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BW Offshore

- Leading global provider of floating production units and services to the oil and gas industry
 - Class leading HSE and operational uptime
 - Global production of 700,000 boepd
- Assets on long term contracts with strong counterparties
 - Operating 17 FPSO/FSO
 - Order book of USD 10 billion
- Robust balance sheet
 - Total assets USD 3.5 billion
- Strong track record and performance
 - Delivered 38 FPSO/FSO projects
- Listed on the Oslo Stock Exchange
 - Market cap of approx USD 1.0 billion
 - Main shareholder is BW Group (49.8%)



FPSO BW Cidade de São Vicente in production on the Lula field in Brazil, offloading to an oil tanker



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Global footprint



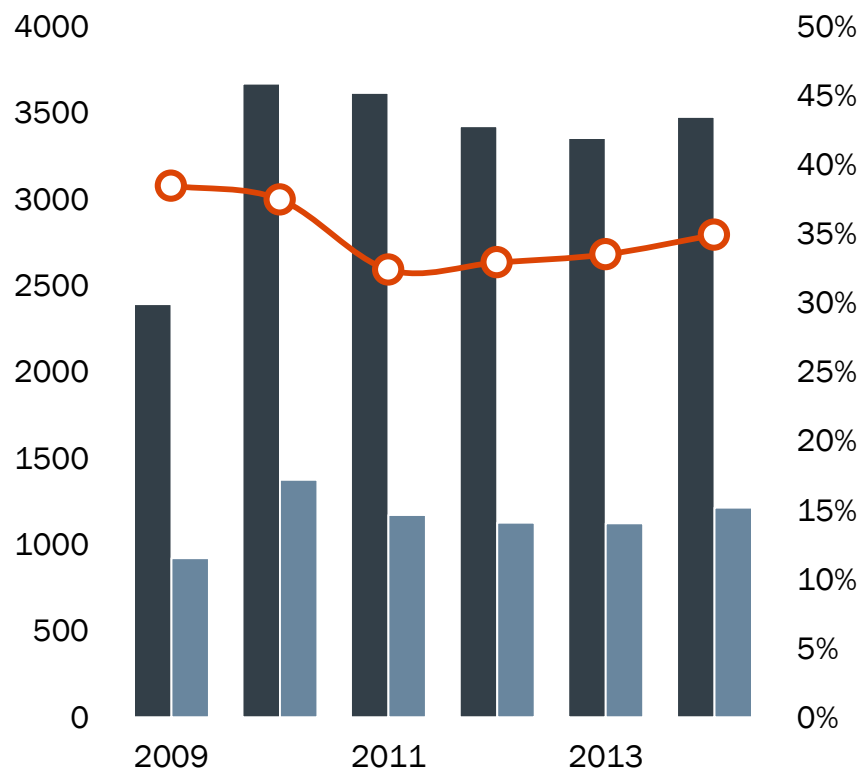
* Operation & Maintenance



5 year development

Asset and Equity development

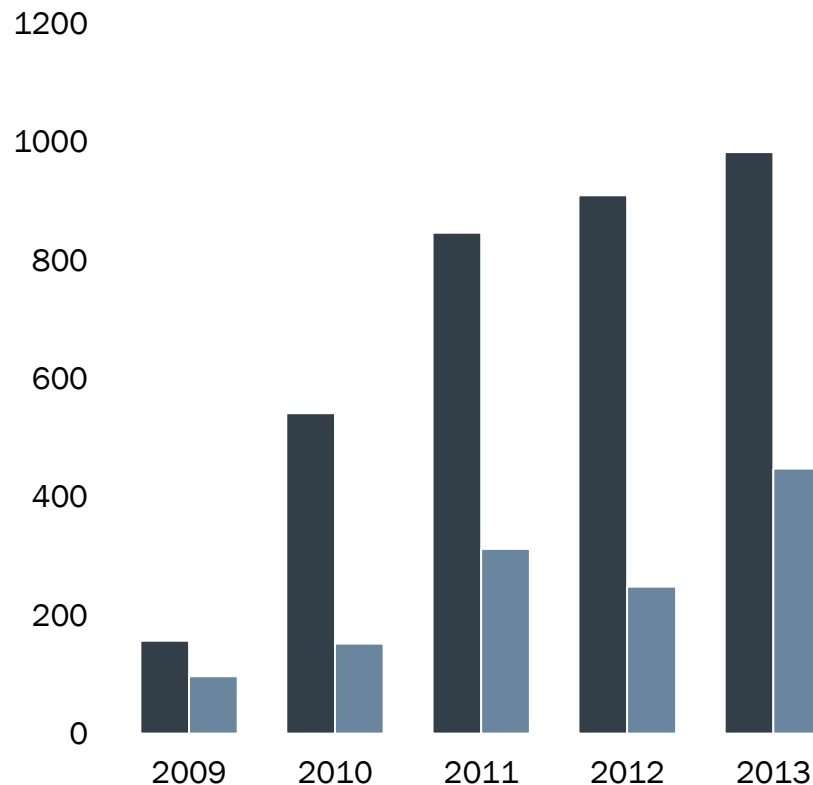
USD million



■ Total assets ■ Total equity ○ Equity ratio (RHS)

Revenue and EBITDA

USD million



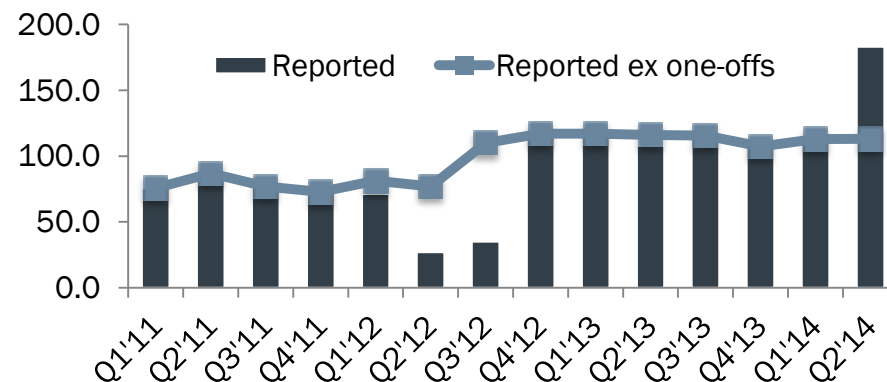
■ Revenue ■ EBITDA



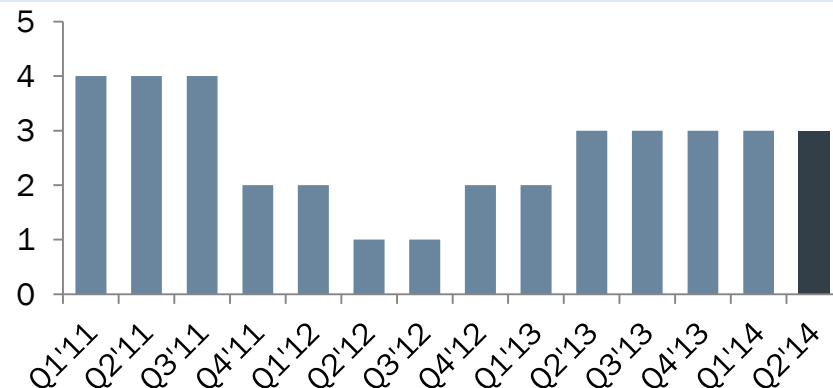
Highlights 1H 2014

- Stable operations with an uptime of 99.6%
- EBITDA of USD 296 million
- Quarterly dividend payments of USD 0.03 per share
- Contract extensions for BW Athena, Abo and Sendje Berge
- Signed contract for the Catcher FPSO with Premier Oil
- Secured USD 800 million bank financing for the Catcher FPSO
- Agreement to take over full ownership of Petr leo Nautipa

