

BW OFFSHORE

Q2 2017

CEO Carl K. Arnet

CFO Knut R. Sæthre

29 August 2017

**WE BUILD, INSTALL, LEASE
AND OPERATE**



RECENT HIGHLIGHTS



BW Catcher left yard and in transit to UK North Sea, ETA early Q4

Payment of outstanding day rates received from Addax

Dussafu transactions closed and Final Investment Decision made

- EBITDA of USD 118.6 million in the second quarter and EBITDA of USD 180.6 million in the first half-year 2017
- Peregrino operation handover to Statoil
- Termination notice received for Sendje Berge

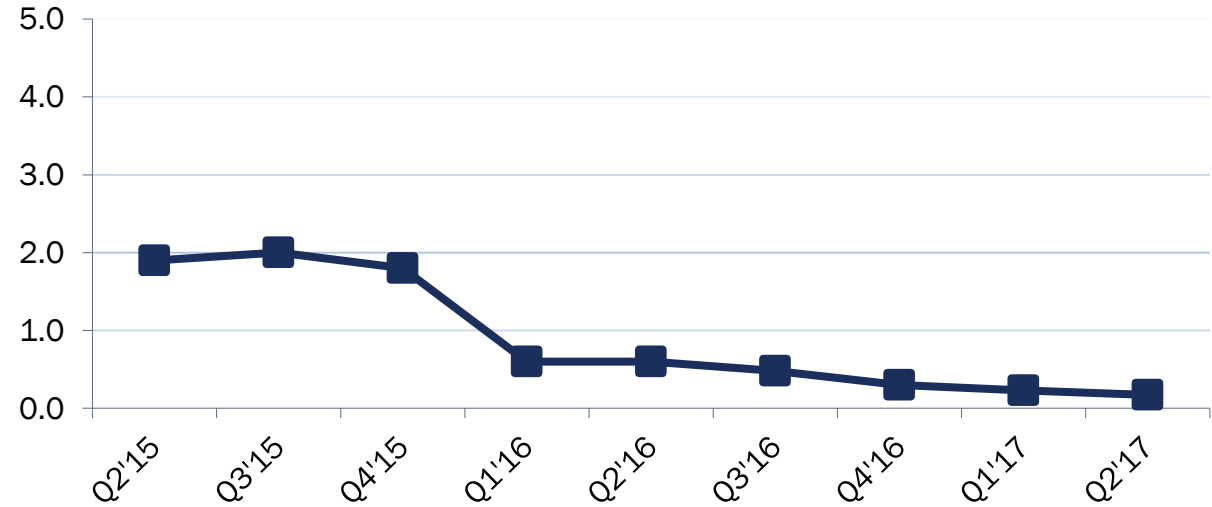
OPERATIONAL STATUS



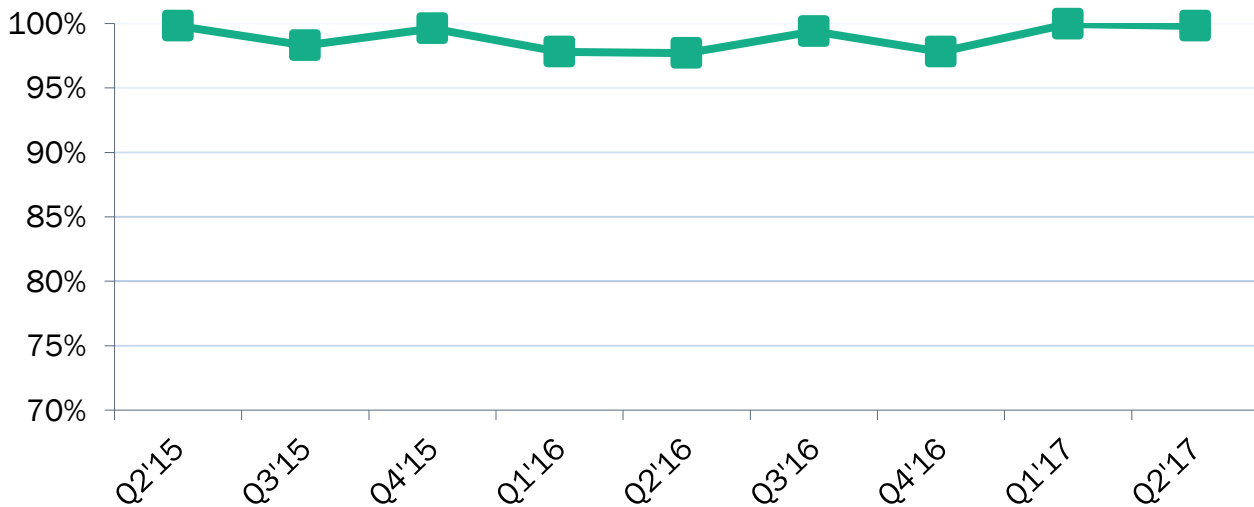
■ Lost time injuries (LTI) frequency of **0.17**

HSE record (LTI)

