



# Sembcorp Marine announces Revised Transaction Structure and Improved Terms for Direct Acquisition of Keppel Offshore & Marine

27 October 2022

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- Proposed Combination with Keppel O&M<sup>(1)</sup> was announced on 27 April 2022
- Since then, Sembcorp Marine and Keppel Corporation have agreed to amend and restate the Combination Framework Agreement with a Revised Transaction Structure and New Terms which are final

## Simplified Transaction Structure

- Under the Revised Transaction Structure, **Sembcorp Marine will now directly acquire 100% of Keppel O&M (KOM)** from Keppel Corporation (Keppel)
- There will no longer be a Combined Entity, and the proposed one-for-one share exchange between the Combined Entity and Sembcorp Marine, and transfer of Sembcorp Marine's listing status to the Combined Entity (collectively, the earlier "Sembcorp Marine Scheme" which required consent from certain third parties and approval from voting shareholders representing a majority in headcount holding at least 75% in value) will no longer apply
- Sembcorp Marine will retain its listing status on the Mainboard of the Singapore Exchange and directly issue new Sembcorp Marine shares to Keppel
- Post completion of Transaction, KOM becomes a wholly-owned subsidiary of Sembcorp Marine
- **The transaction closing time may be reduced by up to two months**

## Materially Improved Terms for Sembcorp Marine

- **Equity Value Exchange Ratio (SCM:KOM) has been improved to 46:54 from 44:56**
  - Translates into **S\$378 million<sup>(2)</sup> reduction in acquisition consideration for KOM to S\$4.50 billion from S\$4.87 billion**
  - Reduction in new Sembcorp Marine shares issued of 3.1 billion, to 36.8 billion from 39.9 billion, which represents about **10% of Sembcorp Marine's market capitalisation<sup>(3)</sup>**

## Retained Stake

- Retained Stake by Keppel is revised to 5%<sup>(4)</sup> in the enlarged Sembcorp Marine, instead of 10% in the Combined Entity
- Keppel will distribute 49% of the enlarged Sembcorp Marine's shares (instead of 46% in the Combined Entity) in-specie to its shareholders (the "Distribution-in-Specie")

1) Excludes Keppel O&M's legacy rigs and associated receivables to be sold to a separate Asset Co that will be 10%-owned by Keppel and 90%-owned by other investors, and Floatel International Ltd and Dyna-Mac Holdings Ltd to be retained by Keppel.

2) Based on 3.1 billion reduction in Sembcorp Marine shares to be issued, at an Issue Price of S\$0.122 per share, which is based on the 10-Trading Day VWAP of Sembcorp Marine shares as of 26 April 2022.

3) Based on 3.1 billion reduction in Sembcorp Marine shares to be issued, as a percentage of Sembcorp Marine number of issued shares outstanding as of 31 December 2021 of 31,389,099,152.

4) Upon completion of the Transaction, Keppel will distribute 49% of the enlarged Sembcorp Marine's shares in-specie to its shareholders (the "Distribution-in-Specie") and retain a 5% stake (the "Retained Stake") in the enlarged Sembcorp Marine. 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.

# Rationale for the Revised Transaction Structure and Terms

**Macroeconomic developments**

- Improvement in O&M sector
- Increasing uncertainty and risk environment
- Rising interest rates



**Continued strong rationale to combine**

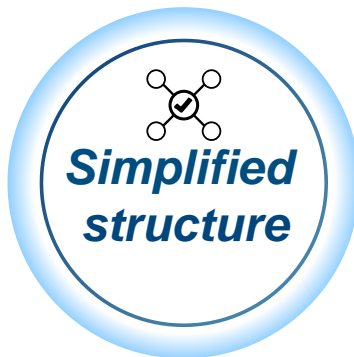


semcorp  
marine



Keppel **Offshore  
& Marine**

***Warranted review of the key Transaction parameters by parties***



- Compelling rationale to complete Transaction sooner, with simplified structure and improved terms
- Enlarged Semcorp Marine better positioned to seize opportunities in improving industry landscape

