



# BW OFFSHORE LIMITED

## Condensed Interim Consolidated Financial Information THIRD QUARTER 2017

### KEY EVENTS

- EBITDA of USD 82.1 million in the third quarter
- BW Catcher hooked up at the field offshore UK in October
- Contract extension for FPSO Sendje Berge in October
- Contract extension for FPSO Umuroa in November
- Closing of the agreement with ICBCL for the issuance of preference shares in BW Catcher

## FINANCIAL SUMMARY

### THIRD QUARTER

Operating revenues for the quarter amounted to USD 152.7 million, a decrease of USD 10.7 million (USD 163.4 million).<sup>1</sup>

Operating expenses were USD 70.5 million, an increase of USD 25.2 million (USD 45.3 million).

EBITDA for the third quarter was USD 82.1 million, a decrease of USD 36.5 million (USD 118.6 million). The decrease in EBITDA was mainly as a result of a significant reversal of loss provisions as overdues were paid by Addax during second quarter 2017.

Depreciation was USD 54.6 million, a decrease of USD 2.5 million (USD 57.1 million).

Operating profit for the quarter amounted to USD 26.9 million, a decrease of USD 6.5 million (USD 33.4 million) from the second quarter of 2017. The second-quarter operating profit was positively affected by reversal of loss provisions, partly offset by an impairment charge on FPSO Sendje Berge.

Net financial expense for the quarter was USD 5.4 million, a decrease of USD 13.2 million (USD 18.6 million). The decrease in net financial expense was mainly related to a positive mark-to-market development on derivatives compared to previous quarter due to weakening of USD against NOK and increasing interest rates during the quarter.<sup>2</sup>

Tax expenses for the quarter were USD 17.6 million, an increase of USD 8.0 million (USD 9.6 million). The Company has received overdue amounts related to FPSO Sendje Berge, and this has significantly increased the estimated taxes this quarter.

Net profit for the quarter was USD 3.9 million compared to USD 5.2 million in second quarter 2017.

Total equity at 30 September 2017 was USD 941.4 million, an increase of USD 6.8 million (USD 934.6 million). The equity ratio was 28.9% at the end of the quarter (29.7%).

As of 30 September 2017, the Company had USD 561.6 million in interest-bearing loans and USD 60.0 million in letters of guarantee drawn under the USD 2,400 million credit facility. The committed amount on the USD 2,400 million credit facility was USD 765.5 million, following scheduled reductions. Total utilised debt facilities for the Company, including bond loans and other facilities was USD 1,687.5 million. Total available liquidity as of 30 September 2017, amounted to USD 292.5 million.

Net debt was USD 1,522.4 million at 30 September 2017 (USD 1,406.6 million).

Net cash inflow from operating activities was USD 96.3 million (USD 106.3 million). Net cash outflow on investing activities was USD 175.7 million (USD 117.3 million). Cash outflow in the third quarter on investing activities was mainly related to capitalisation on the Catcher project and capital expenditures for ongoing life extension activities. Life extension activities are either covered on a cost-plus basis or reimbursed through higher day rates. Net cash inflow from financing activities was USD 79.0 million (Net cash outflow of USD 219.1 million). The increase compared to second quarter was mainly related to scheduled repayment of interest-bearing debt in the second quarter.

### OPERATIONS

BW Offshore currently operates 11 units. The owned fleet includes 15 FPSOs and one FSO. Average commercial uptime during the third quarter was 98.4% (99.98%) due to downtime on Sendje Berge in September.

On 23 October, BWO signed a four-year contract extension for the FPSO Sendje Berge with Addax Petroleum Exploration (Nigeria) Ltd. The contract, which commenced on 6 November, includes two additional one-year extension options. The revised and agreed commercial terms include a new day rate partially linked to oil production volumes and oil price. The termination notice announced on 5 May 2017 was withdrawn and the arbitration was settled as part of the agreed terms.

---

<sup>1</sup> Figures presented are compared to previous quarter (second quarter of 2017 in brackets)

<sup>2</sup> The company does not use hedge accounting related to bonds and underlying swaps

On 21 November, BWO signed a one-year contract extension for the lease and operation of the FPSO Umuroa. The FPSO is operating on the Tui field offshore New Zealand for Tamarind.

FPSO Cidade de São Mateus remained in lay-up. The Company continues its dialogue with the client regarding a firm plan for the FPSO and the field.

The FPSO Berge Helene continued operation beyond the original termination date in May 2017, based on a contract with 75 days' termination notice, until the client is ready to commence disconnection and demobilisation. BW Offshore has agreed a contract and scope for work related to the disconnection and demobilisation of the FPSO from the field. This project has commenced, with the unit scheduled to return to Singapore in the second quarter 2018.

The FPSO BW Athena and the FSO Belokamenka are currently in lay-up while being marketed for new projects.

