

BW Offshore

Q3 2010 presentation

30 November 2010



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Agenda

- Highlights and fleet overview
- Integration
- Finance
- Market
- Summary






Highlights


- Q3 2010 EBITDA of USD 79.3 million before results from associates
- Successful acquisition of Prosafe Production
- Signed agreement for the sale of the APL division to National Oilwell Varco for USD 500 million in cash
- Signed contract for FPSO BW Athena (ex BW Carmen)
- Extension of contracts for FPSO Sendje Berge and FPSO Abo
- Ongoing conversions progressing in line with expectations

Global footprint

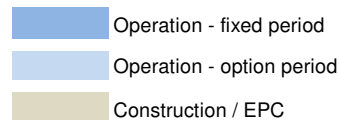
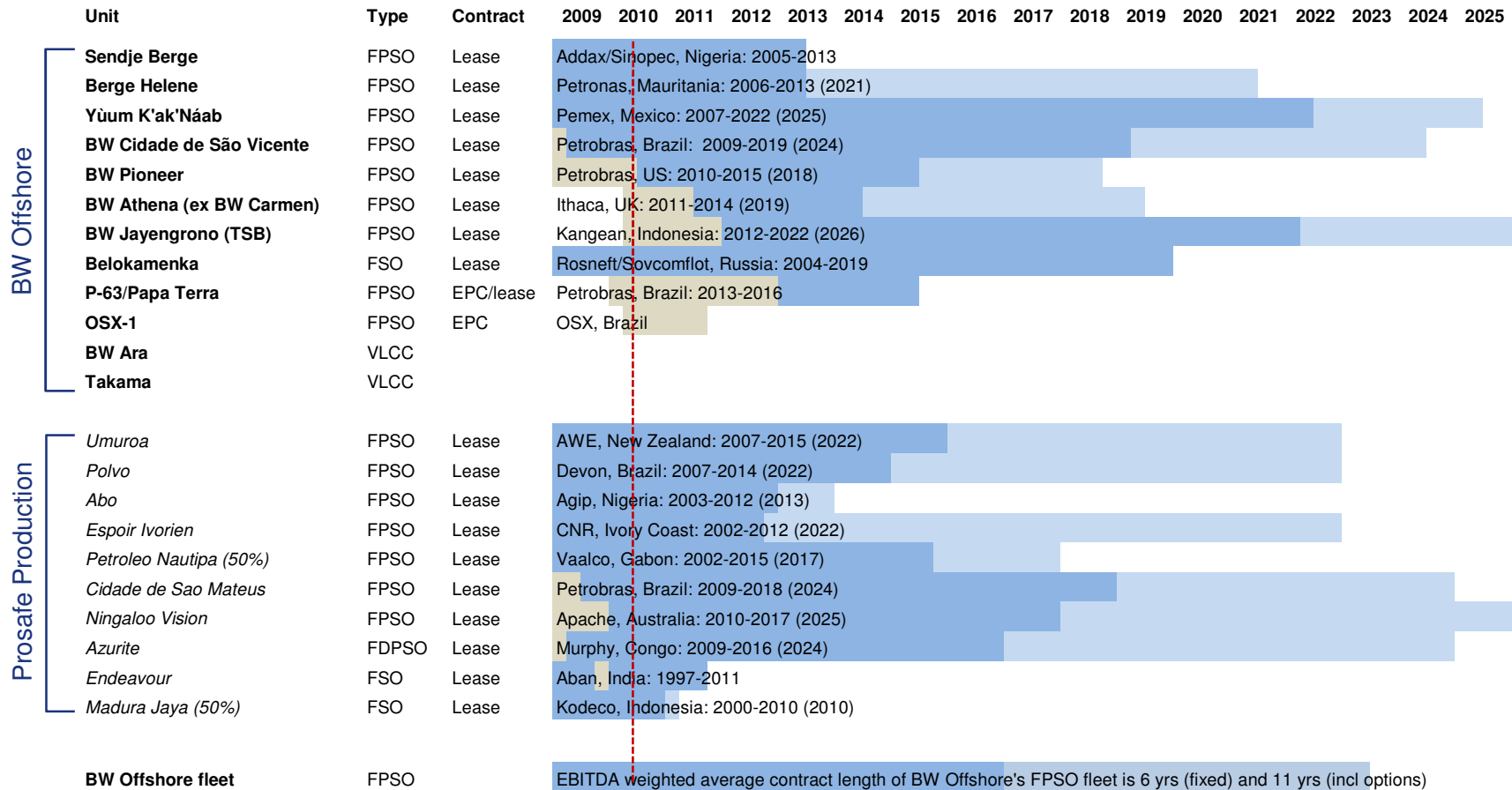


