

Half-year results

Condensed Interim Consolidated Financial Information

2021



BW OFFSHORE

BW Offshore

First half-year results

HIGHLIGHTS

- EBITDA of USD 201.9 million and operating cashflow of USD 204.9 million for the first half-year
- Established renewable energy business with the successful creation and Euronext Growth listing of offshore floating wind specialist BW Ideol
- Signed USD 4.6 billion, 15-year firm FPSO Services contract for Barossa FPSO with Santos
- Recycling of FPSO Berge Helene in April in compliance with Hong Kong convention
- Quarterly dividend of USD 0.035 per share
- Equity ratio of 39.9% and USD 279.7 million in available liquidity at 30 June

FINANCIALS

EBITDA for the period was USD 201.9 million (USD 246.1 million)¹⁾. The decrease in EBITDA was mainly driven by demobilisation of Cidade de São Vicente in March 2021 and reduced revenue related to variation orders compared to the same period of 2020. BW Ideol, which is consolidated in the accounts, impacted Group EBITDA negatively with USD 4.7 million for the period.

Depreciation was USD 131.0 million (USD 157.9 million). The decrease of USD 26.9 million was mainly related to impairment of USD 233.1 million in the first half-year 2020 and revised amortisation schedules for certain vessels.

Operating profit for the first half-year was USD 64.6 million (operating loss of USD 145.7 million). The loss in the first half-year 2020 was mainly related to impairment on the fleet.

Net financial expense was USD 9.0 million (USD 106.6 million). During first-half 2020, mark-to-market values for both cross-currency interest rate swaps and interest rate swaps were significantly reduced due to lower USD swap rates and a strengthening of the US Dollar against other currencies amid high market volatility.

BW Offshore has tax losses carried forward in Australia as a result of a previous operation linked to the acquisition of Prosafe Production. This tax loss has previously not been on the balance sheet as the Company has had no operation in Australia in recent years. With the signing of Barossa project, it is anticipated that this tax loss can be utilised and consequently a deferred tax asset of USD 48.8 million was recognised in the first half of 2021 resulting in a net tax income of USD 33.9 million for the same period.

Net profit for the first half-year was USD 103.1 million, compared to net loss of USD 243.9 million in the first half-year of 2020.

Total equity at 30 June 2021 was USD 1,103.7 million (USD 1,004.5 million). The equity ratio was 39.9% (35.8%) at the end of the first half-year.

As of 30 June 2021, net interest-bearing debt was USD 854.4 million at 30 June 2021 (USD 1,015.4 million). Total available liquidity amounted to USD 279.7 million (excluding any liquidity in BW Ideol).

Net cash inflow from operating activities was USD 204.9 million (USD 215.1 million) in the first half-year. Net cash outflow on investment activities was USD 111.4 million (USD 132.0 million including discontinued operation). Investments were mainly related to capital expenditures for the Barossa project and the investments in BW Ideol. Net cash outflow from financing activities was USD 30.5 million (USD 127.3 million).

FPSO OPERATIONS

The FPSO fleet of 10 operating units continued to deliver stable uptime for the six-month period with an average commercial uptime for the fleet of 98.1% (98.4%). Commercial uptime was impacted by the accident on Espoir Ivoirien and a planned shutdown on Yüum K'ak'Náab.

The Company's backlog amounts to approximately USD 6.8 billion of firm contracts (including the Barossa contract) and USD 8.1 billion when including probable contract extension options.

In January, the contract for Abo FPSO was extended until the end of 2021, with options until the second quarter of 2023.

FPSO Polvo reached end of contract in July 2021 and is currently undergoing decommissioning in Brazil while feasibility studies for BW Energy's Maromba project are being conducted.

Umuroa was disconnected from the Tui field offshore New Zealand according to plan in the beginning of May and the FPSO is currently in lay-up in Indonesia.

In April, BW Offshore completed the sale of Berge Helene for environmentally safe demolition and recycling in compliance with the Hong Kong Convention at Priya Blue shipyard in India. Grieg Green has been nominated as representative on site at the yard to monitor progress, compliance with environmental and safety regulations as well as proper application of the ship recycling plan.

On 10 January 2021, a tragic accident occurred onboard Espoir Ivoirien which resulted in two fatalities. The accident was caused by a leakage of hydrocarbons into a tank where work was being performed. A Change Programme has been initiated following the internal investigation to address underlying and systematic issues and apply lessons-learned across the organisation.

¹⁾ Figures presented are compared to previous half-year (first half-year of 2020 in brackets)

BW Offshore has proactively taken steps to minimise risk of business interruptions due to the spread of the COVID-19 pandemic by implementing comprehensive procedures to safeguard people and operations and adhering to local public health advisory across all locations. The impact on operations has been limited through good risk management, planning and procedures, although there has been some impact on costs. A majority of the Company's offices have partial but increasing occupancy.

FPSO PROJECTS

In March 2021, BW Offshore signed an FPSO Services contract with Santos Ltd. for the Barossa gas field, located 300 kilometres offshore Darwin in Australia. The contract has a firm period of 15 years, with up to 10 years of options. The firm period contract value is USD 4.6 billion. The final investment decision (FID) for the project was made by Santos and its partners on 30 March 2021. Initial gas production from the FPSO is targeted for the first half of 2025. The FPSO project capex of around USD 2 billion will be financed by BW Offshore in combination with banks and equity partners, and approximately USD 1 billion in pre-payments during the construction period by the client.

