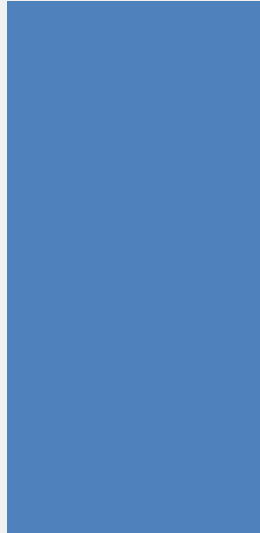




SEPTEMBER 2016

CEO Carl Krogh Arnet



# **BW OFFSHORE**

## **PARETO OIL & OFFSHORE CONFERENCE 2016**





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## BW Offshore at a glance

- ✓ Producing 600,000 boepd
- ✓ LTI 0.6 per million manhours
- ✓ Delivered 38 projects since 1983
- ✓ USD 6.8 billion backlog
- ✓ Operating 13 FPSOs + 2 ready for redeployment
- ✓ Specialist in redeployments and life extensions
- ✓ 99% commercial uptime
- ✓ Integrated maintenance organization and engineering





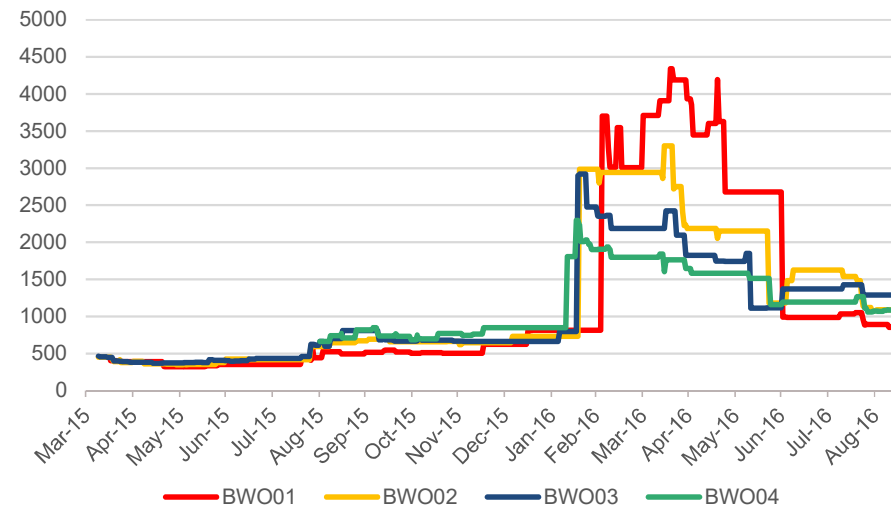
## Financial runway in place

- Actions taken to secure the financial platform until 2020:
  - Equity injection
  - Amortization relief on the corporate facility
  - Maturity extensions for bonds
- By year-end 2020 total debt is reduced by USD ~1 billion
- The company will refinance the USD 2.4 billion corporate facility prior to 2020

### Bank funding: Strong and supportive lending banks



### Unsecured bonds: Spread over NIBOR

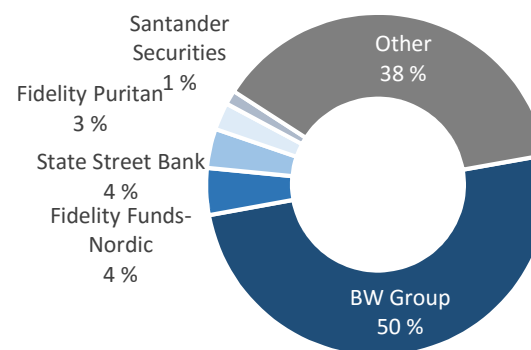




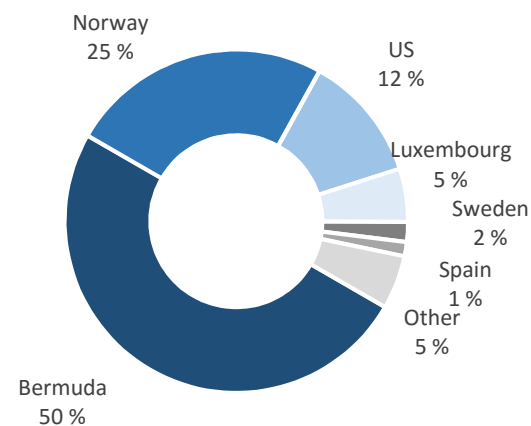
## Growing number of shareholders with increased liquidity

