



# 1H2017 Results Announcement

August 3, 2017

© Sembcorp Industries 2017

## Scope of Presentation



- CEO's Report
- Financial Review
- Group Outlook

© Sembcorp Industries 2017

# CEO's Report

**Neil McGregor**

Group President & CEO

© Sembcorp Industries 2017

## 1H2017 Performance Round-up

**Turnover at S\$4.4 billion, up 18%**

**Profit from Operations at S\$498.0 million, up 12%**

**Net Profit at S\$174.4 million, down 10%**

**EPS at 8.7 cents**

**ROE (annualised) at 5.2%**

**The Board announces an interim dividend of 3.0 cents per ordinary share, to be paid on August 31, 2017**

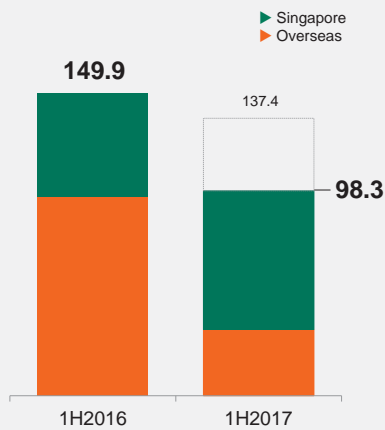


Sembcorp Green Infra's wind power assets in Madhya Pradesh, India

### Strong income base despite challenging markets

**Net Profit**  
**S\$98.3 million**      ↓ 35%

- Excluding SGPL's refinancing cost, 1H2017 net profit at S\$137.4 million, down 8%



Exceptional item: SGPL refinancing cost

### Business Updates

#### Singapore continues to be key contributor

- 1H2017 net profit up 29% to S\$75.8 million mainly from centralised utilities and gas. Competition in the power market remains intense.
- Deepening green energy reach in Singapore with rooftop solar projects. Total renewable capacity of 6MW of power (solar) and 200 tonnes per hour of steam (energy-from-waste)
  - Reinforces commitment to sustainability and green energy as power market moves towards full retail competition

#### Good progress with gas-fired IPP projects in Myanmar and Bangladesh

- Power purchase agreements signed
- Project financing secured
- Construction on track
  - Myingyan:** >80% complete. To commence full commercial operations in 2Q2018
  - Sirajganj Unit 4:** 40% complete. To commence operations in open-cycle mode in 2H2018; combined-cycle in 1H2019



MW: megawatts

# Utilities



INDIA OPERATIONS UPDATE

## A balanced thermal and renewable energy portfolio

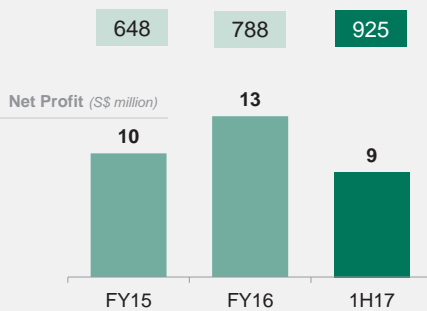
### SEMBCORP GREEN INFRA

#### Steady growth through prudent project selection



- ~1,200MW of wind and solar assets in operation and under development across 7 states
- Including 250MW in India's first national wind power tender - reflects increasing depth of renewable energy capabilities

MW in operation



### SEMBCORP GAYATRI POWER COMPLEX (SGPC)

#### Strong asset performance, but weak market



- Optimising costs by operating both plants as one complex
- Availability and PLF for the complex at 91% and 80% respectively
- PLFs among the highest compared to peers<sup>1</sup>

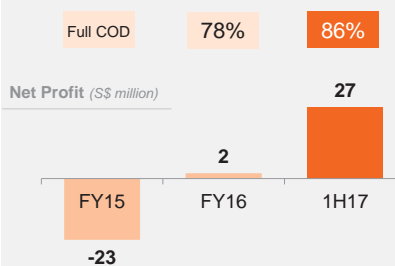
#### TPCIL

- Improved operational and financial performance
- 86% of net capacity contracted under long-term PPAs
- 99%+ plant availability from Feb-Jun 2017, post maintenance shutdown