# Summary of Rationale and Merits of the Revised Transaction Structure and Terms

1

**Enlarged Sembcorp Marine will realise Benefits sooner**

- Macroeconomic environment has changed since the 27 April 2022 announcement
  - O&M / Renewable Energy sectors have improved
  - Significant order wins and improving financial performance of both entities
  - Both entities continue to face increasing geopolitical and regional uncertainties, along with a rising interest rate environment and significant inflation
- Underscores strategic rationale for the Proposed Combination to form an Enlarged Sembcorp Marine as soon as possible:
  - **Better seize opportunities in improving industry landscape**
  - **Realise synergies, retain talents to better compete against global competitors**

2

**Streamlined Transaction Structure and Process**

- Substantially expedites transaction timelines and reduces transaction complexity
- Combined Entity and Sembcorp Marine Scheme no longer required; minimises certain third-party consent requirements, including from lenders
- **Reduces time to transaction closing by up to two months**

3

**Significant Improvement in Value for Sembcorp Marine Shareholders**

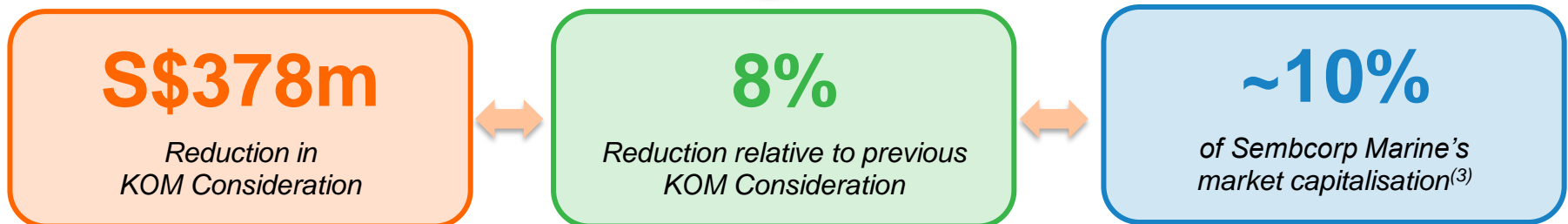
- **Equity Value Exchange Ratio (SCM:KOM) improved to 46:54 from 44:56**
- **8%** reduction from previous KOM Consideration announced on 27 April 2022
- Translates into **S\$378 million** reduction in acquisition consideration for KOM to S\$4.50 billion from S\$4.87 billion
- Reduction in new Sembcorp Marine shares issued of **3.1 billion** to 36.8 billion from 39.9 billion. Reduction represents about 10% of Sembcorp Marine's market capitalisation
- Reduced new shares issued lessens dilution to existing shareholders and lowers potential supply overhang