Since FID, BW Offshore has secured key equipment packages and work-scope related to the FPSO hull, mooring and topside fabrication. Project execution is progressing to plan. The global offshore equipment and supplier market is currently experiencing a period of cost inflation. BW Offshore has locked in a substantial part of the planned third-party deliveries at an early stage. The Company is actively working to mitigate any impact on equipment packages and work scope still outstanding.

The debt and equity financing for the Barossa project is near complete with a syndicate of international project finance banks providing a 14-year USD 1.15 billion combined construction and long-term debt financing. BW Offshore and international infrastructure equity partners will contribute 51% and 49% of the USD 240 million project equity, respectively.

OFFSHORE FLOATING WIND

BW Offshore is committed to contributing to the energy transition by developing clean energy production solutions, applying its offshore engineering and operations capabilities to drive future value creation.

In the first half of 2021, the Company executed on this strategy by investing in Ideol S.A, a global pure player in floating offshore wind, and jointly creating BW Ideol as a renewable energy

company with market-leading capabilities based on in-house developed, proven technology and a well-established pipeline of projects. BW Ideol's mission is to create a sustainable future by using floating technology to unlock the vast potential of offshore wind. The Company was established on 15 March 2021 following the acquisition of Ideol S.A. and a private placement raising gross NOK 519.6 million of growth capital and subsequent listing on Euronext Growth Oslo on 18 March.

Throughout the first half of 2021, BW Ideol has continued to execute its dual-track strategy as a co-developer of offshore floating wind projects and as EPCI (engineering, procurement, construction and installation) contractor of floating offshore wind technology. Progress is reflected in several recent cooperation agreements and participation in tenders for commercial scale floating offshore wind projects, including the South of Brittany wind farm offshore France and ScotWind licensing round offshore Scotland.

Separately, BW Offshore also participates in the ScotWind tender in cooperation with the U.S. renewable energy and utility company Invenergy.

CORPORATE MATTERS

The Board of Directors has declared a cash dividend of USD 0.035 per share. Shares will trade ex-dividend from 31 August 2021. Shareholders recorded in VPS following the close of trading on Oslo Børs on 1 September 2021 will be entitled to the distribution payable on or around 9 September 2021.

OUTLOOK

The majority of BW Offshore's fleet remains on contract with national and independent oil companies. The Company expects that the existing fleet will continue to generate significant cash flow in the time ahead. The firm FPSO contract backlog at end of June 2021 amounted to USD 6.8 billion when including the Barossa contract, an increase from USD 2.6 billion at 31 December 2020. When adding probable options, the backlog was USD 8.1 billion at the end of the second quarter.

The COVID-19 pandemic continues to affect operations and the market environment. Higher oil prices in 2021 are a sign of improved market fundamentals as distribution of vaccines accelerates and some nations are resuming more normal activity levels. However, the recent increase in infection due to the Delta variant of the virus has led to increased uncertainty.

The expectation is that the oil and gas industry will continue to focus on progressing long-term large field development initiatives with low break-even costs. BW Offshore maintains a selective approach to such opportunities, considering only a few high-end projects which can be developed in partnership with global infrastructure investors.

The Company will seek to optimise the current asset portfolio considering near-term market opportunities and the overall cost base. This includes potential divestment or recycling of units if FPSO redeployment opportunities do not materialise.

BW Ideol is the Company's vehicle for investment in floating offshore wind. The net proceeds from BW Ideol's private placement will predominantly be used to fund the development of the project pipeline, working capital requirements and for general corporate purposes.

BW Offshore has a robust financial position and is positioned to continue to deploy capital towards future accretive offshore energy projects and long-term value creation, and to provide growing returns to shareholders and a quarterly cash dividend.

Bermuda, 23 August 2021

Sign.

Mr. Andreas Sohmen-Pao
Chairman

Sign.

Ms. Rebekka Glasser Herlofsen
Director

Sign.

Mr. Maarten Scholten
Director

Sign.

Mr. René Kofod-Olsen
Director

Sign.

Mr. Carl K. Arnet
Director

Declaration of the Board

We confirm to the best of our knowledge that the Condensed Interim Consolidated Financial Information for the six months ending 30 June 2021 has been prepared in accordance with IAS 34 “Interim Financial Reporting” and gives a true and fair view of BW Offshore Limited’s consolidated assets, liabilities, financial position and income statement as a whole. We also confirm to the best of our knowledge that the Financial Summary includes a fair review of important events that arose during the first six months of 2021, and their impact on the Condensed Interim Consolidated Financial Information, and accounts properly for the principal risks and uncertainties for the remaining six months of the financial year, as well as major related parties’ transactions.

Bermuda, 23 August 2021

Sign.

Mr. Andreas Sohmen-Pao
Chairman

Sign.

Ms. Rebekka Glasser Herlofsen
Director

Sign.

Mr. Maarten Scholten
Director

Sign.

Mr. René Kofod-Olsen
Director

Sign.

