



12 March 2025

Clarification on the investment in Sapura Energy Berhad (SEB) by Malaysia Development Holdings Sdn Bhd (MDH)

Quote from:

Permodalan Nasional Berhad (PNB) as the existing significant shareholder of SEB.

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We refer to the various articles that allude to the investment in Sapura Energy Berhad (SEB) by Malaysia Development Holdings Sdn Bhd (MDH) as being a government bailout. We wish to emphasise that the MDH investment is not a bailout given the following:

1. **Funds are exclusively used to repay Local Vendors** - The funds are directly and only used to repay local vendors, without benefiting any existing SEB shareholders or financial creditors. This funding is crucial for the financial survivability of Malaysian service providers within the oil and gas ecosystem given SEB has more than 2,000 vendors, many of which are SMEs as well as employ approximately 59,000 core employees in oil and gas industry.
2. **Preserving the Malaysian Oil and Gas Industry** - SEB is a critical service provider for the Malaysian oil and gas industry. The investment supports local businesses and maintains the integrity of the supply chain. Preserving SEB and the broader oil and gas ecosystem is essential for the continuity of projects that contribute to national revenue and energy security. This initiative ensures the stability and progress of the entire Malaysian Oil and Gas value chain.
3. **Positively catalysing economic growth** - Without SEB and its local vendors, the work will have to be outsourced to foreign and non Malaysian providers, thus leading payments flowing out of Malaysia. The investment will ensure the country's oil and gas work

will continue to be done by Malaysians, benefiting Malaysian GNI by [1.1]bn and positively impacting Malaysian currency exchange rate.

4. **Facilitating the completion one of the largest corporate and debt restructuring in Malaysia** - The investment is critical in facilitating the completion in one of the largest debt restructuring exercise in Malaysia, involving some of the largest banks. The investment will help prevent the liquidation of SEB, which would result in the fire sale of strategic national oil and gas assets, domestically and globally.
5. **The investment is undertaken in line with global restructuring best practice** - The investment by MDH will take place after SEB's financial institution creditors agree to a substantial direct haircut as well as indirect haircut due to the loss of value from the conversion of debt to shares at a steep premium. Additionally, existing SEB shareholders will experience substantial dilution from the conversion of shares under the Debt Restructuring Scheme.
6. **Due Diligence and Review Process:** As part of the restructuring scheme, SEB has undertaken a comprehensive legal and financial due diligence process as well as comprehensive business review by independent experts, including a thorough internal control and risk management review.
7. **Investment is consistent to what other countries had undertaken to preserve their strategic industry** - the investment is similar to what other countries have undertaken to facilitate the restructuring of their critical industry players. Examples include the government of Singapore investment in the restructuring of Sembcorp through Temasek as well as the South Korean's investment in the restructuring of Daewoo Shipbuilding.
8. **The investment by MDH is repayable** - The investment in SEB RCLS generates fixed profit payment to MDH and is redeemable with the option to enjoy the upside through conversion into shares should SEB's share price perform in the future.

The investment by MDH which will path the way for the completion of its financial restructuring efforts that will lead to SEB regaining a solid financial footing and recovery. The Company is committed to repaying this trust by continuing to implement the company's business and restructuring plans,

focusing on long-term value creation and operational resilience as well as play its continued role as a catalyst for local O&G services industry.

PNB is confident that SEB's new management will continue to implement the company's existing business and restructuring plans, while focusing on long-term value creation and operational resilience.

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