



Company Registration Number: 196300098Z

## PROFIT GUIDANCE FOR HALF YEAR ENDED 30 JUNE 2021

**Singapore, 12 July 2021:** “Sembcorp Marine Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) would like to provide the following updates and profit guidance for the unaudited consolidated financial results for the half year ended 30 June 2021 (“**1H2021**”).

2. The Group has been providing periodic updates and guidance in the course of this year, including the following:
  - (a) On 3 May 2021, the Group issued its Interim Business Update for 1Q2021 where it guided that losses would continue in FY2021.
  - (b) On 8 June 2021, the Group guided that its operations continued to be impacted by the ongoing COVID-19 disruptions, and it was likely to incur increased manpower costs to address the skilled manpower shortage it experienced arising from the COVID-19 pandemic.
  - (c) On 24 June 2021, the Group further guided that the labour shortages, together with supply chain constraints, had resulted in further delays in the completion of its projects. Besides increased manpower and other related costs, revenue receipts had also been significantly impacted. These continue to adversely impact the Group’s FY2021 financial performance.
3. The Group is currently in the process of finalising its 1H2021 financial results, which is scheduled for release on 29 July 2021. Based on the latest information available, the Group has more visibility on the likely cost increases to complete the Group’s ongoing projects in FY2021 and FY2022. The Group will be making full provisions for these increased costs in the 1H2021 financial results.
4. Provisions for additional costs to complete the existing projects include the following:
  - (a) Since the onset of the COVID-19 pandemic in 1Q2020, the majority of the Group’s projects have been delayed by at least 12 months. The Group has been actively recruiting additional skilled labour from non-traditional sources in order to complete its projects with minimum further delays. On average, recruitment from non-traditional sources costs more than twice that from the Group’s traditional sources,

due to higher wages and costly upfront COVID-19 related recruitment costs (e.g. up to five weeks of quarantine in home country and Singapore). Consequently, the Group will make provisions in its 1H2021 results for these significant additional manpower costs to be incurred over the next 6 to 18 months.

- (b) Arising from the delays in project execution, the Group also expects to incur additional costs due to work re-scheduling, extra sub-contract work, additional material usage and other staff turnover related costs. Provisions will be made in its 1H2021 results for such costs to be incurred to complete the projects over the next 6 to 18 months.
- 5. These provisions will have a material adverse impact on the Group's 1H2021 results. As at the date of this release, the Group expects that losses for 1H2021 are likely to be in the region of the full year losses incurred for FY2020.
- 6. As the Group finalises its unaudited consolidated financial results for 1H2021 and concurrently prepares for its S\$1.5 billion Rights Issue announced on 24 June 2021, 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, bank managers, solicitors or other professional advisers.

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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](http://www.sembmarine.com).

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*This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, exchange rate movement, cost of capital and capital availability, competition from other companies and venues for sale and distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes. The forward-looking statements reflect the current views of Management on future trends and developments.*

*In view of the possible mandatory general offer described in the Company's announcement dated 24 June 2021 in relation to the proposed renounceable underwritten rights issue of new ordinary shares in the capital of Sembcorp Marine Limited (the "Rights Issue"), any statement of prospects in this release will need to be reported on in accordance with the requirements of Rule 25 of the Singapore Code on Take-overs and Mergers. Such report will be given in due course in the circular to be issued to shareholders in connection with the Rights Issue.*

*The Directors of Sembcorp Marine Limited ("Directors") collectively and individually accept full responsibility for the accuracy of the information given in this release and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this release constitutes full and true disclosure of all material facts about the Rights Issue and the Group which are relevant to the Rights Issue and the Directors are not aware of any facts the omission of which would make any statement in this release misleading. Where information in this release has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this release in its proper form and context.*