

FOR IMMEDIATE RELEASE

SUPPORT MEASURES FOR MARINE & OFFSHORE ENGINEERING (M&OE) COMPANIES

1. The Ministry of Trade and Industry announced today the enhancement to IE Singapore's Internationalisation Finance Scheme (IFS) and the re-introduction¹ of SPRING's Bridging Loan (BL) for companies in the Marine and Offshore Engineering (M&OE) industry². These measures will help to address the intensifying financing challenges faced by the M&OE industry in recent months, as it experiences a unique and prolonged slowdown.
2. The schemes aim to facilitate M&OE companies' access to working capital and financing. The BL will help Singapore-based M&OE companies finance their operations and bridge short-term cash flow gaps. Eligible companies will be able to borrow up to S\$5 million each, with a loan tenure of up to six years. The maximum loan quantum for each borrower group is \$15 million. Enhancements will also be made to IE Singapore's existing IFS, which provides project/asset financing support for companies. The maximum loan quantum will be raised to S\$70 million per borrower group from the current S\$30 million per borrower group for M&OE companies.
3. These one-off measures, developed in consultation with industry players, are targeted at stabilising the M&OE sector, as it copes with the prolonged weakness in oil prices amidst the slowdown and uncertainty in the global economic environment. The Government will take on 70% of the risk-share for both BL and IFS.
4. Minister for Trade and Industry (Industry) Mr S Iswaran said: "While there has been a general slowdown in economic growth, the impact has been uneven. The Marine & Offshore Engineering (M&OE) industry, in particular, is facing a deep and prolonged downturn due to cyclical and structural forces. Consequently, the industry's financing challenges have intensified in recent months. Some industry consolidation is inevitable as companies restructure

¹ SPRING's Bridging Loan was first introduced in 2009.

² Companies with principal activities in the M&OE industry, such as shipyards, contractors to shipyards, offshore services providers, exploration & production companies, oil & gas equipment and services companies, and suppliers to oil & gas equipment and services companies, can apply for these schemes.

and adapt to the challenging environment. These targeted measures aim to help preserve the M&OE industry's core capabilities which have been built up over the years and will be important to seize future opportunities. The Government will continue to monitor the economy closely and stands ready to act if necessary."

5. The BL and IFS will be available from December 2016 and could catalyse about S\$1.6 billion of loans over a period of one year. Interested companies can apply directly with the Participating Financial Institutions (PFIs). More details about the schemes and eligibility criteria can be found in Annex A.

6. The Government has other measures and schemes in place to provide support for our local businesses to tide over the economic slowdown. For instance, SPRING's SME Working Capital Loan provides SMEs facing cash-flow issues with unsecured term loans of up to \$300,000 each.

**Jointly issued by Ministry of Trade and Industry, IE Singapore and
SPRING Singapore
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Enclosed:

Annex A – Details of support measures for M&OE companies

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ANNEX A

Details of support measures for M&OE companies

Bridging Loan (BL)

The Bridging Loan for the Marine & Offshore Engineering industry (BL-M&OE) provides companies with access to working capital to finance their operations and bridge short-term cash flow gaps. It is administered by SPRING Singapore and offered through Participating Financial Institutions (PFIs).

	Criteria for BL-M&OE
Max Loan Quantum	S\$5M per borrower (S\$15M per borrower group ³)
Loan Tenure	Up to 6 years
Use of Funds	Working capital
Eligibility Criteria	<p>SMEs and non-SMEs that are M&OE industry-specific can apply. They are defined as follow:</p> <p><u>(a) SMEs:</u></p> <ul style="list-style-type: none"> • Is registered and operating in Singapore • Has at least 30% local shareholding • Has group annual sales of ≤ S\$100m or group employment size of ≤ 200 <p><u>(b) Non-SMEs:</u></p> <ul style="list-style-type: none"> • Is registered and operating in Singapore • Has at least 30% local shareholding • Has group annual sales of >S\$100m and group employment size of >200 <p><u>Sub-categories include:</u></p>

³ SPRING defines a “borrower group” as consisting of the Applicant Company, the Applicant Company’s corporate shareholders who own >50% of total shareholding (all levels up) and the Applicant Company’s subsidiaries where the Applicant Company holds >50% of the total shareholding of the subsidiaries (all levels down). Loans made to any of the entities mentioned above will therefore count towards an aggregated S\$15m limit.

	<ul style="list-style-type: none">• Shipyards• Contractors to shipyards• Offshore services providers• Exploration & Production (E&P) companies• Oil and gas (O&G) equipment and services companies• Suppliers to O&G equipment and services companies
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For more information, please visit http://www.spring.gov.sg/BL_MOE or call 6898 1800.

Internationalisation Finance Scheme (IFS)

IFS is designed to facilitate companies' access to financing by co-sharing of default risks between IE Singapore and Participating Financial Institutions (PFIs). Companies in the Marine and Offshore Engineering industry (e.g. Offshore Support Services, Shipyards etc), may access up to S\$70M in loan quantum per borrower group⁴.

	Criteria for IFS-M&OE
Max Loan Quantum	S\$70M per borrower group
Use of Funds	<ul style="list-style-type: none"> • Asset-based financing to purchase fixed assets • Project financing (Bid Bonds, Bankers Guarantee and Structured Loan) • Merger and Acquisition financing
Eligibility Criteria	<ol style="list-style-type: none"> i. Singapore-based companies with Global HQ anchored in Singapore ii. Singapore-based companies with meaningful business operations and at least 3 strategic business functions in Singapore

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Enquiry Form: <https://www.iesingapore.gov.sg/Contact-Info/Enquiry-Form>

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⁴ IE Singapore defines a "borrower group" as a Singapore-based company, its subsidiaries and associated companies