



February 16, 2010

4<sup>th</sup> quarter 2009



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# Summary

- Stable development in underlying results
- Impairment charge relating to FPSO *Ningaloo Vision and M/T Takama*
- Robust operational performance
- FPSO Ningaloo Vision ready to commence production
- Market outlook improving



## Financial results

## Operations and projects

## Market outlook

# Profit & Loss

(unaudited figures in USD million)	Q4 09	Q4 08	2009	2008
Operating revenues	90.4	71.4	315.0	264.7
Operating expenses	(40.0)	(35.6)	(130.1)	(122.1)
<b>Operating profit before depreciation</b>	<b>50.4</b>	<b>35.8</b>	<b>184.9</b>	<b>142.6</b>
Depreciation	(30.3)	(14.9)	(83.7)	(57.6)
Impairment	(46.7)	(196.8)	(46.7)	(196.8)
<b>Operating profit</b>	<b>(26.5)</b>	<b>(175.9)</b>	<b>54.5</b>	<b>(111.8)</b>
Interest income	0.1	0.8	0.7	3.3
Interest expenses	(11.3)	(11.2)	(44.9)	(28.7)
Other financial items	3.2	(4.3)	(0.6)	(56.2)
<b>Net financial items</b>	<b>(8.1)</b>	<b>(14.6)</b>	<b>(44.8)</b>	<b>(81.6)</b>
<b>Profit before taxes</b>	<b>(34.6)</b>	<b>(190.5)</b>	<b>9.6</b>	<b>(193.3)</b>
Taxes	(6.6)	3.8	(19.9)	(10.2)
<b>Net profit (loss)</b>	<b>(41.1)</b>	<b>(186.7)</b>	<b>(10.3)</b>	<b>(203.6)</b>
 <b>Earnings per share</b>	 <b>(0.16)</b>	 <b>(0.73)</b>	 <b>(0.04)</b>	 <b>(0.80)</b>
<b>Earnings per share diluted</b>	<b>(0.16)</b>	<b>(0.73)</b>	<b>(0.04)</b>	<b>(0.80)</b>

# Balance Sheet

<u>(unaudited figures in USD million)</u>	31/12/09	31/12/08
Goodwill	128.3	128.3
Ships	1,756.2	1,567.4
Other non-current assets	7.3	15.7
<b>Total non-current assets</b>	<b>1,891.8</b>	<b>1,711.4</b>
Cash and deposits	133.8	211.0
Other current assets	71.0	62.2
<b>Total current assets</b>	<b>204.8</b>	<b>273.2</b>
<b>Total assets</b>	<b>2,096.6</b>	<b>1,984.6</b>
Share capital	25.5	25.5
Other equity	788.2	780.2
<b>Total equity</b>	<b>813.7</b>	<b>805.7</b>
Interest-free long-term liabilities	38.3	56.3
Interest-bearing long-term debt	1,001.1	1,013.8
<b>Total long-term liabilities</b>	<b>1,039.4</b>	<b>1,070.1</b>
Other interest-free current liabilities	92.9	90.0
Current interest-bearing debt	150.6	18.8
<b>Total current liabilities</b>	<b>243.5</b>	<b>108.7</b>
<b>Total equity and liabilities</b>	<b>2,096.6</b>	<b>1,984.6</b>

# Cash Flow

<u>(unaudited figures in USD million)</u>	<b>2009</b>	<b>2008</b>
Profit before taxes	9.6	(193.4)
Unrealised currency loss (gain)	(0.9)	(1.2)
Depreciation	83.7	57.6
Impairment	46.7	196.8
Taxes paid	(12.7)	(18.2)
Loss on sale of assets	0.0	52.6
Change in working capital	(8.1)	78.8
Other items from operating activities	33.3	(25.1)
<b>Net cash flow from operating activities</b>	<b>151.6</b>	<b>148.0</b>
Acquisition of tangible assets	(317.6)	(895.7)
Acquisition of financial assets	0.0	(319.6)
Proceeds from sale of assets	0.0	260.0
Dividends received	0.0	1.5
Interest received	0.7	3.3
<b>Net cash flow from investing activities</b>	<b>(316.9)</b>	<b>(950.6)</b>
Proceeds from new interest-bearing debt	235.0	963.2
Repayment of interest-bearing debt	(107.6)	(50.6)
Paid-in capital	0.0	70.1
Dividends paid/Capital repayment	0.0	0.0
Interest paid	(39.2)	(22.1)
<b>Net cash flow from financing activities</b>	<b>88.1</b>	<b>960.6</b>
<b>Net cash flow</b>	<b>(77.2)</b>	<b>158.0</b>
Cash and deposits at beginning of period	211.0	53.0
<b>Cash and deposits at end of period</b>	<b>133.8</b>	<b>211.0</b>