Mr. Carl K. Arnet
Director

Condensed Consolidated Statement of Income

(Unaudited figures in USD million)

	Notes	1H 2021	1H 2020	FY 2020
Continuing operations				
Revenues	2	426.7	468.7	886.3
Operating expenses		(224.8)	(222.6)	(450.2)
Operating profit /(loss) before depreciation/amortisation		201.9	246.1	436.1
Depreciation	4	(131.0)	(157.9)	(282.5)
Amortisation	5	(2.2)	(0.8)	(1.5)
Impairment vessels and other assets	4	(4.2)	(233.1)	(292.7)
Net gain/(loss) on sale of tangible fixed assets		0.1	-	-
Operating profit/(loss)		64.6	(145.7)	(140.6)
Interest income		0.1	0.5	0.5
Interest expense		(24.8)	(33.0)	(58.6)
Gain/(loss) on financial instruments	3	13.1	(76.4)	(44.9)
Other financial items		2.6	2.3	(12.7)
Net financial income/(expense)		(9.0)	(106.6)	(115.7)
Share of profit/(loss) from equity accounted investments		13.6	(8.2)	(15.7)
Profit/(loss) before tax		69.2	(260.5)	(272.0)
Income tax expense		33.9	(21.1)	(38.0)
Profit/(loss) from continuing operations		103.1	(281.6)	(310.0)
Discontinued operation				
Profit/(loss) from discontinued operation, net of tax		-	37.7	37.7
Net profit/(loss) for the period		103.1	(243.9)	(272.3)
Attributable to shareholders of the parent		106.0	(245.2)	(272.6)
Attributable to non-controlling interests		(2.9)	1.3	0.3
Earnings per share				
Basic earnings/(loss) per share in USD net		0.59	(1.36)	(1.51)
Diluted earnings/(loss) per share (USD) net		0.52	(1.13)	(1.24)

Condensed Consolidated Statement of Comprehensive Income

(Unaudited figures in USD million)

	1H 2021	1H 2020	FY 2020
Net profit/(loss) for the period	103.1	(243.9)	(272.3)
Currency translation differences	1.0	(2.8)	(2.4)
Net items to be reclassified to profit or loss:	1.0	(2.8)	(2.4)
Actuarial gains/(losses) on defined benefit plans	-	-	(0.1)
Net items not to be reclassified to profit or loss:	-	-	(0.1)
Other comprehensive income, net of tax	1.0	(2.8)	(2.5)
Total comprehensive income	104.1	(246.7)	(274.8)
Attributable to shareholders of the parent	106.0	(248.0)	(275.1)
Attributable to non-controlling interests	(1.9)	1.3	0.3

Condensed Consolidated Statement of Financial Position

(Unaudited figures in USD million)

	Notes	30.06.2021	30.06.2020	31.12.2020
ASSETS				
Vessels	4	1,813.4	2,053.5	1,893.1
Property, plant & equipment	4	19.1	4.3	4.1
Right-of-use assets	6	15.4	16.2	18.5
Intangible assets and goodwill	5	106.9	4.3	3.3
Equity accounted investments		245.1	239.4	231.6
Finance lease receivables	6	–	24.2	12.3
Deferred tax assets		65.9	14.2	17.3
Pension assets		–	0.2	–
Derivatives		4.4	0.7	4.3
Other non-current assets		1.5	1.1	1.1
Total non-current assets		2,271.7	2,358.1	2,185.6
Inventories		31.8	51.1	34.5
Trade receivables and other current assets		256.4	187.7	224.0
Derivatives		1.9	0.5	3.1
Cash and cash equivalents		202.6	206.0	139.6
Total current assets		492.7	445.3	401.2
Total assets		2,764.4	2,803.4	2,586.8
EQUITY				
Shareholders' equity	7	836.7	791.2	746.5
Non-controlling interests	7	267.0	213.3	198.5
Total equity		1,103.7	1,004.5	945.0
LIABILITIES				
Interest-bearing long-term debt	8	937.5	1,101.5	958.0
Pension obligations		6.2	5.0	6.0
Other non-current liabilities	9	297.1	242.0	225.7
Long-term lease liabilities	6	10.5	12.4	13.7
Derivatives		31.1	78.9	50.6
Total non-current liabilities		1,282.4	1,439.8	1,254.0
Trade and other payables		227.9	209.2	240.1
Derivatives		1.7	6.2	2.9
Interest-bearing short-term debt	8	119.5	119.9	117.7
Short-term lease liabilities	6	6.0	4.6	6.1
Tax liabilities		23.2	19.2	21.0
Total current liabilities		378.3	359.1	387.8
Total liabilities		1,660.7	1,798.9	1,641.8
Total equity and liabilities		2,764.4	2,803.4	2,586.8

Condensed Consolidated Statement of Changes in Equity

(Unaudited figures in USD million)