EBITDA, quarterly
USD million



Dividends
US cent per share





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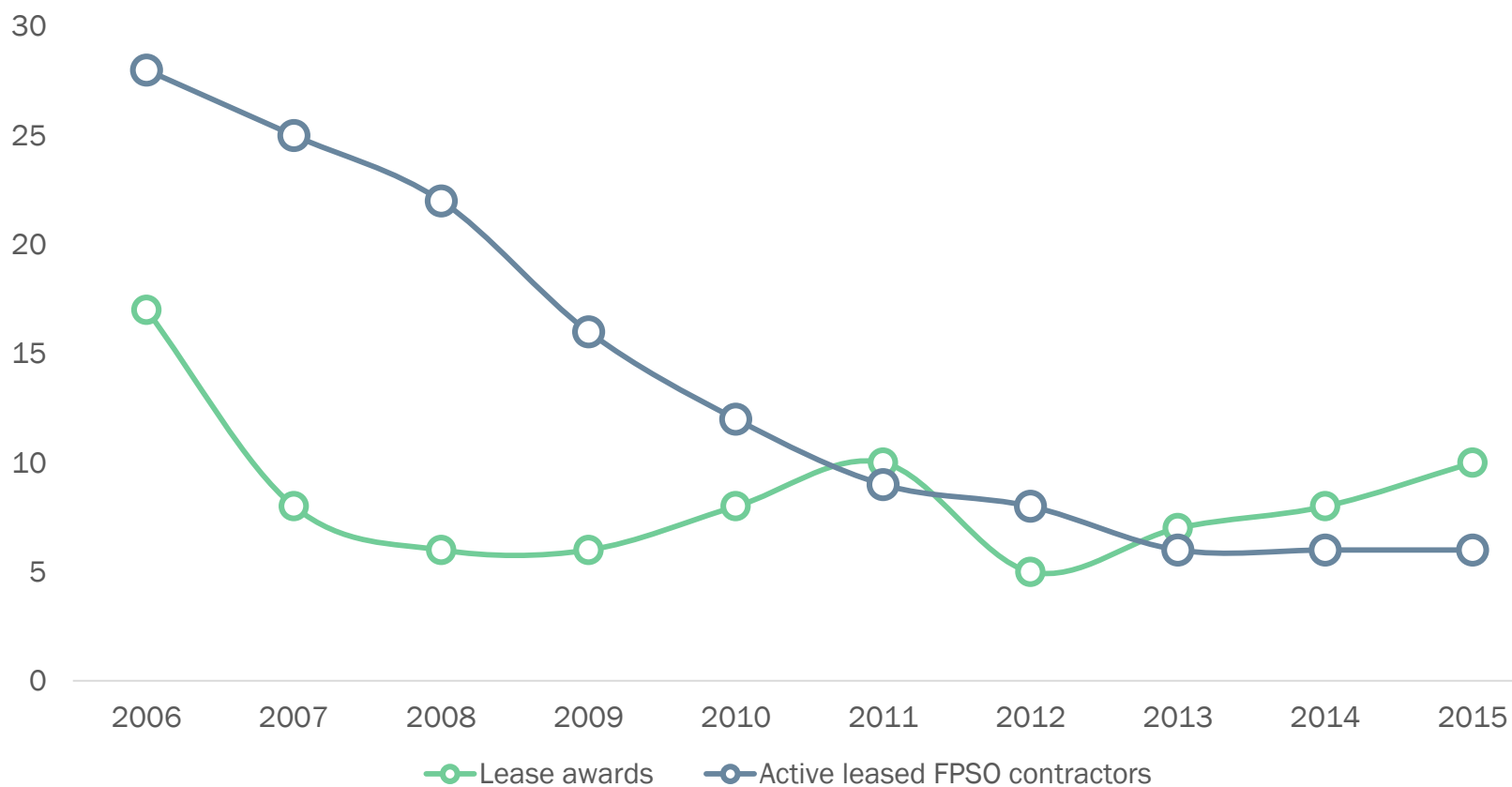


