

# Integrated Urban Solutions Review

## Competitive Edge

Over three decades of driving sustainable developments by delivering innovative and essential solutions to customers and communities

International investment promotion team complementing local marketing initiatives to drive direct investment by high-quality, long-term investors and tenants

Comprehensive suite of customised water, waste and recycling solutions to cater to the needs of customers

## Performance Scorecard

Financial indicators (\$ million)

	2022	2021	Change (%)
Turnover <sup>1</sup>	444	465	(5)
Earnings before interest, tax, depreciation and amortisation (EBITDA) <sup>2</sup>	130	143	(9)
Share of results:			
– associates and joint ventures, net of tax	93	97	(4)
Adjusted EBITDA <sup>3</sup>	223	240	(7)
Net profit	140	161	(13)
– Net profit before exceptional items	148	155	(5)
– Exceptional items <sup>4</sup>	(8)	6	NM
Return on equity before exceptional items (%)	8.5	9.9	(14)
Return on equity (%)	8.0	10.2	(22)

<sup>1</sup> Turnover figures are stated before inter-segment eliminations

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

<sup>3</sup> Adjusted EBITDA = Reported EBITDA + share of results from associates and joint ventures, net of tax

<sup>4</sup> 2022 exceptional items totalling negative \$58 million comprised an impairment of a water asset in China following changes in water tariffs, an impairment of an investment in the UK for project expenses incurred by the company and Urban's share of lower market valuations of underlying property assets in China

2021 exceptional item was related to a gain of \$56 million from the divestment of Sembcorp Jingmen Water Co

The Integrated Urban Solutions segment comprises Urban, Water, as well as Waste and Waste-to-resource businesses. The Urban business has more than 30 years of track record in integrated urban developments including industrial parks, business hubs, industrial properties and residential spaces.

In the Water business, we own and operate highly specialised facilities across China, the Middle East, Singapore and the UK. Our water and wastewater management solutions encompass the entire water cycle including water

supply, wastewater treatment and water reclamation. The Waste and Waste-to-resource businesses include solid waste management services in Singapore as well as energy-from-waste facilities in Singapore and the UK.

Turnover for the Integrated Urban Solutions segment was \$444 million in 2022, a decline of 5% from \$465 million in 2021. Net profit before exceptional items moderated to \$148 million in 2022 compared to \$155 million in 2021, mainly due to a slowdown in the China market

## Key Developments

Awarded investment licences to develop industrial parks in Quang Tri Industrial Park, Vietnam Singapore Industrial Park (VSIP) Binh Duong III, VSIP Can Tho and VSIP Nghe An (park II) in Vietnam, bringing total portfolio of large-scale urban projects to 16

Groundbreaking of VSIP Binh Duong III, a new smart and sustainable industrial park

Groundbreaking of modern ready-built warehouses, Sembcorp Logistics Parks in Quang Ngai and Nghe An provinces, Vietnam and development of ready-built factories in the new Wuxi Life Science Park, China

for the Urban business. This was mitigated by higher contribution from the energy-from-waste operation in the UK on higher power prices, and a termination fee received from a customer of the water business in China.

## Building Land Bank and Providing Sustainable Solutions to Customers

In 2022, the Urban business registered land sales of 172 hectares (ha), compared to 168ha in 2021, driven by demand in Vietnam. However, earnings declined due to a slowdown in the China market. Net orderbook for the year was 312ha, higher than the net orderbook of 279ha in 2021.

In Indonesia, while slightly lower land sales were recorded in our Kendal Industrial Park, profitability improved due to the increase in land sales margin.

Demand was driven by both domestic and international manufacturers following the post pandemic reopening of Indonesia. Recurring income contributions from estate management fees and water sales also increased as more tenants completed factory construction and commenced operations during the year.

In China, lower land sales were recorded at the Sino-Singapore Nanjing Eco Hi-tech Island, with two plots of Industrial & Business land sold in 2022 compared to nine plots (including Commercial & Residential land) in 2021. 2022 continued to see property cooling measures in play. The zero-COVID policy of the Chinese government and slowing economy further dampened the property market. However, lower contributions from this project were mitigated by better contributions from our Wuxi-Singapore Industrial Park project,

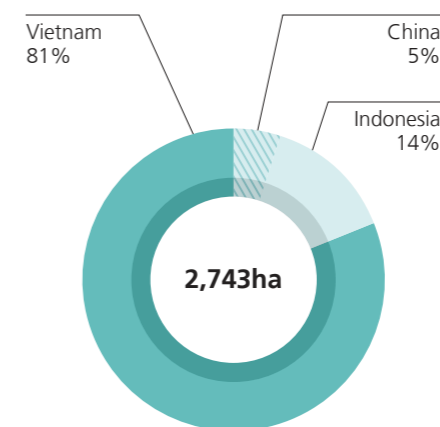
## Operational Indicators

	2022	2021
<b>Urban<sup>5</sup></b>		
– Saleable land inventory (ha)	6,363	5,718
– Land sold (cumulative) (ha)	3,308	3,136
– Total net orderbook (ha)	312	279
– Remaining saleable land (ha)	2,743	2,303
<b>Water</b>		
– Water and wastewater treatment capacity (m <sup>3</sup> /day)	8,051,470	8,255,029
<b>Waste and Waste-to-resource</b>		
– Waste collection (tonnes)	1,085,404	1,254,840
– Recyclables collection (tonnes)	11,775	33,632
– Energy-from-waste (Efw) gross installed capacity		
– Wilton 11 Efw Plant <sup>6</sup> (MW)	48	48

