



Sembcorp Industries

The Creation of Two Focused Companies

Presentation in relation to the
Proposed Distribution *In Specie* of Ordinary Shares
in the Capital of Sembcorp Marine

July 22, 2020

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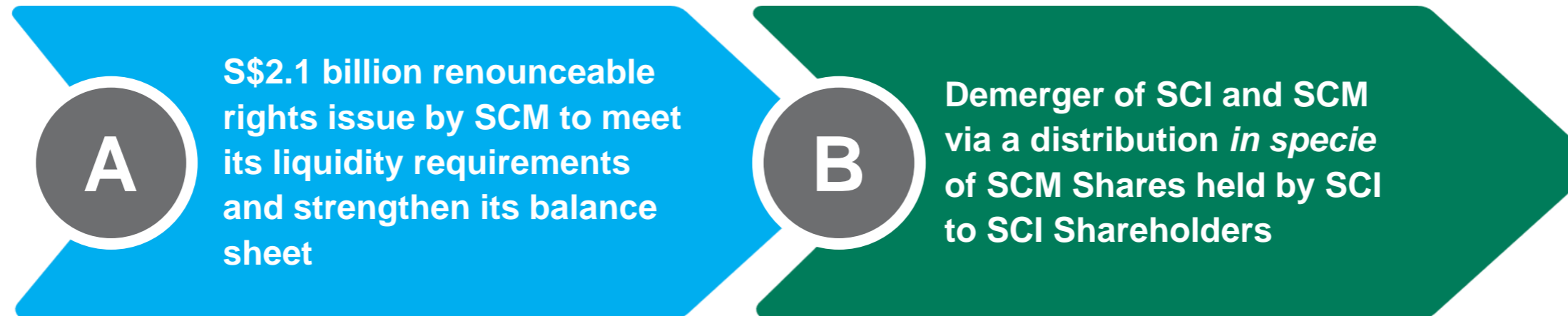


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What do I need to know about the Transaction?



Sembcorp Industries (“SCI”) and Sembcorp Marine (“SCM”) have jointly proposed a Transaction comprising two steps:



- SCI has undertaken to subscribe for up to S\$1.5 billion of SCM Rights Shares by setting off the outstanding principal of S\$1.5 billion under the Subordinated Loan extended to SCM
- Temasek¹ has entered into the Sub-Underwriting Agreement with DBS Bank Ltd. for the remaining S\$0.6 billion of SCM Rights Shares
- Depending on the level of subscription for the Proposed SCM Rights Issue by SCM Shareholders other than SCI, SCI will hold between 60.9%² and 69.9%³ of SCM Shares post the Proposed SCM Rights Issue
- As a result of the Proposed Distribution, Temasek⁴ (which is currently the single largest shareholder of SCI) will become a direct shareholder of SCM, and the Temasek Concert Party Group will hold more than 30% of SCM
- In addition to approvals for the Proposed SCM Rights Issue and Proposed Distribution by the SCM Shareholders and SCI Shareholders, respectively, an approval by the Independent SCM Shareholders of the Whitewash Resolution is being sought to waive their rights to receive a mandatory take-over offer from the Temasek Concert Party Group
- By voting in favour of the Proposed Distribution and if the Independent SCM Shareholders approve the Whitewash Resolution, SCI Shareholders will also be waiving their rights to receive a mandatory take-over offer from the Temasek Concert Party Group in respect of the SCM Shares that they will hold after the Proposed Distribution



Sole Financial Adviser to SCI in respect of the Proposed Distribution

Note: All capitalised terms shall have the meanings ascribed to them in the SCI Circular dated 22 July 2020

1. The Sub-Underwriting Agreement is entered into by Startree, a wholly-owned subsidiary of Temasek, on 8 June 2020. No sub-underwriting fees will be paid to Temasek or Startree

2. Based on the Minimum SCI Distribution Shares where SCI is required to subscribe only for its SCI Pro-Rata SCM Rights Shares (6,371,353,820 SCM Rights Shares) and the remaining SCM Rights Shares are subscribed by other SCM Shareholders; fractional entitlements to be disregarded

3. Based on the Maximum SCI Distribution Shares where SCI is required to subscribe for all of the Undertaking SCM Rights Shares (7,500,000,000 SCM Rights Shares); fractional entitlements to be disregarded

4. Including holdings of Temasek and its wholly-owned subsidiaries

What will I get as an SCI Shareholder?

- Pursuant to the Proposed Distribution¹, you will receive between 4.279² and 4.911³ SCM Shares for each SCI Share you own as at the SCI Record Date. **No payment is required from you**
- The number of SCM Shares to be distributed to you by SCI will depend on the number of SCM Shares held by SCI following completion of the Proposed SCM Rights Issue
- For illustrative purposes only:



1. Subject to the satisfaction of the conditions to the Transaction

2. Based on the Minimum SCI Distribution Shares where SCI is required to subscribe only for its SCI Pro-Rata SCM Rights Shares (6,371,353,820 SCM Rights Shares) and the remaining SCM Rights Shares are subscribed by other SCM Shareholders; fractional entitlements to be disregarded

3. Based on the Maximum SCI Distribution Shares where SCI is required to subscribe for all of the Undertaking SCM Rights Shares (7,500,000,000 SCM Rights Shares); fractional entitlements to be disregarded

Why is this being proposed to SCI Shareholders?