## **PROJECTS**

The BW Catcher FPSO arrived at the Catcher field in the UK on 18 October, and completed the hook up of the Submerged Turret Production ("STP") buoy mooring system one day later, before successfully completing a rotation test around the buoy on 20 October. The final pull-in of risers and umbilicals is complete and commissioning activities have commenced. The Catcher project continues to perform within budget with first oil expected towards the end of 2017.

The safety performance of the project continued to be very satisfactory with zero Lost Time Incidents (LTI) during the quarter.

The Company is undertaking several modification and life extension activities on existing units. These activities are either covered on a cost-plus basis or reimbursed through higher day rates.

## **DUSSAFU FIELD OFFSHORE GABON**

During third quarter BW Energy Dussafu B.V (BWE), a subsidiary of BW Offshore, signed a Letter of Intent (LOI) for the use of FPSO Azurite on the Dussafu field. The LOI is awaiting final approval by the government.

In September 2017, BWE awarded Borr Drilling Limited an offshore drilling contract, using the high-specification Norve jack-up unit to drill and complete two subsea development wells. The first well is planned spudded in January 2018.

BWE has further awarded the contract for completion equipment and is reviewing tenders for directional drilling, ROV, shore base, cementing, tubular running and mud logging services. Contractor selection is progressing for the SURF packages, which include PLEM, Flexibles, Umbilical and various subsea equipment.

The Dussafu development is on target and budget for first oil in 2H 2018.

## **OUTLOOK**

The oil and gas markets remain challenging. The Company is experiencing increased market activity for new-built FPSOs, but due to the persisting situation of oversupply, the Company believes a commercially disciplined approach for new investments is warranted. Consequently, BWO expects a low number of awards in the medium-term. The Company follows the market closely and is bidding on selected projects.

The demand for re-deployments has increased. The BWO service offering and ability to partner with field owners to provide cost effective solutions has been well received in the market. The Company expects to be a valued partner to the industry and ensure sound returns for all parties involved. BW Offshore still expects outsourcing of production to be cost-effective for oil and gas companies as they increase their specialisation.

The majority of BW Offshore's fleet remains on long-term contracts with national and independent oil companies. The fleet should continue to generate a significant cash flow in the time ahead. The expected start-up of production from FPSO Catcher towards the end of 2017 will be a significant contributor to the cash flow of the Company in 2018 and the years to come.

BW Offshore is also pleased to have completed the equity transaction for BW Catcher with ICBC as planned. This has significantly strengthened the balance sheet and made the Company well positioned to make new investments in an improving market.

Bermuda, 23 November 2017

Andreas Sohmen-Pao  
Chairman

Christophe Pettenati-Auzière  
Deputy Chairman

Clare Spottiswoode

Carsten Mortensen

Thomas Thune Andersen

Maarten Scholten

## INCOME STATEMENT

(Unaudited figures in USD million)

	Notes	Q3 17	Q2 17	Q3 16	YTD 2017	YTD 2016
Operating revenue	12	152.7	163.4	159.6	475.7	546.5
Operating expenses		(70.5)	(45.3)	(83.0)	(213.4)	(288.0)
Share of profit/(loss) of associates and joint ventures	6	(0.1)	0.5	0.3	0.4	0.4
<b>Operating profit/(loss) before depreciation/amortisation</b>		<b>82.1</b>	<b>118.6</b>	<b>76.9</b>	<b>262.7</b>	<b>258.9</b>
Depreciation	11	(54.6)	(57.1)	(55.3)	(168.3)	(168.7)
Amortisation		(0.6)	(0.7)	(0.7)	(2.0)	(2.1)
Impairment vessels and other assets		0.0	(27.4)	(1.7)	(27.4)	(7.8)
<b>Operating profit/(loss)</b>		<b>26.9</b>	<b>33.4</b>	<b>19.2</b>	<b>65.0</b>	<b>80.3</b>
Interest income		0.3	0.8	0.4	1.3	1.4
Interest expense		(8.5)	(11.1)	(12.0)	(30.8)	(34.4)
Gain/(loss) on financial instruments	7	20.5	5.5	1.8	36.0	(8.2)
Other financial items		(17.7)	(13.8)	(13.7)	(41.2)	(29.8)
<b>Net financial income/(expense)</b>		<b>(5.4)</b>	<b>(18.6)</b>	<b>(23.5)</b>	<b>(34.7)</b>	<b>(71.0)</b>
<b>Profit/(loss) before tax</b>		<b>21.5</b>	<b>14.8</b>	<b>(4.3)</b>	<b>30.3</b>	<b>9.3</b>
Income tax expense		(17.6)	(9.6)	(6.9)	(36.3)	(27.8)
<b>Net profit/(loss) for the period</b>		<b>3.9</b>	<b>5.2</b>	<b>(11.2)</b>	<b>(6.0)</b>	<b>(18.5)</b>
Attributable to shareholders of the parent		4.0	5.4	(11.2)	(5.7)	(18.5)
Attributable to non-controlling interests		(0.1)	(0.2)	0.0	(0.3)	0.0
Basic/diluted earnings/(loss) per share (USD) net*		0.0	0.0	(0.1)	(0.0)	(0.3)

\*Weighted average number of ordinary shares have been adjusted retrospectively to reflect the reverse share split in Q4 2016.

