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SEMBCORP INVESTS IN TECHNOLOGY SOLUTIONS FIRM AND ENHANCES ITS TECHNOLOGICAL CAPABILITIES

- ***Enters into a strategic partnership which gives Sembcorp preferential and early access to proprietary technologies***

SINGAPORE, July 1, 2013 – Sembcorp Industries (Sembcorp) announces that its wholly-owned subsidiary, Sembcorp Utilities, has signed an agreement to invest NOK30 million (approximately S\$6.4 million) in Biowater Technology (Biowater), a Norwegian-based company that designs and engineers innovative technologies and solutions for the treatment of municipal and industrial wastewater. Upon completion of the transaction, Sembcorp will own 28.8% of Biowater, with the remaining stake held by existing shareholders Incitia Ventures II, Mallin Venture and Biowater's founders and employees.

Existing investors in Biowater, Incitia Ventures II and Mallin Venture, will concurrently be investing a further NOK8 million, resulting in a total of NOK38 million of new capital raised for Biowater to fund its continued research and development (R&D) work and commercialisation efforts.

In addition to the equity investment, Sembcorp will also enter into a Strategic Partnership Agreement with Biowater, which will give Sembcorp preferential and early access to its technologies and at the same time, provide Biowater access to Sembcorp's global facilities to accelerate the development and commercialisation of its technologies.

Biowater is recognised as an innovative industry leader in biological wastewater treatment and has developed its own proprietary technologies, such as the Complete Mix Fixed Film (CMFF[®]) and Combined Fixed Film Activated Sludge (CFAS[®]), which are commercially available in the market. The company also continues to innovate and develop new patented technologies, namely the Continuous Flow Intermittent Cleaning (CFIC[®]) and the Hybrid Vertical Anaerobic Biofilm Bioreactor (HyVAB[®]). The use of CFIC[®] in wastewater treatment

can bring about substantial reduction in energy consumption of up to 20% to 30%, as well as savings in capital expenditure of up to 25%, compared to conventional Moving Bed Biofilm Reactor (MBBR) technology. Pilot tests have been completed for CFIC[®] and the technology is currently in its commercialisation phase. Meanwhile, HyVAB[®] has the potential to be a game-changer in the industrial wastewater treatment industry and can result in even greater cost savings from power efficiencies and lower sludge production. HyVAB[®] is currently under development at the pilot phase with commercial application expected in 2015.

For Sembcorp, these technologies could be harnessed to improve the efficiency and performance of existing plants. With over seven million cubic metres per day of water in operation and under development worldwide, of which almost 340,000 cubic metres per day come from wastewater treatment, the application of CFIC[®] could bring significant cost savings for Sembcorp and enhance our competitiveness. The use of such advanced and innovative technologies can also give us a substantial competitive edge when bidding for new projects and has the potential to help Sembcorp grow our industrial wastewater treatment business, particularly in Asia.

As part of the strategic partnership, Sembcorp will apply CFIC[®] on a full scale in some of its water plants worldwide, as reference projects to help accelerate the commercialisation of the technology. This collaboration hence gives Biowater the opportunity to apply its technologies in Sembcorp's global portfolio of water and wastewater projects, as well as obtain feedback based on Sembcorp's operational knowledge and experience to facilitate development and commercialisation of its technologies.

Commenting on the investment, Tang Kin Fei, Group President & CEO of Sembcorp, said, "This investment will strengthen our technological capabilities and cement our leading position in the treatment of multiple streams of complex industrial wastewater. As a company that is focused on innovation, process and technology, this partnership not only enables us to enhance the efficiency of our operations, but also allows us to continuously offer competitive solutions to our customers.

"We are excited about the opportunities that this partnership will bring to Sembcorp, given Biowater's innovation and R&D capabilities. With our 33 water operations across 11 countries worldwide, we will also be able to help Biowater expedite the development and commercialisation of its technologies and accelerate our growth in the wastewater treatment business. With our complementary capabilities, we look forward to a successful and fruitful partnership with Biowater."

Collaboration is also expected at Sembcorp's new technology and innovation centre, which is targeted to start up by the end of this year. Located at the Banyan area of Jurong Island, Singapore's petrochemicals and chemicals hub, the centre will enable Sembcorp to support the development of HyVAB[®], and future new technologies, by running test-beds and pilot tests there. The new technology and innovation centre will comprise laboratories and applied R&D facilities, and house our researchers and engineers who will develop and integrate innovative processes and run test-beds for emerging technologies relevant to our Utilities business.

Audun Lødemel, CEO of Biowater, said, "We are very pleased to have Sembcorp as an investor as they are an important strategic partner going forward, especially with their expertise and insight for the Asian market. This enables us to address large emerging markets and continue to develop the company, including new solutions for our customers. Sembcorp presents valuable commercialisation opportunities for our technologies through their global facilities and market knowledge, and we look forward to working with them."

