BW Offshore

BW OFFSHORE
Capital Markets Day

12. June 2014

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BW Offshore

INTRODUCTION

Carl K. Arnet, CEO

Roadmap

1. Introduction *(Carl K. Arnet, CEO)*
2. Market: Supply and demand balance *(Claude Rouxel, CBDO)*
3. Projects and Technology
   - *The new and improved project engine (Thyl Kint, CTO)*
   - *Case study: Catcher (Hans Kristian Langsrud, SVP)*
4. Organisation
   - *Recruitment and organisation (Rebekah France, Head of Human Capital)*
5. Operations
   - *Operational preparedness, (Stuart Bannerman, COO)*
   - *Commercial focus (Paal Hylin, SVP)*
6. Finance: Backlog and future potential *(Knut Sæthre, CFO)*
7. Final remarks *(Carl K. Arnet, CEO)*



HSSEQ – our top priority

BW Offshore

- Health
- Safety
- Security
- Environment
- Quality

BW Offshore's management has established policies for occupational health, safety, security, and environmental management. HSSEQ have the highest priority in everything we do. Measurable targets are defined and monitored for all onshore and offshore units to ensure compliance with the adopted policies and a continuous improvement cycle. Personnel training and familiarisation with the policies are recognised as key activities in order to achieve a HSSEQ culture of the highest standard.

BW Offshore

- Leading global provider of floating production units and services to the oil and gas industry
- Assets on long term contracts with strong counterparties
  - Operating 16 FPSOs
  - Owned fleet of 14 FPSOs and 1 FSO
  - Order book of USD 10 billion (10x 2013 revenue)
- Strong financial foundation and a robust balance sheet
- Strong track record and performance
  - Delivered 38 FPSO/FSO projects
  - Class leading HSE and operational uptime
  - Global production of 700,000 boepd
- Listed on the Oslo Stock Exchange
  - Market cap of 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

FPSO: Floating Production Storage and Offloading unit
FSO: Floating Storage and Offloading unit

Board of Directors

BW Offshore

Dr. Helmut Sohmen
Chairman

- Chairman of BW Offshore since 2005
- Three law degrees from Austrian and American universities
- Chairman of BW Group
- Non-executive director of HSBC from 1984 to 2007

Ronny J. Langeland
Vice Chairman - Independent

- A Qualified Accountant and has an MBE from BI, Norway.
- Extensive financial experience from Storebrand and Avanse
- Former chairman of Prosafe Production

Andreas Sohmen-Pao
Board member

- BA (Hons) from Oxford University, UK
- MBA from Harvard Business School, USA
- CEO of BW Group
- Non-executive director of The Hongkong and Shanghai Banking Corporate Ltd

Clare Spottiswoode CBE
Board member - Independent

- M. Phil Economics from Yale, US
- MA Maths & Economics from Cambridge, UK
- Experienced non-executive director, including positions in energy companies such as Tullow Oil and EnQuest

Christophe Pettenati-Auzière
Board member - Independent

- MBA from INSEAD, France
- Extensive management experience from the oil and oil service industri at CGG Veritas, Coflexip, Schlumberger and Exxon

Maarten R. Scholten
Board member - Independent

- M.Sc. University of Paris (Sorbonne), France
- JD Commercial Law from VU
- General Counsel of Total SA
- Extensive legal and financial experience from the oil service industry at Schlumberger

Management

BW Offshore

Carl K. Arnet
Chief Executive Officer

- M.Sc. from NTNU, Norway
- MBA from Norwegian School of Management, Norway
- 16 years in senior operating positions Norsk Hydro (E&P division)
- 18 years as CEO of APL/BWO

Knut Sæthre
Chief Financial Officer

- Lic. rer. pol. in Finance from University of Fribourg, Switzerland
- MBA from NHH, Norway
- 15 years of top management positions with ABB and Aker Solutions
- 7 years CFO of APL/BWO

Thyl Kint
Chief Technical Officer

- Master in Ocean Engineering & Business from Uni. of California
- 28 years in offshore oil & gas with Shell, BP, BHP, Kerr McGee in Europe, N. America and Australasia
- Track record of successful billion dollar projects

Stuart Bannerman
Chief Operations Officer

- Degree in Accountancy from Glasgow College of Technology
- Member of ICA of Scotland
- 25 years in oil & gas contracting sector, held key management positions in UK, France and USA

Claude Louis Rouxel
Chief Business Dev. Officer

- Engineering degree from ECN, France
- Engineering degree from ENSTA, France
- Drilling engineer from Exxon
- 20 years in business development with SBM and Tanker Pacific

Magda K. Vakil
Head of Legal

- Master in EU Law from University of Lisbon, Portugal
- Had held various in-house corporate and strategic positions in oil & gas and finance sectors (Norsk Hydro ASA and NBIM) and private practice from Allen & Overy, Slaughter & May, etc.

Rebekah France
Head of Human Capital

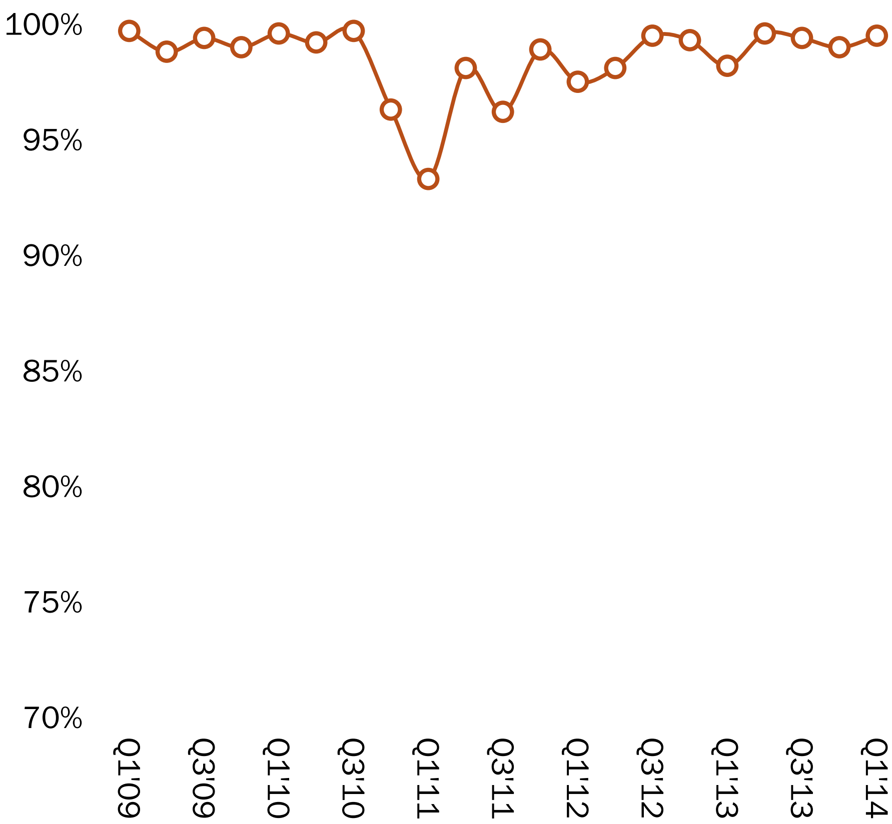
- MBA from INSEAD, Singapore
- Degree in Commerce (Hons) from Delhi University
- 15 years in shipping, public relations and corporate training including 8 years as Senior Vice President, HR in BW Maritime and BW Gas

