



**sembcorp  
marine**

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

Media & Analyst Briefing

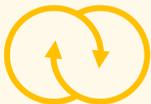
27 APRIL 2022



**Brings together the world-class engineering capabilities, well-established track records and reputations for quality and reliability of the two companies with complementary competencies and operations**



**Creation of a Premier Global Player for the Renewable and Clean Energy Solutions Markets**



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

***Strengthens Singapore's Position as both a Maritime and Offshore and Marine Hub***

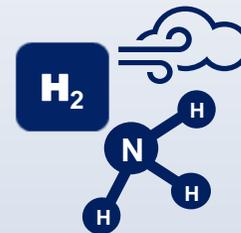


*Keppel O&M and Sembcorp Marine have built respective capabilities and track records in offshore renewables, new energy and cleaner O&M solutions*

*Oil prices have rallied recently and medium-term market conditions have been improving for the O&M sector. However, the O&M sector continues to undergo a longer-term shift amidst the global energy transition*

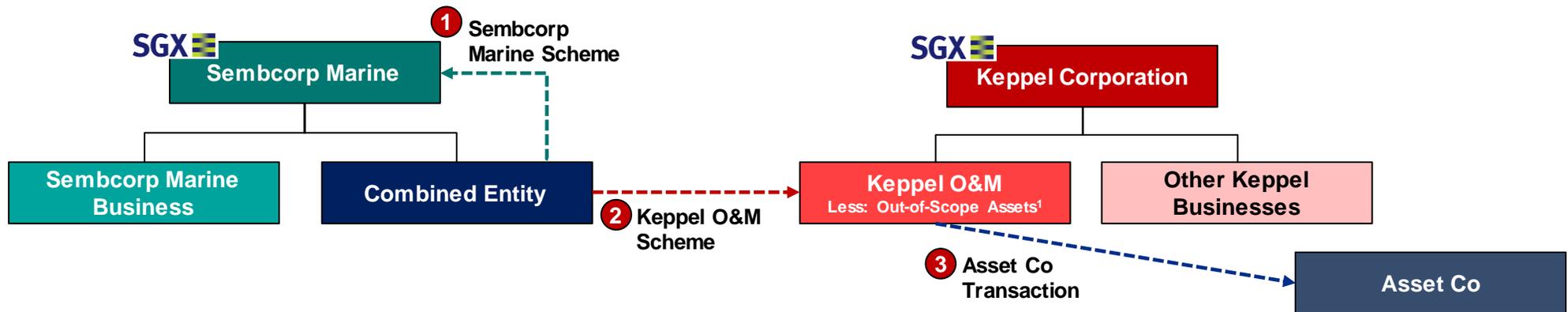


Prospects for renewables, **such as offshore wind**, are robust with growing commitments by governments and companies to achieve net zero carbon emissions



Good prospects in **new energy**, such as hydrogen and ammonia

# Proposed Combination to be Effected by Dual Scheme Structure



## 1 Sembcorp Marine Scheme

- Sembcorp Marine will undergo an internal restructuring through a scheme of arrangement whereby
  - Shareholders of Sembcorp Marine will exchange their shares in Sembcorp Marine for shares in the Combined Entity on a one-for-one basis
  - Sembcorp Marine will transfer its listing status to the Combined Entity
  - Sembcorp Marine Scheme will not be conditional on the approval of the Keppel O&M Scheme

## 2 Keppel O&M Scheme

- Concurrently, Combined Entity will be combined with Keppel O&M<sup>(1)</sup> via a second scheme of arrangement
  - Keppel to receive new shares in Combined Entity
  - Keppel O&M to repay Keppel S\$500 million in cash to settle outstanding interest and make a partial redemption of certain perpetual securities previously issued to Keppel

