

Energy Review



An energy player with a balanced portfolio of over 12,700MW of power, with more than 3,200MW of renewable energy capacity comprising wind, solar and energy storage

Competitive Edge

- Global track record as an originator, owner or investor, operator and optimiser of energy assets with strong operational, management and technical capabilities
- Provider of innovative renewable energy solutions with over 3,200MW of renewable energy capacity comprising wind, solar and energy storage installed and under development globally
- An integrated energy player with a solid track record in providing energy, water and on-site logistics to multiple industrial site customers with compelling value propositions across the energy and utilities value chain
- Reliable and competitive solutions across the gas value chain including gas sourcing, importation and trading



Wind
2,419_{MW}



Solar
679_{MW}



Energy Storage
120_{MW}

Above: Sembcorp secured a contract from National Water Agency PUB to design, build, own and operate a 60MWp floating solar photovoltaic (PV) system on Tengeh Reservoir in Singapore, which will be one of the world's largest inland floating solar PV systems when completed

Performance Scorecard

Financial Indicators (\$ million)

	2020	2019	Change (%)
Turnover ¹	5,278	6,170	(14)
Earnings before interest, tax, depreciation and amortisation (EBITDA) ²	1,223	1,308	(6)
Earnings before interest and tax	527	603	(13)
Share of results: Associates & JVs, net of tax	122	114	7
Net profit	160	195	(18)
– Net profit before exceptional items	297	360	(18)
– Exceptional items ³	(137)	(165)	17
Return on equity (%)	4.6	5.3	(13)

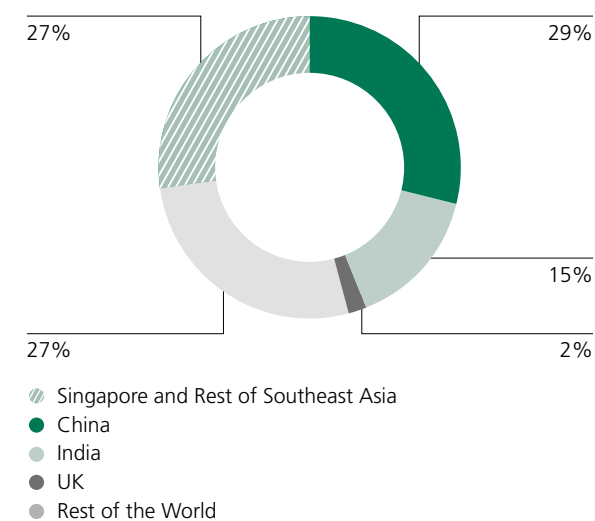
¹ Turnover figures are stated before intercompany eliminations

² EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

³ 2020 exceptional items amounted to a negative S\$137 million. The breakdown of 2020 exceptional items can be found in Table 1 on page 19

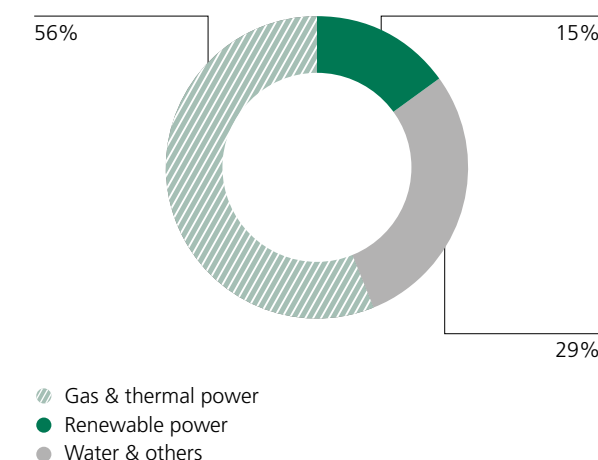
2019 exceptional items totalling a negative S\$165 million, comprised impairments of S\$245 million and S\$7 million of additional provision for potential claims at a joint venture wastewater treatment company in China offset by net divestment gain of S\$86 million and a S\$1 million revision on purchase price allocation for a solar project in Singapore. The net divestment gain of S\$86 million was from the sale of Vellocet Clean Energy in Australia, Xinmin municipal water asset and Lianyungang industrial wastewater treatment asset in China, the utilities assets formerly serving Jurong Aromatics Corporation in Singapore and Wilton land lease in the UK

Net Profit* by Geography



* Excluding Corporate and exceptional items

Net Profit* by Segment



* Excluding Corporate and exceptional items

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Focusing on execution amidst challenges

The activities and financial performance in 2020 were affected by the unprecedented impact of COVID-19 on global economic conditions and low energy prices. Lockdowns in multiple markets led to reduced energy demand ranging from 2% to 7%, impacting our operations in Singapore, India and the UK.