BACKDROP



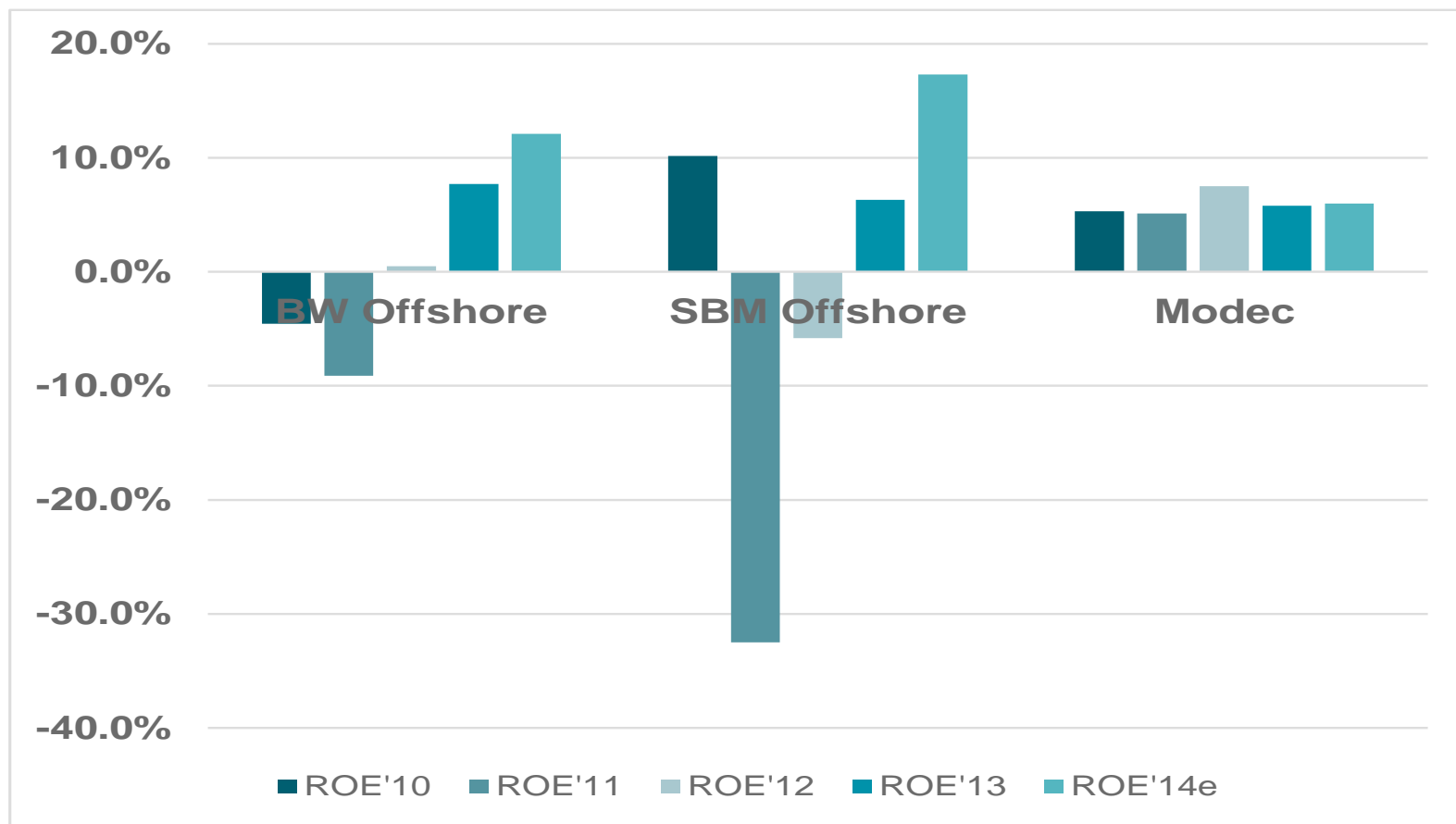
Supply and demand for leased FPSOs

The supply & demand balance has drastically changed over the past 8 years





Returns



Source: Companies, Factset, SEB, Carnegie

FPSO 2.0 - improvements

Accomplished:

- Start up
 - Completion of work scope at yard
 - Testing of the plant
 - Training of the crew

- Stability in operations through consistent maintenance program
 - Uptime
 - Safety

- Organisational development
 - Commercial focus
 - Maintenance and life extension work
 - Engineering competence
 - Project systems and control

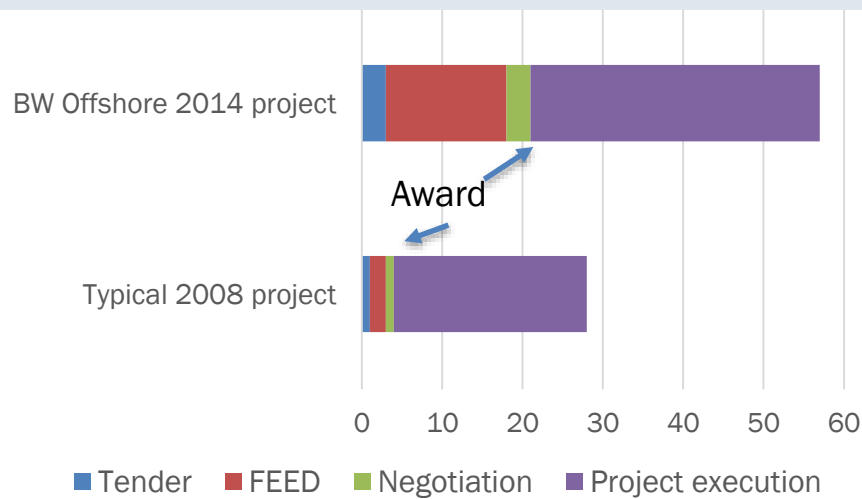




FPSO 2.0 - improvements

- Industry dynamics
 - FPSO lease model – attractive for the E&P industry
 - Client – improved supply demand balance
 - Supply chain – improved capacity and more predictable quality
- Pre award phase
 - FEED 1 -2 years
 - Alignment of expectations client/contractor
- Internal decision making process
 - Project selection
 - Cost and schedule tools
 - Robust estimates
- Execution
 - Internalise engineering and solutions
 - Controls and reporting
 - New built hull