Lost time injuries per million man-hours



Uptime

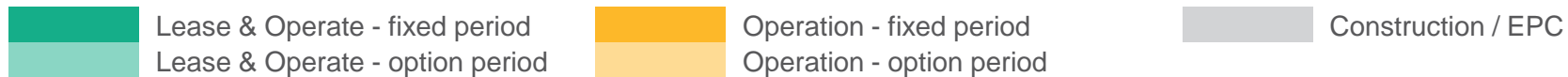


■ Commercial fleet uptime **99.8%**

FLEET CONTRACTUAL VIEW



Unit	Type	Contract	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026		
Sendje Berge	FPSO	Lease & Operate	Addax/Sinopec, Nigeria: 2005-2018 (2020)															
Berge Helene*	FPSO	Lease & Operate	Petronas, Mauritania: 2006-2017															
Yúum K'ak' Náab	FPSO	Lease & Operate	Pemex, Mexico: 2007-2022 (2025)															
BW Cidade de São Vicente	FPSO	Lease & Operate	Petrobras, Brazil: 2009-2019 (2024)															
BW Pioneer	FPSO	Lease & Operate	Petrobras, US: 2012-2020															
BW Joko Tole	FPSO	Lease & Operate	Kangean, Indonesia: 2012-2022 (2026)															
Umuroa	FPSO	Lease & Operate	Tamarind, New Zealand: 2007-2017 (2022)															
FPSO Polvo	FPSO	Lease & Operate	PetroRio, Brazil: 2007-2018 (2022)															
Abo FPSO	FPSO	Lease & Operate	Agip/Eni, Nigeria: 2003-2018 (2023)															
Espoir Ivorien	FPSO	Lease & Operate	CNR, Ivory Coast: 2002-2022 (2036)															
Petroleo Nautipa	FPSO	Lease & Operate	Vaalco, Gabon: 2002-2020 (2022)															
FPSO Cidade de São Mateus**	FPSO	Lease & Operate	Petrobras, Brazil: 2009-2018 (2024)															
BW Catcher	FPSO	Lease & Operate	Premier Oil, UK 2017-2024 (2042)															
Azurite	FPSO	Tendering	Murphy, Congo															
Belokamenka	FSO/ULCC	Tendering	Rosneft, Russia															
BW Athena	FPSO	Tendering	Ithaca, UK															
FPSO Peregrino	FPSO	Operate	Statoil, Brazil: 2013-2017															





Umuroa

- Contract ends in Q4 2017
- Extension discussions ongoing



FPSO Cidade de São de Mateus

- Unit remains in lay-up at Keppel in Singapore
- Client is still evaluating the future of the field



Berge Helene

- Extension beyond the original termination date in May 2017
- 75 day termination notice until the client is ready to commence with demobilization



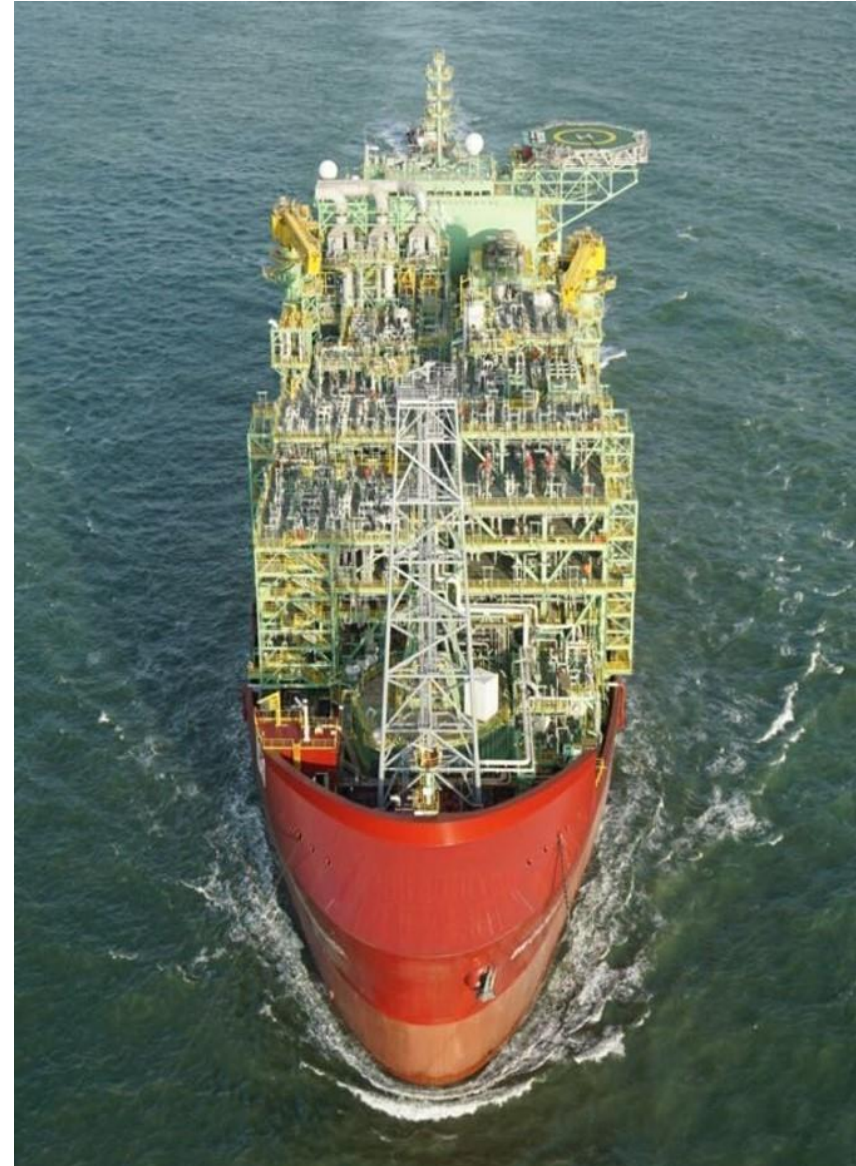
Sendje Berge

- Received 6 months termination notice in May 2017
- Planning for decommissioning with Addax