- 5,400 shareholders
  - Increased by ~2,000 since equity issue
  - Increased daily trading volumes
- Top 5 shareholders
  - BW Group 49.9%
  - Fidelity Funds-Nordic 4.4%
  - State Street Bank 3.7%
  - Fidelity Puritan 2.6%
  - Santander Securities 1.4%
- Directors and Management
  - Independent Directors 18 mill
  - Management 134 mill

Top 5 shareholders

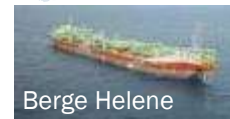


Shareholders by Geographic Distribution





# Global footprint



- U** Units
- O** Offices
- C** Crew centers



\*Operation & Maintenance

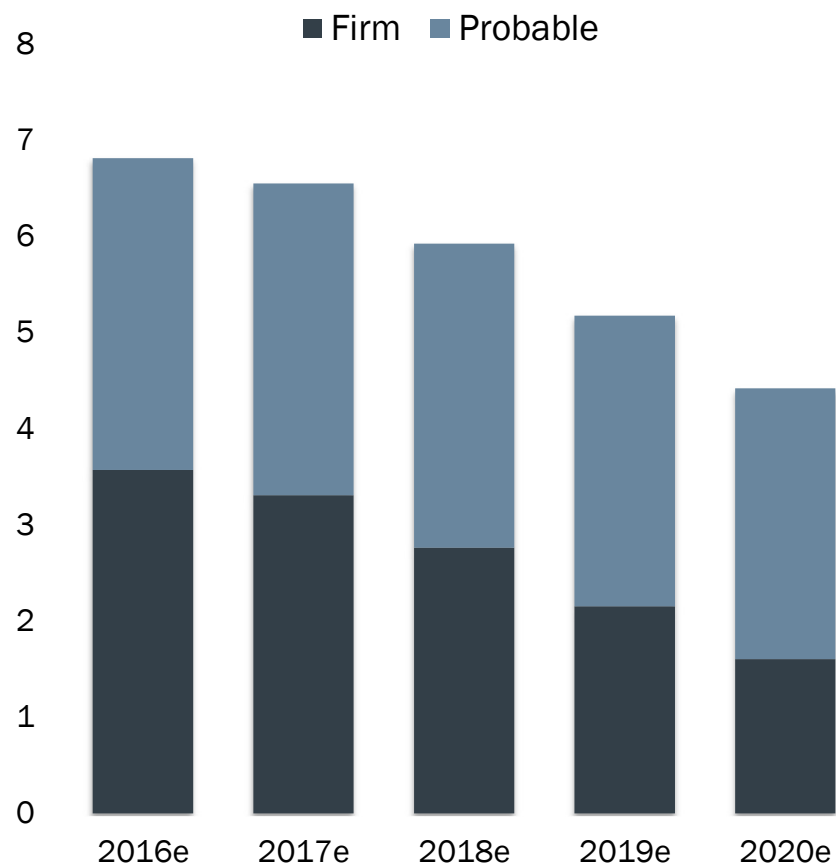


## Revenue visibility

- USD 6.8 billion backlog (firm+probable\*) gives good revenue visibility
- Backlog revised mid-September 2016 based upon information on:
  - Client reported production profile
  - Actual field performance
  - Current oil price
- Revenue secured by long term contracts
- Lease contracts with EBITDA margins of ~60%
- Extensions/Redeployments necessary to defend asset book values
  - Extensions of options under current contracts
  - Extensions beyond current contracts
  - New redeployments

