



# FY2017 Results & Strategy Announcement

February 23, 2018

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## Scope of Presentation



- FY2017 Results Announcement
  - CEO's Report
  - Financial Overview
- Strategy Announcement

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# FY2017 Results Announcement CEO's Report

**Neil McGregor**

Group President & CEO

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## FY2017 Performance Round-up

**Turnover at S\$8.3 billion, up 6%**

**Profit from Operations at S\$795.3 million, down 13%**

**Net Profit at S\$230.8 million, down 42%**

**EPS at 10.5 cents**

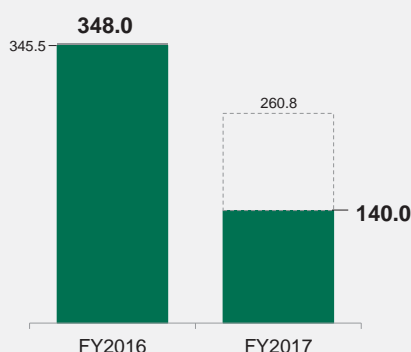
**ROE at 3.2%**

**Proposing final dividend of 2.0 cents per share, bringing total dividend for FY2017 to 5.0 cents per share**

## Strengthening base, positioning for the future

**Net Profit**  
**S\$140.0 million**      ↓60%

- Underlying net profit (before exceptional losses of S\$120.8 million) declined to S\$260.8 million on higher finance costs
- Underlying profit from operations (PFO) grew to S\$767.6 million, up 6%
- PFO contributions from Singapore and India operations improved



□ Exceptional items comprise S\$39.1 million in SGPL refinancing cost, S\$56.3 million of impairment charges mainly relating to Singapore's assets and investments and S\$25.4 million of provision for potential fines and claims at an overseas water business

### Business Updates

#### Proposed Initial Public Offering (IPO) of the India energy business

- Consolidated all thermal and renewable operations in India under Sembcorp Energy India Limited
- Filed draft red herring prospectus with the Securities and Exchange Board of India

#### Proposed divestment of municipal water operations in South Africa

- Signed a conditional sales & purchase agreement for the sale of municipal water operations in Nelspruit (Mbombela) and Ballito
- Gross proceeds of ZAR 790 million (approximately S\$89 million)
- Completion of the sale is expected in 1H2018

#### Fujairah 1 PWPA extended to Year 2035; successfully completes bond issue

- Original power and water purchase agreement and additional water purchase agreement consolidated into a single Amended and Restated PWPA and extended 6.5 years
- Successfully completed a US\$400 million senior secured bond issue. Project bond rated A- by S&P and A2 by Moody's

#### Gas-fired power projects progressing well

- Myingyan (Myanmar): 96% complete. Full commercial operations in 2Q2018
- Sirajganj Unit 4 (Bangladesh): 65% complete. Open-cycle operations targeted in 2H2018 and full commercial operations in 1H2019

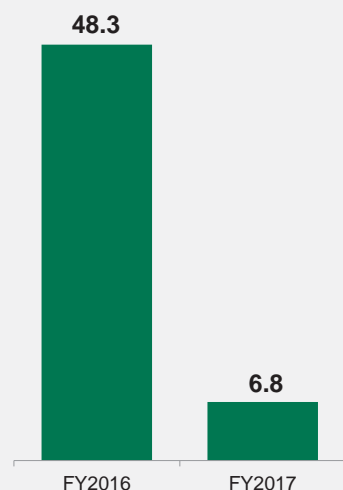
#### Strengthening our renewables business

*Total renewables portfolio grew 30% in 2017*

- Secured 500MW in India's 2017 national wind tenders. The first 250MW project to be commissioned in phases in 2018, and the second project by 1H2019. Secured another 300MW of wind power capacity in the Feb 2018 auction
- Around 300MW of new wind power capacity in Hebei, China to be commissioned in 2018
- Secured 6 rooftop solar power projects in Singapore with a combined capacity of close to 13MW

## Remaining profitable amidst a tough operating environment

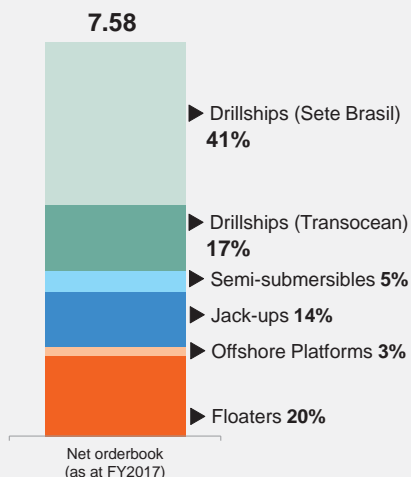
**Net Profit\***  
**S\$6.8 million**      ↓86%



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

**Total Net Orderbook (as at FY2017)**  
**S\$7.58 billion**

- Excluding the Sete Brasil drillships, net orderbook at S\$4.45 billion
- Contracts secured at S\$2.7 billion



### Business Updates

#### Sale of rigs improves liquidity position

- Nine jack-up drilling rigs sold to Borr Drilling for approximately US\$1.3 billion (S\$1.77 billion). Upfront payment of US\$500 million received
- Agreement to sell the semi-submersible *West Rigel* for US\$500 million, subject to conditions precedent

#### New orders & orderbook development

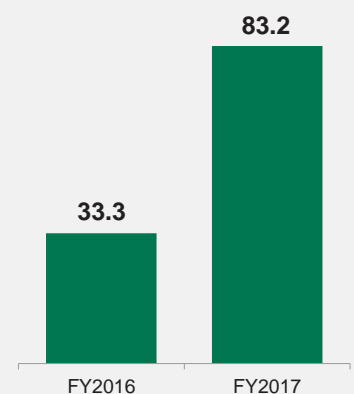
- Secured US\$490 million contract from Statoil Petroleum for turnkey EPC of hull and living quarters of a new FPSO unit
- Secured additional scope on top of the current contract scope for the FPSO P-68
- Signed Letter of Intent (LoI) with Shell Offshore for the construction of the hull and topside as well as integration works for the Vito FPU
- Signed LoI with SeaOne Caribbean for the design and construction of at least two large compressed gas liquid (CGL) carriers

FPSO: floating production storage and offloading  
 FPU: floating production unit

## Record FY2017 net profit

**Net Profit**  
**S\$83.2 million** ↑150%

- Better performance and higher profit contribution from all operating markets - Vietnam, China and Indonesia



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## Total Land Sales

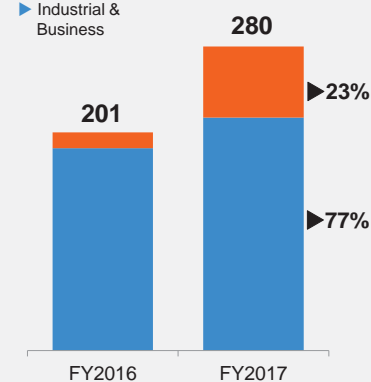
**280 hectares**

201 hectares in 2016

- Boasted by 42.6-hectare C&R land sale in Nanjing



- Commercial & Residential
- Industrial & Business



## Total Orderbook

**251 hectares**

240 hectares in 2016



**Vietnam**  
 Strong interest in Vietnam industrial land



**China**  
 Good C&R orderbook for Chengdu



**Indonesia**  
 Continued interest in Kendal industrial land

C&R: commercial & residential

# FY2017 Results Announcement Financial Overview

**Koh Chiap Khiong**  
 Group CFO

## Group Profit & Loss



(S\$M)	FY17	FY16	Δ%
Turnover	8,346	7,907	6
EBITDA*	1,264	1,315	(4)
Profit from Operations	795	909	(13)
EBIT	631	784	(20)
Share of results: Associates & JVs	164	125	31
Net Finance Cost	(483)	(372)	(30)
Finance costs	(526)	(402)	(31)
Finance income	43	30	41
PBT	312	537	(42)
Tax	(67)	(100)	33
Non-Controlling Interests	(14)	(42)	67
Net Profit	231	395	(42)
EPS (cents)	10.5	19.9	(47)

