

Group Financial Review

Financial Highlights

	2021	2020	Change (%)
For the Year (\$ million)			
Turnover	7,795	5,447	43
Renewables	354	281	26
Integrated Urban Solutions	465	422	10
<i>Sustainable Solutions¹</i>	819	703	17
Conventional Energy	6,679	4,571	46
Other Businesses and Corporate	297	173	72
Adjusted EBITDA	1,494	1,417	5
– Earnings before interest, tax, depreciation and amortisation (EBITDA) ²	1,288	1,184	9
– Share of results: Associates & JVs, net of tax	206	233	(12)
Profit before tax	423	211	100
Net profit before exceptional items	472	301	57
Renewables	56	46	22
Integrated Urban Solutions	155	113	37
<i>Sustainable Solutions¹</i>	211	159	33
Conventional Energy	373	245	52
Other Businesses and Corporate	(112)	(103)	(9)
Exceptional items	(193)	(144)	(34)
Net profit	279	157	78
Capital Position (\$ million)			
Owners' funds	3,767	3,339	13
Total assets	14,395	13,562	6
Net debt	6,047	6,696	(10)
Operating cash flow	1,219	491	148
Free cash flow	1,335	719	86
Capital expenditure and equity investment	321	271	18
Shareholder Returns			
Net assets per share (\$)	2.12	1.87	13
Earnings per share (cents)	15.63	(56.81)	NM
Earnings per share – continuing operations (cents)	15.63	7.84	99
Dividends per share (cents)	5.0	4.0	25
Distribution per share	–	4.911 SCM Shares for each SCI Share held ³	NM
Last traded share price (\$)	2.00	1.70	18
Total shareholders return (%)	20	51	NM

NM: not meaningful

¹ The Sustainable Solutions businesses comprise the Renewables and Integrated Urban Solutions segments

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

³ On September 11, 2020, Sembcorp Industries (SCI) distributed Sembcorp Marine (SCM) shares for each SCI share held by entitled SCI shareholders at the record date

Overview

Sembcorp's vision is to be a leading provider of sustainable solutions. The Group has laid out a strategic roadmap to transform its portfolio from brown to green, by focusing on growing our Renewables and Integrated Urban Solutions businesses. The Group's businesses are grouped under four main segments, namely Renewables, Integrated Urban Solutions, Conventional Energy, and Other Businesses and Corporate. The Renewables and Integrated Urban Solutions businesses collectively form our Sustainable Solutions portfolio. Prior to the Group's demerger with Sembcorp Marine in 2020, the main segments were Energy, Marine, and Urban.

Turnover

The Group achieved a turnover of S\$7.8 billion compared to S\$5.4 billion in 2020. The increase was driven by improvements across all segments, with the biggest contribution from Conventional Energy at 86% of Group turnover.

The Renewables segment recorded a turnover of S\$354 million, 26% higher compared to 2020 and driven by higher contribution from solar, wind and energy storage businesses. The Integrated Urban Solutions segment recorded a turnover of S\$465 million, 10% higher compared to 2020, mainly due to new contracts and business acquired by the waste management business in Singapore. The water business in China also saw better contribution, despite the absence of contribution from water business that was divested in 2020. The Conventional Energy segment achieved turnover of S\$6.7 billion, 46% higher compared to 2020, on higher energy demand in India, Singapore and the UK. Other Businesses and Corporate segment reported turnover of S\$297 million, 72% higher compared to 2020, mainly from the resumption of business activity of the construction business.

Net Profit

Group net profit before exceptional items grew 57% to S\$472 million, due to

better performance from all segments, with the biggest contribution from the Conventional Energy segment. In 2021, exceptional items totalling a negative S\$193 million were recognised. This comprised a S\$212 million impairment for the 49%-owned Chongqing Songzao coal-fired power plant in China, a S\$6 million gain from the divestment of Sembcorp Jingmen Water Co and a S\$13 million gain from the UK land sales and connection fee income.

The Renewables segment recorded a net profit of S\$56 million in 2021 compared to S\$46 million in 2020, driven mainly by higher contribution from the wind business. Net profit before exceptional items from the Integrated Urban Solutions segment was S\$155 million compared to S\$113 million in 2020. The higher contribution was attributable to stronger performance from the Urban business and Waste and Waste-to-resource businesses. Sustainable Solutions comprising the Renewables and Integrated Urban Solutions segments accounted for 35% of Group net profit before exceptional items and corporate costs in 2021.

In 2021, the Conventional Energy segment posted a net profit before exceptional items of S\$373 million compared to S\$245 million in 2020. This was mainly due to better performance in India, Singapore and the UK on higher energy demand and margins in the fourth quarter of 2021.

Cash Flow and Liquidity

As at December 31, 2021, the Group's cash and cash equivalents was S\$1.3 billion. Net cash from operating activities before changes in working capital stood at S\$1.3 billion, while net cash from operating activities was S\$1.2 billion. Compared to 2020, net cash from operating activities before changes in working capital improved on better operating performance. The change in working capital was mainly due to high fuel oil prices, which resulted in higher receivables and payables.

Net cash used in investing activities was S\$100 million, mainly for the purchase of fixed assets for the Renewables segment, partially offset by proceeds from dividend, interest and divestments. Net cash used in financing activities was S\$855 million, mainly for repayment of borrowings and interest.

Financial Position

Group shareholders' funds increased to S\$3.8 billion as at December 31, 2021, from S\$3.3 billion as at December 31, 2020.

Current assets increased mainly from trade and other receivables. The increase in trade and other receivables was in line with higher revenue in the gas and related businesses in Singapore and the UK consequent to the higher gas and power prices, which also resulted in higher cash collateral placed on deposits.

Current liabilities increased mainly due to higher fuel cost accrued from the Singapore and the UK businesses, resulting in higher trade and other payables. The increase also included an amount owing in the margin account as a result of withdrawal against net unrealised gain, driven by the high oil commodity forward price.

Non-current liabilities decreased in 2021 mainly due to lower long-term interest-bearing borrowings. Interest-bearing borrowings decreased mainly due to repayments in the year and reclassification of Sembcorp Energy India Limited's loan to current as they are due within the next 12 months, offset by the issuance of green bond and sustainability-linked bond.

Shareholder Returns

In 2021, return on equity was 7.9% and earnings per share amounted to 15.6 cents. Subject to approval by shareholders at the next annual general meeting, a final dividend of 3.0 cents per ordinary share has been proposed. Together with the interim dividend of 2.0 cents per ordinary share paid in August 2021, this brings the Group's total dividend for the financial year ended December 31, 2021 to 5.0 cents per ordinary share.

Group Financial Review

Five-year Financial Performance

	2021	2020 ¹	2019	2018	2017
For the Year (\$ million)					
Turnover	7,795	5,447	9,618	11,689	9,026
Adjusted EBITDA	1,494	1,417	1,719	1,453	1,687
– Earnings before interest, tax, depreciation and amortisation (EBITDA) ²	1,288	1,184	1,535	1,279	1,523
– Share of results: Associates & JVs, net of tax	206	233	184	174	164
Profit before tax	423	211	295	420	611
Net profit from continuing operations	279	157	247	347	383
Discontinued operation (including loss on the Distribution)	–	(1,154)	–	–	–
Net profit	279	(997)	247	347	383
At Year End (\$ million)					
Property, plant and equipment, right-of-use assets and investment properties	7,232	7,339	12,331	11,782	11,249
Other non-current assets	3,230	3,219	4,826	5,215	4,004
Net current assets	1,028	877	83	748	2,159
Non-current liabilities	(7,572)	(7,959)	(9,361)	(9,807)	(9,238)
Net assets	3,918	3,476	7,879	7,938	8,174
Share capital and reserves	3,767	3,339	6,871	6,788	6,944
Non-controlling interests	151	137	1,008	1,150	1,230
Total equity	3,918	3,476	7,879	7,938	8,174
Per Share					
Earnings (cents)	15.63	(56.81)	11.81	16.98	19.06
Net assets (\$)	2.12	1.87	3.85	3.80	3.88
Dividends (cents)	5.0	4.0	5.0	4.0	5.0

¹ Following the completion of the distribution *in specie* of ordinary shares in the capital of Sembcorp Marine Ltd to Sembcorp Industries shareholders, the performance of the Marine business for the period from January 1, 2020 to September 11, 2020 was reported as a discontinued operation

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

2021

Sembcorp posted a turnover of S\$7.8 billion and net profit of S\$279 million in 2021, compared to S\$5.4 billion and S\$157 million respectively in 2020. Excluding exceptional items, net profit grew 57% to S\$472 million.