Lease revenue backlog YE 2016-2020

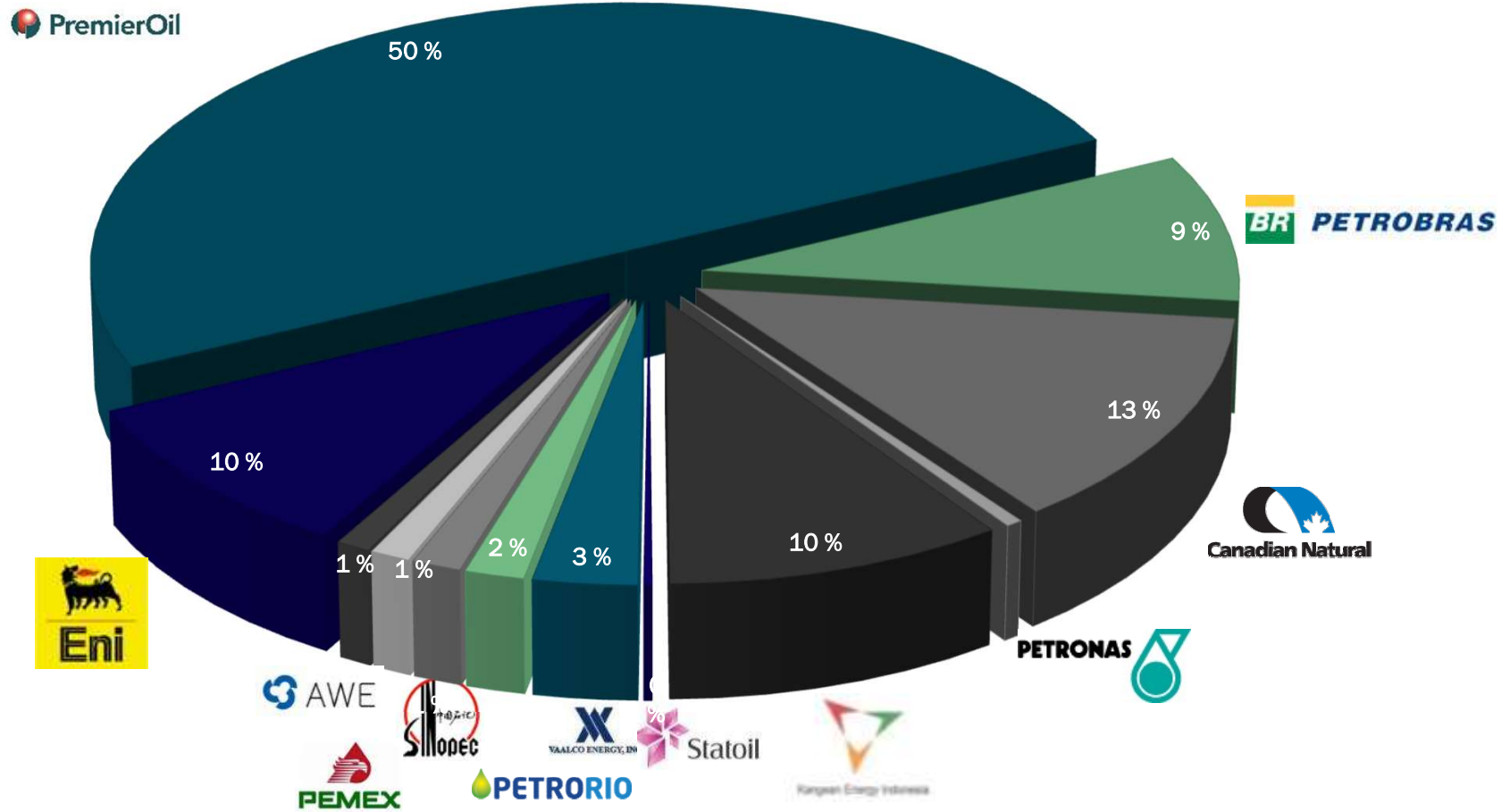
USD billion



\* Excludes options that are not considered likely to be declared



# EBITDA backlog





## Catcher project on time and budget

- First oil expected in second half of 2017
- 90% of the costs committed
  - USD 0.66bn incurred by Q2 2016
- Buoy and mooring system delivery completed according to schedule
- Installation carried out at the Catcher field
- Hull mated and transferred to quayside at Keppel in Singapore
- Topside pre-commissioning and integration has commenced