# Key figures

	Notes	Q4 09	Q3 09	Q4 08	2009
EBITDA margin		55.8%	60.5%	50.2%	58.7%
Operating margin		-29.3%	36.4%	-246.4%	17.3%
Return on capital employed	1	-5.4%	6.3%	-46.8%	2.8%
Return on equity	2	-20.3%	6.5%	-92.7%	-1.3%
Equity ratio	3	38.8%	40.1%	40.6%	38.8%
EPS (USD)	4	(0.16)	0.05	(0.73)	(0.04)
EPS adjusted (USD)	5	0.02	0.05	0.04	0.14
Working capital (USD million)	6	(38.7)	6.9	164.4	(38.7)
Net interest-bearing debt (USD million)		1,017.9	1,035.2	821.6	1,017.9
Market capitalisation (USD million)		547	599	401	547
Share price (NOK)		12.45	13.70	11.00	12.45
Book equity per share (USD)		3.19	3.33	3.16	3.19
Number of shares (million)		255.2	255.2	255.2	255.2
Average number of shares (million)		255.2	255.2	255.2	255.2
USD/NOK exchange rate		5.81	5.84	7.00	5.81

## Notes

1. Operating profit / [Average total assets - Average interest-free current debt] (Annualised)
2. Net profit / Average book equity (Annualised)
3. Book equity / Total assets
4. Net profit / Average number of outstanding and potential shares
5. Figures adjusted for effects from impairment charge
6. Current assets - current liabilities.

# Shareholders as of 10 February 2010



Account	# of shares	Ownership
BW OFFSHORE CYPRUS LIMITED	44,500,000	17.44%
PROSAFE HOLDING LTD.	19,778,137	7.75%
BW EUROHOLDINGS LTD	15,332,280	6.01%
BW OFFSHORE CYPRUS LTD	11,432,990	4.48%
FOLKETRYGDFONDET	9,946,785	3.90%
RBC DEXIA INVESTOR SERVICES TRUST	8,441,364	3.31%
BROWN BROTHERS HARRIMAN & CO	7,500,000	2.94%
AWILCO INVEST AS	6,638,538	2.60%
ORKLA ASA	5,850,000	2.29%
PARETO AKSJE NORGE	5,717,800	2.24%
PROSAFE SE	5,596,997	2.19%
BGL BNP PARIBAS	5,208,467	2.04%
BW LPG FPSO I LTD	5,000,000	1.96%
UBS AG, LONDON BRANCH	4,303,696	1.69%
JPMORGAN CHASE BANK	4,277,035	1.68%
HSBC BANK PLC	4,143,255	1.62%
MORGAN STANLEY & CO INTERNAT. PLC	4,110,129	1.61%
BANK OF NEW YORK MELLON	3,961,174	1.55%
ODIN OFFSHORE	3,932,000	1.54%
STATE STREET BANK AND TRUST CO.	3,800,536	1.49%

