

BUSINESS

Seatrium to pay \$241.7m to Brazilian, S'pore authorities to settle corruption case

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Singapore-listed Seatrium will pay financial penalties to the Brazilian and Singapore authorities totalling \$241.7 million to settle a long-drawn corruption probe in Brazil.

The offshore and marine company, which was then Sembcorp Marine, became implicated in Operation Car Wash, a major corruption

scandal in Brazil, which involved allegations of paying bribes to secure contracts.

It made the announcement on July 30, a day before the company is due to release its earnings for the first half of the 2025 financial year.

In a filing to the Singapore Exchange on July 30, Seatrium said it has signed a leniency agreement with Brazil's public prosecutor's office and will sign an equivalent agreement with other authorities, under both of which it will pay a fi-

nal settlement of around \$168.4 million.

It was also required to pay a penalty of US\$110 million (S\$141.5 million) to the Singapore authorities, under a deferred prosecution agreement entered with the Attorney-General's Chambers (AGC) in Singapore.

However, the AGC has agreed for up to a maximum of US\$53 million of the payment to the Brazilian authorities to be credited against the financial penalty here. As such, the amount payable by Seatrium under the deferred prosecution agreement will be US\$57 million.

The deferred prosecution agreement, signed on July 30 with the Singapore authorities, is subject to approval by the High Court.

With this announcement, Seatrium said that the Monetary Authority of Singapore and the Singapore police's Commercial Affairs Department have concluded their joint investigations into potential offences.

"No action will be taken against the company and/or its officers," Seatrium said.

The AGC in a separate announcement on July 30 said that Seatrium will be required to review and make further improvements to its ethics and compliance programme to reduce the risk of a recurrence of any similar conduct.

If Seatrium subsequently fails to comply with the terms of the deferred prosecution agreement as approved by the High Court, the public prosecutor may apply to the High Court to terminate the agreement.

In that event, the public prosecutor may initiate criminal proceedings against Seatrium in respect of the alleged offences.

Seatrium shares rose 0.84 per cent, or two cents, to \$2.40 at the close on July 30, after the announcements.

This is after the company lifted a trading halt around 11.20am that it had called for before the market

opened earlier.

The company said in its July 30 statement that it has made provisions in its financial statements for the in-principle settlement payment and financial penalty.

"Following the finalised agreements with the Brazilian and Singapore authorities, the company has reversed a provision of \$14 million in its financial statements for the financial period ended June 30 to take into account the finalised settlement payment and financial penalty, current exchange rates and other expenses," it added.

"There is therefore no material impact on the net earnings and net tangible asset per share of the group for the financial year ending Dec 31."

Seatrium added that it is "keen to move forward" and to ride on the energy market tailwinds to create transformative offshore energy solutions globally and ultimately deliver long-term sustainable growth.

"The company wishes to empha-

size that it remains committed to the highest standards of corporate governance and business integrity, including zero tolerance for fraud, bribery and corruption," it said.

It added that it has put robust policies and procedures in place to instil the highest standards of discipline, ethics and compliance across its global operations.

Morningstar analyst Lee Chok Wai, who is also director of equity research, said the outlook for the offshore industry remains positive.

"We expect a gradual margin recovery for Seatrium as it learns from previous project cost overruns and focuses on series-build projects to improve cost-efficiencies," he said.

He added that the long-term prospects for Seatrium are still looking bright. The analyst's fair value estimate for the stock stands at \$2.92, which still indicates an attractive upside for the shares, he said.

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