

# Integrated Solutions for a Sustainable Future

Neil McGregor, Group President & CEO

Graham Cockroft, Group CFO



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# FY2019 Performance Overview

**Neil McGregor**

Group President & CEO

# FY2019 Group Performance Round-up



**Turnover at S\$9,618 million, down 18%**

**Profit from Operations at S\$749 million, down 11%**

**Underlying Net Profit at S\$395 million, up 17%**

**Net Profit at S\$247 million, down 29%**

**Underlying EPS at 20.1 cents, up 22%**

**EPS at 11.8 cents, down 30%**

**ROE at 3.5%, ROE (excluding Marine, before Exceptional Items) at 9.4%**

**Total group divestment proceeds of S\$600\* million since the beginning of 2018, exceeding S\$500 million target**

**Proposing final dividend of 3.0 cents per share, bringing total dividend for FY2019 to 5.0 cents per share**



**Sembcorp Energy India Limited's wind power projects, India**



**The Sirajganj Unit 4 combined cycle gas turbine power plant in Bangladesh commenced commercial operations in 2019**



**Green spaces in Vietnam Singapore Industrial Park (VSIP) in Vietnam**



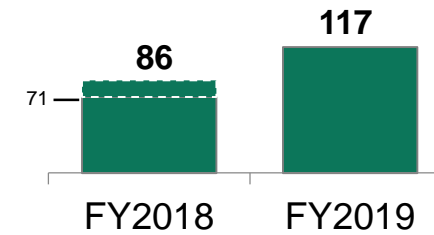
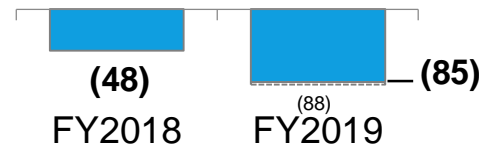
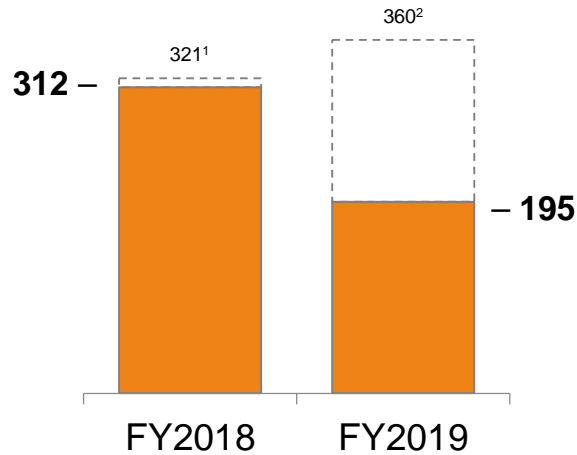
**Sembcorp Marine delivered the Q7000 well intervention semi-submersible rig to Helix Energy Solutions in November 2019**

\* Cash proceeds from divestments of waste paper recycling, medical waste operations, Sembcorp EOSM, Gallant Venture, the utilities assets formerly serving Jurong Aromatics Corporation and the commercial business of Sembcorp Design & Construction in Singapore, Sembcorp Lianyungang Water Co, Sembcorp Xinmin Water Co, Hongshan Mansion held under Wuxi Singapore Property Investment and Penglai Jutal Offshore Engineering in China, Centralised Utilities Company in Oman, municipal water operations in South Africa and the water business in Chile

# FY2019 Group Performance Round-up



Energy	Marine	Urban
Net Profit <b>S\$195 million</b>	Net Loss* <b>(S\$85 million)</b>	Net Profit <b>S\$117 million</b>
	↓38%	↑36%



- **Energy:** Net profit of S\$195 million. Excluding exceptional items, underlying net profit grew 12% to S\$360 million, driven by better overseas performance
- **Marine:** Net loss mainly due to accelerated depreciation for the Tanjong Kling yard and continued low overall business volume, partly offset by profits from the repairs and upgrade business, which saw a rise in profits on improved margins and better product mix
- **Urban:** Record net profit with recognition of profit from property development, *Riverside Grandeur* in Nanjing, China

<sup>1</sup> 2018: Energy exceptional items, totalling a negative S\$9 million, comprise S\$23 million gain from the divestment of waste paper recycling and medical waste operations in Singapore and municipal water operations in South Africa, offset by S\$25 million of provision for potential fines and claims at a joint venture wastewater treatment company in China and a non-cash S\$7 million expensing of UKPR's capitalised cost upon refinancing  
Urban exceptional item of S\$15 million relates to the divestment gain from the sale of Hongshan Mansion held under Wuxi Singapore Property Investment

