility in Beijing. In December, STE&T also won a contract worth about RMB33m (about \$6.5m) in Wuhan, China for the design, build and delivery of a Waste Transfer Station in Donghu Newtech Zone. The project has commenced and is expected to be completed by the third quarter of 2010.

PBT OF THE MARINE SECTOR IN FY2009 OF \$102.3M WAS HIGHER THAN THAT ACHIEVED IN FY2008 BY 36% OR \$27.1M.

Half Yearly Performance

The Marine sector's turnover for 2H2009 at \$470m was comparable to that of 1H2009.

PBT for 2H2009 at \$57.3m was higher than 1H2009 by 27% or \$12.3m as a result of favourable sales mix.

Full Year Performance

Turnover of the Marine sector in FY2009 of \$949m was higher than FY2008 by 15% or \$127m. The higher Shipbuilding turnover resulting from favourable sales mix in both the local and US operations was partially offset by lower Shiprepair turnover arising from fewer conversion jobs. Engineering turnover was higher by \$4m.

PBT of the Marine sector in FY2009 of \$102.3m was higher than that achieved in FY2008 by 36% or \$27.1m. The higher PBT was attributable mainly to higher turnover and lower distribution and selling expenses due to lower allowance for doubtful debts.

First Ropax built in Singapore, Norman Leader, at its launch.

