sembcorp marine

Company Registration Number: 196300098Z

ACQUISITION OF SHARES IN PPL SHIPYARD PTE LTD

Singapore, August 23, 2016: Sembcorp Marine Limited (the "Company") wishes to announce that it has today entered into a sale and purchase agreement with PPL Holdings Pte Ltd ("PPLH") and E-Interface Holdings Limited ("EIHL") to acquire the remaining 15% in the issued and fully paid-up share capital of PPL Shipyard Pte Ltd (PPLS") ("the Acquisition") for an aggregate cash consideration of US$115,058,934.

PPLS is in the business of designing, constructing, repairing and improving of oil rigs, ships and other ocean-going vessels. Following the acquisition, it becomes a wholly-owned subsidiary of the Company.

Rationale for the Acquisition

The Acquisition will result in the Company having full control of PPLS. This will enable the Company to optimally manage the businesses, finance and resources of PPLS, and fully align the latter's corporate strategies to the Company to generate sustainable returns.

In 2001, the Company took a positive view on the long term business potential of PPLS and the offshore rigs sector and made an initial 50% investment in PPLS. In 2003, the Company increased its stake in PPLS to 85% and also agreed on the terms for the sale by PPLH and EIHL of their balance 15% shares in PPLS, wherein the selling price was based primarily on the net tangible assets of PPLS at the point of sale.

Over the years, the investment in PPLS has helped propel the Company to be a global player in the design and construction of jackup and semi-submersible rigs. Since 2001 until 2015, PPLS has made cumulative profits of over S$1.6 billion. Cumulative cash dividends for the same period received by the Company from PPLS amounted to approximately S$540 million. The total purchase consideration for the Company's 100% investment in PPLS (including this Acquisition consideration) is approximately S$186 million.

Rule 1006 of the SGX-ST Listing Manual

The relative figures regarding the proposed acquisition pursuant to Rule 1006 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual ("Listing Manual"), using the audited accounts of the Company for the financial year ended 31 December 2015 are:

(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
(b)	Net loss(1) attributable to the assets acquired, compared with the Group's net loss(1).	1.6%, based on: (i) PPLS's Net Loss(1) of US$4,485,150 (approximately S$6,159,000), attributable to the Group's non-controlling 15%

		shareholdings in PPLS; and (ii) the Group's total net loss[(1)] of S$377,603,000, for the financial year ended 31 December 2015.
(c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalization based on the total number of issued shares excluding treasury shares.	5.6%, based on: (i) the consideration of US$115,058,934 (approximately S$155,329,561) for the acquisition of the 15% shareholdings in PPLS; and (ii) market capitalization of the Company as at the date of this announcement of S$2,768,775,771.
(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is not applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

(1) Under Rule 1002(3)(b) of the Listing Manual, "net loss" means loss before income tax, minority interests and extraordinary items.

As the relative figure under Rule 1006(c) exceeds 5% but does not exceed 20%, the proposed acquisition constitutes a "Discloseable Transaction" as defined in Chapter 10 of the Listing Manual. As none of the relative figures exceed 20%, shareholders' approval is not required.

<u>Information to be announced under Rule 1010 of the Listing Manual</u>

The aggregate cash consideration of US$115,058,934 was arrived at based on terms agreed at the time the Company bought over 85% of the shares in PPLS from PPLH in 2003. The terms take into account the net tangible asset value of the Sale Shares as at 30 June 2016 of approximately US$113,153,250.

The effect of the Acquisition on the net tangible assets per share and the earnings per share of the Company is immaterial, assuming that the transaction had been effected at 31 December 2015 and 1 January 2015 respectively.

The consideration will be satisfied through a combination of internally generated funds and debt facilities.

Financial Effects of the Acqusition

The Acquisition is not expected to have any material effect on the net tangible assets and earnings per share of the Company for the current financial year ending 31 December 2016.

Interests of Directors and Substantial Shareholders

None of the directors or controlling shareholders of the Company have any interest, direct or indirectly, in the aforementioned transaction other than through their shareholding interests in the Company.

A copy of the SPA is available for inspection at the registered office of the Company at 29 Tanjong Kling Road, Singapore 628054 during normal business hours for a period of three (3) months from the date of this announcement.

By order of the Board

Tan Yah Sze
Company Secretary

About Sembcorp Marine

Sembcorp Marine provides innovative engineering solutions to the global offshore and marine industry, drawing upon more than 50 years of track record. We focus on four key capabilities, namely, Rigs & Floaters; Repairs & Upgrades; Offshore Platforms; and Specialised Shipbuilding.

Our customers include major oil companies, drilling contractors, shipping companies as well as owners and operators of floating production units.

We operate shipyards strategically located in Singapore, India, Indonesia, the United Kingdom and Brazil.

Discover more at www.sembmarine.com

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