

Presentation of 3rd quarter 2005

Oslo, 21 October 2005



Agenda

- § **The quarter in brief**
- § **Financial result for 3rd quarter 2005**
- § **Business divisions – status, strategy and outlook**
- § **Status – Norwegian Tonnage Tax regime**
- § **Summary**



Q3 2005 in brief

- § Best quarterly result ever
- § Strong operational performance
- § New FPSO project in Brazil
- § New accommodation contract with all-time high day rate
- § Sale of Drilling Services completed

**Strong performance,
active FPSO market and high rig utilisation**



Profit and loss account

(Unaudited figures in USD million)

	Q3 05	Q2 05	Q3 04	YTD 05	YTD 04	2004
Operating revenues	73.8	81.2	73.0	219.9	196.1	257.6
Operating expenses	(29.1)	(40.3)	(29.7)	(103.1)	(91.0)	(122.0)
Operating profit before depreciation	44.7	40.9	43.3	116.8	105.1	135.6
Depreciation	(11.6)	(11.7)	(12.9)	(35.6)	(38.5)	(51.1)
Operating profit	33.1	29.2	30.4	81.2	66.6	84.5
Interest income	1.6	0.8	0.4	3.1	0.9	1.4
Interest expenses	(4.6)	(4.3)	(4.6)	(12.7)	(13.4)	(18.1)
Other financial items	0.5	(3.1)	(2.8)	(0.4)	(4.2)	1.6
Net financial items	(2.5)	(6.6)	(7.0)	(10.0)	(16.7)	(15.1)
Profit before taxes	30.6	22.6	23.4	71.2	49.9	69.4
Taxes	(2.4)	(1.9)	(0.4)	(8.0)	(2.3)	(4.3)
Net profit from continuing operations	28.2	20.7	23.0	63.2	47.6	65.1
Net profit from discontinued operations	80.5	0.6	2.2	81.5	4.5	5.1
Net profit	108.7	21.3	25.2	144.7	52.1	70.2
EPS (USD)	3.19	0.63	0.74	4.25	1.53	2.06
EPS diluted (USD)	3.19	0.63	0.74	4.25	1.53	2.06



Floating Production

(Unaudited figures in USDm)	Q3 05	Q2 05	Q3 04	YTD 05	YTD 04	2004
Operating revenues	24.1	31.8	21.6	82.6	65.7	89.3
Operating expenses	(10.9)	(18.2)	(8.9)	(42.2)	(27.8)	(37.5)
EBITDA	13.2	13.6	12.7	40.4	37.9	51.8
Depreciation	(3.7)	(4.3)	(4.9)	(12.4)	(15.4)	(19.9)
EBIT	9.5	9.3	7.8	28.0	22.5	31.9
Total assets	377.6	364.7	372.5	377.6	372.5	372.7
Employees	475	482	465	475	465	459



Offshore Support Services

(Unaudited figures in USDm)	Q3 05	Q2 05	Q3 04	YTD 05	YTD 04	2004
Operating revenues	49.1	49.6	51.3	137.2	130.8	168.8
Operating expenses	(16.9)	(21.3)	(20.0)	(58.3)	(61.3)	(81.7)
EBITDA	32.2	28.3	31.3	78.9	69.5	87.1
Depreciation	(7.9)	(7.2)	(7.9)	(22.9)	(22.7)	(30.6)
EBIT	24.3	21.1	23.4	56.0	46.8	56.5
Total assets	435.4	443.2	439.3	435.4	439.3	427.5
Employees	119	122	118	119	118	119



Balance sheet

(Unaudited figures in USD million)	30.09.05	30.06.05	01.01.05	30.09.04
Goodwill	128.3	128.3	128.3	128.3
Rigs	363.8	369.7	375.0	380.7
Ships	198.3	179.3	187.6	192.0
Other fixed assets	9.5	9.4	11.0	10.5
Total fixed assets	699.9	686.7	701.9	711.5
Other current assets	44.0	56.4	38.3	53.5
Cash and deposits	283.6	139.4	121.6	123.8
Total current assets	327.6	195.8	159.9	177.3
Assets discontinued operations	0.0	96.5	121.5	119.6
Total assets	1 027.5	979.0	983.3	1 008.4
Share capital	44.7	44.7	44.7	44.7
Other equity	520.7	412.4	405.8	416.3
Total equity	565.4	457.1	450.5	461.0
Interest-free long-term liabilities	4.2	4.1	5.3	5.0
Interest-bearing long-term liabilities	365.6	383.3	392.8	384.6
Total long-term liabilities	369.8	387.4	398.1	389.6
Dividends payable	0.0	0.0	0.0	20.2
Other interest-free current liabilities	64.7	55.8	40.8	50.8
Interest-bearing current liabilities	27.6	19.6	17.4	17.4
Total current liabilities	92.3	75.4	58.2	88.4
Liabilities discontinued operations	0.0	59.1	76.5	69.4
Total equity and liabilities	1 027.5	979.0	983.3	1 008.4



