BW Offshore

Q1 2010 presentation

19 May 2010

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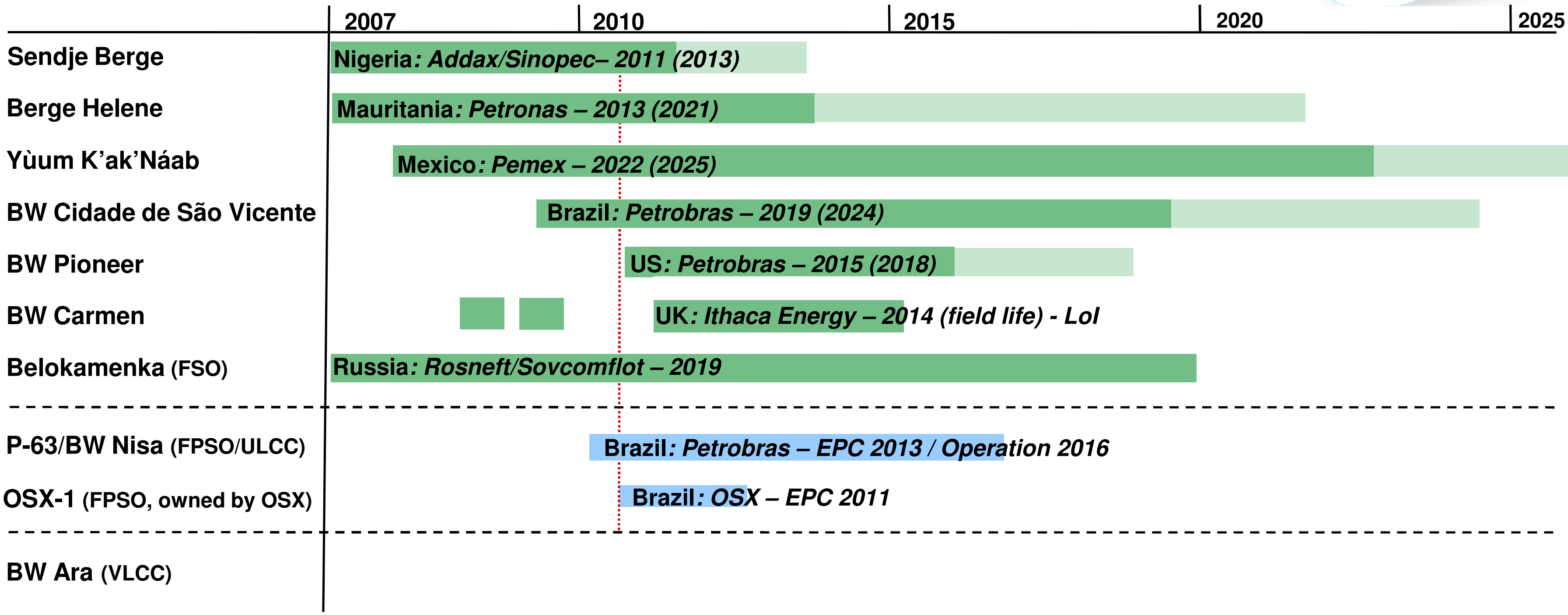
Recent highlights

- New contracts for both segments
  - BW Carmen - Letter of Intent for Ithaca Energy (UK)
  - Engineering and technology contract for OSX (Brazil)
- BW Pioneer arrived inspection area in the US Gulf of Mexico
- Operational performance 99.6%
- Q1 2010 EBITDA of USD 31.2 million

