

# BW Offshore

## Q3 2011 presentation

18 November 2011



# Disclaimer



*This Presentation has been produced by BW Offshore Limited ("BW Offshore") exclusively for information purposes. This presentation may not be redistributed, in whole or in part, to any other person.*

*This document contains certain forward-looking statements relating to the business, financial performance and results of BW Offshore and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of BW Offshore or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of BW Offshore or any of its parent or subsidiary undertakings or any such person's officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Presentation or the actual occurrence of the forecasted developments. BW Offshore assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to our actual results.*

*No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, neither BW Offshore nor any of its parent or subsidiary undertakings or any such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document. Actual experience may differ, and those differences may be material.*

*By attending this Presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of BW Offshore and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the businesses of BW Offshore. This presentation must be read in conjunction with the recent Financial Information and the disclosures therein.*

*This announcement is not an offer for sale or purchase of securities in the United States or any other country. The securities referred to herein have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be sold in the United States absent registration or pursuant to an exemption from registration under the U.S. Securities Act. BW Offshore has not registered and does not intend to register its securities in the United States or to conduct a public offering of its securities in the United States. Any offer for sale or purchase of securities will be made by means of an offer document that may be obtained by certain qualified investors from BW Offshore. Copies of this Presentation are not being made and may not be distributed or sent into the United States, Canada, Australia, Japan or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures.*

*In any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any member State, the "Prospectus Directive"), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.*

*This Presentation is only directed at (a) persons who are outside the United Kingdom or (b) investment professionals within the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (c) persons falling within Article 49(2)(a) to (d) of the Order; or (d) persons to whom any invitation or inducement to engage in investment activity can be communicated in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 does not apply.*



# Highlights

- Q3 2011 EBITDA of USD 76.7 million
- Ningaloo Vision uptime 99.3%
- Successfully delivered the FPSO OSX 1 project
- Selected for two FPSO FEED studies
- Dividend of USD 0.04 per share for Q3 2011



# STATUS

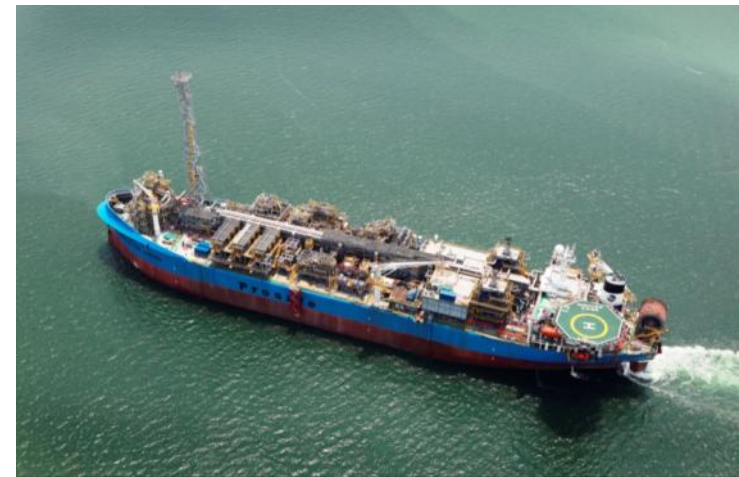
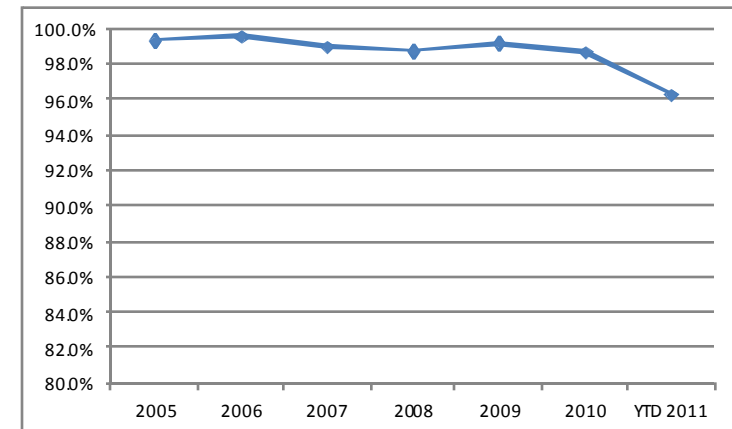


