

BW Offshore

Q2 2008 presentation

29 August 2008



Disclaimer



This Presentation has been produced by BW Offshore Limited ("BW Offshore"). This presentation may not be reproduced or redistributed, in whole or in part, to any other person.

This document contains certain forward-looking statements relating to the business, financial performance and results of BW Offshore and/or APL PLC and/or the industry in which they operate. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of BW Offshore and/or APL or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of BW Offshore, APL or any of their parent or subsidiary undertakings or any such person's officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Presentation or the actual occurrence of the forecasted developments. BW Offshore or APL assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to our actual results.

No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, none of BW Offshore or APL or any of their parent or subsidiary undertakings or any such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

By attending this Presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of BW Offshore and/or APL and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the businesses of BW Offshore and/or APL.

This Presentation is confidential and is being communicated in the United Kingdom to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (such persons being referred to as "investment professionals"). This presentation is only directed at qualified investors and investment professionals and other persons should not rely on or act upon this presentation or any of its contents. Any investment or investment activity to which this communication relates is only available to and will only be engaged in with investment professionals. This Presentation (or any part of it) is not to be reproduced, distributed, passed on, or the contents otherwise divulged, directly or indirectly, to any other person (excluding an investment professional's advisers) without the prior written consent of BW Offshore and APL.

This Presentation and the information contained herein do not constitute an offer of securities for sale in the United States and are not for publication or distribution to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act")). The securities proposed to be offered in the Company have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act.

This Presentation speaks as of today. Neither the delivery of this Presentation nor any further discussions of BW Offshore and/or APL with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of BW Offshore and/or APL since such date.



BW Offshore overview

- Top tier player within floating production
 - Strong global position
 - Extensive in-house engineering, project management and operation capabilities
 - 1,200 employees
 - Three business segments
 - Floating production (FPSO)
 - Technology
 - Installation services
- Solid track-record
 - 13 FPSO projects delivered
 - 3 FPSO projects in process
 - 50 turrets and offshore terminals
- Benefits from association with BW Group





Recent highlights

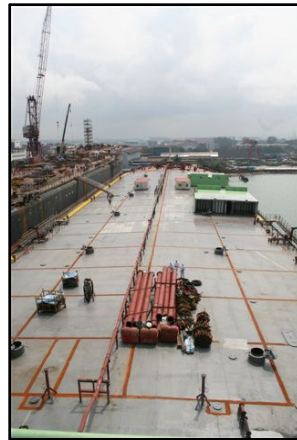
- Strong order intake
 - Awarded Lol for FPSO in Australia
 - Awarded LoA for BTL system in Angola
 - Awarded three major installation campaigns
- Conversions on track
 - FPSO BW Carmen accepted by StatoilHydro
 - No significant deviations to plan
- Corporate
 - Record EBITDA for Technology and Installation services
 - Profitable sale of shares in Prosafe SE
 - New CEO





All conversions on track

- BW Cidade de Sao Vicente (Petrobras) – Tupi/Brazil
 - Start up first half 2009
 - Ex BW Peace
- BW Pioneer (Petrobras) – Chinook Cascade/US GoM
 - Start up first quarter 2010
- BW Endeavour (Anzon) – BMG/Australia
 - Start up second quarter 2010





Focus on project execution

- Proven project execution model
- Experience transferred from project to project
- In-house technology for mooring and turret/swivel systems
- Key positions managed by in-house staff
- Operational experience transferred to new projects