Cash flow

(Unaudited figures in USD million)

	Q3 05	Q2 05	Q3 04	YTD 05	YTD 04	2004
Net cash flow from operating activities	63.2	18.5	39.3	113.5	66.3	116.6
Net cash flow from investing activities	(22.8)	(3.6)	(6.3)	(31.6)	(7.2)	(8.1)
Net cash flow from financing activities	(9.8)	(26.4)	(1.4)	(36.5)	(30.8)	(84.7)
Net cash flow from continuing operations	30.6	(11.5)	31.6	45.4	28.3	23.8
Net cash flow from discontinued operations	113.6	4.8	(14.7)	116.6	(5.7)	(3.4)
Cash and deposits at beginning of period	139.4	146.1	106.9	121.6	101.2	101.2
Cash and deposits at end of period	283.6	139.4	123.8	283.6	123.8	121.6



Key figures

	Q3 05	Q2 05	Q3 04	YTD 05	YTD 04	2004
Operating margin	44.9 %	36.0 %	41.6 %	36.9 %	34.0 %	32.8 %
Equity ratio	55.0 %	46.7 %	45.7 %	55.0 %	45.7 %	45.8 %
Return on equity	85.0 %	18.8 %	22.6 %	38.0 %	15.5 %	16.1 %
Return on capital employed	16.0 %	15.0 %	14.9 %	12.7 %	10.9 %	10.5 %
Net interest bearing debt (USDm)	109.6	263.5	278.2	109.6	278.2	288.6



Shareholders at 17 Oct 2005

SHAREHOLDERS	No. of shares	Ownership
Brown Brothers Harriman	2 745 330	8.1 %
JP Morgan Chase Bank	2 020 180	5.9 %
State Street Bank & Trust (nom.)	1 813 345	5.3 %
Svenska Handelsbanken (nom.)	1 593 363	4.7 %
Odin	1 548 268	4.5 %
GMO	1 472 343	4.3 %
Morgan Stanley & Co (nom.)	1 184 336	3.5 %
Folketrygdfondet	1 132 277	3.3 %
Royal Trust Corporation of Canada (nom.)	867 120	2.5 %
JP Morgan Chase Bank (nom.)	819 164	2.4 %
Total 10 largest shareholders	15 195 726	44.6 %
No. of shares:	34 077 441	Foreign ownership: 70.2 %



Norwegian tonnage tax regime

- § Prosafe's rig business will no longer qualify for the Norwegian tonnage tax regime from 1 January 2006
- § Proposed transitional rules are not favorable
- § Taxable gain on exit depends on market value of rigs, USD/NOK exchange rate and retained earnings
- § Accounting tax expense to be recognised in fourth quarter 2005
- § After the sale of Drilling Services, Prosafe would normally generate a tax loss in Norway which will reduce the effect of tax incurred from the exit from the tonnage tax regime
- § Plans for relocation of rig business as from 2006 in place
 - ú Move the rig business from a deferred tax regime (tax rate 28 per cent) to a regime with no tax



