

BW Offshore

Q4 2010 presentation

22 February 2011



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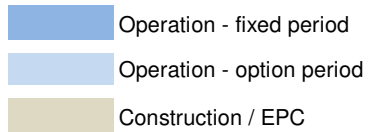
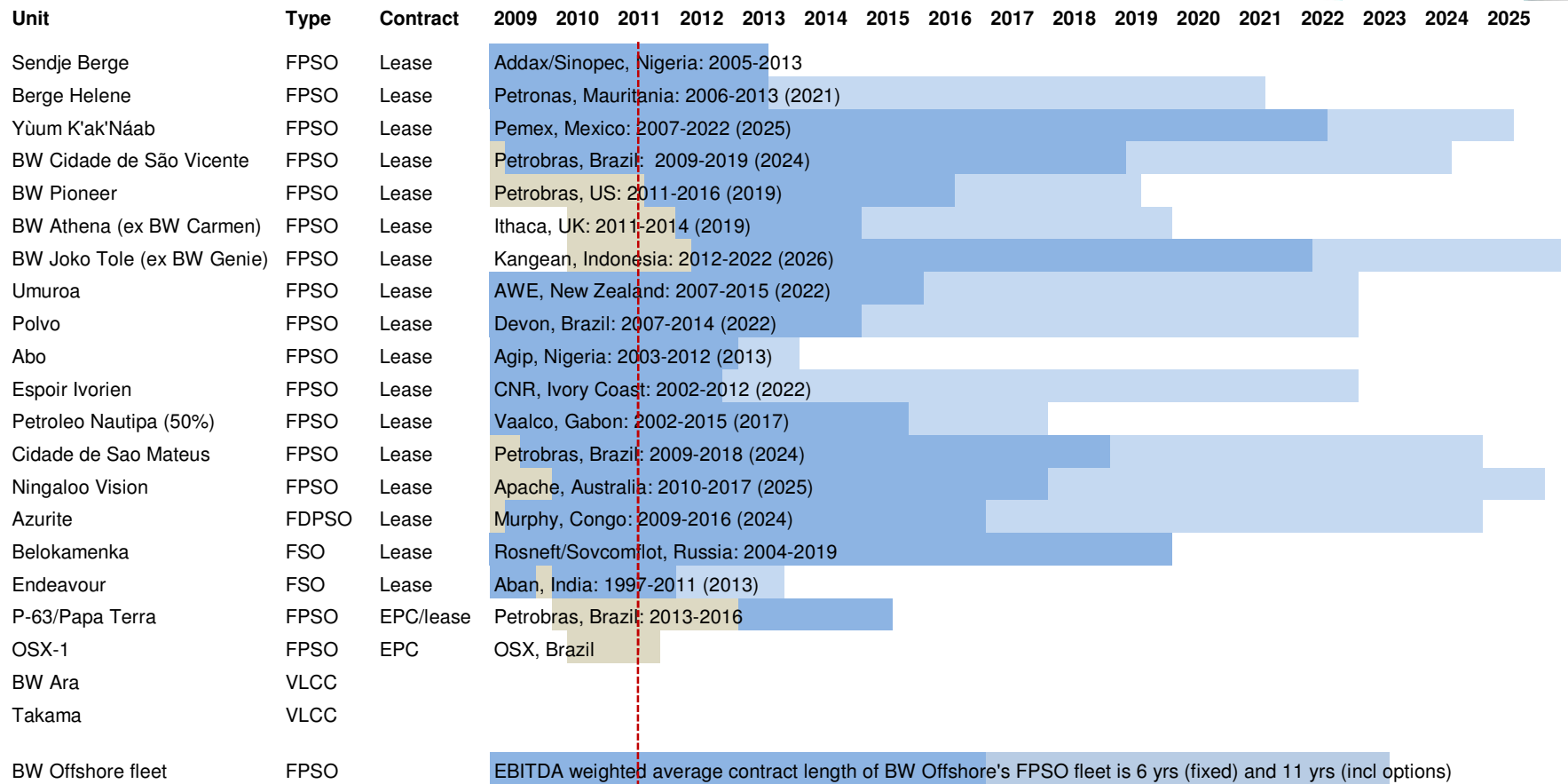
Highlights

