

MEDIA RELEASE

Keppel delivers jackup rig to Grupo R on sale and leaseback deal

First rig equipped with Keppel's proprietary RigCare digital solutions that will significantly transform the efficiency, safety and operability of the rig.

Singapore, 20 February 2019 – Keppel FELS, a wholly-owned subsidiary of Keppel Offshore & Marine Ltd (Keppel O&M) has delivered the jackup rig, Cantarell IV, to Grupo R with a perfect safety record. As part of the deal, Grupo R has entered into a sale and leaseback agreement with FELS Asset Co Pte. Ltd. (FELS Asset), a wholly-owned subsidiary of Keppel O&M.

FELS Asset will purchase the rig from Grupo R for US\$179m which is equivalent to the balance contract value of the rig. Cantarell IV will be leased back to Grupo R on a bareboat charter at competitive day rates over five years. IPC, the parent company of Grupo R, will provide a Parent Company Guarantee on Grupo R's charter payment obligations.

Under the bareboat charter, Grupo R has the right to purchase the rig at pre-agreed prices during the term of the bareboat charter. After the fifth year, FELS Asset may, at its discretion, put the rig to Grupo R at a pre-agreed price.

Cantarell IV will be deployed directly to work in offshore Mexico, under an integrated drilling contract for offshore wells secured by IPC with Pemex, which will commence in early May 2019.

Mr Chris Ong, CEO of Keppel O&M said, "This transaction demonstrates how we are able to leverage the strengths of Keppel O&M to achieve win-win solutions for all stakeholders. Keppel FELS will be able to deliver the rig at full value; Grupo R will be able to lease the rig to begin operations in Mexico; and Keppel O&M will benefit from acquiring a quality rig at attractive commercial terms while generating regular and predictable cash flows from the charter at a good rate of return.

"As Mexico develops its oil and gas reserves, more high specification rigs such as the KFELS B Class rigs will be needed. We have previously delivered 10 such rigs to Mexico which have delivered robust, efficient and economical performances."

Grupo R is well-established as a driller in Mexico, with excellent uptimes and a strong track record of success with difficult wells. The two jackup rigs Keppel FELS delivered to Grupo R in 2016, Cantarell I and Cantarell II, have been drilling for Pemex in Mexico since August 2016 under a seven year charter.

Mr Jose Ramiro Garza, CEO of Grupo R added, "We are pleased to be able to partner Keppel to bring this rig to work for Pemex in Mexico. The fields where the rig will operate is expected to produce up to 210,000 bpd of crude and 350 million mmcf/d of natural gas by 2020, resulting in

more opportunities for the rig to be deployed in future. As a leading rig operator in Mexico, we are well positioned to meet the country's drilling demands.

“Our two jackups from Keppel FELS, Cantarell I and II have been achieving exceptional performances ever since they started working for Pemex in Mexico. In the last two years, they recorded uptimes of 99% and have clocked the best drilling times for both a JSO well and Cenozoic well. This is a result of having the right rig design, the choice yard to deliver a quality rig and our unmatched operating expertise. I am confident Cantarell IV will break new records in Mexico as well.”

Mexico's current oil production is depleting faster than it is being replenished, and the country is looking to increase its E&P activities. It has stated its intention to boost crude output to reach 2.4 million b/d of oil production by 2024, from 1.8 million b/d today by focusing on upstream investment on shallow water and onshore conventional fields.

The Cantarell IV is a KFELS B Class jackup designed to operate in water depths of up to 400 feet and drill to depths of 30,000 feet. It is equipped with an advanced and fully-automated high capacity rack, pinion jacking system, Self-Positioning Fixation System, and also has accommodation with full amenities for 150 persons.

RigCare

Cantarell IV is the first rig equipped with Keppel's proprietary RigCare Solution – a suite of digital services to support the rig's lifecycle needs, significantly increasing uptime and safety while reducing maintenance costs.

RigCare features include the use of:

- Industrial Internet of Things (IIOT) to enhance automation and mobile operations;
- Smart sensors to drive towards condition based class surveys in a joint development project (JDP) with Classification society ABS to lower down time and reduce maintenance costs;
- Digital Twin-based analytics to predict machine failure and enhance overall efficiency and robustness with real-time data; and
- Real-time optimisation of the rig's operations

The abovementioned transaction will not have any material impact on the net tangible assets and earnings per share of Keppel Corporation Limited for the financial year ending 31 December 2019.

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About Keppel Offshore & Marine / Keppel FELS

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.

About Grupo R

Grupo R is a conglomerate of companies dedicated to the oil, gas and energy sector in México. With more than 5,000 employees nation-wide Grupo R operates in the states of Campeche, Tabasco, Tamaulipas, Veracruz and is headquartered in México City. Its principal activities include: offshore and onshore drilling including ultra-deep water, operation of gas fields, offshore construction and maintenance services, oil & gas infrastructure, EPC projects and specialized transport of onshore drilling rigs.

A pioneer in the oil and gas industry in Mexico, Grupo R has been constantly evolving to expand its services throughout the value-chain of the oil and gas industry. The company is an active participant in developing the Mexican economy due to its commitment and leadership in the oil and gas sector. Grupo R is the first Mexican company to drill in Mexican ultra-deep waters. Our professional crews and proficient workforce have allowed us to achieve outstanding results and a safe work environment throughout all of Grupo R companies.

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