\*EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

## Group Net Profit



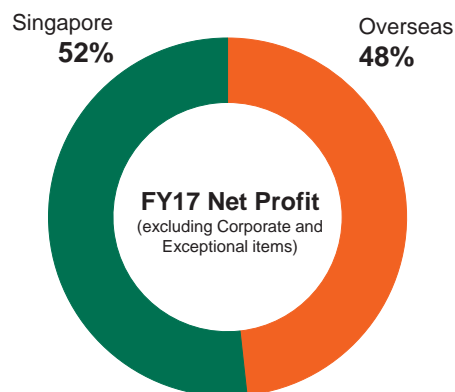
(S\$M)	FY17	FY16	Δ%
Utilities	140.0	348.0	(60)
Marine	6.8	48.3	(86)
Urban Development	83.2	33.3	150
Other Businesses	24.6	37.4	(34)
Corporate*	(23.8)	(72.1)	67
<b>TOTAL NET PROFIT</b>	<b>230.8</b>	<b>394.9</b>	<b>(42)</b>

\*FY2016 corporate costs include a fair value loss of S\$57.7 million due to the decline in the share price of Gallant Venture, which is classified as an available-for-sale financial asset. Excluding this, FY2016 corporate costs would have been S\$14.4 million

## Utilities Net Profit



By Geography (\$M)	FY17	FY16	Δ%
Singapore*	163.6	132.1	24
China	78.1	124.8	(37)
India	(57.8)	(16.1)	(259)
Rest of Asia	46.5	16.7	178
Middle East & Africa	54.9	56.5	(3)
UK & the Americas	26.9	40.9	(34)
Corporate	(51.4)	(9.4)	(339)
<b>Net Profit before exceptional items</b>	<b>260.8</b>	<b>345.5</b>	<b>(25)</b>
Exceptional items**	(120.8)	2.5	NM
<b>TOTAL NET PROFIT</b>	<b>140.0</b>	<b>348.0</b>	<b>(60)</b>



*Singapore: Net Profit breakdown	FY17	FY16	Δ%
Energy	80.0	59.1	35
Water	40.9	29.2	40
On-site Logistics & Solid Waste Management	42.7	43.8	(3)

\*\*Exceptional items comprise S\$39.1 million in SGPL refinancing cost, S\$56.3 million of impairment charges mainly relating to Singapore's assets and investments and S\$25.4 million of provision for potential fines and claims at an overseas water business

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## Group Free Cash Flow



(\$M)	FY17	FY16
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
- before changes in working capital	1,226	1,328
- changes in working capital	(506)*	(370)
- tax paid	(70)	(86)
	<b>650</b>	<b>872</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
- divestments, dividend and interest income	779	385
- investments, capex and non-trade balances**	(871)	(1,186)
	<b>(92)</b>	<b>(801)</b>
- Add back: expansion capex	565	1,061
<b>FREE CASH FLOW</b>	<b>1,123</b>	<b>1,132</b>

\*Includes increase in service concession receivables, recognised in accordance with INT FRS 112 accounting guideline, amounting to S\$431 million from the Myingyan and Sirajganj Unit 4 power projects. The receivables will be collected over the period of the concession contract from the time the power plants commence commercial operations

\*\*Payables for capital works/ fixed assets

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## Group Borrowings



<b>(S\$M)</b>	<b>Dec 31,17</b>	D/C ratio*	<b>Dec 31,16</b>	D/C ratio*
<b>Gross Debt</b>				
Corporate debt	2,361	0.13	1,697	0.10
Project finance debt	3,387	0.19	3,369	0.19
Sembcorp Marine debt	4,100	0.23	4,155	0.24
	<b>9,848</b>	<b>0.55</b>	<b>9,221</b>	<b>0.53</b>
Less: Cash and cash equivalents	(2,687)		(1,883)	
<b>Net debt</b>	<b>7,161</b>	<b>0.40</b>	<b>7,338</b>	<b>0.42</b>

\*Total Debt-to-Capitalisation ratio



## Strategy Announcement

**Neil McGregor**

Group President & CEO

## Three Strategic Pillars



### PERFORMANCE

- **Disciplined capital allocation** to drive long-term value creation, diversify risk and align with economic trends
- **Systematic capital recycling** to strengthen balance sheet and enable sustainable growth
- **Active management and optimisation of assets** to enhance returns
- **Strong business models** – customer-centric, technology-enabled, with long-term growth opportunities

### SUSTAINABILITY

- Aligned with and contributing to United Nations' **Sustainable Development Goals**
- Participation in **low carbon and circular economies**
- **Management of ESG risks and opportunities** embedded in strategy, governance and incentives

### DYNAMIC ORGANISATION

- **A scalable global operating model** to leverage resources and achieve value-focused growth
- **Capability development and process excellence** to support growth and long-term value creation
- **A vision for technology and digitalisation** that will materially improve performance
- **Dynamic high performance culture with integrity at its core**

# Sustainable Value Creation

## Strong Business Models

### UTILITIES



#### Repositioning as an Integrated Energy Player

- Differentiated integrated energy platform business model to provide a comprehensive suite of solutions to customers
- Proven deep expertise in the provision of energy, water and on-site logistics
- A balanced portfolio of high-efficiency thermal and renewable assets

### MARINE



#### Well-Positioned to Benefit from the Industry's Recovery

- Able to offer diversified, innovative solutions across the offshore and marine value chain, both within and beyond the oil and gas sector
- Well-positioned with best-in-class integrated facilities and investments in new technologies and solutions

### URBAN DEVELOPMENT



#### Riding the Wave of Urbanisation and Sustainable Development in Asia

- Solid track record in transforming raw land into self-sufficient urban developments
- A valued partner to government, with the ability to deliver the economic engine to support industrialisation and urbanisation by attracting local and international investments



# Marine

Well-positioned to benefit from the industry's recovery

## Enhancing Proprietary Design and Engineering Capabilities



### Innovative solutions for the gas value chain

- Gravifloat technologies for a range of near-shore gas infrastructure solutions, including liquefaction, regasification, storage and power generation
- Compressed Gas Liquid carriers
- Semb-Eco LUV Ballast Water Management System

## Tuas Boulevard Yard



### A Next-Generation Fully Integrated Offshore and Marine Engineering Hub

- Yard capabilities deepened and broadened to enable cost-effective execution
- Ability to take on projects of greater complexity and scale
- Boosts long-term competitiveness against global players

# Urban Development

Uniquely placed to capture profits from industrialisation and urbanisation

Moving up the value chain



Product offering	Industrial Parks	Integrated Townships	Business Hubs & Smart Cities
Land size	Large scale (>1,000ha)	Large scale (>1,000ha)	Small scale (50ha-200ha)
Revenue streams	1. Land development: <ul style="list-style-type: none"> <li>• Land sale (Industry)</li> </ul> 2. Property development <ul style="list-style-type: none"> <li>• Factory</li> <li>• Warehouse</li> </ul> 3. Utilities & estate mgmt fees	1. Land development: <ul style="list-style-type: none"> <li>• Land sale (Industry, commercial &amp; residential)</li> </ul> 2. Property development <ul style="list-style-type: none"> <li>• Business space</li> <li>• Commercial &amp; residential development</li> </ul> 3. Utilities & estate mgmt fees	1. Land development: <ul style="list-style-type: none"> <li>• Land sale (Industry, commercial &amp; residential)</li> </ul> 2. Property development <ul style="list-style-type: none"> <li>• Business space</li> <li>• Commercial &amp; residential development</li> </ul> 3. Utilities & estate mgmt fees

## Utilities

Repositioning to be a Global Integrated Energy Player



### UTILITIES

## Realities of the Global Energy Transition

Fundamental shift in the global energy landscape

### Decarbonisation

#### Changing global energy mix<sup>1</sup>

- *Gas*: 4%-5% growth in LNG globally. 10%+ growth in Asia (2016-2030)
- *Renewables*: To grow from 15% to 35% of global energy mix by 2040
- *Coal*: Share in global energy mix to drop from 30% to 20% by 2040

### Decentralisation

#### Shift to distributed energy systems opening up opportunities for merchant and retail power

- Increased prevalence of merchant market structure
- Opportunities in retail and technology-enabled business models