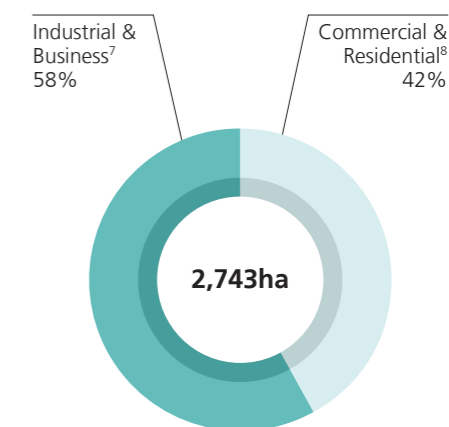
<sup>5</sup> Figures are based on current planned estimates

<sup>6</sup> The Wilton 11 Efw Plant produces both power and steam. The asset's gross installed steam capacity is 160 tonnes per hour

## Remaining Saleable Land by Geography



## Remaining Saleable Land by Segment



As at December 31, 2022

<sup>7</sup> Industrial & Business land includes space for general and high-tech manufacturing, research and development, as well as business and technology incubators

<sup>8</sup> 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

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which provided steady income. During the year, we acquired a plot of land at the newly created Wuxi Life Science Park, which is being developed by the municipal government. Ready-built factories with a total gross floor area of 78,000 square metres will be constructed on the site and will be available for lease from 2024.

In March 2022, we held a groundbreaking ceremony for the third expansion of VSIP in Binh Duong Province, Vietnam. The 1,000ha VSIP Binh Duong III will have a planned 50ha onsite solar farm offering grid reliability and sustainability benefits to large industrial tenants, complementing our rooftop solar solutions. The first 100ha phase is also pre-qualified to meet Singapore's Building and Construction Authority's Green Mark for industrial districts, making it one of the greenest and most sustainable workplace environments in Vietnam. In 2022, the project attracted the largest industrial land bookings of all VSIP projects.

LEGO Group will commence the construction of its first carbon-neutral factory across a 44ha site at VSIP Binh Duong III.

Over the last 27 years, VSIP has drawn US\$18.4 billion in investments from more than 800 multinational companies and created more than 288,000 jobs in the industrial sector. In October 2022, we broadened our footprint in Vietnam's growing industrial park development with the award of the investment licence to develop VSIP Can Tho, a 294ha industrial park. Can Tho is the fourth largest city in Vietnam and is located in the Mekong Delta region. The central government has announced a master plan for the region, with a vision towards making Can Tho City a centre for trade and services by 2030. The City has the potential to build on its established aquaculture and agriculture industries and increase its importance as a mega food-processing and distribution hub, with infrastructure investments planned under the new master plan.

In February 2023, the Vietnam government presented Sembcorp and Becamex IDC Corporation (Becamex) with an investment licence to develop a 500ha VSIP in Nghe An Province (park II). The licence expands our presence in Nghe An, post the successful development of the 750ha VSIP Nghe An (park I), which was established in 2015. We also deepened our strategic partnership with Becamex, and announced a Memorandum of Understanding to co-establish five VSIPs valued at approximately US\$1 billion. The parks will feature decarbonisation solutions such as rooftop solar systems, potential solar farms and green certified buildings, and are envisioned to be smart and sustainable industrial parks with low carbon footprint.

As an expansion of our product offering, we commenced the development of Sembcorp Logistics Parks in the provinces of Quang Ngai and Nghe An in central Vietnam. Totalling approximately 77,258 square metres in gross floor area, these modern ready-built warehouses seek to provide quality logistics spaces in strategic locations to manufacturers. Construction will be completed in the fourth quarter of 2023. Within the portfolio, we also developed ready-built warehouses in the provinces of Hai Phong and Hai Duong to serve the northern Vietnam hinterland.

### Improved Performance in Waste-to-resource Business

Wilton 11, our energy-from-waste plant in the UK, serves our industrial customers on Teesside. Earnings contribution from Wilton 11 increased year-on-year, driven by higher electricity prices.



Tenants at the 750ha VSIP Nghe An (park I). An investment license was granted in 2023 for the development of VSIP Nghe An (park II), a 500ha expansion over park I



Groundbreaking ceremony for VSIP Binh Duong III, which was witnessed by Vietnam Prime Minister Pham Minh Chinh

### Piloting of smart recycling initiative in Singapore

We continue to work closely with the communities to promote recycling in a sustainable manner. Across Singapore, contamination of recyclables at source has led to low household recycling rates. In December 2022, SembWaste and Singapore Polytechnic launched Rebottle, which aims to boost polyethylene terephthalate (PET) bottle recycling rates in Singapore, by placing refurbished roller cages at accessible and convenient locations for depositing used PET bottles. It also incorporates Internet of Things solutions to provide real-time waste collection data, allowing SembWaste to monitor the number of bottles disposed in the cages and

optimise collections when the cages are full. The smart recycling initiative is being piloted in the Punggol Shore precinct and aims to triple overall PET collection rates while lowering the estate's waste contamination rate by at least 10%.

### Outlook

The Urban business continues to secure land bank to ensure a steady sales pipeline. It is also building up its portfolio to grow its recurring income and increase its product offering to customers. Global travel has picked up with the reopening of economies, providing greater clarity in business outlook. While there has been a pickup in land sale orders at

our Indonesia and Vietnam projects, the possible slowdown in manufacturing activity on the back of recession risks and rising interest rates may affect new factory investments. In China, new government policies and incentives are anticipated to be implemented in 2023 to ease the economy towards recovery, and we expect the market to gain momentum in the second half of 2023.

With our suite of sustainable solutions including urban development, water management as well as waste and waste-to-resource solutions, we are well-positioned to capture opportunities arising from the population growth and urbanisation in Asia.