



**Integrated Synergies, Global Possibilities.**

# **CORPORATE PRESENTATION 1H2021 RESULTS BRIEFING**

**29 July 2021**

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## Agenda

- **President & CEO Address**
- **Group Finance Director Address**
- **Question and Answer Session**

## Unexpected and Protracted COVID-19 Disruptions



Acute manpower shortages caused by border controls and attrition to competing industries



Pandemic-led supply chain constraints



Delays in project progress and completion



## Actions Taken & its Impact

Procure alternative sources for skilled workers resulting in significant increase in manpower and other related costs

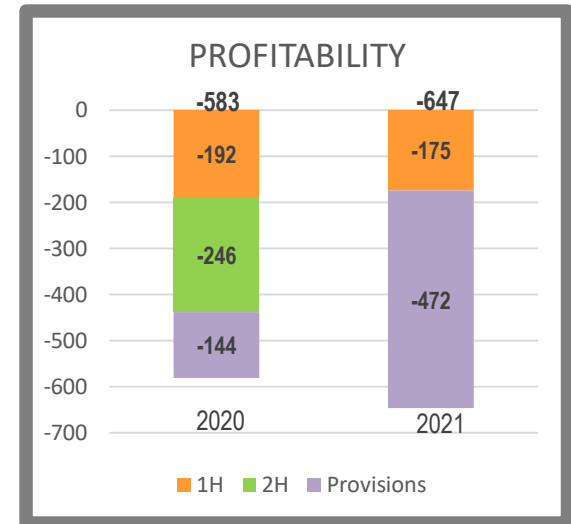
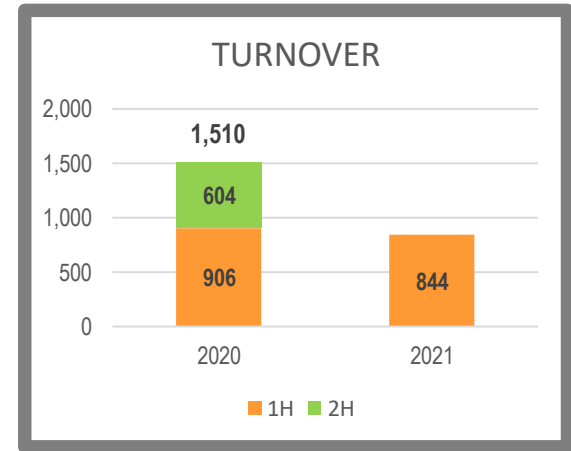
Cost increment and impact on execution and completion

Ongoing coordination with customers to re-schedule projects. Deferment in payments and reduction in revenue receipt

## Other Corporate Initiatives Taken in Response

- Right-sized resources and deferred all non-essential capital expenditure
- Engaged external consultants to develop a Performance Improvement Plan to drive operational improvements and optimise cost structure

- ❖ The Group recorded revenue of S\$844 million for 1H2021 due to COVID-19-related re-scheduling of project delivery and the resultant deferral in payments
- ❖ The Group registered a net loss of S\$647 million for 1H2021 reflecting the push-out of delivery dates for its ongoing projects and significantly higher provisions of manpower and other related costs
- ❖ Provisions totaled S\$472 million (post tax basis)
- ❖ None of the Group's existing projects were cancelled during the year



- ❖ **Near-term liquidity position affected by higher negative operating cash flows, a result of significant reduction in revenue receipts and increase in costs**
- ❖ **Undertaken actions to reduce monthly operational cash burn rate and deferment of all non-essential CAPEX**
- ❖ **Anticipate increasing need to repay more debt upon their maturity over the next 18 months**
- ❖ **S\$0.6 billion net proceeds from last year's rights issue is insufficient**

# Proposed S\$1.5 billion Rights Issue

## Transaction Rationale

Meet Immediate Funding Needs and  
Strengthen Balance Sheet

Fulfil Existing Commitments and Win New Projects

Augment Technological Capabilities  
and Maintain Competitive Edge

Accelerate Strategic Expansion into High-growth  
Renewable and Clean Energy Segments



- **Successful Completion of Projects**
- **Ongoing Project Execution**
- **New Order Developments**



# Successful Completion of Projects



Delivery of two wellhead and one riser topsides and two bridges to **TotalEnergies** for deployment to the Tyra Redevelopment Field



FSRU **Karmol LNGT Powership Africa** set off in March 2021 to Senegal, to bring cleaner energy to West Africa



