Embracing Change, Enabling the Future

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Group President & CEO
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FY2018 Group Performance Round-up

Financial Highlights
• Turnover at S$11,689 million, up 30%
• Profit from Operations at S$841 million, down 22%
• Net Profit at S$347 million, down 9%
• EPS at 17.0 cents
• ROE at 5.1%

Utilities
Net Profit
S$312 million
↑123%

Marine
Net Profit / (Loss)*
(S$48 million)

Urban Development
Net Profit
S$86 million
↑4%

Proposing final dividend of 2.0 cents per share, bringing total dividend for FY2018 to 4.0 cents per share

* Sembcorp’s share of Marine’s net profit / (loss)
** Restated in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS) frameworks and the new accounting standards. All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I)s unless otherwise specified.
Embracing Change, Enabling the Future

**Fundamental Shifts in the Global Energy Landscape**

<table>
<thead>
<tr>
<th>Climate Change</th>
<th>Sustainable Development</th>
<th>Market Disruption</th>
<th>Technological Advancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change is becoming a more pressing issue and urgent action is needed to combat its impact</td>
<td>Growing recognition of the reality of climate change and increasing pressure on finite resources has underscored the importance of sustainable development</td>
<td>Fast-changing trends, advances in technology and new business challenges are creating disruptions and opportunities in the market</td>
<td>Digitalisation and technological advancement are disrupting and transforming almost every sector and fundamentally changing the way we live, work and operate</td>
</tr>
</tbody>
</table>

![Climate Change Graph](image)

![Sustainable Development](image)

![Market Disruption](image)

![Technological Advancement](image)
## Repositioning Sembcorp
Making progress on our strategy

### PERFORMANCE

<table>
<thead>
<tr>
<th>OUR PRIORITIES</th>
<th>Utilities</th>
<th>Marine</th>
<th>Urban Development</th>
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<tr>
<td><strong>Lifting Performance and Returns</strong></td>
<td>• Net profit growth of 123% from 2017, up 23% excluding EI</td>
<td>• Net loss of S$48 million. Work volume significantly below peak levels and competition remained intense</td>
<td>• Net profit up 4% from 2017, second year of record earnings</td>
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<tr>
<td></td>
<td>• India turnaround to profitability</td>
<td></td>
<td>• Record net orderbook secured, up 69% from 2017</td>
</tr>
<tr>
<td><strong>Reshaping Portfolio</strong></td>
<td><strong>Deepening presence in key markets</strong>&lt;br&gt;• <strong>Singapore and South East Asia</strong>&lt;br&gt;  − Extended gas business to include LNG importation&lt;br&gt;  − Entered Singapore Open Electricity Market as a power retailer&lt;br&gt;  − Grew solar capacity to over 120MW in Singapore&lt;br&gt;  − Completed the 230MW Sembcorp Myingyan Independent Power Plant in Myanmar&lt;br&gt;• <strong>India</strong>&lt;br&gt;  − Consolidated thermal and renewable energy businesses under single entity SEIL&lt;br&gt;  − Grew renewables portfolio by 300MW&lt;br&gt;• <strong>UK</strong>&lt;br&gt;  − Firm foothold in flexible distributed generation and energy storage with acquisition of UK Power Reserve</td>
<td><strong>Moving up the value chain</strong>&lt;br&gt;• Positioning for the future with state-of-the-art Tuas Boulevard Yard&lt;br&gt;• Successfully moved into renewable energy engineering solutions with contract wins</td>
<td><strong>Supporting urbanisation</strong>&lt;br&gt;• Pursuing adjacencies and offering new business models such as specialised business hubs and smart developments&lt;br&gt;• Launched and sold first residential development in China</td>
</tr>
<tr>
<td><strong>Strengthening Balance Sheet</strong></td>
<td><strong>Unlocking value</strong> – Cash proceeds of over S$200 million* from divestments since the beginning of 2018</td>
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*Cash proceeds from divestments of waste paper recycling, medical waste operations and Sembcorp EOSM in Singapore, Sembcorp Xinmin Water Co and Hongshan Mansion held under Wuxi Singapore Property Investment Co in China, Centralised Utilities Company in Oman and municipal water operations in South Africa
## SUSTAINABILITY

