BW Offshore

Q4 2008 presentation

17 February 2009

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Summary Q4 2008

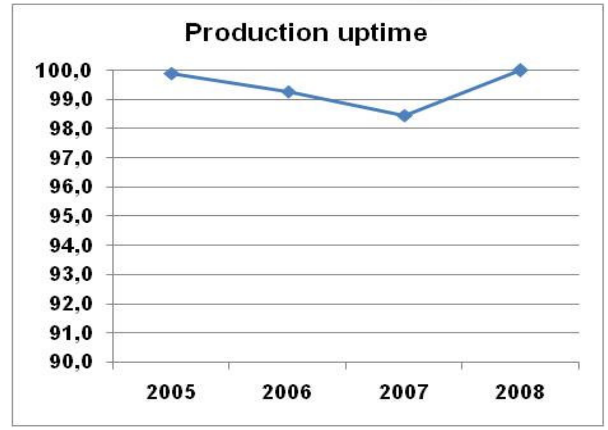
- Adjusted EBITDA of USD 14.7 million
- Total impairment charges of USD 179.4 million
  - Relates to associates, BMG project and uncommitted vessels
- YÙUM K'AK'NÁAB has received full dayrates
  - Expect improvement in earning figures from Q1 2009
- Order backlog of USD 3.5 billion
- Conversion projects in line with expectations
  - BW Cidade de São Vicente on its way to Brazil
  - BW Pioneer at Keppel yard in Singapore
- Approximately USD 150 million to be received from variation orders and milestone payments over the next 12 months

