



SECOND
QUARTER
AND FIRST
HALF-YEAR

2018

KEY EVENTS

- EBITDA of USD 105.4 million in the second quarter and EBITDA of USD 213.9 in the first half-year
- BW Catcher successfully completed the 168-hour performance test in July
- Ruche North East appraisal well discovers oil
- Tortue reservoir drilling campaign completed
- BW Adolo arrived in Gabon late July
- Contract extension for FPSO Umuroa

FINANCIAL SUMMARY

SECOND QUARTER

Operating revenues for the quarter amounted to USD 200.2 million, an increase of USD 7.7 million (USD 192.5 million).¹

Operating expenses were USD 95.1 million, an increase of USD 10.6 million (USD 84.5 million).

EBITDA for the second quarter was USD 105.4 million (USD 108.5 million). The decrease is mainly related to a non-recurring impact from prolonged start-up activities on BW Catcher, partly offset by higher revenues on ABO FPSO due to the amended contract, accelerated amortisation of variation-order revenue related to the ABO FPSO and certain other non-recurring effects recognised during the quarter.

Depreciation was USD 82.7 million, an increase of USD 6.2 million (USD 76.5 million), mainly related to accelerated depreciation on ABO FPSO due to the amended contract.

Operating profit for the quarter was USD 22.1 million (USD 31.5 million).

Net financial expense for the quarter was USD 22.1 million (USD 3.9 million). The USD strengthened against NOK, which had a negative impact on mark-to-market for cross-currency swaps as compared to previous quarter.³ Interest rates continued to increase during the second quarter and yielded a positive mark-to-market effect on interest rate hedges although less than previous quarter.

Tax expense was USD 7.5 million, compared to USD 9.5 million in the first quarter.

Net loss for the quarter was USD 7.5 million, compared to net profit of USD 18.1 million in the first quarter of 2018.

Total equity at 30 June 2018 was USD 1,261.9 million, a decrease of USD 7.5 million (USD 1,269.4 million). The equity ratio was 37.2% at the end of the quarter (37.4%).

As of 30 June 2018, the Company had USD 250.2 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 719.2 million, following scheduled reductions. Total utilised debt facilities for the Company,

¹ Figures presented are compared to previous quarter (first quarter of 2018 in brackets)

² Figures presented are compared to previous year (first half of 2017 in brackets)

³ The company does not use hedge accounting related to bonds and underlying swaps

including bond loans and other facilities were USD 1,375.0 million. Total available liquidity as of 30 June 2018 amounted to USD 553.9 million.

Net interest-bearing debt was USD 1,218.1 million at 30 June 2018 (USD 1,221.0 million).

Net cash inflow from operating activities was USD 106.3 million (USD 187.5 million). The reduction is mainly due to the non-recurring milestone payment received related to BW Catcher in the first quarter. Net cash outflow on investment activities was USD 100.6 million (USD 95.3 million). Investment activities were mainly related to ongoing development of the Dussafu Marine License, the BW Catcher completion, the BW Adolo conversion 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 outflow from financing activities was USD 23.4 million (USD 75.0 million). The change from last quarter was mainly related to repayment of interest-bearing debt in the first quarter.

FIRST HALF-YEAR

EBITDA increased by USD 33.3 million to USD 213.9 million (USD 180.6 million) in the first-half year of 2018.²

Operating profit increased by USD 15.5 million to USD 53.6 million (USD 38.1 million) in the first half-year of 2018. The increase reflects BW Catcher commencing operation in 2018, partly offset by Berge Helene having completed its contract at the end of the fourth quarter of 2017. In addition, the FPSO Sendje Berge provided lower contribution for the half-year due to the revised contract with Addax.

Net financial expenses decreased by USD 3.3 million to USD 26.0 million (USD 29.3 million). Profit before tax increased by USD 18.8 million to USD 27.6 million (USD 8.8 million).

Tax expense was reduced by USD 1.7 million to USD 17.0 million (USD 18.7 million).