Completion of Gaslog Singapore FSU conversion project for **Gaslog LNG**



- Major upgrading of FPSO Ningaloo Vision for **Teekay**, FSO Prem Pride for **Synergy Marine Group**, and heavy-lift carrier Aegir for **Heerema**
- Major refit of limestone carrier Accolade II for **Inco Ships**



- Completion of Murex, the first of the five LNG reliquefaction plant installation projects for **Teekay**, currently managed by Shell
- Performed repairs and upgrades for 10 LNG carriers for customers, including **Gaslog LNG**, **MOL LNG**, **Northwest Shelf Services Company** and **Teekay Gas**



- Completed repairs and refits for 22 cruise vessels for long-term partners and regular customers, including **Royal Caribbean Cruise**, **Carnival Corporation** and **Compagnie du Ponant**

## Projects Under Execution as at 30 June 2021

### Renewables Solutions

- 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

### Process Solutions

- 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: FPSO Modification, Integration and Topside Modules Fabrication
- Shapoorji: FPSO Conversion

### Gas Solutions

- MOL - LNG Bunker Vessel
- TotalEnergies - 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

### Ocean Living Solutions

- Full Battery-operating Roll-on/Roll-off Passenger Ferries (Three units)

### Advanced Drilling Rig Solutions

- Transocean Deepwater Atlas Drillship
- Transocean Deepwater Titan Drillship

- ❖ Amendment Agreements with Transocean underlines collaborative spirit to ensure drillships built to the highest specifications be deployed into operation
- ❖ Secured Amendment Contract from Tupi B.V. for FPSO P-71 for deployment at Itapu Field
- ❖ Net order book of S\$1.78b, comprising S\$1.56b of projects under execution and S\$0.22b of ongoing repairs & upgrades projects
- ❖ Another notable inroad into the renewable energy segment with new contract to design, construct & commission the OCP for RWE Renewables' Sofia Wind Farm
- ❖ Green energy solutions comprise ~34% of the Group's net order book
- ❖ Total of 16 projects with 14 scheduled completion in 2021-2022 and remainder two in 2023-2025

- ❖ Actively tendering for more than 10 Green projects, including Renewable Energy and Gas Solutions
- ❖ Actively working on multiple projects with tenders in progress for the Process Solutions segment covering FPSOs, FSOs and FPU's
- ❖ Pre-FID engineering work for SPE Cambo FPSO in anticipation of final investment decision in 2H2021



## WSH Excellence

Won 24 awards at the Workplace Safety and Health (WSH) Awards 2021 organised by the Singapore WSH Council

## Sustainability Commitment



Winner of the prestigious Sustainability Award, presented for the first time by the Maritime and Port Authority of Singapore (MPA), at the Singapore International Maritime Awards 2021



Signed Memorandum of Understanding with Shell and Penguin International in April 2021 to jointly develop hydrogen as a marine fuel to champion decarbonisation in the maritime industry



Partnership with Singapore Power to deploy additional 4.0 MWp of solar energy in Tuas Boulevard Yard to boost its existing 4.5 MWp solar power capacity to 8.5 MWp – enabling the Group to avoid more than 4,200 tonnes of carbon emissions annually, equivalent to taking about 1,300 cars off the road.

- ❖ **Strengthen its integrated O&M engineering capabilities to move up the value chain and provide a wider suite of products and solutions**
- ❖ **Accelerate its transformation to gain further traction in the renewables and other clean energy segments and strengthen its market share**
- ❖ **Strategically augment its yard facilities and make other strategic infrastructure investments to enhance its proposition as a one-stop production centre**
- ❖ **Forge strategic alliances with government agencies, research institutions, classification societies and industry partners to boost innovation development and augment its engineering bench strength**

# Potential Combination Overview

Potential Combination, if implemented, would create a stronger player and accelerate pivot to the energy transition

Potential Combination aims to create sustainable value over the long term



**Keppel Offshore & Marine**

Creates a stronger player to capitalise on growing opportunities in the O&M, renewables and clean energy sector

Brings together the best talent, engineering skills, intellectual property, and technical know-how

Enhances position to compete for larger contracts

Pursues synergies from combined operational scale, broader geographical footprint and enhanced capabilities

