

BW Offshore

Q2 2009 presentation

1 September 2009



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Key events Q2 2009

- EBITDA of USD 31.8 million
- BW Cidade de São Vicente approved and received first oil
- Operational performance 99.2%
- BW Pioneer conversion on track
- Selective bidding



Q2 2009

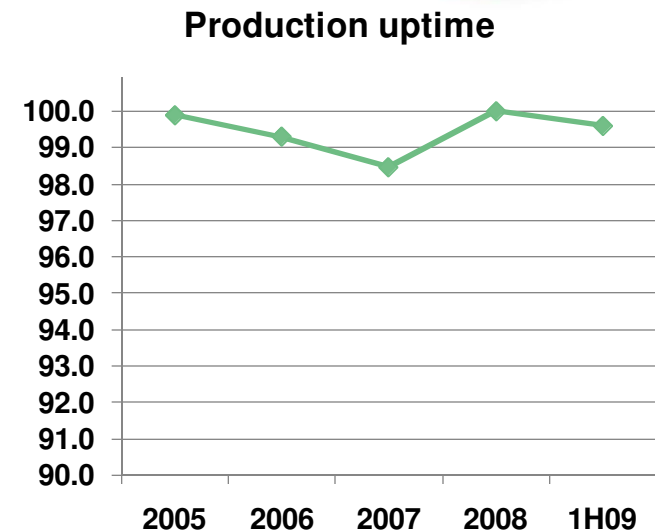
FLOATING PRODUCTION



Operations



- Production uptime
 - Q2 2009: 99.2%
- BW Cidade de São Vicente
 - Started operations
- YÙUM K'AK'NÁAB
 - Planned technical upgrade successfully completed
 - Continuing optimization of operating expenses
- BW Carmen signed short term contract with Shell
- Berge Okoloba Toru contract completed – sales process initiated





BW Cidade de São Vicente

- Commenced operation 30th of April
 - First FPSO on Tupi field
 - 10 year contract with Petrobras (15 years including option)
 - Extended well testing

- Production well closed in June to replace subsea equipment
 - No liability to BW Offshore
 - 95% dayrate until mid September

The results obtained via the EWT thus far, have been in line with the expectations of the Company and will be valuable to define the development plan for the area and, particularly, to provide information about the long-term behavior of the reservoirs in production, about fluid movement and drainage during production, and about submarine outflow.

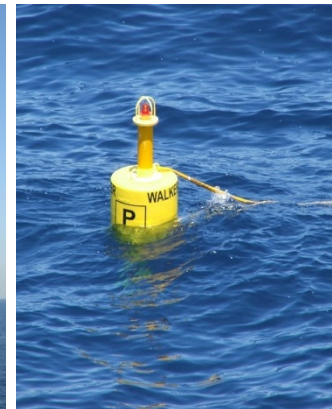
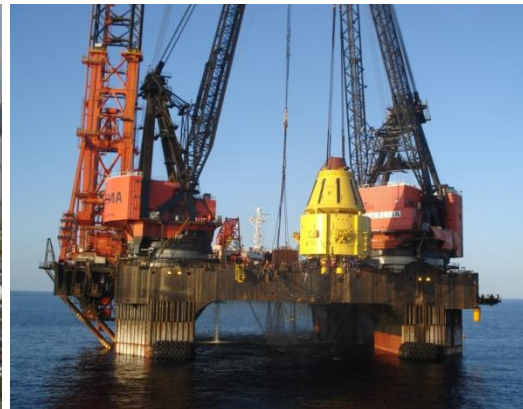
Petrobras, June 2009