# Significant Improvement in Value for Sembcorp Marine Shareholders

## Acquisition Consideration for Restructured KOM (S\$m)

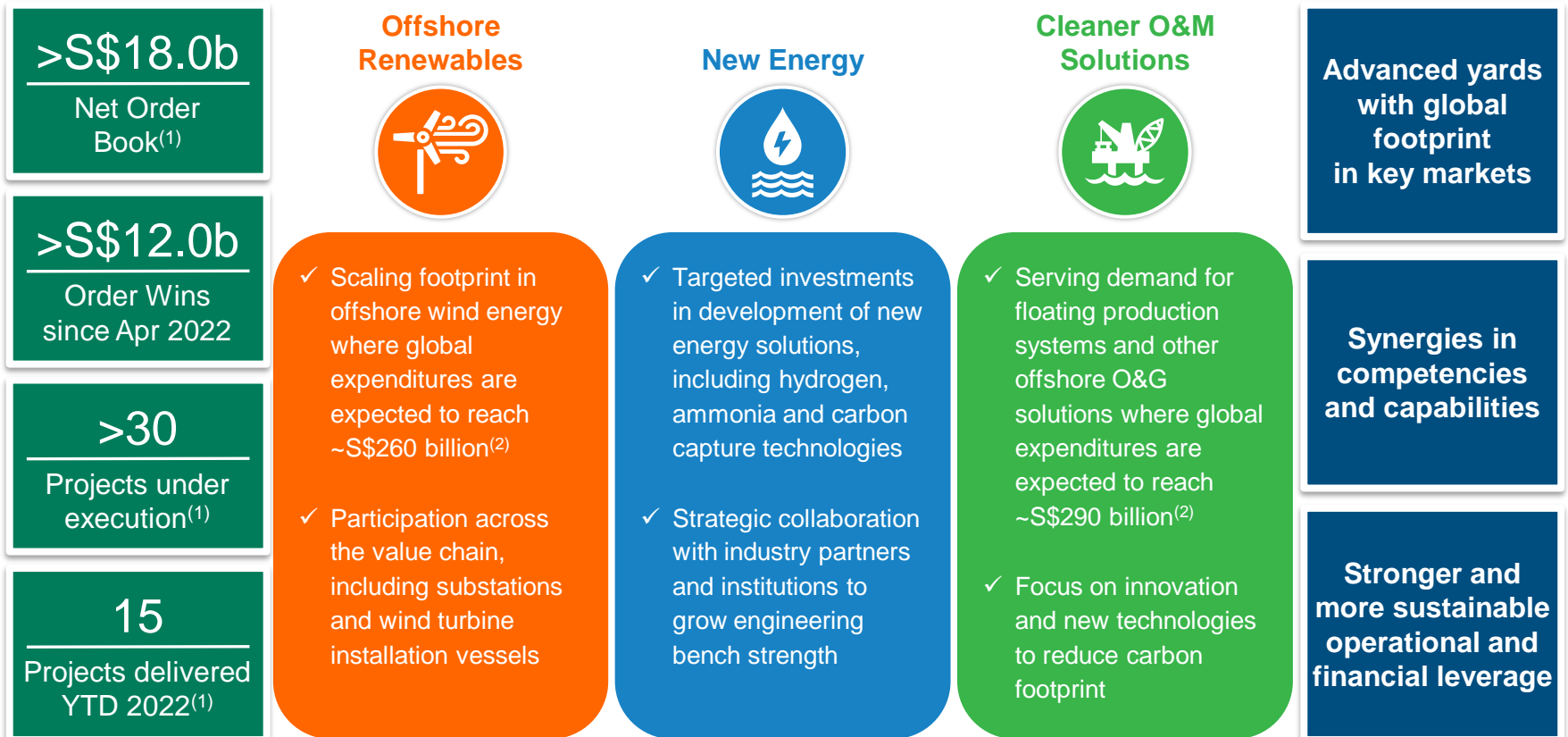
	Old Structure and Terms	Revised Structure and Terms	Improvement of Terms
1 Issue Price for Sembcorp Marine Shares <sup>(1)</sup>	S\$0.122	S\$0.122	NA
2 Shares issued to Keppel to acquire KOM <sup>(2)</sup>	39,949,762,557	36,848,072,918	Reduced by 3,101,689,639
3 KOM Consideration	S\$4,874m	S\$4,495m	Reduced by S\$378m



1) Issue Price for each Sembcorp Marine share of S\$0.122, based on the 10-Trading Day VWAP for Sembcorp Marine shares of S\$0.122 as of 26 April 2022.  
 2) Based on Sembcorp Marine's number of issued shares outstanding as of 31 December 2021 of 31,389,099,152 and the original/revised equity value exchange ratios.  
 3) Based on 3.1 billion reduction in Sembcorp Marine shares to be issued, as a percentage of Sembcorp Marine number of issued shares outstanding as of 31 December 2021 of 31,389,099,152.

- Better positioned to capitalise on opportunities for growth
- Improved agility and financial resilience to respond to changing business landscape
- Targeting to generate sustainable returns for Sembcorp Marine shareholders

