

Address by Mr Wong Weng Sun, President & CEO, at Sembcorp Marine Ltd 1H2022 Results Briefing on 12 August 2022

1. Good morning, everyone. Thank you for joining us at Sembcorp Marine First Half 2022 Results Webcast.

Improvement in Operational & Financial Performance

2. We have had a busy start to 2022 with successive delivery of seven projects from February and culminating in the delivery of Transocean **Deepwater Atlas** - the world's first 8th-generation ultra-deepwater drillship, designed and built by Sembcorp Marine.
3. **Deepwater Atlas** features three-million-pound hook-load hoisting capacity and well control systems to execute 20,000 psi drilling operations and breakthrough drilling depth of 40,000 feet on top of 12,000 feet water depth. This marks a new milestone in offshore construction for Sembcorp Marine and our nation.
4. Strong execution by Team SCM has enabled us to achieve successive project completions and deliveries to-date. The measures we have put in place to mitigate the impact of residual COVID-19 challenges have also enabled smoother execution of projects.
5. The overall operational and financial performance of the Group improved significantly year-on-year.
6. The Group recorded revenue of S\$1.1 billion for the six months ended 30 June 2022, an increase of 30% compared to the corresponding period in the prior year.
7. While the Group reported a net loss of S\$143 million for the first half of 2022, this is a 78% reduction from the net loss of the corresponding period in 2021.
8. In 1H2022, we secured S\$1.9 billion of new orders, and our net order book crossed S\$2.5 billion as at end 1H2022. William Goh, our Group Finance Director, will provide more details on our financial performance shortly. Let me now share about our operations and our operating environment.

Operations Review

Successful Delivery of Projects

9. Apart from **Deepwater Atlas** which I mentioned earlier, Sembcorp Marine successfully completed and delivered six other key projects. These are:
 - Fabrication of six production topsides and four bridges for TotalEnergies Tyra Redevelopment Project

- Newbuild FPSO **Johan Castberg** for Equinor
 - Newbuild FPSO **Energiean Power** for Technip Energies
 - 15 wind turbine jacket foundations for Jan De Nul for installation at the **Formosa 2** Offshore Wind Farm in the Taiwan Strait
 - Offshore Substation and Reactive Compensation Station for Ørsted's **Hornsea 2** Offshore Wind Farm in the UK North Sea
 - FSRU conversion of Karmol LNGT Powership Asia
10. The Group's Repairs & Upgrades business continued to see improvement in demand and year-to-date, we have serviced 96 vessels.

Ongoing Projects Execution

11. We have five more projects scheduled for completion by the end of the year and another seven projects which will progressively be delivered from 2023 to 2026. Key projects under execution include:
12. Renewables solutions – **Sofia Offshore Wind Farm** for RWE Renewables and a new-generation WTIV for Maersk.
13. Under Process Solutions – we are working on the Shell **Whale** newbuild FPU; Shapoorji **Armada Sterling V FPSO** conversion; Another FPSO, Tupi **P-71** is undergoing modification and integration at our yard, as well as NOC **Gallaf** Batch 2 Project.
14. For Gas Solutions, we have started work on Bechtel **Pluto** Train 2 Project and are close to completing the construction of MOL LNG Bunker Vessel. We also expect to commence work during the year on a recent EPCI gas topsides win from a major energy company in Australia.
15. We have the last unit of Ropax to complete for Norled and have started work on the **NApAnt** Scientific Research Support Vessel for the Brazilian Navy under our Ocean Living Solutions.
16. We are at an advanced stage of completing the second Transocean deepwater drillship – **Deepwater Titan**.

Strategic Technological Collaborations

17. The Group has entered into a number of strategic collaborations with government agencies, research institutions, classification societies and industry partners to develop novel and non-traditional technological solutions. Some interesting projects include:

- Design, fabrication and integration of a hydrogen fuel cell system onto a Ropax vessel
 - Development of a first-of-its-kind ammonia bunkering vessel
 - Development of sustainable ocean data centres
 - Joint research project with TCOMS to further develop, validate, test and enhance the Group's SWACH Floating Wind Solution
 - Development of the Group's proprietary SI-VAM Wind Solution
18. These collaborative efforts are important and will further strengthen the Group's core engineering capabilities, as well as support our sustainability objectives and the industry's zero-carbon ambitions.

The Proposed Combination

19. Towards the end of April this year, we announced the Proposed Combination of Sembcorp Marine and Keppel O&M. This is a significant milestone for Sembcorp Marine and a culmination of our strategic business transformation journey that started in 2015.
20. Since the announcement, we have received feedback from our shareholders and we are very appreciative of these open lines of communication. In our interactions with our institutional and retail shareholders, many have welcomed and expressed support for the Proposed Combination. Thank you.
21. There continue to be investors' discussions surrounding the enterprise value ratio and equity value exchange ratio. I would like to take a moment to address these.
22. As you know, the Proposed Combination is based on a 50:50 enterprise value ratio between Sembcorp Marine and Keppel O&M. After taking into account the respective capital structures of the two companies, a S\$500 million cash payment that Keppel O&M will make to Keppel Corporation, and other adjustments, we arrived at an agreed equity value exchange ratio of 44% to Sembcorp Marine and 56% to Keppel Corporation.
23. It should be noted that while the exchange ratio factors in the payment and adjustments I just mentioned, the acquisition by the Combined Entity is a restructured Keppel O&M, which excludes Keppel O&M's legacy rigs and associated receivables, and certain out-of-scope assets.
24. With these arrangements, future risks in connection to the legacy rigs and associated receivables (such as their recovery amounts) will not affect the Proposed Combination. Also, an equivalent amount of inter-company payables will be removed from the balance sheet of the restructured Keppel O&M (to offset the legacy assets excluded).

25. The restructured Keppel O&M will hence come with minimal debt, which will preserve the debt headroom of the Combined Entity to facilitate future expansion.
26. Taking the above into consideration and the compelling rationale for the Proposed Combination, we believe the Proposed Combination is beneficial to Sembcorp Marine and our shareholders.

Closing

27. In closing, allow me to reiterate. As you know, our industry is evolving extremely rapidly. We have taken concrete steps in the past years to position Sembcorp Marine at the centre of the global energy transition to a low-carbon economy.
28. The industry outlook for the oil & gas, renewables and other green solutions continues to improve. There are exciting opportunities ahead.
29. We have secured S\$1.9 billion worth of new orders in 1H2022. With improving orders visibility, we are working on multiple tender opportunities and actively converting orders pipeline into firm contracts. We anticipate operational and financial performance to continue to improve in tandem.
30. Let me pass the discussion to William Goh, our Group Finance Director, who will share more details on our 1H2022 financial performance. Thank you.

=====

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.