BW Offshore

Q3 2009 presentation

19 November 2009

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Key recent events

- EBITDA of USD 47.7 million
- BW Pioneer conversion nearing completion
- Operational performance 100.0%
- Berge Okoloba Toru sold
- *Signed Letter of Intent for Papa Terra FPSO for Petrobras*
- *Signed contract for 2xSAL terminal systems for harsh environment*

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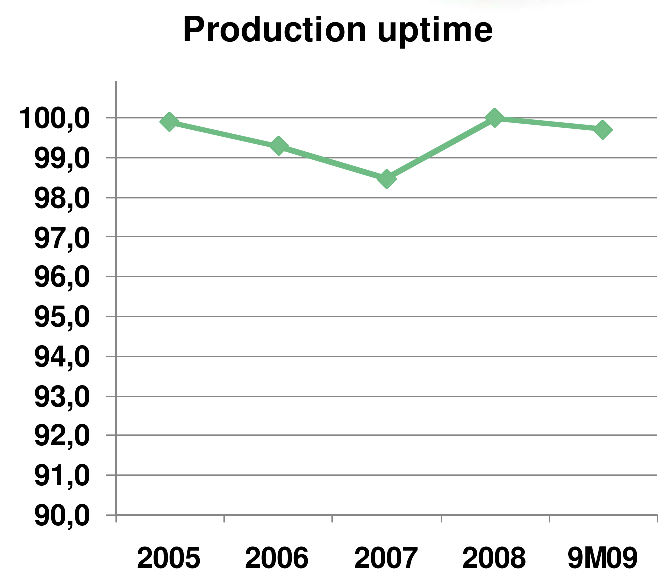
FLOATING PRODUCTION

Operations

- Excellent production uptime
  - Q3 2009: 100.0%
- BW Cidade de São Vicente
  - Successful performance through first six months in operation
- Preparations for operations in the US GOM according to plan
- BW Carmen completed charter for decommissioning project for Shell UK
- Berge Okoloba Toru sold