# Looking Ahead

- ❖ Continue to face uncertainties arising from the COVID-19-led measures of border controls, as well as workforce supply and quarantine restraints
- ❖ Ongoing efforts to resolve the skilled manpower shortage on a timely basis is a key priority
- ❖ Actively undertaken measures to improve project execution, replenish temporary working capital depletion and enhance the Group's liquidity position
- ❖ Expects to incur losses in 2H2021 because of insufficient revenues to cover overhead costs



## Agenda

- President & CEO Address
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- ❖ **Group revenue at S\$844 million, down 7% YoY due to production delays caused by COVID-19**
- ❖ **Net loss of S\$175 million before Provisions**
- ❖ **Provisions of S\$560 million (pre-tax) / S\$472 million (post-tax)**
- ❖ **Net loss of S\$647 million after Provisions**
- ❖ **No cancellation of existing projects during the year**
- ❖ **As at 30 June 2021, net order book of S\$1.78 billion**

# 1H2021 Financial Performance

Group (S\$ million)	1H2021	1H2020	+ / (-) %
Turnover	844	906	(7)
Gross Loss	(588)	(195)	n.m.
EBITDA	(611)	(72)	n.m.
Operating Loss	(709)	(173)	n.m.
Loss before tax	(728)	(221)	n.m.
Net Loss	(647)	(192)	n.m.
EPS (basic) (cts)	(5.16)	(8.83)	(42)

**Excluding Material Provisions,  
1H2021 Gross Loss, EBITDA and Net Loss are as follows:**

Group (S\$ million)	1H2021
<b>Gross Loss</b>	(152)
<b>EBITDA</b>	(52)
<b>Net Loss</b>	(175)

# Higher Provisions for 1H2021

Significantly higher provisions to complete ongoing projects over the next 6 to 18 months, and other provisions (post tax basis)

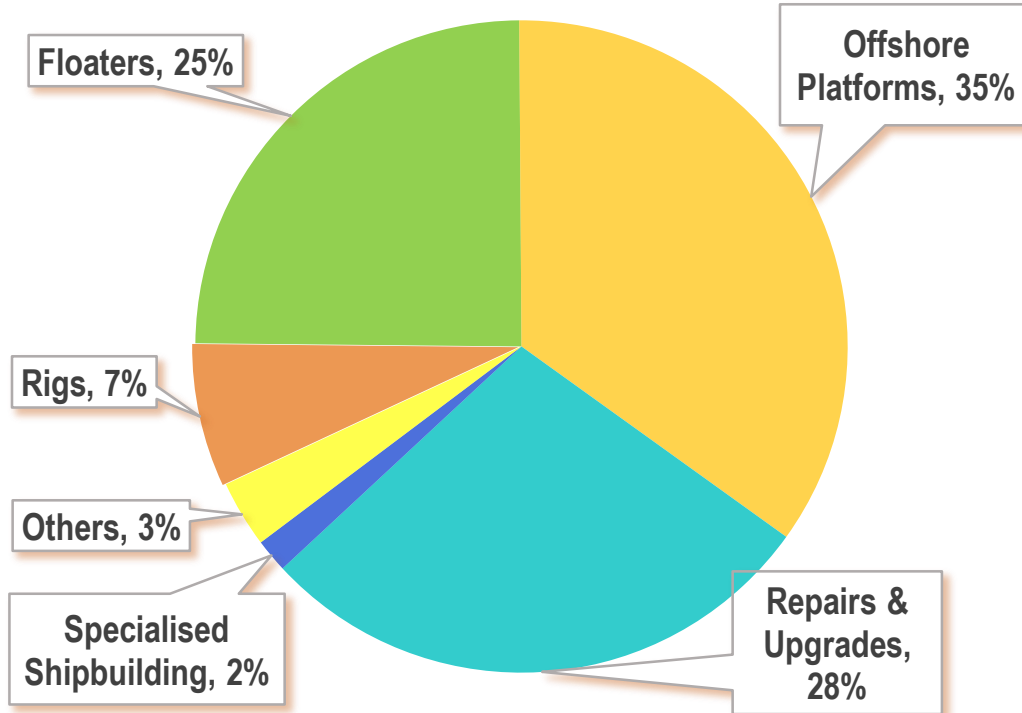
Group (S\$ million)	1H2021
1. Provisions for costs to be incurred over next 6-18 Months:	
- Additional labour & other costs to complete projects	361
2. Yards' reinstatement costs	65
3. Asset impairment loss	46
<b>Total Provisions (post-tax)</b>	<b>472</b>

