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

Keppel enters into framework deed with Borr Drilling to defer scheduled delivery of rigs

Singapore, 5 June 2020 – Keppel Offshore & Marine Limited (Keppel O&M) has through its wholly-owned subsidiaries, Keppel FELS Limited and Offshore Partners Pte. Ltd., entered into a Framework Deed with Borr Drilling Limited (Borr Drilling) and certain of its subsidiaries pursuant to which Keppel O&M agreed to, among other things, defer the scheduled delivery of five jackup rigs to Borr Drilling to 2022, to be delivered progressively. These five jackup rigs are part of the 11 jackup rigs ordered by Borr Drillling, six of which have been delivered to date.

This follows the announcement by Borr Drilling on 20 May 2020[1] that it had, in response to the weakening market, entered into discussions with its lenders and shipyards to, among other things, postpone yard commitments, adjust covenants and reduce amortisation as well as defer cash interest payment to strengthen its liquidity situation.

Based on the original delivery schedule, three out of the five rigs were scheduled for delivery by 3Q2020 and the remaining two rigs by 1Q2022. Pursuant to the terms of the Framework Deed, the delivery of one rig will be deferred to 2Q2022 while the remaining four rigs are to be delivered by 3Q2022. Borr Drilling is to pay holding costs and/or cost cover in respect of all the deferred deliveries.

Of the six delivered rigs, three have been paid in full. Similar to the original contracts with Borr Drilling, three of the delivered rigs will remain partially financed by Keppel O&M through a seller's credit arrangement of approximately US$272.7 million in aggregate. Keppel O&M has a first lien in respect of these three delivered rigs.

Two out of the five rigs which are to be delivered in 2022 will on delivery be partially financed by Keppel O&M through a seller's credit arrangement, and on delivery Keppel O&M will have a first lien in respect of these two rigs. Subject to the entry into of definitive agreements, another two of the five rigs will also on delivery be partially financed by Keppel O&M through a seller's credit arrangement and Keppel O&M will on delivery have a first lien in respect of these two rigs. The seller's credit arrangements will amount to approximately US$415.3 million in aggregate. There is no seller's credit arrangement in respect of the fifth rig.

The Framework Deed will become effective upon the satisfaction of certain conditions, including the obtaining of key creditor consents by Borr Drilling for, among others, deferral of principal and/or interest payments under certain credit facilities, sale and purchase and construction agreements and the relaxing of certain restrictive covenants.

The entry into of the Framework Deed 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.

[1] The announcement by Borr Drilling is not incorporated by reference in and does not form part of this announcement.