In 2021, the Renewables segment contributed a net profit of S\$56 million, up 22% from 2020. The increase was mainly driven by the wind business in India with income from sale of green attributes and steady performance in China.

The Integrated Urban Solutions segment contributed a net profit of S\$161 million, up 15% from 2020. An exceptional item related to a S\$6 million gain from the divestment of Sembcorp Jingmen Water Co was recorded in 2021. Excluding the exceptional item, net profit of S\$155 million was 37% higher than 2020. The better performance was contributed by higher land sales and prices for the Urban business in 2H2021, and improvements in the waste and waste-to-resource businesses in 2021 as operations were impacted by COVID-19 in 2020.

The Conventional Energy segment contributed a net profit of S\$174 million, up 54% from 2020. Exceptional items in 2021 comprised a S\$212 million impairment of Chongqing Songzao power plant and a S\$13 million gain from the UK land sales and connection fee income. Excluding the exceptional items, net profit of S\$373 million was 52% higher than 2020. The increase was mainly attributable to higher profit contribution from the Singapore and the UK merchant markets, which were able to capture the high power

prices by making optimal decisions. Performance for the India thermal operations were also better than 2020 due to higher Indian Energy Exchange prices. Finance cost reduced on principal loan repayments in India, offset by higher tax expense due to higher profit and higher deferred tax expense in the UK.

The Other Businesses and Corporate segment reported a net loss of S\$112 million, a 21% improvement from a net loss of S\$142 million in 2020. Excluding exceptional items, net loss in 2021 was S\$112 million compared to net loss of S\$103 million in 2020. Higher corporate cost was due to a S\$10 million allocation to the Sembcorp Energy for Good Fund as well as an increase in group-wide provision for incentives to drive the achievement of our transformation targets, and for building capabilities to achieve our brown to green transition. This was partially mitigated by the resumption of business activity for Sembcorp Specialised Construction, which was impacted by COVID-19 in 2020.

2020

On September 11, 2020, Sembcorp Industries completed the distribution *in specie* of ordinary shares in the capital of Sembcorp Marine Limited (SCM) to its shareholders (the Distribution). Consequent to the Distribution, the performance of the Marine segment for the period from January 1, 2020 to September 11, 2020 was reported as a discontinued operation.

Sembcorp posted a turnover of S\$5.4 billion and net profit of S\$157 million from continuing operations. Excluding exceptional items and the discontinued Marine business, net profit in 2020 was S\$301 million compared to S\$456 million in 2019. Including the Marine business and exceptional items, the Group

recorded a net loss of S\$997 million for 2020, compared to a net profit of S\$247 million in 2019.

The net loss of S\$997 million was mainly due to a non-cash, non-recurring fair value loss on distribution and a net loss of S\$184 million from the Marine business prior to the Distribution. The Group's carrying value for all of its SCM's shares at the date of the Distribution was S\$2.6 billion. The Distribution, measured at fair value using the closing price of SCM shares of S\$0.182 prior to the Distribution, amounted to S\$1.6 billion. Distribution at fair value less transaction costs of S\$6 million resulted in a S\$970 million loss on Distribution for the Group.

The Group's exceptional items totalled a negative S\$144 million in 2020. The Energy and Other Businesses segments accounted for a negative S\$137 million and a negative S\$39 million of exceptional items respectively. This was offset by S\$32 million of positive exceptional items from the Urban business.

In 2020, the Energy business contributed a net profit of S\$160 million to the Group, compared to S\$195 million in 2019. Net profit before exceptional items was S\$297 million, down 18% from S\$360 million in 2019. Net profit before exceptional items in 2019 also benefitted from one-off insurance and vendor settlements.

The Urban business contributed a net profit before exceptional items of S\$60 million, compared to S\$117 million in 2019. Net profit from the Urban business in 2019 included the recognition of S\$71 million from the sale of residential units in *Riverside Grandeur* in Nanjing, China. Growth in 2020 was driven by strong land sales achieved at Nanjing Eco Hi-tech Island and Kendal Industrial Park.

2019

Sembcorp posted a turnover of S\$9.6 billion and net profit of S\$247 million in 2019, compared to S\$11.7 billion and S\$347 million respectively in 2018. Excluding exceptional items, net profit grew 17% to S\$395 million.

In 2019, the Energy business contributed a net profit of S\$195 million to the Group, compared to S\$312 million in 2018. Net profit before exceptional items was S\$360 million, up 12% from S\$321 million in 2018, with overseas markets performing better. China recorded a 22% growth in net profit while India doubled its net profit from 2018. The better performance in the UK was driven by the recognition of revenue from the capacity market, which resumed in 4Q2019.

Exceptional items recorded by the Energy business in 2019 amounted to a negative S\$165 million. This comprised impairments of S\$245 million and S\$7 million of additional provision for potential fines and claims at Sembcorp Nanjing SUIWU in China, offset by net gains of S\$86 million from the divestment of businesses and assets.

The Marine business turned in a net loss of S\$85 million to the Group in 2019, compared to a net loss of S\$48 million in 2018. The loss recorded in 2019 was mainly due to accelerated depreciation for the Tanjong Kling Yard and continued low overall business volume.

The Urban business delivered another year of record profit in 2019. Net profit grew 36% to S\$117 million in 2019 compared to S\$86 million in 2018, driven by profit recognition from the successful completion and handover of *Riverside Grandeur*, a wholly-owned residential development in China.

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2018

In 2018, Sembcorp adopted the Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS) frameworks, as well as the new accounting standards that are effective on January 1, 2018. Accordingly, 2017 financial figures have been re-presented in accordance with SFRS(I) for comparison against 2018 financial figures.

Sembcorp recorded a turnover of S\$11.7 billion and net profit of S\$347 million. Compared to 2017, turnover was 30% higher, while net profit was 9% lower. 2017 turnover and net profit, in accordance with SFRS(I), was S\$9.0 billion and S\$383 million respectively.

The Energy business contributed a net profit of S\$312 million to the Group, compared to S\$140 million in 2017. Net profit before exceptional items was S\$321 million, up 23% compared to S\$261 million in 2017, with Singapore, China and India being the main contributors. However, the increase in 2018 net profit was partially offset by provisions made for the delayed start-up of the Sembcorp Myingyan Independent Power Plant in Myanmar, and losses at UK Power Reserve (UKPR).

Exceptional items recorded by the Energy business in 2018 amounted to a negative S\$9 million. These comprised S\$23 million of divestment gains, S\$25 million of additional provision for potential fines and claims at an overseas water business, as well as a non-cash S\$7 million expensing of capitalised cost at UKPR on refinancing.

The Marine business reported a loss of S\$48 million in 2018, compared to a net profit of S\$157 million in 2017, in accordance with SFRS(I). The loss in 2018 was mainly due to loss from the sale of a semi-submersible rig and continued low overall business volume. Meanwhile, the Urban business

continued to deliver good performance with steady contributions from Vietnam and China. 2018 net profit was S\$86 million, slightly higher than the net profit of S\$83 million in 2017.

2017

The 2017 review is based on reported financials prepared under Singapore Financial Reporting Standards.