# Operations

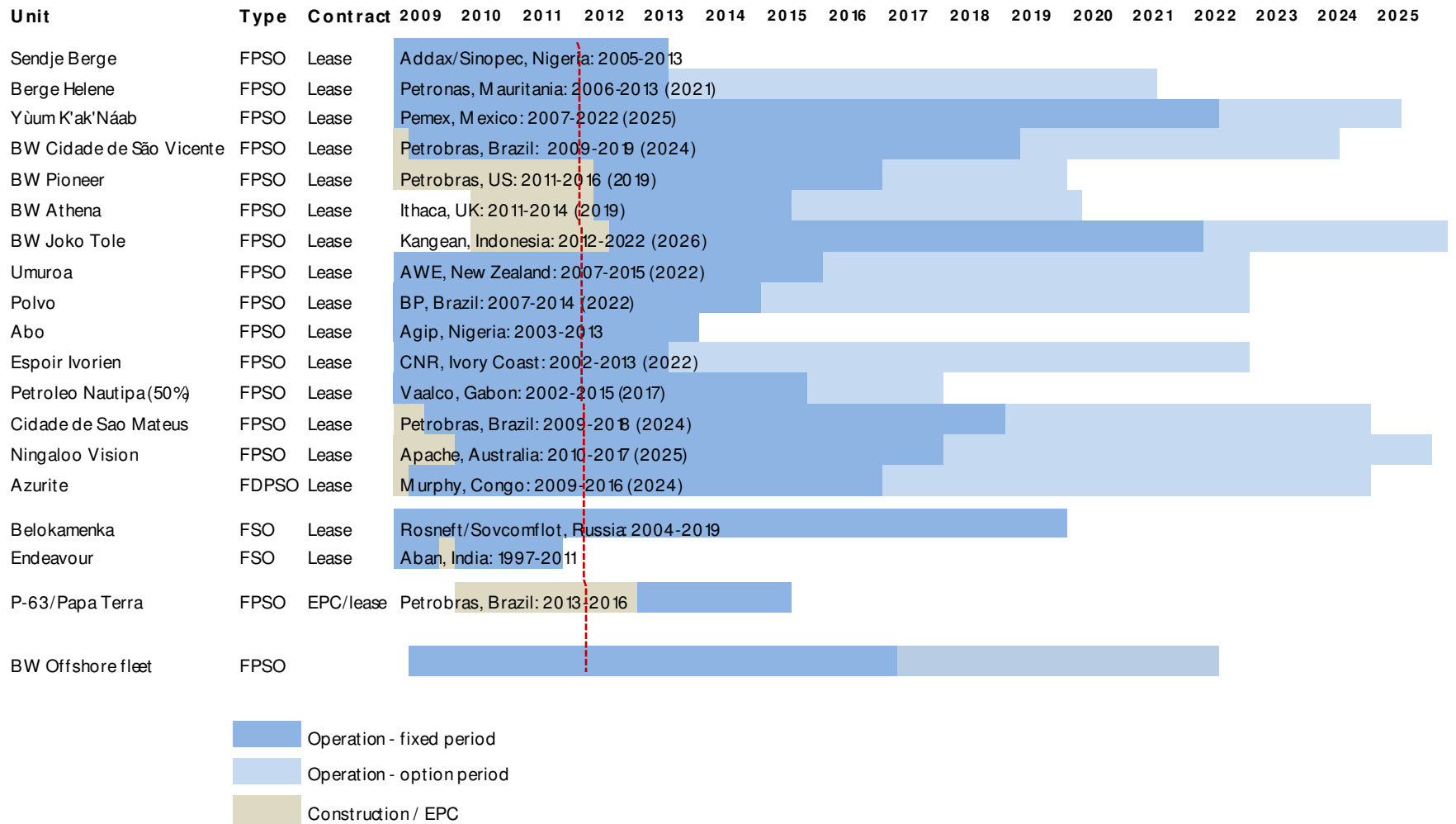


- Fleet uptime
  - Q3 2011 uptime of 96.2%
  - 5 year average uptime is 98.5%
- Ningaloo Vision resumed production in August
  - Uptime of 99.3% in September
  - Uptime of 99.8% in October
- Excellent HSSEQ performance
  - Lost time injuries (LTI) < 1.0
- BW Pioneer on stand-by day rate

Production uptime



# Fleet



# FPSOs under construction – I

- BW Athena at Drydocks World, Dubai
  - Progress ~95% at end October
  - Completing full revision of existing process plant
  - Turret system delivered and installed by client at field
  - Completed UK Safety Case
  - Crew mobilised and participating in final checkout of unit prior to departure





## FPSOs under construction - II

- BW Joko Tole at Sembawang Shipyard, Singapore
  - Progress ~80% at end October
  - All modules integrated
  - Finalizing piping and cable scope
  - Preparations for installation campaign is progressing according to plan
  - Ready for operation first half 2012





# EPC projects - I

- P-63/Papa Terra at COSCO Dalian Shipyard, China
  - Progress ~85% at end October
  - BW Offshore's scope at yard is expected to be completed early 2012
  - The JV has decided to extend the yard stay in China by 5 months to facilitate integration of QUIP's topside modules
  - Hook up scope in Brazil will be completed second half of 2012
  - Unit will be delivered to client end of 2012



## EPC projects - II

- FPSO OSX 1
  - Sail away from Singapore to Rio end August