Net profit was USD 10.6 million (net loss of USD 9.9 million) and earnings per share were USD 0.05 (negative USD 0.05).

OPERATIONS

BW Offshore currently operates 11 units. The owned fleet includes 15 FPSOs and one FSO. Average commercial uptime during the second quarter and the first half-year was 95.6% (99.98%) and 97.8% (99.98%) respectively. Uptime was affected by the start-up activities on BW Catcher.

In June, BW Offshore signed a one-year contract extension for the lease and operation of the FPSO Umuroa, extending the firm period to the fourth quarter 2019. The FPSO is operating on the Tui field offshore New Zealand for Tamarind.

BW Catcher started exporting excess gas into the SEAGAL pipeline mid-May and has been able to reach the 60 000 bopd nameplate capacity. However, due to prolonged start-up activities, the unit has operated on a reduced rate during second quarter as previously announced. In early July, BW Catcher completed a 168-hour performance test for the unit, and the final acceptance certificate is expected to be received after review by the Catcher joint venture partners. The FPSO has operated on a full day rate since the start of the third quarter with limited disruptions.

The firm period under the agreement for the Abo FPSO with Nigerian Agip Exploration Ltd, a subsidiary of ENI S.p.A, has been extended until 31 December 2018, with a six-month option.

The dialogue with Petrobras towards finalising a firm plan for the FPSO Cidade de São Mateus continued through the second quarter. The unit remains in lay-up.

The demobilisation of the FPSO Berge Helene has been completed. The unit is currently in lay-up in Malaysia where it will undergo condition assessment and preservation activities will start.

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

PROJECTS

BW Adolo left anchorage in Singapore and commenced its transit to Gabon late June. The unit arrived in Gabon on 28 July. Hook up of mooring systems and installation of risers and umbilicals commenced in August and progressed according to plan. Completion is expected in time for planned production start-up from the Dussafu field.

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

BW Offshore has completed two production wells and one appraisal well on the Tortue field, within the Dussafu license. The first production well, DTM-2H, was successfully drilled and completed in April.

On 14 May, BW Offshore announced the successful completion of the DTM-3 appraisal well to the northwest on the Tortue field. The DTM-3 appraisal wellbore was designed to appraise the western flank of the Tortue field attempting to extend the known distribution of hydrocarbon resources within the Gamba and Dentale formations. The key objectives for the appraisal well were achieved and are currently being assessed for what appears to be a material upgrade of the reserves.

Following completion of DTM-3, the rig commenced drilling and completion of the second horizontal development well, DTM-3H. Drilling operations were completed with no safety-related incidents. The well was drilled to a total measured depth of 3563 meters and interpretation of the logging results indicates that the well was entirely consistent with pre-drill prognosis and objectives. DTM-3H was drilled and completed as a horizontal production well in the Gamba reservoir and encountered a long horizontal section of oil saturated Gamba sandstone. The two production wells have been completed and are readied for hook-up to the FPSO.

After completion of DTM-3H, the rig moved and commenced to drill the announced appraisal well, DRNEM-1, to test one of several prospects that have been mapped in the Ruche North East area of the Dussafu Licence. The objective was to identify additional resources in the greater Ruche area, which will be aggregated with the existing Ruche discovery and form the basis for future development phases. BW Offshore is pleased to announce that the well encountered 15 meters of good quality oil pay in the Gamba formation. In addition, the well encountered 25 meters of oil pay from multiple Dentale horizons. BW Offshore is in the process of drilling an appraisal side-track to delineate the discovery.

The Dussafu development progresses according to plan and budget for first oil in September/October 2018.

OUTLOOK

Offshore production of oil and gas is expected to decline after several years of under-investment. This will likely become more evident in coming years, as production tied to investments made in the previous up-cycle has now commenced and will start to decline. The global balance of crude oil supply and demand has tightened further. Combined with lower break-even costs as a result of increased cost efficiency, this is expected to lead to sanctioning of new projects which will improve the market outlook for offshore field developments. Initially, the Company expects increased focus on incremental investments to existing infrastructure, while more green-field investments may emerge later in the cycle.

