A Briefing to Keppel's Analysts
Proposed Financial Restructuring by KrisEnergy

3 November 2016

Keppel Corporation

Preserving KrisEnergy's underlying value

1. Ensure KrisEnergy's survival through the restructuring of existing notes and debt facilities.

2. Re-capitalise KrisEnergy for the benefit of all stakeholders.

3. Extend KrisEnergy's operational runway, enabling the execution of its revised business plan for long term value creation.

Re-capitalising KrisEnergy

The proposed Preferential Offering seeks to:

- Inject a lifeline for KrisEnergy to execute its revised business plan to generate future value for all stakeholders.
- Give greater protection to Keppel and all other entitled shareholders in the form of a senior secured debt.
- Lessen KrisEnergy's short term debt servicing obligations while being equitable to all stakeholders via "Zero Coupon Secured Notes" with a tenor longer than the proposed maturity extensions to the Existing Notes.
- Allow entitled shareholders to retain investment flexibility and gain potential economic benefits through the Warrants attached to the Zero Coupon Secured Notes.

The proposed Zero Coupon Secured Notes

- KrisEnergy is proposing a Preferential Offering of up to S$140 million Zero Coupon Secured Notes with free detachable Warrants to all entitled shareholders, which is conditional upon inter alia Noteholders' approval to restructure the Existing Notes.
- Keppel Oil & Gas Pte Ltd ("**KOG**") will commit to take up excess Zero Coupon Secured Notes with free detachable Warrants not subscribed for by other entitled shareholders.

	Key Features	Terms
Notes	▪ Principal: Up to S$140 million (senior secured) ▪ Zero-coupon, 7 years maturity ▪ Issue price: S$1.00 per note ▪ Irrevocable undertaking from KOG (Pro-rata entitlement + excess)	▪ Offered pro-rata to all existing shareholders ▪ 2nd rank over RCF[1] secured assets; 1st rank over certain assets of KrisEnergy ▪ Stapled structure, non-renounceable and non-underwritten (Notes and warrants traded separately post-listing) ***Warrants, if fully exercised, would provide up to another S$138 million in liquidity to KrisEnergy***
Warrants	▪ Issue size: up to S$138 million, with 7-year exercise period ▪ Exercise price: S$0.11 ▪ No. of underlying shares: up to 1,252 million shares	

(1) Revolving Credit Facility

Addressing the funding gap

Relieving significant short to medium term liquidity pressure on KrisEnergy.

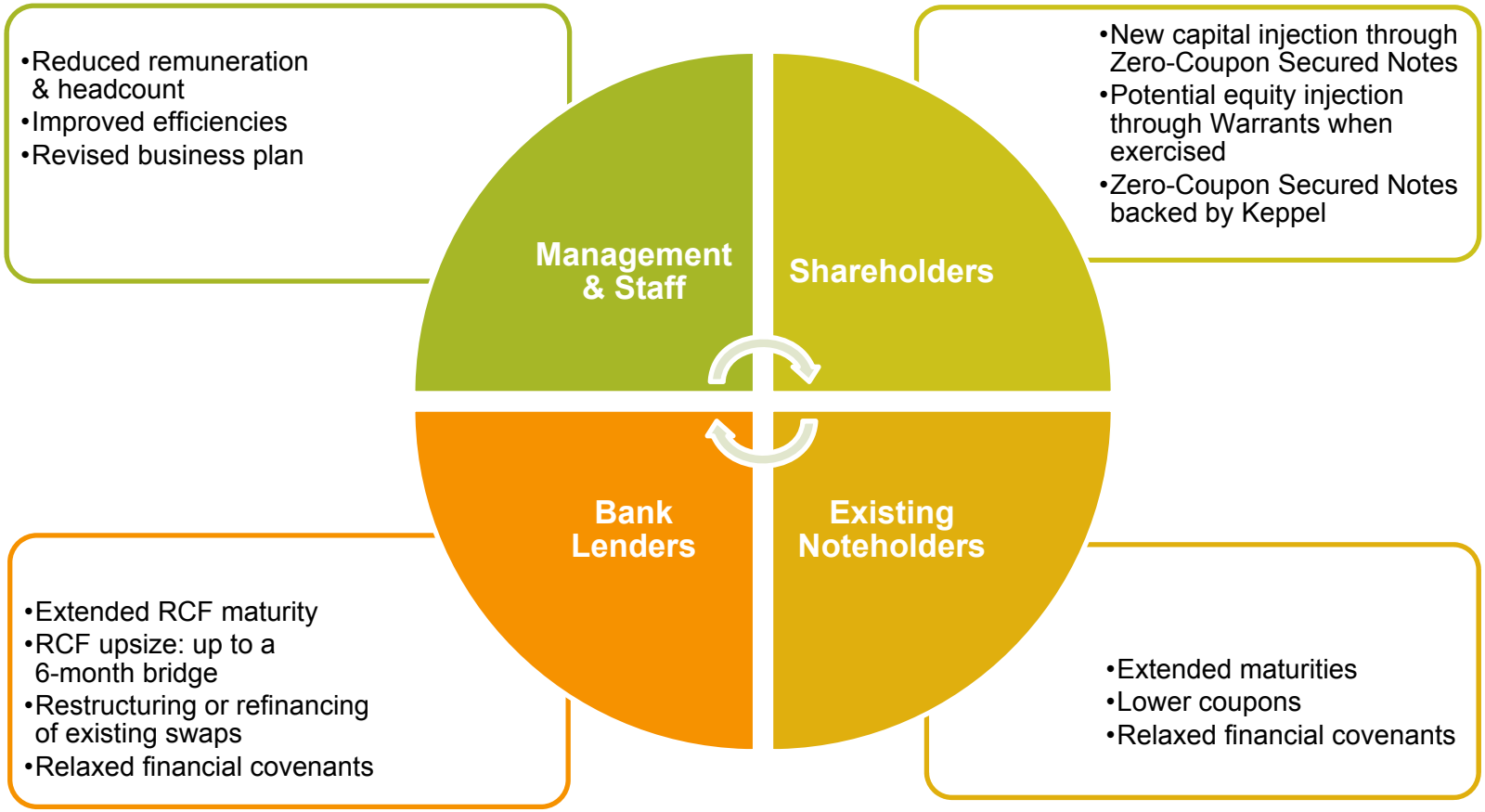
- S$330 million Existing Notes due over the next 2 years will restrict KrisEnergy from executing its business plan and generating cash flows to repay debt.
- The proposed Preferential Offering is conditional upon inter alia Noteholders' approval to restructure the Existing Notes.