Preparations and project schedule – 2014 vs 2008



Catcher progress

- 16 months of FEED study
- Model tests completed
- More than 50% of capex committed
- Main contracts awarded
 - Topside engineering
 - Hull
 - Turret mooring system
 - E-house and control system
 - Water treatment / injection module
 - Classification and verification services



Catcher FPSO

- First oil: Mid 2017
- Contract: 7 years fixed + 18 years options
- Processing capacity: 60,000 bbl/d
- Gas compression: 60 MMscfd
- Storage capacity: 650,000 bbl
- Newbuilt hull



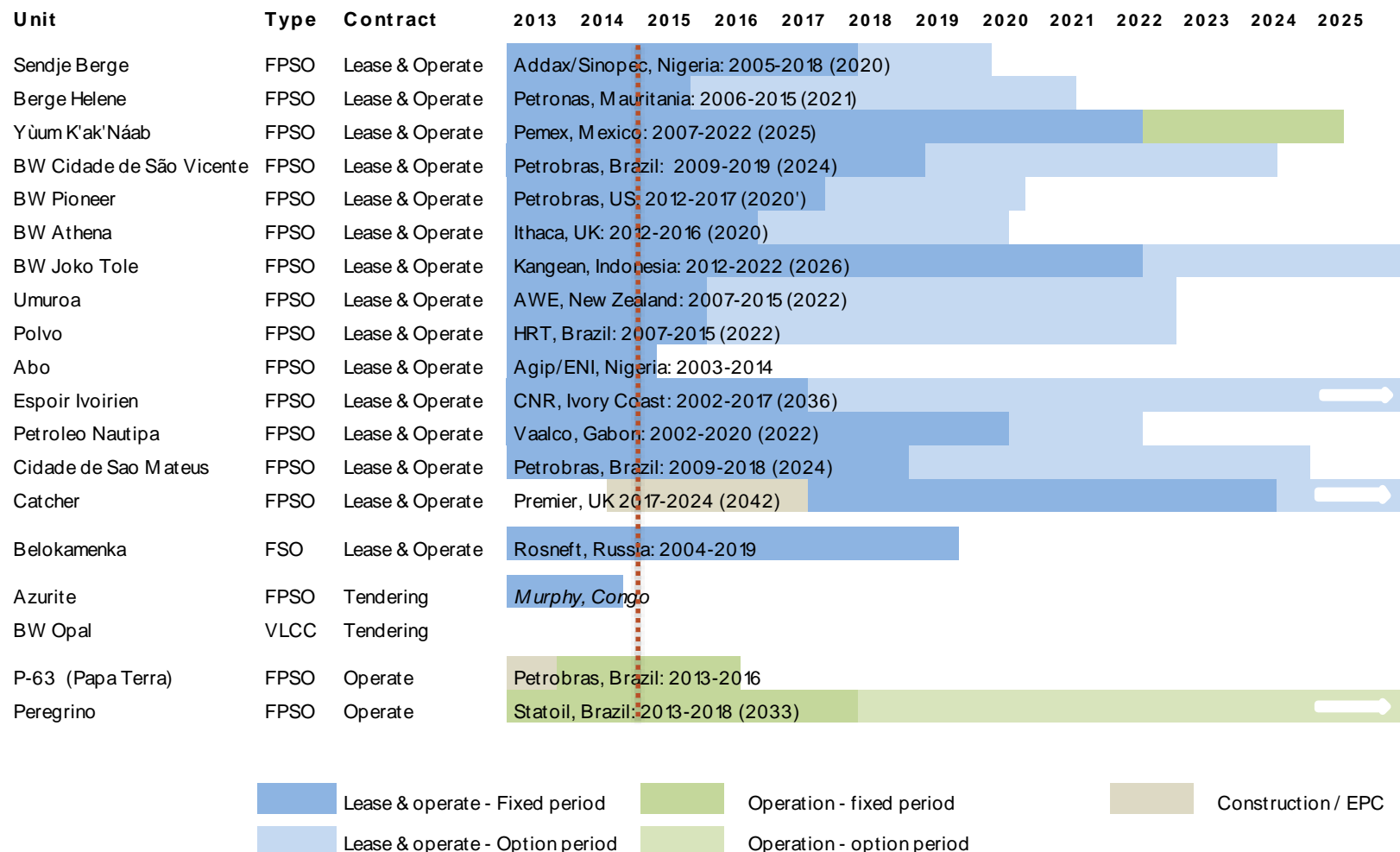
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VALUE CREATION