ENHANCE SHAREHOLDER VALUE

Transforms SCI into a Focused Energy and Urban business

- Enables SCI to capture growth opportunities to provide solutions that support the energy transition and sustainable development
- Demerger delivers a clearer investment proposition to you and makes SCI more comparable to industry peers
- Potential positive re-rating of SCI's equity value

Improves Returns and Strengthens the Balance Sheet¹

- Increase in pro forma ROE² (3.5% to 7.9%) and ROA³ (3.5% to 5.6%)
- Significant reduction in debt levels⁴ by S\$2.9 billion on a pro forma basis
- Improvement of pro forma net debt-to-EBITDA⁵ ratio from 6.4x to 5.0x

IMPROVE INVESTMENT FLEXIBILITY

Your Investments, Your Flexibility

- You will have direct shareholdings in two focused companies, with Temasek alongside as a direct and significant shareholder
- No payment required to receive shares in a recapitalised SCM
- You gain the flexibility to calibrate your holdings in the two companies

1. The pro forma figures above represent selected FY2019 pro forma financial effects assuming SCI subscribes for all of the Undertaking SCM Rights Shares (7,500,000,000 SCM Rights Shares). For further details on the FY2019 and 1H 2020 pro forma financial effects of the Transaction on the SCI Group, please refer to Appendix A of the SCI Circular dated 22 July 2020

2. Return on Equity computed as FY2019 Profit attributable to owners of SCI (excluding non-recurring potential fair value gains or losses recognised at the completion of the Proposed Distribution) divided by equity attributable to owners of SCI as at 31 December 2019

3. Return on Assets computed as the sum of (i) FY2019 Net Profit (excluding non-recurring potential fair value gains or losses recognised at the completion of the Proposed Distribution) and (ii) FY2019 finance costs, divided by total assets as at 31 December 2019

4. Includes the perpetual securities, but excludes lease liabilities

5. Computed as total borrowings (including the perpetual securities) less total cash balance as at 31 December 2019 divided by FY2019 EBITDA. Total borrowings exclude lease liabilities

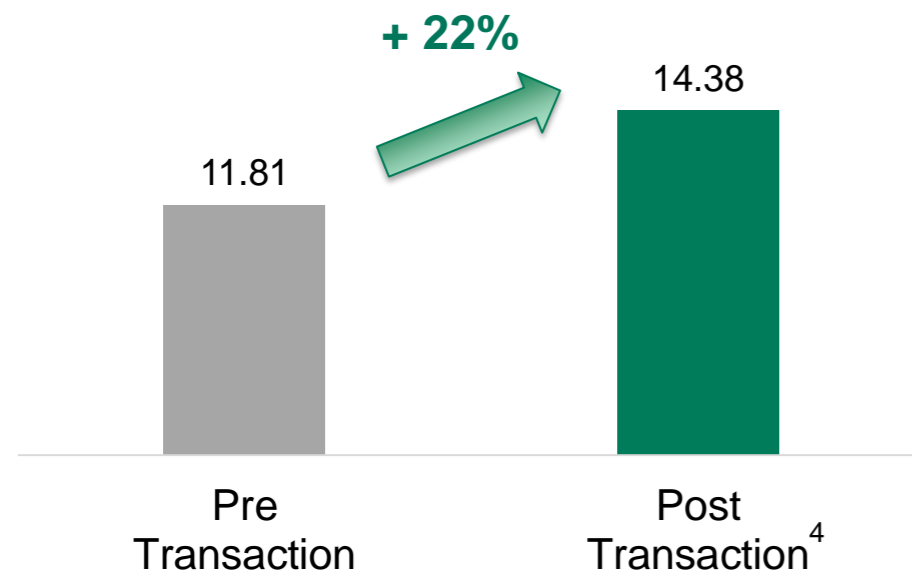
Selected 2019 Pro Forma Financial Effects for SCI



FY2019 Earnings per Share¹ (EPS)

► Improves by approximately 22%

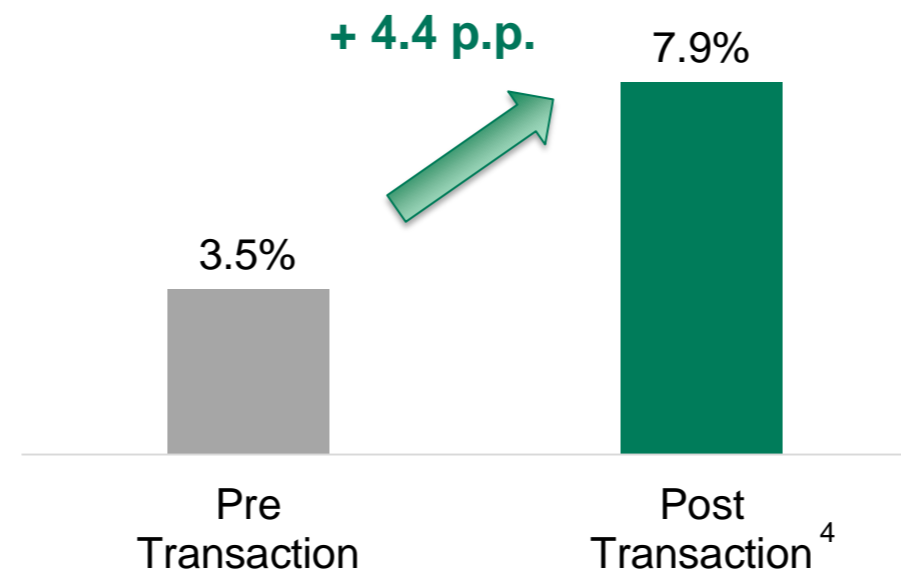
(cents)



FY2019 Return on Equity² (ROE)

