



Sembcorp Industries

The Creation of Two Focused Companies

Investor Presentation

8 June 2020

Contents



1	Transaction Overview
2	Transaction Rationale
3	Selected Pro Forma Financial Effects
4	Shareholder Approvals
5	Important Dates
6	Appendix

Transaction Overview



Sembcorp Industries (“SCI”) and Sembcorp Marine (“SCM”) have jointly announced a Transaction involving the following 2 steps:

1

Recapitalisation of SCM

- Renounceable underwritten rights issue (“**Proposed SCM Rights Issue**”)
- 5 SCM Rights Shares for every 1 existing SCM Share at S\$0.20 per SCM Rights Share
- Gross proceeds of approximately S\$2.1 billion
 - SCI will undertake to subscribe up to S\$1.5 billion¹ of SCM Rights Shares
 - Temasek² has agreed to subscribe for up to S\$0.6 billion of SCM Rights Shares via a sub-underwriting arrangement with DBS

2

Demerger of SCM from SCI

- Distribution in specie³ of the SCM Shares held by SCI (“**Proposed Distribution**”) post completion of the Proposed SCM Rights Issue
- SCI Shareholders would receive between 427 and 491⁴ SCM Shares for every 100 SCI Shares owned



Sole Financial Adviser to SCI in respect of the Proposed Distribution

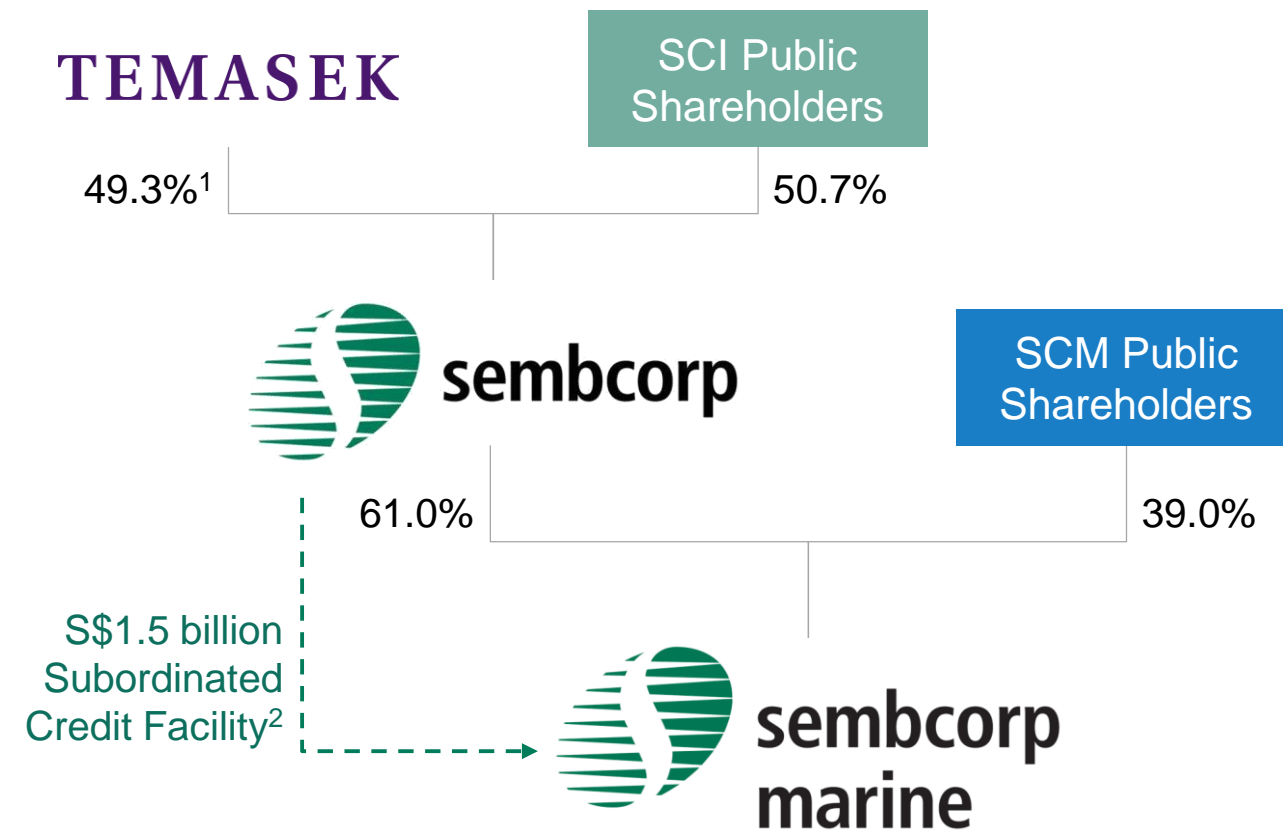
Note: All capitalised terms herein shall bear the same meanings as ascribed to them in the SCI announcement dated 8 June 2020