Sembcorp posted a net profit of S\$231 million and turnover of S\$8.3 billion in 2017, compared to S\$395 million and S\$7.9 billion respectively in 2016.

The Energy business contributed S\$140 million in net profit to the Group, compared to S\$348 million in 2016. Excluding exceptional items, the business delivered a net profit of S\$261 million. Singapore operations continued to perform well, mitigating the weak performance of our second thermal power plant in India, and the absence of contribution from the Yangcheng power project in China, following the expiry of its cooperative joint venture agreement. Singapore operations were the largest contributor to the Energy business' net profit before exceptional items.

Exceptional items recorded by the Energy business in 2017 amounted to a negative S\$121 million. These included a provision of S\$25 million for potential fines and claims at an overseas water business, impairment charges of S\$56 million and S\$39 million in refinancing cost incurred for our second thermal power plant in India.

The Marine business' net profit contribution to the Group was S\$7 million in 2017, compared to S\$48 million in 2016. The lower net profit in 2017 was mainly due to lower overall business volume, especially in rigs and floaters, and offshore platforms. Meanwhile, the Urban business reported a net profit of

S\$83 million, up from S\$33 million in 2016. The business' strong performance was driven by higher contributions from all its operating markets and, in particular, higher sales in China.

Critical Accounting Policies

Sembcorp's financial statements are prepared in accordance with SFRS(I) and IFRS.

With effect from January 1, 2021, the Group has applied the following amendments to SFRS(I)s:

- Amendments to SFRS(I) 16 COVID-19 – *Related Rent Concessions*
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2 (IBOR Phase 2)*

In accordance with the transition provisions, the IBOR Phase 2 amendments are applied retrospectively to hedging relationships and financial instruments. The Group's comparative amounts have not been restated. Since the Group has no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at December 31, 2020, there is no impact on opening equity balances as a result of retrospective application.

The adoption of these amendments to standards and interpretations does not have a material effect on the financial statements.

Value Added and Productivity Data

In 2021, the Group's total value added was S\$2.0 billion. This was absorbed by employees in wages, salaries and benefits of S\$494 million, by governments in income and other taxes of S\$62 million and by providers of capital in interest and dividends of S\$530 million, leaving a balance of S\$949 million reinvested in business.

Value Added Statement

	2021	2020	2019	2018	2017
Value Added from					
Turnover	7,795	5,447	9,618	11,689	9,026
Less: Bought-in materials and services	(6,115)	(4,075)	(7,458)	(9,699)	(6,753)
Gross value added	1,680	1,372	2,160	1,990	2,273
Investment, interest and other income	216	228	526	328	421
Share of results: Associates & JVs, net of tax	206	233	184	174	164
Other non-operating expenses	(67)	(88)	(147)	(93)	(229)
	2,035	1,745	2,723	2,399	2,629

Distribution

To employees in wages, salaries and benefits	494	396	820	759	807
To governments in income and other taxes	62	37	233	149	104
To providers of capital in:					
Interest on borrowings	423	461	586	508	527
Dividends to owners	107	2,615	71	71	125
Profit attributable to perpetual securities holders	–	17	36	43	43
	1,086	3,526	1,746	1,530	1,606

Retained in Business

Depreciation and amortisation	457	444	682	595	571
Deferred tax expense / (credit)	63	(25)	(91)	(7)	65
Retained profits	172	(2,443)	140	232	215
Non-controlling interests	21	22	(30)	(15)	110
	713	(2,002)	701	805	961
Other non-operating expenses	236	221	276	64	62
	949	(1,781)	977	869	1,023
Total Distribution	2,035	1,745	2,723	2,399	2,629

Productivity Data¹

	2021	2020 ²	2019	2018	2017
Average staff strength	5,740	5,426	16,575	16,578	16,288
Employment costs (\$ million)	494	396	820	759	807
Profit after tax per employee (\$'000)	52	33	13	20	30
Value added (\$ million)	1,680	1,372	2,160	1,990	2,273
Value added per employee (\$'000)	293	253	130	120	140
Value added per dollar employment costs (\$)	3.40	3.46	2.63	2.62	2.82
Value added per dollar investment in property, plant and equipment (\$)	0.16	0.13	0.13	0.12	0.15
Value added per dollar sales (\$)	0.22	0.25	0.22	0.17	0.25

¹ The figures above reflect data for core businesses only

² The results of the Marine business are excluded in the figures from 2020 onwards following the completion of the distribution in specie of ordinary shares in the capital of Sembcorp Marine Limited to Sembcorp Industries shareholders in September 2020

Group Financial Review

Treasury Management

Sembcorp Financial Services (SFS), the Group's wholly-owned treasury vehicle, manages the Group's financing and treasury activities in Singapore and oversees such activities in other markets together with the respective business units. In addition, funds borrowed by SFS are on-lent to businesses within the Group, where appropriate.

SFS and its overseas treasury units undertake active cash management by setting up cash pooling structures in various countries, utilising surplus funds from businesses and lending to those with funding requirements. It also actively manages the Group's excess cash using a number of

financial institutions, and closely tracks developments in the global banking sector. We believe such proactive cash management continues to be an efficient, cost-effective way of managing the Group's cash and meeting our funding requirements.

Facilities

As at December 31, 2021, the Group's total credit facilities, including our Multicurrency Debt Issuance Programme, amounted to S\$14.0 billion (2020: S\$14.3 billion). This comprised borrowing facilities of S\$12.5 billion (2020: S\$12.7 billion) and trade-related facilities of S\$1.5 billion (2020: S\$1.6 billion), including but not limited to bank guarantees, letters of credit, bid bonds and performance bonds.

Borrowings and Bond Issuances

The Group aims to closely align the structure and maturity profile of our debt book with the commercial profile of our core assets, while focusing on maintaining adequate liquidity for our businesses. We continue to build on our banking relationships to ensure that we are able to secure funding on competitive terms, as and when commercially viable and strategically attractive opportunities arise.

In June 2021, SFS issued its inaugural S\$400 million Green Bond under our S\$3 billion Multicurrency Debt Issuance Programme to grow our renewables portfolio. With this offering, we have successfully issued the first Certified green bond under the Climate Bonds Standard by a Singapore-based energy

company. The net proceeds of the Green Bond will be used to finance or refinance, in whole or in part, new or existing renewable energy projects which fall in the list of Eligible Green Projects in the Sembcorp Green Financing Framework and that meet Climate Bonds Initiative sector-specific technical criteria.

In October 2021, we issued a S\$675 million Sustainability-linked Bond (SLB), anchored by an investment of S\$150 million from International Finance Corporation (IFC) linking improvement in performance against tailor-made environmental, social and governance targets. The interest rate of the bond will be subject to a step-up margin of 0.25% p.a. from the first interest payment date on or after April 1, 2026 if the stated Sustainability Performance Targets (SPT)

of greenhouse gas emissions intensity reduction to 0.40 tCO₂e/MWh or lower is not achieved by December 31, 2025. Our SLB has been issued in accordance with the newly established Sembcorp Sustainable Financing Framework, which outlines Sembcorp's strategic approach, key performance indicators and SPTs for its sustainability-linked transactions. Net proceeds from the bond will be used for the purposes of financing the general corporate working capital requirements of Sembcorp and its subsidiaries, refinancing the Group's existing debt and / or financing or refinancing of the Group's renewable energy, or potentially, other sustainable projects.

As at December 31, 2021, the Group's gross borrowings amounted to

S\$7.4 billion (2020: S\$7.7 billion).

The Group's interest cover improved from 2.4 times in 2020 to 3.0 times in 2021. The Group remains committed to ensuring a diversified funding base and to optimising the cost of funding while working towards achieving prudent financial ratios. We also aim to maintain an efficient and optimal mix of committed and uncommitted facilities.

