



BW OFFSHORE LIMITED

Condensed Interim Consolidated Financial Information
FOURTH QUARTER AND FULL YEAR RESULTS 2016

KEY EVENTS

- EBITDA of USD 164.5 million including insurance recovery of USD 94.3 million related to FPSO Cidade de São Mateus
- Impairment of USD 135.4 million recognised due to damages on FPSO Cidade de São Mateus
- Impairment of USD 87.8 million recognised on other vessels
- Acquisition of stake in Dussafu field
- Ongoing arbitration process vs Addax due to overdue receivables
- Short-term contract extension for Abo FPSO
- Farm-Out Agreement for stake in Kudu license offshore Namibia signed in February 2017
- Completed reverse share split

FINANCIAL SUMMARY

FOURTH QUARTER

Operating revenues for the quarter amounted to USD 298.2 million, an increase of USD 138.6 million (USD 159.6 million).¹

Operating expenses were USD 133.9 million, an increase of USD 50.9 million (USD 83.0 million).

EBITDA for the fourth quarter was USD 164.5 million, an increase of USD 87.6 million (USD 76.9 million). The increase in EBITDA was mainly a result from the insurance settlement for FPSO Cidade de São Mateus. The one-off net effect on EBITDA from the settlement was USD 94.3 million.

Depreciation was USD 55.9 million, an increase of USD 0.6 million (USD 55.3 million). The increase was mainly related to depreciation of capital expenditures for ongoing life extension activities.

During the fourth quarter an impairment assessment of the fleet was completed. As a result, BW Offshore recorded an impairment loss of USD 222.6 million. An impairment of USD 135.5 million was recognised due to damages on FPSO Cidade de São Mateus caused by the accident in February 2015. The remaining impairment was charged with USD 49.0 million on BW Athena, USD 19.9 million on FPSO Polvo, USD 8.7 million on Berge Helene and USD 9.5 million on Espoir Ivoirien. The impairment assessments are based on value-in-use calculations (Impairment valuation is further described in Note 12).

Operating loss for the quarter amounted to USD 115.3 million, a decrease in the result of USD 134.5 million (Operating profit USD 19.2 million) mainly related to the impairment charges recognised during the quarter offset by recognition of insurance revenues from the settlement with insurers.

Net financial income for the quarter was USD 5.8 million, an increase of USD 29.3 million (Net financial expense USD 23.5 million). The increase in net financial income was largely related to currency effects from revaluation of bond loans offset by a loss from the currency rate hedging contracts as the USD strengthened during the quarter. During the third quarter of 2016, the Company stopped using hedge accounting related to the bonds and underlying swaps. As a result of this, it is expected that net financial income/expense will fluctuate more going forward due to mark-to market changes on swaps and revaluation of the bonds.

Tax expenses for the quarter were USD 4.9 million, a decrease of USD 2.0 million (USD 6.9 million). Taxes have reduced mainly because of the current lower income from Sendje Berge as the client is currently not paying the full contractual rate.

Net loss for the quarter was USD 114.4 million, a negative movement of USD 103.2 million (Net loss USD 11.2 million).

Total equity at 31 December 2016 was USD 919.9 million, a decline of USD 118.5 million (USD 1,038.4 million) The equity ratio was 27.3% at the end of the quarter (30.1%).

As of 31 December 2016, the Company had USD 754.3 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 1,030.5 million, following scheduled reductions. Total utilised debt facilities for the Company, including bond loans and other facilities was USD 1,763.5 million. Total available liquidity as of 31 December 2016 amounted to USD 323.1 million.

Net debt was USD 1,634.9 million at 31 December 2016 (USD 1,639.3 million).

Net cash inflow from operating activities was USD 78.6 million (USD 78.9 million). Net cash outflow on investing activities was USD 75.9 million (USD 116.8 million). Cash outflow on investing activities is 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 outflow from financing activities was USD 8.9 million (cash inflow USD 9.2 million).