1. Comprises SCI’s pro rata entitlement of SCM Rights Shares and excess SCM Rights Shares (collectively, the “**Undertaking SCM Rights Shares**”)
2. The sub-underwriting agreement is entered into by Startree Investments Pte. Ltd. (“**Startree**”), a wholly-owned subsidiary of Temasek, on 8 June 2020
3. Fractional entitlements to be disregarded. Following completion of the Proposed Distribution, any resultant fractional SCM Shares will be aggregated and held by SCI for future disposal
4. Please refer to slide 7 for details of the distribution ratio

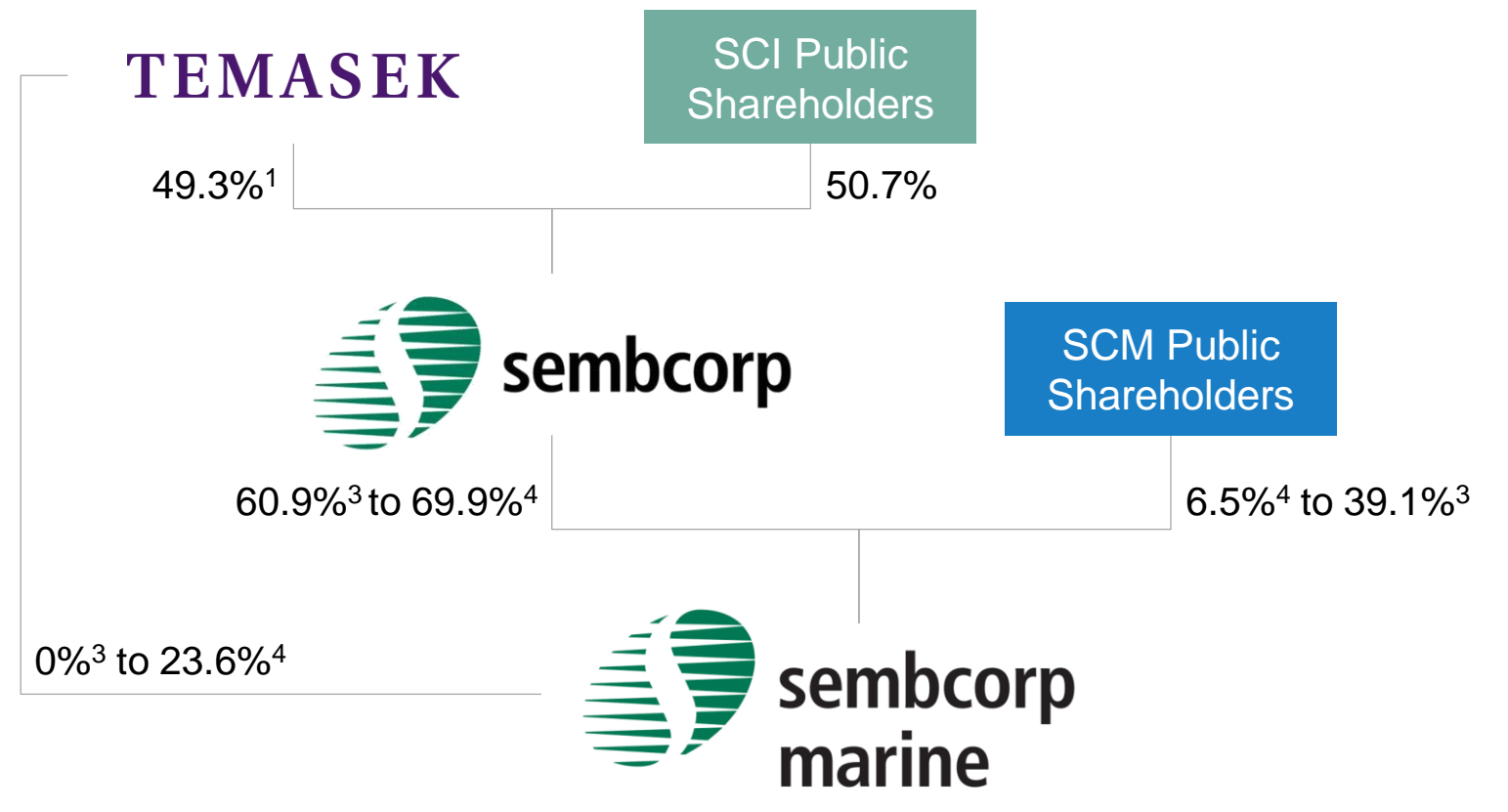
Transaction Step 1: Proposed SCM Rights Issue



Pre Transaction



Post Proposed SCM Rights Issue



Transaction steps



- ▶ Proposed SCM Rights Issue of approximately S\$2.1 billion
 - SCI has undertaken to subscribe for up to S\$1.5 billion of SCM Rights Shares (i.e. approximately 72% of the Proposed SCM Rights Issue), to set off against the S\$1.5 billion principal amount outstanding under the Subordinated Credit Facility provided by SCI to SCM in 2019
 - Temasek⁵ has entered into sub-underwriting agreement with DBS for the remaining S\$0.6 billion (i.e. approximately 28% of the Proposed SCM Rights Issue)

1. Includes deemed interest held through Startree but excludes deemed interest held through DBS

2. S\$1.5 billion is the principal amount outstanding under the Subordinated Credit Facility

3. Shareholdings are based on SCM Shares outstanding assuming 1,323,508 and 933,367 SCM Shares have been issued under SCM's RSP and SCM's Director's fee respectively, and each of SCI and the SCM Public Shareholders subscribes for its pro rata entitlement under the Proposed SCM Rights Issue and zero subscription by DBS for its pro rata entitlement under the Proposed SCM Rights Issue