Fleet overview

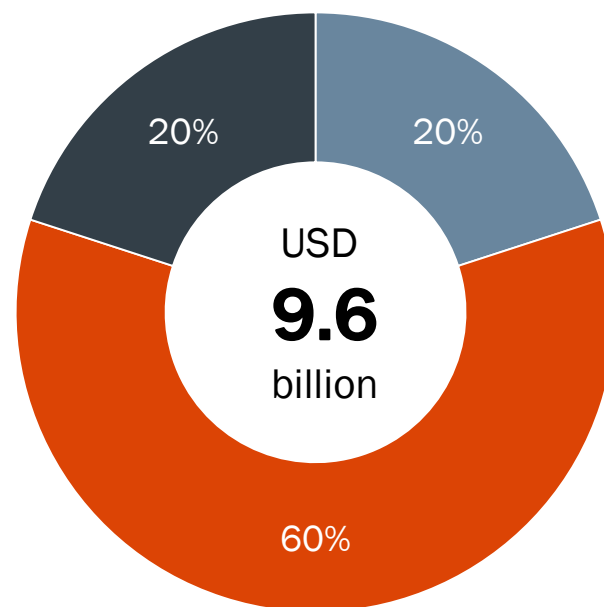




Financial predictability

- Orderbook of USD 9.6 billion
 - Whereof USD 4.6 billion are firm contracts
- Long term lease contracts with solid counterparties
 - Visible and sustainable revenue
- Portfolio with solid EBITDA-margins
 - Lease margin of approx. 50%

Total orderbook and clients



■ NOC ■ Int. E&P ■ Petrobras

*Catcher: Included 10 year contract value of USD 2.3 billion
Petróleo Nautipa: Included on 50% basis*

Asset management – value triggers

Value growth existing contracts

- Proactive commercial and operational management

Life extensions

- Extension beyond existing contract
- FPSO replacement rarely a viable option for Client
- In-situ modifications most often required