► Improves by 4.4 p.p. to 7.9%

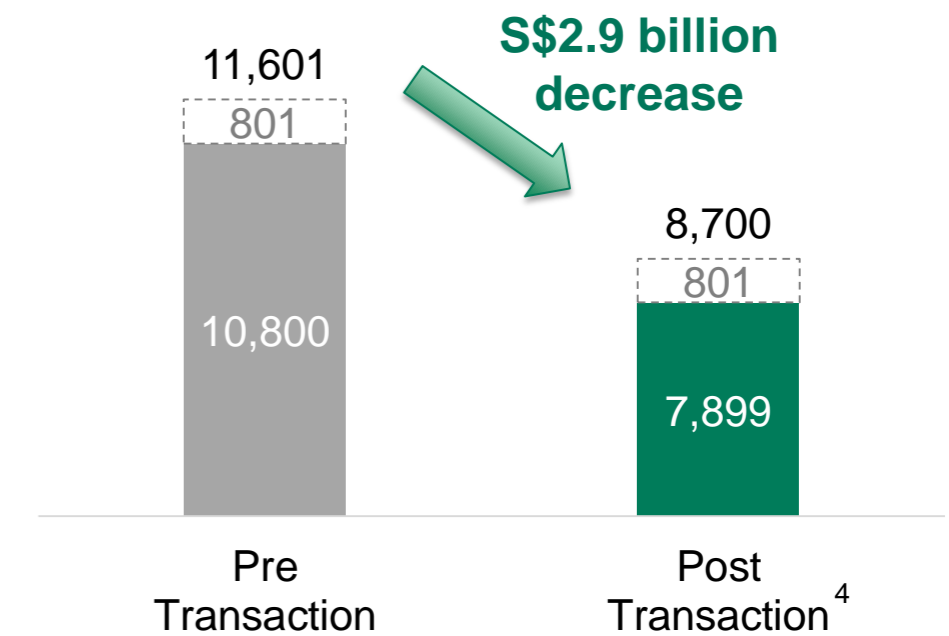
(%)



Total Borrowings³ as at 31 Dec 2019

► Decreases by approximately S\$2.9 billion

(S\$m)



■ FY2019 ■ Pro forma □ Perpetual Securities

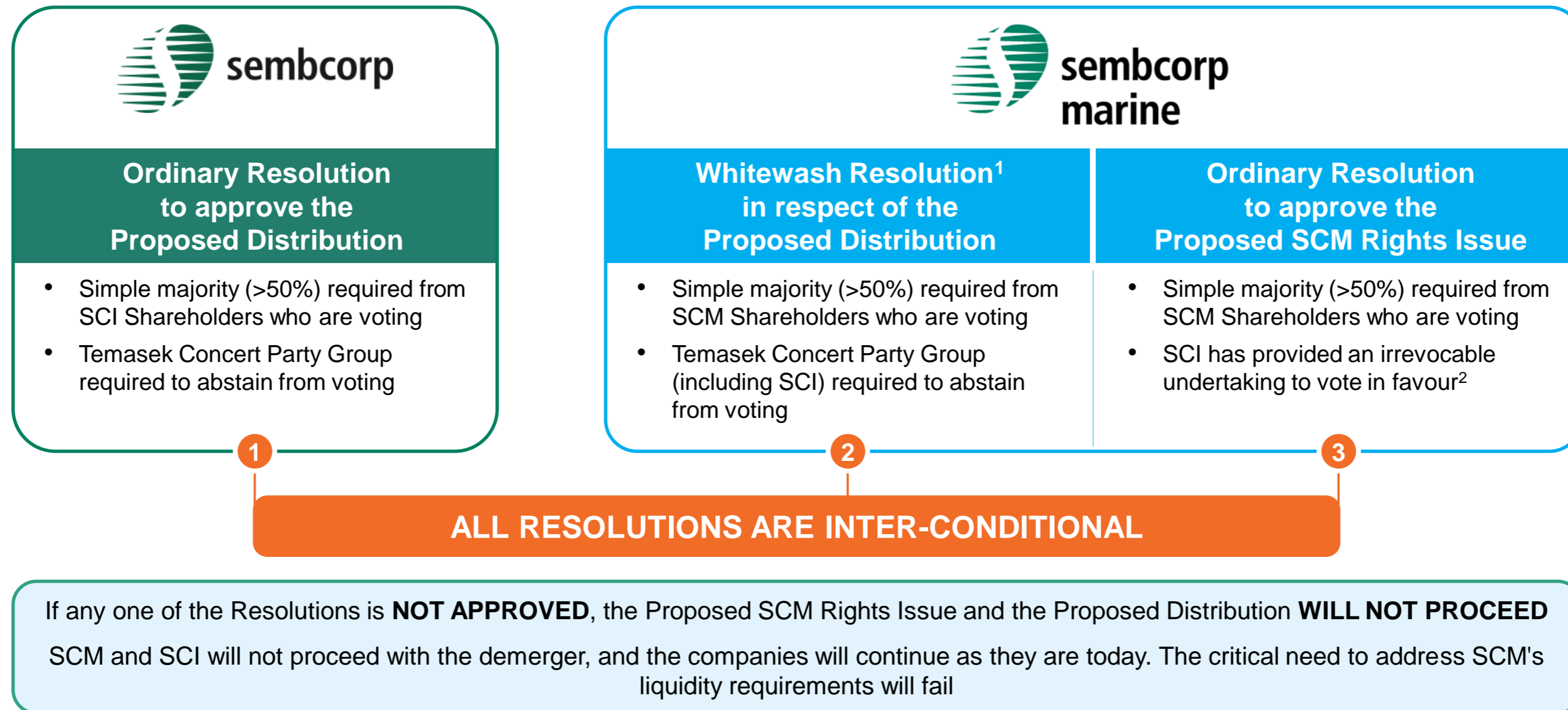
Note: The pro forma figures above represent selected FY2019 pro forma financial effects. For further details on the FY2019 and 1H 2020 pro forma financial effects of the Transaction on the SCI Group, please refer to Appendix A of the SCI Circular dated 22 July 2020. Income statement items have been prepared on a pro forma basis on the assumption that the Transaction had been completed on 1 January 2019, except that these pro forma financial effects have excluded the non-recurring potential fair value gains or losses recognised at the completion of the Proposed Distribution. Balance sheet items as at 31 December 2019 have been prepared on a pro forma basis on the assumption that the Transaction had been completed on 31 December 2019.