- Q4 2010 EBITDA of USD 87.6 million excluding non-recurring items
- Acquisition of Prosafe Production completed
- Received payment of USD 531.5 million for the sale of the APL division
- Uptime of 98.6% after downtime on Ningaloo Vision
- Start of day rate payments for BW Pioneer under discussion
- Completed year-end fleet valuation
- Syndication of USD 2.4 billion seven year loan facility completed
- Dividend policy proposed for Annual General Meeting in May
 - 20-25% of EBITDA
 - Quarterly payments

STATUS



Fleet

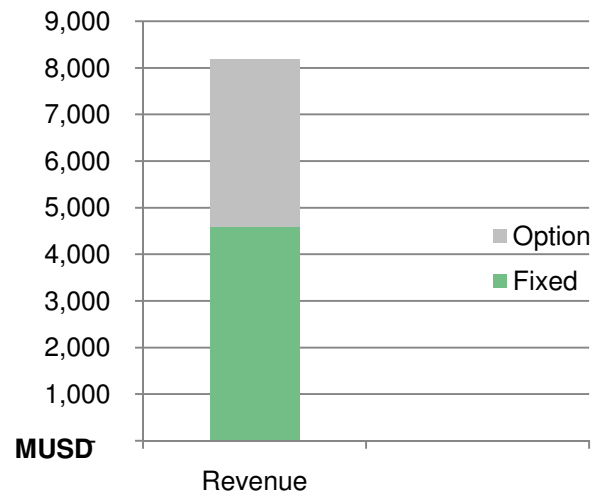


Total revenue backlog is USD 8.2 billion – whereof 56% is fixed contracts

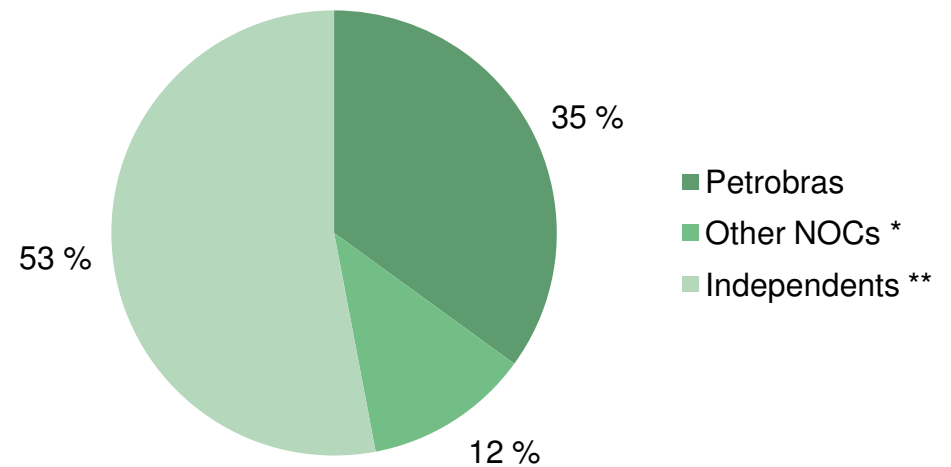


Backlog and counterparties

USD 8.2 billion backlog



Robust counterparties



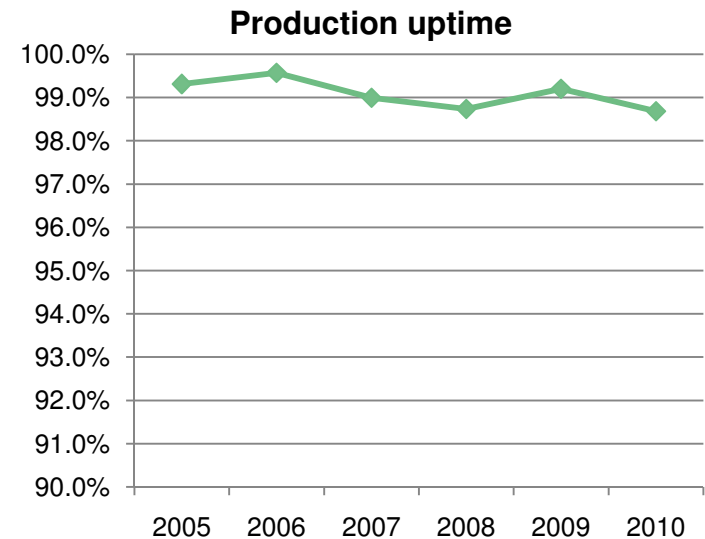
* e.g. Pemex, Petronas

** e.g. Apache, Murphy, Kangean, Ithaca, Devon, AWE, CNR, Agip

Operations



- Q4 2010 uptime of 98.6%
 - 5 year average uptime is 99.0%
- Ningaloo Vision downtime in part of Q4 2010 and Q1 2011
 - Caused by swivel and mooring system
 - Temporary repairs carried out – permanent repairs under planning
 - Unit has resumed production
- FSO Endeavor contract extended until April 2011 (options until April 2013)
- FSO Madura Jaya sold for recycling