Fourth quarter and preliminary results 2008

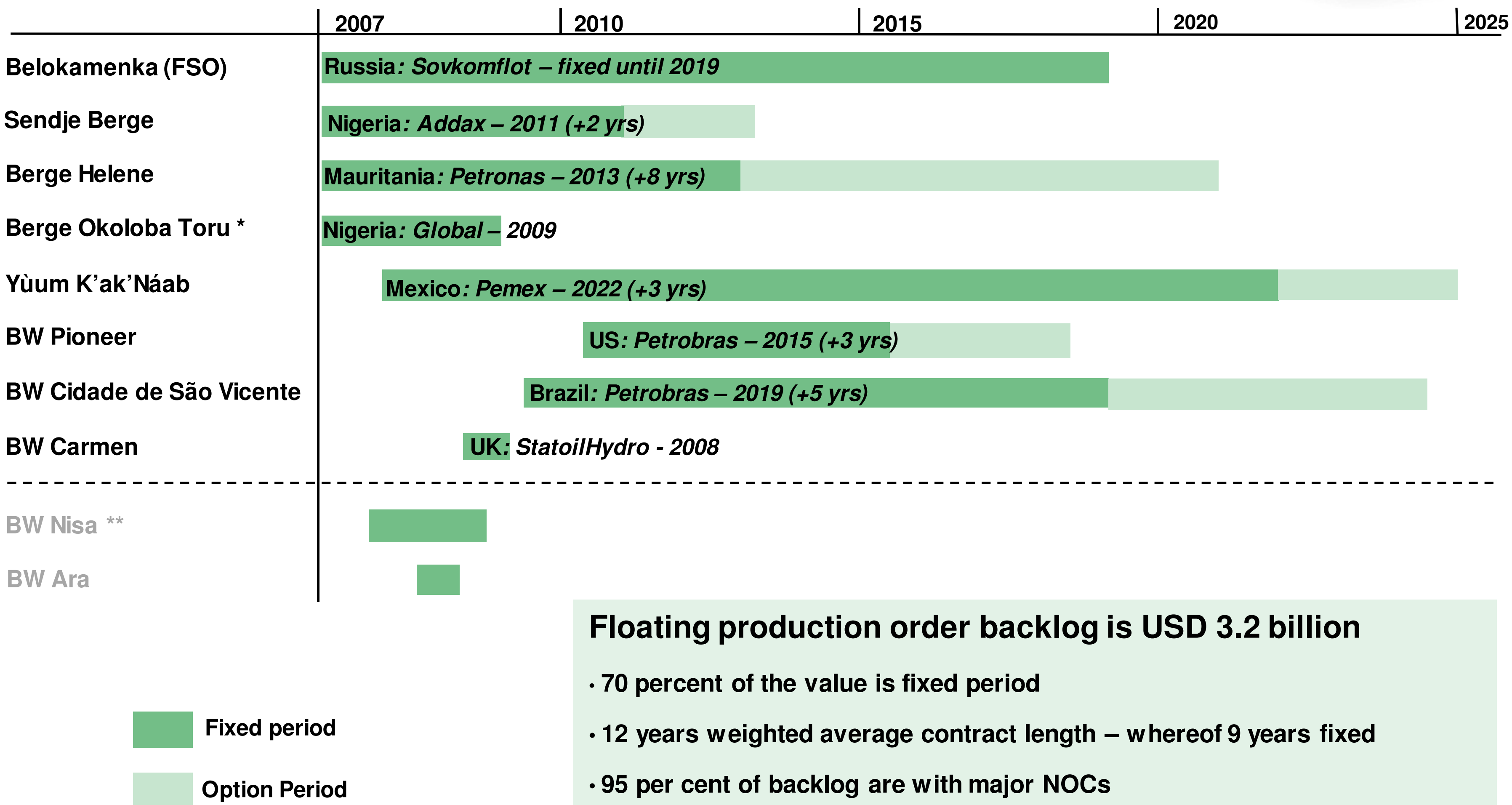
FLOATING PRODUCTION

Operations

- Excellent production uptime
  - Q4 2008: 100.0%
  - Jan – Dec 2008: 99.9%
- YÙUM K'AK'NÁAB now on full uptime
  - Oil uptime Q4 2008: 100.0%
  - Gas uptime Q4 2008: 99.9%
- Sendje Berge
  - Construction work for Okowori variation orders have been completed
- Berge Okoloba Toru
  - Vessel remains evacuated due to local security situation
- BW Endeavour sold in Q1 2009



FPSO – fleet overview



Floating production order backlog is USD 3.2 billion

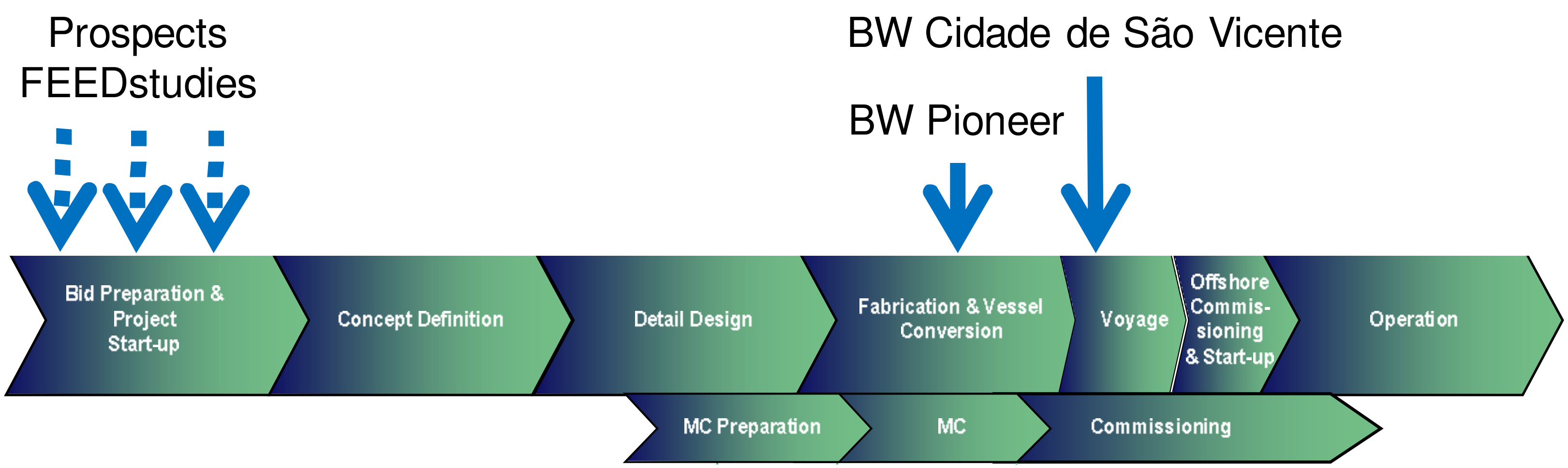
- 70 percent of the value is fixed period
- 12 years weighted average contract length – whereof 9 years fixed
- 95 per cent of backlog are with major NOCs