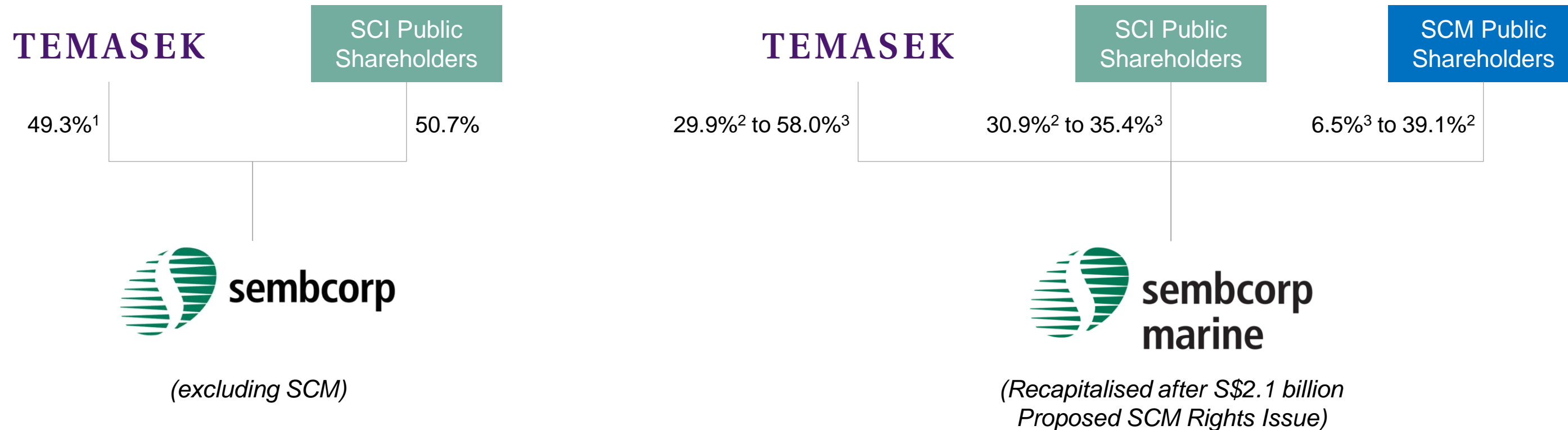
4. Shareholdings are based on SCM Shares outstanding assuming 1,323,508 and 933,367 SCM Shares have been issued under SCM's RSP and SCM's Director's fee respectively, and each of SCI and Temasek subscribes for S\$1.5 billion and S\$0.6 billion of SCM Rights Shares respectively

5. The sub-underwriting agreement is entered into by Startree, a wholly-owned subsidiary of Temasek, on 8 June 2020

Transaction Step 2: Proposed Distribution



Post Distribution



Transaction steps



► Post Proposed SCM Rights Issue, SCI to distribute its shares in SCM to SCI Shareholders on a pro rata basis⁴

1. Includes deemed interest held through Startree but excludes deemed interest held through DBS
 2. Shareholdings are based on SCI Shares outstanding assuming 1,133,461 SCI Shares have been issued under SCI's RSP and SCI's PSP, SCM Shares outstanding assuming 1,323,508 and 933,367 SCM Shares have been issued under SCM's RSP and SCM's Director's fee respectively, and each of SCI and the SCM Public Shareholders subscribes for its pro rata entitlement under the Proposed SCM Rights Issue and zero subscription by DBS for its pro rata entitlement under the Proposed SCM Rights Issue
 3. Shareholdings are based on SCI Shares outstanding assuming no SCI Shares have been issued under SCI's RSP and SCI's PSP, SCM Shares outstanding assuming 1,323,508 and 933,367 SCM Shares have been issued under SCM's RSP and SCM's Director's fee respectively, and each of SCI and Temasek subscribes for S\$1.5 billion and S\$0.6 billion of SCM Rights Shares respectively
 4. Fractional entitlements to be disregarded. Following completion of the Proposed Distribution, any resultant fractional SCM Shares will be aggregated and held by SCI for future disposal

Key Terms of the Proposed SCM Rights Issue



Proposed SCM Rights Issue to Entitled Shareholders as at SCM Record Date

Gross Proceeds	Approximately S\$2.1 billion
Allotment Ratio	5 SCM Rights Shares for every 1 existing SCM Share ¹
Issue Price	S\$0.20 per SCM Rights Share
Pricing Consideration	<ul style="list-style-type: none"> ▪ Approximately 31.0% discount to TERP² of S\$0.290³ based on last 5-Day VWAP ▪ Approximately 35.1% discount to TERP of S\$0.308⁴ based on Last Close⁵ ▪ Approximately 76.5% discount to Last Close⁵
Use of Proceeds	<ul style="list-style-type: none"> ▪ S\$1.5 billion to repay the outstanding principal on the Subordinated Credit Facility ▪ S\$0.6 billion for SCM's working capital and general corporate purposes, including debt servicing
Undertaking / Underwriting and Sub-underwriting	<ul style="list-style-type: none"> ▪ SCI undertakes to subscribe for its pro rata entitlements and apply for excess SCM Rights Shares, up to an aggregate of S\$1.5 billion ▪ DBS to underwrite and Temasek⁶ to sub-underwrite the balance of S\$0.6 billion. No sub-underwriting fee
Sole Financial Adviser, Lead Manager and Underwriter to SCM	

