

# BW Offshore

## Pareto Oil and Offshore Conference

1 September 2011



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# Who is BW Offshore?

- Leading position in a FPSO market set for growth
- Demonstrated capability to undertake the most demanding projects
- Demonstrated cost and execution control
- Demonstrated long term operational stability
- Strong funding provide opportunities for growth organically and through M&A

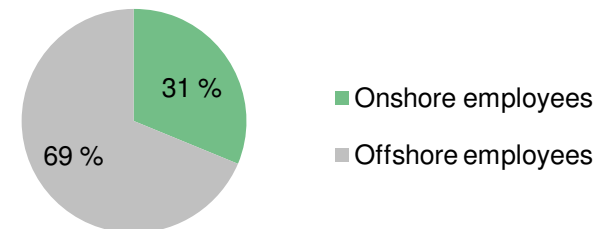




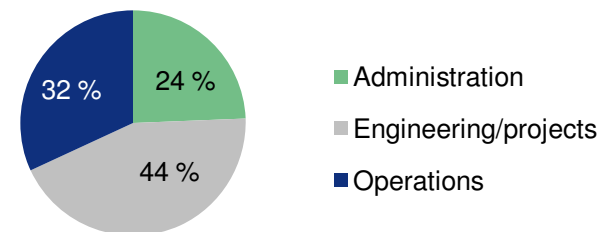
# BW Offshore key facts

- Global headcount 1,900
- Operations in 14 countries
- More than 30 projects delivered
- Operating fleet of 13 FPSOs and 2 FSOs
- Two FPSOs under construction
- Two EPC / management projects
- Market cap USD 1.4 billion

