



Creation of a Premier Global Player in Offshore Renewables, New Energy and Cleaner O&M Solutions

27 April 2022

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- 1) Transaction Overview**
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Transaction Overview

A Transformative Combination



sembcorp
marine



Keppel **Offshore**⁽¹⁾
& Marine



Creation of a premier global player offering offshore renewables, new energy and cleaner solutions in the offshore & marine sector



World-class engineering capabilities and global operational capabilities



Well-established track records for quality and reliability in executing complex, large-scale projects



Synergies from the combined operating and engineering capabilities are expected to deliver long-term value creation



Based on a 50:50 enterprise value ratio between Sembcorp Marine and Keppel O&M, and resultant agreed equity value exchange ratio post-adjustments⁽²⁾, the Combined Entity will be 44%-owned by Sembcorp Marine shareholders and 56%-owned by Keppel

1) Keppel O&M's legacy rigs and associated receivables to be sold to a separate Asset Co that will be 10.0%-owned by Keppel and 90.0%-owned by other investors while Floatel International Ltd and Dyna-Mac Holdings Ltd to be retained by Keppel.

2) The enterprise value ratio to equity value exchange ratio adjustment takes into account the respective capital structures of the two companies, the S\$500 million cash that Keppel O&M will pay to Keppel immediately prior to the closing of the transaction, and other adjustments. Further details shown on Slide 8.

Transaction Overview

Overview of Combined Entity

Creation of a Premier Global Player Offering Offshore Renewables, New Energy and Cleaner Solutions in the Offshore & Marine Sector

S\$6.4bn

Net Order Book⁽¹⁾

>50

Projects in Net Order Book⁽¹⁾

S\$3.9bn

FY2021 Revenue

Combined Entity capabilities to capitalise on the energy transition



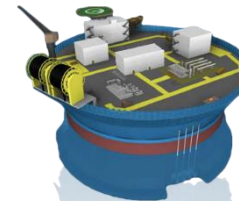
Offshore Renewables



Floating Wind Technologies



New Energy



Floating Carbon Capture Storages



Cleaner O&M Solutions



Hydrogen-driven Vessels



Wind Turbine Installation Vessels



Ammonia Carriers



Offshore Decarbonisation Solutions

1) Net order books of Sembcorp Marine and Keppel O&M are as of 31 December 2021.

Creation of a Premier Global Player in Offshore Renewables, New Energy and Cleaner O&M Solutions

- Capitalise on momentum in offshore wind farms and other renewables
- Invest early and selectively in new energy sources
- Reduce carbon footprint through cleaner O&M solutions

Greater Synergy from Combined Operational Capabilities, Engineering Bench Strength and Track Record

- Leverage the combined technical capabilities
- Reinforce distinct intellectual property and thought leadership
- Build a global footprint with Singapore as the centre of excellence, generating greater economies of scale

Key Benefits of the Proposed Combination Creation of a Premier Global Player

Creation of a Premier Global Player in Offshore Renewables, New Energy and Cleaner O&M Solutions

Greater Synergy from Combined Operational Capabilities, Engineering Bench Strength and Track Record

Catering to offshore renewables, new energy and cleaner O&M solutions



Offshore
Renewables

- Building on the existing wins to date to scale up the Combined Entity's footprint in **offshore wind energy**, a sector that is expected to see global expenditures of **\$260bn between 2021 and 2030**
- Participation **across the value chain**, including substations and wind turbine installation vessels



New Energy

- Making select early investments in **new energy sources**, such as **hydrogen and ammonia**, and in **carbon capture technologies**
- Building successful franchises in these areas for the decades ahead



Cleaner O&M
Solutions

- Contributing to energy production and resiliency by continuing to serve the demand for **floating production systems**, such as floating production storage and offloading units, and other **offshore oil & gas solutions**, estimated to amount to a **\$290bn opportunity in terms of market size**
- Focusing on innovating and applying new technologies to **reduce the carbon footprint** of such structures

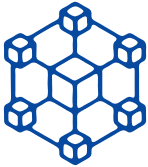
Key Benefits of the Proposed Combination

Greater Synergy from the Combined Entity

Creation of a Premier Global Player in Offshore Renewables, New Energy and Cleaner O&M Solutions