### Digitalisation

#### Deployment of digital technologies to enhance operations and capture new opportunities

- Digital technologies are set to make energy systems around the world more connected, intelligent, efficient, reliable and sustainable
- Big data, analytics and cloud computing could help overcome challenges in the energy sector such as intermittency and managing consumer energy use patterns

### Demand Disruptions

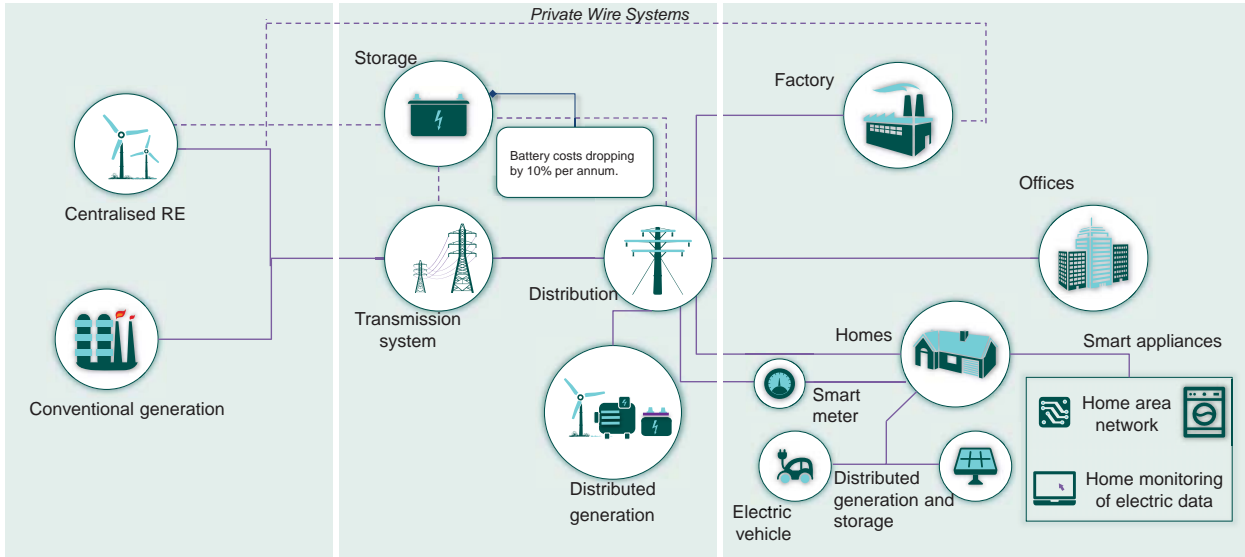
#### From energy efficiency, distributed generation to the electrification of vehicles, the energy sector is seeing demand disruptions

- Flexibility within a power system, with renewables power generation complemented by conventional generation methods
- Integrated solutions such as gas and power, energy and water

<sup>1</sup> Source: McKinsey Energy Insights

# The Power System of the Future

<p><b>Generation</b></p> <p>Generation mix will move towards more renewables              → 70% of added capacity by 2040 is renewable</p>	<p><b>Transmission &amp; Distribution (T&amp;D)</b></p> <p>Storage will grow to integrate new centralised renewable energy capacity and balance the grid</p>	<p><b>Downstream</b></p> <p>High penetration of distributed generation and storage (behind the meter).              20-30% higher energy efficiency on average</p>
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**Driven by technology and digitalisation**  
**Need for flexible generation and storage to underpin energy security**

# Focused on Value and Growth: The Sembcorp O<sup>4</sup> Model

**Previously... Developer, Owner, Operator model**

- Project-based and predominantly focused on greenfield projects

**Now... Sembcorp O<sup>4</sup> Model**

- Platform-based, and focused on greenfield and brownfield opportunities



# Growth Platform: A Differentiated Business Model

Integrated Energy Platforms Multiple offerings around anchor assets	Benefits
	<ul style="list-style-type: none"> <li>✓ <b>Returns uplift</b> Additional offerings enhance services and products while providing upside to earnings</li> <li>✓ <b>Deepens relationship with customers by offering differentiated value propositions</b> Insights into customer requirements provide scope for additional tailored solutions with minimal investments</li> <li>✓ <b>Provides growth while lowering development risk</b> Leverages knowledge of stakeholders and markets to gain further access and scale up</li> </ul>

# Growth Platform: A Differentiated Business Model

Building optionalities around current anchor assets

## Jurong Island Singapore

A world-class petrochemical and chemical hub

- 3,200-hectare Jurong Island is Singapore's petrochemical and chemical hub
- Sembcorp is pioneer and leader in the provision of centralised utilities (power, steam, gas, industrial water, industrial wastewater treatment, etc) and service corridor services on Jurong Island
- Serving over 40 multinational petrochemical and chemical companies

<b>Products</b>		Power • Steam <span style="border: 1px solid green; border-radius: 50%; padding: 0 2px;">G</span> • Industrial Water & IWWT • Gas
<b>Networks</b>		Service Corridor • Steam Grid
<b>Customers</b>		On-site Customers • Merchant



### Optionalities

#### Deepening presence in the Singapore energy market



<span style="background-color: #007bff; color: white; padding: 2px;">New</span> <b>LNG</b> Access to LNG regas facilities	<b>Merchant power and ancillaries</b>	<span style="background-color: #007bff; color: white; padding: 2px;">New</span> <b>Retail power supply</b>
<b>Augment gas sourcing</b>	<b>Merchant power</b>	<b>Renewable energy</b>
<b>Wholesale gas market</b>	<b>Power trading</b>	<span style="background-color: #007bff; color: white; padding: 2px;">New</span> <b>New retail models</b>

G Green focus: Includes steam from sustainable sources through woodchip boiler and energy-from-waste assets  
IWWT: Industrial wastewater treatment

# Growth Platform: A Differentiated Business Model



Building optionalities around current anchor assets

## Wilton International Teesside, UK

One of the largest industrial complexes in the UK

- 90 acres (36 ha) greenfield land available with planning zoned for heavy industrial use
- 200 acres (81 ha) brownfield land; 230 acres (93 ha) of light industrial development land
- Sited next to the South Tees Development Corporation (STDC), slated to be UK's largest industrial redevelopment. Working closely with STDC and MOU signed covering areas of potential collaboration (such as power generation and distribution)



**G** Green focus: Includes power & steam from sustainable sources through its biomass (Wilton 10) and energy- from-waste (Wilton 11) assets

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### Products



Power **G** • Steam **G** • Industrial Water • On-site Logistics

### Networks



Private Wire Networks • Utility Supply and Service Corridors

### Customers



On-site Customers • Merchant

### Optionalities

Growing beyond Teesside

Targeting a fully integrated merchant energy business in the UK



Origination



Power & gas trading



Retail power supply



Wholesale power supply



Distributed energy response



Energy-from-waste



Wholesale gas supply and storage



Ancillary services



Renewable energy

# Unlocking Value: Systematic Capital Recycling for Sustainable Growth



Sembcorp Salalah IPO

2013

2014

2015

2016

2017

Proposed IPO of Sembcorp Energy India Limited (SEIL)

2018

2019

2020



### Divestments

Zhumadian China Water

SembSita Pacific

Sembcorp Bournemouth Water

Yancheng China Water

Planned divestment of South African municipal water operations

Over the last 5 years, ~\$870 million of IPO/ divestment proceeds

Target utilities divestments of up to \$0.5 billion over the next two years (excluding proposed IPO of SEIL)

# Unlocking Value: Proposed IPO of India Energy Assets

## Sembcorp Energy India Limited (SEIL) formerly known as Thermal Powertech Corporation India Limited (TPCIL)

Asset Details	Balanced thermal and renewable portfolio of >4,300MW: <ul style="list-style-type: none"> <li>- 2 thermal power plants</li> <li>- 34 wind power assets</li> <li>- 3 solar power assets</li> </ul>
Listing	BSE Limited The National Stock Exchange of India
Shareholding	SEIL is currently 93.7% owned by Sembcorp Utilities, a wholly-owned subsidiary of Sembcorp. Post-listing, Sembcorp will continue to retain majority shareholding in SEIL after completion of the offer.
Why now?	<ul style="list-style-type: none"> <li>- Aims to bring on board domestic and retail ownership of SEIL to support our utilities business in the country, and to fund its further growth</li> <li>- Frees up balance sheet for further growth opportunities</li> </ul>