1. Held at the SCM Record Date, fractional entitlements to be disregarded

2. Theoretical Ex Rights Price

3. Calculated based on S\$0.740 per SCM Share on 3 June 2020, being the volume weighted average price ("VWAP") of SCM Shares over the five-day period up to and including the Last Trading Day. The Issue Price is at a discount of approximately 73.0% to the 5-Day VWAP

4. Calculated based on S\$0.850 per SCM Share on 3 June 2020, being the last transacted price of SCM Shares prior to the announcement of the Proposed SCM Rights Issue

5. Last transacted price of S\$0.850 per SCM Shares on 3 June 2020, being the Last Trading Day prior to the announcement of the Proposed SCM Rights Issue

6. The sub-underwriting agreement is entered into by Startree, a wholly-owned subsidiary of Temasek on 8 June 2020

Demerger of SCM

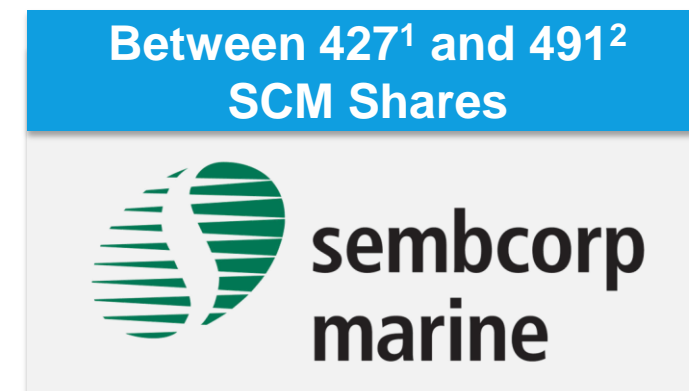


1 Illustration of the Demerger Distribution Ratio

Pre Transaction



Post Transaction



No payment is required from SCI Shareholders

2 Conditions

- The Proposed SCM Rights Issue and Proposed Distribution:
 - Will only proceed if shareholder approvals are received for all resolutions at SCI and SCM Extraordinary General Meetings (EGMs), both expected to be held on the same day
 - Are inter-conditional³
 - Are conditional upon all other necessary waivers, consents and approvals from, *inter alia*, the SGX-ST and other third parties having been obtained⁴

- The Proposed Distribution is subject to the following shareholders' approval threshold:
 - Simple majority (> 50%) required
 - Temasek required to abstain from voting

1. Assumes SCI subscribes only for the SCI Pro Rata SCM Rights Shares and SCI Shares in issue is 1,786,708,391 (excluding treasury shares and assuming 1,133,461 SCI Shares have been issued under SCI's RSP and SCI's PSP on or prior to the SCI Record Date, fractional entitlements to be disregarded)

2. Assumes SCI subscribes for the Undertaking SCM Rights Shares of S\$1.5 billion and SCI Shares in issue is 1,785,574,930 (excluding treasury shares and assuming no SCI Shares have been issued under SCI's RSP and SCI's PSP on or prior to the SCI Record Date, fractional entitlements to be disregarded)

3. The Proposed SCM Rights Issue would require approval from SCM Shareholders and the Proposed Distribution would require approval from SCI Shareholders. The Transaction will only proceed if shareholder approvals are received for all resolutions at each of SCI's and SCM's EGMs. The Proposed SCM Rights Issue is also conditional on SCM Shareholders waiving their rights to receive a general offer from Temasek (and parties acting in concert with it) in relation to the Proposed Distribution

4. Please refer to the SCI announcement dated 8 June 2020 for the Conditions to the Transaction

Rationale behind the Creation of Two Focused Companies



Separation of Energy & Urban businesses from the Offshore & Marine (“O&M”) business will unlock shareholder value by creating two focused companies



Energy & Urban

- Critical for SCI to deepen its capabilities and reshape its portfolio for the global energy transition
- This positions SCI to compete effectively and adapt towards more sustainable business models
- SCI’s core businesses are well-placed to serve growing markets for sustainable solutions that enable rapid industrialisation, urbanisation and electrification
- Demerger removes constraints on SCI’s balance sheet which consolidates SCM’s debt

Offshore & Marine

- SCM’s cash flow and financial flexibility affected by prolonged downturn in O&M since 2015, exacerbated in 2020 by COVID-19 and the sudden collapse in oil prices
- Urgent need for SCM to recapitalise its business, replenish liquidity and strengthen its balance sheet, to compete effectively, win new projects, and secure long-term viability
- Upon recapitalisation, SCM’s:
 - Net gearing¹ will be reduced from 1.82x to 0.45x
 - NTA² improves from S\$1.9 billion to S\$4.0 billion

Post-demerger, each company is strongly positioned to adapt to market realities and reposition towards sustainable business models