Greater Synergy from Combined Operational Capabilities, Engineering Bench Strength and Track Record

Integration of two established industry players creating value for shareholders



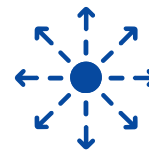
Leveraging the combined **technical and engineering abilities**, as well as **in-house design and R&D know-how**



Combining the respective track records of **successful executions and deliveries**, and reinforcing the Combined Entity's **distinctive intellectual property and thought leadership**



Building a **global footprint** and integrating the operations in Singapore into a **centre of excellence** focused on **high-value-added, specialised projects and modules**



Generating **greater economies of scale** and developing more **rigorous project execution capabilities**

Key Terms of the Transaction

Transaction Summary	<ul style="list-style-type: none"> ▪ Proposed Combination involves the establishment of a Combined Entity, which will combine the businesses of Sembcorp Marine and Keppel O&M⁽¹⁾ <ul style="list-style-type: none"> ▫ Internal restructuring of Sembcorp Marine via a scheme of arrangement into the Combined Entity (the “Sembcorp Marine Scheme”) ▫ Combined Entity combines with restructured Keppel O&M⁽¹⁾ via a second scheme of arrangement (the “Keppel O&M Scheme”)
Sembcorp Marine Scheme	<ul style="list-style-type: none"> ▪ Sembcorp Marine shareholders receive one Combined Entity share for one Sembcorp Marine share held ▪ Sembcorp Marine transfers its listing status on the Mainboard of the Singapore Exchange to the Combined Entity and becomes a wholly-owned subsidiary of the Combined Entity
Proposed Combination Terms	<ul style="list-style-type: none"> ▪ 50:50 enterprise value ratio and resultant agreed equity value exchange ratio of 44:56 (Sembcorp Marine:Keppel O&M) post-adjustments <ul style="list-style-type: none"> ▫ Adjustments take into account respective capital structures of both companies, S\$500 million cash that Keppel O&M will pay to Keppel immediately prior to closing of transaction, and other adjustments ▫ Enterprise value ratio and equity value exchange ratio were determined after taking into account an assessment conducted by DBS⁽²⁾. The relative ratios were based on a discounted cash flow approach conducted by DBS, as well as extensive negotiations and due diligence by parties ▫ The S\$500 million cash is to partially redeem certain perpetual securities previously issued to Keppel ▫ Combined Entity issues approximately 39.9bn new shares to Keppel⁽³⁾ ▫ Issue Price for Sembcorp Marine based on the 10-Trading Day VWAP of S\$0.122 as of 26 April 2022, implying an aggregate consideration of approximately S\$4.87bn for Keppel O&M
Advisors to Sembcorp Marine	<ul style="list-style-type: none"> ▪ Credit Suisse (Singapore) Limited (Financial Advisor) ▪ Allen & Gledhill LLP (Legal Counsel)
IFA / IV	<ul style="list-style-type: none"> ▪ Provenance Capital Pte. Ltd. (Independent Financial Advisor) ▪ Deloitte & Touche Financial Advisory Services Pte. Ltd. (Independent Valuer)

1) Excludes Keppel O&M's legacy rigs and associated receivables to be sold to a separate Asset Co that will be 10.0%-owned by Keppel and 90.0%-owned by other investors while Floatel International Ltd and Dyna-Mac Holdings Ltd to be retained by Keppel.

2) DBS Bank Ltd. acted as Joint Financial Advisor to Sembcorp Marine and Keppel O&M with respect to the relative ratios of Sembcorp Marine and Keppel O&M.

