Company Registration Number: 196300098Z

Sembcorp Marine Interim Business Update for 3Q/9M2022

- **Signed revised agreements to effect Proposed Combination with Keppel O&M via a direct acquisition with simplified transaction structure and improved terms**

- **Continued smooth execution of projects with nine successful completions and deliveries to customers year-to-date**

- **Significant newbuild contract wins, including the largest contract worth S$4.25 billion from Petrobras for the P-82 FPSO**

- **Despite project deliveries and new project wins, losses are expected in 2H2022 similar in range to 1H2022**

Singapore, 15 November 2022: Sembcorp Marine Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") is today issuing its interim business update for the third quarter of 2022 (**3Q2022**) and for the nine months ended 30 September 2022 (**9M2022**).

Revised Structure & Terms of the Proposed Combination

1. On 27 April 2022, the Group announced that it had entered into definitive agreements for the proposed combination of Sembcorp Marine and a restructured Keppel Offshore & Marine Ltd ("**KOM**") (the "**Proposed Combination**").

2. On 27 October 2022, the Group announced that it had entered into an Amended and Restated Combination Framework Agreement (the "**Amended Framework Agreement**") with Keppel Corporation Limited ("**Keppel**") to effect the Proposed Combination via a direct acquisition of KOM by Sembcorp Marine with improved terms.

3. Under the simplified revised structure where Sembcorp Marine directly acquires 100% of KOM from 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 the transfer of Sembcorp Marine's listing status to the Combined Entity (collectively, the earlier "**Sembcorp Marine Scheme**") will no longer apply.

4. Sembcorp Marine will retain its listing status on the Mainboard of the Singapore Exchange and directly issue new Sembcorp Marine shares to Keppel, if approved by minority shareholders. The Transaction closing time may potentially be reduced by up to two months.

5. Under the revised terms, Sembcorp Marine has achieved an improvement in the equity value exchange ratio to **46:54** (SCM:KOM) from the earlier 44:56 (SCM:KOM).

6. The improved equity value exchange ratio translates to an 8% improvement or S$378 million from the previous KOM purchase consideration announced on 27 April 2022.

7. The extraordinary general meeting (EGM) for Sembcorp Marine shareholders to vote on the Proposed Combination is expected to be convened in December 2022 or January 2023 after key approvals are obtained and other regulatory submissions are completed.

Operations Review

Strong Execution and Delivery of Projects

8. From the start of FY2022, the Group had a total of 21 projects under execution with 12 projects scheduled for completion and delivery in FY2022. Nine of the 12 projects have been delivered year-to-date.

9. Key projects successfully completed in the reported quarter to-date include:

   - The newbuild FPSO P-71 by Sembcorp Marine's Brazil Yard Estaleiro Jurong Aracruz ("**EJA**") for Petrobras for deployment to the ultra-deepwater Itapu field in Brazil's Santos Basin.

   - The Gallaf Batch 2 Project for North Oil Company. The project involved the entire production chain – from engineering design, procurement and construction to the transportation, installation and offshore integration – for two wellhead platforms in the Al Shaheen field offshore Qatar.

   - The second zero-emission fully battery-operated Roll-on/Roll-off passenger (Ropax) ferry, ***Dragsvik***, in July 2022. Designed and built for Norled, the Ropax ferry will join its first sister ship, ***Hella***, in operation for Norled's shortsea Hella-Vangsnes-Dragsvik connections.

10. The repairs & upgrades business continued to gradually improve into the third quarter of 2022. However, this improvement was lower than expected due partly to the residual effects of COVID-19 measures. For the reported quarter, the Group serviced a total of 60 vessels at its yards and these included cruise liners, container vessels, cargo and bulk carriers, crude oil tankers, naval vessels and LNG carriers.

11. Noteworthy repair and upgrade projects completed include:

    - A total of 11 LNG carrier repairs and refits, underpinned by increasing preference for natural gas as the maritime industry strives for a greener future.

- Repair of two car carriers, ***Sunrise Ace*** and ***Wisteria Ace*** in 3Q2022 for Mitsui O.S.K. Lines, Ltd ("**MOL**"), following the completion of ***Onyx Ace*** and ***Crystal Ace*** in 2Q2022.

- Docking works for expedition cruise ship ***Heritage Adventurer*** for Nordic Hamburg Shipmanagement, prior to the vessel's deployment in Indonesia in early October 2022.

Ongoing Projects Execution

12. The Group has three more projects scheduled for delivery by the end of the year. A further nine projects will be progressively delivered from 2023 to 2026. With the successful deliveries achieved year-to-date, the Group has freed up resources for re-deployment to other ongoing projects. This has also enabled the Group to actively pursue new projects to further increase its order book.

13. Notable projects under execution include:

    - ***Sturgeon***, the WTIV (Wind Turbine Installation Vessel) for Maersk Supply Service ("**Maersk**"). The vessel's strike steel ceremony took place in October 2022.

    - ***Brassavola***, the newbuild 12,000m³ LNG bunker vessel, the largest to be constructed in Singapore for MOL and charterer Pavilion Energy. Following the christening of the bunker vessel in early-October 2022, ***Brassavola*** is undergoing the final phase of testing and commissioning.

    - ***NApAnt***, an EPC (Engineering, Procurement and Construction) contract from Emgepron, a state-owned company affiliated to the Ministry of Defence in Brazil, to design and build a support vessel for the Brazilian Navy for scientific research deployment in the Antarctic.

14. Overall, while project executions were relatively smooth, the Group continued to experience residual effects of COVID-19 related to skilled labour required to complete delayed projects. In particular, repatriation of temporary workers from higher cost alternative sources was significantly delayed till 4Q2022 due to border restrictions and unavailability of flights to their home country. These delays led to increased one-off costs.