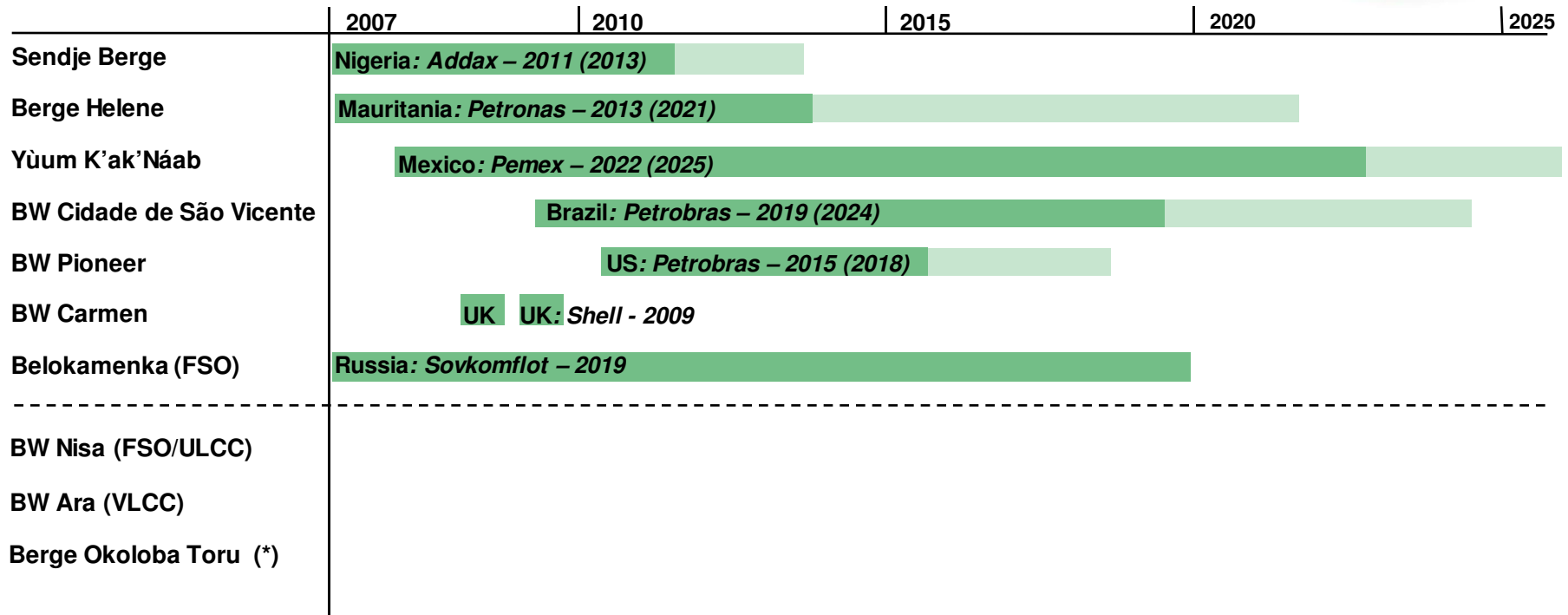




BW Pioneer

- Conversion progress on track
 - 82% per 31 July 2009
- Last module delivered and lifted on board primo August
 - Commissioning started in June
- Installation of buoy in US GoM completed 27th August
 - FPSO ready for operation in Q1 2010



FPSO – fleet overview



 Fixed period
 Option period

Floating production order backlog is USD 3.0 billion

- 70 percent of the value over fixed periods
- 11 years weighted average contract length – whereof 8 years are fixed
- 95 per cent of the backlog are with major NOCs