1. EPS computed as PATMI excluding profits attributable to perpetual security holders of the Company ("Profit attributable to owners of the Company") divided by the weighted average of 1,786 million SCI Shares (excluding treasury shares) for FY2019
2. ROE computed as Profit attributable to owners of the Company (excluding the non-recurring potential fair value gains or losses recognised at the completion of the Proposed Distribution) divided by equity attributable to owners of the Company. Ratios have been prepared using equity attributable to owners of the Company as at 31 December 2019
3. Total borrowing excludes lease liabilities
4. Post Transaction figures assume SCI subscribes for all of the Undertaking SCM Rights Shares (7,500,000,000 SCM Rights Shares), SCM Shares and SCI Shares in issue are 2,090,487,729 SCM Shares and 1,785,574,930 SCI Shares respectively (excluding treasury shares and assuming no outstanding performance shares and restricted shares pursuant to the SCI PSP and SCI RSP, or the SCM RSP, are exercised or released on or prior to the SCI Record Date and SCM Record Date respectively, and no SCM Shares are issued for the payment of SCM Directors' fees)

What needs to happen for the Transaction to be successful?

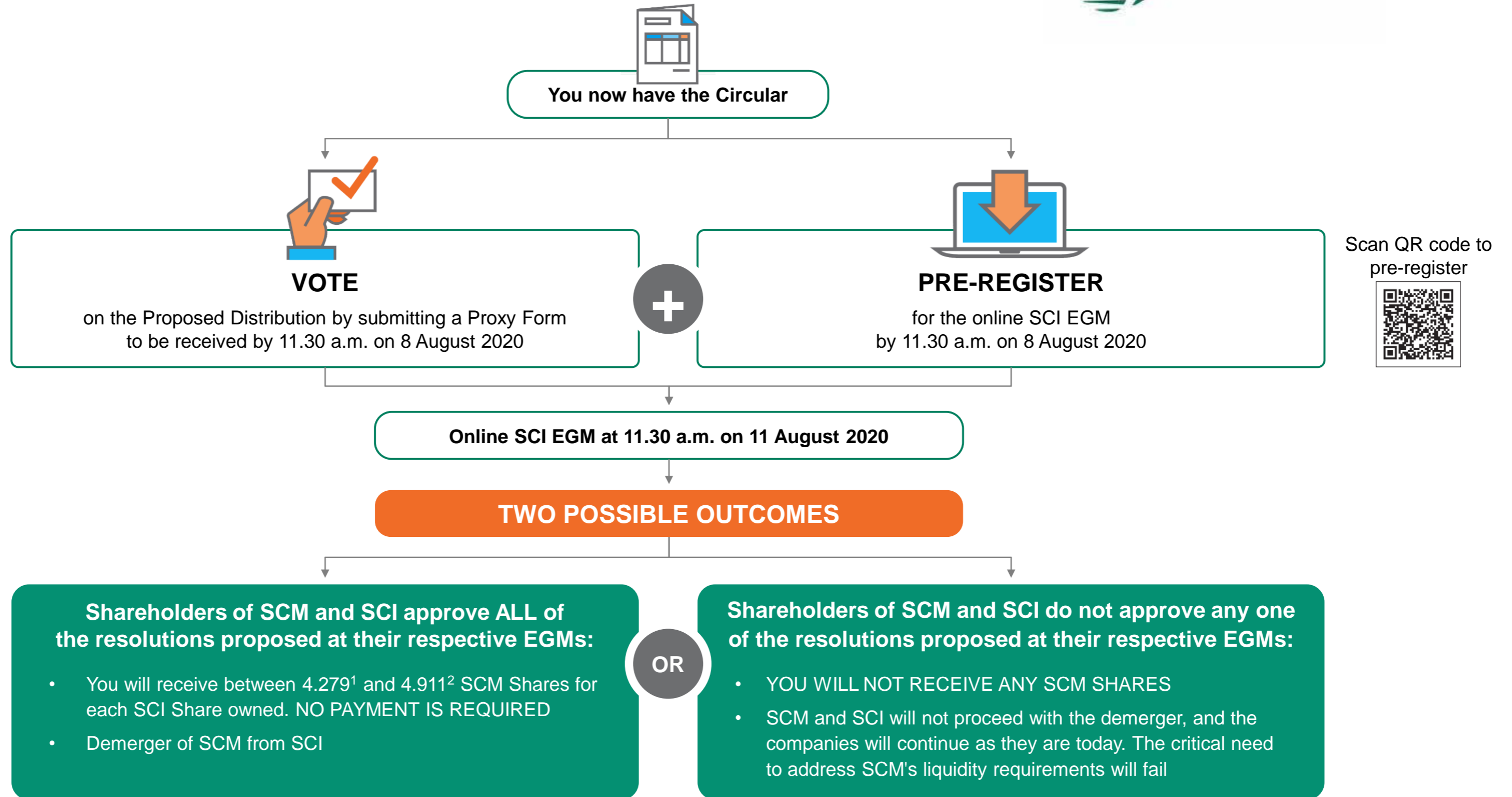


- **ALL** of the following resolutions must be approved at the EGMs of both SCI **and** SCM for the Proposed Distribution to proceed



1. The Proposed Distribution will result in the Temasek Concert Party Group holding more than 30% of SCM Shares. As such, SCM Shareholders will need to approve the Whitewash Resolution to waive their rights to receive a mandatory take-over offer from the Temasek Concert Party Group
 2. To the extent not prohibited under applicable laws and regulations (including the Listing Manual)

What do I need to do?



1. Based on the Minimum SCI Distribution Shares where SCI is required to subscribe only for its SCI Pro-Rata SCM Rights Shares (6,371,353,820 SCM Rights Shares) and the remaining SCM Rights Shares are subscribed by other SCM Shareholders; fractional entitlements to be disregarded
 2. Based on the Maximum SCI Distribution Shares where SCI is required to subscribe for all of the Undertaking SCM Rights Shares (7,500,000,000 SCM Rights Shares); fractional entitlements to be disregarded

How can I vote on the Proposed Distribution?