Global footprint

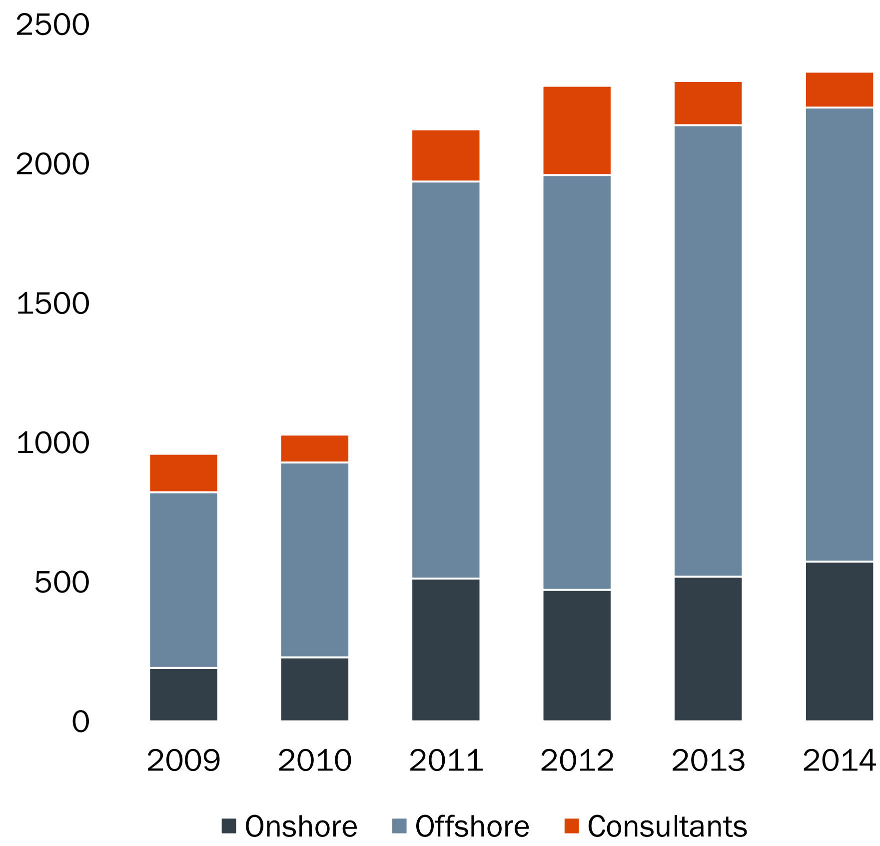
* *Operation & Maintenance*

Operations

Uptime

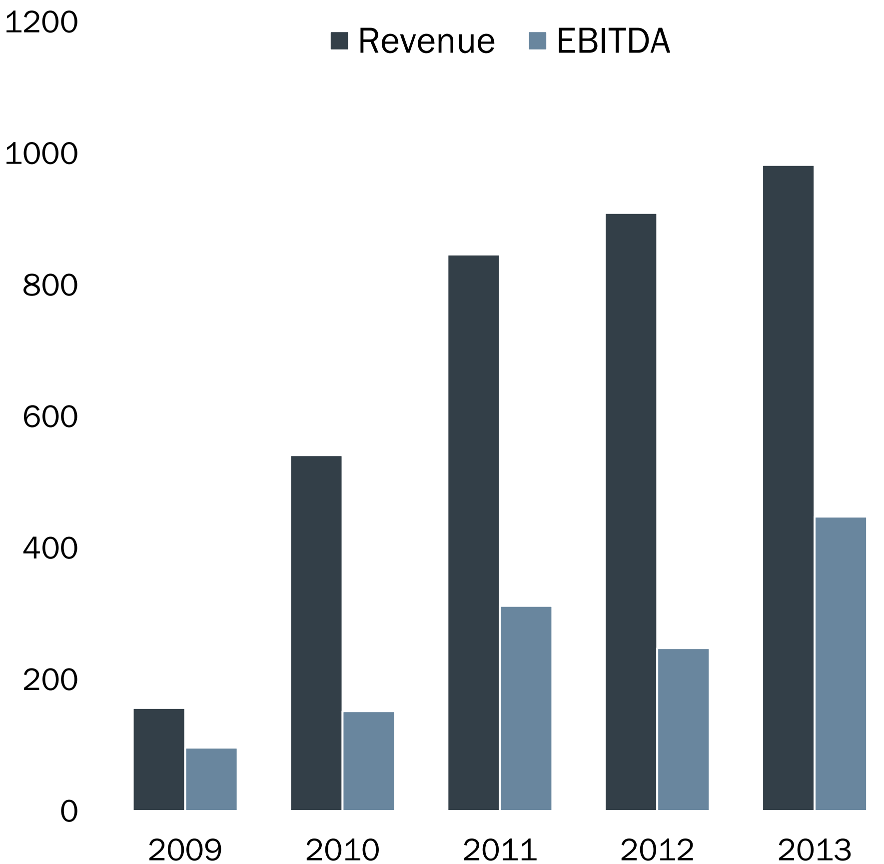


Employees

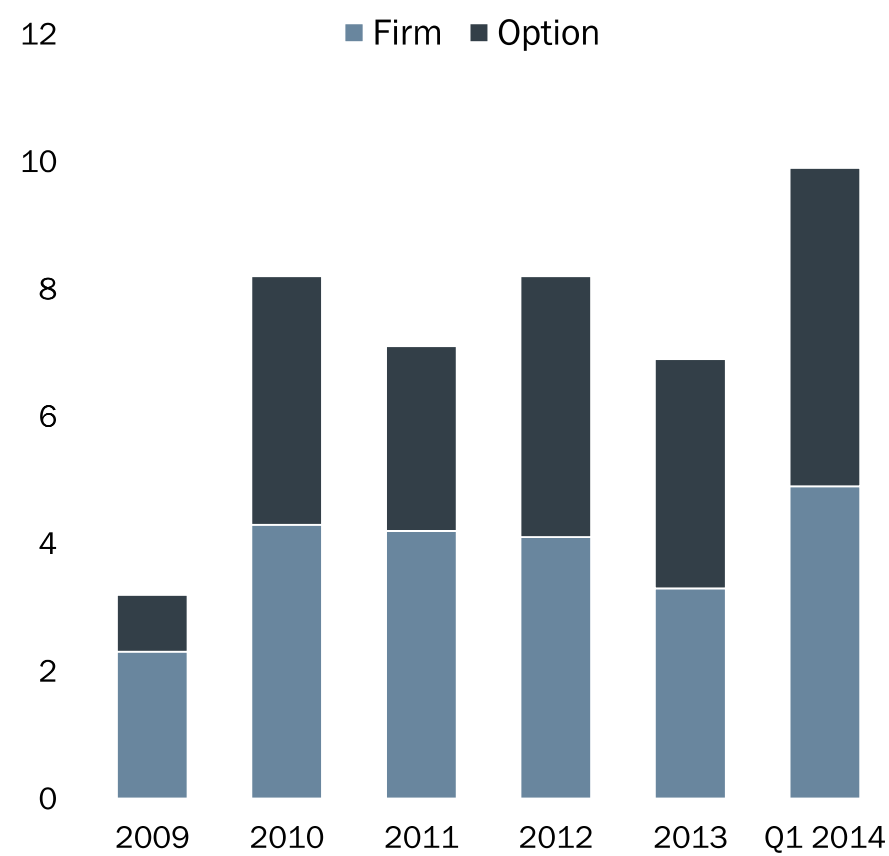


Financial development - I

Revenue and EBITDA
USD million

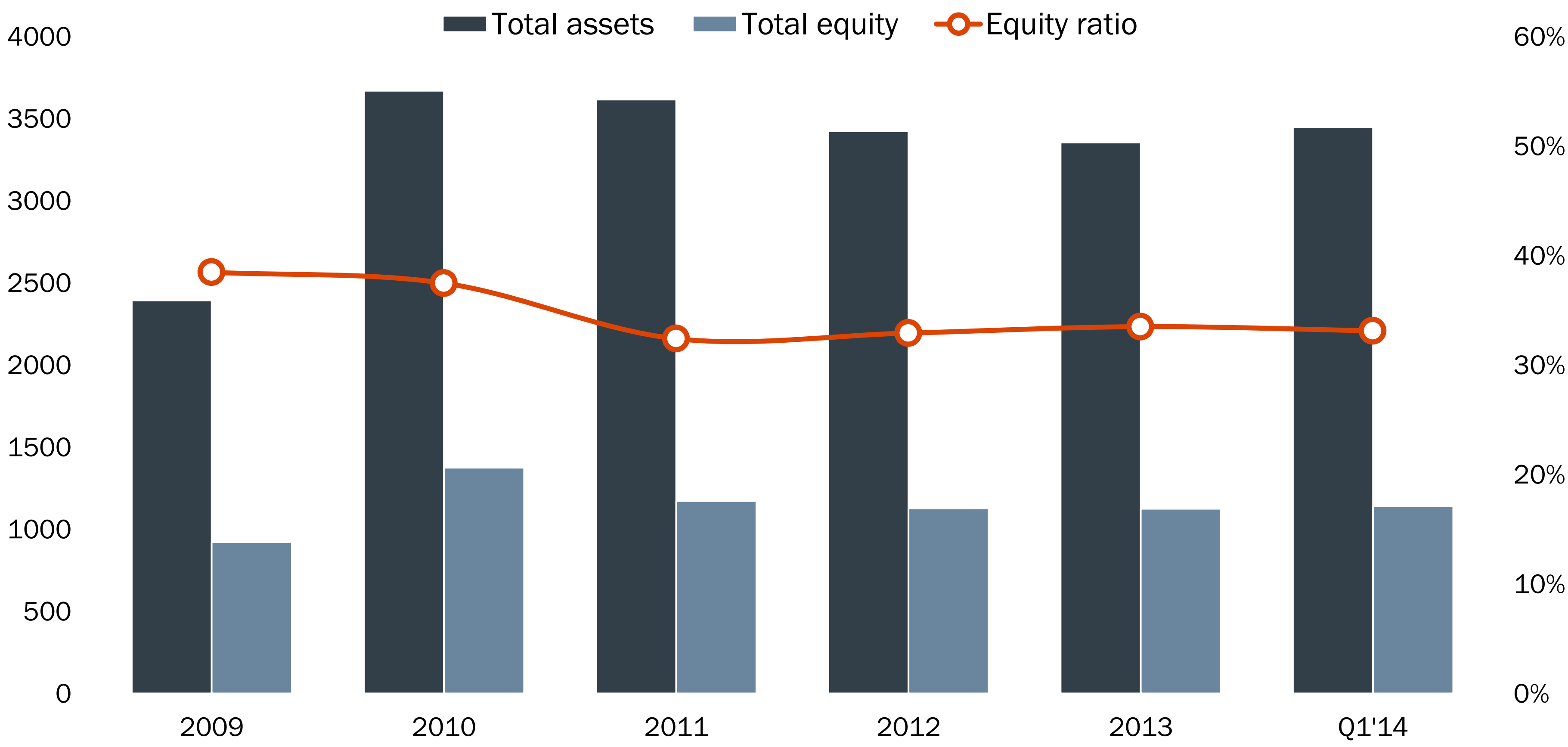


Orderbook
USD billion



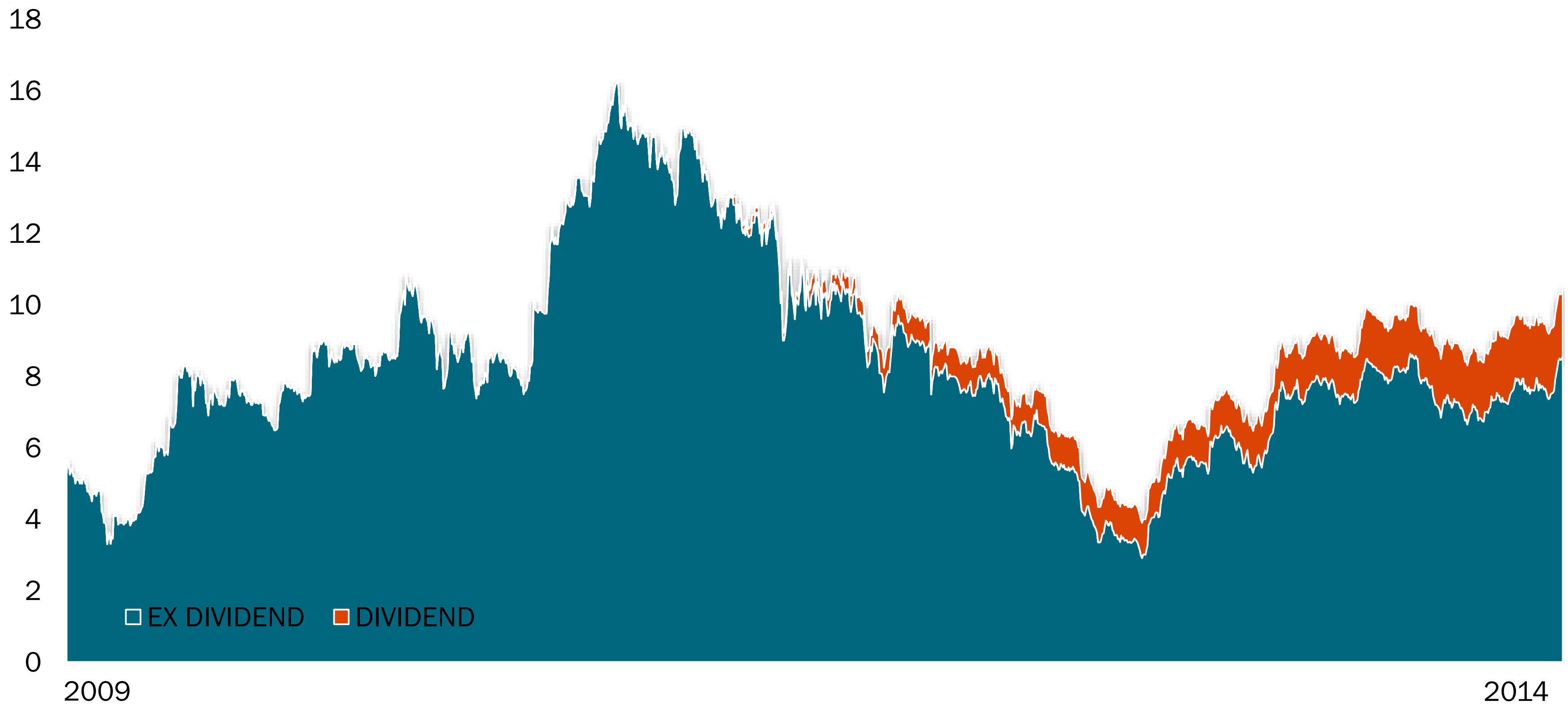
Financial development - II

Asset and Equity development
USD million



Share price

Share price development 2009 – 2014
NOK



FPSO 2.0 - improvements

Accomplished:

- Start up
  - Completion of work scope at yard
  - Testing of the plant
  - Training of the crew
- ➢ BW Joko Tole, BW Athena, BW Pioneer
- Stability in operations through consistent maintenance program
  - Uptime
  - Safety
- ➢ The whole fleet is showing consistent performance
- Organisational development
  - Commercial focus
  - Maintenance and life extension work
  - Engineering competence
  - Project systems and control

FPSO 2.0 - improvements

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Now:

- Industry dynamics
  - Client – improved supply demand balance
  - Supply chain – improved capacity and more predictable quality
- Pre award phase
  - FEED 1 year +
  - 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

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Market

Claude L. Rouxel, CBDO

Supply and demand for leased FPSOs

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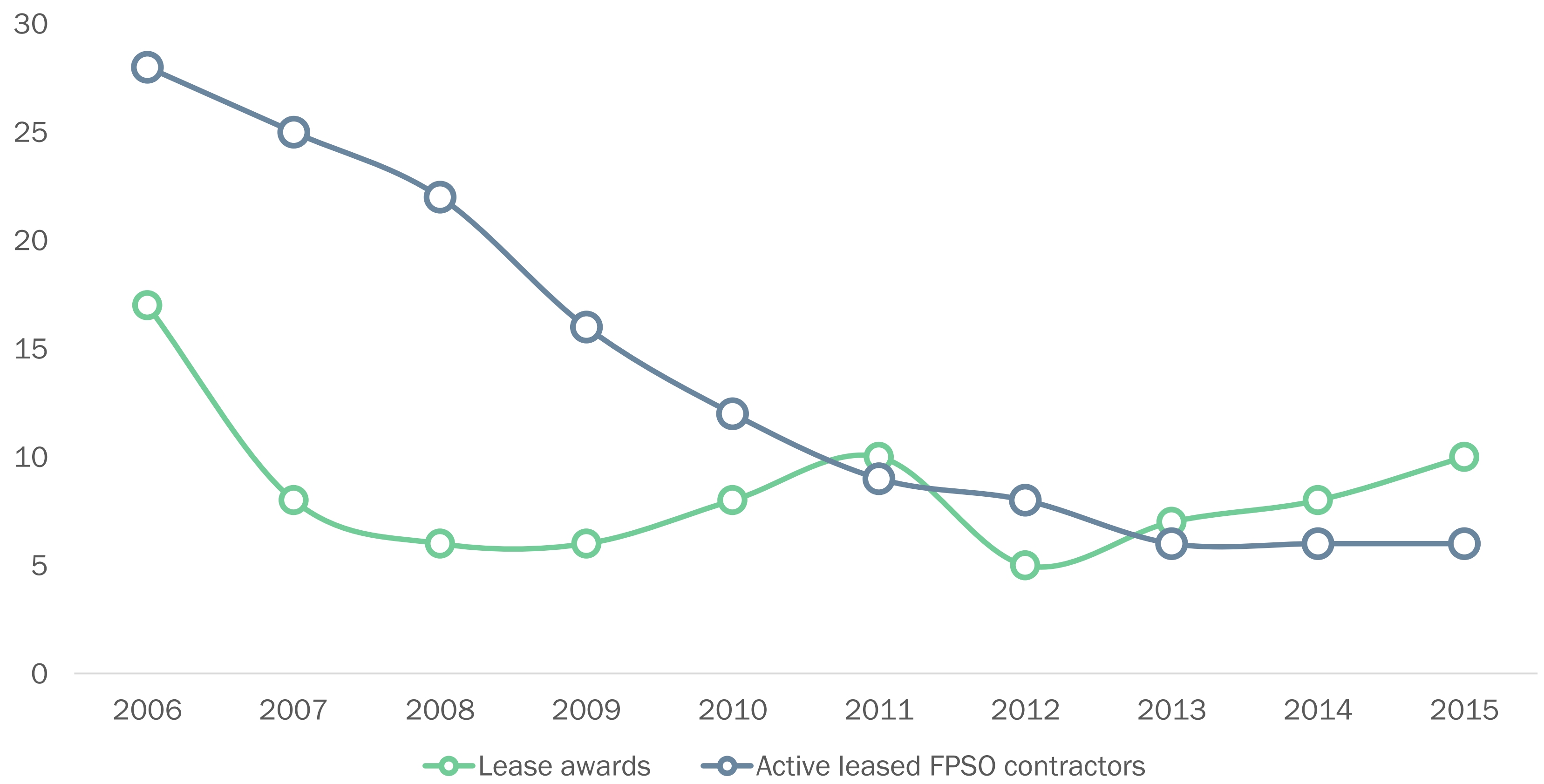
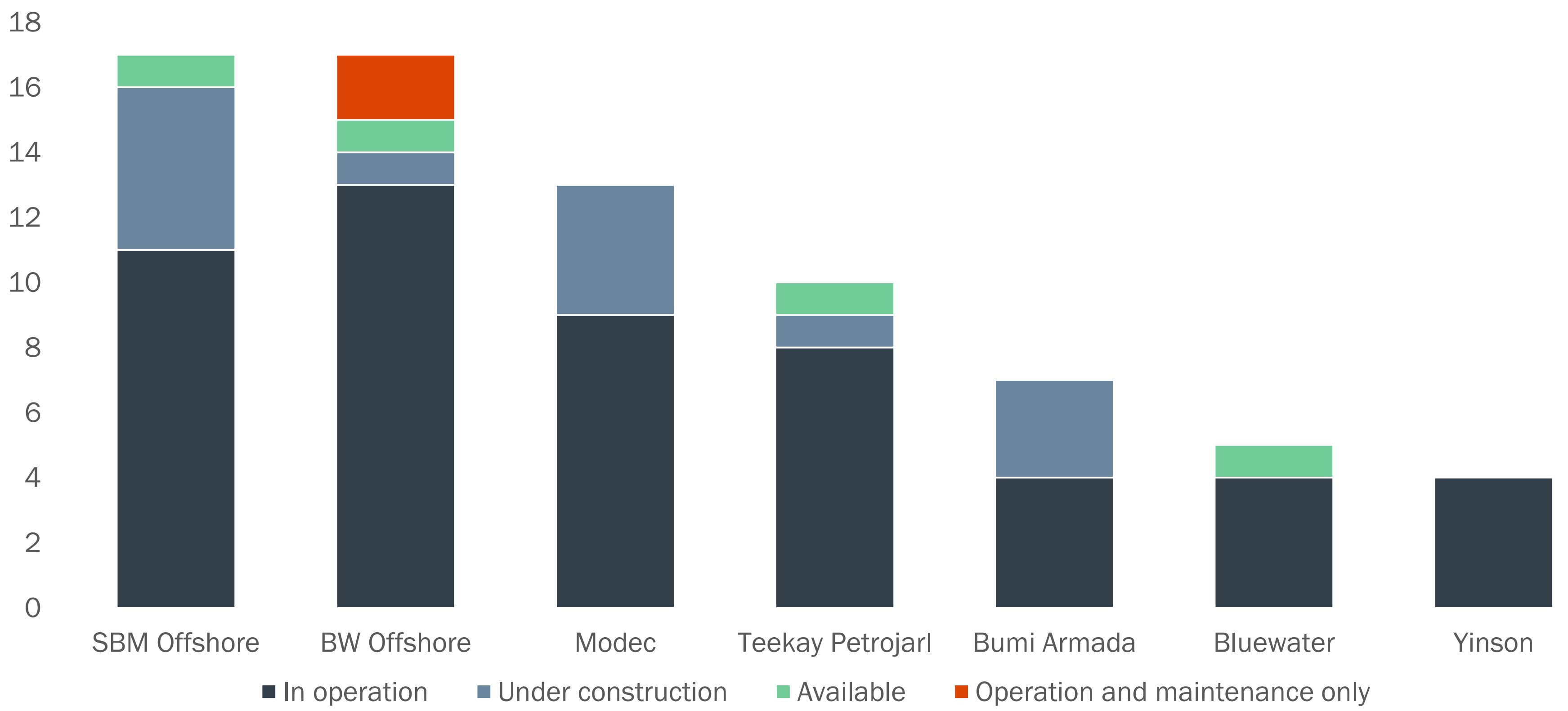
The supply & demand balance has drastically changed over the past 8 years



Active leased FPSO contractors

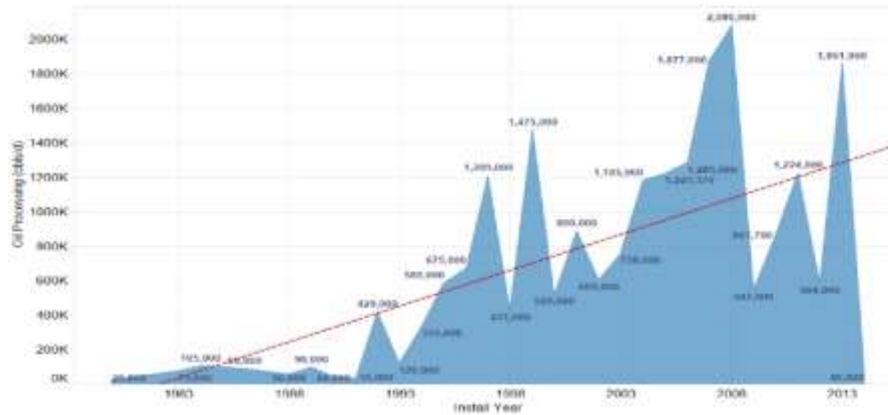
Only seven FPSO contractors chasing leased FPSO opportunities



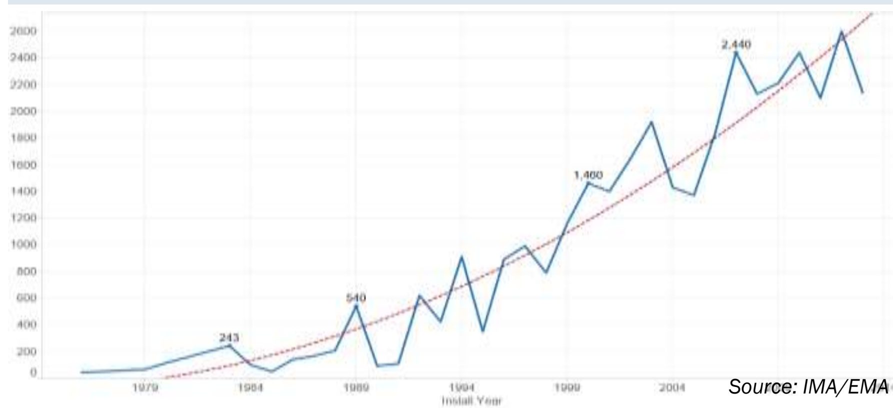
Increased complexity

- Average oil production on installed FPSOs increased from ~25,000 bopd in the early 80’s to ~125,000 bopd
- More gas developments
- Deeper waters