Focus on project execution

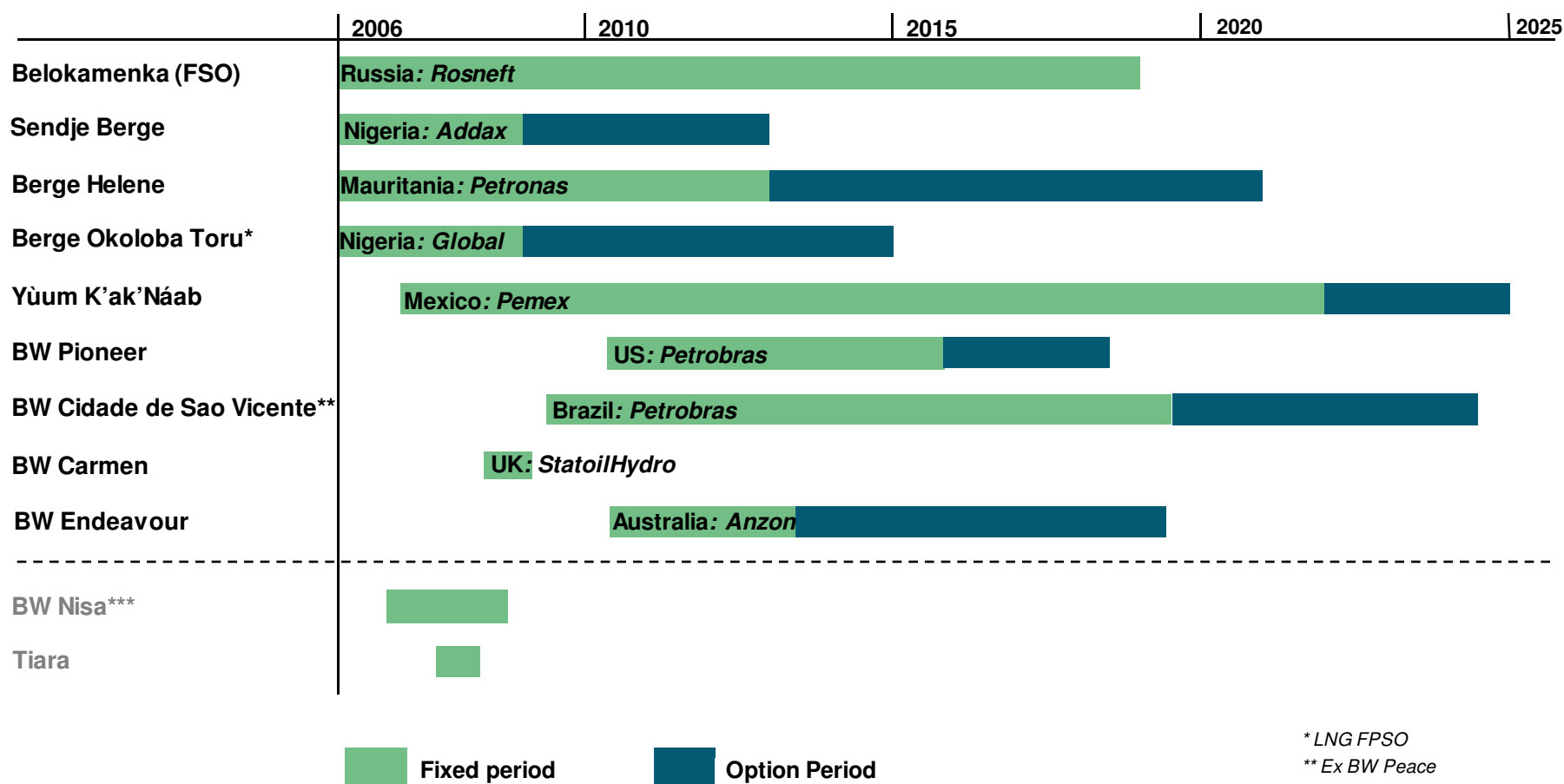
- Experience data provide high certainty on required quantities
- Secure key components and long lead items prior to bid
- Substantial pool of suppliers
- EPC contracts
- Singapore yards





FPSO – fleet overview

Order backlog USD 2.2 billion (including options, excluding Lols)

