



Company Registration Number: 196300098Z

## PRESS RELEASE

### STRATEGIC Foothold IN BRAZIL

**Singapore, February 4, 2010:** Sembcorp Marine wishes to announce that its wholly-owned subsidiary Jurong Shipyard (JSPL) will be building a new shipyard in Brazil to cater directly to one of the fastest growing offshore oil and gas exploration and production markets in the world.

A freehold land area of 825,000 sqm (approximately 1.7 times larger than the land size of Jurong Shipyard's Tanjong Kling location) with 1.6 km of coastline in the State of Espirito Santo in Brazil has been acquired and will be developed as a shipyard. Located in the Municipality of Aracruz, the site is about 80 km by road north of Vitoria, the capital of Espirito Santo State which is the 2<sup>nd</sup> largest producer of oil in Brazil. The site is strategically located close to the offshore Espirito Santo Basin, which is one of the recently discovered giant pre-salt oil basins of Brazil, making it an ideal location to support the country's oil and gas activities.

The investment in the new shipyard is in line with Sembcorp Marine's global hub strategy and it reinforces the Group's commitment to forging a strategic foothold in Brazil to grow its offshore oil and gas businesses. Mr Wong Weng Sun, President and CEO of Sembcorp Marine said "We have been a key player in Brazil's oil and gas construction industry since 1997, having delivered to-date a total of 11 units of oil and gas exploration, production and storage platforms for Brazilian oilfields. These platforms produce more than half of Petrobras' daily 2 million barrels of oil output, thus effectively making JSPL the main contractor to Petrobras. In addition to these production units, JSPL's turnkey 6<sup>th</sup> generation ultra-deepwater semi-submersible rigs, the *West Taurus*, *Ocean Courage* and *West Orion*, are chartered to Petrobras for deployment in Brazil and the Gulf of Mexico.

With our track record and experience operating in Brazil, we are confident that the new shipyard will be well-positioned to meet the needs of the vibrant market for drilling rigs construction, FPSO integration, topsides modules fabrication, ship and rig repairs. The shipyard will also provide plentiful employment and training opportunities for the local workforce in Espirito Santo."

## **Ownership Structure**

Sembcorp Marine through Jurong Shipyard will own 100% of Jurong Netherlands B.V, a company incorporated in the Netherlands. The company will in turn fully own a locally incorporated Brazilian company, Estaleiro Jurong Aracruz Ltda (EJA) which will own the shipyard. Jurong do Brasil Prestacao de Services Ltda, another company incorporated in Brazil and owned by Jurong Netherlands B.V, will undertake marine and offshore services in Brazil.

## **Development Plans**

Engineering design for the new shipyard has commenced, with development and construction works to be undertaken in stages. On completion, the shipyard will be equipped with state-of-the-art facilities, including a drydock, slipways, berthing quays and ancillary steel and piping facilities. It will be capable of drillships construction, building of semi-submersible rigs, undertaking FPSO integration, fabrication of topside modules and PSVs construction, in addition to the traditional activities of drilling rig repairs, ship repairs and modification works.

Details of the shipyard and the capex plans will be announced separately at an appropriate time.

## **Financial Impact**

Sembcorp Marine expects positive contributions to its earnings from the new shipyard in Brazil in the future. However, the above is not expected to have a material impact on Sembcorp Marine's earnings and net tangible assets per share for the current financial year ending 31 December 2010.

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