



Recapitalisation of Sembcorp Marine: Positioned for the future

8 June 2020

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Sembcorp Marine Ltd (“SCM”) and Sembcorp Industries Ltd (“SCI”) have jointly announced a Transaction involving the following 2 steps:

1 Recapitalisation of SCM

- Renounceable underwritten rights Issue (“**Rights Issue**”)
 - 5 Rights Shares for every 1 existing SCM Share at S\$0.20 per Rights Share
- Gross proceeds of approximately S\$2.1 billion
 - SCI will undertake to subscribe for up to S\$1.5 billion¹ of Rights Shares
 - Temasek² has agreed to subscribe for up to S\$0.6 billion of SCM Rights Shares via a sub-underwriting arrangement with DBS

2 Demerger of SCM from SCI

- Distribution in specie³ of the SCM Shares held by SCI (“**Proposed Distribution**”) post completion of the Rights Issue
- SCI Shareholders would receive between 427 and 491 SCM Shares for every 100 SCI Shares owned



Sole Financial Adviser, Lead Manager and Underwriter to SCM

Note: All capitalised terms herein shall bear the same meanings as ascribed to them in the SCM announcement dated 8 June 2020

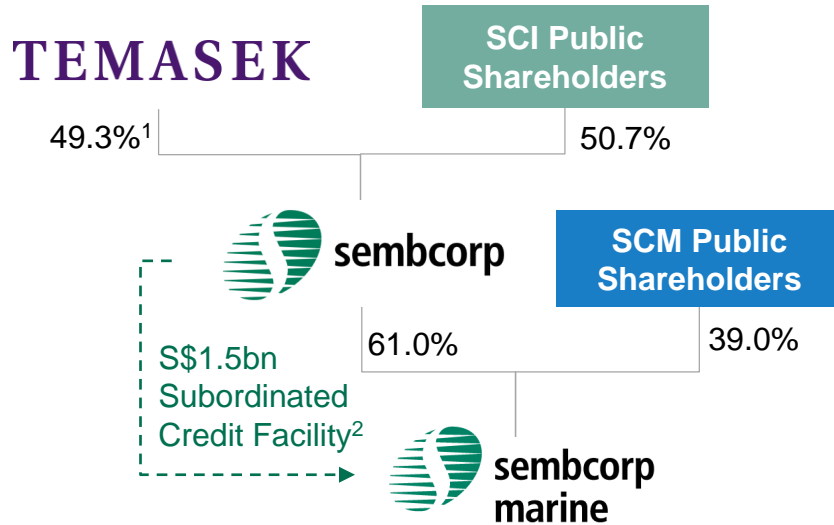
1) Comprises SCI's pro rata entitlement of Rights Shares and provisional allotment of excess Rights Shares

2) The sub-underwriting agreement is entered into by Startree Investments Pte. Ltd. (“Startree”), a wholly-owned subsidiary of Temasek, on 8 June 2020.

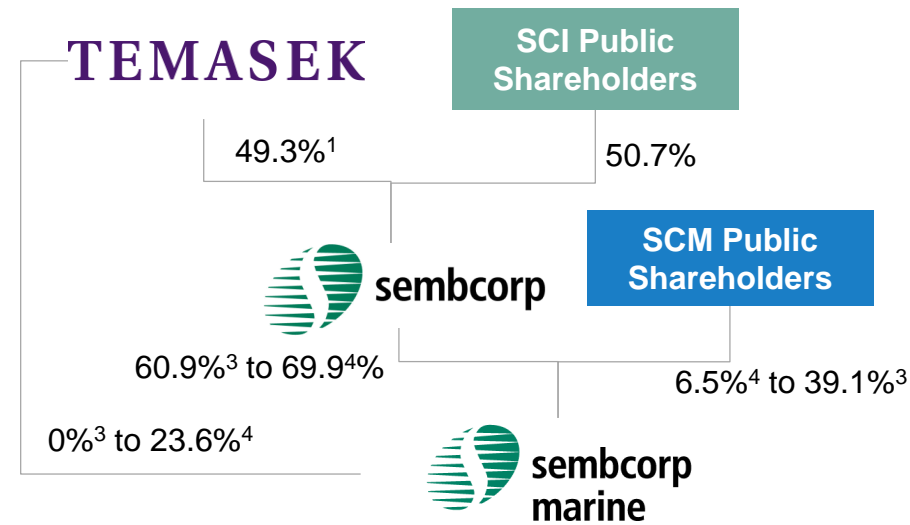
3) Fractional entitlements to be disregarded. Following completion of the Proposed Distribution, any resultant fractional SCM Shares will be aggregated and held by SCI for future disposal