The overall debt portfolio in 2021 comprised 53% (2020: 37%) of fixed rate debt and 47% (2020: 63%) of floating rate debt. The fixed rate bonds issued in 2021 were partly used to refinance floating rate debt, resulting in an increase in fixed rate debt in the overall debt portfolio. We continue to actively monitor and manage the fixed and floating rate mix of our debt portfolio.

Financing and Treasury Highlights (S\$ million)

	2021	2020	2019
Source of Funding			
Cash and cash equivalents	1,344	1,032	1,767
Borrowing facilities (including the Multicurrency Debt Issuance Programme)			
Committed borrowing facilities	9,120	8,298	13,478
Less: Amount drawn down	(7,157)	(7,451)	(11,317)
Unutilised committed borrowing facilities	1,963	847	2,161
Uncommitted borrowing facilities	3,349	4,421	3,533
Less: Amount drawn down	(234)	(277)	(283)
Unutilised uncommitted borrowing facilities	3,115	4,144	3,250
Total unutilised borrowing facilities	5,078	4,991	5,411
Trade-related facilities			
Facilities available	1,521	1,584	3,447
Less: Amount used	(747)	(894)	(1,352)
Unutilised trade-related facilities	774	690	2,095
Funding Profile			
Maturity profile			
Due within one year	754	593	2,643
Due between one to five years	4,165	5,037	5,532
Due after five years	2,472	2,098	2,625
	7,391	7,728	10,800
Debt mix			
Fixed rate debt	3,941	2,833	6,914
Floating rate debt	3,450	4,895	3,886
	7,391	7,728	10,800

	2021	2020	2019			
Debt Ratios						
Interest cover ratio						
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,288	1,184	1,535			
Interest on borrowings	423	499	586			
Interest cover (<i>times</i>)	3.0	2.4	2.6			
Debt / capitalisation (D/C) ratios						
	2021	D/C ratio	2020	D/C ratio	2019	D/C ratio
Sembcorp Industries corporate debt	4,893	0.43	4,721	0.42	4,263	0.23
Sembcorp Industries project finance debt	2,498	0.22	3,007	0.27	3,636	0.19
Sembcorp Marine debt	–	–	–	–	2,901	0.16
Sembcorp Industries Group gross debt	7,391	0.65	7,728	0.69	10,800	0.58
Less: Cash and cash equivalents	(1,344)	–	(1,032)	–	(1,767)	–
Sembcorp Industries Group net debt / (cash)	6,047	0.53	6,696	0.60	9,033	0.48

Renewables Review

Competitive Edge

Leading Pan-Asian provider of innovative renewable energy solutions with 6.1GW of renewable energy capacity installed and under development globally, including a 658MW acquisition pending completion

One of the largest solar energy providers in Singapore, managing a full spectrum of solar capabilities across rooftop, ground-mounted and floating solar projects

Independent power producer in India with one of the highest wind capacity portfolios under self-operations and maintenance

Leveraging established partnerships to grow presence in key markets

Performance Scorecard

Financial Indicators (\$ million)

	2021	2020	Change (%)
Turnover ¹	354	281	26
Earnings before interest, tax, depreciation and amortisation (EBITDA) ²	251	225	12
Share of results: Associates & JVs, net of tax	27	27	–
Adjusted EBITDA ³	278	252	10
Net profit	56	46	22
– Net profit before exceptional items	56	46	22
– Exceptional items	–	–	–
Return on equity before exceptional items (%)	4.6	4.2	10
Return on equity (%)	4.6	4.2	10

¹ Turnover figures are stated before inter-segment eliminations

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

³ Adjusted EBITDA = EBITDA + Share of results: Associates & JVs, net of tax



>> The Sembcorp Tengoh Floating Solar Farm, one of the world's largest inland floating solar photovoltaic systems

Key Developments

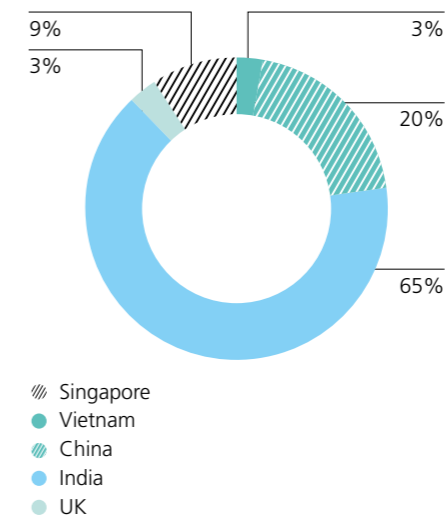
Announced acquisitions of 2.5GW of operational wind and solar photovoltaic (PV) assets in China

Completed the 60MWp Sembcorp Tengoh Floating Solar Farm, one of the world's largest inland floating solar PV systems

Awarded 180MW wind power project in India, underpinned by a 25-year long-term power purchase agreement

Commenced operations for 10MWh of battery storage in the UK, bringing total operational capacity to 70MWh

Gross Renewables Capacity by Country



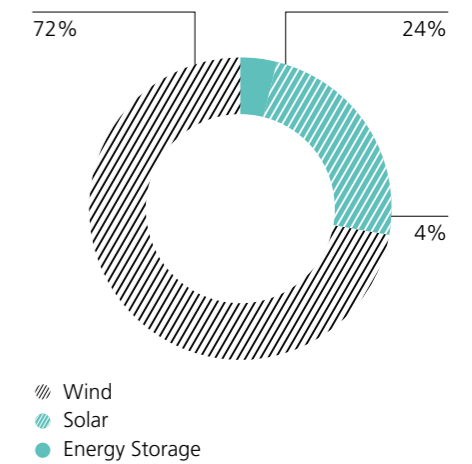
As at December 31, 2021

Sembcorp's renewables portfolio comprises wind, solar and energy storage assets in China, India, Singapore, the UK and Vietnam.

Turnover for the Renewables segment was S\$354 million, 26% higher compared to turnover of S\$281 million registered in 2020. Net profit was S\$56 million, an increase of 22% from S\$46 million in 2020, driven mainly by higher contribution from the wind business.

In India, the operational wind capacity as at end 2021 was 1.7GW. Wind generation was higher at 3.6TWh in 2021 compared to 3.5TWh in 2020 as there was full year contribution from 193MW of power that commenced operations in 2020. There was also contribution from sale of green attributes. Contribution from wind assets in China remained steady, with operational wind capacity remaining unchanged at 725MW. Net electricity generated was 1.5TWh, 5% higher compared to 2020.

Gross Renewables Capacity by Technology Type



Solar contribution in Singapore improved and operational capacity as at end 2021 was 240MWp, compared to 110MWp as at end 2020. Net electricity generated increased to 205GWh from 120GWh in 2020. This was offset by higher development costs for solar projects in the rest of Southeast Asia.

In the UK, a further 10MWh of our battery energy storage portfolio was commissioned, bringing our operational battery fleet to 70MWh. The energy storage portfolio turned in a profit for the year, despite higher deferred tax provision arising from the increase in corporate tax from 19% currently to 25% with effect from 2023.

Executing our strategy to transform our portfolio from brown to green

In May 2021, as part of our strategic plan to transform our portfolio from brown to green, we set a target to quadruple our gross installed renewables capacity to 10GW by 2025.

Renewables Review

Operational Indicators¹

	2021	2020
Gross renewables capacity (MW)	3,598	3,218
– Wind	2,599	2,419
– Solar	875	679
– Energy storage	124	120
Gross renewables capacity (MW)	3,598	3,218
– Installed	2,751	2,616
– Under development	847	602

¹ Figures refer to total gross capacity of facilities as at December 31, 2021 and December 31, 2020. As at February 2022, the Group has 6.1GW of gross renewables capacity installed and under development, including a 658MW portfolio acquisition pending completion



>> Sembcorp's solar power business in Singapore is growing well, with rooftop assets that generate renewable energy for the land-scarce city state

We gained momentum in the execution of our strategy with 2.9GW of renewable energy projects secured during the year.

