



BW Offshore Limited



Picture of P-63

HIGHLIGHTS

- EBITDA of USD 115.5 million in the third quarter
- Stable operations with an uptime of 99.4%
- First oil achieved on FPSO P-63 (Papa Terra project)
- Dividend payment of USD 0.03 per share

FINANCIAL SUMMARY

THIRD QUARTER

Operating revenues for the quarter amounted to USD 238.4 million, a decrease of USD 16.7 million (7%) compared to USD 255.1 million in the previous quarter (second quarter of 2013).

Operating expenses amounted to USD 123.0 million, a decrease of USD 24.7 million (17%) compared to USD 147.7 million in the previous quarter.

EBITDA for the third quarter amounted to USD 115.5 million, an increase of USD 7.8 million (7%) compared to USD 107.7 million in the previous quarter. The increase is reflecting stable operation in the quarter from the fleet as well as no further changes to the cost estimate for the completion of the Papa Terra project.

Depreciation amounted to USD 66.5 million, an increase of USD 1.0 million (2%) compared to USD 65.5 million in the previous quarter.

Operating profit for the quarter amounted to USD 48.6 million compared to USD 41.5 million in the previous quarter.

Tax expense for the quarter amounted to USD 9.5 million compared to USD 9.0 million in the previous quarter.

Net profit amounted to USD 18.0 million for the quarter compared to USD 22.3 million in the previous quarter.

Total equity at 30 September 2013 amounted to USD 1,141.4 million, a decrease of USD 1.6 million (0.1%) compared to USD 1,143.0 million at 30 June 2013. The equity ratio was 34.3% at the end of the quarter, up from 34.0% last quarter.

As of 30 September 2013, the Company had USD 1,286.1 million in interest-bearing loans and USD 67.5 million in letters of guarantee drawn under the USD 2,400 million credit facility. The committed amount of the USD 2,400 million credit facility was USD 1,642.3 million, following scheduled reductions. Total utilised credit facilities for the company, including bond loans and other facilities was USD 1,862.7 million. Total available liquidity as of 30 September 2013 amounted to USD 400.7 million. During the quarter the Company successfully completed a USD 284.6 million financing facility related to BW Joko Tole. The financing was split between a USD 250 million term loan facility made available for the

purpose of refinancing part of the acquisition price of BW Joko Tole, and a USD 34.6 million guarantee facility. The term loan will be repaid with quarterly instalments and has final maturity in 2018.

Net debt amounted to USD 1,628.8 million at 30 September 2013, compared to USD 1,649.7 million at 30 June 2013.

Net cash inflow from operating activities was USD 95.5 million compared to USD 95.9 million in the previous quarter. Net cash outflow from investing activities was USD 33.3 million compared to cash outflow of USD 21.3 million in the previous quarter. This is mostly related to capital expenditures for life extension activities. Net cash outflow from financing activities was USD 73.8 million compared to cash outflow of USD 52.8 million in the previous quarter.

OPERATIONS

BW Offshore's fleet consists of 14 FPSOs and one FSO. All units experienced stable performance with an average uptime of 99.4% during the third quarter.

The Company also operates the FPSO Peregrino and is beginning operation for the FPSO P-63 in November. The FPSO Peregrino is owned by Statoil and Sinochem, and is operating on the Peregrino oil field offshore Brazil. The FPSO P-63 is owned by Petrobras and Chevron and is operating on the Papa Terra field offshore Brazil.

BW Offshore has received notice of termination on the contract with Murphy West Africa Limited for FDP SO Azurite. The termination is to be effective from 1 May 2014.

During the quarter BW Offshore agreed a third short term extension for FPSO Sendje Berge with Addax Petroleum Exploration until end Q1 2014. The extension has been agreed to secure operational continuity while joint work to detail longer term program for investment and production is completed.

The FPSO ABO is on a one year extension for Nigerian Agip Exploration until 31 December 2013. BWO is currently negotiating for a long term contract extension of the unit.

PROJECTS

The FPSO P-63 (Papa Terra) has been installed and moored at location offshore Brazil. The vessel received first oil on 11 November and will be operated on behalf of Petrobras for three years.

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DIVIDEND

The Board has declared a cash dividend of USD 0.03 per share for the quarter. The shares will be traded ex-dividend as of 10 December 2013. The dividend will be payable on or about 19 December 2013 to shareholders of record on 12 December 2013.

OUTLOOK

The outlook for the energy market in general and FPSO business in particular remains good. Based on BW Offshore's products, geographical presence, scale and competence, the Company is well positioned to grow its core business.