Transaction Step 1: Rights Issue


Pre Transaction



Post Rights Issue



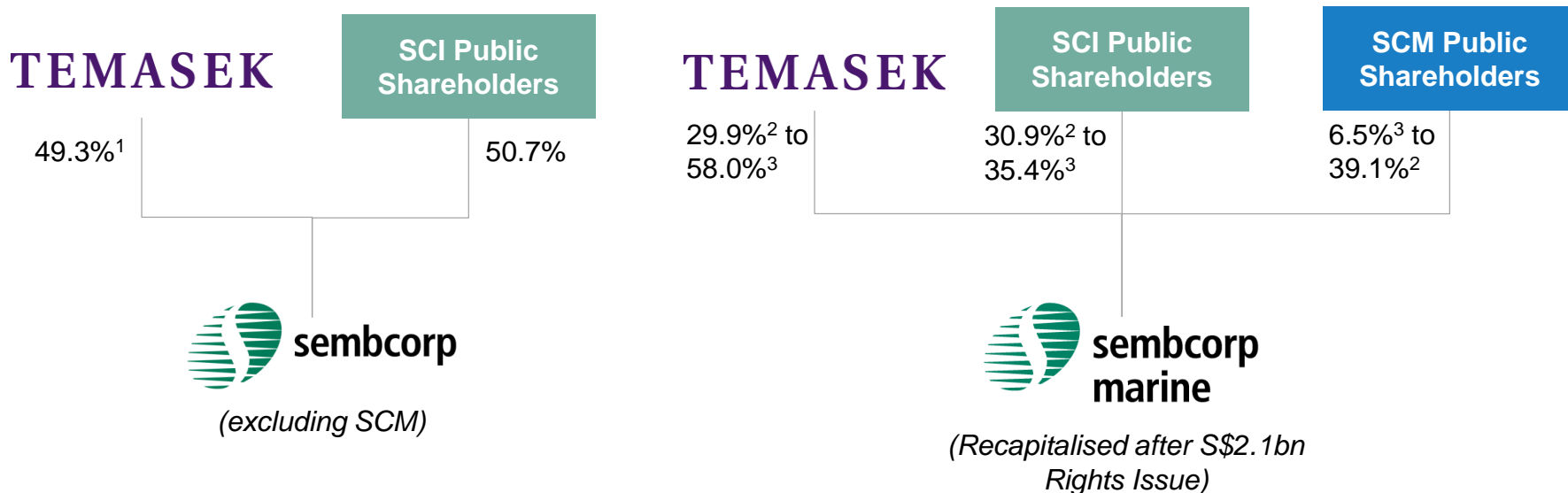
Transaction steps

- 
 - ▶ Rights Issue of approximately S\$2.1 billion
 - ▶ SCI has undertaken to subscribe for up to S\$1.5 billion of Rights Shares (i.e. approximately 72% of the Rights Issue), to set off against the S\$1.5 billion principal amount outstanding under the Subordinated Credit Facility provided by SCI to SCM in 2019
 - ▶ Temasek⁵ has entered into sub-underwriting agreement with DBS for the remaining S\$0.6 billion (i.e. approximately 28% of the Rights Issue)

Note

- 1) Includes deemed interest held through Startree but excludes deemed interest held through DBS
- 2) S\$1.5 billion is the principal amount outstanding under the Subordinated Credit Facility
- 3) Shareholdings are based on SCM Shares outstanding assuming 1,323,508 and 933,367 SCM Shares have been issued under SCM's RSP and SCM's Director's fee respectively, and each of SCI and the SCM Public Shareholders subscribes for its pro rata entitlement under the Rights Issue and zero subscription by DBS for its pro rata entitlement under the Rights Issue
- 4) Shareholdings are based on SCM Shares outstanding assuming 1,323,508 and 933,367 SCM Shares have been issued under SCM's RSP and SCM's Director's fee respectively, and each of SCI and Temasek subscribes for S\$1.5 billion and S\$0.6 billion of SCM Rights Shares respectively
- 5) The sub-underwriting agreement is entered into by Startree Investments Pte. Ltd. ("Startree"), a wholly-owned subsidiary of Temasek, on 8 June 2020

