



1H2019 Results Announcement

August 14, 2019

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CEO's Report

Neil McGregor
Group President & CEO

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1H2019 vs 1H2018 Group Performance Round-up



Turnover at S\$4,851 million, down 21%
 Profit from Operations at S\$455 million, up 12%
 Net Profit at S\$191 million, up 20%
 EPS at 9.7 cents
 Group ROE (annualised) at 5.6%

The Board announces an interim dividend of 2.0 cents per ordinary share, to be paid on September 4, 2019



Sirajganj Unit 4 power plant, Bangladesh



Sembcorp's solar power business, Singapore



Sembcorp's International Water Hub, Nanjing, China

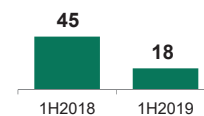
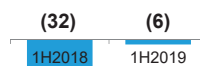
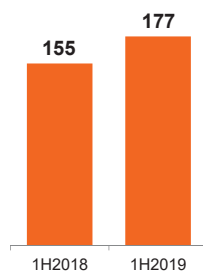


Sleipnir, the world's largest, strongest and most sustainable semi-submersible crane vessel newbuild

1H2019 vs 1H2018 Group Performance Round-up



Energy	Marine	Urban
Net Profit S\$177 million	Net Profit / (Loss)* (S\$6 million)	Net Profit S\$18 million
↑14%		↓60%



- **Energy:** Earnings growth underpinned mainly by good performance in Southeast Asia (ex-Singapore), China and India
- **Marine:** Net loss due to continued low overall business volume offset by margin recognition from newly secured production floater projects and the delivery of a rig
- **Urban:** Stable profit contribution from Vietnam and lower contribution from China

* Sembcorp's share of Marine's net profit / (loss)

Reshaping Portfolio for Global Energy Transition

Deepening presence in key markets

India: Profitability continues to improve

- 1H19 net profit up 46% to S\$35 million
- Injection of new equity to grow renewables business
 - Equity injection of S\$101.6 million
- Phased commissioning of 200MW out of 550MW for the SECI 2 and SECI 3 wind power projects achieved
 - 450MW of operational SECI capacity, the largest generating capacity amongst SECI wind project developers
 - Total renewables capacity of over 1,700MW



Singapore: Strengthening home base with integrated energy offering

- Grew solar power capacity by over 40% to 166MWp
 - Renewable energy partner to companies including YCH Logistics, Cache Logistics Trust, Experia Events and CapitaLand
- Nationwide launch of Open Electricity Market in May 2019. 60,000 customers secured to date



Looking ahead

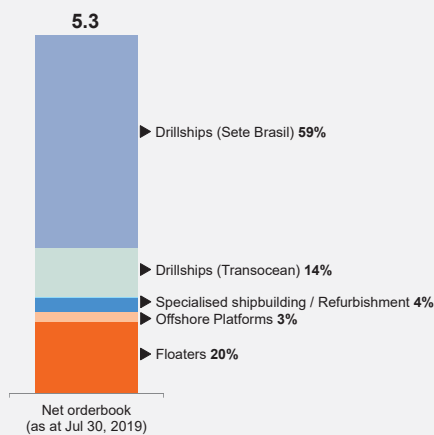
Singapore	<ul style="list-style-type: none"> ➢ Major maintenance shutdowns for power generation assets to take place in the second half of 2019 ➢ Sale completion of utilities assets formerly serving Jurong Aromatics Corporation to ExxonMobil expected by end-2019 ➢ Evaluating investment decision to replace one of the combined heat and power facilities on Jurong Island with more efficient technology
India	<ul style="list-style-type: none"> ➢ Additional 350MW of renewables to come onstream in 2019 ➢ Long-term outlook for power market remains positive. Current situation of peak surplus expected to reverse by March 2020 according to independent research house CRISIL
UK	<ul style="list-style-type: none"> ➢ UK Power Reserve: Challenging merchant market and suspended capacity market continue to negatively impact performance

Challenging Market Environment

Total Net Orderbook (as at July 30, 2019)