# Topside completion

Flare  
99%

Utility  
97%

Gas  
Treatment  
96%

Gas  
compression  
97%

Gas  
Compression  
96%

Crude  
Stabilisation  
95%

Crude  
Separation  
95%

Power  
Generation  
99%



Integration ongoing

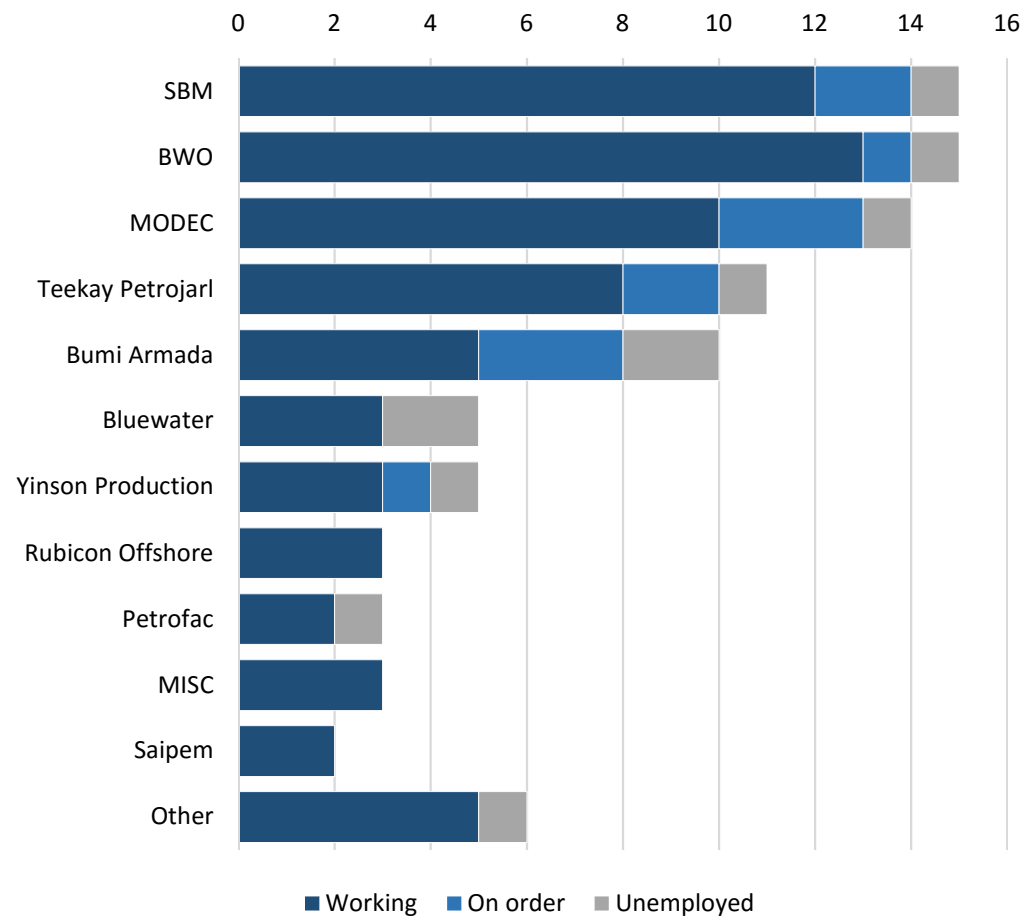


- Living Quarter
- E-House
- M90 Power Generation
- Flare Module



