

# BW Offshore

## Q1 2012 presentation

10 May 2012



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# Highlights

- Q1 2012 EBITDA of USD 69.2 million
- BW Pioneer commenced operation
- BW Athena construction and installation done, completing last commissioning activities before start-up
- BW Joko Tole construction and installation done, completing last commissioning activities before start-up
- Papa Terra sail-away delayed to Q3 2012
- Successfully completed NOK 500 million bond issue
- Dividend of USD 0.02 per share for Q1 2012

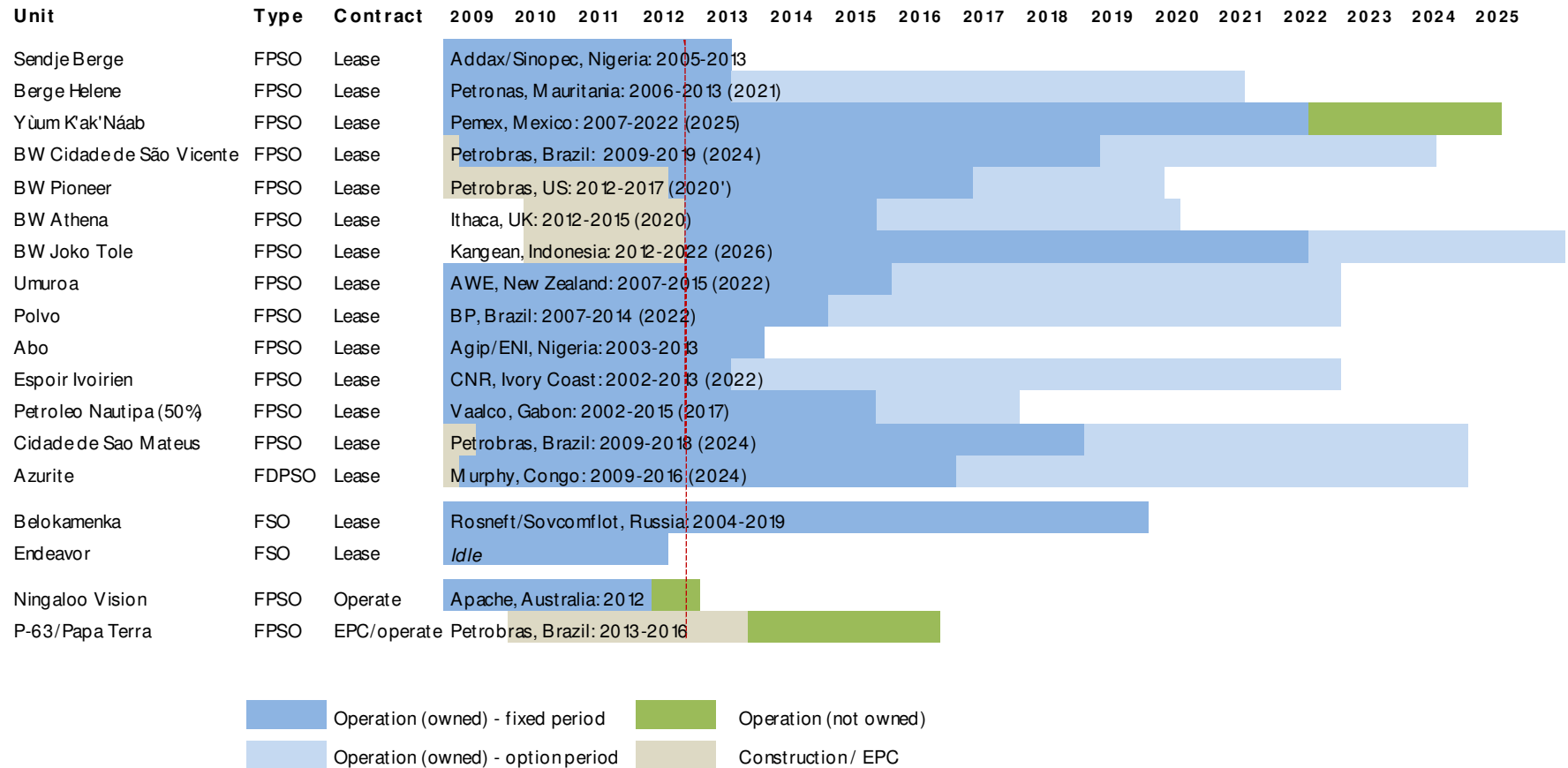


# OPERATIONS

BW JOKO TOL



# Fleet overview



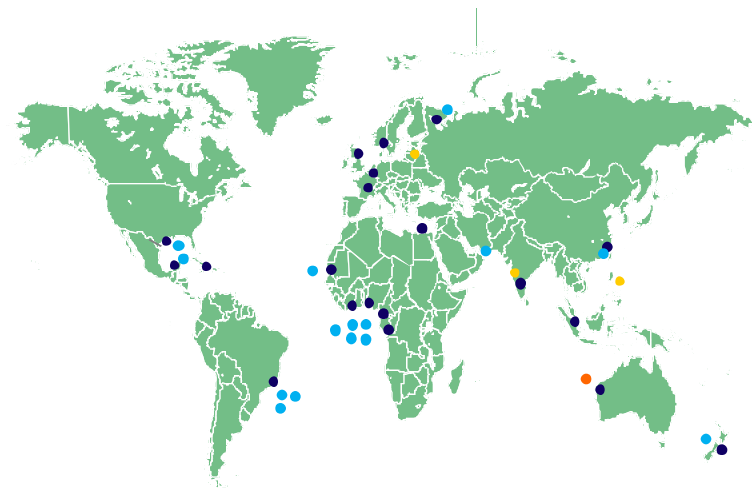
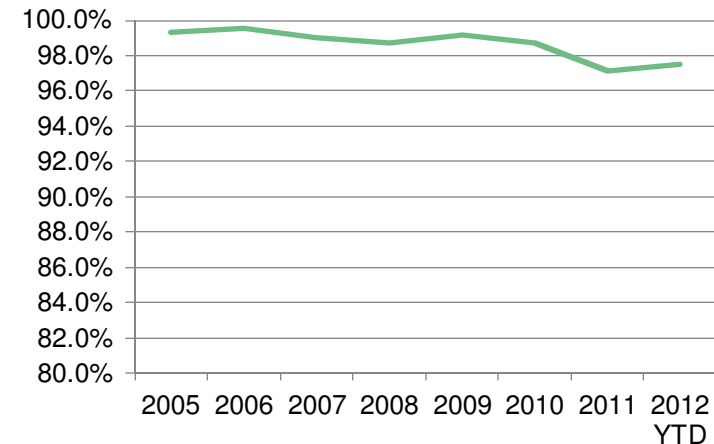
*FPSO Ningaloo Vision sold 10 January 2012 to Apache BW Offshore will operate the unit for up to 9 months*



# Operational highlights

- Fleet uptime
  - Q1 2012 uptime of 97.5%
  - 5 year average uptime is 98.4%
- HSSEQ performance
  - Lost time injuries (LTI) < 1.0
- BW Pioneer received first oil
- Polvo shut down 17 days in first quarter due to boiler leakages

Uptime





# Fleet actions

- Negotiating contract extensions for four units
  - Petroleo Nautipa
  - Abo
  - Espoir Ivorien
  - Sendje Berge
  
- Program for operating improvements
  - Lower operating expenses
    - Best practice
    - Optimisation of manning, repair and maintenance costs
  - Dialogue with clients to improve and align operational targets
  - Overhead optimisation

# BW Pioneer



- FPSO BW Pioneer first oil on 25 February 2012
- First FPSO in US Gulf of Mexico
  - Operating on the Cascade and Chinook oil fields
  - Field owners are Petrobras and Total
- Five year firm contract commenced 18 March 2012
  - Options for additional three years



