

PRESS RELEASE

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SEMBCORP PROVIDES PROFIT GUIDANCE FOR THE SECOND HALF AND FULL YEAR ENDING DECEMBER 31, 2020

Singapore, December 7, 2020 – Sembcorp Industries (the Group) wishes to provide the following updates and profit guidance for the unaudited consolidated financial statements for the second half ending December 31, 2020 (2H2020) and the full year ending December 31, 2020 (FY2020).

As announced on September 11, 2020, following the completion of the distribution in specie of ordinary shares in the capital of Sembcorp Marine, the Group recorded a non-cash, non-recurring loss of approximately S\$1,118 million. This resulted from the fair value of the distribution in specie as at September 11, 2020 of S\$1,597 million being lower than the carrying amount of Sembcorp Marine of S\$2,715 million as at June 30, 2020. The loss will be adjusted based on the carrying value of Sembcorp Marine shares up to September 11, 2020.

Given the unprecedented impact of COVID-19 on the global economic outlook and the challenging market environment, the Group is announcing today that there will be impairments of approximately S\$89 million in its 2H2020 financial statements arising from its periodic assessment of the recoverable amounts based on expected future cash flows of its assets.

The impairment (net of tax) of approximately S\$89 million in 2H2020 comprises the following:

- S\$21 million impairment for utilities assets on Jurong Island, Singapore

A S\$21 million impairment will be made for utilities assets comprising a wastewater treatment plant and a woodchip boiler facility in Singapore. Sales volumes are expected to be adversely affected by the decision of a major customer to exit its Singapore manufacturing site operations on Jurong Island by the end of 2020.

- S\$8 million impairment for a dedicated wastewater treatment plant in Nanjing, China

The service agreement of a dedicated wastewater treatment plant in Nanjing, China was terminated as the customer stopped production at its facilities.

- S\$60 million impairment of UK Power Reserve (UKPR) assets

An impairment of approximately S\$60 million will be made for the UKPR assets resulting from a revised strategy for the business. The focus for the business is now on driving value from its existing portfolio, primarily in the grid services market. Current plans no longer include the provision of a platform for third parties to hedge or trade their positions.

As a result of these exceptional items, the Group expects to incur losses for the full year. However, the Group expects to maintain positive operating cash flow in 2020 underpinned by the underlying profitable performance of its Energy and Urban businesses.

The Group's unaudited consolidated financial results for 2H2020 and FY2020 will be released on February 23, 2021.

The Group monitors developments in its businesses. The Group continues to review and assess the carrying value of its assets as it finalises its FY2020 accounts. In the meantime, shareholders and investors are advised to exercise caution when dealing in the shares of the Company. In the event of any doubt, they should consult their stockbrokers, bankers, solicitors, accountants or other professional advisors.

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ABOUT SEMBCORP INDUSTRIES

Sembcorp Industries (Sembcorp) is a leading energy and urban development player, driven by its purpose to do good and play its part in creating a sustainable future. Leveraging its sector expertise and global track record, Sembcorp delivers innovative energy and urban solutions that support the energy transition and sustainable development. Sembcorp has a balanced thermal and renewable energy portfolio of over 12,600MW, with more than 2,600MW of renewable energy capacity globally. The company also has a proven track record of transforming raw land into sustainable urban developments, with a project portfolio spanning over 12,000 hectares across Asia. Sembcorp is listed on the main board of the Singapore Exchange. It is a component stock of the Straits Times Index and sustainability indices including the FTSE4Good Index and the iEdge SG ESG indices. Visit www.sembcorp.com.

DISCLAIMER

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competition; changes in Singapore tax or similar laws or regulations; changes in, or the failure to comply with, governmental regulations, including exchange control regulations, if any. Investors are advised not to place undue reliance on the information in this document. Forward-looking events referred to in this document may differ materially or not occur due to these risks, uncertainties and assumptions. Investors should assume that the information in this document is accurate only as of the date it is issued. Sembcorp Industries has no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.