

Keppel to build mid-water harsh environment rig worth US\$425million

Singapore 11 March 2018 - Further to the announcement on 28 February 2018 on the Letter of Intent signed by Keppel Offshore & Marine Ltd (Keppel O&M), through its wholly-owned subsidiary, Keppel FELS Limited (Keppel FELS), with Awilco Drilling PLC (Awilco), Keppel FELS has secured a contract from Awilco to construct a mid-water semisubmersible (semi) drilling rig for harsh environment use, worth about US\$425 million.

As part of the transaction, Awilco has independent options to order up to another three similar rigs to be exercised within 12, 24 and 36 months respectively. The prices of the three additional rigs are subject to cost adjustments and will only be finalised and announced separately if and when the options are exercised.

Scheduled for completion in 1Q 2021, the rig will be built to Moss Maritime's CS60 ECO MW design. Compared to the ultra-deepwater CS60, this is a compact version specially designed, configured and outfitted for mid-water operations of up to depths of 1,500m.

Mr Chris Ong, CEO of Keppel O&M, said, "We are pleased to partner Awilco once again, having previously delivered three jackup rigs to the same management team. It is a testament of their trust and confidence in Keppel's capabilities and rig-building solutions. We have worked closely with Awilco to customise the CS60 for mid-water and harsh environments. In addition, the use of real time data in the rig's operations and maintenance will enhance its efficiency and robustness, providing a competitive advantage for harsh environment operations."

"We will also incorporate Keppel O&M's cost-effective engineering and construction solutions in this purpose-built rig. With a strong track record of having delivered 25 semis since 2000, we are confident of delivering this rig to the highest standards to Awilco safely, on time and within budget."

Boasting a low environmental footprint, the drilling rig is designed for operations in harsh environments, including the Norwegian Continental Shelf, UK Continental shelf and Barents Sea. Equipped with a hydraulic hoisting system capable of two million pounds of lifting capacity, it also features an optimised 12 point thruster assisted mooring system for vessel station keeping, complete with hybrid power supply and energy saving features. The rig is also equipped with state-of-the-art digitalisation, including condition monitoring systems, which will enhance the drilling efficiency and reliability of the rig, while reducing likelihood of downtime.

Mr Jon Oliver Bryce, CEO of Awilco Drilling PLC, said, "We see growing activity in the harsh environment mid-water rig segment with utilisation increasing, especially in the North Sea. This will be the third semi to join our fleet. With the options to order another three rigs, we are well positioned for the market recovery. This newbuild rig will be purpose-designed with the latest technology, making it cost-effective for our customers."

“The market has a clear preference for high specification rigs from a reliable shipyard like Keppel FELS. We are pleased to partner Keppel again as they are among the world’s leading rig builders, and have been able to offer us a value-adding, unique solution.”

According to a report in Rigzone*, the UK North Sea and Norwegian Continental Shelf are two areas where demand for harsh environment, mid-water semis have picked up considerably since the start of 2017.

The above contract is 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 Awilco Drilling

Awilco Drilling Limited was incorporated in December 2009 in connection with the acquisition of the two semisubmersible drilling rigs, WilPhoenix (previously Arctic II) and WilHunter (previously Arctic IV). The company is registered in England & Wales (07114196) with its operation based in Aberdeen, Scotland. The Company re-registered to a public company on 14 April 2011, under the name Awilco Drilling PLC.

About Keppel FELS / Keppel Offshore & Marine

Keppel FELS is a subsidiary of Keppel Offshore & Marine Ltd (Keppel O&M), a wholly-owned company of Keppel Corporation Limited. Keppel FELS is a leading designer, builder and repairer of high-performance mobile offshore rigs. Its portfolio of proprietary designs and floating production solutions meets a broad spectrum of operating requirements, including deep waters and harsh environments.

Keppel O&M 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 yards and offices in 15 countries 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.

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* https://www.rigzone.com/news/rig_trends_a_glint_of_light_in_the_north_sea_rig_market-22-dec-2017-152927-article/