The order backlog includes option periods

* LPG FPSO

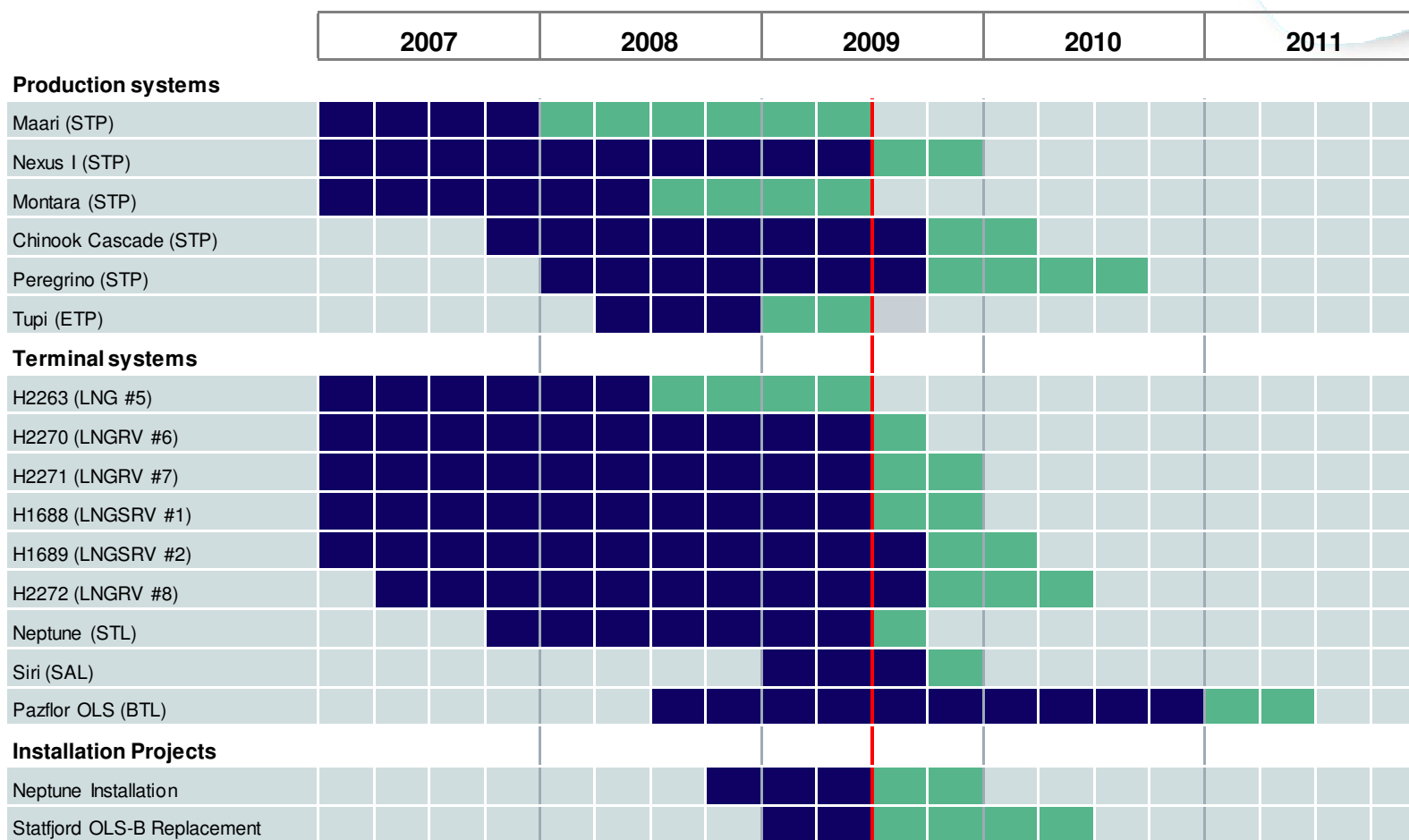
Q2 2009

TECHNOLOGY & INSTALLATION





Project execution on track



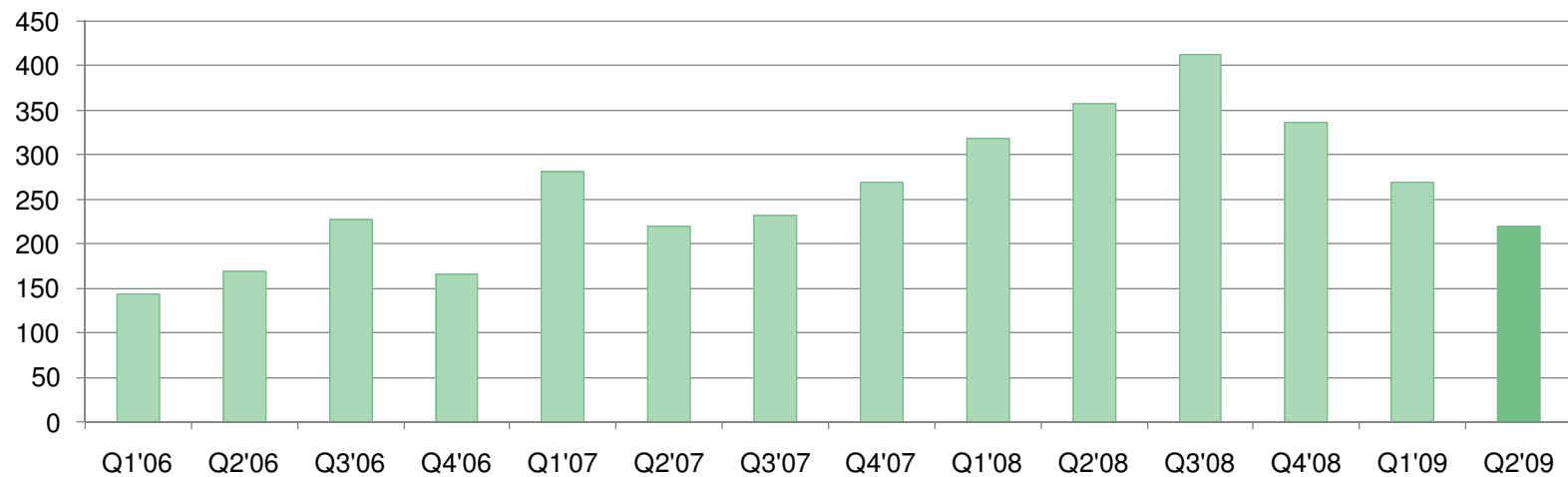
- 4 STP equipment projects for FLNG on hold

