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MEDIA RELEASE

Keppel delivers another jackup rig to Grupo R with sale and leaseback deal

Singapore, 13 December 2019 – Keppel Offshore & Marine Ltd (Keppel O&M) through its wholly-owned subsidiary Keppel FELS Limited (Keppel FELS) has delivered the KFELS B Class jackup rig, Cantarell III, to a wholly-owned subsidiary of Grupo R with a perfect safety record.

As part of the deal, Grupo R has entered into a sale and leaseback arrangement for the rig with a wholly-owned subsidiary of Keppel O&M.

Keppel O&M will purchase the rig from Grupo R for about US$190m which is the balance contract value of the rig. Keppel O&M had received 20% down payment of the original contract value for Cantarell III when the contract was signed in 2013. Cantarell III will be leased back to Grupo R on a bareboat charter at competitive day rates over ten years, and will be deployed to work in offshore Mexico on a charter which will commence in 1Q 2020.

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, Keppel O&M may, at its discretion, put the rig to Grupo R at a pre-agreed price.

Mr Tan Leong Peng, Executive Director (New Builds) of Keppel O&M said, "We are pleased to enter into a mutually beneficial arrangement which will enable Grupo R to deploy another high-performance rig for its operations in Mexico. At the same time, Keppel O&M is acquiring another quality asset which will generate regular and healthy returns from its charter. As Mexico seeks to increase oil production, demand for jackup rigs has been rising.

"Our first sale and leaseback arrangement with Grupo R on the Cantarell IV has worked well. Cantarell IV, which was warm stacked in our yard from 2016 to the start of 2019, was able to go directly to the field upon delivery and achieve 99% uptime in its operations. It demonstrates the rigour of Keppel's preservation programme for the rigs in our yards. We expect Cantarell III to likewise serve Grupo R well upon deployment in Mexico."

The KFELS B Class design is the industry benchmark for jackup rigs. It has proven its robustness and efficiency in many fields around the world, and more than 10 KFELS B Class units have been delivered to Mexico.

Designed to operate in water depths of up to 400 feet and drill to depths of 30,000 feet, Cantarell III is equipped with an advanced and fully-automated high capacity rack and pinion

jacking system, Self-Positioning Fixation System, and also has accommodation with full amenities for 150 persons.

Cantarell III is 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. Together with the Cantarell IV jackup rig, which was delivered by Keppel to Grupo R earlier this year, they are the industry's first drilling rigs with Smart Notations. Cantarell IV has been performing well in the Xikin field for Pemex and it has been able to utilise its RigCare features to further improve its operations.

Mr Jose Ramiro Garza, CEO of Grupo R added, "We are confident of the long-term outlook of the Mexican rig market with Pemex and international oil companies looking for additional jackup rigs to support the country's target to increase Mexico´s oil and gas production. As a leading rig operator in Mexico, we are well positioned to meet their needs with high quality rigs from Keppel such as the Cantarell III. Our KFELS B Class rigs, Cantarell I and II have proven to be a success in Mexico, and the addition of RigCare on Cantarell III and IV has further increased their productivity and cost-efficiency. We are pleased to have this win-win agreement with Keppel to service the growing Mexican market."

Grupo R is well-established as a driller in Mexico, with excellent uptimes and a strong track record of success with difficult wells. Besides Cantarell III and IV, Keppel FELS also delivered Cantarell I and Cantarell II to Grupo R in 2016, which have been achieving record uptimes for Pemex in Mexico.

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 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 drilling rigs, production platforms 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 Grupo R

Grupo R is a conglomerate of companies dedicated to the oil, gas and energy sector in México. With more than 7,000 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 shallow and ultra-deep water, operation of oil and gas fields, offshore construction and maintenance services and oil & gas related EPC projects.

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. 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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