#### SGPL

- Successfully commissioned and refinanced in 1H17
- Long-term PPA yet to be secured
- Actively securing short-term PPAs
- Current power surplus in the market. Industry utilisation expected to improve in the medium term

Load Factor



#### 1H17

Availability Factor	87%
Load Factor	73%
IEX average spot price <sup>1</sup>	Rs2.91/kwh
Net Loss	(S\$55 million)

<sup>1</sup> South Region 1, Indian Energy Exchange (IEX)

© Sembcorp Industries 2017

<sup>1</sup>Peer benchmarking based on data from Jan to May 2017

COD: commercial operations date; kwh: kilowatt hour; MW: megawatt; PLF: plant load factor; PPA: power purchase agreement

7

# Marine



Sembcorp Marine Tuas Boulevard Yard, Singapore

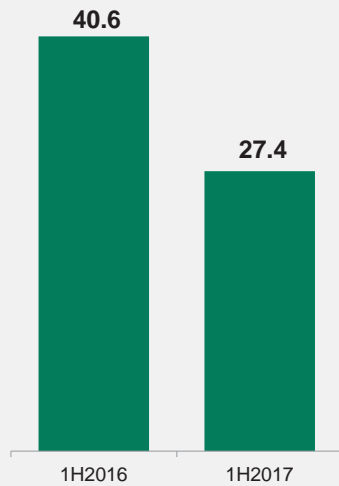


# Marine



## Challenging offshore & marine industry

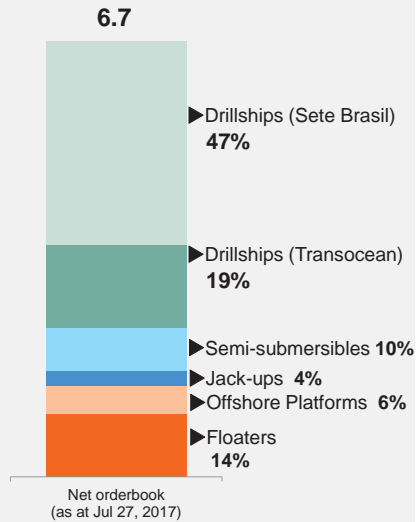
Net Profit\*  
S\$27.4 million ↓33%



\*Sembcorp's share of Marine's net profit

## Total Net Orderbook (as at Jul 27, 2017) S\$6.7 billion

- Excluding the Sete Brasil drillships, net orderbook at S\$3.6 billion



## Business Updates

### Successful completion and deliveries of projects

- Randgrid FSO, to operate in the Gina Krog oil & gas field in the North Sea
- FPSO *Pioneiro de Libra*, deployed in the Libra field development in Brazil's Santos Basin

### Continued good progress on execution of current orderbook

- In addition, Transocean has requested Sembcorp Marine to actively resume work for its two drillship orders

### Steady progress in development and commercialisation of Gravifloat technology – but will take time to translate into orders

### Focused on resource & cost management

### Exercising prudence and discipline in financial management to conserve cash and strengthen balance sheet

# Urban Development



VSIP Binh Duong I, Vietnam

# Urban Development



## Strong 1H2017 performance

### Net Profit

**S\$45.7 million** ↑5.2x

- Strong performance driven by Nanjing and Vietnam

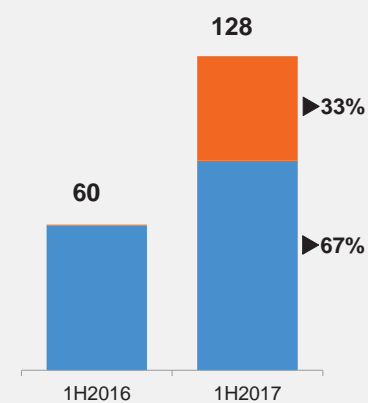


© Sembcorp Industries 2017

### Total Land Sales 128 hectares

- Nanjing 42.6-hectare C&R plot boosts 1H2017 land sales
- Vietnam industrial land sales pick up