<sup>2</sup> 2019: Energy exceptional items, totalling a negative S\$165 million, comprise impairments of S\$245 million and S\$7 million of additional provision for potential claims at a joint venture wastewater treatment company in China offset by net divestment gain of S\$86 million. The net divestment gain of S\$86 million was from the sale of Vellocet Clean Energy in Australia, Xinmin municipal water asset and Lianyungang industrial wastewater treatment asset in China, the utilities assets formerly serving Jurong Aromatics Corporation in Singapore and Wilton land lease in the UK. There was also a S\$1 million revision on purchase price allocation for a solar project in Singapore  
Marine exceptional item of S\$3 million relates to negative goodwill from the fair value adjustment on completion of valuation and final purchase price allocation for the acquisition of interests and titles to the intellectual property rights of Sevan Marine and HiLoad LNG

\* Sembcorp's share of Marine's net loss

- Underlying net profit up 12% to S\$360 million
- Exceptional items totalling a negative S\$165 million in FY2019

## FY2019 exceptional items

	S\$ million
<b>Impairments</b>	
• UK Power Reserve (UKPR) assets	(158)
• Chile water business	(64)
• China wastewater treatment assets	(23)
<b>Sub-total (A)</b>	<b>(245)</b>
<b>Divestments</b>	
• Vellocet Clean Energy (Australia)	(4)
• Xinmin and Lianyungang water assets (China)	9
• Utilities assets formerly serving Jurong Aromatics Corporation (Singapore)	65
• Wilton land lease sale (UK)	16
<b>Sub-total (B)</b>	<b>86</b>
<b>Provisions for claims and others (C)</b>	<b>(6)</b>
<b>TOTAL (A+B+C)</b>	<b>(165)</b>

## UKPR Impairment

- Impairment made based on expected value-in-use as at December 31, 2019
- Challenging market conditions in the UK
- Performance impacted by a combination of factors including:
  - Increase in energy capacity
  - Reduction in underlying demand due to energy efficiency and reduced industrial production
  - Moderated grid volatility

## China Wastewater Treatment Assets Impairment

- Impairment was taken as existing facilities will not be able to meet the new effluent discharge standards which will come into force in Jiangsu, China with effect from January 2021

## Portfolio Rebalancing Strategy: Divestments

- 2019 net divestment gains of S\$86 million
- Divestment of water business in Chile resulted in S\$64 million impairment (including transaction taxes and costs)
  - Realisable value impacted by escalating operational and regulatory costs as well as the deterioration of Chile's economic, social and regulatory environment since October 2019
  - Increasing uncertainty and risks in the Chilean water sector including potential reduction of regulated returns and depreciation of Chilean peso
  - A currency translation loss recognised in the foreign currency translation reserve will be taken to profit and loss upon completion of the sale in 2020



# Energy – Reshaping our Portfolio

Focused on Key Geographies



## Singapore & Southeast Asia

### Strengthened position as a provider of integrated energy solutions in Singapore

- 63MWp of solar capacity secured in 2019. One of the largest solar players in Singapore with total solar capacity of 240MWp
- Secured contract to construct Singapore's largest floating solar photovoltaic system (60MWp) for PUB
- Established position as a major gas player with the acquisition of the remaining 30% interest in Sembcorp Gas
- Growing waste management and recycling business with the launch of mobile application 'ezi'

### Continued to grow reach in Southeast Asia

- Entered the renewable energy and sustainable smart solutions space in Vietnam through a joint venture with Becamex and VSIP



## China

### Resilient earnings contribution

- Net profit growth of 22% to S\$106 million
- Growing renewable energy contribution with completion of Huangnanpaigan and Huanghua Phase 3 wind power assets in the second half of 2018



# Energy – Reshaping our Portfolio

Focused on Key Geographies



## India

**Net profit of S\$100 million, with thermal assets turning in a profitable year**

- Completed SECI 2 project and commissioned 227MW of SECI 3 project, bringing total operating renewables capacity to 1,655MW, with a further 74MW under development
- First independent power producer to fully commission capacity won in SECI 2 bid round
- In-house operations and maintenance for over 600MW of previously outsourced wind and solar plants, enabling industry-leading asset productivity
- Acquired the residual 6% stake from Gayatri. SEIL now a 100%-owned subsidiary

