

Singapore Company Update

Sembcorp Industries

Bloomberg: SCI SP | Reuters: SCIL.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

15 Feb 2022

BUY

Last Traded Price (14 Feb 2022): S\$2.42 (STI : 3,421.20)

Price Target 12-mth: S\$3.00 (25% upside) (Prev S\$2.40)

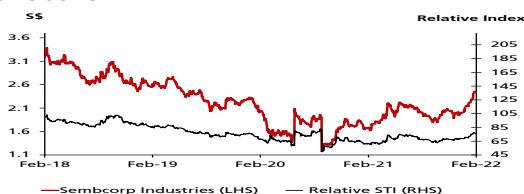
Analyst

Pei Hwa HO +65 6682 3714 peihwa@dbs.com

What's New

- SCI has expanded installed renewable capacity by 130% within a year
- Improving power market in Singapore and India calls for earnings upgrades and sets the stage for divestment of coal-fired assets
- Warrants re-rating closer to its renewable peers
- Maintain BUY; TP lifted to S\$3.00

Price Relative



Forecasts and Valuation

FY Dec (\$m)	2020A	2021F	2022F	2023F
Revenue	5,447	6,223	6,508	6,816
EBITDA	1,263	1,344	1,418	1,510
Pre-tax Profit	211	250	484	530
Net Profit	157	185	369	402
Net Pft (Pre Ex.)	301	391	369	402
Net Pft Gth (Pre-ex) (%)	(36.0)	29.8	(5.5)	8.9
EPS (S cts)	8.78	10.3	20.6	22.5
EPS Pre Ex. (S cts)	16.8	21.9	20.6	22.5
EPS Gth Pre Ex (%)	(36)	30	(6)	9
Diluted EPS (S cts)	8.72	10.3	20.5	22.3
Net DPS (S cts)	4.00	2.74	5.88	28.9
BV Per Share (S cts)	187	193	211	228
PE (X)	27.6	23.4	11.7	10.8
PE Pre Ex. (X)	14.4	11.1	11.7	10.8
P/Cash Flow (X)	8.8	13.7	7.5	4.4
EV/EBITDA (X)	8.8	8.6	8.4	7.9
Net Div Yield (%)	1.7	1.1	2.4	11.9
P/Book Value (X)	1.3	1.3	1.1	1.1
Net Debt/Equity (X)	1.9	2.0	1.9	1.7
ROAE (%)	3.1	5.4	10.2	10.3
Earnings Rev (%)			-	-
Consensus EPS (S cts):			22.7	26.0
Other Broker Recs:		B: 9	S: 0	H: 2

Source of all data on this page: Company, DBS Bank, Bloomberg Finance L.P.

Sustainable Rally on Renewable Drive

Investment Thesis

Renewable transformation taking shape. Sembcorp Industries (SCI)'s green transformation is advancing ahead of target since the announcement in May-2021. Within a year, its gross installed renewable capacity has more than doubled to 6.1GW (4.3GW attributable to SCI) from 2.6GW as of end-2020 and looks set to achieve its 10GW target much sooner than 2025.

Multiple re-rating catalysts. The continuous progress of renewable strategy warrants further re-rating. Decarbonisation initiatives such as divestment of coal-fired power plants in China and India could provide another catalyst. Meanwhile, improving supply/demand fundamentals of the power market in Singapore and India prompts potential earnings upgrades in the upcoming results.

Valuation:

We have raised our fair value to S\$3.00, based on a higher P/BV multiple of 1.4x (from 1.2x previously) and rolling over our valuation to FY22 (from blended FY21/22), against 9-10% normalised ROE. Successful execution of its renewable energy plan, translating into earnings growth, would further lift valuations.

Where we differ:

We are positive on SCI's longer-term prospects as its growing renewable portfolio should continue to drive its valuation re-rating. Growth is expected to be funded by debt and internal cash flow.