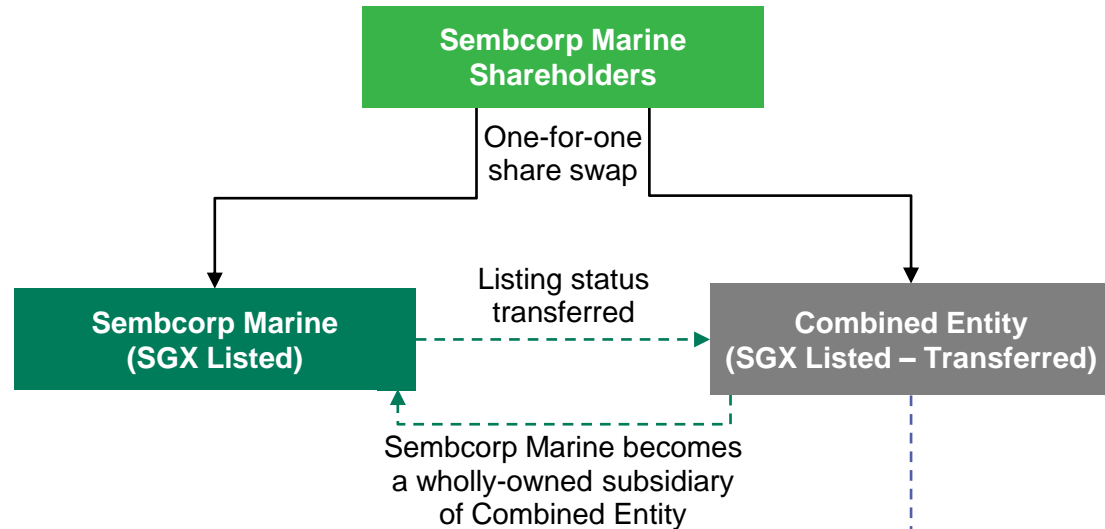
3) Based on Sembcorp Marine's number of issued shares outstanding as of 31 December 2021 of 31,389,099,152 and the agreed equity value exchange ratio.

Transaction Steps Overview

Transaction Structure at Signing

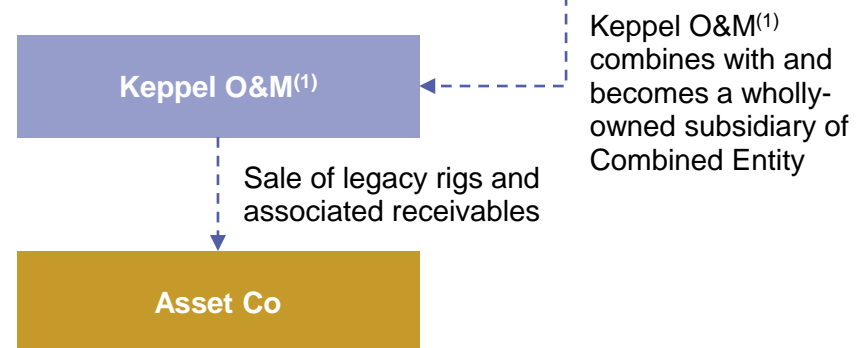
1 Sembcorp Marine Scheme

- Internal restructuring of Sembcorp Marine via a scheme of arrangement into the Combined Entity
- Sembcorp Marine shareholders will receive one share in the Combined Entity for one share held in Sembcorp Marine
- Sembcorp Marine will transfer its listing status to the Combined Entity



2 Keppel O&M Scheme and Asset Co Transaction

- Combined Entity combines with Keppel O&M⁽¹⁾ via a second scheme of arrangement
- Keppel O&M's legacy rigs and associated receivables to be sold to a separate Asset Co (the "Asset Co Transaction")
- Keppel receives approximately 39.9bn shares in the Combined Entity⁽²⁾