█ From contract award to delivery █ Installation, commissioning until production start



Capacity adjustments initiated

- Staff reduction in line with expected demand going forward
- Long term outlook is positive
 - Order inflow expected to pick up from end of 2009
 - Several named prospects being worked
- Backlog per 30 June 2009 was USD 220 million



Q2 2009

FINANCE



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Floating Production

- Improved operations
 - BW Cidade de São Vicente commence operation
 - YÛUM K'AK'NÁAB expenses higher on completion of technical upgrade
 - Operating expenses have gradually been reduced
 - Settlement with underwriters for Berge Okoloba Toru

USD million	Q2 09	Q1 09	Q2 08	2008
Operating revenue	52.4	44.6	43.2	190.9
Operating expenses	-32.1	-27.8	-56.4	-188.0
Share of profit (loss) of associates	2.0	0.3	-7.5	-45.3
Impairment charge of associates	0.0	0.0	-84.7	-84.7
Gain on sale of shares	0.0	0.0	127.0	-127.0
EBITDA	22.3	17.1	21.6	-0.1
Gain on sale of vessel	0.0	0.8	0.0	0.0
Depreciation, amortisation and write-downs	-9.6	-6.3	-5.9	-196.3
EBIT	12.7	11.6	15.7	-196.3

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



Technology and Installation Services

- High activity level due to execution of order book
- Ongoing projects are progressing according to schedule
- Increased working capital as several large projects are close to completion
 - Operating cashflow negative by USD 32.8 million
- Lower short term activity level
 - Expected revenue for 2009-2011 is USD ~250, ~200 and ~300 million

USD million	Q2 09	Q1 09	Q2 08	2008
Operating revenue	77.2	75.7	114.5	395.9
Intercompany revenue	-14.7	-21.0	-32.9	-112.5
Revenue from external customers	62.5	54.7	81.6	283.4
Operating expenses	-68.5	-63.1	-101.2	-354.7
Intercompany expenses	15.5	20.1	32.9	108.8
Net operating expenses	-53.0	-43.0	-68.3	-245.9
Share of profit (loss) of associates	0.0	-39.5	-0.4	-0.4
Impairment charge of associates	0.0	0.0	0.0	-81.3
EBITDA	9.5	-27.8	12.9	-40.5
Depreciation, amortisation and write-downs	-4.9	-5.0	-5.2	-189.1
EBIT	4.6	-32.8	7.7	-229.6

The historical figures include negative effects from transactions related to associates