# Operations and projects



Financial results

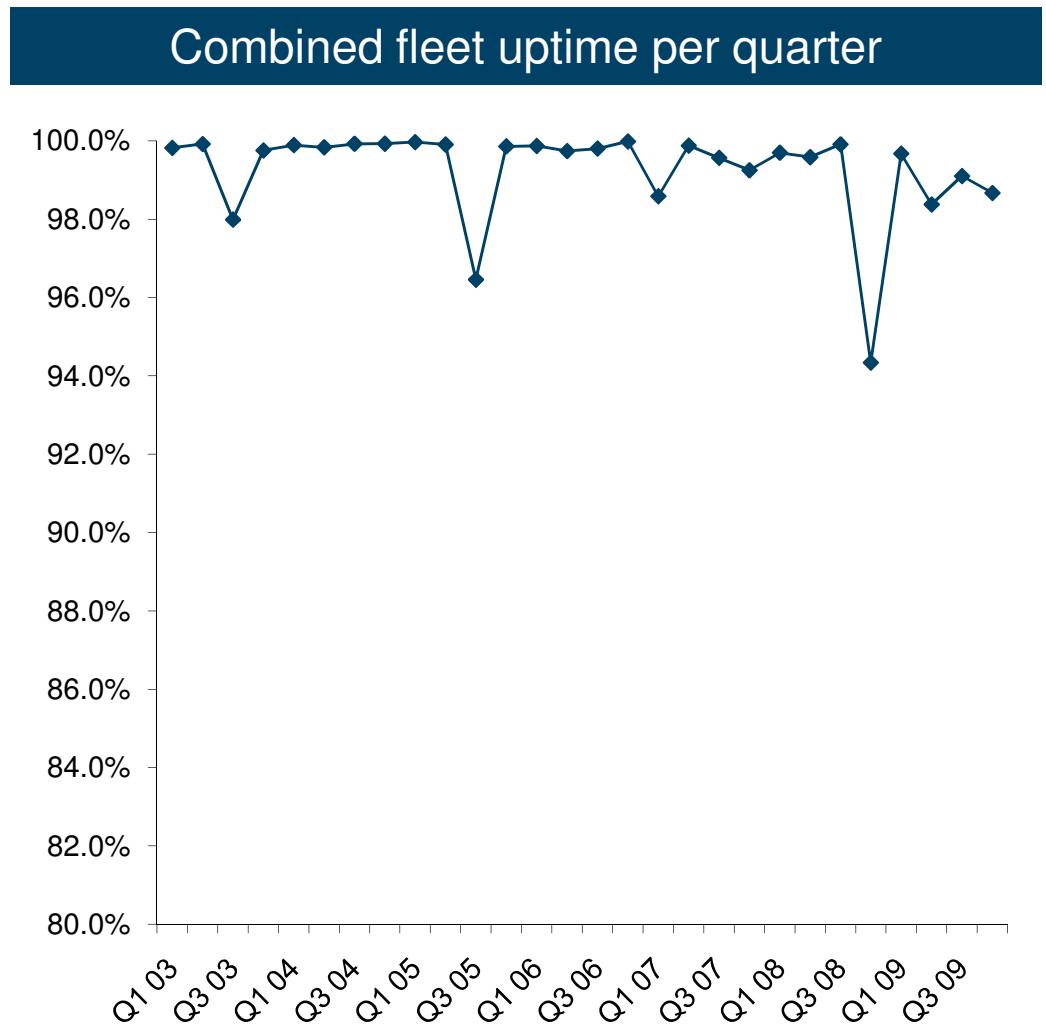
**Operations and projects**

Market outlook

# Robust operations...

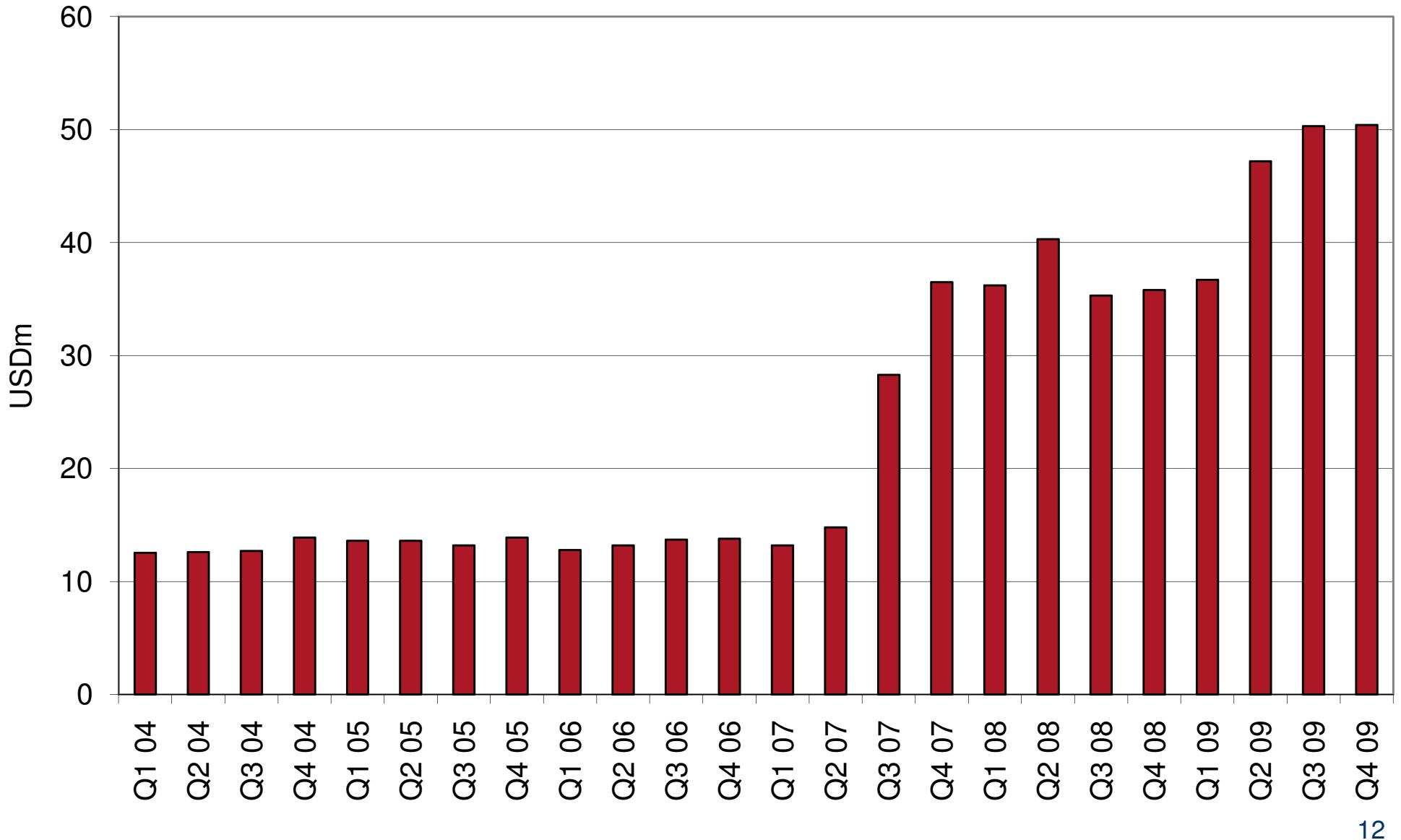
- Strong uptime delivered to clients also in Q4 09
- Operations of new vessels going well
- Robust HSE results - LTI frequency of 0.28 in 2009