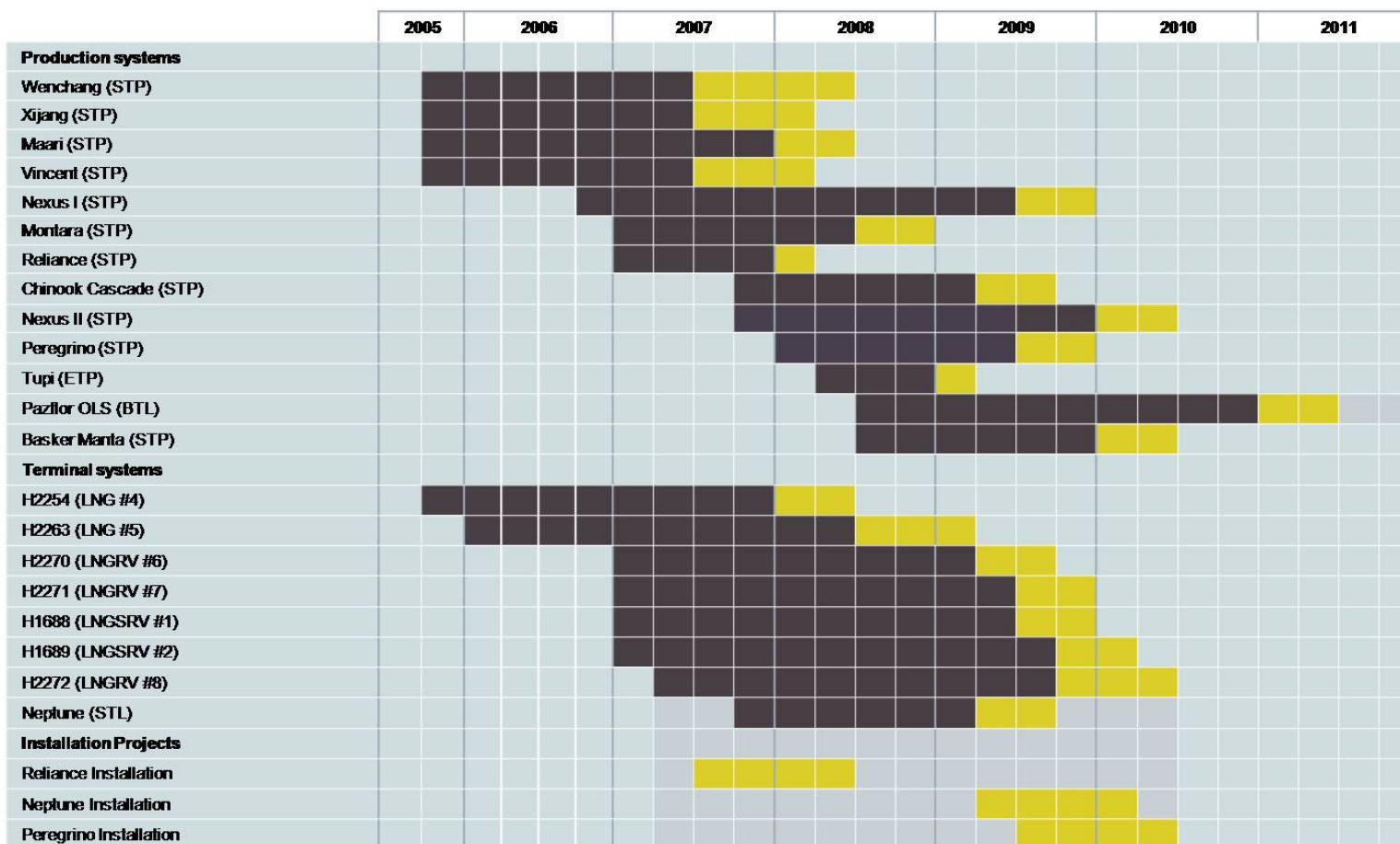


* LNG FPSO
 ** Ex BW Peace
 *** Temporary storage contract



Technology contract overview

Order backlog USD 409 million (excluding Lol/LoAs)