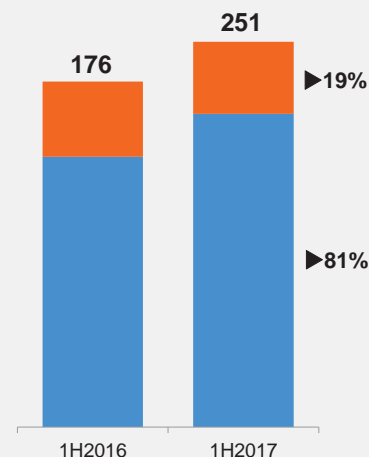
Commercial & Residential  
Industrial & Business



### Total Net Orderbook 251 hectares

- Strong orderbook for industrial land in Vietnam
- Sembcorp Development and partners awarded master development rights to the 684-hectare Amaravati City start-up area in Andhra Pradesh, India

Commercial & Residential  
Industrial & Business



C&R: commercial & residential

11



# Financial Review

**Koh Chiap Khiong**  
Group CFO

© Sembcorp Industries 2017

## Group Profit & Loss



(S\$M)	1H17	1H16	Δ%
Turnover	4,415	3,742	18
EBITDA*	686	600	15
Profit from Operations	498	446	12
EBIT	406	372	9
Share of results: Associates & JVs	92	74	25
Net Finance Cost	(256)	(162)	(58)
Finance costs	(273)	(178)	(54)
Finance income	17	16	10
PBT	242	284	(15)
Tax	(47)	(58)	19
Non-Controlling Interests	(21)	(33)	36
Net Profit	174	193	(10)
EPS (cents)	8.7	9.7	(11)

\*EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

## Group Turnover



(S\$M)	1H17	1H16	Δ%
Utilities	2,877	1,790	61
Marine	1,416	1,826	(22)
Urban Development*	4	3	43
Other Businesses	118	123	(4)
<b>TOTAL TURNOVER</b>	<b>4,415</b>	<b>3,742</b>	<b>18</b>

\* Urban Development businesses comprise mainly associates or joint ventures which are accounted for under the equity method. The turnover reflected was derived from providing services to these associates or joint ventures

## Group Profit from Operations (PFO)



(S\$M)	1H17	1H16	Δ%
Utilities	366.2	316.9	16
Marine	82.3	124.1	(34)
Urban Development	49.8	9.7	413
Other Businesses	10.0	11.7	(15)
Corporate	(10.3)	(16.9)	39
<b>TOTAL PFO</b>	<b>498.0</b>	<b>445.5</b>	<b>12</b>

## Group Net Profit



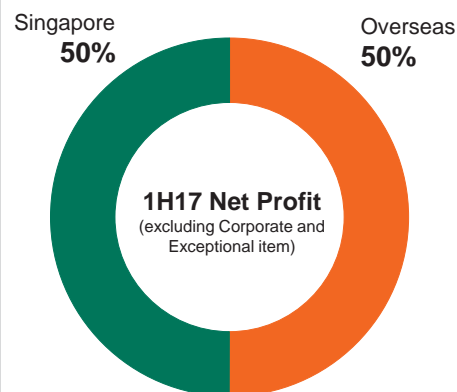
(S\$M)	1H17	1H16	Δ%
Utilities	98.3	149.9	(34)
Marine	27.4	40.6	(33)
Urban Development	45.7	7.4	516
Other Businesses	13.3	12.8	3
Corporate	(10.3)	(17.2)	40
<b>TOTAL NET PROFIT</b>	<b>174.4</b>	<b>193.5</b>	<b>(10)</b>