World class operations



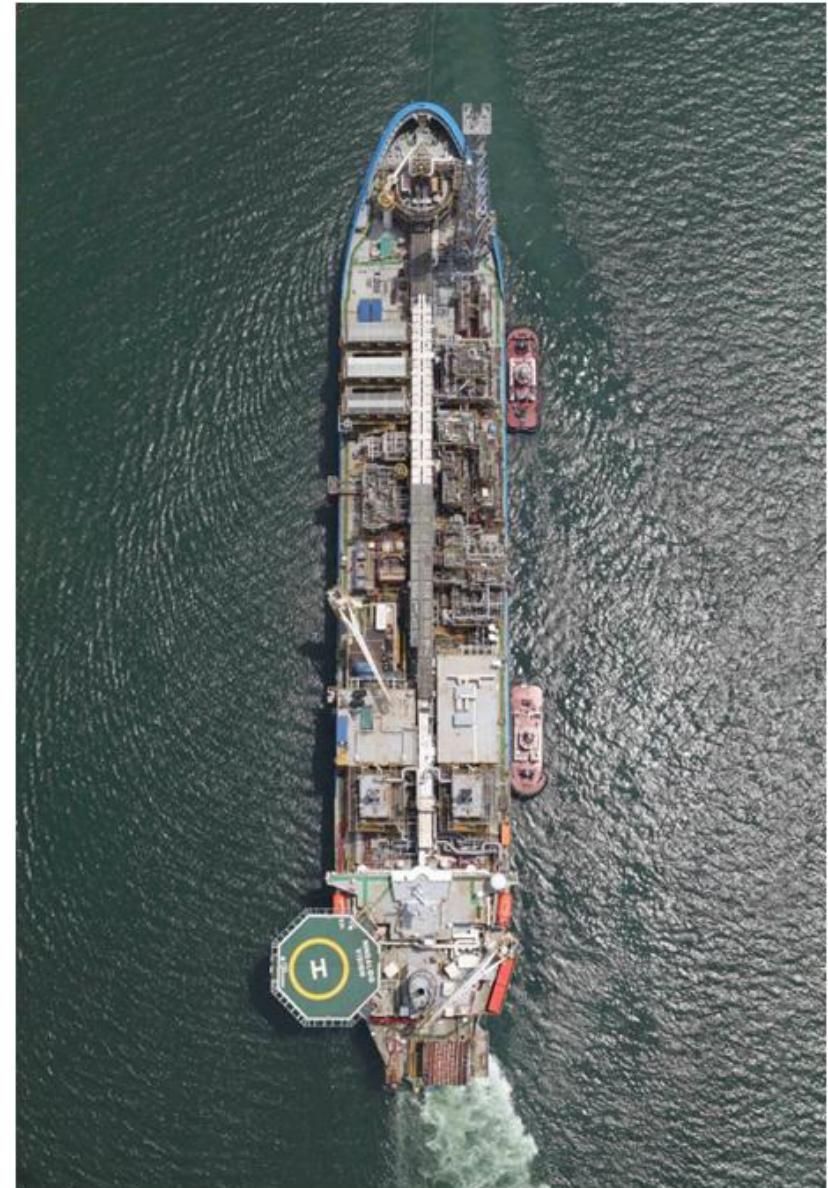
# ...gives stable and visible results

EBITDA per quarter



# FPSO Ningaloo Vision

- On dayrate from beginning of January
- Final commissioning of disconnectable turret has gone well
- Ready to commence operations