	Share capital	Share premium	Treasury shares	Currency translation reserve	Equity component of convertible bonds	Other elements	Share-holders' equity	Non-controlling interests	Total equity
Equity at 1 January 2021	92.5	1,095.5	(10.2)	(21.2)	50.1	(460.2)	746.5	198.5	945.0
Profit/(loss) for the period	-	-	-	-	-	106.0	106.0	(2.9)	103.1
Other comprehensive income, net of tax	-	-	-	-	-	-	-	1.0	1.0
Dividends	-	-	-	-	-	(12.6)	(12.6)	-	(12.6)
Share-based payment	-	-	0.1	-	-	1.5	1.6	0.4	2.0
BW Ideol private placement	-	-	-	-	-	-	-	80.6	80.6
BW Ideol transaction fees	-	-	-	-	-	(1.5)	(1.5)	(1.2)	(2.7)
Dividends to non-controlling interests	-	-	-	-	-	(3.3)	(3.3)	(0.3)	(3.6)
Transactions with non-controlling interests	-	-	-	-	-	-	-	(9.1)	(9.1)
Total equity at 30 June 2021	92.5	1,095.5	(10.1)	(21.2)	50.1	(370.1)	836.7	267.0	1,103.7
Equity at 1 January 2020	92.5	1,095.5	(0.3)	(18.8)	50.1	(99.4)	1,119.6	338.9	1,458.5
Profit/(loss) for the period	-	-	-	-	-	(245.2)	(245.2)	1.3	(243.9)
Other comprehensive income, net of tax	-	-	-	(2.8)	-	-	(2.8)	-	(2.8)
Treasury shares acquired	-	-	(9.9)	-	-	-	(9.9)	-	(9.9)
Dividends	-	-	-	-	-	(6.1)	(6.1)	-	(6.1)
Share-based payment	-	-	-	-	-	0.6	0.6	-	0.6
Dilutive effect of IPO	-	-	-	-	-	(61.3)	(61.3)	-	(61.3)
Dividend to non-controlling interests	-	-	-	-	-	(3.7)	(3.7)	(1.3)	(5.0)
Transactions with non-controlling interests	-	-	-	-	-	-	-	(125.6)	(125.6)
Total equity at 30 June 2020	92.5	1,095.5	(10.2)	(21.6)	50.1	(415.1)	791.2	213.3	1,004.5

Condensed Consolidated Statement of Cash Flows

(Unaudited figures in USD million)

	1H 2021	1H 2020	FY 2020
Profit/(loss) before taxes	69.2	(260.5)	(272.0)
<i>Adjustments for:</i>			
Unrealised currency exchange loss/(gain)	(0.8)	(2.3)	10.8
Depreciation and amortisation	133.2	158.7	284.0
Share of loss/(profit) from equity accounted investments	(13.6)	8.2	15.7
Loss/ (gain) on disposal of property, plant & equipment	(0.1)	-	-
Impairment	4.2	233.1	292.7
Share-based payment expense	1.9	0.6	1.5
Change in fair value of derivatives	(19.6)	31.6	(6.1)
Add back of net interest expense	24.7	32.5	58.1
Instalment on financial lease	11.5	10.6	21.7
Changes in inventories	2.7	2.2	18.8
Changes in trade and other current assets	(27.9)	40.5	5.0
Changes in trade and other payables	(23.7)	(40.1)	(26.5)
Changes in other balance sheet items and items related to operating activities	55.5	31.4	30.1
Taxes paid	(12.3)	(19.8)	(34.9)
Net effect of discontinued operation	-	(11.6)	(11.6)
Net cash flows from operating activities	204.9	215.1	387.3
Investment in property, plant & equipment and intangible assets	(55.9)	(66.2)	(84.0)
Proceeds from disposal of property, plant & equipment	16.1	-	-
Acquisition of subsidiary, net of cash acquired	(71.7)	-	-
Interest received	0.1	0.5	0.5
Dividends received	-	-	0.2
Discontinued operation, net of cash disposed off	-	(66.3)	(66.3)
Net cash flows used in investing activities	(111.4)	(132.0)	(149.6)
Proceeds from loans and borrowings	110.0	140.0	140.0
Repayment of loans and borrowings	(146.1)	(204.1)	(367.0)
Interest paid	(24.7)	(27.8)	(50.6)
Payment of lease liabilities	(3.3)	(2.9)	(5.9)
Dividends paid	(12.6)	(6.1)	(18.6)
Treasury shares acquired	-	(9.9)	(10.0)
Proceeds from share issue	61.6	-	-
Transaction costs relating to share issue	(2.7)	-	-
Cash transfer from/(to) non-controlling interests ¹⁾	(12.7)	(16.5)	(36.2)
Net cash flows used in financing activities	(30.5)	(127.3)	(348.3)
Net change in cash and cash equivalents	63.0	(44.2)	(110.6)
Cash and cash equivalents at beginning of period	139.6	250.2	250.2
Cash and cash equivalents at end of period	202.6	206.0	139.6

1) Cash transfer from non-controlling interests includes equity investment and loan

Notes to the Condensed Interim Consolidated Financial Statements

(Figures in brackets refer to corresponding figures for 2020)

Note 1 Basis of preparation

REPORTING ENTITY

BW Offshore Limited (hereafter 'BW Offshore' or 'the Company') is incorporated and domiciled in Bermuda. The Company is listed on Oslo Børs (Norway). These condensed interim consolidated financial statements ('interim financial statements') as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as 'the Group'). The Group build, owns and operates FPSOs (Floating, Production, Storage and Offloading vessels). The Group also do strategic investments to capture energy transition opportunities.

BASIS OF ACCOUNTING

These interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ('last annual financial statements'). They do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These interim financial statements were authorised for issue by the Company's Board of Directors on 23 August 2021.

The interim financial statements are unaudited.

As a result of rounding differences, numbers and or percentages may not add up to the total.

USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, management

has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

CHANGE IN ACCOUNTING POLICY

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of BW Offshore's annual consolidated financial statements for the year ended 31 December 2020.

During first half-year 2021 BW Offshore acquired BW Ideal and the following accounting policy was applied.

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Note 2 Operating segments

Following the establishment of BW Ideol AS in March 2021, the Company's activities are construction, lease and operation of FPSOs as well as offshore floating wind. Up until 17 February 2020, the Group's activities also included upstream E&P activities, which were partially divested upon the IPO of BW Energy Limited which is currently presented as an investment under the equity method.

Segment performance for the first half-year 2021 and 2020 is presented below.