# Capital, Gearing and ROE

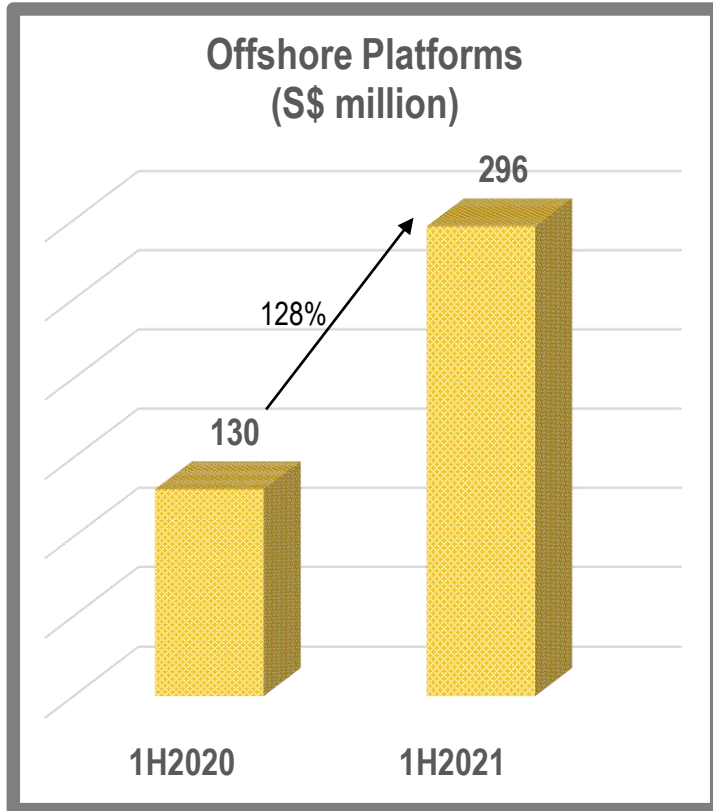
Group (\$ million)	1H2021	FY2020	% change
Shareholders' Funds	3,017	3,667	(18)
Net Debt	2,804	2,777	1
Net Working Capital	(694)	(259)	168
Net gearing ratio (times)	0.92	0.75	23
Interest coverage ratio (times)	(14.5)	(2.7)	437
ROE (%)	(38.7)	(19.9)	94
ROTA (%)	(13.6)	(5.1)	167
Net Asset Value (cents)	24.03	29.21	(18)

<b>Group (S\$ million)</b>	<b>1H2021</b>	<b>1H2020</b>	<b>% change</b>
Net cash flow (used in)/generated from operating activities	(2)	(122)	(98)
Net cash used in investing activities (mainly Capex)	(22)	(56)	(61)
Net cash flow from/(used in) financing activities (mainly net proceeds from borrowings)	41	899	(95)
Net increase/(decrease) in Cash	17	721	(98)
Cash in balance sheets	788	1,107	29

