



# BW Offshore Limited



Picture of BW Pioneer

## HIGHLIGHTS

- EBITDA of USD 117.0 million in the first quarter
- Stable operations with an uptime of 98.2%
- Dividend payment of USD 0.02 per share
- Successful placement of a NOK 500 million senior unsecured bond
- Short term extensions for FPSO Abo and FPSO Sendje Berge

## FINANCIAL SUMMARY

### FIRST QUARTER

Operating revenues for the quarter amounted to USD 222.2 million, a decrease of USD 11.3 million (5%) compared to USD 233.5 million in the previous quarter (fourth quarter of 2012).

Operating expenses amounted to USD 105.5 million, a decrease of USD 9.6 million (8%) compared to USD 115.1 million in the previous quarter.

EBITDA for the first quarter amounted to USD 117.0 million, a decrease of USD 1.8 million (2%) compared to USD 118.8 million in the previous quarter.

Depreciation amounted to USD 64.3 million, an increase of USD 1.1 million (2%) compared to USD 63.2 million in the previous quarter.

Operating profit for the quarter amounted to USD 52.2 million compared to USD 128.7 million in the previous quarter. The high operating profit in the previous quarter is mainly due to the favourable impact of the reversal of impairment on vessel by USD 75.0 million.

Tax expense for the quarter amounted to USD 9.0 million compared to USD 8.0 million in the previous quarter.

Net profit amounted to USD 29.1 million for the quarter compared to USD 108.0 million in the previous quarter.

Total equity at 31 March 2013 amounted to USD 1,137.7 million, an increase of USD 7.3 million (6%) compared to USD 1,130.4 million at 30 December 2012. The increase is a result of the net comprehensive profit of USD 21.1 million offset by the dividend payment of USD 13.8 million. The equity ratio was 33.7% at the end of the quarter.

As of 31 March 2013, the Company had USD 1,547.3 million in interest-bearing loans and USD 102.1 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 1,753.6 million, following scheduled reductions and reductions related to the sale of the FPSO Ningaloo Vision. Total utilised credit facilities for the company, including bond loans and other facilities was USD 1,902.0 million.

Total available liquidity as of 31 March 2013 amounted to USD 206.2 million.

Net debt amounted to USD 1,673.9 million at 31 March 2013, compared to USD 1,676.8 million at 31 December 2012.

During the quarter, the Company successfully completed the placement of a new NOK 500 million senior unsecured bond with maturity date in March 2018. The proceeds from this loan will be used for general corporate purposes.

Net cash inflow from operating activities was USD 46.2 million compared to USD 57.0 million in the previous quarter. Net cash outflow from investing activities was USD 19.6 million compared to cash outflow of USD 41.2 million in the previous quarter. Capital expenditures on vessels amounted to USD 19.8 million, compared to USD 45.6 million in the previous quarter. Net cash outflow from financing activities was USD 26.5 million compared to cash outflow of USD 1.8 million in the previous quarter.

### OPERATIONS

BW Offshore's fleet consists of 14 FPSOs and one FSO. All experienced stable performance with an average uptime of 98.2% during the first quarter.

BW Offshore has from 1 January 2013 taken over the operation of FPSO Peregrino after a planned transition period of six months. The unit is owned by Statoil and Sinochem, and is operating on the Peregrino oil field offshore Brazil.

BW Offshore has agreed an extension for FPSO Abo with Nigerian Agip Exploration Ltd of nine months and an extension for FPSO Sendje Berge with Addax Petroleum Exploration Ltd of three months. These extensions have been agreed to secure operational continuity while joint work to detail longer term programs for investment and production is progressing.

### PROJECTS

The Papa Terra (P-63) EPC project arrived in January 2013 in QUIP's Rio Grande yard in Brazil for final testing and commissioning. The FPSO is then expected to be installed on the field and commence operation. All efforts are being made by BW Offshore and its Brazilian partner, QUIP, to meet the overall project schedule requirements from Petrobras for a July 2013 start-up.

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**DIVIDEND**

The Board has declared a cash dividend of USD 0.02 per share for the quarter. The shares will be traded ex-dividend as of 10 June 2013. The dividend will be payable on or about 21 June 2013 to shareholders of record on 12 June 2013.