BW Offshore's service offering and ability to partner with field owners to provide cost effective solutions have been well received in the market. BW Offshore still expects outsourcing of production to be cost-effective for oil and gas companies as they increase their specialisation.

BW Offshore is experiencing improved FPSO market activity. The Company maintains a commercially disciplined approach to new investments by bidding selectively on new projects.

The majority of BW Offshore's fleet remains on long-term contracts with national and independent oil companies. The fleet should continue to generate significant cash flow in the time ahead.

BW Offshore has reduced leverage and holds a solid financial position with the additional financial capacity from the ICBC Leasing partnership, and strong liquidity. Proactive balance sheet management is a key part of the strategy and enables the Group to grow from a position of strength by taking advantage of attractive opportunities when they arise.

Bermuda, 30 August 2018

Andreas Sohmen-Pao
Chairman

Christophe Pettenati-Auzière
Deputy Chairman

Clare Spottiswoode

Carsten Mortensen

Thomas Thune Andersen

Maarten Scholten

DECLARATION OF THE BOARD

We confirm to the best of our knowledge that the Condensed Interim Consolidated Financial Information for the first half-year of 2018 has been prepared in accordance with IAS 34 “Interim Financial Reporting”, and gives a true and fair view of BW Offshore Limited’s consolidated assets, liabilities, financial position and income statement as a whole. We also confirm to the best of our knowledge that the Financial Summary includes a fair review of important events that arose during the first half-year of 2018, and their impact on the Condensed Interim Consolidated Financial Information, and accounts properly for the principal risks and uncertainties for the remaining half-year of 2018, as well as major related parties’ transactions.

Bermuda, 30 August 2018

Andreas Sohmen-Pao
Chairman

Christophe Pettenati-Auzière
Deputy Chairman

Clare Spottiswoode

Carsten Mortensen

Thomas Thune Andersen

Maarten Scholten

STATEMENT OF INCOME

(Unaudited figures in USD million)

	Notes	Q2 18	Q1 18	Q2 17	H1 2018	H1 2017
Operating revenue	12	200.2	192.5	163.4	392.7	323.0
Operating expenses		(95.1)	(84.5)	(45.3)	(179.6)	(142.9)
Share of profit/(loss) from equity accounted investments	6	0.3	0.5	0.5	0.8	0.5
Operating profit/(loss) before depreciation/amortisation		105.4	108.5	118.6	213.9	180.6
Depreciation	11	(82.7)	(76.5)	(57.1)	(159.2)	(113.7)
Amortisation		(0.5)	(0.5)	(0.7)	(1.0)	(1.4)
Impairment vessels and other assets		(0.1)	-	(27.4)	(0.1)	(27.4)
Operating profit/(loss)		22.1	31.5	33.4	53.6	38.1
Interest income		0.6	0.5	0.8	1.1	1.0
Interest expense		(20.4)	(18.9)	(11.1)	(39.3)	(22.3)
Gain/(loss) on financial instruments	7	(14.0)	29.4	5.5	15.4	15.5
Other financial items		11.7	(14.9)	(13.8)	(3.2)	(23.5)
Net financial income/(expense)		(22.1)	(3.9)	(18.6)	(26.0)	(29.3)
Profit/(loss) before tax		0.0	27.6	14.8	27.6	8.8
Income tax expense		(7.5)	(9.5)	(9.6)	(17.0)	(18.7)
Net profit/(loss) for the period		(7.5)	18.1	5.2	10.6	(9.9)
Attributable to shareholders of the parent		(9.3)	16.5	5.4	8.7	(9.7)
Attributable to non-controlling interests		1.8	1.6	(0.2)	1.9	(0.2)
Basic/diluted earnings/(loss) per share (USD) net		(0.05)	0.09	0.03	0.05	(0.05)

STATEMENT OF COMPREHENSIVE INCOME

(Unaudited figures in USD million)

