



Company Registration Number: 196300098Z

Sembcorp Marine turned EBITDA positive in 2H2022; full-year net loss cut by 78% to -S\$261 million

- **Strong execution and completion of key projects contributed to improved financial performance**
- **New contract wins totalled S\$7.01 billion in FY2022**
- **Net order book of ongoing projects increased to S\$6.75 billion as at 31 December 2022**
- **Sembcorp Marine shareholders gave overwhelming 95.28% support for the Proposed Combination with Keppel O&M at the Company's EGM held on 16 February 2023**

Singapore, 27 February 2023: Sembcorp Marine Ltd (the "**Company**") and together with its subsidiaries, the "**Group**") registered significant improvement in its financial performance, turning EBITDA positive in 2H2022, and cutting full-year net loss by 78% year-on-year to -S\$261 million for the 12 months ended 31 December 2022 ("**FY2022**"). The net loss was impacted by one-off cost increases from residual COVID-19 challenges.

Strong Execution and Delivery of Projects

1. The Group had a total of 21 projects under execution during FY2022, of which 12 key projects were scheduled for delivery in the course of the year. All 12 have been completed and delivered to date.
2. With the progressive completion of these projects, resources have been freed up and redeployed to other existing projects including newly won newbuild and conversion solutions.

Financial Review

3. The Group closed FY2022 with total revenue of S\$1,947 million, up 4.6% compared to S\$1,862 million in the prior year.
4. The Group cut its net loss to -S\$261 million for the 12 months ended 31 December 2022, a 78% reduction from FY2021's net loss of -S\$1,171 million. Residual COVID-19 challenges contributed to one-off increases in costs in FY2022 due to project delays, additional consumables and manhours.

5. EBITDA for 2H2022 turned positive at S\$12 million. The full-year EBITDA was negative S\$7 million, a 99% improvement against the negative S\$1,028 million EBITDA for FY2021.
6. Overall, the Group's operational and financial performance improved significantly with the progressive resolution of COVID-19 challenges. This enabled smoother completion of projects, and prudent management of costs and overheads.

Table A: Financial Highlights

Group (S\$ million)	2H2022	2H2021	+/(-) %	FY2022	FY2021	+/(-) %
Turnover	852	1,018	(16)	1,947	1,862	5
Gross Loss	(39)	(494)	(92)	(132)	(1,082)	(88)
EBITDA	12	(416)	n.m.	(7)	(1,028)	(99)
Operating Loss	(91)	(515)	(82)	(206)	(1,224)	(83)
Loss before tax	(105)	(527)	(80)	(240)	(1,255)	(81)
Net Loss	(118)	(523)	(77)	(261)	(1,171)	(78)
EPS (basic) (cents)	(0.38)	(2.27)	(83)	(0.83)	(6.49)	(87)
NAV per share (cents)				12.01	12.75	(6)

Operations Review

Strong Execution and Delivery of Projects

7. The Group has achieved successive completions of the 12 key projects scheduled for delivery in FY2022, despite the residual effects of the COVID-19 pandemic.
8. Key projects successfully completed in the reported quarter to-date include:
 - Newbuild FPSO (Floating Production, Storage and Offloading) **P-71** for Petrobras for deployment at the ultra-deepwater Itapu field in Brazil's Santos Basin;
 - EPCI (Engineering, Procurement, Construction and Installation) of **Gallaf Batch 2 Project** for North Oil Company for deployment at the Al Shaheen field off Qatar;
 - Conversion of **Armada Sterling V** FPSO vessel for joint venture owners, Shapoorji Pallonji Oil & Gas and Bumi Armada, for deployment in the east coast of India by charterer Oil and Natural Gas Corporation;
 - Newbuild **Deepwater Titan**, the second of two 8th generation drillships for Transocean, for deployment on a five-year contract in the U.S. Gulf of Mexico; and
 - The third and final zero-emission battery-powered Roll-on/Roll-off passenger (Ropax) ferry **Leikanger**, which joined Norled's sister vessels **Dragsvik** and **Hella** operating in Norway.
9. The Group's Repairs & Upgrades business continued to register strong business momentum, closing the year with total revenue of S\$506 million.

