

BW Offshore

Q1 2011 presentation

24 May 2011



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Key events

- Q1 2011 EBITDA of USD 75.6 million
- FPSO BW Pioneer on dayrate
- Contract extensions for FPSO Espoir Ivorien and FSO Endeavor
- Dividend of USD 0.04 per share for Q1 2011
- Completion of USD 2.4 billion credit facility



STATUS

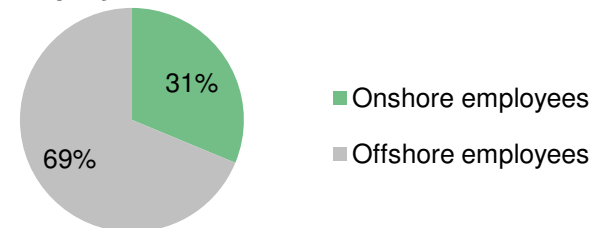




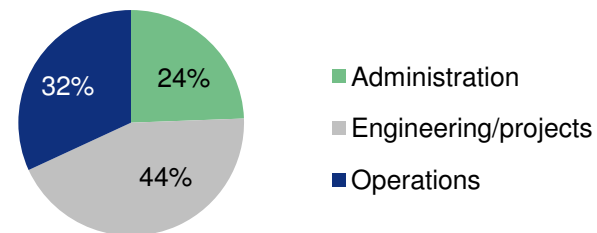
BW Offshore today

- Global headcount 1,900
- Employing 25 nationalities
- 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 1.5 billion

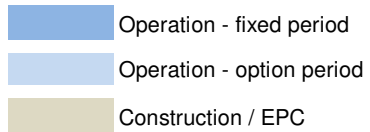
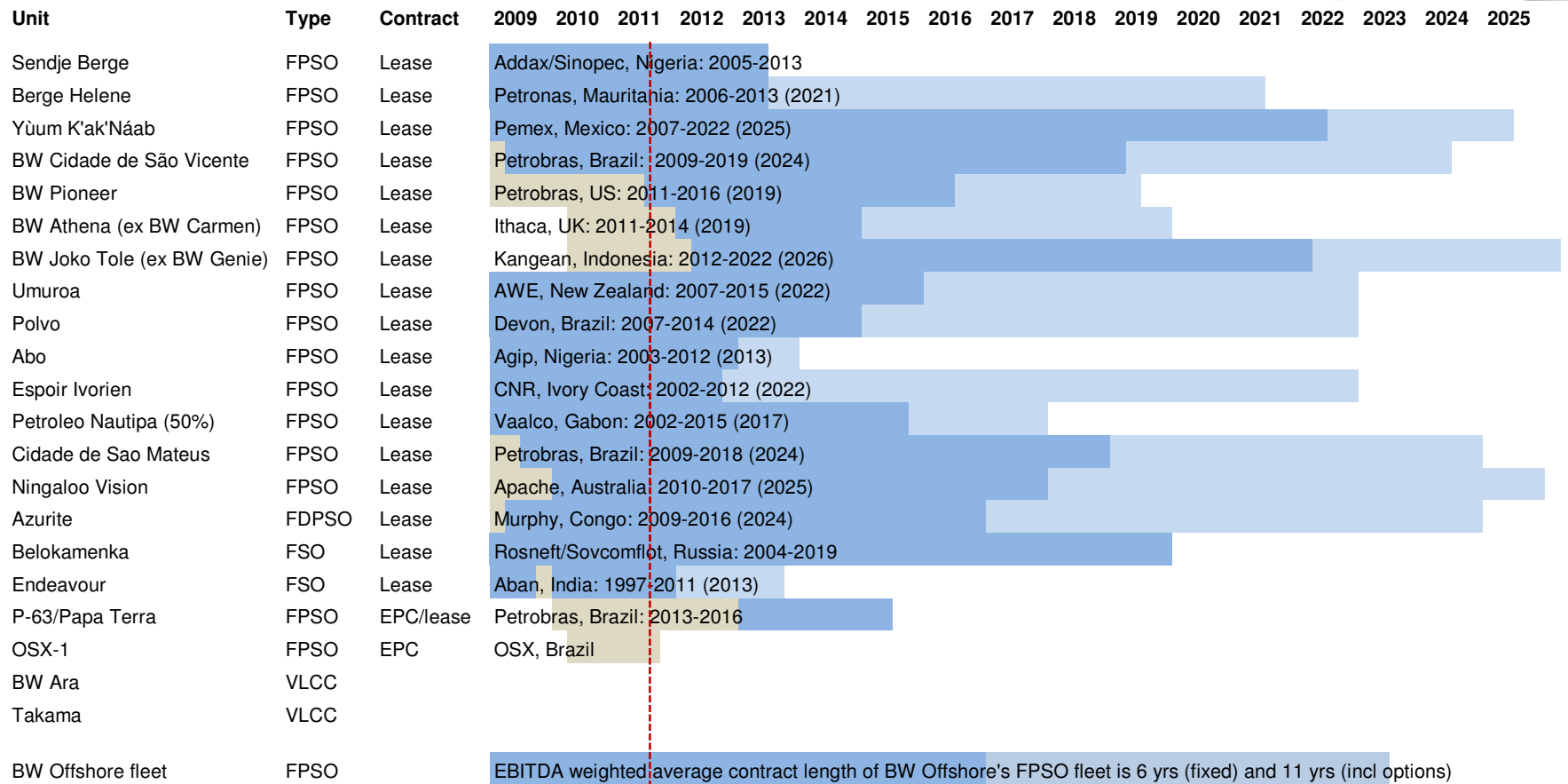
Employees – onshore and offshore



Onshore - functions



Fleet



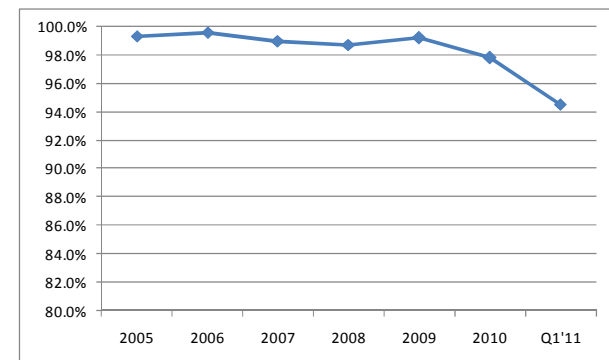
Total revenue backlog is USD 8.0 billion – whereof 55% is fixed contracts

Operations

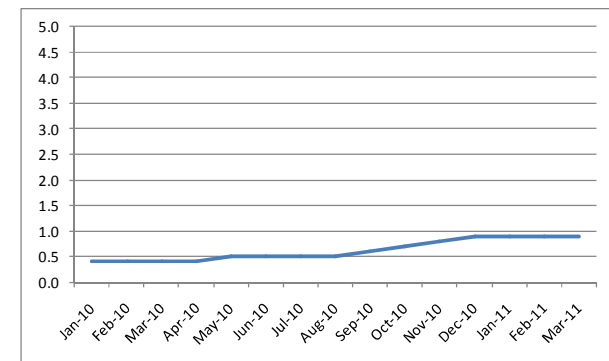


- Uptime
 - Q1 2011 uptime of 94.5% *
 - 5 year average uptime is 98.8%
- HSSEQ performance
 - Lost Times Injuries ratio (LTI) of 0.9
- FPSO Espoir Ivorien contract extended to February 2013
 - Options to 2022
- FSO Endeavor contract on monthly extensions

Production uptime



LTI ratio

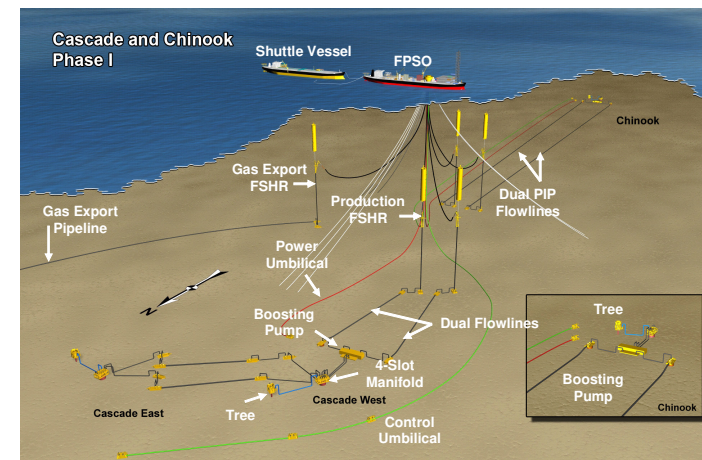


* See separate slide for further description of FPSO Ningaloo Vision status



BW Pioneer status

- FPSO on stand-by day rates
 - Petrobras received approval from BOEMRE and US Coast Guard on 17 March
 - BW Offshore received approval for start-up from Petrobras on 23 March
 - Standby dayrates (95%) from 23 March
 - Petrobras is presently carrying out work on the subsea system
- Lease contract will commence at start of oil production
- BW Offshore is responsible for the FPSO including turret system



Ningaloo Vision status

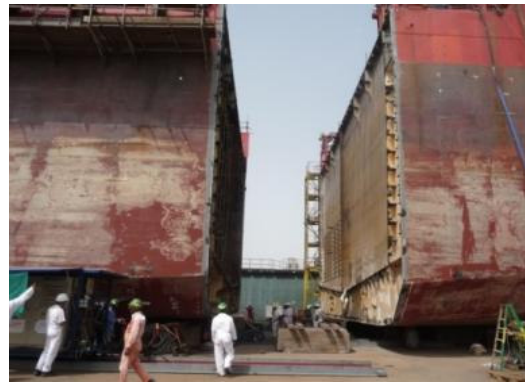
- Unit has resumed production at reduced capacity
- Reduced uptime in Q1 2011
 - Swivel and mooring system
- Permanent repairs of swivel and mooring planned for June
- Dialogue with client for potential topside optimization at yard
 - Related to tie-ins of nearby fields



FPSOs under construction

- BW Athena at Drydocks World, Dubai
 - Progress ~65% at end April and in line with plan
 - New turret section included
 - Ready for operation end Q4 2011

- BW Joko Tole at Sembawang Shipyard, Singapore
 - Progress ~55% at end April and in line with plan
 - Ready for operation first half 2012





EPC and management projects

- P-63/Papa Terra at COSCO Dalian Shipyard, China
 - Progress ~60% at end April and in line with plan
 - Ship yard work will be completed in December 2011
 - Brazilian JV partner (QUIP) handling Brazil importation, topsides and local content risk



- FPSO OSX-1 at Keppel Benoi, Singapore
 - Topsides modifications
 - Engineering, procurement and project management services



FINANCE



Key takeaways

- Revenue on BW Pioneer recognised from end March
- No profit recognised for Ningaloo Vision in Q1 2011
- All other operating units operating in line with expectations
- Lower contribution from Papa Terra due to cost weighted progress
- Purchase price allocation will be finalised in Q3 2011



P&L



USD million	Q1 11	Q4 10	Q1 10	2010
Operating revenue	193.5	255.8	57.7	549.3
Operating expenses	-117.9	-216.9	-26.4	-382.2
Share of profit from associates	0.0	0.0	-10.7	-14.8
EBITDA	75.6	38.9	20.6	152.3
Depreciation	-41.0	-44.3	-13.4	-83.1
Amortisations	-0.8	-1.2	-0.6	-4.1
Gain (loss) on sale of assets / impairments	0.6	-85.0	-0.1	-85.0
EBIT	34.4	-91.6	6.5	-19.9
Net interest expense	-11.3	-12.6	-5.4	-26.2
Fx, fin instr and other fin items	6.2	-10.9	0.0	-37.0
Profit (loss) before tax	29.3	-115.1	1.1	-83.1
Income tax expense	-5.4	-7.2	-2.8	-16.4
Net profit (loss) from continued operations	23.9	-122.3	-1.7	-99.5
<i>Net profit (loss) from discontinued operations</i>	<i>0.0</i>	<i>115.7</i>	<i>-5.6</i>	<i>122.9</i>
Net profit (loss)	23.9	-6.6	-7.3	23.4

Reported EBITDA	75.6
<i>Share of profit of associates</i>	<i>0.0</i>
Adjusted EBITDA	75.6
<i>Fx (included in EBITDA)</i>	<i>-1.9</i>
Operational EBITDA	73.7



Balance sheet

- Equity ratio 36.6%
- Net interest bearing debt USD 1,483.5 million

USD million	31.03.11	31.12.10	31.03.10
Total non-current assets	3,310.3	3,287.4	2,113.5
<i>Assets of disposal group held for sale</i>	7.1	7.1	0.0
Total current assets	509.2	382.8	382.3
Total assets	3,819.5	3,670.2	2,495.8
Total equity	1,396.8	1,375.6	919.2
Total non-current liabilities	1,774.4	337.7	1,250.9
<i>Liabilities of disposal group held for sale</i>	7.1	7.1	0.0
Total current liabilities	648.3	1,956.9	325.7
Total liabilities	2,422.7	2,294.6	1,576.6
Total equity and liabilities	3,819.5	3,670.2	2,495.8

Reported interest bearing debt *		1895.9
<i>Cash and deposits</i>	344.1	
<i>Non-current deposits *</i>	68.3	
		-412.4
Net interest bearing debt		1483.5

* Per Q1 2011, USD 68.3 million is related to the CIRF financing scheme; increasing both long term debt and non-current deposits



Cash and funding

- Cash at 31 March 2011 USD 344.1 million
- Run-rate EBITDA on current portfolio is USD 500 million
 - Including BW Athena and BW Joko Tole
- Seven year secured loan of USD 2.4 billion
 - Refinancing of corporate debt
 - Loan documentation completed in Q1 2011
 - Predictable terms and flexibility for both growth and dividend
- Financial resources available for projects that meets the company's targeted returns

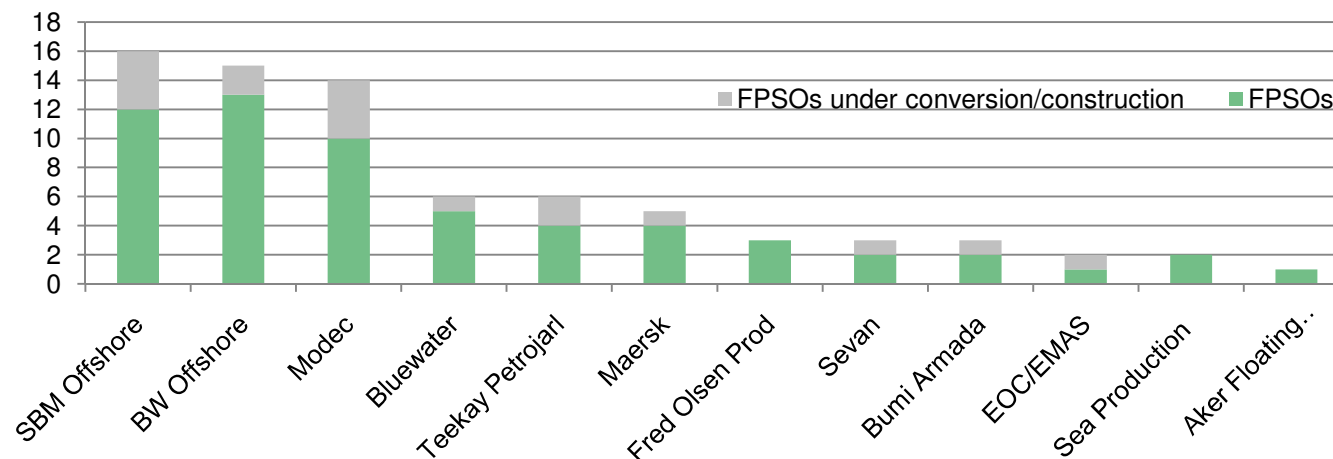
OUTLOOK





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 Modtec 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



Source: Companies, Fearnley



Market

- Letter of Intent for FSO in Vietnam expired without reaching a firm agreement
- High activity level in all markets
 - Short term activity dominated by feed studies
 - 7 FPSO awards so far in 2011
 - Expect number of awards to pick up from 2H 2011/1H 2012
- BW Offshore is pursuing several prospects, based on:
 - Financial return
 - Client relationship
 - Field robustness
 - Economies of scale





Quarterly dividend payments

- The approval of BW Offshore's first dividend is an important milestone for the company in its objective to achieve class leading shareholder return based on share price performance and dividend payments
- BW Offshore's Annual General Meeting on 12 May 2011 approved the company's new dividend policy
 - 20-25% of EBITDA
 - Quarterly payments
- The Board has declared a cash dividend of USD 0.04 for Q1 2011 in line with current run-rate EBITDA
 - Ex dividend from and including 6 June 2011
 - Dividend payable on or about 21 June 2011



Summary

- Predictable cash flow from existing assets
 - Annual run rate EBITDA of USD 500 million
 - Order book of USD 8 billion backed by solid counterparties
- Quarterly dividend payments initiated
 - Dividend yield of 7.2% (annualised on current share price)
- Resources and capabilities to grow the business at improved terms



Q & A



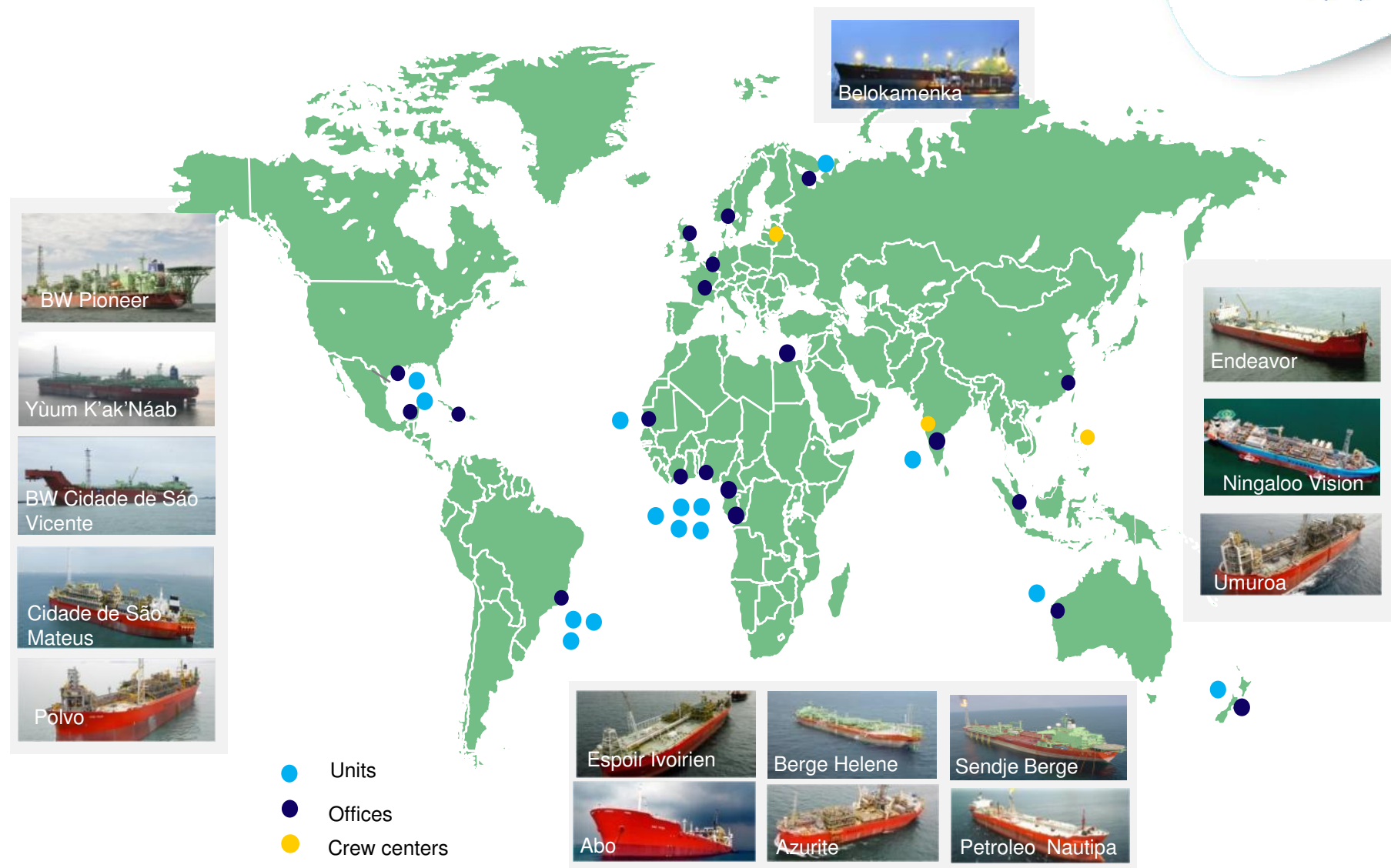


APPENDIX





Global footprint





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



Petr leo 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

Units on contract - project



OSX-1, FPSO

OSX, Brazil

- 42,000 bpd liquid processing
- 40,000 bpd oil processing
- 60,000 pbd water 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 – ex BW Carmen

Ithaca Energy, UK

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

Units on contract - project



P-63 (Papa Terra), FPSO **Petrobras, Brazil**

- 2,200,000 bbls storage capacity
- Ex BW Nisa (ULCC)



Conversion candidates



BW Ara

- VLCC
- 2,000,000 bbls storage capacity



Takama

- VLCC
- 1,900,000 bbls storage capacity



Q2 2011: 30 August 2011

Further information: www.bwoffshore.com

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