¹ Figures presented are compared to previous quarter (third quarter of 2016 in brackets)

PRELIMINARY RESULT 2016

Full year EBITDA amounted to USD 423.4 million, a decrease of USD 114.4 million from USD 537.8 million in 2015. The year-over-year decline in EBITDA was mainly an effect of less insurance receivables on loss of hire and repairs from the accident on FPSO Cidade de São Mateus during 2016 compared to 2015. EBITDA was also negatively impacted by the demobilisation of BW Athena in February 2016 and reduced revenues from BW Pioneer due to a shut-down for mooring system replacements in 2016.

Depreciation amounted to USD 224.6 million, a decrease of USD 35.4 million from 260.0 million in 2015. The decrease was mainly due to impairments recorded in 2015, partly offset by accelerated depreciation on BW Athena as the vessel went off hire in 2016.

The result has also for 2016 been affected by impairment on the fleet, as the Company recorded an impairment of USD 222.6 million in 2016.

Net financial expenses were USD 65.2 million compared to USD 56.1 million in 2015. The increase is mainly due to net currency losses in 2016 compared to 2015.

Full year loss before tax amounted to USD 100.2 million compared to a loss of USD 175.8 million in 2015.

Full year tax expense was USD 32.7 million compared to USD 40.5 million in 2015. Taxes decreased year-over-year due to lower revenues, as BW Athena was demobilised and due to lower taxes as the client did not pay the full rate on Sendje Berge.

The full year 2016 net loss was to USD 132.9 million compared to a loss of USD 216.3 million in 2015.

OPERATIONS

BW Offshore currently operates 12 units. The owned fleet includes 15 FPSOs (of which one is under construction) and one FSO. Average uptime during the fourth quarter was 97.8% (99.4%). FPSO Cidade de São Mateus continues to be excluded from the average uptime until the unit recommences operations.

The Company operates the FPSO Peregrino for Statoil and Sinochem on the Peregrino oil field offshore Brazil. During third quarter, BW Offshore was notified that Statoil, due to a change in the operating model, will not exercise options for extension of the contract beyond June 2017.

BW Offshore handed over the operational responsibility for the FPSO P-63 to Petrobras during May 2016. The FPSO is owned by Petrobras and Chevron and operates on the Papa Terra field offshore Brazil. BW Offshore continued to provide some technical support until mid-November 2016.

BW Offshore has signed an interim extension agreement for the Abo FPSO with Nigerian Agip Exploration Ltd, a subsidiary of ENI S.p.A., until 31 March 2017. The short-term extensions have been agreed to secure operational continuity while joint work is continuing to conclude the negotiations.

Addax Petroleum Exploration Limited has for some time not paid the Company the full contractual rate for Sendje Berge. BW Offshore considers the arguments for not paying full rate unjustified and have started an arbitration process. During the third quarter, the Company submitted a claim to the arbitration tribunal for unpaid contractual rate. The claim amounts to USD 66.7 million by end of the fourth quarter. BW Offshore is currently awaiting the formal outcome of a preliminary hearing carried out by the arbitration tribunal during first quarter of 2017. The claim has been partly provided for.

FPSO Cidade de São Mateus remains in lay-up. An agreement with insurers for an early repair-cost settlement was signed in January 2017. The agreed settlement amount was approximately USD 250 million. BW Offshore expects to receive the proceeds from the settlement in the first quarter of 2017. The Company has for some time been in a dialogue with Petrobras to come to terms on a firm plan for the FPSO and the field, and expect to reach an agreement during the first half of 2017.

In November 2016, BW Offshore received notice that the contract with Petronas for the FPSO Berge Helene will not be extended beyond May 2017, but has in February agreed a short term extension beyond May 2017 with 75 days' termination notice until the client is ready to commence disconnection and demobilisation. BW Offshore is in dialogue with the client about work to be undertaken for the disconnection and demobilisation of the FPSO from the field.

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

PROJECTS

The Catcher project performs within budget with first oil expected in second half of 2017. Project progress was according to expectations in the fourth quarter.