# FPSO Ningaloo Vision

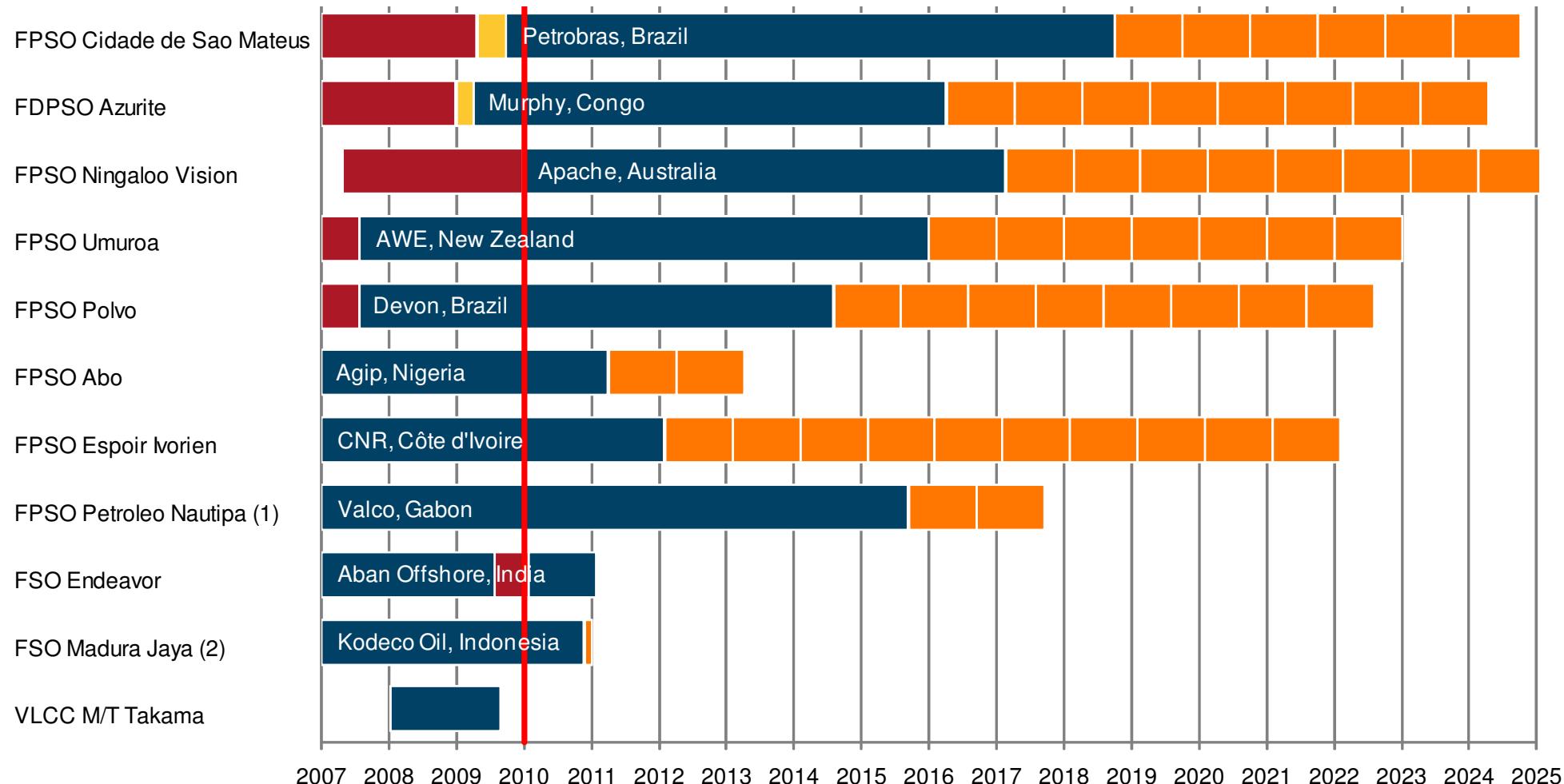


# MoU with Höegh LNG

- Cooperation regarding LNG FPSOs
- Höegh LNG to be responsible for design, project execution, completion and funding
- Prosafe Production to be responsible for operations and maintenance, as well as supporting Höegh LNG with marketing and project execution
- Attractive ticket to enter market with exciting long-term growth potential