Redeployments

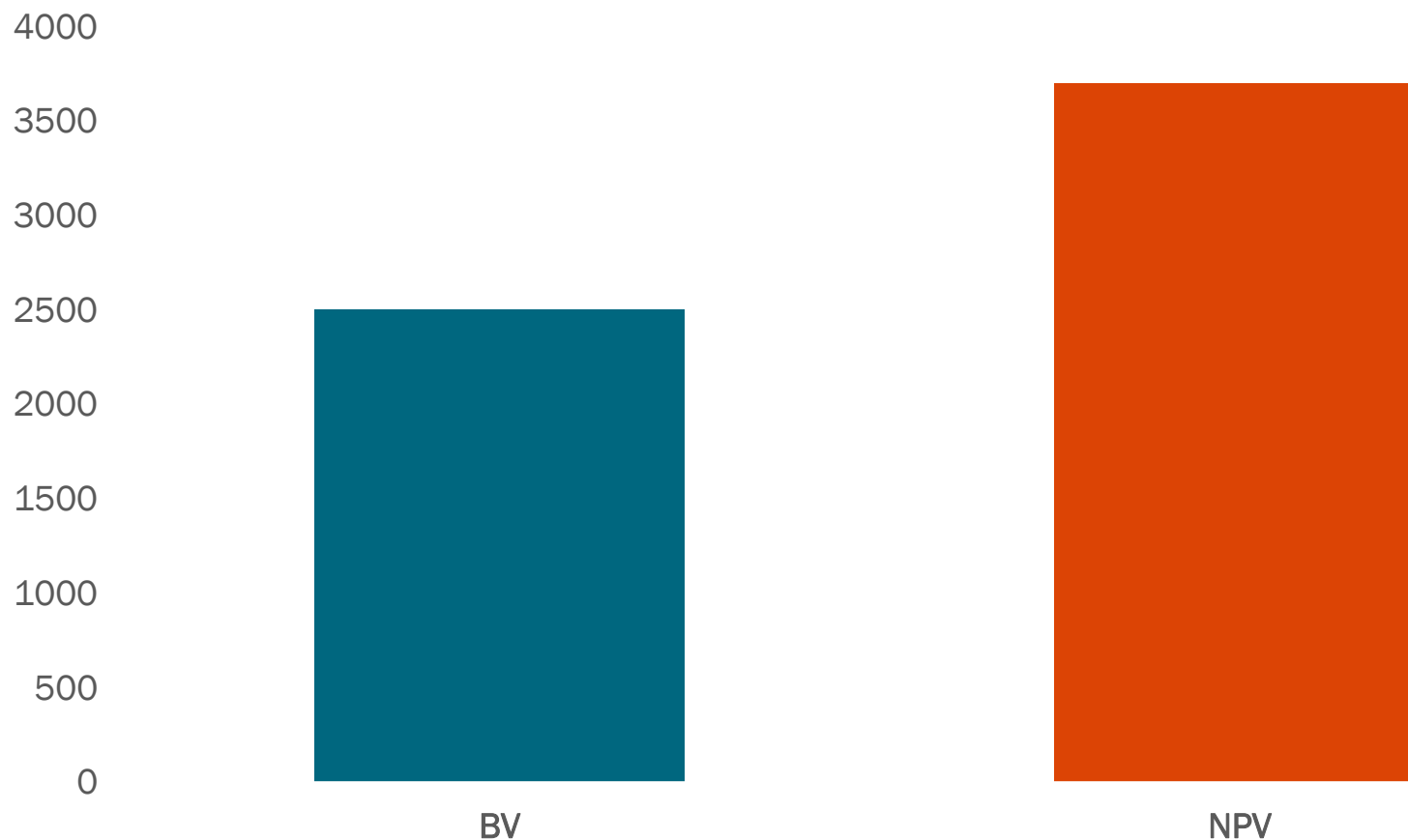
- Most units have significant remaining technical life
- Understanding market and operating theatres key to optimizing value



Value potential

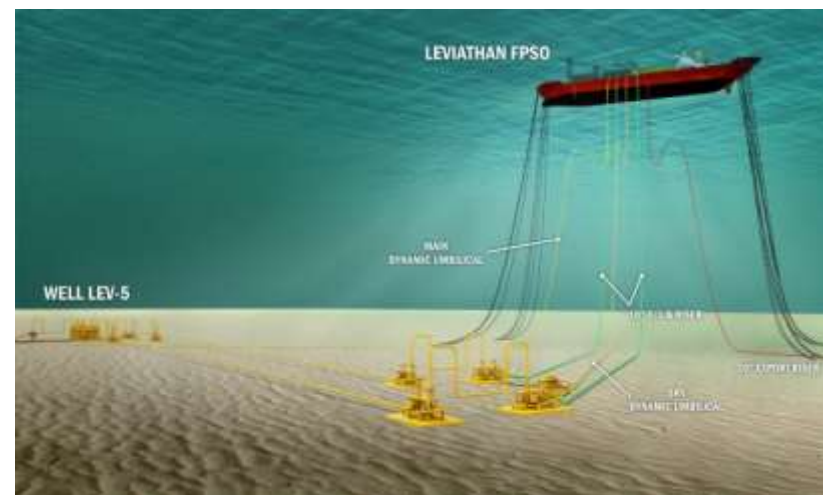
Fleet book value vs probability weighted NPV

USD million



Prospects

- Selective growth and continued improvement in the risk and reward balance
- Leviathan FPSO – FEED update
 - Gas FPSO (1.6 BCFD) in 1,700 m water depth offshore Israel based on VLCC BW Opal
 - EPCI prospect
- Kudu FPSO – FEED
 - Gas FPSO in 170 m water depth offshore Namibia
 - Lease prospect
- Azurite FPSO - redeployment
 - Several opportunities being evaluated





Investment highlights

- Order backlog of USD 10 billion from solid oil and gas companies
 - Operating 17 units, whereof 15 are owned by BW Offshore
 - Average contract length is 10 years
- Quarterly dividend payments
 - Predictable operating cashflow
 - Robust balance sheet
 - Sound and flexible bank facilities
- Well positioned for organic growth
 - Proven contract extension capabilities on current fleet
 - Improved risk and reward balance for new projects