Key Risks to Our View:

Key risks to earnings are deterioration of Singapore's power spark spreads and execution hiccups of its renewable plans.

At A Glance

Issued Capital (m shrs)	1,780
Mkt. Cap (S\$m/US\$m)	4,307 / 3,197
Major Shareholders (%)	
Temasek Holdings Pte Ltd	49.5
Free Float (%)	50.5
3m Avg. Daily Val (US\$m)	5.3
GIC Industry : Industrials / Capital Goods	



Watchlist the stock on Insights Direct to receive prompt updates

ed: JS/ sa: SM, PY, CS



Live more, Bank less

WHAT'S NEW

Warrants valuation re-rating towards renewable peers

Promising Execution of Green Transformation Strategy – a Critical Factor of share price

Game changing Brown-to-Green Strategy. In May-2021, SCI unveiled its strategy to transform its portfolio from brown to green, by focusing on growing renewables and integrated urban solutions businesses. It set quantitative targets to quadruple its renewable portfolio to 10GW by 2025, from 2.6GW of wind and solar capacity in Southeast Asia, India, and China as of end-2020. This would lift renewables as a percentage of total energy capacity from 20% to 50%. Coupled with the urban business, sustainability solutions are expected to contribute 70% of group earnings by 2025.

Promising renewable growth especially in China. SCI has demonstrated strong commitment in executing the green transformation plan. Including recent acquisitions that will be concluded in 1H2022, SCI's gross installed renewable capacity has impressively grown by 134% to 6.1GW (4.3GW attributable to SCI). In particular, recent acquisitions in China involve sizeable, quality platform assets that will strengthen SCI's operational and technical capabilities in China, deepening SCI's foothold in the fast-growing renewable market.

Vietnam is up and coming too... Besides China and India, Vietnam is another up-and-coming new market added to SCI's portfolio in 2020. Vietnam is likely to be another

growth engine for SCI with 3GW of rooftop solar opportunities at SCI's industrial parks there, leveraging on SCI's strong working relationship with the tenants. In addition, SCI has signed a collaboration agreement with BCG Energy to jointly develop a pipeline of up to 1.5GW of wind and solar projects in Vietnam. The first phase, 550MW portfolio of utility-scale nearshore and onshore wind assets, is expected to come online by end of 2022.

UK – expanding battery capacity. SCI is also expanding its energy storage business. In Dec-2021, it announced plans to build Europe's largest battery, a 360MW energy storage system at Wilton International on Teesside. This follows its plan to build a first-of-a-kind 300MW net zero emission plant in Jul-2021. The portfolio size is expected to be over 1.6GW in the UK with half being supplied by batteries. While SCI faced operational headwinds in the UK previously, the company has learnt to overcome challenges and hopefully able to turn around the UK operations in the near future.

A testament to new management's execution. Current Group President & CEO, Mr. Wong Kim Yin came on board on 1 July 2020 while Group CFO, Mr. Eugene Cheng joined SCI on 8 Mar 2021. The solid progress of the transformation strategy, operational improvement in the past 1.5 years and their active engagement with investors are testaments to management's execution and credibility.

Recent acquisitions and awards

Date	Description	Consideration S\$m	Stake %	Gross Capacity	
				Wind MW	Solar MW
22-Oct-21	Awarded 180MW wind project in India	-	100%	180	-
12-Nov-21	Acquires 658MW capacity from CGN Capital Partners	700	98%	418	240
2-Dec-21	Acquires 1.9GW capacity from State Development Investment Corporate Group	320	35%	1730	148

Source: Company

Sembcorp Industries

SCI's renewable capacity as of Dec-2021 (GW)

Renewable Energy (GW)	Wind	Solar	Energy Storage	Total
India	1.8	0.5	-	2.3
China	2.9	0.4	-	3.3
Singapore	-	0.3	-	0.3
Vietnam	-	0.1	-	0.1
UK	-	-	0.1	0.1
Total	4.7	1.3	0.1	6.1

Source: Company

Improving Power Market in Singapore and India

Singapore spot electricity prices skyrocketed in 4Q21.

