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BW OFFSHORE

Q3 2016 PRESENTATION



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



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EBITDA USD
76.9 million

Financial
platform to
2020
implemented

Cost reduction
program
progressing

THIRD QUARTER 2016

- Arbitration versus Addax started
- Berge Helene contract notification for May 2017
- Cidade de São Mateus repair assessment completed
- BW Catcher on plan and budget for First Oil in 2H 2017
- Peregrino operations end June 2017



OPERATIONS

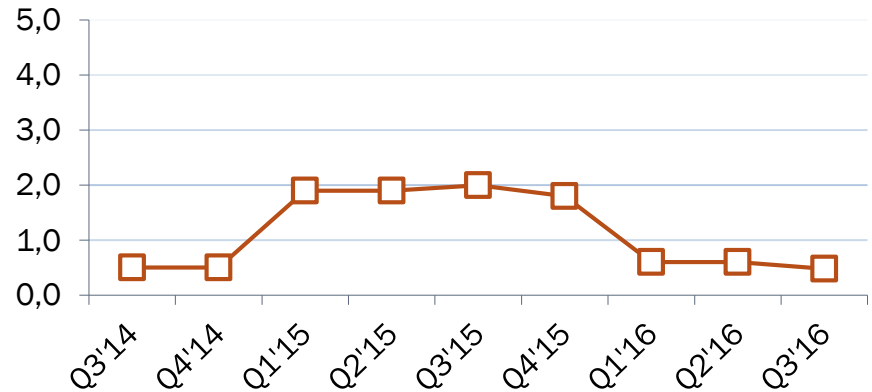


Operational status

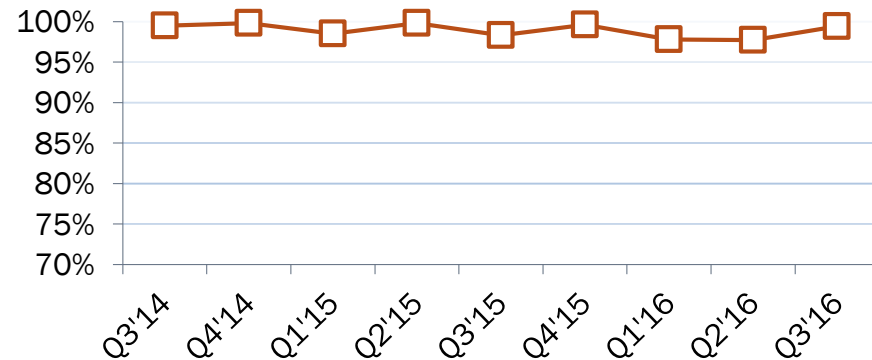
- HSSEQ performance
 - Lost time injuries (LTI) frequency of 0.5
- Operating fleet uptime 99.4%
- Addax arbitration process proceeding related to overdues on Sendje Berge
 - USD 52.6 million gross claim
- Statoil will insource operations on FPSO Peregrino after 1H 2017
- Petronas has notified of their intention to shut down production in May 2017
- Cidade de São Mateus anchored off Batam
 - Dialogue with insurance loss adjusters on repair scope is still ongoing
 - Final repair plan is pending discussions with client

HSE record (LTI)