Energy and Urban business that is focused and competitive amid the global energy transition

Recapitalisation will position SCM as a global leader in innovative engineering solutions for O&M and energy industries, with focus on clean energy

1. Net Gearing = (Gross Borrowings – Cash) / Equity attributable to owners
 2. Net Tangible Assets (NTA) = (Equity attributable to owners – Intangible assets)

Benefits of the Demerger



Transforms SCI into a focused Energy and Urban business

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



Improves returns and strengthens the balance sheet from the deconsolidation of SCM

- Increase in proforma ROE (3.5%¹ to 7.9%²) and ROA (3.5%¹ to 5.6%²)
- Significant reduction in debt levels by S\$2.9 billion²
- Proforma net debt-to-EBITDA ratio³ improves from 6.4x¹ to 5.0x²



Direct investment control

- Gains shareholding in two focused businesses with Temasek as a direct and significant shareholder
- No payment required to receive shares in a recapitalised SCM
- Provides flexibility for SCI Shareholders to calibrate their holdings in the two companies

1. As reported for FY2019

2. Assumes SCI subscribes for the Undertaking SCM Rights Shares of S\$1.5 billion. For further details, please refer to the pro forma financial effects section under the appendix of the SCI announcement dated 8 June 2020

3. Includes the perpetual securities but excludes lease liabilities

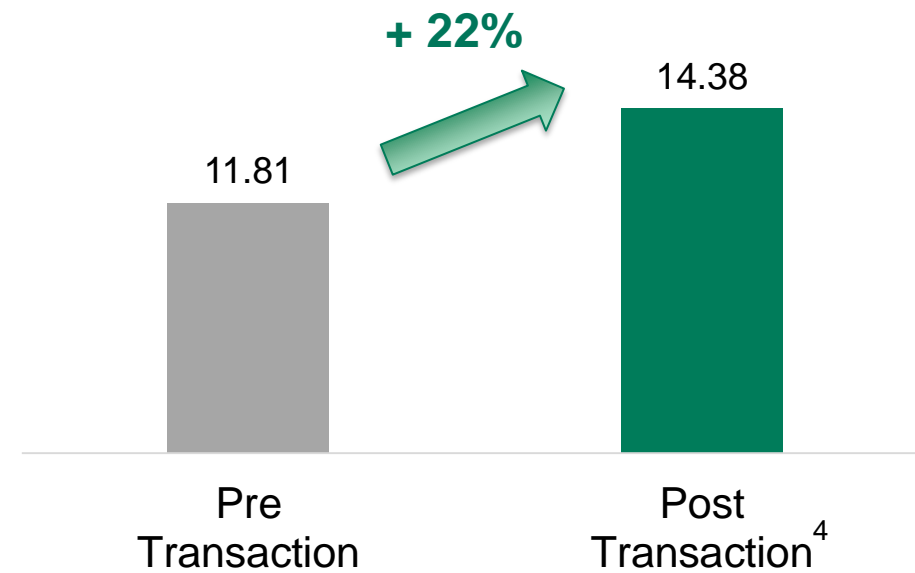
Selected Pro Forma Financial Effects for SCI



FY2019 Earnings per Share¹ (EPS)

► Improves by approximately 22%

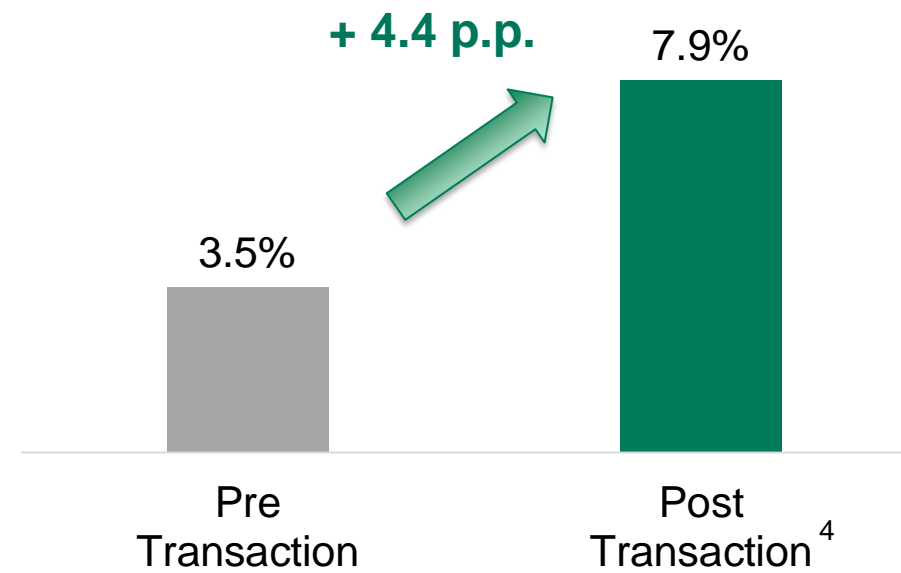
(cents)



FY2019 Return on Equity² (ROE)

