



Company Registration Number: 196300098Z

## **Sembcorp Marine Ltd 58th Annual General Meeting Responses to Substantial and Relevant Questions**

**Singapore, 22 April 2021** – Sembcorp Marine Ltd (the “**Company**”, the “**Group**” and “**Sembcorp Marine**”) would like to thank shareholders for submitting their questions in advance of the 58th Annual General Meeting (“**AGM**”) to be held by electronic means on 23 April 2021 at 11.00 a.m.

The Company’s responses to substantial questions, which are relevant to the resolutions tabled at the AGM, are set out in the Appendix according to the following themes:

- I. Business
- II. Financials
- III. Others

Sembcorp Marine President & CEO Mr Wong Weng Sun will provide an overview on the Company’s businesses and business outlook during his presentation at the AGM.

## **Appendix**

### **I. BUSINESS**

#### **1. What are the upcoming projects for 2021 through to 2022? What weightage of the Group's contracts are renewables at the present moment?**

As at end 2020, the Group has a net order book of S\$1.82 billion, comprising S\$1.51 billion of projects under execution and S\$0.31 billion of ongoing repairs & upgrades projects with firm deliveries in 2021.

More than 50% of the Net Order Book comprises orders for greener solutions.

Some of the Group's notable renewable projects include:

- Ørsted Hornsea 2 Offshore Wind Farm – Offshore Substation (OSS) and Reactive Compensation Station (RCS) Topsides
- Jan De Nul Formosa 2 Offshore Wind Farm – Fabrication of 15 Wind Turbine Jacket Foundations
- RWE Renewables Sofia Offshore Wind Farm – Following the Early Works Contract awarded in 2020, we secured a Design, Construction, Installation and Commissioning Contract for the Offshore Converter Platform (OCP), in partnership with GE Renewable Energy's Grid Solutions, in March 2021

Please refer to the table below for details of projects under execution as at end 2020.

<b>Projects Under Execution as at 31 December 2020</b>
<b>Renewables Solutions</b> <ul style="list-style-type: none"><li>• Ørsted Hornsea 2 Offshore Wind Farm – Offshore Substation (OSS) and Reactive Compensation Station (RCS) Topsides</li><li>• Jan De Nul Formosa 2 Offshore Wind Farm – Wind Turbine Jacket Foundations</li><li>• RWE Renewables Sofia Offshore Wind Farm – Early Works Contract</li></ul>
<b>Process Solutions</b> <ul style="list-style-type: none"><li>• Equinor Johan Castberg - Newbuild Floating Production, Storage and Offloading Vessel (FPSO)</li><li>• Technip Energies Karish - Newbuild FPSO</li><li>• Shell Vito - Newbuild Floating Production Unit (FPU)</li><li>• Shell Whale - Newbuild FPU</li><li>• NOC Gallaf Batch 2 Well Head Platforms and Bridges</li><li>• Tupi P-71 - Newbuild FPSO</li><li>• Shapoorji - FPSO Conversion</li></ul>
<b>Gas Solutions</b> <ul style="list-style-type: none"><li>• MOL LNG Bunker Vessel</li><li>• TOTAL Tyra Redevelopment Project - Topsides and Bridges</li><li>• Upgrade of Major Floating Storage &amp; Regasification Units (FSRU) and Floating Storage Units (FSU) including the FSRU Karmol LNGT Powership Africa, FSRU Karmol LNGT Powership Asia and the FSU Torman II</li></ul>
<b>Ocean Living Solutions</b> <ul style="list-style-type: none"><li>• Battery-operated Roll-on, Roll-off Passenger Ferries (Three units)</li></ul>
<b>Advanced Drilling Rig Solutions</b> <ul style="list-style-type: none"><li>• Transocean Deepwater Atlas Drillship</li><li>• Transocean Deepwater Titan Drillship</li></ul>

## **2. What are the competitive strengths and advantages of Sembcorp Marine?**

Sembcorp Marine has been delivering innovative engineering solutions to the global offshore, marine and energy industries. The Group is able to provide applied engineering expertise with depth and breadth in capabilities built over 60 years, as well as offer one-stop solutions through its global facilities. Its flagship Tuas Boulevard Yard, a state-of-the-art smart yard with gantry cranes of 30,000-tonne lifting capacity and 100m hook height offers mega-block integration and enable its customers to fulfil business objectives of safety, quality, time and cost.