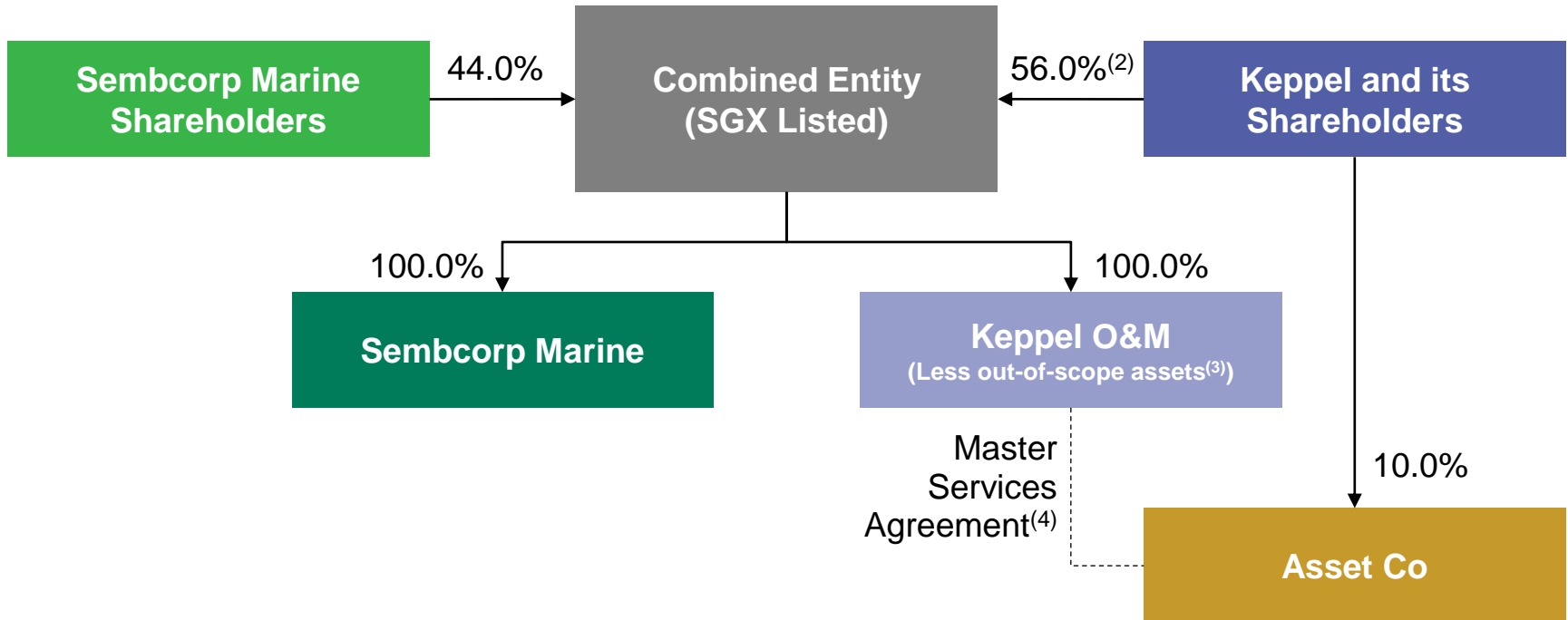
1) Excludes Keppel O&M's legacy rigs and associated receivables to be sold to a separate Asset Co that will be 10.0%-owned by Keppel and 90.0%-owned by other investors while Floatel International Ltd and Dyna-Mac Holdings Ltd to be retained by Keppel.

2) Based on Sembcorp Marine's number of issued shares outstanding as of 31 December 2021 of 31,389,099,152 and the agreed equity value exchange ratio.

Transaction Steps Overview

Transaction Structure at Closing


Temasek will hold 33.5%⁽¹⁾ in the Combined Entity



Note: Shareholding shown above (apart from Temasek's shareholding) is before the Distribution In-Specie.

- 1) Based on 17,131,025,958 SembCorp Marine shares held by Startree Investments Pte. Ltd., an indirect wholly-owned subsidiary of Temasek, and 371,408,292 Keppel shares held directly by Temasek as at the date of this presentation. This figure excludes interests held by Temasek's independently-managed portfolio companies. For the avoidance of doubt, Temasek's holding in the Combined Entity presented above is post-Distribution In-Specie.
- 2) Keppel will distribute 46.0% of the Combined Entity's shares in-specie to its shareholders (the "Distribution In-Specie"), upon completion of the Proposed Combination, and retain a 10.0% stake (the "Retained Stake") in the Combined Entity. The Retained Stake will be placed in a segregated account for certain identified contingent liabilities for a period of up to 48 months from the completion of the Proposed Combination. This segregated account will be managed by an independent third-party who will have authority to monetise the Retained Stake based on pre-defined parameters.
- 3) Excludes Keppel O&M's legacy rigs and associated receivables to be sold to a separate Asset Co that will be 10.0%-owned by Keppel and 90.0%-owned by other investors while Floatel International Ltd and Dyna-Mac Holdings Ltd to be retained by Keppel.
- 4) Master Services Agreement between Asset Co and Keppel O&M under which the Combined Entity, through Keppel O&M, will provide construction, berthing and maintenance, and other associated services for the legacy rigs held by Asset Co for up to an initial period of 10 years.


