



Integrated Synergies, Global Possibilities.

Fortifying Financial Position and Creating Value

(1) Proposed Renounceable Underwritten Rights Issue

(2) Potential Combination with Keppel O&M Under Non-Binding MOU

24 June 2021

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Close to **60 years** of track record

Facilities in
5 countries

~20,000
strong global
workforce

**AN INTEGRATED
GLOBAL PLATFORM
FOR FUTURE GROWTH**



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



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

Strategic Focus

Well-placed to support the global energy needs – oil remains a critical resource in the short- to mid-term with anticipation of uptick because of recent under-investment

Rebalance product solution portfolio towards gas and renewables

Transformation to position for global shift towards a low-carbon economy

Our Sustainable Product Solutions



Wind Farm
Solutions / Wind
Turbine Installation
Vessels



Small Waterplane
Area Cylindrical
Hull (SWACH)
Solutions



Zero-emission
Battery-powered/
Hydrogen Fuel Cell
Powered Vessels



LNG-Battery
Hybrid Tugs



Gravifloat LNG
Terminals

Prolonged and Severe Industry Downturn



Prolonged period of oil price weakness since 2015 and sudden collapse in oil prices in 2020



Massive capex cuts by oil & gas companies and deferrals of investment decisions



Significant reduction in order book

Unexpected and Protracted COVID-19 Disruptions



Acute manpower shortages caused by border controls and attrition to competing industries



Supply chain constraints led to increased costs and impacted execution and completion of projects



Delays in project progress and completion, and deferred payment terms, resulting in lower operating cash inflows



Actions Taken in Response

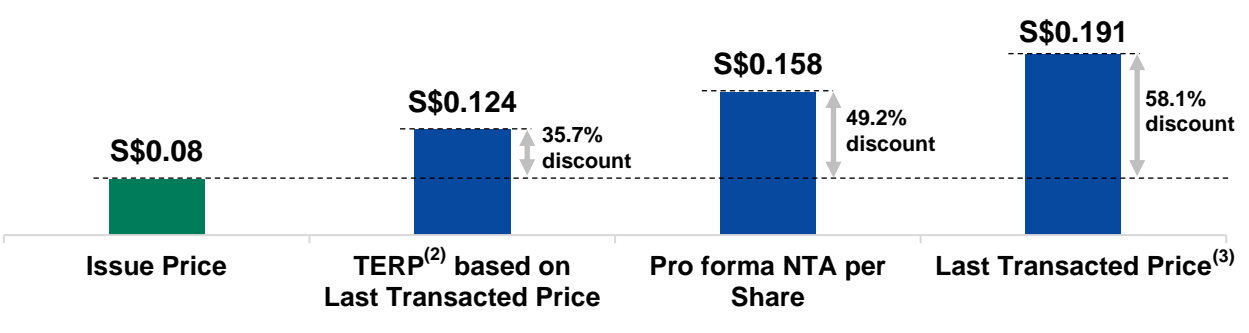

- A** Ongoing coordination with customers to **re-schedule project completions** – many have accepted deferred deliveries. No cancellation to-date of any existing projects
- B** Exploring **alternative sources for skilled workers**, which will result in increased manpower and other related costs
- C** **Right-size resources** and **deferred all non-essential capital expenditure**
- D** Engaged external consultants to develop a **Performance Improvement Plan** to drive operational improvements and optimise cost structure



