



A very good morning to our Shareholders, Chairman Tan Sri Mohd Hassan Marican, Fellow Directors, ladies and gentlemen.

This morning, I will be presenting an overview of our business and operations. I will start with a review of Semcorp Marine Financial Year 2020.

### Managing Disruption Remains Key

- ❖ Responded swiftly to roll out COVID-19 contingency plan decisively across the Group
- ❖ Implementation of measures to protect our employees, customers and all stakeholders
- ❖ Transformed our business and work processes to ensure safe business operations and timely progress of projects



Mask-wearing & safe distancing in yards



Routine testing for COVID-19



Regular disinfecting of common touchpoints



Transforming work processes to enable flexible & remote work arrangements

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The impact of the COVID-19 pandemic on the global economy was unprecedented. Our industry suffered one of its worst years in 2020.

We were able to roll out our COVID-19 contingency plan decisively across the Group. Our pandemic-related surveillance, rapid response and strategies for infection control protected our employees, customers and all stakeholders.

We have introduced measures and transformed some of our business and work processes to ensure safe business operations and timely progress of projects.



FY2020 Revenue came in at S\$1.51 billion, a 48% decline YoY reflecting macro environment impact of oil price volatility and the COVID-19 pandemic.

The Group registered a Net loss of S\$439 million before Impairments & Provisions. Accounting for Impairments & Provisions of S\$162 million (pre-tax), net loss recorded totalled S\$583 million.

While operational performance was definitely muted in FY2020, we are pleased to share that there were no cancellation of existing projects during the year. We closed the year with a net order book of S\$1.82 billion.

## Successful Completion of S\$2.10 Billion Rights Issue & Demerger

- ❖ **Rights Issue completed in September 2020 – strengthened our liquidity and balance sheet**
- ❖ **Enhanced strategic and operational focus, and improved agility to seize opportunities and respond to evolving market dynamics**

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In September 2020, Sembcorp Marine successfully completed a S\$2.10 billion Rights Issue.

Following our recapitalisation and with Temasek as a direct and significant shareholder, the Group is benefitting from enhanced strategic and operational focus, and improved agility to seize opportunities and respond to evolving market dynamics.

## Projects Under Execution as at 31 December 2020

### Renewables Solutions

- Orsted Hornsea 2 Offshore Wind Farm – Offshore Substation (OSS) and Reactive Compensation Station (RCS) Topsides
- Jan De Nul Formosa 2 Offshore Wind Farm – Wind Turbine Jacket Foundations
- RWE Renewables Sofia Offshore Wind Farm – Early Works Contract

### Process Solutions

- Equinor Johan Castberg - Newbuild Floating Production, Storage and Offloading Vessel (FPSO)
- Technip Energies Karish - Newbuild FPSO
- Shell Vito - Newbuild Floating Production Unit (FPU)
- Shell Whale - Newbuild FPU
- NOC Gallaf Batch 2 Well Head Platforms and Bridges
- Tupi P-71 - Newbuild FPSO
- Shapoorji - FPSO Conversion

### Gas Solutions

- MOL LNG Bunker Vessel
- TOTAL Tyra Redevelopment Project - Topsides and Bridges
- Upgrade of Major Floating Storage & Regasification Units (FSRU) and Floating Storage Units (FSU) including the FSRU Karmol LNGT Powership Africa, FSRU Karmol LNGT Powership Asia and the FSU Toman II

### Ocean Living Solutions

- Battery-operated Roll-on, Roll-off Passenger Ferries (Three units)

### Advanced Drilling Rig Solutions

- Transocean Deepwater Atlas Drillship
- Transocean Deepwater Titan Drillship

- **Net Order Book of S\$1.82 billion as at end December 2020**
- **Comprising S\$1.51 billion of projects under execution and S\$0.31 billion of ongoing repairs & upgrades projects with firm deliveries in 2021**
- **More than 50% of the Net Order Book comprises orders for greener solutions**

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Sembcorp Marine's Net Order Book as at end 2020 stands at S\$1.82 billion comprising S\$1.51 billion of projects under execution and S\$0.31 billion of ongoing Repairs & Upgrades projects with firm deliveries in 2021.

More than 50% of the Net Order Book comprises orders for greener solutions.