Post Distribution



Transaction steps


2 ➤

Post Rights Issue, SCI to distribute its shares in SCM to SCI Shareholders on a pro rata basis⁴

Note

- 1) Includes deemed interest held through Startree but excludes deemed interest held through DBS
- 2) Shareholdings are based on SCI Shares outstanding assuming 1,133,461 SCI Shares have been issued under SCI's RSP and SCI's PSP, SCM Shares outstanding assuming 1,323,508 and 933,367 SCM Shares have been issued under SCM's RSP and SCM's Director's fee respectively, and each of SCI and the SCM Public Shareholders subscribes for its pro rata entitlement under the Rights Issue and zero subscription by DBS for its pro rata entitlement under the Rights Issue
- 3) Shareholdings are based on SCI Shares outstanding assuming no SCI Shares have been issued under SCI's RSP and SCI's PSP, SCM Shares outstanding assuming 1,323,508 and 933,367 SCM Shares have been issued under SCM's RSP and SCM's Director's fee respectively, and each of SCI and Temasek subscribes for S\$1.5 billion and S\$0.6 billion of SCM Rights Shares respectively
- 4) Fractional entitlements to be disregarded. Following completion of the Proposed Distribution, any resultant fractional SCM Shares will be aggregated and held by SCI for future disposal

Key Terms of the Rights Issue

Rights Issue to Entitled Shareholders as at Record Date	
Gross Proceeds	Approximately S\$2.1 billion
Allotment Ratio	5 Rights Shares for every 1 existing Share ⁽¹⁾
Issue Price	S\$0.20 per Rights Share
Pricing Consideration	<ul style="list-style-type: none"> ▪ Approximately 31.0% discount to TERP² of S\$0.290³ based on last 5-Day VWAP ▪ Approximately 35.1% discount to TERP of S\$0.308⁴ based on Last Close⁵ ▪ Approximately 76.5% discount to Last Close⁵
Undertaking / Underwriting and Sub-underwriting	<ul style="list-style-type: none"> ▪ SCI undertakes to subscribe for its pro rata entitlement and apply for excess Rights Shares, up to an aggregate of S\$1.5 billion ▪ DBS to underwrite and Temasek⁵ to sub-underwrite the balance of S\$0.6 billion. No sub-underwriting fee
Sole Financial Adviser, Lead Manager and Underwriter to SCM	

Note

- 1) Held at the Record Date, fractional entitlements to be disregarded
- 2) Theoretical Ex Rights Price
- 3) Calculated based on S\$0.740 per Share on 3 June 2020, being the volume weighted average price ("VWAP") of SCM Shares over the 5 day period up to and including the Last Trading Day. The Issue Price is at a discount of approximately 73.0% to the 5-Day VWAP
- 4) Calculated based on S\$0.850 per Share on 3 June 2020, being the last transacted price of SCM Shares prior to the announcement of the Rights Issue
- 5) Last transacted price of S\$0.850 per Share on 3 June 2020, being the Last Trading Day prior to the announcement of the Rights Issue
- 6) The sub-underwriting agreement is entered into by Startree Investments Pte. Ltd. ("Startree"), a wholly-owned subsidiary of Temasek, on 8 June 2020

Use of Rights Issue Proceeds

Gross proceeds from Rights Issue is approximately S\$2.1 billion with following use of proceeds:

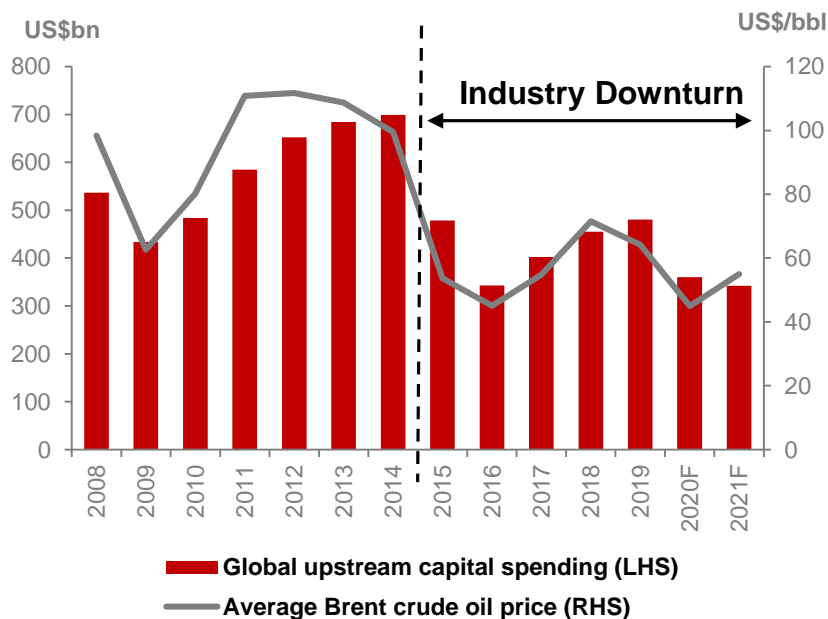
Purpose	Amount	Percentage of Proceeds
To repay (including by way of set off) the outstanding principal on the Subordinated Credit Facility ¹	S\$1.5 billion	Approximately 72%
Working capital and general corporate purposes, including debt servicing	S\$0.6 billion	Approximately 28%
Total	S\$2.1 billion	100%

Note

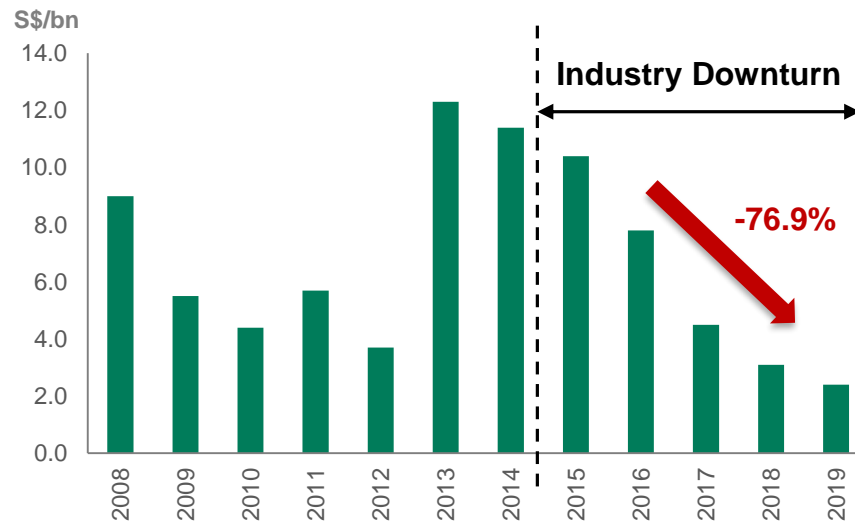
1) Subordinated Credit Facility granted to SCM Financial Services by Sembcorp Financial Services in June 2019

Urgent need to address liquidity requirements amidst challenging industry conditions

Global upstream capex and oil prices



SCM's order book



- Persistent low and volatile oil price environment has caused global oil and gas companies to cut capex spending, impacting SCM's order book
- COVID-19 directives have required temporary stand down of yard activities

1

Strengthen liquidity and balance sheet



- Improves financial position and funds ongoing project commitments
- Significant deleveraging and reduction in interest expense
- Improved financial position with Net Tangible Assets (NTA) doubling from S\$1.9 billion to S\$4.0 billion
- Stronger footing to move up the value chain and compete for large, complex and high value projects

2

Enable a focused strategy for a sustainable future



- Stronger position to build sustainable business models in offshore, marine and energy sectors
- Establish global leadership in providing innovative engineering solutions, with increasing focus on clean energy

Summary of Benefits to Shareholders



Strengthen its liquidity position and balance sheet, enabling it to execute its existing projects and compete for high-value projects going forward