Growing portfolio in Southeast Asia

We continued to make strides as a leading solar energy provider in Singapore, having secured 26% of Singapore's 2025 solar target. We have established capabilities in managing a full spectrum of solar capabilities ranging across rooftop, ground-mounted and floating solar projects. During the year, solar projects installed and under development in Singapore grew from 280MWp to 384MWp. Some of the notable projects include the SolarRoof Phase 2 project awarded by JTC Corporation to build a 17MWp solar rooftop system and a 60MWp solar energy project by the Housing & Development Board and the Singapore Economic Development Board.

130MWp of solar capacity was completed during the year, including the Sembcorp Tengeh Floating Solar Farm on Tengeh Reservoir, which commenced operations in July 2021. With 122,000 solar panels spanning across 45 hectares, the 60MWp solar photovoltaic (PV) farm is one of the world's largest inland floating solar PV farms. We implemented new and innovative ways of working and were able to complete the project on time with safe management measures in place despite the manpower and supply chain constraints due to COVID-19. With this project, the Tengeh Reservoir doubles up as a source for renewable energy, in addition to being an area for water catchment. This project serves as a showcase for Singapore, and we will look at opportunities to implement similar projects in other countries where there are large water bodies or land scarcity constraints.



>> Sembcorp's wind power assets in Gujarat, India

In Vietnam, solar capacity installed and under development grew from 23MWp to 108MWp as at end 2021. Amid prolonged movement curbs due to the pandemic, 16MWp of solar power was completed during the year.

New contract secured in India, endorsement of competitiveness

In India, we were the first independent power producer to deliver on all its projects awarded in the first three wind

tenders held by Solar Energy Corporation of India (SECI). We also have one of the highest wind capacity portfolios under self-operations and maintenance of any independent power producers in India.

During the year, we secured 210MW of renewables contracts, including a 180MW wind power project in the 11th nationwide wind power auction held by SECI. Upon completion of the project, the power output will be

sold to SECI under a 25-year long-term power purchase agreement.

Including the 400MW solar power project secured in 2020, we have 610MW of projects currently under development in India. The projects are expected to be completed between 2022 and 2023. This brings our gross renewables capacity installed and under development in India to 2.3GW.

Renewables Review



>> Wind assets in Yunnan province, China, jointly owned by Sembcorp and SDIC New Energy

Well-positioned for significant growth in China

China is the world's largest renewables market, and a priority growth market for Sembcorp. During the year, we announced two acquisitions totalling 2.5GW of operational wind and solar assets in China.

In December 2021, we announced the acquisition of a 35% interest in SDIC New Energy for an equity consideration of approximately RMB1.5 billion (approximately S\$320 million). The portfolio of SDIC New Energy consists of 30 operational wind and solar PV assets with a total gross installed capacity of about 1.9GW located across seven provincial regions in China. The acquisition was completed at the end of January 2022.

In November 2021, we signed a sale and purchase agreement to acquire a 98% interest in a portfolio of operational wind

and solar PV assets for approximately RMB3.3 billion (approximately S\$700 million). The portfolio of wind and solar assets with a total gross installed capacity of 658MW will provide Sembcorp with a scalable renewables platform to drive further growth in China. This scalable platform will boost our growth in China and support the building of our operational and technical capabilities. The acquisition is expected to be completed in the first half of 2022.

When the acquisition is completed, our Group renewables portfolio comprising wind, solar and energy storage is expected to reach a gross capacity of 6.1GW installed and under development, bringing us a step closer to achieving our Group target of 10GW of gross installed renewables capacity target by 2025. These achievements are testament to our multipronged approach of leveraging our capabilities, platforms and

partnerships to grow our renewables presence and enhance our capabilities.

Focused on growing our renewables pipeline

We have made good progress during the year and we will continue to focus on securing more opportunities in our countries of focus. Increasingly, regional collaboration will be needed to enhance energy resilience and sustainability. In Southeast Asia, we gained traction on our targets with multiple partnerships formed across various energy opportunities that aim to advance energy transition in both the host country and Singapore. We continue to explore importation and utility-scale renewables development partnerships, in addition to various collaborations around energy transition capabilities.

We have signed an exclusive joint development agreement with Batam's utility company PT PLN Batam and

of wind and solar projects in the country. The first phase will involve an initial funding of US\$30 million for the development of a 550MW portfolio of utility-scale nearshore and onshore wind assets across three provinces in Vietnam.

Our energy storage portfolio is well-positioned to take advantage of the evolving needs of the UK power market and plays an important role in helping to stabilise the grid as renewables penetration increases. As part of our growing energy storage portfolio, we announced in December 2021 plans to construct a 360MW battery at Wilton International on Teesside. This development will further support the UK's net-zero targets, helping to ensure the resilience of the electricity network and further enable the increasing growth of renewables. We currently operate 70MWh of batteries, with a further 50MWh of batteries due to be operational in 2022. As one of the UK's largest battery portfolios, the units can supply power and other services to the national grid in milliseconds. Such rapid response time is crucial to maintaining a secure and stable energy system that will aid the UK's low-carbon transition.



>> The remaining 50MWh of our 120Wh battery storage system in the UK will commence operations in 2022

Outlook

We completed the acquisition of the 35% stake in SDIC New Energy in January 2022 and expect completion of the 98% stake in 658MW of operational wind and solar assets in China within the first half of 2022. This will bring gross renewables capacity installed and under development to 6.1GW, almost double from the 3.2GW as at end 2020.

The rapid growth in renewables continues. According to the International Energy Agency, almost 290GW of new renewable energy generation capacity was installed globally in 2021, setting a new record for new installations. With stronger policy support and ambitious climate targets announced for COP26, the growth of renewables capacity is forecast to accelerate in the next five years, accounting for almost 95% of the increase in global power capacity through 2026. We remain focused on achieving our Group target of 10GW of gross installed renewables capacity by 2025 and will continue to innovate and deepen our capabilities to be a leading provider of sustainable solutions.

Integrated Urban Solutions Review

Competitive Edge

More than 30 years of experience in driving sustainable developments by delivering innovative and essential solutions to customers and communities

People-centric approach to urban planning, incorporating green solutions and smart technology to enhance the liveability and sustainability of our developments

Comprehensive suite of customised water, waste and recycling solutions, utilising advanced technologies to meet the needs of customers from diverse industries

Performance Scorecard

Financial Indicators (\$ million)

	2021	2020	Change (%)
Turnover ¹	465	422	10
Earnings before interest, tax, depreciation and amortisation (EBITDA) ²	143	107	34
Share of results: Associates & JVs, net of tax	97	103	(6)
Adjusted EBITDA ³	240	210	14
Net profit	161	140	15
– Net profit before exceptional items	155	113	37
– Exceptional items ⁴	6	27	(78)
Return on equity before exceptional items (%)	9.9	7.4	34
Return on equity (%)	10.2	9.1	12

¹ Turnover figures are stated before inter-segment eliminations

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

³ Adjusted EBITDA = EBITDA + Share of results: Associates & JVs, net of tax

⁴ 2020 exceptional items totalling \$27 million comprised \$17 million negative goodwill recognised upon the completion of the acquisition of Veolia, \$523 million additional income from the finalisation of the Singapore-Sichuan Hi-tech Innovation Park project and a \$59 million gain from share of equity reduction in Sino-Singapore (Chengdu) Innovation Park Development Co, offset by net loss of \$14 million from the divestments of municipal water businesses in Chile and Panama and \$58 million impairment of a dedicated wastewater treatment plant in Nanjing, China

2021 exceptional item of \$6 million related to gain from the divestment of Sembcorp Jingmen Water Co