### Renewables



### Thermal



# Focused on Three Business Lines



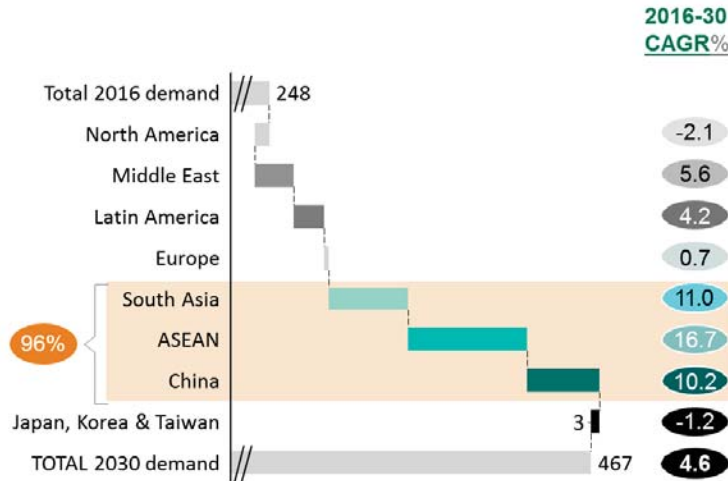
GAS & POWER	MERCHANT & RETAIL	RENEWABLES & ENVIRONMENT
Gas Importation and Retail Regas Infrastructure Thermal Power	<ul style="list-style-type: none"> <li>• Merchant Power Sales</li> <li>• Trading and Optimisation</li> <li>• Distributed Energy Resources</li> </ul> <ul style="list-style-type: none"> <li>• B2B and B2C Power Sales</li> <li>• Energy Services</li> </ul>	Waste-to-Resource Water and Wastewater Treatment Renewable Power

**Semcorp Positioning**

- Solid track record as developer, owner and operator of over 9,000MW of thermal (including 4,800MW of gas-fired) power assets globally
- Strong presence in growing markets
- First commercial importer & retailer of natural gas in Singapore

**LNG growing 5% per annum, Asia the fastest growing**

LNG demand growth by region 2016-2030, mtpa



Source: McKinsey Energy Insights Global Gas Model  
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**Market Trends**

- Global energy mix is shifting from oil to gas, especially LNG
- South Asia, ASEAN and China accounts for 96% of LNG demand growth
- Growth in integrated value chain e.g. gas-to-power, regas terminals, bunkering, small-scale LNG
- Renewable generation leading to opportunities for flexible baseload capacity due to grid intermittency

**Opportunities**

- Strengthen gas and power business in Singapore
- Opportunities for future gas-fired power and regas infrastructure projects in Asia
- Extend existing presence in the UK

**Semcorp Positioning**

- Solid track record as developer, owner and operator of over 2,400MW of renewable energy assets
- Strong developer and O&M expertise for wind
- Renewable capabilities for both wind and solar; and also biomass and waste-to-energy
- Strong positions in India and China

**Potential growth opportunities in the region**



**Market Trends**

- Renewable capacity addition growing rapidly due to falling LCOE of renewables with scale and decarbonisation
- ~3,000GW capacity addition expected globally by 2040

**Opportunities**

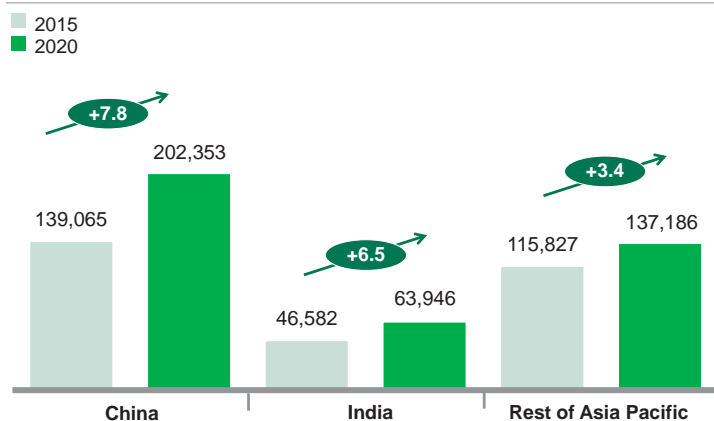
- Targeting to double renewables capacity to ~4,000MW by 2022
- Growth opportunities in the region

LCOE: levelised cost of electricity

### Semcorp Positioning

- Solid track record as developer, owner and operator of over 7.4 million m<sup>3</sup>/day of industrial water and wastewater treatment assets
- Experience in providing total water & wastewater treatment solutions to industries
- Specialised capabilities in providing solutions for water-stressed regions including desalination and water reclamation

### Industrial water demand, million cubic metres per year



Source: Global Water Intelligence  
© Semcorp Industries 2018

### Market Trends

- Industries seeking to outsource non-core water utilities
- Industrial water and wastewater treatment demand is growing at 8-10% in India and China; 3-5% in ASEAN
- Growing opportunities for efficiency upgrades, reuse and advanced treatment technologies

### Opportunities

- Increased demand for industrial wastewater treatment and water solutions in China, India and Southeast Asia
- Opportunity to leverage technology-enabled solutions to capture market share

### Semcorp Positioning

- Experience in merchant markets, e.g. Singapore and the UK
- Established power retail arm in Singapore

### Technology-enabled business models



#### Distributed generation

Continuous penetration of small, decentralised energy production with growing share of auto-consumption



#### Energy efficiency

Strong push to reduce energy intensity



#### Storage

Crucial for enabling the effective integration of renewable energy and resilient energy supply

### Market Trends

- Increased prevalence of merchant market structure
- Increased market liberalisation increases access to retail sectors and bundled services
- Emergence of technology-enabled business models, e.g. distributed generation, storage, energy efficiency

### Opportunities

- Grow market share in Singapore with upcoming open electricity market
- Capture emerging opportunities closer to customers in multiple markets
- Enhance returns through optimisation and trading



# Targeting a Balanced Portfolio in Developing and Developed Markets

Deepening and strengthening our position in key markets

## Developing markets

- High growth potential
- Established leading positions, ability to deepen presence in markets

## Developed markets

- Reposition portfolio
- Established leading positions, ability to deepen presence in markets

*E.g. Singapore – core to integrated energy platform, deepening presence as long-term player*

*UK – leverage on existing position to grow integrated energy platform*

- Serves as a springboard for future growth opportunities

## Deepening Presence in 4 Key Markets



# Well-Positioned to Implement New Strategy

**Strong track record in developing and operating thermal and renewable energy and water assets**

**One of few players with proven deep integration expertise**

**Strong foothold in high growth developing markets and experience in developed markets**

- Developed over 11GW of power generation capacity across gas, coal and renewables
- Built municipal and industrial water and wastewater treatment capacity of close to 9 million m<sup>3</sup>/day
- Developed Jurong Island centralised utilities complex
  - CCGT cogeneration plant
  - Gas importation and retail
  - Industrial wastewater treatment and water supply
  - Storage and on-site logistics
- Global operations across developing and developed markets
  - Developing markets: e.g. China, India, Vietnam
  - Developed markets: e.g. Singapore, UK

**Sembcorp has the track record & capabilities to deliver**

# Sustainability

Aligning with and contributing to society's needs

## UN Sustainable Development Goals (SDGs)



### PRIORITY SDGs

Strongest link to our core business activities and greatest opportunity for Sembcorp to contribute towards the sustainable development agenda

### SUPPORTING SDGs

Align closely with our material ESG issues, to be managed to reduce negative impacts and enhance positive impacts