 BW Offshore units

 BW Offshore offices

 Recruitment centers

Fleet



Total revenue backlog is USD 8 billion – whereof 60% is fixed contracts



Project status

- FPSO BW Pioneer for Petrobras
 - Riser and umbilical pull in completed after some weather delay
 - Final hook up of swivel and disconnect system ongoing
- FPSO P-63 (Papa Terra) for Petrobras - *COSCO Dalian, China*
 - Structural work and steel replacement ongoing
 - Progress of long lead items on schedule
- FPSO BW Jayengrono (TSB) for Kangean Energy - *Sembawang, Singapore*
 - Structural work and steel replacement ongoing
 - Progress of long lead items on schedule
- FPSO OSX-1 for OSX - *Keppel Benoi, Singapore*
 - Engineering and procurement progressing well
- FPSO BW Athena for Ithaca Energy - *Drydocks World, Dubai*
 - Fabrication of extension piece and buoy started
 - Engineering and procurement progressing well

Prosafe Production fleet overview



Name: **Abo**
Type: **FPSO**
Location: **Nigeria**
Operator: **Agip**



Name: **Madura Jaya**
Type: **FSO**
Location: **Indonesia**
Operator: **Kodeco**



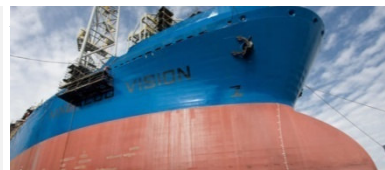
Name: **Azurite**
Type: **FDPSO**
Location: **Congo**
Operator: **Murphy**



Name: **Petróleo Nautipa**
Type: **FPSO**
Location: **Gabon**
Operator: **Vaalco**



Name: **Endeavor**
Type: **FSO**
Location: **India**
Operator: **Aban**



Name: **Ningaloo Vision**
Type: **FPSO**
Location: **Australia**
Operator: **Apache**



Name: **Espoir Ivorien**
Type: **FPSO**
Location: **Ivory Coast**
Operator: **CNR**



Name: **Polvo**
Type: **FPSO**
Location: **Brazil**
Operator: **Devon**



Name: **Cidade de São Mateus**
Type: **FPSO**
Location: **Brazil**
Operator: **Petrobras**



Name: **Umuroa**
Type: **FPSO**
Location: **New Zealand**
Operator: **AWE**

INTEGRATION





Integration and change processes

- Integration of Prosafe Production well under way
 - Maintaining excellent operation on all vessels
 - Capturing key employees
 - Implementing best practice from both companies

- Combined organization will be presented internally in December
 - Singapore organization to be physically integrated by end of January 2011
 - Local offices will be integrated by end of Q1 2011

- Sale of APL division to be completed in December
 - Finalizing carve out process
 - USD 500 million cash payment at completion

Capital Markets Day planned for early Q2 2011

Final date to be communicated with financial calendar in December

Board and Management



Board of Directors

- Dr Helmut Sohmen
Chairman
- Ronny Johan Langeland
Vice Chairman
- Carine Smith Ihenacho
- Christophe Pettenati-Auzière
- Maarten R. Scholten
- Andreas Sohmen-Pao