Ongoing Key Project Executions

10. As at 31 December 2022, the Group had a total of nine projects scheduled for delivery progressively from 2023 to 2026. These include:
- RWE Renewables' **Sofia Offshore Wind Farm** - Construction of the offshore converter platform remains on track. Offshore construction works will begin in 2H2024.
 - **Sturgeon**, the Wind Turbine Installation Vessel (WTIV) for Maersk Supply Service (Maersk) - Construction is progressing well with the vessel's keel-laying in February 2023. Designed by the Group in collaboration with Maersk, the WTIV will be built in full compliance with the U.S. Jones Act for deployment at U.S. offshore windfarms **Empire 1 and 2** in early 2025.
 - **NApAnt**, a support vessel for the Brazilian Navy for scientific research deployment in the Antarctic - Construction is underway at the Group's Estaleiro Jurong Aracruz (EJA) Yard in Brazil with expected completion in 2H2025.

Design and Development Projects

11. During FY2022, the Group undertook several notable design and development projects, targeted at offshore renewables and new energy solutions. These include the use of ammonia as a new bunkering fuel, and the Group's proprietary designs for its Sevan cylindrical vessel for floating LNG solutions and its adjustable-height masts for wind turbines:
- Design of the world's first green ammonia-fueled tanker - which has received approval-in-principle (AiP) from Det Norske Veritas - for the Grieg Maritime Group by the Company's wholly-owned subsidiary LMG Marin;
 - Development of a first-of-its-kind ammonia bunkering vessel - which has secured AiP from the American Bureau of Shipping - for MOL and ITOCHU Corporation;
 - Design, fabrication and integration of a hydrogen fuel cell system onto a Ropax vessel chartered by Shell and owned and operated by Penguin;
 - Development of the Group's proprietary Semi-submersible Integrating Vertical Adjustable Mast (SI-VAM) Wind Solution, the first of its kind, which has received AiP from DNV. Adjustable-height masts for wind turbines will be a game-changing solution that yields significant installation and operational efficiencies.
 - Joint research project with the Technology Centre for Offshore and Marine, Singapore (TCOMS) to further develop, validate, test and enhance the Group's SWACH (Small Waterplane Area Cylindrical Hull) Floating Wind Solution. The aim is to elevate the future readiness of this design and technology for operation in deeper and harsher environments further offshore, targeted at the renewable and new energy segments.
 - Development of sustainable ocean data centres in collaboration with Big Data Exchange and the National University of Singapore;

New Contract and Order Developments

12. The Group reported significant contract wins during the year of more than S\$7 billion (including repairs and upgrades orders). Key projects secured in 2H2022 include:
- A US\$3.05 billion (S\$4.25 billion) EPC contract from Brazilian state-owned oil and gas producer, Petroleo Brasileiro S.A. (Petrobras), for a newbuild FPSO **P-82**. This will be deployed in the Buzios field, an 853 sq km ultra-deepwater oil and gas field in the pre-salt Santos Basin, about 180 km off the coast of Rio de Janeiro, Brazil.
 - Master Service Agreements from New Fortress Energy Inc. affiliates for the engineering, conversion, topside fabrication and integration of two Sevan drilling vessels into Floating LNG liquefaction facilities. The first FLNG unit is scheduled for delivery in 1H2024. Work on the second FLNG liquefaction facility project is expected to be contracted at a later date.
 - An EPCI contract awarded by a major energy company for a gas topsides project in Australia. The four-year project commenced in FY2022.