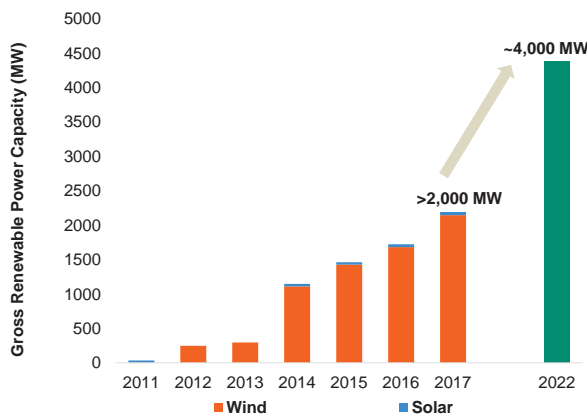
### UNDERLYING SDGs

Some direct or indirect impact

# Sustainability

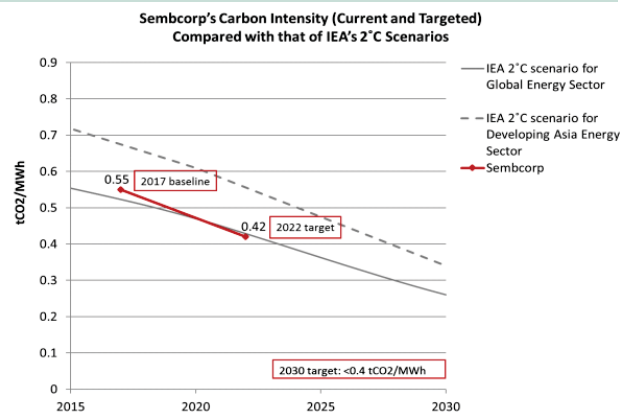
Participating in a low carbon future

### Doubling Renewable Capacity by 2022



- Doubling of renewable capacity to ~4,000MW by 2022
- Creating one of the region's leading independent renewable energy players

### Reducing Carbon Emission Intensity



- Targeting close to 25% reduction in carbon emissions intensity, from 0.55tCO<sub>2</sub>/MWh to 0.42tCO<sub>2</sub>/MWh by 2022; and <math><0.4\text{ tCO}\_2/\text{MWh}</math> by 2030, in line with the 2°C climate scenario

## Reshaping the Organisation

### Reorganising to drive performance and growth

- Focus on markets to leverage deep industry knowledge and relationships
- Focus on business lines to drive global product quality, innovation and growth

### Enhancing capabilities to enable strategy



Merchant and Risk Capabilities

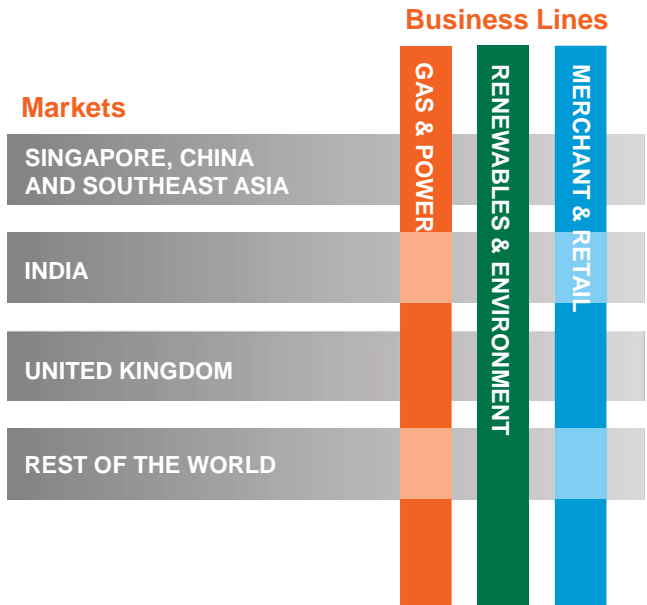


Retail and Downstream Capabilities



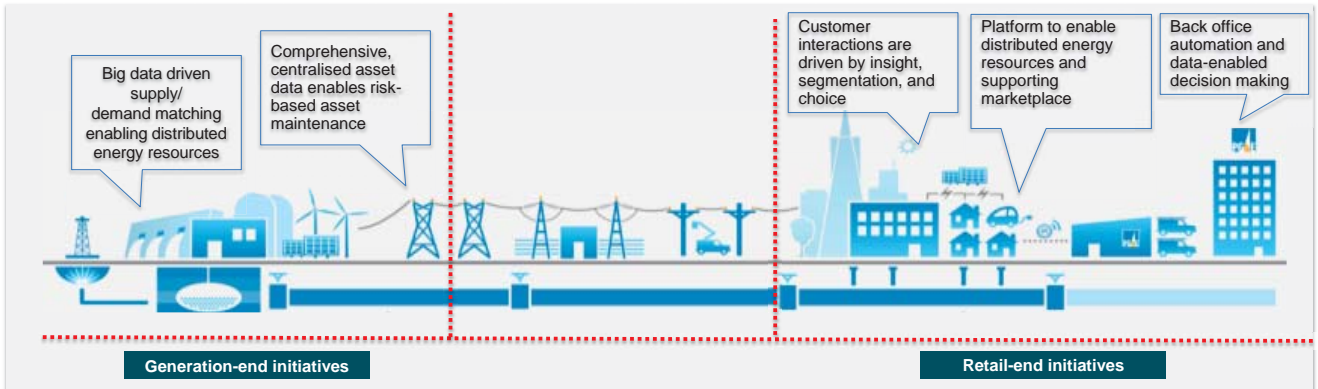
Accelerated Technology Adoption & Scouting of New Technology

### Global Scalable Operating Model



## Enabling success with a fit-for-purpose organisation

## The Digital Utility of the Future



### Potential Applications

#### Power Generation (inc. Renewables)



Machine Learning for predictive maintenance to improve asset performance and plant optimisation

#### Water



Artificial Intelligence and Machine Learning for industrial wastewater treatment plant design and plant optimisation

#### Merchant & Retail



Advanced analytics to optimise customer experience and customer engagement applications

Advanced demand and grid price forecasting models

#### Support Functions



Predictive Analytics and Machine Learning for end-to-end financial and operational reporting

## Sembcorp's Leadership Team


**Neil McGregor**

*Group President & CEO*


**Koh Chiap Khiong**

*Group CFO;  
Head / Singapore,  
Southeast Asia and  
China;  
Chief Transformation  
Officer*