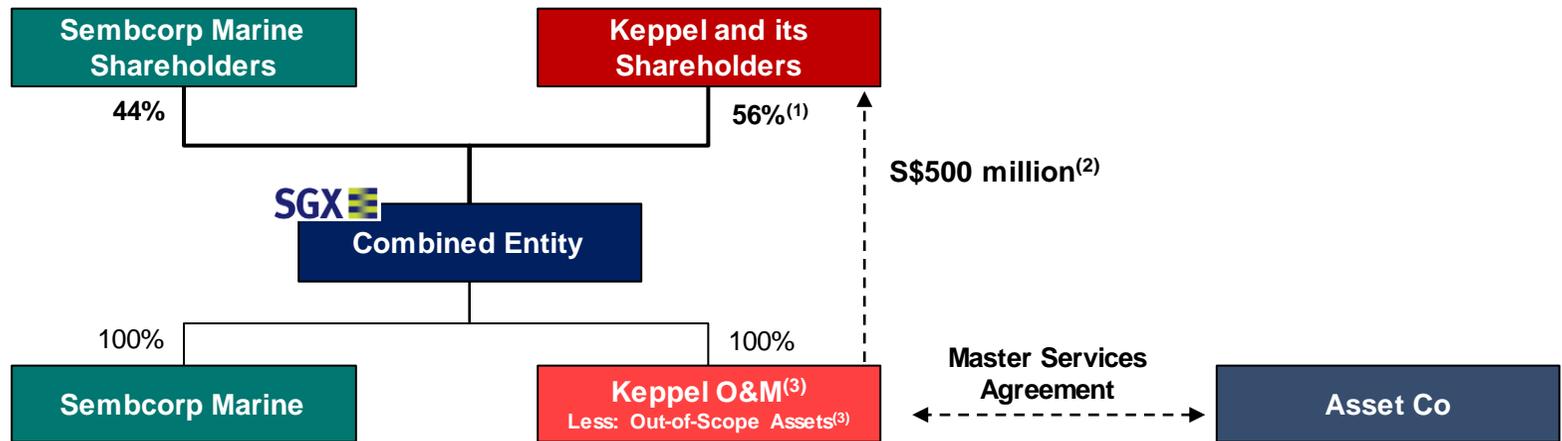
## 3 Asset Co Transaction

- Keppel has entered into a definitive agreement for the sale of Keppel O&M's legacy rigs and associated receivables to Asset Co, which will be 90% owned by external investors, and the remainder by Keppel
  - Keppel will receive a combination of ordinary shares, vendor notes and perpetual securities issued by Asset Co

Notes:

(1) Excluding (a) Keppel O&M legacy rigs and associated receivables which will be sold to Asset Co and (b) certain out-of-scope assets comprising mainly Keppel O&M's interests in Floatel International Ltd and Dyna-Mac Holdings Ltd, which will be retained by Keppel

# Proposed Combination based on a 50:50 enterprise value ratio



- Proposed Combination is based on a 50:50 enterprise value ratio between Keppel O&M and Sembcorp Marine, which is adjusted for the transaction structure, differences in capital structure and other adjustments to arrive at the agreed equity value exchange ratio of 56:44
  - Keppel to receive S\$500 million in cash pursuant to Keppel O&M's pre-combination restructuring
  - There will be no further adjustments to the merger exchange ratio between signing and closing
- Keppel will distribute in-specie 46% of the Combined Entity shares to Keppel's shareholders and retain a 10% stake<sup>(1)</sup> in the Combined Entity
  - Following this distribution-in-specie, Temasek will hold 33.5%<sup>(4)</sup> and be the largest shareholder of the Combined Entity
- Post-combination, under the Master Services Agreement, the Combined Entity through Keppel O&M will continue to provide construction, berthing, maintenance, and other associated services for the legacy rigs held by Asset Co

Notes:

- (1) Includes 10% of the issued shares of Combined Entity ("Retained Stake") that 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
- (2) To finance the cash component, Keppel O&M has entered into a commitment letter with DBS Bank Ltd. for financing arrangements of up to S\$500 million, subject to the satisfaction of the terms and conditions contained in the commitment letter. Keppel O&M reserves the right to explore alternative financing options leading up to the completion of the Proposed Combination
- (3) Excluding (a) legacy rigs and associated receivables which will be sold to Asset Co and (b) certain out-of-scope assets comprising mainly Keppel O&M's interests in Floatel International Ltd and Dyna-Mac Holdings Ltd, which will be retained by Keppel
- (4) 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 press release. This figure excludes interests held by Temasek's independently-managed portfolio companies.

# Growth opportunities in the Offshore Renewables, New Energy and Cleaner O&M Solutions Markets



## 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 S\$260 billion between 2021 and 2030
- Participation across the value chain, including substations and wind turbine installation vessels

### Orsted's preferred Asian Yard

Keppel O&M completed 2 offshore substations (OSS) for Taiwan and won 2 more OSS contracts from Orsted. Both parties signed framework agreement for future OSS projects.



### Well-positioned for Global Energy Transition

Sembcorp Marine secured its first offshore wind farm project in 2014 and won three additional wind farm projects with a recent landmark win of a newbuild WTV in compliance to Jones Act.



## New Energy

- Select early investments in new energy sources and development of franchises in these areas
- Investments opportunities covering hydrogen, ammonia and carbon capture technology

### Ammonia Bunkering MoU

Keppel O&M signed an MoU with Sumitomo in December 2021 to explore the implementation of ammonia bunkering in Singapore.



