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PRESS RELEASE

Sembcorp Marine Interim Business Update for 1Q 2021

- Still facing COVID-19 constraints and shortage of skilled workers
- Significant contract win in renewable energy sector
- Secured long-term repair & upgrade contract with European cruise ship owner
- Completed a floating storage regasification unit for customer

Singapore, 3 May 2021: Sembcorp Marine is today issuing its interim business update for the first quarter 2021 (1Q21), following the adoption of semi-annual reporting of its results from FY 2020.

Continuing Impact of COVID-19 Pandemic

1. The Group continues to face COVID-19 supply chain constraints and shortage of skilled workers. Foreign workers who left Singapore over the past year could not return due to ongoing border controls in countries such as India and Bangladesh. The improving Singapore economy has also led to increased competition for foreign labour already here, resulting in attrition of labour to competing industries. The shortage of skilled workers has impacted the execution and scheduled completion of some of our projects.
2. The Group continues to work closely with our customers to coordinate and re-schedule project completions. This remains a key priority, together with the health and safety of our workers, customers, vendors and partners. While discussions are ongoing, there has been no cancellation to-date of any of our existing projects.
3. The Group is actively sourcing for skilled workers from other countries and is working with the relevant authorities to expedite their entry into Singapore.

Further Inroad into the Renewable Energy Sector

4. Sembcorp Marine and GE Renewable Energy's Grid Solutions jointly secured a contract from RWE Renewables to supply the high voltage direct current (HVDC) electrical transmission system for the 1.4 gigawatt (GW) Sofia Offshore Wind Farm (Sofia). The HVDC system represents Sofia's second largest contract and is worth approximately £600 million (S\$1.12 billion). Sembcorp Marine's scope of work includes

the design, construction, installation and commissioning of the offshore converter platform (OCP), comprising a 18,000-tonne topside and jacket foundation structure piled into the seabed 220 km from the nearest shore. It will be the most remote OCP ever built.

5. The contract win for Sofia validates the Group's push into the renewable energy market and adds to our list of projects secured in the offshore wind sector. Sembcorp Marine is currently building two topsides for the offshore substations at Ørsted A/S' Hornsea 2 Offshore Wind Farm in the UK North Sea. The 1.4GW wind farm, one of the world's largest when completed, will supply green electricity to over 1.3 million UK households.

6. The Group has also established a foothold in the highly competitive offshore wind sector in Taiwan and is currently fabricating 15 jacket foundations for the Formosa 2 Offshore Wind Farm. The 376MW facility will be Taiwan's largest offshore wind farm, generating electricity for over 380,000 households.

Operations Review

7. In mid-March, Sembcorp Marine delivered to KARMOL a floating storage regasification unit (FSRU) ahead of its deployment to Senegal. The 125,000 cubic metre vessel, KARMOL's first FSRU, will bring cleaner LNG-powered electricity to locations where domestic gas production or infrastructure are not yet available.

8. Our Repairs & Upgrades business delivered the following key projects in 1Q21:

- Major upgrade of heavy-lift vessel Aegir for Heerema Marine Contractors for deployment to Changhua Offshore Wind Project in Taiwan;
- Major upgrades of FPSO Ningaloo Vision and FPSO Tantawan;
- Major repairs of four LNG carriers; and
- Repairs and upgrades of 10 cruise ships.

9. The Group continued to focus on the safe and timely execution of its existing order book of over S\$1.89 billion, including S\$0.29 billion of ongoing repairs and upgrades for delivery in 2021.

10. The Group secured multiple contracts for repairs and upgrades, including a long-term contract with a European owner and operator of luxury cruise ships and yachts. With this win, Sembcorp Marine works with four global operators who together own more than 15 cruise brands.

11. On future orders, the market sentiment has improved although the post-COVID-19 recovery remains uncertain. There are increasing signs of active reviews of FIDs (final investment decisions) and improved orders visibility. However competition for new projects remains intense.

12. The Group is actively tendering for more than 10 projects, especially in the Renewable Energy and Gas Solutions segment. A similar number of tenders are in progress for the Process Solutions segment covering FPSOs, FSOs and FPUs.