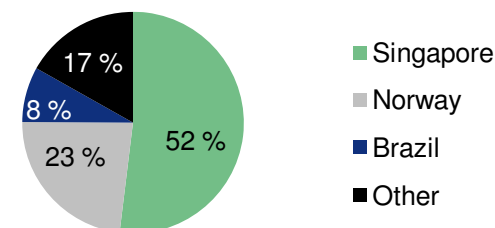
Employees – onshore and offshore



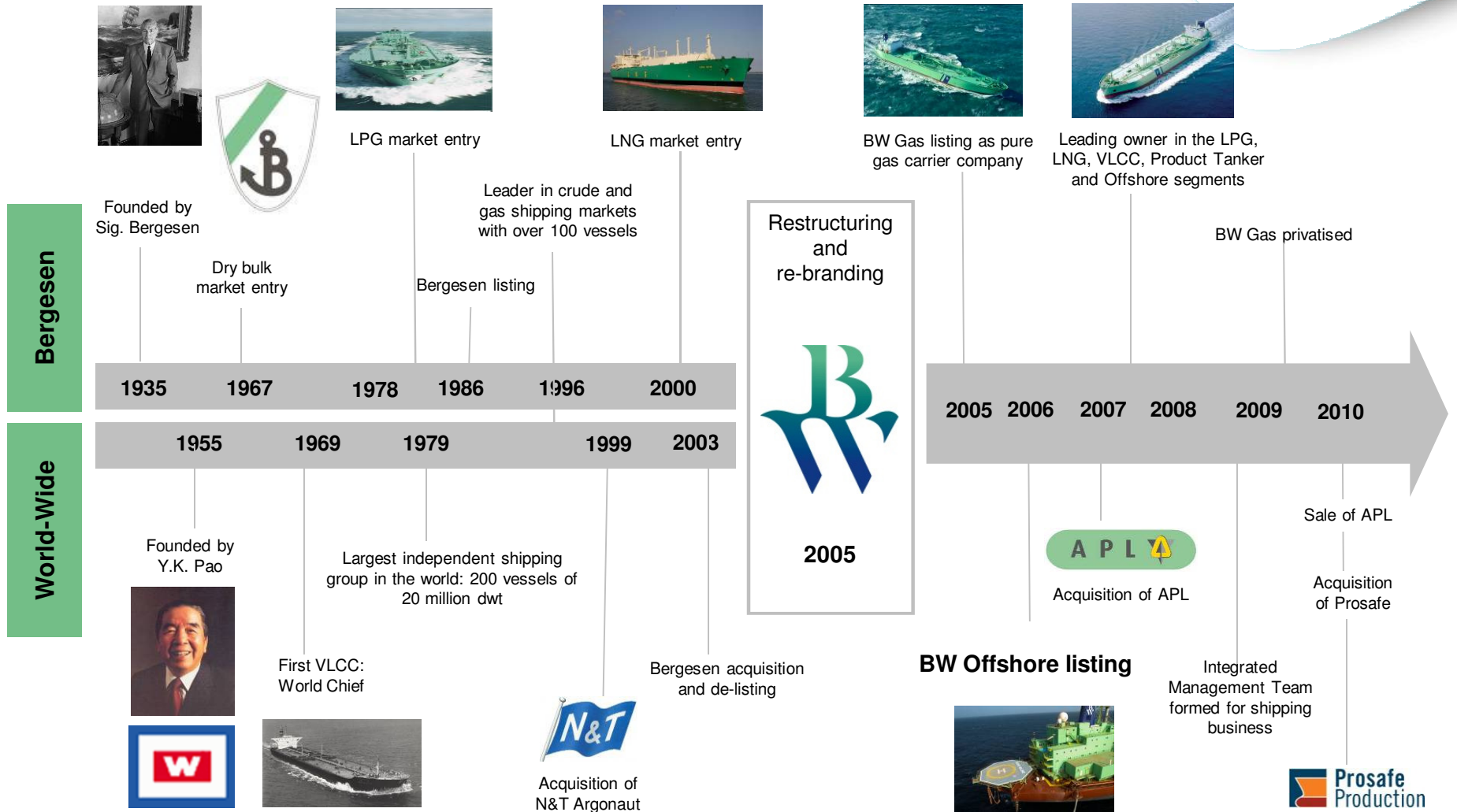
Onshore - functions



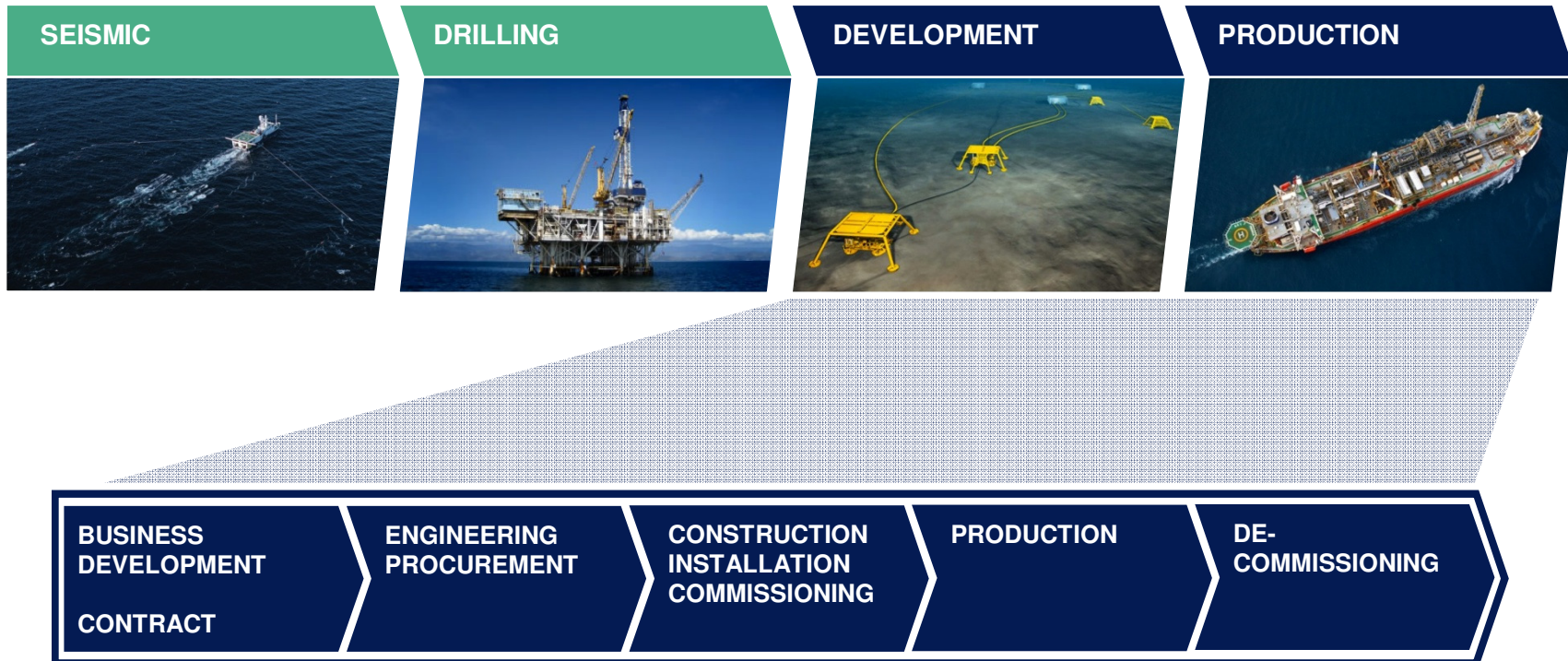
Onshore – geographical



# BW Offshore's background



# BW Offshore in the upstream value chain



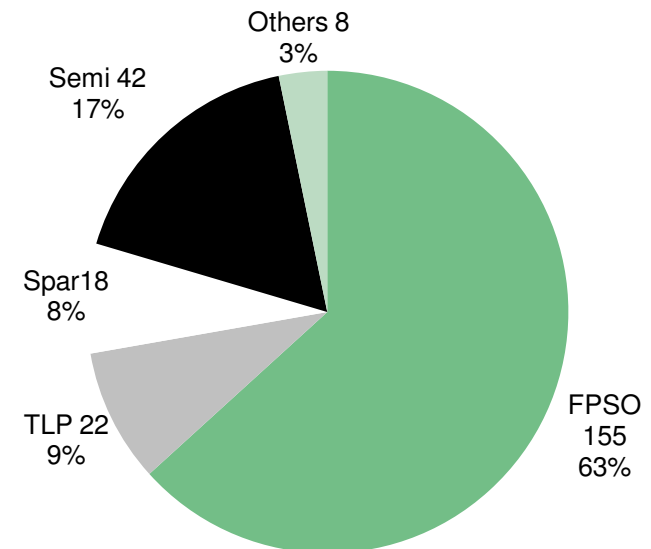


# FPSO – the preferred solution



- Flexible, safe and proven solution
- Generic and field specific sections
- Deck space and deck load capacity
- Storage capacity
- Self propelled marine unit

## Floating production units - installed



Source: IMA

Picture with the courtesy of Petrobras

# Increased complexity drives cost level

## Sendje Berge (2005)

- Benign water
- Spread moored
- Simple topside
- 140 m water depth



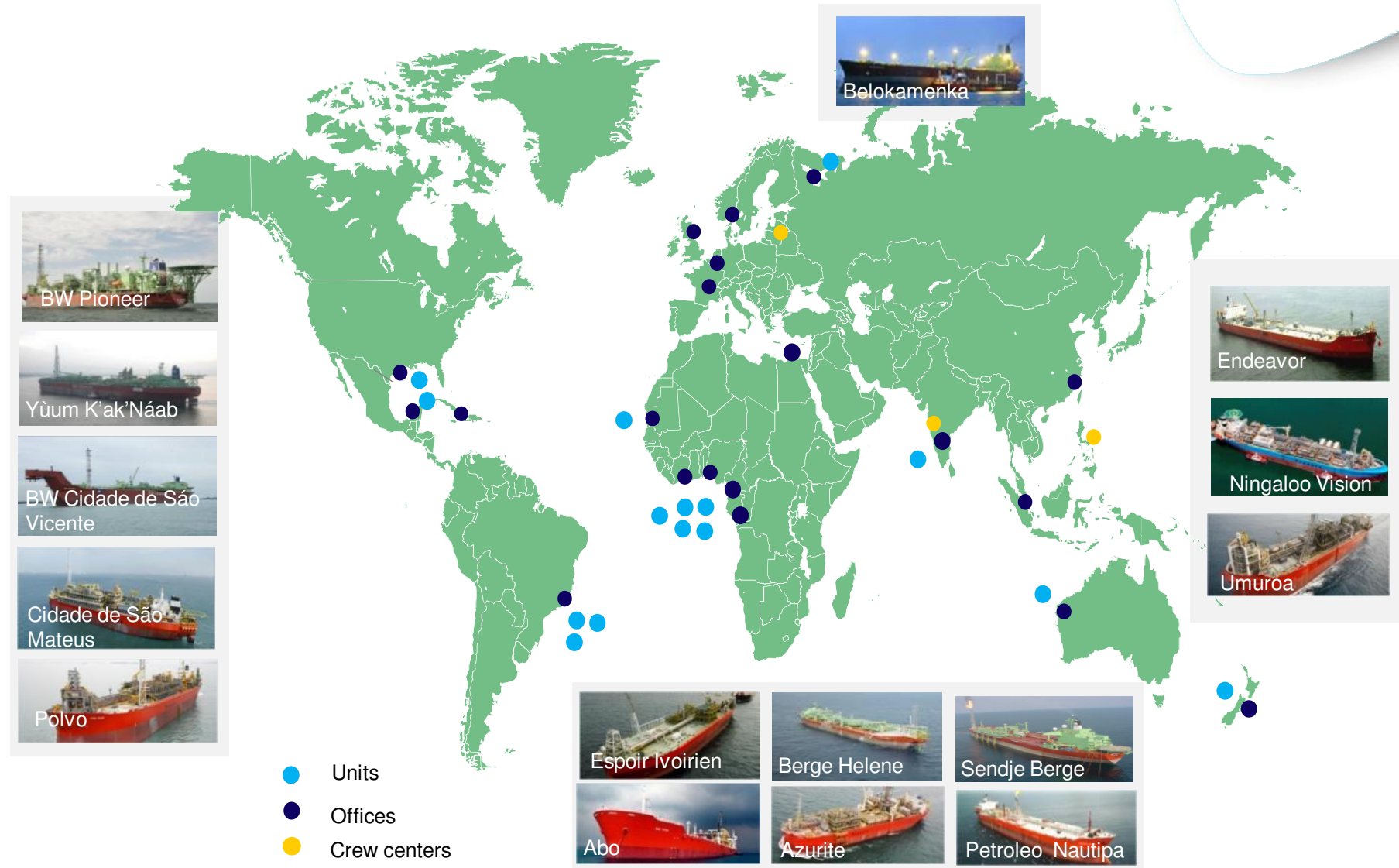
## BW Pioneer (2011)

- Hurricanes
- Turret moored
- Quick disconnect
- Fluid swivel
- 2,500 m water depth

Investment x 6



# Global footprint



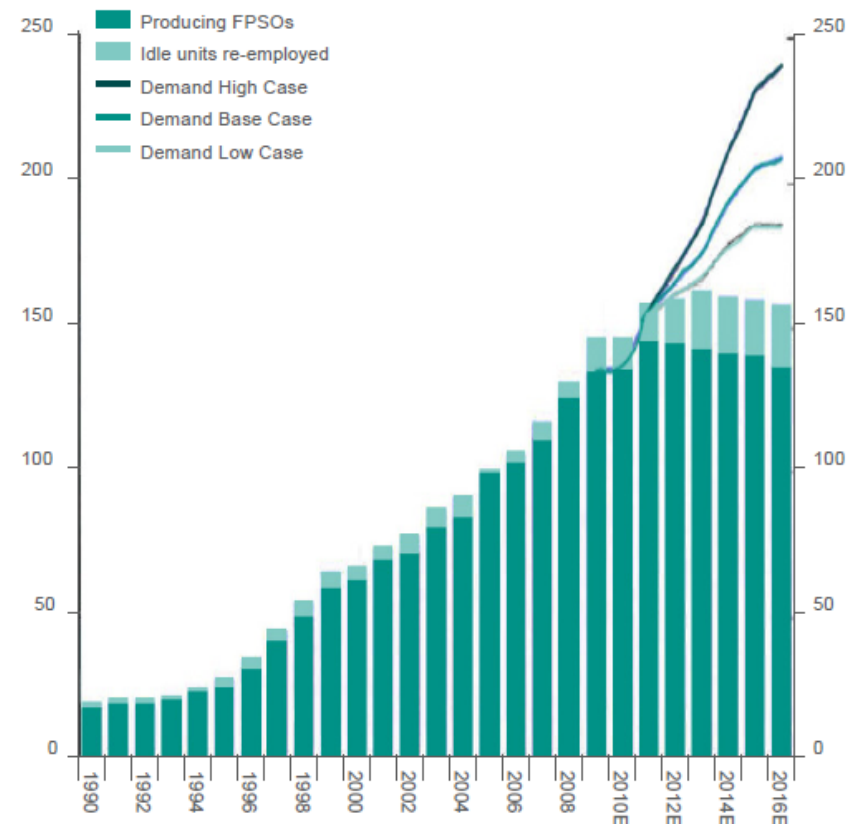


# Market overview

- Annual growth 5-10%
- Most FPSO contracts are extended into the option period – alternatively redeployed on profitable new contracts
- The complexity and size of new FPSOs are increasing
- Leased vs owned – 50/50

## Number of FPSOs globally

FPSO – Supply/Demand



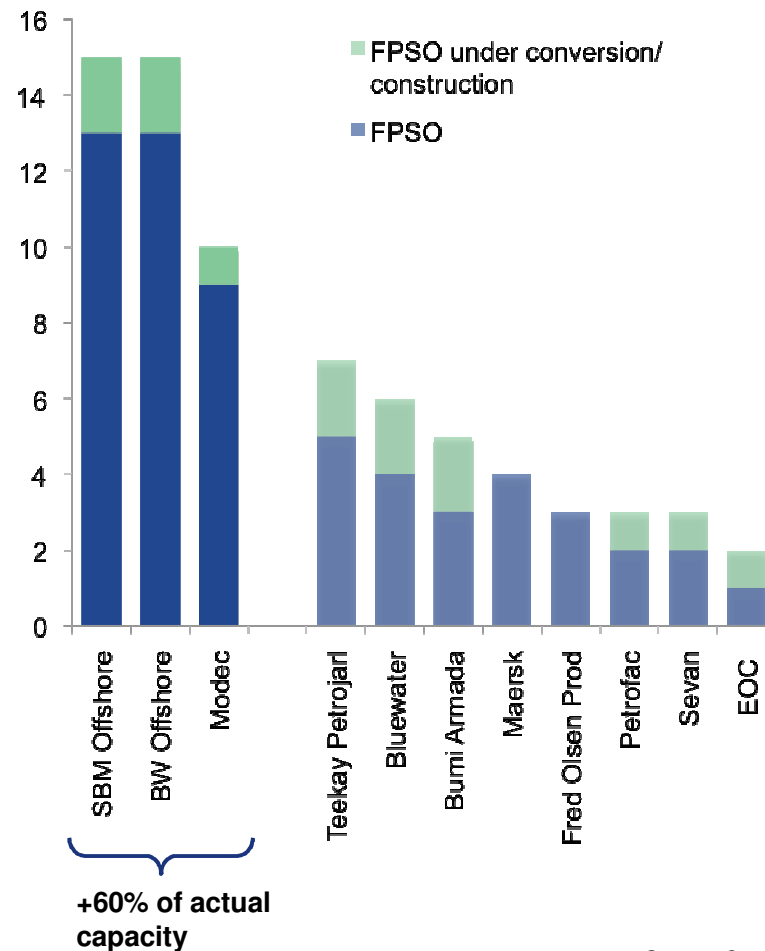
Source: ODS Petrodata, Pareto, ABN AMRO



# Competition

- Number of active FPSO contractors reduced from ~30 to less than 10 since 2008
  - Actual FPSO contracting capacity limited to a handful of players
  - BW Offshore, SBM and Modec represent >60% of actual capacity
- Proven track record has become increasingly important
- Oil companies prefer to initiate dialogue at an early stage of field development through feed studies to reduce development risk

FPSO lease fleet



Source: Companies

# FPSO projects by country (next five years)



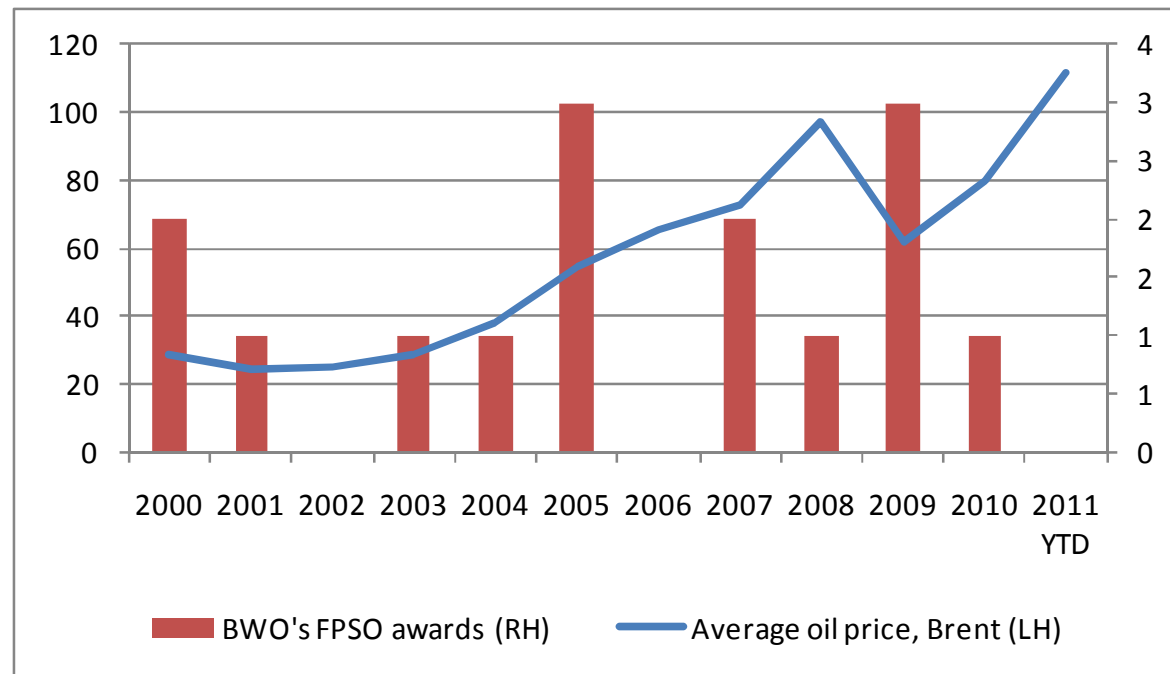
Region / Country	# of FPSO projects
<b>Africa</b>	
<i>Nigeria</i>	11
<i>Angola</i>	9
<i>Ghana</i>	5
<i>Others</i>	5
<b>Total Africa</b>	<b>30</b>
<b>Asia Pacific</b>	
<i>Australia</i>	2
<i>Indonesia</i>	5
<i>Malaysia</i>	4
<i>Vietnam</i>	4
<i>Others</i>	7
<b>Total Asia Pacific</b>	<b>22</b>

Region / Country	# of FPSO projects
<b>Europe</b>	
<i>UK</i>	8
<i>Norway</i>	2
<i>Italy</i>	2
<b>Total Europe</b>	<b>12</b>
<b>North America</b>	
<i>US</i>	1
<i>Canada</i>	2
<b>Central America</b>	
<i>Mexico</i>	4
<b>South America</b>	
<i>Brazil</i>	35
<i>Others</i>	1
<b>Total Americas</b>	<b>43</b>

# High interest for options and redeployments



- BW Offshore is negotiating extensions with several clients
- High oil price makes tail production profitable
  - Average oil price at contract award for BW Offshore's fleet is USD 55



# Asset development



## **ABO (Nigeria)**

- 2<sup>nd</sup> and last 12 months contract extension from ENI on ABO exercised (running to April 2013)
- ENI has indicated that they will require services beyond 2013



## **Sendje Berge (Nigeria)**

- On-going life extension study
- Addax are considering extending the services for several years



## **Espoir (Ivory Coast)**

- Life extension study completed
- CNR are considering extending the services



## **Petroleo Nautipa (Gabon)**

- Potential extension of services from 2015
- Indicative offer submitted



# Financial highlights

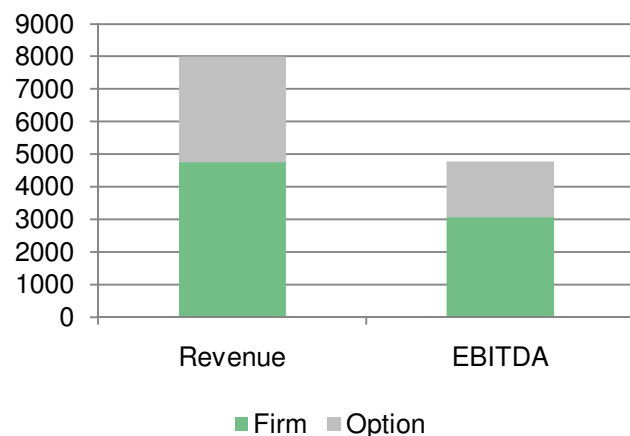
- 2011 financial performance in line with expectations
  - Operating revenues of USD 422 million in H1 2011
  - EBITDA of USD 163 million in H1 2011
- Solid balance and funding
  - Total assets of USD 3.8 billion with equity ratio of 36.5%
  - Net interest bearing debt USD ~1.6 billion
  - Seven year secured loan facilities of USD 2.5 billion
- Financial resources available for new FPSO/FSO projects that meet the company's targeted returns



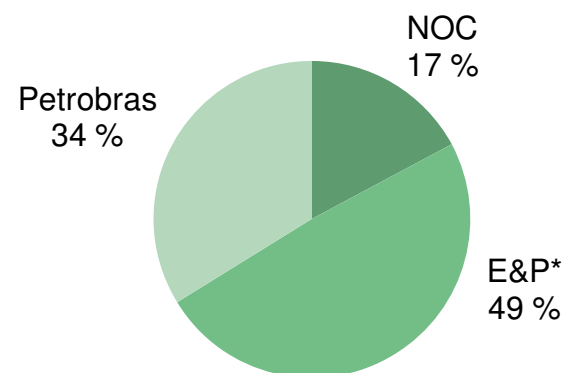
# Secure cashflow

- High earnings visibility based on contracted cashflow
  - Order book of USD 8.0 billion in revenue
  - Order book of USD 5.0 billion in EBITDA
  - Average contract length is 10.2 years including options (firm 5.5 years)
- Solid counterparties

**Order book**



**Clients**

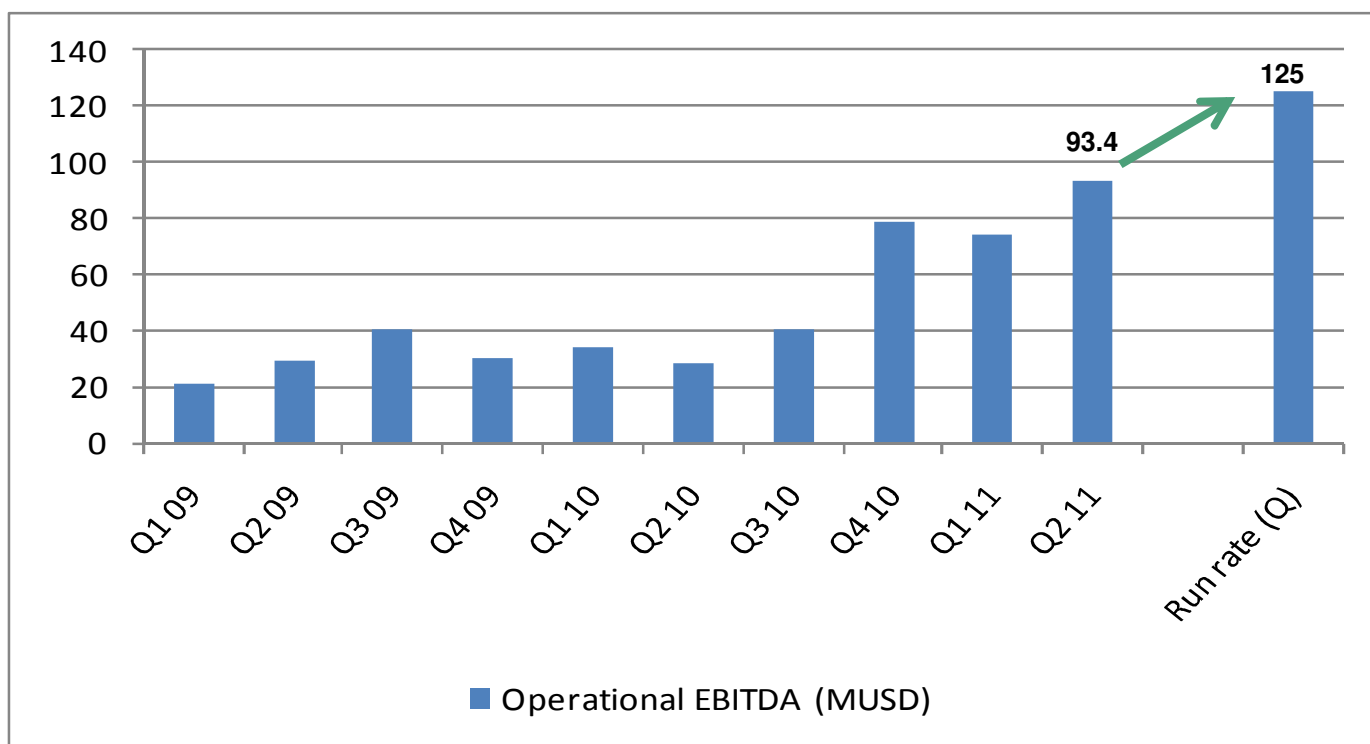


*\*Agip, Apache, AWE, CNR, Devon, Kangean, Ithaca, Murphy, Vaalco*



# Contracted EBITDA growth

- Run rate EBITDA of existing contracts is USD 500 million





# Investment highlights

- The world's second largest FPSO company
  - 15 FPSOs & 2 FSOs
  - Proven project execution capabilities; more than 30 projects since 1982
- Resources and capabilities to take on new projects in an expanding market
  - Presence in all major offshore regions
- A highly developed and successful outsourcing model
  - Established relationship with quality suppliers
  - Well developed management systems and controls
- High quality operations with the highest standards of HSSEQ
  - Industry leading production uptime of 99%
- Strong financial foundation and quarterly dividends
  - BW Group currently owns 47%
  - Robust balance sheet with strong financial capacity and sound and flexible funding
  - Contracted cashflow from USD 8 billion order book
- Highly competent board and management team



# Summary and outlook

- E&P spending is high and increasing
- FPSO is the preferred solution for offshore and deep water oil developments around the world
- BW Offshore is in a leading position to take part in the growth
- BW Offshore has the competence, track record and financial capacity to play a leading role in the sector



Q & A



