

## SEATRIUM LIMITED FY2023 RESULTS BRIEFING

**Address by Mr Adrian Teng, Chief Financial Officer  
WEBCAST, 26 FEBRUARY 2024 (MONDAY) 10.00AM  
@ TUAS BOULEVARD YARD**

### **FY2023 Financial Summary (slide 13)**

1. Thank you, Chris, and good morning to all.
2. Before I take you through the Group's financial performance, I would like to highlight that the financial results reflect the completion of the combination with Keppel Offshore & Marine Ltd (now known as Seatrium Offshore & Marine Limited) on 28 February 2023.
3. For the full year 2023, the Group's revenue was S\$7.3 billion, representing a significant three-fold increase year-on-year. This is attributed to a more robust order book following the combination, strong project execution, and higher repairs & upgrades activities.
4. The Group achieved a positive underlying EBITDA of S\$628 million for FY2023, as compared to S\$113 million in FY2022. Underlying EBITDA excludes exceptional items.
5. Group Net loss was S\$1.9 billion for FY2023, as compared to S\$261 million in the prior year. The Group's net loss in FY2023 was primarily attributable to exceptional items that include non-cash write-downs of surplus and non-core assets, and excess/obsolete inventory arising from our strategic review, as well as provisions for contracts, legal and corporate claims, and merger expenses, which amounted to S\$2.0 billion.
6. The Group announced today that it has reached in-principle settlement agreements with the Brazilian Authorities in relation to the historical event Operation Car Wash<sup>1</sup>, amounting to a settlement payment totalling R\$670.7 million (equivalent to approximately S\$182.4 million<sup>2</sup>), subject to post-closing compliance obligations. In addition, the Group has also made a provision of S\$82.4 million for indemnity to Keppel Corporation in relation to this matter.
7. This latest development provides us with finality of this legal matter with the Brazilian authorities. We continue to cooperate with the authorities in Singapore in their investigations and will make appropriate announcements as and when there are material developments.
8. Underlying Net Loss, excluding exceptional items, was S\$28 million.
9. Free cash inflow was S\$506 million, as compared to free cash inflow of c.S\$1.0 billion in prior year. Early collection of receivables of S\$968 million from Borr Drilling in November 2023 contributed to the cash inflow.

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<sup>1</sup> Subject to the review and approval by the Federal Court of Accounts ("TCU"), and the Fifth Chamber for Coordination and Review of the MPF (the "Fifth Chamber").

<sup>2</sup> The settlement amount is subject to both inflation and currency adjustment until the date of the Company's payment of the settlement amount. Conversion to S\$ is based on FY2023 December book closing rate of 0.272.

10. During the year, we strengthened our balance sheet with higher liquidity and an improved debt maturity profile. Net gearing decreased to 0.12 times as at 31 December 2023, on the back of a higher equity base, and lower net debt of S\$747 million as at 31 December 2023 from S\$998 million in the prior year.

#### **FY2023 Financial Highlights (slide 14)**

11. Underlying EBITDA grew more than 4 times yoy to S\$628 million for FY2023 as compared to S\$113 million for FY2022, reflecting strong project execution and cost efficiencies.
12. Underlying Net Loss was S\$28 million for FY2023, lower than the S\$141 million recorded in FY2022.
13. Exceptional items of S\$2.0 billion in FY2023 comprise non-cash write-downs of S\$1.4 billion for surplus and non-core assets and excess/obsolete inventories arising from our strategic review, and S\$0.6 billion pertaining to provisions for onerous contracts, legal and corporate claims, and merger expenses.
14. The assets that were written down comprise yards and yard assets that will not contribute to the Group's mid to long-term plans as a result of excess capacity due to duplication and change in business strategies, damaged assets beyond economic repair, or obsolete assets.
15. While the write-down impacted our bottom-line, it is value accretive for the Group in the medium to long term. The closure of surplus and non-core assets and write-down of excess/obsolete inventories is expected to improve Seatrium's productivity, optimise its operational structure, and reduce cash operating expenses going forward.

#### **Balance Sheet and Gearing (slide 15)**

16. Shareholders' Funds increased significantly from S\$3.8 billion at end 2022 to S\$6.5 billion at end 2023. This is attributable to new shares issued to Keppel Corporation for the acquisition of Keppel Offshore & Marine, renamed Seatrium Offshore & Marine.
17. Over the past year, we have strengthened our balance sheet significantly and have moved from a "Net Current Liability" position of S\$1.5 billion at 30 June 2023 to a "Net Current Asset" position of S\$131 million at 31 December 2023.
18. Net asset value per share decreased 21% to 9.49 cents and net tangible asset value per share decreased 71% to 3.31 cents because of the goodwill from the acquisition of Seatrium Offshore & Marine.

#### **Proactive Capital Management (slide 16)**

19. This slide highlights our proactive capital management, where we termed out our debt to 2027 and beyond. In FY2023, we secured more than S\$3.5 billion in new loans, refinancing and trade finance, of which S\$2.5 billion were green or sustainability-linked.
20. As at 31 December 2023, we have approximately S\$2 billion of undrawn credit facilities providing ample financing capacity.

21. We continue to adopt a disciplined approach to cash flow and liquidity management. Barring unforeseen developments, we have sufficient debt headroom, and with existing facilities and continued support of our banks and bondholders, we are able to execute our projects and meet our liquidity requirements.

**Free Cash Flow (slide 17)**

22. As mentioned earlier, free cashflow for FY2023 was \$506 million, from which net cash from operating activities was S\$601 million as compared to c.S\$1 billion for the same period last year. This was mainly due to receipts from customers, offset by working capital for ongoing projects.

**Strong Net Order Book (slides 18 & 19)**

23. 39% of our net order book of S\$16.2 billion currently comprises renewables and cleaner/green solutions, and 27 projects are under execution with deliveries till 2030.

24. The order book is split approximately 70:30 between floating solutions and fixed solutions.

**Investor Day (slide 20)**

25. Seatrium's inaugural Investor Day will be held on 15 March 2024 (Friday) where we will share more information on the outcomes of our capital structure and strategic review, and the way forward.

26. We will now proceed to the Question-and-Answer session.

27. Thank You.

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