■ From contract award to delivery

■ Installation, commissioning until production start



Successful expansion of services

- Several installation campaigns awarded in 2008
 - LNG terminal, Neptune
 - FPSO, Peregrino
 - FPSO, BMG
 - Loading system, Statfjord
 - SAL, Petrofac DON
- Delivering full turn-key solutions
 - Technology products delivered at site ready for operations
- Establishing dedicated organisation





Financial comments

- Recurring EBITDA from core business: USD 20.4 million

Reported EBITDA		34.5
<i>Share of profit from associates</i>	-7.9	
<i>Impairment charge</i>	-84.7	
<i>Gain on sale of shares</i>	127.0	
<i>Provisions for doubtful debt</i>	-11.3	
<i>Other provisions</i>	-9.0	
		-14.1
Recurring EBITDA from core business		20.4

- Net debt: USD 370 million

Reported Interest bearing debt (1)		999.5
<i>Cash and deposits</i>	328.3	
<i>Non-current deposits (1)</i>	301.0	
		-629.3
Net interest bearing debt		370.2

- Strong margins for Technology & Installation Services
 - EBITDA margin of 16.3% adjusting for intercompany transactions

1: Whereof USD 254 million is related to the CIRF financing schemes; increases both long term debt and non-current deposits



Income statement

USD million	Q2 08	Q1 08	Q2 07	2007
Operating revenues	124.8	108.3	265.5	662.6
Operating expenses	-124.7	-101.7	-229.0	-557.7
Profit from associates ¹	-7.9	9.2	5.2	17.7
EBITDA	34.5	15.8	41.7	122.6
EBIT ¹	23.4	4.8	33.7	77.1
Net financial items	15.6	-37.1	-3.4	-11.3
Profit before tax	39.0	-32.3	30.3	65.8
Net profit	34.8	-33.2	25.2	52.1

1: Includes negative PPA impact . From Q208; negative PPA impact of about USD 6 million quarterly in 2008 and 2009. No cash effect.

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

Balance sheet



USD million	30.06.08	31.03.08	31.12.07
Total non-current assets	2,208.5	2,756.9	2,721.6
Total current assets	581.5	315.2	288.0
Total assets	2,790.0	3,072.1	3,009.6
Total equity	1,509.6	1,473.5	1,508.2
<i>Total non-current liabilities</i>	<i>1,053.6</i>	<i>1,300.6</i>	<i>891.8</i>
<i>Total current liabilities</i>	<i>226.8</i>	<i>298.0</i>	<i>609.6</i>
Total liabilities	1,280.0	1,598.6	1,501.4
Total equity and liabilities	2,790.0	3,072.1	3,009.6



Cash flow

USD million	Q2 08	Q1 08	Q2 07	2007
Operating activities	1.7	27.9	-46.8	179.3
Investing activities	577.1	-80.9	-233.8	-815.6
Financing activities	-307.8	73.8	192.5	634.8
Net change in cash	271.0	20.8	-88.1	-1.5
Cash at beginning of period	57.3	36.5	123.0	38.0
Cash at end of period	328.3	57.3	34.9	36.5



Key financial figures

	Q2 08	Q1 08	Q2 07	2007
EBITDA margin	27.6%	14.6%	47.0%	29.2%
Equity ratio	54.1%	48.3%	53.0%	50.4%
ROE	2.7%	-3.8%	3.2%	4.9%
ROCE	4.7%	-1.0%	10.6%	7.4%
NIBD (USDm)	370.2	968.4	998.2	934.4
EPS (USD)	0.08	-0.07	0.06	0.12
Number of shares (m)	456.2	456.2	456.2	456.2
Shareprice (NOK)	16.00	15.20	27.80	22.90
Market cap (USDm)	1,434	1,362	2,146	1,924



Floating production

- Start up costs on YÙUM K'AK'NÁAB affecting results
 - Measures have been taken to resume stable operations
 - Deviation in oil specification is expected to result in significant modification
- Continued high operating costs in Nigeria