  excluding results from associates

OPERATIONS

Long term contracted cash flow



Fixed period

Option period

Turnkey/EPC

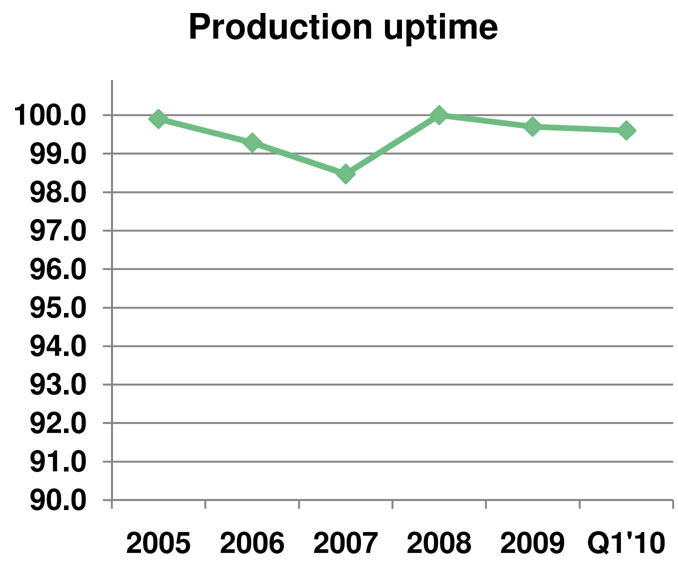
Floating production order backlog is USD 3.4 billion*

- 95 per cent of the backlog with major NOCs
- 11 years weighted average remaining contract length – whereof 8 years fixed
- 70 per cent of the lease contracts are fixed periods

**Incl P-63 and OSX-1, ex BW Carmen*

FPSO operations

- Production uptime
  - Q1 2010: 99.6%
  - 5 year average: 99.5%
- Achieved all local content targets for the operation of BW Cidade de São Vicente

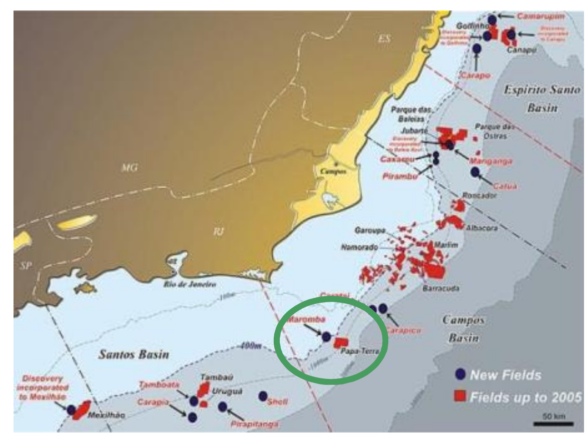


FPSO BW Pioneer

- BW Pioneer completing technical review
  - Arrived on location in inspection area
  - Awaiting final installation activities and hook up
- First FPSO in US waters
- Dayrates commence once FPSO is connected and ready for operations
- Lease contract with Petrobras (5 year fixed + 3 year options)

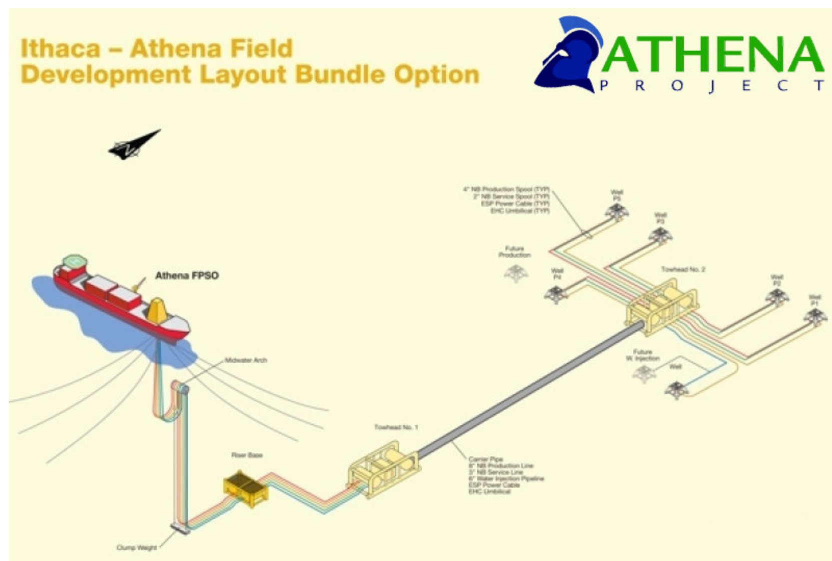
FPSO P-63 (Papa Terra)

- Project is progressing well
  - BW Offshore responsible for the international scope
  - BW Nisa (ULCC) at COSCO Dalian shipyard
- Contract signed in January 2010
  - EPC contract for the delivery of the FPSO
  - Three year FPSO operation contract
- BW Offshore in JV with Brazilian partners
  - QUIP
  - QGOG (Queiroz Galvão Óleo e Gas)
- Papa Terra field owners
  - Petrobras (62.5%, operator)
  - Chevron (37.5%)