► Improves by 4.4 p.p. to 7.9%

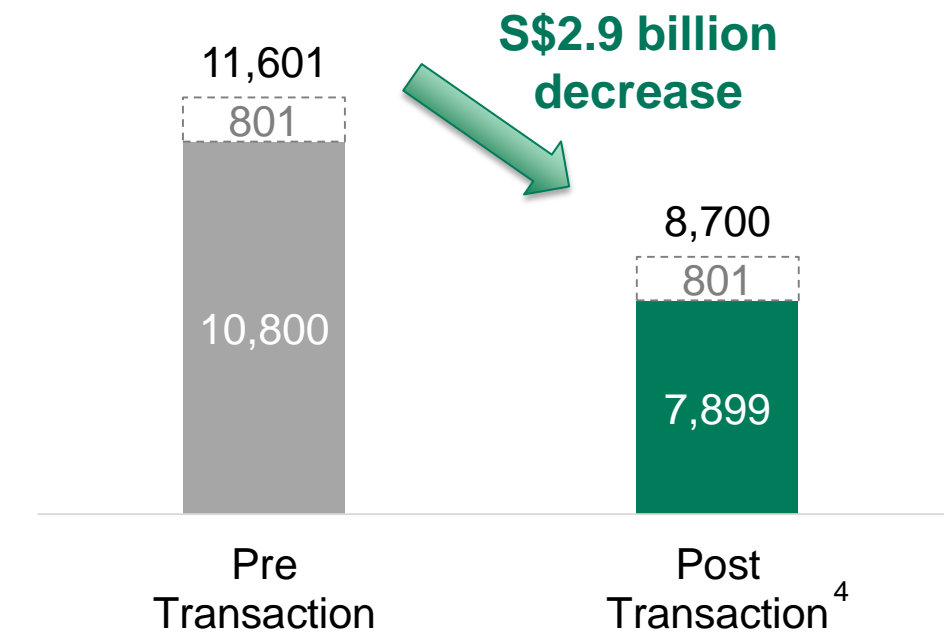
(%)



Total Borrowings³ as at 31 Dec 2019

► Decreases by approximately S\$2.9 billion

(S\$m)



■ FY2019 ■ Pro forma □ Perpetual Securities

Note: For further details, please refer to the pro forma financial effects section under the appendix of the SCI announcement dated 8 June 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

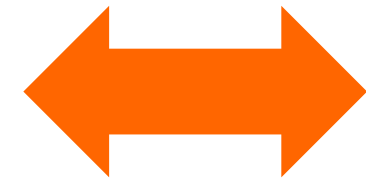
1. EPS computed as PATMI excluding profits attributable to perpetual security holders of the Company (“Profit attributable to owners of the Company”) divided by the weighted average of 1,786 million SCI Shares (excluding treasury shares) for FY2019
2. ROE computed as Profit attributable to owners of 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 Dec 2019
3. Total borrowing excludes lease liabilities
4. Post Transaction figures assume SCI subscribes for the Undertaking SCM Rights Shares of S\$1.5 billion, SCM Shares and SCI Shares in issue are 2,090,487,729 and 1,785,574,930 respectively (excluding treasury shares and assuming no SCI Shares and SCM Shares vest and are released under all outstanding performance share awards and/or restricted share awards 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)

Shareholder Approvals



Ordinary Resolution to approve the Proposed Distribution*

- Simple majority (> 50%) required
- Temasek required to abstain from voting



Three resolutions are inter-conditional²

Ordinary Resolution to approve the Proposed SCM Rights Issue*

- Simple majority (> 50%) required
- SCI has provided an irrevocable undertaking to vote in favour³

Whitewash Resolution¹ in respect of the Proposed Distribution*

- Simple majority (> 50%) required
- SCI required to abstain from voting

* The SCI and SCM EGMs are expected to be held on the same day

Note:

1. The Proposed Distribution may result in Temasek holding more than 30% of SCM Shares. As such, SCM Shareholders will need to approve a whitewash resolution to waive their rights to receive a mandatory takeover offer from Temasek
2. In the event that SCM Shareholders do not approve the SCM Rights Issue Resolution and/or the Whitewash Resolution, or the SCI Shareholders do not approve the Distribution Resolution, neither the Proposed SCM Rights Issue nor the Proposed Distribution will proceed. In the event that the Proposed SCM Rights Issue does not proceed or the SCM Rights Shares are not issued, the Proposed Distribution will not proceed
3. To the extent not prohibited under applicable laws and regulations (including the Listing Manual of the SGX-ST)

Important Dates



Lodgement of SCM's Offer Information Statement	To be announced
Trading of new SCM Rights Shares	
SCI Record Date for the Proposed Distribution	
Crediting of SCM Shares into Securities Accounts of Entitled SCI Shareholders	

Transaction is expected to be completed in 4Q2020

Note:
The above timeline is indicative only and may be subject to change. The actual dates of the aforementioned events will be notified in due course by way of an announcement on the SGX-ST

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 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
	Reposition as an integrated energy player	Move up the value chain and leverage synergies with energy business

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)