## COMPREHENSIVE INCOME STATEMENT

(Unaudited figures in USD million)

	Q3 17	Q2 17	Q3 16	YTD 2017	YTD 2016
<b>Net profit/(loss) for the period</b>	<b>3.9</b>	<b>5.2</b>	<b>(11.2)</b>	<b>(6.0)</b>	<b>(18.5)</b>
Currency translation differences	(0.3)	1.1	(0.3)	0.6	(0.4)
Net profit/(loss) on cash flow hedges	3.2	3.6	3.8	12.2	17.5
<b>Net items to be reclassified to profit or loss:</b>	<b>2.9</b>	<b>4.7</b>	<b>3.5</b>	<b>12.8</b>	<b>17.1</b>
Actuarial gains/(losses) on defined benefit plans	0.0	(1.1)	(0.4)	(1.1)	(0.8)
<b>Net items not to be reclassified to profit or loss:</b>	<b>0.0</b>	<b>(1.1)</b>	<b>(0.4)</b>	<b>(1.1)</b>	<b>(0.8)</b>
<b>Other comprehensive income, net of tax</b>	<b>2.9</b>	<b>3.6</b>	<b>3.1</b>	<b>11.7</b>	<b>16.3</b>
<b>Total comprehensive income</b>	<b>6.8</b>	<b>8.8</b>	<b>(8.1)</b>	<b>5.7</b>	<b>(2.2)</b>
Attributable to shareholders of the parent	6.9	9.0	(8.1)	6.0	(2.2)
Attributable to non-controlling interests	(0.1)	(0.2)	0.0	(0.3)	0.0

The notes in pages 8-13 are an integral part of these consolidated interim financial statements.

## STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)

ASSETS	Notes	30.09.2017	30.06.2017	31.12.2016	30.09.2016
Vessels and vessels under construction	2,11	2,734.3	2,618.0	2,639.5	2,842.7
Property and other equipment		9.4	9.3	10.2	10.6
Oil & Gas tangible assets	13	55.6	51.2	0.0	0.0
Intangible assets		5.8	5.8	3.7	3.9
Finance lease receivables	3	82.3	87.0	96.2	100.6
Deferred tax assets		3.8	3.2	2.6	4.9
Pension assets		1.7	1.9	1.8	2.8
Investments in associates and joint ventures	6	7.5	7.5	7.8	8.1
Derivatives		5.7	5.6	7.1	0.2
Other non-current assets		5.1	4.0	2.4	2.9
<b>Total non-current assets</b>		<b>2,911.2</b>	<b>2,793.5</b>	<b>2,771.3</b>	<b>2,976.7</b>
Inventories		30.5	26.2	13.9	12.6
Trade receivables and other current assets		169.0	175.3	475.7	344.2
Derivatives		2.2	0.8	0.1	2.2
Cash and cash equivalents		148.6	149.0	106.9	113.1
<b>Total current assets</b>		<b>350.3</b>	<b>351.3</b>	<b>596.6</b>	<b>472.1</b>
<b>TOTAL ASSETS</b>		<b>3,261.5</b>	<b>3,144.8</b>	<b>3,367.9</b>	<b>3,448.8</b>
<b>EQUITY AND LIABILITIES</b>					
Shareholders' equity	4	925.7	918.8	919.9	1,038.4
Non-controlling interests	4	15.7	15.8	0.0	0.0
<b>Total equity</b>		<b>941.4</b>	<b>934.6</b>	<b>919.9</b>	<b>1,038.4</b>
Interest-bearing long-term debt	5	1,438.2	1,398.3	1,567.4	1,576.5
Pension obligations		4.4	4.1	3.6	3.9
Other long-term liabilities	8	281.3	290.0	296.2	300.0
Derivatives		98.1	118.8	142.4	139.9
<b>Total non-current liabilities</b>		<b>1,822.0</b>	<b>1,811.2</b>	<b>2,009.6</b>	<b>2,020.3</b>
Trade and other payables		222.1	209.7	227.9	184.7
Derivatives		1.6	3.2	10.8	2.7
Interest-bearing short-term debt	5	232.8	157.3	174.4	175.9
Income tax liabilities		41.6	28.8	25.3	26.8
<b>Total current liabilities</b>		<b>498.1</b>	<b>399.0</b>	<b>438.4</b>	<b>390.1</b>
<b>Total liabilities</b>		<b>2,320.1</b>	<b>2,210.2</b>	<b>2,448.0</b>	<b>2,410.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,261.5</b>	<b>3,144.8</b>	<b>3,367.9</b>	<b>3,448.8</b>

The notes in pages 8-13 are an integral part of these consolidated interim financial statements.

## STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)

2017	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other equity	Shareholders' equity	Non-controlling interests	Total equity
Equity at 1 January 2017	92.5	1,095.4	(9.0)	(15.9)	(17.9)	(225.2)	919.9	0.0	919.9
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.2
Profit/(loss) for the period	0.0	0.0	0.0	0.0	0.0	(5.7)	(5.7)	(0.3)	(6.0)
Other comprehensive income, net of tax	0.0	0.0	0.0	0.7	12.1	(1.1)	11.7	0.0	11.7
Other equity transactions	0.0	0.0	0.0	0.0	0.0	(0.4)	(0.4)	0.0	(0.4)
Transactions with non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.0	16.0
<b>Total equity at 30 September 2017</b>	<b>92.5</b>	<b>1,095.4</b>	<b>(9.0)</b>	<b>(15.2)</b>	<b>(5.8)</b>	<b>(232.2)</b>	<b>925.7</b>	<b>15.7</b>	<b>941.4</b>

2016	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other equity	Shareholders' equity	Non-controlling interests	Total equity
Equity at 1 January 2016	6.9	1,085.0	(9.0)	(15.3)	(31.2)	(92.0)	944.4	0.0	944.4
Issue of share capital	85.6	14.4	0.0	0.0	0.0	0.0	100.0	0.0	100.0
Transaction costs on issue of shares	0.0	(4.0)	0.0	0.0	0.0	0.0	(4.0)	0.0	(4.0)
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.2
Profit/(loss) for the period	0.0	0.0	0.0	0.0	0.0	(18.5)	(18.5)	0.0	(18.5)
Other comprehensive income, net of tax	0.0	0.0	0.0	(0.4)	17.5	(0.8)	16.3	0.0	16.3
<b>Total equity at 30 September 2016</b>	<b>92.5</b>	<b>1,095.4</b>	<b>(9.0)</b>	<b>(15.7)</b>	<b>(13.7)</b>	<b>(111.1)</b>	<b>1,038.4</b>	<b>0.0</b>	<b>1,038.4</b>

## CASH FLOW STATEMENT

(Unaudited figures in USD million)

	Q3 17	Q2 17	Q3 16	YTD 2017	YTD 2016
Profit/(loss) before taxes	21.5	14.8	(4.3)	30.3	9.3
Unrealised currency exchange loss/(gain)	16.9	13.3	18.1	39.1	32.4
Depreciation and amortisation	55.2	57.8	56.0	170.3	170.8
Taxes paid	(6.4)	(8.1)	(5.3)	(20.8)	(24.7)
Share of loss/(profit) of associated companies	0.1	(0.5)	(0.3)	(0.4)	(0.4)
Impairment	0.0	27.4	1.6	27.4	7.8
Change in fair value of derivatives	(20.5)	(5.5)	(1.9)	(36.0)	8.2
Change in working capital	5.1	(11.4)	(0.6)	270.0	64.1
Add back of net interest expense	8.3	10.2	11.6	29.5	33.0
Other items	16.1	8.3	4.0	39.8	8.3
<b>Net cash flow from operating activities</b>	<b>96.3</b>	<b>106.3</b>	<b>78.9</b>	<b>549.2</b>	<b>308.8</b>
Investment in operating fixed assets and intangible assets	(175.0)	(83.8)	(117.2)	(314.1)	(325.2)
Interest received	0.3	0.8	0.4	1.3	1.4
Cash outflow on business combinations	(1.0)	(34.3)	0.0	(35.3)	0.0
<b>Net cash flow from investing activities</b>	<b>(175.7)</b>	<b>(117.3)</b>	<b>(116.8)</b>	<b>(348.1)</b>	<b>(323.8)</b>
Proceeds from new interest-bearing debt	177.0	64.0	124.0	341.0	381.0
Repayment of interest-bearing debt	(77.5)	(276.2)	(182.5)	(450.5)	(400.3)
Proceeds from share issue	0.0	0.0	100.0	0.0	100.0
Transaction costs on issue of shares	0.0	0.0	(4.0)	0.0	(4.0)
Interest paid	(20.5)	(22.9)	(28.3)	(65.9)	(70.4)
Cash transfer from non-controlling interest	0.0	16.0	0.0	16.0	0.0
<b>Net cash flow from financing activities</b>	<b>79.0</b>	<b>(219.1)</b>	<b>9.2</b>	<b>(159.4)</b>	<b>6.3</b>
<b>Net change in cash and cash equivalents</b>	<b>(0.4)</b>	<b>(230.1)</b>	<b>(28.7)</b>	<b>41.7</b>	<b>(8.7)</b>
Cash and cash equivalents at beginning of period	149.0	379.1	141.8	106.9	121.8
<b>Cash and cash equivalents at end of period</b>	<b>148.6</b>	<b>149.0</b>	<b>113.1</b>	<b>148.6</b>	<b>113.1</b>

The notes in pages 8-13 are an integral part of these consolidated interim financial statements.