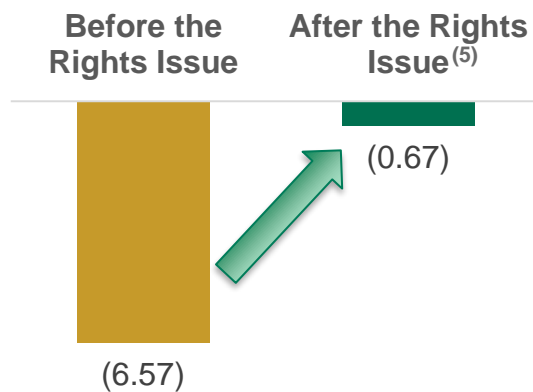
Demerger will enable SCM to pursue a focused strategy and build further its core engineering and execution capabilities

Strong long-term future as a global leader in innovative engineering solutions for the Offshore and Marine and energy industries, with an increasing focus on clean energy

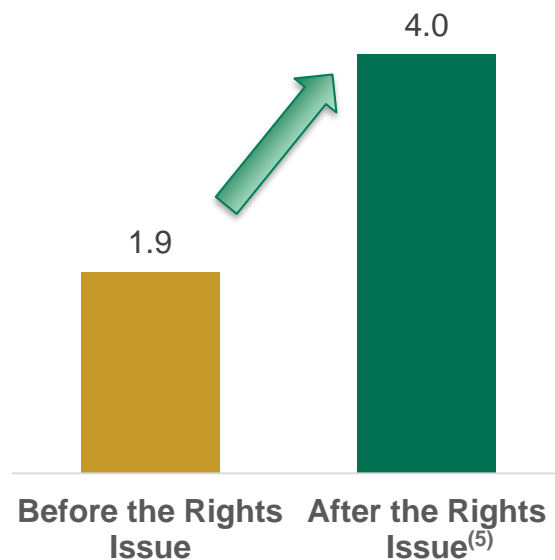
Following the Proposed Distribution, Temasek (currently the single largest shareholder of SCI) will become a direct and significant shareholder

Selected Pro Forma Financial Effects⁽¹⁾

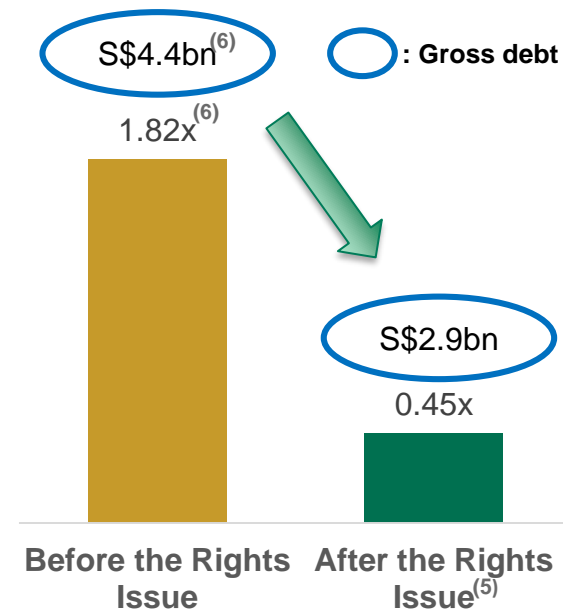
FY2019 Earnings/(Loss) per Share⁽²⁾ (cents)



Net Tangible Assets⁽³⁾ as at 31 Dec 2019 (S\$'bn)



Net Gearing⁽⁴⁾ as at 31 Dec 2019



Notes:

- 1) Assume that the Rights Shares had been issued on 31 December 2019 in calculating the financial effects on net tangible assets ("NTA") and gearing. Assume that the Rights Shares had been issued on 1 January 2019 in calculating the financial effects on earnings or loss per Share ("EPS").
- 2) Earnings/(loss) per Share = Profit/loss attributable to shareholders of the Company / Weighted average number of Shares outstanding
- 3) Net Tangible Assets = Equity attributable to owners – Intangible assets
- 4) Net Gearing = (Gross borrowings – Cash) / Total Equity
- 5) Assuming the net proceeds from the issue of the Rights Shares, after deducting estimated expenses of S\$9 million incurred in connection with the Rights Issue of S\$2.1 billion and further assuming all of the expenses from the Rights Issue are capitalised. Includes assumed interest savings from debt repayment of S\$1.5 billion and interest income arising from bank deposit of S\$0.6 billion, calculated on a post-tax basis.
- 6) Includes the S\$1.5 billion principal amount outstanding under the Subordinated Credit Facility