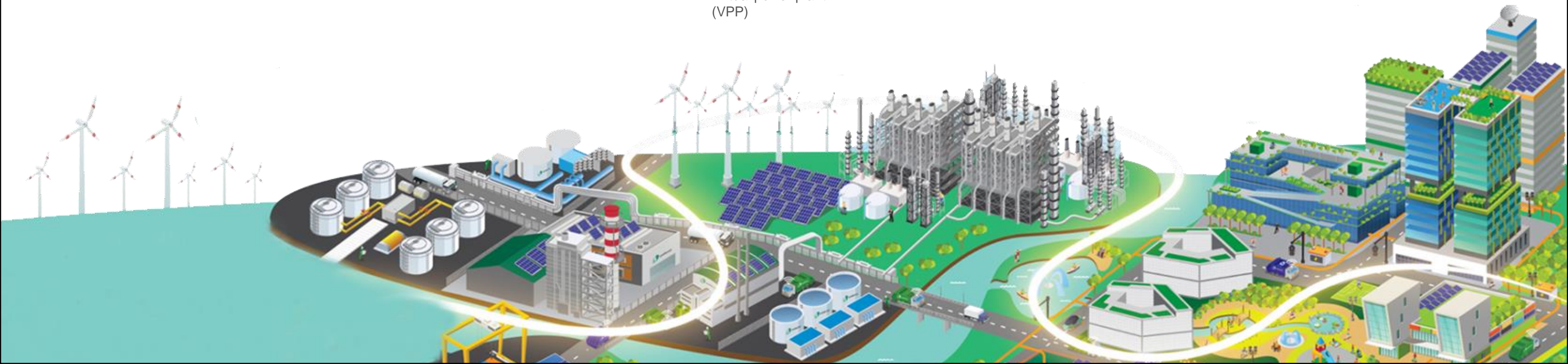
Environmental Solutions

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

- 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

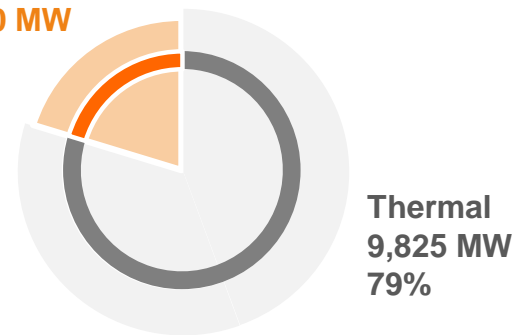
Commercial & Industrial

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

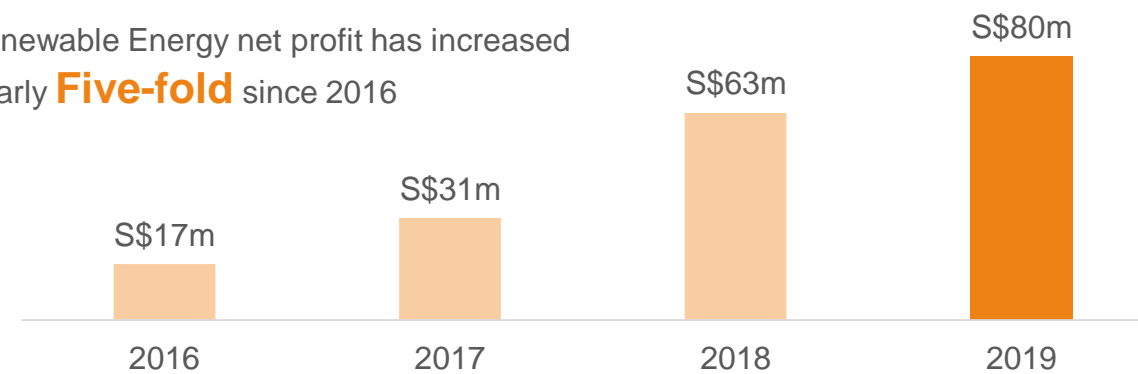
Distributed Energy Solutions

- Frequency support
- Tri-generation (power, cooling and heating solutions)
- Battery storage integration