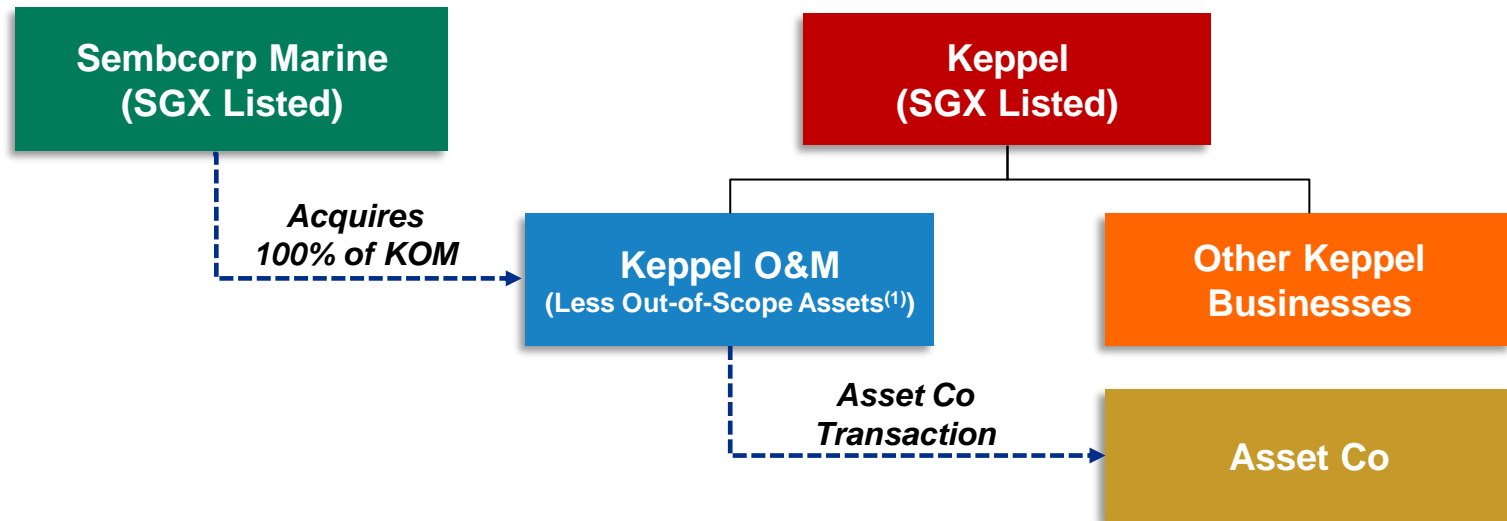
## Enlarged Sembcorp Marine to capitalise on the energy transition



1) Based on publicly available information of Sembcorp Marine and KOM as at 26 October 2022.

2) According to market research for 2021 to 2030 by a leading global management consultancy.

