Sembcorp Marine posted a Gross Loss of $490 million and a Net Loss of $583 million for the year, due mainly to the adverse effects of COVID-19. This caused production stoppages from mid-April to early-July and significant delays in the execution of existing projects, which contributed to higher costs for all segments, especially Rigs & Floaters and Specialised Shipbuilding projects. Excluding asset impairments and provisions, Net Loss would have been $439 million. While operational performance was severely disrupted during the year, there were no cancellation of existing projects.

The Group recorded $1.51 billion in FY2020 revenue, a 48% year-on-year decrease. The decline was due to lower revenue from Rigs & Floaters and Repairs & Upgrades segments, partially offset by higher revenue from Specialised Shipbuilding and Offshore Platforms segments, which include renewable solutions.

### SEGMENTAL REVENUE

#### Rigs & Floaters

Our Rigs & Floaters business earned $674 million in revenue during FY2020, compared with the $2.07 billion for the previous year. The lower revenue was due to production stoppages from April to July 2020, and lower rig-building activity, a reflection of weak oil prices. Rig-building revenue totalled $158 million in FY2020, with most of the revenue booked from the two Transocean advanced drillship projects.

Revenue from floaters was $517 million in FY2020, a 59% decrease from FY2019. Revenue was recognised from Johan Castberg FPSO, Karish FPSO, P-71 FPSO, Shell Vito and Whale FPUs and FPSO conversion for Shapoorji.

#### Repairs & Upgrades

Repairs & Upgrades were similarly affected by production stoppages associated with COVID-19 measures. Revenue from this segment declined by 30% to $425 million in FY2020. While overall revenue decreased, revenue per vessel increased to $2.91 million compared to $2.16 million for the prior year, due to improved product mix.

Sembcorp Marine continues to benefit from the new IMO regulations on ballast water treatment and fuel sulphur reduction. In 2020, we completed 34 Ballast Water Management Systems retrofit projects and 16 scrubber projects. We will continue to drive our growth in these green technology retrofit solutions and related works.

The Repairs and Upgrades team serviced a total of 146 vessels in FY2020 including floating storage and regasification units (FSRU), as well as cruise ships.

For 2020, Sembcorp Marine was once again recognised as the market leader in the LNGC/FSRU/FSU sector, with a total of 18 repair and conversion projects. Before end-2020, the Group completed the conversion of the LNG floating storage unit, CNTIC VPower Energy. This was accomplished amid global supply chain disruptions, travel restrictions and crew change challenges.

The team also serviced 26 cruise liners during the year. With this, Sembcorp Marine retained its position as Asia’s top cruise vessel repair and upgrading company. One significant highlight was the completion of a major upgrade of Asuka II, Japan’s largest cruise ship, for our customer NYK Cruise, in March 2020.

*Note: Net Order Book for FY2020 comprised $1.51 billion of projects under execution and $0.31 billion of ongoing Repairs & Upgrades projects with firm deliveries in 2021.*
**Turnover – Repairs & Upgrades**

Turnover for Offshore Platforms more than doubled to $310 million in FY2020 from $131 million in FY2019. Besides Fixed Production Platforms projects such as Tyra and Gallaf, the improved revenue came from notable renewable solutions projects under execution. These included: Ørsted Hornsea 2 Wind Farm Offshore Substation and Reactive Compensation Station Topsides; Jan De Nul Formosa 2 Offshore Wind Farm Wind Turbine Jacket Foundations; and early design works for RWE Renewables Sofia Offshore Wind Farm High Voltage Direct Current (HVDC) offshore converter platform.

We delivered the Tangguh LNG modules in June 2020 and the Offshore Wind Farm Jacket Foundations for the Hornsea 2 project in August 2020.

**Turnover – Offshore Platforms**

Ongoing projects include three units of Battery-operated Ropax (Roll-on/Roll-off Passenger) ferries as well as a 12,000 cbm LNG bunker vessel project.