## Project Deliveries & Operational Highlights

### ❖ Successful Deliveries

- Wind Farm Jacket Foundations for Hornsea 2 Offshore Wind Farm
- Tangguh LNG Modules



### ❖ Repairs & Upgrades

- Serviced a total of 146 vessels
- Completed 34 Ballast Water Management Systems retrofits and 16 scrubber projects (Benefit from the new IMO regulations on ballast water treatment and fuel sulphur reduction)
- Completed 18 projects and retained World Number One in repair, upgrading and conversion of LNG Carriers, FSRUs and FSUs
- Performed 26 cruise ship repairs and upgrades (including Japan's largest cruise ship Asuka II) and remained top cruise liner service provider in Asia

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In 2020, the Group successfully delivered:

- Wind Farm Jacket Foundations for Hornsea 2 Offshore Wind Farm; and the
- Tangguh LNG Modules

For Repairs & Upgrades, the Group

- serviced a total of 146 vessels in the year;
- completed 34 Ballast Water Management Systems retrofit projects and 16 scrubber projects, benefitting from the new IMO regulations on ballast water treatment and fuel sulphur reduction;
- continued to be recognised as World Number One in the repair, upgrading and conversion of LNG Carriers, Floating Storage Regasification Units (FSRU) and Floating Storage Units (FSU), with a total of 18 projects under our belt in 2020; and
- we retained our position as top cruise liner service provider in Asia with the completion of repairs and upgrades for 26 cruise ships.

One significant highlight was the completion of the major upgrade of Asuka II – Japan's largest cruise ship – involving extensive refurbishment and scrubber installation, for our customer NYK Cruise in March last year.

### ❖ FSRU Karmol LNGT Powership Africa Delivery

- FSRU delivered to a JV between Karpowership and MOL in March 2021 after conversion and upgrading
- Following sea trials, the vessel will be deployed to Senegal, West Africa



### ❖ Sofia Wind Farm HVDC Offshore Converter Platform Project

- Sembcorp Marine and GE Renewable Energy's Grid Solutions secured contract from RWE Renewables to supply high voltage direct current (HVDC) electrical transmission system for the Sofia Offshore Wind Farm
- The Group will design, construct, install and commission the Offshore Converter Platform, one of the most powerful and most remote ever built



I shall now touch on the key highlights in the first quarter of 2021.

We successfully delivered the FSRU Karmol LNGT Powership Africa, ahead of deployment.

At end March 2021, Sembcorp Marine, as part of a consortium, secured a contract from RWE Renewables to supply the high voltage direct current (HVDC) electrical transmission system for the Sofia Offshore Wind Farm. The Group will design, construct, install and commission the Offshore Converter Platform, one of the most powerful and most remote ever built.

## Projects Under Execution

Renewables	Process	Gas	Ocean Living Solutions
<ul style="list-style-type: none"> <li>• Ørsted's Hornsea 2 Offshore Wind Farm topsides</li> <li>• Wind turbine jacket foundations for Jan De Nul's Formosa 2 Offshore Wind Farm</li> </ul>	<ul style="list-style-type: none"> <li>• Equinor Johan Castberg FPSO</li> <li>• Technip Energies Karish newbuild FPSO</li> <li>• Shell Vito newbuild FPU</li> <li>• Shell Whale newbuild FPU</li> <li>• North Oil Company Gallaf Batch 2 Well Head Platforms and Bridges</li> <li>• Tupi P-71 newbuild FPSO topsides fabrication and integration</li> <li>• FPSO Conversion for Shapoorji / Bumi Armada</li> </ul>	<ul style="list-style-type: none"> <li>• 12,000 cbm dual fuel LNG bunker vessel newbuild</li> <li>• TOTAL Tyra Redevelopment Project topsides and bridges</li> <li>• Conversion and major upgrading of FSRU Karmol LNGT Powership Asia and FSU Torman II</li> </ul>	<ul style="list-style-type: none"> <li>• Design and construction of three zero-emission, fully battery-operated roll-on/roll-off passenger (Ropax) ferries for Norled</li> </ul>
			<h3>Advanced Drilling Rig Solutions</h3> <ul style="list-style-type: none"> <li>• Two high-specification ultra-deepwater newbuild drillships for Transocean based on our proprietary Jurong Espadon 3T drillship design</li> </ul>

This slide captures the various project under execution across our business segments of Renewables, Process Solutions, Gas Solutions, Ocean Living Solutions, and Advanced Drilling Rig Solutions, with deliveries scheduled from 2021 to 2025.



- ❖ **Latin American Region continues to be very active in E&P activities – Sembcorp Marine well-positioned to seize opportunities leveraging our EJA integrated yard**
- ❖ **Increasing impetus for customers to restart development of deferred projects with improvement in oil demand and recovery in oil prices in early 2021**
- ❖ **Improving new order visibility – the Group will actively review new opportunities and initiate discussions on resumption of delayed projects**

The Latin American region continues to be very active in offshore exploration and production activities. Petrobras, Brazil's national oil company, continues to have significant plans to grow production in the coming decade. As local content is a key requirement in Brazil, Sembcorp Marine is well-positioned to seize such opportunities, leveraging our Estaleiro Jurong Aracruz (EJA) integrated yard.