BW Offshore's cash flow from the operating units is secure and based on long term contracts with national and independent oil companies. The fleet

of BW Offshore will continue to generate a steady cash flow in the time ahead providing a sound basis for dividend payments as well as for further investments in new assets.

BW Offshore is currently evaluating several projects likely to meet the Company's financial targets. This includes both contract extensions for existing units, as well as contracts for new units and operations. BW Offshore expects to grow selectively and intends to see an improvement in the risk and reward balance for new FPSO projects. The company will carry on with the efforts to improve safety, efficiency, planning, disciplined execution and financial control.

Bermuda, 20 November 2013

Dr. Helmut Sohmen
Chairman

Ronny Johan Langeland
Vice Chairman

Clare Spottiswoode

Christophe Pettenati-Auzière

Maarten Scholten

Andreas Sohmen-Pao

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INCOME STATEMENT

(Unaudited figures in USD million)

	Notes	Q3 13	Q2 13	Q3 12*	YTD 13	YTD 12*
Operating revenue		238.4	255.1	235.9	715.7	675.9
Operating expenses		(123.0)	(147.7)	(198.8)	(376.2)	(538.9)
Share of profit/(loss) of associates	5	0.1	0.3	0.1	0.7	0.5
Operating profit before depreciation/amortisation		115.5	107.7	37.2	340.2	137.5
Depreciation		(66.5)	(65.5)	(63.9)	(196.3)	(161.0)
Amortisation		(0.4)	(0.6)	(0.6)	(1.5)	(1.9)
Gain on sale of assets and reversal of impairment		0.0	(0.1)	(0.6)	(0.1)	(0.1)
Operating profit / (loss)		48.6	41.5	(27.9)	142.3	(25.5)
Interest income		0.8	0.6	0.2	1.7	0.2
Gain/(loss) on financial instruments	6	(4.2)	8.3	(6.4)	4.4	(12.0)
Interest expense		(16.6)	(17.7)	(14.7)	(47.9)	(39.2)
Other financial items		(1.1)	(1.4)	(1.7)	(3.6)	(2.4)
Net finance expense		(21.1)	(10.2)	(22.6)	(45.4)	(53.4)
Profit/(loss) before tax		27.5	31.3	(50.5)	96.9	(78.9)
Income tax expense		(9.5)	(9.0)	(7.0)	(27.5)	(20.7)
Net profit/(loss) for the period		18.0	22.3	(57.5)	69.4	(99.6)
Net profit/(loss) attributable to owners of the Company		18.0	22.3	(57.5)	69.4	(99.6)
Basic/diluted earnings/(loss) per share (USD) net		0.03	0.03	(0.08)	0.10	(0.14)

COMPREHENSIVE INCOME STATEMENT

(Unaudited figures in USD million)

	Q3 13	Q2 13	Q3 12*	YTD 13	YTD 12*
Net profit/(loss) for the period	18.0	22.3	(57.5)	69.4	(99.6)
Other comprehensive income					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Currency translation differences	0.0	0.2	(0.5)	0.1	0.3
Net profit/(loss) on cash flow hedges	1.0	(3.6)	2.4	(10.5)	(7.0)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	1.0	(3.4)	1.9	(10.4)	(6.7)
Other comprehensive income, net of tax	1.0	(3.4)	1.9	(10.4)	(6.7)
Total comprehensive income	19.0	18.9	(55.6)	59.0	(106.3)

The notes in pages 7-9 are an integral part of these consolidated interim financial statements.

*The financial information for 2012 has been restated as the company has adopted IAS19R effective 1 January 2013.

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STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)

