

## BW OFFSHORE FIRST QUARTER RESULTS

### HIGHLIGHTS

- EBITDA of USD 186.8 million for the quarter
- Acquisition of the Maromba field offshore Brazil
- Gross production from Tortue of 1.1 million bbls
- Two liftings completed, totalling 1.2 million bbls net to BW Energy
- Reached agreement with Gabon Oil Company for farm-in in the Dussafu license
- Extensions signed for BW Cidade de São Vicente in April
- Closed new corporate facility of USD 672.5 million in May
- Contemplated listing of BW Energy (see separate announcement)
- Carl K. Arnet to step down as CEO, Marco Beenen appointed new CEO from 1 July 2019
- Knut R. Sæthre to step down as CFO, Ståle Andreassen appointed new CFO from 1 July 2019

EBITDA for the first quarter of 2019 was USD 186.8 million, an increase from USD 148.9 million in the fourth quarter 2018. This increase was largely due to two liftings from the Tortue field. In addition, the excess-production revenue from BW Catcher contributed to the improved result.

BW Offshore signed agreements to acquire the Maromba field offshore Brazil for a total acquisition cost of USD 115 million from Petrobras (70%) and Chevron (30%). Closing of the transactions is subject to fulfilment or waiver of conditions precedents, including regulatory approvals and BW Offshore being approved as an operator in Brazil. The acquisition price will be paid over three milestones as the development progresses towards first oil.

The Company has signed an agreement to extend the lease for the BW Cidade de São Vicente by one year.

Gross production from Tortue averaged 12,500 bbls per day in the first quarter. The total gross production from the Tortue field was 1.1 million bbls of oil. Two liftings were completed in the first quarter, yielding net 1.2 million bbls to BW Energy at a realised price of USD 59 (January) and USD 66 (March) per barrel. Production cost (excluding royalty) averaged USD 20.8 per barrel in the quarter.

"We have had a good quarter with continued high uptime for the FPSO fleet led by BW Catcher and we signed a new extension for BW Cidade de São Vicente. Production was at a high level from the Tortue field and we are preparing to start phase two of the Dussafu development with an exploration well in the Ruche area to identify additional resources. We are also pleased to have executed the Maromba field acquisition, which offers a very good fit to our proven E&P strategy," said Carl K. Arnet, CEO of BW Offshore.

Separately BW Offshore today announced its plans to establish BW Energy as a separate company and seek a listing in 2019. As part of this process, Carl K. Arnet and Knut R. Sæthre to step down as CEO and CFO respectively, from 30 June 2019. They will assume the same positions at BW Energy from 1 July 2019.

### Summary of income statement (unaudited)

(USD Million)	Q1 2019	Q4 2018	Q1 2018
Operating revenue	296.4	255.4	192.5
Operating expenses	(110.1)	(107.0)	(84.5)
Share of profit/(loss) from equity accounted investments	0.5	0.5	0.5
<b>EBITDA</b>	<b>186.8</b>	<b>148.9</b>	<b>108.5</b>
Depreciation	(103.4)	(91.1)	(76.5)
Amortisation	(0.7)	(0.6)	(0.5)
Gain/(loss) sale of assets	0.1	7.0	-
<b>Operating profit/(loss)</b>	<b>82.8</b>	<b>64.2</b>	<b>31.5</b>
Net financial income/(expense)	(29.8)	(39.8)	(3.9)
<b>Profit/(loss) before tax</b>	<b>53.0</b>	<b>24.4</b>	<b>27.6</b>
Income tax expense	(16.4)	(14.1)	(9.5)
<b>Net profit/(loss)</b>	<b>36.6</b>	<b>10.3</b>	<b>18.1</b>

## FINANCIALS

Net financial expense was USD 29.8 million in the quarter. Swap rates decreased with a negative mark-to-market impact on interest rate hedges, while the USD weakened against NOK with a positive mark-to-market effect on the cross-currency swaps.

Total equity at 31 March 2019 was USD 1,350.1 million (USD 1,320.9 million). The equity ratio was 39.6% at the end of the quarter (38.7%).

As of 31 March 2019, the Company had USD 326.3 million in interest-bearing loans and USD 60 million in letters of guarantee drawn under the corporate credit facility. The committed amount on the corporate credit facility was USD 580.2 million, following scheduled reductions. Total utilised debt facilities for the Company, including bond loans and other facilities were USD 1,336.6 million. Total available liquidity as of 31 March 2019, amounted to USD 370.9 million. Net interest-bearing debt was USD 1,151.4 million at 31 March 2019 (USD 1,231.6 million).

In May, BW Offshore signed a new corporate facility of USD 672.5 million. The 5-year revolving credit facility was priced at a margin of 225 basis points above USD 3 month Libor, which is equivalent to the margin in the old revolving credit facility. If utilisation exceeds 50%, the margin steps up by another 25 basis points. The new corporate facility is backed by 16 banks and was substantially oversubscribed.