#### **FPSO particulars**

Oil production capacity:

80,000 bbl/d

Storage capacity:

600,000 bbl

Mooring:

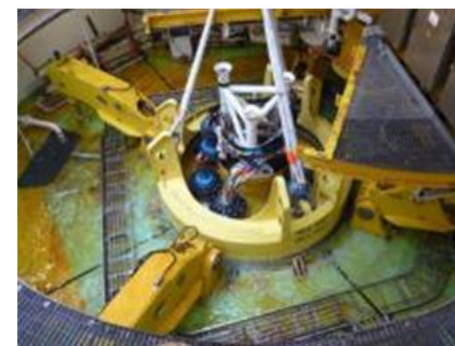
Disconnectable turret

Water depth:

2,500 meters

# BW Athena

- Sail-away from yard 29 February
- On field and connected from 8 April
- Field is operated by Ithaca Energy
  - Field owners: Ithaca Energy, EWE Energie, Dyas, Lochard Energy
- Three year firm contract will commence at facility acceptance
  - Options for additional five years





# BW Joko Tole

- Sail-away from yard 30 March
- Arrival on field 6 April – installation completed 6 May
- Final commissioning and start-up preparations ongoing
- Field is operated by Kangean Energy
  - Field owners: Kangean Energy, Mitsubishi and Japan Petroleum Exploration
- Ten year firm contract will commence after facility acceptance
  - Options for additional four years



# Papa Terra (EPC)

- Unit at COSCO Dalian Shipyard, China
  - Progress ~95% at end March
    - Delays to ship boiler upgrade affected commissioning schedule and sail-away
    - Extended yard stay has increased costs
  - Overall project schedule is still on track
    - More topside work has been completed by QUIP in China than initially planned
  - 8.6 million man hours completed with class leading LTI rate of 0.35



# FINANCE





# Financial highlights

- Q1 2012 EBITDA of USD 69.2 million
  - Negative contribution from P-63 (Papa Terra)
  - Insurance settlement Ningaloo Vision
  - BW Pioneer starts production
- Bond issue of NOK 500 million
- Project financing of BW Joko Tole targeted for Q3 2012
- Final payment from Apache for Ningaloo Vision in Q3 2012



# P&L



USD million	Q1 12	Q4 11	Q1 11
Operating revenue	217.5	208.1	193.5
Operating expenses	-148.4	-135.5	-117.9
Share of profit from associates	0.1	0.2	0.0
<b>EBITDA</b>	<b>69.2</b>	<b>72.8</b>	<b>75.6</b>
Depreciation	-43.6	-46.8	-40.4
Amortisations	-0.6	-1.6	-0.8
Gain (loss) on sale of assets / impairments	0.2	-138.5	0.6
<b>EBIT</b>	<b>25.2</b>	<b>-114.1</b>	<b>35.0</b>
Net interest expense	-14.1	-12.1	-11.3
Fx, fin instr and other fin items	-1.6	2.6	6.2
<b>Profit (loss) before tax</b>	<b>9.5</b>	<b>-123.6</b>	<b>29.9</b>
Income tax expense	-6.1	-27.4	-5.4
<b>Net profit (loss) from continued operations</b>	<b>3.4</b>	<b>-151.0</b>	<b>24.5</b>
<i>Net profit (loss) from discontinued operations</i>	<i>0.0</i>	<i>-0.7</i>	<i>0.0</i>
<b>Net profit (loss)</b>	<b>3.4</b>	<b>-151.7</b>	<b>24.5</b>

<b>Reported EBITDA</b>	<b>69.2</b>
<i>Share of profit of associates (positive in Q)</i>	<i>-0.1</i>
<b>Adjusted EBITDA</b>	<b>69.1</b>
<i>Fx (included in EBITDA, positive in Q)</i>	<i>-4.0</i>
<b>Operational EBITDA</b>	<b>65.1</b>