## Competitive environment

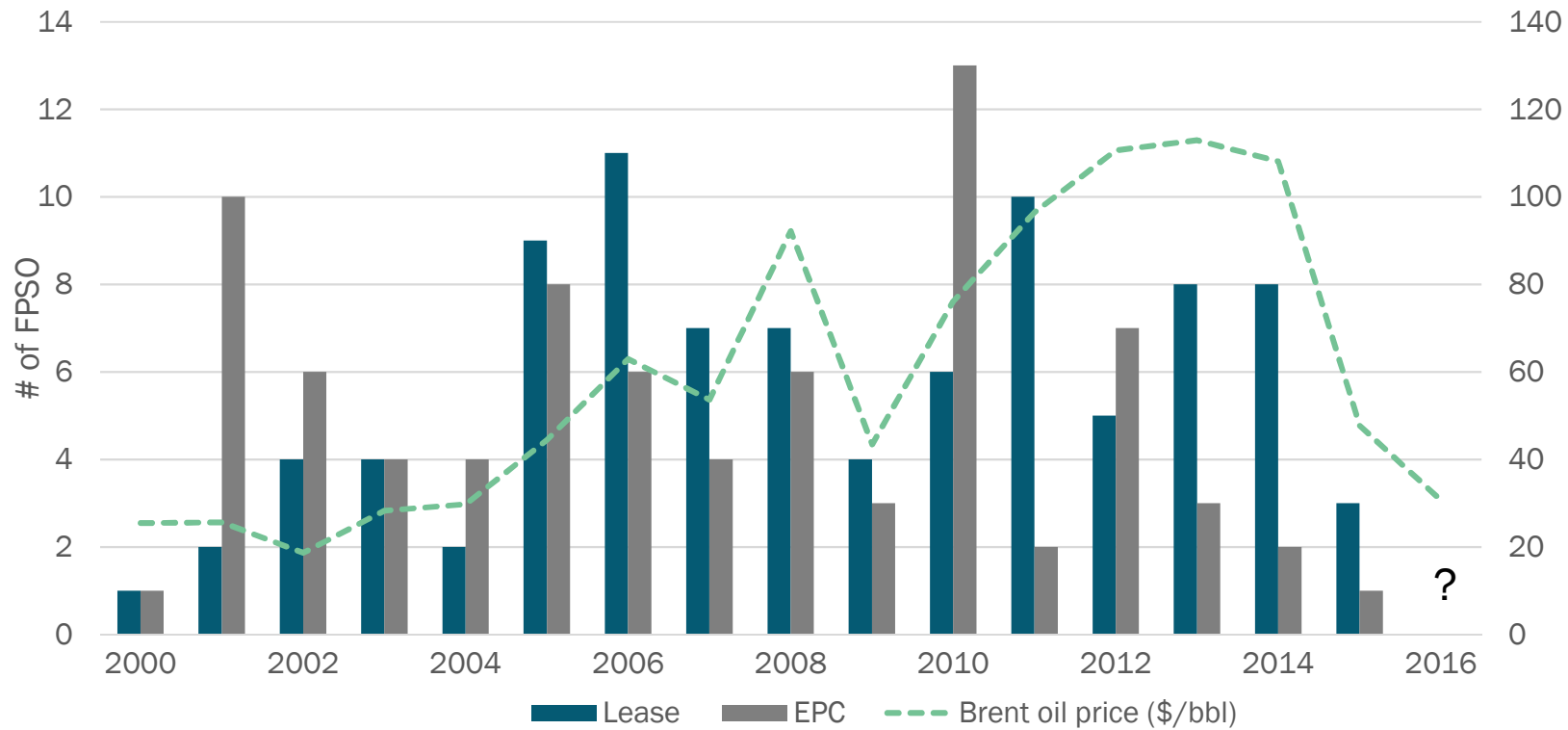
- Few awards expected in the next two years
- Several second-hand FPSO to be re-deployed
- Increased competition likely – in particular for mid to smaller sized projects
- 2 BWO FPSOs are currently available for re-deployment
- Berge Helene FPSO is expected demobilized second half 2017