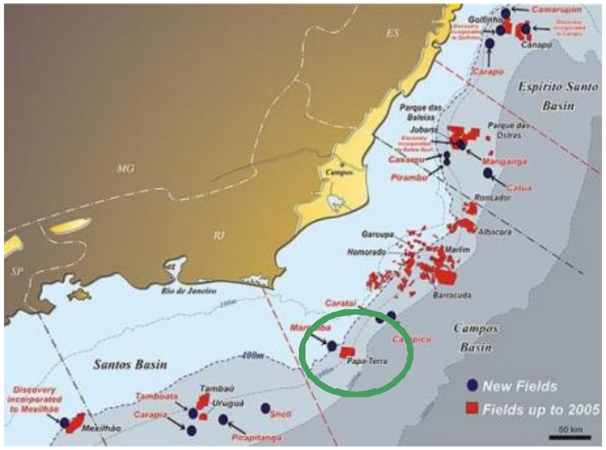


BW Pioneer

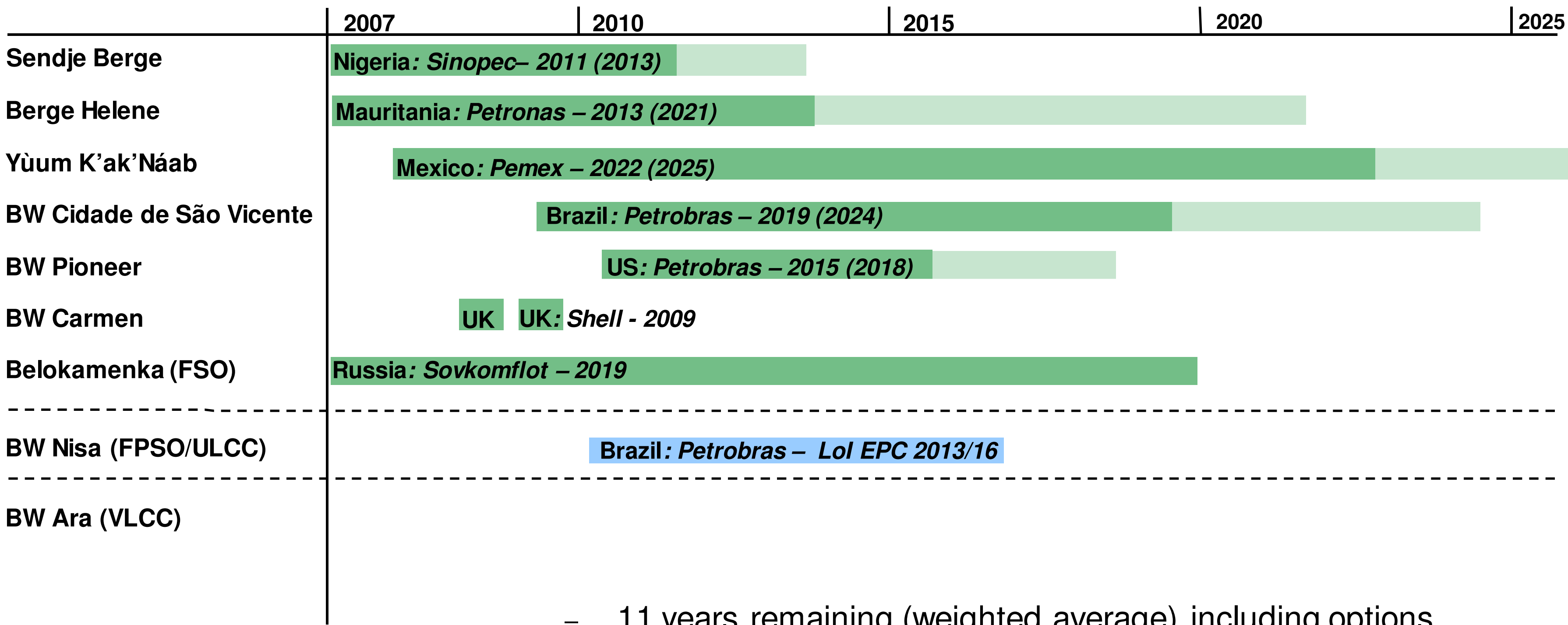
- Conversion nearing completion in Singapore
  - 93% per 31 October 2009
- Preparations for operations in US GOM according to plan
  - Houston and Huma offices manned
  - Operations crew have moved into the vessel
- FPSO ready for operation in Q1 2010
  - Installation of buoy in US GoM completed


Papa Terra FPSO

- LoI received from Petrobras 7 October 2009
  - BW Offshore in JV with partner QUIP
  - EPC contract for the delivery of the FPSO
  - Three year FPSO operation contract
  - Engineering started under a Petrobras allowance
- BW Offshore's scope is international work
- BW Offshore plans to utilize BW Nisa (ULCC) for the project
- Field owners are Petrobras (62.5%, operator) and Chevron (37.5%)
- Contract signing expected within 2009



Floating production – contracted cashflow



- 11 years remaining (weighted average) including options
- 8 years remaining excluding options

Fixed period | Option period | Turnkey/operation

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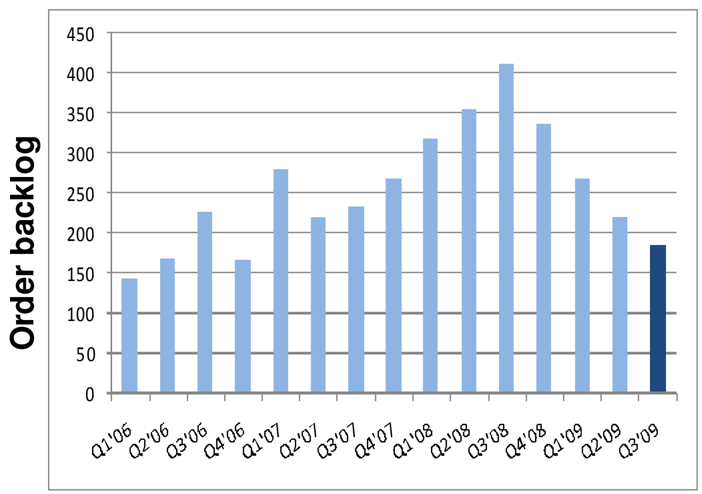
TECHNOLOGY