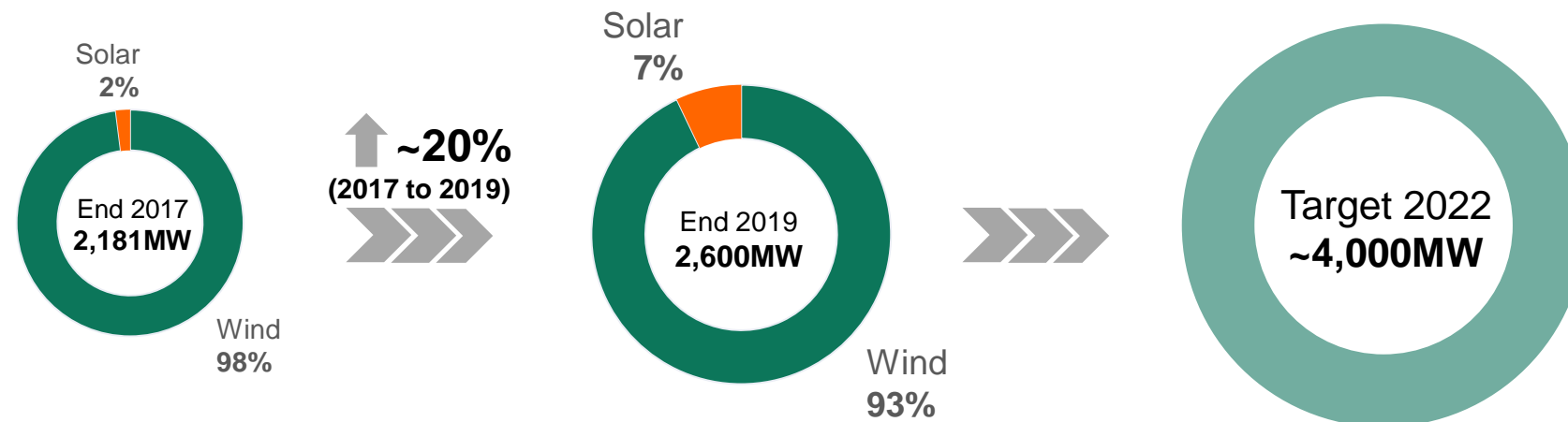
Renewables
2,600 MW
21%



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



Targeting to double renewables capacity in 5 years from 2017 to 2022



Move towards a low-carbon portfolio

Create novel sustainable solutions for end-users

Leverage technology for better performance

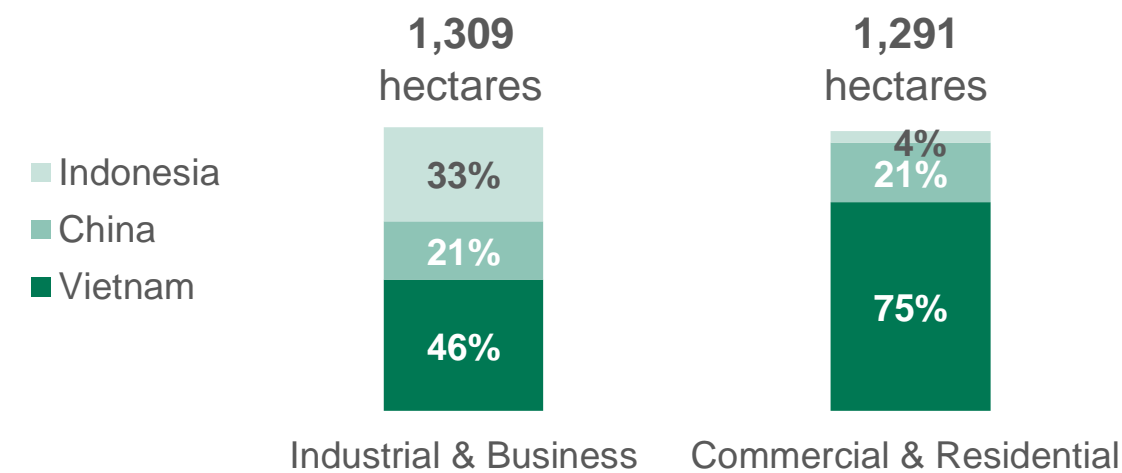
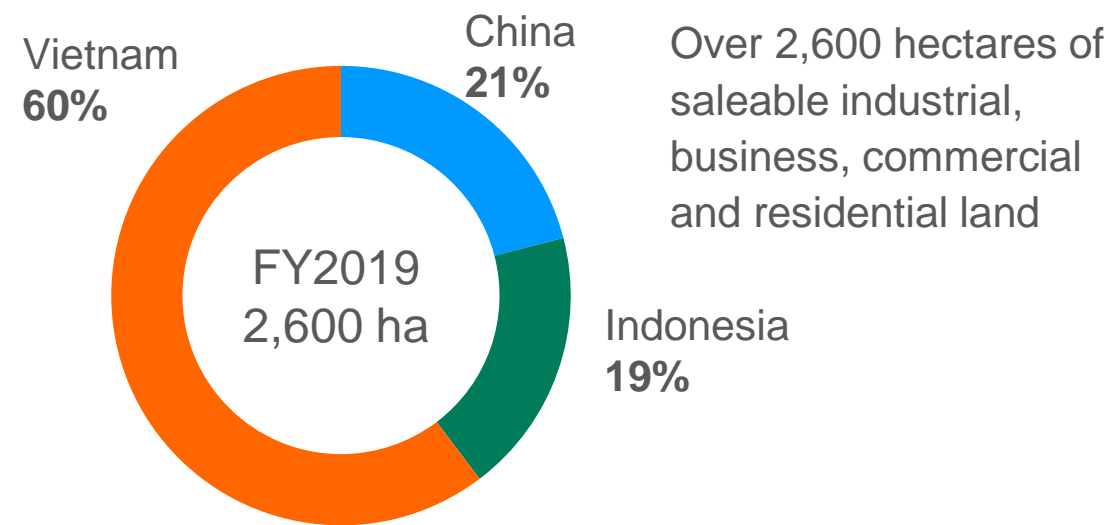
Collaboration with partners and stakeholders

Global Renewable Energy Portfolio

Singapore	China	India	UK
<p>A leading solar energy player in Singapore</p> <ul style="list-style-type: none"> ▪ 180MWp 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 ▪ Highest renewables capacity under self-operations 	<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

- 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 2,600 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. Jiangsu's contribution to coastal success. Well placed to benefit from shift towards central-western China development



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