# Balance sheet

- Equity ratio 33.5 %
- Net interest bearing debt USD 1,734.4 million

USD million	31.03.12	31.12.11	31.03.11
Total non-current assets	3 055.1	3 009.6	3 298.3
<i>Assets of disposal group held for sale</i>	-	185.0	7.1
Total current assets	401.9	607.0	509.2
<b>Total assets</b>	<b>3 457.0</b>	<b>3 616.6</b>	<b>3 807.5</b>
Total equity	1 157.5	1 171.9	1 384.8
Total non-current liabilities	1 785.4	1 901.8	1 855.7
<i>Liabilities of disposal group held for sale</i>	0.0	0.0	7.1
Total current liabilities	514.1	542.9	567.0
Total liabilities	2 299.5	2 444.7	2 422.7
<b>Total equity and liabilities</b>	<b>3 457.0</b>	<b>3 616.6</b>	<b>3 807.5</b>

<b>Reported interest bearing debt *</b>		<b>1838.9</b>
<i>Cash and deposits</i>	81.7	
<i>Non-current deposits *</i>	22.8	
		-104.5
<b>Net interest bearing debt</b>		<b>1734.4</b>

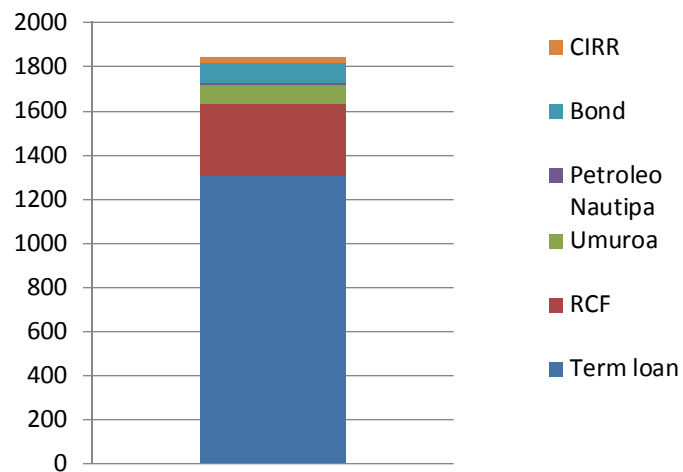
\* Per Q1 2012, USD 22.8 million is related to the CIRR financing scheme; increasing both long term debt and non-current deposits



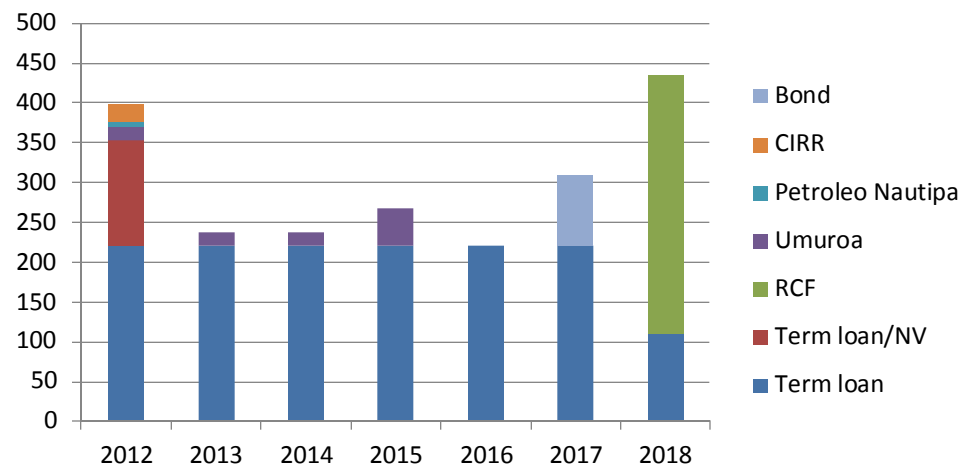
# Debt and instalment profile

- Gross debt of USD 1,838.9 million per 31 March 2012
- Remaining 2012 instalments of USD 150 million per 31 March 2012
  - Q1 2012 instalments of USD 116 million
  - Q1 2012 repayments of USD 133 million

