



Semcorp Marine 57th AGM

Mr Wong Weng Sun, President & CEO

20 May 2020

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

Highlights

- **Managing COVID-19**
- **Revisiting FY2019**
- **Strategies for Competing Globally**
- **Sustainability Highlights**
- **Looking Ahead**



Over the next few minutes, I will give an update on various areas of our business and operations, as shown on the screen. I will start with the COVID-19 situation.

Our Immediate Priority

COVID-19 pandemic causes severe supply chain disruption globally.

We are complying with all circuit-breaker measures to safeguard our employees and other stakeholders.

We initiated a production timeout from April 17 to 30, coinciding with subsequent government measures that substantially reduced our yard workforce.

Project schedules and production plans are being reviewed. We will be ready to resume yard activities safely and efficiently when the measures are lifted.



Managing COVID-19 is our immediate priority. The pandemic is affecting businesses worldwide, and has been particularly disruptive to the global supply chain.

We are working closely with the authorities to contain and control the situation. We are complying with all circuit-breaker measures in Singapore.

On April 17, we implemented a two-week production timeout to mitigate COVID-19 transmission by temporarily lowering the number of people in our yards. This coincided with subsequent government measures that substantially reduced our workforce.

We are now reviewing our project schedules and production plans to manage the resulting delays. We will be ready to reactivate our workforce and resume yard activities safely and efficiently when the measures are lifted.

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- **Revisiting FY2019**
- Strategies for Competing Globally
- Sustainability Highlights
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Let me now walk everyone through Sembcorp Marine's 2019 Financial Year.

Financial Highlights

Group Revenue
\$2.88b

EBITDA
\$104m

New Orders
\$1.49b

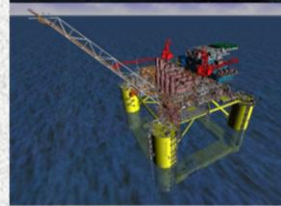
Net Order Book
\$2.44b

Net Loss attributable to shareholders was \$137m, amidst difficult market conditions.

New Orders in FY2019 (\$1.49b) rose 26% over FY2018 (\$1.18b). Some \$530m of new orders (>1/3 of total) related to cleaner solutions.

Completed **280 ship repairs/upgrades (over \$600m in revenue generated)**, including 55 LNG projects, 16 cruise ships and 72 scrubber & ballast water treatment system installations.

FY2019 Net Order Book totalled \$2.44b.



Although FY 2019 had been challenging, with a \$137 million net loss, there were encouraging developments. We recorded a revenue of \$2.88 billion, with new orders increasing 26% at \$1.49 billion, compared to \$1.18 billion the year before. Some \$530 million of these orders related to cleaner solutions, such as gas and renewables. I will highlight some of these projects later.

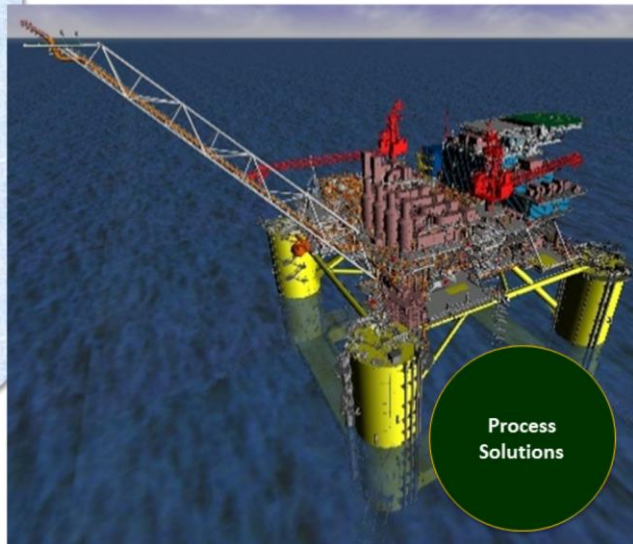
We also completed 280 ship repairs and upgrades that brought in over \$600 million in revenue.

We closed FY 2019 with a \$2.44 billion net order book. In the next few slides, I will discuss the new contracts secured last year.

New Contract Highlights – Whale FPU

The Shell Whale Floating Production Unit (FPU) follows the Shell Vito PFU project awarded in 2018 for deepwater development in the US Gulf of Mexico.