Total installed processing capacity



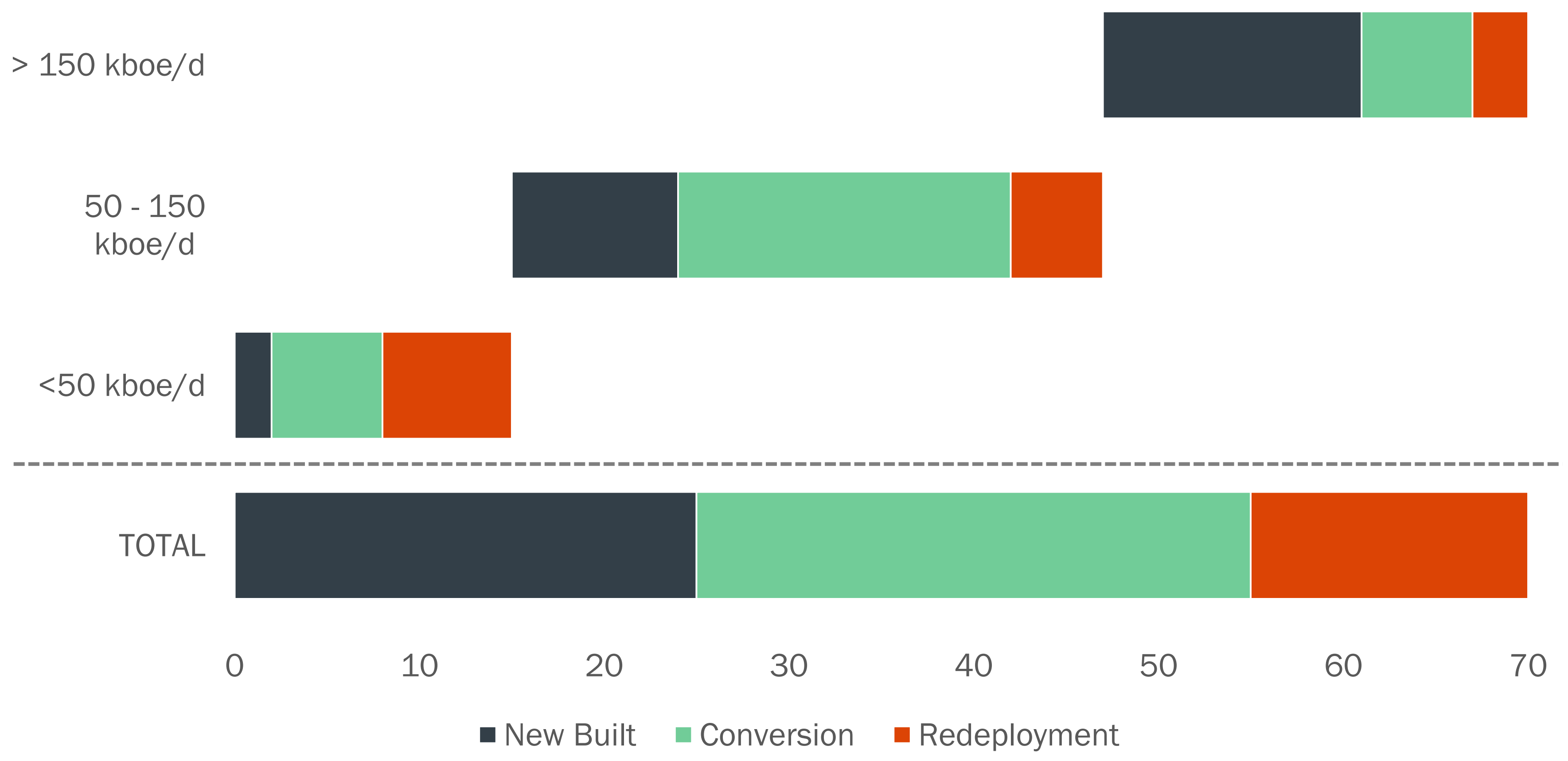
Maximum water depth



Source: IMA/EMA

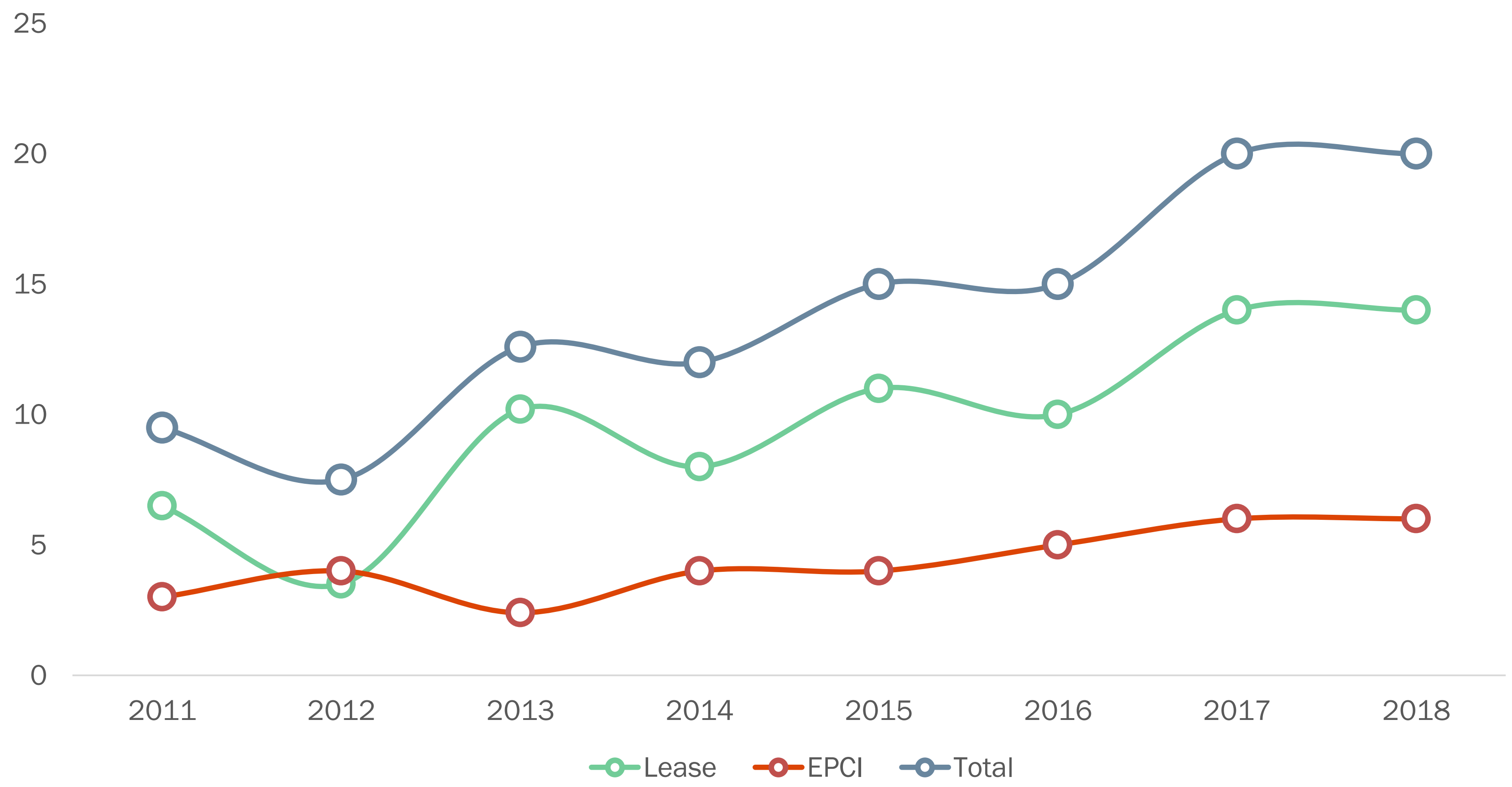
FPSO market – 5 year forecast

Average: 14 FPSO per year (10-12 lease, 2-4 EPC)



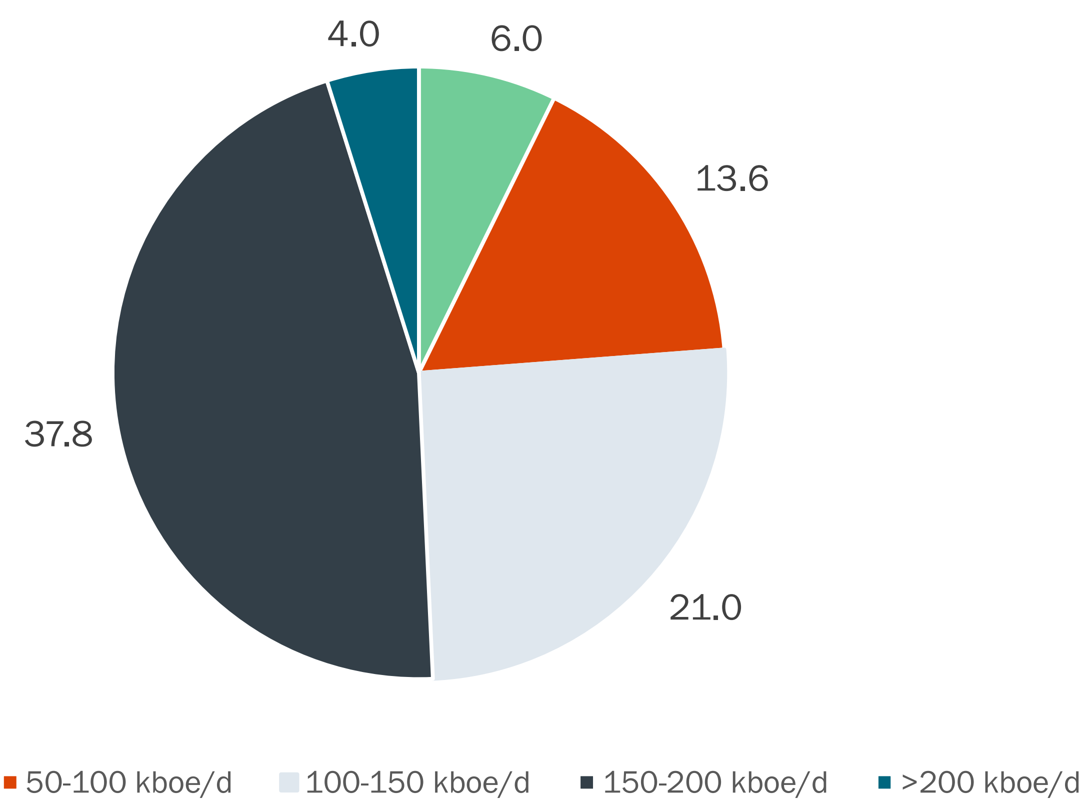
Demand for contracted FPSOs

CAPEX
USD billion



FPSO capex for the coming 5 years

Distribution of an estimated USD 82 billion in capex



Opportunities next 3 years

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- **Brazil**
  - 10 opportunities
  - Local content
  - Large size of projects
  - Technology – important
  - Commercially tough
- **Africa**
  - 10 to 15 opportunities
  - Local content yes/no
  - All sizes
  - Less technology driven
  - All types of commercial regimes
- **South East Asia**
  - 15-20 opportunities
  - Very competitive market
  - Smaller size of projects
  - Limited technology requirements
  - Increasing local content issues
- **Gulf of Mexico**
  - 2-5 opportunities
  - Technology driven
  - Different commercial regimes: US/Mexico
- **Northern Europe**
  - 3-5 opportunities
  - No local content
  - Expensive, but reasonable scope
  - Technology is important

Selective approach to new investments

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- Careful evaluation of project return versus risks
- Focus on asset value
- Future relocation or redeployment: we consider our assets in a 20-30 year life cycle perspective:
  - Asset integrity and maintenance focus beyond current contracts
  - We take actions to prevent asset degradation
- Probability of extension: significant potential commercial upside in extension of existing contracts beyond predefined option years
- Our goal is: long term asset utilization

Redeployment

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- Several opportunities for redeployment of existing vessels
- BW Offshore continuously explore alternative solutions for units that are approaching expected completion of contract
- Larger fleet improve ability for fleet planning
- Wide experience with various oil fields and types of production




Key takeaways

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- Solid demand – less competition
- More complex and high capex FPSOs
- Improved terms and conditions of contract
- Harvesting the commercial potential from contract extensions and redeployments of FPSOs

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Projects

Thyl Kint, CTO

Project execution capability

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- Following an in-depth review of past projects, BW Offshore identified corrective measures in the following 11 areas:
  1. Width and depth of competence
  2. Geographical considerations on organisation
  3. Project execution model and execution strategies
  4. Hull strategies
  5. Front end work to understand and align with clients prior to final costing and bid
  6. Systematic use of internal gates and audits
  7. Probabilistic project planning and estimating + improved tracking and reporting in execution
  8. Improved management system
  9. Motivation and attitude
  10. Terms and conditions
  11. Clear strategy of bid vs risk for EPCI and lease (pricing of risk)

Competence

- Strengthened management and control
- Substantial increases in staff
- Competence

- Strengthened existing execution centres in Oslo and Singapore
- Building project competence in Rio, Lagos and Houston

Front end alignment

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- Front end definition phase
  - FEED efforts substantially increased and lengthened with clients paying a substantial share
  - Catcher
    - Extensive pre-planning and engineering started with FEED award Q4 2012
  - Leviathan
    - Participated in a FEED from October 2012 to August 2013
    - BW Offshore has been requested by Noble Energy to update the FEED
  - Kudu
    - Participated in a FEED from 2013-2014
- Gates and audits
  - BW Offshore gate process which consists of internal, but “independent”, third party detailed reviews of all projects before key milestones, is now being used on a systematic basis
  - Also planning periodic independent quality audits of all projects in execution

Project execution

BW Offshore

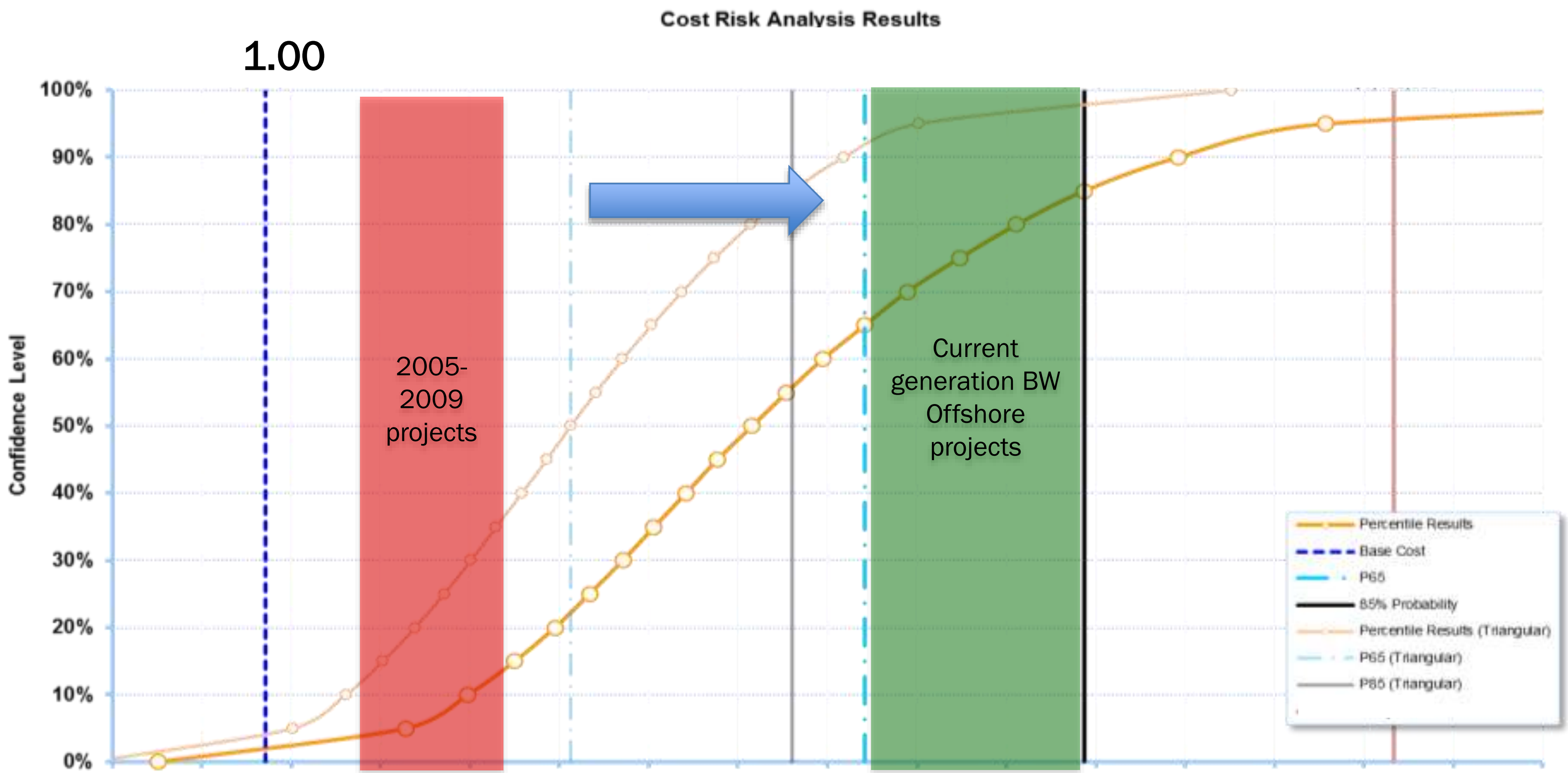
- Project execution model and execution strategies
  - Execution model must be that of a “contractor”, not a “client”.
  - Catcher and Leviathan are planned on an E+P+C basis.
  - Repeatable, but flexible bid and project execution processes and data bases
- Hull strategies
  - Catcher, Kudu and Ayatsil Tekel based upon new built hull concepts sourced from either Japan or China.
  - Leviathan uses a new hull as conversion basis. i.e. it is a “new conversion” solution
- Management system
  - Improved management system
  - Project execution exercises
  - One word: “Discipline”!
- Morale
  - Competence has been demonstrated by excellent performance in operations and modification projects, as well as through completion of projects

Commercial and risk management

- Terms and conditions
  - Strengthened depth and competence in legal and commercial areas
  - Legal and commercial principles
- Bid vs risk or EPCI and lease
  - Price and the commercial & contractual terms ensure an attractive risk/reward balance
  - Improved estimating and cost risk assessment is a key ingredient in setting acceptable bid levels
  - Whether EPCI or LEASE, BW Offshore is only willing to undertake projects with an attractive risk - reward scheme