Notes due in 2017 & 2018	After Restructuring
▪ 2017 Notes: ▪ Principal: S$130 million ▪ Coupon rate: 6.25% p.a.	▪ No changes to face value ▪ 5-year maturity extensions up to 2022 and 2023 respectively ▪ Lower coupons to 4% p.a.; 2% in cash and 2% in accrued interest ▪ Removal of certain financial covenants
▪ 2018 Notes: ▪ Principal: S$200 million ▪ Coupon rate: 5.75% p.a.	

Please refer to KrisEnergy's announcement for further information on the proposed restructuring of Existing Notes.

Support required from all stakeholders

KrisEnergy's arrangements with Shareholders and Bank Lenders are conditional upon inter alia the Noteholders' approval to restructure the Existing Notes.



Transaction rationale

KrisEnergy is a valuable company that needs a lifeline

- Keppel remains confident of KrisEnergy's long term fundamentals, and believes that Keppel will continue to extract quality returns on its investment.
- There is considerable value in KrisEnergy's near term production developments in Thailand, Indonesia and Cambodia:
  - These developments require capital to generate future cash flows.
  - These assets are profitable even at current oil prices, and have limited exploration risks.
- Capital raising and debt restructuring will enable KrisEnergy to ride out near term funding challenges and create long term value.

Transaction rationale *(continued)*

An investment based on merit

- The proposed Zero Coupon Secured Notes injects new capital without additional equity.
- The Warrants, with an exercise price at 20% discount to the 3-month VWAP of KrisEnergy's share price, are valuable and will sufficiently compensate the risks that Keppel undertakes.
- KrisEnergy's intrinsic value, reflected in its NTA value of US$0.26 per share[1], requires time, the execution of the revised business plan, and the facilitation of the proposed financial restructuring to realise.

(1) KrisEnergy's Net Tangible Asset Value was US$0.26 per share for the period ended 30 September 2016.

Transaction rationale *(continued)*

Strategic collaboration with Keppel O&M

- Keppel and KrisEnergy are working to establish a "preferred partner" relationship:
  - Keppel O&M to provide KrisEnergy with offshore and marine solutions, subject to regulatory constraints and competitive pricing.
  - Exciting opportunity to join in KrisEnergy's Gulf of Thailand developments:
    - KrisEnergy will be ramping up its development activities, especially in Thailand and Cambodia, and will hence require production solutions.
    - Deeper engagement with KrisEnergy is in line with Keppel O&M's plans to work with oil and gas companies on developments in Asia.
  - Win-win commercial arrangements to effect the above are being worked on.

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