Income statement



USD million	Q2 09	Q1 09	Q2 08	2008
Operating revenue	114.9	99.3	124.8	474.3
Operating expenses	-85.1	-70.8	-124.7	-433.8
Share of profit from associates	2.0	-39.2	-7.9	-45.7
Impairment charge of associates	0.0	0.0	-84.7	-166.0
Gain on sale of shares	0.0	0.0	127.0	127.0
EBITDA	31.8	-10.7	34.5	-44.2
Depreciation and amortisation	-14.5	-11.3	-11.1	-51.3
Impairment charge and write-offs	0.0	0.0	0.0	-334.1
Gain on sale of assets	0.0	0.8	0.0	0.1
EBIT	17.3	-21.2	23.4	-429.5
Net interest expense	-4.0	-4.0	-7.1	-33.6
Fx, fin instr and other fin items	10.3	-3.0	22.7	-54.3
Profit (loss) before tax	23.6	-28.2	39.0	-517.4
Income tax expense	-1.8	-1.6	-4.2	-15.2
Net profit (loss)	21.8	-29.8	34.8	-532.6

Reported EBITDA	31.8
<i>Share of profit of associates</i>	-2.0
Adjusted EBITDA	29.8
<i>Fx gain</i>	-0.8
Operational EBITDA	29.0

The figures includes a negative PPA impact. From Q208, the negative PPA impact is about USD 6 million quarterly in 2008 and 2009. No cash effect.



Balance sheet

- Equity ratio 39.7% (43.3% adjusted for CIRR financing*)
- Net interest bearing debt USD 827.3 million

USD million	30.06.09	31.03.09	31.12.08
Total non-current assets	2,019.0	1,943.4	1,962.7
Total current assets	305.4	322.9	338.7
Total assets	2,324.4	2,266.3	2,301.4
Total equity	923.5	894.0	923.4
Total non-current liabilities	1,127.8	1,026.8	979.1
Total current liabilities	273.1	345.5	398.9
Total liabilities	1,400.9	1,372.3	1,378.0
Total equity and liabilities	2,324.4	2,266.3	2,301.4

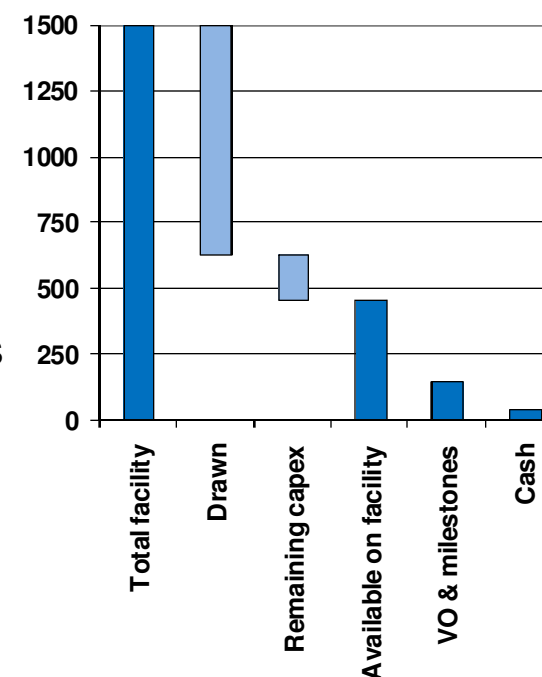
Reported interest bearing debt **	1088.1
<i>Cash and deposits</i>	43.7
<i>Non-current deposits **</i>	217.1
	-260.8
Net interest bearing debt	827.3

* Per Q2 2009, USD 192.1 million is related to the CIRR financing schemes; increases both long term debt and non-current deposits



Financial outlook

- Cash at 30 June 2009 USD 43.7 million
- Remaining capex is USD 170 million
- BW Offshore will receive additional cash payments of USD 150 million from clients
 - Major variation orders and milestone payments
 - To be paid Q3 2009 – Q1 2010
- Company is fully funded
- Improved operational cashflow



Indicative booking of variation orders and milestone payments

	2H09	2010	2011	2012	2013	2014	SUM
EBITDA: VO & milestones	10	30	25	25	25	25	140
Cash flow: VO & milestones	100	50	0	0	0	0	150

Delta in total figures due to variation orders and milestones related to longer term contracts