>> Tran Phu Wire & Cable Factory in VSIP Hai Duong

Key Developments

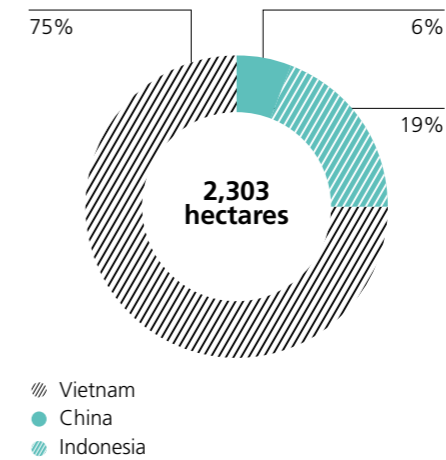
Obtained investment licence to develop a new 481-hectare industrial park in Vietnam's Quang Tri province. Land bank of Urban business increased from 12,588 hectares to 13,443 hectares during the year

Sold a record nine plots of Industrial & Business and Commercial & Residential land types at Sino-Singapore Nanjing Eco Hi-tech Island in China

Launched Singapore's first solar-powered electric vehicle charging hub, which serves as a central charging station for Sembcorp's fleet of waste and recycling electric trucks

Signed a memorandum of understanding to explore supply chain commercialisation of decarbonised hydrogen into Singapore, and a collaboration agreement for the potential development of the UK's first 300MW net-zero emissions power plant at Wilton International

Remaining Saleable Land by Geography

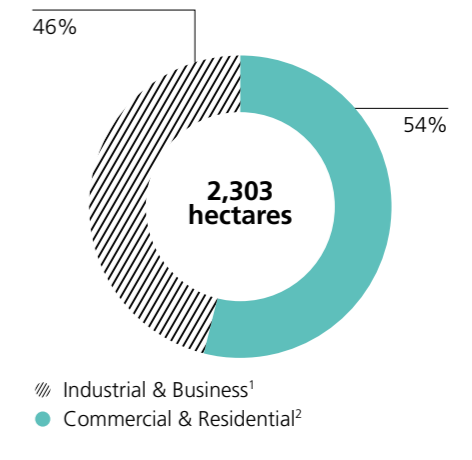


As at December 31, 2021

¹ Industrial & Business land includes space for general and high-tech manufacturing, research and development, as well as business and technology incubators

² Commercial & Residential land includes space for residences, food and beverage businesses, malls, hotels, serviced apartments and modern services such as accounting and legal firms, consultancies and corporate headquarters

Remaining Saleable Land by Segment



The Integrated Urban Solutions segment comprises the Urban business, Water business and Waste and Waste-to-resource businesses. The Urban business is primarily focused on the development of large-scale integrated urban developments and integrated townships such as industrial parks, business, commercial and residential spaces. In the Water business, we own and operate highly specialised facilities across China, the Middle East, Singapore, Southeast Asia, and the UK. Our water and wastewater management solutions encompass all aspects of the water cycle including water supply, wastewater treatment and water reclamation. The Waste and Waste-to-resource businesses include the solid waste management business in Singapore, the energy-from-waste facilities in Singapore and the UK.

Turnover for the Integrated Urban Solutions segment was \$465 million in 2021, up 10% from \$422 million in 2020. Net profit grew 15% to \$161 million from \$140 million in 2020, mainly driven by stronger performance from the Urban business and Waste and Waste-to-resource businesses. Net profit in 2021 included a \$6 million exceptional gain from the divestment of Sembcorp Jingmen Water Co while there was an exceptional gain of \$27 million in 2020. Excluding the exceptional gains, net profit was \$155 million, 37% higher than the net profit of \$113 million achieved in 2020.

Growth in underlying net profit for the Urban business in 2021

Better underlying performance for the Urban business was driven by higher contribution from land sales, property sales and recurring income from property leasing and utility sales.

Integrated Urban Solutions Review

Operational Indicators

	2021	2020
Urban		
– Saleable land inventory (hectares)	5,718	5,718
– Land sold (cumulative) (hectares)	3,136	2,968
– Total net orderbook (hectares)	279	277
– Remaining saleable land (hectares)	2,303	2,473
Water		
– Water and wastewater treatment capacity (m ³ /day)	8,255,029	8,263,781
Waste and Waste-to-resource		
– Waste collection (tonnes)	1,254,840	1,048,454
– Recyclables collection (tonnes)	33,632	20,500
– Energy-from-waste (Efw) gross installed capacity		
– Wilton 11 Efw Plant ¹ (MW)	48	48

Note: Figures for Urban operational indicators are based on current planned estimates

¹ The Wilton 11 Efw Plant produces both power and steam. The asset's gross installed steam capacity is 160 tonnes per hour



>> We sold a record nine plots of Industrial & Business and Commercial & Residential land at Sino-Singapore Nanjing Eco Hi-tech Island

While total land sales for the full year was 168 hectares, slightly lower compared to 172 hectares the year before, earnings contribution was higher due to land price increase across all industrial parks in Vietnam and Indonesia. Net orderbook for

the year was 279 hectares, comparable to the net orderbook of 277 hectares in 2020. The Urban business accounted for 55% of net profit before exceptional items of the Integrated Urban Solutions segment, compared to 53% in 2020.



>> Sembcorp's Vietnam-Singapore Smart Energy Solutions installed rooftop solar systems at H.B Fuller in VSIP Binh Duong

Record land prices achieved in Vietnam

In Vietnam, the pace of land sales and new orders in the first nine months of 2021 was impacted due to COVID-19 related shutdowns and delays in regulatory approvals. However, land sales recovered in the fourth quarter on improved manufacturing activity and for the full year, land prices across all our Vietnam Singapore Industrial Park (VSIP) projects increased between 5% and 127%.

The Vietnam housing market remained resilient in 2021. We recognised profits from the sale of 496 units of landed houses and shophouses at the *BelHomes* development in VSIP Hai Phong, 183 units of terraced houses and shophouses at *Sun Casa Central (Vinh Tan)* and 71 units at *The Habitat Binh Duong* project.

Higher land sales and increased occupancy in China

We achieved record land sales at the Sino-Singapore Nanjing Eco Hi-tech

Island project in China, with the sale of nine plots of Industrial & Business and Commercial & Residential land, leading to higher land sales profit.

During the year, effort was made to attract renewables and smart Internet of Things players that could add value to the ecosystem of the *International Water Hub*, given the industry focus on research and development and commercialisation of new water solutions. This drove occupancy to 70% for office and laboratory spaces, an increase from an occupancy rate of 39% in 2020. Additionally, we recognised profit from the sale of 66 car parking spaces and 76 storerooms from the hub's adjacent residential development *Riverside Grandeur*.

Key tenants at the Wuxi-Singapore Industrial Park increased production of semiconductors for export due to strong demand. Consequently, the park recorded higher electricity sales due to higher electricity consumption by tenants.



>> The *International Water Hub* in China achieved 70% occupancy of its office and laboratory spaces

Integrated Urban Solutions Review



>> PT Master Kidz Indonesia, a manufacturer of wooden toys for major brands, has commenced operations at the Kendal Industrial Park, Indonesia

During the year, the development of 89,590 square metres of ready-built factories was completed and fully leased out, with rental collection commencing in the third quarter of 2021. The sale of a ready-built factory also contributed to the park's better financial performance.

Domestic demand driving growth in Indonesia

In Indonesia, while lower land sales were recorded, there was an improvement in land price. Demand was driven by domestic manufacturers as special economic zone investment incentives enabled Kendal Industrial Park to offer customers competitive operating costs against other industrial parks in Central Java.

Growing land bank in the Urban business

As part of our strategic plan to transform our portfolio from brown to green and to be a leading provider of sustainable solutions, we aim to triple our Urban business' land sales to 500 hectares by 2025, from 172 hectares in 2020.