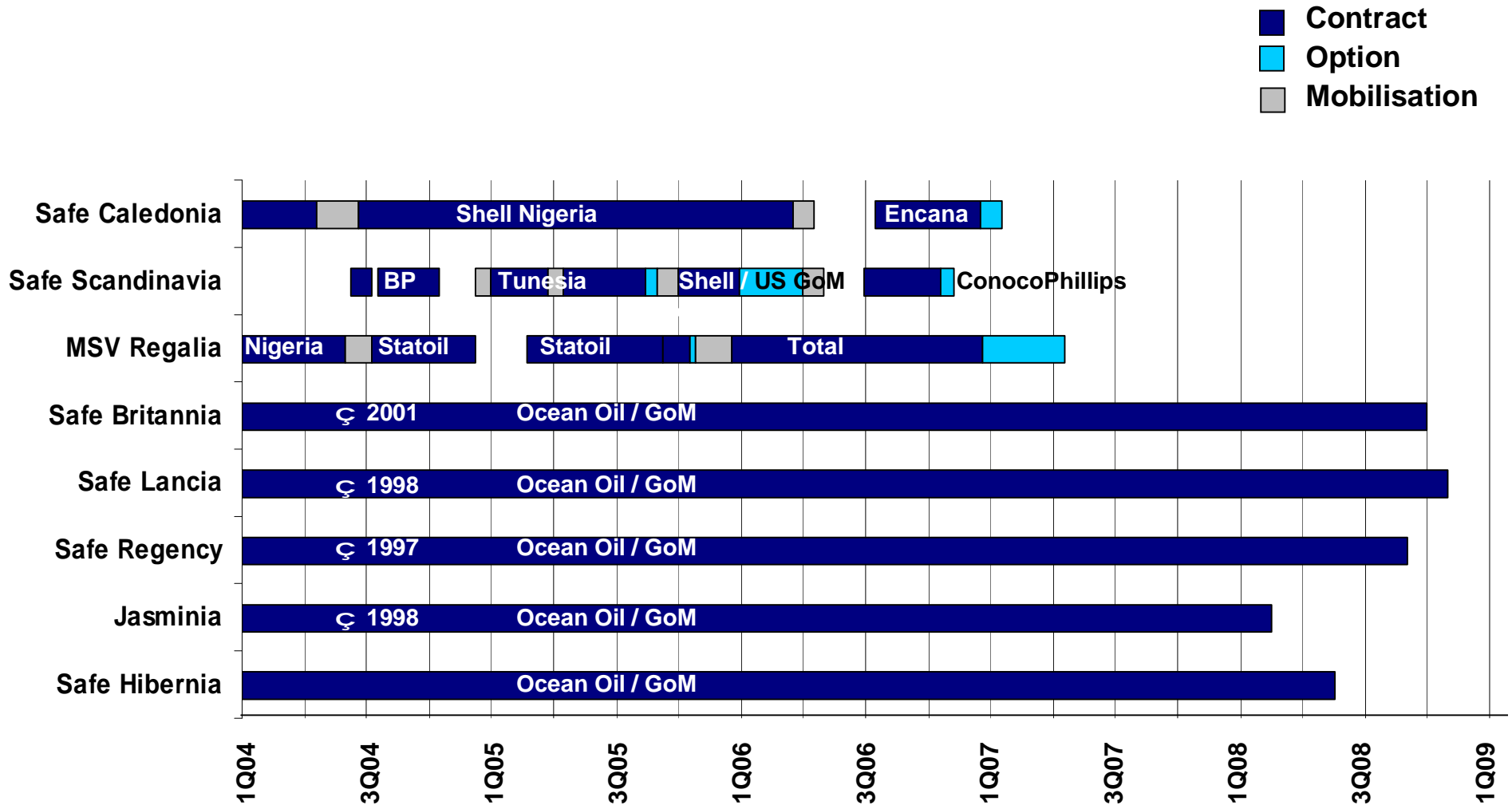
Offshore Support Services - Status

- § Good operating performance
- § Entry of new market in US Gulf of Mexico
 - ú Prosafe won a competitive bid due to innovative mooring arrangements and diverse operating experience