**Wong Weng Sun**

*President & CEO/  
Sembcorp Marine*


**Kelvin Teo**

*CEO / Sembcorp  
Development*


**Matthew Friedman**

*Chief Digital Officer*


**Looi Lee Hwa**

*General Counsel*


**Sriram Narayanan**

*Head / Gas &  
Power*


**Tan Cheng Guan**

*Head / Renewables  
& Environment*


**Vipul Tuli**

*Head / India*


**Nomi Ahmad**

*Head / UK*


**Ng Meng Poh**

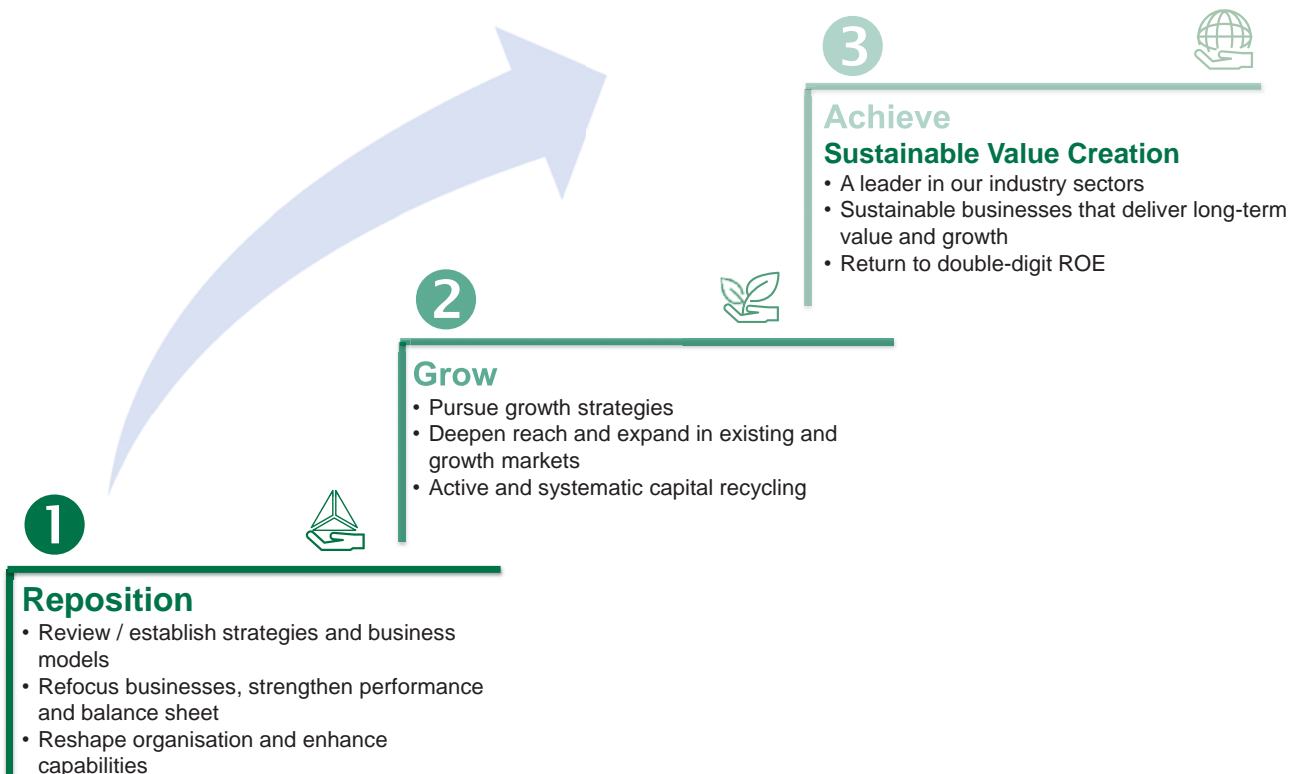
*Head / Middle East,  
South Africa,  
Americas &  
Bangladesh;  
Head / Global  
Operations Group*


**Richard Quek**

*Head / Commercial*

## Sustainable Value Creation

### Our Transformation Journey





## Vital Partners. Essential Solutions.

### Disclaimer



This presentation may contain certain forward-looking statements that are not statements of historical fact. Investors can identify some of these statements by forward-looking terms such as 'expect', 'believe', 'plan', 'intend', 'estimate', 'anticipate', 'may', 'will', 'would', and 'could' or similar words. However, please note that these words are not the exclusive means of identifying forward-looking statements.

If at all, there are any forward-looking statements, they are based on current expectations, projections and assumptions about future events. Although Sembcorp Industries believe that these expectations, projections and assumptions are reasonable and there is basis for the statements to be made, these forward-looking statements are subject to the risks (whether known or unknown), uncertainties and assumptions about Sembcorp Industries and its business operations. Some of the key factors that could cause such differences are, among others, the general industry economic and business conditions, currency fluctuations between the Singapore dollar and other currencies, governmental, statutory, regulatory or administrative initiative affecting our business industry trends, future levels and composition of our assets and liabilities, future profitability of our operations, competitive landscape, changes in Singapore tax or similar laws or regulations, and changes in, or the failure to comply with governmental regulations, including exchange control regulations, if any. Given these risks, uncertainties and assumptions, the forward-looking events referred to in this presentation may not occur and actual results may differ materially from those expressly or impliedly contemplated in these forward-looking statements. Investors are cautioned not to place undue reliance or dependency on these forward-looking statements.

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# Appendix

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FY17

## Group Profit & Loss

<b>(S\$M)</b>	<b>FY17</b>	<b>FY16</b>	<b>Δ%</b>
Turnover	8,346	7,907	6
EBITDA*	1,264	1,315	(4)
Profit from Operations	795	909	(13)
EBIT	631	784	(20)
Share of results: Associates & JVs	164	125	31
Net Finance Cost	(483)	(372)	(30)
Finance costs	(526)	(402)	(31)
Finance income	43	30	41
PBT	312	537	(42)
Tax	(67)	(100)	33
Non-Controlling Interests	(14)	(42)	67
Net Profit	<u>231</u>	<u>395</u>	(42)
EPS (cents)	10.5	19.9	(47)

\*EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

## Group Turnover



(S\$M)	FY17	FY16	Δ%
Utilities	5,670	4,111	38
Marine	2,388	3,544	(32)
Urban Development*	8	7	10
Other Businesses	280	245	14
<b>TOTAL TURNOVER</b>	<b>8,346</b>	<b>7,907</b>	<b>6</b>

\*Urban Development businesses comprise mainly associates or joint ventures which are accounted for under the equity method. The turnover reflected was derived from providing services to these associates or joint ventures

## Group Profit from Operations (PFO)



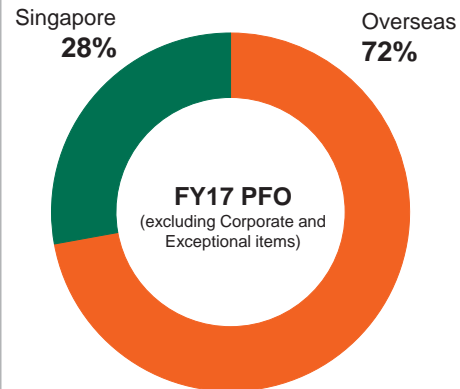
(S\$M)	FY17	FY16	Δ%
Utilities	649.9	737.2	(12)
Marine	64.7	170.7	(62)
Urban Development	89.4	38.4	133
Other Businesses	17.9	33.6	(47)
Corporate*	(26.6)	(70.9)	62
<b>TOTAL PFO</b>	<b>795.3</b>	<b>909.0</b>	<b>(13)</b>

\*FY2016 corporate costs include a fair value loss of S\$57.7 million due to the decline in the share price of Gallant Venture, which is classified as an available-for-sale financial asset. Excluding this, Corporate costs in FY2016 corporate costs would have been S\$13.2 million

## Utilities Profit from Operations (PFO)



By Geography (\$M)	FY17	FY16	Δ%
Singapore*	217.4	198.3	10
China	91.0	140.1	(35)
India	329.4	239.5	38
Rest of Asia	47.8	16.7	186
Middle East & Africa	60.9	64.0	(5)
UK & the Americas	34.0	52.8	(36)
Corporate	(12.9)	12.3	NM
<b>PFO before exceptional items</b>	<b>767.6</b>	<b>723.7</b>	<b>6</b>
Exceptional items**	(117.7)	13.5	NM
<b>TOTAL PFO</b>	<b>649.9</b>	<b>737.2</b>	<b>(12)</b>



*Singapore: PFO breakdown	FY17	FY16	Δ%
Energy	118.3	101.9	16
Water	47.9	39.4	22
On-site Logistics & Solid Waste Management	51.2	57.0	(10)

\*\*Exceptional items comprise S\$36.0 million in SGPL refinancing cost, S\$56.3 million of impairment charges mainly relating to Singapore's assets and investments and S\$25.4 million of provision for potential fines and claims at an overseas water business

## Group Net Profit



(\$M)	FY17	FY16	Δ%
Utilities	140.0	348.0	(60)
Marine	6.8	48.3	(86)
Urban Development	83.2	33.3	150
Other Businesses	24.6	37.4	(34)
Corporate*	(23.8)	(72.1)	67
<b>TOTAL NET PROFIT</b>	<b>230.8</b>	<b>394.9</b>	<b>(42)</b>

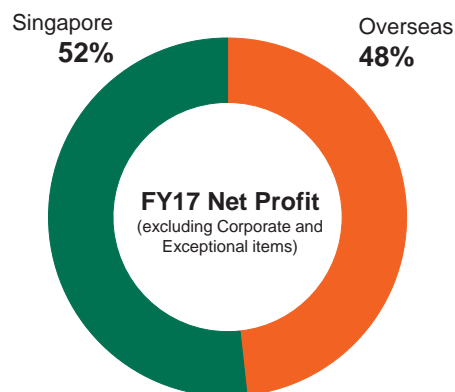
\*FY2016 corporate costs include a fair value loss of S\$57.7 million due to the decline in the share price of Gallant Venture, which is classified as an available-for-sale financial asset. Excluding this, Corporate costs in FY2016 corporate costs would have been S\$14.4 million