New Contract and Order Developments

15. Overall orders visibility across the Group's product segments continued to improve. The Group reported significant newbuild contract wins in October 2022. Year-to-date, the Group has secured new contracts in excess of S$6.71 billion, including S$0.42 billion of repairs & upgrades contracts.

16. Significant new contract wins during 3Q2022 to end October 2022 include the following:

- The P-82 FPSO contract, worth approximately S$4.25 billion is the largest EPC contract secured by Sembcorp Marine from Petroleo Brasileiro S.A. ("**Petrobras**"), the Brazilian state-owned oil and gas producer. Scheduled for delivery in 1H2026 with expected commercial operations in 2026, the P-82 FPSO will be the 10th vessel and one of the largest to be deployed in the Buzios field, an ultra-deepwater oil and gas field covering an area of 853 km² in the pre-salt Santos Basin, about 180 km off the coast of Rio de Janeiro. The newbuild FPSO will add a production capacity of 225,000 barrels of oil per day and 12 million cubic metres of gas processing per day.

- Two Master Service Agreements entered into with affiliates of New Fortress Energy Inc. ("**NFE**"), which mark the first set of two Sevan cylindrical hulls to be re-purposed into FLNG liquefaction facilities. The first FLNG unit is scheduled for delivery in the first half of 2024 through the Work Engagement Contract already awarded by NFE. Work on the second FLNG liquefaction facility project is expected to be contracted through further Work Engagement Contracts at a later date, which will further add to the Group's order book.

- An exclusive PPM (Planned Preventative Maintenance) contract was awarded to Sembcorp Marine's wholly-owned subsidiary, Sembmarine SLP Limited ("**Sembmarine SLP**") by Ørsted A/S ("**Ørsted**") for the Hornsea 2 Offshore Wind Farm. Being Sembmarine SLP's first sole supplier maintenance award, the PPM contract marks the company's strategic transition from fabricator to service provider in the offshore renewable space with opportunity to further tap into the UK offshore wind market, the largest in wind offshore development globally.

Projects Under Execution as at the date of this Business Update
Renewables Solutions • Maersk Supply Service – Wind Turbine Installation Vessel • RWE Renewables – Sofia Offshore Wind Farm: Offshore Converter Platform
Process Solutions • Petrobras – P-82: FPSO Engineering, Procurement and Construction • Shapoorji – Armada Sterling V FPSO Conversion • Shell – Whale Project: Newbuild FPU
Gas Solutions • New Fortress Energy – FLNG Facility Conversion of a Sevan Drilling Unit • Major Energy Company in Australia – Gas Topsides Engineering, Procurement, Construction and Installation • Bechtel – Pluto Train 2 Project: Modules Assembly of LNG Gas Processing Trains • MOL – Brassavola: LNG Bunker Vessel
Ocean Living Solutions • Norled – Fully Battery-operated Ropax Ferry (Third unit) • Emgepron – NApAnt Scientific Research Support Vessel
Advanced Drilling Rig Solutions • Transocean – Deepwater Titan Drillship

Net Order Book

17. To-date, the Group has recorded a net order book of S$7.11 billion. This consists of approximately S$6.80 billion of projects under execution (with a total original contract sum of S$9.11 billion) and S$0.31 billion of ongoing Repairs & Upgrades projects.

18. Renewable wind energy and other cleaner and green solutions now account for approximately 34% of the Group's net order book.

19. 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.

Cash Flow and Liquidity Management

20. Following further disbursement in September 2022 of S$120 million from the net proceeds of the Group's September 2021 S$1.5 billion Rights Issue, the balance of the net proceeds stands at approximately S$600 million.

21. 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.

22. As at end-September 2022, the net debt to equity of the Group was 0.53 times.

Outlook

23. The Group remains focused on completing the remaining three projects scheduled for delivery by end of the year, as well as smooth execution of the further nine projects to be delivered from 2023 to 2026.

24. The overall industry outlook across the oil & gas and offshore renewables sectors continues to improve. The Group is actively working on converting its orders pipeline into further firm contracts.

25. While the Group completed several key projects and secured significant new orders in recent months, revenue and earnings from the completed projects and initial contributions from new projects were not sufficient to offset higher labour and other costs. Overall business volumes are expected to pick up in FY2023.

26. The Group expects 2H2022 losses to be similar to that for 1H2022.

-----END-----

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.

Discover more at www.sembmarine.com.

For more information, please contact:
Ms Chua Mun Yuen
Head, Investor Relations and Corporate Communications
Tel No: +65 6971 7039
Email: munyuen.chua@sembmarine.com

Ms Serene Lam
Manager, Investor Relations and Corporate Communications
Tel No: +65 6971 7043
Email: serene.lam@sembmarine.com

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, exchange rate movement, cost of capital and capital availability, competition from other companies and venues for sale and distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes. The forward-looking statements reflect the current views of Management on future trends and developments.

In view of the possible mandatory general offer described in the Company's announcement dated 24 June 2021 in relation to the proposed renounceable underwritten rights issue of new ordinary shares in the capital of Sembcorp Marine Limited (the "Rights Issue"), any statement of prospects in this release will need to be reported on in accordance with the requirements of Rule 25 of the Singapore Code on Take-overs and Mergers. Such report will be given in due course in the circular to be issued to shareholders in connection with the Rights Issue.

The Directors of Sembcorp Marine Limited ("Directors") collectively and individually accept full responsibility for the accuracy of the information given in this release and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this release constitutes full and true disclosure of all material facts about the Rights Issue and the Group which are relevant to the Rights Issue and the Directors are not aware of any facts the omission of which would make any statement in this release misleading. Where information in this release has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this release in its proper form and context.