**OUTLOOK**

The outlook for the energy market in general and FPSO business in particular remains good. Based on BW Offshore's products offering, 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 an increasing 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, 21 May 2013

Dr. Helmut Sohmen  
Chairman

Ronny Johan Langeland  
Vice Chairman

Christophe Pettenati-Auzière

Maarten Scholten

Andreas Sohmen-Pao

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**INCOME STATEMENT**

(Unaudited figures in USD million)

	Notes	Q1 13	Q4 12*	Q1 12*
<b>Operating revenue</b>		<b>222.2</b>	<b>233.5</b>	<b>217.5</b>
<b>Operating expenses</b>		<b>(105.5)</b>	<b>(115.1)</b>	<b>(146.3)</b>
Share of profit/(loss) of associates	5	0.3	0.4	0.1
<b>Operating profit before depreciation/amortisation</b>		<b>117.0</b>	<b>118.8</b>	<b>71.3</b>
Depreciation		(64.3)	(63.2)	(43.6)
Amortisation		(0.5)	(0.7)	(0.6)
Gain on sale of assets and reversal of impairment	8	0.0	73.8	0.2
<b>Operating profit / (loss)</b>		<b>52.2</b>	<b>128.7</b>	<b>27.3</b>
Interest income		0.2	0.2	0.0
Gain/(loss) on financial instruments	6	0.3	(0.1)	(1.1)
Interest expense		(13.6)	(14.4)	(14.1)
Other financial items		(1.0)	1.6	(0.5)
<b>Net finance expense</b>		<b>(14.1)</b>	<b>(12.7)</b>	<b>(15.7)</b>
<b>Profit/(loss) before tax</b>		<b>38.1</b>	<b>116.0</b>	<b>11.6</b>
Income tax expense		(9.0)	(8.0)	(6.1)
<b>Net profit/(loss) for the period</b>		<b>29.1</b>	<b>108.0</b>	<b>5.5</b>
Net profit/(loss) attributable to owners of the Company		29.1	108.0	5.5
Basic/diluted earnings/(loss) per share (USD) net		0.04	0.16	0.01

**COMPREHENSIVE INCOME STATEMENT**

(Unaudited figures in USD million)

	Q1 13	Q4 12*	Q1 12*
<b>Net profit/(loss) for the period</b>	29.1	108.0	5.5
<b>Other comprehensive income</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Currency translation differences	(0.1)	0.3	0.0
Net profit/(loss) on cash flow hedges	(7.9)	2.8	(4.1)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>(8.0)</b>	<b>3.1</b>	<b>(4.1)</b>
<b>Other comprehensive income, net of tax</b>	<b>(8.0)</b>	<b>3.1</b>	<b>(4.1)</b>
<b>Total comprehensive income</b>	<b>21.1</b>	<b>111.1</b>	<b>1.4</b>

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)

<b>ASSETS</b>	<b>Notes</b>	<b>31.03.2013</b>	<b>31.12.2012*</b>	<b>31.03.2012*</b>
Vessels	2	2,655.1	2,700.1	2,669.5
Property and other equipment		8.1	8.2	6.6
Goodwill and intangibles		189.6	189.6	190.3
Finance lease receivables		170.3	174.1	185.1
Investments in associates	5	4.2	3.9	3.2
Non-current deposits		0.0	0.0	0.2
Deferred assets		8.3	8.6	0.2
<b>Total non-current assets</b>		<b>3,035.6</b>	<b>3,084.5</b>	<b>3,055.1</b>
Inventory		8.3	8.9	7.2
Trade receivables and other current assets	10	232.8	228.4	290.2
Restricted deposits CIRR		0.0	0.0	22.8
Cash and deposits		102.0	101.9	81.7
<b>Total current assets</b>		<b>343.1</b>	<b>339.2</b>	<b>401.9</b>
<b>TOTAL ASSETS</b>		<b>3,378.7</b>	<b>3,423.7</b>	<b>3,457.0</b>
<b>EQUITY AND LIABILITIES</b>				
Total equity attributable to owners of the Company	3	1,137.7	1,130.4	1,154.4
<b>Total equity</b>		<b>1,137.7</b>	<b>1,130.4</b>	<b>1,154.4</b>
Interest-bearing long term debt	4	1,545.0	1,548.0	1,580.2
Pension obligations		2.3	4.7	9.5
Other long-term liabilities	7	175.4	176.3	125.4
Derivatives		56.6	55.7	73.4
<b>Total non-current liabilities</b>		<b>1,779.3</b>	<b>1,784.7</b>	<b>1,788.5</b>
Trade and other payables		198.9	245.6	226.3
Derivatives		8.9	11.8	11.8
Interest-bearing short term debt	4	230.9	230.7	258.7
Income tax liabilities		23.0	20.5	17.3
<b>Total current liabilities</b>		<b>461.7</b>	<b>508.6</b>	<b>514.1</b>
<b>Total liabilities</b>		<b>2,241.0</b>	<b>2,293.3</b>	<b>2,302.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,378.7</b>	<b>3,423.7</b>	<b>3,457.0</b>