**Gross debt (MUSD)**



**Instalments (MUSD)**





# Investments

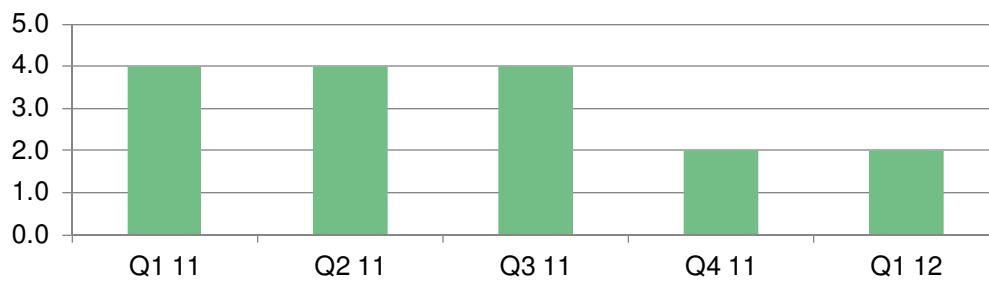
- Completion of construction projects in line with revised plan
  - BW Joko Tole: Total investment of approx USD 400 million
  - BW Athena: Total investment of approx USD 300 million
- Asset investments are only done on fixed long term contracts
- Capital intensive conversion period without EBITDA
- New start-ups will contribute to a significant EBITDA-growth
  - BW Pioneer
  - BW Athena
  - BW Joko Tole
- EPC projects (P-63/Papa Terra) booked as construction contract
  - Revenue and contribution recognised in accordance with the “Percentage of Completion” method
  - Negative EBITDA contribution of USD 10 million in Q1 2012



# Dividend

- Dividend for Q1 2012: USD 0.02 per share
- Dividend policy of paying 20-25% of EBITDA
  - Dividend to grow in line with EBITDA
  - Maintain robust balance sheet with balanced growth and dividends
- Five consecutive quarters of cash dividend payments since introduction of dividend policy

**Dividend payments (US cent / share)**



FUTURE

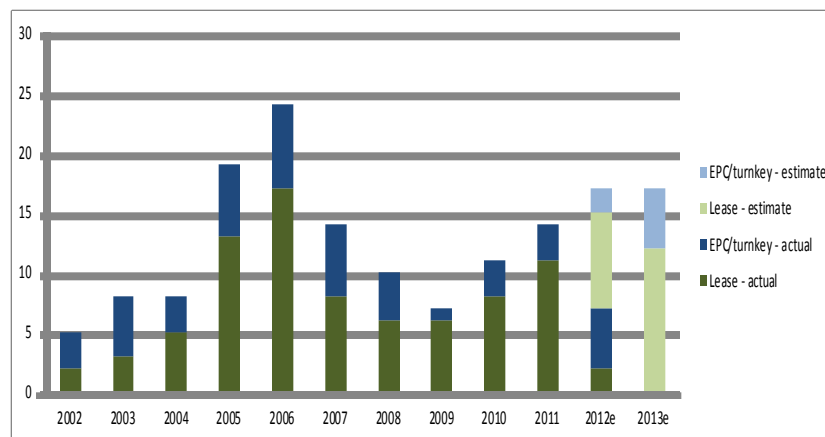




# Market activity

- Continued trend for paid FEED studies and extended preparation time before contract
- Supportive supply/demand picture
- FPSO contractors have limited financial capacity for new developments short and mid term
- High prospect activity and high number of pending contracts