Ordinary Resolution to approve Rights Issue*

- Simple majority (> 50%) required
- SCI has provided irrevocable undertaking to vote in favour³

Whitewash¹ Resolution in respect of Proposed Distribution*

- Simple majority (> 50%) required
- SCI required to abstain from voting

Ordinary Resolution to approve Proposed Distribution*

- Simple majority (> 50%) required
- Temasek required to abstain from voting

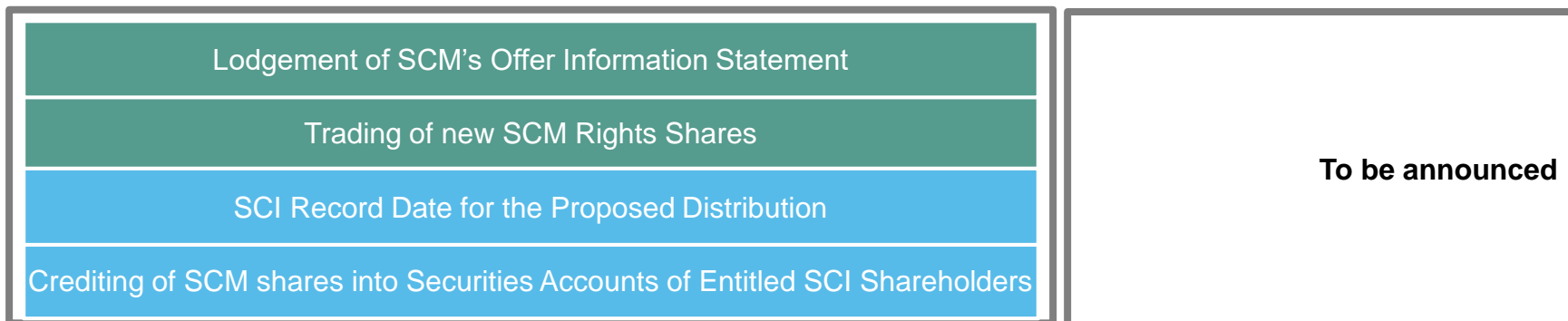


Three resolutions are inter-conditional²

*The SCM and SCI EGMs are expected to be held on the same day

Note:

- 1) The Proposed Distribution may result in Temasek holding more than 30% of SCM Shares. As such, SCM Shareholders will need to approve a whitewash resolution to waive their rights to receive a mandatory takeover offer from Temasek
- 2) In the event that SCM Shareholders do not approve the Rights Issue Resolution and/or the Whitewash Resolution, or the SCI Shareholders do not approve the Distribution Resolution, neither the Rights Issue nor the Proposed Distribution will proceed. In the event that the Rights Issue does not proceed or the Rights Shares are not issued, the Proposed Distribution will not proceed
- 3) To the extent not prohibited under applicable laws and regulations (including the Listing Manual of the SGX-ST)



Transaction is expected to be completed in 4Q2020

Notes: The above timeline is indicative only and may be subject to change. The actual dates of the aforementioned events will be notified in due course by way of an announcement on the SGX-ST

Appendix



Close to **60 years** of track record

Facilities in
5 countries

25,000
strong global
workforce

**AN INTEGRATED
GLOBAL PLATFORM
FOR FUTURE GROWTH**



Rigs & Floaters



Repairs & Upgrades



OUR SOLUTIONS, PRODUCTS
AND SERVICES FOCUS ON
4 KEY CAPABILITIES



Offshore
Platforms



Specialised
Shipbuilding

A global player in innovative engineering solutions for the Offshore, Marine and energy industries, with an increasing focus on clean energy and green solutions

Building a Sustainable Business Model for the Future

Demonstrated capabilities in delivering complex process solutions, including oil & gas production solutions operating in harsh environments.