With improvement in oil demand and recovery in oil prices in early-2021, there is increasing impetus by our customers to restart the development of deferred projects.

New order visibility has also improved. The Group will actively review new opportunities and initiate discussions on resumption of delayed projects.

Sembcorp Marine continues to augment three key pillars of our strategic thrusts:

1. **Strategic Expansion into Existing and Adjacent Markets to Remain Resilient & Relevant**
2. **Augmentation of Core Capabilities & Technology to Enhance Competitiveness**
3. **Strategic Investments in Technology and Our People**



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To sustain our business and successfully compete in the global arena for new opportunities, Sembcorp Marine continues to augment three key pillars of our strategic thrusts:

**1. Strategic Expansion into Existing and Adjacent Markets to Remain Resilient & Relevant**

As part of our strategic expansion into existing and adjacent markets, Sembcorp Marine has proactively diversified into sustainable product solutions in keeping with the global shift towards a low-carbon energy mix.

**2. Augmentation of Core Capabilities & Technology to Enhance Competitiveness**

We continue to embed differentiators in our operations through strategic investments in facilities and processes to further augment our world-class assets and technological bench strength.

**3. Strategic Investments in Technology and Our People**

We have made strategic investments in technology and our people to enhance our competitiveness. In recent years, we have selectively acquired intellectual property and interests in technology companies that enable us to compete for bigger and more complex projects.

- ❖ **Secured First Green Financing**
  - Believed to be first SORA-based Sustainability-linked loan for the maritime industry in Singapore, the S\$500 million facility features interest rate discounts linked to pre-determined ESG targets
  
- ❖ **Winner of Sustainability Award – MPA's Singapore International Maritime Awards 2021**
  - Recognises Sembcorp Marine's steadfast contributions towards the building of a greener and more environmentally sustainable maritime industry
  
- ❖ **Hydrogen Pilot MOU with Shell and Penguin International**
  - Joint collaboration to develop hydrogen as a marine fuel, a first for Singapore
  - Championing decarbonisation and emission-free shipping & transportation in the industry
  - Sembcorp Marine will design, fabricate and integrate a hydrogen fuel cell system onto a roll-on/roll-off vessel, owned by Penguin, for trial operations by Shell

I shall now share some key sustainability highlights. In March 2021, Sembcorp Marine secured a S\$500 million Sustainability-linked financing facility which references the Singapore Overnight Rate Average (SORA). Believed to be the first SORA-based Sustainability-linked loan for the maritime industry in Singapore, the loan features interest rate discounts linked to pre-determined ESG targets. As these targets are achieved, the Group will enjoy savings in borrowing costs.

Our continuous commitment to sustainability over the years has earned the Group recognition at the national level. Earlier this week, Sembcorp Marine won the prestigious Sustainability Award, presented for the first time at the Singapore International Maritime Awards 2021 organised by the Maritime and Port Authority of Singapore.

We are also actively championing decarbonisation in the marine, offshore and energy industries through R&D collaborations. Two days ago, Sembcorp Marine signed a Memorandum of Understanding with Shell and Penguin International to jointly develop hydrogen as a marine fuel. This pilot development is a first for Singapore and potentially paves the way for emission-free shipping and transportation.

- ❖ **Premature to predict a strong and sustainable industry recovery, though there is a sense of positivity**
- ❖ **Improving visibility – possible restarting of deferred projects and emerging opportunities**
- ❖ **Sembcorp Marine poised to benefit from global energy transition towards cleaner energy mix**
- ❖ **Oil remains a critical resource in the short to medium-term and global demand for this fuel will remain**
- ❖ **Continue to pursue strategic initiatives to build business resilience and deliver long-term sustainable value for all our shareholders**

It remains premature to predict a strong and sustainable recovery for the industry though there is a sense of positivity. As mentioned earlier, there is improving order visibility, as well as possible re-starting of deferred projects and emerging new opportunities.

As global energy players transform and pivot towards cleaner energy and build the appropriate energy infrastructure, the Group should benefit from this transition. Notwithstanding the ongoing developments in green energy, oil remains a critical resource in the short to medium-term and global demand for this fuel will remain.

We would like to extend our appreciation to all our shareholders who had supported the Group during the year. We will continue to pursue our strategic initiatives to build business resilience and deliver long-term sustainable value for all our shareholders.

Thank you once again for your steadfast support.



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### **Integrated Synergies, Global Possibilities.**

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