Source: Fearnley Offshore, May 2016



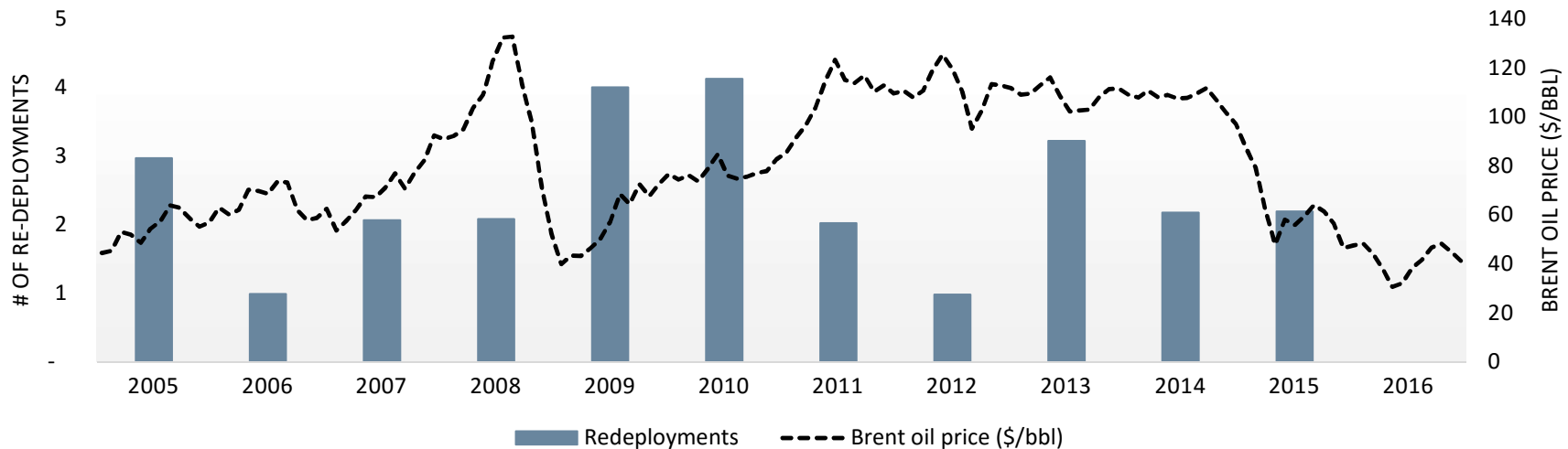
## Lease & EPC awards vs oil price





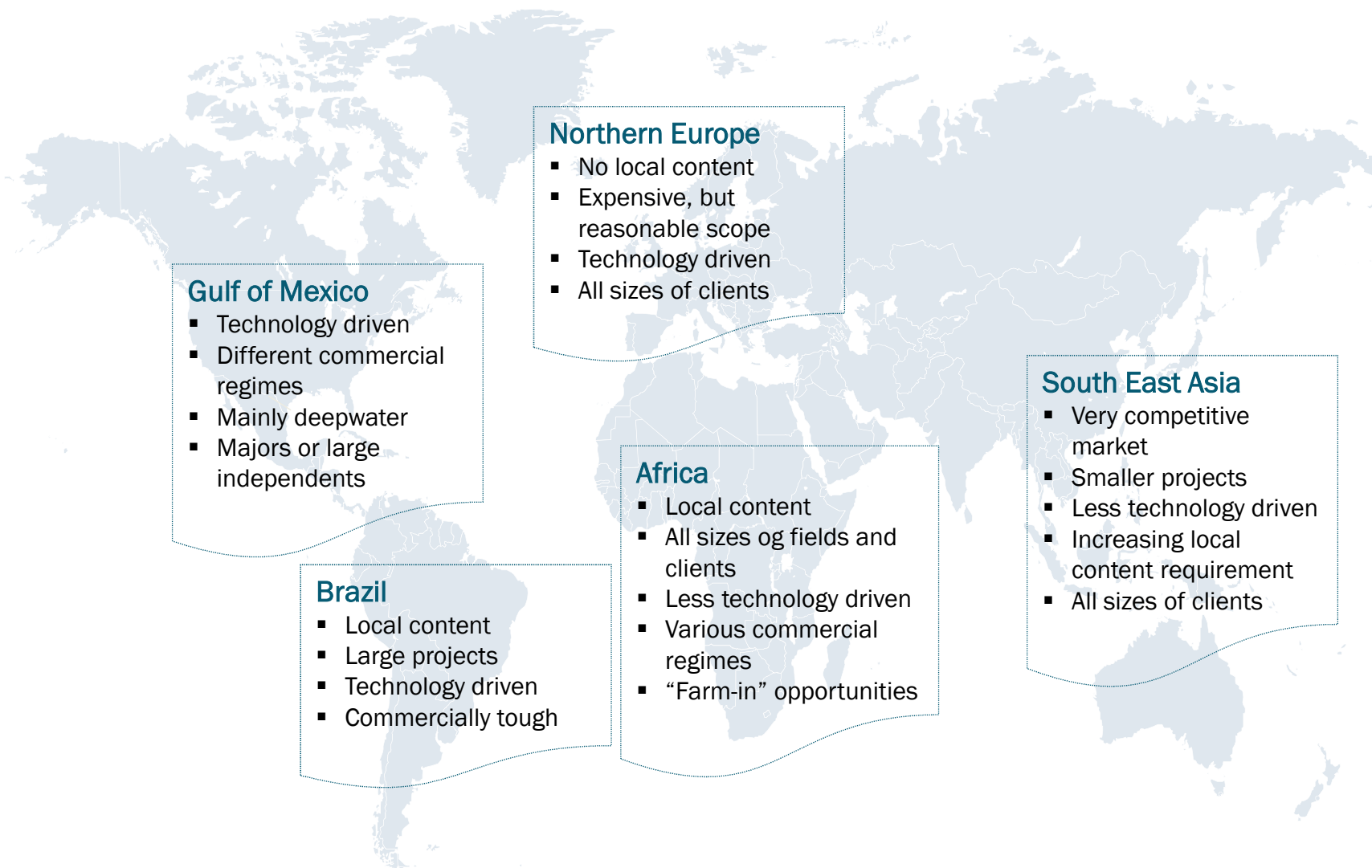
# Challenging redeployment market

- Currently 25 idle FPSOs
  - 5 estimated to come off contract in 2016 and a similar number in 2017
- 26 FPSOs redeployed the past 10 years
  - 20% of FPSO awards during the period
- The redeployment pace indicates it will take 10 years to clear the current inventory of FPSOs in lay-up
  - Potentially too many FPSOs available for the market to absorb
- A low oil price or rapid up-shifts in the oil price are more likely to trigger demand for redeployments than a stable high oil price
- Only contractors able and willing to think outside the “box” will be able to redeploy idle FPSOs
- FPSOs are not a commodity





## Regional market summary





## Technology development

- The right technology can lower the cost or increase productivity of FPSOs
- Access to competitive technology improves ability to win projects
- Technology innovations improve the company reputation in the market
- Technological EPC projects or product sales could add revenue and cash flow to the company
- Partnering on technology solutions for
  - Turrets
  - Mooring systems
  - Swivels







## BWO – way forward

- Deliver Catcher FPSO in 2017 on time and budget
- Work on the execution model to cater for other approaches in low price environment
- Focus on cost efficiencies
- Continue to strengthen organizational capability and systems
- Establish relationship with strategic co-investor(s)





# BW Offshore

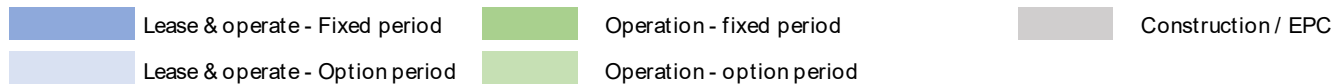
Further information: [www.bwoffshore.com](http://www.bwoffshore.com)

IR contact: [IR@bwoffshore.com](mailto:IR@bwoffshore.com)