All topside modules have been lifted on board and good progress is made on integration at the yard in Singapore. The project focus is now moving to mechanical completion of marine systems and the commissioning of systems before departure to the field.

BW Offshore has noted that Premier Oil has continued to progress with firming up amendment to existing debt facilities. It is not expected that Premier's financial discussions with lenders will have any negative impact on the Catcher project.

BW Offshore is closely monitoring progress and safety in all project activities, ensuring that mitigating actions are implemented in a timely manner if any deviations are detected. The safety performance of the project continued to be very satisfactory with 0 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.

ACQUISITION OF STAKE IN DUSSAFU FIELD

During the fourth quarter, BW Offshore, as 66.67% partner in a coming joint venture with BW Group, signed agreements to acquire a significant share (more than 80%) in the Dussafu field offshore Gabon subject to certain conditions and approval by Gabonese authorities. The Company believes that the availability of suitable, existing production assets and development equipment and services at lower prices has materially reduced the break-even price of new developments. While being a departure from the traditional business of building, owning and operating FPSOs, the Company has access to the necessary competence and resources to execute the envisioned fast track development. Once production is established, the Dussafu field contains other discoveries and a number of prospects for future exploitation.

REVERSE SHARE SPLIT

In the fourth quarter, BW Offshore effectuated a reverse share split of the Company's common shares to ensure compliance with section 2.4 of the Oslo Stock Exchange continuing obligations relating to the minimum market value of NOK 1.00 on issued shares. The reverse share split comprised of a consolidation of the Company's common shares such that every 50 common shares in issue, and authorised but unissued, of par value USD 0.01, have been consolidated into 1 common share of par value USD 0.50.

OUTLOOK

The oil and gas markets remain challenging. While the Company is experiencing increased market activity, it still expects the number of awards to be low in the medium-term. A more positive view on long-term activity levels is maintained as offshore developments will remain an important part of the oil and gas supply to meet future energy demand.

BW Offshore is well positioned in the global oil and gas market to provide services and technology to minimise lifecycle costs of offshore developments. This will lead to developments being sanctioned in the future, as the naturally depleting production from existing fields must be replaced by new production. The Company expects to be a valued partner to the industry contributing efficient solutions and operations to 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 Company is delivering on its strategy to participate in alternative field development models to ensure the continued employment of assets. Securing continued use of existing assets is a priority to the Company. By acquiring a stake in Dussafu the Company is developing its capability to participate in and be a partner in development of proven hydrocarbon resources offshore.

Similarly, BW Offshore has in February 2017 acquired a stake in the proven Kudu gas field offshore Namibia. The Kudu infrastructure project is underpinned by local power demand. Undertaking this project together with recognised infrastructure investors, will expand the Company's capabilities in all aspects related to a full field development. The agreement requires BW Offshore to pay USD 2.4 million upon approval of field equity transfer, with no further commitment

to cost unless the project reaches final investment decision. The final investment decision is planned for fourth quarter of 2017.

The majority of BW Offshore's fleet remains on long-term contracts with national and independent oil companies, and the fleet should continue to generate a significant cash flow in the time ahead. At current oil price levels, the risk of customers delaying or defaulting on their obligations is reduced but not totally eliminated.

Fleet asset values are assessed according to a value-in-use methodology, with balanced assumptions on the likelihood of option periods and future projects. The basis for the impairment assessment is that the Company expects an improved market from mid-2017 providing new opportunities for gainful employment.

Bermuda, 27 February 2017

Andreas Sohmen-Pao
Chairman

Christophe Pettenati-Auzière
Deputy Chairman

Clare Spottiswoode

Carsten Mortensen

Thomas Thune Andersen

Maarten Scholten

INCOME STATEMENT

(Figures in USD million)