The investment amount was arrived at based on negotiations with Biowater and its existing shareholders. Sembcorp will fund the investment through internal resources. The transaction is expected to be completed upon the injection of capital from Sembcorp by July 9, 2013.

This transaction is not expected to have a material impact on the earnings per share and net asset value per share of Sembcorp Industries for the current financial year.

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ABOUT SEMBCORP INDUSTRIES

Sembcorp Industries is a leading energy, water and marine group operating across six continents worldwide. With facilities of over 5,800 megawatts of gross power capacity and over seven million cubic metres of water per day in operation and under development, Sembcorp is a trusted provider of essential energy and water solutions to both industrial and municipal customers. It is also a world leader in marine and offshore engineering as well as an established brand name in urban development.

Sembcorp has an established track record in the application of advanced technologies. We are the pioneer in the successful application of Membrane Bioreactor (MBR) technology and the only company in Singapore to have successfully applied the Expanded Granular Sludge Bed (EGSB) technology. Demonstrating our continuous focus on process and technology, Sembcorp is also developing a new technology and innovation centre on Singapore's Jurong Island, and has formed a Technology Advisory Panel to spearhead the Group's technological developments.

The Group has total assets of more than S\$13 billion and employs over 9,000 employees. Listed on the main board of the Singapore Exchange, it is a component stock of the Straits Times Index, several MSCI and FTSE indices as well as the Dow Jones Sustainability Asia Pacific Index.

Note to Editors:

Please refer to the company as “Sembcorp” (with “S” in upper case and “c” in lower case), or “Sembcorp Industries” in full. Please also note that “Sembcorp” is not an abbreviation of “Sembawang Corporation” but a brand name in itself, and it is therefore incorrect to refer to our company as “Sembawang”, “Sembawang Corporation” or similar.

ABOUT BIOWATER TECHNOLOGY

Biowater Technology designs and engineers next generation technologies and solutions for the municipal and industrial wastewater treatment markets. It was founded in 2007 by Thorbjørn Westrum, Terje Andersen and Jon Siljudalen (who collectively own 20% of the shareholding in the company following this transaction), the same people who successfully developed and commercialised the well-known MBBR technology worldwide during the 1990s. Today the team has experience from over 300 projects and installations of MBBR worldwide.

The company provides innovative technologies and solutions for biological treatment of water and wastewater. Products include but are not limited to: MBBR, IFAS and Package Plants. Biowater has offices in the United States and Norway and partners and representatives around the world.

Biowater's Technologies

Technology	Status	Key Benefits
Complete Mix Fixed Film (CMFF [®])	Trademarked. Commercially available since 2008	<ul style="list-style-type: none"> • More stable, cost-efficient and compact than conventional Moving Bed Biofilm Reactor (MBBR) technology
Combined Fixed Film Activated Sludge (CFAS [®])	Trademarked. Commercially available since 2009	<ul style="list-style-type: none"> • More stable, cost-efficient and compact than conventional MBBR technology
Continuous Flow Intermittent Cleaning (CFIC [®])	Trademarked and patented. Proven at pilot scale. To be verified at full-scale commercial plant	<ul style="list-style-type: none"> • Substantial reduction in energy consumption of up to 20% to 30% compared to conventional MBBR technology • Savings in capital expenditure of up to 25% compared to conventional MBBR technology • Ability to produce high quality effluent even at significantly higher wastewater loads • Designed to increase treatment capacity while reducing space requirements and overall energy costs
Hybrid Vertical Anaerobic Biofilm Bioreactor (HyVAB [®])	Trademarked and patented. Under development at pilot scale	<ul style="list-style-type: none"> • Lower power consumption due to anaerobic treatment • Minimise environmental impact with reduced bio sludge production • More compact due to vertical integration

ABOUT INCITIA VENTURES

Incitia Ventures, established in 2001, is a leading independent Nordic VC fund manager with a base in Oslo, Norway. Incitia Ventures invests in technology companies within the start-up and expansion phase. It currently manages two funds with a committed capital base of about NOK450 million, with capital coming from leading Norwegian private equity fund investors.

It has been an investor in Biowater since 2010.

ABOUT MALLIN VENTURE

Mallin Venture was founded in 1982, and is a privately-owned investment company based in Oslo, Norway. It has total assets under management of approximately NOK500 million, divided between venture capital, property investments and listed securities. Mallin Venture invests in companies with high growth potential in international markets within the cleantech sector, including subsectors such as energy, water, materials and waste.

It has been an investor in Biowater since 2008.