

**Address by Mr Wong Weng Sun, President & CEO, at Sembcorp Marine Ltd
FY2021 Results Briefing on 25 February 2022**

1. Good evening, everyone. Thank you for joining us at Sembcorp Marine Full Year 2021 Results Webcast.
2. The fact that you are here at this webcast with Management of Sembcorp Marine, I hope it means you are well and safe against the COVID-19 virus. Because of the pandemic, I believe you would agree with me that the past two years had been among the most challenging years in recent memory.

Performance Reflected the Continuing Impact of the Pandemic

3. The COVID-19 pandemic persisted and we continued to face serious challenges in 2021. No one and no organisation was unaffected. Likewise, Sembcorp Marine encountered execution challenges associated with the pandemic during the year. We have shared previously how our projects under execution faced shortages of skilled workers and supply chain constraints, which resulted in significant cost overruns.
4. Despite these operational challenges, we completed four key projects and successfully delivered them to our customers.
5. While we managed to reduce our second half losses compared to the first half, our financial results for the full year reflected the continuing impact of the pandemic which accounted for the significantly higher provisions for manpower and other costs to complete our projects.
6. While this pandemic has been challenging, it has given us the impetus to find solutions, new way to approach issues and take concrete steps to address each evolving challenge. We took active measures, worked in even tighter cooperation with our customers and found a new rhythm to manage the pandemic and our operation. The labour shortage situation also stabilised during the fourth quarter to enable smoother execution of projects.
7. Sembcorp Marine remains committed to completing the remaining projects for our customers, even as we actively work on replenishing our order book.

Financial Review

8. You have seen the top and bottom line and the provisions of S\$839 million for the year. William Goh, our Group Finance Director, will provide more details on our financial performance shortly. He will also share on our cash flow situation and liquidity management. However, allow me to just say a few words on the Rights Issue.

Completion of Rights Issue

9. In June last year, we issued an announcement on our S\$1.5 billion Rights Issue, aimed at addressing our immediate funding needs. The Rights Issue was successfully completed in September 2021.
10. On behalf of SCM Management and Board, I would like to convey our appreciation to all our shareholders for their support, firstly for the Rights Issue Resolution at the EGM and then the subscription and excess applications. Thank you.
11. The enhanced liquidity position through the recapitalisation has enabled the Group to meet its ongoing operational funding requirements and fulfil its existing commitments.
12. A strengthened balance sheet will support our ongoing strategic expansion into the high growth renewables and clean energy segments. I shall elaborate on this shortly.
13. Importantly, it means greater financial agility for Sembcorp Marine to seize opportunities and to respond to evolving market dynamics, to bid competitively for high-value and large-scale projects. We continue to keep our sights on our long-term strategic goals and pursuit.

Operations Review

14. Let me now turn to a discussion of our operations.

Successful Delivery of Projects

15. Despite extreme operational challenges encountered, Sembcorp Marine managed to complete a number of projects successfully in FY2021 till to-date, including four key projects, namely:
 - Fabrication of six production topsides (including wellheads and risers) and four bridges for deployment to TotalEnergies' Tyra Redevelopment Field;
 - Construction and integration of Vito Regional Production Facility ("**RPF**") topsides and living quarters with its four-column Floating Production Units' ("**FPU**") hull for Shell Offshore Inc. for deployment to the Gulf of Mexico in the United States. This landmark project achieved a first for the Group – a mega-block integration of Vito RPF's topsides and living quarters with the four-column FPU hull in a single lift with a pair of state-of-the-art goliath cranes with a 30,000-tonne combined lifting capacity at Sembcorp Marine Tuas Boulevard Yard;
 - An EPC (Engineering, Procurement and Construction) newbuild FPSO - the Johan Castberg, complete with hull and living quarters - to Equinor slated for deployment at the Johan Castberg field in the Barents Sea, Norway; and

- Fabrication of 15 wind turbine jacket foundations for Jan De Nul's Formosa 2 Offshore Wind Farm. Five jacket foundations have since sailed away with the remaining awaiting client's vessel availability.
16. Sembcorp Marine also completed major conversions for several offshore gas facilities. These include a FSRU conversion for the 125,000-m³ Karmol LNGT Powership Africa for KARMOL; and a FSU conversion of the GasLog Singapore for GasLog LNG.
 17. During the year, the Group also delivered on some 90 projects requiring repair, damage repair, upgrade, refit, maintenance, as well as decontamination involving FPSO, FSO, FSRU, FSU, LNG plant and carrier, cruise ship, naval vessel, heavy-lift carrier, ballast water management system and scrubber.

Ongoing Projects Execution

18. With the progressive completion of these projects, the Group has freed up resources to focus on the remaining projects and to take on new projects.
19. In September 2021, the Group marked the commencement of construction of the Offshore Converter Platform for the Sofia Offshore Wind Farm with the strike steel ceremony at its yard in Indonesia.
20. In August 2021, the Group delivered the Offshore Substation and Reactive Compensation Station topsides to Ørsted. Following the successful installation of the facilities at Hornsea 2 Offshore Wind Farm in October 2021, offshore hook-up and commissioning of the topsides had commenced in November 2021.
21. At the end of the year, the Group has a total of 16 projects under execution with 12 scheduled for completion in 2022 and the remaining will progressively be completed from 2023 to 2025.