## 1H2021 SEGMENTAL REVENUE

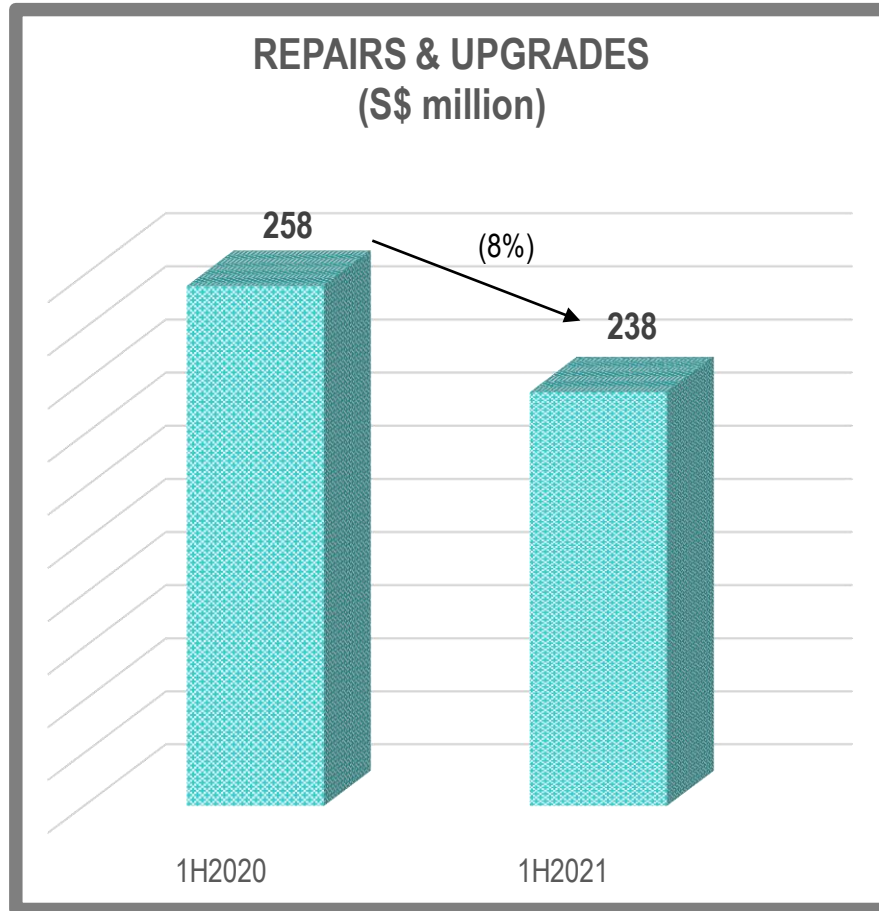


	1H2021	1H2020	YoY +/(-) %
Offshore Platforms	296	130	128
Repairs & Upgrades	238	258	(8)
Floaters	209	318	(34)
Rigs	60	141	(57)
Specialised Shipbuilding	14	35	(60)
Others	27	24	13
<b>Total</b>	<b>844</b>	<b>906</b>	<b>(7)</b>



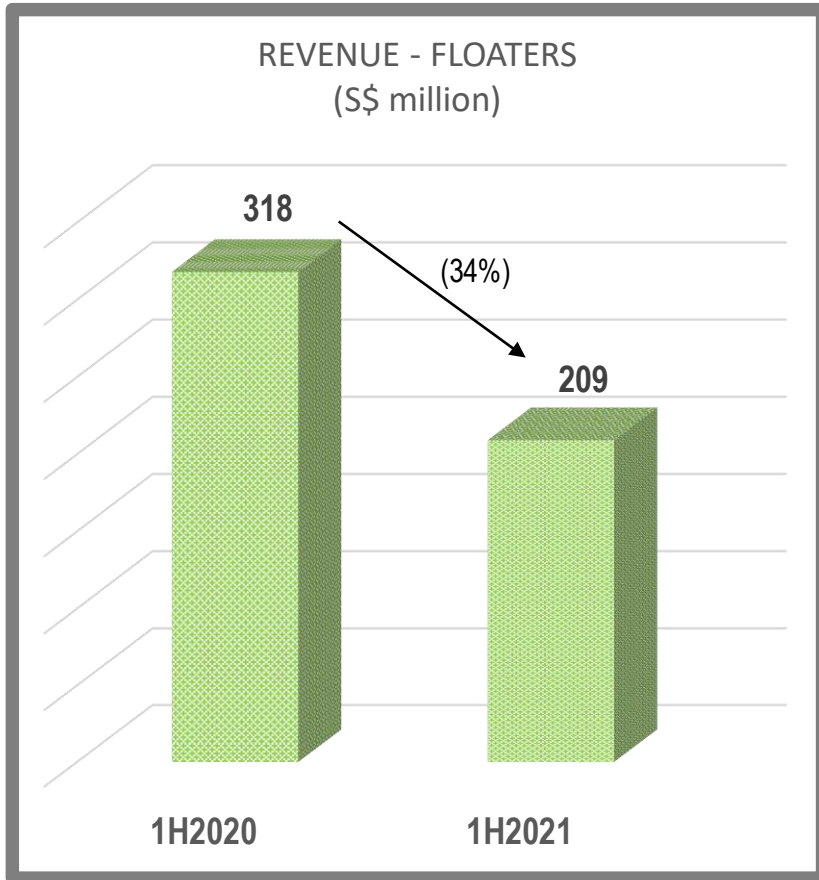
- **Offshore Platforms revenue more than doubled to S\$296 million for the corresponding period**
- **Notable Renewable Solution Projects under execution:**
  - Orsted Hornsea 2 Offshore Wind Farm Reactive Compensation Station (RCS) Topsides
  - Jan De Nul Formosa 2 Offshore Wind Farm – Wind Turbine Jacket Foundations
  - RWE Renewables Sofia Offshore Wind Farm