Key financials:
Market cap USD 0.9 billion (NOK 8.2/share)
Book equity USD 1.1 billion
Net debt: USD 1.6 billion
Orderbook USD 10 billion
EBITDA margins ~50%
Owned fleet: 14 FPSOs, 1 FSO, 1 VLCC

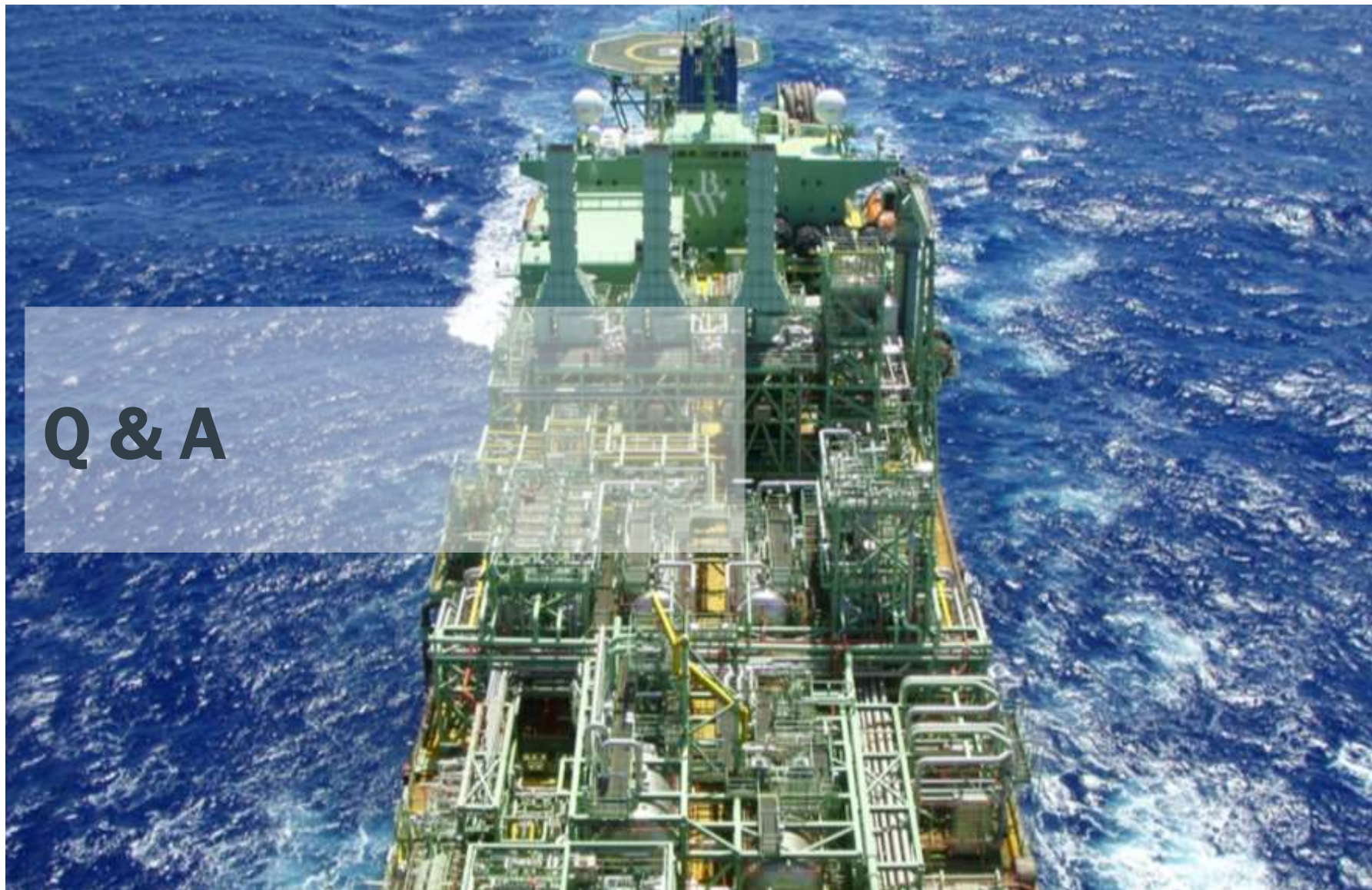
6M 2014 financials*
Revenue USD 557 million
EBITDA USD 296 million
EBIT USD 187 million
Net profit USD 134 million (EPS: USD 0.27)
Dividend USD 41 million (6c/share)





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Q & A





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