## Utilities Net Profit



By Geography (\$M)	1H17	1H16	Δ%
Singapore*	75.8	58.6	29
China	31.2	51.3	(39)
India	(19.8)	2.8	NM
Rest of Asia	24.4	10.9	123
Middle East & Africa	28.1	27.9	1
UK & the Americas	12.0	20.1	(40)
Corporate	(14.3)	(21.7)	34
<b>Net Profit before exceptional item</b>	<b>137.4</b>	<b>149.9</b>	<b>(8)</b>
Exceptional item**	(39.1)	-	NM
<b>TOTAL NET PROFIT</b>	<b>98.3</b>	<b>149.9</b>	<b>(35)</b>



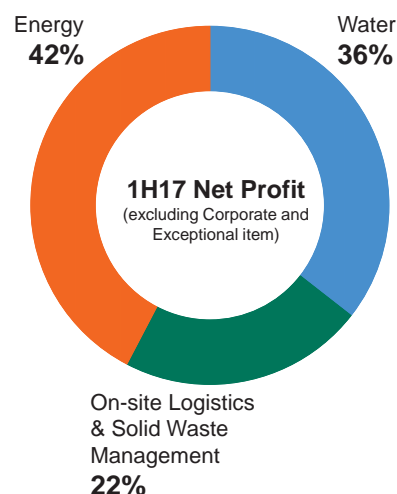
* Singapore: Net Profit breakdown	1H17	1H16	Δ%
Energy	32.1	19.6	64
Water	20.2	13.9	45
On-site Logistics & Solid Waste Management	23.5	25.1	(6)

\*\*SGPL refinancing cost

## Utilities Net Profit



By Product Segment (\$M)	1H17	1H16	Δ%
Energy	64.1	97.2	(34)
Water	54.0	42.7	26
On-site Logistics & Solid Waste Management	33.6	31.7	6
Corporate	(14.3)	(21.7)	34
<b>Net Profit before exceptional item</b>	<b>137.4</b>	<b>149.9</b>	<b>(8)</b>
Exceptional item*	(39.1)	-	NM
<b>TOTAL NET PROFIT</b>	<b>98.3</b>	<b>149.9</b>	<b>(35)</b>



\*SGPL refinancing cost

## Group Capex and Equity Investment



(S\$M)	1H17	1H16
<b>Capital Expenditure</b>		
– Utilities	341.9	230.9
– Marine	96.2	186.1
– Urban Development / Other Businesses	7.7	4.5
	<b>445.8</b>	<b>421.5</b>
<b>Equity Investment</b>		
– Utilities	0.4	72.6
– Marine	-	54.1
– Urban Development	13.7	6.4
	<b>14.1</b>	<b>133.1</b>

## Group Free Cash Flow



(S\$M)	1H17	1H16
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
- before changes in working capital	651	589
- changes in working capital	(811)*	(299)
- tax paid	(43)	(46)
	<b>(203)</b>	<b>244</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
- divestments, dividend and interest income	182	58
- investments, capex and non-trade balances**	(448)	(536)
	<b>(266)</b>	<b>(478)</b>
- Add back: expansion capex	446	497
<b>FREE CASH FLOW</b>	<b>(23)</b>	<b>263</b>

\* Includes service concession receivables, recognised in accordance with INT FRS 112 accounting guideline, amounting to S\$284 million from the Myingyan and Sirajganj Unit 4 power projects. The receivables will be collected over the period of the concession contract from the time the power plants commence commercial operations.

\*\* Payables for capital works / fixed assets

## Group Borrowings



(\$M)	Jun 30,17	D/C ratio*	Dec 31,16	D/C ratio*
<b>Gross Debt</b>				
Corporate debt	2,536	0.14	1,697	0.10
Project finance debt	3,060	0.17	3,369	0.19
Sembcorp Marine debt	4,390	0.24	4,155	0.24
	<b>9,986</b>	<b>0.55</b>	<b>9,221</b>	<b>0.53</b>
Less: Cash and cash equivalents	(2,015)		(1,883)	
<b>Net debt</b>	<b>7,971</b>	<b>0.44</b>	<b>7,338</b>	<b>0.42</b>

\*Total Debt-to-Capitalisation ratio

## Financial Indicators



	1H17	1H16	FY16
EPS (cents)	17.3*	19.5*	19.9
ROE (%)	5.2*	6.1*	6.2
ROTA (%)	4.1*	3.9*	4.0
Interest Cover (times)	2.5	3.4	3.3
<b>Per Share</b>			
NAV (S\$)	3.85	3.57	3.75

\* Annualised

### Utilities

The performance of Utilities' China operations in 2017 is expected to be lower than 2016 due to the expiry of the Yangcheng cooperative joint venture agreement in 2016.