## NOTES TO THE ACCOUNTS (UNAUDITED)

(Figures in brackets refer to corresponding figures for 2016)

### Note 1 - Accounting principles

This Interim Condensed Consolidated financial information for the third quarter, ended 30 September 2017, has been prepared pursuant to IAS 34, "Interim Financial Reporting". The Interim Condensed Consolidated financial reporting should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS, as adopted by the European Union.

The accounting policies adopted in the preparation of the Interim Condensed Consolidated financial statements are consistent with those followed in the preparation of BW Offshore's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations effective as of January 2017. The adoption of these new standards and interpretations did not have a material impact on the Company.

### New accounting policy applicable from second quarter 2017 due to new business in the oil and gas industry

The Group uses the 'successful efforts'-method of accounting for oil and gas exploration costs in accordance with IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Oil and gas expenditure is capitalised when it is considered probable that future economic benefits will be recoverable. Costs that are known at the time of incurrence to fail to meet this criterion are generally charged to expense in the period they are incurred.

Once commercial reserves have been discovered, the carrying value of the relevant oil and gas assets is transferred to development tangible assets. No depreciation and/or amortisation are charged during the exploration and development phase.

Oil and gas expenditure capitalised as tangible assets includes license acquisition costs and other directly attributable costs. Oil and gas expenditure, which is not sufficiently related to a specific mineral resource to support capitalisation, is expensed as incurred.

As a result of rounding differences, numbers and or percentages may not add up to the total.

### Note 2 – Vessels and vessels under construction

The book value of operating vessels and vessels under construction amounted to USD 2,734.3 million (USD 2,842.7 million) at 30 September 2017.

Capital expenditure related to vessels and vessels under construction in the third quarter 2017, amounted to USD 171.3 million (USD 115.7 million). This is related to capital expenditures on the Catcher project and capital expenditures for ongoing life extension activities. Most life extension activities are on either a reimbursable cost-plus basis or covered through higher day rates.

### Note 3 – Finance lease receivables

At the end of the quarter, amortisation of finance lease receivables is related to YÙUM K`AK`NÀAB.

### Note 4 - Equity

Following the rights issue and the reverse share split completed in 2016, the number of issued shares was 184,956,320 at 30 September 2017. There were 214,000,000 authorised shares at 30 September 2017.

Following the reverse share split, the Company held a total of 48,627 own shares at 30 September 2017.

The investment in BW Energy Holding Pte. Ltd., which indirectly has a majority stake in the Dussafu oil field in Gabon is a cooperation between BW Offshore (66.67%) and Maple Company Limited (33.33%), a wholly owned subsidiary of BW Group Limited. BW Energy Holding Pte. Ltd has been concluded to be a subsidiary of BW Offshore, and the investment by Maple Company Limited is presented as a non-controlling interest in the statement of financial position of BW Offshore.

## Note 5 - Interest-bearing debt

### Non-current debt

The Company had the following long-term interest-bearing debt at 30 September:

	2017	2016
USD 2,400 million facility	466.8	649.0
Joko Tole USD 250 million facility	0.0	24.8
BWO04 - NOK 900 million bond	112.1	111.5
BWO03 - NOK 750 million bond	93.7	93.2
BWO02 - NOK 500 million bond	62.6	62.3
BWO01 - NOK 500 million bond	45.1	44.9
Catcher USD 800 million facility	618.8	517.3
Petróleo Nautipa USD 80 million facility	39.1	50.6
Umuroa USD 130 million facility	0.0	22.9
<b>Total</b>	<b>1,438.2</b>	<b>1,576.5</b>

### Current debt

The Company had the following current interest-bearing debt at 30 September:

	2017	2016
USD 2,400 million facility	90.1	107.3
Joko Tole USD 250 million facility	25.5	38.4
BWO04 - NOK 900 million bond	(0.3)	(0.3)
BWO03 - NOK 750 million bond	(0.2)	(0.2)
BWO02 - NOK 500 million bond	(0.1)	(0.1)
BWO01 - NOK 500 million bond	(0.1)	17.4
Catcher USD 800 million facility	83.4	(2.0)
Petróleo Nautipa USD 80 million facility	11.5	11.5
Umuroa USD 130 million facility	23.0	3.9
<b>Total</b>	<b>232.8</b>	<b>175.9</b>

### Instalment overview

The following table sets out the maturity profile of the Company's interest-bearing debt based on contractual undiscounted payments.

