



Company Registration Number: 196300098Z

## RESULTS GUIDANCE FOR 2H2021

**Singapore, 19 October 2021** – Sembcorp Marine Ltd (the “**Company**” and, together with the subsidiaries of the Company, the “**Group**”) refers to the announcement of its 1H2021 Results on 29 July 2021, where it reported a loss of S\$647 million and indicated that the Group would continue to face uncertainties arising from COVID-19 related measures of border controls, workforce supply and quarantine restraints. The disruption of supply chains and workforce reductions had affected its productivity and impacted the progress of its projects, resulting in delays and unforeseen cost overruns. The Group also indicated that it expects to continue to incur losses in the second half ending 31 December 2021 (“**2H2021**”).

While the Group has made some progress in managing the delays in project completions, shareholders should note that COVID-19 related measures continue to have a serious impact on the Group’s performance.

In the course of undertaking the Group’s projects during the third quarter ended 30 September 2021, the Group has encountered further execution challenges, including:

- (i) delays in delivery of equipment arising from border controls in certain countries;
- (ii) purchase of new components requiring a longer lead time due to supply chain constraints;
- (iii) slower than expected recruitment of additional skilled labour;
- (iv) continuing attrition of skilled workers; and
- (v) work disruptions, including stop work orders, resulting from measures taken to address the recent COVID-19 spikes.

The above have resulted in further delays and increased projected costs to complete these projects over the next three to nine months. Of the 16 projects under execution by the Group, five projects have been further delayed by between one to three months. The Group is therefore likely to incur further cost overruns of a material amount and is currently in negotiations with its counterparties and taking other measures to mitigate these cost overruns.

As of the date of this Announcement and based on information currently available to the Group, the Group expects that the increased costs to complete the projects, as well as the losses arising from the added delays, will result in significant losses for 2H2021, which could potentially be in the range of the losses reported for 1H2021. The Group will only be able to quantify the actual losses closer to the end of the financial year ending 31 December 2021, as much will also depend on the performance of the Group in the last quarter of 2021.

The magnitude of losses incurred will depend on many factors, including:

- (i) the continuing impact of COVID-19 measures on the construction progress of the projects including the availability of labour, the health of workers and supply chain delays;
- (ii) the results of ongoing negotiations with counterparties on revised delivery dates; and
- (iii) unexpected disruptions which may occur due to factors outside of the Group's control.

As the COVID-19 pandemic persists, the Group continues to face serious challenges and risks. However, the Group is determined to ride through this difficult period, and remains committed to completing its projects and doing its best for its customers and stakeholders.

The Group continues to believe that its ongoing strategic diversification and expansion into the clean energy sector will provide a foundation for it to achieve sustainable growth. However, the Group needs the support and patience of all its stakeholders to ride through these very trying times.

#### Responsibility Statement

The directors of the Company (including any who may have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of the Company has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

*This Announcement contains statements which are regarded as statement of prospects for the purposes of the Singapore Code on Takeovers and Mergers (the "Code"). Such statement of prospects has been reported on in accordance with the Code and the reports will be included in the circular to be issued by the Company to the shareholders in relation to the mandatory conditional general cash offer made by Morgan Stanley Asia (Singapore) Pte. for and on behalf of Startree Investments Pte. Ltd. (the "Offeror") to acquire all the issued and paid up ordinary shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror and its concert parties.*