

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

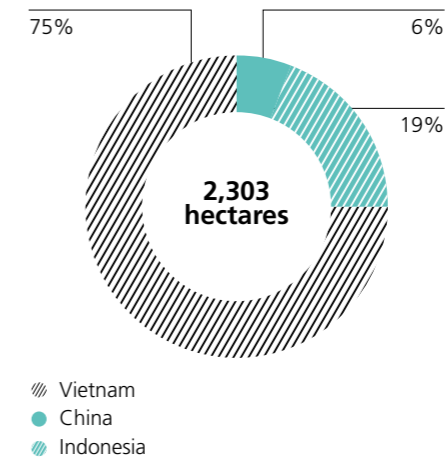
Obtained investment licence to develop a new 481-hectare industrial park in Vietnam's Quang Tri province. Land bank of Urban business increased from 12,588 hectares to 13,443 hectares during the year

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

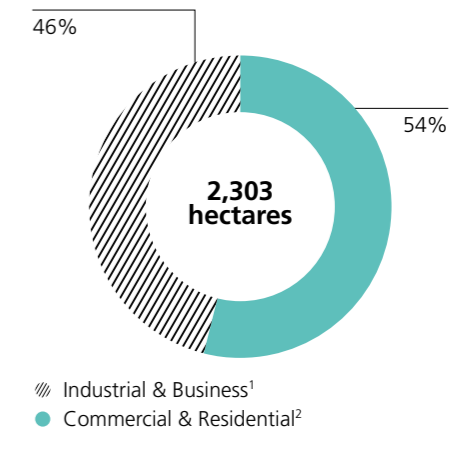


As at December 31, 2021

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.

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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

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>> 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