# Contract status



1. 50% ownership. Fred. Olsen Production holds remaining 50%

2. 50% ownership. Equinox holds remaining 50%

 Conversion/yard stay

 Availability dayrate

 Firm contract

 Option

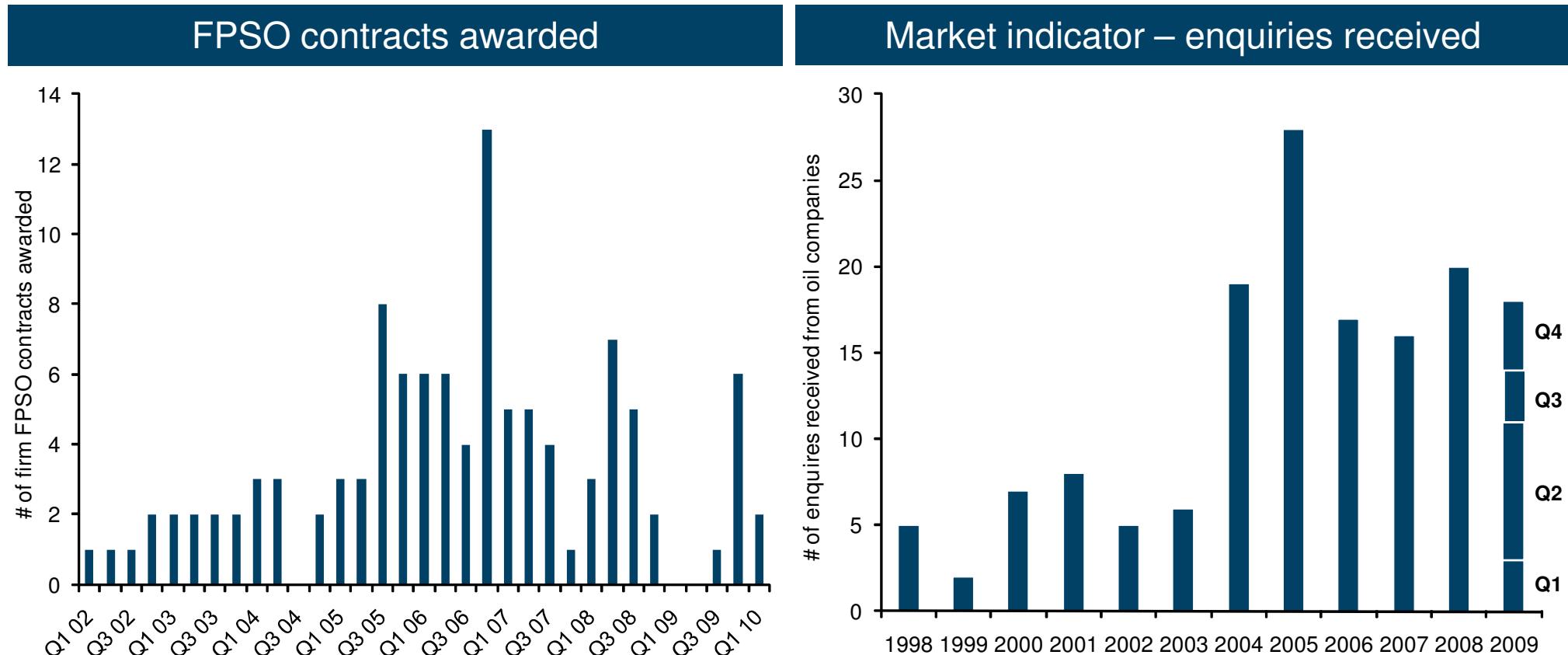
## Financial results

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# Gradual improvement short-term

- Only seven contracts awarded in 2009 – quietest year since 2002
- Signs of improvement – tender activity likely to increase gradually through 2010