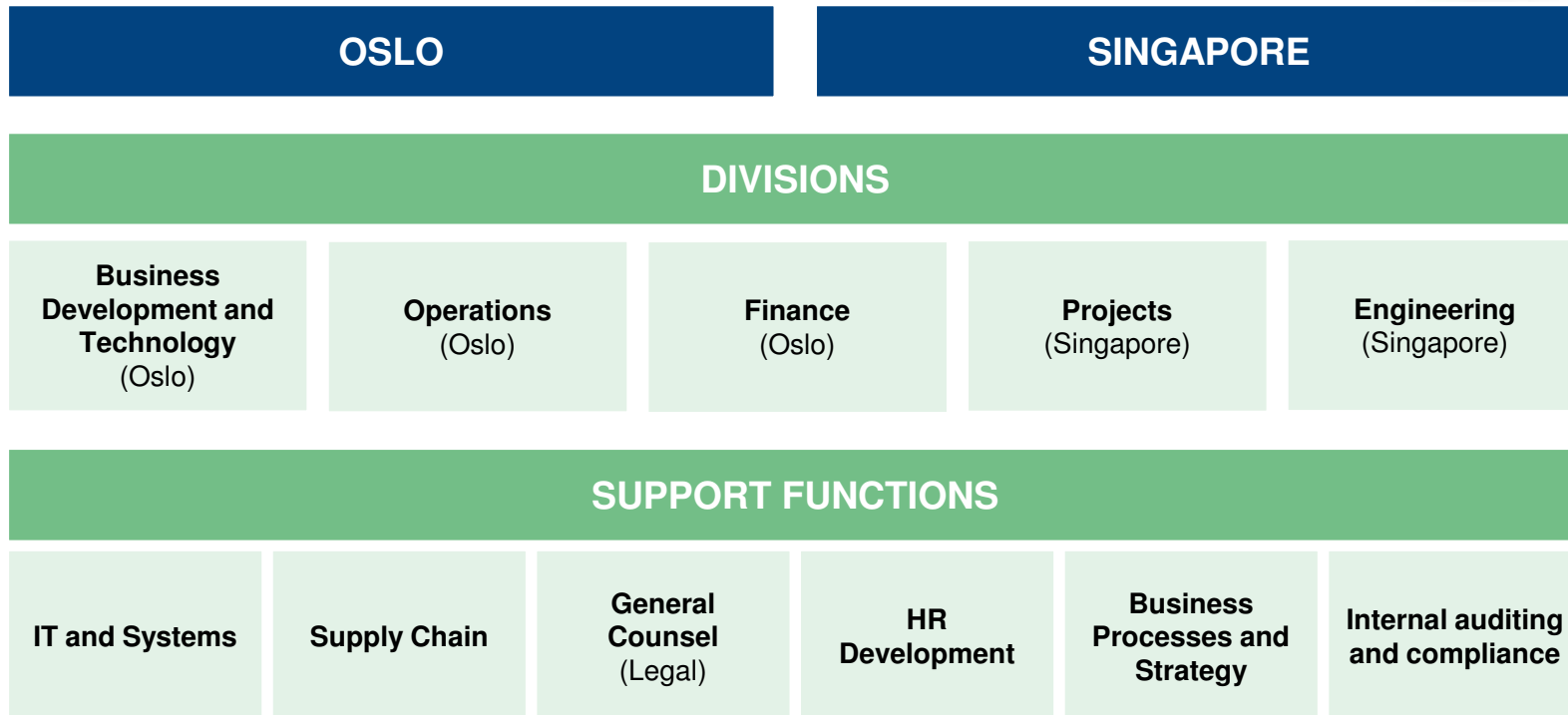
Management

- Carl K. Arnet
CEO
- Knut R. Sæthre
CFO
- Tom A. Kristiansen
EVP Business Development & Technology
- David Sverre
EVP Projects
- Anders Holm
EVP Engineering
- Jon Myran
EVP Operations



New organisational structure

TWO MAIN HUBS



FINANCE





Key takeaways

- Stable financial and operational performance
- Good progress on P-63/Papa Terra project – revenues booked in accordance with percentage of completion method
- OSX project started – booking of engineering and manager revenues
- Received USD 32.5 million for BMG settlement
- APL division booked as discontinuing business from and including Q3 2010
- Prosafe Production to be consolidated from and including Q4 2010
- Negative share of profit from Prosafe Production due to write down of goodwill
- Purchase Price Allocation (PPA) analysis of Prosafe Production to be completed in Q4 2010

P&L



USD million	Q3 10	Q2 10	Q3 09
Operating revenue	139.0	74.6	65.2
Operating expenses	-59.7	-55.4	-26.2
Share of profit from associates	-16.4	0.1	2.3
EBITDA	62.9	19.3	41.3
Depreciation	-13.1	-13.2	-12.9
Amortisations	-0.9	-1.0	-0.8
Gain on sale of assets	0.0	0.0	-2.2
EBIT	48.9	5.1	25.4
Net interest expense	-5.6	-5.0	-3.1
Fx, fin instr and other fin items	8.7	-25.0	-14.0
Profit (loss) before tax	52.0	-24.9	8.3
Income tax expense	-2.4	-4.1	-1.9
Net profit (loss) from continued operations	49.6	-29.0	6.4
<i>Net profit (loss) from discontinued operations</i>	<i>8.0</i>	<i>1.2</i>	<i>0.1</i>
Net profit (loss)	57.6	-27.8	6.5