Whale FPU's construction phase started in February 2020; will draw considerable synergies from the ongoing Vito project.



We won the Shell Whale FPU contract, after clinching the Vito FPU project from the same customer in 2018. Whale FPU's construction started in February 2020 and will draw considerable synergies from the ongoing Vito FPU project. Both projects fall under our Process Solutions, which is one of six global strategic areas we are competing in.

New Contract Highlights – MOL LNG Bunker Vessel

Project with Mitsui O.S.K. Lines for construction of a 12,000-cubic-metre capacity LNG bunker vessel, based on our proprietary design.

Equipped with GTT membrane containment system, the vessel is **the largest of its kind to be built in Singapore.**



In FY 2019, we received a contract to design and build our first LNG bunker vessel. This project is with MOL. The vessel is the largest of its kind to be built here and will have a 12,000-cubic-metre gas containment system, with two GTT membrane tanks. The LNG bunker vessel project falls under our Gas Solutions.

New Contract Highlights – Formosa Offshore Wind Farm Jacket Foundations

Project with first-time customer Jan De Nul to fabricate jacket foundations for Formosa 2, the biggest offshore wind farm in Taiwan.

Through this collaboration, we have managed to penetrate the highly competitive Taiwanese offshore wind industry.

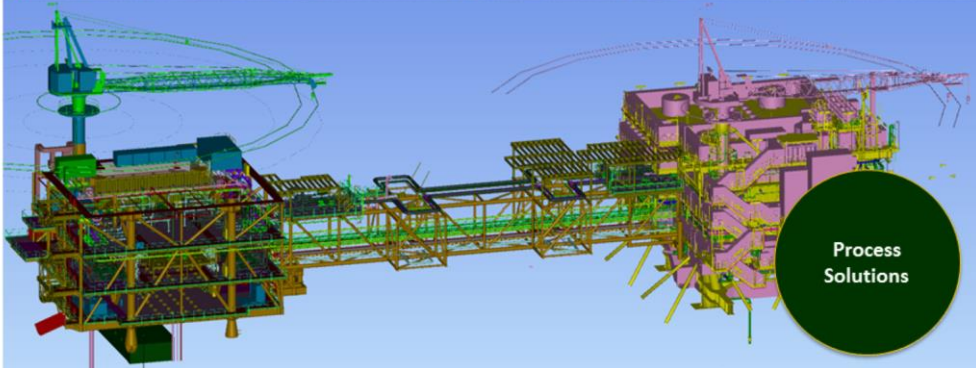


We also won our first project with Jan De Nul, to fabricate jacket foundations for the Formosa 2 offshore wind farm in Taiwan. This Renewables Solutions project helps us penetrate the highly competitive Taiwanese offshore wind market.

New Contract Highlights – Al Shaheen Field Wellhead Platforms Fabrication

Fabrication of 2 Wellhead Platforms for North Oil Company under the Gallaf 2 Project, to be deployed at the Al Shaheen Field.

Al Shaheen has one of the world's biggest oil reserves. It is the largest oil field in Qatar, contributing to 45% of the country's oil production.

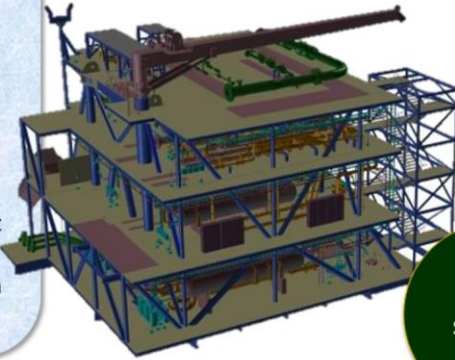


We closed FY2019 with two more contracts secured in December. The first was with North Oil Company to fabricate two wellhead platforms for the Al Shaheen oil field, which has one of the world's largest oil reserves. This project is under our Process Solutions.

New Contract Highlights – Tyra Field Redevelopment Platforms & Bridges Fabrication

Fabrication of Platforms and Bridges for Total E&P Danmark A/S, to be deployed at the Tyra Field Redevelopment Project.

Tyra is the largest gas condensate field in the Danish sector of the North Sea. Post-redevelopment, it will produce enough gas to power 1.5 million homes in Denmark.