  - BW Offshore's main scope is completed
  - Client has requested limited additional services in relation to commissioning and start-up activities

**Singapore, August 2011**



**Rio, October 2011**



# FINANCE



# Key takeaways

- EBITDA of USD 77 million
  - Negative FX effects
  - No profit recognised for the Papa Terra project
  - OSX project completed
- Tankers BW Ara and M/T Takama sold in September
  - Total proceeds USD 36 million, financial gain USD 15 million
- Purchase price allocation will be finalized in Q4 2011



# P&L



USD million	Q3 11	Q2 11	Q3 10	2010
Operating revenue	216.1	228.6	139.0	549.3
Operating expenses	-138.9	-141.7	-59.7	-382.2
Share of profit from associates	-0.5	0.0	-16.4	-14.8
<b>EBITDA</b>	<b>76.7</b>	<b>86.9</b>	<b>62.9</b>	<b>152.3</b>
Depreciation	-46.9	-45.6	-13.1	-83.1
Amortisations	-1.0	-1.0	-0.9	-4.1
Gain (loss) on sale of assets / impairments	15.3	2.6	0.0	-85.0
<b>EBIT</b>	<b>44.1</b>	<b>42.9</b>	<b>48.9</b>	<b>-19.9</b>
Net interest expense	-13.4	-9.5	-5.6	-26.2
Fx, fin instr and other fin items	-20.5	-21.8	8.7	-37.0
<b>Profit (loss) before tax</b>	<b>10.2</b>	<b>11.6</b>	<b>52.0</b>	<b>-83.1</b>
Income tax expense	-5.4	-5.7	-2.4	-16.4
<b>Net profit (loss) from continued operations</b>	<b>4.8</b>	<b>5.9</b>	<b>49.6</b>	<b>-99.5</b>
<i>Net profit (loss) from discontinued operations</i>	<i>0.0</i>	<i>0.0</i>	<i>8.0</i>	<i>122.9</i>
<b>Net profit (loss)</b>	<b>4.8</b>	<b>5.9</b>	<b>57.6</b>	<b>23.4</b>