	Notes	Q4 16	Q3 16	Q4 15	2016	2015
Operating revenue	14	298.2	159.6	318.8	844.7	1,108.0
Operating expenses		(133.9)	(83.0)	(153.1)	(421.9)	(570.6)
Share of profit/(loss) of associates and joint ventures	6	0.2	0.3	(0.2)	0.6	0.4
Operating profit before depreciation/amortisation		164.5	76.9	165.5	423.4	537.8
Depreciation	11	(55.9)	(55.3)	(66.4)	(224.6)	(260.0)
Amortisation		(0.7)	(0.7)	(0.7)	(2.8)	(2.5)
Impairment vessels, goodwill and other assets	12	(223.2)	(1.7)	(321.4)	(231.0)	(396.4)
Gain on sale of assets		0.0	0.0	0.0	0.0	1.4
Operating profit / (loss)		(115.3)	19.2	(223.0)	(35.0)	(119.7)
Interest income		0.3	0.4	0.5	1.7	2.8
Gain/(loss) on financial instruments	7	(3.7)	1.8	7.8	(11.9)	(9.8)
Interest expense		(11.8)	(12.0)	(11.8)	(46.2)	(49.6)
Other financial items		21.0	(13.7)	1.2	(8.8)	0.5
Net financial income/(expense)		5.8	(23.5)	(2.3)	(65.2)	(56.1)
Profit/(loss) before tax		(109.5)	(4.3)	(225.3)	(100.2)	(175.8)
Income tax expense		(4.9)	(6.9)	(9.2)	(32.7)	(40.5)
Net profit/(loss) for the period		(114.4)	(11.2)	(234.5)	(132.9)	(216.3)
Net profit/(loss) attributable to shareholders of the parent		(114.4)	(11.2)	(234.5)	(132.9)	(216.3)
Basic/diluted earnings/(loss) per share (USD) net*		(0.62)	(0.08)	(17.04)	(1.47)	(15.72)

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

COMPREHENSIVE INCOME STATEMENT

(Figures in USD million)

	Q4 16	Q3 16	Q4 15	2016	2015
Net profit/(loss) for the period	(114.4)	(11.2)	(234.5)	(132.9)	(216.3)
Other comprehensive income					
<i>Items to be reclassified to profit or loss:</i>					
Currency translation differences	(0.2)	(0.3)	0.1	(0.6)	(6.9)
Net profit/(loss) on cash flow hedges	(4.2)	3.8	3.9	13.3	1.6
Net items to be reclassified to profit or loss:	(4.4)	3.5	4.0	12.7	(5.3)
<i>Items not to be reclassified to profit or loss:</i>					
Actuarial gains/(losses) on defined benefit plans	0.2	(0.4)	1.5	(0.6)	1.6
Net items not to be reclassified to profit or loss:	0.2	(0.4)	1.5	(0.6)	1.6
Other comprehensive income, net of tax	(4.2)	3.1	5.5	12.1	(3.7)
Total comprehensive income	(118.6)	(8.1)	(229.0)	(120.8)	(220.0)

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

STATEMENT OF FINANCIAL POSITION

(Figures in USD million)

ASSETS	Notes	31.12.2016	30.09.2016	31.12.2015
Vessels and vessels under construction	2,11,12	2,639.5	2,842.7	2,694.1
Property and other equipment		10.2	10.6	12.0
Intangible assets		3.7	3.9	4.4
Finance lease receivables	3	96.2	100.6	113.5
Pension asset		1.8	2.8	0.0
Investments in associates and joint ventures	6	7.8	8.1	7.7
Derivatives		7.1	0.2	0.6
Deferred assets		5.0	7.8	7.5
Total non-current assets		2,771.3	2,976.7	2,839.8
Inventories		13.9	12.6	6.7
Trade receivables and other current assets		475.7	344.2	471.4
Derivatives		0.1	2.2	0.0
Cash and deposits		106.9	113.1	121.8
Total current assets		596.6	472.1	599.9
TOTAL ASSETS		3,367.9	3,448.8	3,439.7
EQUITY AND LIABILITIES				
Total equity attributable to owners of the Company	4	919.9	1,038.4	944.4
Total equity		919.9	1,038.4	944.4
Interest-bearing long-term debt	5	1,567.4	1,576.5	1,460.8
Pension obligations		3.6	3.9	12.1
Other long-term liabilities	8	296.2	300.0	265.1
Derivatives		142.4	139.9	148.9
Total non-current liabilities		2,009.6	2,020.3	1,886.9
Trade and other payables		227.9	184.7	275.9
Derivatives		10.8	2.7	27.5
Interest-bearing short-term debt	5	174.4	175.9	280.7
Income tax liabilities		25.3	26.8	24.3
Total current liabilities		438.4	390.1	608.4
Total liabilities		2,448.0	2,410.4	2,495.3
TOTAL EQUITY AND LIABILITIES		3,367.9	3,448.8	3,439.7