S\$5.3 billion

Net orderbook at S\$2.1 billion excluding the Sete Brasil drillships



- Secured new orders worth about S\$175 million in 1H2019
- Completion of world's largest, strongest and most sustainable semi-submersible crane vessel for Heerema



Sleipnir, the world's largest and strongest semi-submersible crane vessel

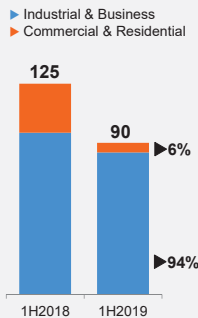
Looking ahead

- Workforce optimisation and rightsizing continue to be implemented in line with current and foreseeable level of activities
- Competition remains intense and margins compressed. Challenges in the offshore and marine sector persist and sustained recovery in new orders will take time
- With insufficient new orders secured in the last few quarters, Sembcorp Marine is expecting the losses for the second half to be higher than the first half, with the full year losses projected to be similar in range to last year's losses

Healthy Orderbook to Underpin Future Performance

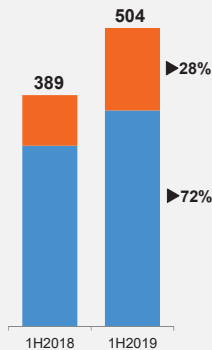
Total Land Sales

- Continued interest in Vietnam industrial land
- Commercial & residential land sold in Nanjing



Total Net Orderbook

- Strong interest in Vietnam across both land categories



- Healthy orderbook driven by increase in Vietnam land commitments
- 900 hectares of saleable land from two new VSIP developments in Bac Ninh and Binh Duong secured and to be added to the land inventory upon the approval of the project masterplans

Looking ahead

- Strong demand for industrial land in Vietnam expected to continue
- Nanjing Riverside Grandeur launched and sold in 4Q18, progressive recognition in 2H2019
- Record net orderbook of 504 hectares to be recognised as land sales over 2-3 years

Repositioning Sembcorp

Making progress on strategy amidst challenging market conditions



* Cash proceeds from divestments of waste paper recycling, medical waste operations, Sembcorp EOSM and Gallant Venture in Singapore, Sembcorp Xinmin Water Co, Sembcorp Lianyungang 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

Financial Review

Graham Cockroft
Group CFO

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Group Profit & Loss

(\$ million)	1H19	1H18	Δ%
Turnover	4,851	6,102	(21)
EBITDA*	705	554	27
Profit from Operations	455	405	12
EBIT	356	308	16
Share of results: Associates & JVs	99	97	2
Net Finance Cost	(222)	(200)	(11)
Finance costs	(289)	(235)	(23)
Finance income	67	35	91
PBT	233	205	14
Tax	(34)	(61)	44
Non-controlling Interests	(8)	15	NM
Net Profit	191	159	20
EPS (cents)	9.7	7.6	28
ROE** (%)	5.6	4.5	

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

** Annualised

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Group Turnover



(S\$ million)	1H19	1H18	Δ%
Energy	3,153	3,173	(1)
Marine	1,542	2,808	(45)
Urban*	1	1	-
Other Businesses	155	120	29
TOTAL TURNOVER	4,851	6,102	(21)

* Urban 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\$ million)	1H19	1H18	Δ%
Energy	446	406	10
Marine	(1)	(33)	97
Urban	19	49	(61)
Other Businesses	7	(7)	NM
Group Corporate	(16)	(10)	(60)
TOTAL PFO	455	405	12

Group Net Profit



(S\$ million)	1H19	1H18	Δ%
Energy	177	155	14
Marine	(6)	(32)	81
Urban	18	45	(60)
Other Businesses	14	(1)	NM
Group Corporate	(12)	(8)	(50)
TOTAL NET PROFIT	191	159	20

