Keppel Corporation Limited
(Co Reg No. 196800351N)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
www.kepcorp.com

Tel: (65) 62706666
Fax: (65) 64136452

Media Release

Keppel grows LNG business

Keppel Offshore & Marine has secured contracts to build its first two dual-fuel diesel LNG tugs, and signed an MOU with Shell to jointly explore opportunities in using LNG as fuel.

Singapore, 5 October 2016 – Keppel Offshore & Marine Ltd (Keppel O&M) has strengthened its track record in the Liquefied Natural Gas (LNG)-related business by securing contracts to build its first two dual-fuel diesel LNG harbour tugs. The two tugs are expected to use bunkering services provided by the Keppel-Royal Dutch Shell plc (Shell) joint venture company, FueLNG Ltd (FueLNG).

In addition, Keppel O&M has also entered into a Memorandum of Understanding (MOU) with Shell to jointly explore potential opportunities in the LNG sector.

First dual-fuel tugs

Keppel O&M's wholly owned subsidiary Keppel Singmarine Pte Ltd (Keppel Singmarine) secured the tug contracts from Keppel Smit Towage Pte. Ltd (Keppel Smit) and Maju Maritime Pte. Ltd. (Maju) who have ordered one unit each.

The tugs will be built to Keppel's proprietary design which won the Outstanding Maritime R&D and Technology Award at the 2015 Singapore International Maritime Awards. The Maritime and Port Authority of Singapore is co-funding up to S$2 million for each tug under its LNG Bunkering Pilot Programme (LBPP) Grant. The tugs are expected to be completed in 2018.

Mr Chow Yew Yuen, Chief Executive Officer of Keppel O&M, said, "We are happy to secure orders to build our first two dual-fuel tugs which will be built to Keppel's award-winning proprietary designs. Keppel has a strong in-house research & development (R&D) unit that has developed innovative designs including LNG carriers and barges to meet the maritime industry's needs as the demand for green solutions and LNG rises. Combining this R&D capability with our rich shipyard expertise, we will continue to seize opportunities along the LNG value chain and help owners deliver LNG efficiently to end markets."

"We are also happy that our joint venture, FueLNG, has secured its first two contracts from Shell to provide bunkering services for Keppel Smit and Maju's dual-fuel tugs. Together, Keppel's shipbuilding/design capabilities and LNG bunkering services provide end-to-end solutions for vessel owners turning to LNG as a marine fuel in Singapore."

FueLNG is a new 50-50 joint venture company incorporated by Keppel and Shell which secured a license as one of only two companies to provide LNG bunkering services in Singapore. For Keppel Smit and Maju's dual-fuel tugs, FueLNG will be providing LNG bunkering services while Shell will be supplying the LNG fuel over a period of 10 years under separate contracts with the towage companies.

MOU with Shell

To bolster its efforts in the LNG-related business, Keppel O&M, through its subsidiary Gas Technology Development Pte. Ltd., signed an MOU with Shell's subsidiary, Shell Eastern Petroleum (Pte) Ltd, to jointly explore potential opportunities to cater to the demand of LNG as a fuel in coastal areas, inland waterways and the international marine sectors.

The partnership will leverage Keppel's strength in ship building and design, and Shell's experience as a global leading energy supplier to work with potential customers to develop technical and commercial solutions for their LNG fuel needs.

Mr Michael Chia, Managing Director (Marine & Technology) of Keppel O&M, added, "Apart from relying on our in-house R&D, we are collaborating with leading players in the energy sector that have capabilities complimentary to Keppel's to develop comprehensive and innovative solutions in LNG. Through this cooperation framework, Keppel and Shell can combine our resources and expertise as a leading global shipbuilder and energy supplier, and work together in collaboration with stakeholders such as shipping companies, terminal operators, local governments and regulators to meet their needs which may include engine retrofit or setting up coastal LNG storage infrastructure."

The above is not expected to have a material impact on the net tangible assets or earnings per share of Keppel Corporation Limited for the current financial year.

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About Keppel Offshore & Marine

Keppel Offshore & Marine Ltd (Keppel O&M), a wholly-owned company of Keppel Corporation Limited, is a global leader in offshore rig design, construction and repair, ship repair and conversion, and specialised shipbuilding. It integrates and harnesses the experience and expertise of 20 yards and offices worldwide to be near customers and markets. Driven by innovation and a capable people with the *Can Do!* spirit, Keppel O&M strives to become a builder of distinction in every aspect of its business. For more information, visit www.keppelom.com.

About Royal Dutch Shell plc

Royal Dutch Shell plc is incorporated in England and Wales, has its headquarters in The Hague and is listed on the London, Amsterdam and New York stock exchanges. Shell companies have operations in more than 70 countries and territories with businesses including oil and gas exploration and production; production and marketing of liquefied natural gas and gas to liquids; manufacturing, marketing and shipping of oil products and chemicals and renewable energy projects. For further information, visit www.shell.com.

About Keppel Smit Towage and Maju Maritime

Established in 1991, Keppel Smit Towage is a joint venture between Keppel and Smit Singapore, which is a part of Royal Boskalis Westminster N.V. (Boskalis). Keppel Smit Towage merged operationally with Maju Maritime, also a joint venture between Keppel and Boskalis, in early 2000. The two companies have a combined fleet of 68 vessels, which range from 1,600 to 5,600 bhp in Singapore, Diego Garcia and their joint ventures in Malaysia, Indonesia, Taiwan, and China. The dual-fuel tugs will be their first vessels to also run on LNG, enhancing their capability to support the port and offshore and marine industries in the Asia region with sustainable solutions.

For more information, please contact:

Media
Roy Tan
Senior Manager
Group Corporate Communications
Keppel Corporation Limited
Tel: (65) 64136 421
Email: roy.tan@kepcorp.com

Investor Relations
Ivana Chua
Assistant General Manager
Group Corporate Communications
Keppel Corporation Limited
Tel: (65) 6413 6436
Email: ivana.chua@kepcorp.com