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SEMBCORP PROVIDES PROFIT GUIDANCE FOR THE HALF YEAR ENDED JUNE 30, 2021

Singapore, August 2, 2021 – Sembcorp Industries (the Group) wishes to provide the following update and profit guidance for the unaudited consolidated financial statements for the half year ended June 30, 2021 (1H2021).

Following its periodic review of the carrying value of certain assets of the Group, Sembcorp would like to announce that an impairment of S\$212 million for its 49%-owned joint venture Chongqing Songzao Sembcorp Electric Power Co (Chongqing Songzao) will be recorded in its 1H2021 financial statements.

Chongqing Songzao operates a 1,320MW mine-mouth coal-fired power plant in Chongqing, China with coal procured from its joint venture partner Chongqing Energy Investment Group (CQE)'s coal mines. Following a government directive for coal mines in Chongqing to re-evaluate its coal mine operations in January 2021, CQE officially closed all its Chongqing-based coal mines and Chongqing Songzao has had to procure coal from other provinces.

The asset has been severely impacted by significantly higher coal costs, with the loss of its mine-mouth advantage and escalating market coal prices due to supply-demand imbalance. Since May 2021, coal prices have further escalated with low coal inventory in China as a result of restrictions on coal production combined with continued high demand. Although initially there was expectation of government support, and some support was received, it is now evident that on a long-term basis, the availability and form of government support are both uncertain and insufficient. In the longer term, the asset is also expected to face competitive pressure from low carbon power sources.

From a profit of S\$19 million in full year 2020, Chongqing Songzao turned in a loss in the second quarter of 2021 and is expected to record a net loss in 1H2021 as well as for the full year 2021.

A review of the carrying value of Chongqing Songzao was undertaken, and arising from the assessment, the carrying value of the Group's entire equity interest was fully impaired.

Notwithstanding the impact of this impairment, the Group expects its 1H2021 net profit to remain positive.

The Group's financial performance for 1H2021 will be disclosed when the Company announces its unaudited consolidated financial results on August 6, 2021.

In the meantime, shareholders and investors are advised to exercise caution when dealing in the shares of the Company. In the event of any doubt, they should consult their stockbrokers, bankers, solicitors, accountants or other professional advisors

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