* LPG FPSO
** Temporary storage contract

The order backlog includes option periods. No revenue included for Berge Okoluba Toru

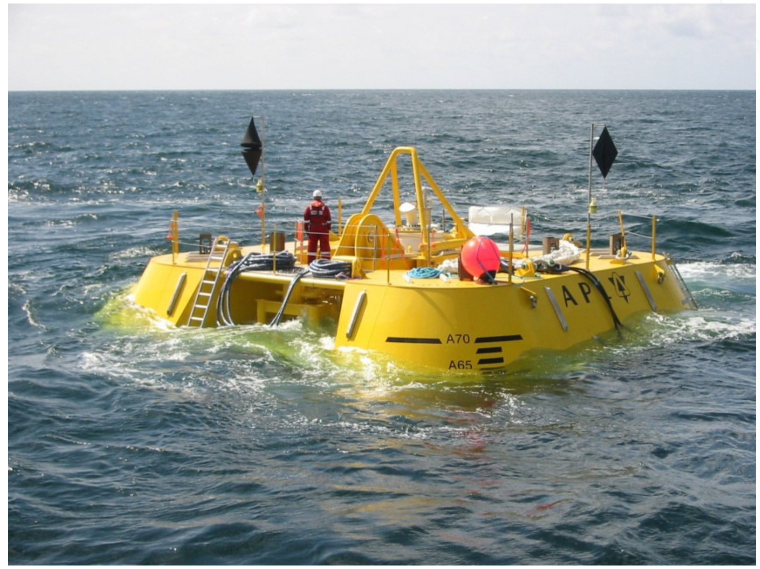
FPSO project timeline

- BW Cidade de São Vicente (Petrobras) – Tupi/Brazil
  - Sailaway from Singapore on 5 February as planned
  - Expect arrival on field end March 2009
- BW Pioneer (Petrobras) – Chinook Cascade/US GoM
  - Project progress approximately 60 per cent
  - Start up first quarter 2010



Termination of BMG project

- July 2008: Letter of Intent signed with Anzon, on behalf of the participants in the BMG project
- December 2008: BW Offshore was given notice of a termination of the LoI from Anzon, on behalf of the participants in the BMG project
- BW Offshore will act according to the conditions under the LoI to seek recovery of costs related to termination
- All project costs have been expensed in the financial statements of BW Offshore as impairment charge and write-offs
  - Conservative reporting rules under IAS 37 as the outcome of the claim is not deemed “virtually certain”