## FPSO awards



### 2012 YTD

Odebrecht/OAS/UTC - Inhauma	Newbuild (4x)	Petrobras	Brasil
Samsung	Newbuild	Inpex	Australia
Rubicon	Redeployment	Pemex	Mexico
EOC/EMAS	Redeployment	Hess	Malaysia

Source: Fearnley, IMA

# Selected opportunities next 12 months



Project Name	Operator	Country	Indicated award
<b>Western Isles FPSO</b>	Dana	UK-North Sea	Q3 2012
<b>Campos FSO</b>	BG	Brazil	Q3 2012
<b>Fram FPSO</b>	Shell	UK-North Sea	Q3 2012
<b>T.E.N. FPSO</b>	Tullow	Ghana	Q3 2012
<b>Madura FPSO</b>	CNOOC/Husky	Indonesia	Q4 2012
<b>Ande Ande Lumut FPSO</b>	AWE	Indonesia	Q4 2012
<b>Heidrun FSU</b>	Statoil	Norway	Q4 2012
<b>Ayatsil FPSO</b>	Pemex	Mexico	Q1 2013
<b>Chissonga FPSO</b>	Maersk Oil	Angola	Q1 2013
<b>Catcher FPSO</b>	Premier	UK-North Sea	Q1 2013
<b>ConSon FPSO</b>	CSOC	Vietnam	Q1 2013
<b>Atlanta/Olivia FPSO</b>	QGEP	Brazil	Q1 2013
<b>Udele/Ofrima FPSO</b>	Addax/Sinopec	Nigeria	Q1 2013
<b>Siri FPSO</b>	Petrobras	Brazil	Q1 2013
<b>Lady Nora FPSO</b>	Woodside	Australia	Q2 2013
<b>UBON FPSO</b>	Chevron	Thailand	Q2 2013
<b>Gerrongan FPSO</b>	Shell	Brunei	Q2 2013
<b>E6 FPSO</b>	Shell	Malaysia	Q2 2013
<b>Leviathan FPSO</b>	Noble Energy	Israel	Q2 2013



# Targeting new lease contracts

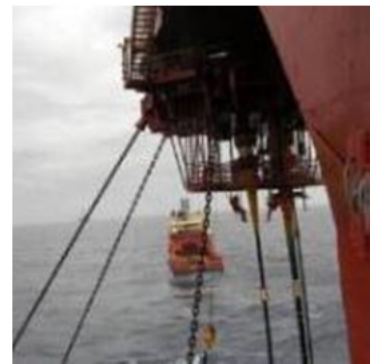
- BW Offshore has the capacity to start 1-2 new projects in 2012
- Have delivered a large number of bids
- Lower bid costs due to paid feeds
- Disciplined approach to contractual terms





# Project and engineering improvements

- In-house resources and competency
  - Significant increase in bid preparation time improving accuracy of cost estimate and delivery plan
  - Enhanced project front-end loading and engineering resources
  - Co-location of project execution, engineering and construction
  - Supplier and sub-contractor control and improved terms by leveraging company size post merger
  - Higher visibility and closer monitoring of performance measures
- ➔ *Improved project execution and predictability*



# Management team



**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)
- 14 years as CEO of APL/BWO



**Knut Sæthre**  
*Chief Financial Officer*

- Master in Finance from University of Fribourg, Switzerland
- MBA from NHH, Norway
- 15 years of top management positions with ABB and Aker Solutions
- 6 years CFO of APL/BWO



**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



**Thyl Kint**  
*Chief Technical Officer*

- Master in Ocean Engineering & Business from University 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



**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



# Summary

- First oil on BW Pioneer
- Final preparations for start-up on BW Athena and BW Joko Tole
- Papa Terra sail-away targeted for Q3 2012
- Opex improvements targeted across the fleet
- Continued strengthening of project execution and engineering capabilities
- In final negotiations for FPSO contracts on improved terms
- Continued high market activity



# Q & A





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

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