During the year, the business focused on growing its land bank to ensure a stable launch pipeline. In March 2021, we obtained the investment licence to develop a new 481-hectare industrial park in Quang Tri, central Vietnam, with the initial development phase comprising 97 hectares. The province has been earmarked as a future economic hub along the East-West Economic Corridor linking Vietnam, Laos, Thailand and Myanmar. Our total land bank increased to 13,443 hectares from 12,588 hectares during the year. We now have 15 urban projects strategically located across Vietnam, China and Indonesia, which provide platforms to leverage our businesses' synergies and drive future growth in sustainable solutions.

Improved performance in Water and Waste and Waste-to-resource businesses

The Water and Waste and Waste-to-resource businesses delivered higher net profit in 2021, driven mainly by

better performance from the solid waste management business in Singapore. During the year, Sembcorp was awarded the waste collection contracts for both the City-Punggol sector and Clementi-Bukit Merah sector, while the public waste collection contract for the Woodlands-Yishun sector ceased on December 31, 2021. The waste business also benefitted from the full year of earnings contribution from the Veolia business, which was acquired in June 2020, further strengthening Sembcorp's business as the provider of integrated environmental services for the nation.

Pursuing green technologies for sustainable solutions

In support of the Singapore Green Plan and our own decarbonisation efforts, we launched the country's first solar-powered electric vehicle (EV) charging hub at the Tuas depot in Singapore in July 2021. Equipped with state-of-the-art charging technology, the Sembcorp Green EV Charging Hub will initially support our fleet of waste and recycling electric trucks before it is opened for public use by other industrial vehicles. Beyond green transport and green energy, we have also introduced key technologies to drive digital adoption to enhance our service standards and efficiency, such as equipping our facility with a Smart Energy Management System to manage its electric power consumption digitally, and enable efficient monitoring and optimisation of energy use.

Committed to developing capabilities

In October 2021, we signed a strategic collaboration memorandum of understanding (MOU) with Chiyoda Corporation and Mitsubishi Corporation to explore the feasibility and implementation of a commercial-scale supply chain to

deliver decarbonised hydrogen into Singapore. Under this MOU, the three parties will undertake joint efforts to explore the most cost-effective hydrogen production in offshore locations for subsequent hydrogenation in these selected locations. The participation in this MOU will enable

Sembcorp to potentially support the growth of demand for the emerging hydrogen segment in Singapore and other markets. In the UK, we also started our collaboration with Zero Degrees Whitetail Development to explore the development of the UK's first net-zero emissions NET

Power station at Wilton International on Teesside.

With growing emphasis on sustainability, we will continue to look at new technologies that will complement renewable energy and aid in the decarbonisation of the energy sector.

Outlook

COVID-19 risks to communities and businesses remain high in 2022 and may continue to dampen global travel and customers' ability to conduct site inspections, thereby affecting urban land sales. In Vietnam, domestic challenges are expected from movement restrictions and renewed outbreaks of infections at factories. Travel restrictions and continued economic uncertainties caused by COVID-19 in Vietnam have led to expatriates leaving the country, which is expected to affect interest in residential purchases. In China, with curbs on bank borrowings, the property market is expected to face headwinds in 2022. China's "Zero-COVID" stance with lockdowns and strict border controls has also led to caution from potential customers and a delay in investment decisions. The Urban business will continue to focus on securing land bank and on land delivery to customers.

Population growth and urbanisation in Asia are driving demand for sustainable solutions. As a leading Pan-Asian sustainable solutions provider, Sembcorp is well-positioned to capture opportunities with our suite of urban development, water management as well as waste and waste-to-resource solutions. The Urban business with its established presence in Vietnam, China and Indonesia, will continue to provide the platforms for growth and deployment of our sustainable solution offerings to more customers.



>> Sembcorp opened Singapore's first solar-powered electric vehicle charging hub at its Tuas depot in July 2021

Conventional Energy Review

Competitive Edge

Established power player with over 9.4GW of conventional power capacity in key markets around the world

Global track record as an originator, owner or investor, operator and optimiser of energy assets with strong operational, management and technical capabilities

Largest player in Singapore's natural gas market and the nation's first commercial importer and retailer of natural gas, offering a comprehensive suite of gas and related services

Performance Scorecard

Financial Indicators (\$ million)

	2021	2020	Change (%)
Turnover ¹	6,679	4,571	46
Earnings before interest, tax, depreciation and amortisation (EBITDA) ²	964	892	8
Share of results: Associates & JVs, net of tax	81	102	(21)
Adjusted EBITDA ³	1,045	994	5
Net profit	174	113	54
– Net profit before exceptional items	373	245	52
– Exceptional items ⁴	(199)	(132)	(51)
Return on equity before exceptional items (%)	11.4	8.3	37
Return on equity (%)	5.4	3.9	38

¹ Turnover figures are stated before inter-segment eliminations

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

³ Adjusted EBITDA = EBITDA + Share of results: Associates & JVs, net of tax

⁴ 2020 exceptional items totalling negative S\$132 million comprised additional recognition of S\$14 million of Sirajganj Unit 4 construction margin in Bangladesh, S\$98 million of income recognition of claims for compensation due to Change in Law events in India, an impairment of S\$81 million for the investment in Sembcorp Salalah Power and Water Company in Oman, a write-down of S\$38 million of the inventory of gasoil reserves to net realisable value and a write-off of S\$44 million of inventory due to uncertainty on the recoverability of the gasoil inventory stored at Hin Leong Trading as well as an impairment of S\$21 million for utilities assets on Jurong Island in Singapore, and an impairment of S\$60 million for UK Power Reserve assets including goodwill in the UK

2021 exceptional items totalling negative S\$199 million comprised an impairment of S\$212 million for the Chongqing Songzao power plant in China and a S\$13 million gain from UK land sales and connection fee income



>> We continued to deliver reliable essential services without disruptions across our assets

Operational Indicators

	2021	2020
Gross conventional power capacity ¹ (MW)	9,477	9,481
– Gas	5,457	5,461
– Coal & Diesel	4,020	4,020
Contracted conventional capacity with long-term agreements ² (MW)	5,058	4,433

¹ All 2020 and 2021 capacities are operational

² Long-term agreements refer to agreements with a tenure of at least five years from the contract effective date

Key Developments

Awarded two long-term power purchase agreements for the supercritical power generation facility in Nellore, India, to supply 625MW of power to Andhra Pradesh state power distribution companies, and 200MW of power to Bangladesh through PTC India Limited

Appointed as a term liquefied natural gas importer for Singapore

The Conventional Energy portfolio comprises over 9.4GW of conventional power capacity in key markets around the world. In addition, Sembcorp provides a wide variety of gas and related services such as gas sourcing, importation and trading in Singapore.

In 2021, the global economic recovery and rising consumption boosted electricity demand. Coupled with supply constraints mainly due to adverse weather events, gas, coal and electricity prices rose to their highest levels in decades. In our key markets, higher spot prices and increased electricity demand

benefitted the performance of our Conventional Energy segment.

Strong performance with 54% growth in net profit

Turnover for the Conventional Energy segment was S\$6.7 billion, 46% higher than the S\$4.6 billion recorded in 2020. This was mainly due to better performance in India, Singapore and the UK on higher energy demand and margins in the fourth quarter of 2021. Net profit after exceptional items grew 54% to S\$174 million from S\$113 million in 2020. Exceptional items in 2021 totalled a negative S\$199 million. This comprised a S\$212 million impairment of the Chongqing Songzao power plant in China partially offset by a S\$13 million gain from land sales and connection fee income in the UK.

Following our joint venture partner Chongqing Energy Investment Group's decision to close all its Chongqing-based coal mines, the Chongqing Songzao power plant was severely impacted by significantly higher coal costs due to procurement of coal from other provinces with the loss of its mine-mouth advantage. The availability and form of government support were uncertain

and insufficient and the asset was also expected to face competitive pressure from low-carbon power sources in the long term. A review of the carrying value of Chongqing Songzao power plant was undertaken, and arising from the assessment, the carrying value of Sembcorp's entire equity interest was fully impaired.