BW CATCHER – in transit to UK



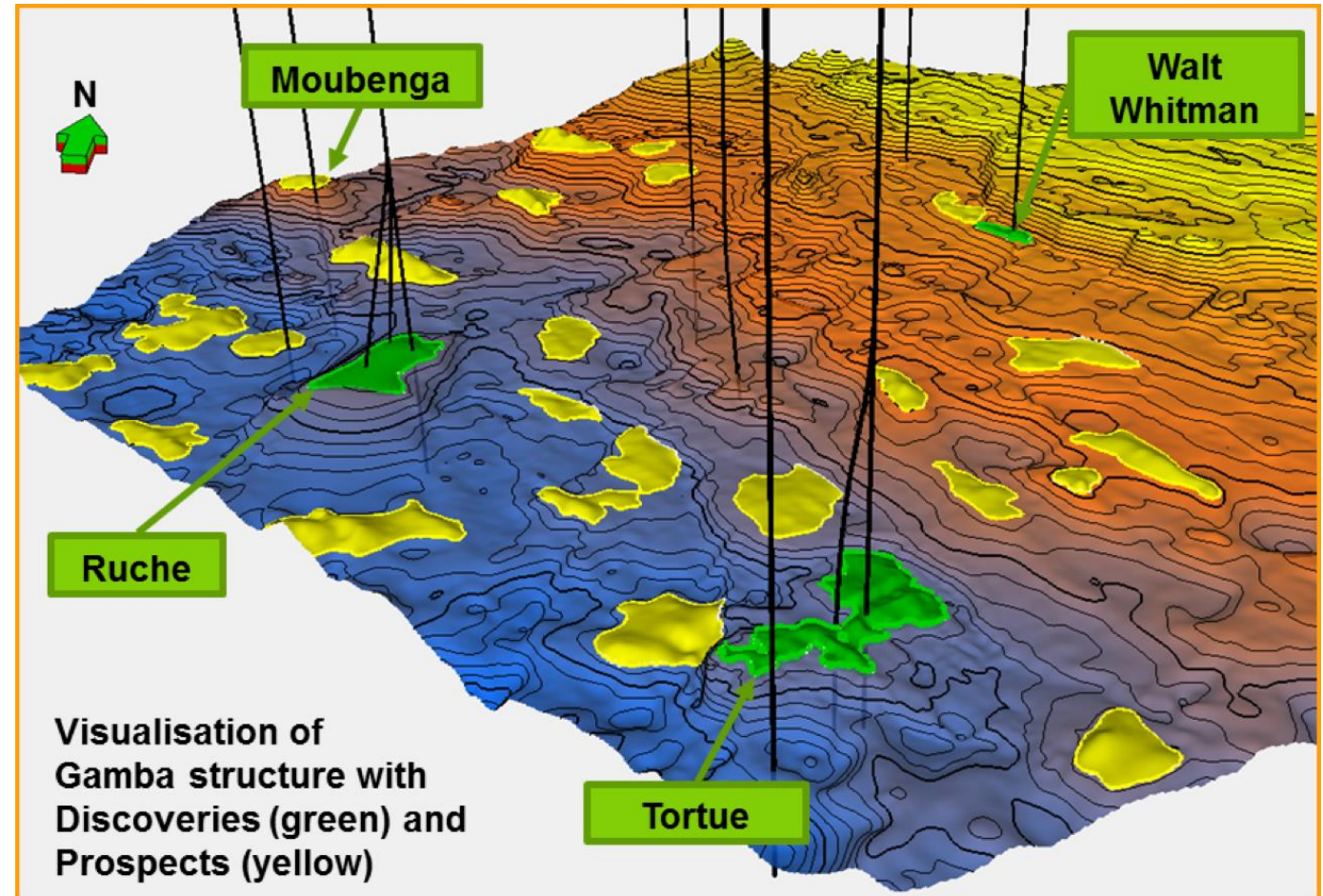
- Project well within budget
- Good HSE record
- Commissioning activities and sea trials completed
- FPSO started the voyage to the UK North Sea on 26th August
- Hook-up to the pre-installed mooring system at the field expected early Q4 2017
- First Oil within 2017
- CAPEX of USD 897 million incurred by end Q2 2017



BWE: DUSSAFU – progressing as planned



- All transactions closed and FID made for initial Tortue development
- All long lead items secured
- BW Energy holds a 91.67% working interest in the Dussafu license
 - Panoro Energy holds the remaining 8.33%
- Offered the Gabon Oil Company (GOC) a 10% participation in the field subject to certain conditions



DUSSAFU – key milestones



Transactions

- Q4 2016 SPA signed with Harvest ✓
- Q1 2017 SPA signed with Panoro ✓
Harvest shareholder vote to approve sale ✓
- Q2 2017 Gabon approval and Harvest closing ✓
Panoro closing ✓

FPSO

- 2017 LOI for the FPSO
- 2018 FPSO mobilizes to Gabon
FPSO moored and ready to hook up wells
- H2 2018 First Oil target**

Drilling

- 2017 Drilling LOI
- 2018 Drilling rig on location
Complete 1st well
Complete 2nd well

Subsea

- 2017 Contract award for subsea trees and long lead items ✓
Contract award for flexible risers/flowlines (long lead items)
- 2018 Subsea trees arrive in Gabon
Subsea installation vessels commence work

FINANCE

A red helicopter is parked on a green helipad on the deck of a ship. The helicopter has "Era" written on its side. A pilot in a white uniform and headset is walking towards the camera. The background shows the ocean and a sunset sky. A large white diagonal shape is overlaid on the image, partially obscuring the helicopter's rotor blades.