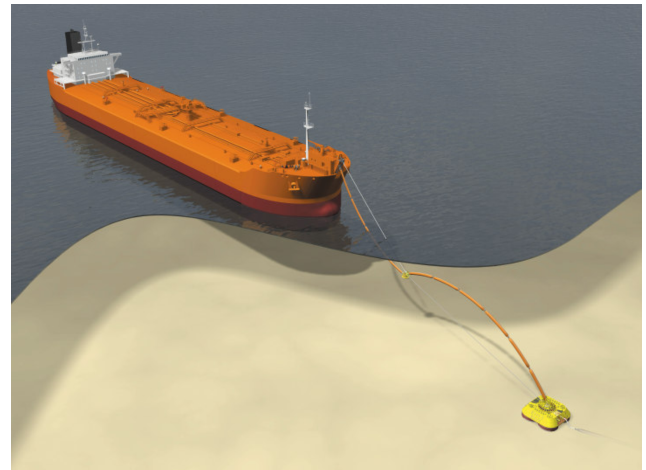
APL status

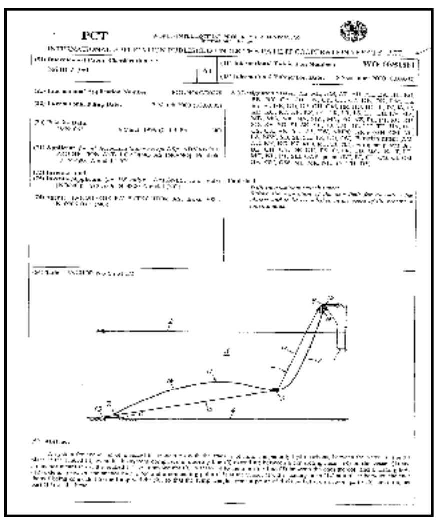
- Final stage of several advanced technology contracts
  - Peregrino, Cascade & Chinook
- Capacity adjustment process completed
- Outlook is positive
  - Order inflow started to pick up
  - Several named prospects being worked



APL technology

- SAL system has become the de facto standard for offshore oil loading terminals in harsh environment
  - 11 systems delivered since introduction in 1997
  - More than 400 million barrels exported through the systems





- Patented solution with international clients
  - Statoil, AmeradaHess, Conoco, PetroCanada, Murmansk Shipping, Tuscan Energy, Venture, PetroFac Energy, Dong

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FINANCE

Floating Production segment

- Stable financial and operational performance
  - Operating expenses are gradually being reduced
- Completed several pendent issues
  - Berge Okoloba Toru sold
  - Received full payments from Equator Energy
  - AMC dispute settled

USD million	Q3 09	Q2 09	Q3 08	2008
Operating revenue	65.2	52.4	48.2	190.9
Operating expenses	-26.2	-32.1	-38.9	-188.0
Share of profit (loss) of associates	2.3	2.0	-1.6	-45.3
Impairment charge of associates	0.0	0.0	0.0	-84.7
Gain on sale of shares	0.0	0.0	0.0	-127.0
EBITDA	**41.3**	**22.3**	**7.7**	**-0.1**
Gain on sale of vessel	-2.2	0.0	0.0	0.0
Depreciation, amortisation and write-downs	-13.7	-9.6	-6.0	-196.3
EBIT	**25.4**	**12.7**	**1.7**	**-196.3**

2008 figures include effects from impairment charges, provisions , transactions and share sale

Technology segment

- Ongoing projects are progressing according to schedule
- Full provisions for capacity adjustments have been charged in Q3
- Lower short term activity level