The better performance of the supercritical power generation assets was driven by stronger contribution from the power plants in India, partially offset by the losses from the Chongqing Songzao power plant in China. In India, profitability of the conventional power plants improved from 2020. Our first supercritical power plant operated at a higher plant load factor (PLF) of 84%, compared to 78% in 2020. Losses for the second supercritical power plant narrowed as it benefitted from higher tariffs with average spot prices increasing more than 50% from a year ago. This was partly offset by higher coal costs and lower availability of the plant due to a scheduled maintenance shutdown in the second half of the year. Average PLF for the year was 71% compared to 75% in 2020. For the Chongqing Songzao power plant,

Conventional Energy Review



>> Sembcorp's flexible generation assets in the UK

losses were incurred in the first half of 2021 due to the impact of high coal prices. With the full impairment of the plant, the Group has ceased recognition of its operational losses.

The improved performance for gas and related services was driven mainly by higher contributions from Singapore and the UK. In 2021, the cogeneration plants in Singapore benefitted from increased power demand and better spreads. This was partially offset by the termination of the utilities services agreement from Eastman Chemical Singapore in April 2021. In the UK, the volatility in the country's wind generation and weather conditions during the year resulted in increased imbalances in the system. The flexible generation assets contributed positively for the year as we were able to capture the resulting high prices by making optimal trading positions. However,

this was partly offset by a deferred tax charge of S\$14 million mainly due to a future change in tax rate in the UK.

Long-term contracts secured in India to underpin performance

In early 2022, we secured two long-term power purchase agreements (PPA) for our supercritical power generation facility in Nellore, India. The first PPA is to supply 625MW of power to Andhra Pradesh state power distribution companies for 12 years from commencement of supply, and the other is to supply 200MW of power to Bangladesh through PTC India Limited until May 2033. With these agreements, 85% of our India thermal plant capacity will be underpinned by long-term and mid-term PPAs. In December 2021, we also restructured our India corporate entities. The thermal and renewables businesses in India are now held under separate corporate entities.

Appointment as a term liquefied natural gas importer for Singapore

In March 2021, we were appointed by the Energy Market Authority in Singapore as a term liquefied natural gas (LNG) importer to import and sell degasified LNG to customers in Singapore. As Singapore's first commercial importer of piped natural gas, Sembcorp has built core capabilities in gas import and retail over the last two decades. This licence will augment our diverse portfolio of energy generation sources and supplies in Singapore. Coupled with our cogeneration plants on Jurong Island and our provision of centralised utilities, Sembcorp is able to provide a sustainable, competitive, reliable and comprehensive suite of bundled energy and utilities solutions for customers in Singapore.

Delivering reliable services amid the pandemic

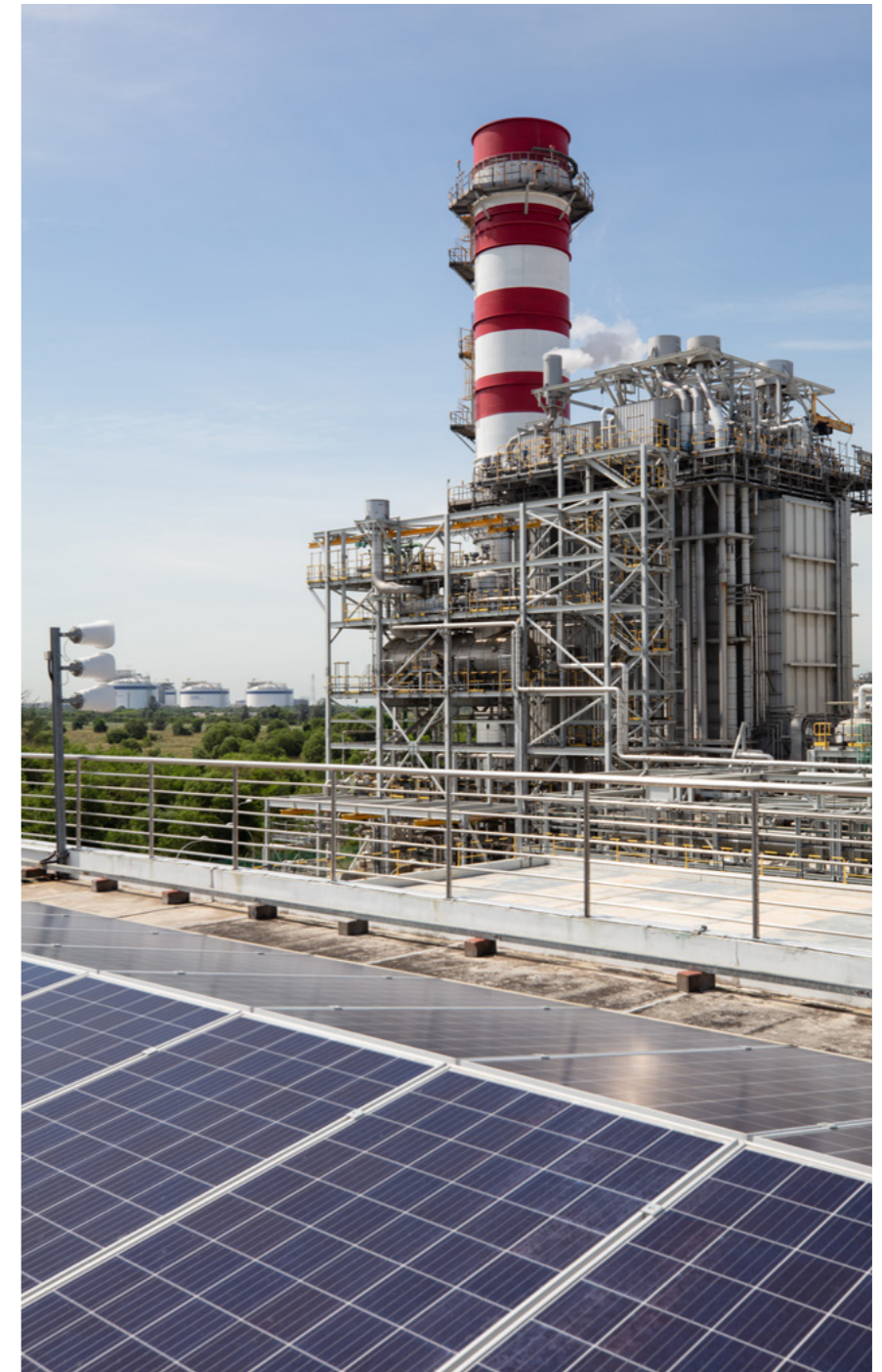
Focus on the wellness of our staff played an important role in ensuring sustainable operations during the COVID-19 lockdowns. We remained vigilant and supported our colleagues who were exposed to the pandemic through the year. Digital interventions, quick and proactive actions helped us maintain flexibility in our operations to address the challenges associated with the pandemic.

As such, we were able to deliver reliable essential services without disruptions across our assets including our Sembcorp Myingyan Independent Power Plant in Myanmar, which continued to operate despite the political situation. The plant provides essential power to the people of Myanmar and we are committed to serving their critical energy needs.

Outlook

The Conventional Energy segment performed exceptionally well in the fourth quarter of 2021. The underlying performance of the segment continues to be subject to global energy market conditions and commodity prices.

We remain committed to operational excellence and to providing access to power for quality of life and economic development in the countries that we operate in, even as we continue to explore options to transition our portfolio from brown to green. Natural gas serves as a reliable source of energy as the world moves towards a lower carbon energy system and to this end, we will continue to explore ways in which our assets can complement the decarbonisation of the energy sector.



>> Sembcorp Cogen @ Banyan and solar panels installed on the rooftop of one of Sembcorp's facilities on Jurong Island, Singapore