ASSETS	Notes	30.09.2013	30.06.2013	31.12.2012*	30.09.2012*
Vessels	2	2,571.3	2,609.3	2,700.1	2,635.9
Property and other equipment		12.9	8.2	8.2	6.5
Goodwill and intangibles		189.7	189.6	189.6	189.6
Finance lease receivables		162.3	166.4	174.1	177.9
Investments in associates	5	4.6	4.5	3.9	3.6
Derivatives		1.6	2.3	0.4	0.3
Deferred assets		4.5	4.4	8.2	7.3
Total non-current assets		2,946.9	2,984.7	3,084.5	3,021.1
Inventory		4.8	6.5	8.9	5.5
Trade receivables and other current assets		265.4	251.4	227.1	259.1
Derivatives		0.1	0.0	1.3	0.8
Cash and deposits		112.2	123.8	101.9	87.9
Total current assets		382.5	381.7	339.2	353.3
TOTAL ASSETS		3,329.4	3,366.4	3,423.7	3,374.4
EQUITY AND LIABILITIES					
Total equity attributable to owners of the Company	3	1,141.4	1,143.0	1,130.4	1,026.1
Total equity		1,141.4	1,143.0	1,130.4	1,026.1
Interest-bearing long term debt	4	1,451.2	1,542.5	1,548.0	1,515.1
Pension obligations		2.9	2.8	4.7	7.1
Other long-term liabilities	7	173.5	174.8	176.3	178.3
Derivatives		45.4	47.1	55.7	65.0
Total non-current liabilities		1,673.0	1,767.2	1,784.7	1,765.5
Trade and other payables		195.5	196.0	245.6	312.4
Derivatives		6.7	8.7	11.8	14.7
Interest-bearing short term debt	4	289.8	231.0	230.7	235.2
Income tax liabilities		23.0	20.5	20.5	20.5
Total current liabilities		515.0	456.2	508.6	582.8
Total liabilities		2,188.0	2,223.4	2,293.3	2,348.3
TOTAL EQUITY AND LIABILITIES		3,329.4	3,366.4	3,423.7	3,374.4

The notes in pages 7-9 are an integral part of these consolidated interim financial statements.

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STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)

	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other equity	Total
YTD 2013							
Equity at 1 January 2013	6.9	1,084.8	(9.1)	0.8	(3.7)	50.7	1,130.4
Dividend distribution	0.0	0.0	0.0	0.0	0.0	(48.0)	(48.0)
Profit (loss) for the period	0.0	0.0	0.0	0.0	0.0	69.4	69.4
Total comprehensive income	0.0	0.0	0.0	0.1	(10.5)	0.0	(10.4)
Total equity at 30 September 2013	6.9	1,084.8	(9.1)	0.9	(14.2)	72.1	1,141.4

	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other equity	Total
YTD 2012*							
Equity at 1 January 2012	6.9	1,084.8	(9.2)	0.1	0.8	83.3	1,166.7
Dividend distribution	0.0	0.0	0.0	0.0	0.0	(34.3)	(34.3)
Profit (loss) for the period	0.0	0.0	0.0	0.0	0.0	(99.6)	(99.6)
Total comprehensive income	0.0	0.0	0.0	0.3	(7.0)	0.0	(6.7)
Total equity at 30 September 2012	6.9	1,084.8	(9.2)	0.4	(6.2)	(50.6)	1,026.1

CASH FLOW STATEMENT

(Unaudited figures in USD million)

	Q3 13	Q2 13	Q3 12	YTD 13	YTD 12
Profit/ (loss) before taxes	27.5	31.3	(52.6)	96.9	(85.2)
Unrealised currency exchange losses/(gains)	(0.2)	3.6	(2.2)	3.7	(1.8)
Depreciation and amortisation	66.9	66.1	64.5	197.8	162.9
Taxes paid	(6.7)	(10.5)	(3.5)	(24.1)	(18.0)
Share of loss/ (profit) of associated companies	(0.1)	(0.3)	(0.2)	(0.7)	(0.5)
Loss/ (gain) on sale of shares and fixed assets	0.0	0.1	0.6	0.1	0.1
Change in fair value of derivatives	4.2	(8.3)	6.4	(4.4)	12.0
Change in working capital	(14.8)	(3.6)	25.3	(84.3)	26.7
Add back of net interest expense	15.7	17.1	14.5	46.2	39.1
Other items	3.0	0.4	(2.2)	6.2	17.6
Net cash flow from operating activities	95.5	95.9	50.6	237.5	152.9
Investment in fixed assets	(34.2)	(21.8)	(26.5)	(75.8)	(182.8)
Sale of fixed assets	0.0	(0.1)	101.1	(0.1)	186.2
Interest received	0.8	0.6	0.2	1.7	0.2
Net cash flow from investing activities	(33.3)	(21.3)	74.8	(74.2)	3.6
Proceeds from new interest bearing debt	325.0	25.0	0.0	461.8	315.0
Repayment of interest-bearing debt	(355.1)	(29.2)	(115.4)	(499.7)	(518.6)
Dividend paid	(20.6)	(27.5)	(6.9)	(48.0)	(34.2)
Interest paid	(23.1)	(21.1)	(24.2)	(67.1)	(74.4)
Net cash flow from financing activities	(73.8)	(52.8)	(146.5)	(153.0)	(312.2)
Net change in cash and cash equivalents	(11.6)	21.8	(21.1)	10.2	(155.7)
Cash and cash equivalents at beginning of period	123.8	102.0	109.0	101.9	243.6
Cash and cash equivalents at end of period	112.2	123.8	87.9	112.2	87.9

The notes in pages 7- 9 are an integral part of these consolidated interim financial statements.