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

STATEMENT OF CHANGES IN EQUITY

(Figures in USD million)

2016	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other equity	Total
Equity at 1 January 2016	6.9	1,085.0	(9.0)	(15.3)	(31.2)	(92.0)	944.4
Issue of share capital	85.6	14.4	0.0	0.0	0.0	0.0	100.0
Transaction costs on issue of shares	0.0	(4.0)	0.0	0.0	0.0	0.0	(4.0)
Share-based payments	0.0	0.0	(0.0)	0.0	0.0	0.3	0.3
Profit/ (loss) for the period	0.0	0.0	0.0	0.0	0.0	(132.9)	(132.9)
Other comprehensive income, net of tax	0.0	0.0	0.0	(0.6)	13.3	(0.6)	12.1
Total equity at 31 December 2016	92.5	1,095.4	(9.0)	(15.9)	(17.9)	(225.2)	919.9

2015	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other equity	Total
Equity at 1 January 2015	6.9	1,085.0	(9.1)	(8.4)	(32.8)	156.6	1,198.2
Dividend distribution	0.0	0.0	0.0	0.0	0.0	(34.3)	(34.3)
Share-based payments	0.0	0.0	0.1	0.0	0.0	0.4	0.5
Profit/ (loss) for the period	0.0	0.0	0.0	0.0	0.0	(216.3)	(216.3)
Other comprehensive income, net of tax	0.0	0.0	0.0	(6.9)	1.6	1.6	(3.7)
Total equity at 31 December 2015	6.9	1,085.0	(9.0)	(15.3)	(31.2)	(92.0)	944.4

CASH FLOW STATEMENT

(Figures in USD million)

	Q4 16	Q3 16	Q4 15	2016	2015
Profit/ (loss) before taxes	(109.5)	(4.3)	(225.3)	(100.2)	(175.8)
Unrealised currency exchange loss/ (gain)	(21.1)	18.1	(2.0)	6.3	(3.9)
Depreciation and amortisation	56.6	56.0	67.1	227.4	262.4
Taxes paid	(6.5)	(5.3)	(8.8)	(31.1)	(35.7)
Share of loss/ (profit) of associated companies	(0.2)	(0.3)	0.2	(0.6)	(0.4)
Loss/ (gain) on sale of shares and fixed assets	0.0	0.0	0.0	0.0	(1.4)
Impairment	223.2	1.6	321.4	231.0	396.4
Change in fair value of derivatives	3.8	(1.9)	(7.8)	11.9	9.8
Change in working capital	(91.3)	(0.6)	(22.4)	(27.2)	(80.2)
Add back of net interest expense	11.5	11.6	11.4	44.5	46.8
Other items	12.1	4.0	(6.4)	25.5	20.2
Net cash flow from operating activities	78.6	78.9	127.3	387.5	438.4
Investment in fixed assets	(76.2)	(117.2)	(107.1)	(401.4)	(481.8)
Investment in associates	0.0	0.0	0.0	0.0	(2.7)
Sale of fixed assets	0.0	0.0	0.0	0.0	85.5
Interest received	0.3	0.4	0.5	1.7	2.8
Net cash flow from investing activities	(75.9)	(116.8)	(106.6)	(399.7)	(396.2)
Proceeds from new interest bearing debt	34.0	124.0	51.0	415.0	548.0
Repayment of interest-bearing debt	(21.0)	(182.5)	(18.9)	(421.4)	(563.8)
Proceeds from share issue	0.0	100.0	0.0	100.0	0.0
Transaction costs on issue of shares	0.0	(4.0)	0.0	(4.0)	0.0
Dividend paid	0.0	0.0	0.0	0.0	(34.3)
Interest paid	(21.9)	(28.3)	(20.2)	(92.3)	(85.7)
Net cash flow from financing activities	(8.9)	9.2	11.9	(2.7)	(135.8)
Net change in cash and cash equivalents	(6.2)	(28.7)	32.7	(14.9)	(93.6)
Cash and cash equivalents at beginning of period	113.1	141.8	89.1	121.8	215.4
Cash and cash equivalents at end of period	106.9	113.1	121.8	106.9	121.8