	Q2 18	Q1 18	Q2 17	H1 2018	H1 2017
Net profit/(loss) for the period	(7.5)	18.1	5.2	10.6	(9.9)
Currency translation differences	(1.6)	0.1	1.1	(1.5)	0.9
Net profit/(loss) on cash flow hedges	0.6	1.1	3.6	1.7	9.1
Net items to be reclassified to profit or loss:	(1.0)	1.2	4.7	0.2	10.0
Actuarial gains/(losses) on defined benefit plans	-	-	(1.1)	-	(1.1)
Net items not to be reclassified to profit or loss:	-	-	(1.1)	0.0	(1.1)
Other comprehensive income, net of tax	(1.0)	1.2	3.6	0.2	8.9
Total comprehensive income	(8.5)	19.3	8.8	10.8	(1.0)
Attributable to shareholders of the parent	(10.3)	17.7	9.0	8.9	(0.8)
Attributable to non-controlling interests	1.8	1.6	(0.2)	1.9	(0.2)

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

STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)

ASSETS	Notes	30.06.2018	31.03.2018	31.12.2017	30.06.2017
Vessels and vessels under construction	2,11	2,743.1	2,778.2	2,808.4	2,618.0
Property and other equipment		10.6	10.2	10.1	9.3
Oil and gas tangible assets	13	150.4	109.4	63.3	51.2
Intangible assets		8.5	6.9	6.7	5.8
Equity accounted investments	6	8.5	8.3	7.9	7.5
Finance lease receivables	3	67.6	72.6	77.5	87.0
Deferred tax assets		10.7	10.5	11.5	3.2
Pension assets		0.6	0.8	0.5	1.9
Derivatives		18.0	15.6	7.7	5.6
Other non-current assets		10.0	6.4	5.4	4.0
Total non-current assets		3,028.0	3,018.9	2,999.0	2,793.5
Inventories		44.4	37.1	31.8	26.2
Trade receivables and other current assets		175.2	171.3	245.0	175.3
Derivatives		0.5	2.5	1.5	0.8
Cash and cash equivalents		145.0	162.7	145.5	149.0
Total current assets		365.1	373.6	423.8	351.3
TOTAL ASSETS		3,393.1	3,392.5	3,422.8	3,144.8
EQUITY AND LIABILITIES					
Shareholders' equity	4	975.9	987.6	971.5	918.8
Non-controlling interests	4	286.0	281.8	287.9	15.8
Total equity		1,261.9	1,269.4	1,259.4	934.6
Interest-bearing long-term debt	5	1,103.0	1,117.1	1,198.0	1,398.3
Pension obligations		4.3	4.3	4.2	4.1
Other long-term liabilities	8	290.9	338.0	337.9	290.0
Derivatives		92.8	79.8	101.9	118.8
Total non-current liabilities		1,491.0	1,539.2	1,642.0	1,811.2
Trade and other payables		370.1	305.8	287.8	209.7
Derivatives		1.0	0.5	1.1	3.2
Interest-bearing short-term debt	5	260.1	266.6	222.8	157.3
Income tax liabilities		9.0	11.0	9.7	28.8
Total current liabilities		640.2	583.9	521.4	399.0
Total liabilities		2,131.2	2,123.1	2,163.4	2,210.2
TOTAL EQUITY AND LIABILITIES		3,393.1	3,392.5	3,422.8	3,144.8

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

STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)

At 30 June 2017	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other elements	Shareholders' equity	Non-controlling interests	Total equity
Equity at 1 January 2017	92.5	1,095.5	(9.1)	(15.9)	(17.9)	(225.2)	919.9	-	919.9
Share-based payments	-	-	-	-	-	0.1	0.1	-	0.1
Profit/(loss) for the period	-	-	-	-	-	(9.7)	(9.7)	(0.2)	(9.9)
Other comprehensive income, net of tax	-	-	-	0.9	9.1	(1.1)	8.9	-	8.9
Other equity transactions	-	-	-	-	-	(0.4)	(0.4)	-	(0.4)
Transactions with non-controlling interests	-	-	-	-	-	-	-	16.0	16.0
Total equity at 30 June 2017	92.5	1,095.5	(9.1)	(15.0)	(8.8)	(236.3)	918.8	15.8	934.6