Gas
Solutions

Our final new project in FY2019 was with Total for the Tyra Field Redevelopment platforms and bridges fabrication. This is a Gas Solutions project. Tyra is the largest gas condensate field in the Danish North Sea.

Ongoing Project Highlights – Hornsea 2 Offshore Wind Farm

Engineering, procurement, construction, hook-up and commissioning works on two substation topsides and jackets for Ørsted's Hornsea 2 Offshore Wind Farm in the UK North Sea.

Operational in 2022, the 1.4-gigawatt capacity Hornsea 2 will be **the world's biggest offshore wind farm, supplying green electricity to over 1.3 million households.**



Moving on to our ongoing jobs, I will highlight two clean energy-related projects.

We are now fabricating substation topsides and jackets for Hornsea 2, the largest offshore wind farm in the UK North Sea. This project is with our customer Ørsted and falls under our Renewables Solutions.

Ongoing Project Highlights – Norled Zero-Emission Battery-Powered ROPAX Ferries

Design and construction of three identical **zero-emission battery-powered** Roll-on/Roll-Off Passenger (ROPAX) ferries for Norwegian operator Norled.

The ferries will be deployed on short-sea routes in Norway, where they will tap on shore-side hydro-generated electricity.



We are also building three zero-emission, battery-powered ROPAX ferries for our customer Norled. These ferries will ply short-sea routes in Norway and tap on shore-side hydro-generated electricity. The Norled ROPAX ferries project comes under our Ocean Living Solutions.

Project Delivery – SSCV Sleipnir

Delivered to Heerema Marine Contractors in July 2019, Sleipnir is the **biggest and strongest semi-submersible crane vessel ever built**, using LNG as primary fuel.

Equipped with a 20,000-tonne lifting capacity, Sleipnir hoisted record-breaking 15,300 tonnes in a single lift at Noble Energy's Leviathan field development in the Mediterranean.



In 2019, we completed several outstanding projects, including Sleipnir, the biggest and strongest semi-submersible crane vessel ever built. Delivered to Heerema Marine Contractors in July 2019, this dual-fuel vessel runs primarily on LNG and has a 20,000-tonne lifting capacity. It recently set a record hoisting 15,300 tonnes in a single lift at Noble Energy's Leviathan field development.

Project Delivery – Q7000

Q7000 well intervention semi-submersible rig was delivered to Helix Energy Solutions in November 2019. It combines customer's well intervention technology with our proprietary hull design optimised to reach 11.5-knot transit speed – **faster than any other semi-submersible rigs.**

With its -20°C structural design temperature, Q7000 showcases our advanced engineering solutions for **deeper, colder and harsher operating environments.**



We delivered the Q7000 well intervention semi-submersible rig to Helix Energy Solutions in November 2019. Q7000 combines the customer's well intervention technology with our hull design, optimised for 11.5-knot transit speed which is faster than any other semi rigs. With its -20°C structural design temperature, Q7000 showcases Sembcorp Marine's solutions for deeper, harsher and colder operations.

Repairs & Upgrades Highlights – Cruise Segment

Major upgrade of Royal Caribbean International's **Quantum of the Seas**, completed in November 2019.

This cruise liner was among 16 cruise vessels repaired and upgraded by Sembcorp Marine in 2019, making us once again **Asia's top service provider for the cruise segment**.



Our Repairs & Upgrades business completed major works on Royal Caribbean International's Quantum of the Seas – one of 16 cruise liners we serviced last year, reinforcing our reputation as Asia's top service provider for the cruise market segment. Cruise repairs and upgrades are under our Ocean Living Solutions.

Repairs & Upgrades Highlights – LNG Segment

Modification works on BW LNG's Floating Storage & Regasification Unit (FSRU) BW Magna, completed in December 2019.

It is one of 55 LNG-related repair and upgrade jobs we received in 2019 – a **world record for the highest number of such contracts awarded to a single service provider in the global gas segment.**



Lastly, we delivered the FSRU BW Magna to our customer BW LNG in December 2019, following modification works on the vessel. This project was among 55 LNG-related repair and upgrade jobs we received in FY2019 – which is a world record for the highest number of such contracts awarded to a single service provider in the global gas segment.

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To compete successfully in the global arena – especially in these challenging times – our strategies include: (1) continuously strengthening our yard capabilities; (2) acquiring IP, technology and solution assets that give us a differentiated edge; and (3) diversifying and expanding into new and existing markets. I'll describe these strategies in more detail.