In India, Sembcorp has two thermal power plants and renewable energy assets totalling over 3,800MW. Its renewable energy business and its first thermal power plant, TPCIL, are performing well. Its second thermal power plant, SGPL, has yet to secure long-term power purchase agreements and is expected to incur losses for the year. The Group is closely reviewing the situation.

In Singapore, the centralised utilities, gas and solid waste management businesses are expected to remain steady. However, the power business continues to face intense competition.

Operating performance in the other regions is expected to be stable.

### Marine

Global exploration and production spending is expected to increase. Offshore day rates appear to have stabilised and utilisation levels have begun to improve. However, a more robust recovery will take longer.

Enquiries for non-drilling solutions continue to be encouraging. The business remains cautiously optimistic of new orders for production facilities in the next few years.

Sembcorp Marine continues to make steady progress in the development and commercialisation of its GraviFloat technology for near-shore gas infrastructure solutions. However, it will take time for such efforts to translate into orders.

Sembcorp Marine remains focused on optimising its talent pool, operational excellence, rebuilding its orderbook and financial prudence.



### Urban Development

The Urban Development business is expected to deliver a better performance in 2017, underpinned by land sales in its urban developments in Vietnam, China and Indonesia.

### Group

The market environment is expected to remain challenging in 2017. With strong capabilities and resilient businesses, Sembcorp continues to position itself well for the future.



**Vital Partners. Essential Solutions.**

This presentation may contain certain forward-looking statements that are not statements of historical fact. Investors can identify some of these statements by forward-looking terms such as 'expect', 'believe', 'plan', 'intend', 'estimate', 'anticipate', 'may', 'will', 'would', and 'could' or similar words. However, please note that these words are not the exclusive means of identifying forward-looking statements.

If at all, there are any forward-looking statements, they are based on current expectations, projections and assumptions about future events. Although Sembcorp Industries believe that these expectations, projections and assumptions are reasonable and there is basis for the statements to be made, these forward-looking statements are subject to the risks (whether known or unknown), uncertainties and assumptions about Sembcorp Industries and its business operations. Some of the key factors that could cause such differences are, among others, the general industry economic and business conditions, currency fluctuations between the Singapore dollar and other currencies, governmental, statutory, regulatory or administrative initiative affecting our business industry trends, future levels and composition of our assets and liabilities, future profitability of our operations, competitive landscape, changes in Singapore tax or similar laws or regulations, and changes in, or the failure to comply with governmental regulations, including exchange control regulations, if any. Given these risks, uncertainties and assumptions, the forward-looking events referred to in this presentation may not occur and actual results may differ materially from those expressly or impliedly contemplated in these forward-looking statements. Investors are cautioned not to place undue reliance or dependency on these forward-looking statements.

Sembcorp Industries has no present obligation whatsoever to update or revise any forward-looking statement, whether as a result of new information, changes in business dynamics, future events or otherwise, except as strictly required by law or a court order.

## Appendix

## Group Profit & Loss



(S\$M)	2Q17	2Q16	Δ%
Turnover	2,275	1,846	23
EBITDA*	334	286	17
Profit from Operations	223	208	7
EBIT	188	170	11
Share of results: Associates & JVs	35	38	(9)
Net Finance Cost	(131)	(85)	(54)
Finance costs	(144)	(91)	(58)
Finance income	13	6	110
PBT	91	123	(26)
Tax	(32)	(28)	(13)
Non-Controlling Interests	(4)	(9)	49
Net Profit	55	86	(36)
EPS (cents)	2.5	4.3	(41)

