

PRESS RELEASE

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Sembcorp Industries FY2019 Results**SEMBCORP UNDERLYING FY2019 NET PROFIT UP 17% TO S\$395 MILLION****- Net profit of S\$247 million after exceptional items of negative S\$148 million**

Singapore, February 21, 2020 – Sembcorp Industries (Sembcorp) posted a net profit of S\$247 million and turnover of S\$9.6 billion for full year 2019 (FY2019), compared to S\$347 million and S\$11.7 billion respectively in FY2018. Excluding exceptional items, underlying Group net profit grew 17% to S\$395 million.

The Urban business delivered record profits in 2019, registering a net profit growth of 36% to S\$117 million. Underlying profits for the Energy business was up 12% to S\$360 million. However, due to exceptional items totalling a negative S\$165 million (comprising divestment gains offset mainly by impairments), the Energy business posted a net profit of S\$195 million compared to S\$312 million the previous year. Amidst challenging market conditions, the Marine business turned in a loss of S\$85 million to the Group in 2019.

Quote from Neil McGregor, Group President & CEO of Sembcorp Industries:

“While overall Group performance in 2019 was impacted by losses in the Marine business, as well as impairments taken for Energy assets, underlying net profit for the Group increased 17% to S\$395 million. Our Urban business delivered another year of record profits while underlying earnings for the Energy business improved with overseas markets performing better, and India continuing its profit growth trajectory. Net profit from the renewable energy business increased nearly five-fold since 2016 to S\$80 million in 2019. With a focus on systematic capital recycling, the Group recorded total cash proceeds of S\$600 million from our divestment programme since the beginning of 2018, exceeding our S\$500 million target.

“Driven by our purpose to play our part in creating a sustainable future, we are confident that the actions we are taking in our transformation journey will make for a stronger, better performing and more sustainable Sembcorp.”

BUSINESS UPDATES

- **Unlocking value through systematic capital recycling**

The Group achieved total divestment proceeds of S\$600 million since the beginning of 2018, exceeding our S\$500 million target.

- **Underlying profit for the Energy business grew 12% to S\$360 million, driven by better performance from its overseas operations.** Including exceptional items, the Energy business posted a net profit of S\$195 million, compared to S\$312 million in FY2018. The business continued to reshape its portfolio with a focus on key geographies and on offering a suite of integrated energy solutions to support a renewable future. Since 2016, net profit from the renewables business has increased nearly five-fold to S\$80 million.

Exceptional items, totalling a negative S\$165 million, comprised impairments of S\$245 million, S\$86 million of net gains from the divestment of businesses and assets and a net S\$6 million mainly for provisions.

- **The Urban business posted a record net profit of S\$117 million, up 36% from S\$86 million the year before.** This was driven by the recognition of profit from property development with the successful completion and handover of *Riverside Grandeur* in Nanjing, China.
- **The Marine business recorded a net loss of S\$85 million compared to net loss of S\$48 million in FY2018,** mainly due to accelerated depreciation for the Tanjong Kling yard and continued low overall business volume, partly offset by profits from the repairs and upgrade business, which saw a rise in profits on improved margins and better product mix.

FINANCIAL SUMMARY

S\$ million	4Q2019	4Q2018	Δ%	FY2019	FY2018	Δ%
Turnover	2,317	2,566	(10)	9,618	11,689	(18)
Profit from Operations¹	93	219	(58)	749	841	(11)
<u>Net Profit after Exceptional Items</u>						
Energy	(63)	65	NM	195	312	(38)
Urban	87	33	164	117	86	36
Other Businesses	17	7	143	45	16	181
Group Corporate	(9)	*	NM	(25)	(19)	(32)
Net Profit (excluding Marine)	32	105	(70)	332	395	(16)
Marine	(47)	1	NM	(85)	(48)	(77)
Net Profit after Exceptional Items	(15)	106	NM	247	347	(29)
Exceptional Items	(141)	4	NM	(148)	8	NM
Net Profit before Exceptional Items	126	102	24	395	339	17

¹ Profit from Operations = Earnings before Interest and Tax + Share of Associates and JVs' results (net of tax)

* Less than S\$1 million

FINAL DIVIDEND

In view of the Group's improved underlying profits, a final dividend of 3.0 cents per ordinary share is proposed. Together with an interim dividend of 2.0 cents per ordinary share paid in September 2019, this brings the Group's total dividend for the year to 5.0 cents per ordinary share.

GROUP OUTLOOK

Looking forward in 2020 there continues to be downside risks to global economic growth expectations with heightened geopolitical tensions as well as the impact of the COVID-19 outbreak on China and the region.

While the offshore and marine sector continues to experience a sustained downturn, the Group's Energy and Urban businesses will continue to underpin Group performance in 2020. The Group remains committed to its transformation plan, anchored by strong fundamentals and increasing opportunities to provide sustainable solutions to support the global energy transition.

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ABOUT SEMBCORP INDUSTRIES

Sembcorp Industries is a leading energy, marine and urban development group, operating across multiple markets worldwide.

As an integrated energy player, Sembcorp is poised to benefit from the global energy transition. With a strong track record in developing and developed markets, we provide solutions across the energy and utilities value chain, with a focus on the Gas & Power, Renewables & Environment, and Merchant & Retail sectors. We have a balanced energy portfolio of over 12,600MW, including thermal power plants, renewable wind and solar power assets and battery storage. In addition, Sembcorp is a world leader in offshore and marine engineering, as well as an established brand name in urban development.

Sembcorp Industries has total assets of over S\$23 billion and over 7,000 employees. Listed on the main board of the Singapore Exchange, it is a component stock of the Straits Times Index, several MSCI and FTSE indices including the FTSE4Good Index, as well as the SGX Sustainability Leaders Index and the Dow Jones Sustainability Asia Pacific Index.