At 30 June 2018	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other elements	Shareholders' equity	Non-controlling interests	Total equity
Equity at 1 January 2018	92.5	1,095.5	(2.9)	(16.7)	(4.6)	(192.3)	971.5	287.9	1,259.4
Profit/(loss) for the period	-	-	-	-	-	8.7	8.7	1.9	10.6
Other comprehensive income, net of tax	-	-	-	(1.5)	1.7	-	0.2	-	0.2
Dividend to non-controlling interest	-	-	-	-	-	(4.5)	(4.5)	(1.6)	(6.1)
Transactions with non-controlling interests	-	-	-	-	-	-	-	(2.2)	(2.2)
Total equity at 30 June 2018	92.5	1,095.5	(2.9)	(18.2)	(2.9)	(188.1)	975.9	286.0	1,261.9

STATEMENT OF CASH FLOW

(Unaudited figures in USD million)

	Q2 18	Q1 18	Q2 17	H1 2018	H1 2017
Profit/(loss) before taxes	0.0	27.6	14.8	27.6	8.8
Unrealised currency exchange loss/(gain)	(12.3)	14.1	13.3	1.8	22.2
Depreciation and amortisation	83.2	77.0	57.8	160.2	115.1
Taxes paid	(9.3)	(6.5)	(8.1)	(15.8)	(14.4)
Share of loss/(profit) from equity accounted investments	(0.3)	(0.5)	(0.5)	(0.8)	(0.5)
Impairment	0.1	-	27.4	0.1	27.4
Change in fair value of derivatives	14.0	(29.4)	(5.5)	(15.4)	(15.5)
Change in working capital	2.4	84.2	(11.4)	86.6	264.9
Add back of net interest expense	19.8	18.4	10.2	38.2	21.2
Other items	8.7	2.6	8.3	11.3	23.7
Net cash flow from operating activities	106.3	187.5	106.3	293.8	452.9
Investment in operating fixed assets and intangible assets	(101.2)	(95.8)	(83.8)	(197.0)	(139.1)
Interest received	0.6	0.5	0.8	1.1	1.0
Cash outflow on business combinations	-	-	(34.3)	-	(34.3)
Net cash flow from investing activities	(100.6)	(95.3)	(117.3)	(195.9)	(172.4)
Proceeds from new interest-bearing debt	25.0	56.0	64.0	81.0	164.0
Repayment of interest-bearing debt	(35.5)	(108.5)	(276.2)	(144.0)	(373.0)
Interest paid	(19.2)	(19.5)	(22.9)	(38.7)	(45.4)
Cash transfer from non-controlling interests*	6.3	(3.0)	16.0	3.3	16.0
Net cash flow from financing activities	(23.4)	(75.0)	(219.1)	(98.4)	(238.4)
Net change in cash and cash equivalents	(17.7)	17.2	(230.1)	(0.5)	42.1
Cash and cash equivalents at beginning of period	162.7	145.5	379.1	145.5	106.9
Cash and cash equivalents at end of period	145.0	162.7	149.0	145.0	149.0

*Cash transfer from non-controlling interests includes equity investment and loan

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

NOTES TO THE ACCOUNTS

(Figures in brackets refer to corresponding figures for 2017)

Note 1 - Accounting principles

The interim condensed consolidated financial statements for the second quarter ended 30 June 2018, have been prepared in accordance with IAS 34, "Interim Financial Reporting".

The interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2017, 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 2017, except for the adoption of new standards effective as of January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these new standards did not have a material impact on the Company.

Implementation of IFRS 9 Financial Instruments

The Group has adopted IFRS 9 Financial Instruments for reporting periods beginning on and after 1 January 2018. IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement. The new standard sets out new requirements for the accounting of financial instruments including classification, measurement, impairment and hedge accounting.

The implementation impact of IFRS 9 is immaterial, and BW Offshore's equity as at January 2018 have consequently not been adjusted upon adoption of the standard.