	Q4 17	Q1 18	Q2 18	Q3 18	2018	2019	2020- 2022	2023 and beyond	Total
USD 2,400 million facility	-	46.3	-	46.3	92.6	138.9	330.0	-	561.5
Joko Tole USD 250 million facility	9.4	9.4	7.0	-	16.4	-	-	-	25.8
BWO04 - NOK 900 million bond**	-	-	-	-	-	-	117.0	-	117.0
BWO03 - NOK 750 million bond**	-	-	-	-	-	-	124.0	-	124.0
BWO02 - NOK 500 million bond**	-	-	-	-	-	-	86.8	-	86.8
BWO01 - NOK 500 million bond**	-	-	-	-	-	-	65.0	-	65.0
Catcher USD 800 million facility	-	28.6	28.6	28.6	114.4	114.3	342.9	139.6	711.1
Petróleo Nautipa USD 80 million facility	-	5.8	-	5.8	11.6	11.6	27.6	-	50.8
Umuroa USD 130 million facility	1.0	22.0	-	-	22.0	-	-	-	23.0
<b>Total</b>	<b>10.4</b>	<b>112.1</b>	<b>35.6</b>	<b>80.7</b>	<b>257.0</b>	<b>264.8</b>	<b>1,093.2</b>	<b>139.6</b>	<b>1,765.0</b>

\*\* ) Bond loan illustrated at swapped USD/NOK rate

### Covenants

All bank loan facilities are subject to certain covenants, including minimum book equity of at least 20% of total assets, debt to EBITDA of maximum 6.0, minimum USD 75.0 million available liquidity and interest coverage ratio of minimum 3.0.

Bond loans are subject to certain covenants, including minimum book equity of at least 20% of total assets and minimum USD 75 million available liquidity including undrawn amounts available for utilisation by the Company.

As per end of third quarter 2017, the Company is in compliance with all financial covenants. The equity ratio as per end of third quarter 2017 is 28.9%, and available liquidity amounts to USD 292.5 million.

### Note 6 – Investments in associates and joint ventures

Investments in associates relates mainly to the 50% shareholding in OCS Services Limited, providing primarily manning services.

Investments in joint ventures relates to the 49% shareholding in BW Offshore Nigeria Limited, providing primarily services to the FPSO business.

The Company has accounted for its shareholding in these investments according to the equity method.

### Note 7 – Gain/ (loss) on financial instruments

	Q3 17	Q2 17	Q3 16	YTD 2017	YTD 2016
Gain/(loss) on financial instruments	20.5	5.5	1.8	36.0	(8.2)
<b>Net gain/(loss) on financial instruments</b>	<b>20.5</b>	<b>5.5</b>	<b>1.8</b>	<b>36.0</b>	<b>(8.2)</b>

### Note 8 – Other long-term liabilities

Other long-term liabilities comprise of upfront payments related to charter contracts. Payments received under operating leases are recognised as operating revenue on a straight-line basis over the lease term. This implies that there might be significant timing differences between cash flow and recognised revenue from a particular lease.

### Note 9 – Related party transactions

No related party transactions considered material to BW Offshore occurred during the quarter.

### Note 10 – Capital commitments

Total unrecognised contractual capital commitments at 30 September 2017 amounted to USD 92.3 million (corresponding figure for 30 September 2016 was USD 272.9 million). This commitment is related to the Catcher project, ongoing life extension activities, operations as well as commitments on long-term office rental.

### Note 11 – Depreciation

The level of depreciation depends on the estimated useful life of the different components of the vessels and the residual value at the end of useful life. The estimated useful life used for depreciations are based on experience and knowledge of the vessels owned by the Company. Estimated useful life has from 2017 been amended for certain vessels, resulting in an increase in depreciation for the same vessels. This increase is offset by a reduction in depreciation due to impairment of certain vessels in 2016 and 2017.

### Note 12 – Segments

The Company's activities have been construction, ownership and operation of FPSOs and FSOs. From 2017 this has been expanded to focus on oil and gas activities with the acquisition of Dussafu and Kudu. The assets and liabilities are allocated based on the operations of the segment. Sales between segments are presented net of intercompany transactions.

Segment data for the third quarter of 2017 and 2016 is presented below. The reported measure of segment profit is net operating income (EBIT). Deferred tax assets, pension assets and non-current financial assets are not allocated to the segments. The line item capital expenditure excludes movements related to changes in asset retirement obligations.