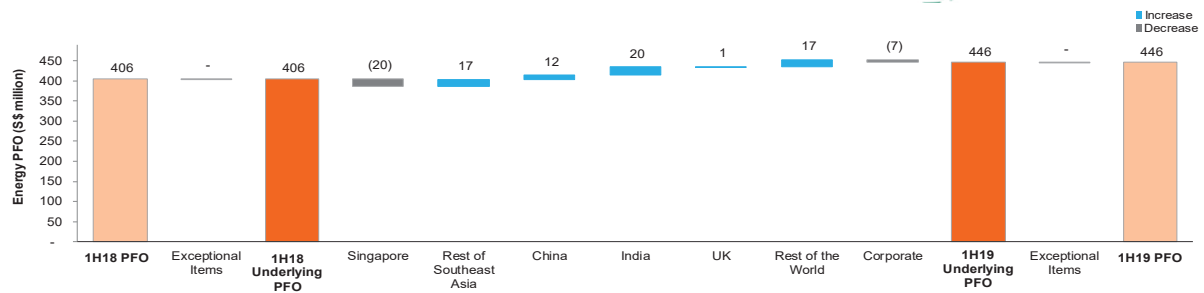
Energy Profit from Operations (PFO)



By Geography (S\$ million)	1H19	1H18	Δ%
Singapore	94	114	(18)
Rest of Southeast Asia	31	14	121
China	66	54	22
India	215	195	10
UK	15	14	7
Rest of the World*	54	37	46
Corporate	(29)	(22)	(32)
Underlying PFO	446	406	10
Exceptional Items	-	-	-
TOTAL PFO	446	406	10

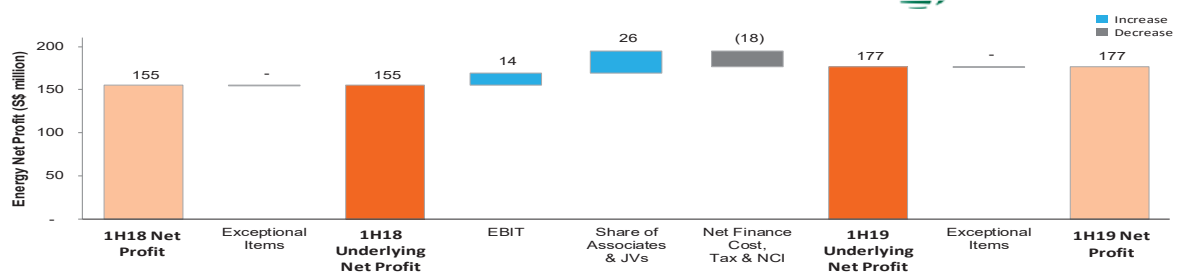
* Rest of the World includes the Americas, Australia, Bangladesh and Middle East

Energy Profit from Operations (PFO)



- **Singapore:** Decline due to lower spark spreads and Open Electricity Market operating expenses
- **Rest of Southeast Asia:** Higher contribution with higher offtake for Phu My 3 in Vietnam, completion of Myingyan power plant in Myanmar and recognition of S\$6 million liquidated damages income for Myingyan in 1Q19
- **China:** Higher generation from Chongqing Songzao and higher contribution with increased operational wind capacity
- **India:** SEIL Thermal Project 1 and Project 2 contributed 1H19 PFO of S\$83 million (1H18: S\$103 million) and S\$57 million (1H18: S\$39 million) respectively. Performance for Project 1 was negatively affected by shutdown of Unit 1 from Jan 1 to Feb 24, 2019. 2Q19 included the recognition of settlement with a customer on late payment partially offset by an expected credit loss provision (net S\$19 million). Project 2 earnings improved on higher dark spreads and better short-term contracted positions. SGI PFO was S\$74 million (1H18: S\$52 million) with improvement driven by better wind resource. SGI PFO in 1Q19 also included a reversal of accrued maintenance fees no longer payable (S\$7 million)
- **UK:** 1H19 earnings benefitted from UKPR's recognition of triad revenue in 1Q19 but was offset by shutdowns and maintenance at Sembcorp Biomass Power Station (Wilton 10), Wilton 11 energy-from-waste plant and Wilton Power Station
- **Rest of the World:** Higher contribution from Sirajganj Unit 4 power plant in Bangladesh offset loss of income from operations in South Africa post-divestment in 4Q18. South Africa contributed S\$7 million in PFO for 1H18
- **Corporate:** Lower due to S\$6 million of liquidated damages payment in 1Q19 and ongoing investments in capabilities including digital & technology

