

SEATRIUM LIMITED 1H 2023 RESULTS BRIEFING

**Address by Mr. Paul Tan, Acting Group Finance Director
WEBCAST, 28 JULY 2023 (FRIDAY) 10.00AM
@ TUAS BOULEVARD YARD (EVENT HALL)**

Group Results (slide 15)

1. Thank you, Chris, and good morning to all.
2. Before I take you through the Group's financial performance, I would like to highlight that the financial results reflect the completion of the combination with Keppel Offshore & Marine Limited (now known as Seatrium Offshore & Marine Ltd) on 28 February 2023.
3. For the first half of 2023, the Group achieved a positive EBITDA of \$27 million. However, if we strip out the provision for contracts & merger expenses EBITDA will be \$258 million. This compared favourably with a negative EBITDA of \$19 million for the first half of 2022.
4. The Group's revenue was \$2.9 billion, representing a significant 164% increase year-on-year. This was due to the consolidation of projects following the completion of the combination, strong operational execution, achievement of production milestones, as well as initial contributions from new projects.
5. Free cash outflow was \$173 million, compared to free cash inflow of \$297 million in the corresponding period in 2022. Higher receivables, purchases of inventories and materials for contracts resulted in the cash outflow. There were 4 project deliveries, compared to 7 project deliveries in the first half of 2022.
6. Net gearing was 0.17 times on 30 June 2023, compared to 0.26 times on 31 December 2022. The decrease was due to higher equity because of shares issued for the acquisition of Seatrium Offshore & Marine.
7. Net loss was higher year-on-year at \$264 million, compared to \$143 million in the first half of 2022, due to provision for contracts & merger expenses, higher net finance costs and tax expenses. Excluding the provision for contracts and merger expenses, net loss was an improved \$33 million.
8. Net asset value per share was twelve cents and net tangible asset value per share was six cents because of the goodwill on acquisition of Seatrium Offshore & Marine.
9. To date, the Group has secured new contracts of S\$4.3 billion primarily from cleaner/green solutions. Our net order book remains robust at S\$19.7 billion, with deliveries extending into 2030.

Financial Highlights (slide 16)

10. For the first half of 2023, the Group's revenue increased to \$2.9 billion compared to \$1.1 billion in the same period last year. However, losses were higher because of provision for contracts and merger expenses. The Group result was also impacted by the higher depreciation and amortization of intangibles of \$200 million in the half year compared to \$96 million in 1H2022.
11. Consequently, the Group registered a higher net loss of \$264 million. The Group expects to continue to report a net loss for the full financial year 2023.

Capital, Gearing and ROE (slide 17)

12. The Shareholders' Funds increased significantly from \$3.8 billion at end of last year to \$8.2 billion at end of June 2023. This is attributable to new shares issued to Keppel Corporation Limited as consideration for the acquisition of Seatrium O&M.
13. The Group's net debt increased to \$1.4 billion on 30 June 2023 as borrowings increased to execute the order book. Despite the higher net debt, net gearing ratio improves to 0.17 times. This is due to the higher equity base.
14. On 30 June 2023, we recorded a negative net working capital of \$1.45 billion. However, if we take into consideration balances such as advances, prepayments and contract liabilities that are not expected to realise in the next 12 months, the Group's negative working capital lowered to \$532 million. The negative working capital was due to reclassification of loans to short term as they become due in the next 12 months. We plan to refinance the loans of the Group with longer-term arrangements. We are in discussions with banks on refinancing the loans.
15. We continue to adopt a disciplined approach to cash flow and liquidity management. Barring unforeseen developments, we believe we have sufficient debt headroom, and with existing facilities and continued support of our bankers and bondholders, we will be able to execute our secured orders and meet our liquidity needs.

Free Cash Flow (slide 18)

16. This slide shows our free cashflow which I have explained earlier.

17. Gross debt on 30 June 2023 was \$3.7 billion and cash and cash equivalent was \$2.3 billion. We have just announced the utilisation of \$200 million of our 2021 Rights Issue proceeds. The balance from the Rights Issue now is approximately \$400 million. The Group will continue to be prudent in its fund management and will manage toward the right mix of borrowing.
18. I will now hand over the webcast to Chris for the Question-and-Answer session.
19. Thank You

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