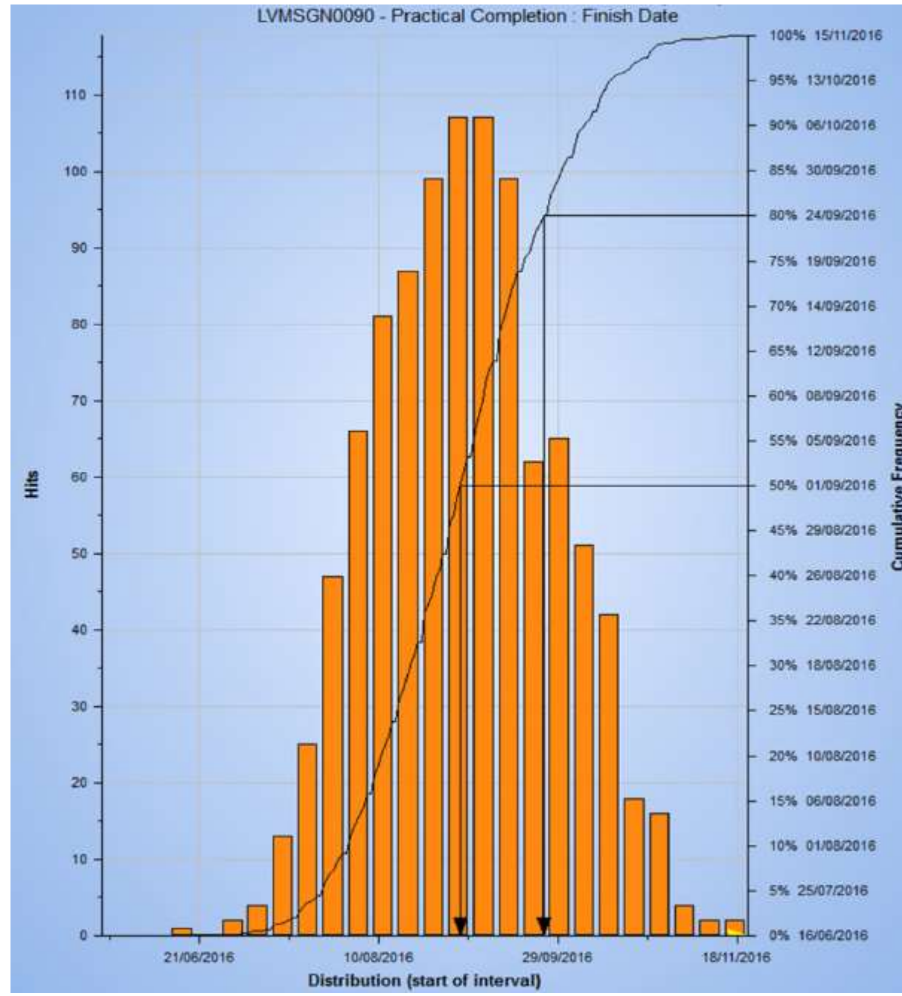
Cost estimating methodology

- Quality of estimates increased substantially when BW Offshore employed probabilistic risk based estimating with complex (gamma) distributions as input



Planning methodology

- BW Offshore also uses Monte Carlo simulation and probabilistic methods for determining schedule float on a risk basis.
- However, putting things in perspective:
  - Longest project ever took 37 months
  - Catcher project has a contractual schedule of 38 months



A new project generation has started…

- A fit and ready project execution capability based upon corrective measures identified previously
- Tendering & pursuing projects on a prudent and realistic risk evaluation basis
- Perceived as a high quality contractor and commands a premium in the market.
- More clients are seeking BW Offshore out on an exclusive basis
- Premier's Catcher FPSO project has started in Singapore
- The update of Noble's Leviathan FEED is ongoing in Oslo
- Life extension projects are proceeding as planned
- Establishing a new engineering and project execution centre in Houston to grow its capacity to do projects

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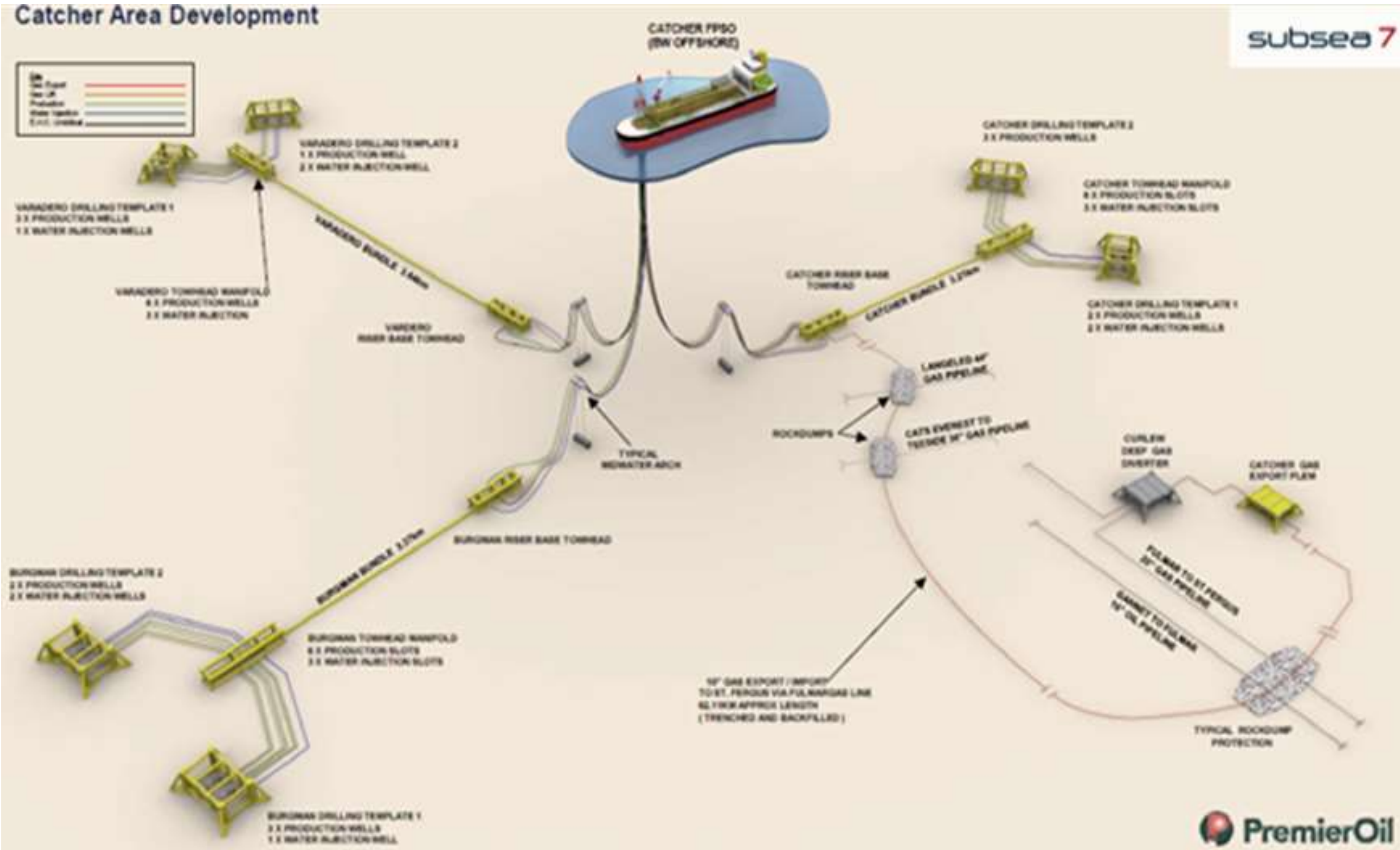
CATCHER PROJECT

Hans Kristian Langsrud,
SVP Engineering

Location

- Ownership: 50% Premier Oil (operator), 30% Cairn Energy and 20% MOL
- Three reservoirs form the initial Catcher development: Catcher (Aug 2010), Varadero (Jan 2011) and Burgman (Mar 2011)
- Carnaby (Jun 2012), Catcher North (Feb 2011), Bonneville (Apr 2013) and any success from further exploration is not included

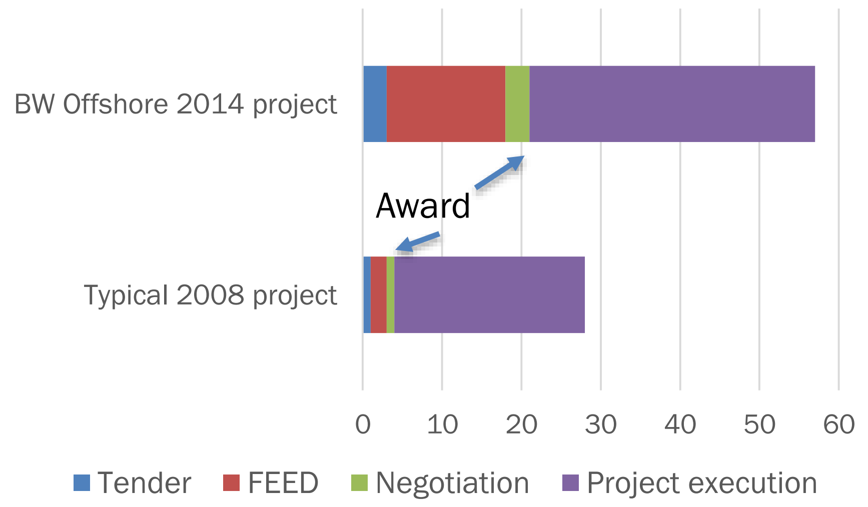
Field schematic



Front-end loading

- Catcher front end engineering (FEED) phase January 2013 – August 2013
- Subsequent value engineering and optimization September 2013 – February 2014
- Quotations obtained for major subcontracts (hull, turret & mooring, topsides module fabrication, topsides engineering support)
- Much higher level of definition achieved for Catcher FPSO than any previous BWO FPSO project
- Reflected in the level of investment in the FEED ~ USD 15 million and more than 50,000 man-hours

Preparations and project schedule – 2014 vs 2008



Catcher FPSO - I

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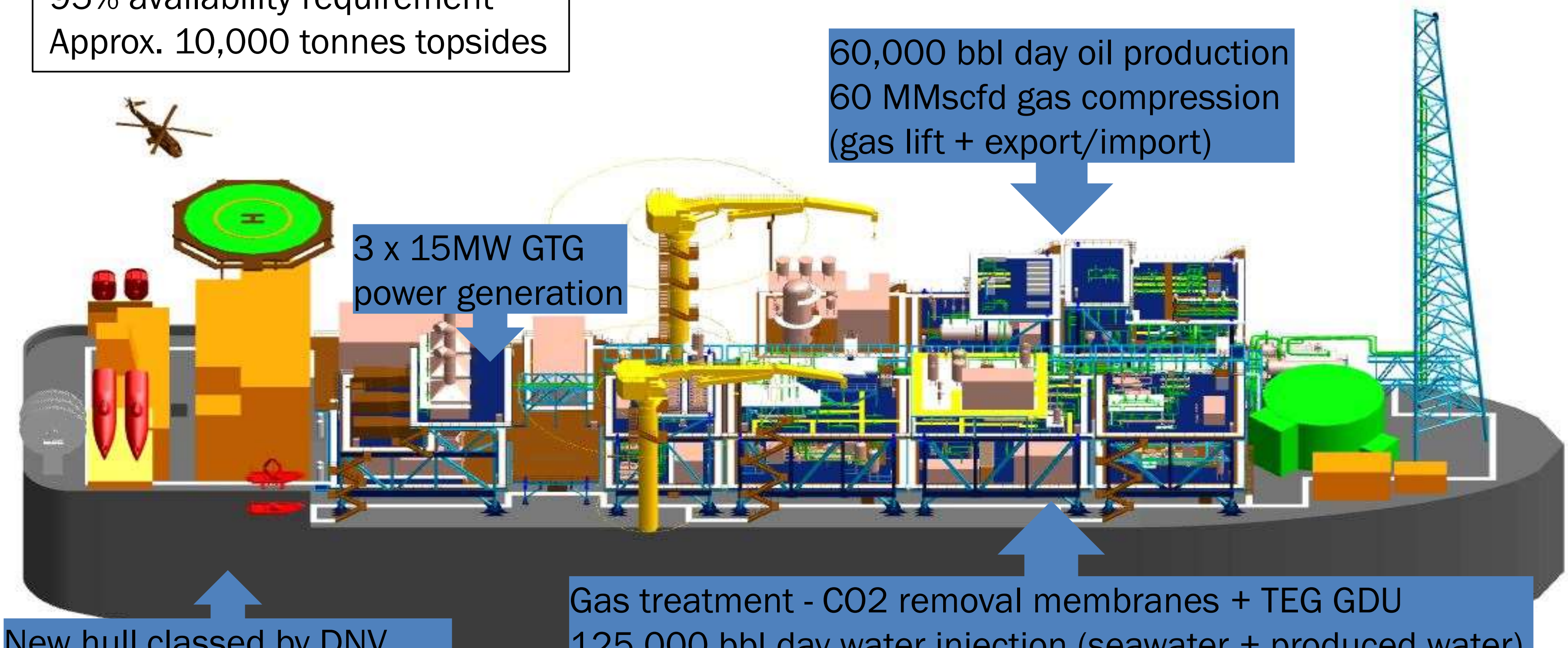
20 years design life
95% availability requirement
Approx. 10,000 tonnes topsides



60,000 bbl day oil production
60 MMscfd gas compression
(gas lift + export/import)

3 x 15MW GTG power generation

New hull classed by DNV
LQ POB = 120

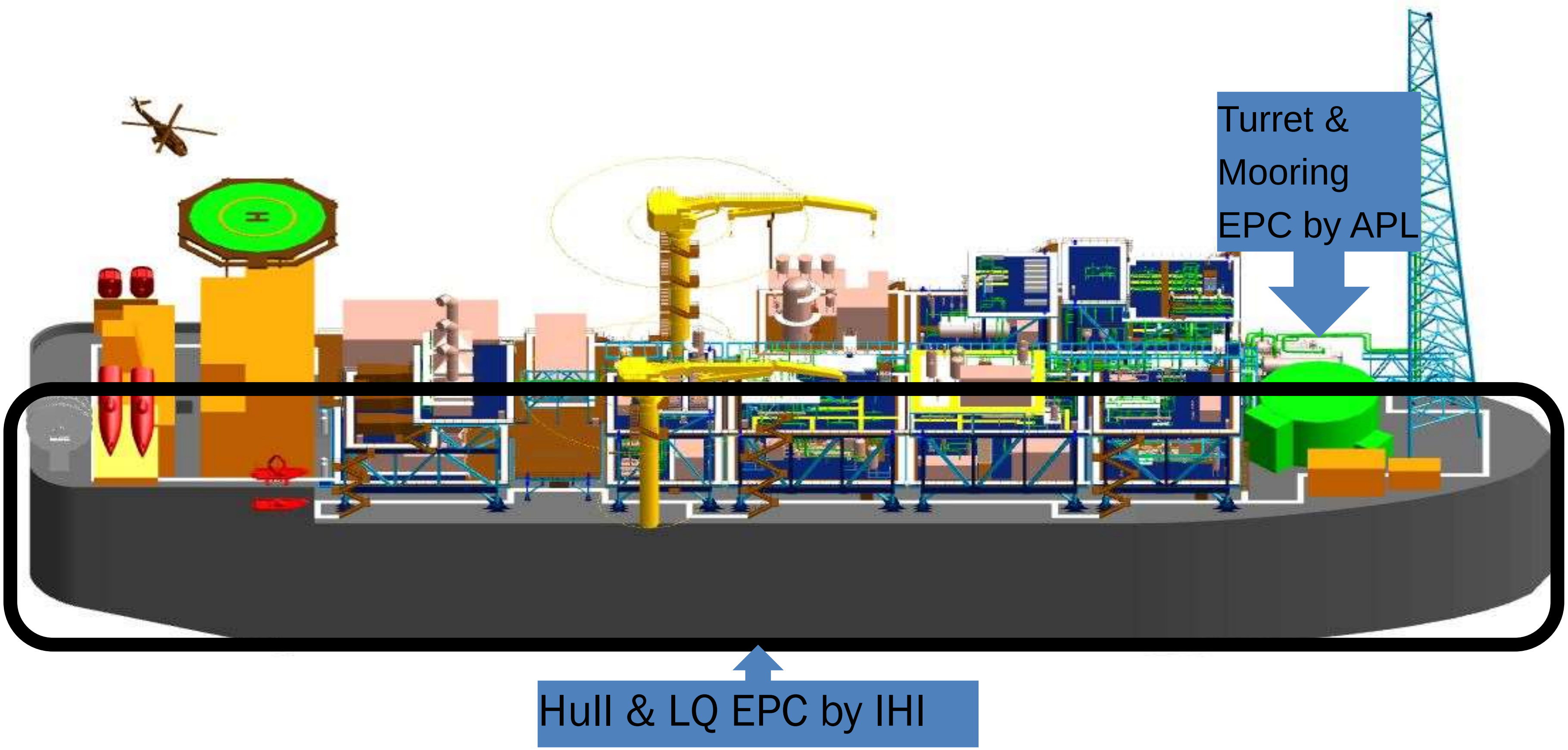
Gas treatment - CO2 removal membranes + TEG GDU
125,000 bbl day water injection (seawater + produced water)
Seawater sulfate removal unit

3D model developed during FEED phase

Catcher FPSO - II

BWO E+P+C model for Topside
Topside engineering by BWO and Aibel
Procurement by BWO
Fabrication contracts placed by BWO

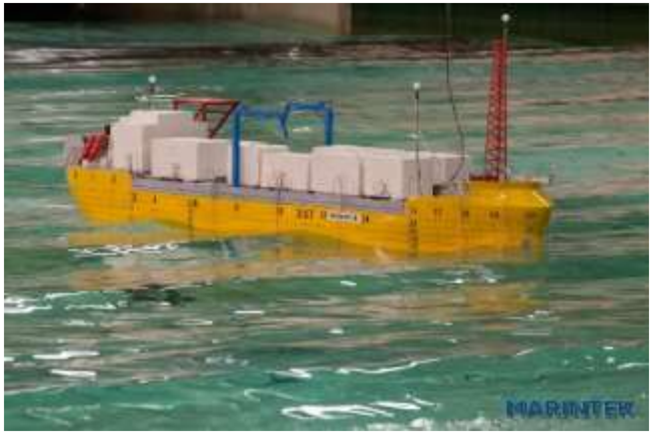
Catcher FPSO - III

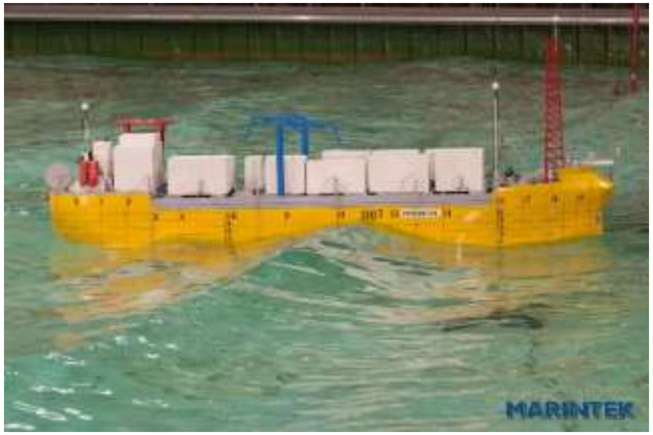


Project status

- LOA signed with Premier on 31 March 2014
- Contract signed with Premier and it's JV partners on 30 April 2014
- Subcontracts awarded
  - Aibel for topsides engineering
  - IHI for FPSO hull
  - APL (NOV) for turret mooring system
  - DNV for classification services
  - DNV for ICP - Verification services
- Request for quotations issued for major long lead items during May
  - Purchase order placed for free fall lifeboats

