

SEMBCORP INDUSTRIES LTD

(Incorporated in the Republic of Singapore)
Company Registration No. 199802418D

ANNOUNCEMENT OF DISCLOSEABLE TRANSACTION PROPOSED DISPOSAL OF SHARES IN SEMBCORP ENVIRONMENT PTE. LTD.

1. Introduction

Sembcorp Industries Ltd (“**Sembcorp**” and together with its subsidiaries, the “**SCI Group**”) wishes to announce that it has, on 8 November 2024, entered into a share purchase agreement (the “**Agreement**”) pursuant to which Sembcorp will sell the entire issued and paid-up share capital (the “**Sale Shares**”) of Sembcorp Environment Pte. Ltd. (the “**Proposed Transaction**”) to SBT Investment 2 Pte. Ltd. (the “**Purchaser**”), a wholly-owned subsidiary of PT TBS Energi Utama Tbk (“**TBS**”).

2. Information on the Purchaser

The Purchaser is a company incorporated in Singapore indirectly held by TBS, an integrated energy company listed on the Indonesian Stock Exchange with a diverse business portfolio that includes power generation, renewable energy, and waste management. TBS, through its subsidiary, owns and operates Asia Medical Enviro Services Pte. Ltd. in Singapore which specialises in the provision of medical and biohazardous waste collection.

3. Information on Sembcorp Environment Pte. Ltd and its subsidiaries (the “**Target Group**”)

Sembcorp Environment Pte Ltd (“**Target Company**”), together with its subsidiaries, SembWaste Pte Ltd and Sembcorp Enviro Services Pte Ltd (each a “**Target Group Company**”), is an integrated waste management services provider involved in the processing, collection and recycling of industrial, commercial and municipal solid waste.

4. Key Terms of the Proposed Transaction

4.1 Consideration

4.1.1 The consideration payable by the Purchaser to Sembcorp for the Sale Shares is S\$405 million, subject to agreed upon completion accounts adjustments as at the Closing Date (as defined below) (the “**Consideration**”). In addition, if an event causing a Material Adverse Effect (as defined under the Agreement) occurs prior to Closing (as defined below), the Consideration may in certain circumstances be reduced by up to 10 per cent.

4.1.2 The Consideration was mutually arrived at after arm’s length negotiations, on a willing buyer, willing seller basis, taking into account, *inter alia*, the portfolio of the Target Group, and its capabilities in the full value chain from waste collection, transport, handling, treatment, recycling to producing energy from waste. The Consideration represents a 43% premium over the book value and net asset value of the Sale Shares as at 30 June 2024 (after taking into account the estimated pre-completion dividend to

be distributed from the Target Group (the “**Pre-Completion Distribution**”), being S\$284 million.

- 4.1.3 The Consideration will be satisfied in cash by the Purchaser to Sembcorp on the Closing Date and is subject to adjustments based on the determination of the final net cash position of the Target Group post-Closing. Any difference between the estimated Consideration paid on the Closing Date and the final Consideration shall be satisfied by payment in cash.
- 4.1.4 TBS has provided a guarantee in favour of Sembcorp in connection with the Agreement. The guarantee is subject to TBS obtaining shareholder approvals for the Proposed Transaction.

4.2 Conditions Precedent

The completion of the Proposed Transaction (“**Closing**”) is conditional upon the written consent/waivers of JTC Corporation and the National Environment Agency of Singapore and TBS obtaining requisite approval from its extraordinary general meeting of shareholders under the prevailing Indonesian Financial Services Authority rules (the “**Conditions**”). The Conditions are to be fulfilled no later than 12 months from the date of the Agreement unless otherwise agreed between Sembcorp and the Purchaser (the “**Cut-Off Date**”).

4.3 Closing

Closing shall take place 10 business days from the satisfaction or waiver of the last in time of the Conditions, provided that if such date falls on a date after the 15th day of the month, then Closing shall be on the last date of such month, or such other date as may be agreed in writing between Sembcorp and the Purchaser (the “**Closing Date**”).

Closing is expected to take place by the first half of 2025. Upon Closing, the Target Group will no longer be part of the SCI Group and the SCI Group’s nominee directors currently appointed to the boards of the Target Group Companies will also step down.

4.4 Termination

The Agreement may be terminated under certain circumstances including where any of the Conditions have not been satisfied and/or waived (as the case may be) on or before the Cut-Off Date and/or failure of Purchaser or Sembcorp, as applicable, to comply with certain obligations under the Agreement at Closing.

4.5 Other Material terms:

- 4.5.1 **Non-Compete and Non-Solicit.** Under the Agreement, Sembcorp has agreed not to (i) be engaged in public refuse and waste collection, public refuse and waste recycling and energy from waste in Singapore for 48 months following Closing and (ii) solicit the engagement or employment of any employees of the Target Group for 18 months following Closing. The foregoing restrictions will not apply to the SCI Group’s existing energy from waste business in the United Kingdom or any investment or offtake from biogenic gas facilities for the purposes of producing hydrogen, ammonia and its derivatives.

4.5.2 Transitional Services. To facilitate a seamless transfer of ownership, Sembcorp has also agreed to provide certain services to the Target Group and to grant a licence for the limited use of SembCorp's trademarks to the Target Group, in each case, for a transitional period post-Closing.