# Repairs & Upgrades

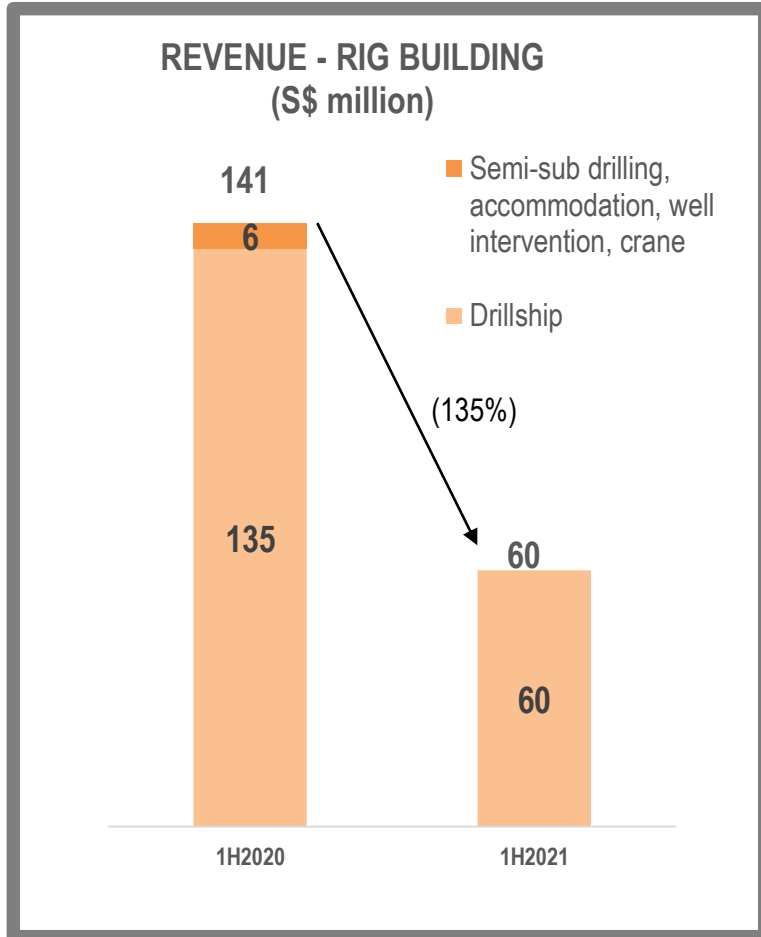


- Revenue from repairs & upgrades declined slightly by 8% compared to the corresponding period
- Higher number of vessel serviced however lower value per vessel