FINANCIALS

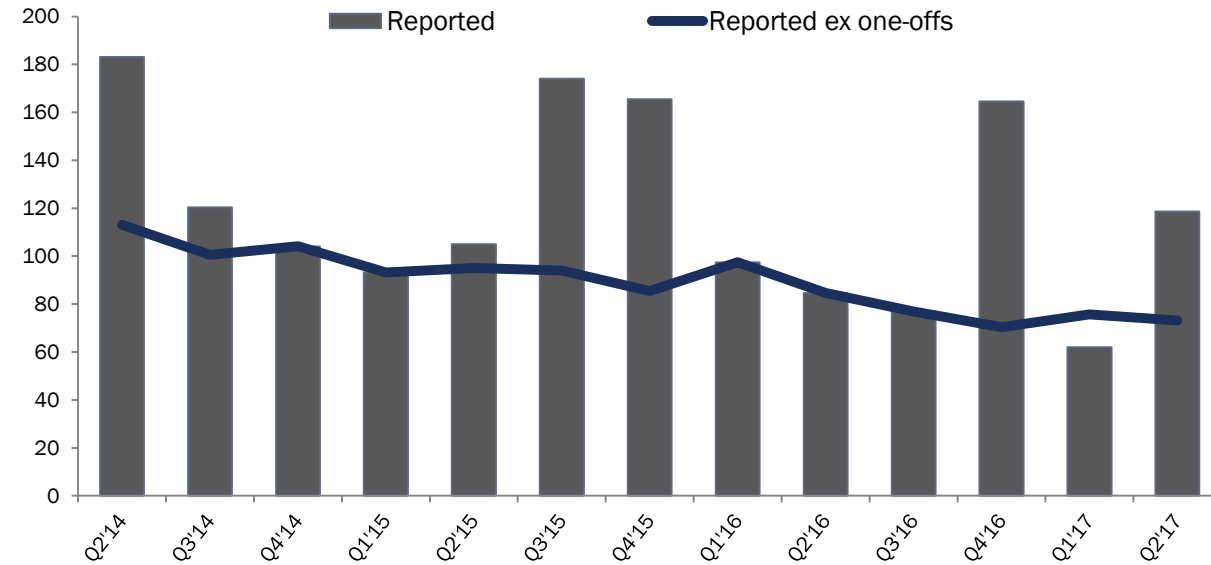


EBITDA of USD 118.6 million

- EBITDA adjusted for reversal of provisions USD 73.1 million
- Reversal of provision for overdues on Sendje Berge of USD 45.5 million

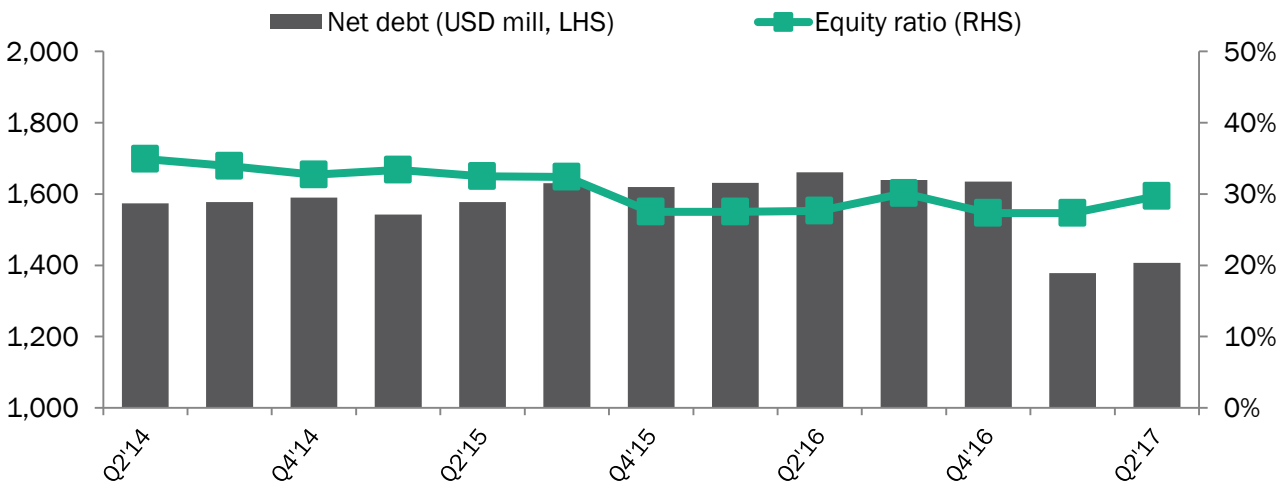
EBITDA

USD million



Net debt and equity ratio

USD million and percentage



Impairment of USD 25 million on Sendje Berge due to the termination of the contract

Cash received on Sendje Berge and Cidade de São Mateus repair settlement used to repay debt

INCOME STATEMENT



USD million	Q2 2017	Q1 2017	2016
Operating Revenues	163.4	159.6	844.7
Operating Expenses	(45.3)	(97.6)	(421.9)
Share Of Profit From Associates	0.5	0.0	0.6
EBITDA	118.6	62.0	423.4
Depreciation	(57.1)	(56.6)	(224.6)
Amortizations	(0.7)	(0.7)	(2.8)
Impairment	(27.4)	0.0	(231.0)
EBIT	33.4	4.7	(35.0)
Net Interest Expense	(10.3)	(11.0)	(44.5)
FX, Fin. Instruments And Other Financial Items	(8.3)	0.3	(20.7)
Profit (Loss) Before Tax	14.8	(6.0)	(100.2)
Income Tax Expense	(9.6)	(9.1)	(32.7)
Net Profit (Loss)	5.2	(15.1)	(132.9)

STATEMENT OF FINANCIAL POSITION



USD million	Q2 2017		Q1 2017	
Total Non-current Assets	2,793.5	88.8%	2,766.0	82.9%
Total Current Assets	351.3	11.2%	572.1	17.1%
Total Assets	3,144.8	100.0%	3,338.1	100.0%