Projects (I)

- FPSO BW Pioneer for Petrobras
 - Disconnect system and hook-up of flow lines completed
 - Unit ready for production
 - Start of day rate payments under discussion

- FPSO BW Athena for Ithaca Energy - *Drydocks World, Dubai*
 - Fabrication of new ship section and buoy well underway
 - Progress 40% per end January and in line with plan





Projects (II)

- FPSO BW Joko Tole (TSB) for Kangean Energy - *Sembawang, Singapore*
 - Structural work and steel replacement ongoing, detailed engineering being completed
 - Progress 37% per end January and in line with plan
- FPSO P-63 (Papa Terra) for Petrobras - *COSCO Dalian, China*
 - Structural work and steel renewal, piping and mechanical work ongoing
 - Progress 51% per end January and in line with plan
- FPSO OSX-1 for OSX - *Keppel Benoi, Singapore*
 - BW Offshore supporting project management, engineering and procurement





Integration and synergies

- Goals
 - Business as usual on all units
 - Move to one business-platform
- Progress
 - Carve out of APL organisation completed
 - Singapore organisation integrated and relocated
 - Integration of regional offices starting
 - Best practice process started
- Current realised cost synergies USD 20 million per annum
 - Head-count
 - Office leases
 - Insurance

FINANCE





Key takeaways

■ Consolidated accounts

- Prosafe Production consolidated from and including Q4 2010
- Purchase Price Allocation (PPA) analysis of Prosafe Production performed
- Booked net impairment charges of USD 85.0 million
- APL division presented as discontinuing business from and including Q3 2010
- Provision for disputed import duty related to YÙUM K'AK'NÀAB of USD14.0 million

■ Restructuring charges

- Operating expense: USD 34.7 million mainly related to personnel reduction, external advisors and terminated office leases
- Net finance: USD 12.7 million (non-cash) related to capitalised costs on existing loans

P&L



USD million	Q4 10	Q3 10	Q4 09	2010	2009
Operating revenue	255.8	139.0	57.7	549.3	219.9
Operating expenses	-216.9	-59.7	-26.4	-382.2	-112.5
Share of profit from associates	0.0	-16.4	-10.7	-14.8	-6.1
EBITDA	38.9	62.9	20.6	152.3	101.3
Depreciation	-44.3	-13.1	-13.4	-83.1	-40.6
Amortisations	-1.2	-0.9	-0.6	-4.1	-3.0
Gain (loss) on sale of assets / impairments	-85.0	0.0	-0.1	-85.0	-1.5
EBIT	-91.6	48.9	6.5	-19.9	56.2
Net interest expense	-12.6	-5.6	-5.4	-26.2	-16.1
Fx, fin instr and other fin items	-10.9	8.7	0.0	-37.0	-7.5
Profit (loss) before tax	-115.1	52.0	1.1	-83.1	32.6
Income tax expense	-7.2	-2.4	-2.8	-16.4	-7.7
Net profit (loss) from continued operations	-122.3	49.6	-1.7	-99.5	24.9
<i>Net profit (loss) from discontinued operations</i>	<i>115.7</i>	<i>8.0</i>	<i>-5.6</i>	<i>122.9</i>	<i>-33.7</i>
Net profit (loss)	-6.6	57.6	-7.3	23.4	-8.8

Reported EBITDA	38.9
<i>Restructuring costs</i>	<i>34.7</i>
<i>Arbitration</i>	<i>14.0</i>
Operational EBITDA	87.6



Balance sheet

- Equity ratio 37.5%
- Existing loan facilities classified as short-term debt due to refinancing
- Net interest bearing debt USD 1,401.5 million

USD million	31.12.10	30.09.09	31.12.09
Total non-current assets	3,287.4	1,791.0	2,134.8
<i>Assets of disposal group held for sale</i>	7.1	498.4	0.0
Total current assets	382.8	689.2	258.7
Total assets	3,670.2	2,480.2	2,393.5
Total equity	1,375.6	948.6	920.9
Total non-current liabilities	337.7	1,104.5	1,237.5
<i>Liabilities of disposal group held for sale</i>	7.1	134.2	0.0
Total current liabilities	1,956.9	427.1	235.1
Total liabilities	2,294.6	1,531.6	1,472.6
Total equity and liabilities	3,670.2	2,480.2	2,393.5