FPSO BW Carmen

- Letter of Intent signed March 2010
  - LoI and FEED study
  - Final contract targeted mid 2010
- Athena field owners
  - Itacha Energy (22.5%, operator)
  - Dyas UK (47.5%)
  - EWE (20.0%)
  - Zeus Petroleum (10.0%)
- BW Carmen to be upgraded with field specific equipment, including extension with module for STP turret

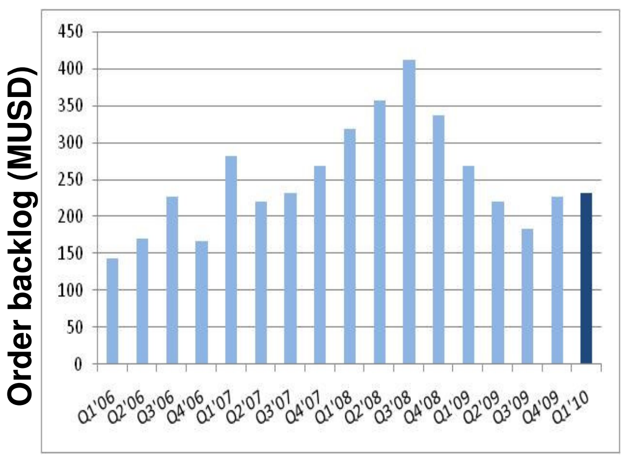


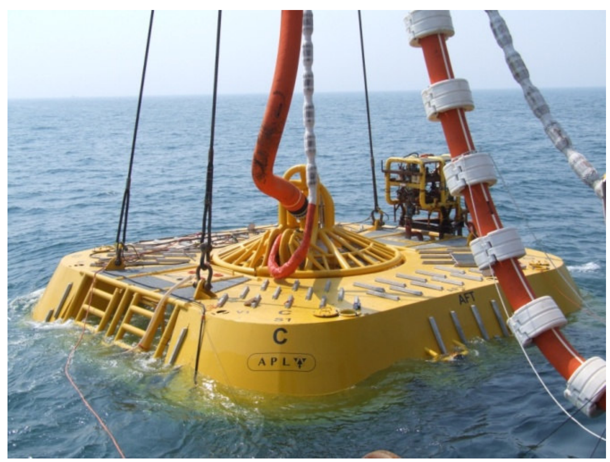
OSX

- OSX has engaged BW Offshore to complete the FPSO OSX-1
  - Topside extensions
  - Delivery of a Submerged Turret Production (STP) system from APL
- Total value of project around USD 150 million

APL – positive outlook confirmed

- Order backlog at USD 232 million by end Q1 2010
- Existing projects are progressing according to schedule
- Activity level up as expected
  - P-63/Papa Terra, BW Carmen, OSX-1
  - Several prospects in tender phase





FINANCE

Floating Production segment

- Stable financial and operational performance
- Project start for FPSO P-63/Papa Terra
  - Construction contract
  - Revenues and expenses to be recognised following percentage of completion method
- Majority of the OSX project to be booked as a construction contract
  - Project starts in Q2 2010

USD million	Q1 2010	Q4 2009	Q1 2009
Operating revenue	79.9	57.7	44.6
Operating expenses	-50.2	-26.4	-27.8
Share of profit (loss) of associates	1.5	-10.7	0.3
Impairment charge of associates	0.0	0.0	0.0
Gain on sale of shares	0.0	0.0	0.0
EBITDA	**31.2**	**20.6**	**17.1**
Gain on sale of vessel	0.0	-0.1	0.8
Depreciation, amortisation and write-downs	-13.5	-14.0	-5.6
EBIT	**17.7**	**6.5**	**12.3**

APL segment

- Financial performance in line with expectations
- Pick up in activity from H2 2010 and onward
- Amortisations relate to purchase price allocation

USD million	**Q1 2010**	**Q4 2009**	**Q1 2009**
Operating revenue	36.0	30.4	75.7
Operating expenses	-34.1	-26.4	-63.1
Share of profit (loss) of associates	0.0	0.0	-39.5
Impairment charge of associates	0.0	0.0	0.0
EBITDA	**1.9**	**4.0**	**-26.9**
Depreciation, amortisation and write-downs	-3.8	-5.5	-5.7
EBIT	**-1.9**	**-1.5**	**-32.6**