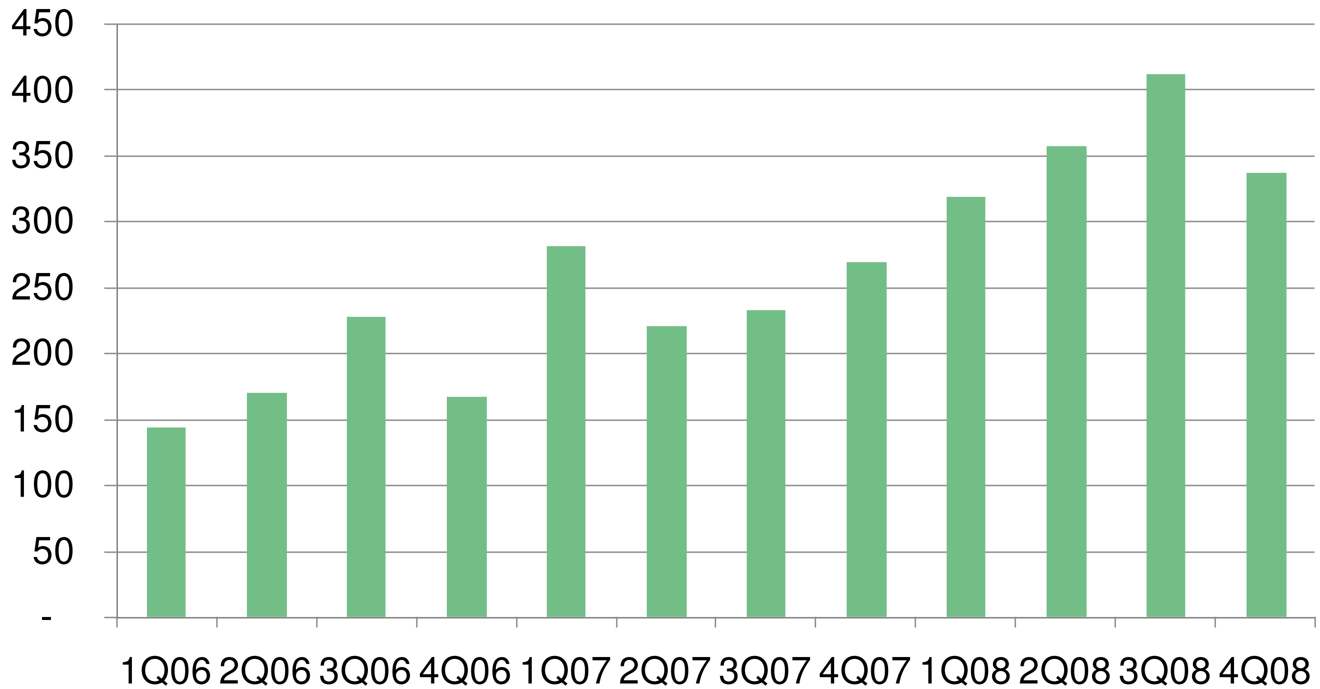


Fourth quarter and preliminary results 2008

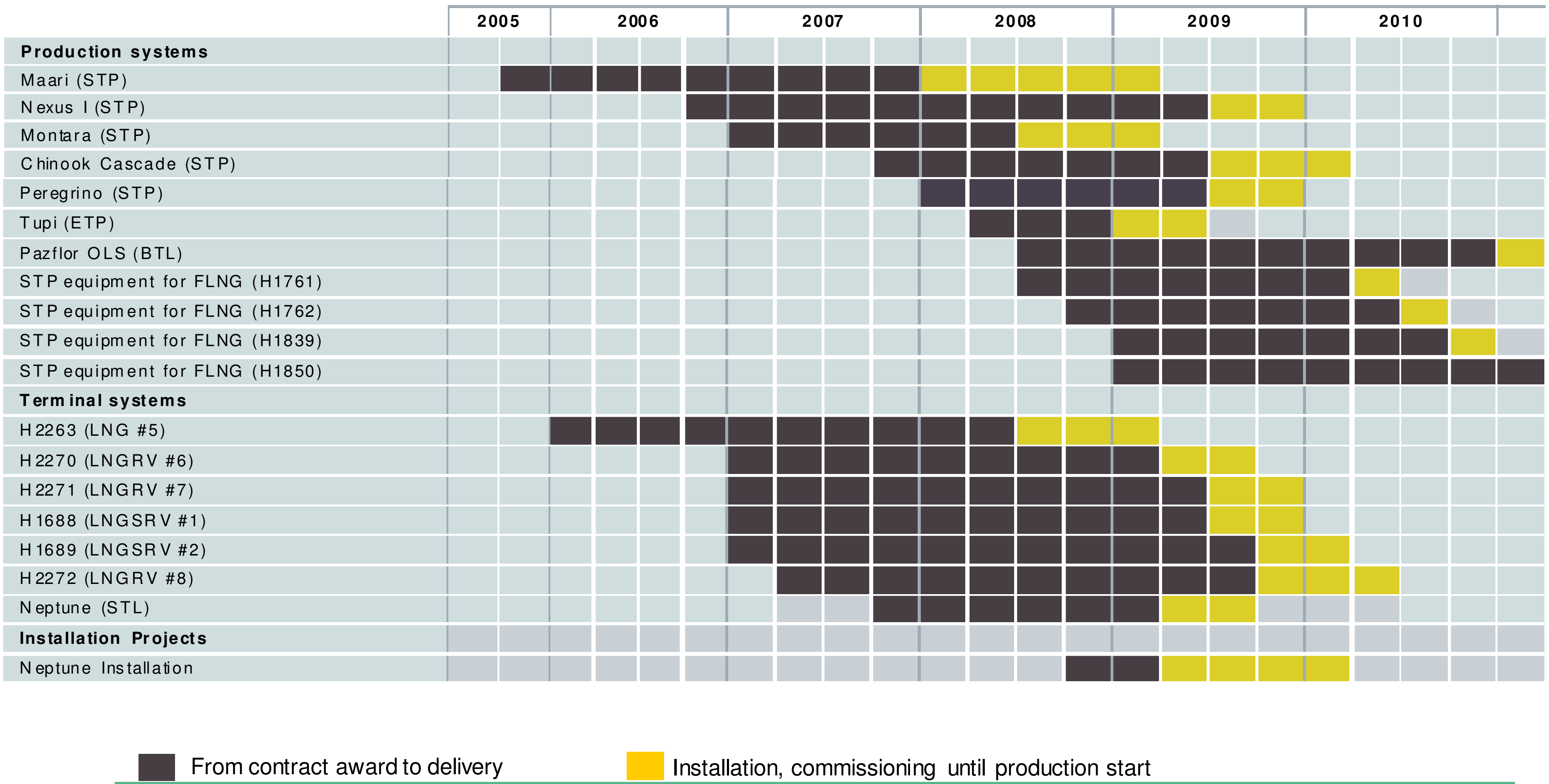
TECHNOLOGY & INSTALLATION

Robust backlog

- Nexus II removed from the backlog by USD 70 million
- Signed contract with Total for the Pazflor project of USD 100 million
- Order backlog by end Q4 2008 was USD 337 million



Project execution remains on track



Fourth quarter and preliminary results 2008

FINANCE

Comments to the figures

- The 2008 results have been negatively affected by several major negative non cash items due to repricing of associates and assets
- Impairment charges relate to associates, the terminated BMG project and uncommitted vessels
  - Q4 2008: USD 179.4 million
  - Full year 2008: USD 500.1 million
- Extraordinary equipment upgrades on YÙUM K'AK'NÁAB and various provisions booked as operating expenses
- Negative share of profit from Prosafe Production on their impairment charges and loss on shares in Teekay Petrojarl

Floating Production

- Improved performance
  - YÙUM K'AK'NÁAB at break even as expensed costs and provisions have been high to restore full uptime
  - Berge Okoloba Toru at break even
- Operating expenses includes one-off charges and provisions
- Impairment charges on BMG project and uncommitted vessels