Lost time injuries per million man-hours



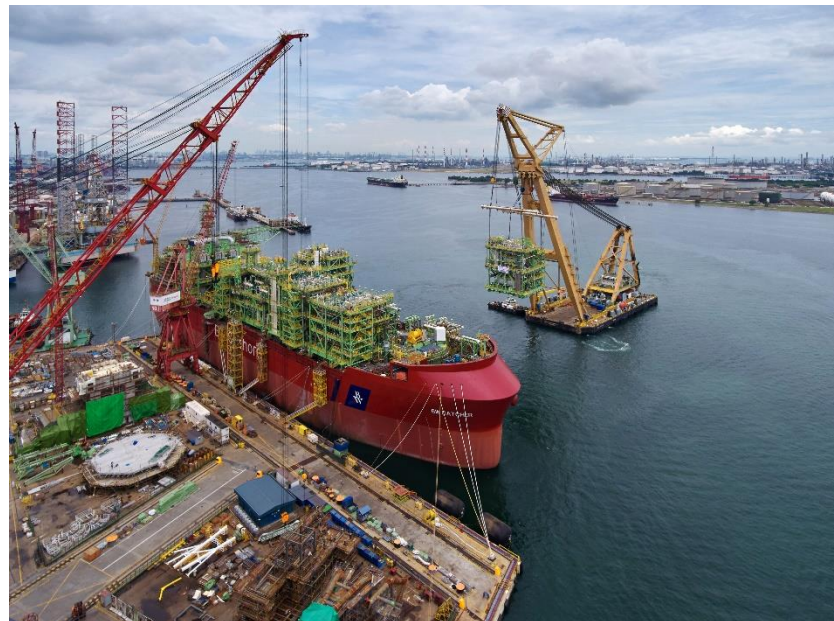
Uptime





Catcher project

- First oil expected in second half of 2017
- The project is on budget:
 - 90% of costs committed
 - USD 0.76bn incurred by Q3 2016
- Topside integration work has commenced and all modules have been lifted on deck
- Project execution is progressing according to plan
- Catcher field status:
 - Risers are connected to the buoy
 - Ready for hook-up upon FPSO arrival
 - Operator Premier maintains first oil expectations





Update on cost reduction program

- Onshore efficiency program and re-organisation completed:
 - Adjusting the company capacity to expected activity level while maintaining capabilities and competence
 - Reduction of personnel in Norway, Singapore and Brazil
 - Annualised cost savings of USD 30m from 2017

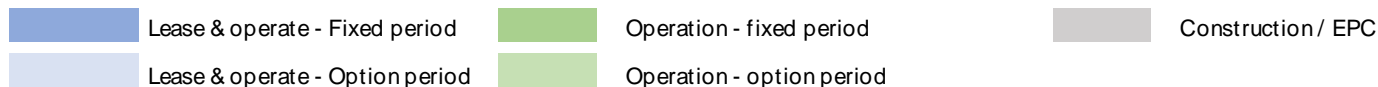
- Offshore program for best practice and right-sizing continues:
 - Reduce offshore cost by 10-15% through improved procurement, crew rotation and maintenance management
 - Reduction in lay up costs
 - BW Athena in cold lay up in Scotland
 - Azurite, Belokamenka and Cidade de São Mateus side by side in Indonesia





Fleet overview

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													
Yùum K'ak' Náab	FPSO	Lease & Operate	Pemex, Mexico: 2007-2022 (2025)										Operation - fixed period			
BW Cidade de São Vicente	FPSO	Lease & Operate	Petrobras, Brazil: 2009-2019 (2024)						Lease & operate - Option period							
BW Pioneer	FPSO	Lease & Operate	Petrobras, US: 2012-2020													
BW Joko Tole	FPSO	Lease & Operate	Kangean, Indonesia: 2012-2022 (2026)								Lease & operate - Option period					
Umuroa	FPSO	Lease & Operate	AWE, New Zealand: 2007-2017 (2022)													
Polvo	FPSO	Lease & Operate	PetroRio, Brazil: 2007-2018 (2022)													
Abo	FPSO	Lease & Operate	Agip/ENI, Nigeria: 2003-2016 (2023)													
Espoir Ivoirien	FPSO	Lease & Operate	CNR, Ivory Coast: 2002-2022 (2036)										Lease & operate - Option period			
Petroleo Nautipa	FPSO	Lease & Operate	Vaalco, Gabon: 2002-2020 (2022)													
Catcher	FPSO	Lease & Operate	Premier, UK 2017-2024 (2042)						Lease & operate - Option period				Lease & operate - Option period			
Cidade de Sao Mateus	FPSO	Lease & Operate	Petrobras, Brazil: 2009-2018 (2024)						Lease & operate - Option period							
Azurite	FPSO	Tendering	Murphy, Congo													
Belokamenka	FPSO/ULCC	Tendering	Rosneft, Russia													
BW Athena	FPSO	Tendering	Ithaca, UK													
P-63 (Papa Terra)	FPSO	Operate	Petrobras, Brazil: 2013-2016													
Peregrino	FPSO	Operate	Statoil, Brazil: 2013-2017													