Amid the pandemic, our Energy business continued to deliver essential energy and environmental services globally with no disruption. The health and safety of our people remains our top priority. We focused on executing our existing businesses well and maintained our momentum in strengthening our renewables portfolio, while navigating the challenges of COVID-19. Most notably, we secured a contract to design, build and operate one of the world's largest, inland floating solar photovoltaic (PV) systems on Tengeh Reservoir, Singapore. The team managed to start construction within the year. In India, we continue to actively support India's renewable energy ambitions and became the first independent power producer to deliver on its projects and commission full capacity from the first three wind tenders held by Solar Energy Corporation of India (SECI). We also secured a 400MW solar power project in an auction conducted by SECI. With this win, the Group now has a renewables portfolio of over 3,200MW installed and under development across China, India, Singapore, the UK and Vietnam.

In line with the Group's capital recycling efforts and portfolio rebalancing strategy, we completed divestments in Chile, China and Panama.

Financial Results

Turnover for the Energy business was S\$5.3 billion, compared to S\$6.2 billion in 2019. Net profit after exceptional items was S\$160 million, compared to S\$195 million the previous year.

Operational Indicators*

	2020	2019
Gross power capacity (MW)	12,782	12,631
– Thermal	9,481	9,825
– Renewable (including energy storage)	3,218	2,721
– Energy-from-waste	83	85
Steam capacity (tonnes per hour)	3,503	3,501
Water and wastewater treatment capacity (m ³ /day)	8,263,781	8,661,145

* 2019 and 2020 capacity refers to total gross capacity of facilities installed and under development

Net Profit (S\$ million)

	2020	2019	Change(%)
Singapore	76	102	(25)
Rest of Southeast Asia	18	42	(57)
China	100	106	(6)
India	50	100	(50)
UK	7	22	(68)
Rest of the World ¹	94	69	36
Corporate	(48)	(81)	41
Net Profit before Exceptional Items	297	360	(18)
Exceptional Items ²	(137)	(165)	17
Total Net Profit	160	195	(18)

¹ Rest of the World includes the Americas, Australia, Bangladesh and Middle East. The subsidiary in Australia was divested in September 2019

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Exceptional items totalled a negative S\$137 million. This was mainly due to the unprecedented impact of COVID-19 on global economic conditions and low energy prices impacting the assessment of the recoverable amount of certain investments and assets. The breakdown of the exceptional items is found in Table 1. Excluding exceptional items, underlying net profit declined 18% to S\$297 million.

Singapore

Net profit of the Singapore operations was S\$76 million, compared to S\$102 million in 2019. 2020 performance was negatively impacted by the decline

in the prices of oil and high sulphur fuel oil and lower energy demand as a result of the reduced economic activity amid the pandemic. Earnings were also impacted by the absence of contribution from utilities assets formerly serving Jurong Aromatics Corporation, which were divested in October 2019.

We continued to strengthen our renewables portfolio in Singapore, securing 100MWp of new projects in 2020. Notably, we signed a 25-year long-term power purchase agreement with PUB, Singapore's National Water Agency, to design, build, own and

operate a 60MWp floating solar PV system on Tengeh Reservoir. When fully operational in 2021, this project will be one of the world's largest inland floating solar PV systems. We also launched Singapore's first Renewable Energy Certificate (REC) aggregator platform that manages RECs from multiple sources. Backed by our own growing renewables capacity, the digital platform offers liquidity and flexibility, and enables customers to transact RE100-recognised RECs to meet their green energy requirements.

We signed a memorandum of understanding with CapitaLand and SP Group in November 2020, to jointly study the use of integrated energy solutions to power data centres. The integrated energy solutions will potentially include a combination of solar PV, green hydrogen and energy storage amongst others.

We completed the acquisition of 100% equity interest in Veolia ES Singapore and the public cleaning business of Veolia ES Singapore Industrial for S\$19 million in June 2020. The acquired businesses hold contracts for public and commercial waste and recyclable

Table 1: 2020 Exceptional Items (S\$ million)

Net Profit Impact	
Singapore	
Write-down of inventory of gasoil reserves to net realisable value	(38)
Write-off of inventory due to uncertainty on the recoverability of the gasoil inventory stored at Hin Leong Trading	(44)
Impairment of utilities assets on Jurong Island	(21)
Negative goodwill recognised upon the completion of the acquisition of Veolia	17
China	
Impairment of a dedicated wastewater treatment plant in Nanjing	(8)
India	
Income recognition of claims for compensation due to Change in Law events	98
UK	
Impairment of UK Power Reserve assets, including goodwill	(60)
Bangladesh	
Additional recognition of Sirajganj Unit 4 construction margin	14
Chile	
Net loss from divestment of municipal water business	(34)
Oman	
Impairment of investment in Sembcorp Salalah Power and Water Company	(81)
Panama	
Gain on divestment of municipal water business	20
Total	(137)



Sembcorp continued to deliver essential services with no disruption amid the COVID-19 pandemic

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collections covering recovery and recycling, public and commercial cleaning services, as well as associated properties. The acquisition further strengthens Sembcorp's business in the provision of environmental services and our position as the nation's premier integrated environmental services provider.