Implementation of IFRS 15 Revenue from Contracts with customers

IFRS 15 covers the recognition of revenue in the financial statements and related disclosure, and has replaced existing revenue recognition guidance, including IAS 18 Revenue and IAS 11 Construction contracts. BW Offshore has implemented IFRS 15 retrospectively, with the cumulative effect recognised at the date of initial application. The impact to BW Offshore's equity is immaterial. As allowed by the standard, prior periods have not been restated. Total revenues in the Consolidated statement of income has not been impacted materially by the implementation of IFRS 15. Consequently, these interim financial statements do not include detailed disclosures of the amounts by which line items are affected by the application of IFRS 15 compared to revenue standards no longer in effect.

Presently, BW Offshore's revenues comprises chartering and rendering of operational services related to FPSOs.

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 amounted to USD 2,743.1 million (USD 2,618.0 million) at 30 June 2018.

Capital expenditure related to vessels and vessels under construction in the second quarter 2018, amounted to USD 48.4 million (USD 65.4 million). This is related to capital expenditures on the Catcher, the BW Adolo redeployment 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

The number of issued shares was 184,956,320 at 30 June 2018. There were 214,000,000 authorised shares at 30 June 2018. The Company held a total of 15,312 own shares at 30 June 2018.

The investment in BW Energy Holdings 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 Holdings 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.

BW Offshore Limited 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. 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. The investment by ICBCL 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 June:

	2018	2017
USD 2,400 million facility	110.6	452.5
BWO04 - NOK 900 million bond	109.8	106.9
BWO03 - NOK 750 million bond	91.8	89.4
BWO02 - NOK 500 million bond	61.3	59.6
BWO01 - NOK 500 million bond	44.1	43.0
Catcher USD 800 million facility	652.1	602.0
Petróleo Nautipa USD 80 million facility	33.3	44.9
Total	1,103.0	1,398.3

Current debt

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

	2018	2017
USD 2,400 million facility	137.0	90.1
Joko Tole USD 250 million facility	-	34.8
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)	(0.1)
Catcher USD 800 million facility	112.3	(2.3)
Petróleo Nautipa USD 80 million facility	11.5	11.5
Umuroa USD 130 million facility	-	23.9
Total	260.1	157.3

Instalment overview

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

	Q3 18	Q4 18	Q1 19	Q2 19	2018	2019	2020- 2022	2023 and beyond	Total
USD 2,400 million facility	46.3	-	92.6	-	46.3	138.9	65.0	-	250.2
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	28.5	28.6	57.2	114.3	342.9	257.1	771.5
Petroleo Nautipa USD 80 million facility	5.8	-	5.8	-	5.8	11.6	27.7	-	45.1
Total	80.7	28.6	126.9	28.6	109.3	264.8	828.4	257.1	1,459.6

***) 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 second quarter 2018, the Company is in compliance with all financial covenants.

Note 6 – Equity accounted investments

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

	Q2 18	Q1 18	Q2 17	H1 2018	H1 2017
Gain/(loss) on interest rate swaps	3.1	9.8	(2.6)	12.9	(0.2)
Gain/(loss) on forward exchange contracts	(3.9)	1.7	1.2	(2.2)	2.1
Gain/(loss) on cross-currency swaps	(12.6)	19.8	9.7	7.2	21.7
Gain/(loss) on other financial instruments	(0.6)	(1.9)	(2.8)	(2.5)	(8.1)
Net gain/(loss) on financial instruments	(14.0)	29.4	5.5	15.4	15.5

Note 8 – Other long-term liabilities

Other long-term liabilities comprise 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

During the second quarter of 2018, Maple Company Limited, a wholly owned subsidiary of BW Group Limited, provided a short-term loan amounting to USD 15.3 million to BW Energy Holdings Pte. Ltd. Following a conversion of loan to share capital in the quarter, total short-term loan amounted to USD 20.2 million as per end of the second quarter 2018.