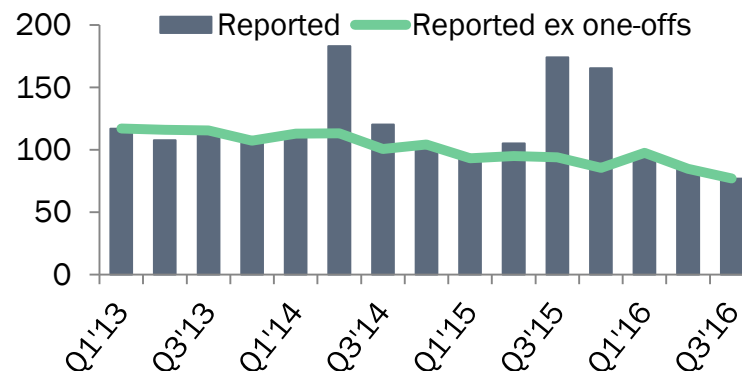
FINANCE



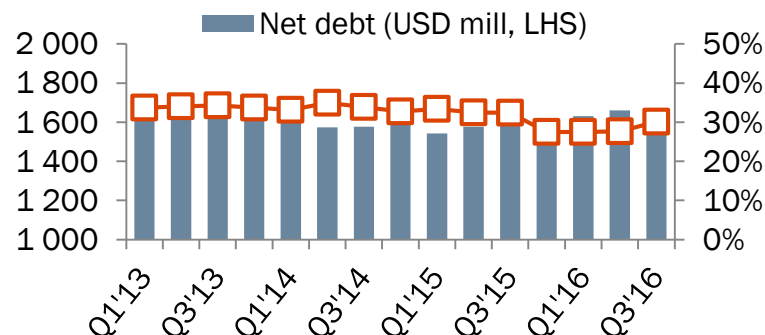
Financials

- EBITDA of USD 76.9 million
 - Loss of Hire insurance on Cidade de São Mateus ended in May. Negative effect USD 9m.
- Impairment of USD 1.7 million
 - USD 0.9m due to replacement of mooring lines on Espoir Ivoirien
 - USD 0.6m due to replacement of mooring lines on Umuroa
- Provision for overdues of USD 5.8 million on Sendje Berge
- Stopped using hedge accounting for swaps related to the bond loans
- Reverse share split initiated

EBITDA
USD million



Net debt and equity ratio
USD million and percentage





Income statement

USD million	Q3 2016	Q2 2016
Operating revenues	159.6	172.5
Operating expenses	-83.0	-87.9
Share of profit from associates	0.3	0.0
EBITDA	76.9	84.6
Depreciation	-55.3	-53.7
Amortisations	-0.7	-0.7
Impairment	-1.7	-5.3
EBIT	19.2	24.9
Net interest expense	-11.6	-10.3
FX, financial instruments and other financial items	-11.9	-7.8
Profit (loss) before tax	-4.3	6.8
Income tax expense	-6.9	-11.2
Net profit (loss)	-11.2	-4.4





Statement of financial position

USD million	Q3 2016		Q2 2016	
Total non-current assets	2,976.7	86.3%	2,917.2	84.9%
Total current assets	472.1	13.7%	519.9	15.1%
Total assets	3,448.8	100.0%	3,437.1	100.0%
<hr/>				
Total equity	1,038.4	30.1%	950.4	27.7%
<i>Total non-current liabilities</i>	<i>2,020.3</i>		<i>1,884.1</i>	
<i>Total current liabilities</i>	<i>390.1</i>		<i>602.6</i>	
Total liabilities	2,410.4	69.9%	2,486.7	72.3%
Total equity and liabilities	3,448.8	100.0%	3,437.1	100.0%

USD million	Q3 2016
Reported interest bearing debt	1,802.3
Cash and deposits	113.1
Net interest bearing debt	1,639.3