USD million	Q2 08	Q1 08	Q2 07	2007
Operating revenues	43.2	43.7	209.8	442.3
Operating expenses	-56.4	-40.3	-179.1	-373.4
Profit from associates	-7.5	9.2	5.6	18.1
EBITDA ¹	21.6	12.6	36.3	87.0
Depr, amort and write-down	-5.9	-5.8	-5.5	-26.6
EBIT	15.7	6.8	30.8	60.4

1: Q208 figures include a net positive effect from Prosafe and Prosafe Production transactions. Negative effect from provisions
Historical figures include construction contract revenue and expenses related to YÙUM K'AK'NÁAB conversion



Technology & Installation Services

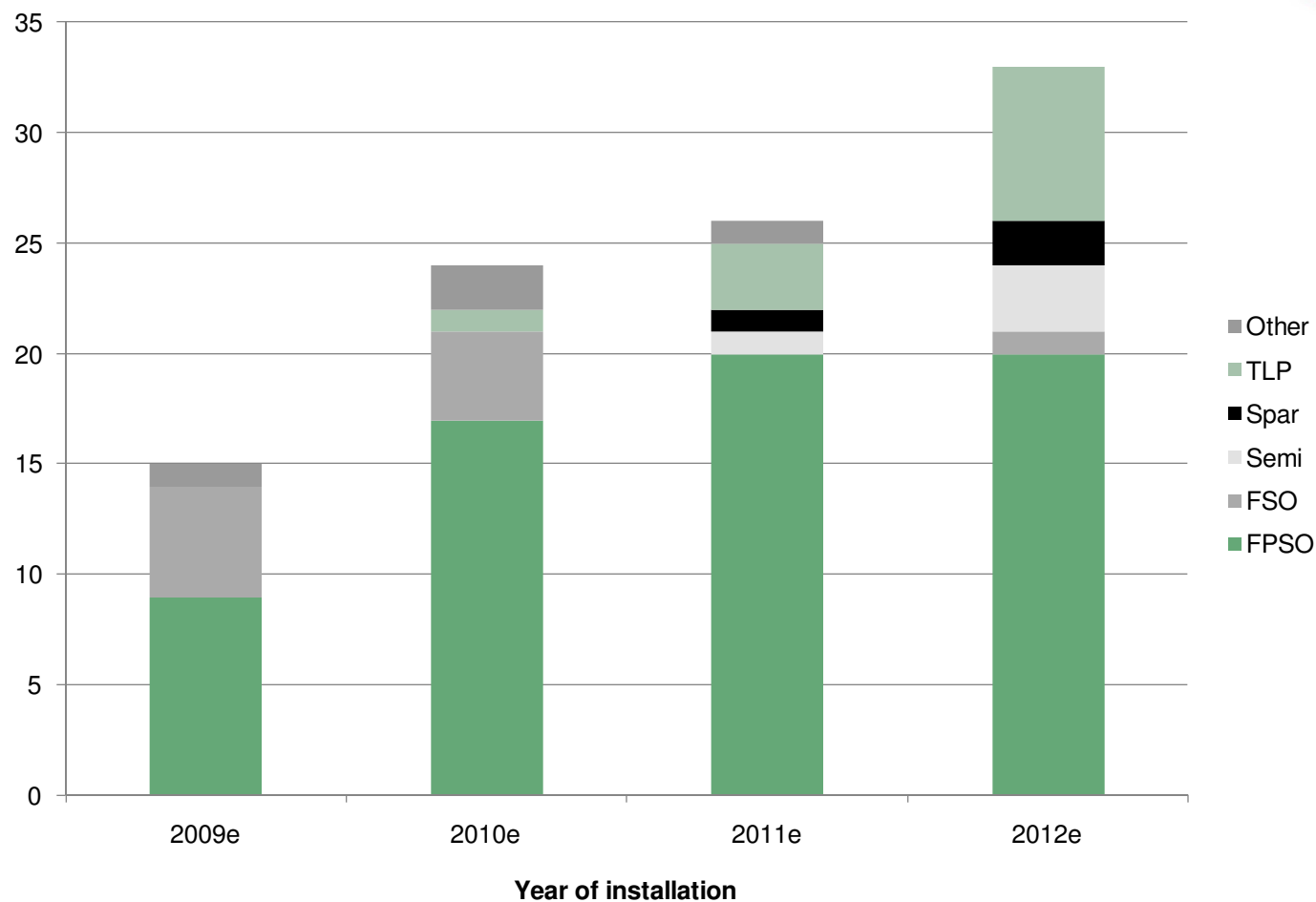
- Projects on track
 - Major projects include Peregrino, Neptune, Chinook Cascade and Nexus
- Strong order inflow
- Successful start up of BW Offshore Installation Services
 - Two campaigns already completed
 - Three major campaigns secured for 2009/2010

