

Media Release

Keppel to build South East Asia's first LNG bunkering vessel

Singapore, 05 June 2018 – Keppel Offshore & Marine Ltd (Keppel O&M) through its wholly-owned subsidiary, Keppel Singmarine Pte Ltd, has secured a contract from FueLNG, a joint venture between Keppel O&M and Shell Eastern Petroleum (Pte) Ltd, to build South East Asia's first Liquefied Natural Gas (LNG) bunkering vessel valued at approximately S\$50 million.

Scheduled for completion in 3Q 2020, the dual-fuel LNG bunkering vessel will have a capacity of 7,500 cubic metres. FueLNG will receive a grant of up to S\$3 million as part of the Maritime and Port Authority of Singapore's (MPA) LNG Bunkering Pilot Programme (LBPP).

Mr Andrew Tan, CEO of MPA, said, "We are pleased that FueLNG, Keppel and Shell are taking the lead in growing the LNG bunkering infrastructure in Singapore. As the world's largest bunkering port, it is important that we support the development of LNG bunkering in our port to cater to future demand for LNG as a marine fuel."

The vessel will be built to the MTD 7500U LNG design, a proprietary design of Keppel O&M's ship design and development arm, Marine Technology Development (MTD), for greener and safer bunkering activities within the Singapore port. The vessel's key features include high manoeuvrability which enables bunkering without tug assistance, as well as propulsion and power management systems that optimise fuel consumption.

Mr Abu Bakar, Managing Director (Gas & Specialised Vessels), Keppel O&M, said, "We are delighted to build FueLNG's first LNG bunkering vessel, which comes on the back of other recently secured contracts for newbuild solutions along the gas value chain. Keppel O&M is able to harness its expertise in newbuilds and LNG to provide customised solutions for clients, and is in a strong position to capture opportunities as the industry adopts greener solutions."

Mr Lauran Wetemans, Director, FueLNG, and General Manager, Shell Downstream LNG, added, "Shell's global expertise in LNG bunkering will support this growth in Singapore. This vessel enables FueLNG to provide ship-to-ship bunkering services to customers for cost-effective, cleaner fuel alternatives. The customised design enables FueLNG to operate efficiently and safely within the port of Singapore and we look forward to continuing to work with industry stakeholders to enhance and provide LNG bunkering infrastructure in Singapore."

Capable of running on both LNG and marine diesel oil, the LNG bunkering vessel is more efficient than conventional bunker vessels. It is able to harness boil-off gas, a by-product of bunkering operations as well as the continuously evaporating LNG in the cryogenic tank, which would otherwise be flared off. It is also designed with a barge-like extended flat surface to maximise vessel compatibility which will enable FueLNG to deliver LNG bunkers to a wide range of vessels.

A twin screw azimuthing propulsion system also allows crabbing manoeuvre during bunkering operations, minimising tug utilisation and in turn reduces fuel consumption and emissions.

As emissions standards tighten globally, the industry is seeing increasing demand for LNG-fuelled ships, with 123 LNG-fuelled ships in operation and 150 on order as of early 2018¹. To meet this increasing demand, oil majors like Shell are expanding their LNG bunkering capabilities to increase the availability of LNG across the world. Having this capability in Singapore will complement the already established LNG bunkering infrastructure in key ports across the world.

The abovementioned contract 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.

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About Keppel Offshore & Marine

Keppel O&M is a global leader in offshore rig design, construction and repair, specialised shipbuilding, as well as ship repair and conversion. 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 Keppel Singmarine

Keppel Singmarine is the specialised shipbuilding arm of Keppel O&M, with a track record of designing and building over 400 ships of various specifications and functions. Its expertise spans from Anchor Handling Tug/Supply vessels, Multi-Purpose Offshore Support vessels and tugboats to highly advanced solutions such as pipelay vessels, icebreakers, ice-class support vessels, dredgers, as well as newbuild solutions for the Liquefied Natural Gas (LNG) value chain.

About FueLNG

FueLNG, a joint venture between Keppel Offshore & Marine and Shell Eastern Petroleum (Pte) Ltd, is committed to providing safe, cost-efficient and reliable solutions in Liquefied Natural Gas (LNG) bunkering in Singapore. We are able to provide LNG bunkering to a wide variety of vessels through truck-to-ship or ship-to-ship bunkering.

Awarded the LNG bunker supplier license by the Singapore Maritime and Port Authority in 2016, FueLNG works with industry partners to build a world-class LNG bunkering network and encourage the adoption of LNG as a marine fuel.

¹ According to Clarkson's data

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