\*EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

## Group Turnover



(S\$M)	2Q17	2Q16	Δ%
Utilities	1,562	895	75
Marine	655	908	(28)
Urban Development*	2	1	38
Other Businesses	56	42	32
<b>TOTAL TURNOVER</b>	<b>2,275</b>	<b>1,846</b>	<b>23</b>

\* Urban Development businesses comprise mainly associates or joint ventures which are accounted for under the equity method. The turnover reflected was derived from providing services to these associates or joint ventures

## Group Profit from Operations (PFO)



(S\$M)	2Q17	2Q16	Δ%
Utilities	191.1	162.2	18
Marine	22.8	40.4	(44)
Urban Development	10.6	7.4	43
Other Businesses	3.9	3.0	27
Corporate	(5.7)	(5.0)	(15)
<b>TOTAL PFO</b>	<b>222.7</b>	<b>208.0</b>	<b>7</b>

## Group Net Profit



(S\$M)	2Q17	2Q16	Δ%
Utilities	43.0	74.6	(42)
Marine	3.3	7.1	(54)
Urban Development	8.5	6.2	38
Other Businesses	6.0	3.7	61
Corporate	(5.5)	(5.1)	(8)
<b>TOTAL NET PROFIT</b>	<b>55.3</b>	<b>86.5</b>	<b>(36)</b>



## Utilities Turnover



By Geography (\$M)	1H17	1H16	Δ%
Singapore	1,502.4	1,089.4	38
China	62.0	79.1	(22)
India	817.2	421.7	94
Rest of Asia	284.3	-	NM
Middle East & Africa	52.3	47.3	11
UK & the Americas	174.0	161.6	8
Corporate	-	0.6	NM
<b>TOTAL TURNOVER</b>	<b>2,892.2</b>	<b>1,799.7</b>	<b>61</b>
	<b>2Q17</b>	<b>2Q16</b>	<b>Δ%</b>
Singapore	752.1	555.2	36
China	31.3	39.9	(21)
India	454.7	208.6	118
Rest of Asia	225.4	-	NM
Middle East & Africa	26.6	22.6	18
UK & the Americas	79.5	72.6	10
Corporate	-	0.6	NM
<b>TOTAL TURNOVER</b>	<b>1,569.6</b>	<b>899.5</b>	<b>75</b>

Note: Figures are stated before intercompany eliminations

## Utilities Profit From Operations (PFO)



By Geography (\$M)	1H17	1H16	Δ%
Singapore	109.9	88.8	24
China	37.7	57.9	(35)
India	186.7	121.4	54
Rest of Asia	24.4	10.9	123
Middle East & Africa	30.6	29.9	2
UK & the Americas	16.3	22.3	(27)
Corporate	(3.4)	(14.3)	76
<b>PFO before exceptional items</b>	<b>402.2</b>	<b>316.9</b>	<b>27</b>
Exceptional items	(36.0)	-	NM
<b>TOTAL PFO</b>	<b>366.2</b>	<b>316.9</b>	<b>16</b>
	<b>2Q17</b>	<b>2Q16</b>	<b>Δ%</b>
Singapore	59.8	43.3	38
China	12.3	29.6	(59)
India	110.1	68.0	62
Rest of Asia	15.7	5.2	201
Middle East & Africa	19.8	16.5	20
UK & the Americas	3.2	6.4	(50)
Corporate	0.3	(6.8)	NM
<b>PFO before exceptional items</b>	<b>221.2</b>	<b>162.2</b>	<b>36</b>
Exceptional items	(30.1)	-	NM
<b>TOTAL PFO</b>	<b>191.1</b>	<b>162.2</b>	<b>18</b>

## Utilities Net Profit



By Geography (S\$M)	1H17	1H16	Δ%
Singapore	75.8	58.6	29
China	31.2	51.3	(39)
India	(19.8)	2.8	NM
Rest of Asia	24.4	10.9	123
Middle East & Africa	28.1	27.9	1
UK & the Americas	12.0	20.1	(40)
Corporate	(14.3)	(21.7)	34
<b>Net Profit before exceptional items</b>	<b>137.4</b>	<b>149.9</b>	<b>(8)</b>
Exceptional items	(39.1)	-	NM
<b>TOTAL NET PROFIT</b>	<b>98.3</b>	<b>149.9</b>	<b>(35)</b>