Rest of Southeast Asia

The Rest of Southeast Asia comprises power operations in Myanmar and Vietnam as well as municipal water operations in Indonesia and the Philippines. Net profit from the Rest of Southeast Asia was S\$18 million, compared to S\$42 million in 2019. In 2019, contribution in Myanmar was boosted by one-off income mainly comprising liquidated damages and vendor settlement income. Excluding the one-off income in 2019,

performance in 2020 improved due to better availability of the Sembcorp Myingyan Power Plant. In Indonesia, the 25-year concession to supply potable water to residential and non-residential customers in Batam expired in November 2020.

China

China operations contributed S\$100 million in net profit, compared to S\$106 million in 2019. Performance from our thermal assets, Shanghai Caojing cogeneration plant and Chongqing Songzao supercritical coal-fired power plant improved. However, contribution from wind assets was lower due to lower wind resource in Huanghua. Net profit from our water assets was steady, as lower production volumes by customers were mitigated by operational cost savings initiatives.

India

Power demand in India declined 3% on a year-on-year basis and Indian Energy Exchange (IEX) spot prices were 21% lower in 2020 compared to 2019. Net profit from our India operations was S\$50 million, compared to S\$100 million in 2019. Net profit from the first supercritical coal-fired power plant declined from 2019. This was due to lower availability as one unit underwent capital overhaul in the second half of the year. Average plant load factor (PLF) for the year was 78%. Performance from the second supercritical coal-fired power plant was impacted by lower IEX tariff and lower demand. Its average PLF was 75%.

Contribution from our India renewables arm was also lower due to poor wind resource. During the year, we fully commissioned our SECI 2 and SECI 3

wind projects, bringing our installed renewable energy capacity in India to 1,729MW. With the full commissioning of the 300MW SECI 3 wind project, Sembcorp became the first independent power producer to deliver on all its projects awarded in the first three wind tenders held by SECI. This is also the largest operational wind capacity from SECI tenders for any developer to date. The successful completion of our SECI wind power projects is testament to the solid execution track record and expertise we have on the ground to deliver large-scale renewable energy assets.

India is a key market and we are committed to providing sustainable solutions that contribute to the nation's clean energy ambitions. A 400MW solar power project was also secured in an auction conducted by SECI. The entire output of the project in Rajasthan will be sold to SECI under a 25-year long-term power purchase agreement. Commissioning of the project is expected mid-2022.

UK

Net profit from the UK was S\$7 million, a decline from S\$22 million in 2019. Electricity demand in the UK declined 7% in 2020 due to the significant impact of COVID-19, particularly in the second quarter of 2020 when the country was in full lockdown.

Contribution from operations on Teesside was lower. Flexible generation assets were also called on less frequently to balance the system. In addition, there was lower triad income in line with reductions announced by the regulator. However, we believe that as coal, older gas and nuclear plant retirements continue, market volatility may increase and our flexible generation assets would be well-positioned to meet the demand.

Rest of the World

Operations in the Rest of the World include a gas-fired power plant in Bangladesh and independent water and power plants in Oman and the UAE. Water assets in Chile and Panama



A further 60MW of our 120MW battery storage system in the UK will commence operations in 2021

included in this segment have been divested as of July and November 2020 respectively. Net profit from the Rest of the World grew 36% to S\$94 million, up from S\$69 million the previous year. Net profit from the Sirajganj Unit 4 combined cycle gas turbine power plant in Bangladesh was higher as it contributed to earnings for the full year. The plant commenced full operations in April 2019. Net profit from our Middle East operations also increased with better availability from the Fujairah 1 independent water and power plant in the UAE, and the Salalah independent water and power plant in Oman.

Outlook

According to the International Energy Agency, with the recovery of the world economy in 2021, demand for electricity is expected to rebound in 2021, following a decline in 2020 due to the measures taken against COVID-19. However, significant challenges remain for economies around the world. Uncertainties continue to persist with regard to the strength of recovery from the COVID-19 pandemic.

The performance of the Energy business will also be impacted by changes in customer profile in the UK and Singapore, as well as the loss of income from divested assets in Chile and Panama.

The business will continue to focus on providing sustainable solutions that support the global energy transition. In 2021, approximately 200MW of renewable energy capacity is expected to come onstream.



We secured a 400MW solar project in the Solar Energy Corporation of India (SECI) auction and fully commissioned our SECI 2 and SECI 3 wind projects – becoming the first independent power producer to complete projects awarded in the SECI 1, 2 and 3 tenders in India