## Utilities Net Profit



By Geography (S\$M)	FY17	FY16	Δ%
Singapore*	163.6	132.1	24
China	78.1	124.8	(37)
India	(57.8)	(16.1)	(259)
Rest of Asia	46.5	16.7	178
Middle East & Africa	54.9	56.5	(3)
UK & the Americas	26.9	40.9	(34)
Corporate	(51.4)	(9.4)	(448)
<b>Net Profit before exceptional items</b>	<b>260.8</b>	<b>345.5</b>	<b>(25)</b>
Exceptional items**	(120.8)	2.5	NM
<b>TOTAL NET PROFIT</b>	<b>140.0</b>	<b>348.0</b>	<b>(60)</b>



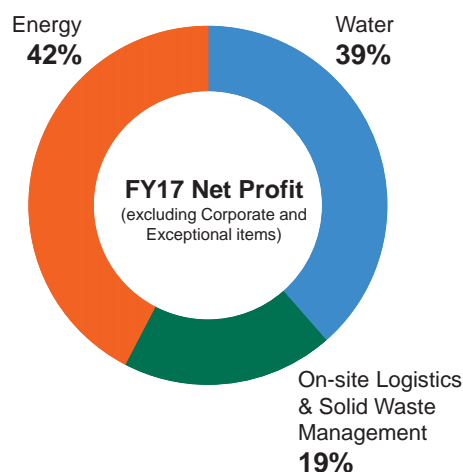
*Singapore: Net Profit breakdown	FY17	FY16	Δ%
Energy	80.0	59.1	35
Water	40.9	29.2	40
On-site Logistics & Solid Waste Management	42.7	43.8	(3)

\*\*Exceptional items comprise S\$39.1 million in SGPL refinancing cost, S\$56.3 million of impairment charges mainly relating to Singapore's assets and investments and S\$25.4 million of provision for potential fines and claims at an overseas water business

## Utilities Net Profit



By Product Segment (S\$M)	FY17	FY16	Δ%
Energy	132.2	207.7	(36)
Water	120.4	88.2	37
On-site Logistics & Solid Waste Management	59.6	59.0	1
Corporate	(51.4)	(9.4)	(448)
<b>Net Profit before exceptional items</b>	<b>260.8</b>	<b>345.5</b>	<b>(25)</b>
Exceptional items*	(120.8)	2.5	NM
<b>TOTAL NET PROFIT</b>	<b>140.0</b>	<b>348.0</b>	<b>(60)</b>



\*Exceptional items comprise S\$39.1 million in SGPL refinancing cost, S\$56.3 million of impairment charges mainly relating to Singapore's assets and investments and S\$25.4 million of provision for potential fines and claims at an overseas water business

## Group Capex and Equity Investment



(S\$M)	FY17	FY16
<b>Capital Expenditure</b>		
– Utilities	479.1	582.9
– Marine	193.5	419.9
– Urban Development / Other Businesses	16.5	21.0
	<b>689.1</b>	<b>1,023.8</b>
<b>Equity Investment</b>		
– Utilities	0.4	119.8
– Marine	-	81.5
– Urban Development	14.9	10.4
	<b>15.3</b>	<b>211.7</b>

## Group Free Cash Flow



(S\$M)	FY17	FY16
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
- before changes in working capital	1,226	1,328
- changes in working capital	(506)*	(370)
- tax paid	(70)	(86)
	<b>650</b>	<b>872</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
- divestments, dividend and interest income	779	385
- investments, capex and non-trade balances**	(871)	(1,186)
	<b>(92)</b>	<b>(801)</b>
- Add back: expansion capex	565	1,061
<b>FREE CASH FLOW</b>	<b>1,123</b>	<b>1,132</b>

\*Includes increase in service concession receivables, recognised in accordance with INT FRS 112 accounting guideline, amounting to S\$431 million from the Myingyan and Sirajganj Unit 4 power projects. The receivables will be collected over the period of the concession contract from the time the power plants commence commercial operations

\*\*Payables for capital works / fixed assets

## Group Borrowings



(S\$M)

Dec 31,17

D/C ratio\*

Dec 31,16

D/C ratio\*

### Gross Debt

Corporate debt	2,361	0.13	1,697	0.10
Project finance debt	3,387	0.19	3,369	0.19
Sembcorp Marine debt	4,100	0.23	4,155	0.24
	<b>9,848</b>	<b>0.55</b>	<b>9,221</b>	<b>0.53</b>
Less: Cash and cash equivalents	(2,687)		(1,883)	
<b>Net debt</b>	<b>7,161</b>	<b>0.40</b>	<b>7,338</b>	<b>0.42</b>

\*Total Debt-to-Capitalisation ratio

## Financial Indicators



FY17

FY16

EPS (cents)	10.5	19.9
ROE (%)	3.2	6.2
ROTA (%)	3.4	4.0
Interest Cover (times)	2.4	3.3
<b>Per Share</b>		
NAV (S\$)	3.90	3.75

## Group Profit & Loss



(S\$M)	4Q17	4Q16	Δ%
Turnover	2,123	2,026	5
EBITDA*	213	390	(45)
Profit from Operations	110	292	(61)
EBIT	65	244	(73)
Share of results: Associates & JVs	45	48	(6)
Net Finance Cost	(110)	(127)	14
Finance costs	(126)	(134)	6
Finance income	16	7	127
PBT	-	165	NM
Tax	8	(12)	NM
Non-Controlling Interests	15	(6)	NM
Net Profit	23	147	(85)
EPS (cents)	0.6	7.7	(92)

\*EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

## Group Turnover



(S\$M)	4Q17	4Q16	Δ%
Utilities	1,391	1,123	24
Marine	655	830	(21)
Urban Development*	3	3	(14)
Other Businesses	74	70	6
<b>TOTAL TURNOVER</b>	<b>2,123</b>	<b>2,026</b>	<b>5</b>

\*Urban Development businesses comprise mainly associates or joint ventures which are accounted for under the equity method. The turnover reflected was derived from providing services to these associates or joint ventures

## Group Profit from Operations (PFO)



(S\$M)	4Q17	4Q16	Δ%
Utilities	119.9	208.4	(42)
Marine	(36.4)	45.4	NM
Urban Development	29.6	29.2	2
Other Businesses	2.5	15.6	(84)
Corporate	(5.8)	(6.7)	13
<b>TOTAL PFO</b>	<b>109.8</b>	<b>291.9</b>	<b>(62)</b>

## Group Net Profit



(S\$M)	4Q17	4Q16	Δ%
Utilities	14.2	89.2	(84)
Marine	(21.2)	21.0	NM
Urban Development	29.3	27.3	7
Other Businesses	4.5	18.1	(75)
Corporate	(4.0)	(8.1)	51
<b>TOTAL NET PROFIT</b>	<b>22.8</b>	<b>147.5</b>	<b>(85)</b>

## Utilities Turnover



By Geography (S\$M)	FY17	FY16	Δ%
Singapore	3,035.2	2,437.5	25
China	152.4	191.2	(20)
India	1,591.5	843.6	89
Rest of Asia	453.0	231.3	96
Middle East & Africa	105.0	97.5	8
UK & the Americas	362.3	331.4	9
Corporate	0.2	0.4	(50)
<b>TOTAL TURNOVER</b>	<b>5,699.6</b>	<b>4,132.9</b>	<b>38</b>
	<b>4Q17</b>	<b>4Q16</b>	<b>Δ%</b>
Singapore	807.2	730.5	11
China	58.0	67.2	(14)
India	331.9	165.4	101
Rest of Asia	74.5	51.6	44
Middle East & Africa	24.8	25.6	(3)
UK & the Americas	101.9	93.6	9
Corporate	-	-	-
<b>TOTAL TURNOVER</b>	<b>1,398.3</b>	<b>1,133.9</b>	<b>24</b>