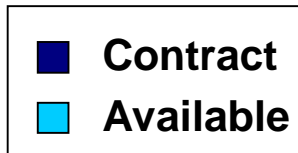
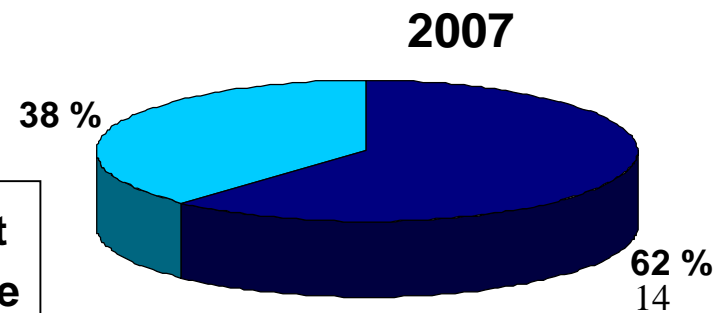
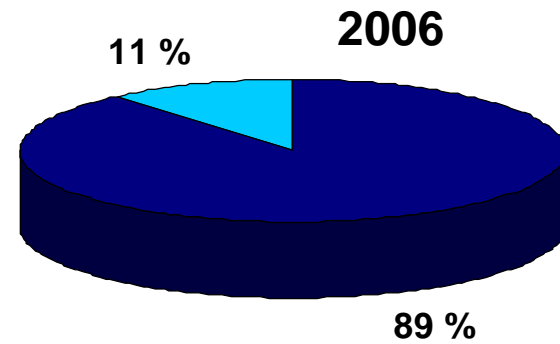
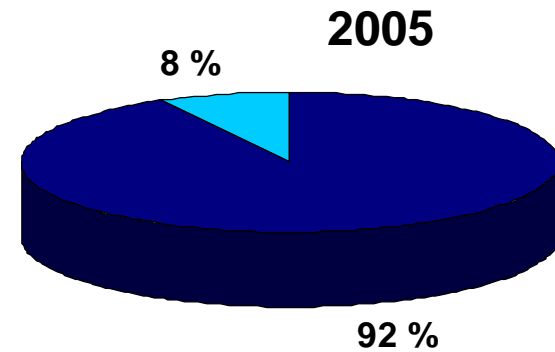


Offshore Support Services – contract status





Offshore Support Services - rig utilisation





Offshore Support Services – strategy and outlook

Strategic focus:

- § Maintain the world's largest and most versatile fleet of high-end accommodation and service rigs

Medium term outlook:

- § Clients have tendered early for 2006 work, and Prosafe has been very successful in winning contracts
- § Remaining availability of Prosafe vessels in 2006 matches timing of marked demand
- § Strong position for tenders in 2007, particularly in Norway



Prosafe

Attractive long-term prospects



Floating Production – status

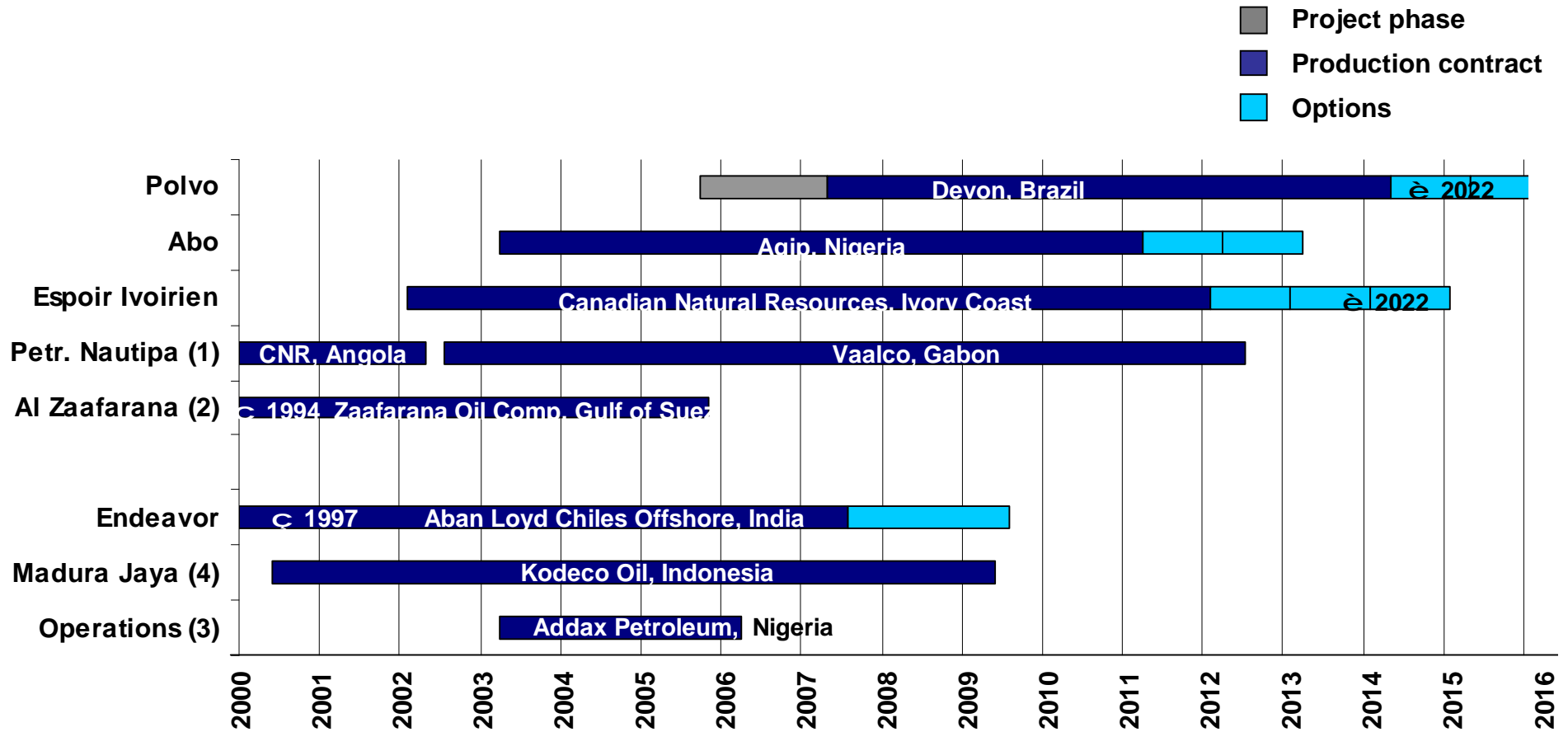
- § New FPSO for the Polvo field offshore Brazil
- § Good operational performance and high uptime
- § Upgrade of Espoir Ivoirien completed – on time and better than budget
- § All time high bidding activity