Note 10 – Capital commitments

Total unrecognised contractual capital commitments at 30 June 2018 amounted to USD 114.5 million (corresponding figure for 30 June 2017 was USD 209.2 million). This commitment is related to the Catcher project, the BW Adolo redeployment 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.

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 second quarter of 2018 and 2017 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.

Q2 2018	FPSO	Oil and gas	Eliminations	Total
Revenues from third parties	200.2	-	-	200.2
Revenues inter-segment	2.4	-	(2.4)	-
Total revenues	202.6	-	(2.4)	200.2
Share of profit/(loss) from equity accounted investments	0.3	-	-	0.3
Operating expenses	(89.3)	0.3	-	(89.0)
General and administrative expenses	(8.5)	-	2.4	(6.1)
EBITDA	105.1	0.3	-	105.4
Depreciation, amortisation and impairment	(83.3)	-	-	(83.3)
EBIT	21.8	0.3	-	22.1
Capital expenditure	48.4	42.6	-	91.0
Q2 2017	FPSO	Oil and gas	Eliminations	Total
Revenues from third parties	163.4	-	-	163.4
Revenues inter-segment	1.0	-	(1.0)	-
Total revenues	164.4	-	(1.0)	163.4
Share of profit/(loss) from equity accounted investments	0.5	-	-	0.5
Operating expenses	(42.1)	(0.5)	-	(42.6)
General and administrative expenses	(3.7)	-	1.0	(2.7)
EBITDA	119.1	(0.5)	-	118.6
Depreciation, amortisation and impairment	(85.2)	-	-	(85.2)
EBIT	33.9	(0.5)	-	33.4
Capital expenditure	65.4	52.7	-	118.1

H1 2018	FPSO	Oil and gas	Eliminations	Total
Revenues from third parties	392.7	-	-	392.7
Revenues inter-segment	4.1	-	(4.1)	-
Total revenues	396.8	-	(4.1)	392.7
Share of profit/(loss) from equity accounted investments	0.8	-	-	0.8
Operating expenses	(166.7)	(0.0)	-	(166.7)
General and administrative expenses	(17.0)	-	4.1	(12.9)
EBITDA	213.9	(0.0)	-	213.9
Depreciation, amortisation and impairment	(160.3)	-	-	(160.3)
EBIT	53.6	(0.0)	-	53.6
Capital expenditure	95.3	89.0	-	184.3
Balance sheet information				
Equity accounted investments	8.5	-	-	8.5
Non-current segment assets	2,838.4	163.3	-	3,001.7
Non-current assets, not allocated to segments				17.8
Total non-current assets				3,028.0

H1 2017	FPSO	Oil and gas	Eliminations	Total
Revenues from third parties	323.0	-	-	323.0
Revenues inter-segment	1.0	-	(1.0)	-
Total revenues	324.0	-	(1.0)	323.0
Share of profit/(loss) from equity accounted investments	0.5	-	-	0.5
Operating expenses	(132.6)	(0.5)	-	(133.1)
General and administrative expenses	(10.8)	-	1.0	(9.8)
EBITDA	181.1	(0.5)	-	180.6
Depreciation, amortisation and impairment	(142.5)	-	-	(142.5)
EBIT	38.6	(0.5)	-	38.1
Capital expenditure	120.8	52.7	-	173.5
Balance sheet information				
Equity accounted investments	7.5	-	-	7.5
Non-current segment assets	2,719.3	53.6	-	2,772.9
Non-current assets, not allocated to segments				13.1
Total non-current assets				2,793.5

Non-current assets by region	30.06.2018	31.03.2018	31.12.2017	30.06.2017
Americas	673.0	688.8	704.4	735.1
Europe/Africa	1,762.2	1,748.7	1,716.4	1,483.0
Asia and the Pacific	477.4	467.2	467.7	466.2
Total non-current assets*	2,912.6	2,904.7	2,888.5	2,684.3

*Excluding deferred tax assets, pension assets, finance lease receivables, derivatives investments in associates and joint ventures and other non-current assets

Revenues by geographic areas*	Q2 18	Q1 18	Q2 17	H1 2018	H1 2017
Americas	60.6	54.6	61.5	115.2	121.8
Europe/Africa	110.7	109.1	76.3	219.8	149.7
Asia and the Pacific	28.9	28.8	25.6	57.7	51.5
Total revenues	200.2	192.5	163.4	392.7	323.0

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

Note 13 – Business combinations

During the second quarter of 2017, 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 34.3 million related to intangible oil and gas assets, later reclassified to tangible oil and gas assets when development started.