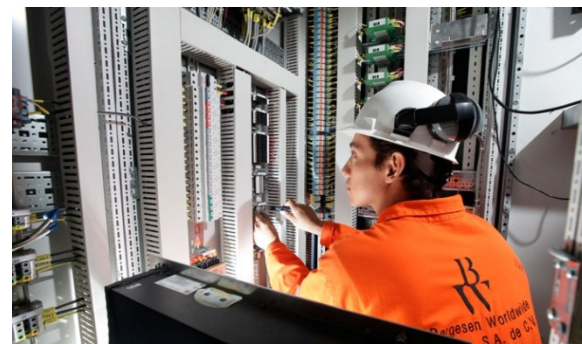
Reported interest bearing debt *	1728.9
<i>Cash and deposits</i>	228.2
<i>Non-current deposits *</i>	99.2
	-327.4
Net interest bearing debt	1401.5

* Per Q4 2010, USD 99.2 million is related to the CIRR financing scheme; increasing both long term debt and non-current deposits



Cash status

- Cash at 31 December 2010 USD 228.2 million
- Operating cash flow USD 140.1 million in Q4 2010
- Repayment of USD 370.2 million in interest bearing debt
- Run-rate EBITDA on current portfolio is USD 500 million
 - Includes BW Pioneer, BW Athena and BW Joko Tole (ex P-63 and OSX)
- Remaining net cash outflow on existing projects is USD 350 million
 - Includes BW Pioneer, BW Athena, BW Joko Tole and P-63
 - Expenditures (capex and net working capital) less contracted milestone payments and variation orders





Refinancing

- Refinancing of BW Offshore and Prosafe Production's corporate debt
- Seven year secured loan of USD 2.4 billion – syndication completed
- Predictable terms and flexibility for both growth and dividend
- Completing loan documentation in Q1 2011



OUTLOOK





Focus and strategic direction

- Market demand supports accretive organic growth
- Existing portfolio enables quarterly dividend payments
- Continue to play an active part in further industry consolidation





Dividend and shareholder return

- BW Offshore proposes new dividend policy to AGM in May
 - 20-25% of EBITDA
 - Quarterly payments

BW Offshore has as an objective to generate competitive long-term total shareholder returns. This return will be achieved through sustainable growth and stable dividend payments. BW Offshore targets a payout ratio of 20-25 per cent of EBITDA over the business cycle. The payments of dividends will be evaluated and paid on a quarterly basis.



Market

- Increasing activity levels in all markets
- Final contract negotiations for Bien Dong FSO in Vietnam
- Target selection criteria
 - Financial return
 - Client/field robustness
 - Technical complexity
 - Country and regulatory requirements



Q & A

Capital Markets Day

Oslo - 22 March

Singapore - 29 March





APPENDIX





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



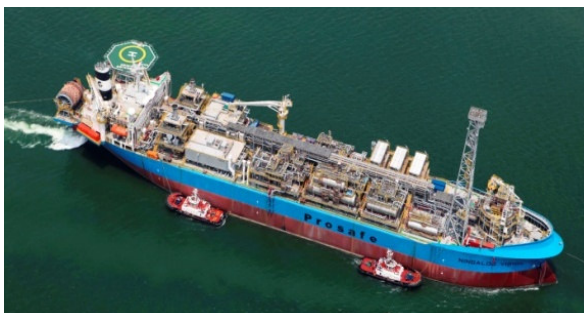
BW Cidade de São Vicente, FPSO

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



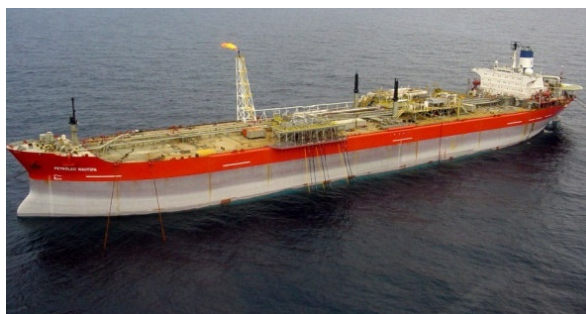
Umuroa, FPSO **AWE, New Zealand**

- 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 - 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



Further information: www.bwoffshore.com

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