Income statement

USD million	Q1 2010	Q4 2009	Q1 2009
Operating revenue	113.3	78.0	99.3
Operating expenses	-82.1	-47.5	-70.8
Share of profit from associates	1.5	-10.7	-39.2
Impairment charge of associates	0.0	0.0	0.0
Gain on sale of shares	0.0	0.0	0.0
EBITDA	**32.7**	**19.8**	**-10.7**
Depreciation	-12.9	-13.8	-5.9
Amortisation	-4.4	-5.7	-5.4
Impairment charge and write-offs	0.0	0.0	0.0
Gain on sale of assets	0.0	-0.1	0.8
EBIT	**15.4**	**0.2**	**-21.2**
Net interest expense	-3.1	-3.5	-4.0
Fx, fin instr and other fin items	-9.3	2.2	-3.0
Profit (loss) before tax	**3.0**	**-1.1**	**-28.2**
Income tax expense	-2.8	-6.2	-1.6
Net profit (loss)	**0.2**	**-7.3**	**-29.8**

	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10
Operating revenue	99.3	114.9	116.6	78.0	113.3
Reported EBITDA	**-10.7**	**31.8**	**47.7**	**19.8**	**32.9**
Share of profit of associates	-39.2	2.0	2.3	-10.7	1.5
Impairment charge of associates	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	**28.5**	**29.8**	**45.4**	**30.5**	**31.4**
Fx adjustment (MTM values)	*-7.3*	*-0.8*	*-4.8*	*0.1*	*2.3*
Operational EBITDA	**21.2**	**29.0**	**40.6**	**30.6**	**33.7**

PPA impact included under amortisation. From Q208, the negative PPA impact has been about USD 6 million per quarter, gradually reduced per year. No cash effect

Balance sheet

- Equity ratio 36.8%
- Net interest bearing debt USD 774 million

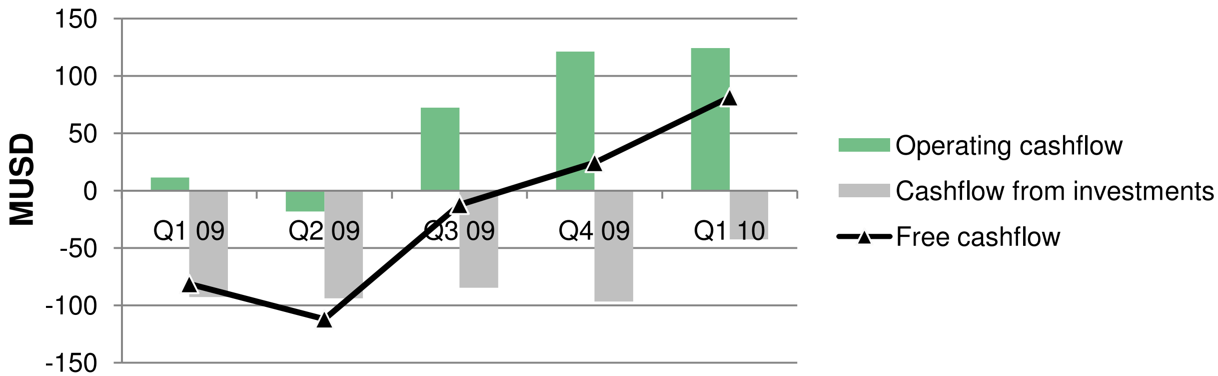
USD million	**31.03.10**	**31.12.09**	**31.03.09**
Total non-current assets	2,113.5	2,134.8	1,943.4
Total current assets	382.3	258.7	322.9
Total assets	**2,495.8**	**2,393.5**	**2,266.3**
Total equity	919.2	920.9	894.0
Total non-current liabilities	*1,250.9*	*1,237.5*	*1,026.8*
Total current liabilities	*325.7*	*235.1*	*345.5*
Total liabilities	1,576.6	1,472.6	1,372.3
Total equity and liabilities	**2,495.8**	**2,393.5**	**2,266.3**

Reported interest bearing debt *		**1099.3**
Cash and deposits	*195.0*	
*Non-current deposits **	*130.2*	
		-325.2
Net interest bearing debt		**774.1**

* Per Q1 2010, USD 130.2 million is related to the CIRR financing scheme; increasing both long term debt and non-current deposits