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<tr>
<td>Established Climate Change Strategy</td>
<td>Targets to reduce GHG emission intensity to 0.42 tCO₂e/MWh by 2022 and &lt;0.40 tCO₂e/MWh by 2030 and increase renewables capacity to ~4,000MW by 2022</td>
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</table>
| Growing Renewables and Other Green Solutions | • Renewable energy capacity now 2,600MW, up ~20% from end-2017  
• Entry into battery storage with construction of UKPR’s 120MW battery storage portfolio underway  
• A leading solar player in Singapore with over 120MW peak  
• More than 1,700MW of renewable energy capacity in India  
• First to commission 250MW SECI 1 project, India’s first nationwide wind power tender |
| Embedding Sustainability in the Organisation | New KPI Framework incorporates Environmental, Social and Governance (ESG) components                                                                         |

## DYNAMIC ORGANISATION

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<th>OUR PRIORITIES</th>
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<tr>
<td>Building and Deepening Capabilities</td>
<td>Building leadership bench strength</td>
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<td></td>
<td><strong>Augmenting capabilities</strong></td>
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<tr>
<td>Merchant &amp; Retail</td>
<td>Digital &amp; Technology</td>
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<tr>
<td>Risk Management &amp; Compliance</td>
<td>Embedding innovation in our business by developing differentiated solutions</td>
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Repositioning Sembcorp
Sembcorp Power
Utilities – Steady Performance in 2019

**Singapore**
- Competition in power market remains intense. Phasing out of vesting contracts
- One of the top retailers in the Open Electricity Market, which will be extended nationwide by May 2019
- Opportunity for renewables growth as a leading solar rooftop player
- Sale completion of utilities assets formerly serving Jurong Aromatics Corporation to ExxonMobil expected by early 2020

**India**
- SEIL Project 2 making progress in firming up long-term power sales
  - Long-term PPA for the supply of 250MW to Bangladesh for 15 years commenced in Feb 2019
  - Received Letter of Award, subject to regulatory approval, to supply 500MW of power to Andhra Pradesh for 8 years in Feb 2019
- Additional 550MW of renewables to come onstream in 2019
- Moving towards self O&M for tighter operational control
- Continue to monitor market conditions for potential IPO
- Long-term outlook for power market remains positive. Current situation of peak surplus expected to reverse by Fiscal Year 2020 according to independent research house CRISIL
- Potential volatility with India elections

**UK**
- Full-year contribution from UK Power Reserve
  - Seasonal merchant operations dependent on volatility in the power market
  - Capacity market remains suspended
  - Exploring options to enhance recurring income through other markets that require flexibility
- Political and regulatory uncertainty with Brexit
- Long-term outlook remains positive for the power market and flexible generation assets

**Looking Ahead**
Looking Ahead

Marine – Outlook Remains Challenging

- Overall business volume and activity, while stabilising, is expected to remain relatively low
- While offshore drilling activities have increased, offshore rig orders will take some time to recover as the market remains over-supplied. Offshore production units are expected to dominate potential orders
- Future new orders may have increased working capital needs as the industry continues to adjust to changing business models and constrained capital availability
- Taking steps to manage costs, cashflows and gearing to address the balance sheet and to capitalise on new business opportunities

Urban Development – Earnings Growth Expected to Continue

- Recognition of income from the sale of Riverside Grandeur residential development in China. Progressive handover expected in 2019
- International Water Hub commercial development expected to be completed late 2019
- Record net orderbook of 425ha to be recognised as land sales over 2-3 years
- Leveraging synergies with energy business to provide sustainable solutions
Sustainable Value Creation

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

Grow
In progress
• 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

Sustainable Value Creation
• A leader in our industry sectors
• Sustainable businesses that deliver long-term value and growth