<b>Reported EBITDA</b>	<b>76.7</b>
<i>FX adjustments (MTM) &amp; share of profit</i>	<i>6.4</i>
<b>Operational EBITDA</b>	<b>83.1</b>



# Balance sheet

- Equity ratio 35.5%
- Net interest bearing debt USD 1,693.3 million

USD million	30.09.2011	30.06.2011	31.12.10
Total non-current assets	3 369.9	3 345.5	3 287.4
<i>Assets of disposal group held for sale</i>	7.1	7.1	7.1
Total current assets	367.1	428.4	382.8
<b>Total assets</b>	<b>3 737.0</b>	<b>3 773.9</b>	<b>3 670.2</b>
Total equity	1 352.9	1 376.0	1 375.6
Total non-current liabilities	1 847.5	1 766.5	337.7
<i>Liabilities of disposal group held for sale</i>	7.1	7.1	7.1
Total current liabilities	536.6	631.4	1 956.9
Total liabilities	2 384.1	2 397.9	2 294.6
<b>Total equity and liabilities</b>	<b>3 737.0</b>	<b>3 773.9</b>	<b>3 670.2</b>

<b>Reported interest bearing debt *</b>		<b>1894.2</b>
<i>Cash and deposits</i>	155.3	
<i>Non-current deposits *</i>	45.6	
		-200.9
<b>Net interest bearing debt</b>		<b>1693.3</b>

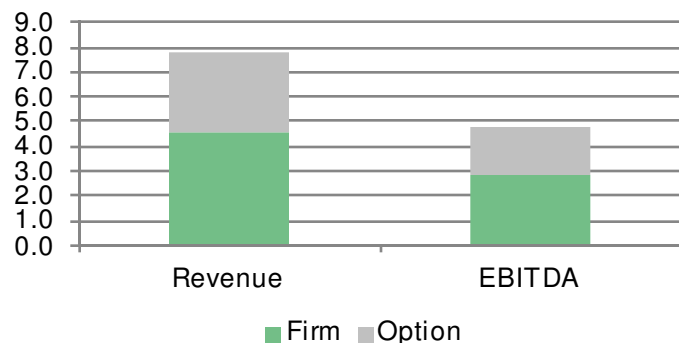
\* Per Q3 2011, USD 45.5 million is related to the CIRR financing scheme; increasing both long term debt and non-current deposits



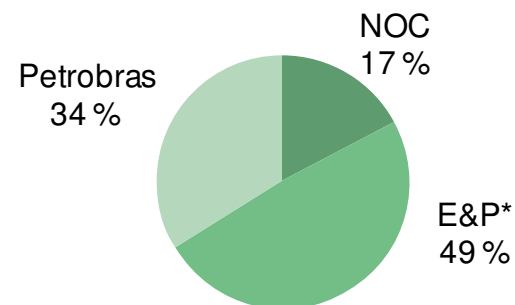
# Secure cashflow

- Run rate EBITDA of existing contracts is USD 500 million
- Long term contracted cash flow with strong counterparties
  - Order book of USD 7.8 billion in revenue
- Average contract length is 10 years including options (firm 5 years)
- Financial resources available for new FPSO/FSO projects that meet the company's targeted returns