During the second quarter of 2017, 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.

BWEG is working on completing an agreement to farm down 10% to Gabon Oil Company. It is expected that this agreement will be finalised during second half of 2018.

Tullow and AIC-PETROFI hold the PSC-defined state back-in rights of 10%, exercisable within a certain time after first oil.

Note 14 - Subsequent events

On 12 July 2018, BW Catcher successfully completed a 168-hour performance test. The final acceptance certificate is expected to be received after review by the Catcher joint venture partners. The FPSO is operating on a full day rate since the start of the third quarter.

KEY FIGURES

	Note	Q2 18	Q1 18	Q2 17	H1 2018	H1 2017
EBITDA-margin	1	52.6%	56.4%	72.6%	54.5%	55.9%
Equity ratio	2	37.2%	37.4%	29.7%	37.2%	29.7%
Return on equity	3	-2.4%	2.7%	4.9%	0.8%	-1.4%
Return on capital employed	4	3.3%	4.6%	6.8%	3.9%	4.0%
Net interest-bearing debt (USD million)	5	1,218.1	1,221.0	1,406.6	1,218.1	1,406.6
Cash flow per share (USD)	6	0.57	1.01	0.57	1.59	2.45
EPS - basic and diluted (USD)	7	(0.05)	0.09	0.03	0.05	(0.05)
Shares - end of period (million)		185.0	185.0	185.0	185.0	185.0
Share price (NOK)		41.7	42.8	21.0	41.7	21.0
Market cap (NOKm)		7,713	7,916	3,884	7,713	3,884
Market cap (USDm)		945	1,018	463	945	463

Notes to key figures and definition of Alternative Performance Measures

- 1 Earnings before interest, taxes, depreciation and amortisation / Operating revenues
- 2 Equity / Total assets
- 3 Annualised net profit / Equity previous period adj for preference shares
- 4 EBIT (annualised) / Capital employed previous period
- 5 Interest bearing debt - cash and cash equivalents
- 6 Net cash flow from operating activities / Number of shares (weighted average)
- 7 Parent net profit / Number of shares end of period (excl treasury shares)

BW Offshore discloses alternative performance measures in addition to those required by IFRS, as we believe these provide useful information regarding our historical financial performance.

FLEET AND CONTRACTS

Name of unit	Location	Counterparty	Converted	Contract period
FPSOs				
Sendje Berge	Nigeria	Addax/Sinopec	2000	2005-2021 + options until 2023
Abo FPSO	Nigeria	Agip/ENI	2003	2003-2018 + options until 2019
Espoir Ivoirien	Ivory Coast	CNR	2002	2002-2022 + options until 2036
Petróleo Nautipa	Gabon	Vaalco Energy	2002	2002-2020 + options until 2022
YÛUM 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	2009-2019 + options until 2024
FPSO Polvo	Brazil	Petrorio (HRT)	2007	2007-2019 + options until 2022
BW Pioneer	US	Petrobras	2010	2012-2020
Umuroa	New Zealand	Tamarind Management	2007	2007-2019 + options until 2022
BW Joko Tole	Indonesia	Kangean Energy	2012	2012-2022 + options until 2026
BW Catcher	UK	Premier Oil	2017	2018-2025 + options until 2043
BW Adolo*	Gabon	BW Energy	2018	2018-2023 + options until 2038
Available FPSOs and FSOs				
BW Athena	UK	Available	2012	
Belokamenka	Indonesia	Available	2003	
Berge Helene	Malaysia	Available	2005	

*Previously named Azurite