Energy Net Profit



1H19 performance compared to 1H18

- EBIT increased by S\$14 million due to better performance from China, India and contribution from newly operational facilities in Myanmar and Bangladesh
- Share of Associates & JVs increased, driven by better performance from Vietnam, China and Middle East
- Higher net finance cost (S\$41 million) and higher profit attributable to non-controlling interests (S\$5 million) partially offset by lower tax (S\$28 million)

Group Capex and Equity Investment



(S\$ million)	1H19	1H18
Capital Expenditure		
Energy	294	296
Marine	214	111
Urban / Other Businesses	1	3
	509	410
Equity Investment		
Energy	-	697
Marine	-	-
Urban / Other Businesses	9	2
	9	699

Group Free Cash Flow



(S\$ million)	1H19	1H18
Cash Flow From Operating Activities		
- Before Changes in Working Capital	721	580
- Changes in Working Capital	222	(485)
- Tax Paid	(61)	(61)
	882	34
Cash Flow From Investing Activities		
- Divestments, Dividend and Interest Income	391	258
- Investments, Capex and Non-trade Balances*	(830)	(784)
	(439)	(526)
- Add Back: Expansion Capex	490	594
FREE CASH FLOW	933	102

* Payables for capital works / fixed assets

Group Borrowings



(S\$ million)	Jun 30, 2019	Dec 31, 2018
Capital Structure		
Gross Debt	10,819	10,732
Total Equity*	8,067	7,938
Total Capital	18,886	18,670
Corporate Debt	2,953	3,319
Project Finance Debt	3,752	3,183
Sembcorp Marine Debt	4,114	4,230
Gross Debt	10,819	10,732
Less: Cash and Cash Equivalents	(2,084)	(1,925)
Net Debt	8,735	8,807
Interest Cover (times)	2.4	2.5
Gross Debt-to-Capitalisation ratio	0.57	0.57
Net Debt-to-Capitalisation ratio	0.46	0.47

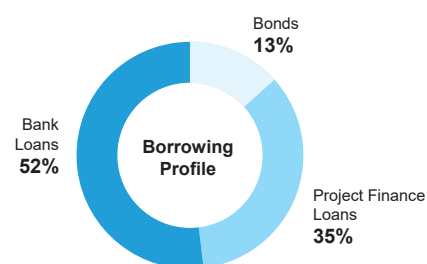
* Includes perpetual securities

Group Debt Profile



Maturity Profile (S\$ million)

As at June 30, 2019	Within 1 year	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	After 5 years	Total
Corporate	1,190	104	278	111	622	648	2,953
Project finance	765	176	192	198	342	2,079	3,752
Sembcorp Marine	2,147*	1,070	572	-	-	325	4,114
Total	4,102	1,350	1,042	309	964	3,052	10,819
%	38%	12%	10%	3%	9%	28%	100%



* On June 21, 2019, Sembcorp Industries provided a S\$2 billion five-year subordinated loan facility to Sembcorp Marine. On July 8, 2019, S\$1.5 billion was drawn down by Sembcorp Marine to retire short-term borrowings and reprofile the remaining borrowings with longer-term maturities to strengthen its financial position

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Appendix

Group Profit & Loss



(S\$ million)	2Q19	2Q18	Δ%
Turnover	2,372	3,344	(29)
EBITDA*	356	268	33
Profit from Operations	232	192	21
EBIT	178	136	31
Share of results: Associates & JVs	54	56	(4)
Net Finance Cost	(115)	(103)	(12)
Finance costs	(147)	(121)	(21)
Finance income	32	18	78
PBT	117	89	31
Tax	(15)	(24)	38
Non-controlling Interests	(4)	17	NM
Net Profit	98	82	20
EPS (cents)	5.0	3.9	26