Model tests – June 2014





Ensuring success in execution

- Alignment with the client on expectations
- BW Offshore resources in all leading positions of organization
- FEED phase minimized risk for late significant changes
- Experience based execution schedule and CAPEX
- BW Offshore presence at all key contractor sites
- Structured sessions to identify risks and establish back-up mitigation plans
- Systematic incorporation of past experience from projects, operations and BW Offshore’s UK presence

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HUMAN CAPITAL

Rebekah France,
Head of Human Capital

Human ~~Resources~~ … Capital

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enable business through people

*Facilitation and support to the management and line managers in maintaining and developing a strong corporate culture, determining appropriate organisation and team structures, staffing through competence mapping, talent development, recruitment, retention, replacement and exit as well as **performance measurement, improvement and rewards.***

The virtuous cycle

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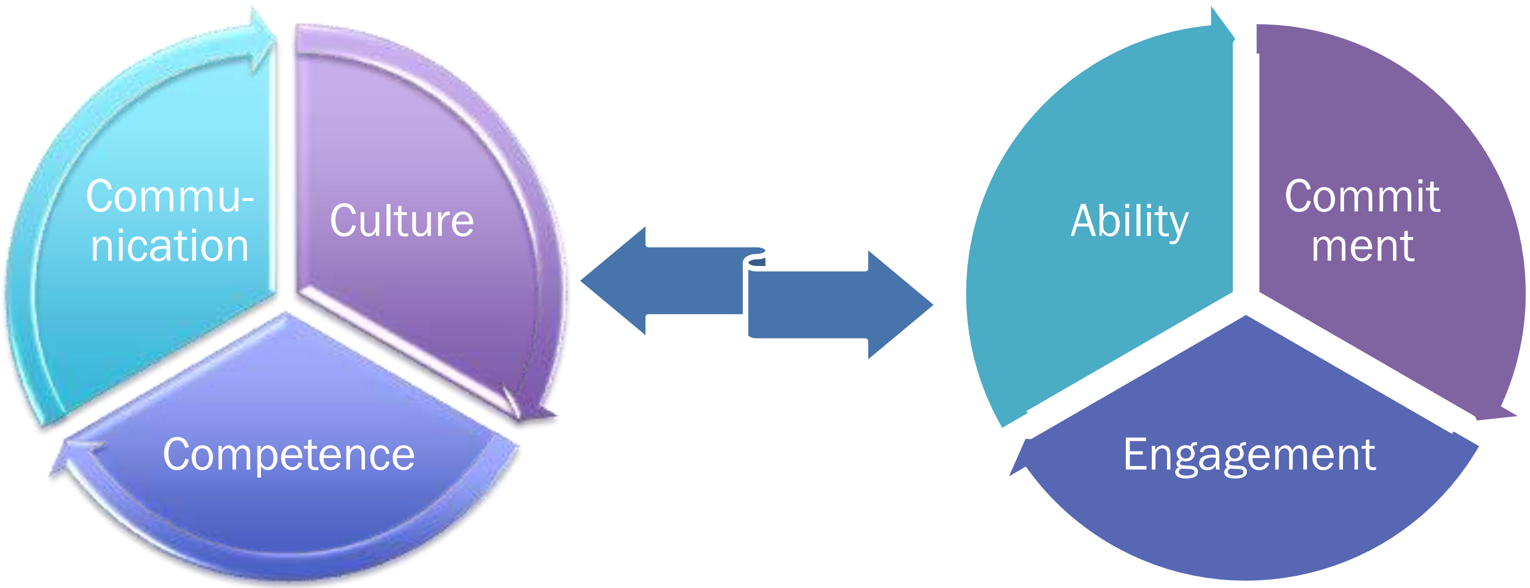
- When the company focuses here…
- Employee effects are created here!



- Reinforce the cycle here!
- Effects created here…

5 steps…

1. Management rightsizing / organizational restructuring

2. Culture shaping & redefining

3. Recruitment focus and talent pipeline

4. Performance based management and rewards

5. Talent management and career development

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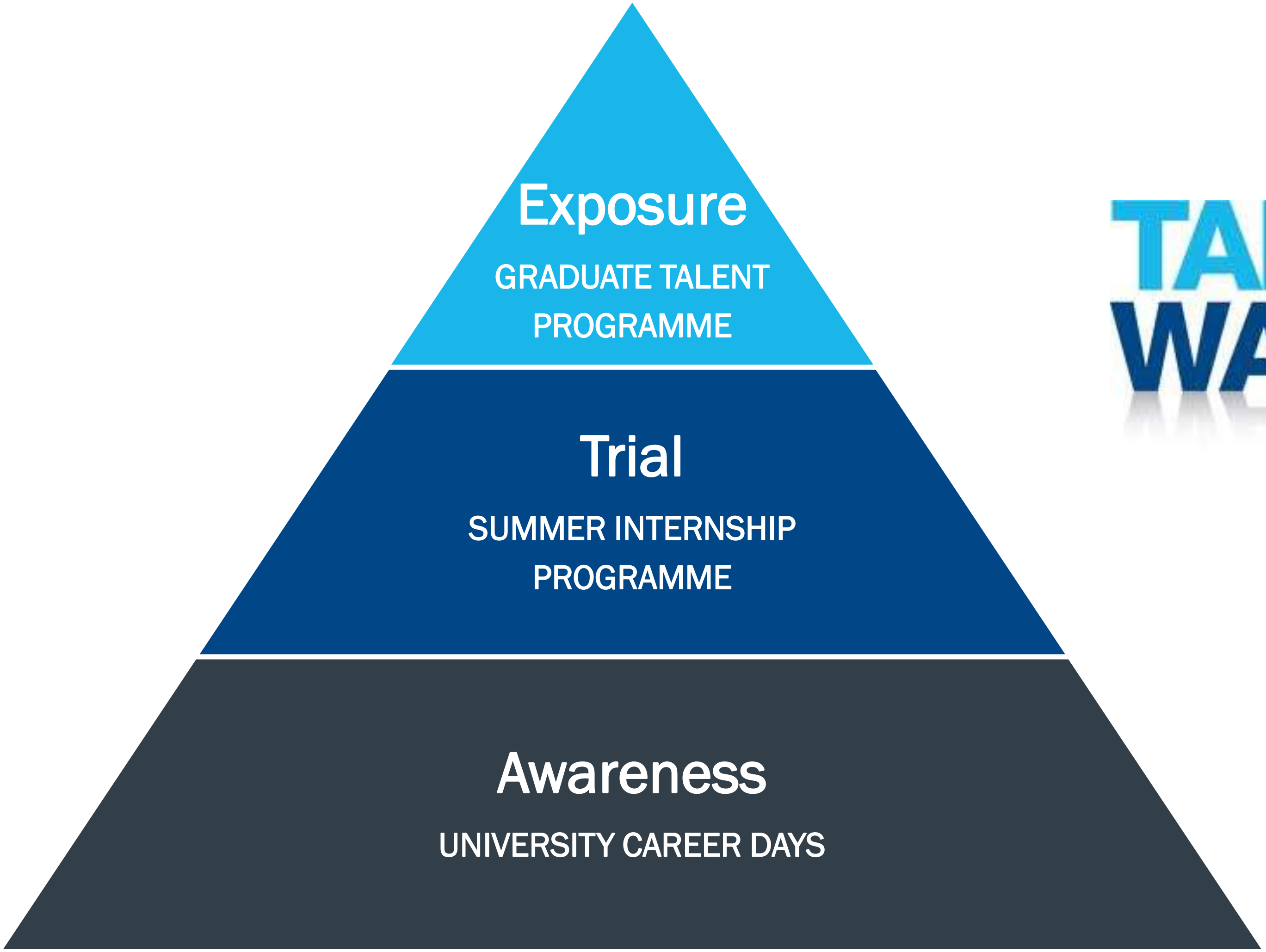
I LEAD…

Integrity
Leverage the Team

Excellence
Accountability
Disciplined Delivery

Talent pipeline



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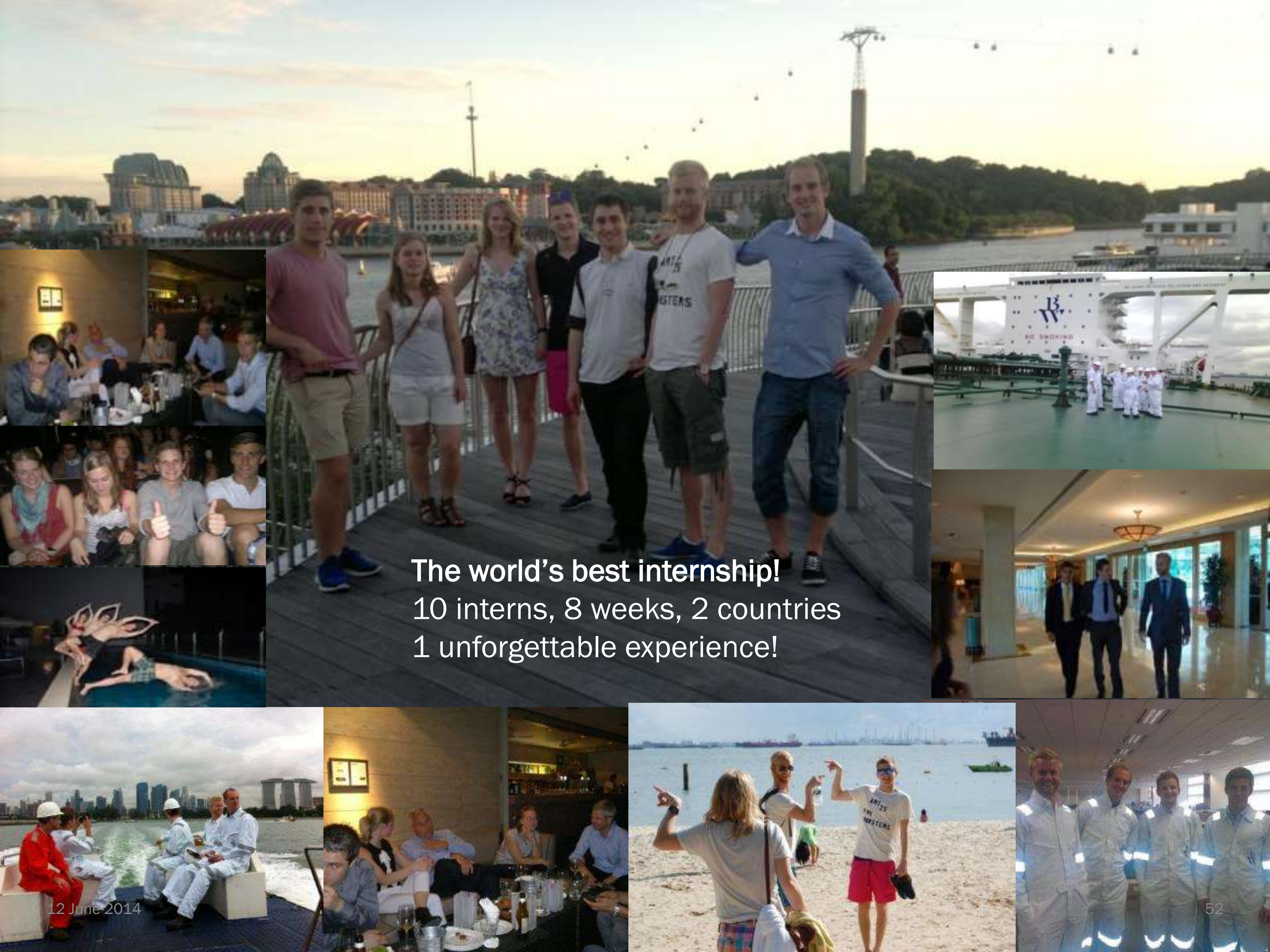
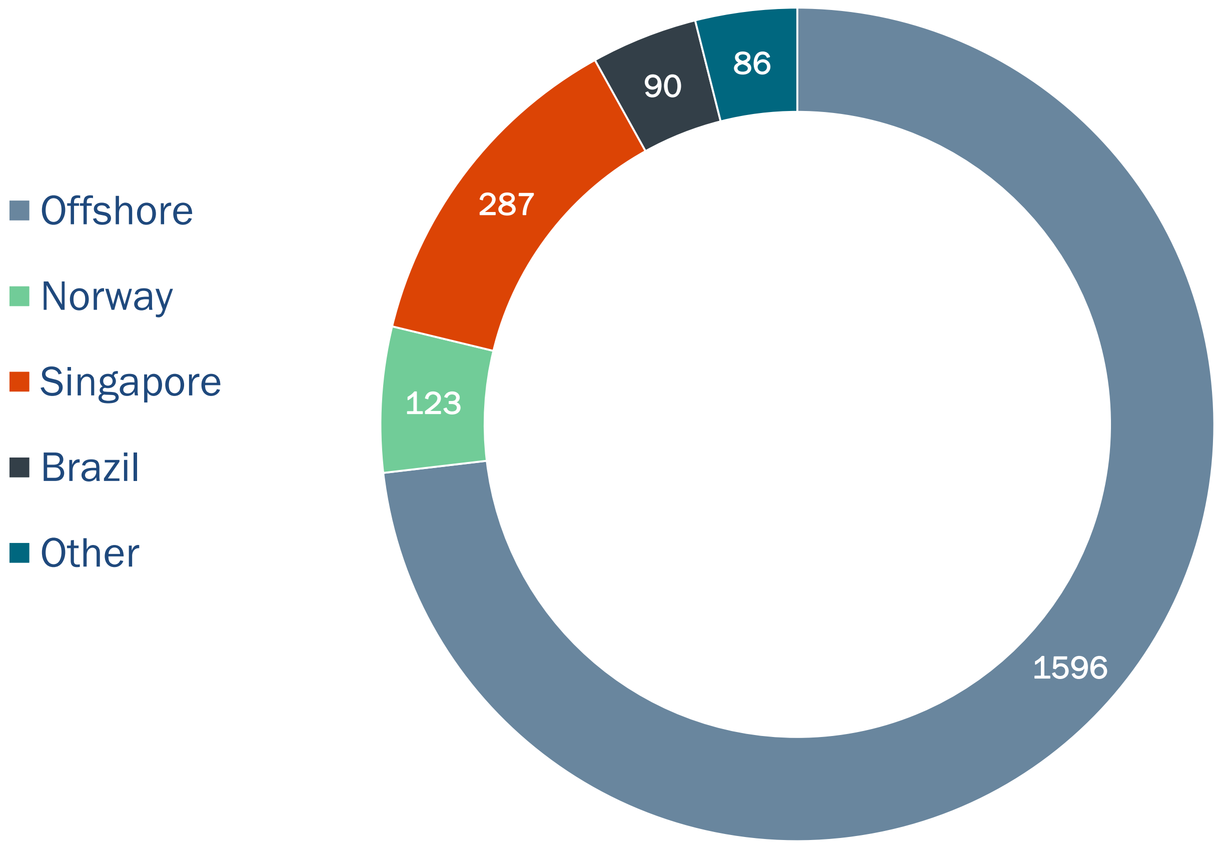


The world's best internship!
10 interns, 8 weeks, 2 countries
1 unforgettable experience!