Proposed Renounceable Underwritten Rights Issue

Transaction Overview

Key Terms of Renounceable Underwritten Rights Issue

Rights Ratio	3 Rights Shares for every 2 existing Shares held ⁽¹⁾															
Gross Proceeds	Approximately S\$1.5 billion															
Issue Price	S\$0.08 per Rights Share															
Pricing Considerations	 <p>The chart illustrates the pricing considerations for the Rights Issue. It shows four price points relative to a dashed horizontal line representing the Issue Price of S\$0.08. The TERP based on the Last Transacted Price is S\$0.124, which is a 35.7% discount from the Issue Price. The Pro forma NTA per Share is S\$0.158, representing a 49.2% discount. The Last Transacted Price is S\$0.191, representing a 58.1% discount.</p> <table border="1"> <thead> <tr> <th>Price Point</th> <th>Value</th> <th>Discount from Issue Price</th> </tr> </thead> <tbody> <tr> <td>Issue Price</td> <td>S\$0.08</td> <td>0%</td> </tr> <tr> <td>TERP⁽²⁾ based on Last Transacted Price</td> <td>S\$0.124</td> <td>35.7%</td> </tr> <tr> <td>Pro forma NTA per Share</td> <td>S\$0.158</td> <td>49.2%</td> </tr> <tr> <td>Last Transacted Price⁽³⁾</td> <td>S\$0.191</td> <td>58.1%</td> </tr> </tbody> </table>	Price Point	Value	Discount from Issue Price	Issue Price	S\$0.08	0%	TERP ⁽²⁾ based on Last Transacted Price	S\$0.124	35.7%	Pro forma NTA per Share	S\$0.158	49.2%	Last Transacted Price ⁽³⁾	S\$0.191	58.1%
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Last Transacted Price ⁽³⁾	S\$0.191	58.1%														
Use of Proceeds	Working capital and general corporate purposes, including debt servicing															
Undertaking and Underwriting	<ul style="list-style-type: none"> Startree Investments Pte. Ltd., a wholly-owned subsidiary of Temasek, has committed to subscribe for its pro-rata 42.6% entitlement and excess rights such that its total subscription will be up to 67.0% of the Rights Issue DBS to underwrite the remaining 33.0% of the Rights Issue Certainty of raising the full S\$1.5 billion contemplated from the Rights Issue 															
Sole Financial Adviser, Manager and Underwriter																

Notes:

- Held at the Record Date, fractional entitlements to be disregarded
- Theoretical Ex Rights Price
- Last transacted price of S\$0.191 per Share on 23 June 2021, being the Last Trading Day prior to the announcement of the Rights Issue

Strengthen Balance Sheet and Liquidity Position

A

Fulfill Existing Commitments and Win New Projects

B

**Augment Technological Capabilities
and Maintain Competitive Edge**

C

**Accelerate Strategic Pivot into High-growth
Renewable and Clean Energy Segments**

D

Strengthen Balance Sheet and Liquidity Position

Fulfill Existing Commitments and Win New Projects

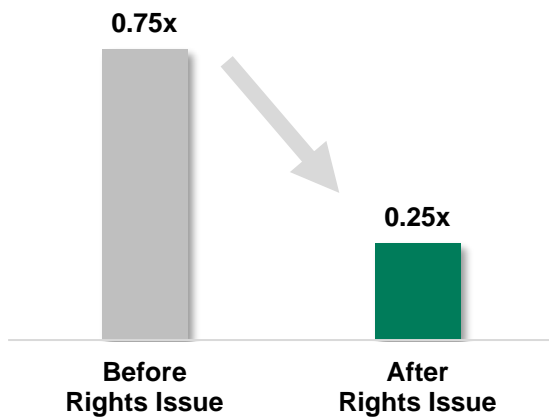
Augment Technological Capabilities and Maintain Competitive Edge

Accelerate Strategic Pivot into High-growth Renewable and Clean Energy Segments

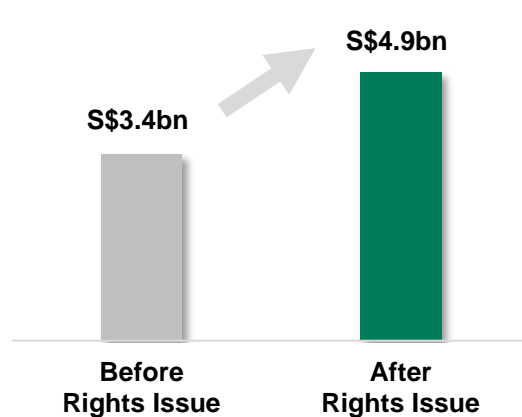
Ensuring Sufficient Liquidity to Meet Near-term Working Capital Needs to Ride out Prolonged Downturn

- 1 Strengthens balance sheet
- 2 Meets projected operational funding needs to end 2022
- 3 Replenishes working capital
- 4 Reinforces lenders' and customers' confidence

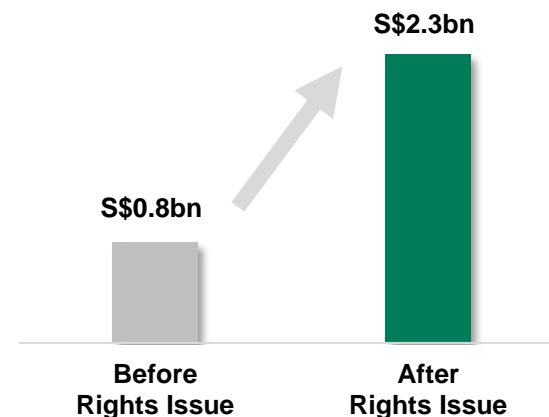
Pro Forma Net Gearing⁽¹⁾⁽²⁾
31 Dec 2020



Pro Forma Net Tangible Assets
31 Dec 2020⁽¹⁾⁽³⁾



Pro Forma Cash Balance⁽¹⁾
31 Dec 2020



Notes:

- 1) Assume that the Rights Shares had been allotted and issued on 31 December 2020 in calculating the pro forma financial effects on NTA, net gearing and cash balance
- 2) Net Gearing = (Gross Borrowings – Cash) / Total Equity
- 3) Net Tangible Assets = Equity attributable to owners – Intangible assets

Strengthen Balance Sheet and Liquidity Position


Fulfill Existing Commitments and Win New Projects


Augment Technological Capabilities and Maintain Competitive Edge

Accelerate Strategic Pivot into High-growth Renewable and Clean Energy Segments

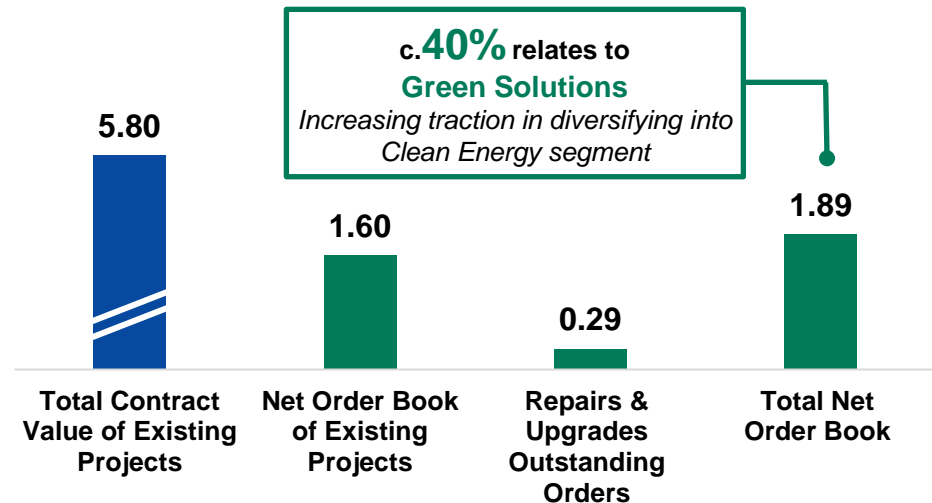
Bid for High-Value and Large-Scale Projects to Ensure Long-Term Viability

 **\$S1.89 billion** order book

 Actively tendering for projects in Renewable Energy, Gas Solutions and Process Solutions segments

 Secured more orders for Repairs and Upgrades business

Total Contract Values as at 31 March 2021 (\$ billion)



Renewables Solutions



Process Solutions



Gas Solutions



Ocean Living Solutions



Advanced Drilling Rig Solutions

Strengthen Balance Sheet and Liquidity Position

Fulfill Existing Commitments and Win New Projects

Augment Technological Capabilities and Maintain Competitive Edge

Accelerate Strategic Pivot into High-growth Renewable and Clean Energy Segments

Enhance Strategic Capabilities and R&D to Maintain Competitive Edge

Strategic acquisition of intellectual property, technologies and engineering talent



Design and build three **zero-emission battery-powered roll-on/roll-off passenger (Ropax)** ships for Norwegian ferry operator Norled



Floating offshore foundation based on SWACH design to house largest wind turbines and offer excellent motion characteristics in harsh conditions

Investments in R&D and disruptive technologies



Flagship Integrated Tuas Boulevard Yard: 30,000 tonne crane-lifting capability to execute projects with reduced costs and time while enhancing safety and quality



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

Industry collaboration to tap best-in-class capabilities



Development of Maritime Hydrogen Fuel Cell
Partners: Equinor, Toyota, Wilhelmsen, NCE Maritime Cleantech, Norled, University of South-Eastern Norway and Corvus Energy



Joint Lab@TBY, Digital Design and Advanced Manufacturing
Partner: A*STAR



Project: Carbon Capture & Storage
Partners: Gassnova, The Research Council of Norway, DNV GL, Moss Maritime, Alterra Infrastructure and TGE Marine Gas Engineering