Well intervention semi-submersible rig based on design jointly developed by SCM and Helix. Able to reach 11.5 knots maximum transit speed and **operate in harsh environment**



World's largest, strongest and most sustainable semi-submersible crane vessel with a lifting capacity of 20,000 tonnes and dual-fuel powered for Heerema



12,000 cubic metre dual-fuel LNG bunker vessel, the **largest of its kind to be built in Singapore**



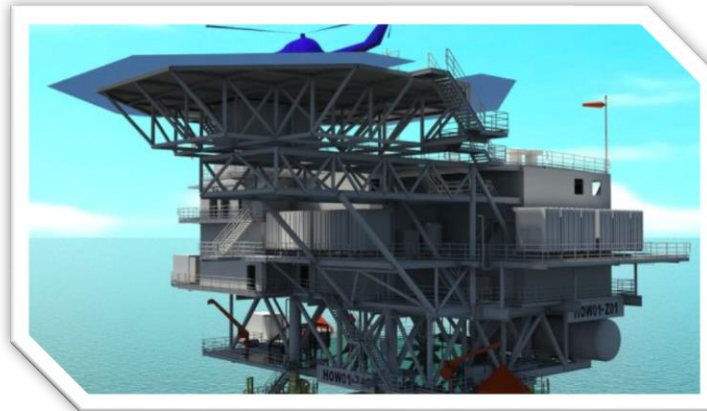
Two offshore wind farm substation topsides for Hornsea 2, the **world's largest offshore wind farm** with a capacity of 1.4 GW



Three zero-emission, battery-powered ROPAX ferries for operation in Norway

Moving Up the Value Chain

Provisioning of a full value chain of offshore wind and offshore gas products and solutions, leveraging on the Group's integrated marine and offshore engineering capabilities



Developing and adopting Industry 4.0-related technologies such as 3D printing and integrated digital robotic systems



Flagship Tuas Boulevard Yard serves as a one-stop production centre, with capabilities for fabricating, assembling and installing larger, heavier and more complex projects more cost efficiently, with faster time to delivery and safer execution



Post Transaction Shareholdings

SCM Current Shareholdings	
SCI	61.0%
SCM Public Shareholders	39.0%

	Enlarged shareholding ¹ Post-Rights Issue (for Illustration)			Enlarged shareholding ¹ Post-Rights Issue and Proposed Distribution (for Illustration)			
	SCI	SCM Public Shareholders	Temasek ³	SCI	SCI Public Shareholders ⁴	SCM Public Shareholders	Temasek ⁵
No Minorities Subscribe²	69.9%	6.5%	23.6%	-	35.4% ⁶	6.5% ⁶	58.0% ⁶
All Minorities Subscribe³	60.9%	39.1%	-	-	30.9% ⁷	39.1% ⁷	29.9% ⁷

Note:

- Includes RSP, PSP and/or Director's fee in shares (where applicable) in SCM's and SCI's total share count
- Shareholdings are based on SCM Shares outstanding assuming 1,323,508 and 933,367 SCM Shares have been issued under SCM's RSP and SCM' Director's fee respectively, and each of SCI and Temasek subscribes for S\$1.5 billion and S\$0.6 billion of SCM Rights Shares respectively
- Shareholdings are based on SCM Shares outstanding assuming 1,323,508 and 933,367 SCM Shares have been issued under SCM's RSP and SCM' Director's fee respectively, and each of SCI and the SCM Public Shareholders subscribes for its pro rata entitlement under the Rights Issue and there is no subscription of Rights Shares by DBS for its pro rata entitlement under the Rights Issue
- Fractional entitlements to be disregarded. Following completion of the Proposed Distribution, any resultant fractional SCM Shares will be aggregated and held by SCI for future disposal
- Includes deemed interest held through Startree but excludes deemed interest held through DBS
- Based on the Temasek Maximum Resultant Holding Scenario as defined in the SCM announcement dated 8 June 2020
- Based on the Temasek Minimum Resultant Holding Scenario as defined in the SCM announcement dated 8 June 2020



**sembcorp
marine**

Integrated Synergies, Global Possibilities.

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