USD million	**Q4 08**	**Q3 08**	**2008**	**2007**
Operating revenue	55.8	48.2	190.9	442.3
Operating expenses	-52.4	-38.9	-188.0	-373.4
Share of profit (loss) of associates	-45.4	-1.6	-45.3	18.1
Impairment charge of associates	0.0	0.0	-84.7	0.0
Gain on sale of shares	0.0	0.0	-127.0	0.0
EBITDA	-42.0	7.7	-0.1	87.0
Depr, amort and write-down	-178.5	-6.0	-196.3	-26.6
EBIT	-220.5	1.7	-196.3	60.4

2008 figures include effects from impairment charges, provisions , transactions and share sale
2007 figures include construction contract revenue and expenses related to YÙUM K'AK'NÁAB conversion

Technology & Installation

- Activity level remains high
  - Benefiting from the robust order book
- EBITDA margin 13.4% (adjusted for impairment charge)
- Impairment charge on investment in Nexus Floating Production

USD million	**Q4 08**	**Q3 08**	**2008**	**2007**
Operating revenue	112.2	102.5	395.9	220.3
Operating expenses	-97.2	-92.8	-354.7	-184.3
Share of profit (loss) of associates	0.0	0.0	-0.4	-0.4
Impairment charge of associates	-12.5	-68.8	-81.3	0.0
EBITDA	2.5	-59.1	-40.5	35.6
Depr, amort and write-offs	-6.4	-172.3	-189.1	-18.9
EBIT	-3.9	-231.4	-229.6	16.7

2008 figures includes effects from impairment charges and transactions
2007 figures are from 8 May 2007 when APL was included in the consolidated figures of BW Offshore