If you wish to exercise your voting rights at the SCI EGM, you must submit a Proxy Form to appoint the Chairman of the SCI EGM to vote on your behalf

1 Step 1: Locate the Proxy Form

The Proxy Form is enclosed in the Circular and is also available on the SCI website and the SGX website at the following respective URLs:

<https://www.sembcorp.com/en/investor-relations/extraordinary-general-meeting>

<https://www.sgx.com/securities/company-announcements>

2 Step 2: Complete the Proxy Form

- A** Fill in your name and particulars.
Note: You must appoint the Chairman of the SCI EGM as your proxy if you wish to exercise your voting rights at the SCI EGM (due to the current COVID-19 situation in Singapore).
- B** Indicate your vote in the box labelled FOR, AGAINST or ABSTAIN.
- C** If you are an individual, you or your attorney MUST SIGN and indicate the date. If you are a corporation, the Proxy Form must be executed under your common seal or signed by a duly authorised officer or attorney.
- D** Indicate the number of SCI Shares you hold.

3 Step 3: Submit the completed Proxy Form



If submitted by post, the Proxy Form must be sent to: **M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902**



If submitted electronically, the Proxy Form must be submitted via email to SCI's Share Registrar at gpe@mncsingapore.com

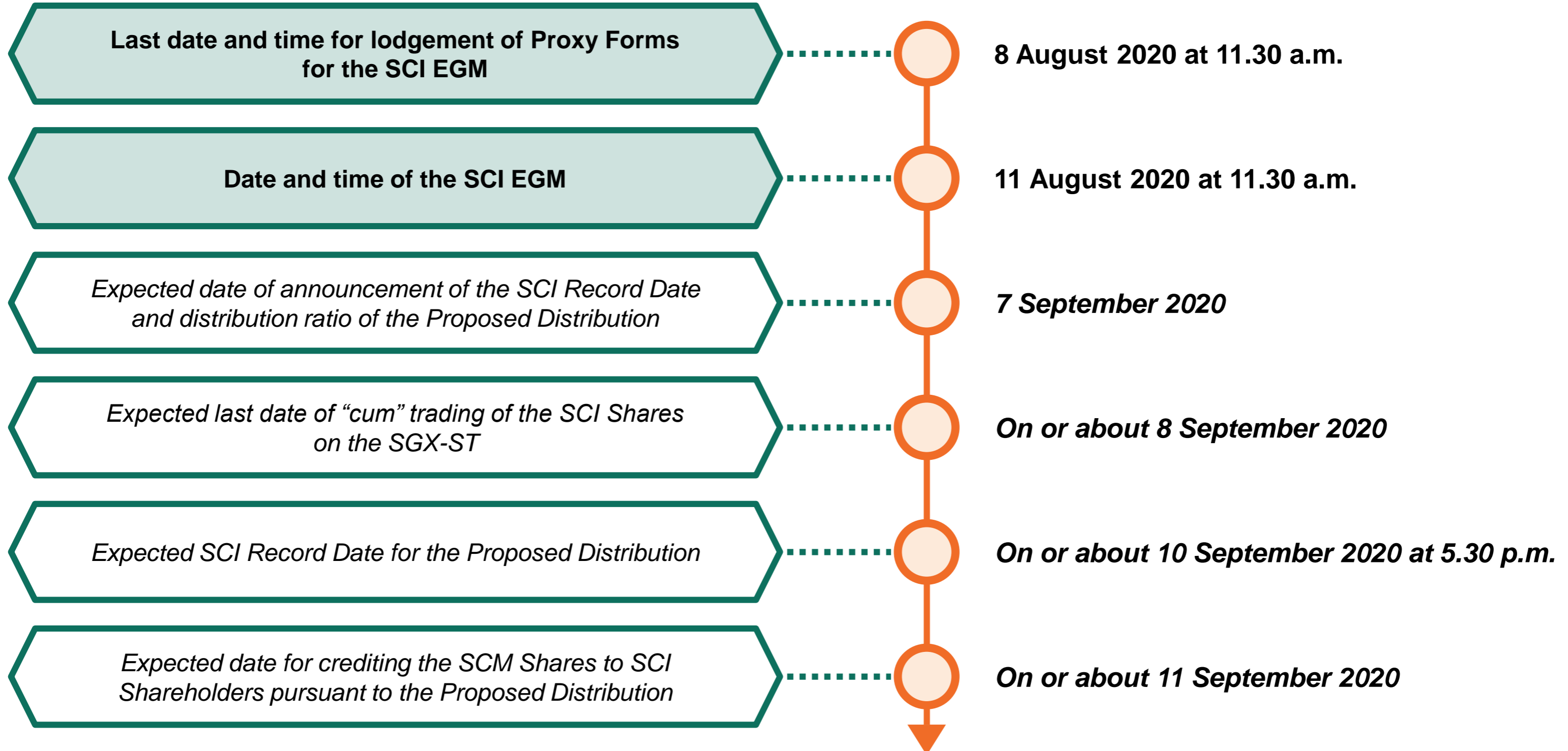
- **The Proxy Form must be submitted and received by 11.30 a.m. on 8 August 2020**
- CPFIS Members and SRS Investors who wish to appoint the Chairman of the SCI EGM as proxy should approach their respective CPF agent banks or SRS Approved Banks to submit their votes by 11.30 a.m. on 5 August 2020



If you require further assistance or information, please contact:

DBS Bank Ltd.
Strategic Advisory
Tel: +65 6878 2150
(During office hours only from 9.00 a.m. to 6.00 p.m., Monday to Friday)