Strengthen Balance Sheet and Liquidity Position

Fulfill Existing Commitments and Win New Projects

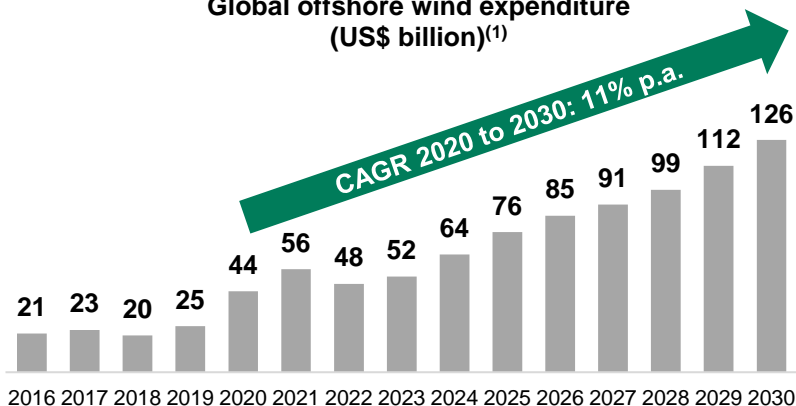
Augment Technological Capabilities and Maintain Competitive Edge

Accelerate Strategic Pivot into High-growth Renewable and Clean Energy Segments

Greater Capability to Fund Growth and Strategic Expansion into Renewable Energy Sectors

Offshore Wind Segment

Global offshore wind expenditure (US\$ billion)⁽¹⁾



Sofia Offshore Wind Farm

In March 2021, secured a S\$1.12 billion contract jointly with GE Renewables from RWE Renewables for the 1.4 GW Sofia Offshore Wind Farm

Other Clean Energy Solutions

- Pivot towards cleaner and greener energy
- Further diversify business portfolio to extend into new areas of renewable energy, electrification, gas value chain, ocean living, as well as carbon capture and storage solutions
- Well-positioned for global transition to a low-carbon economy