USD million	Q2 08	Q1 08	Q2 07	2007 ¹
Operating revenues	114.5	66.7	55.7	220.3
Operating expenses	-101.2	-63.5	-49.7	-184.3
Profit from associates	-0.4	0.0	-0.4	-0.4
EBITDA	12.9	3.2	5.4	35.6
Depr, amort and write-down	-5.2	-5.2	-2.5	-18.9
EBIT	7.7	-2.0	2.9	16.7

¹ Figures from 8 May 2007



Strong and visible FPSO demand

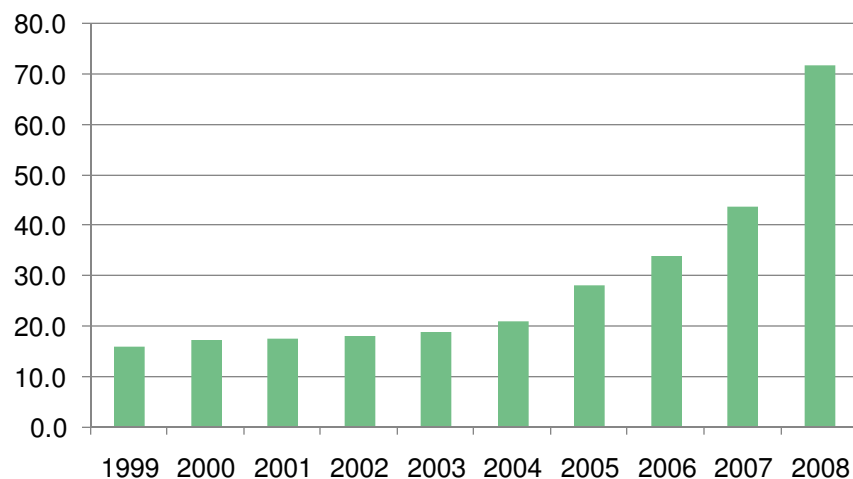


Source: ODS-Petrodata

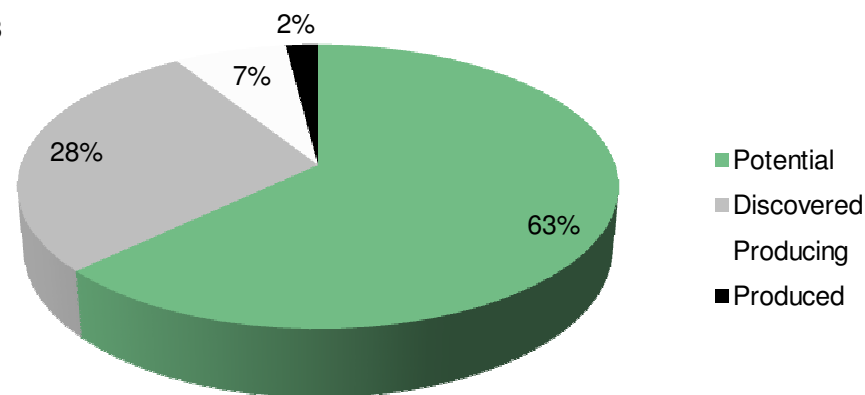


Deepwater E&P budgets increasing

Planning and budgeting price for oil (Brent Blend)