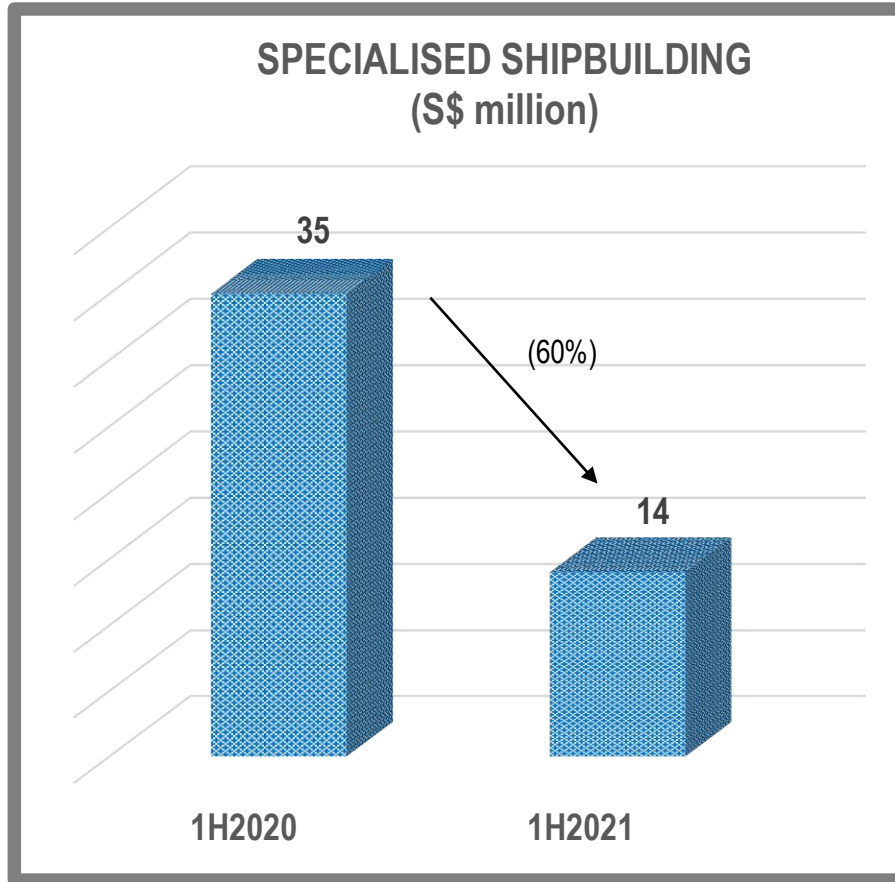




- Floaters revenue at S\$209 million for 1H2021, a decline of 34% compared to the corresponding period
- Affected by production stoppages in relation to COVID-19 manpower constraints
- Projects include offshore floating production, new build and conversions
  - Equinor Johan Castberg - Newbuild FPSO
  - Technip Energies Karish - Newbuild FPSO
  - Shell Vito - Newbuild FPU
  - Shell Whale - Newbuild FPU
  - P-71 - Newbuild FPSO
  - Shapoorji - FPSO Conversion

