



Sembcorp Industries Ltd
CO REGN NO 199802418D
30 Hill Street #05-04
Singapore 179360
Tel (65) 6723 3113
Fax (65) 6822 3254
www.sembcorp.com

SEMBCORP INDUSTRIES EXTRAORDINARY GENERAL MEETING IN RELATION TO THE PROPOSED DISTRIBUTION *IN SPECIE* OF ORDINARY SHARES IN THE CAPITAL OF SEMBCORP MARINE

- Responses to substantial and relevant questions

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the circular to SCI Shareholders dated July 22, 2020 (“Circular”).

Singapore, August 10, 2020 – Sembcorp Industries Ltd (“SCI”) would like to thank SCI Shareholders for submitting their registration and questions in advance of the SCI Extraordinary General Meeting (“SCI EGM”) in relation to the proposed distribution *in specie* of ordinary shares in the capital of Sembcorp Marine (“SCM”) to be convened and held by way of electronic means on August 11, 2020 at 11.30 am (Singapore time). Registration is now closed.

Further to its announcement on August 6, 2020, SCI has received additional questions from shareholders and has provided responses as set out in Appendix A. The responses provided to previous questions posted can be accessed via the SCI website at the URL <https://www.sembcorp.com/en/media/597715/2020-egm-response-to-substantial-and-relevant-questions.pdf> and the SGX-ST website at the URL <https://www.sgx.com/securities/company-announcements>.

Appendix 1

Questions	Responses
The Transaction	
Please elaborate on any changes in the Board of SCI after the Transaction.	We do not expect any Board changes.
Financials	
Based on the pro forma financial effects, why is SCI's total cash and cash equivalents lower after the Transaction?	Currently, SCI's balance sheet consolidates the cash from SCM as it is a 60.9%-owned subsidiary of SCI. Post-Transaction, SCM will be de-consolidated hence resulting in lower total cash and cash equivalents in the pro forma financial effects.
Would divesting SCM create more cash flow for SCI?	<p>We are unable to provide forward guidance on our cash flow position.</p> <p>However, SCI will benefit from a material reduction in its debt levels after the demerger of Sembcorp Marine. The improved debt position would open opportunities for more debt financing, thereby strengthening our ability to execute our strategies to drive profitability and growth.</p>
Business and Strategy	
<p>How much does renewable energy contribute in terms of Profit from Operations (PFO) for India and China?</p> <p>What is the structure for power purchase agreements in India and China and how does it compare to UK? What are the challenges and stability of returns with reference to different regulatory environments?</p>	<p>We do not disclose the contribution of renewable power by geography. For SCI, renewable power accounted for 24% of total Energy PFO before exceptional items in 1H2020, and amounted to S\$98 million.</p> <p>For our thermal power assets in India, 50% of gross capacity is committed under long-term power purchase agreements. Over 90% of our renewable capacity are also contracted under long-term power purchase agreements. The remaining power capacity may be contracted on a short term basis or in the merchant market. In China, power purchase contracts are mainly renewed on an annual basis. In the UK, our flexible generation assets are contracted with a mix of long-term contracts in the UK capacity market and on a merchant basis.</p> <p>Generally speaking, where returns are underpinned by long-term agreements, these are</p>

	<p>more stable in nature. The regulatory environment differs from country to country with some countries having a regulatory framework that allows for both long-term contracts as well as a merchant market.</p>
<p>Is the business model of Sembcorp more of a land/ real estate developer after this Transaction? What is the impact of COVID-19 and does it require a change in business model?</p>	<p>With this Transaction, SCI will become a focused Energy and Urban business. In addition to urban development, SCI will also be focused on the energy sector, and continue to provide solutions across the energy and utilities value chain including renewable energy.</p> <p>Amid the energy transition and growing demand for sustainable solutions, we have already begun to transform our business models to be able to be competitive in these sectors. Notwithstanding the difficult market conditions due to COVID-19, we remain committed to managing our portfolio for performance and executing our transformation plan.</p>
<p>How do you see the future of the energy landscape in Singapore, given that economies need to balance between economic growth and sustainability? Would Singapore head towards renewable energy?</p>	<p>Solar energy is currently among the most viable forms of renewable energy for Singapore, and forms part of Singapore's overall energy mix. The Singapore government has a solar target of at least 2 gigawatt-peak by 2030. As one of the largest solar players in Singapore, and an international renewable energy player with wind and solar assets across China and India, Sembcorp is committed to supporting Singapore as it moves towards renewables.</p>
<p>How long would Urban's land bank last and what are the opportunities in securing new land bank?</p>	<p>As of end-June 2020, the Urban business had 2,633 hectares of saleable land. These are distributed in Vietnam (61%), China (21%) and Indonesia (18%). A range of factors determine the pace of land sales including complex bureaucracies, access to unencumbered land with clear titles, and investor confidence. Forward contributions from land sales are expected to be lumpy. Nevertheless, the existing land bank will sustain us for the next 8 to 10 years. The Urban business has a pipeline of new projects with a view to replenishing industrial land supply. These will be disclosed in due course when secured.</p>