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

Group Turnover



(S\$ million)	2Q19	2Q18	Δ%
Energy	1,561	1,663	(6)
Marine	731	1,627	(55)
Urban*	1	1	-
Other Businesses	79	53	49
TOTAL TURNOVER	2,372	3,344	(29)

* Urban 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\$ million)	2Q19	2Q18	Δ%
Energy	231	216	7
Marine	(7)	(52)	87
Urban	12	37	(68)
Other Businesses	4	(4)	NM
Group Corporate	(8)	(5)	(60)
TOTAL PFO	232	192	21

Group Net Profit



(S\$ million)	2Q19	2Q18	Δ%
Energy	92	85	8
Marine	(6)	(34)	82
Urban	11	35	(69)
Other Businesses	7	1	NM
Group Corporate	(6)	(5)	(20)
TOTAL NET PROFIT	98	82	20

Energy Turnover



By Geography (\$ million)	1H19	1H18	Δ%
Singapore	1,809	1,763	3
Rest of Southeast Asia	31	32	(3)
China	105	103	2
India	846	924	(8)
UK	253	192	32
Rest of the World*	125	173	(28)
TOTAL TURNOVER	3,169	3,187	(1)
	2Q19	2Q18	Δ%
Singapore	882	931	(5)
Rest of Southeast Asia	15	16	(6)
China	57	52	10
India	460	483	(5)
UK	93	98	(5)
Rest of the World*	62	91	(32)
TOTAL TURNOVER	1,569	1,671	(6)

* Rest of the World includes the Americas, Australia, Bangladesh and Middle East
Note: Figures are stated before intercompany eliminations

Energy Profit From Operations (PFO)



By Geography (\$ million)	1H19	1H18	Δ%
Singapore	94	114	(18)
Rest of Southeast Asia	31	14	121
China	66	54	22
India	215	195	10
UK	15	14	7
Rest of the World*	54	37	46
Corporate	(29)	(22)	(32)
Underlying PFO	446	406	10
Exceptional Items	-	-	-
TOTAL PFO	446	406	10
	2Q19	2Q18	Δ%
Singapore	51	63	(19)
Rest of Southeast Asia	11	8	38
China	33	17	94
India	140	128	9
UK	(19)	1	NM
Rest of the World*	30	18	67
Corporate	(15)	(19)	21
Underlying PFO	231	216	7
Exceptional Items	-	-	-
TOTAL PFO	231	216	7

* Rest of the World includes the Americas, Australia, Bangladesh and Middle East

Energy Net Profit



By Geography (\$ million)	1H19	1H18	Δ%
Singapore	61	78	(22)
Rest of Southeast Asia	23	10	130
China	58	48	21
India	35	24	46
UK	6	6	-
Rest of the World*	39	31	26
Corporate	(45)	(42)	(7)
Underlying Net Profit	177	155	14
Exceptional Items	-	-	-
TOTAL NET PROFIT	177	155	14
	2Q19	2Q18	Δ%
Singapore	36	43	(16)
Rest of Southeast Asia	6	5	20
China	29	15	93
India	42	39	8
UK	(18)	(4)	NM
Rest of the World*	22	16	38
Corporate	(25)	(29)	14
Underlying Net Profit	92	85	8
Exceptional Items	-	-	-
TOTAL NET PROFIT	92	85	8

* Rest of the World includes the Americas, Australia, Bangladesh and Middle East

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Energy Turnover



By Product Segment (\$ million)	1H19	1H18	Δ%
Gas & Thermal Power	2,753	2,761	-
Renewables & Environment	416	426	(2)
Renewable Power	109	79	38
Water & Others	307	347	(12)
TOTAL TURNOVER	3,169	3,187	(1)
	2Q19	2Q18	Δ%
Gas & Thermal Power	1,349	1,442	(6)
Renewables & Environment	220	229	(4)
Renewable Power	68	52	31
Water & Others	152	177	(14)
TOTAL TURNOVER	1,569	1,671	(6)