Average monthly uniform Singapore energy price released by Energy Market Authority (EMA) almost tripled q-o-q in 4Q21 to S\$437/MWh. This is attributable to higher than usual electricity demand, outage of several generation units, curtailments of gas from West Natuna, and low landing pressure of the gas supplied from South Sumatra.

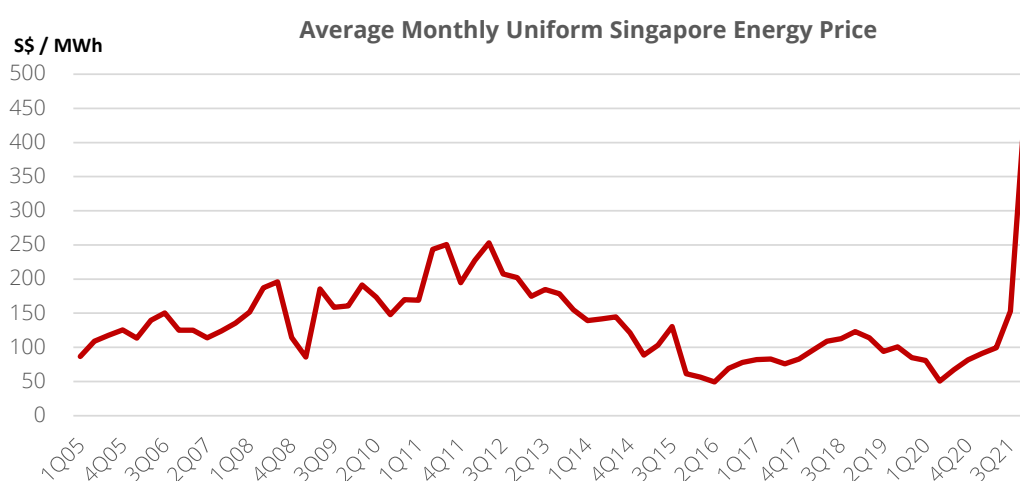
Exceptionally high gas price. Against the backdrop of energy crunch, benchmark JKM LNG prices shot up from ~US\$10/mmbtu in Jun-2021 to an unprecedented level of US\$50/mmbtu in Dec-2021 before moderating to the US\$25/mmbtu level currently.

Electricity prices to stay elevated, lifting spark spread.

While some moderation from the unusually high levels seems inevitable, electricity prices will likely stay relatively high in view of the higher input cost and improved supply/demand fundamentals. This is expected to turn around the power plants in Singapore that have been suffering losses in recent years.

Reviewing earnings post results in end Feb. It is rather challenging to project earnings recovery of SCI's Singapore power business given the lack of details such as input source and cost, % of purchased electricity, electricity user split between industrial and households etc. Based on historical performance, Singapore's energy business contributed S\$50-80m to bottomline during 2014-2017. We await more clarity and datapoints in the upcoming FY21 results due 23 Feb to review Singapore power earnings.

Singapore energy price spiked in 4Q21



Source: Energy Market Authority

Sembcorp Industries

Improving power market in India sets the stage for listing or divestment of coal-fired power assets. Tariff has risen from an average of ~INR 2,600/MWh in 2020 to almost INR 4,000/MWh in 2021 and remains at a high level in Feb-2022. The more favourable power supply/demand dynamic in India has aided the finalization of long-term PPAs for its second coal-fired power plant. Including two

recently concluded long-term PPAs, c.81% of the second plant is now contracted. With 80-90% of both plants with 2,640MW total capacity contracted on a long-term basis, earnings visibility has improved. Furthermore, we believe this sets the stage for potential listing or divestment of the coal-fired power plants, accelerating SCI's decarbonization strategy.