Reported EBITDA	62.9
<i>Share of profit of associates</i>	<i>16.4</i>
Adjusted EBITDA	79.3
<i>Fx gain</i>	<i>-6.8</i>
<i>BMG settlement</i>	<i>-32.5</i>
Operational EBITDA	40.0



Balance sheet

- Equity ratio 47.9%
- Net interest bearing debt USD 811.9 million

USD million	30.09.10	30.09.09	31.12.09
Total non-current assets	1,791.0	2,069.1	2,134.8
<i>Assets of disposal group held for sale</i>	498.4	0.0	0.0
Total current assets	689.2	268.9	258.7
Total assets	2,480.2	2,338.0	2,393.5
Total equity	948.6	927.9	920.9
Total non-current liabilities	1,104.5	1,127.3	1,237.5
<i>Liabilities of disposal group held for sale</i>	134.2	0.0	0.0
Total current liabilities	427.1	282.8	235.1
Total liabilities	1,531.6	1,410.1	1,472.6
Total equity and liabilities	2,480.2	2,338.0	2,393.5

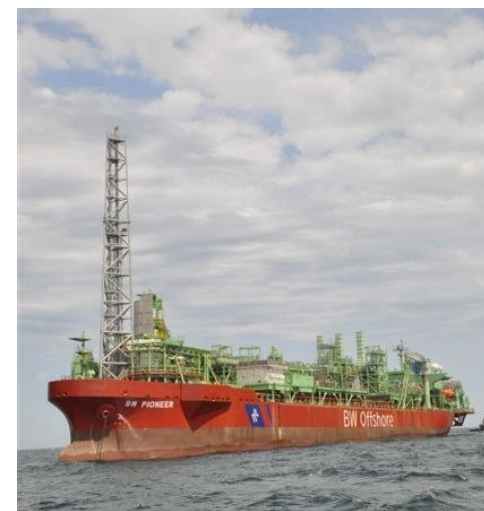
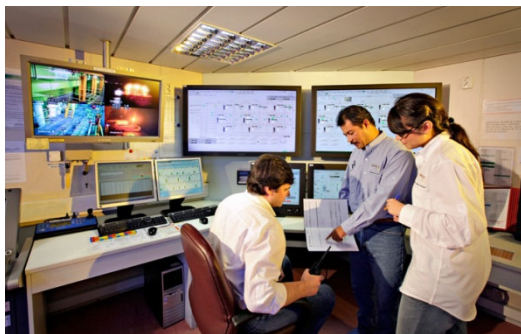
Reported interest bearing debt *	988.0
<i>Cash and deposits</i>	76.9
<i>Non-current deposits *</i>	99.2
	-176.1
Net interest bearing debt	811.9

* Per Q3 2010, USD 99.2 million is related to the CIRR financing scheme; increasing both long term debt and non-current deposits



Cash forecast

- Cash at 30 September 2010 USD 76.9 million
- Operating cash flow of USD 61.2 million in Q3 2010 and USD 217.4 million per 30 September 2010
- Growing operational cash flow based on fixed long term contracts with strong counterparties
- Run-rate EBITDA on current portfolio is USD 450-500 million





Refinance status

- BW Offshore is seeking a refinancing of the company's corporate debt in the bank market
- Strong interest from existing bank syndicate
- A complete restructuring will provide predictable terms and flexibility for both growth and dividend payments