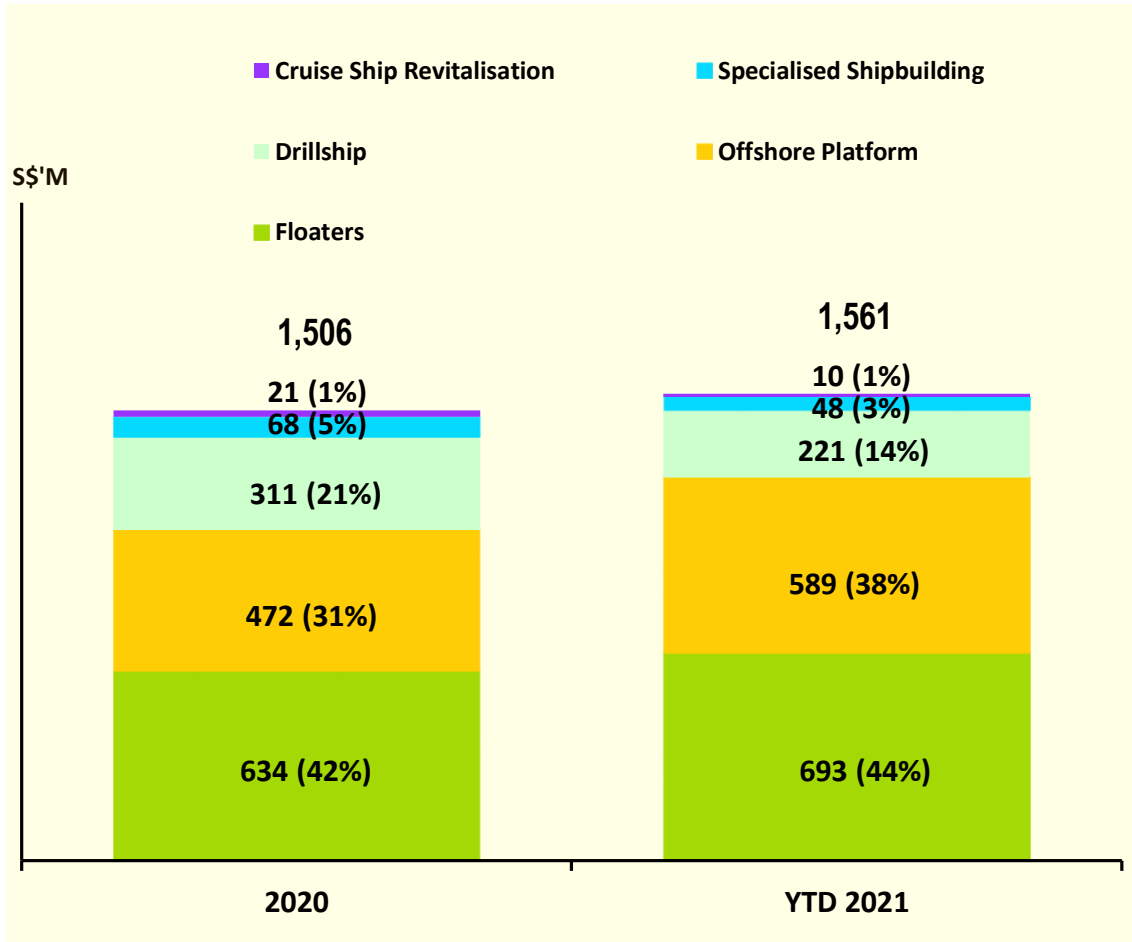


- Rig building revenue was S\$60 million in 1H2021 (1H2020: S\$141million)
- Lower revenue reflects significantly lower offshore rig building activity and the production time out due to COVID-19 manpower constraints



- **Specialised Shipbuilding revenue declined 60% to S\$14 million for the corresponding period**
- **Projects under execution**
  - 3 units of Battery-operated Ropax (Roll-on-Roll-off Passenger) ferries
  - 12,000 cubic metres LNG bunker vessel

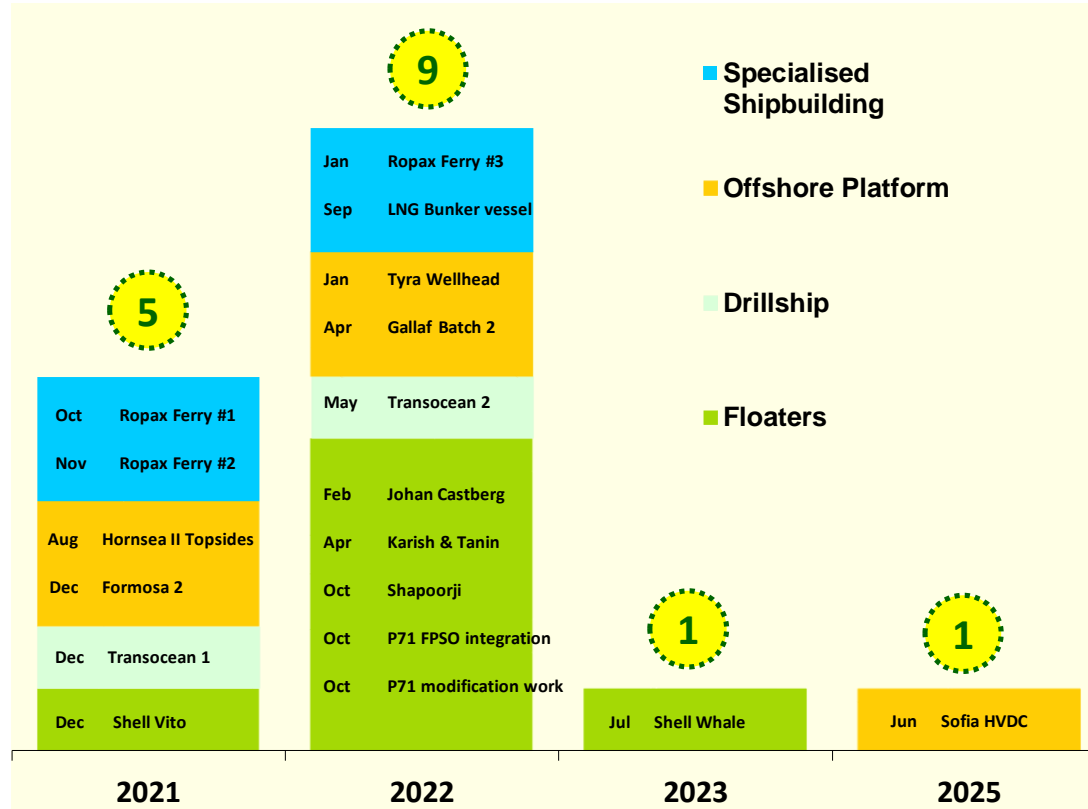
# Net Order Book at S\$1.78 billion



Net Order Book of S\$1.78 billion comprises:

- S\$1.56 billion of projects under execution (with a total original contract sum of S\$6.1 billion)
- S\$0.22 billion of ongoing Repairs & Upgrades projects with firm deliveries in 2021
- To-date no cancellation of existing projects

# Project Delivery Schedule



- 16 existing projects under execution
- 14 projects to be delivered by FY2022
- Balance to be delivered by FY2025



## Agenda

- **President & CEO Address**
- **Group Finance Director Address**
- **Question and Answer Session**



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