Forward Thinking
A New Strategy for the Future

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FY2017 Performance Round-up

2017 was a challenging year for Sembcorp Industries

• Turnover at S$8.3 billion, up 6%
• Profit from Operations at S$795.3 million, down 13%
• Net Profit at S$230.8 million, down 42%
• EPS at 10.5 cents
• ROE at 3.2%

FY2017 Dividend

• Proposing a final dividend of 2.0 cents per share. If approved, to be paid on May 15, 2018
• This will bring FY2017 dividend to 5.0 cents per share or a dividend payout ratio of 48%

In line with these challenging times, the directors are taking a voluntary 15% reduction in directors’ fees for FY2017. Group President & CEO and senior management are taking a voluntary pay reduction of 15% and 10% respectively

Looking Ahead: Addressing challenges head-on. Taking decisive steps to reposition Sembcorp for success in a rapidly changing world

• Undertook a strategic review of our businesses in 2017
• Charted a clear roadmap for the way forward
Snapshot: Transformation Roadmap towards Sustainable Value Creation

Reposition
• Review / establish strategies and business models
• Refocus businesses, strengthen performance and balance sheet
• Reshape organisation and enhance capabilities

Grow
• Pursue growth strategies
• Deepen reach and expand in existing and growth markets
• Active and systematic capital recycling

Achieve Sustainable Value Creation
• A leader in our industry sectors
• Sustainable businesses that deliver long-term value and growth
• Lift returns
3 Strategic Pillars
underpin our journey towards sustainable value creation

1. **Performance**  Lift performance, strengthen balance sheet
   **HOW?** Reposition Utilities. Ensure strong business models in Utilities, Marine and Urban Development
   **HOW?** Capital recycling, e.g. India IPO, S$0.5 billion targeted Utilities divestment proceeds

2. **Sustainability**  Manage risks, leverage opportunities, make a positive impact
   **HOW?** Double renewables capacity. Reduce carbon emission intensity. Support UN’s sustainable development goals

3. **Dynamic Organisation**  Drive performance, support growth
   **HOW?** Enhance capability development & leadership, governance & culture
Our Businesses
Lift performance, strengthen balance sheet

- Strong business models and industry positions
- In sectors with long-term growth opportunities, e.g. clean energy, urbanisation, gas solutions
- Proven capabilities, strong track record and a valued partner to customers and governments

### Macro themes

- **Global energy transition, low-carbon and cleaner energy**
- **Urbanisation and sustainable development in Asia**
- **Well-positioned to benefit from the O&M industry recovery**

<table>
<thead>
<tr>
<th>Our Businesses</th>
<th>Sembcorp Utilities</th>
<th>Sembcorp Development</th>
<th>Sembcorp Marine</th>
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<tbody>
<tr>
<td><strong>Competitive Position</strong></td>
<td>Owner-operator of a balanced portfolio of high-efficiency thermal and renewable assets</td>
<td>Solid track record in transforming raw land into self-sufficient urban developments</td>
<td>Offers solutions across the O&amp;M value chain, both within and beyond the oil &amp; gas sector</td>
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<td>Proven deep integration expertise in the provision of energy, water and on-site logistics</td>
<td>Strong franchise in Asia. Delivers the economic engine to support industrialisation &amp; urbanisation</td>
<td>Best-in-class integrated facilities. Investments in new technologies and solutions</td>
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### Conclusions from the review

- Reposition as an integrated energy player
- Move up the value chain to business hubs & smart cities
- Support the business through the cycle
Repositioning Utilities as an Integrated Energy Player
Lift performance, strengthen balance sheet

Integrated Energy Player
Expanding and deepening our presence across the energy and utilities value chain.

(1) Focus on 3 business lines
- GAS & POWER
- MERCHANT & RETAIL
- RENEWABLES & ENVIRONMENT

(2) Balanced portfolio in certain developing and developed markets
Deepen presence in 4 key markets
- Singapore & SEA
- China
- India
- UK

(3) Create value through the Sembcorp O^4 model
- ORIGINATOR
- OWNER/INVESTOR
- OPERATOR
- OPTIMISER

Fundamental shifts in the global energy landscape

Decarbonisation
Changing global energy mix to more gas and renewables, less coal

Decentralisation
Shift to distributed energy systems opening up opportunities for merchant & retail power

Digitalisation
Deployment of digital technologies to enhance operations and capture new opportunities

Demand disruptions
Energy efficiency
Distributed generation
Electrification of vehicles

Performance • Sustainability • Dynamic Organisation

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Creating value through the Sembcorp O⁴ Model

Growth Platform

INTEGRATED ENERGY PLATFORM
Multiple offerings around anchor assets

INTEGRATED ENERGY PLATFORM

BENEFITS
Returns uplift
Additional offerings enhance services and products while providing upside to earnings

Deepens relationship with customers
Insights into customer requirements provide scope for additional tailored solutions with minimal investments

Provides growth while lowering development risk
Leverages knowledge of stakeholders and markets to gain further access and scale up

Systematic Capital Recycling

Target utilities divestments of up to S$0.5 billion over the next two years (excluding proposed IPO of SEIL)

Proposed IPO of Sembcorp Energy India Limited (SEIL)

Planned divestment of South African municipal water operations
Double renewables capacity to ~4,000MW by 2022
- To create one of the region’s leading independent renewable energy players

Reduce carbon emission intensity by close to 25%
- From 0.55tCO₂e/MWh to 0.42tCO₂e/MWh by 2022, and to less than 0.40tCO₂e/MWh by 2030

Play a part in furthering the UN Sustainable Development Goals (SDGs)
- Priority SDGs: 6 & 7

Potential growth opportunities for renewables in the region
Dynamic Organisation
Drive performance, support growth

Capability development and leadership
• Augment capabilities in new business lines, e.g. merchant & risk, retail & downstream
• Accelerate technology adoption and deployment of digital technologies
• Performance scorecard includes specific ESG KPIs

Governance and culture
• Moving towards an Integrated Audit Framework (Finance, IT, Operations, HSSE)
• Integrity at core of culture
  – New ethics & compliance function
  – Revised code of conduct and enhanced anti-bribery & corruption programme