Shareholder structure



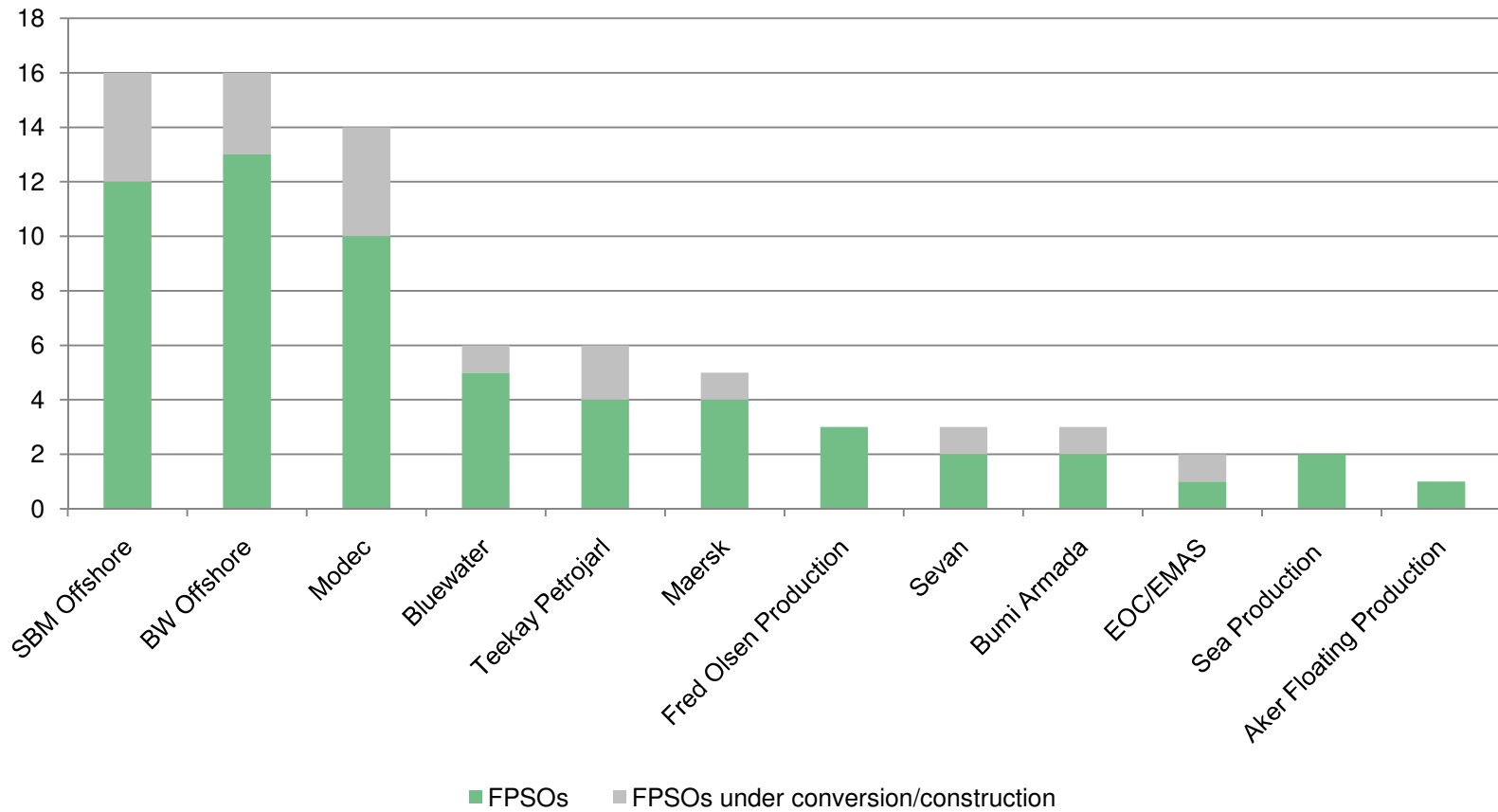
	Name	Type	Country	Shares #	Shares %
1	BW GROUP LIMITED		BMU	305,436,227	44.39%
2	MORGAN STANLEY & CO	NOM	GBR	24,609,751	3.58%
3	RASMUSSENGRUPPEN AS		NOR	23,843,565	3.47%
4	BW EUROHOLDINGS LTD		CYP	18,398,736	2.67%
5	CREDIT SUISSE SECURI	NOM	USA	15,822,888	2.30%
6	ODIN OFFSHORE		NOR	14,718,400	2.14%
7	UBS AG, LONDON BRANC	NOM	GBR	14,454,049	2.10%
8	ODIN NORDEN		NOR	11,464,375	1.67%
9	ODIN NORGE		NOR	10,253,153	1.49%
10	ORKLA ASA		NOR	9,240,000	1.34%
11	RBC DEXIA INVESTOR S	NOM	GBR	7,870,727	1.14%
12	PARETO AKSJE NORGE		NOR	7,453,303	1.08%
13	KLP AKSJE NORGE VPF		NOR	7,216,247	1.05%
14	BROWN BROTHERS HARRI		USA	7,200,000	1.05%
15	JPMORGAN CHASE BANK	NOM	GBR	7,000,386	1.02%
16	HSBC BANK PLC	NOM	GBR	6,063,143	0.88%
17	KOLBJØRN INVEST II A		NOR	5,720,000	0.83%
18	KOMMUNAL LANDSPENSJO		NOR	5,417,908	0.79%
19	AWILCO INVEST AS		NOR	4,520,900	0.66%
20	STATE STREET BANK AN	NOM	USA	4,436,733	0.64%
	Top 20 shareholders			511,140,491	74.29%
	Total shares outstanding			688,006,004	