Total Equity	934.6	29.7%	910.1	27.3%
<i>Total Non-current Liabilities</i>	<i>1,811.2</i>		<i>2,005.1</i>	
<i>Total Current Liabilities</i>	<i>399.0</i>		<i>422.9</i>	
Total Liabilities	2,210.2	70.3%	2,428.0	72.7%
Total Equity And Liabilities	3,144.8	100.0%	3,338.1	100.0%

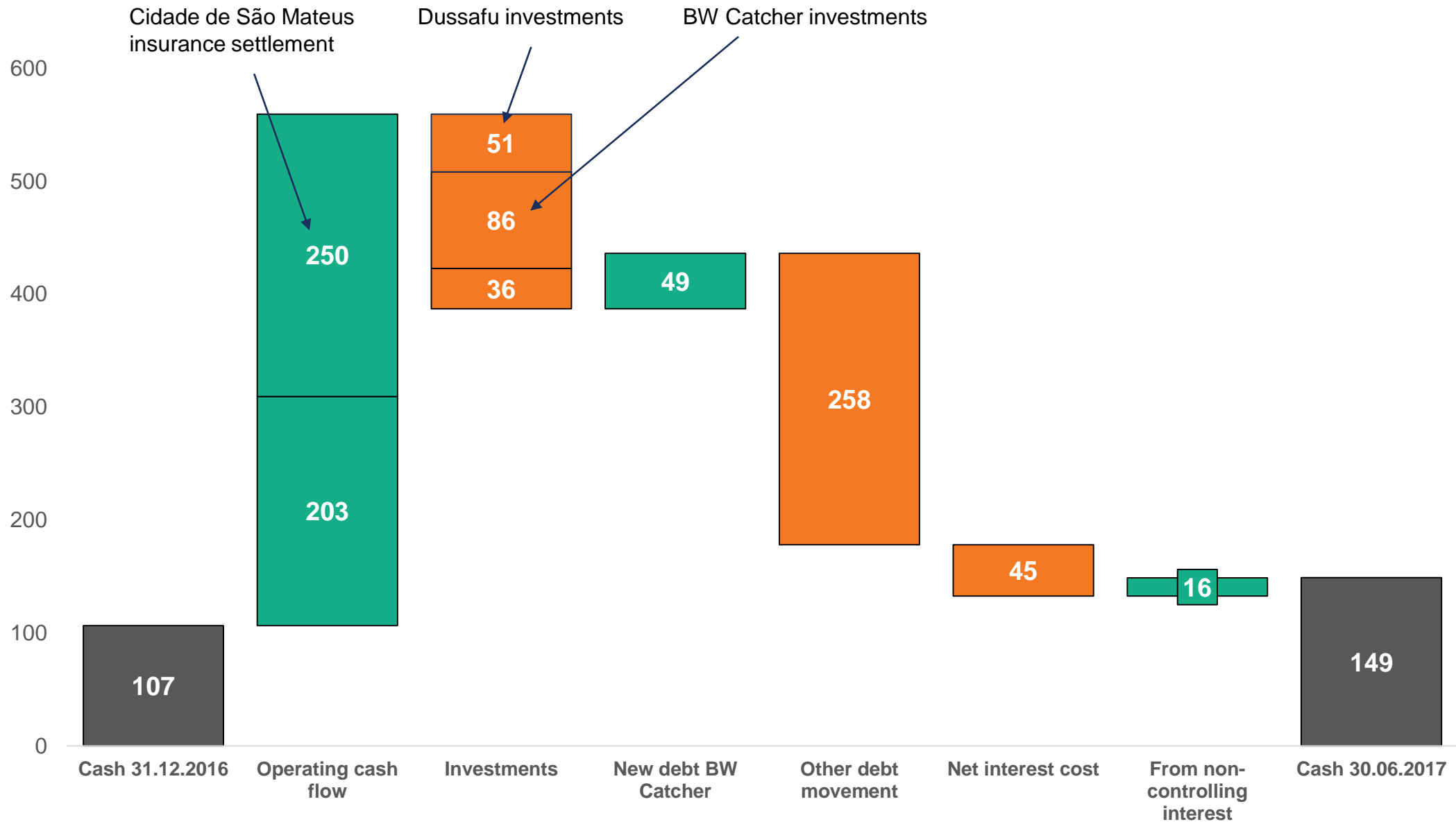
USD million	Q2 2017	Q1 2017
Reported Interest Bearing Debt	1,555.6	1,756.7
Cash And Deposits	(149.0)	(379.1)
Net Interest Bearing Debt	1,406.6	1,377.6

CASH FLOW STATEMENT



USD million	Q2 2017	Q1 2017	2016
Net Cash Flow From Operating Activities	106.3	346.6	387.5
Net Cash Flow From Investing Activities	(117.3)	(55.1)	(399.7)
Net Cash Flow From Financing Activities	(219.1)	(19.3)	(2.7)
Net Change In Cash And Cash Equivalents	(230.1)	272.2	(14.9)
Cash And Cash Equivalent At Start Of Period	379.1	106.9	121.8
Cash And Cash Equivalent At End Of Period	149.0	379.1	106.9