## FPSO OPERATIONS

The FPSO fleet continued to deliver high commercial uptime of in the quarter, including BW Catcher which operated consistently above nameplate capacity throughout the quarter. The average commercial uptime for the fleet was 99.4% (99.5%). The firm period for BW Cidade de São Vicente was extended in April to the second quarter of 2020.

## E&P OPERATION

Gross production from Tortue averaged 12,500 bbls per day in the first quarter, up from about 11,800 bbls per day in the previous quarter. The total gross production from the Tortue field was 1.1 million bbls of oil. Two liftings were completed in the first quarter, yielding net 1.2 million bbls to BW Energy at a realised price per barrel of USD 59 (January) and USD 66 (March). Production cost averaged at USD 20.8 per barrel (excluding royalty) in the quarter.

The farm-in by Gabon Oil Company (GOC) in the Dussafu license was completed in March. GOC has acquired 10% of BW Energy's working interest, reducing BW Energy's interest to 81.667%. The agreement will be retroactive from First Oil on 16 September 2018. The transaction has been approved by the government of Gabon and BW Energy received a cash consideration of USD 28 million in April. Compensation to GOC for its 10% share for the full production period from First Oil will be made through liftings in the third quarter.

Tullow has confirmed their intent to exercise its 10% back-in right into the Dussafu license as stipulated in the production sharing contract (PSC). Discussions are ongoing and completion of the transaction will effectively reduce BW Energy's ownership of the Dussafu license to 73.5%.

## E&P DEVELOPMENT

The Company plans to drill an exploration well on the Hibiscus Updip (DHIBM-1) to test one of several prospects that have been mapped in the Ruche area. Drilling operations are scheduled to commence during the third quarter of 2019 and will be the first in a campaign that includes drilling of four production wells in the Tortue Field and a second exploration well, the location of which will be determined later this year.

The primary objective of the DHIBM-1 exploration well is to identify additional resources in the greater Ruche area, which will be aggregated with the existing Ruche and Ruche North East discoveries and form the basis for future development phases.

BW Offshore's E&P strategy is founded on a set of criteria which include proven resources, high upside potential, located in a country where the Company currently operates, a phased development and the use of an owned FPSOs. The Maromba investment meets these criteria. The field is located off the Brazilian coast in the Campos Basin in approximately 160 metres of water depth and internal estimates show potential recoverable resources of 100-150 million barrels of oil. The field is located close to the Peregrino, Papa Terra and Polvo oil fields where BW Offshore currently has or has had operations. BW Offshore intends to deploy one of its existing FPSOs to the field as part of a phased development to de-risk the project like at the Dussafu development.

## **BW ENERGY**

BW Offshore plans to establish BW Energy as a separate E&P company and will invite external investors into the company to finance development of the recently acquired Maromba field offshore Brazil and value-enhancing investments at the Dussafu Marin Permit offshore Gabon. For further information, see separate announcement.

## **OUTLOOK**

The effect of several years of under-investment will likely become more evident in coming years, as production tied to investments made in the previous up-cycle is increasingly subject to natural depletion.

The global balance of crude oil supply and demand is tighter, which combined with lower break-even costs from increased efficiencies and significant repricing of oil exploration assets, is expected to lead to more projects sanctioned going forward. The market outlook for offshore field developments and FPSOs in particular is favourable.

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 Company is currently evaluating field development prospects, including FPSOs. The Company maintains 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 significant cash flow in the time ahead. BW Offshore has reduced its leverage and has a solid financial position with additional financial capacity from partnerships, and strong liquidity. Redeployment of existing assets is a key part of the strategy and will enable the company to capture significant asset upside and value creation.

**Please see attachments for the full press release and presentation. The Earnings Tables are available at: [www.bwoffshore.com/ir](http://www.bwoffshore.com/ir)**

BW Offshore will host a presentation of the financial results 09:00 (CEST) today at Hotel Continental in Oslo, Norway. The presentation will be given by CEO Carl K. Arnet and CFO Knut R. Sæthre.

The presentation will be broadcasted via webcast and will also be available for replay. Please visit [www.bwoffshore.com](http://www.bwoffshore.com) for details.

### **For further information, please contact:**

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### **About BW Offshore:**

BW Offshore is a leading provider of floating production services to the oil and gas industry. The company also participates in developing proven offshore hydrocarbon reservoirs. BW Offshore is represented in all major oil and gas regions worldwide with a fleet of 15 owned FPSOs. The company has more than 30 years of production track record, having executed 40 FPSO and FSO projects. BW Offshore is listed on the Oslo Stock Exchange.

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.