## Sembcorp Marine Acquires Restructured KOM from Keppel



### Sembcorp Marine's 100% Acquisition of a Restructured KOM

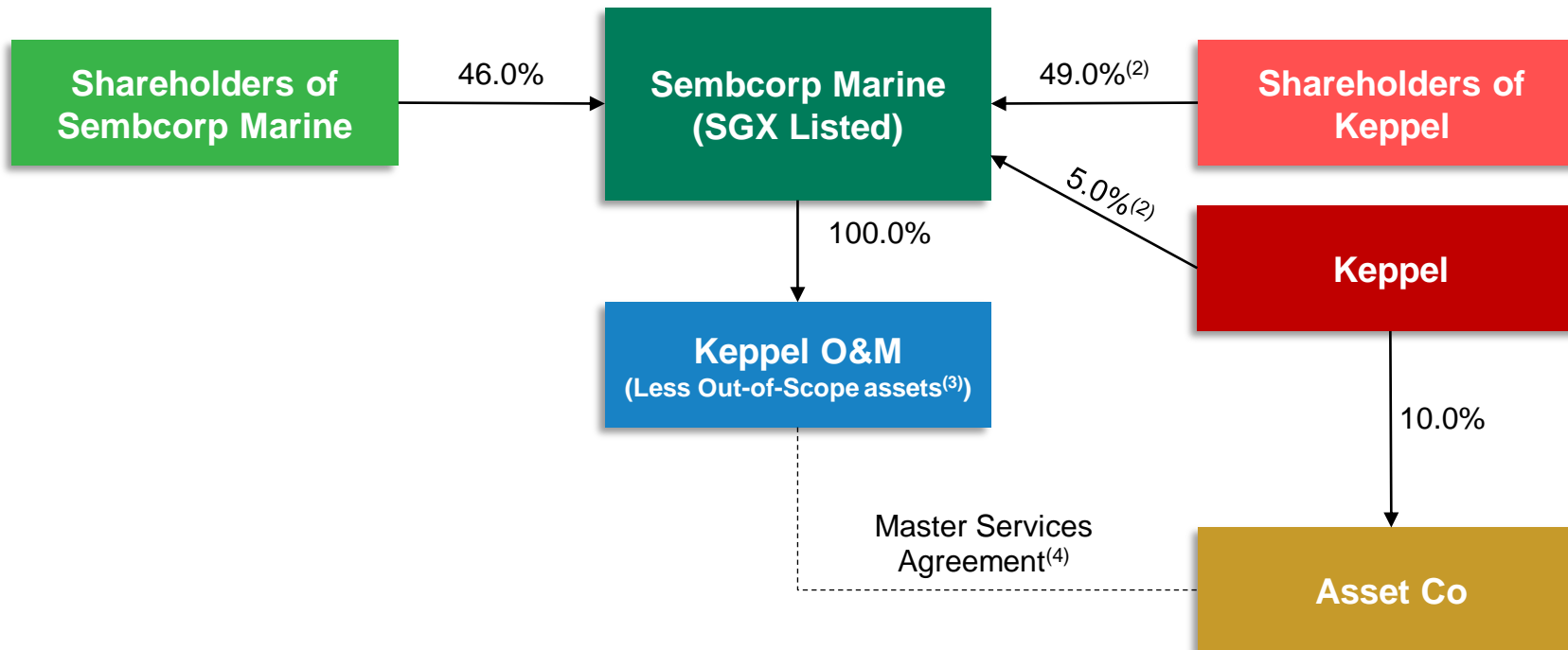
- KOM executes Asset Co Transaction<sup>(1)</sup> and transfers other out-of-scope assets to Asset Co
- Sembcorp Marine directly acquires 100% of Restructured KOM<sup>(1)</sup> from Keppel via issuance of ~36.8 billion new shares<sup>(2)</sup>

1) Excludes KOM's legacy rigs and associated receivables to be sold to a separate Asset Co that will be 10%-owned by Keppel and 90%-owned by other investors, and 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 46:54 agreed Equity Value Exchange Ratio.



**Temasek will hold ~35.5%<sup>(1)</sup> in the Enlarged Sembcorp Marine  
(compared to 54.6% currently)**



Note: Shareholding shown above (apart from Temasek's shareholding) is post-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 Enlarged Sembcorp Marine presented above is post-Distribution-in-Specie.
- 2) Keppel will distribute 49% of the Enlarged Sembcorp Marine's shares in-specie to its shareholders (the "Distribution-in-Specie"), upon completion of the Proposed Combination, and retain a 5% stake (the "Retained Stake") in the Enlarged Sembcorp Marine. 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 KOM's legacy rigs and associated receivables to be sold to a separate Asset Co that will be 10%-owned by Keppel and 90%-owned by other investors, and Floatel International Ltd and Dyna-Mac Holdings Ltd to be retained by Keppel.
- 4) Master Services Agreement between Asset Co and KOM under which the Enlarged Sembcorp Marine, through KOM, 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.

## Approval from Sembcorp Marine Shareholders

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- ✓ **Proposed Transaction for direct 100% acquisition of Restructured KOM**  
more than 50% in value for Sembcorp Marine shareholders<sup>(1)</sup>

