

## **SEMBCORP INDUSTRIES ANNOUNCES SALE OF SEMBCORP ENERGY INDIA LIMITED ("SEIL")**

- **Proposed sale accelerates the transformation of Sembcorp's portfolio from brown to green**
- **Transaction structure preserves value for shareholders and protects the interests of SEIL's multiple stakeholders, while ensuring continuity of highest operations standards and best practices at SEIL**
- **Stable transition to a proven and trusted long-term partner**
- **Sembcorp will continue to support SEIL's operational excellence and initiatives to reduce its greenhouse gas emissions intensity, through a technical service agreement and provision of a financial incentive that rewards reduction in emissions intensity**

Sembcorp Industries ("Sembcorp" or the "Company") announces that its wholly-owned subsidiary Sembcorp Utilities ("SCU"), has entered into a share purchase agreement to sell 100% of the shares of Sembcorp Energy India Limited ("SEIL") (the "Proposed Sale") to Tanweer Infrastructure Pte. Ltd. ("Tanweer Infrastructure"). SEIL is one of the largest independent power producers in India, operating two supercritical coal-fired plants totalling 2.6GW.

The Proposed Sale is for a consideration of INR117 billion<sup>1</sup>, approximately S\$2.1 billion<sup>2</sup> and will result in the deconsolidation of SEIL from Sembcorp, with Tanweer Infrastructure becoming the sole shareholder of SEIL on completion. Tanweer Infrastructure will settle the final consideration via a deferred payment note ("DPN") provided by SCU.

### **Proposed Sale accelerates the transformation of Sembcorp's portfolio from brown to green**

The sale of SEIL will bring about a reduction of Sembcorp's greenhouse gas ("GHG") emissions intensity<sup>3</sup> from 0.51 tCO<sub>2</sub>e/MWh (tonnes of carbon dioxide equivalent per megawatt hour) to 0.32 tCO<sub>2</sub>e/MWh. Sembcorp would have achieved its 2025 target of reducing its GHG emissions intensity to 0.40 tCO<sub>2</sub>e/MWh ahead of time. The Company's absolute GHG emissions will also reduce<sup>3</sup> from 26.2 million tCO<sub>2</sub>e to 10.4 million tCO<sub>2</sub>e.

Upon completion of the sale, 51% of Sembcorp's energy capacity will be renewable energy, up from 43%<sup>4</sup>. Sembcorp will have an energy portfolio of 14.0GW, with 7.1GW of renewable energy capacity comprising solar, wind and energy storage globally. On a pro forma basis,

Sembcorp's share of net profit from its sustainable solutions portfolio for the first half of 2022 will increase from 25% to 31%.

### **Transaction preserves shareholder value & protects stakeholders' interest**

The Proposed Sale considers a broad range of stakeholders and their respective interests. The purchase consideration, at S\$2.1 billion, is at an implied price/book multiple of 1.0 time<sup>5</sup>. Sembcorp believes shareholder value will be preserved through the Proposed Sale.

The interests of important stakeholders such as SEIL's existing power distribution customers and end users, employees, lenders as well as the wider Indian power system remain a high priority. The Proposed Sale is structured to ensure the continuation of the current mode of management and operations at SEIL.

### **Stable transition to a proven and trusted long-term partner**

Tanweer Infrastructure is indirectly owned by a consortium led by Oman Investment Corporation S.A.O.C. ("OIC") in partnership with the Ministry of Defence Pension Fund, Oman, one of Oman's largest pension funds with significant investments across power and infrastructure, and Dar Investment SPC. OIC is a leading Omani private equity investment company with a strong track record of investments in energy and infrastructure projects, real estate, logistics, healthcare as well as asset and project management services.

OIC is a proven and trusted long-term partner of Sembcorp, having jointly developed and operated the US\$1 billion<sup>6</sup> Salalah Independent Power and Water Plant in Oman since 2009.

### **Sembcorp provides ongoing support for the operations and initiatives to improve GHG emissions intensity**

To ensure continuity of the highest standards of reliability, operational efficiency and best practices in the management of SEIL's supercritical plants, Sembcorp will continue to render technical advisory services to SEIL through a technical services agreement. SEIL's existing operations team will continue to be employed under the new ownership of Tanweer Infrastructure.

Sembcorp will also provide ongoing support for SEIL's initiatives to reduce its GHG emissions intensity. This is done through a financial incentive, where the interest rate under the DPN will reduce correspondingly with improvements in SEIL's GHG emissions intensity.

Wong Kim Yin, Group President and CEO of Sembcorp said: "The sale of SEIL accelerates the transformation of Sembcorp's portfolio from brown to green, while protecting the interests of all stakeholders. OIC is a trusted and reliable long-term partner, and we are confident SEIL will continue to provide reliable services to its power distribution customers, as well as

maintain stability of relationships with suppliers, communities and employees. The innovative GHG emissions intensity reduction incentive rate also underscores our commitment to sustainable energy transition.”

Kalat Al Bulooshi, CEO of OIC, on behalf of Tanweer Infrastructure said: “We are glad to acquire this world-class asset, serving essential energy to the community. We are committed to deliver power to our customers on a continuous and efficient basis and to work with our team of committed employees at the plant, our stakeholders such as the power distribution customers and the local community, to achieve their objectives. Availability of power to households and industries is of vital importance in today’s world of energy uncertainties.”

Further details of the Proposed Sale can be found in Sembcorp’s SGX Announcement, which is available on the [SGX-ST website](#) and the [Company’s website](#).

A circular outlining the details of the Proposed Sale is expected to be despatched in October 2022 before the Company convenes an Extraordinary General Meeting (“EGM”), which is expected to occur around November 2022. The Proposed Sale is expected to close six months after the EGM and is subject to the satisfaction of certain conditions precedent, including the necessary regulatory approvals and approval of shareholders at the EGM.

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch is the sole financial adviser to Sembcorp in respect of the Proposed Sale.

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1. Based on the Base Purchase Price of INR117 billion. The Base Purchase Price is subject to certain adjustments on and after the date of Completion. Please refer to Sembcorp’s announcement dated 5 September 2022, in relation to the proposed sale of SCU’s entire shareholding in SEIL (the “Announcement”) for further information.
2. Based on a SGD:INR exchange rate of 1:57 as at 30 August 2022, being the latest practicable date prior to the Announcement.
3. Based on annual figures for the year ended 31 December 2021.
4. Based on total group capacity as at 30 June 2022.
5. Based on (i) Base Purchase Price of INR117 billion; and (ii) SEIL’s Book Value of INR114 billion as of 30 June 2022.
6. Refers to the investment cost.