**Order book**



**Clients**



*\*Agip, Apache, AWE, CNR, BP, Kangean, Ithaca, Murphy, Vaalco*

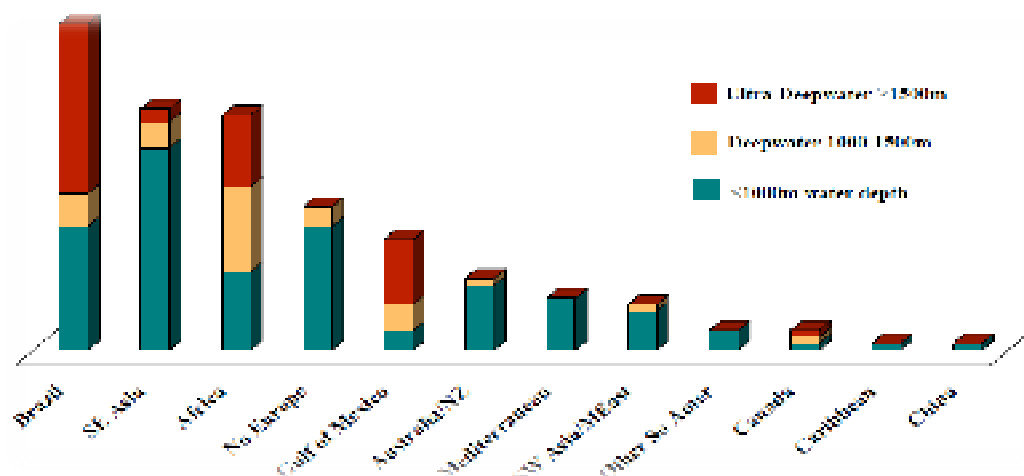
# OUTLOOK





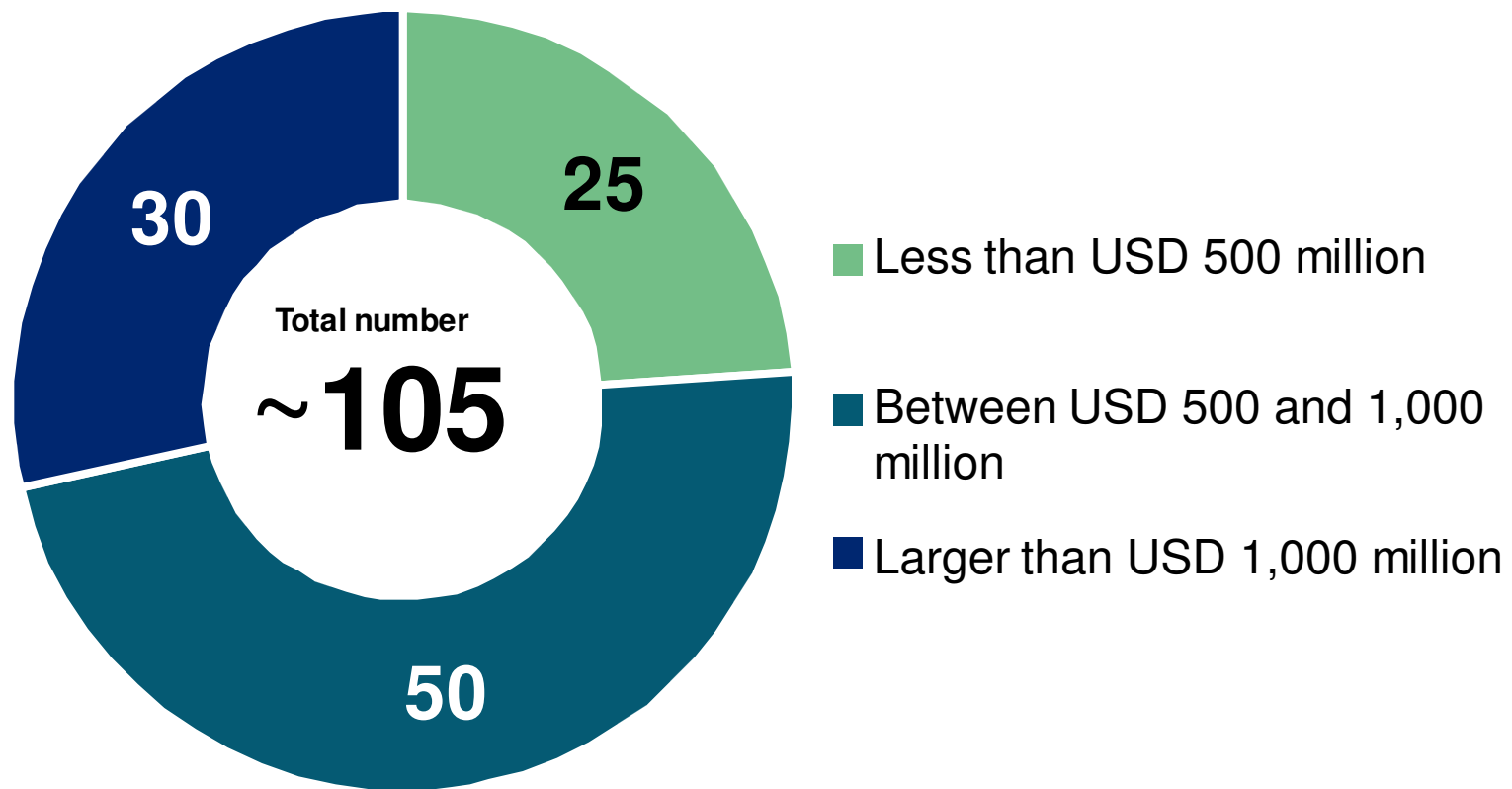
# Strong demand at improved terms

- Strong demand in all markets
  - More than 200 potential FPSO projects evaluated by clients world-wide
  - High activity in all regions
- Limited number of active FPSO companies
  - Track record in engineering, project execution and operation
  - Financial strength and capabilities



Source: IMA

# Expected FPSO demand next 5 years



# Selected opportunities next 12 months

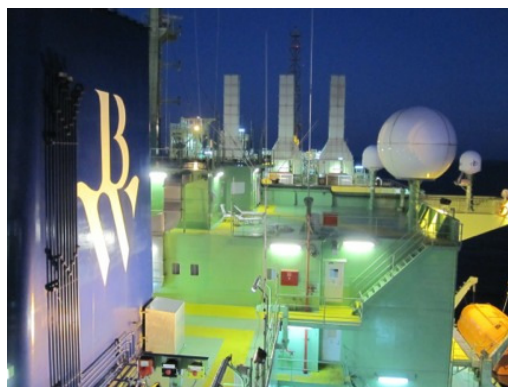


Project Name	Operator	Country	Indicated award
<b>Western Isles FPSO</b>	Dana	UK-North Sea	Q1 2012
<b>Brazilian Blocks FPSO</b>	Petrobras	Brazil	Q2 2012
<b>Santos FSO &amp; Terminals</b>	BG	Brazil	Q2 2012
<b>Siri FPSO</b>	Petrobras	Brazil	Q2 2012
<b>Ayatzil-Tekel FPSO</b>	Pemex	Mexico	Q3 2012
<b>Chissonga FPSO</b>	Maersk Oil	Angola	Q3 2012
<b>Fram FPSO</b>	Shell	UK-North Sea	Q3 2012
<b>Kudu FPU</b>	Tullow	Namibia	Q3 2012
<b>T.E.N. FPSO</b>	Tullow	Ghana	Q3 2012
<b>Deepwater Brunei FPSO</b>	Shell	Brunei	Q4 2012
<b>Madura FPSO</b>	CNOOC	Indonesia	Q4 2012
<b>Peregrino II FPSO</b>	Statoil	Brazil	Q4 2012
<b>Teak FPSO</b>	Kosmos	Ghana	Q4 2012



# Summary

- Contracted cash flow from existing assets
  - Order book of USD 7.8 billion with an average contract length 10 years
- Quarterly dividend payments
  - Current yield at 9.6%
- Strongest demand ever
  - Target list of 13 selected prospects next 12 months
- Resources and capabilities to grow the business at improved terms



# Q & A





# APPENDIX





## Units on contract – in operation



### **Sendje Berge, FPSO** **Sinopec, Nigeria**

- 60,000 bpd oil processing
- 55 mmscfd gas compression
- 2,000,000 bbls storage
- Spread mooring