### Trusted Partner for Innovative & Sustainable Solutions

Sembcorp Marine's award-winning sustainable solutions include MF Hydra, world's first liquid hydrogen-powered ferry; Ultramarine, an advanced ice-class polar expedition ship & Hjellestad, a hybrid ferry.



## Cleaner Offshore & Marine Solutions

- Continue to serve the demand for floating production systems, such as floating production storage and offloading (FPSO) units, and other offshore oil & gas solutions, estimated to amount to a S\$290 billion opportunity in terms of market size
- Focus on innovating and applying new technologies to reduce the carbon footprint of such structures

### Strong Record in FPSO integration

Keppel O&M's track record spans over 120 quality FPSO projects, including FPSO Liza Unity for Guyana.



### 60 Years of Track Record

Sembcorp Marine fulfills needs of customers for sustainable O&M solutions, meeting stringent requirements including low carbon, energy-efficiency, renewable energy and automation specifications.



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



Leveraging the combined technical and engineering abilities, as well as in-house design and research and development know-how, to expand its suite of technological capabilities and to carry out a wider scope of work



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



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

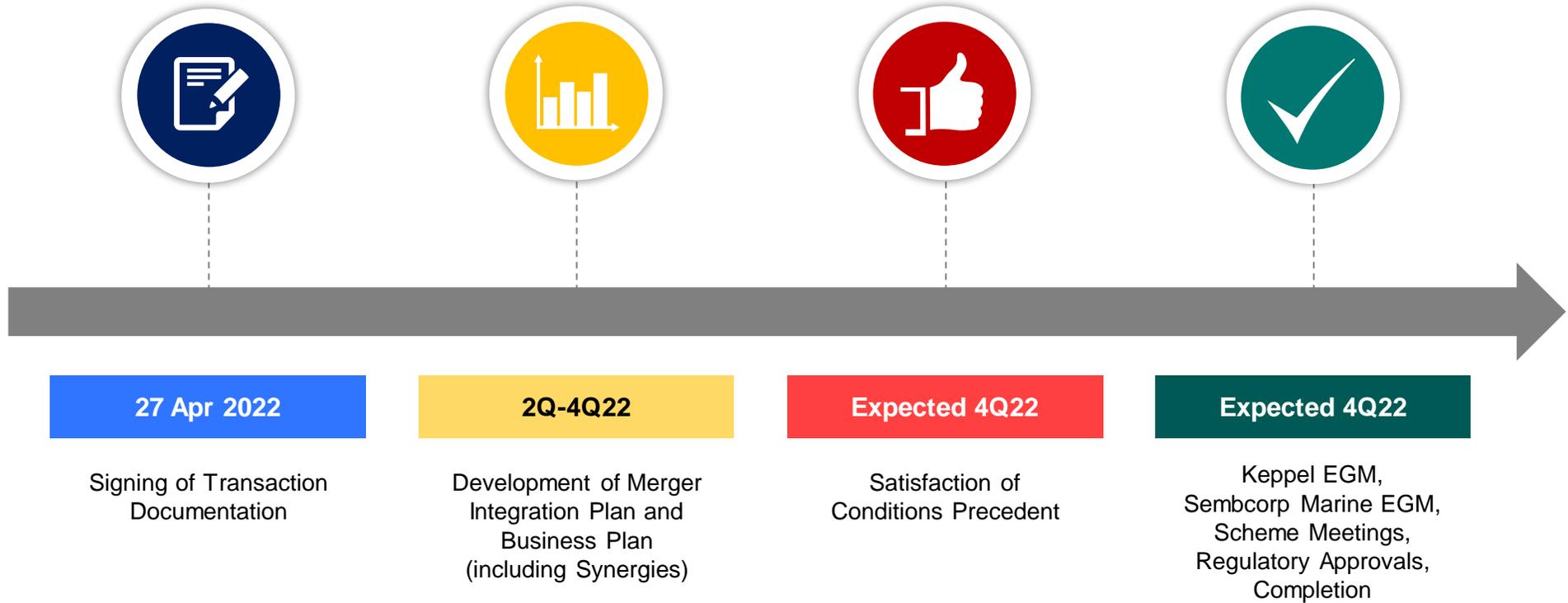


Generating greater economies of scale and developing more rigorous project execution capabilities



Creating greater value for all stakeholders. As a single organisation, the collective workforce will benefit from expanded opportunities for career development and growth in the areas of offshore renewables, new energy and cleaner O&M solutions

# Next Steps and Timeline to Completion



# Important Notice

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