



Joint Announcement

**SEMBCORP INDUSTRIES TO PROVIDE S\$2 BILLION SUBORDINATED LOAN FACILITY TO SEMBCORP MARINE TO BETTER POSITION FOR OFFSHORE AND MARINE INDUSTRY RECOVERY**

**Sembcorp Industries issues S\$1.5 billion bonds to DBS Bank as Sole Lead Manager**

*Singapore, June 21, 2019* – Sembcorp Industries and Sembcorp Marine today announce that Sembcorp Industries is providing Sembcorp Marine with a five-year subordinated loan facility (Subordinated Loan) of S\$2 billion which will strengthen Sembcorp Marine's financial position amidst the current downturn in the global offshore and marine industry. Sembcorp Marine will be using the Subordinated Loan to retire approximately S\$1.5 billion of borrowings, and the balance S\$500 million for working capital and general corporate purposes.

Sembcorp Industries, Sembcorp Marine's largest shareholder, will issue S\$1.5 billion of bonds (Bonds) to DBS Bank as Sole Lead Manager and initial purchaser (Lead Manager) through a private placement. The investors of the Bonds include Temasek. The terms and conditions of the Bonds are in line with Sembcorp Industries' existing medium term note programme. Sembcorp Industries will utilise the proceeds from the Bonds to fund S\$1.5 billion of the Subordinated Loan (which will be interest-bearing) to Sembcorp Marine, with the balance S\$500 million to be funded by Sembcorp Industries' existing available resources and facilities.

Assuming the S\$2 billion is fully drawn as at March 31, 2019, Sembcorp Group's gross debt-to-capitalisation ratio would increase from 56% to 58%.

Since 2009, Sembcorp Marine has made substantial strategic investments in yard and engineering capabilities, and acquired new technologies which allow it to offer diversified solutions across the offshore, marine and energy industries. For the 15 years prior to the current industry downturn which started in 2014, Sembcorp Marine delivered strong and consistent performance. It was profitable every year with cumulative net profit of approximately S\$5.4 billion and distributed cumulative dividends of about S\$3.5 billion. However, Sembcorp Marine's current financial performance and position have been affected by the prolonged and severe downturn of the global offshore and marine industry. While the offshore and marine industry has shown signs of recovery, such recovery is expected to be gradual and sustained new orders for Sembcorp Marine will take time to materialise. Working capital needs have also increased especially for major engineering, procurement and



construction projects. Sembcorp Industries and Sembcorp Marine believe that this financing will strengthen Sembcorp Marine, a key subsidiary of Sembcorp Industries, and better position it for the eventual recovery of the industry. The respective Board of Directors of Sembcorp Industries and Sembcorp Marine have considered a wide range of options and decided that the proposed financing option would be in the best interests of the companies.

The issue of the Bonds to DBS Bank as Sole Lead Manager does not constitute an interested person transaction for Sembcorp Industries. However, as investors of the Bonds include Temasek, in the interest of good corporate governance, the issue of the Bonds has been approved by the Board of Directors and the Audit Committee of Sembcorp Industries in accordance with the procedures set out in Sembcorp Industries' mandate for the approval of the issuance of debt securities to interested persons of the Sembcorp Industries Group.

The Subordinated Loan constitutes an interested person transaction for Sembcorp Marine which falls within Sembcorp Marine's mandate for interested person transactions (SCM IPT Mandate). The Subordinated Loan has therefore been approved by the Board of Directors and the Audit Committee of Sembcorp Marine in accordance with the procedures set out in the SCM IPT Mandate for the approval of borrowing of funds from interested persons by the Sembcorp Marine Group.

*Please see Appendix 1 for details of Sembcorp Industries' bond issuance to DBS Bank as Sole Lead Manager, and Appendix 2 for details of the Subordinated Loan Facility from Sembcorp Industries to Sembcorp Marine.*

**APPENDIX 1**  
**PRINCIPAL TERMS OF THE BONDS ISSUED BY SEMBCORP INDUSTRIES**

Issuer	: Sembcorp Financial Services Pte. Ltd.
Guarantor	: Sembcorp Industries Ltd
Issue Size	: SGD 1,500,000,000
Issue Price	: 100 per cent
Issue Rating	: Unrated
Status	: Senior unsecured fixed rate notes
Format	: Private Placement
Interest Rate	: 3.55% per annum
Tenor	: 5 years
Interest Payment Dates	: Payable semi-annually in arrear
Issue Date	: By July 20, 2019
Maturity Date	: 5 years from Issue Date
Early Redemption	: <ul style="list-style-type: none"> <li>• At the option of the Issuer, in whole or in part, one year from drawdown and at any time thereafter, subject to break funding cost as defined in the terms and conditions of the Bonds; or</li> <li>• Upon prepayment in whole or in part, subject to a minimum prepayment amount of SGD 100,000,000 of the Facility A Loan by Sembcorp Marine Financial Services Pte. Ltd., subject to break funding cost as defined in the terms and conditions of the Bonds; or</li> <li>• For taxation reasons</li> </ul>
Day Count Fraction	: Actual/365 (fixed)
Denomination	: SGD 250,000
Listing	: Unlisted
Clearing	: The Central Depository (Pte) Limited (CDP)
Governing Law	: Singapore Law
Sole Lead Manager	: DBS Bank Ltd.

**APPENDIX 2**  
**PRINCIPAL TERMS OF THE SUBORDINATED LOAN TO SEMBCORP MARINE**

Borrower	:	Sembcorp Marine Financial Services Pte. Ltd.
Guarantor	:	Sembcorp Marine Ltd
Lender	:	Sembcorp Financial Services Pte. Ltd.
Loan Amount	:	Facility A: SGD 1,500,000,000 Facility B: SGD 500,000,000
Purpose	:	Facility A: To be utilised for the repayment or prepayment of existing senior facilities Facility B: To be utilised for working capital requirements and general corporate purposes
Maturity Date	:	5 years from drawdown
Availability Period	:	Facility A: One month Facility B: 12 months
Prepayment	:	Facility A: Prepayment fee applies Facility B: No prepayment fee so long as adequate notice is given and made on any interest payment date
Interest Payment Dates	:	Facility A: Payable semi-annually in arrear Facility B: One, three or six months
Interest Rate	:	Facility A: Fixed rate @ 3.55% per annum Facility B: SOR + 1.91% per annum
Undertakings	:	Customary undertakings such as negative pledge with agreed carve outs, restrictions in borrowings and dividend payments, while not restricting its ability to conduct its business efficiently



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