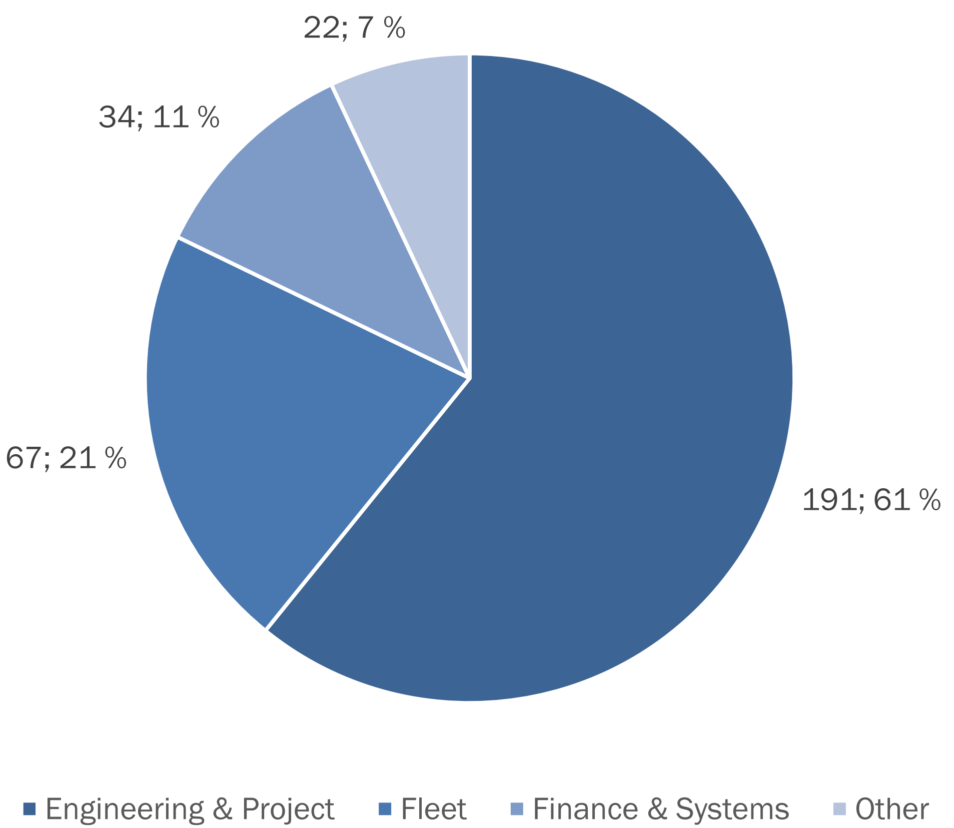
People profile

Total number of employees
May 2014



Strengthening the organisation

Recruitments Norway and Singapore, 2011 – 2014
By functional area



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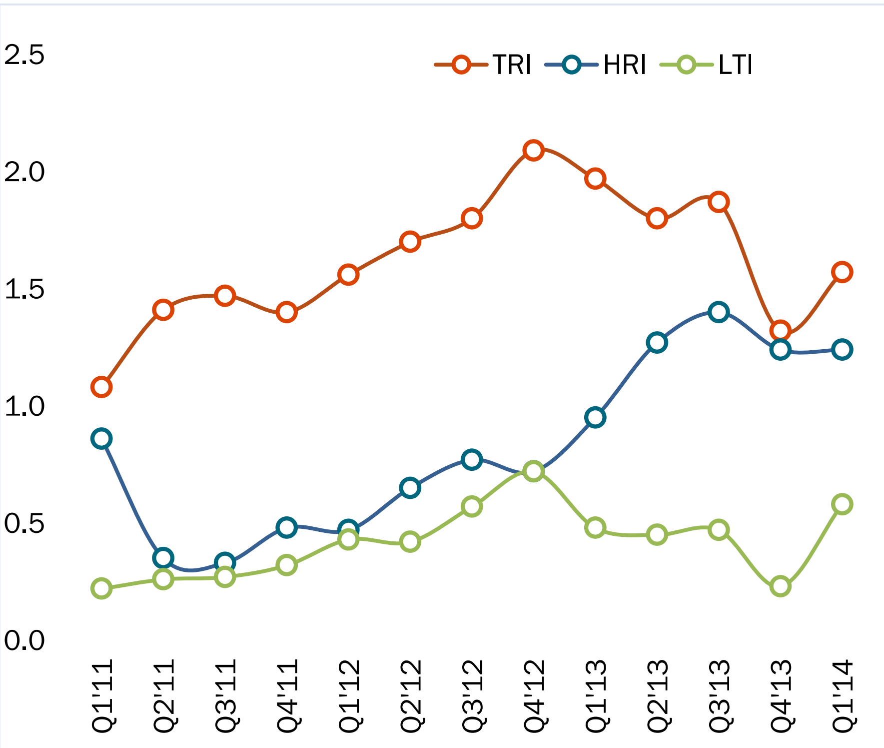
FLEET

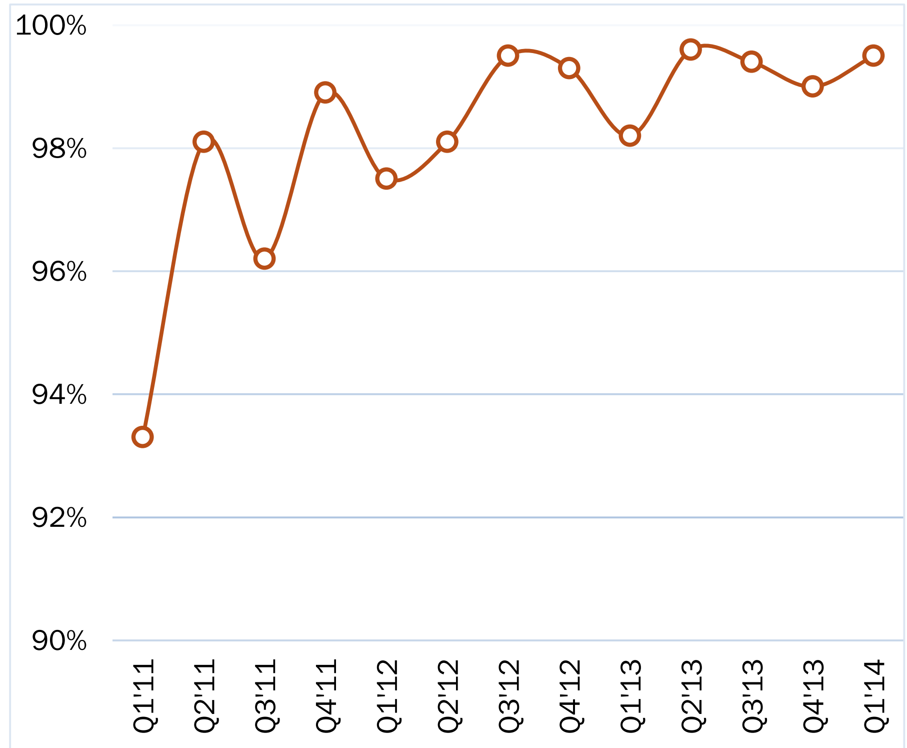
Stuart Bannerman, COO
Paal Hylin, SVP

Fleet performance

HSE records
Per million man.hours



Uptime
Percent



Consistently delivering safe and reliable operation

- LTI 0.58 per million man-hours
- Production uptime of 99.5%

Operation excellence

- HSSEQ
  - Annual HSE culture surveys on all FPSO's
- Leadership
  - Alignment of senior management and operational units
- Competence and training
  - Competence assessments
  - Training programs
- Asset Integrity Management
- Monthly KPI reporting and review

Successful start-up of production

- First gas: 9 May 2012
- Uptime 2012: 99.2%
- Uptime 2013: 99.3%

- First oil: 26 May 2012
- Uptime 2012: 97.0%
  - 53 offloadings
- Uptime 2013: 97.1%
  - 85 offloadings

Leveraging fleet to optimise performance

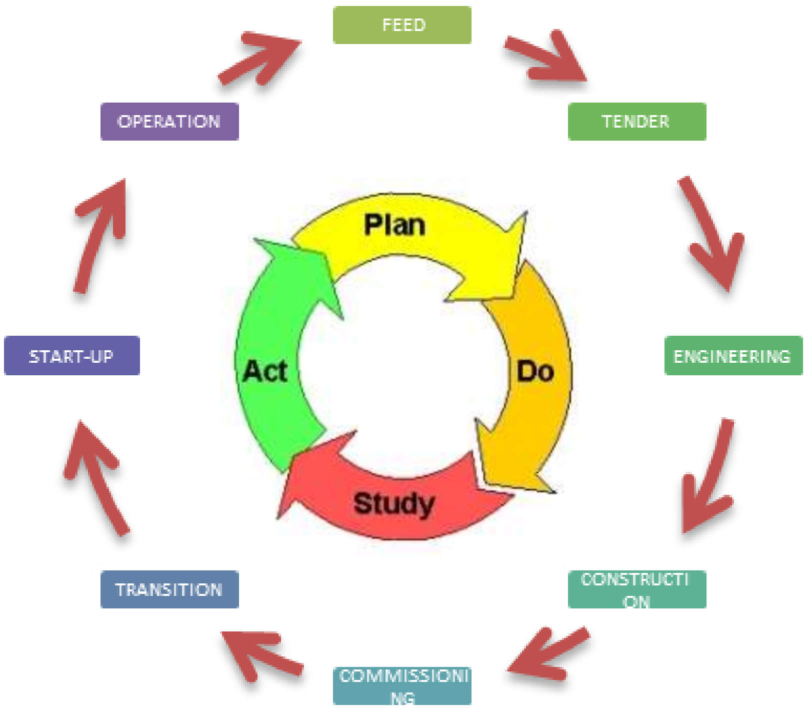
BW Offshore

- Enhanced business intelligence system, integrated across fleet
- Benchmarking and cross vessel analysis
- Best practice and improvement initiatives in fleet
- Personel movement within the fleet
- Supply chain
  - Global procurement strategy
  - Frame agreements
- Technical support centers

Improved risk management in new contracts

BW Offshore

- Early engagement by Operations in tender and project
  - Operations philosophy in design
  - Life cycle cost perspective
  - Gate reviews
- Efficient hand-over from Project to Operations
  - BW Joko Tole and BW Athena
- Risk sharing with client for O&M costs
  - Reimbursable cost model
  - Effective escalation mechanism
- Performance bonus and KPI structure to align interests with client



Fleet overview

Unit	Type	Contract	2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025
Sendje Berge	FPSO	Lease & Operate	Addax/Sinopec, Nigeria: 2005-2018 (2020)
Berge Helene	FPSO	Lease & Operate	Petronas, Mauritania: 2006-2015 (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: 2012-2017 (2020')
BW Athena	FPSO	Lease & Operate	Ithaca, UK: 2012-2016 (2020)
BW Joko Tole	FPSO	Lease & Operate	Kangean, Indonesia: 2012-2022 (2026)
Umuroa	FPSO	Lease & Operate	AWE, New Zealand: 2007-2015 (2022)
Polvo	FPSO	Lease & Operate	HRT, Brazil: 2007-2015 (2022)
Abo	FPSO	Lease & Operate	Agip/ENI, Nigeria: 2003-2014
Espoir Ivoirien	FPSO	Lease & Operate	CNR, Ivory Coast: 2002-2017 (2036)
Petroleo Nautipa (50%)	FPSO	Lease & Operate	Vaalco, Gabon: 2002-2020 (2022)
Cidade de Sao Mateus	FPSO	Lease & Operate	Petrobras, Brazil: 2009-2018 (2024)
Azurite	FPSO	Lease & Operate	Murphy, Congo: 2009-2016
Catcher	FPSO	Lease & Operate	Premier, UK 2017-2024 (2042)
Belokamenka	FSO	Lease & Operate	Rosneft, Russia: 2004-2019
BW Opal	VLCC		*Tendered for new projects*
P-63 (Papa Terra)	FPSO	Operate	Petrobras, Brazil: 2013-2016
Peregrino	FPSO	Operate	Statoil, Brazil: 2013-2018 (2033)

Lease & operate - Fixed period
Lease & operate - Option period
Operation - fixed period
Operation - option period
Construction / EPC

Asset management – value triggers

BW Offshore

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

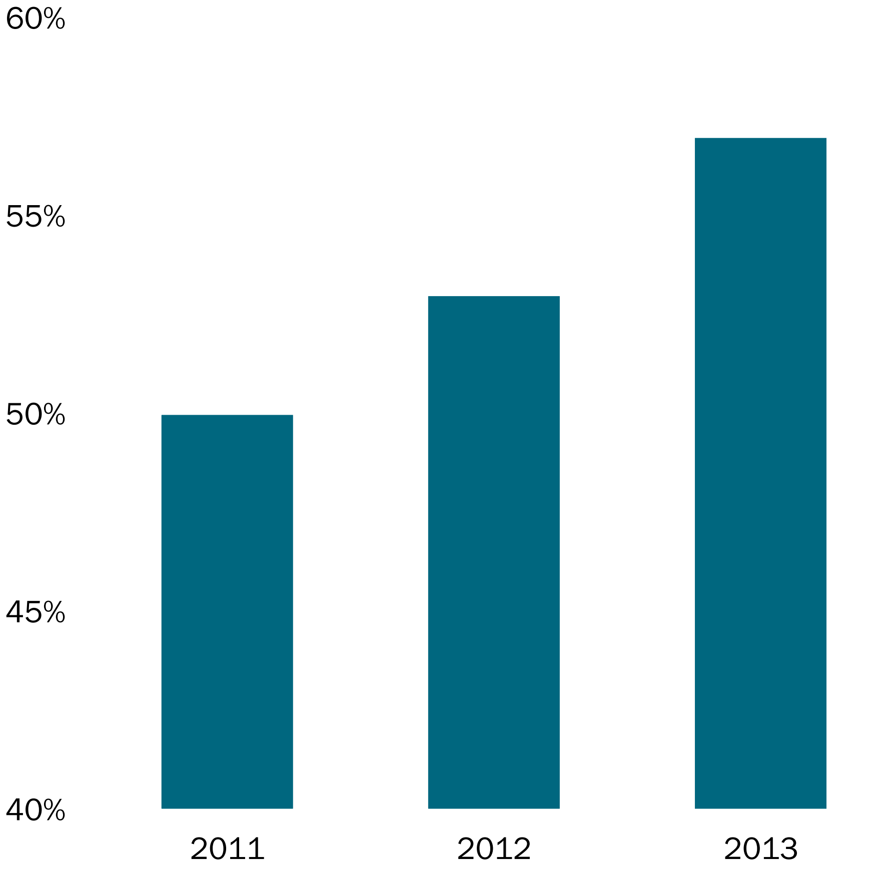
Redeployments

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

Increasing value of existing contracts

- Strengthened commercial focus throughout value chain
  - Fair compensation for services delivered
  - Cost optimisations
- Understand client perspectives
- Generate opportunities
  - Field modifications
  - Value enhancing modifications
  - Contract extensions
- Leverage client demands to generate value for both parties

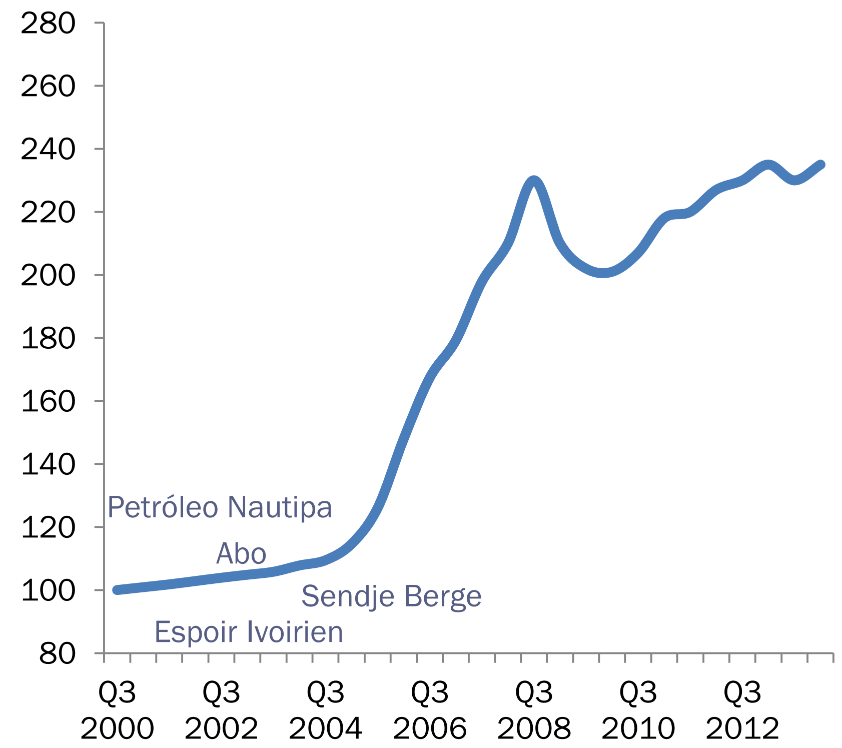
Contribution margin
Margin improvement on old contracts



Mature assets

- High cost inflation from 2004
- Appreciation of asset values for older units
- Value realisation at life extension and redeployments