Important Dates and Times



Note: Save for the date and time by which the Proxy Forms must be lodged and the date and time of the SCI EGM, the timetable above is only indicative and the actual dates of the events in italics will be announced by SCI in due course by way of SGXNET announcements released on the SGX-ST



**VOTE TODAY TO BECOME A SHAREHOLDER OF
TWO FOCUSED COMPANIES**



YOUR OTE COUNTS

Please vote by submitting your Proxy Form



Appendix

SCI – A Focused Energy & Urban Leader

Transformation of SCI into a Focused Energy and Urban business



- A focused business uniquely positioned to provide a suite of integrated energy and urban solutions that support the global energy transition and sustainable development
- Proven capabilities, strong track record and a valued partner to customers and governments

Our Businesses	Energy	Urban
Macro Themes	Global energy transition, low-carbon and cleaner energy	Urbanisation and sustainable development in Asia
Competitive Position	<ul style="list-style-type: none"> ▪ Owner-operator of a balanced portfolio of high-efficiency thermal and renewable assets ▪ Track record in renewable energy and environmental solutions including wind and solar power, battery storage and energy from waste ▪ Proven deep integration expertise in the provision of solutions across the energy and utilities value chain 	<ul style="list-style-type: none"> ▪ Solid track record in transforming raw land into self-sufficient urban developments ▪ Strong franchise in Asia ▪ Delivers the economic engine to support industrialisation and urbanisation
Value Creation	<ul style="list-style-type: none"> ▪ >12,600MW in power capacity, including over 2,600MW of renewable power capacity ▪ > 8.6 million m³/day in water & wastewater treatment capacity 	<ul style="list-style-type: none"> ▪ 13 projects in Vietnam, China and Indonesia ▪ US\$34 billion in direct investments attracted to its projects ▪ >1,000 tenants comprising multinationals and leading local enterprises
	<p style="text-align: center;">Reposition as an integrated energy player</p>	<p style="text-align: center;">Move up the value chain and leverage synergies with energy business</p>

Integrated Solutions for a Sustainable Future



Energy Solutions

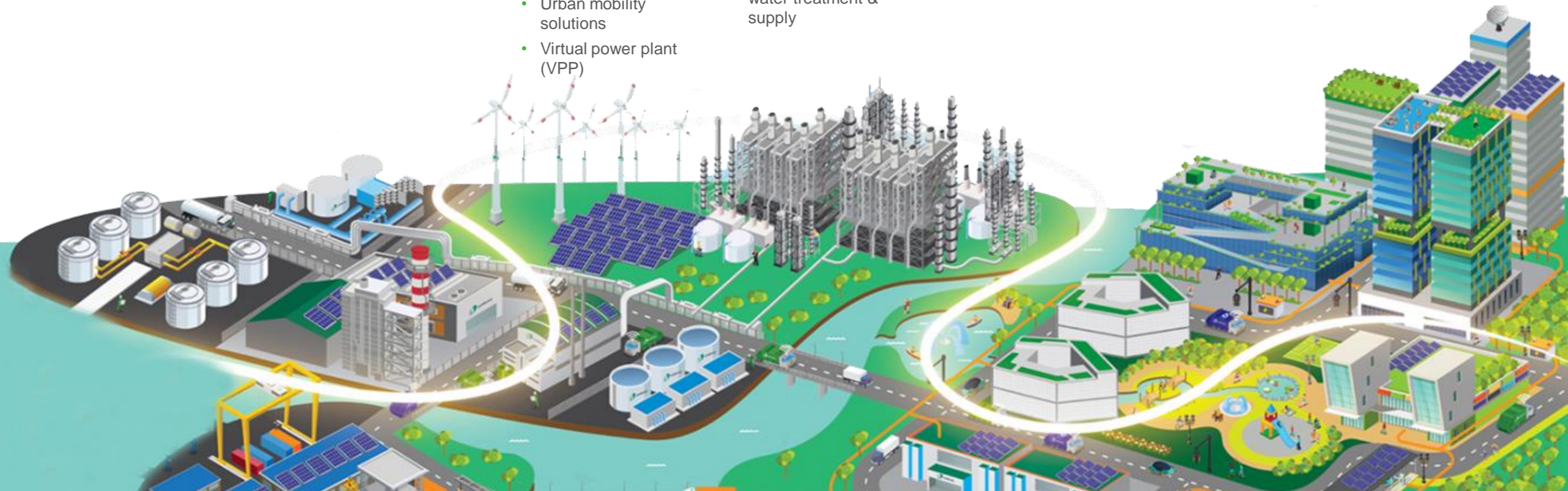
Gas	Centralised Power Generation	Renewables & Storage	Merchant & Retail	Distributed Energy Solutions
<ul style="list-style-type: none"> • Pipeline gas & LNG importation, marketing and optimisation • Regasification infrastructure development 	<ul style="list-style-type: none"> • Utility-scale power generation • Utility-scale combined heat and power • Cogeneration and tri-generation (power, cooling and heating solutions) 	<ul style="list-style-type: none"> • Utility-scale ground-mounted and floating solar power generation • Commercial & industrial rooftop solar power generation • Utility-scale wind power generation • Energy storage systems 	<ul style="list-style-type: none"> • Market optimisation of assets • Flexibility services • Energy trading & origination • Hedging services 	<ul style="list-style-type: none"> • Distributed energy generation • Grid ancillary services • Demand response • Electricity retail (including green attributes such as RECs & CERs) • Energy optimisation and efficiency • Microgrids • Urban mobility solutions • Virtual power plant (VPP)

Environmental Solutions

Water and Wastewater Management	Solid Waste Management
<ul style="list-style-type: none"> • Closed loop industrial water management • Industrial wastewater treatment & reclamation • Zero liquid discharge • Seawater desalination • Municipal wastewater treatment & reclamation • Potable and industrial water treatment & supply 	<ul style="list-style-type: none"> • Waste management & logistics • Recycling services • Waste-to-resource • Public cleaning