### **Yùum K'ak'Náab, FPSO** **Pemex, Mexico**

- 600,000 bpd oil handling
- 200,000 bpd oil processing
- 2,500,000 bbls storage
- Disconnectable turret mooring



### **Berge Helene, FPSO** **Petronas, Mauritania**

- 100,000 bpd liquids processing
- 75,000 bpd oil processing
- 100,000 bpd water injection
- 54 mmscfd gas compression
- 2,000,000 bbls storage
- Turret mooring



## Units on contract – in operation



### **Belokamenka, FSO** **Sovkomflot, Russia**

- 2,400,000 bbls storage
- Cargo heating system
- Spread mooring



### **BW Pioneer, FPSO** **Petrobras, US**

- 80,000 bpd oil processing
- 25.6 mmscfd gas export
- 600,000 bbls storage
- Disconnectable turret mooring



### **BW Cidade de São Vicente, FPSO** **Petrobras, Brazil**

- 40,000 bopd oil processing
- 1,000,000 bbls storage



## Units on contract – in operation



### **Ningaloo Vision, FPSO**

#### **Apache, Australia**

- 63,000 bpd oil processing
- 80 mmscfd gas compression
- 620,000 bbls storage
- Disconnectable turret



### **Espoir Ivorien, FPSO**

#### **CNR, Ivory Coast**

- 40,000 bpd oil processing
- 60 mmscfd gas compression
- 1,100,000 bbls storage
- Turret mooring



### **Polvo, FPSO**

#### **Devon, Brazil**

- 90,000 bpd oil production
- 8 mmscfd gas compression
- 1,600,000 bbls storage
- Turret mooring

# Units on contract – in operation



## **Umuroa, FPSO** **AWE, New Zealand**

- 50,000 bpd oil processing
- 25 mmscfd gas compression
- 775,000 bbls storage
- Turret mooring



## **Abo, FPSO** **Agip, Nigeria**

- 44,000 bpd oil processing
- 44 mmscfd gas compression
- 930,000 bbls storage
- Spread mooring



## **Petróleo Nautipa, FPSO** **Vaalco, Gabon**

- 20,000 bpd oil production
- 3 mmscfd gas compression
- 1,080,000 bbls storage
- Spread mooring



## Units on contract – in operation



### **Azurite, FDPSO Murphy, Congo**

- 40,000 bpd oil processing
- 18 mmscfd gas compression
- 1,400,000 bbls storage
- Spread mooring



### **Cidade de São Mateus, FPSO Petrobras, Brazil**

- 35,000 bpd oil processing
- 353 mmscfd gas compression
- 700,000 bbl storage



### **Endeavor, FSO Aban, India**

- 550,000 bbls storage
- *Contract expired 31 July 2011*



# Units on contract - project



## ***OSX 1, FPSO - completed OSX, Brazil***

- 42,000 bpd liquid processing
- 40,000 bpd oil processing
- 60,000 pbd w ater injection
- 53 mmscfd gas compression
- 950,000 bbls storage
- Turret mooring



## **BW Joko Tole (TSB), FPSO Kangean Energy, Indonesia**

- 7,000 bpd fluids processing
- 340 mmscfd gas compression
- 200,000 bbls storage
- Spread mooring



## **BW Athena, FPSO Ithaca Energy, UK**

- 40,000 bpd liquids handling
- 28,000 bpd oil processing
- 50,000 bbls storage
- Turret mooring
- Ex BW Carmen

# Units on contract - project



- P-63 (Papa Terra), FPSO**  
**Petrobras, Brazil**
- 2,200,000 bbls storage capacity
  - Ex BW Nisa (ULCC)



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

IR contact: Kristian Flaten, Vice President IR and Corporate Finance  
[kristian.flaten@bwoffshore.com](mailto:kristian.flaten@bwoffshore.com)