



# BW OFFSHORE LIMITED

## Condensed Interim Consolidated Financial Information FOURTH QUARTER AND FULL YEAR RESULTS 2017

### KEY EVENTS

- EBITDA of USD 73.5 million in the fourth quarter
- First oil produced by BW Catcher in December and First Oil Certificate received in January
- Closing of the agreement with ICBC Leasing for the issuance of preference shares in BW Catcher
- Contract extension for FPSO Sendje Berge
- Contract extension for FPSO Umuroa
- Contract extension for FPSO Polvo in January 2018

## FINANCIAL SUMMARY

### FOURTH QUARTER

Operating revenues for the quarter amounted to USD 150.3 million, a decrease of USD 2.4 million (USD 152.7 million).<sup>1</sup>

Operating expenses were USD 77.3 million, an increase of USD 6.8 million (USD 70.5 million).

EBITDA for the fourth quarter was USD 73.5 million (USD 82.1 million). Although BW Catcher started generating revenues from 23 December, EBITDA decreased by USD 8.6 million, mainly due to loss provisions released in the third quarter for overdues paid and the revised contract for FPSO Sendje Berge.

Depreciation was USD 57.6 million, an increase of USD 3.0 million (USD 54.6 million). This was mainly related to the start of depreciation on BW Catcher at first oil on 23 December.

Operating profit for the quarter amounted to USD 15.2 million (USD 26.9 million).

Net financial expense for the quarter was USD 2.0 million (USD 5.4 million). Interest rates increased during the quarter with a positive mark-to-market effect on interest rate hedges. However, this was partly offset by a stronger USD against NOK, which had a negative impact on mark-to-market of the cross-currency swaps.<sup>2</sup>

Tax income was USD 34.0 million, compared to a tax expense of USD 17.6 in the third quarter. In the fourth quarter, BW Offshore released tax-provisions of USD 32 million due to updated information indicating that changes to tax laws for Sendje Berge will not be applied retrospectively. The tax provisions had been accumulated since 2014. Taxes were also impacted by a one-time net increase of the deferred tax asset related to BW Pioneer of USD 8 million during the quarter.

Net profit for the quarter was USD 47.2 million compared to USD 3.9 million in third quarter 2017.

Total equity at 31 December 2017 was USD 1,259.4 million, an increase of USD 318.0 million (USD 941.4 million). The equity ratio was 36.8% at the end of the quarter (28.9%). The increase in equity is mainly related to the investment by ICBCL in BW Catcher Limited and is presented as a non-controlling interest.

As of 31 December 2017, the Company had USD 296.6 million in interest-bearing loans and USD 60.0 million in letters of guarantee drawn under the USD 2,400 million credit facility. The committed amount on the USD 2,400 million credit facility was USD 765.5 million, following scheduled reductions. Total utilised debt facilities for the Company, including bond loans and other facilities were USD 1,435.6 million. Total available liquidity as of 31 December 2017, amounted to USD 554.5 million.

Net interest-bearing debt was USD 1,275.3 million at 31 December 2017 (USD 1,522.4 million).

Net cash inflow from operating activities was USD 110.3 million (USD 96.3 million). Net cash outflow on investing activities was USD 128.5 million (USD 175.7 million). Investing activities were mainly related to capitalisation on the Catcher project and capital expenditures for ongoing life extension activities. Life extension activities are either covered on a cost-plus basis or reimbursed through higher day rates. Net cash inflow from financing activities was USD 15.1 million (USD 79.0 million). The decrease compared to third quarter was mainly related to repayment of interest-bearing debt offset by cash received from ICBC Leasing in the fourth quarter as part of the equity investment in BW Catcher.

### FULL YEAR RESULTS 2017

The full year EBITDA amounted to USD 336.2 million, a decrease of USD 87.2 million (USD 423.4). The decline in EBITDA was mainly due to insurance proceeds for loss of hire and repairs from the accident on FPSO Cidade de São Mateus received in 2016, partly offset by loss provisions released related to Sendje Berge.

Depreciation amounted to USD 225.9 million, an increase of USD 1.3 million (USD 224.6).

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<sup>1</sup> Figures presented are compared to previous quarter (third quarter of 2017 in brackets)

<sup>2</sup> The company does not use hedge accounting related to bonds and underlying swaps

Net financial expenses were USD 36.7 million, a decrease of USD 28.5 million (USD 65.2). The decrease was mainly related to a positive mark-to-market development on derivatives compared to previous year due to weakening USD against NOK and increased swap rates during the year.

Full year profit before tax amounted to USD 43.5 million, an increase of USD 143.7 million (full year loss of 100.2 million).

Full year tax expense was USD 2.3 million (USD 32.7 million). The decrease was mainly related to positive effects from changes to deferred tax assets and the reversal of tax provisions.

The full year 2017 net profit was USD 41.2 compared to a loss of USD 132.9 million in 2016.

## **OPERATIONS**

BW Offshore currently operates 11 units. The owned fleet includes 15 FPSOs and one FSO. Average commercial uptime during the fourth quarter was 100.0% (98.4%).