For a fuller appreciation of the Group's operational capabilities and engineering bench strength, please refer to the latest corporate collaterals found on our corporate website.

## **3. What is the breakeven oil price necessary for Sembcorp Marine to be profitable? What is management's view on the oil price going forward, and the Company's order book trajectory?**

Sembcorp Marine is a provider of innovative and sustainable engineering solutions, products and services for the offshore, marine and energy industries. Our profitability is driven mainly by the value of our contracts or jobs, versus the cost of executing them.

The Group does not make speculative comments on oil prices.

Please refer to Question 1 for details of projects the Group is executing.

## **4. What are the pros/cons of your solutions for floating offshore wind versus those currently out there in the market? How would you compare Sevan's solution to that of a floating barge wind solution? Are there any enquiries for Sevan's system for offshore wind purposes?**

Sembcorp Marine's wind solution is based on Sevan's proprietary geostationary circular hull, a proven design that has excellent sea-keeping and motion characteristics with enhanced stability and operational performance for safe operation in challenging conditions and harsh environments.

The design also allows for modularised fabrication and assembly and scalability. The solution eliminates the need for a costly mooring system and is a cost-efficient alternative to traditional floating barge solutions.

The Sevan solution is not limited to wind applications and can be adapted for an array of offshore oil and gas and renewable applications. The Group continues to receive enquiries relating to Sevan's circular hull solutions from existing and potential customers including those in the areas of renewables involving digitalisation, carbon capture and electrification-related solutions.

**5. Does Sembcorp Marine management have visibility on the two Sete Brasil drillships? Could management shed some light on the impact of the recent shakeup in Petrobras management with regards to the pipeline for those two drillships?**

As disclosed in the Company's latest announcement related to the drillships dated 10 August 2020, there were negotiations with a potential buyer to complete and sell the drillships, which the Company has apportioned ownership.

We will make the necessary announcement when there are further material developments.

For more details, please refer to the various announcements dated 10 August 2020, 4 June 2020, 6 February 2020 and 7 October 2019 on the Company's website.

**6. The Company has a Special Committee to "assist the Board in conducting internal investigations into allegations of improper payments in Brazil and deal with issues arising from the matter". When was this Special Committee formed? Has the Special Committee submitted its report? What has the Special Committee found out? Are we guilty of improper payments? Are we liable to pay compensation, like in the case of Keppel Corp, and if so, how much compensation do we have to fork out?**

The Company has provided several updates on the matter. We will make the necessary announcement when there are further material developments.

For more details, please refer to the various announcements dated 30 March 2015, 21 February 2018, 3 July 2019, 8 July 2019, 3 February 2020, 21 February 2020 and 4 June 2020 on the Company's website.

## **II. FINANCIALS**

**7. Sembcorp Marine has been losing money and not paid dividends for several years. NAV has now declined. EVA and value added per employee is negative. Is it better to liquidate and try to salvage as much money/residual value rather than continue bleeding money?**

**Does Sembcorp Marine expect to turn around? When will the Company turn around?**

We continue to focus our efforts to progress with the safe and timely execution of our existing order book of over \$1.82 billion, as well as build our order book to contribute positively to our profitability over the longer term.

Our broader strategy and plans to return to profitability include:

- Growing our new business segments including renewable energy solutions and other clean and green solutions;
- Focusing on projects related to the gas value chain, including LNG powered vessels;

- Leveraging ongoing R&D efforts to develop new products and solutions aligned with global trends and our customers' needs;
- Moving up the value chain to capture a larger part of the profit pool for our targeted products and solutions; and
- Diversifying into non-drilling products and solutions.

**8. With three years of reported losses, will Sembcorp Marine enter the SGX watch list and be subject to restrictions?**

Sembcorp Marine is not on the SGX watch list.

**III. OTHERS**

**9. Are there any discussions of any new merger deals? Any news on potential mergers with KOM?**

We are not aware of any proposals to merge.