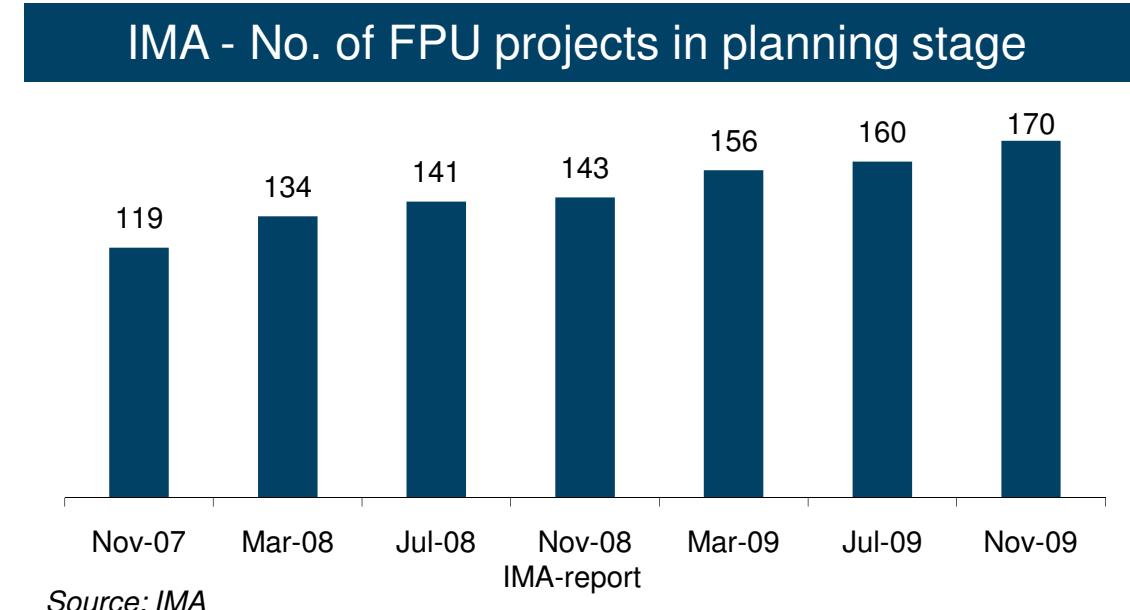
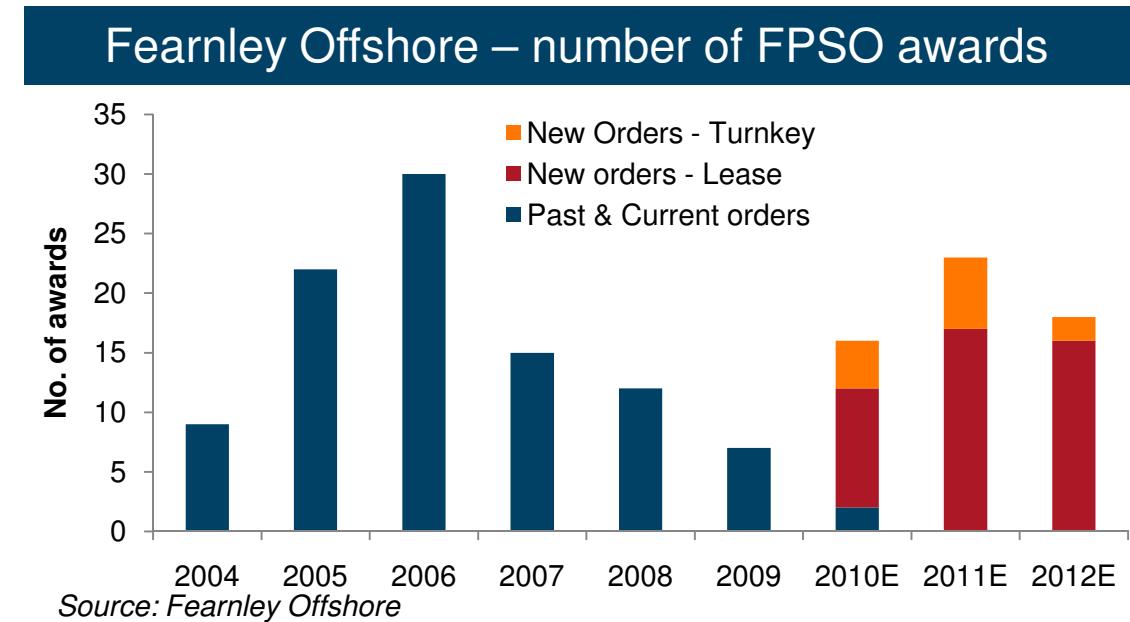