In October, BW Offshore signed a four-year contract extension for the FPSO Sendje Berge with Addax Petroleum Exploration (Nigeria) Ltd. The contract, which commenced on 6 November, includes two additional one-year extension options. The revised and agreed commercial terms include a new day rate partially linked to oil production volumes and oil price. The termination notice announced on 5 May 2017 was withdrawn and the arbitration was settled as part of the agreed terms.

In November, BW Offshore signed a one-year contract extension for the lease and operation of the FPSO Umuroa. The FPSO is operating on the Tui field offshore New Zealand for Tamarind.

In January 2018, BW Offshore signed an agreement with Petrorio for a one-year extension for the lease and operation of the FPSO Polvo. The firm period has been extended to Q3 2019 (from Q3 2018), with options until Q3 2022.

FPSO Cidade de São Mateus remains in lay-up. The Company continues its dialogue with the client regarding a firm plan for the FPSO and the field.

The operation for FPSO Berge Helene ceased in the fourth quarter and BW Offshore has agreed on a contract and scope for work related to the disconnection and demobilisation of the FPSO from the field. This project has commenced, with the unit scheduled to return to Singapore during the second quarter of 2018.

BW Adolo (formerly known as Azurite) fits well with the approved field development plan specifications for the Dussafu field in Gabon. The FPSO is located in the Keppel yard in Singapore for necessary upgrades.

The FPSO BW Athena and the FSO Belokamenka are currently in lay-up while being marketed for new projects.

## **PROJECTS**

First oil from BW Catcher FPSO was safely achieved on 23 December 2017. The initial hydrocarbon volumes were produced following a very effective hook-up and commissioning period. The FPSO arrived at the Catcher field offshore UK on 18 October, after sail-away from the Keppel Shipyard in Singapore late August. On 6 January 2018, BW Catcher received the First Oil Certificate following a successful completion of a 72-hour interim performance test.

The Company is undertaking several modification and life extension activities on existing units. These activities are either covered on a cost-plus basis or reimbursed through higher day rates.

## **DUSSAFU FIELD OFFSHORE GABON**

Good progress was made during the fourth quarter on developing the Dussafu project. BW Energy expect to have the lease contract for the FPSO Adolo signed shortly. The pre-laying of anchors and mooring lines for the FPSO, was completed at the Tortue field in December 2017.

The jack-up drilling rig Borr Norve has been contracted from Borr Drilling. The rig was mobilised to Gabon and commenced drilling of the first production well on 27 January 2018. The rig is contracted to drill two production wells and one appraisal well on the Tortue field.

A reserve estimate report for Tortue was received from independent reserves auditors Netherland, Sewell & Associates Inc. (NSAI) in December 2017. NSAI estimates 2P (Proven + Probable) gross economically recoverable oil reserves of 23.5 million barrels, based on the assumed production from four oil wells on the Tortue field.

The Dussafu development is performing according to plan and budget for first oil in the second half of 2018.

## OUTLOOK

Offshore production of oil and gas is expected to decline after several years of low investments. This will likely become more evident in coming years, as production tied to investments made in the previous up-cycle has now commenced and will start to decline. The overall market balance has improved with a declining oversupply of crude oil. In addition, the industry has become more effective in bringing down break-even costs for new developments. This is expected to lead to sanction of new projects which will further improve the market outlook for offshore field developments. Initially, the Company expects increased focus on incremental investments to existing infrastructure, but later in the cycle more green-field investments may emerge.

BW Offshore's service offering and ability to partner with field owners to provide cost effective solutions have been well received in the market. The Group expects to be a valued partner to the industry and ensure sound returns for all parties involved. BW Offshore still expects outsourcing of production to be cost-effective for oil and gas companies as they increase their specialisation.

BW Offshore is seeing improved market activity for FPSOs. The Company will take a commercially disciplined approach to new investments by bidding selectively on new projects.

The majority of BW Offshore's fleet remains on long-term contracts with national and independent oil companies. The fleet should continue to generate a significant cash flow in the time ahead. The start-up of production from FPSO Catcher at the end of 2017 will be a significant contributor to Group cash flow in 2018 and in the years to come.

BW Offshore has lower leverage and a solid financial position with the additional financial capacity from the ICBC Leasing partnership, and strong liquidity. Proactive management of the balance sheet is a key part of the strategy and enables the Group to take advantage of attractive organic and inorganic opportunities, and to grow from a position of strength. The Group is well positioned to make new investments in an improving market.

Bermuda, 21 February 2018

Andreas Sohmen-Pao  
Chairman

Christophe Pettenati-Auzière  
Deputy Chairman

Clare Spottiswoode

Carsten Mortensen

Thomas Thune Andersen

Maarten Scholten

## INCOME STATEMENT

(Figures in USD million)

	Notes	Q4 17	Q3 17	Q4 16	2017	2016
Operating revenue	12	150.3	152.7	298.2	626.0	844.7
Operating expenses		(77.3)	(70.5)	(133.9)	(290.7)	(421.9)
Share of profit/(loss) of associates and joint ventures	6	0.5	(0.1)	0.2	0.9	0.6
<b>Operating profit/(loss) before depreciation/amortisation</b>		<b>73.5</b>	<b>82.1</b>	<b>164.5</b>	<b>336.2</b>	<b>423.4</b>
Depreciation	11	(57.6)	(54.6)	(55.9)	(225.9)	(224.6)
Amortisation		(0.7)	(0.6)	(0.7)	(2.7)	(2.8)
Impairment vessels and other assets		-	-	(223.2)	(27.4)	(231.0)
<b>Operating profit/(loss)</b>		<b>15.2</b>	<b>26.9</b>	<b>(115.3)</b>	<b>80.2</b>	<b>(35.0)</b>
Interest income		0.5	0.3	0.3	1.8	1.7
Interest expense		(8.8)	(8.5)	(11.8)	(39.6)	(46.2)
Gain/(loss) on financial instruments	7	(4.3)	20.5	(3.7)	31.7	(11.9)
Other financial items		10.6	(17.7)	21.0	(30.6)	(8.8)
<b>Net financial income/(expense)</b>		<b>(2.0)</b>	<b>(5.4)</b>	<b>5.8</b>	<b>(36.7)</b>	<b>(65.2)</b>
<b>Profit/(loss) before tax</b>		<b>13.2</b>	<b>21.5</b>	<b>(109.5)</b>	<b>43.5</b>	<b>(100.2)</b>
Income tax expense		34.0	(17.6)	(4.9)	(2.3)	(32.7)
<b>Net profit/(loss) for the period</b>		<b>47.2</b>	<b>3.9</b>	<b>(114.4)</b>	<b>41.2</b>	<b>(132.9)</b>
Attributable to shareholders of the parent		45.5	4.0	(114.4)	39.8	(132.9)
Attributable to non-controlling interests		1.7	(0.1)	-	1.4	-
Basic/diluted earnings/(loss) per share (USD) net*		0.2	0.0	(0.6)	0.2	(1.5)

\*Weighted average number of ordinary shares have been adjusted retrospectively to reflect the reverse share split in Q4 2016.

## COMPREHENSIVE INCOME STATEMENT

(Figures in USD million)

	Q4 17	Q3 17	Q4 16	2017	2016
<b>Net profit/(loss) for the period</b>	<b>47.2</b>	<b>3.9</b>	<b>(114.4)</b>	<b>41.2</b>	<b>(132.9)</b>
Currency translation differences	(1.4)	(0.3)	(0.2)	(0.8)	(0.6)
Net profit/(loss) on cash flow hedges	1.1	3.2	(4.2)	13.3	13.3
<b>Net items to be reclassified to profit or loss:</b>	<b>(0.3)</b>	<b>2.9</b>	<b>(4.4)</b>	<b>12.5</b>	<b>12.7</b>
Actuarial gains/(losses) on defined benefit plans	0.6	-	0.2	(0.5)	(0.6)
<b>Net items not to be reclassified to profit or loss:</b>	<b>0.6</b>	<b>-</b>	<b>0.2</b>	<b>(0.5)</b>	<b>(0.6)</b>
<b>Other comprehensive income, net of tax</b>	<b>0.3</b>	<b>2.9</b>	<b>(4.2)</b>	<b>12.0</b>	<b>12.1</b>
<b>Total comprehensive income</b>	<b>47.5</b>	<b>6.8</b>	<b>(118.6)</b>	<b>53.2</b>	<b>(120.8)</b>
Attributable to shareholders of the parent	45.8	6.9	(118.6)	51.8	(120.8)
Attributable to non-controlling interests	1.7	(0.1)	-	1.4	-

The notes on pages 8-13 are an integral part of these consolidated interim financial statements.

## STATEMENT OF FINANCIAL POSITION

(Figures in USD million)

ASSETS	Notes	31.12.2017	30.09.2017	31.12.2016
Vessels and vessels under construction	2,11	2,808.4	2,734.3	2,639.5
Property and other equipment		10.1	9.4	10.2
Oil and gas tangible assets	13	63.3	55.6	-
Intangible assets		6.7	5.8	3.7
Finance lease receivables	3	77.5	82.3	96.2
Deferred tax assets		11.5	3.8	2.6
Pension assets		0.5	1.7	1.8
Investments in associates and joint ventures	6	7.9	7.5	7.8
Derivatives		7.7	5.7	7.1
Other non-current assets		5.4	5.1	2.4
<b>Total non-current assets</b>		<b>2,999.0</b>	<b>2,911.2</b>	<b>2,771.3</b>
Inventories		31.8	30.5	13.9
Trade receivables and other current assets		245.0	169.0	475.7
Derivatives		1.5	2.2	0.1
Cash and cash equivalents		145.5	148.6	106.9
<b>Total current assets</b>		<b>423.8</b>	<b>350.3</b>	<b>596.6</b>
<b>TOTAL ASSETS</b>		<b>3,422.8</b>	<b>3,261.5</b>	<b>3,367.9</b>
<b>EQUITY AND LIABILITIES</b>				
Shareholders' equity	4	971.5	925.7	919.9
Non-controlling interests	4	287.9	15.7	-
<b>Total equity</b>		<b>1,259.4</b>	<b>941.4</b>	<b>919.9</b>
Interest-bearing long-term debt	5	1,198.0	1,438.2	1,567.4
Pension obligations		4.2	4.4	3.6
Other long-term liabilities	8	337.9	281.3	296.2
Derivatives		101.9	98.1	142.4
<b>Total non-current liabilities</b>		<b>1,642.0</b>	<b>1,822.0</b>	<b>2,009.6</b>
Trade and other payables		287.8	222.1	227.9
Derivatives		1.1	1.6	10.8
Interest-bearing short-term debt	5	222.8	232.8	174.4
Income tax liabilities		9.7	41.6	25.3
<b>Total current liabilities</b>		<b>521.4</b>	<b>498.1</b>	<b>438.4</b>
<b>Total liabilities</b>		<b>2,163.4</b>	<b>2,320.1</b>	<b>2,448.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,422.8</b>	<b>3,261.5</b>	<b>3,367.9</b>

The notes on pages 8-13 are an integral part of these consolidated interim financial statements.

## STATEMENT OF CHANGES IN EQUITY

(Figures in USD million)

2017	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other elements	Shareholders' equity	Non-controlling interests	Total equity
Equity at 1 January 2017	92.5	1,095.5	(9.1)	(15.9)	(17.9)	(225.2)	919.9	-	919.9
Share-based payments	-	-	0.1	-	-	0.1	0.2	-	0.2
Profit/(loss) for the period	-	-	-	-	-	39.8	39.8	1.4	41.2
Other comprehensive income, net of tax	-	-	-	(0.8)	13.3	(0.5)	12.0	-	12.0
Other equity transactions	-	-	6.1	-	-	(6.5)	(0.4)	-	(0.4)
Transactions with non-controlling interests	-	-	-	-	-	-	-	286.5	286.5
<b>Total equity at 31 December 2017</b>	<b>92.5</b>	<b>1,095.5</b>	<b>(2.9)</b>	<b>(16.7)</b>	<b>(4.6)</b>	<b>(192.3)</b>	<b>971.5</b>	<b>287.9</b>	<b>1,259.4</b>

2016	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other elements	Shareholders' equity	Non-controlling interests	Total equity
Equity at 1 January 2016	6.9	1,085.1	(9.1)	(15.3)	(31.2)	(92.0)	944.4	-	944.4
Issue of share capital	85.6	14.4	-	-	-	-	100.0	-	100.0
Transaction costs on issue of shares	-	(4.0)	-	-	-	-	(4.0)	-	(4.0)
Share-based payments	-	-	-	-	-	0.3	0.3	-	0.3
Profit/(loss) for the period	-	-	-	-	-	(132.9)	(132.9)	-	(132.9)
Other comprehensive income, net of tax	-	-	-	(0.6)	13.3	(0.6)	12.1	-	12.1
<b>Total equity at 31 December 2016</b>	<b>92.5</b>	<b>1,095.5</b>	<b>(9.1)</b>	<b>(15.9)</b>	<b>(17.9)</b>	<b>(225.2)</b>	<b>919.9</b>	<b>-</b>	<b>919.9</b>

## CASH FLOW STATEMENT

(Figures in USD million)

	Q4 17	Q3 17	Q4 16	2017	2016
Profit/(loss) before taxes	13.2	21.5	(109.5)	43.5	(100.2)
Unrealised currency exchange loss/(gain)	(11.1)	16.9	(21.1)	28.0	6.3
Depreciation and amortisation	58.3	55.2	56.6	228.6	227.4
Taxes paid	(7.2)	(6.4)	(6.5)	(28.0)	(31.1)
Share of loss/(profit) of associated companies	(0.5)	0.1	(0.2)	(0.9)	(0.6)
Impairment	-	-	223.2	27.4	231.0
Change in fair value of derivatives	4.3	(20.5)	3.8	(31.7)	11.9
Change in working capital	45.9	5.1	(91.3)	315.9	(27.2)
Add back of net interest expense	8.3	8.3	11.6	37.8	44.5
Other items	(0.9)	16.1	12.0	38.9	25.5
<b>Net cash flow from operating activities</b>	<b>110.3</b>	<b>96.3</b>	<b>78.6</b>	<b>659.5</b>	<b>387.5</b>
Investment in operating fixed assets and intangible assets	(128.9)	(175.0)	(76.2)	(443.0)	(401.4)
Interest received	0.5	0.3	0.3	1.8	1.7
Cash outflow on business combinations	(0.1)	(1.0)	-	(35.4)	-
<b>Net cash flow from investing activities</b>	<b>(128.5)</b>	<b>(175.7)</b>	<b>(75.9)</b>	<b>(476.6)</b>	<b>(399.7)</b>
Proceeds from new interest-bearing debt	33.0	177.0	34.0	374.0	415.0
Repayment of interest-bearing debt	(275.4)	(77.5)	(21.0)	(725.9)	(421.4)
Proceeds from share issue	-	-	-	-	100.0
Transaction costs on issue of shares	-	-	-	-	(4.0)
Interest paid	(21.4)	(20.5)	(21.9)	(87.3)	(92.3)
Cash transfer from non-controlling interests*	278.9	-	-	294.9	-
<b>Net cash flow from financing activities</b>	<b>15.1</b>	<b>79.0</b>	<b>(8.9)</b>	<b>(144.3)</b>	<b>(2.7)</b>
<b>Net change in cash and cash equivalents</b>	<b>(3.1)</b>	<b>(0.4)</b>	<b>(6.2)</b>	<b>38.6</b>	<b>(14.9)</b>
Cash and cash equivalents at beginning of period	148.6	149.0	113.1	106.9	121.8
<b>Cash and cash equivalents at end of period</b>	<b>145.5</b>	<b>148.6</b>	<b>106.9</b>	<b>145.5</b>	<b>106.9</b>

\*Cash transfer from non-controlling interests includes equity investment and loan

The notes on pages 8-13 are an integral part of these consolidated interim financial statements.

## NOTES TO THE ACCOUNTS

(Figures in brackets refer to corresponding figures for 2016)

### Note 1 - Accounting principles

This Interim Condensed Consolidated financial information for the fourth quarter, ended 31 December 2017, has been prepared pursuant to IAS 34, "Interim Financial Reporting". The Interim Condensed Consolidated financial reporting should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRS, as adopted by the European Union.

The accounting policies adopted in the preparation of the Interim Condensed Consolidated financial statements are consistent with those followed in the preparation of BW Offshore's annual consolidated financial statements for the year ended 31 December 2017.

As a result of rounding differences, numbers and or percentages may not add up to the total.

### Note 2 – Vessels and vessels under construction

The book value of operating vessels amounted to USD 2,808.4 million (USD 2,639.5 million) at 31 December 2017.

Capital expenditure related to vessels and vessels under construction in the fourth quarter 2017, amounted to USD 132.8 million (USD 74.9 million). This is related to capital expenditures on the Catcher project, the BW Adolo redeployment project and capital expenditures for ongoing life extension activities. Most life extension activities are on either a reimbursable cost-plus basis or covered through higher day rates.

### Note 3 – Finance lease receivables

At the end of the quarter, amortisation of finance lease receivables is related to YÙUM K`AK`NÀAB.

### Note 4 - Equity

The number of issued shares was 184,956,320 at 31 December 2017. There were 214,000,000 authorised shares at 31 December 2017.

Following the long-term bonus plan pay out in November, the Company held a total of 15,312 own shares at 31 December 2017.

The investment in BW Energy Holdings Pte. Ltd., which indirectly has a majority stake in the Dussafu oil field in Gabon, is a cooperation between BW Offshore (66.67%) and Maple Company Limited (33.33%), a wholly owned subsidiary of BW Group Limited. BW Energy Holdings Pte. Ltd. has been concluded to be a subsidiary of BW Offshore, and the investment by Maple Company Limited is presented as a non-controlling interest in the statement of financial position of BW Offshore.

BW Offshore Limited has closed an agreement with a nominee of the financial leasing firm, ICBC Financial Leasing Co., Ltd. (ICBCL), whereby such nominee becomes an equity partner in BW Catcher Limited. BW Catcher Limited has issued preference shares with a preferential dividend right to ICBCL, for an aggregate subscription price of USD 275,000,000. The company plans to redeem the preference shares in full over an estimated term of 12 years. The aggregate redemption and dividend payments on the preference shares are estimated to reflect approximately 25-30% of the estimated free cash flow after debt servicing in the Catcher contract over a similar term. The net proceeds from the issue of the preference shares will be used for general corporate purposes. The investment by ICBCL is presented as a non-controlling interest in the statement of financial position of BW Offshore.

## Note 5 - Interest-bearing debt

### Non-current debt

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

	2017	2016
USD 2,400 million facility	202.3	638.2
Joko Tole USD 250 million facility	-	16.2
BWO04 - NOK 900 million bond	108.8	103.2
BWO03 - NOK 750 million bond	91.0	86.2
BWO02 - NOK 500 million bond	60.7	57.6
BWO01 - NOK 500 million bond	43.8	41.5
Catcher USD 800 million facility	652.3	551.9
Petróleo Nautipa USD 80 million facility	39.1	50.6
Umuroa USD 130 million facility	-	22.0
<b>Total</b>	<b>1,198.0</b>	<b>1,567.4</b>

### Current debt

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

	2017	2016
USD 2,400 million facility	90.3	108.5
Joko Tole USD 250 million facility	16.2	37.1
BWO04 - NOK 900 million bond	(0.3)	(0.2)
BWO03 - NOK 750 million bond	(0.2)	(0.2)
BWO02 - NOK 500 million bond	(0.1)	(0.1)
BWO01 - NOK 500 million bond	(0.1)	16.1
Catcher USD 800 million facility	83.5	(2.2)
Petróleo Nautipa USD 80 million facility	11.5	11.5
Umuroa USD 130 million facility	22.0	3.9
<b>Total</b>	<b>222.8</b>	<b>174.4</b>

### Instalment overview

The following table sets out the maturity profile of the Company's interest-bearing debt based on contractual undiscounted payments.

	Q1 18	Q2 18	Q3 18	Q4 18	2018	2019	2020-2022	2023 and beyond	Total
USD 2,400 million facility	46.3	-	46.3	-	92.6	138.9	65.0	-	296.5
Joko Tole USD 250 million facility	9.4	7.0	-	-	16.4	-	-	-	16.4
BWO04 - NOK 900 million bond**	-	-	-	-	-	-	117.0	-	117.0
BWO03 - NOK 750 million bond**	-	-	-	-	-	-	124.0	-	124.0
BWO02 - NOK 500 million bond**	-	-	-	-	-	-	86.8	-	86.8
BWO01 - NOK 500 million bond**	-	-	-	-	-	-	65.0	-	65.0
Catcher USD 800 million facility	-	28.6	28.6	28.6	85.8	114.3	342.9	257.1	800.1
Petróleo Nautipa USD 80 million facility	5.8	-	5.8	-	11.6	11.6	27.6	-	50.8
Umuroa USD 130 million facility	22.0	-	-	-	22.0	-	-	-	22.0
<b>Total</b>	<b>83.5</b>	<b>35.6</b>	<b>80.7</b>	<b>28.6</b>	<b>228.4</b>	<b>264.8</b>	<b>828.3</b>	<b>257.1</b>	<b>1,578.6</b>

\*\* ) Bond loan illustrated at swapped USD/NOK rate

### Covenants

All bank loan facilities are subject to certain covenants, including minimum book equity of at least 20% of total assets, debt to EBITDA of maximum 6.0, minimum USD 75.0 million available liquidity and interest coverage ratio of minimum 3.0.

Bond loans are subject to certain covenants, including minimum book equity of at least 20% of total assets and minimum USD 75 million available liquidity including undrawn amounts available for utilisation by the Company.

As per end of fourth quarter 2017, the Company is in compliance with all financial covenants. The equity ratio as per end of fourth quarter 2017 is 36.8%, and available liquidity amounts to USD 554.5 million.

### Note 6 – Investments in associates and joint ventures

Investments in associates relates mainly to the 50% shareholding in OCS Services Limited, providing primarily manning services.

Investments in joint ventures relates to the 49% shareholding in BW Offshore Nigeria Limited, providing primarily services to the FPSO business.

The Company has accounted for its shareholding in these investments according to the equity method.

### Note 7 – Gain/ (loss) on financial instruments

	Q4 17	Q3 17	Q4 16	2017	2016
Gain/(loss) on financial instruments	(4.3)	20.5	(3.7)	31.7	(11.9)
<b>Net gain/(loss) on financial instruments</b>	<b>(4.3)</b>	<b>20.5</b>	<b>(3.7)</b>	<b>31.7</b>	<b>(11.9)</b>

### Note 8 – Other long-term liabilities

Other long-term liabilities comprise of upfront payments related to charter contracts. Payments received under operating leases are recognised as operating revenue on a straight-line basis over the lease term. This implies that there might be significant timing differences between cash flow and recognised revenue from a particular lease.

### Note 9 – Related party transactions

During the fourth quarter, Maple Company Limited, a wholly owned subsidiary of BW Group Limited, provided a long-term loan amounting to USD 8.6 million to BW Energy Holdings Pte. Ltd.

On the 28 November, under a long-term bonus plan, BW Offshore transferred 18,125 shares to CEO Carl K. Arnet, 7,356 shares to CFO Knut R. Sæthre, 3,611 shares to CCO Rune Bjorbekk, 1,806 shares to COO Marco Beenen and 2,417 shares to Head of Projects Kei Ikeda. The transaction price was set at NOK 25 per share, which represents the average closing price following the end of the period of the plan. The shares will be restricted until 1 June 2018.

### Note 10 – Capital commitments

Total unrecognised contractual capital commitments at 31 December 2017 amounted to USD 85.0 million (corresponding figure for 31 December 2016 was USD 231.5 million). This commitment is related to the Catcher project, the BW Adolo redeployment project, ongoing life extension activities, operations as well as commitments on long-term office rental.

### Note 11 – Depreciation

The level of depreciation depends on the estimated useful life of the different components of the vessels and the residual value at the end of useful life. The estimated useful life used for depreciations are based on experience and knowledge of the vessels owned by the Company. Estimated useful life has from 2017 been amended for certain vessels, resulting in an increase in depreciation for the same vessels. This increase is offset by a reduction in depreciation due to impairment of certain vessels in 2016 and 2017.

### Note 12 – Segments

The Company's activities have been construction, ownership and operation of FPSOs and FSOs. From 2017 this has been expanded to focus on oil and gas activities with the acquisition of Dussafu and Kudu. The assets and liabilities are allocated based on the operations of the segment. Sales between segments are presented net of intercompany transactions.

Segment data for the fourth quarter and full year 2017 and 2016 is presented below. The reported measure of segment profit is net operating income (EBIT). Deferred tax assets, pension assets and non-current financial assets are not allocated to the segments. The line item capital expenditure excludes movements related to changes in asset retirement obligations.

Fourth quarter 2017	FPSO	Oil and gas	Eliminations	Total
Revenues from third parties	150.3	-	-	150.3
Revenues inter-segment	1.1	-	(1.1)	-
<b>Total revenues</b>	<b>151.4</b>	<b>-</b>	<b>(1.1)</b>	<b>150.3</b>
Share of profit/(loss) of associates and joint ventures	0.5	-	-	0.5
Operating expenses	(67.6)	(1.2)	1.1	(67.7)
General and administrative expenses	(9.6)	-	-	(9.6)
<b>EBITDA</b>	<b>74.7</b>	<b>(1.2)</b>	<b>-</b>	<b>73.5</b>
Depreciation, amortisation and impairment	(58.3)	-	-	(58.3)
<b>EBIT</b>	<b>16.4</b>	<b>(1.2)</b>	<b>-</b>	<b>15.2</b>
Capital expenditure	132.8	9.0	-	141.8
Fourth quarter 2016	FPSO	Oil and gas	Eliminations	Total
Revenues from third parties	298.2	-	-	298.2
Revenues inter-segment	-	-	-	-
<b>Total revenues</b>	<b>298.2</b>	<b>-</b>	<b>-</b>	<b>298.2</b>
Share of profit/(loss) of associates and joint ventures	0.2	-	-	0.2
Operating expenses	(129.8)	-	-	(129.8)
General and administrative expenses	(4.1)	-	-	(4.1)
<b>EBITDA</b>	<b>164.5</b>	<b>-</b>	<b>-</b>	<b>164.5</b>
Depreciation, amortisation and impairment	(279.8)	-	-	(279.8)
<b>EBIT</b>	<b>(115.3)</b>	<b>-</b>	<b>-</b>	<b>(115.3)</b>
Capital expenditure	76.3	-	-	76.3
Full year 2017	FPSO	Oil and gas	Eliminations	Total
Revenues from third parties	626.0	-	-	626.0
Revenues inter-segment	3.0	-	(3.0)	-
<b>Total revenues</b>	<b>629.0</b>	<b>-</b>	<b>(3.0)</b>	<b>626.0</b>
Share of profit/(loss) of associates and joint ventures	0.9	-	-	0.9
Operating expenses	(256.9)	(3.6)	3.0	(257.5)
General and administrative expenses	(33.2)	-	-	(33.2)
<b>EBITDA</b>	<b>339.8</b>	<b>(3.6)</b>	<b>-</b>	<b>336.2</b>
Depreciation, amortisation and impairment	(256.0)	-	-	(256.0)
<b>EBIT</b>	<b>83.8</b>	<b>(3.6)</b>	<b>-</b>	<b>80.2</b>
Capital expenditure	424.0	67.2	-	491.2
<b>Balance sheet information</b>				
Investments in associates and joint ventures	7.9	-	-	7.9
Non-current segment assets	2,905.2	67.2	-	2,972.4
Non-current assets, not allocated to segments				18.7
<b>Total non-current assets</b>				<b>2,999.0</b>

Full year 2016	FPSO	Oil and gas	Eliminations	Total
Revenues from third parties	844.7	-	-	844.7
Revenues inter-segment	0.0	-	-	0.0
<b>Total revenues</b>	<b>844.7</b>	-	-	<b>844.7</b>
Share of profit/(loss) of associates and joint ventures	0.6	-	-	0.6
Operating expenses	(407.1)	-	-	(407.1)
General and administrative expenses	(14.8)	-	-	(14.8)
<b>EBITDA</b>	<b>423.4</b>	-	-	<b>423.4</b>
Depreciation, amortisation and impairment	(458.4)	-	-	(458.4)
<b>EBIT</b>	<b>(35.0)</b>	-	-	<b>(35.0)</b>
Capital expenditure	401.3	-	-	401.3
<b>Balance sheet information</b>				
Investments in associates and joint ventures	7.8	-	-	7.8
Non-current segment assets	2,749.4	-	-	2,749.4
Non-current assets, not allocated to segments				14.1
<b>Total non-current assets</b>				<b>2,771.3</b>

Non-current assets by region	31.12.2017	30.09.2017	31.12.2016
Americas	704.4	720.2	766.4
Europe/Africa	1,716.4	1,625.2	1,399.0
Asia and the Pacific	467.7	459.7	488.0
<b>Total non-current assets*</b>	<b>2,888.5</b>	<b>2,805.1</b>	<b>2,653.4</b>

\*Excluding deferred tax assets, pension assets, finance lease receivables, derivatives investments in associates and joint ventures and other non-current assets

Revenues by geographic areas*	2017	2016
Americas	234.0	432.4
Europe/Africa	286.2	305.1
Asia and the Pacific	105.8	107.2
<b>Total revenues</b>	<b>626.0</b>	<b>844.7</b>

\*The classification of revenue per region is determined by the final destination of the FPSO

### Note 13 – Business combinations

During the second quarter, BW Energy Gabon Pte. Ltd (“BWEG”), a subsidiary of BW Offshore, completed the acquisition of the 100% interest in Harvest Dussafu B.V. from Harvest Energia B.V, a wholly-owned subsidiary of Harvest Natural Resources, Inc. (NYSE: HNR). Harvest Dussafu B.V. owned a 66.667% interest in the Dussafu production sharing contract offshore Gabon.

The provisional fair value of the net identifiable assets acquired (purchase price allocation) at the date of acquisition were USD 34.3 million related to intangible oil and gas assets, later reclassified to tangible oil and gas assets when development started.

During the second quarter, BWEG also completed the acquisition of 25% working interest in the Dussafu production sharing contract from Pan-Petroleum Gabon B.V. (PPGBV), a wholly-owned subsidiary of Panoro Energy ASA. The acquisition price was USD 12 million. As this was a direct investment in the production sharing contract, this acquisition has been concluded to be an asset acquisition.

### Note 14 - Subsequent events

On 6 January 2018, the BW Catcher FPSO received the First Oil Certificate following the successful completion of the 72-hour interim performance test subsequent to the introduction of hydrocarbons on 23 December 2017. BW Catcher FPSO is owned and operated by BW Offshore and the First Oil Certificate confirms the commencement of a seven-year fixed term

contract, with extension options of up to 18 years. The Catcher field partnership is made up of Premier Oil (50%), Cairn Energy (20%), MOL Group (20%) and Dyas (10%). The unit has an oil storage capacity of 650,000 barrels and a processing capacity of up to 60,000 barrels per day. The BW Catcher FPSO has a design life of 20 years of uninterrupted operations.

On 7 January 2018, BW Offshore signed an agreement with Petrorio for a one-year extension for lease and operation of the FPSO Polvo. The firm period has been extended to Q3 2019 (from Q3 2018), with options until Q3 2022.

## KEY FIGURES

	Note	Q4 17	Q3 17	Q4 16	2017	2016
EBITDA-margin	1	48.9%	53.8 %	55.2 %	53.7 %	50.1 %
Equity ratio	2	36.8%	28.9 %	27.3 %	36.8 %	27.3 %
Return on equity	3	18.3%	-4.9 %	-45.6 %	3.8 %	-14.3 %
Return on capital employed	4	1.9%	5.5 %	-20.2 %	2.5 %	-1.6 %
Net interest-bearing debt (USD million)	5	1,275.3	1522.4	1634.9	1275.3	1634.9
Cash flow per share (USD)*	6	0.60	0.52	0.42	3.57	4.29
EPS - basic and diluted (USD)*	7	0.25	0.02	-0.62	0.22	-1.47
Shares - end of period (million)		185.0	185.0	185.0	185.0	185.0
Share price (NOK)		35.80	27.90	27.70	35.80	27.70
Market cap (NOKm)		6,621	5,160	5,123	6,621	5,123
Market cap (USDm)		807	647	594	807	594

\*Weighted average number of ordinary shares have been adjusted retrospectively to reflect the reverse share split in Q4 2016.

### Notes to key figures

- Earnings before interest, taxes, depreciation and amortisation / Operating revenues
- Equity / Total assets
- Annualised net profit / Average equity
- Adjusted EBIT (annualised) / Capital employed (Total assets - vessels under conversion - investments without contributions to EBIT - interest free debt and equivalents)
- Interest bearing debt - cash and cash equivalents
- Net cash flow from operating activities / Weighted average number of shares
- Net profit / Weighted average number of shares

## FLEET AND CONTRACTS

Name of unit FPSOs	Location	Counterparty	Converted	Contract period
Sendje Berge	Nigeria	Addax/Sinopec	2000	2005-2021 + options until 2023
Abo FPSO	Nigeria	Agip/ENI	2003	2003-2018 + options until 2023
Espoir Ivoirien	Ivory Coast	CNR	2002	2002-2022 + options until 2036
Petróleo Nautipa	Gabon	Vaalco Energy	2002	2002-2020 + options until 2022
YÙUM K'AK'NÀAB	Mexico	Pemex	2006	2007-2022 + options until 2025
BW Cidade De São Vicente	Brazil	Petrobras	2009	2009-2019 + options until 2024
FPSO Cidade De São Mateus	Brazil	Petrobras	2009	2009-2018 + options until 2024
FPSO Polvo	Brazil	Petrorio (HRT)	2007	2007-2019 + options until 2022
BW Pioneer	US	Petrobras	2010	2012-2020
Umuroa	New Zealand	Tamarind Management	2007	2007-2018 + options until 2022
BW Joko Tole	Indonesia	Kangean Energy	2012	2012-2022 + options until 2026
BW Catcher	UK	Premier Oil	2017	2017-2024 + options until 2042
BW Adolo*	Singapore	BW Energy	Ongoing	2018-2023 + options until 2038
Available FPSO's and FSO's				
BW Athena	UK	Available	2012	
Belokamenka	Indonesia	Available	2003	
Berge Helene	Mauritania	Available	2005	

\*Previously named Azurite