USD million	Q3 09	Q2 09	Q3 08	2008
Operating revenue	68.6	77.2	102.5	395.9
Intercompany revenue	-17.2	-14.7	-35.9	-112.5
Revenue from external customers	51.4	62.5	66.6	283.4
Operating expenses	-62.4	-68.5	-92.8	-354.7
Intercompany expences	17.4	15.5	35.9	108.8
Net operating expenses	-45.0	-53.0	-56.9	-245.9
Share of profit (loss) of associates	0.0	0.0	0.0	-0.4
Impairment charge of associates	0.0	0.0	-68.8	-81.3
EBITDA	**6.4**	**9.5**	**-59.1**	**-40.5**
Depreciation, amortisation and write-downs	-4.9	-4.9	-172.3	-189.1
EBIT	**1.5**	**4.6**	**-231.4**	**-229.6**

2008 figures include negative effects from transactions related to associates

Income statement

USD million	Q3 09	Q2 09	Q3 08	2008
Operating revenue	116.6	114.9	114.8	474.3
Operating expenses	-71.2	-85.1	-95.8	-433.8
Share of profit from associates	2.3	2.0	-1.6	-45.7
Impairment charge of associates	0.0	0.0	-68.8	-166.0
Gain on sale of shares	0.0	0.0	0.0	127.0
EBITDA	**47.7**	**31.8**	**-51.4**	**-44.2**
Depreciation and amortisation	-18.6	-14.5	-11.2	-51.3
Impairment charge and write-offs	0.0	0.0	-167.2	-334.1
Gain on sale of assets	-2.2	0.0	0.1	0.1
EBIT	**26.9**	**17.3**	**-229.7**	**-429.5**
Net interest expense	-3.4	-4.0	-2.9	-33.6
Fx, fin instr and other fin items	-15.2	10.3	-18.8	-54.3
Profit (loss) before tax	**8.3**	**23.6**	**-251.4**	**-517.4**
Income tax expense	-1.8	-1.8	-4.1	-15.2
Net profit (loss)	**6.5**	**21.8**	**-255.5**	**-532.6**

Reported EBITDA	**47.7**
Share of profit of associates	-2.3
Adjusted EBITDA	**45.4**
Fx gain	*-4.8*
Operational EBITDA	**40.6**

EBIT includes a negative PPA impact (amortisation). From Q208, the negative PPA impact has been about USD 6 million per quarter. No cash effect.

Balance sheet

- Equity ratio 39.7% (42.6% adjusted for CIRR financing*) million
  - Book value of equity USD 928 million (Price/book 0.65)
- Net interest bearing debt USD 870 million

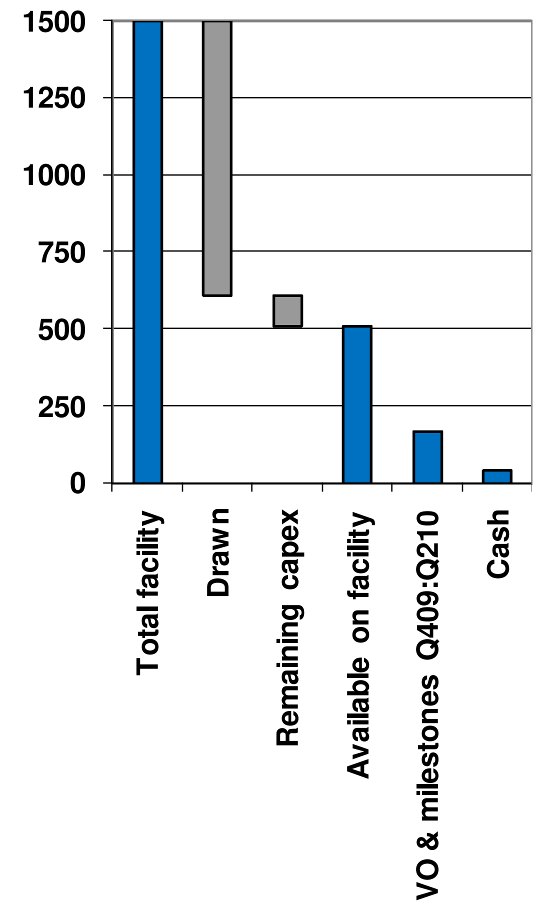
USD million	**30.09.09**	**30.06.09**	**31.12.08**
Total non-current assets	2,069.1	2,019.0	1,962.7
Total current assets	268.9	305.4	338.7
Total assets	**2,338.0**	**2,324.4**	**2,301.4**
Total equity	927.9	923.5	923.4
Total non-current liabilities	*1,127.3*	*1,127.8*	*979.1*
Total current liabilities	*282.8*	*273.1*	*398.9*
Total liabilities	1,410.1	1,400.9	1,378.0
Total equity and liabilities	**2,338.0**	**2,324.4**	**2,301.4**