The notes in 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 2015)

Note 1 - Accounting principles

This Interim Condensed Consolidated financial information for the fourth quarter, ended 31 December 2016, 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.

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 2,639.5 million (USD 2,694.1 million) at 31 December 2016.

Capital expenditure related to vessels and vessels under construction in the fourth quarter 2016, amounted to USD 74.9 million (USD 124.8 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 in July and the reverse share split in December, the number of issued shares was 184,956,320 at 31 December 2016. There were 214,000,000 authorised shares at 31 December 2016.

Following the reverse share split, the Company held a total of 48,627 own shares at 31 December 2016.

Note 5 - Interest-bearing debt

Non-current debt

The Company had the following long-term interest-bearing debt at 31 December:

	2016	2015
USD 2,400 million facility	638.2	686.7
Joko Tole USD 250 million facility	16.2	53.3
BWO04 - NOK 900 million Bond	103.2	100.5
BWO03 - NOK 750 million Bond	86.2	84.0
BWO02 - NOK 500 million Bond	57.6	56.2
BWO01 - NOK 500 million Bond	41.5	56.4
Catcher USD 800 million facility	551.9	335.7
Petróleo Nautipa USD 80 million facility	50.6	62.1
Umuroa USD 130 million facility	22.0	25.9
Total	1,567.4	1,460.8

Current debt

The Company had the following current interest-bearing debt at 31 December:

	2016	2015
USD 2,400 million facility	108.5	219.5
Joko Tole USD 250 million facility	37.1	48.1
BWO04 - NOK 900 million Bond	(0.2)	(0.3)
BWO03 - NOK 750 million Bond	(0.2)	(0.3)
BWO02 - NOK 500 million Bond	(0.1)	(0.2)
BWO01 - NOK 500 million Bond	16.1	(0.2)
Catcher USD 800 million facility	(2.2)	(1.4)
Petróleo Nautipa USD 80 million facility	11.5	11.5
Umuroa USD 130 million facility	3.9	4.0
Total	174.4	280.7

Instalment overview

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

	Q1 17	Q2 17	Q3 17	Q4 17	2017	2018	2019-2021	2022 and beyond	Total
USD 2,400 million facility	55.6	-	55.6	-	111.2	111.2	531.9	-	754.3
Joko Tole USD 250 million facility	9.4	9.4	9.4	9.4	37.5	16.3	-	-	53.8
BWO04 - NOK 900 million Bond**	-	-	-	-	-	-	35.1	81.9	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**	25.0	-	-	-	25.0	-	65.0	-	90.0
Catcher USD 800 million facility	-	-	-	-	-	114.3	342.9	102.9	560.0
Petróleo Nautipa USD 80m facility	5.8	-	5.8	-	11.6	11.6	31.3	8.0	62.5
Umuroa USD 130 million facility	1.0	1.0	1.0	1.0	4.0	22.0	-	-	26.0
Total	96.8	10.4	71.8	10.4	189.3	275.5	1,216.9	192.8	1,874.4

**) 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 fourth quarter 2016, the Company is in compliance with all financial covenants. The equity ratio as per end of fourth quarter 2016 is 27.3%, and available liquidity amounts to USD 323.1 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