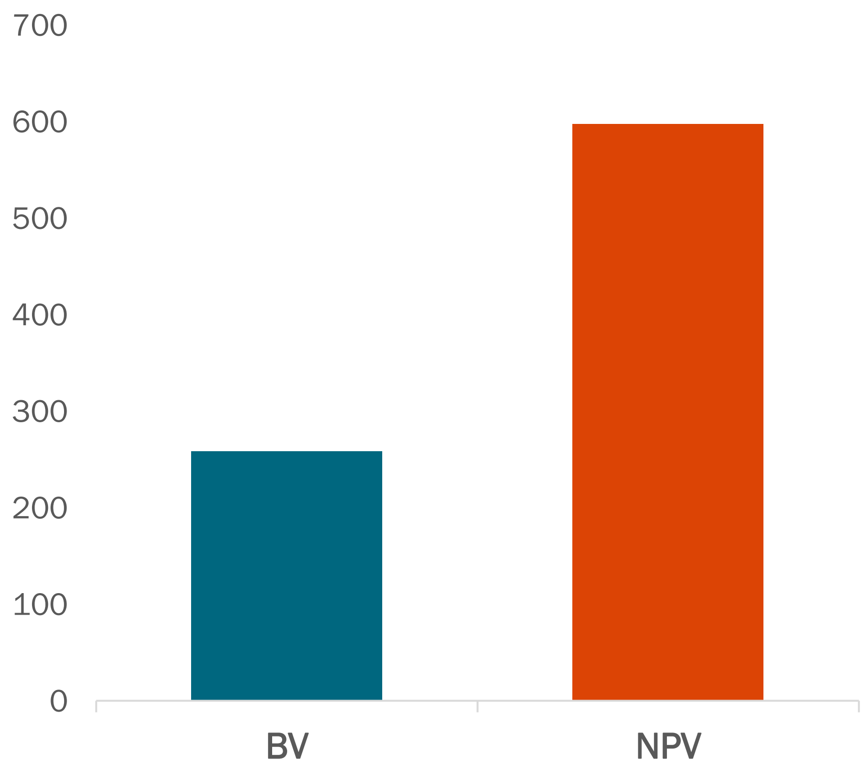
Upstream capital cost index



Source: IHS CERA/BWO

Field life extensions

Book value versus NPV,
USD million



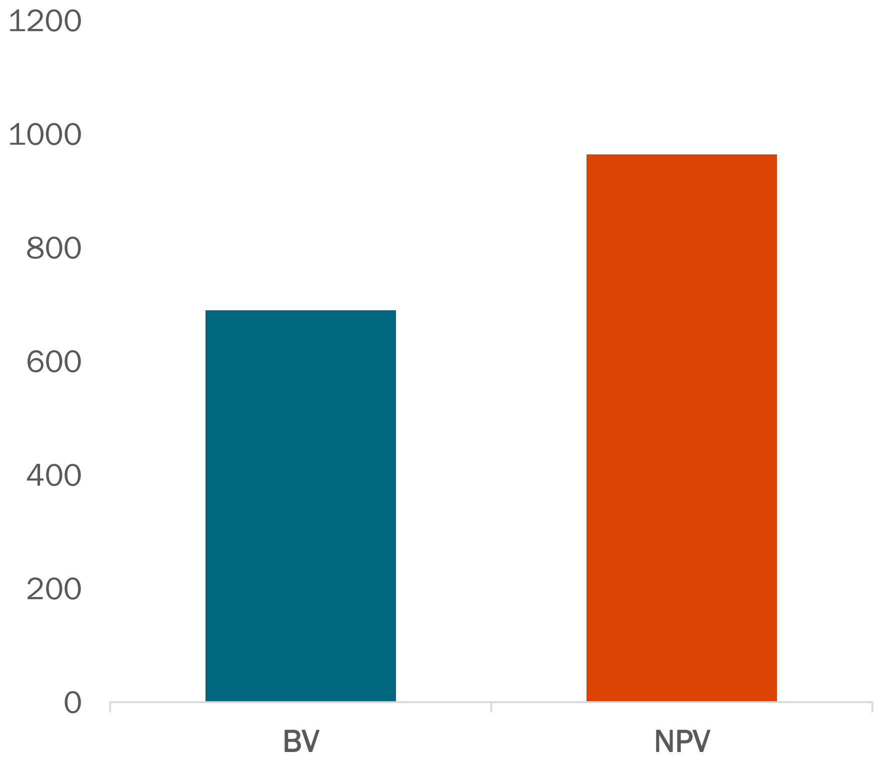
Book value vs NPV at 1 January 2014
Petroleo Nautipa, Abo (base case), Espoir Ivoirien and Sendje Berge

Life extended FPSOs in BWOs current operational fleet:

- Petroleo Nautipa
  - Extended 3 times, now up to 14 years beyond original contract.
- Espoir Ivoirien
  - Up to 14 years beyond original contract.
- Sendje Berge
  - Up to 7 years beyond original contract.
- Abo
  - Short term contract extensions
  - Ongoing reimbursable life extension

Redeployments

Book value versus NPV
USD million



Book value vs NPV at 1 January 2014
Petroleo Nautipa, BW Athena, BW Cidade de São Vicente and Sendje Berge

Redeployed FPSOs in BWOs current operational fleet:

- Petroleo Nautipa - 2002
- BW Athena - 2012
- BW Cidade de São Vicente - 2009
- Sendje Berge – 2005

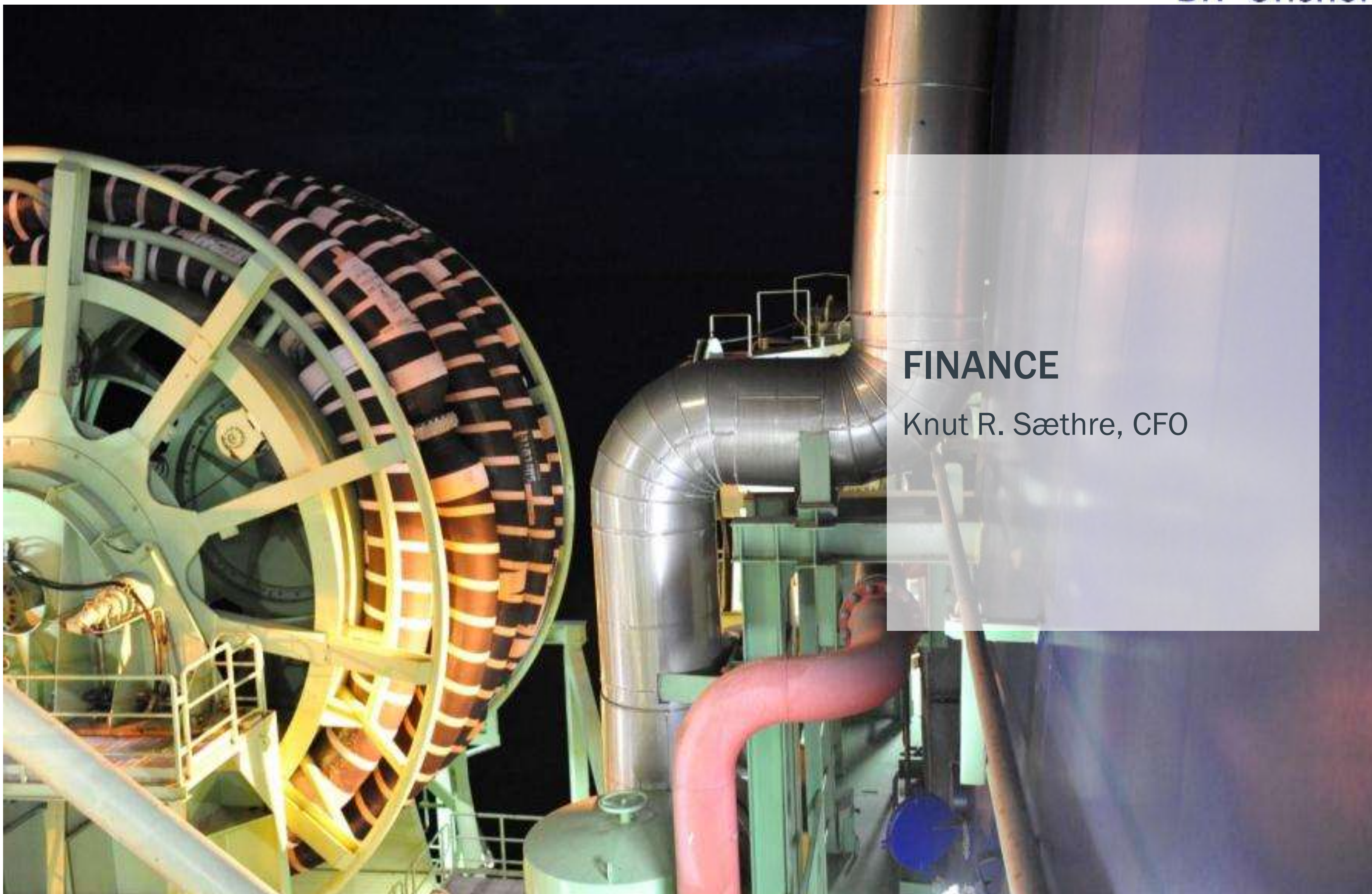
Solid track record in realising residual value potential

Operations & Maintenance contracts

BW Offshore

- O&M is core competency
- Value to clients
  - Production uptime and cost efficiency, while excellent HSE records
- Value to BW Offshore
  - Focus on areas with existing presence,
  - Improved quality of local support
  - Improved cost basis

BW Offshore



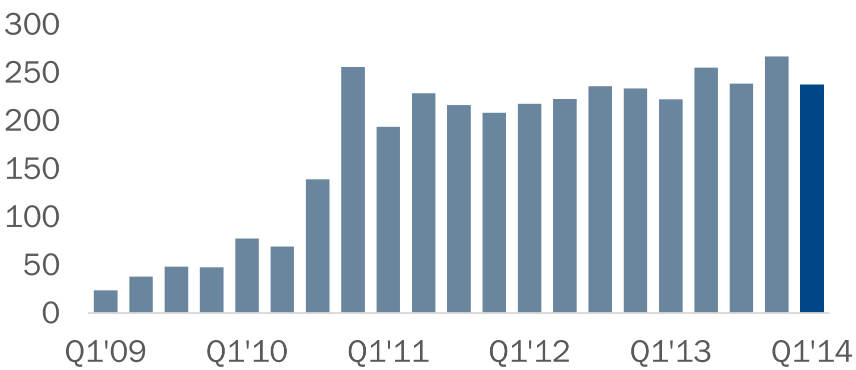
FINANCE

Knut R. Sæthre, CFO

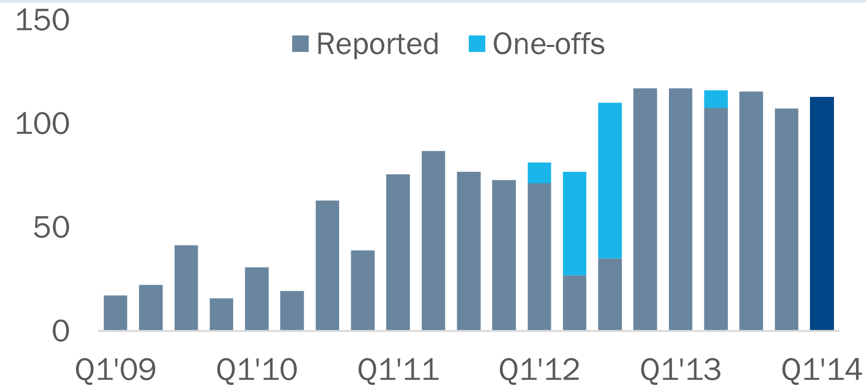
BW Offshore

Status

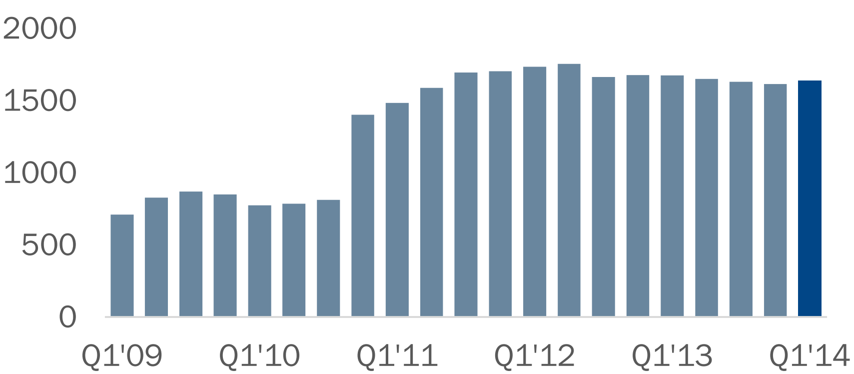
Revenue
USD million, excluding discontinued business



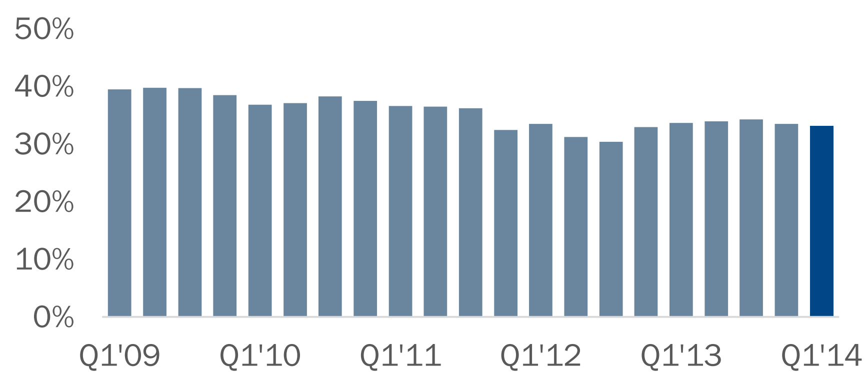
EBITDA
USD million, excluding discontinued business



Net debt
USD million

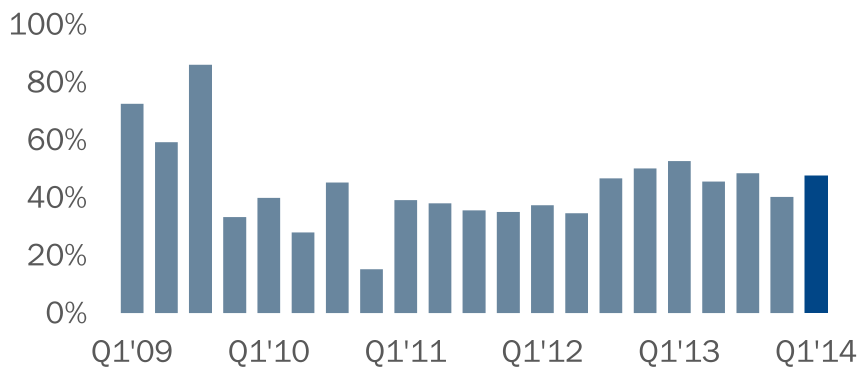


Equity to Total assets

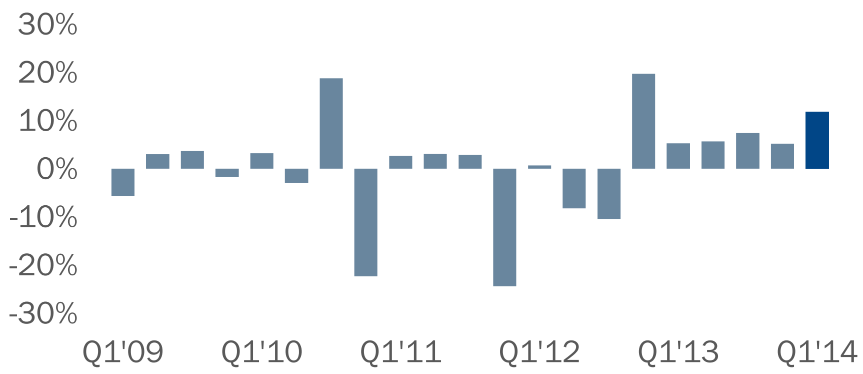


Key figures

EBITDA-margin



Return on Equity (ROE)

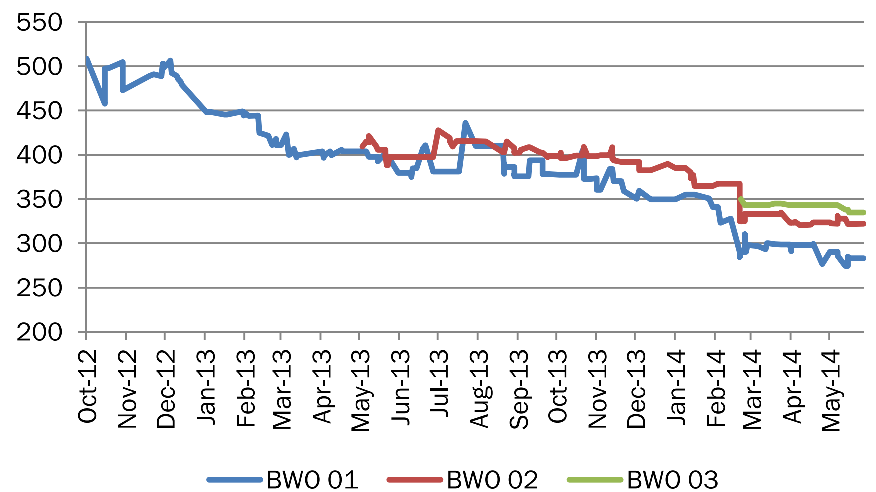


Financing

- Long term charter contract with attractive counterparties
- Broad access to bank debt and alternative debt instruments
- USD 3.5 billion bank facilities in 3 years
- Diversified into bond market 2012
  - USD 300 million unsecured bonds debt in 2 years
- Net debt of USD 1,639 million
- Minimising interest risk through conservative hedging policy

Bank funding: Strong and supportive lending banks

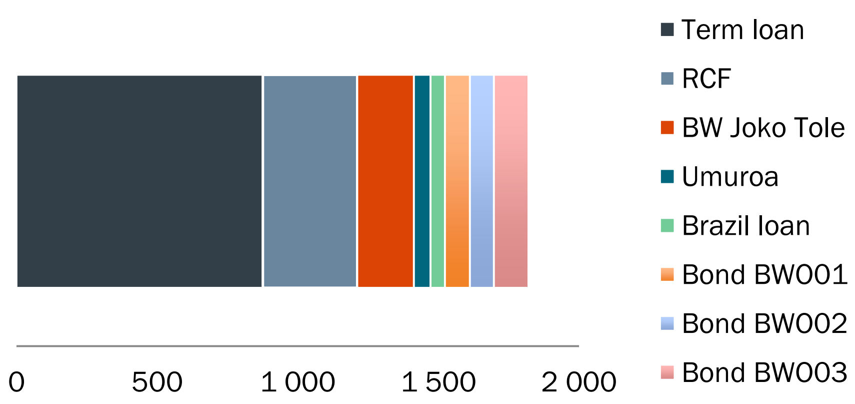
Unsecured bonds: Spread over NIBOR



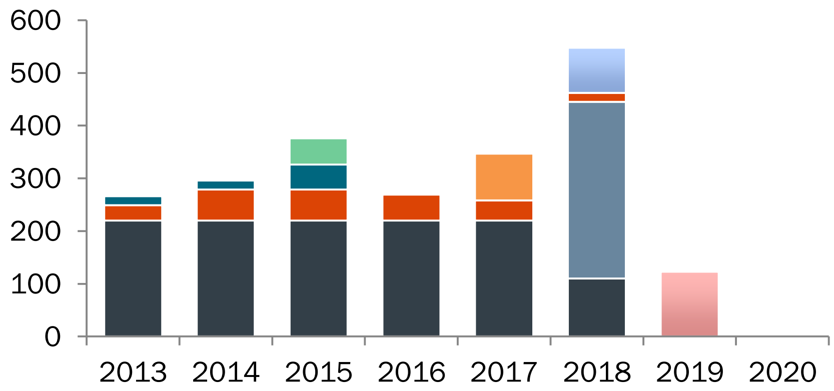
Fully financed

- Available liquidity of USD 420 million (ex Catcher)
- Successful syndication of USD 800 million bank financing for the Catcher project
  - 3 year financing during construction
  - 7 year financing during operation
  - Documentation ongoing, expected completion in Q3 2014
- Fully financed by operational cashflow, existing liquidity and new bank loan