Gas & Thermal Power product segment includes gas, thermal power, steam and on-site logistics
Renewables & Environment product segment includes renewable power, water, waste management and waste-to-resource
Note: Figures are stated before intercompany eliminations

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Energy Profit From Operations (PFO)



By Product Segment (\$ million)	1H19	1H18	Δ%
Gas & Thermal Power	315	275	15
Renewables & Environment	160	153	5
Renewable Power	97	62	56
Water & Others	63	91	(31)
Corporate	(29)	(22)	(32)
Underlying PFO	446	406	10
Exceptional Items	-	-	-
TOTAL PFO	446	406	10
	2Q19	2Q18	Δ%
Gas & Thermal Power	163	151	8
Renewables & Environment	83	84	(1)
Renewable Power	61	43	42
Water & Others	22	41	(46)
Corporate	(15)	(19)	21
Underlying PFO	231	216	7
Exceptional Items	-	-	-
TOTAL PFO	231	216	7

Gas & Thermal Power product segment includes gas, thermal power, steam and on-site logistics
Renewables & Environment product segment includes renewable power, water, waste management and waste-to-resource

Energy Net Profit



By Product Segment (\$ million)	1H19	1H18	Δ%
Gas & Thermal Power	142	107	33
Renewables & Environment	80	90	(11)
Renewable Power	36	21	71
Water & Others	44	69	(36)
Corporate	(45)	(42)	(7)
Underlying Net Profit	177	155	14
Exceptional Items	-	-	-
TOTAL NET PROFIT	177	155	14
	2Q19	2Q18	Δ%
Gas & Thermal Power	78	62	26
Renewables & Environment	39	52	(25)
Renewable Power	24	22	9
Water & Others	15	30	(50)
Corporate	(25)	(29)	14
Underlying Net Profit	92	85	8
Exceptional Items	-	-	-
TOTAL NET PROFIT	92	85	8

Gas & Thermal Power product segment includes gas, thermal power, steam and on-site logistics
Renewables & Environment product segment includes renewable power, water, waste management and waste-to-resource

Group Borrowings

Balanced fixed / floating borrowings portfolio



(S\$ million)	Amount Drawn	Fixed / Floating Rate*	Year of Maturity
Corporate debt	2,953		
Medium Term Notes (<i>issued 2010</i>)	300	3.73%	2020
Medium Term Notes (<i>issued 2010</i>)	100	4.25%	2025
Medium Term Notes (<i>issued 2013</i>)	200	3.64%	2024
Medium Term Notes (<i>issued 2014</i>)	100	2.94%	2021
Medium Term Notes (<i>issued 2014</i>)	150	3.59%	2026
Term Loans & Revolving Credit Facilities	2,103	Floating	2019 - 2026
Project Finance debt	3,752		
Sembcorp Jingmen Water	3	Fixed	2019
Sembcorp NCIP Water Co	5	Floating	2020
Sembcorp Tianjin Lingang Water Co	3	Floating	2022
Sembcorp Zhangjiagang Free Trade Zone	2	Floating	2020
Sembcorp Energy India	1,679	Floating	2036
Sembcorp Green Infra	1,357	Fixed & Floating	2019 - 2039
Sembcorp Utilities (Chile)	8	Floating	2031
Sembcorp Myingyan Power	328	Fixed & Floating	2036
Sembcorp North-West Power Company	367	Floating	2030
Sembcorp Marine debt	4,114		
Medium Term Notes (<i>issued 2014</i>)	275	2.95%	2021
Medium Term Notes (<i>issued 2014</i>)	325	3.85%	2029
Term Loans & Revolving Credit Facilities	3,514	Floating	2019 - 2029

* The classification of fixed or floating rate is based on the stated terms of the loan agreement. For floating rate loans, the Group may subsequently utilise interest rate swaps and cross currency swaps to hedge the variability in cash flows

Apart from the medium term notes, the Company has S\$800 million outstanding perpetual securities. The perpetual securities are accounted as equity of the Group.

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