Illustrative FY2021 Pro Forma Financial Impact

	 sembcorp marine	Keppel Offshore & Marine ⁽¹⁾	Combined Entity
Net Order Book⁽²⁾	S\$1.3bn	S\$5.1bn	S\$6.4bn
Revenue	S\$1.9bn	S\$2.0bn	S\$3.9bn
Net Loss	-\$S1.2bn	-\$S0.1bn ⁽³⁾	-\$S1.3bn
NTA⁽⁴⁾	S\$3.8bn	S\$0.9bn	S\$4.7bn
Gearing⁽⁵⁾	33%	17%	22%
EPS⁽⁶⁾	-\$S6.5 cents		-\$S2.2 cents
NTA per Share⁽⁷⁾	S\$0.12		S\$0.07

Note: Assumes Sembcorp Marine is the accounting acquirer solely for the purposes of illustrating the financial effects after the Proposed Combination. Combined Entity illustrative calculations for net order book, revenue, net loss, NTA are based on summations of Sembcorp Marine and Keppel O&M's respective metrics.

- 1) Excludes Keppel O&M's legacy rigs and associated receivables to be sold to a separate Asset Co that will be 10.0%-owned by Keppel and 90.0%-owned by other investors while Floatel International Ltd and Dyna-Mac Holdings Ltd to be retained by Keppel.
- 2) Net order books of Sembcorp Marine and Keppel O&M are as of 31 December 2021.
- 3) Net loss from Keppel O&M includes both net loss attributable to equity holders of the company and holders of perpetual securities.
- 4) NTA is calculated as Total Assets – Intangible Assets – Total Liabilities – Non-Controlling Interest. Keppel O&M's NTA is based on book value.
- 5) Assumes the Proposed Combination had been effected on 31 December 2021. Gearing is calculated as Total Debt (excluding Lease Liabilities) / Total Assets as at 31 December 2021.
- 6) Assumes the Proposed Combination had been effected on 1 January 2021. The weighted average number of issued shares before the Proposed Combination is based on Sembcorp Marine's weighted average number of issued shares for the year ended 31 December 2021 of 18,033,907,000. The number of shares to be issued to Keppel O&M as part of the Proposed Combination is based on the agreed equity value exchange ratio.
- 7) Assumes the Proposed Combination had been effected on 31 December 2021. Based on SCM's number of issued shares outstanding as of 31 December 2021 of 31,389,099,152, the KOM Consideration Shares of 39,949,762,557, and the Issue Price of S\$0.122 (based on the 10-Trading Day VWAP as of 26 April 2022).

Shareholders' Approval for Sembcorp Marine

 **Sembcorp Marine Scheme**
>75% in value and >50% in number for Sembcorp Marine shareholders⁽¹⁾

 **Proposed Combination**
>50% in value for Sembcorp Marine shareholders⁽¹⁾

*The Sembcorp Marine Scheme is **not conditional** on the Keppel O&M Scheme. In the event that the requisite approval for the Sembcorp Marine Scheme is obtained, **it will proceed** even if the Keppel O&M Scheme does not proceed*