Projects Under Execution
Renewables Solutions <ul style="list-style-type: none">• Maersk Supply Service – Wind Turbine Installation Vessel• RWE Renewables – Sofia Offshore Wind Farm: Offshore Converter Platform
Process Solutions <ul style="list-style-type: none">• Petrobras – P-82: FPSO Engineering, Procurement and Construction• Shell – Whale Project: Newbuild Floating Production Unit (FPU)
Gas Solutions <ul style="list-style-type: none">• Bechtel – Pluto Train 2 Project: Modules Assembly of LNG Gas Processing Trains• Major Energy Company in Australia – Gas Topsides Engineering, Procurement, Construction and Installation• New Fortress Energy – FLNG Facility Conversion of a Sevan Drilling Unit• MOL – Brassavola: LNG Bunker Vessel
Ocean Living Solutions <ul style="list-style-type: none">• Emgepron – NApAnt Scientific Research Support Vessel

Net Order Book

13. The Group had a net order book of S\$6.75 billion as at end-December 2022. This consists of S\$6.31 billion of projects under execution and S\$0.44 billion of ongoing Repairs & Upgrades projects.
14. With the world's energy transition underway and with the Group's continuing design and development initiatives, the Group has recorded a growing share of renewables and cleaner/green solutions in its order book. As at the end of 2022, renewable wind energy and other cleaner and green solutions account for approximately S\$2.5 billion or a significant 37% of the Group's net order book.

15. The Group continues to see improvement in orders visibility, underpinned by high oil and gas prices, renewed concerns over energy security in the wake of geopolitical tensions, and the accelerated energy transition towards renewables. Oil & gas companies and energy suppliers have picked up pace in reviewing ongoing new projects and previously deferred activities.
16. The Group is actively working on multiple tender prospects across the energy transition, including cleaner oil & gas as well as offshore renewables opportunities.

Cash Flow and Liquidity Management

17. The Group continues to register improved operating cash flows and overall cash balance in 2H2022. These resulted from cash collections from long term receivables, as well as progress and delivery payments for projects from its customers. These will be used to meet payables and other working capital needs in FY2023.
18. Compared to the Group's net debt/equity ratio of 0.49 times and 0.44 times at end FY2021 and 1H2022 respectively, its net debt to equity ratio improved further to 0.26 times as at 31 December 2022.
19. Since the 3Q/9M2022 Interim Business Update, there has been no further disbursement of the proceeds from the September 2021 S\$1.5 billion Rights Issue. The balance of the net proceeds remains at approximately S\$600 million.

Proposed Combination

20. The ordinary resolution for the Proposed Combination with Keppel O&M, as set out in the notice of the Extraordinary General Meeting (EGM) dated 31 January 2023, was approved and passed with strong 95.28% support from the Company's shareholders at the EGM held on 16 February 2023.
21. Completion of the Proposed Combination is scheduled for 28 Feb 2023.

Outlook

22. The industry outlook for oil & gas, offshore renewables and other green solutions continues to improve amid the ongoing energy transition.
23. On completion of the Proposed Combination, the Enlarged Group will commence implementation of integration initiatives. While integration of this scale will present challenges, the Enlarged Group is expected to benefit from greater synergies from the broader geographical footprint, larger operational scale and enhanced capabilities of Singapore's two leading O&M companies.
24. The Enlarged Group will have a combined order book of about S\$18 billion with completions scheduled from 2023 to 2026. With improving order visibility, the Enlarged Group will be in a stronger position to convert its orders pipeline into further firm contracts.
25. The above factors will underpin the operational and financial performance of the Enlarged Group in the year ahead.

About Sembcorp Marine

Sembcorp Marine provides innovative engineering solutions to the global offshore, marine and energy industries. Headquartered in Singapore, the Group has close to 60 years of track record in the design and construction of rigs, floaters, offshore platforms and specialised vessels, as well as in the repair, upgrading and conversion of different ship types. Sembcorp Marine's solutions focus on the following areas: Renewables, Process, Gas, Ocean Living and Advanced Drilling Rigs.

Sembcorp Marine's customers include major energy companies, owners of floating production units, shipping companies and cruise and ferry operators. They are supported by four commercial units: Rigs & Floaters; Repairs & Upgrades; Offshore Platforms and Specialised Shipbuilding.

Discover more at www.sembmarine.com.

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The Directors of Sembcorp Marine Limited ("Directors") collectively and individually accept full responsibility for the accuracy of the information given in this release and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this release constitutes full and true disclosure of all material facts about the Rights Issue and the Group which are relevant to the Rights Issue and the Directors are not aware of any facts the omission of which would make any statement in this release misleading. Where information in this release has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this release in its proper form and context.