Updated per 29 November 2010

MARKET



Competition



Lease FPSOs, excluding FSOs and hulls

Source: BW Offshore, companies

Increased complexity

Sendje Berge (2005)

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



BW Pioneer (2010)

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



Future industry challenges

- Larger and more complex units
 - Investment up to USD 1.5 bn
- Local content requirement
 - Supplier selection
 - Logistics
- Stricter environmental requirements
- Technical challenges
 - Deeper/less benign
- Pressures and temperatures
 - Higher





Project and risk management

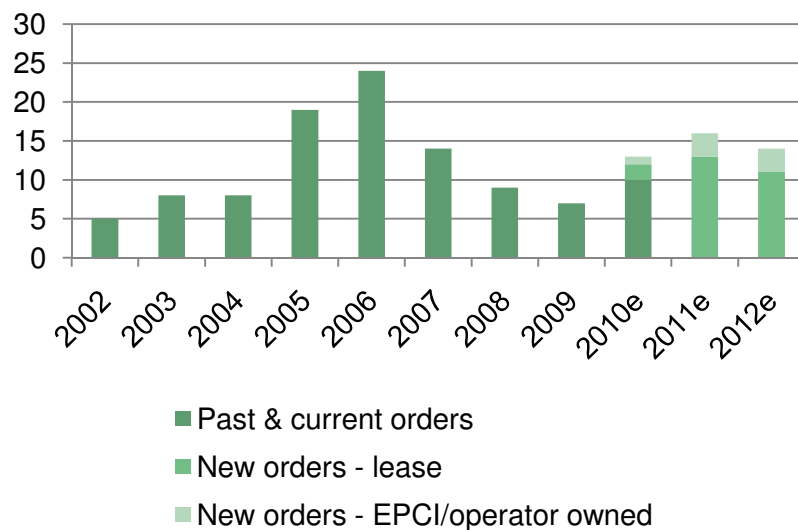
- Commercial
 - Country
 - Contract conditions
- Clients
 - Field development
 - Solidity
- Bidding process
 - Cost estimating
 - Complexity
- Project execution
 - Engineering progress
 - Supply chain
 - Quality of work
- Start-up





FPSO market significantly stronger

- Increased activity in all market regions
- Financial strength and track record increasingly important factors to secure contracts
- High activity with BW Offshore focusing on project robustness, financial return and risk factors



Source: Fearnley Offshore





Market opportunities

Brazil

- 30-40 opportunities
- Local content
- Size of projects
- Technology - important
- Commercially tough

Africa

- 30-40 opportunities
- Local content yes/no
- All sizes
- Less technology driven
- All types of commercial regimes

South East Asia

- 20-30 opportunities
- Price
- Limited technology requirements
- Limited local content issues
- All types of commercial regimes

Gulf of Mexico

- 20 opportunities
- Who knows now?

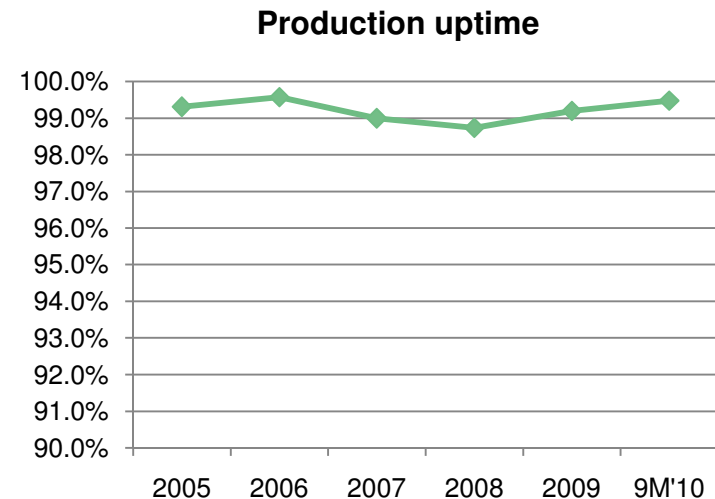
Northern Europe

- 20 opportunities
- No local content
- Expensive, but reasonable scope
- Technology