*The financial information for 2012 has been restated as the company has adopted IAS19R effective 1 January 2013.

NOTES TO THE ACCOUNTS (UNAUDITED)

(Figures in brackets refer to corresponding figures for 2012)

Note 1 - Accounting principles

This Condensed Interim Consolidated interim financial information for the third quarter, ended 30 September 2013 has been prepared pursuant to IAS 34, "interim financial reporting". The Condensed Interim Consolidated financial reporting should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRS, as adopted by the European Union.

The accounting policies implemented are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in the annual financial statements for 2012.

The Company adopted IAS 19 Employee benefits effective for annual periods beginning on or after January 1, 2013. The standard is applied retrospectively. The main amendments impacting the Company are: (i) removal of the corridor mechanism such that actuarial gains and losses are recognized immediately in other comprehensive income, and (ii) the expected returns on plan assets must equal the discount rate on the projected benefit obligation.

Note 2 – Vessels

The book value of operating vessels and vessels under conversion amounted to USD 2,571.3 million (USD 2,635.9 million) at 30 September 2013.

Capital expenditure related to vessels and vessels under conversion in the third quarter 2013, amounted to USD 27.8 million (USD 25.5 million).

Note 3 - Equity

The number of issued shares was 688,006,004 at 30 September 2013. There were no changes in shares issued in the third quarter 2013. There were 700,000,000 authorised shares at 30 September 2013.

The Company held a total of 2,609,535 own shares at 30 September 2013.

Note 4 - Interest-bearing debt

Non-current debt

The Company had the following long-term interest bearing debt at 30 September:

	2013	2012
USD 2.4 billion loan facility	1,053.0	1,360.3
Joko Tole loan	173.5	0.0
NOK 500 million Bond loan 2013	85.7	0.0
NOK 500 million Bond loan 2012	89.4	89.1
Umuroa loan	49.6	65.7
Total	1,451.2	1,515.1

The NOK 500.0 million bond loan that was completed in first quarter 2013 is a five year unsecured bond. Coupon rate on the bond is 3 months NIBOR + 415 bps., with quarterly interest payments. The loan has been swapped to USD and the interest rate has been fixed.

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The USD 284.6 million financing facility agreement for FPSO Joko Tole, split between a USD 250 million five year term loan and a USD 34.6 million performance bond was completed 31 July 2013. The interest payable on the five year term loan is USD LIBOR + 250 bps.

Current debt

The Company had the following current interest bearing debt at 30 September:

	2013	2012
USD 2.4 billion loan facility	216.5	214.2
Joko Tole loan (current part)	57.2	0.0
NOK 500 million Bond loan 2013	-0.3	0.0
NOK 500 million Bond loan 2012	-0.3	-0.3
Umuroa loan (current part)	16.7	16.7
Nautipa loan (current part)	0.0	4.6
Total	289.8	235.2

Note 5 – Investments in associates

Investments in associates relates to the 49.7% shareholding in Nexus Floating Production Ltd and the 50% shareholding in OCS Services Limited, providing primarily manning services.

Note 6 – Gain/ (loss) on financial instruments

	Q3 13	Q2 13	Q3 12	YTD 13	YTD 12
Gain/(loss) on financial instruments	(4.2)	8.3	(6.4)	4.4	(12.0)
Net gain/ (loss) on financial instruments	(4.2)	8.3	(6.4)	4.4	(12.0)

Note 7 – Other long term liabilities

Other long term liabilities comprise of upfront payments related to charter contracts. The upfront payments will be accounted for as operating revenue during the course of the firm contract as these amounts are earned.

Note 8 – Related party transactions

No related party transactions considered to be material to the BW Offshore group occurred in the quarter.

Note 9 – Capital commitments

Total unrecognised contractual capital commitments on conversion projects and operations at 30 September 2013 amounted to USD 85.8 million (USD 114.7 million).

Note 10 – 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.