The reported measure of segment profit is net operating profit (EBIT). Deferred tax assets, pension assets and non-current financial assets are not allocated to the segments. The assets and liabilities are allocated based on the operations of the segment.

1H 2021

USD MILLION	FPSO	Floating wind	Eliminations	Total
Revenues	422.9	1.4	-	424.3
Other revenue	2.4	-	-	2.4
Revenues inter-segment	0.1	-	(0.1)	-
Total revenues	425.4	1.4	(0.1)	426.7
Operating expenses	(207.1)	(6.6)	0.1	(213.6)
General and administrative expenses	(11.2)	-	-	(11.2)
Operating profit / (loss) before depreciation/amortisation	207.1	(5.2)	-	201.9
Depreciation, amortisation and impairment	(133.8)	(3.6)	-	(137.4)
Profit/(loss) sale of fixed assets	0.1	-	-	0.1
Operating profit/(loss)	73.4	(8.8)	-	64.6
Capital expenditure	65.6	0.7	-	66.3
Balance sheet information				
Equity accounted investments	245.2	-	-	245.2
Non-current segment assets	1,818.8	119.7	-	1,938.5
Non-current assets, not allocated to segments				88.0
Total non-current assets				2,271.7

1H 2020

USD MILLION	FPSO	E&P	Eliminations	Total
Revenues	454.6	-	-	454.6
Other revenue	-	5.1	-	5.1
Revenues inter-segment	14.1	-	(14.1)	-
Total revenues	468.7	5.1	(14.1)	459.7
Operating expenses	(199.3)	(1.2)	9.8	(190.7)
General and administrative expenses	(23.3)	-	4.3	(19.0)
Operating profit / (loss) before depreciation/amortisation	246.1	3.9	-	250.0
Depreciation, amortisation and impairment	(391.8)	(4.7)	0.5	(396.0)
Operating profit/(loss)	(145.7)	(0.8)	0.5	(146.0)
Capital expenditure	17.7	30.2	-	47.9
Balance sheet information				
Equity accounted investments	239.4	-	-	239.4
Non-current segment assets	2,118.7	-	-	2,118.7
Non-current assets, not allocated to segments				-
Total non-current assets				2,358.1

Reconciliation of reportable segment operating profit or loss

USD MILLION	1H 2020
Operating profit/(loss) for reportable segments	(146.0)
Elimination of discontinued operation	0.3
Operating profit/(loss)	(145.7)

Non-current assets by region

USD MILLION	30.06.2021	30.06.2020	31.12.2020
Americas	410.1	480.9	435.8
Europe/Africa	1,355.5	1,439.6	1,332.3
Asia and the Pacific	189.1	157.8	150.9
Total non-current assets ¹⁾	1,954.7	2,078.3	1,919.0

1) Excluding deferred tax assets, pension assets, finance lease receivables, derivatives equity accounted investments and other non-current assets

Revenues by geographic areas ¹⁾

USD MILLION	1H 2021	1H 2020	FY 2020
Americas	99.5	124.9	223.2
Europe/Africa	254.4	304.3	572.1
Asia and the Pacific	72.8	39.5	91.0
Total revenues from continuing operations	426.7	468.7	886.3
Europe/Africa	-	-	(9.1)
Total revenues from discontinued operation	0.0	0.0	(9.1)

1) The classification of revenue per region is determined by the final destination of the FPSO

During the normal course of business, BW Offshore is involved in legal and other proceedings which are unresolved and outstanding. We have accounted for such claims and litigations based on the Group's best judgement. In the first quarter of 2021, the Group recognised USD 2.4 million in revenue related to a settlement reached with Petrobras pertaining to the P-63 EPC contract for which no receivable was previously recognised.

Note 3 Gain/ (loss) on financial instruments

USD MILLION	1H 2021	1H 2020	FY 2020
Gain/(loss) on interest rate swaps	19.2	(51.5)	(38.5)
Gain/(loss) on forward exchange contracts	(0.4)	(7.3)	3.3
Gain/(loss) on cross-currency swaps	0.9	(15.7)	(1.1)
Gain/(loss) on other financial instruments	(6.6)	(1.9)	(8.6)
Net gain/(loss) on financial instruments	13.1	(76.4)	(44.9)

Note 4 Property, plant and equipment

USD MILLION	Vessels	Vessel under construction	Property and other equipment	Total
At 1 January 2021	1,884.1	9.0	4.1	1,897.2
Additions	9.0	56.1	0.8	65.9
Additions from business combinations	-	-	16.9	16.9
Exchanges differences	-	-	-	-
Disposals	(15.3)	-	-	(15.3)
Current year depreciation	(125.3)	-	(2.7)	(128.0)
Impairment	(4.2)	-	-	(4.2)
At 30 June 2021	1,748.3	65.1	19.1	1,832.5

USD MILLION	Vessels	E&P assets	Property and other equipment	Total
At 1 January 2020	2,377.1	216.1	16.0	2,609.2
Additions	16.6	23.0	0.4	40.0
Current year depreciation	(154.5)	(0.9)	(0.6)	(156.0)
Impairment	(221.9)	-	(11.2)	(233.1)
Discontinued operation	36.2	(238.2)	(0.3)	(202.3)
At 30 June 2020	2,053.5	-	4.3	2,057.8

Capital expenditures for the first half-year 2021 are mainly related to investments in the Barossa FPSO as well as ongoing life extension activities on the existing fleet. Most life extension activities are either on a reimbursable cost-plus basis or covered through higher day rates.