BW Offshore's market proposition



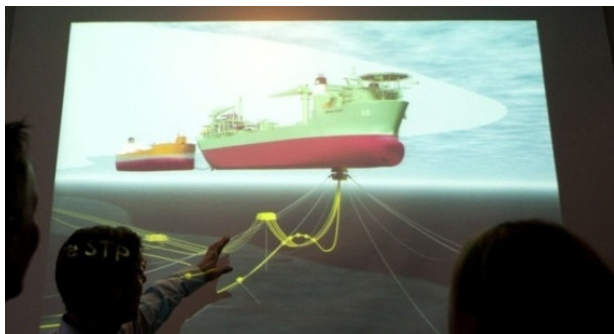
- Class leading production uptime - five year average uptime is 99.2%
- Strong project execution capabilities
- Track record of more than 30 FPSO and FSO conversions since 1982
- Preferential access to leading turret technology through NOV/APL
- World-wide operation
- Fleet of 16 FPSOs and 3 FSOs
- Robust balance sheet with strong financial capabilities





Higher returns for future business

- Positive market outlook
 - Limited competition
 - Target good return projects
- Expect improvement in value creation
 - Improved contracts (T&C's)
 - Lower prices and improved delivery time from suppliers
 - Improved project delivery processes and controls
 - Flexible and sound financing
 - Stable and predictable operations



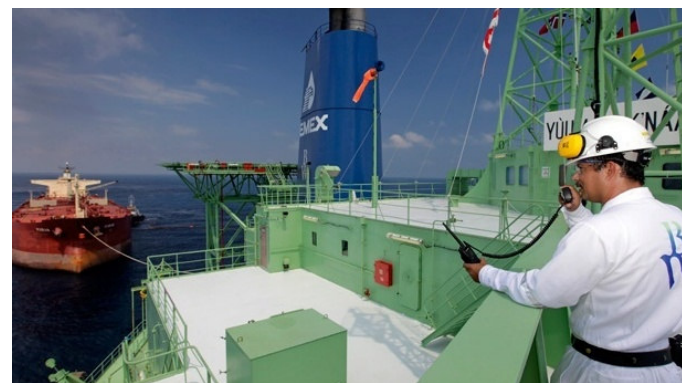
SUMMARY





Improved shareholder returns

- World's second largest FPSO player
- Excellent operational results
- Strong operating cash flow from solid counterparties supports dividends
- Diversified and solid client base with operations in all key markets
- Expect attractive opportunities in the FPSO market
- Well positioned to generate improved shareholder returns