Income statement

USD million	Q4 08	Q3 08	2008	2007
Operating revenue	126.4	114.8	474.3	662.6
Operating expenses	-111.7	-95.8	-433.8	-557.7
Share of profit from associates	-45.4	-1.6	-45.7	17.7
Impairment charge of associates	-12.5	-68.8	-166.0	0.0
Gain on sale of shares	0.0	0.0	127.0	0.0
EBITDA	**-43.2**	**-51.4**	**-44.2**	**122.6**
Depreciation and amortisation	-18.0	-11.2	-51.3	-41.1
Impairment charge and write-offs	-166.9	-167.2	-334.1	0.0
EBIT	**-228.1**	**-229.7**	**-429.5**	**77.1**
Net interest expense	-6.2	-2.9	-33.6	-33.4
Fx, fin instr and other fin items	-38.7	-18.8	-54.3	22.1
Profit (loss) before tax	**-273.0**	**-251.4**	**-517.4**	**65.8**
Income tax expense	-6.0	-4.1	-15.2	-13.7
Net profit (loss)	-279.0	-255.5	-532.6	52.1

Reported EBITDA		**-43.2**
Share of profit of associates	*-45.4*	
Impairment charge of associates	*-12.5*	
		57.9
Adjusted EBITDA		**14.7**

Reported EBIT		**-228.1**
Share of profit of associates	*-45.4*	
Impairment charge of associates	*-12.5*	
Impairment charges and write-offs	*-166.9*	
		224.8
Adjusted EBIT		**-3.3**

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.
2007 figures include construction contract revenue and expenses related to YÙUM K'AK'NÁAB conversion

Balance sheet

- Equity ratio 40.1 % (44.4% adjusted for CIRR financing)
- Net interest bearing debt USD 585.2 million

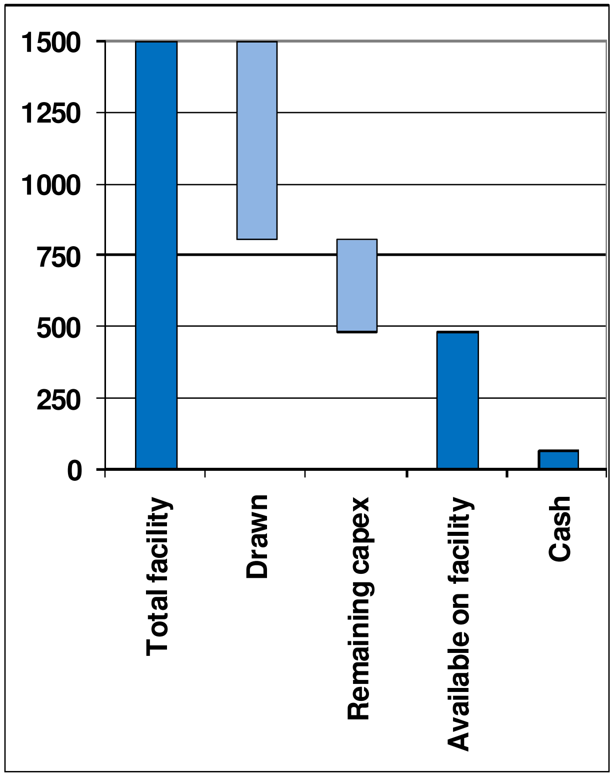
USD million	**31/12/08**	**30/09/08**	**31/12/07**
Total non-current assets	1,962.7	2,041,9	2,721.6
Total current assets	338.7	403.9	288.0
Total assets	2,301.4	2445,8	3,009.6
Total equity	923.4	1,233.2	1,508.2
Total non-current liabilities	*979.1*	*951.5*	*891.8*
Total current liabilities	*398.9*	*261.1*	*609.6*
Total liabilities	1,378.0	1,212.6	1,501.4
Total equity and liabilities	2,301.4	2,445.8	3,009.6

Reported Interest bearing debt *		936.4
Cash and deposits	*67.7*	
*Non-current deposits **	*283.5*	
		-351.2
Net interest bearing debt		**585.2**

* Whereof USD 223.1 million is related to the CIRR financing schemes; increases both long term debt and non-current deposits