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Q3 13	FPSO/FSO activity	Other	Consolidated
Revenues from third parties	238.4		238.4
EBIT	59.5		59.5
General and administrative		(11.1)	(11.1)
Currency hedges and other currency effects		0.2	0.2
EBIT	59.5	(10.9)	48.6
EBITDA			
EBIT	59.5	(10.9)	48.6
Net gain on sale of tangible fixed assets	0.0		0.0
Depreciation, amortization and impairment	66.9		66.9
EBITDA	126.4	(10.9)	115.5
Other segment information			
Capital expenditure	27.8		
Non-current assets (excl finance items)	2,784.6		
Investments in associates	4.6		
Geographical information_Revenue			
Americas	99.3		
Europe/Africa	113.3		
Asia	25.8		
Total revenue	238.4		
The FPSOs/FSO by region can be analyzed as follows:			
Americas	1,357.1		
Europe/Africa	845.6		
Asia	368.6		
Total non-current assets	2,571.3		
Q3 12*	FPSO/FSO activity	Other	Consolidated
Revenues from third parties	235.9		235.9
EBIT	(16.7)		(16.7)
General and administrative		(8.9)	(8.9)
Currency hedges and other currency effects		(2.3)	(2.3)
EBIT	(16.7)	(11.2)	(27.9)
EBITDA			
EBIT	(16.7)	(11.2)	(27.9)
Net gain on sale of tangible fixed assets	0.6		0.6
Depreciation, amortization and impairment	64.5		64.5
EBITDA	48.4	(11.2)	37.2
Other segment information			
Capital expenditure	25.5		
Non-current assets (excl finance items)	2,843.2		
Investments in associates	3.6		
Geographical information_Revenue			
Americas	89.5		
Europe/Africa	89.0		
Asia	57.4		
Total revenue	235.9		
The FPSOs/FSO by region can be analyzed as follows:			
Americas	1,397.4		
Europe/Africa	870.4		
Asia	368.1		
Total non-current assets	2,635.9		

*Restated due to changes in IAS19R.

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KEY FIGURES

(Unaudited)

	Note	Q3 13	Q2 13	Q3 12*	YTD 2013	YTD 2012*
EBITDA-margin	1	48.4%	42.2 %	15.8 %	47.5 %	20.3 %
Equity ratio	2	34.3%	34.0 %	30.4 %	34.3 %	30.4 %
Return on equity	3	7.4%	5.7 %	-19.9 %	8.0 %	-12.2 %
Return on capital employed	4	5.5%	4.6 %	-3.6 %	5.3 %	-1.1 %
Net interest bearing debt (USD million)	5	1,628.8	1649.7	1662.4	1628.8	1662.4
Cash flow per share (USD)	6	0.14	0.14	0.07	0.35	0.22
EPS - basic and diluted (USD)	7	0.03	0.03	-0.08	0.10	-0.14
Shares - end of period (million)		688.0	688.0	688.0	688.0	688.0
Share price (NOK)		8.16	7.29	3.60	8.16	3.60
Market cap (NOKm)		5,614	5,016	2,477	5,614	2,477
Market cap (USDm)		934	832	435	934	435

* Restated due to changes in IAS19R

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) / Average (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 - (USD)
- 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	2005-2014
Abo	Nigeria	Agip/ENI	2003	2003-2013
Espoir Ivoirien	Ivory Coast	CNR	2002	2002-2017 + options until 2036
Berge Helene	Mauritania	Petronas	2005	2006-2015 + options until 2021
Petróleo Nautipa (50%owned)	Gabon	Vaalco Energy	2002	2002-2020 + options until 2022
Azurite	Congo	Murphy	2009	2009-2016 + options until 2024
YÜUM K'AK' NÀAB	Mexico	Pemex	2006	2007-2022 + options until 2025
BW Cidade De São Vicente	Brazil	Petrobras	2009	2009-2019 + options until 2024
Cidade De São Mateus	Brazil	Petrobras	2009	2009-2018 + options until 2024
Polvo	Brazil	BP	2007	2007-2014 + options until 2022
BW Pioneer	US	Petrobras	2010	2012-2017 + options until 2020
Umuroa	New Zealand	AWE	2007	2007-2015 + options until 2022
BW Athena	UK	Ithaca Energy and partners	2012	2012-2015 + options until 2020
BW Joko Tole	Indonesia	Kangean Energy	2012	2012-2022 + options until 2026
FSO				
Belokamenka	Russia	Rosneft	2003	2004-2019
Operating and maintenance agreement				
Peregrino (FPSO)	Brazil	Statoil		2013-2018 + options until 2033
P-63 (FPSO)	Brazil	Petrobras		2013-2016