Q2 2009

OUTLOOK

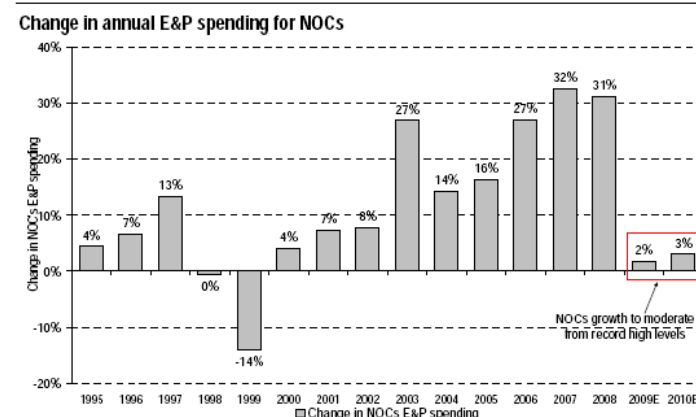
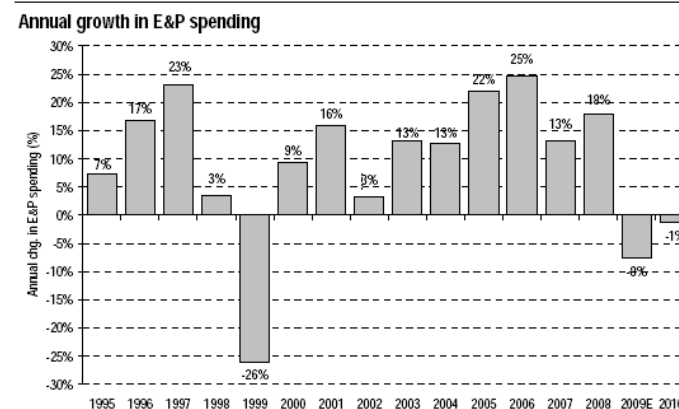


1 September, 2009



FPSO contracts to pick up from Q4 2009

- Most oil companies have cut E&P spending and projections
 - 2009e: -8%, 2010e: -1%
- Several projects have been on hold
 - 1 year without any FPSO award
- Expect market to start to move shortly
- NOC budgets are up
 - 2009e: +2%, 2010e: +3%
- Reduced list of bidders



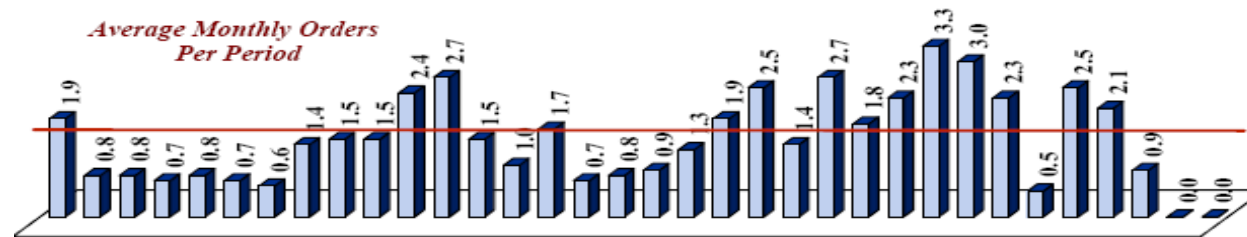
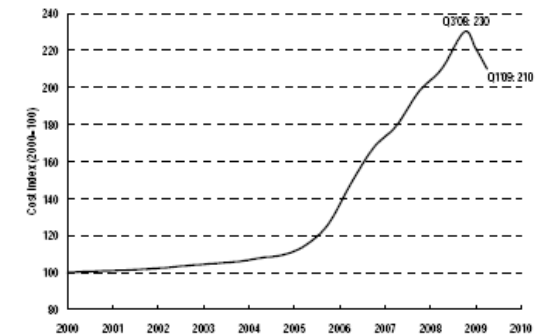
Source: SEB Enskilda



Profitable projects and low risk

- Floating Production:
 - Invited to most tenders
 - Costs are coming down
 - Target good return FPSO projects
 - Will not agree to undue contractual risk
 - Capitalise on solid experience and track record
- Technology and Installation Services:
 - Activity expected to pick up from end of 2009
 - Development of new concepts and improvements in existing technology

IHS/CERA Upstream Capital Costs Index



FPSO orders 1997-2009:
Average 1.5 per month

Source: IMA, CERA, SEB Enskilda



Summary

- Timely deliveries
- Cost and execution control
- Operational stability
- World leading technology basis
- Funded for growth