More room for re-rating

Renewable growth yet to be priced in. While SCI's current valuation at 1.1x PB and ~12x PE might seem fair against 10% ROE and 3% yield, we believe there is room for further re-rating, as the stock warrants a valuation premium for its higher renewable contribution and good ESG.

Renewable players trade at a premium. Renewable companies in China and India are trading at average P/Bv of 2.1x and PE of c.20x while the US/European players command an even higher valuation of 2.6x P/Bv and 24x PE.

Comparable financials. Global renewable peers are delivering similar high-single to low-teens ROE and ~10% earnings growth. While SCI's gearing is on the high side on

an absolute basis, at c.2x net gearing and c.5.7x net debt / EBITDA, it is in line with industry peers given the capital intensive, asset heavy nature of power generation business. We find comfort that the renewable power assets are typically backed by PPAs, generating more predictable cash flows and returns over the asset's life.

Raising the bar. We are raising our P/Bv valuation multiple to 1.4x (from 1.2x previously) in view of promising renewable growth outlook and contribution, and have rolled over valuation to FY22 (from blended FY21/22). Accordingly, our TP is lifted to S\$3.00, translating to ~14.5x FY22 PE. This still represents a 25-33% discount to Asian renewable peers. We believe the discount will continue to narrow over time as SCI delivers on its renewable transformation and earnings growth.

Peer comparison

Company	Market cap (US\$m)	P/E ratio (x)			P/B (x)			Core ROE (%)			Net Debt-to-Equity (x)		Dividend Yield	
		CY20	CY21F	CY22F	CY20	CY21F	CY22F	CY20	CY21F	CY22F	Net Debt-to-Equity (x)	Debt-to-EBITDA (x)	CY21F	CY22F
Power Producer														
ORSTED A/S	43,578	34.5x	24.9x	26.1x	6.4x	3.2x	3.2x	19.6%	11.1%	12.7%	0.3x	1.1x	1.8%	2.0%
NEXTERA ENERGY	148,043	33.4x	29.9x	27.2x	4.1x	3.5x	3.4x	7.9%	11%	13%	1.2x	7.6x	2.0%	2.2%
RWE AG	28,571	27.2x	18.7x	18.7x	1.3x	1.4x	1.3x	5.9%	8%	7%	-0.2x	2.0x	2.4%	2.5%
BROOKFIELD RENEW	15,992	nm	nm	479.7x	1.6x	1.5x	1.6x	-2.9%	-1.7%	1.0%	0.9x	7.6x	3.6%	3.8%
CHINA DATANG C-H	3,051	8.1x	13.6x	10.3x	0.6x	1.5x	1.1x	8.1%	7%	8%	1.8x	6.0x	1.7%	2.3%
CECEP WIND POW-A	4,371	24.7x	29.2x	20.7x	1.7x	2.3x	2.0x	7.2%	8%	9%	1.6x	na	1.3%	1.8%
GUANGXI GUIGAN-A	7,493	16.0x	23.0x	19.8x	2.3x	na	na	14.7%	10.8%	na	1.1x	na	1.6%	2.6%
TATA POWER CO	10,267	26.6x	35.3x	30.4x	1.5x	3.5x	3.2x	5.4%	10%	11%	1.6x	5.7x	0.8%	0.9%
TORRENT POWER LT	3,239	15.8x	17.5x	15.7x	2.0x	2.2x	2.0x	13.4%	13%	13%	0.7x	2.1x	2.0%	2.0%
SEMBCORP INDUS	3,240	21.8x	15.7x	10.8x	0.9x	1.3x	1.1x	-21.2%	8.2%	10.9%	2.0x	4.6x	1.9%	2.7%