30,000-tonne (2 X 15,000 tonnes) gantry cranes provide game-changing heavy-lift for assembly and integration of mega-projects. Complex offshore structures will leave Tuas Boulevard Yard fully integrated with the cranes' lifting support, instead of in several smaller components requiring further installation. In this way, we help customers reduce costs and logistics, and achieve shorter turnaround and safer on-site execution.

Strengthening Our Yard Capabilities: Game-changing 30,000-Tonne Cranes at Tuas Boulevard Yard



At our flagship Tuas Boulevard Yard, our new 30,000-tonne gantry cranes enhances Sembcorp Marine's yard capabilities by providing game-changing lifting support for assembling and integrating mega-structures. Complex offshore structures will leave our yard fully integrated, whereas in the past these structures might have to be delivered in several smaller and lighter parts, requiring further installation. Our superior lifting capacity helps customers reduce costs and logistics, with shorter turnaround and safer on-site execution.



Strategies for Competing Globally

Acquiring IP and Technology Companies to Access Innovative Designs, Solutions and Talent

LMG Marin (fully-owned)

Naval architecture, ship design and engineering house with extensive design portfolio including floating structures, platforms and ship types.

Sevan SSP (fully-owned)

Design, engineering and project execution of offshore floating units, with unique cylindrical platform solution for floating production and drilling.

Gravifloat (56% equity)

Integrated LNG production plant, storage & export terminal solutions.

Sembmarine Gas & Process (fully-owned)

Technical consultancy and gas project support in concept development, Pre-FEED, FEED, process system review and verification, safety studies, and innovation development.

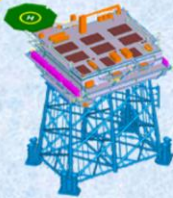
Aragon (50% equity)

Offshore oil and gas process design & technology and FPSO topside solutions.

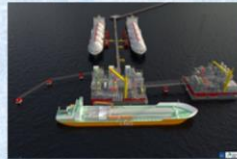


In recent years, we have selectively acquired intellectual property and interests in technology companies that give us access to innovative designs, solutions and talent. This enables us to compete for the bigger and more complex projects.

Diversification and Expansion



RENEWABLES SOLUTIONS
Offshore wind farm substation topsides and jackets, catering to global offshore wind segments and the biggest offshore wind farm projects.



GAS SOLUTIONS
Gravifloat modularised offshore platform serves an integrated purpose of liquefying, storing and loading natural gas into carrier vessels.



PROCESS SOLUTIONS
Sevan SSP circular-shaped FPSO for deepwater oil & gas development eliminates costly mooring turret, accommodates larger numbers of risers and has more flexibility for future tie-ins.



MARITIME SECURITY SOLUTIONS
Including naval vessels and patrol fast crafts.



OCEAN LIVING SOLUTIONS
Including cruise ships, ferries and polar expedition vessels.



ADVANCED DRILLING RIG SOLUTIONS
Espadon NG, our proprietary hull design for next-generation drilling development.

Diversifying and expanding into new and existing segments respectively not only help enlarge our revenue base, but also let us tap into opportunities less affected by the current business climate. In earlier slides, I have introduced several of our solution areas, such as Process, Gas, Renewables and Ocean Living. Besides these, we are focusing on Maritime Security and Advanced Drilling Rig solutions.



Strategies for Competing Globally

Developing Complete Gas Value Chain Solutions and Capabilities

Gas Exploration & Production

Gas Infrastructure, Transportation and Construction



I want to highlight offshore gas as an important segment for Sembcorp Marine, particularly with the global economy's move towards a cleaner energy mix. Our complete gas value chain solutions cover gas exploration and production, gas infrastructure, transportation and construction.

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I will now move on to key aspects of our sustainability focus.

Sembcorp Marine Sustainability Report

Sembcorp Marine's first stand-alone Sustainability Report was published earlier this year. Previously, we reported our sustainability performance as part of the Group's Annual Report.

Our new Sustainability Report 2019 is assured by PricewaterhouseCoopers and available for download on the Sembcorp Marine corporate website.