Cash and facilities

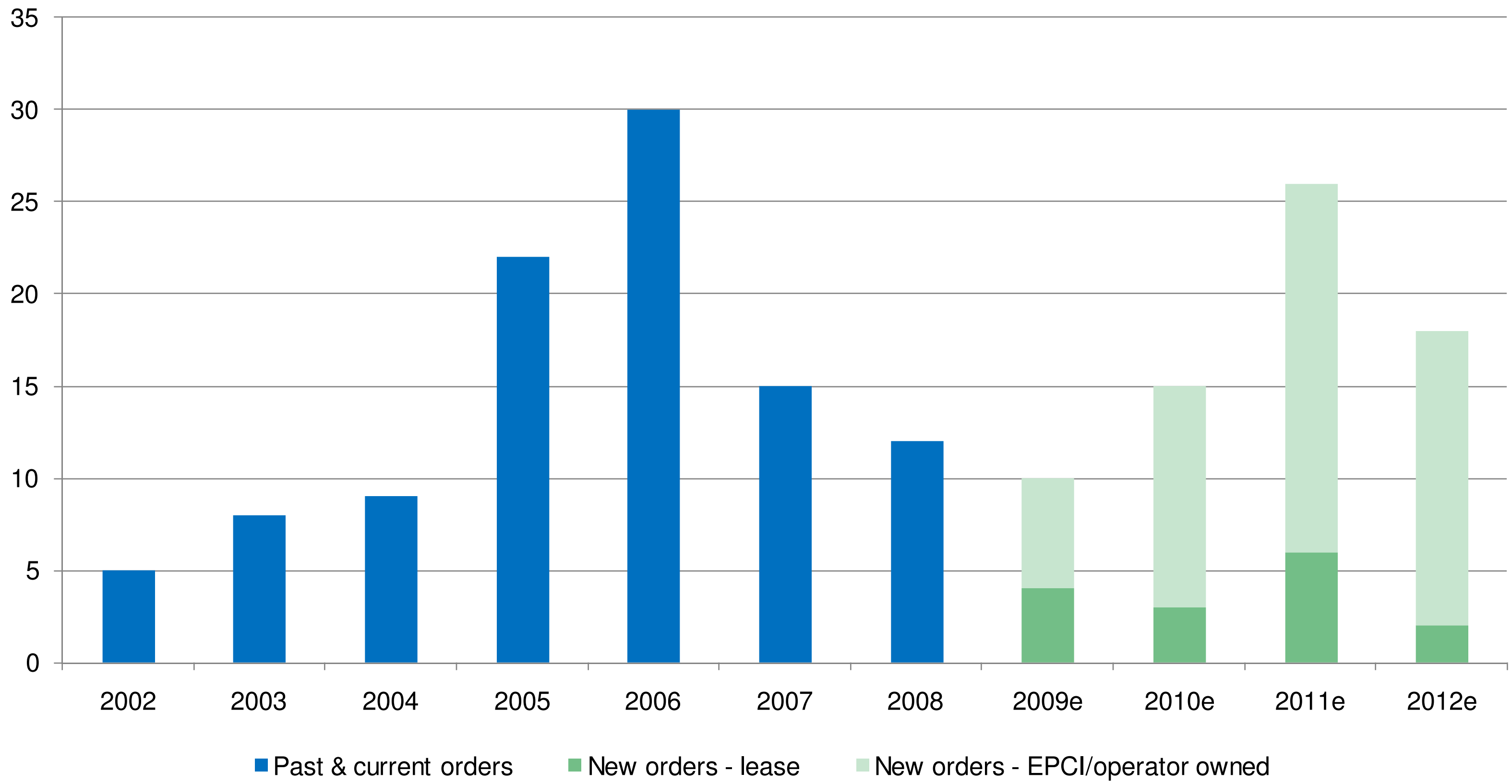
- Positive cashflow from operating activities
  - Q4 2008: USD 6.5 million
  - 2008: USD 64.5 million
- Cash at end 2008 USD 67.7 million
- Approximately USD 150 million to be received from VOs and milestone payments over the next 12 months
- USD 1,500 million facility
  - Drawn 691.3 mill per Q4 2008
  - LIBOR +125 bps
- Temporary waiver on covenant granted by BW Group
  - Debt to borrowing base



Fourth quarter and preliminary results 2008

OUTLOOK

FPSO market update



Source: Fearnley Offshore

Steady course towards stronger figures

- Focus on operating results
  - EBITDA improvement from existing units
  - New FPSOs to commence operation in 2009 and 2010
- Selective bidding
  - Robust level of bidding activity
  - Energy companies attracted towards top tier players
- Some charges for write-offs and impairments may be recovered