



Company Registration Number: 196300098Z

## **SETTLEMENT OF ALL DRILLSHIP CONTRACTS WITH SETE BRASIL**

**Singapore, October 7 2019:** Sembcorp Marine Ltd (the “Company” and together with its subsidiaries, the “Group”) refers to the announcements it made on 6 February 2012, 8 August 2012 and 29 November 2012 in relation to a total of 7 drillship contracts (“Contracts”) secured by its various subsidiaries from Sete Brasil’s various subsidiaries (“Sete Group”). These Contracts had a total contract price of US\$5.6 billion.

Following the filing by Sete Brasil for a judicial restructuring in Brazil, the Group announced on 22 April 2016 that it had commenced arbitration proceedings against various subsidiaries of Sete Brasil for claims under the Contracts.

The Group has now reached a full and final settlement of the claims under all Contracts with Sete Group, subject to certain conditions precedent being fulfilled. Upon the fulfilment of the conditions precedent, all 7 contracts will be terminated and the parties will mutually release each other from all claims in relation to the Contracts.

For 5 of the 7 drillships, the Group will keep all works performed. In respect of 2 of the 7 drillships which have the most advanced construction progress, the titles to such works will be apportioned between the Group and Sete Brasil in proportion to payments made by Sete Brasil.

Sete Brasil has identified a purchaser for the companies of Sete Brasil which own the 2 drillships. The purchaser is expected to negotiate with the Group to enter into new contracts to complete the drillships.

Following the settlement, the parties will terminate the arbitration.

The Group will make further announcements when all the conditions precedent have been fulfilled and the Settlement Agreement has become effective.

This event is not expected to have any material impact on the net tangible assets and earnings per share of Sembcorp Marine Ltd for the year ending December 31, 2019.