Third quarter of 2017	FPSO	Oil & Gas	Eliminations	Total
Revenues from third parties	152.7	0.0	0.0	152.7
Revenues inter-segment	1.9	0.0	(1.9)	0.0
<b>Total revenues</b>	<b>154.6</b>	<b>0.0</b>	<b>(1.9)</b>	<b>152.7</b>
Share of profit/(loss) of associates and joint ventures	(0.1)	0.0	0.0	(0.1)
Operating expenses	(56.7)	(1.9)	1.9	(56.7)
General and administrative expenses	(13.8)	0.0	0.0	(13.8)
<b>EBITDA</b>	<b>84.0</b>	<b>(1.9)</b>	<b>0.0</b>	<b>82.1</b>
Depreciation, amortisation and impairment	(55.2)	0.0	0.0	(55.2)
<b>EBIT</b>	<b>28.8</b>	<b>(1.9)</b>	<b>0.0</b>	<b>26.9</b>
Capital expenditure	171.3	4.6	0.0	175.9
<b>Balance sheet information</b>				
Investments in associates and joint ventures	7.5	0.0	0.0	7.5
Non-current segment assets	2,832.7	58.2	0.0	2,890.9
Non-current assets, not allocated to segments				12.8
<b>Total non-current assets</b>				<b>2,911.2</b>

#### Revenues by geographic areas

The classification of revenue per region is determined by the final destination of the FPSO

Americas	54.9
Europe/Africa	71.5
Asia and the Pacific	26.3
<b>Total revenues</b>	<b>152.7</b>

#### Non-current assets by region

Americas	720.2
Europe/Africa	1,625.3
Asia and the Pacific	459.7
<b>Total non-current assets*</b>	<b>2,805.1</b>

\*Excluding deferred tax assets, pension assets and non-current financial assets

Third quarter of 2016	FPSO	Oil & Gas	Eliminations	Total
Revenues from third parties	159.6	0.0	0.0	159.6
Revenues inter-segment	0.0	0.0	0.0	0.0
<b>Total revenues</b>	<b>159.6</b>	<b>0.0</b>	<b>0.0</b>	<b>159.6</b>
Share of profit/(loss) of associates and joint ventures	0.3	0.0	0.0	0.3
Operating expenses	(78.1)	0.0	0.0	(78.1)
General and administrative expenses	(4.9)	0.0	0.0	(4.9)
<b>EBITDA</b>	<b>76.9</b>	<b>0.0</b>	<b>0.0</b>	<b>76.9</b>
Depreciation, amortisation and impairment	(57.7)	0.0	0.0	(57.7)
<b>EBIT</b>	<b>19.2</b>	<b>0.0</b>	<b>0.0</b>	<b>19.2</b>
Capital expenditure	117.2	0.0	0.0	117.2
<b>Balance sheet information</b>				
Investments in associates and joint ventures	8.1	0.0	0.0	8.1
Non-current segment assets	2,950.0	0.0	0.0	2,950.0
Non-current assets, not allocated to segments				18.6
<b>Total non-current assets</b>				<b>2,976.7</b>

#### Revenues by geographic areas

The classification of revenue per region is determined by the final destination of the FPSO

Americas	57.9
Europe/Africa	73.3
Asia and the Pacific	28.4
<b>Total revenues</b>	<b>159.6</b>

#### Non-current assets by region

Americas	939.1
Europe/Africa	1,418.5
Asia and the Pacific	499.6
<b>Total non-current assets*</b>	<b>2,857.2</b>

\*Excluding deferred tax assets, pension assets and non-current financial assets

### Note 13 – Business combinations

During the second quarter, BW Energy Gabon Pte. Ltd (“BWEG”), a subsidiary of BW Offshore, completed the acquisition of the 100% interest in Harvest Dussafu B.V. from Harvest Energia B.V, a wholly-owned subsidiary of Harvest Natural Resources, Inc. (NYSE: HNR). Harvest Dussafu B.V. owned a 66.667% interest in the Dussafu production sharing contract offshore Gabon.

The provisional fair value of the net identifiable assets acquired (purchase price allocation) at the date of acquisition were USD 35.4 million related to tangible oil and gas assets.

During the second quarter, BWEG also completed the acquisition of 25% working interest in the Dussafu production sharing contract from Pan-Petroleum Gabon B.V. (PPGBV), a wholly-owned subsidiary of Panoro Energy ASA. The acquisition price was USD 12 million. As this was a direct investment in the production sharing contract, this acquisition has been concluded to be an asset acquisition.

## Note 14 - Subsequent events

The FPSO BW Catcher arrived at the Catcher field on 18 October 2017. The hook up of the Submerged Turret Production ("STP") buoy mooring system was completed on 19 October with the vessel successfully completing a rotation test around the buoy on 20 October. The final pull-in of the risers and umbilicals is complete and commissioning activities have also commenced. Delivery of first oil remains on schedule by the end of the year.