Reported interest bearing debt *		**1075.3**
Cash and deposits	*42.4*	
*Non-current deposits **	*162.9*	
		-205.3
Net interest bearing debt		**870.0**

* Per Q3 2009, USD 161.2 million is related to the CIRR financing schemes; increases both long term debt and non-current deposits

Cash status

- Cash at 30 September 2009 USD 42.4 million
- Remaining capex is USD 100 million
  - Received additional variation orders (VO)
- Remaining cash payments to BW Offshore for VOs and milestones are USD 160 million
  - USD 90 million received so far in Q4
  - Remaining payments are due over the next five months
- Company is fully funded
- Growing operational cash flow
  - Run rate EBITDA on current contract portfolio is USD 200-225 million



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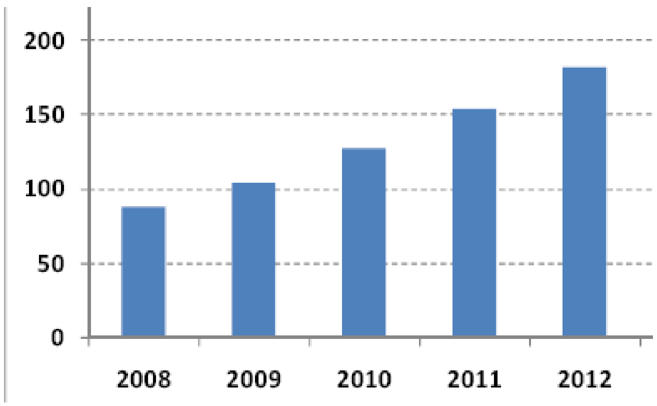
FUTURE

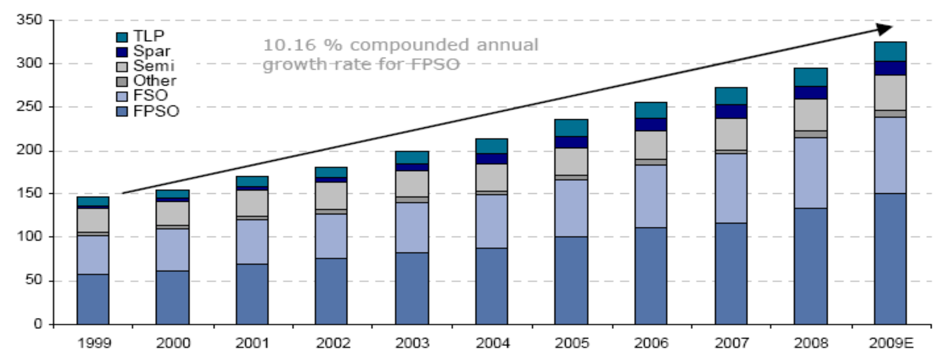
Market

- Oil price has been stable and high through budgeting period
  - Capacity on supply side
  - Costs coming down
- Increasing confidence in new developments
  - Competition is benign
  - Realism and sanity in terms and conditions

Deepwater rig fleet



FPSO fleet development



Source: ODS Petrodata, Simmons, DnB NOR

Key priorities

- Continuous focus on high quality operations
- Excellence in project execution
- Conduct accretive projects to grow the company