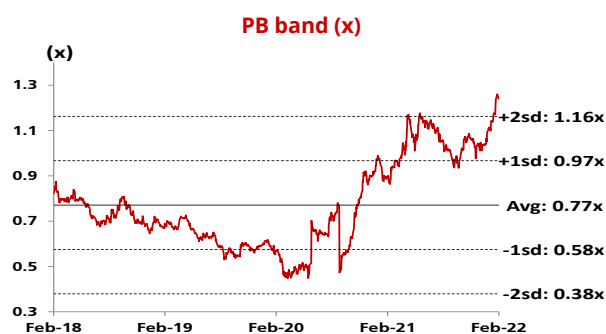
Source: Bloomberg Finance L.P., DBS Bank

Sembcorp Industries

Historical PE and PB band



Source: Bloomberg Finance L.P., DBS Bank estimates



Source: Bloomberg Finance L.P., DBS Bank estimates

Company Background

Sembcorp Industries (SCI) is a trusted provider of essential energy and water solutions to both industrial and municipal customers. It has facilities with over 13,000MW of gross power capacity and c.9m cubic metres of water per day in operation and under development. It is also an established brand name in urban development (comprising industrial parks as well as business, commercial and residential space) in Vietnam, China and Indonesia.

Sembcorp Industries

Segmental Breakdown

FY Dec	2019A	2020A	2021F	2022F	2023F
Revenues (\$m)					
Energy	6,138	5,266	6,062	6,365	6,684
Urban	280	9.00	6.13	3.29	7.36
Other Businesses and	317	172	155	139	125
Total	6,735	5,447	6,223	6,508	6,816
Net Profit before EI					
Energy	195	160	166	375	401
Urban	117	92.0	96.6	82.1	73.9
Other Businesses and	20.0	(57.0)	(68.0)	(63.0)	(58.0)
Total	332	195	195	394	417
Net Profit before EI					
Energy	3.2	3.0	2.7	5.9	6.0
Urban	41.8	1,022.2	1,574.7	2,499.3	1,003.9
Other Businesses and	6.3	(33.1)	(43.9)	(45.2)	(46.3)
Total	4.9	3.6	3.1	6.1	6.1

Income Statement (\$m)

FY Dec	2019A	2020A	2021F	2022F	2023F
Revenue	6,735	5,447	6,223	6,508	6,816
Cost of Goods Sold	(5,629)	(4,516)	(5,269)	(5,409)	(5,544)
Gross Profit	1,106	931	954	1,098	1,273
Other Opng (Exp)/Inc	(255)	(218)	(306)	(379)	(468)
Operating Profit	851	713	648	720	805
Other Non Opg (Exp)/Inc	20.0	(127)	20.0	20.0	21.0
Associates & JV Inc	186	233	210	189	170
Net Interest (Exp)/Inc	(444)	(464)	(422)	(445)	(466)
Exceptional Gain/(Loss)	(165)	(144)	(206)	0.0	0.0
Pre-tax Profit	448	211	250	484	530
Tax	(115)	(32.0)	(39.9)	(84.8)	(99.1)
Minority Interest	(28.0)	(22.0)	(25.0)	(30.0)	(29.0)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	305	157	185	369	402
Net Profit before Except.	470	301	391	369	402
EBITDA	1,494	1,263	1,344	1,418	1,510
Growth					
Revenue Gth (%)	(42.4)	(19.1)	14.2	4.6	4.7
EBITDA Gth (%)	8.4	(15.5)	6.4	5.5	6.5
Opg Profit Gth (%)	37.7	(16.2)	(9.1)	11.1	11.8
Net Profit Gth (Pre-ex) (%)	36.1	(36.0)	29.8	(5.5)	8.9
Margins & Ratio					
Gross Margins (%)	16.4	17.1	15.3	16.9	18.7
Opg Profit Margin (%)	12.6	13.1	10.4	11.1	11.8
Net Profit Margin (%)	4.5	2.9	3.0	5.7	5.9
ROAE (%)	4.5	3.1	5.4	10.2	10.3
ROA (%)	1.3	0.9	1.3	2.6	2.7
ROCE (%)	3.2	3.8	4.4	4.6	4.8
Div Payout Ratio (%)	29.3	45.5	26.5	28.5	128.5
Net Interest Cover (x)	1.9	1.5	1.5	1.6	1.7