CASH FLOW YTD



FINANCING

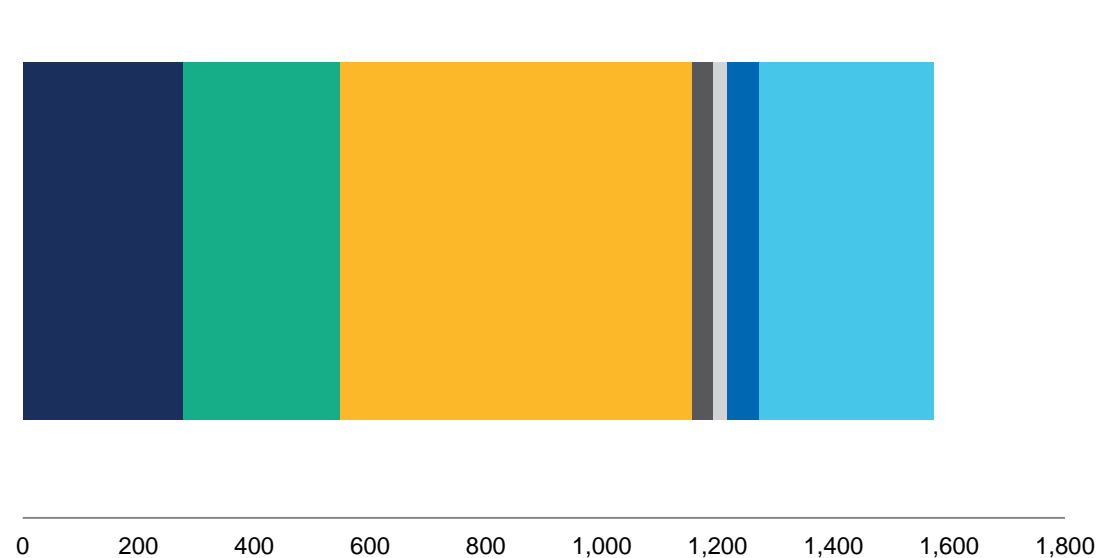


- ▮ Available liquidity including corporate facilities USD 352.9 million
- ▮ Reduction of the USD 2.4bn facility in June following the Cidade de São Mateus early repair settlement
 - Term loan reduced by USD 55.8 million
 - RCF limit reduced by USD 107.3 million
 - Net positive liquidity effect of USD 87 million

- ▮ Utilised USD 609 million of USD 800 million bank financing for the Catcher project
- ▮ Good headroom to all financial covenants
- ▮ Final negotiations on Catcher preference shares