Zero-emission Battery-powered/ Hydrogen Fuel Cell Powered Vessels



LNG-Battery Hybrid Tugs



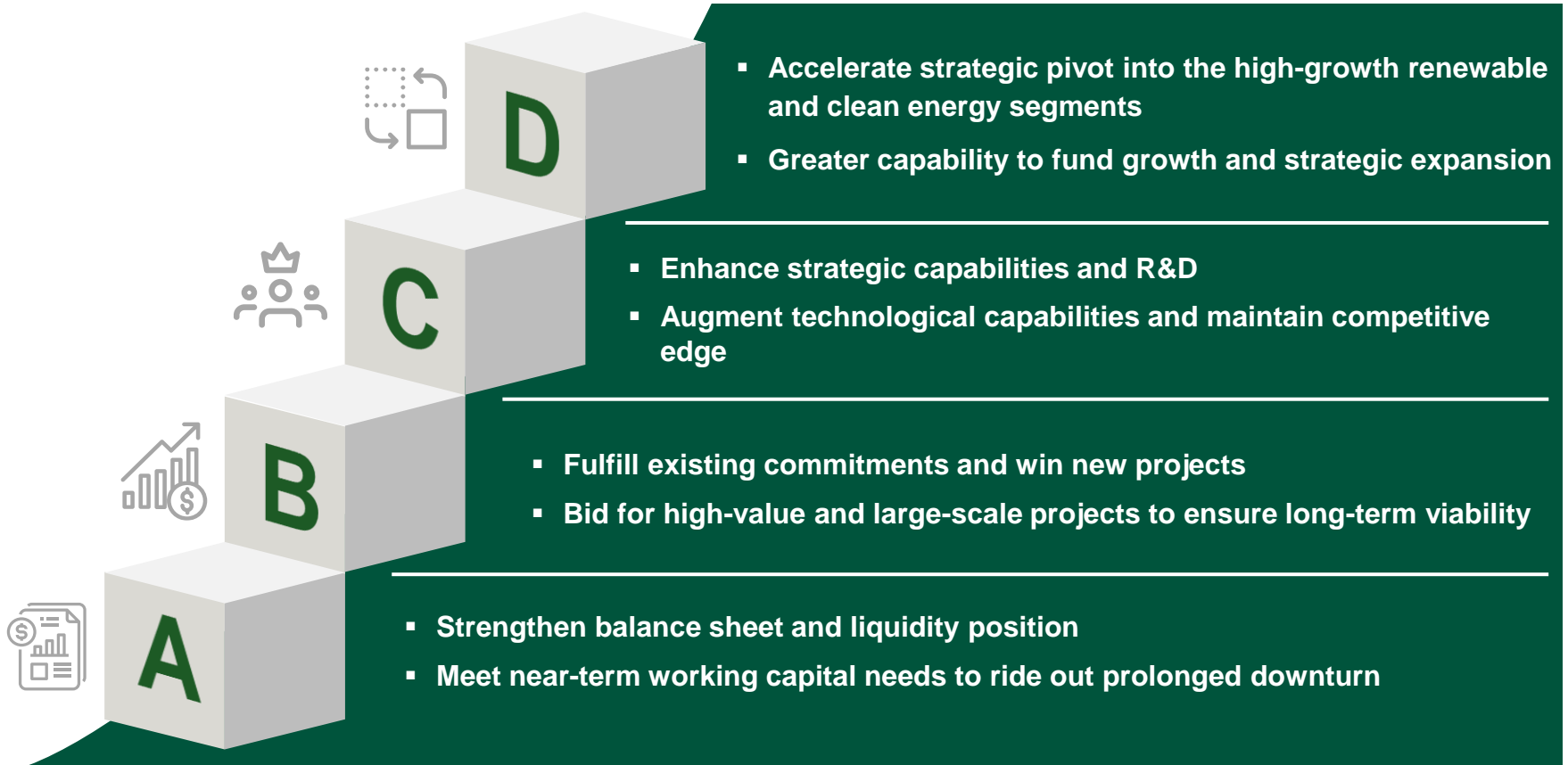
Gravifloat LNG Terminals

Source:

(1) Rystad Energy publication dated 29 April 2021



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





EGM

Shareholders Approval

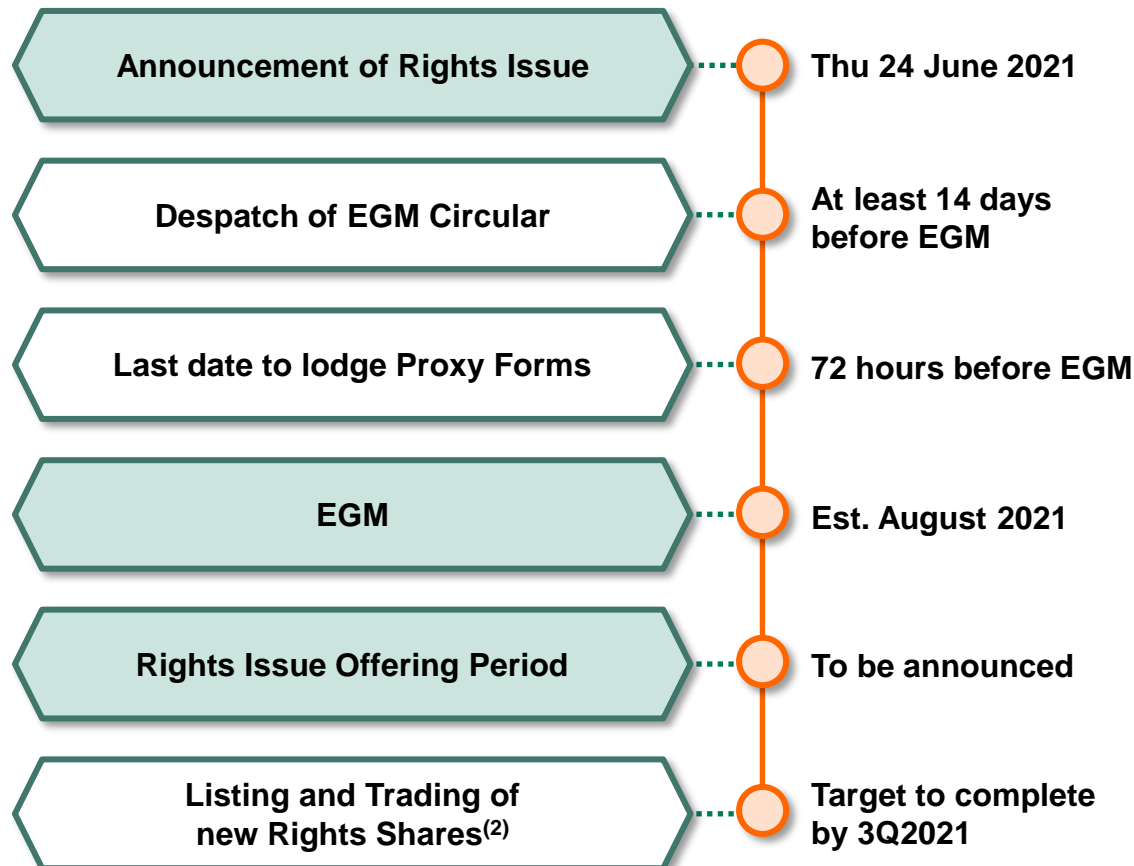
Ordinary Resolution to Approve Rights Issue