## Approvals from Keppel Shareholders

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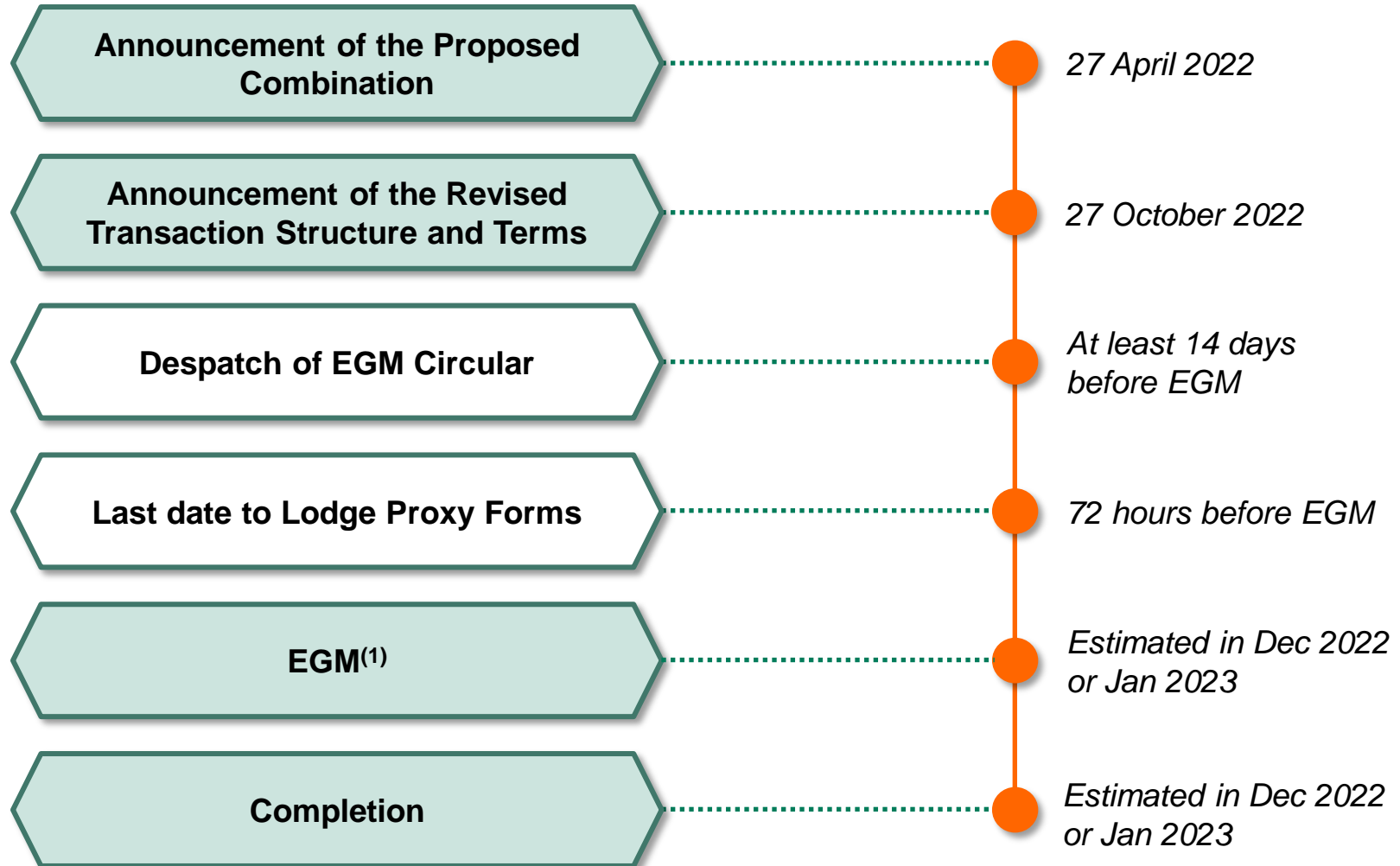
- ✓ **Proposed Disposal of 100% of Restructured KOM and Asset Co Transaction**  
more than 50% in value for Keppel shareholders<sup>(1)</sup>
- ✓ **Proposed Distribution-in-Specie**  
more than 50% or more than 75% in value (if capital reduction) for Keppel shareholders<sup>(1)</sup>

## Other Approvals Required and Conditions Precedent

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- ✓ **Anti-trust Approvals and Authorisations in Singapore and Other Relevant Jurisdictions**
- ✓ **Maritime Port Authority of Singapore Approvals**
- ✓ **SGX-ST Approvals**
- ✓ **Other Third-Party Consents**
- ✓ **No Material Adverse Changes**

1) Temasek to abstain from voting in all resolutions.



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 conditions precedent.

Q&A



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**Integrated Synergies, Global Possibilities.**