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 O&M secures two more jackup rig charters from ADES worth up to S$155 million

Singapore, 11 November 2022 – Keppel Offshore & Marine Ltd (Keppel O&M) has, through its wholly-owned subsidiaries[1], signed bareboat charter contracts with ADES Saudi Limited Company for two jackup rigs to be deployed in Saudi Arabia. This brings the total number of rigs Keppel O&M has on charter with ADES to four.

The charters will be for a period of five years, expected to commence in 1H 2023, and projected to generate total revenue of about S$155 million for Keppel O&M, which includes modification works to prepare the rigs for deployment.

These are the fifth and sixth bareboat charters secured by Keppel O&M this year, pointing to the continued demand for more high quality drilling rigs of Keppel's proven KFELS B Class design.

The two rigs to be used for these charters are the Cantarell III and Cantarell IV jackup rigs which were under bareboat charters with subsidiaries of Grupo R[2]. These charters have since been terminated due to unremedied events of default under the bareboat charters by the charterers[3]. The rigs, which will be renamed ADM685 and ADM686, are currently in Mexico and will be transported to Saudi Arabia for modification works before commencing their charters for ADES.

Mr Tan Leong Peng, Managing Director (New Builds) of Keppel O&M, said, "We are pleased to receive a repeat contract from ADES for the charter of another two of our jackup rigs. These high performance rigs have been operating successfully in Mexico and can be easily mobilsed to work in Saudi Arabia. They are equipped with our AssetCare digitalisation solution which increases the efficiency, safety and operability of the rigs.

"All of our KFELS B Class legacy jackup rigs have secured bareboat charters or are on contract, which reflects the value our rigs bring to rig operators and increases their marketability for sale to potential buyers and investors. Utilisation rates across both the jackup and floater segments have continued to trend upwards and we are confident our versatile and robust legacy rigs will be in demand across a variety of markets."

As part of the definitive agreements Keppel Corporation has signed in connection with the proposed combination of Keppel O&M and Sembcorp Marine, these two rigs are part of Keppel

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[1] FELS Asset Co Pte. Ltd and FELS Asset Co 2 Pte. Ltd
[2] Grupo R had entered into sale and leaseback arrangements in respect of the two rigs with Keppel O&M as announced on 20 February 2019 and 13 December 2019
https://www.kepcorp.com/en/media/media-releases-sgx-filings/keppel-delivers-jackup-rig-to-grupo-r-on-sale-and-leaseback-deal-6479/
https://www.kepcorp.com/en/media/media-releases-sgx-filings/keppel-delivers-another-jackup-rig-to-grupo-r-with-sale-and-leaseback-deal-7006/
[3] The owners of the two rigs (wholly-owned subsidiaries of Keppel O&M) have exercised their contractual right to terminate the Bareboat Charter contracts with the charterers (wholly-owned subsidiaries of Grupo R) subsequent to unremedied events of default under the Bareboat Charters arising from actions and omissions of the Charterers. Following the termination, the owners have retained all payments received to-date under the Bareboat Charters and re-taken possession of the rigs as the owners of the rigs. https://www.kepcorp.com/en/media/media-releases-sgx-filings/keppel-om-secures-two-more-jackup-rig-charters-from-ades-worth-up-to-s155-million-16241/

O&M's legacy rigs and they, as well as their bareboat charter agreements will be transferred to Asset Co[4] that is majority-owned by external investors on legal completion.

The above bareboat charter contracts are not expected to have any material impact on the net tangible assets and earnings per share of Keppel Corporation Limited for the current financial year.

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About Keppel Offshore & Marine
Keppel Offshore & Marine (Keppel O&M) is a world leader in providing total solutions to the offshore, marine and energy industries. Bolstered by a global network of yards and offices, it has extensive know-how across a wide range of capabilities – design & engineering, new builds, conversions & repairs, and support services

A pioneer in offshore solutions, Keppel O&M has a strong track record in designing and building high-performance offshore platforms, production units and specialised ships. It is a trusted partner in the conversion, repair and modification of diverse and complex rigs and vessels, and is also a developer of integrated solutions for the offshore renewable and infrastructure industries.

Backed by robust operational excellence, Keppel O&M innovates and leverages new technologies to deliver projects on time, on budget, safely, reliably, and to the highest quality. For more information, visit www.keppelom.com.

About ADES Saudi Limited Company
ADES is a leading oil and gas drilling services provider in the Middle East and North Africa.

For more information, please contact:

Media
Mr Roy Tan
Assistant General Manager
Group Corporate Communications
Keppel Corporation
Tel: (65) 6413 6421
Email: roy.tan@kepcorp.com

Investor Relations
Ms Tang Yi Bing
Manager
Group Corporate Communications
Keppel Corporation Limited
Tel: (65) 6413 6474
Email: yibing.tang@kepcorp.com

[4] https://www.kepcorp.com/en/media/media-releases-sgx-filings/keppel-corporation-signs-definitive-agreements-in-connection-with-proposed-combination-of-keppel-om-and-sembcorp-marine-/