Urban Solutions

Urban Development Types & Urban Solution
<ul style="list-style-type: none"> • Integrated townships • Industrial parks • High-tech parks • Business hubs • Logistics warehouses • Residential developments • Industry positioning & investment promotion • Master planning & urban design • Infrastructure & land development • Assets, facilities & operational management



- Repositioning for the Global Energy Transition
- Enabling a Low Carbon Energy Future with Integrated Solutions

Leveraging technology and digital innovation to offer a suite of renewable energy solutions

Utility-scale

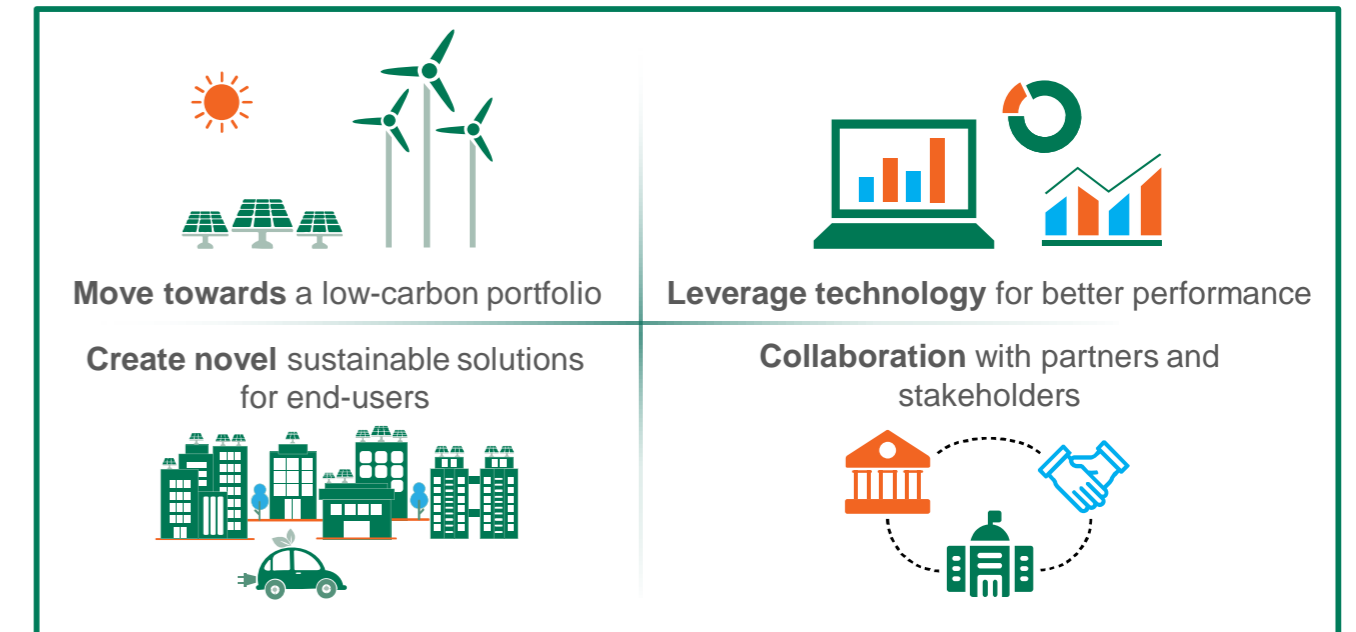
- Onshore wind farms
- Ground-mounted solar systems
- Floating solar photovoltaic systems
- Stand-alone battery systems

Commercial & Industrial





- Rooftop solar energy systems
- Co-located solar energy systems
- Battery storage integration
- Microgrids (solar, wind, batteries)

Distributed Energy Solutions

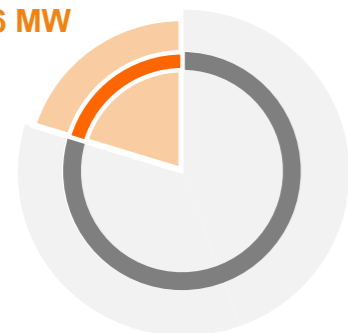
- Distributed energy generation
- Grid ancillary services & demand response
- Electricity retail (including green attributes such as RECs & CERs)
- Energy optimisation & efficiency and Virtual Power Plant (VPP)



Global Renewable Energy Portfolio

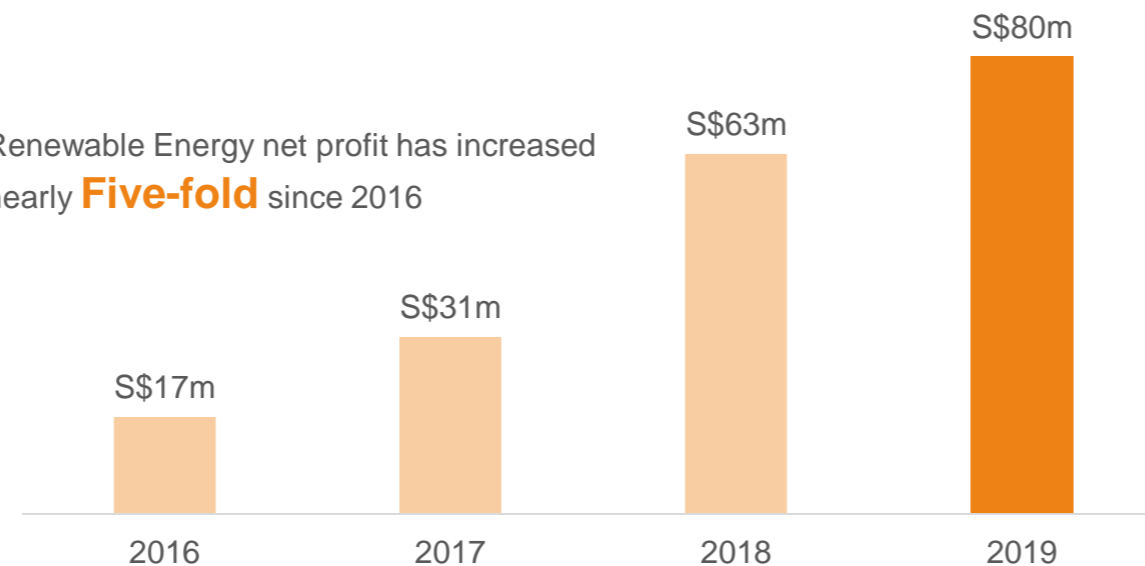
Singapore 	China 	India 	UK 
<p>A leading solar energy player in Singapore</p> <ul style="list-style-type: none"> ▪ 241MWp of solar capacity ▪ One of the largest solar players in Singapore 	<p>Growing renewable energy contribution</p> <ul style="list-style-type: none"> ▪ 725MW of onshore wind power projects 	<p>Providing renewable power to support India's growth</p> <ul style="list-style-type: none"> ▪ Over 1,700MW of wind and solar power projects across seven states 	<p>Developing one of Europe's largest battery energy storage systems</p> <ul style="list-style-type: none"> ▪ A 120MW portfolio representing one of Europe's largest battery energy storage systems