Simple majority
(> 50%) required



Startree⁽¹⁾ has provided
undertaking to vote in
favour of the Resolution



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

Note:

(1) Wholly-owned subsidiary of Temasek

(2) The fulfilment by Startree of its obligations under the irrevocable undertaking may result in Temasek and its concert parties incurring an obligation to make a mandatory general offer (the "Compliance Offer") for the remaining Shares, in compliance with Rule 14 of the Singapore Code on Take-overs and Mergers. If the Compliance Offer is required to be made, (a) based on information available to Temasek to date, the offer price the Temasek Concert Party Group will be obliged to offer will be the Rights Issue Price; and (b) Temasek's current intention is to maintain the listing status of the Company.



**Potential Combination with
Keppel O&M Under Non-Binding MOU**

Sembcorp Marine and Keppel Corporation entered into a non-binding MOU to commence exclusive talks on a Potential Combination

Sembcorp Marine Shareholders

Keppel Corporation Limited

Combined Listed Entity⁽¹⁾



All existing assets and operations of Sembcorp Marine



Keppel Offshore & Marine

All existing assets and operations in Keppel Offshore & Marine excluding certain assets⁽²⁾

- 1) Combined Entity, if Potential Combination is completed, will be a listed entity
- 2) Keppel O&M's legacy completed and uncompleted rigs, associated receivables and other assets will be excluded from the combination

Potential Combination, if implemented, would create a stronger player and accelerate pivot to the energy transition

Potential Combination aims to create sustainable value over the long term



Keppel Offshore & Marine

Creates a stronger player to capitalise on growing opportunities in the O&M, renewables and clean energy sector

Brings together the best talent, engineering skills, intellectual property, and technical know-how

Enhances position to compete for larger contracts

Pursues synergies from combined operational scale, broader geographical footprint and enhanced capabilities

Siemens Dudgeon Offshore Wind Farm



SCM: Secured design and build contract for the offshore substation platform for the Dudgeon Offshore Wind Farm in 2014 (~S\$0.2bn). Project has been successfully delivered

Hornsea 2 Offshore Wind Farm Jacket Foundations



SCM: Engineering, procurement and construction of an Offshore Substation (OSS) Jacket and a Reactive Compensation Station (RCS) Jacket for the Hornsea 2 Offshore Wind Farm Project for Ørsted. Project was successfully delivered in August 2020

Sofia Offshore Wind Farm



SCM: Secured Sofia HVDC substation FEED for RWE Renewables in 2019 and EPC contract in 2021 (~S\$0.5bn). Project includes early works contract for HVDC electrical system offshore substation

DoIWin5 Converter Stations



KOM: Secured design, engineering, procurement, construction, installation and commissioning of a 900MW offshore HVDC (High Voltage Direct Current) converter station and an onshore converter station in 2019 (~S\$0.6bn)

Greater Changhua Offshore Wind Substations



KOM: Secured detailed engineering, procurement, construction, testing and commissioning for two offshore wind farm 600MW substations for Ørsted in 2019

Charybdis Offshore Wind Turbine



KOM: Secured engineering, procurement and construction of a Wind Turbine Installation Vessel (WTIV) for Dominion Energy in 2020 (~S\$0.6bn)

Proposed Rights Issue

- Renounceable Underwritten Rights Issue to raise S\$1.5 billion
- Undertaking and Underwriting Arrangements provide funding certainty
- Proceeds for working capital and general corporate expenses, including debt service



- Strengthen balance sheet and liquidity position
- Fulfill existing commitments and win new projects
- Augment technological capabilities and maintain competitive edge
- Accelerate strategic pivot into high-growth renewable and clean energy segments

Potential Combination

- Non-binding MOU to enter into exclusive negotiations on Potential Combination
- Parties to conduct mutual due diligence and negotiate terms



- Discussions at a preliminary stage, no certainty that the Potential Combination will take place
- **If completed**, would create a stronger player by bringing together the best talents, engineering skills, intellectual property and know-how, to capitalise on growing opportunities in the O&M, renewables and clean energy sector



**sembcorp
marine**

Integrated Synergies, Global Possibilities.