	Q4 16	Q3 16	Q4 15	2016	2015
Gain/(loss) on financial instruments	(3.7)	1.8	7.8	(11.9)	(9.8)
Net gain/ (loss) on financial instruments	(3.7)	1.8	7.8	(11.9)	(9.8)

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

In December 2016, BW Offshore has in partnership with BW Group entered into agreement to acquire 66.67% of the Dussafu production sharing contract offshore Gabon. Subject to closing of this first transaction, the partnership has secured a right to acquire a further 25% of the Dussafu license. BW Offshore has formed a joint venture company with BW Group, known as BW Energy Holdings Pte. Ltd. ("BWEH"), for the purpose of pursuing oil and gas interests. The joint venture will be owned 66.67% by BW Offshore and 33.33% by Maple Company Limited, a wholly owned subsidiary of BW Group Limited.

Note 10 – Capital commitments

Total unrecognised contractual capital commitments at 31 December 2016 amounted to USD 231.5 million (corresponding figure for 31 December 2015 was USD 484.5 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.

Note 12 – Impairment

Fleet

During fourth quarter an impairment assessment of the fleet was completed. The impairment assessment was based on whether the recoverable amount, using a value-in-use model, on individual vessels were higher than net book value. BW Offshore has as a result recorded an impairment loss of USD 222.6 million to write down certain vessels to their recoverable amount.

Impairment of USD 135.5 million was recognised due to damages on FPSO Cidade de São Mateus caused by the accident in February 2015. The Impairment recorded in 2016 is in addition to an impairment on the unit of USD 160 million during 2015. The assessment in 2015 was based on preliminary information about the damages to the unit. During 2016 a complete survey was undertaken after the FPSO arrived in Singapore where a more accurate estimate of the extend of damages and repair costs were assessed. The unit will require significant repairs and consequently investments to go back into production, and as long as such investment has not been committed, the Company was required to take an impairment charge at year end.

Remaining impairment was charged with USD 49.0 million on BW Athena, USD 19.9 million on FPSO Polvo, USD 8.7 million on Berge Helene and USD 9.5 million on Espoir Ivoirien. Assessments are based on value-in-use calculations. Although BW Offshore expects an improved market as a result of recovery in the oil price the Company has adjusted probabilities for extension of contracts and redeployment of units after end of current contract. Combined with reassessed estimates for capital expenditures needed for life extension this resulted in an impairment on certain units. BW Offshore has also increased the average cost of capital used for valuation, and this has reduced the valuation of the fleet overall compared to previous years.

Trade Receivables

The Company has during the quarter impaired trade receivables related to Sendje Berge in the amount of USD 5.8 million to cater for doubtful receivables.

Note 13 - Subsequent events

On 4 January 2017, BW Offshore signed an agreement, having effective date 22 December 2016, with its insurers for an early repair cost settlement for the FPSO Cidade de São Mateus. The agreed settlement amount is approximately USD 250 million. Proceeds from the settlement is expected to be received during Q1 2017. The FPSO Cidade de São Mateus is currently in lay-up. Before final discussions are concluded and agreed with the client, it is not possible to establish a firm plan for when the unit will return to the field.

During January 2017, BW Offshore has signed an interim extension agreement for Abo FPSO with Nigerian Agip Exploration Ltd, a subsidiary of ENI S.p.A., until 20 January 2017. Later during the same month another short-term extension was signed until 31 March 2017. The short-term extensions have been agreed to secure operational continuity while joint work is continuing to conclude the negotiations.

6 February 2017, BW Offshore entered into a Farm-Out Agreement for a 56% stake of the Kudu license offshore Namibia. National Petroleum Corporation of Namibia (NAMCOR), the Namibian state-owned oil company, will hold the remaining 44% of the license. The Board believe that with developing costs being significantly lower compared to a couple of years ago, Kudu represents an opportunity for BW Offshore to take a proactive development role in an infrastructure project that will produce for 15-25 years and create long-term shareholder value.