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	Other equity	Total
<b>1Q 2013</b>				
Equity at 1 January 2013	6.9	1,084.8	38.7	1,130.4
Dividend distribution	0.0	0.0	(13.8)	(13.8)
Total comprehensive income for the period	0.0	0.0	21.1	21.1
<b>Total equity at 31 March 2013</b>	<b>6.9</b>	<b>1,084.8</b>	<b>46.0</b>	<b>1,137.7</b>

	Share capital	Share premium	Other equity	Total
<b>4Q 2012*</b>				
Equity at 1 October 2012	6.9	1,084.8	(65.5)	1,026.2
Dividend distribution	0.0	0.0	(6.9)	(6.9)
Total comprehensive income for the period	0.0	0.0	111.1	111.1
<b>Total equity at 31 December 2012</b>	<b>6.9</b>	<b>1,084.8</b>	<b>38.7</b>	<b>1,130.4</b>

	Share capital	Share premium	Other equity	Total
<b>1Q 2012*</b>				
Equity at 1 January 2012	6.9	1,084.8	75.0	1,166.7
Dividend distribution	0.0	0.0	(13.7)	(13.7)
Total comprehensive income for the period	0.0	0.0	1.4	1.4
<b>Total equity at 31 March 2012</b>	<b>6.9</b>	<b>1,084.8</b>	<b>62.7</b>	<b>1,154.4</b>

## CASH FLOW STATEMENT

(Unaudited figures in USD million)

	Q1 13	Q4 12	Q1 12
Profit/ (loss) before taxes	38.1	113.9	9.5
Unrealised currency exchange losses/(gains)	0.3	2.7	(4.8)
Depreciation and amortisation	64.8	64.0	44.2
Taxes paid	(6.8)	(8.6)	(5.7)
Share of loss/ (profit) of associated companies	(0.3)	(0.3)	(0.1)
Loss/ (gain) on sale of shares and fixed assets	0.0	1.1	(0.2)
Impairment / reversal of impairment	0.0	(75.0)	0.0
Change in fair value of derivatives	(0.3)	0.0	1.1
Change in working capital	(66.0)	(51.4)	(45.4)
Add back of net interest expense	13.4	14.2	14.2
Other items	3.0	(3.6)	7.5
<b>Net cash flow from operating activities</b>	<b>46.2</b>	<b>57.0</b>	<b>20.3</b>
Investment in fixed assets	(19.8)	(45.6)	(93.2)
Investments in subsidiaries	0.0	0.0	0.0
Sale of fixed assets	0.0	4.2	85.0
Interest received	0.2	0.2	0.0
<b>Net cash flow from investing activities</b>	<b>(19.6)</b>	<b>(41.2)</b>	<b>(8.2)</b>
Proceeds from new interest bearing debt	111.8	75.0	215.0
Repayment of interest-bearing debt	(115.4)	(48.8)	(348.0)
Dividend paid	0.0	(6.9)	(13.7)
Interest paid	(22.9)	(21.1)	(27.4)
<b>Net cash flow from financing activities</b>	<b>(26.5)</b>	<b>(1.8)</b>	<b>(174.1)</b>
<b>Net change in cash and cash equivalents</b>	<b>0.1</b>	<b>14.0</b>	<b>(162.0)</b>
Cash and cash equivalents at beginning of period	101.9	87.9	243.6
<b>Cash and cash equivalents at end of period</b>	<b>102.0</b>	<b>101.9</b>	<b>81.7</b>

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 first quarter, ended 31 March 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 and vessels under conversion

The book value of operating vessels and vessels under conversion amounted to USD 2,655.1 million (USD 2,669.5 million) at 31 March 2012.

Capital expenditure related to vessels and vessels under conversion in the first quarter 2013, amounted to USD 18.7 million (USD 92.1 million).

### Note 3 - Equity

The number of issued shares was 688,006,004 at 31 March 2013. There were no changes in shares issued in the first quarter 2013. There were 700,000,000 authorised shares at 31 March 2013.

The Company held a total of 2,609,535 own shares at 31 March 2013.

### Note 4 - Interest-bearing debt

#### Non-current debt

The Company had the following long-term interest bearing debt at 31 March:

	2013	2012
USD 2.4 billion loan facility	1,313.1	1,415.7
NOK 500 million Bond loan 2013	85.7	0.0
NOK 500 million Bond loan 2012	88.7	88.7
Umuroa loan	57.5	75.8
<b>Total</b>	<b>1,545.0</b>	<b>1,580.2</b>

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 + 4.15% p.a., with quarterly interest payments. The loan has been swapped to USD and the interest rate has been fixed.

