



Company Registration Number: 196300098Z

6 July 2021

Dear editor

We refer to The Business Times article "Is Sembmarine's rights issue to position it for a cash-depleting merger with Keppel O&M?" written by Ben Paul and published on 5 July 2021, and would like to provide some clarifications to your readers.

On 24 June 2021, we made two announcements. The first announcement relates to a Rights Issue aimed at addressing the Company's immediate funding needs and strengthening its financial position to accelerate our expansion into the renewable and clean energy space. The second announcement relates to a non-binding memorandum of understanding (MOU) that we have signed with Keppel Corporation to explore the potential combination of Sembcorp Marine and Keppel Offshore & Marine (Keppel O&M).

Your article states that "the rights issue will probably also position Sembmarine for a potentially cash-depleting merger with Keppel O&M". These two announcements are independent of each other. The Rights Issue will address a critical funding need that will see us through till end 2022. A potential combination addresses a longer-term goal to better position Sembcorp Marine to compete and thrive on a global stage in the new energy sector.

We would like to emphasise that the entire amount to be raised from the Rights Issue will be used for our working capital and general corporate purposes, including debt servicing. For the avoidance of doubt, the net proceeds from the Rights Issue will not be used to fund any payment in relation to the potential combination.

We are fully mindful that the proposal to raise S\$1.5 billion through a fully committed, renounceable Rights Issue comes after an earlier S\$2.1 billion Rights Issue in September last year. However, this new Rights Issue is critical as our operations have been severely impacted by the continuing COVID-19 disruptions. Given the challenges, it is vital that we strengthen our balance sheet once again, and enhance liquidity to meet projected operational funding needs, including replenishing our working capital.

We hope that our shareholders will understand that this proposed Rights Issue is needed to preserve longer-term shareholder value.

On the potential combination with Keppel O&M, while there were no conversations about this in August 2020, the Board and Management are of the view that there could be significant benefits for our shareholders in exploring the potential combination. We would also emphasise that discussions are at a preliminary stage and there is no certainty that the potential combination will take place. If an agreement is reached, a separate Extraordinary General Meeting will be held to seek shareholders' approval.

We are thankful for our shareholders' understanding over the years, and we look forward to their continued support.

Thank you for the opportunity to provide this clarification. If there remain areas requiring further clarification, please reach out to us.

Yours sincerely

Chua Mun Yuen
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Sembcorp Marine Ltd