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Keppel FELS closes deal to sell five existing rigs to Borr Drilling for approximately US\$745m

Keppel Corporation Limited (the “**Company**” or “**KCL**”) refers to its media release dated 16 May 2018 that Keppel FELS Limited (“**Keppel FELS**”), a wholly-owned subsidiary of Keppel Offshore & Marine Ltd (“**KOM**”), had entered into a Master Agreement with Borr Drilling Limited (“**Borr Drilling**”) for the proposed sale of five existing jackup rigs.

The Company wishes to announce that the Master Agreement has become effective, and that Keppel FELS has signed the relevant definitive sale and purchase agreements with Borr Drilling for the sale of five jackup rigs for a total value of approximately US\$745m.

Of the five rigs, two were originally built for Grupo R (being the Cantarell V and Paraiso II rigs) and one for Falcon Energy Group. Keppel FELS has already terminated the contracts with the respective owners. Two other rigs were being built in anticipation of potential demand.

The total price of the five rigs excludes the down payments which had already been made by the respective original owners.

As previously announced, Borr Drilling will pay a first installment of US\$288 million within 20 business days of the effective date of the Master Agreement and the remaining amounts are payable within five years from the respective delivery dates of each individual rig, on a seller’s credit with interest at market rates. The rigs are scheduled to be delivered progressively from 4Q 2019 to 4Q 2020, with one rig to be delivered in 2019 and four rigs in 2020.

The total consideration for the proposed transaction was arrived at on a willing buyer willing seller basis.

The above transaction 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. It is not expected to result in any write-down on the projects.