



MEDIA RELEASE

2 August 2022

CCCS Consults on the Proposed Combination of Sembcorp Marine Limited and Keppel Offshore & Marine Limited

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) is inviting public feedback on the proposed combination of Sembcorp Marine Limited (“**SCM**”) and Keppel Offshore & Marine Limited (“**KOM**”) (collectively, the “**Parties**”) (the “**Proposed Combination**”). The Proposed Combination will establish a new holding company (the “**Combined Entity**”) which combines the businesses of KOM and SCM.
2. CCCS accepted a joint notification by the Parties on 29 July 2022 for a decision on the Proposed Combination. CCCS is now assessing whether the Proposed Combination, if carried into effect, would infringe section 54 of the Competition Act 2004, which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

The Parties

SCM

3. SCM is incorporated in Singapore and publicly listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). SCM offers one-stop engineering solutions for the offshore, marine and energy industries, with an increasing focus on cleaner offshore and marine, renewable and clean energy solutions. SCM operates shipyards and facilities such as engineering offices in Brazil, France, Indonesia, Malaysia, Norway, Poland, Singapore, the United Kingdom and the United States. SCM focuses on four key capabilities: rigs and floaters; repairs and upgrades; offshore platforms; and specialised shipbuilding. Vessels are primarily constructed in SCM’s shipyard in Singapore, and to some extent, in Brazil.

KOM

4. KOM is incorporated in Singapore and wholly owned by Keppel Corporation Limited (“**KCL**”), which is listed on the Mainboard of the SGX-ST. KOM provides total solutions to the offshore, marine and energy industry through its global network of shipyards and offices. KOM has a wide range of capabilities such as design and engineering, new

builds, conversions and repairs, and support services. KOM operates shipyards and facilities in Brazil, China, Japan, the Philippines, Singapore, and the United States.

5. In Singapore, both SCM and KOM provide shipbuilding, conversion and ship repair services at their Singapore shipyards, with a specific focus on vessels and structures in the offshore, marine and energy industries.

The Proposed Combination

6. Following the Proposed Combination, Temasek Holdings (Private) Limited ("**Temasek**") will be the single largest shareholder of the Combined Entity with a shareholding of 33.5 per cent, while the Combined Entity will be publicly listed on the Mainboard of the SGX-ST. As a separate but connected transaction, KOM would divest KOM's legacy rig assets and associated receivables to a newly established asset holding company.¹
7. The Parties submitted that they overlap in the supply of commercial vessels and the provision of ship repair services² in Singapore. The commercial vessels that the Parties sold through newbuilds or conversion/upgrading projects include offshore and marine vessels, such as offshore exploration vessels (e.g. jack-up rigs); offshore production vessels (e.g. floating product, storage and offloading vessels); offshore support vessels (e.g. cable laying vessels); and other types of vessels (e.g. bunkering vessels). The commercial vessels are primarily constructed in Singapore and supplied to customers outside of Singapore. There are no oil and gas exploration projects in Singapore waters and these vessels are generally used outside of Singapore. Most vessels repaired in Singapore are not Singapore-registered, with instances of services being invoiced to customers in Singapore.
8. The Parties submitted that the relevant markets are:
 - a) the global supply of commercial vessels; and
 - b) the global supply of ship repair services,

collectively, the "**Relevant Markets**".

¹ As consideration for the sale of the legacy rigs and associated receivables to the asset holding company ("**Asset Co**"), Kepinvest Holdings Pte. Ltd. ("**Kepinvest**"), a wholly-owned subsidiary of KCL, will receive a combination of ordinary shares, vendor notes and perpetual securities issued by Asset Co. Kepinvest will hold 10 per cent of the issued share capital of Asset Co, with Kyanite Investment Holdings Pte. Ltd. (an indirect wholly-owned subsidiary of Temasek) holding 15.1 per cent and Baluran Limited (which is indirectly wholly-owned by ASM Connaught House Fund V) holding the remaining 74.9 per cent.

² Ship repair services refers to the repair, maintenance, upgrade and conversion of marine and offshore vessels including, for example, period maintenance, surveys, dry dockings, damage repairs, refurbishment, upgrade and conversions work.

9. According to the Parties, the Proposed Combination will not result in a substantial lessening of competition within the Relevant Markets in Singapore due to the competitive tendering processes for the purchase and repairs of commercial vessels, strong competition from existing global players or new entrants, and presence of large and sophisticated buyers with considerable buyer power.
10. The Parties also submitted that the Proposed Combination is envisaged to reap multiple synergies which would allow the Combined Entity to expand its suite of technological capabilities, carry out a wider scope of work, generate greater economies of scale and develop more rigorous project execution capabilities.

Public Consultation

11. CCCS is inviting public feedback on the Proposed Combination. The closing date for submissions is 15 August 2022, 5 p.m.
12. More information on the public consultation can be accessed and downloaded from the CCCS website at www.cccs.gov.sg under the section "[Public Consultation](#)". If the submission or correspondence contains confidential information, please also provide CCCS with a non-confidential version of the submission or correspondence.

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About the Competition & Consumer Commission of Singapore

The Competition and Consumer Commission of Singapore ("**CCCS**") is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act 2004 which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act 2003 or CPFTA which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for businesses and consumers in Singapore.

For more information, please visit www.cccs.gov.sg.

For media clarifications, please contact:

Ms. Grace Suen

Senior Assistant Director (Communications)

Competition and Consumer Commission of Singapore

Email: grace_suen@cccs.gov.sg

DID: 6325 8216

Ms. Nawwar Syahirah

Senior Assistant Director (Communications)

Competition and Consumer Commission of Singapore

Email: nawwar_syahirah@cccs.gov.sg

DID: 6325 8313