Source: Company, DBS Bank

Sembcorp Industries

Interim Income Statement (\$\$m)

FY Dec	1H2019	2H2019	1H2020	2H2020	1H2021
Revenue	4,851	1,884	2,617	2,830	3,290
Cost of Goods Sold	(4,319)	(1,310)	(2,072)	(2,444)	(2,554)
Gross Profit	532	574	545	386	736
Other Oper. (Exp)/Inc	(177)	(78.0)	(140)	(78.0)	(126)
Operating Profit	355	496	405	308	610
Other Non Op (Exp)/Inc	1.00	19.0	(107)	(20.0)	(196)
Associates & JV Inc	99.0	87.0	118	115	104
Net Interest (Exp)/Inc	(222)	(222)	(237)	(227)	(201)
Exceptional Gain/(Loss)	0.0	(165)	(191)	47.0	(206)
Pre-tax Profit	233	215	(12.0)	223	111
Tax	(34.0)	(81.0)	(23.0)	(9.0)	(57.0)
Minority Interest	(8.0)	(20.0)	(7.0)	(15.0)	(8.0)
Net Profit	191	114	(42.0)	199	46.0
Net profit bef Except.	191	279	149	152	252
EBITDA	455	602	416	403	518

Growth

Revenue Gth (%)	(13.2)	(61.2)	38.9	8.1	16.3
EBITDA Gth (%)	3.9	32.3	(30.9)	(3.1)	28.5
Opp Profit Gth (%)	10.4	39.7	(18.3)	(24.0)	98.1
Net Profit Gth (%)	1.4	(40.3)	(136.8)	(573.8)	(76.9)

Margins

Gross Margins (%)	11.0	30.5	20.8	13.6	22.4
Opp Profit Margins (%)	7.3	26.3	15.5	10.9	18.5
Net Profit Margins (%)	3.9	6.1	(1.6)	7.0	1.4

Balance Sheet (\$\$m)

FY Dec	2019A	2020A	2021F	2022F	2023F
Net Fixed Assets	12,203	7,204	7,538	8,048	8,533
Invts in Associates & JVs	1,696	1,588	1,648	1,686	1,705
Other LT Assets	3,258	1,766	1,766	1,766	1,766
Cash & ST Invts	1,767	1,032	925	1,003	1,438
Inventory	1,977	212	254	228	209
Debtors	2,048	1,571	1,556	1,627	1,363
Other Current Assets	303	189	189	189	189
Total Assets	23,252	13,562	13,876	14,548	15,203
ST Debt	2,643	593	593	593	593
Creditor	2,844	1,159	1,131	1,001	909
Other Current Liab	525	375	278	330	353
LT Debt	8,157	7,135	7,435	7,835	8,235
Other LT Liabilities	1,204	824	824	824	824
Shareholder's Equity	6,871	3,339	3,452	3,772	4,069
Minority Interests	1,008	137	162	192	221
Total Cap. & Liab.	23,252	13,562	13,875	14,547	15,203
Non-Cash Wkg. Capital	959	438	589	712	500
Net Cash/(Debt)	(9,033)	(6,696)	(7,103)	(7,425)	(7,390)
Debtors Turn (avg days)	117.5	121.3	91.7	89.3	80.1
Creditors Turn (avg days)	204.3	179.4	87.0	79.1	69.3
Inventory Turn (avg days)	135.0	98.1	17.7	17.9	15.8
Asset Turnover (x)	0.3	0.3	0.5	0.5	0.5
Current Ratio (x)	1.0	1.4	1.5	1.6	1.7
Quick Ratio (x)	0.6	1.2	1.2	1.4	1.5
Net Debt/Equity (X)	1.1	1.9	2.0	1.9	1.7
Net Debt/Equity ex MI (X)	1.3	2.0	2.1	2.0	1.8
Capex to Debt (%)	8.3	3.5	10.0	11.9	11.3
Z-Score (X)	1.0	1.0	1.0	1.0	1.0