The level of depreciation depends on the estimated useful life of the different components of the vessels and the residual

value at the end of useful life. The estimated useful life used for depreciations are based on experience and knowledge of the vessels owned by the Company.

No impairment triggers were identified for the first-half year of 2021 except for Berge Helene which was sold for recycling. Prior to divestment of the vessel, an impairment charge of USD 4.2 million was recognised.

Note 5 Intangible assets and goodwill

USD MILLION	Software	R&D	Technology	Goodwill	Total intangible assets and goodwill
At 1 January 2021	3.3	-	-	-	3.3
Additions	0.1	0.3	-	-	0.4
Additions from business combinations	0.1	4.5	71.2	30.0	105.8
Exchanges differences	-	-	(0.4)	-	(0.4)
Current year amortisation	(0.8)	-	(1.4)	-	(2.2)
At 30 June 2021	2.7	4.8	69.4	30.0	106.9

USD MILLION	Software	E&P intangible assets	Total intangible assets and goodwill
At 1 January 2020	4.5	96.6	101.1
Additions	0.6	7.2	7.8
Current year amortisation	(0.8)	-	(0.8)
Discontinued operation	-	(103.8)	(103.8)
At 30 June 2020	4.3	-	4.3

Note 6 Leases

THE GROUP AS A LESSOR

Finance lease

At the end of the first half-year of 2021, amortisation of finance lease receivables is related to YUUM K' AK' NÀAB.

Operating lease

BW Athena, BW Cidade de São Vicente, BW Opportunity and Umuroa are not on contract as of 30 June 2021. All other FPSOs owned at the end of the reporting period are on firm operating lease contracts. The Barossa lease contract is preliminary assessed to be an operating lease. The contract has a firm period of 15 years, with 10 years of options. The fixed term order backlog value is approximately USD 4.6 billion. BW Offshore will be responsible for engineering, procurement, construction, installation, and operation of the FPSO.

THE GROUP AS A LESSEE

BW Offshore leases mainly office premises and apartments. Leases of office premises generally have lease terms between 1 and 7 years, while apartments generally have lease terms between 1 and 3 years. Previously these leases were classified as operating leases under IAS 17. BW Offshore has leases of certain office equipment (i.e., personal computers, print- ing- and photocopying machines, coffee machines) that are considered of low value.

USD MILLION	Land and buildings	Right-of-use assets	Lease liabilities
At 1 January 2021	18.5	18.5	19.8
Additions	0.1	0.1	0.1
Adjustments	(0.2)	(0.2)	(0.2)
Depreciation expense	(3.0)	(3.0)	n/a
Interest expense	n/a	n/a	0.2
Lease payments	n/a	n/a	(3.3)
Foreign currency translation gain/(loss)	-	-	(0.1)
Balance at 30 June 2021	15.4	15.4	16.5

Lease payments of USD 3.3 million consist of lease instalments of USD 3.1 million and interest expense of USD 0.2 million.

USD MILLION	Land and buildings	Vessels	Right-of-use assets	Lease liabilities
At 1 January 2020	20.1	1.9	22.0	23.0
Interest adjustments	0.2	-	0.2	0.2
Depreciation expense	(2.9)	(0.2)	(3.1)	n/a
Interest expense	n/a	n/a	n/a	0.3
Lease payments	n/a	n/a	n/a	(2.9)
Discontinued operation	(0.4)	(1.7)	(2.1)	(2.4)
Foreign currency translation gain/(loss)	(0.8)	-	(0.8)	(1.2)
Balance at 30 June 2020	16.2	-	16.2	17.0

Lease payments of USD 2.9 million consist of lease instalments of USD 2.6 million and interest expense of USD 0.3 million.

Note 7 Capital and reserves

The number of issued shares was 184,956,320 at 30 June 2021 (184,956,320). There were 214,000,000 authorised shares at 30 June 2021 (214,000,000).

Following the long-term bonus plan pay out (reference to Note 12), the Company held a total of 4,141,437 treasury shares at 30 June 2021.

Cash dividend for Q4 2020 and Q1 2021 was paid in March 2021 and June 2021 with USD 0,035 per share.

NON-CONTROLLING INTERESTS

BW Offshore Limited has through BW Catcher Limited issued preference shares with a preferential dividend right to ICBC Financial Leasing Co., Ltd. (ICBCL) for an aggregate subscription price of USD 275,000,000. The company plans to redeem the preference shares in full over an estimated term of

12 years. The aggregate redemption and dividend payments on the preference shares are estimated to reflect approximately 25–30% of the estimated free cash flow after debt servicing in the Catcher contract over a similar term. The net proceeds from the issue of the preference shares will be used for general corporate purposes. The investment by ICBCL is presented as a non-controlling interest in the statement of financial position of BW Offshore.

On 12 March 2021, BW Ideol AS was listed at Euronext Growth Oslo. Following the IPO, BW Offshore's ownership in BW Ideol AS was reduced from 100% to 53.9%. As a result of the stabilisation period ended at 16 April 2021, BW Offshore's ownership was further reduced to 53.2%. The remaining 46.8% of the investment is presented as non-controlling interests in the consolidated statement of financial position of BW Offshore (Reference to Note 11 Business Combinations).