Q & A

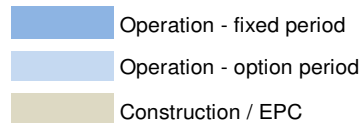
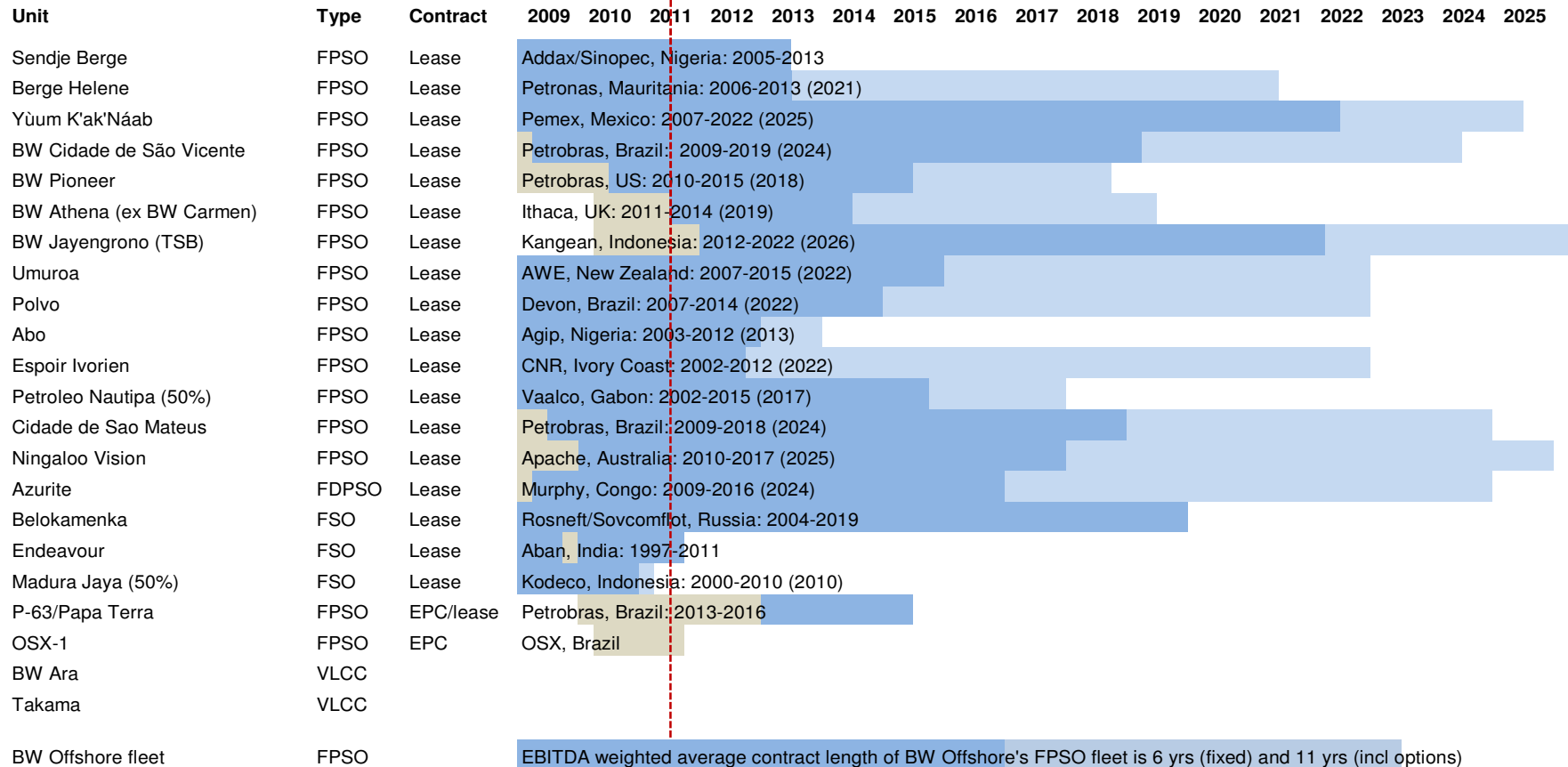




APPENDIX



Fleet



Total revenue backlog is USD 8 billion – whereof 60% is fixed contracts



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



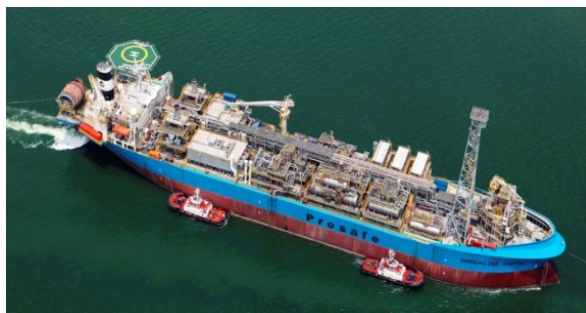
BW Cidade de São Vicente, FPSO

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



Esprit 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 – in operation



Madura Jaya FSO
Kodeco, Indonesia
• 630,000 bbls storage

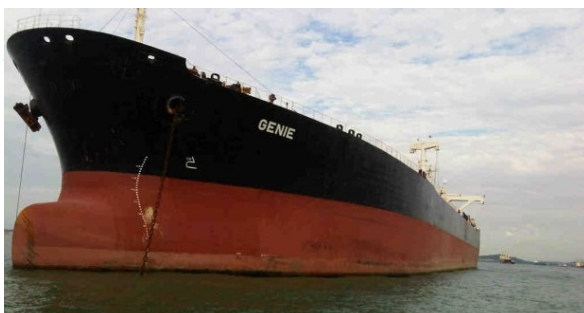
Units on contract - project



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 Jayengrono (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

- ULCC
- 2,000,000 bbls storage capacity



Takama

- VLCC
- 1,900,000 bbls storage capacity



Further information: www.bwoffshore.com

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