Other Notable Projects

22. Sembcorp Marine through LMG Marin has secured a contract to design the world's first green ammonia-fuelled tanker. The Group is also working with its partners on a conceptual design of an ABS (American Bureau of Shipping)-approved ammonia bunkering vessel. Sembcorp Marine is also constructing a 12,000 m³ LNG bunkering vessel.
23. The Group is jointly developing hydrogen as a marine fuel with its partners and collaborating with two other partners to explore the feasibility of developing a ground-breaking sustainable ocean data centre.

| Projects Under Execution as at 31 December 2021 |
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| <p>Renewables Solutions</p> <ul style="list-style-type: none"> • Jan De Nul – Formosa 2 Offshore Wind Farm • Ørsted – Hornsea 2 Offshore Wind Farm: Offshore Hook-up and Commissioning of Offshore Substation and Reactive Compensation Station Topsides • RWE Renewables – Sofia Offshore Wind Farm: Offshore Converter Platform |
| <p>Process Solutions</p> <ul style="list-style-type: none"> • Equinor - Johan Castberg: Newbuild Floating Production, Storage and Offloading Vessel (FPSO) • NOC – Gallaf Batch 2: Wellhead Platforms • Shapoorji: FPSO Conversion • Shell – Whale Project: Newbuild FPU • Tupi P-71: FPSO Modification, Integration and Topside Modules Fabrication |
| <p>Gas Solutions</p> <ul style="list-style-type: none"> • Bechtel – Pluto Train 2 Project: Modules Assembly of LNG Gas Processing Trains • MOL – LNG Bunker Vessel • TotalEnergies - Tyra Redevelopment Project: Topsides and Bridges • Technip Energies – Karish: Newbuild FPSO • KARMOL – Karmol LNGT Powership Asia and Karmol LNGT Powership Europe: FSRU Conversion and Upgrading Projects |
| <p>Ocean Living Solutions</p> <ul style="list-style-type: none"> • Norled – Full Battery-operating Roll-on/Roll-off Passenger (“Ropax”) Ferries (Three units) |
| <p>Advanced Drilling Rig Solutions</p> <ul style="list-style-type: none"> • Transocean Deepwater Atlas Drillship • Transocean Deepwater Titan Drillship |

Net Order Book and New Contracts

24. The Group’s net order book currently stand at S\$1.3 billion. This consists of S\$1.1 billion of projects under execution (with a total original contract sum of S\$6.1 billion) and S\$0.2 billion of ongoing Repairs & Upgrades projects.
25. Approximately 43% of the Group’s net order book are for renewables and other cleaner and green solutions sectors.
26. The Group is cognizant that new order wins is critical to support its future performance and remains focused on clinching new contracts to replenish its order book.
27. The improving industry outlook on the back of rising oil prices provide impetus for oil and gas companies to review plans for the resumption of deferred activities, final investment decisions and capital expenditures. There are also improved prospects and opportunities associated with the global transition towards cleaner energy and sustainable solutions.
28. The Group continues to actively attend to emerging tender opportunities in the renewable energy and gas solutions segment. The Group is also actively pursuing multiple projects covering FPSOs, FSOs and FPUs with tenders in progress.

29. The Group has commenced work on the FEED contract awarded by Altera in September 2021 for the development of an FPSO facility for the Dorado FPSO project. The Group remains hopeful in securing the EPC contract for the project.
30. Negotiations are in progress with the Brazilian Navy on the construction of the Antarctic Support Vessel “NapAnt”, which is part of the Brazil Navy Research Vessel Project, with contract award expected in the first half of 2022.
31. To-date, the Group’s Repairs & Upgrades business has secured advanced orders for the repair and upgrade of 13 LNG carriers and the refit of three cruise vessels. The Group is also working on active enquiries for FPSO/FSO upgrading projects.
32. Sembcorp Marine has also secured green technology retrofit solutions (10 projects relating to the installation of Ballast Water Management Systems and a scrubber) and identified opportunities in sustainable repairs and upgrading (such as air lubrication systems and ammonia-based fuel solutions).

Recognition for the Group’s Sustainability Commitment and Green Innovation

33. Many of the projects the Group is working on is expected to contribute to decarbonisation in the maritime industry.
34. Some of Sembcorp Marine’s past projects have won international accolades. They include:
 - *Ultramarine*, a technologically-advanced ice-class polar expedition cruise ship, has won the Best Medium Cruise Ship Award at the Work Boat World Awards 2021; and
 - *MF Hydra*, the world’s first zero-emission liquid hydrogen-powered Ropax ferry has similarly won an award at the Work Boat World Awards 2021 - the Best Medium Ropax Award. It has also been conferred the prestigious Ship of the Year Award by Skipsrevyen, a 50 year-old Nordic maritime magazine publication house.
35. Both vessels were designed by the Group’s subsidiary, LMG Marin, and are recognised for their environmentally sustainable design features.

The Potential Combination with Keppel O&M

36. Let me now address the non-binding MOU (memorandum of understanding) the Group has entered into with Keppel Corporation Limited in June 2021 to explore the potential combination of Sembcorp Marine and KOM (Keppel Offshore & Marine).
37. We would like to update that the due diligence process is ongoing. The Group continues to work diligently towards a definitive agreement in the first quarter of 2022.

Summary

38. In closing, allow me to reiterate. The Group will need to complete and deliver a total of 12 existing projects in FY2022 and provisions for costs to complete these projects have already been made in the prior year. The Group is also on track to conclude negotiations on project completion terms with its key customers. Barring any unforeseen events, this should contribute positively to the Group's results in the first half of 2022.
39. The industry outlook for the oil & gas, renewables and other green solutions continues to improve. It is important for the Group to convert its orders pipeline into firm contracts on a timely basis in FY2022.
40. Taking these factors into account, the Group expects its financial performance in FY2022 to be significantly better than FY2021.
41. Let me pass the discussion to William Goh, our Group Finance Director, who will share more details on our FY2021 financial performance. Thank you.

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This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, exchange rate movement, cost of capital and capital availability, competition from other companies and venues for sale and distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes. The forward-looking statements reflect the current views of Management on future trends and developments.