**Turnover – Specialised Shipbuilding**

Production activities ceased from April 2020 before gradually resuming from July 2020 onwards. As of November 2020, Sembcorp Marine was operating at near full-workforce levels. There were no cancellation of existing projects despite delays in production.
Current projects in our Singapore yards include:

- Engineering, procurement, construction, hook-up and commissioning works on two substation topsides for Ørsted’s Hornsea 2 Offshore Wind Farm in the UK North Sea
- Fabrication of 15 Wind Turbine Jacket Foundations for Jan De Nul Formosa 2 Offshore Wind Farm
- Design and construction of three battery-powered Roll-on, Roll-off ferries for Norled
- Design and construction of a 12,000 cbm capacity LNG bunker vessel for MOL
- Platforms and bridges fabrication for the Tyra field redevelopment project in the Danish North Sea for TOTAL
- Turnkey engineering, procurement and construction of the newbuild FPSO hull and living quarters for Equinor’s Johan Castberg field development in the Barents Sea
- Engineering, procurement, construction and integration of vessel hull, living quarters and topside modules, including owner-furnished equipment, for Technip Energies’ newbuild FPSO, to be deployed in the Energean-operated Karish deepwater field in the Eastern Mediterranean
- Construction and integration of hull, topsides and living quarters for Shell’s newbuild Vito semi-submersible FPU
- Construction and integration of hull and topside for Shell’s newbuild Whale semi-submersible FPU
- Fabrication and integration of two well-head platforms under North Oil Company’s Gallaf Batch 2 Project at the Al-Shaheen oil field in Qatar
- Construction of two high-specification, ultra-deepwater drillships for Transocean, based on Sembcorp Marine’s proprietary Jurong Espadon 3T design
- Sembcorp Marine’s Brazil yard, EJA, is undertaking topside modules construction and integration works for the Petrobas P-71 FPSO for the Tupi project
Sembcorp Marine’s Brazil Yard is undertaking topside module construction and integration works for the Petrobas P-71 FPSO for the Tupi project.

Artist’s impression of Karish FPSO

Artist’s impression of Johan Castberg FPSO

Artist’s impression of well-head platforms for the Gallaf Batch 2 project

Artist’s impression of platform for Tyra project

Sembcorp Marine is building two drillships for Transocean based on our proprietary Jurong Espadon ST design.
Sembcorp Marine successfully completed scrubber installation and extensive refurbishment of NYK Cruises’ Asuka II.
OPERATIONS REVIEW

NET ORDER BOOK AND NEW OPPORTUNITIES

As of 31 December 2020, Sembcorp Marine’s net order book stood at $1.82 billion comprising $1.51 billion of non-Repairs & Upgrades projects under execution (with a total original contract sum of $6.50 billion) and $0.31 billion of ongoing Repairs & Upgrades projects with firm deliveries in 2021.

On the green solutions front, we have expanded our product offerings to include LNG battery hybrid tugs, and battery/hydrogen fuel cell-powered vessels. We have also commenced basic design work for one of our customers on their wind turbine installation vessel (WTIV), as well as starting early design works for vessels for ocean living, ahead of the anticipated project’s FID.

We are also glad that Sembcorp Marine and our consortium partner, GE’s Grid Solutions, have been selected by RWE Renewables, owner of the 1.4 gigawatt (GW) Sofia Offshore Wind Farm, as the preferred supplier for the Wind Farm’s High Voltage Direct Current (HVDC) electrical transmission system. Our scope of work includes the design, construction, installation and commissioning of the offshore converter platform for the project.

Globally, the Latin American region, especially offshore Brazil continues to be very active in offshore exploration and production activities. Petrobras, Brazil’s national oil company, continues to have significant plans to grow production in the coming decade, focusing on the prolific pre-salt ultra-deepwater basins, where breakeven oil prices are as low as between US$20 to US$30 per barrel.

As local content is a key requirement in Brazil, Sembcorp Marine is well-positioned to seize such opportunities, leveraging our EJA integrated yard, which is one of the largest and most advanced yards in Brazil.

Oil and gas prices have also recovered to pre-COVID-19 levels with improving demand. With overall improvement in economic sentiment underpinned by the anticipation that the pandemic will retreat with the rollout of global vaccination, there is increasing impetus by our customers to restart the development of deferred projects.

One such project is the SPE Cambo FPSO. We are continuing with pre-FID engineering work and expect development sanction on the project in 2021. This is another unique design-and-build project where the solution is based on Sembcorp Marine’s proprietary Sevan geostationary circular hull, a cost-effective alternative to traditional ship-shaped and turret-moored designs. The Sevan cylindrical hull eliminates the need for a costly turret while accommodating a larger number of risers and flexibility for future tie-ins.

The afore-mentioned projects are important in broadening our spectrum of projects and solutions. Directionally, they will create future opportunities aligned to the Group’s transformation strategy—to be an innovative engineering solutions provider for the offshore, marine and energy industries with a cleaner, greener and renewable agenda.