## UK

**Net profit of S\$22 million, driven by recognition of capacity market payments**

- First 60MW of 120MW of battery energy storage system started operations in October 2019
- Resumption of Great Britain Capacity Market Scheme, recognition of capacity market payments in 4Q19





# Energy – Reshaping our Portfolio

Offering a Suite of Solutions to Support a Renewable Future



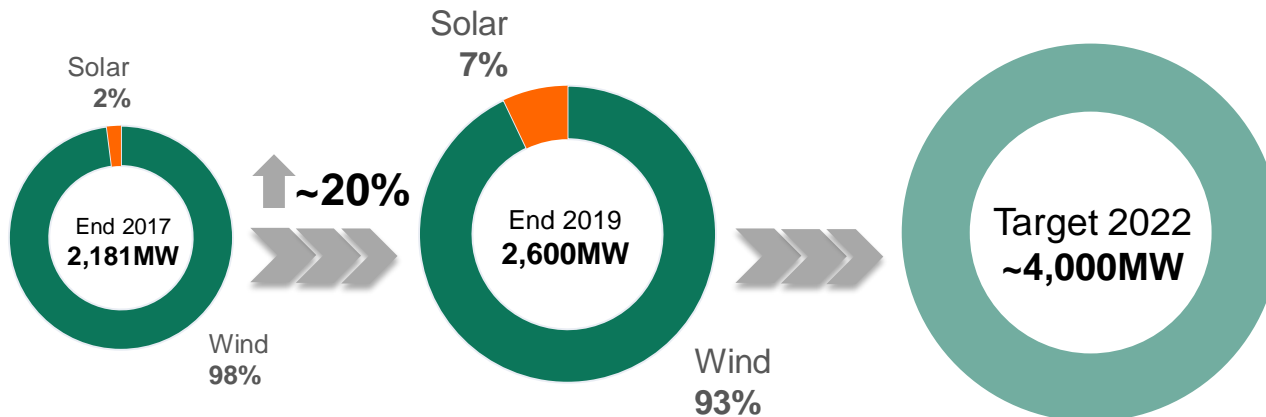
## Our Capabilities

- Wind
- Solar
- Battery storage
- Distributed energy solutions

## Nearly 5-fold Increase in Profit Contribution from Renewables since 2016

Net Profit (S\$ million)	2016	2017	2018	2019
Renewable Power	17	31	63	80

## 20% Growth in Renewables Capacity



## Singapore

### Leading Solar Energy Player in Singapore

- 240MWp of capacity
- One of the largest solar players in Singapore



## China

### Growing Renewable Energy Contribution

- 725MW of wind power projects fully operational



## India

### Providing Renewable Power to Support India's Growth

- Over 1,700MW of wind and solar power projects across seven states in India
- Highest renewables capacity under self operations



## UK

### Developing One of Europe's Largest Battery Storage Projects

- A 120MW portfolio (60MW under construction) representing one of Europe's largest battery-based energy storage projects

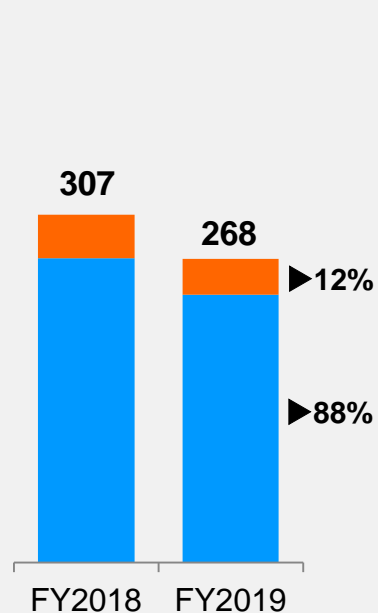


## Healthy Orderbook to Underpin Future Performance

### Total Land Sales (ha)

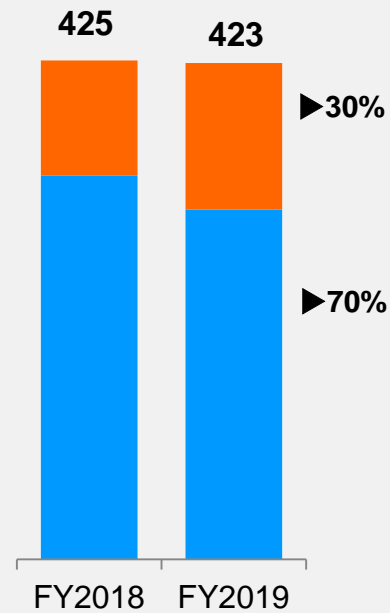
- Strong land sales in Vietnam with high demand for industrial land
- Lower land sales in China and Indonesia