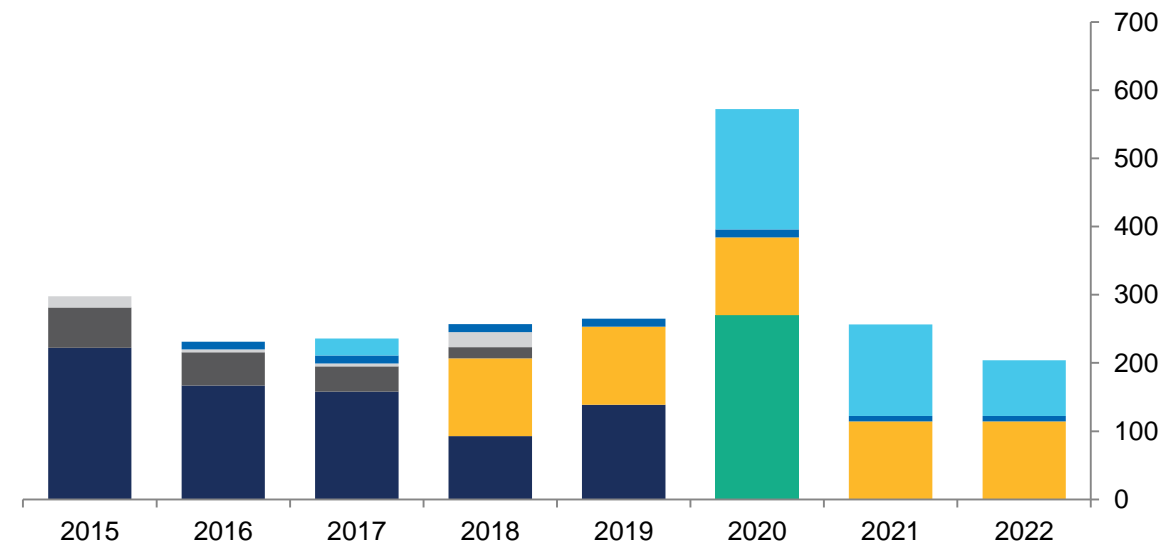
Gross debt

USD million per 30.06.2017



Instalments

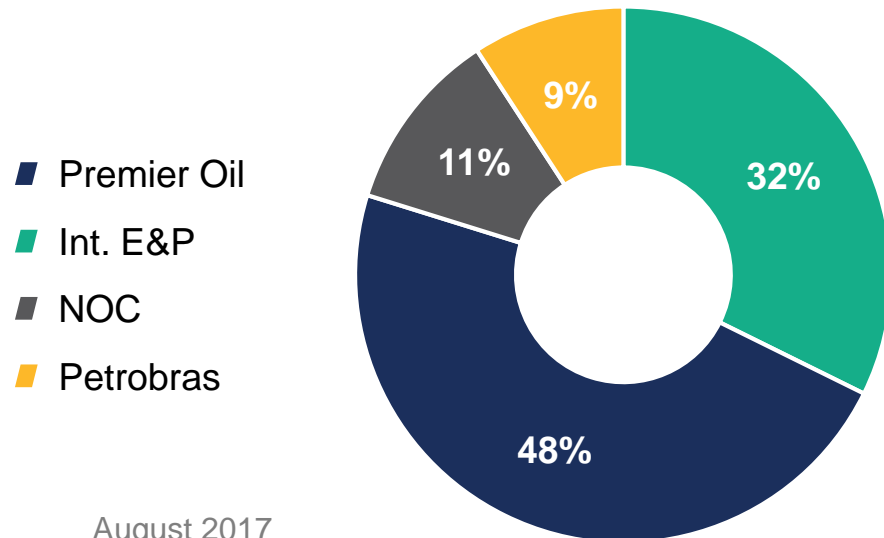
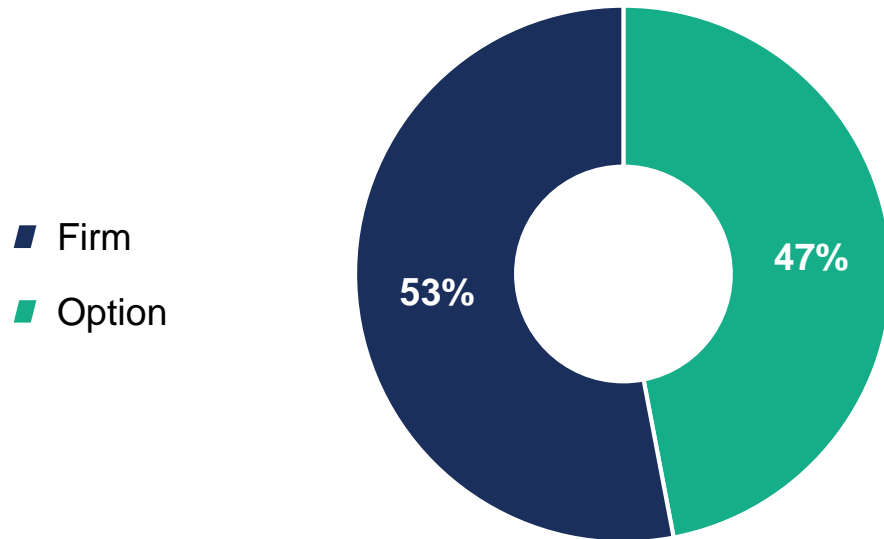
USD million per 30.06.2017



REVENUE VISIBILITY



Probable orderbook of USD 6.3 billion



Our clients

OUTLOOK

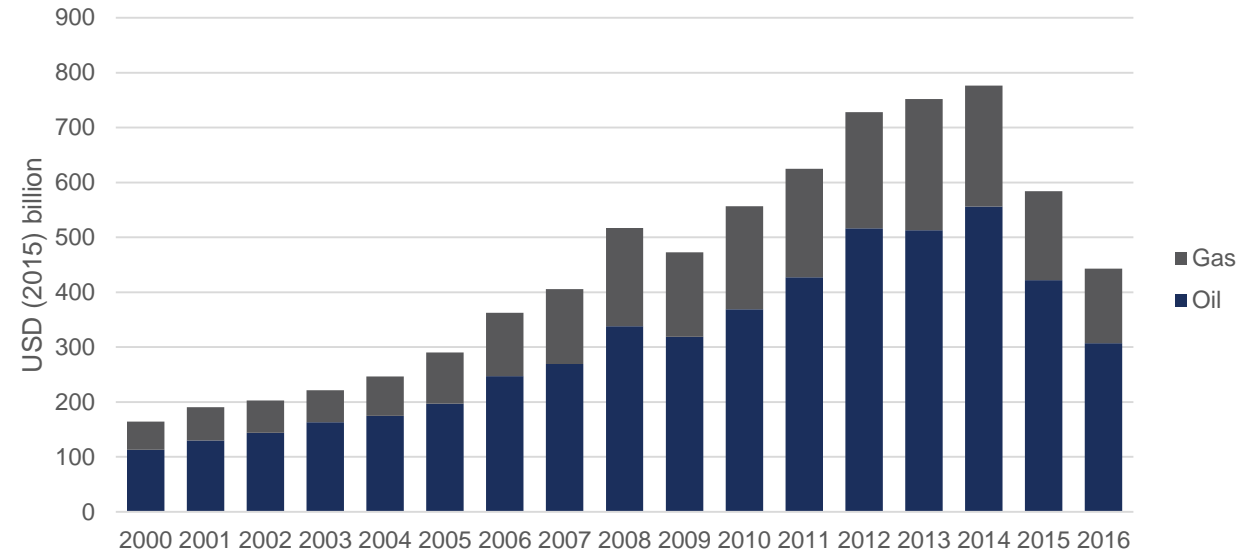


MARKET/ENVIRONMENT



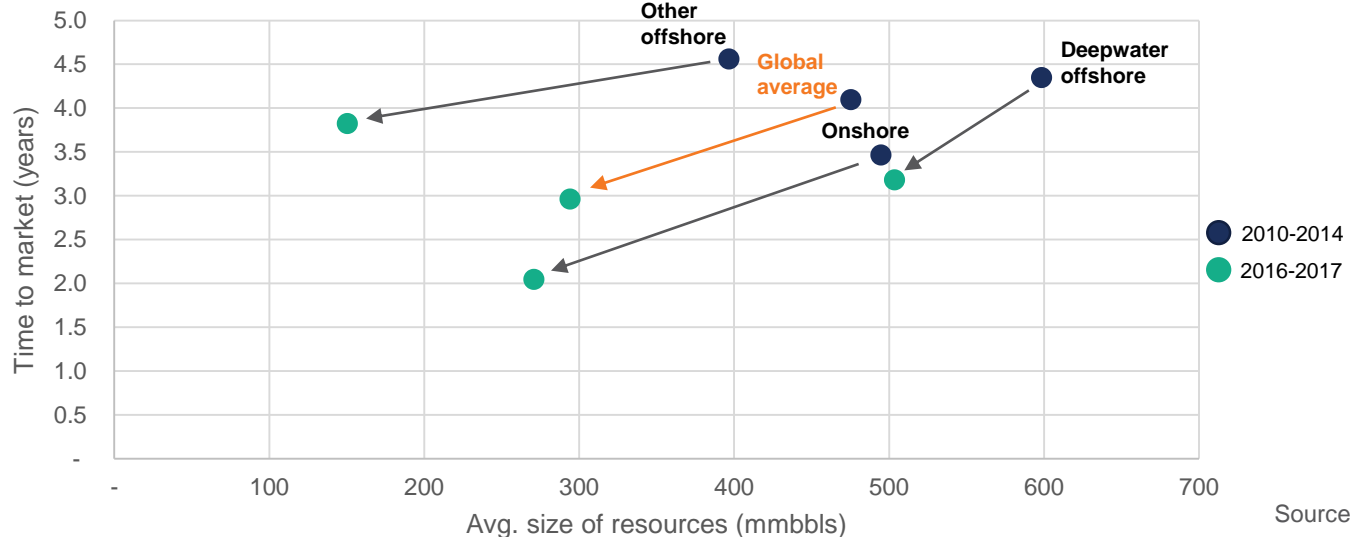
- Oil and gas investments down 50% since 2014
- Main FPSO market Brazil
- Competition bidding low