Renewables
2,656 MW
21%



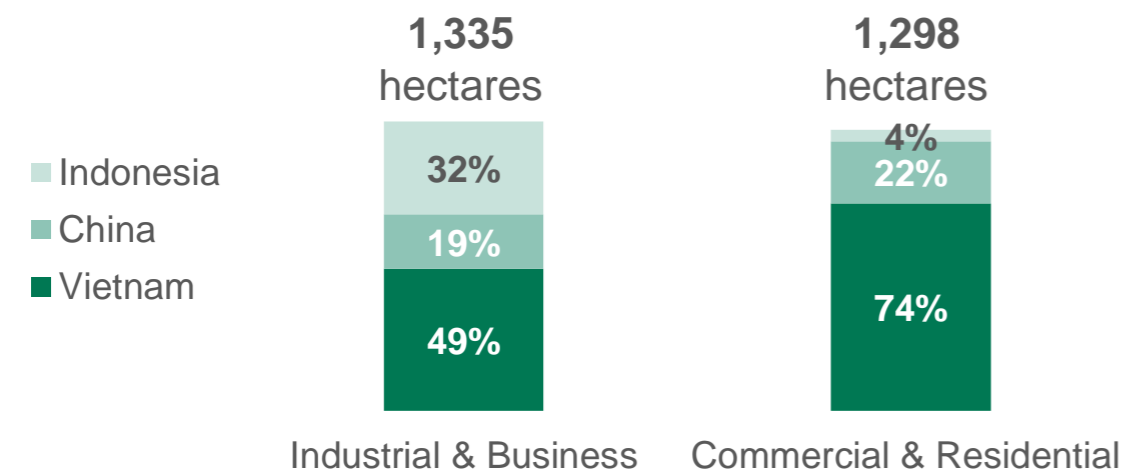
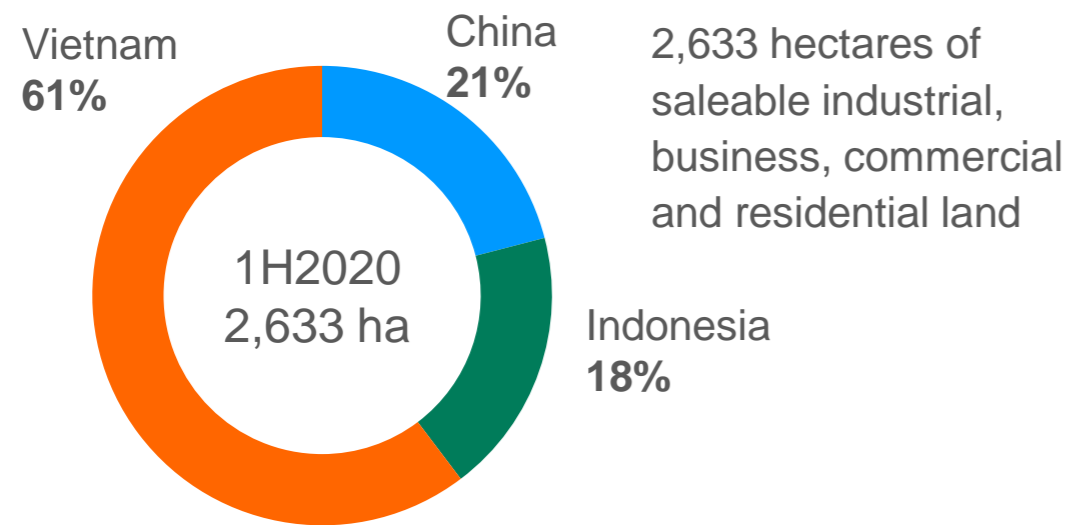
Thermal
9,792 MW
79%

Renewable Energy net profit has increased nearly **Five-fold** since 2016



- A Leading Asian Developer with 30 years of Experience in Transforming Raw Land into Sustainable Urban Developments, Delivering the Economic Engine to Support Growth

Remaining Saleable Land of 2,633 hectares



Positioned in Key Growth Areas

13 projects in Vietnam, China and Indonesia

>1,000 customers comprising MNCs and leading local enterprises

US\$34 billion in direct investments attracted to our integrated developments

Enhancing value through selective C&R developments

Vietnam

9 projects strategically located in the southern, central and northern economic zones



Indonesia

Central Java expected to benefit from investment spillovers from Jakarta



China

Key growth regions in Jiangsu and Chengdu offering high-tech, innovative and eco platforms



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