Sendje Berge Limited has agreed terms of a contract extension for the FPSO Sendje Berge with Addax Petroleum Exploration (Nigeria) Ltd (Addax) on the Okwori field offshore Nigeria which have been duly submitted to relevant Nigerian Authorities for their review and approval. The contract extension will be for a four-year fixed term with two additional one-year extension options, commencing 6 November 2017. The revised and agreed commercial terms include a new day rate partially linked to oil production volumes and oil price. The termination notice announced on 5 May 2017 has been withdrawn and the arbitration has been settled as part of the agreed terms.

BW Offshore Limited (BWO) has closed an agreement with a nominee of the financial leasing firm, ICBC Financial Leasing Co., Ltd. (ICBCL), whereby such nominee becomes an equity partner in BW Catcher Limited. The equity investment in the BW Catcher FPSO is the first transaction under the cooperation agreement signed between BWO and ICBCL in April this year.

BW Catcher Limited has issued preference shares with a preferential dividend right to ICBCL, for an aggregate subscription price of USD 275,000,000. The Company plans to redeem the preference shares in full over an estimated term of 12 years. The aggregate redemption and dividend payments on the preference shares are estimated to reflect approximately 25-30% of the estimated free cash flow after debt servicing in the Catcher contract over a similar term.

The net proceeds from the issue of the preference shares will be used for general corporate purposes.

On 21 November, BWO signed a one-year contract extension for the lease and operation of the FPSO Umuroa.

## KEY FIGURES

	Note	Q3 17	Q2 17	Q3 16	YTD 2017	YTD 2016
EBITDA-margin	1	53.8%	72.6 %	48.2 %	55.2 %	47.4 %
Equity ratio	2	28.9%	29.7 %	30.1 %	28.9 %	30.1 %
Return on equity	3	-4.9%	0.6 %	-5.0 %	-2.1 %	-2.2 %
Return on capital employed	4	5.5%	6.6 %	3.1 %	4.4 %	6.5 %
Net interest-bearing debt (USD million)	5	1,522.4	1406.6	1639.3	1522.4	1639.3
Cash flow per share (USD)*	6	0.5	0.6	0.5	3.0	1.7
EPS - basic and diluted (USD)*	7	0.0	0.0	-0.1	-0.0	-0.1
Shares - end of period (million)		185.0	185.0	185.0	185.0	185.0
Share price (NOK)		27.90	21.00	17.00	27.90	17.00
Market cap (NOKm)		5,160	3,884	3,144	5,160	3,144
Market cap (USDm)		647	463	391	647	391

\*Weighted average number of ordinary shares have been adjusted retrospectively to reflect the reverse share split in Q4 2016.

### Notes to key figures

- 1 Earnings before interest, taxes, depreciation and amortisation / Operating revenues
- 2 Equity / Total assets
- 3 Annualised net profit / Average equity
- 4 Adjusted EBIT (annualised) / Capital employed (Total assets - vessels under conversion - investments without contributions to EBIT - interest free debt and equivalents)
- 5 Interest bearing debt - cash and cash equivalents
- 6 Net cash flow from operating activities / Weighted average number of shares
- 7 Net profit / Weighted average number of shares

## FLEET AND CONTRACTS

Name of unit	Location	Counterparty	Converted	Contract period
<b>FPSOs</b>				
Sendje Berge	Nigeria	Addax/Sinopec	2000	2005-2021 + options until 2023
Abo FPSO	Nigeria	Agip/ENI	2003	2003-2018 + options until 2023
Espoir Ivoirien	Ivory Coast	CNR	2002	2002-2022 + options until 2036
Berge Helene	Mauritania	Petronas	2005	2006-2017
Petróleo Nautipa	Gabon	Vaalco Energy	2002	2002-2020 + options until 2022
YÙUM K'AK'NÀAB	Mexico	Pemex	2006	2007-2022 + options until 2025
BW Cidade De São Vicente	Brazil	Petrobras	2009	2009-2019 + options until 2024
FPSO Cidade De São Mateus	Brazil	Petrobras	2009	2009-2018 + options until 2024
FPSO Polvo	Brazil	Petrório (HRT)	2007	2007-2018 + options until 2022
BW Pioneer	US	Petrobras	2010	2012-2020
Umuroa	New Zealand	Tamarind Management	2007	2007-2018 + options until 2022
BW Joko Tole	Indonesia	Kangean Energy	2012	2012-2022 + options until 2026
BW Catcher	UK	Premier Oil	Ongoing	2017-2024 + options until 2042
Azurite	Singapore	BW Energy	Ongoing	

<b>Available FPSO's and FSO's</b>				
BW Athena	UK	Available	2012	
Belokamenka	Indonesia	Available	2003	