# 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 (2021)													
Yùum 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	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)													
Petroleo Nautipa	FPSO	Lease & Operate	Vaalco, Gabon: 2002-2020 (2022)													
Cidade de Sao Mateus	FPSO	Lease & Operate	Petrobras, Brazil: 2009-2018 (2024)													
Catcher	FPSO	Lease & Operate	Premier, UK 2017-2024 (2042)													
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 (2032)													





## Income statement

USD million	Q2 2016	Q1 2016
Operating revenues	172.5	214.4
Operating expenses	-87.9	-117.1
Share of profit from associates and joint ventures	0.0	0.1
<b>EBITDA</b>	<b>84.6</b>	<b>97.4</b>
Depreciation	-53.7	-59.7
Amortisations	-0.7	-0.7
Impairment	-5.3	-0.8
<b>EBIT</b>	<b>24.9</b>	<b>36.2</b>
Net interest expense	-10.3	-11.1
FX, financial instruments and other financial items	-7.8	-18.3
<b>Profit (loss) before tax</b>	<b>6.8</b>	<b>6.8</b>
Income tax expense	-11.2	-9.7
<b>Net profit (loss)</b>	<b>-4.4</b>	<b>-2.9</b>





## Statement of financial position

USD million	Q2 2016		Q1 2016	
Total non-current assets	2,917.2	84.9%	2,863.9	84.5%
Total current assets	519.9	15.1%	523.8	15.5%
<b>Total assets</b>	<b>3,437.1</b>	<b>100.0%</b>	<b>3,387.7</b>	<b>100.0%</b>
Total equity	950.4	27.7%	948.7	28.0%
<i>Total non-current liabilities</i>	<i>1,884.1</i>		<i>1,790.9</i>	
<i>Total current liabilities</i>	<i>602.6</i>		<i>648.1</i>	
Total liabilities	2,486.7	72.3%	2,439.0	72.0%
<b>Total equity and liabilities</b>	<b>3,437.1</b>	<b>100.0%</b>	<b>3,387.7</b>	<b>100.0%</b>

USD million	Q2 2016
Reported interest bearing debt	1,802.3
Cash and deposits	141.8
<b>Net interest bearing debt</b>	<b>1,660.5</b>