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## ANNOUNCEMENT ON FLOATEL INTERNATIONAL LTD

Keppel Corporation Limited (the “**Company**” or “**KCL**”) refers to:

- (a) the Company’s announcement on 23 February 2020 in respect of the consolidated financial statements of its associated company, Floatel International Ltd (“**Floatel**”) for the fourth quarter of the financial year ended 31 December 2019 (“**Floatel 4Q Results**”), where it was reported that Floatel’s financial situation was unsustainable as liquidity was under pressure and there was a material uncertainty as to whether Floatel and its subsidiaries would be able to service their secured financial liabilities and net working capital requirements for the next 12 months from the date of the Floatel 4Q Results (“**23 February Announcement**”);
- (b) the Company’s announcement on 15 April 2020 and 19 May 2020 on Floatel’s announcements regarding standstill and discussions with its secured financial creditors (“**Floatel Standstill Announcements**”);
- (c) the consolidated financial statements of Floatel for the first quarter of the financial year ending 31 December 2020 announced on 26 May 2020 (“**Floatel 1Q Results**”); and
- (d) Floatel’s announcement of 31 May 2020.

In the Floatel 4Q Results, it was stated that Floatel had performed an impairment assessment of its vessels and recognised an impairment of USD30.3 million to the book value of its vessels. In making this impairment, Floatel had in the calculation of the valuation-in-use (“**VIU**”) of Floatel’s vessels (which are based on a long-term forecast until the end of each vessel’s useful life), made certain assumptions in respect of the charter rates, utilisation, operating expenses, capital expenditures and discount rate of its vessels. For more details, please refer to Floatel 4Q Results published on its corporate website at <http://floatel.se/investors>.

In the 23 February Announcement, the Company had stated that, based on its assessment of the Floatel 4Q Results and information then available, no further impairment was required on the carrying value of the Company’s investments in Floatel of approximately S\$477 million as at 31 December 2019, which had already taken into account, among others, the Company’s share of loss in Floatel amounting to S\$51 million, which include the impairment losses recognised by Floatel on its vessels, and a fair value loss of approximately S\$11 million in respect of its investment in Floatel preference shares.

It is noted that in the Floatel 1Q Results, it was stated that no additional impairment was required following an updated assessment.

It has recently come to the Company’s attention, from a review of the consolidated financial statements of Prosafe SE (“**Prosafe**”) for the first quarter of the financial year ending 31 December 2020 (“**Prosafe 1Q Results**”) which was announced on 26 May 2020, that Prosafe had made an impairment of US\$810.5 million to the book value of its vessels following a re-assessment of the market outlook and its assumptions used in the calculation of the VIU of its vessels. Prosafe, which is a major competitor of Floatel in the same industry, has adopted different assumptions from that disclosed in its annual report for the financial year ended 31 December 2019 dated 14 April 2020, which were also significantly different from Floatel’s assumptions used in the calculation of the VIU of its vessels. For more details, please refer to Prosafe 1Q Results published on its corporate website at <https://www.prosafe.com/investor-information/disclosures/>. For the avoidance of doubt, as at the

date of this announcement, the Company and its group companies do not hold shares or other investments in Prosafe.

In the light of the Prosafe 1Q Results which discuss the impairment of their vessels, the Company has requested Floatel to perform an independent review of the assumptions used in the conduct of its impairment assessment, with a focus on the reasonableness of market outlook assumptions and parameters used in the valuation of its vessels. In this connection, Floatel has agreed to conduct an independent review of their business plan which would include a review and update, if required, of the assumptions made in assessing the VIU of their assets. Floatel's announcement of 31 May 2020 in this regard is attached.

The Company will provide further update of any material developments.

1 June 2020

## **PRESS RELEASE**

Bermuda, 31-May-2020

### **FLOATEL INTERNATIONAL:**

#### **UPDATE ON FINANCIAL SITUATION AND DISCUSSIONS WITH STAKEHOLDERS**

##### **Business Plan Review**

The Company continues to engage in constructive discussions with its key stakeholders on terms for a financial restructuring. In order to further progress this process the Company has, for the benefit of its stakeholders, determined to conduct an independent review of the Company business plan which would include a review and update, if required, of the assumptions made in assessing the valuation-in-use of our vessels.

For further information, please contact:

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#### **INFORMATION ABOUT FLOATEL INTERNATIONAL LTD**

*Floatel International Ltd was established in 2006 to satisfy market demand for a new generation of offshore flotels. The vision of the Company is to own and operate the most modern, safe and reliable flotel fleet in the world.*

*Floatel International owns and operates five semisubmersible accommodation vessels, all vessel were delivered within the period 2010 to 2016. Two vessels, Floatel Superior and Floatel Endurance are approved to operate in the Norwegian sector and four vessels are approved for the UK sector.*

*All vessels are equipped with a dynamic positioning system and are built according to the latest HSE requirements providing quality and comfort for the guests onboard. The accommodation capacity of the Floatel fleet ranges from 440 beds to 560 beds. All vessels are furthermore equipped with large deck areas, workshops and crane support able to assist complicated offshore hookup projects and maintenance and modifications of existing offshore facilities.*

*Floatel has two bond issuances listed on Oslo ABM with ticker code FLOAT02 and FLOAT03.*

*Floatel International AB is a management company responsible for operational management and construction supervision for and on behalf of the Owner, Floatel International Ltd.*

*For further information about Floatel International Group, please visit our website: [www.floatel.bm](http://www.floatel.bm)*