5. Rationale for the Proposed Transaction and Use of Proceeds

5.1 In November 2023, Sembcorp announced its 2024 - 2028 strategic plan to accelerate its renewables growth and drive energy transition. The Proposed Transaction aligns with Sembcorp's strategic plan and will sharpen Sembcorp's focus on growth in the energy sector to ensure strategic fit and maximise shareholder value.

5.2 The proceeds from the Proposed Transaction will be redeployed in line with Sembcorp's 2024 - 2028 investment plan of S\$14 billion, as part of its transformation initiatives for long-term sustainable growth.

5.3 Financial Information

5.3.1 Book Value

Based on the aggregated management accounts of the Target Group Companies as at 30 June 2024 (the "**Target Group 1H24 Statements**"), the book value of the Sale Shares as at 30 June 2024 (after deducting, on a pro forma basis, the Pre-Completion Distribution) is approximately S\$281 million. The unaudited SCI Group carrying value of the Target Group Companies as at 30 June 2024 (the "**1H24 Carrying Value**") (after deducting, on a pro forma basis, the Pre-Completion Distribution) is S\$284 million. This includes purchase price allocation adjustments from past acquisitions.

5.3.2 Net Tangible Asset Value

Based on the 1H24 Carrying Value (after deducting, on a pro forma basis, the Pre-Completion Distribution), the net tangible asset ("**NTA**") value of the Sale Shares as at 30 June 2024 is approximately S\$284 million (the "**Adjusted Carrying Value**").

5.3.3 Gain on Disposal

Based on the unaudited consolidated financial statements of the SCI Group as at 30 June 2024 (the "**SCI 1H24 Statements**"), the excess of the net proceeds over the Adjusted Carrying Value is approximately S\$114 million.

6. Disclosable Transaction

The Proposed Transaction is a disclosable transaction for the Company under Chapter 10 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited. The relative figures for the Proposed Disposal computed on the applicable bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Target Group S\$' million	SCI Group S\$' million	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of (less the Pre-Completion Distribution, on a pro forma basis), compared with the SCI Group's net asset value attributable to shareholder of Sembcorp as at 30 June 2024	284	5,031	5.6
(b)	Net profits attributable to the Sale Shares, compared with the SCI Group's net profits for the six months ended 30 June 2024 ¹	13	657	2.0
(c)	The aggregate value of the Consideration to be received, compared with Sembcorp's market capitalisation ² , based total number of issued shares excluding treasury shares	405	8,963	4.5
(d)	Number of equity securities to be issued as consideration compared with the number of equity securities previously in issue	Not applicable ³		
(e)	Aggregate volume or amount of provide and probable reserves to be disposed of, compared with the aggregate of the SCI Group's provide and probable reserves	Not applicable ⁴		

7. Pro Forma Financial Effects

The pro forma financial effects of the Proposed Transaction on the SCI Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the SCI Group immediately following Closing. The pro forma financial effects of the Proposed Transaction have been prepared based on latest announced audited consolidated financial statements of the SCI Group for the financial year ended 31 December 2023, being the most recently completed financial year.

¹ "Net Profits" refers to profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Figures are based on the SCI 1H24 Statements. Net profit for the Target Group is based on the Target Group 1H24 Statements.

² Sembcorp's market capitalisation is approximately S\$8,963 million, calculated based on the total number of shares (excluding treasury shares) multiplied by the volume weighted average price of S\$5.02 per share on the market day preceding the date of the Agreement.

³ Not applicable as the Proposed Transaction does not involve an issuance of equity securities.

⁴ Not applicable as Rule 1006(e) of the Listing Manual only applies to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

7.1 Net Tangible Assets

For illustrative purposes only and assuming that the Proposed Transaction had been completed on 31 December 2023, the pro forma financial effects of the Proposed Transaction on the consolidated NTA of the SCI Group as at 31 December 2023, are as follows:

	Before the Proposed Transaction	After the Proposed Transaction
Consolidated NTA (S\$ million)	3,634	3,757
Consolidated NTA per Share (S\$)	2.04	2.11

7.2 Earnings per Share

For illustrative purposes only and assuming that the Proposed Transaction had been completed on 1 January 2023, the pro forma financial effects of the Proposed Transaction on the SCI Group's earnings per Share, are as follows:

	Before the Proposed Transaction	After the Proposed Transaction
Net profit attributable to shareholders of Sembcorp (S\$ million)	942	1,068
Weighted average number of ordinary shares (in millions)	1,783	1,783
Earnings per share (Singapore cents)	52.83	59.90

7.3 Assumptions. The pro forma financial effects set out above assume:

- 7.3.1 The net proceeds will be used to reduce the Group's finance costs, based on the average post-tax cost of debt of 3.735% per annum.
- 7.3.2 The gain on disposal is computed based on the carrying value of the Target Group Companies as at 31 December 2023 (after deducting, on a pro forma basis, the Pre-Completion Distribution).

8. Further Information

8.1 Directors' Service Contracts

No person is proposed to be appointed as director of Sembcorp in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between Sembcorp and any such person.

8.2 Interests of Directors and Controlling Shareholders

As at the date of this Announcement, none of the directors or controlling shareholder of Sembcorp has any interest, direct or indirect, in the Proposed Transaction.

8.3 Documents for Inspection

Copies of the Agreement are available for inspection during normal business hours at the registered office of Sembcorp at 30 Hill Street, #05-04, Singapore 179360, for a period of three months commencing from the date of this Announcement.

BY ORDER OF THE BOARD

Nuraliza Osman
Company Secretary

8 November 2024