Note 8 Interest-bearing debt

NON-CURRENT DEBT

The Company had the following long-term interest-bearing debt:

USD MILLION	30.06.2021	30.06.2020	31.12.2020
USD 672.5 million Corporate facility	249.0	320.5	221.5
Convertible bond	259.5	249.9	254.5
BWO05 – NOK 900 million bond	104.0	92.7	104.2
Catcher USD 800 million facility	313.2	426.4	369.8
Petróleo Nautipa USD 80 million facility	4.0	12.0	8.0
BW Ideol facilities	7.8	–	–
Total	937.5	1,101.5	958.0

CURRENT DEBT

The Company had the following current interest-bearing debt:

USD MILLION	30.06.2021	30.06.2020	31.12.2020
USD 672.5 million Corporate facility	(2.1)	(1.8)	(2.3)
Convertible bond	(0.6)	(0.6)	(0.6)
BWO05 – NOK 900 million bond	(0.4)	(0.4)	(0.4)
Catcher USD 800 million facility	113.3	112.9	113.0
Petróleo Nautipa USD 80 million facility	8.0	9.8	8.0
BW Ideol facilities	1.3	–	–
Total	119.5	119.9	117.7

INSTALMENT OVERVIEW

The following table sets out the maturity profile of the Company's interest-bearing debt based on contractual undiscounted payments.

USD MILLION	Q3 21	Q4 21	Q1 22	Q2 22	2021	2022	2023-2025	Beyond 2026	Total
USD 672.5 million Corporate facility	-	-	-	-	-	-	251.6	-	251.6
Convertible bond USD 297.4 million	-	-	-	-	-	-	297.4	-	297.4
BWO05 – NOK 900 million bond ¹⁾	-	-	-	-	-	-	99.0	-	99.0
Catcher USD 800 million facility	28.6	28.6	28.6	28.6	57.2	114.3	257.1	-	428.6
Petroleo Nautipa USD 80 million facility	4.0	-	4.0	-	4.0	8.0	-	-	12.0
BW Ideol facilities	0.6	0.4	0.7	0.6	1.0	2.3	6.2	4.7	14.2
Total	33.2	29.0	33.3	29.2	62.2	124.6	911.3	4.7	1,102.8

1) Bond loan illustrated at swapped USD/NOK rate

COVENANTS

The USD 672.5 Corporate facility is subject to certain covenants, including minimum book equity of at least 25% of total assets, debt to EBITDA of maximum 5.5, minimum USD 75.0 million available liquidity and interest coverage ratio of minimum 3.0.

The Catcher USD 800 million facility and the Petróleo Nautipa USD 80 million facility are subject to certain covenants, including minimum book equity of at least 25% of total assets,

debt to EBITDA of maximum 5.5, minimum USD 75.0 million available liquidity and interest coverage ratio of minimum 3.0.

The bond loan is subject to certain covenants, including minimum book equity of at least 25% of total assets and minimum USD 75 million available liquidity including undrawn amounts available for utilisation by the Company.

As per end of first half-year 2021, the Company is in compliance with all covenants.

Note 9 Other non-current liabilities

Other long-term liabilities comprise upfront payments related to charter contracts. Payments received under operating leases are recognised as operating revenue on a straight-line basis over the lease term. This implies that there might be significant timing differences between cash flow and recognised revenue from a particular lease.

Note 10 Capital commitments

Total unrecognised contractual capital commitments at 30 June 2021 amounted to USD 500.7 million (corresponding figure for 30 June 2020 was USD 42.6 million including discontinued operation). At 30 June 2021, this is mainly related to the Barossa project and ongoing life extension activities and operation.

Note 11 Business combinations

On 21 February 2021, the Group acquired 100% of the shares in Ideol S.A., an offshore floating wind provider, for consideration of USD 94.5 million. The listing of BW Ideol AS on Euronext Growth in Oslo on 18 March with BW Offshore ownership of 53.2% of the shares followed a successful Private Placement which attracted strong interest from leading domestic and international investors, including specialist renewable energy investors, raising gross proceeds of NOK 519.6 million.

The strategic rationale for acquiring Ideol S.A. is to create a vehicle for investing in floating offshore wind to capture energy transition opportunities.

Included in the identifiable assets and liabilities acquired at the date of acquisition of Ideol S.A. are inputs (primarily technology), processes and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that this is acquisition of a business.

CONSIDERATION TRANSFERRED

USD MILLION

Cash	62.2
Contribution in kind (5,815,240 shares à NOK 47)	32.3
Total consideration transferred	94.5

ACQUISITION-RELATED COSTS

The Group incurred acquisition-related costs of USD 1.3 million on external legal fees and due diligence costs. These costs have been included in operating expenses in the consolidated statement of profit or loss.

IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition.

USD MILLION

Intangible assets – R&D and software	4.6
Intangible assets – Technology	71.2
Property, plant & equipment	17.0
Other non-current assets	0.5
Trade receivables and other current assets	3.7
Cash and cash equivalents	2.5
Interest-bearing debt	(8.8)
Other non-current liabilities	(8.0)
Deferred tax liabilities	(15.7)
Trade and other payables	(4.0)
Other timing adjustments	1.5
Total identifiable net assets acquired	64.5

Measurement of fair values

The fair value of BW Ideol's intangible assets (patented technology) has been measured provisionally, pending completion of an independent valuation. Management's provisional assessment of the fair value is USD 71.2 million. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition, then the accounting for the acquisition will be revised.