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**Current debt**

The Company had the following current interest bearing debt at 31 March:

	<b>2013</b>	<b>2012</b>
USD 2.4 billion loan facility	214.2	213.5
USD CIRR financing schemes	0.0	22.8
Umuroa loan (current part)	16.7	16.7
Nautipa loan (current part)		5.7
<b>Total</b>	<b>230.9</b>	<b>258.7</b>

**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**

	<b>Q1 13</b>	<b>Q4 12</b>	<b>Q1 12</b>
Gain/(loss) on financial instruments	0.3	(0.1)	(1.1)
<b>Net gain/ (loss) on financial instruments</b>	<b>0.3</b>	<b>(0.1)</b>	<b>(1.1)</b>

**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 31 March 2013 amounted to USD 86.1 million (USD 207.3 million).

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**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.

<b>Q1 13</b>	<b>FPSO/FSO activity</b>	<b>Other</b>	<b>Consolidated</b>
Revenues from third parties	222.2		222.2
EBIT	65.6		65.6
General and administrative		(13.1)	(13.1)
Currency hedges and other currency effects		(0.3)	(0.3)
<b>EBIT</b>	<b>65.6</b>	<b>(13.4)</b>	<b>52.2</b>
<b>EBITDA</b>			
EBIT	65.6	(13.4)	52.2
Net gain on sale of tangible fixed assets	0.0		0.0
Depreciation, amortization and impairment	64.8		64.8
<b>EBITDA</b>	<b>130.4</b>	<b>(13.4)</b>	<b>117.0</b>
<b>Other segment information</b>			
Capital expenditure	18.7		
Non-current assets (excl finance items)	2,865.3		
Investments in associates	4.2		
<b>Geographical information_Revenue</b>			
Americas	90.5		
Europe/Africa	95.8		
Asia	35.9		
<b>Total revenue</b>	<b>222.2</b>		
<b>The FPSOs/FSO by region can be analyzed as follows:</b>			
Americas	1,414.2		
Europe/Africa	859.0		
Asia	381.8		
<b>Total non-current assets</b>	<b>2,655.1</b>		
<b>Q1 12*</b>	<b>FPSO/FSO activity</b>	<b>Other</b>	<b>Consolidated</b>
Revenues from third parties	217.5		217.5
EBIT	35.2		35.2
General and administrative		(12.7)	(12.7)
Currency hedges and other currency effects		4.8	4.8
<b>EBIT</b>	<b>35.2</b>	<b>(7.9)</b>	<b>27.3</b>
<b>EBITDA</b>			
EBIT	35.2	(7.9)	27.3
Net gain on sale of tangible fixed assets	(0.2)		(0.2)
Depreciation, amortization and impairment	44.2		44.2
<b>EBITDA</b>	<b>79.2</b>	<b>(7.9)</b>	<b>71.3</b>
<b>Other segment information</b>			
Capital expenditure	93.2		
Non-current assets (excl finance items)	2,864.3		
Investments in associates	3.2		
<b>Geographical information_Revenue</b>			
Americas	83.2		
Europe/Africa	95.2		
Asia	39.1		
<b>Total revenue</b>	<b>217.5</b>		
<b>The FPSOs/FSO by region can be analyzed as follows:</b>			
Americas	1,453.6		
Europe/Africa	874.0		
Asia	341.9		
<b>Total non-current assets</b>	<b>2,669.5</b>		

\*Restated due to changes in IAS19R.

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## KEY FIGURES

(Unaudited)

	Note	1Q2013	4Q2012*	1Q2012*
EBITDA-margin	1	52.7%	50.9 %	32.8 %
Equity ratio	2	33.7%	33.0 %	33.4 %
Return on equity	3	5.3%	20.1 %	1.1 %
Return on capital employed	4	5.8%	16.3 %	4.1 %
Net interest bearing debt (USD million)	5	1,673.9	1676.8	1734.4
Cash flow per share (USD)	6	0.07	0.08	0.03
EPS - basic and diluted (USD)	7	0.04	0.16	0.01
Shares - end of period (million)		688.0	688.0	688.0
Share price (NOK)		6.15	5.15	7.59
Market cap (NOKm)		4,231	3,543	5,222
Market cap (USDm)		726	637	917

\* 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
<b>FPSOs</b>				
Sendje Berge	Nigeria	Addax/Sinopec	2000	2005-2013
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' NÁAB	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
<b>FSO</b>				
Belokamenka	Russia	Rosneft	2003	2004-2019
<b>EPC</b>				
Papa Terra/P-63 (FPSO)	Brazil	Petrobras	Ongoing	EPC + 3 year operation
<b>Operating and maintenance agreement</b>				
Peregrino (FPSO)	Brazil	Statoil		2013-2018 + options until 2033