- ▶ Industrial & Business
- ▶ Commercial & Residential



### Total Net Orderbook (ha)

- Orderbook from Vietnam remained robust
- Pick-up in manufacturing interest in Indonesia



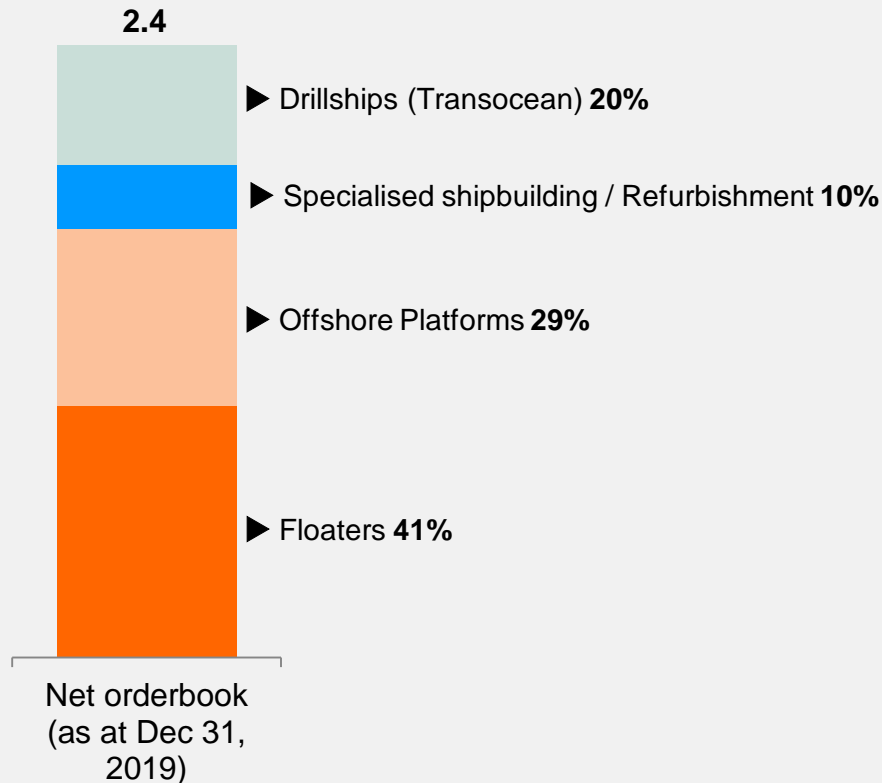
- Completed and handed over wholly-owned *Riverside Grandeur* residential development in China, driving Urban's record profit for the year
- Secured investment certificates for an additional 900 hectares of saleable land from two new VSIP developments in Bac Ninh and Binh Duong
- Phase two of The Habitat Binh Duong in VSIP Binh Duong launched and sold out in 2019, with profit recognition expected in 2020. Soft launched Phase 3A in October 2019

## Challenging Market Environment

**Total Net Orderbook** (as at Dec 31, 2019)

**S\$2.4 billion**

excluding the Sete Brasil drillships



- Strengthened financial position of Sembcorp Marine with a S\$2 billion five-year subordinated loan facility
- Secured new orders worth S\$1.5 billion in 2019. Notable projects include:
  - Construction and integration of the topside and hull of the Whale FPU for Shell
  - Two offshore platform projects from North Oil Company and Total E&P Denmark
  - Fabrication of 15 jacket foundations for the Formosa 2 Offshore Wind Farm
  - Design and construction of a LNG bunker vessel
  - Conversion of the Ariake tanker into an FPSO
  - Conversion / upgrade of 5 FSRU / FSU projects
  - Upgrade of 13 cruise ships, and a large-scale refit of Japan's largest cruise ship
- Fulfilled conditions precedent in settlement of all seven drillship contracts with Sete Brasil
  - In discussions with a potential purchaser for the completion of two drillships