World upstream oil and gas investment by fuel



Source: Aug - 2017 – DNB Markets – Torbjørn Kjus

Oil and gas projects moving to shorter timelines and smaller sizes



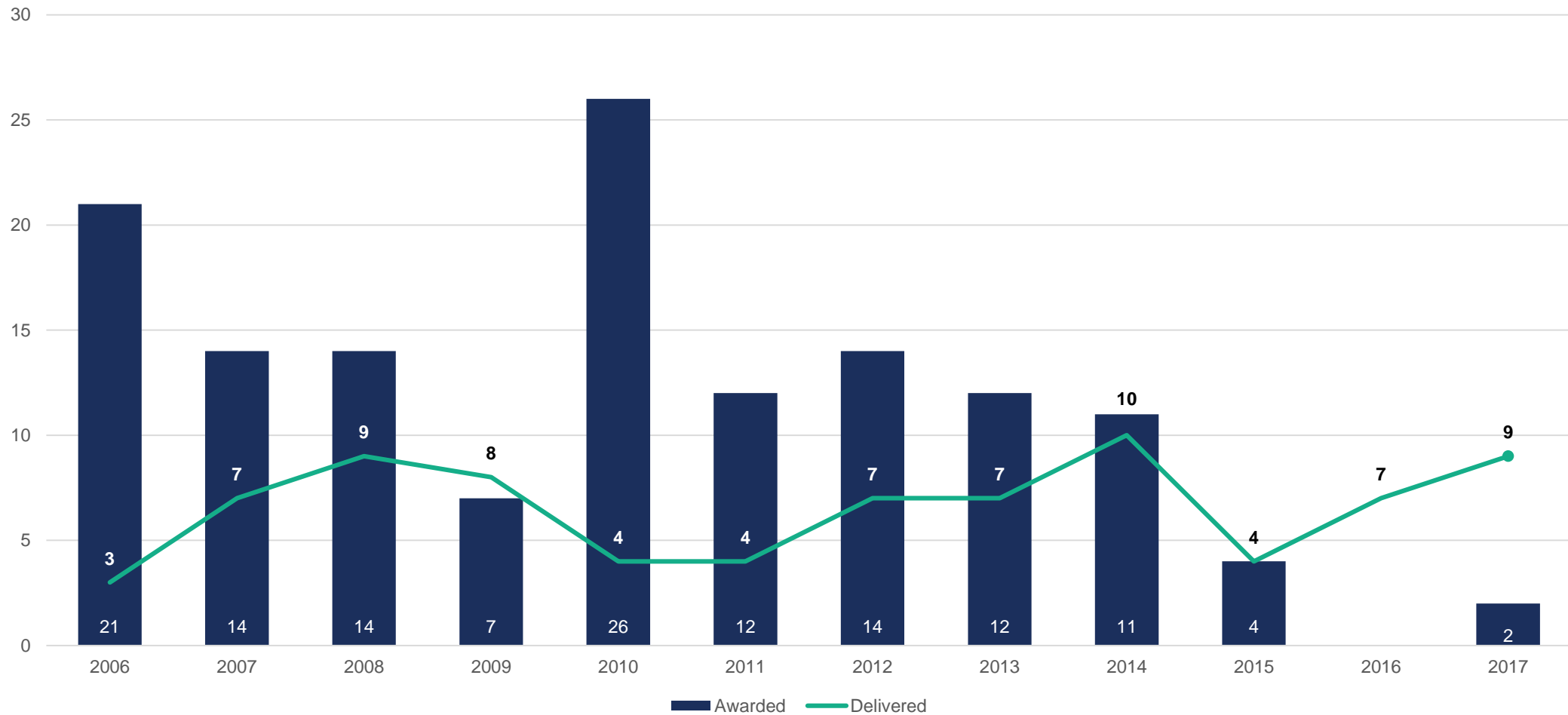
Source: IEA World Energy Investments 2017

- No change in general offshore market expected until 2019, earliest
- East Africa gas developments are starting

HISTORICAL FPSO AWARDS



2017 shows an improvement compared to 2016



Source: EMA Q3 2017

H1 2017

- ICBCL cooperation agreement ✓
- Addax arbitration ✓
- Dussafu closing ✓
- Abo extension ✓
- Sepia & Libra bid ✓
- Peregrino O&M handover ✓

H2 2017

- Sendje Berge decommissioning
- Catcher First Oil
- Kudu FID
- Buzious 5 bid
- Zabazaba bid
- Cidade de São Mateus agreement
- Umuroa extension
- Catcher preference share issue

H1 2018

- Berge Helene decommissioning
- Polvo extension
- Abo extension
- Marlim I & II bids

H2 2018

- Dussafu First Oil
- Cidade de São Vicente extension



Q&A



BW Offshore

For further information please contact ir@bwoffshore.com