Solid performance



Floating Production - contract status



(1) 50% ownership: 5- year term, cancellable from September 2011; (2) Management contract; (3) Production and maintenance of the fixed installations at the OML123 field; (4) 50% ownership



The Polvo project

- § VLCC with storage capacity of 1.6 mill barrels
- § Prosafe turret and swivel with deepwater capacity
- § Large process capacity 150 000 Bfpd, of which max 90 000 Bopd (with 60 000 Bwpd) or 135 000 Bwpd (with 15 000 Bopd)
- § High power generation (>20Mw)
- § Water injection of 100 000 Bwpd

Versatile vessel which is ideal for redeployment



M/T Apollo



Prosafe Production track record

	Year	Unit name	Client	Type	Mooring/Comment
1	1985	Asoka	Kodeco Energy	FSO	Spread
2	1991	Camar	Enterprise Oil	FSO	Turret - external
3	1994	Camar Ayu	GFB Resources	FSO	SALM buoy
4	1994	Al Zaafarana	Zaafarana Oil Co (25% BG)	FPSO	Turret – external
5	1997	Endeavor	Tata Oil / Hardy Oil	FSO	SALM buoy
6	1998	Petroleo	Ranger Oil	FPSO	Spread
7	1998	Ruby Princess	Petronas Carigali	FPSO	Turret - external
8	2000	Madura Ayu	Kodeco	FSO	SALM buoy
9	2001	Espoir Ivoirien	Candian Natural Resources	FPSO	Turret - internal
10	2002	Petroleo	Vaalco Energy	FPSO	Upgrade for new project
11	2002	ABO FPSO	Nigerian Agip Exploration	FPSO	Spread
12	2002	Madura Jaya	Kodeco	FSO	CALM buoy
13	2005	Espoir Ivoirien	Candian Natural Resources	FPSO	Upgrade of process facility
14	2005	In progress	Devon Energy	FPSO	Turret - internal



Floating Production – strategy and outlook

- § Positioned as one of the leading suppliers and operators of high quality FPSOs in the world
- § Strong competitive edge based on in-house technology and application engineering
- § Entering a new region with the Polvo FPSO
- § Several FPSO studies for existing and new clients
- § Option on 1 Suezmax

**Capacity for
simultaneous projects**





Summary and outlook

- § Best quarterly result ever
- § Financial performance is set to be strong based on current order backlog
- § New contracts for both business units
- § Bid still outstanding for new FPSO, capacity for simultaneous projects
- § Well positioned to take part in the growing FPSO market

