

Swiber inks term sheet for proposed deal to pave entry into power sector

- *Non-binding term sheet entered into with Australia's Interlink Power & Energy*
- *A step towards reviving Swiber as a going concern*
- *Proposed deal supports Swiber's plan to target floating LNG power segment*

Singapore, 1 November 2017 – In what could be a step towards reviving the company as a going concern, Swiber Holdings Limited (Judicial Managers Appointed) today announced a potential deal that strengthens Swiber's position to enter the power sector, particularly the floating liquified natural gas (LNG) segment.

A diversification into the power sector was already in the works at Swiber more than a year before it entered into judicial management in October 2016. Mindful of the significant opportunities in the power sector, Swiber's Executive Chairman Mr Raymond Goh had, under a project code named "Gen Blue," commissioned its engineering team to design a vessel capable of LNG storage, regasification and power generation.

Swiber said it has entered into a non-binding term sheet for the proposed acquisition of Interlink Power & Energy Holdings Pty Ltd, a well-respected Western Australia-based private company with presence in Australia, UAE, Pakistan and Indonesia. Interlink provides bridging power for up to five years through its Rapid Deployable Rental Power Solution using mobile dual fuel turbines. Their services also include engineering, procurement, construction and operation and maintenance services to clients in remote and challenging locations globally. Among Interlink's clients are General Electric, Rio Tinto, APR Energy and Repsol. It has to-date successfully delivered and operated power projects totalling 4,000 megawatts.

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Under the proposed transaction, Swiber will acquire 100% of the shares in Interlink. The founders of Interlink are Mr David Ingrames and Mr Stephen Thurstans, who are Interlink's Chief Executive Officer and Chief Operating Officer, respectively. Before setting up Interlink, both were naval engineers with the Royal Australian Navy.

The proposed transaction is subject to the fulfilment of various conditions precedent including the completion of satisfactory due diligence, restructuring of all debts and liabilities of Swiber, securing new equity investors to inject up to US\$200 million into Swiber, and approvals from creditors and shareholders of Swiber and the relevant regulatory and judicial authorities.

The proposed acquisition of Interlink, when completed, will provide Swiber with a supporting team of engineers and other expertise needed to execute power projects and broaden both companies access to long-term power purchase agreements.

The proposed transaction is among several being pursued by the Judicial Managers led by Mr Bob Yap, Head of Advisory at KPMG in Singapore, and Swiber's senior management led by Executive Chairman Mr Raymond Goh, since Swiber went into court-appointed judicial management.

Mr Yap said: "As part of the restructuring process, the Judicial Managers and Swiber management have been working on a business model and investment framework that we believe will bring strategic value to Swiber's stakeholders and provide a sustainable business going forward.

"It is clear that Swiber, notwithstanding its present problems, continues to retain a strong reputation in the global market for its engineering and execution capabilities. We believe that the acquisition of Interlink along with Swiber's expertise will enable Swiber to provide a comprehensive solution for the supply of both short-term and long-term power, from land based to floating LNG power plants."

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Floating LNG power plants are a new class of vessels. Existing floating power plants are mainly diesel-powered. Swiber's "Gen Blue" floating LNG power plant seeks to integrate the storage of LNG, regasification and gas-fired power plants onto a single vessel.

Swiber's engineers and naval architects have successfully completed the design and obtained in-principle approval from Bureau Veritas Singapore for their floating LNG power plant capable of generating up to 400MW of power.

The growth prospects for floating LNG power plants are exciting. The US-based research firm Markets and Markets cited the following growth drivers: a lack of power infrastructure, faster and cheaper deployment over land based power plants (mostly because it eliminates land acquisition related problems), energy efficiency mandates and demand for clean energy. It forecasts that the global floating power plant market could grow from an estimated US\$889.6 million in 2017 to US\$1.4 billion by 2022, or a compounded annual growth rate of 10.11%

Discussions with several potential investors are ongoing and the Judicial Managers hope to provide creditors with a statement of proposals on the restructuring plan by first quarter of 2018.

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