We published Sembcorp Marine's first standalone Sustainability Report earlier this year. We have been reporting our sustainability performance since 2011 as part of the Group's Annual Report, but from this year on, we will give a better focus on our sustainability vision, objectives and progress through a separate publication. Our new Sustainability Report 2019 is assured by PricewaterhouseCoopers and can be downloaded from our corporate website.

Greener Operations, More Sustainable Solutions

About 24% of our total revenue in FY2019 came from sustainable products and solutions. We plan to raise this to 30% by 2030, supported by increasingly greener operations at our flagship Tuas Boulevard Yard.



Among the highlights of our 2019 sustainability performance, I am pleased to report that 24% of our total revenue last year came from sustainable products and solutions. We aim to increase this to 30% by 2030. Our ambition is being supported by our increasingly greener yard operations. Last year, for example, the solar roof at Tuas Boulevard Yard generated enough clean electricity to power 1,100 four-room flats for a whole year.

Our Growth Enablers: R&D & Innovation Development

3D printing certifications from DNV GL in 2019 enables us to **expand our 3D printing capabilities**. We will use large-format, metal-additive manufacturing printers to custom-made parts for repair and fabrication work, reducing reliance on external procurement.

We will set up an advanced manufacturing lab in Tuas Boulevard Yard with A*STAR to test-bed and implement Industry 4.0 technologies, eg. robotic systems, Virtual/Augmented Reality applications and 3D printing development.



3D printed components



Master Research Collaboration Agreement signed with A*STAR in February 2020

To sharpen our competitive advantage, we have been investing in certain areas of R&D and innovation development considered strategic to the Group, such as Industry 4.0 technologies. 3D printing is one such technology, allowing us to custom-make parts for repair and fabrication work and in the long term reduce our reliance on external procurement. We are now working closely with A*Star and other research partners to testbed and implement a wide range of Industry 4.0 technologies.

Empowering Our People to Do More

Our manpower strategy leverages **Industry 4.0 technologies** to achieve **safer, more efficient and sustainable outputs with less headcount.**

Continuous **upskilling and reskilling** help our people embrace Industry 4.0 technologies and take on higher-level work in an increasingly automated, technology-oriented and sustainability-focused work environment.



We are also up-skilling and re-skilling our people to help them embrace Industry 4.0 technologies. Sembcorp Marine employees are continuously equipped with new knowledge and skills to adapt and thrive in our increasingly automated, technology-oriented and sustainability-focused work environment.

In 2019, we contributed a total of **\$1.81 million and over 10,000 employee volunteering hours** towards CSR initiatives. We gave out **\$1.07 million scholarships and bursaries**, including our annual SchoolBAG grants.

By actively promoting Sustainability among students through our annual Green Wave Competition, we help prepare them for the important role of ensuring a greener planet and a brighter tomorrow.

Supporting Our Communities



The School Book Assistance Grant (SchoolBAG) has been a Sembcorp Marine anchor CSR programme since 2001

Supporting our communities is another integral part of our Sustainability Management. Last year, we contributed \$1.81 million and over 10,000 employee volunteering hours towards CSR initiatives. We have a tradition of helping youths as we see them as future leaders who will play an important role in ensuring a greener, healthier and more equitable living and working environment for all. Our annual SchoolBAG bursaries and Green Wave Environmental Care Competition are two anchor events targeted at youths and students.

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In the concluding part of my presentation, I will discuss briefly our market outlook.

A More Challenging Market Awaits

We expect our business activities to remain low across all segments and likely weaken further in the year.

COVID-19 will adversely impact our new orders and project schedules.

We will prioritise sufficient liquidity to sustain our operations and ride through the severe downturn.

We will focus on executing our existing projects safely, while actively seeking and developing opportunities less affected by the current business climate.

We thank our valued shareholders for your understanding and seek your continued support during this challenging period.

As mentioned in our recent first-quarter 2020 Business Update, our business activities will remain low across all segments and may weaken further. This is largely due to COVID-19 and its adverse impact on new orders and project schedules.

We will prioritise sufficient liquidity to sustain our operations and ride through the severe downturn. We are able to fulfil our financial commitments currently. We will also focus on executing our projects safely and efficiently, while seeking opportunities in our broadened market base.

In this difficult period, we sincerely thank our shareholders for your understanding. We can and will overcome the challenges ahead with your continued support. Thank you again.



**sembcorp
marine**

Integrated Synergies, Global Possibilities.