# Integrated Solutions for a Sustainable Future



# Navigating the COVID-19 Crisis and Outlook Update

**Graham Cockroft**

Group CFO



# Navigating the COVID-19 Crisis

Living Our Values



## Our Priorities

- Protecting the health and safety of our people
- Supporting our community
  - Ensuring minimal or no disruption to essential services
- Building resilience for the future, protecting value

# Navigating the COVID-19 Crisis

Living Our Values



## Protecting the health and safety of our people

- Implemented necessary COVID-19 mitigation measures as required by the governments and regulators in its countries of operations, activated business continuity plans
- Campaigns focused on both mental and physical health rolled out

## Supporting our community

### Essential services for the community

- The Energy business continued to deliver essential energy and environmental solutions globally. No disruption to date
- Maintaining production and service levels continues to be key focus given constraints on manpower and resourcing

### Supporting our customers

- To date, S\$1.5 million committed in support of customers in Singapore through rebates, waiver of late payments and other reliefs



# Navigating the COVID-19 Crisis

Living Our Values



<b>Group Liquidity (S\$ million)</b>	<b>Dec 31, 2019</b>
Cash and Cash Equivalents	1,767
<b>Borrowing Facilities</b>	
Committed Facilities	12,697
Less: Amount Drawn down	(10,536)
<b>Unutilised Committed Facilities</b>	<b>2,161</b>
<b>Total Cash and Unutilised Committed Facilities</b>	<b>3,928</b>
Uncommitted Facilities	3,533
Less: Amount Drawn down	(283)
<b>Unutilised Uncommitted Facilities</b>	<b>3,250</b>
<b>Trade-related Facilities</b>	
Facilities Available	3,447
Less: Amount Used	(1,352)
<b>Unutilised Trade-related Facilities</b>	<b>2,095</b>

## Cash and unutilised committed lines of S\$3.9 billion available

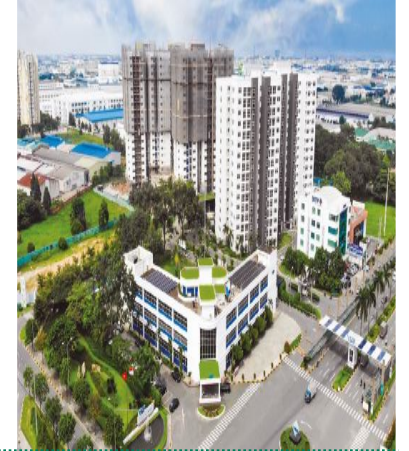
- Cash management and cost mitigation
  - Closely monitoring liquidity
  - Reduction of discretionary spending
- Disciplined capital allocation to position for future
- The Group expects to maintain positive operating cash flow in 2020 underpinned by its long-term contracts and diversified portfolio of businesses

## Energy

- Business continues to be underpinned by long-term contracts
  - However, underlying performance is expected to be markedly lower in 2020 than 2019
  - COVID-19 impact
    - Decrease in energy demand and prices as a result of reduction in economic activity
    - Lower energy demand and prices will impact its merchant operations in Singapore, India and the UK which have already seen power demand in April decline by approximately 10% to 25% compared to the same period last year
    - Downtrend expected to continue for the rest of the year
  - Other factors
    - Reduction of net realisable value of the inventory of gasoil reserves in Singapore
    - Currency translation loss upon completion of the divestment of water business in Chile, which is expected to be completed by 3Q20
    - Absence of one-off income in Myanmar
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## Urban

- In 2019, the Urban business recognised significant contribution from the sale of a residential development in China
- Excluding this contribution, and notwithstanding the impact of COVID-19, the Urban business is expected to provide steady profitability in 2020 underpinned by its net orderbook
- COVID-19 impact
  - Expected slowdown in pace of land and property sales
    - Delays in regulatory and other approvals
    - Lower take-up and demand, or delayed launches for some of the business' integrated developments and properties



## Marine

- Sembcorp Marine's business activity levels remain low for all segments except for repairs and upgrades
- Previous trend of losses expected to continue in the foreseeable quarters
- COVID-19 impact
  - Disruption of supply chains, resulting in impact to the timely execution of projects
  - Effects of COVID-19 as well as the low oil prices on projects' FIDs will continue to adversely affect new orders in the foreseeable quarters
- Priority is to ensure adequate liquidity to sustain operations and ride through the severe downturn







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