On 22 February 2017, BW Energy Gabon Pte Ltd (a subsidiary of BW Offshore), entered into a definitive Sale and Purchase Agreement with Pan-Petroleum Gabon B.V. (a fully owned subsidiary of Panoro Energy ASA) to acquire a further 25% working interest in the Dussafu production sharing contract in Gabon. Upon completion of the Sale and Purchase Agreement, BW Energy Gabon will pay Pan-Petroleum Gabon a total cash consideration of USD 12 million and provide a credit line of up to USD 12.5 million in order to fund capital expenditures of Pan-Petroleum Gabon's retained interest in the Dussafu block through to first oil production. BW Energy Gabon will, pursuant to closing of the transactions with Pan-Petroleum Gabon and Harvest Energia B.V., hold a 91.667% working interest in the Dussafu production sharing contract, subject to discussions with the Gabon Oil Company for their potential participation. Panoro Energy will hold the remaining 8.33% working interest in the Dussafu license.

Note 14 – Segments

The Company's activities are focused on construction, ownership and operation of FPSOs and FSOs. The assets and liabilities are allocated based on the operations of the segment. Sales between segments are presented net of intercompany transactions.

FPSO activity	Q4 16	Q4 15
Revenues from third parties	298.2	318.8
General and administrative expenses	(4.1)	(7.5)
EBITDA	164.5	165.5
Net gain on sale of tangible fixed assets	0.0	0.0
Depreciation, amortisation and impairment	(279.8)	(388.5)
EBIT	(115.3)	(223.0)
Other segment information		
Capital expenditure	76.3	126.1
Non-current assets (excl finance items)	2,675.1	2,726.3
Investments in associates and joint ventures	7.8	7.7
Geographical information - Revenue		
<i>The classification of revenue per region is determined by the final destination of the FPSO</i>		
Americas	197.6	197.7
Europe/Africa	73.7	93.4
Asia and the Pacific	26.9	27.7
Total revenue	298.2	318.8
The FPSOs by region can be analyzed as follows:		
Americas	764.5	961.8
Europe/Africa	1,395.9	1,425.0
Asia and the Pacific	479.1	307.3
Total non-current assets	2,639.5	2,694.1

KEY FIGURES

	Note	Q4 16	Q3 16	Q4 15	2016	2015
EBITDA-margin	1	55.2%	48.2 %	51.9 %	50.1 %	48.5 %
Equity ratio	2	27.3%	30.1 %	27.5 %	27.3 %	27.5 %
Return on equity	3	-45.6%	-5.0 %	-90.8 %	-14.3 %	-20.2 %
Return on capital employed	4	-20.2%	3.1 %	-34.5 %	-1.6 %	-4.6 %
Net interest bearing debt (USD million)	5	1,634.9	1639.3	1619.7	1634.9	1619.7
Cash flow per share (USD)*	6	0.42	0.54	9.25	4.29	31.86
EPS - basic and diluted (USD)*	7	-0.62	-0.08	-17.04	-1.47	-15.72
Shares - end of period (million)		185.0	185.0	13.8	185.0	13.8
Share price (NOK)		27.70	17.00	128.50	27.70	128.50
Market cap (NOKm)		5,123	3,144	1,768	5,123	1,768
Market cap (USDm)		594	391	201	594	201

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

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
FPSOs				
Sendje Berge	Nigeria	Addax/Sinopec	2000	2005-2018 + options until 2020
Abo FPSO	Nigeria	Agip/ENI	2003	2003-2017 + 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
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	2009-2018 + options until 2024
FPSO Polvo	Brazil	Petrorio (HRT)	2007	2007-2018 + options until 2022
BW Pioneer	US	Petrobras	2010	2012-2020
Umuroa	New Zealand	AWE	2007	2007-2017 + 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
Available FPSO's and FSO's				
BW Athena	UK	Available	2012	
Azurite	Indonesia	Available	2009	
Belokamenka	Indonesia	Available	2003	
Operating and maintenance agreement FPSO's				
FPSO Peregrino	Brazil	Statoil		2013-2017
P-63	Brazil	Petrobras		2013-2016*

* Contractual operation was handed over to the client in May 2016