Source: Fearnley Offshore

Source: Prosafe Production

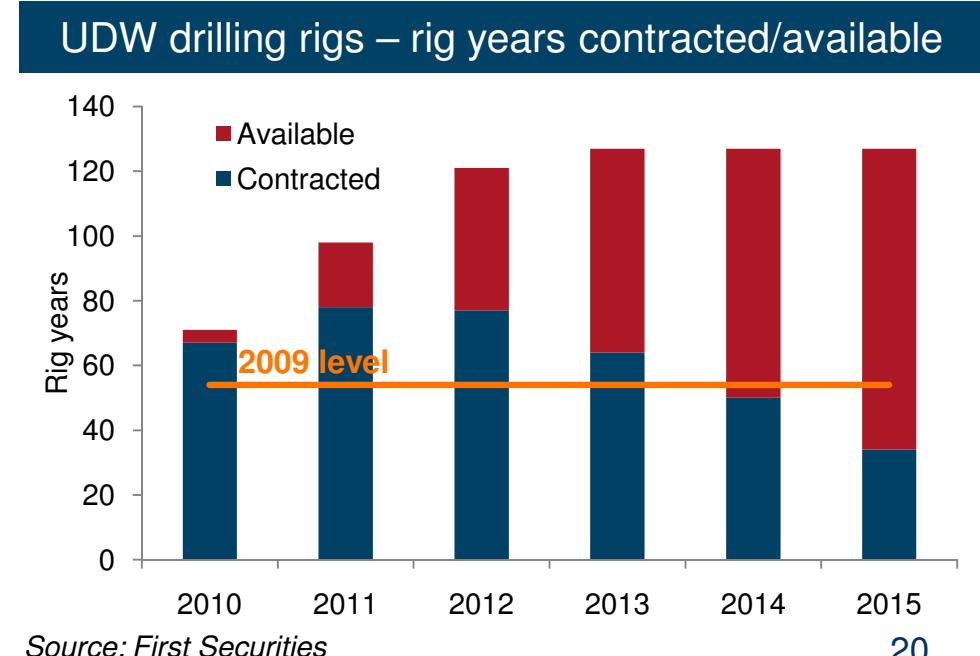
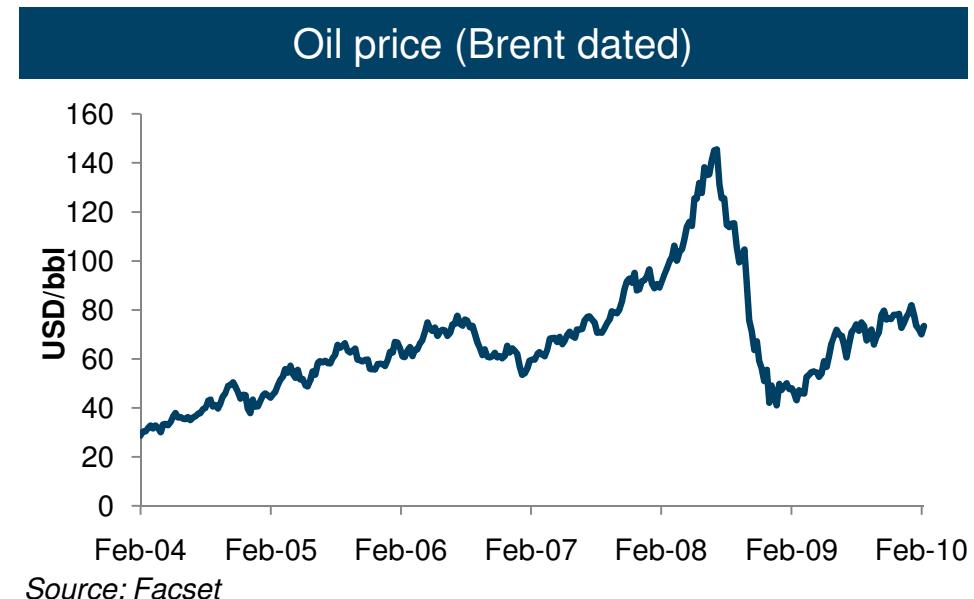
# Optimistic forecasts

- Fearnely Offshore expects high activity in the next few years
  - 2010E: 14 awards
  - 2011E: 23 awards
  - 2012E: 18 awards
- ODS-Petrodata sees 106 planned and possible FPSO awards over the next 4 years
- IMA currently has 170 FPU prospects in its database



# Bright long-term outlook

- Demand for oil anticipated to grow in foreseeable future
- Oil field decline rate expected to continue to increase
- Structural case – an increasing part of future oil production to come from “FPSO-friendly” areas
- Leading indicators positive
  - Oil price stabilized at higher level
  - High drilling activity



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