



Company Registration Number: 196300098Z

Unless otherwise defined or specified, all terms and references used herein shall bear the same meanings ascribed to them in the Circular

Sembcorp Marine responds to comments on its Circular in connection with the Proposed Combination

Singapore, 6 February 2023: Sembcorp Marine Ltd (the “**Company**” together with its subsidiaries, the “**Group**” or “**Sembcorp Marine**”) refers to the commentaries on its Circular dated 31 January 2023 on the Proposed Combination with Keppel O&M. In particular, we refer to comments that the Company is fearful its “death knell” could sound if the Proposed Combination fails.

Such comments do not capture the full picture presented in our Circular. Shareholders are advised to read in full the Company’s Circular to Shareholders. Our Circular presented a balanced position on the potential consequences should the Proposed Combination not proceed.

Para 3.3 of the Circular stated:

If the Proposed Combination does not proceed, as a standalone entity, SCM can continue to pursue its normal course of business and operations. However, it will not be able to benefit from greater scale and synergies from the larger operational scale, broader geographical footprint and enhanced capabilities that the Proposed Combination is expected to bring.

Our Circular also highlighted, for completeness and transparency, the risks factors associated with operating as a standalone entity. In particular, Para 3.3 went on to say:

SCM would have to navigate an even more competitive landscape where many offshore players have sought consolidation or were otherwise challenged by the radically changed fundamentals of the business and needs of customers. The challenging and competitive global operating environment... may weigh on the SCM Group’s overall liquidity, and there is no assurance that as a standalone entity, the SCM Group would continue to receive the necessary support from its banks, financiers and significant shareholder, Temasek.

Both limbs of this important paragraph should be read together for a complete picture of the outlook if the Proposed Combination is voted down.

Shareholders’ attention is also drawn to the Company’s Interim Business Update for 3Q/9M2022 which was issued on 15 November 2022 <https://www.sembmarine.com/stock-exchange-announcements/sembcorp-marine-interim-business-update-for-3q-9m2022>, which describes the operations and financial position of the Company and its subsidiaries (together the “**Group**”) on a standalone basis.

In particular, Shareholders should note the following points in the Interim Business Update:

- The Group reported significant newbuild contract wins in October 2022. As at 30 September 2022, the Group had recorded a net order book of S\$7.11 billion.

- The Group continues to see improvement in orders visibility, underpinned by high oil and gas prices, renewed concerns of energy security in the wake of geopolitical tensions, and acceleration of the energy transition towards renewables.
- Sembcorp Marine remains well positioned strategically to seize opportunities in the oil and gas E&P, offshore wind/renewables and new energy segments.
- With the completion and deliveries of projects and related delivery payments, offset by working capital needs for projects under execution, the Group anticipates its operating cash flows and overall cash balance to continue to stabilise. With the ongoing support from its lenders, the Group expects to have the necessary liquidity to fund its operations for the foreseeable future.

Further to the Interim Business Update, the Company wishes to update Shareholders that its net debt to equity ratio as at 31 December 2022 has improved further to 0.26 times from the ratio of 0.53 times as at 30 September 2022. Such improvement is mainly attributed to cash collections in 4Q2022 from long term receivables and progress and delivery payments for projects from our customers. These will be used to pay payables and other working capital needs in FY2023.

As stated in Para. 14 of the Circular, the Independent Directors of the Company, having considered all relevant factors, are recommending that Shareholders vote in favour of the resolution relating to the Proposed Combination. All Directors are beneficial shareholders in the Company and will vote in favour of the Proposed Combination.

Circular, Notice of EGM and EGM Proxy Form

The full Circular (together with the Notice of EGM and the EGM Proxy Form) may be accessed on the Company's website and on the SGXNET. Shareholders should read the Circular in full for information on the Proposed Combination and the EGM.

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About Sembcorp Marine

Sembcorp Marine provides innovative engineering solutions to the global offshore, marine and energy industries. Headquartered in Singapore, the Group has close to 60 years of track record in the design and construction of rigs, floaters, offshore platforms and specialised vessels, as well as in the repair, upgrading and conversion of different ship types. Sembcorp Marine's solutions focus on the following areas: Renewables, Process, Gas, Ocean Living and Advanced Drilling Rigs.

Sembcorp Marine's customers include major energy companies, owners of floating production units, shipping companies and cruise and ferry operators. They are supported by four commercial units: Rigs & Floaters; Repairs & Upgrades; Offshore Platforms and Specialised Shipbuilding.

Sembcorp Marine operates shipyards and other facilities in Singapore, Indonesia, the United Kingdom, Norway and Brazil. Discover more at www.sembmarine.com.

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