Cash status

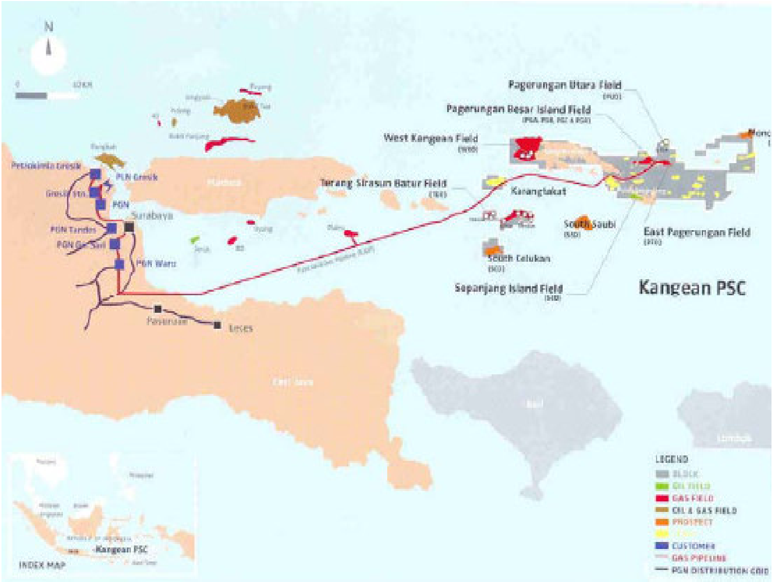
- Cash at 31 March 2010 USD 195.0 million
- Operating cashflow of USD 124.2 million in Q1 2010
  - Includes cash received for variation orders and milestone payments
  - Free cashflow of USD 81.7 million in Q1 2010
- Run-rate EBITDA on current portfolio is USD 250-300 million
- Unsecured RCF of USD 1,500 million (LIBOR +125 bps to May 2013)
  - Utilised USD 943.8 million per Q1 2010




FUTURE
BW NISA

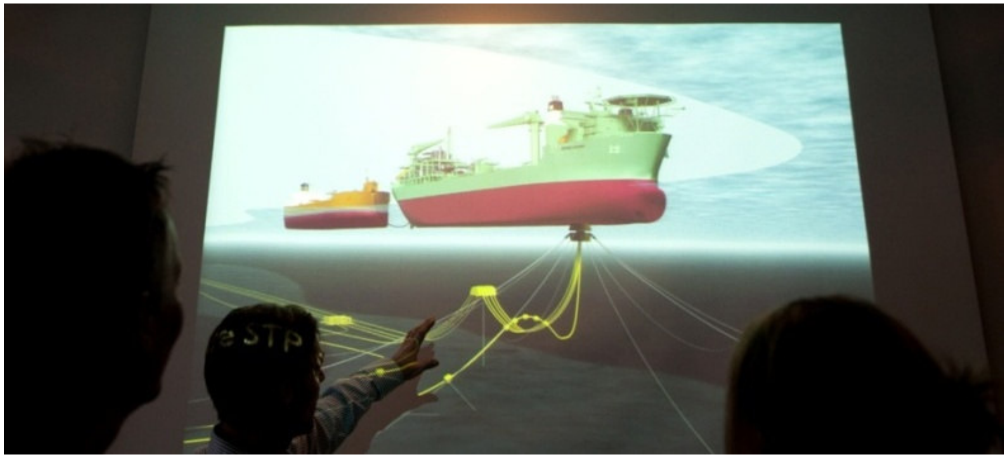
FPSO for Terang Sirasun Batur

- Awaiting contract signing shortly
  - Final bid in February 2010
  - Negotiations completed
  - 10 year fixed contract (up to 14 years including options)
- Kangean Energy Indonesia (KEI) partners
  - Energi Mega Persada (50%)
  - Mitsubishi (25%)
  - Japex (25%)
- Project capex ~ USD 400 million
  - 20 months from contract to delivery



Improvements in returns and margins

- Improvement in terms and returns on new charter contracts
  - Improved contracts
  - Lower prices from suppliers
  - Improved project delivery process
- Strong organic growth will continue to improve financial strength and stability




Picture: Petrobras

Q2 2010: 31 August 2010

Further information: www.bwoffshore.com

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