Shareholders' Approval for Keppel

 **Keppel O&M Scheme**
>50% in value for Keppel shareholders⁽¹⁾


 **Asset Co Transaction**
>50% in value for Keppel shareholders⁽¹⁾

 **Distribution In-Specie**
>50% or >75% in value (if capital reduction) for Keppel shareholders⁽¹⁾

Other Approvals Required and Conditions Precedent

 **Anti-trust Approvals and Authorisations in Singapore and Other Relevant Jurisdictions**


 **Maritime Port Authority of Singapore Approvals**

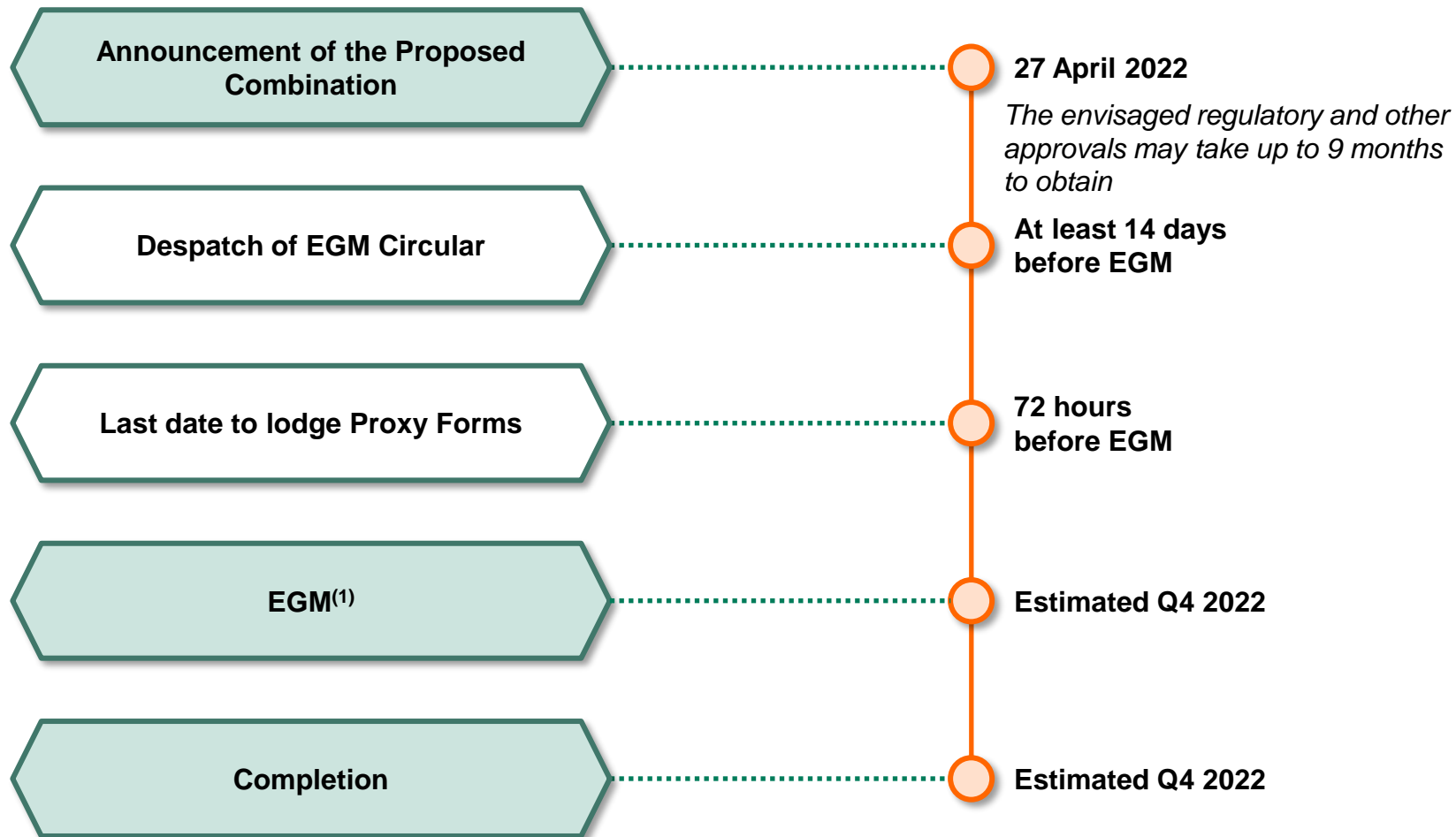
 **SIC confirmations / SGX-ST approvals / MAS exemption**

 **No Material Adverse Changes⁽²⁾**

1) Temasek to abstain from voting in all resolutions.

2) A diminution in either a) the net tangible assets of Sembcorp Marine (as set out in the Sembcorp Marine Audited FY2021 Financial Statements), or b) the net tangible assets of restructured Keppel O&M (based on the Keppel O&M Pro Forma Financial Statements) by an amount in excess of S\$600m.

 Approvals are inter-conditional.



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

1) EGM expected to be held only after satisfaction of most of the other condition precedents.

Q&A



**sembcorp
marine**

Integrated Synergies, Global Possibilities.