Gross debt
USD million
Per 31.03.2014



Instalments
USD million
Per 31.03.2014



Debt overview

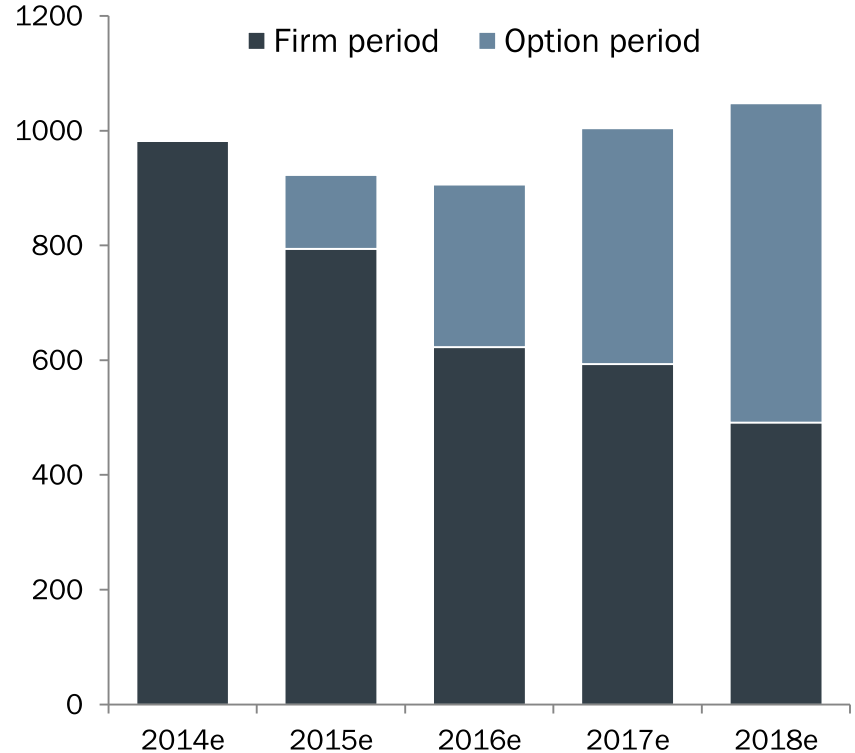
Loan	Loan (USD million)	Maturity	Interest and margin	Equity covenant	Leverage covenant	Comment
USD 2.4 billion loan facility - term loan part	876.5	March 2018	USD LIBOR + 200 bps	30 %	5.5x	USD 1,700 million term loan
USD 2.4 billion loan facility - RCF part	335.0	March 2018	USD LIBOR + 200 bps	30 %	5.5x	USD 641 million RCF (initial USD 700 million)
BW Joko Tole facility	202.0	June 2018	USD LIBOR + 250 bps	30 %	5.5x	
Umuroa loan	58.2	October 2015	USD LIBOR + 200 bps	30 %	5.5x	
Unsecured term loan	51.5	February 2015	USD LIBOR + 130 bps	30 %	5.5x	
Catcher facility	800.0	Q3 2024	USD LIBOR + 250/225 bps	25 %	5.5x	Final documentation ongoing. 3 yrs construction @ 250 bps, 7 yrs operation @ 225 bps
NOK 500 million bond loan (BWO01)	89.1	March 2017	NOK NIBOR + 425 bps	25 %	None	Unsecured. Swapped to fixed USD (5.8%)
NOK 500 million bond loan (BWO02)	85.7	March 2018	NOK NIBOR + 415 bps	25 %	None	Unsecured. Swapped to fixed USD (5.6%)
NOK 750 million bond loan (BWO03)	122.2	March 2019	NOK NIBOR + 350 bps	25 %	None	Unsecured. Swapped to fixed USD (5.5%)

For full details, please see BW Offshore's financial reports. Figures as of 31 March 2014

High revenue visibility

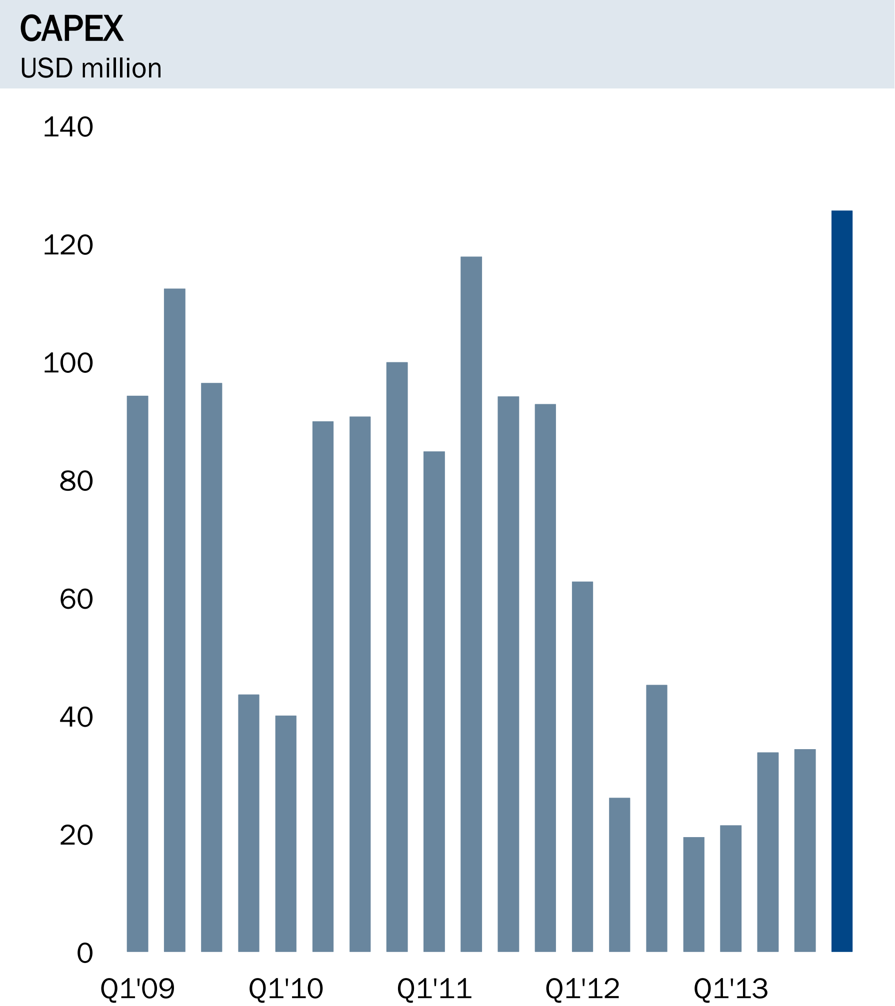
- USD 9.9 billion backlog secure high revenue visibility
- Revenue secured by fixed contracts
  - 100% contract coverage for 2014
  - 86% contract coverage for 2015
- 80-90% of options are normally exercised
- Lease contracts with solid EBITDA margins
  - ~50%
- Asset development provides additional upside to estimates
  - Extensions under current contract
  - New extensions
  - Redeployment

Lease revenue backlog 2013-2018
USD million



Investment in assets

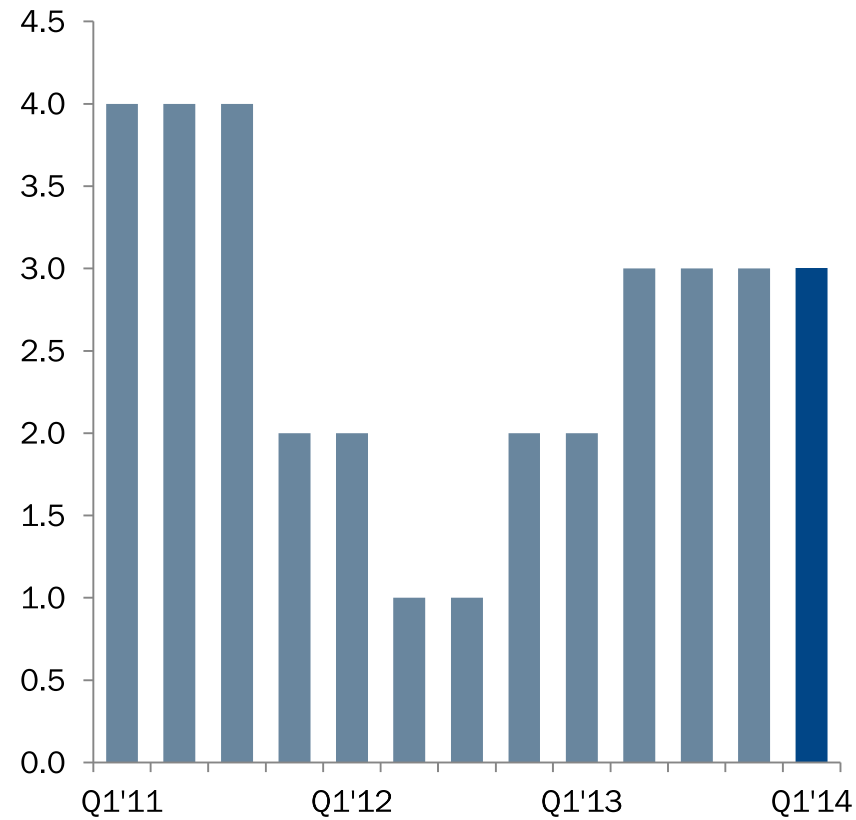
- Building the FPSO fleet
- Capex
  - R&M
  - Extension/life extension
  - Catcher



Quarterly dividend payments

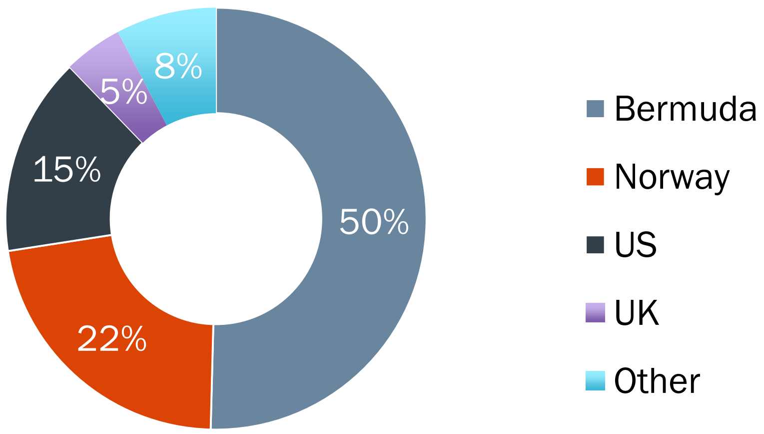
- Long term contracted cashflow provides sound basis for dividend payments as well as for further investments in new assets
- Q1 2014 dividend of USD 0.03 per share
  - Distributed USD 234 million since introduction of quarterly dividend in 2011, equal to NOK 2.04 per share

Dividend
USD cent



Owners and investors

- Investor relations policy
- Broad coverage
  - Equity
  - Bonds
- 2,700 shareholders



Top 5 shareholders	
BW Group	49.8 %
Fidelity funds	5.4 %
Rasmussengruppen	3.0 %
Odin Norge	2.1 %
Odin Offshore	1.8 %

Directors and management	
Independent directors	584 000
Management	11 000 000

Managing financial stability

- Hedging policy
  - Currency
  - Interest rates
- Taxes
- Enterprise resource planning
  - Project
  - Operation
  - Supply chain / procurement
  - Finance

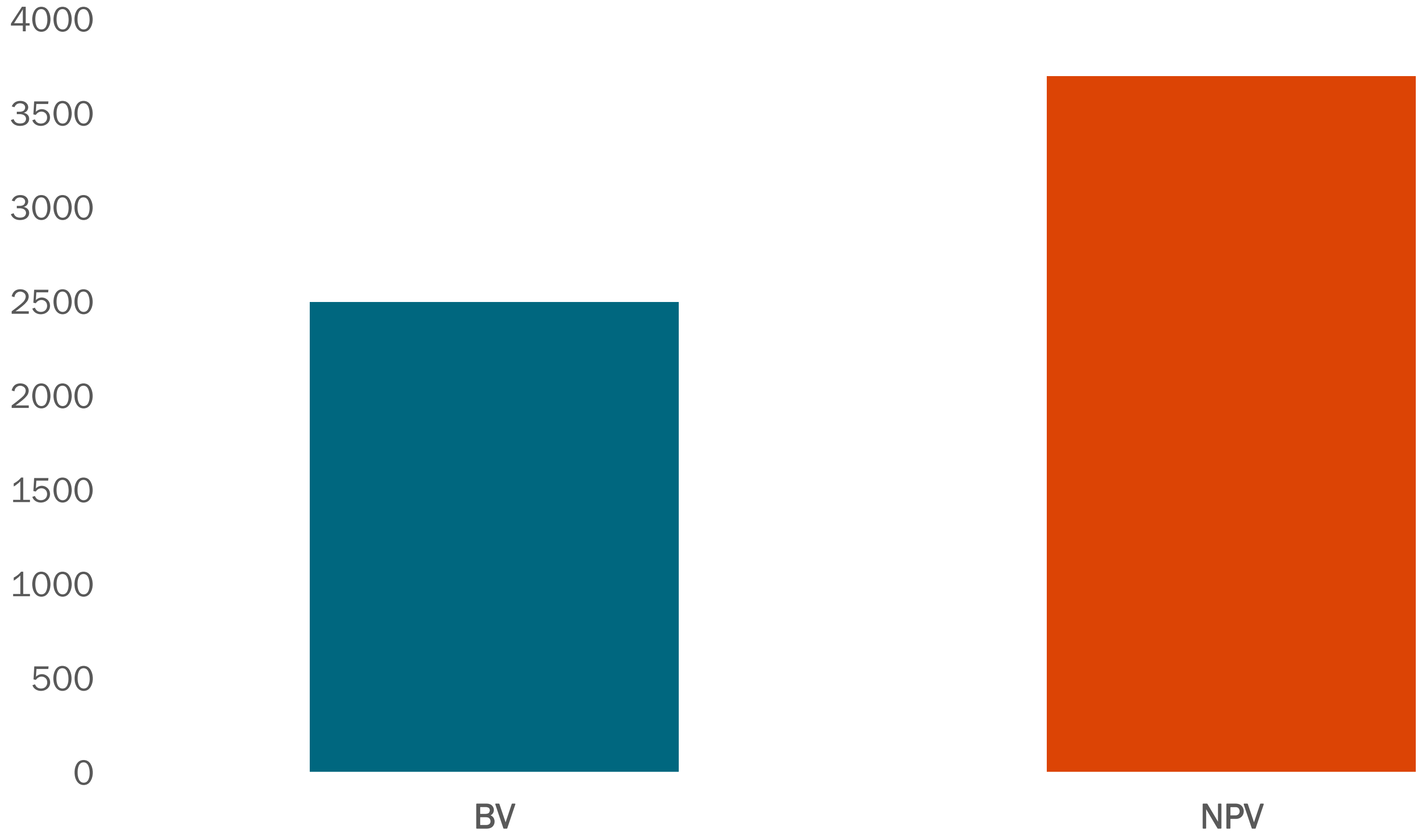
BW Offshore

SUMMARY

Carl K. Arnet, CEO

Value potential

Fleet book value vs probability weighted NPV
USD million



Summary

- Achievements
  - Proven start-ups
  - Improved stability in operations through consistent maintenance effort
  - Class-leading HSE performance
  - Improved value generation from the fleet
- Organisation
  - Commercial focus
  - Technical capability
  - Enhanced geographical footprint
- Current focus
  - Improved target selection process
  - Increased pre-award efforts
  - Strengthened project execution model
- Industry dynamics

Investment highlights

- Offshore infrastructure ~ one of the world's leading FPSO companies
  - High quality operations with the highest standards of HSSEQ and production uptime
  - Highly competent board and management team
  - Operating 16 FPSOs, whereof 14 are owned by BW Offshore
- Order backlog of USD 10 billion from solid oil and gas companies
  - Average contract length is 10 years
  - Proven contract extension capabilities on current fleet
- Strong financial foundation and robust balance sheet
  - Sound and flexible bank facilities
  - Broad access to debt and equity capital markets
  - Quarterly dividend payments

Key financials:
Market cap USD 1.0 billion (NOK 8.5/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

Q1 2014 financials
Revenue USD 237.3 million
EBITDA USD 112.9 million
EBIT USD 57.2 million
Net profit USD 33.1 million (EPS: USD 0.05)
Dividend USD 20 million (3c/share)

Q & A

BW Offshore

Further information: www.bwoffshore.com

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