	2Q17	2Q16	Δ%
Singapore	41.7	28.8	45
China	9.1	25.7	(65)
India	(3.3)	4.0	NM
Rest of Asia	15.6	5.2	200
Middle East & Africa	18.6	15.5	20
UK & the Americas	2.0	6.3	(68)
Corporate	(6.8)	(10.9)	37
<b>Net Profit before exceptional items</b>	<b>76.9</b>	<b>74.6</b>	<b>3</b>
Exceptional items	(33.9)	-	NM
<b>TOTAL NET PROFIT</b>	<b>43.0</b>	<b>74.6</b>	<b>(42)</b>

© Sembcorp Industries 2017

35

## Utilities Turnover



By Product Segment (S\$M)	1H17	1H16	Δ%
Energy	2,556.3	1,474.4	73
Water	174.8	161.8	8
On-site Logistics & Solid Waste Management	161.1	162.9	(1)
Corporate	-	0.6	NM
<b>TOTAL TURNOVER</b>	<b>2,892.2</b>	<b>1,799.7</b>	<b>61</b>

	2Q17	2Q16	Δ%
Energy	1,403.4	737.3	90
Water	87.0	80.7	8
On-site Logistics & Solid Waste Management	79.2	80.9	(2)
Corporate	-	0.6	NM
<b>TOTAL TURNOVER</b>	<b>1,569.6</b>	<b>899.5</b>	<b>75</b>

Note: Figures are stated before intercompany eliminations

© Sembcorp Industries 2017

36

## Utilities Profit from Operations (PFO)



By Product Segment (\$M)	1H17	1H16	Δ%
Energy	295.6	236.7	25
Water	68.6	56.1	22
On-site Logistics & Solid Waste Management	41.4	38.4	8
Corporate	(3.4)	(14.3)	76
<b>PFO before exceptional items</b>	<b>402.2</b>	<b>316.9</b>	<b>27</b>
Exceptional items	(36.0)	-	NM
<b>TOTAL PFO</b>	<b>366.2</b>	<b>316.9</b>	<b>16</b>
	<b>2Q17</b>	<b>2Q16</b>	<b>Δ%</b>
Energy	169.4	122.7	38
Water	32.4	28.5	14
On-site Logistics & Solid Waste Management	19.1	17.8	7
Corporate	0.3	(6.8)	NM
<b>PFO before exceptional items</b>	<b>221.2</b>	<b>162.2</b>	<b>36</b>
Exceptional items	(30.1)	-	NM
<b>TOTAL PFO</b>	<b>191.1</b>	<b>162.2</b>	<b>18</b>

© Sembcorp Industries 2017

37

## Utilities Net Profit



By Product Segment (\$M)	1H17	1H16	Δ%
Energy	64.1	97.2	(34)
Water*	54.0	42.7	26
On-site Logistics & Solid Waste Management	33.6	31.7	6
Corporate	(14.3)	(21.7)	34
<b>Net Profit before exceptional items</b>	<b>137.4</b>	<b>149.9</b>	<b>(8)</b>
Exceptional items	(39.1)	-	NM
<b>TOTAL NET PROFIT</b>	<b>98.3</b>	<b>149.9</b>	<b>(35)</b>
	<b>2Q17</b>	<b>2Q16</b>	<b>Δ%</b>
Energy	43.3	49.2	(12)
Water	25.0	21.6	16
On-site Logistics & Solid Waste Management	15.4	14.7	5
Corporate	(6.8)	(10.9)	38
<b>Net Profit before exceptional items</b>	<b>76.9</b>	<b>74.6</b>	<b>3</b>
Exceptional items	(33.9)	-	NM
<b>TOTAL NET PROFIT</b>	<b>43.0</b>	<b>74.6</b>	<b>(42)</b>

38