Cash flow statement

USD million	Q3 2016	Q2 2016
Net cash flow from operating activities	78.9	107.4
Net cash flow from investing activities	-116.8	-117.7
Net cash flow from financing activities	9.2	42.2
Net change in cash and cash equivalents	-28.7	31.9
Cash and cash equivalent at start of period	141.8	109.9
Cash and cash equivalent at end of period	113.1	141.8





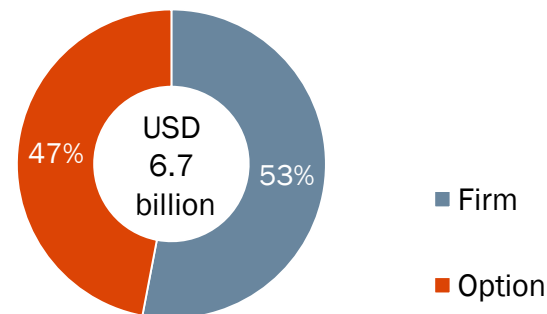
High revenue visibility

- Orderbook of USD 6.7 billion as of 30 September 2016
 - Whereof USD 3.6 billion are firm contracts

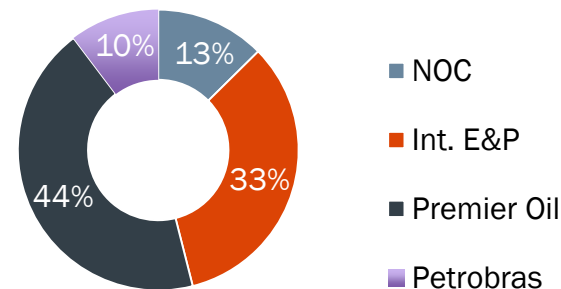
Client overview:

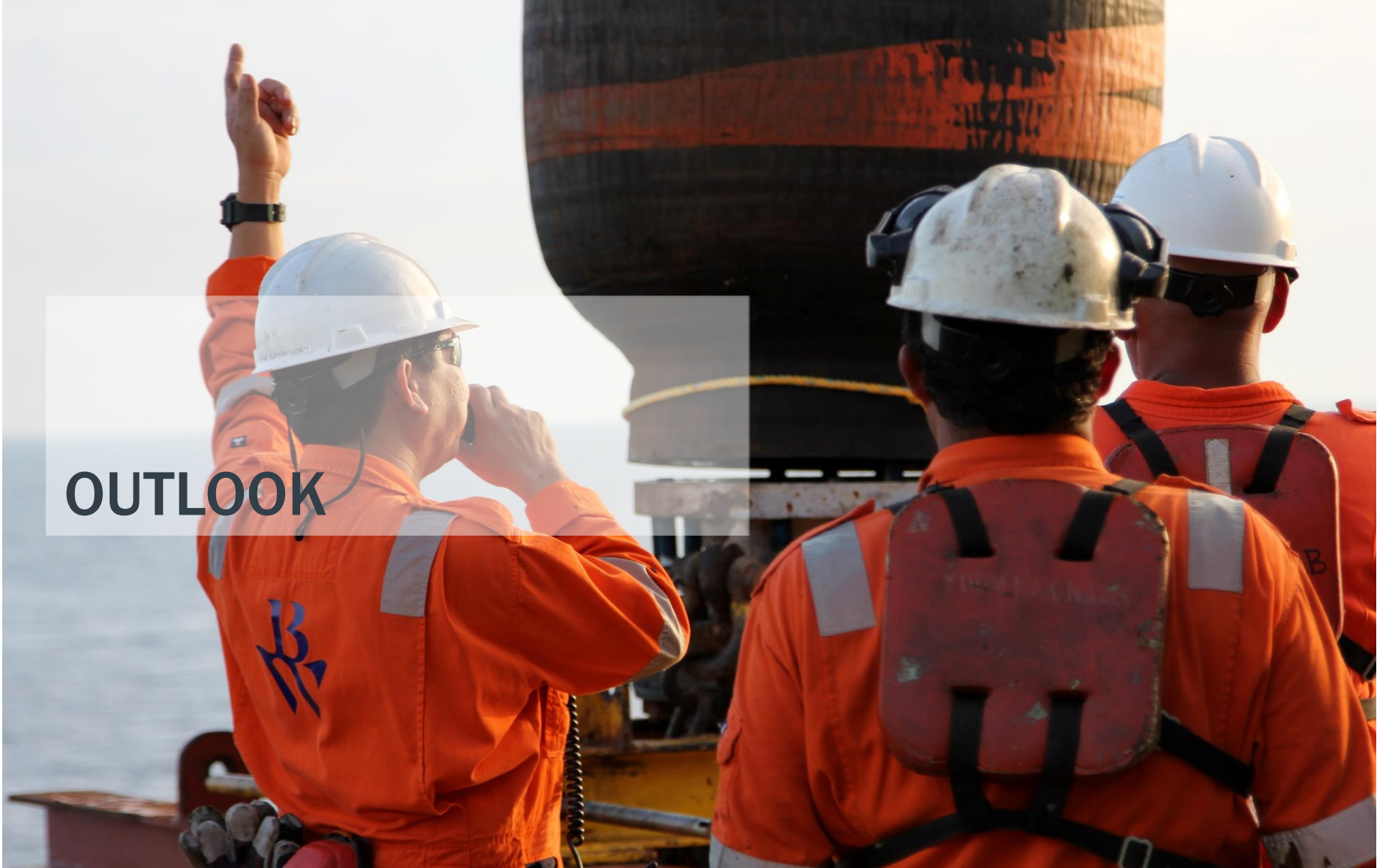


■ Backlog: Firm and option



■ Backlog: Counterparties





OUTLOOK



Our landscape

◆ Positive

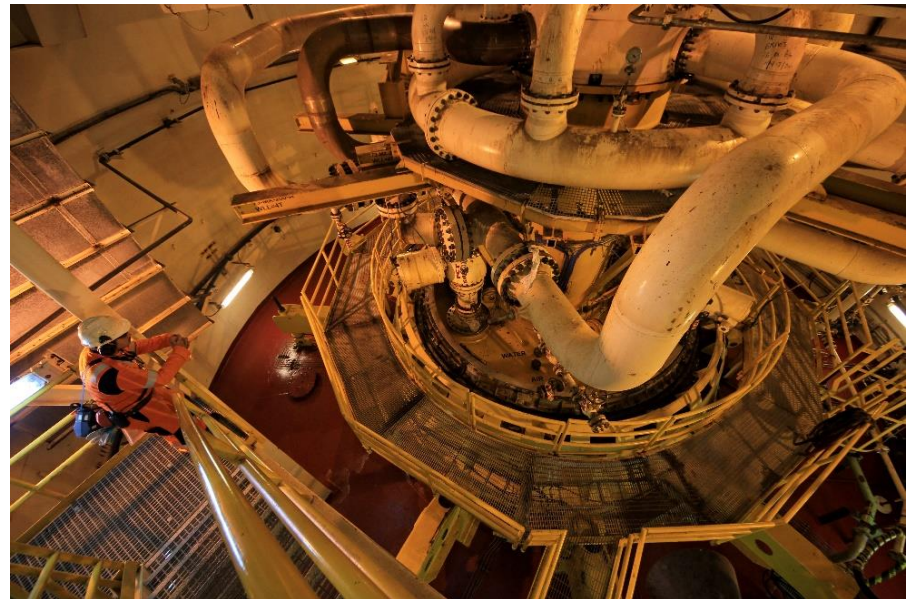
- Cost efficient production
- Extensions despite low oil price
- Good quality fleet
- Competitiveness of FPSO concept

▶ Actions

- Drive to cut cost – be relevant
- Ensured clear path on liquidity to 2020
- Target early mover oil co's for redeployments
- Exploring partnerships and alternative commercial models
- Exploring alternative field development models to trigger profitable developments that are robust at low oil price

◆ Uncertainties

- Oil price affecting new developments/redeployments
- Counterparty risk
- Asset values





BWO – way forward

- Deliver the Catcher project on time and on budget
- Bidding for Libra I and Sepia to Petrobras
- Capture extensions at lower dayrate against resource upside (or and tariff)
- Establish relationship with strategic co-investor(s)
- Continue to improve organizational capability and systems





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