Note: Figures are stated before intercompany eliminations

## Utilities Profit From Operations (PFO)



By Geography (S\$M)	FY17	FY16	Δ%
Singapore	217.4	198.3	10
China	91.0	140.1	(35)
India	329.4	239.5	38
Rest of Asia	47.8	16.7	186
Middle East & Africa	60.9	64.0	(5)
UK & the Americas	34.0	52.8	(36)
Corporate	(12.9)	12.3	NM
<b>PFO before exceptional items</b>	<b>767.6</b>	<b>723.7</b>	<b>6</b>
Exceptional items*	(117.7)	13.5	NM
<b>TOTAL PFO</b>	<b>649.9</b>	<b>737.2</b>	<b>(12)</b>
	<b>4Q17</b>	<b>4Q16</b>	<b>Δ%</b>
Singapore	40.6	59.7	(32)
China	40.0	43.9	(9)
India	37.6	26.0	45
Rest of Asia	11.0	(2.0)	NM
Middle East & Africa	12.3	17.7	(31)
UK & the Americas	13.1	15.8	(17)
Corporate	(9.3)	33.8	NM
<b>PFO before exceptional items</b>	<b>145.3</b>	<b>194.9</b>	<b>(25)</b>
Exceptional items	(25.4)	13.5	NM
<b>TOTAL PFO</b>	<b>119.9</b>	<b>208.4</b>	<b>(42)</b>

\*Exceptional items comprise S\$36.0 million in SGPL refinancing cost, S\$56.3 million of impairment charges mainly relating to Singapore's assets and investments and S\$25.4 million of provision for fines and claims at an overseas water business

## Utilities Net Profit



By Geography (\$M)	FY17	FY16	Δ%
Singapore	163.6	132.1	24
China	78.1	124.8	(37)
India	(57.8)	(16.1)	(259)
Rest of Asia	46.5	16.7	178
Middle East & Africa	54.9	56.5	(3)
UK & the Americas	26.9	40.9	(34)
Corporate	(51.4)	(9.4)	(448)
<b>Net Profit before exceptional items</b>	<b>260.8</b>	<b>345.5</b>	<b>(25)</b>
Exceptional items*	(120.8)	2.5	NM
<b>TOTAL NET PROFIT</b>	<b>140.0</b>	<b>348.0</b>	<b>(60)</b>
	<b>4Q17</b>	<b>4Q16</b>	<b>Δ%</b>
Singapore	36.4	39.6	(8)
China	37.0	38.9	(5)
India	(35.3)	(37.1)	5
Rest of Asia	9.7	(1.1)	NM
Middle East & Africa	10.3	13.4	(23)
UK & the Americas	12.6	8.3	52
Corporate	(31.2)	24.8	NM
<b>Net Profit before exceptional items</b>	<b>39.5</b>	<b>86.8</b>	<b>(54)</b>
Exceptional items	(25.4)	2.5	NM
<b>TOTAL NET PROFIT</b>	<b>14.1</b>	<b>89.3</b>	<b>(84)</b>

\*Exceptional items comprise S\$39.1 million in SGPL refinancing cost, S\$56.3 million of impairment charges mainly relating to Singapore's assets and investments and S\$25.4 million of provision for fines and claims at an overseas water business

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## Utilities Turnover



By Product Segment (\$M)	FY17	FY16	Δ%
Energy	5,004.5	3,467.9	44
Water	376.4	342.2	10
On-site Logistics & Solid Waste Management	318.5	322.4	(1)
Corporate	0.2	0.4	(50)
<b>TOTAL TURNOVER</b>	<b>5,699.6</b>	<b>4,132.9</b>	<b>38</b>
	<b>4Q17</b>	<b>4Q16</b>	<b>Δ%</b>
Energy	1,208.2	959.5	26
Water	112.0	94.1	19
On-site Logistics & Solid Waste Management	78.1	80.3	(3)
Corporate	-	-	-
<b>TOTAL TURNOVER</b>	<b>1,398.3</b>	<b>1,133.9</b>	<b>24</b>

Note: Figures are stated before intercompany eliminations

## Utilities Profit from Operations (PFO)



By Product Segment (\$M)	FY17	FY16	Δ%
Energy	561.1	512.3	10
Water	147.8	123.8	19
On-site Logistics & Solid Waste Management	71.6	75.3	(5)
Corporate	(12.9)	12.3	NM
<b>PFO before exceptional items</b>	<b>767.6</b>	<b>723.7</b>	<b>6</b>
Exceptional items*	(117.7)	13.5	NM
<b>TOTAL PFO</b>	<b>649.9</b>	<b>737.2</b>	<b>(12)</b>
	<b>4Q17</b>	<b>4Q16</b>	<b>Δ%</b>
Energy	96.5	116.2	(17)
Water	46.4	25.6	81
On-site Logistics & Solid Waste Management	11.7	19.3	(39)
Corporate	(9.3)	33.8	NM
<b>PFO before exceptional items</b>	<b>145.3</b>	<b>194.9</b>	<b>(25)</b>
Exceptional items	(25.4)	13.5	NM
<b>TOTAL PFO</b>	<b>119.9</b>	<b>208.4</b>	<b>(42)</b>

\*Exceptional items comprise S\$36.0 million in SGPL refinancing cost, S\$56.3 million of impairment charges mainly relating to Singapore's assets and investments and S\$25.4 million of provision for fines and claims at an overseas water business

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## Utilities Net Profit



By Product Segment (\$M)	FY17	FY16	Δ%
Energy	132.2	207.7	(36)
Water	120.4	88.2	37
On-site Logistics & Solid Waste Management	59.6	59.0	1
Corporate	(51.4)	(9.4)	(448)
<b>Net Profit before exceptional items</b>	<b>260.8</b>	<b>345.5</b>	<b>(25)</b>
Exceptional items*	(120.8)	2.5	NM
<b>TOTAL NET PROFIT</b>	<b>140.0</b>	<b>348.0</b>	<b>(60)</b>
	<b>4Q17</b>	<b>4Q16</b>	<b>Δ%</b>
Energy	18.9	36.9	(49)
Water	41.7	12.6	231
On-site Logistics & Solid Waste Management	10.1	12.5	(19)
Corporate	(31.2)	24.8	NM
<b>Net Profit before exceptional items</b>	<b>39.5</b>	<b>86.8</b>	<b>(54)</b>
Exceptional items	(25.4)	2.5	NM
<b>TOTAL NET PROFIT</b>	<b>14.1</b>	<b>89.3</b>	<b>(84)</b>

\*Exceptional items comprise S\$39.1 million in SGPL refinancing cost, S\$56.3 million of impairment charges mainly relating to Singapore's assets and investments and S\$25.4 million of provision for fines and claims at an overseas water business

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### Utilities

The global energy transition continues as the industry adjusts to the impact of a changing global fuel mix, increasing demand for renewables, the proliferation of distributed energy resources and declining power prices. The share of electricity as a proportion of total energy demand is also increasing in part due to the electrification of the heating and transport sectors.

To benefit from the global energy transition, the Utilities business will focus on long-term growth along its three business lines of Gas & Power, Renewables & Environment and Merchant & Retail.

The Utilities business is expected to deliver a better performance in 2018 underpinned by an expected turnaround to profitability for its India energy operations.

### Marine

Global exploration and production capex spending continues to show signs of improvement. However, recovery may take some time as the oversupply in most drilling segments has yet to re-balance.

The production segment remains encouraging. Sembcorp Marine continues to make progress in its efforts to develop and commercialise its Gravifloat technology.

Demand for repairs and upgrades, especially for LNG carriers and cruise ships remains strong.

The immediate outlook remains challenging. It will take some time for capex spending to translate into new orders. Industry activities remain low and competition for orders remains intense. Sembcorp Marine will continue to strengthen its balance sheet and pursue new orders.

### **Urban Development**

The Urban Development business has a healthy orderbook. It expects income contribution from the sale of its property developments in China and Vietnam. The business is expected to continue to perform well in 2018.

### **Group**

The market environment is expected to remain challenging in 2018. A broader-based global recovery is underway, aided by a rebound in investment and trade. As the Group repositions its businesses for the future, it is confident that it is well-placed to benefit from the market's recovery.