Projects Under Execution as at 31 March 2021
<p>Renewables Solutions</p> <ul style="list-style-type: none"> • Ørsted - Hornsea 2 Offshore Wind Farm: Offshore Substation and Reactive Compensation Station Topsides • Jan De Nul - Formosa 2 Offshore Wind Farm: Wind Turbine Jacket Foundations • RWE Renewables - Sofia Offshore Wind Farm: Offshore Converter Platform
<p>Process Solutions</p> <ul style="list-style-type: none"> • Equinor - Johan Castberg: Newbuild Floating Production, Storage and Offloading Vessel (FPSO) • Shell Vito: Newbuild Floating Production Unit (FPU) • Shell Whale: Newbuild FPU • NOC - Gallaf Batch 2: Wellhead Platforms • Tupi P-71: Newbuild FPSO • Shapoorji: FPSO Conversion
<p>Gas Solutions</p> <ul style="list-style-type: none"> • MOL - LNG Bunker Vessel • TOTAL - Tyra Redevelopment Project: – Topsides and Bridges • Technip Energies - Karish: Newbuild FPSO • KARMOL - Karmol LNGT Powership Asia: Floating Storage & Regasification Unit (FSRU) Conversion and Upgrade • Gasfin/NYK - Torman II: Floating Storage Unit (FSU) Conversion and Upgrade
<p>Ocean Living Solutions</p> <ul style="list-style-type: none"> • Full Battery-operating Roll-on/Roll-off Passenger Ferries (Three units)
<p>Advanced Drilling Rig Solutions</p> <ul style="list-style-type: none"> • Transocean Deepwater Atlas Drillship • Transocean Deepwater Titan Drillship

Cash Flow and Liquidity Management

13. In February, Sembcorp Marine secured a S\$500 million sustainability-linked financing facility which references the Singapore overnight rate average (SORA). The facility, believed to be the first SORA-based sustainability-linked loan for the maritime industry here, features interest rate discounts linked to pre-determined ESG targets. As these targets are achieved, the Group will enjoy savings in borrowing costs.

14. The Group completed its refinancing of loans that matured in 1Q21. Our net current liabilities position in previous quarters has been reversed. Subject to ongoing support from our lenders, the Group expects to have the necessary liquidity to fund its operations for the foreseeable future. As at end-March, the net debt to equity of the Group was 0.74 times. The Group will continue to manage its liquidity prudently.

15. Approximately S\$0.1 billion of the proceeds from the Group's S\$2.1 billion Rights Issue was used for working capital in 1Q21. This comprised payment for materials and equipment of S\$20 million, payment for subcontractors' labour services of S\$74 million and payment for employees' payroll expenses of S\$6 million.

16. Since the completion of the Rights Issue, a total of S\$0.2 billion of the S\$0.6 billion net proceeds from the Rights Issue has been used for working capital.

Sustainability Highlights

17. The Group's commitment to sustainability over the years has earned recognition at the national level. At the Singapore International Maritime Awards 2021, Sembcorp Marine won the prestigious Sustainability Award, presented for the first time by the Maritime and Port Authority of Singapore (MPA).

18. On 21 April, Sembcorp Marine signed a Memorandum of Understanding with Shell and Penguin International to jointly develop hydrogen as a marine fuel. This pilot development, a first for Singapore, will see the Group designing, fabricating and integrating a hydrogen fuel cell system for a Roll-on/Roll-off vessel owned by Penguin International for trial operations by Shell. This collaboration dovetails with the Group's focus on sustainability and innovation.

19. The Group also entered into a memorandum of cooperation with MPA and six other partners, contributing S\$10 million to a new fund for a maritime decarbonisation centre in Singapore. The other partners are BW Group, Eastern Pacific Shipping, Ocean Network Express, Foundation Det Norske Veritas and BHP.

Outlook

20. Notwithstanding the challenging operating environment, the Group's strategic investments have positioned us well for the global transition to a low-carbon economy and the pivot towards cleaner and greener energy sources.

21. With the re-introduction of COVID-19 measures in recent weeks, including tighter border controls, the Group's operations could be further impacted by workforce supply and quarantine restraints. Current and future restrictions on travel and transportation could also disrupt global supply chains. Resolving the skilled manpower shortage on a timely basis is the Group's key priority to address the risk of project delays or terminations.

22. Sembcorp Marine expects losses to continue for FY 2021.

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About Sembcorp Marine

Sembcorp Marine provides innovative engineering solutions to the global offshore, marine and energy industries. Headquartered in Singapore, the Group has close to 60 years of track record in the design and construction of rigs, floaters, offshore platforms and specialised vessels, as well as in the repair, upgrading and conversion of different ship types. Sembcorp Marine's solutions focus on the following areas: Renewables, Process, Gas, Ocean Living and Advanced Drilling Rigs.

Sembcorp Marine's customers include major energy companies, owners of floating production units, shipping companies and cruise and ferry operators. They are supported by four commercial units: Rigs & Floaters; Repairs & Upgrades; Offshore Platforms and Specialised Shipbuilding.

Sembcorp Marine operates shipyards and other facilities in Singapore, Indonesia, the United Kingdom, Norway and Brazil.

Discover more at www.sembmarine.com.

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