Source: Company, DBS Bank

Sembcorp Industries

Cash Flow Statement (\$m)

FY Dec	2019A	2020A	2021F	2022F	2023F
Pre-Tax Profit	448	211	250	484	530
Dep. & Amort.	437	444	466	490	515
Tax Paid	(99.0)	(103)	(157)	(39.9)	(84.8)
Assoc. & JV Inc/(loss)	(186)	(233)	(210)	(189)	(170)
Chg in Wkg.Cap.	(379)	(453)	(34.3)	(168)	198
Other Operating CF	756	625	0.0	0.0	0.0
Net Operating CF	977	491	315	577	989
Capital Exp.(net)	(898)	(271)	(800)	(1,000)	(999)
Other Invs.(net)	(64.0)	(15.0)	0.0	0.0	0.0
Invs in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	229	198	150	150	151
Other Investing CF	282	(1,193)	0.0	0.0	0.0
Net Investing CF	(451)	(1,281)	(650)	(850)	(848)
Div Paid	(91.0)	(62.0)	(71.5)	(48.9)	(105)
Chg in Gross Debt	121	890	300	400	400
Capital Issues	(36.0)	(818)	0.0	0.0	0.0
Other Financing CF	(661)	41.0	0.0	0.0	0.0
Net Financing CF	(667)	51.0	229	351	295
Currency Adjustments	(17.0)	4.00	0.0	0.0	0.0
Chg in Cash	(158)	(735)	(107)	78.1	436
Opg CFPS (S cts)	75.9	52.8	19.5	41.7	44.2
Free CFPS (S cts)	4.42	12.3	(27.2)	(23.7)	(0.6)

Source: Company, DBS Bank

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	24 Feb 21	1.66	1.85	BUY
2:	28 May 21	2.20	2.40	BUY
3:	10 Aug 21	2.01	2.40	BUY

Note: Share price and Target price are adjusted for corporate actions.

Source: DBS Bank

Analyst: Pei Hwa HO

DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

Completed Date: 15 Feb 2022 06:10:02 (SGT)

Dissemination Date: 15 Feb 2022 06:13:16 (SGT)

Sources for all charts and tables are DBS Bank unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank Ltd. This report is solely intended for the clients of DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBSVS Securities (Singapore) Pte Ltd ("DBSVS") or their subsidiaries and/or other affiliates have a proprietary position in Sembcorp Industries recommended in this report as of 31 Jan 2022.

Compensation for investment banking services:

2. DBS Bank Ltd, DBS HK, DBSVS their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from Sembcorp Industries as of 31 Jan 2022.
3. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have managed or co-managed a public offering of securities for Sembcorp Industries in the past 12 months, as of 31 Jan 2022.
4. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.


Disclosure of previous investment recommendation produced:

5. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;">  Wong Ming Tek, Executive Director, ADBSR </p>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.

Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact [Chanpen Sirithanarattanaku] at [research@th.dbs.com]</p>
United Kingdom	<p>This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore.</p> <p>This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>
Dubai International Financial Centre / United Arab Emirates	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our-network/default.page.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>

Sembcorp Industries

United States	This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

DBS Regional Research Offices

HONG KONG

DBS (Hong Kong) Ltd

Contact: Carol Wu
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

MALAYSIA

AllianceDBS Research Sdn Bhd

Contact: Wong Ming Tek
19th Floor, Menara Multi-Purpose,
Capital Square,
8 Jalan Munshi Abdullah 50100
Kuala Lumpur, Malaysia.
Tel.: 603 2604 3333
Fax: 603 2604 3921
e-mail: general@alliancedbs.com
Co. Regn No. 198401015984 (128540-U)

SINGAPORE

DBS Bank Ltd

Contact: Janice Chua
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaesearch@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanukul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand