

BW Offshore

Q2 2008 presentation

29 August 2008



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BW Offshore overview

- Top tier player within floating production
 - Strong global position
 - Extensive in-house engineering, project management and operation capabilities
 - 1,200 employees
 - Three business segments
 - Floating production (FPSO)
 - Technology
 - Installation services
- Solid track-record
 - 13 FPSO projects delivered
 - 3 FPSO projects in process
 - 50 turrets and offshore terminals
- Benefits from association with BW Group





Recent highlights

- Strong order intake
 - Awarded Lol for FPSO in Australia
 - Awarded LoA for BTL system in Angola
 - Awarded three major installation campaigns
- Conversions on track
 - FPSO BW Carmen accepted by StatoilHydro
 - No significant deviations to plan
- Corporate
 - Record EBITDA for Technology and Installation services
 - Profitable sale of shares in Prosafe SE
 - New CEO



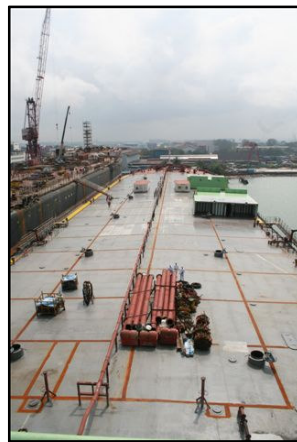


All conversions on track

- BW Cidade de Sao Vicente (Petrobras) – Tupi/Brazil
 - Start up first half 2009
 - Ex BW Peace

- BW Pioneer (Petrobras) – Chinook Cascade/US GoM
 - Start up first quarter 2010

- BW Endeavour (Anzon) – BMG/Australia
 - Start up second quarter 2010



Focus on project execution

- Proven project execution model
- Experience transferred from project to project
- In-house technology for mooring and turret/swivel systems
- Key positions managed by in-house staff
- Operational experience transferred to new projects





Focus on project execution

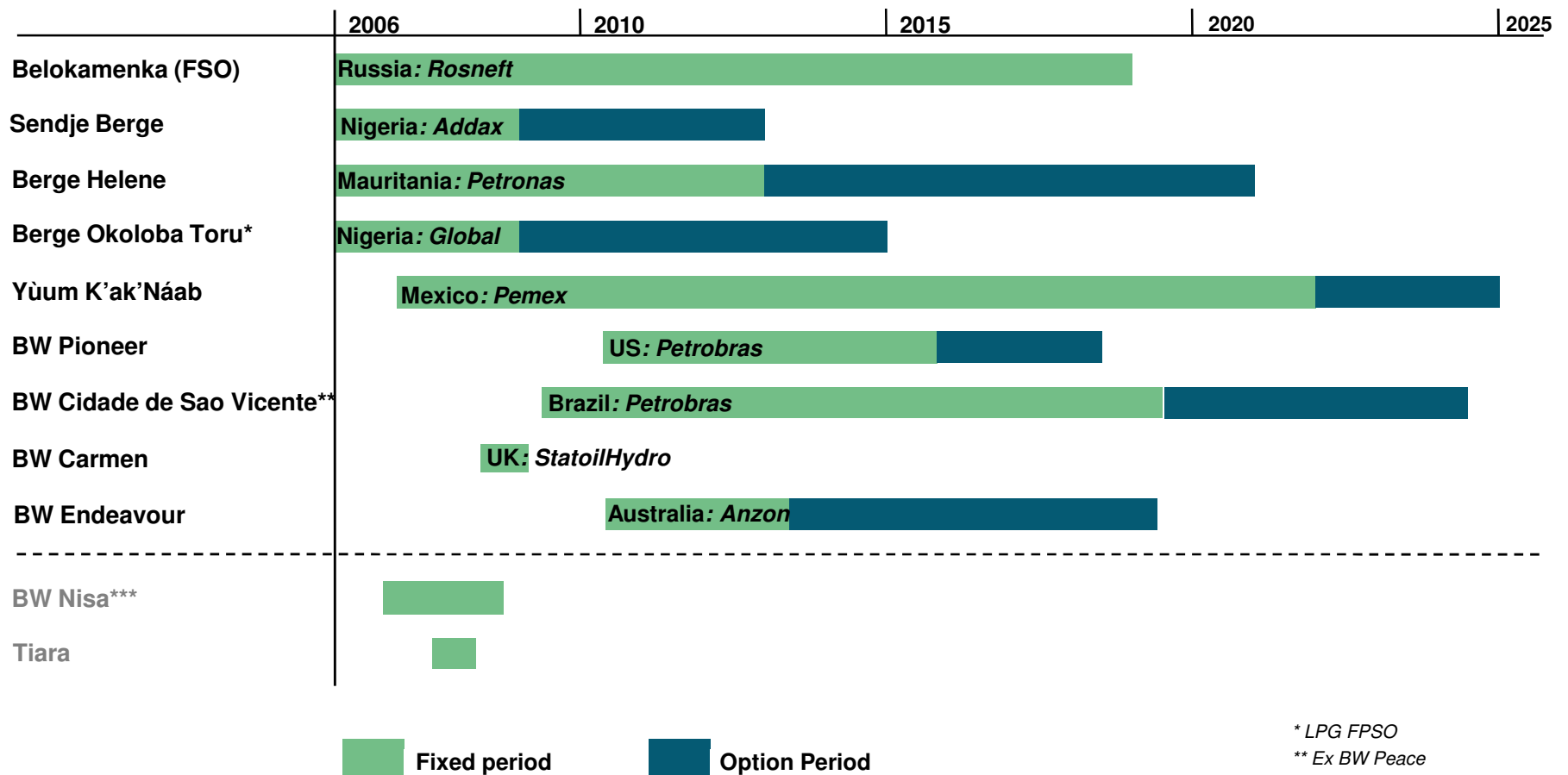
- Experience data provide high certainty on required quantities
- Secure key components and long lead items prior to bid
- Substantial pool of suppliers
- EPC contracts
- Singapore yards





FPSO – fleet overview

Order backlog USD 2.2 billion (including options, excluding Lols)

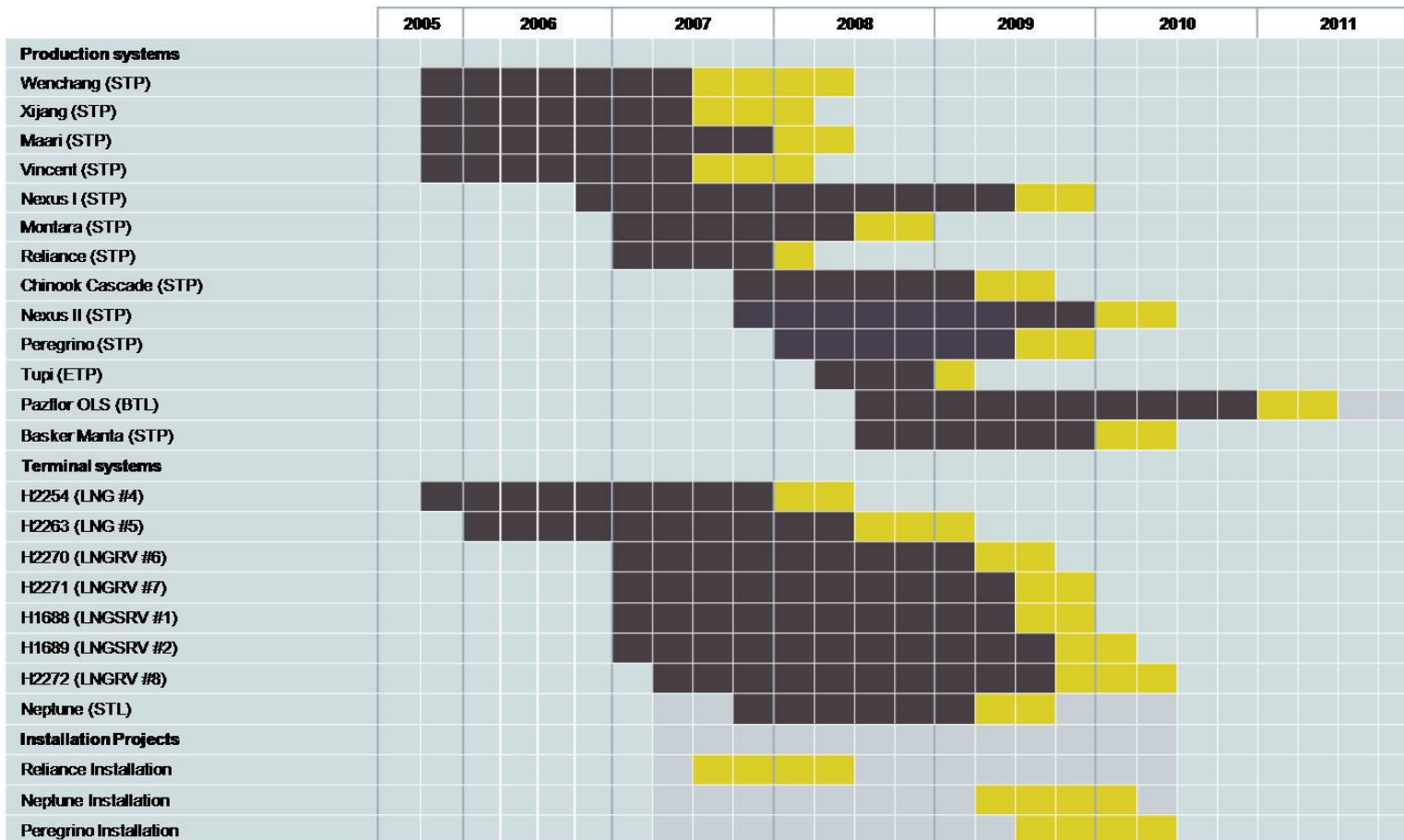


* LPG FPSO
 ** Ex BW Peace
 *** Temporary storage contract



Technology contract overview

Order backlog USD 409 million (excluding Lol/LoAs)



■ From contract award to delivery

■ Installation, commissioning until production start



Successful expansion of services

- Several installation campaigns awarded in 2008
 - LNG terminal, Neptune
 - FPSO, Peregrino
 - FPSO, BMG
 - Loading system, Statfjord
- Delivering full turn-key solutions
 - Technology products delivered at site ready for operations
- Establishing dedicated organisation





Financial comments

- Recurring EBITDA from core business: USD 20.4 million

| | | |
|--|-------|-------------|
| Reported EBITDA | | 34.5 |
| <i>Share of profit from associates</i> | -7.9 | |
| <i>Impairment charge</i> | -84.7 | |
| <i>Gain on sale of shares</i> | 127.0 | |
| <i>Provisions for doubtful debt</i> | -11.3 | |
| <i>Other provisions</i> | -9.0 | |
| | | -14.1 |
| Recurring EBITDA from core business | | 20.4 |

- Net debt: USD 370 million

| | | |
|------------------------------------|-------|--------------|
| Reported Interest bearing debt (1) | | 999.5 |
| <i>Cash and deposits</i> | 328.3 | |
| <i>Non-current deposits (1)</i> | 301.0 | |
| | | -629.3 |
| Net interest bearing debt | | 370.2 |

- Strong margins for Technology & Installation Services
 - EBITDA margin of 16.3% adjusting for intercompany transactions

1: Whereof USD 254 million is related to the CIRR financing schemes; increases both long term debt and non-current deposits



Income statement

| USD million | Q2 08 | Q1 08 | Q2 07 | 2007 |
|-------------------------------------|--------|--------|--------|--------|
| Operating revenues | 124.8 | 108.3 | 265.5 | 662.6 |
| Operating expenses | -124.7 | -101.7 | -229.0 | -557.7 |
| Profit from associates ¹ | -7.9 | 9.2 | 5.2 | 17.7 |
| EBITDA | 34.5 | 15.8 | 41.7 | 122.6 |
| EBIT ¹ | 23.4 | 4.8 | 33.7 | 77.1 |
| Net financial items | 15.6 | -37.1 | -3.4 | -11.3 |
| Profit before tax | 39.0 | -32.3 | 30.3 | 65.8 |
| Net profit | 34.8 | -33.2 | 25.2 | 52.1 |

1: Includes negative PPA impact . From Q208; negative PPA impact of about USD 6 million quarterly in 2008 and 2009. No cash effect.
2007 figures include construction contract revenue and expenses related to YÜUM K'AK'NÁAB conversion

Balance sheet



| USD million | 30.06.08 | 31.03.08 | 31.12.07 |
|--------------------------------------|-----------------|-----------------|-----------------|
| Total non-current assets | 2,208.5 | 2,756.9 | 2,721.6 |
| Total current assets | 581.5 | 315.2 | 288.0 |
| Total assets | 2,790.0 | 3,072.1 | 3,009.6 |
| | | | |
| Total equity | 1,509.6 | 1,473.5 | 1,508.2 |
| <i>Total non-current liabilities</i> | <i>1,053.6</i> | <i>1,300.6</i> | <i>891.8</i> |
| <i>Total current liabilities</i> | <i>226.8</i> | <i>298.0</i> | <i>609.6</i> |
| Total liabilities | 1,280.0 | 1,598.6 | 1,501.4 |
| Total equity and liabilities | 2,790.0 | 3,072.1 | 3,009.6 |



Cash flow

| USD million | Q2 08 | Q1 08 | Q2 07 | 2007 |
|-----------------------------|--------|-------|--------|--------|
| Operating activities | 1.7 | 27.9 | -46.8 | 179.3 |
| Investing activities | 577.1 | -80.9 | -233.8 | -815.6 |
| Financing activities | -307.8 | 73.8 | 192.5 | 634.8 |
| Net change in cash | 271.0 | 20.8 | -88.1 | -1.5 |
| | | | | |
| Cash at beginning of period | 57.3 | 36.5 | 123.0 | 38.0 |
| Cash at end of period | 328.3 | 57.3 | 34.9 | 36.5 |



Key financial figures

| | Q2 08 | Q1 08 | Q2 07 | 2007 |
|----------------------|-------|-------|-------|-------|
| EBITDA margin | 27.6% | 14.6% | 47.0% | 29.2% |
| Equity ratio | 54.1% | 48.3% | 53.0% | 50.4% |
| ROE | 2.7% | -3.8% | 3.2% | 4.9% |
| ROCE | 4.7% | -1.0% | 10.6% | 7.4% |
| NIBD (USDm) | 370.2 | 968.4 | 998.2 | 934.4 |
| EPS (USD) | 0.08 | -0.07 | 0.06 | 0.12 |
| Number of shares (m) | 456.2 | 456.2 | 456.2 | 456.2 |
| Shareprice (NOK) | 16.00 | 15.20 | 27.80 | 22.90 |
| Market cap (USDm) | 1,434 | 1,362 | 2,146 | 1,924 |



Floating production

- Start up costs on YÙUM K'AK'NÁAB affecting results
 - Measures have been taken to resume stable operations
 - Deviation in oil specification is expected to result in significant modification
- Continued high operating costs in Nigeria

| USD million | Q2 08 | Q1 08 | Q2 07 | 2007 |
|----------------------------|-------|-------|--------|--------|
| Operating revenues | 43.2 | 43.7 | 209.8 | 442.3 |
| Operating expenses | -56.4 | -40.3 | -179.1 | -373.4 |
| Profit from associates | -7.5 | 9.2 | 5.6 | 18.1 |
| EBITDA ¹ | 21.6 | 12.6 | 36.3 | 87.0 |
| Depr, amort and write-down | -5.9 | -5.8 | -5.5 | -26.6 |
| EBIT | 15.7 | 6.8 | 30.8 | 60.4 |

1: Q208 figures include a net positive effect from Prosafe and Prosafe Production transactions. Negative effect from provisions
Historical figures include construction contract revenue and expenses related to YÙUM K'AK'NÁAB conversion



Technology & Installation Services

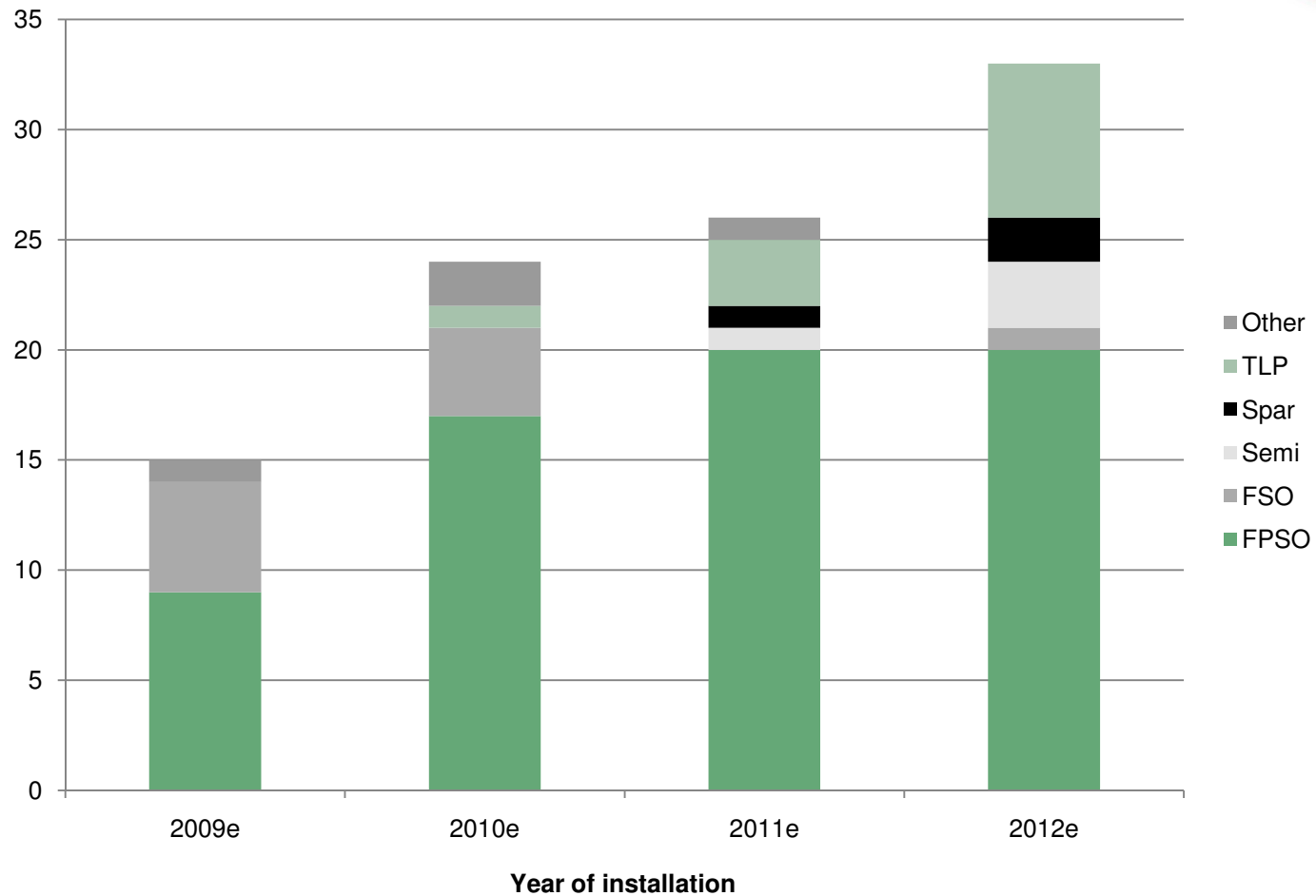
- Projects on track
 - Major projects include Peregrino, Neptune, Chinook Cascade and Nexus
- Strong order inflow
- Successful start up of BW Offshore Installation Services
 - Two campaigns already completed
 - Three major campaigns secured for 2009/2010

| USD million | Q2 08 | Q1 08 | Q2 07 | 2007 ¹ |
|----------------------------|--------|-------|-------|-------------------|
| Operating revenues | 114.5 | 66.7 | 55.7 | 220.3 |
| Operating expenses | -101.2 | -63.5 | -49.7 | -184.3 |
| Profit from associates | -0.4 | 0.0 | -0.4 | -0.4 |
| EBITDA | 12.9 | 3.2 | 5.4 | 35.6 |
| Depr, amort and write-down | -5.2 | -5.2 | -2.5 | -18.9 |
| EBIT | 7.7 | -2.0 | 2.9 | 16.7 |

¹ Figures from 8 May 2007



Strong and visible FPSO demand

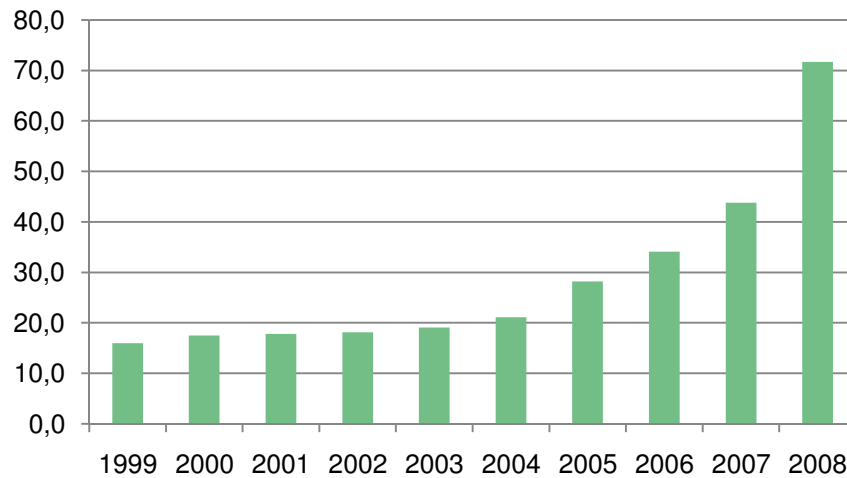


Source: ODS-Petrodata

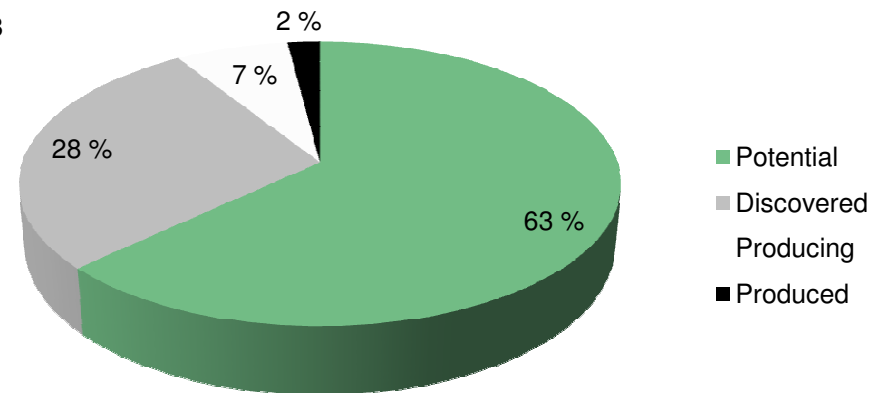


Deepwater E&P budgets increasing

Planning and budgeting price for oil (Brent Blend)



Potential deepwater reserves



Source: SEB Enskilda, HSBC, Shell, Total

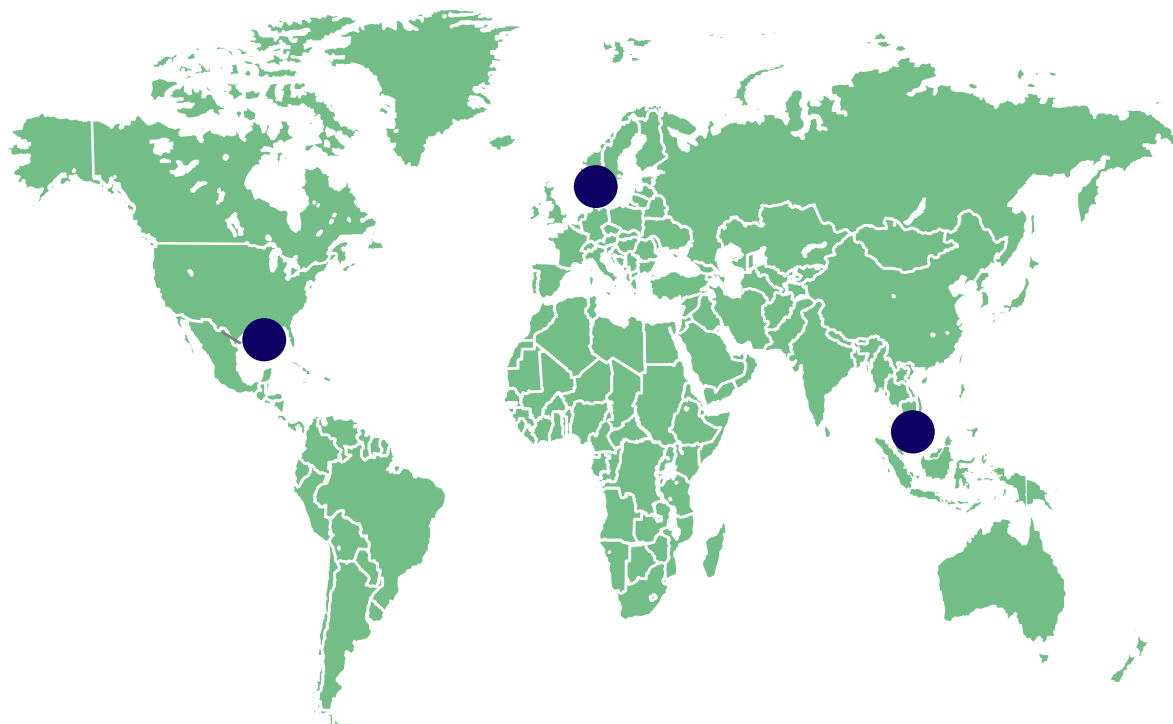


Expanding geographical presence

**US
Houston**

**Norway
Oslo & Arendal**

Singapore



 BW Offshore operating headquarters



Positioned for the future

- Complete service offering
 - FPSO
 - Oil – LPG - LNG
 - World class mooring technology
 - Terminals and transfer systems
 - Installation
- Solutions driven
- Total risk control
- Cost leadership
- Presence in all markets





Achievements

- Key business targets already met
 - Win one large FPSO contract in 2008 ✓
 - Secure USD 500 million order intake for technology ✓
 - Secure three installation campaigns for 2009 ✓
 - Profitable sale of Prosafe shares ✓
 - Refinance corporate facilities ✓
 - Retain position as leading LNG terminal provider ✓
 - Obtain contracts for BW Peace and BW Carmen ✓
 - Successfully commercialise swivel technology ✓