Potential deepwater reserves



Source: SEB Enskilda, HSBC, Shell, Total

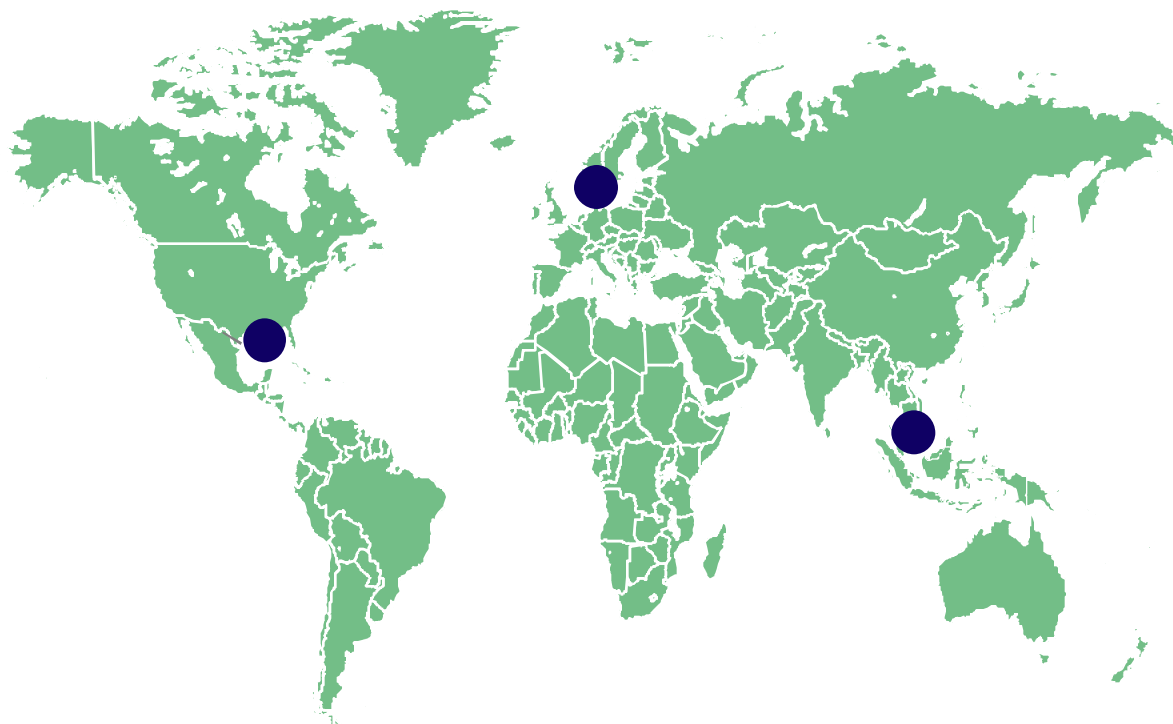


Expanding geographical presence

**US
Houston**

**Norway
Oslo & Arendal**

Singapore



 BW Offshore operating headquarters



Positioned for the future

- Complete service offering
 - FPSO
 - Oil – LPG - LNG
 - World class mooring technology
 - Terminals and transfer systems
 - Installation
- Solutions driven
- Total risk control
- Cost leadership
- Presence in all markets





Achievements

- Key business targets already met
 - Win one large FPSO contract in 2008 ✓
 - Secure USD 500 million order intake for technology ✓
 - Secure three installation campaigns for 2009 ✓
 - Profitable sale of Prosafe shares ✓
 - Refinance corporate facilities ✓
 - Retain position as leading LNG terminal provider ✓
 - Obtain contracts for BW Peace and BW Carmen ✓
 - Successfully commercialise swivel technology ✓