GOODWILL

Goodwill arising from the acquisition has been recognised as follows:

USD MILLION

Total consideration transferred	94.5
Fair value of identifiable net assets	(64.5)
Goodwill	30.0

Note 12 Related parties

On the 26 February 2021, under the third annual award under the Long-Term Incentive Programme (LTIP), BW Offshore awarded 305.500 options to CEO Marco Beenen, 100.375 options to CCO Rune Ø. Bjorbekk, 100.375 options to CFO Ståle Andreassen, 100.375 options to COO Kei Ikeda and 100.375 options to General Counsel Magda Vakil.

The total number of options awarded under the LTIP for 2021 is 1,849,600 where each option will give the holder the right to acquire one BW Offshore share. A total of 60 BW Offshore employees have been invited to participate in the programme.

The strike price is NOK 42.38 and is calculated based on the volume weighted average share price five trading days prior to grant date, plus a premium of 15.76% (corresponding to 5% increase annually over 3 years). The options will have a vesting period of three years, followed by a three-years exercise period. The options will expire 6 years after the award date. The Company's exposure relating to the 2020 award is hedged by a Total Return Swap (TRS) agreement with financial exposure to 1,832,250 shares in BW Offshore.

On the 7 June 2021, under a long-term bonus plan, BW Offshore transferred 3,301 shares to CEO Marco Beenen, 3,279 shares to CCO Rune Bjorbekk and 4,806 shares to COO Kei Ikeda. The shares will be restricted until June 2022.

Note 13 Subsequent events

No significant events occurred after the reporting period.

Key figures

USD MILLION	Note	1H 2021	1H 2020	FY 2020
EBITDA-margin	1	47.3%	52.5%	49.2%
Equity ratio	2	39.9%	35.8%	36.5%
Return on equity	3	25.1%	-30.7%	-19.4%
Return on capital employed	4	5.9%	-10.2%	-4.9%
Net interest-bearing debt (USD million)	5	854.4	1,015.4	936.1
Cash flow per share (USD)	6	1.11	1.16	2.09
EPS – basic (USD)	7	0.59	(1.36)	(1.51)
EPS – diluted (USD)	7	0.52	(1.13)	(1.24)
Shares – end of period (million)		180.8	180.8	180.8
Share price (NOK)		30.8	31.6	37.7
Market cap (NOKm)		5,565	5,845	6,820
Market cap (USDm)		647	608	795

Notes to key figures and definition of Alternative Performance Measures

1 Earnings before interest, taxes, depreciation and amortisation / Operating revenues

2 Equity / Total assets

3 Annualised net profit / Equity previous period (adjusted for preference shares)

4 EBIT (annualised) / Capital employed previous period

5 Interest bearing debt – cash and cash equivalents

6 Net cash flow from operating activities / Number of shares (weighted average)

7 Parent net profit / Number of shares end of period (adjusted for treasury shares)

BW Offshore discloses alternative performance measures in addition to those required by IFRS, as the Company believes these provide useful information regarding its historical financial performance.

Alternative performance measures (APMs)

The Group discloses alternative performance measures in addition to those required by IFRS, as the Company believes these provide useful information to management, investors and security analysts regarding its historical financial performance.

EBIT

EBIT, as defined by the Group, means earnings before interest and tax.

EBITDA

EBITDA, as defined by the Group, means EBIT excluding depreciation and amortisation, impairment and disposal and gain from sale of tangible fixed asset. EBITDA may differ from similarly titled measures from other companies.

USD MILLION	1H 2021	1H 2020	FY 2020
Continuing operations			
Revenues	426.1	468.7	886.3
Operating expenses	(224.8)	(222.6)	(450.2)
Operating profit / (loss) before depreciation/amortisation (EBITDA)	201.3	246.1	436.1
Depreciation	(131.0)	(157.9)	(282.5)
Amortisation	(2.2)	(0.8)	(1.5)
Impairment vessels and other assets	(4.2)	(233.1)	(292.7)
Net gain/(loss) on sale of tangible fixed assets	0.1	-	-
Operating profit/(loss) (EBIT)	64.0	(145.7)	(140.6)

CAPITAL EXPENDITURES

Capital expenditures means investments in vessels, intangible assets and property and other equipment, including capitalised interest and asset retirement obligations. Capital expenditure may differ from investment in operating fixed assets and intangible assets presented in the consolidated statement of cash flows, as capital expenditure may also contain non-cash transactions.

USD MILLION	1H 2021	1H 2020	FY 2020
Vessels and property, plant & equipment	65.9	17.0	37.8
Tangible E&P assets	-	23.0	23.0
Intangible assets	0.4	7.8	7.6
Total capital expenditures	66.3	47.8	68.4
Changes in working capital and asset retirement obligation	(10.4)	18.4	15.6
Investment in property, plant & equipment and intangible assets	55.9	66.2	84.0

NET INTEREST-BEARING DEBT

Net interest-bearing debt is defined as short-term and long-term interest-bearing debt less cash and cash equivalents.

USD MILLION	1H 2021	1H 2020	FY 2020
Cash and cash equivalents	(202.6)	(206.0)	(139.6)
Long-term interest-bearing debt	937.5	1,101.5	958.0
Short-term interest-bearing debt	119.5	119.9	117.7
Net interest-bearing debt	854.4	1,015.4	936.1

ORDER BACKLOG

Order backlog is defined as the aggregated revenue backlog from firm contracts and probable options.

FIXED TERM ORDER BACKLOG

Fixed term order backlog is defined as the aggregated revenue backlog from firm contracts.

EQUITY RATIO

Equity ratio is an indicator of the relative proportion of equity used to finance the Group's assets, defined as total equity divided by total assets.



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