

# Presentation of 3rd quarter 2006

## Oslo, 7 November 2006



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# Agenda

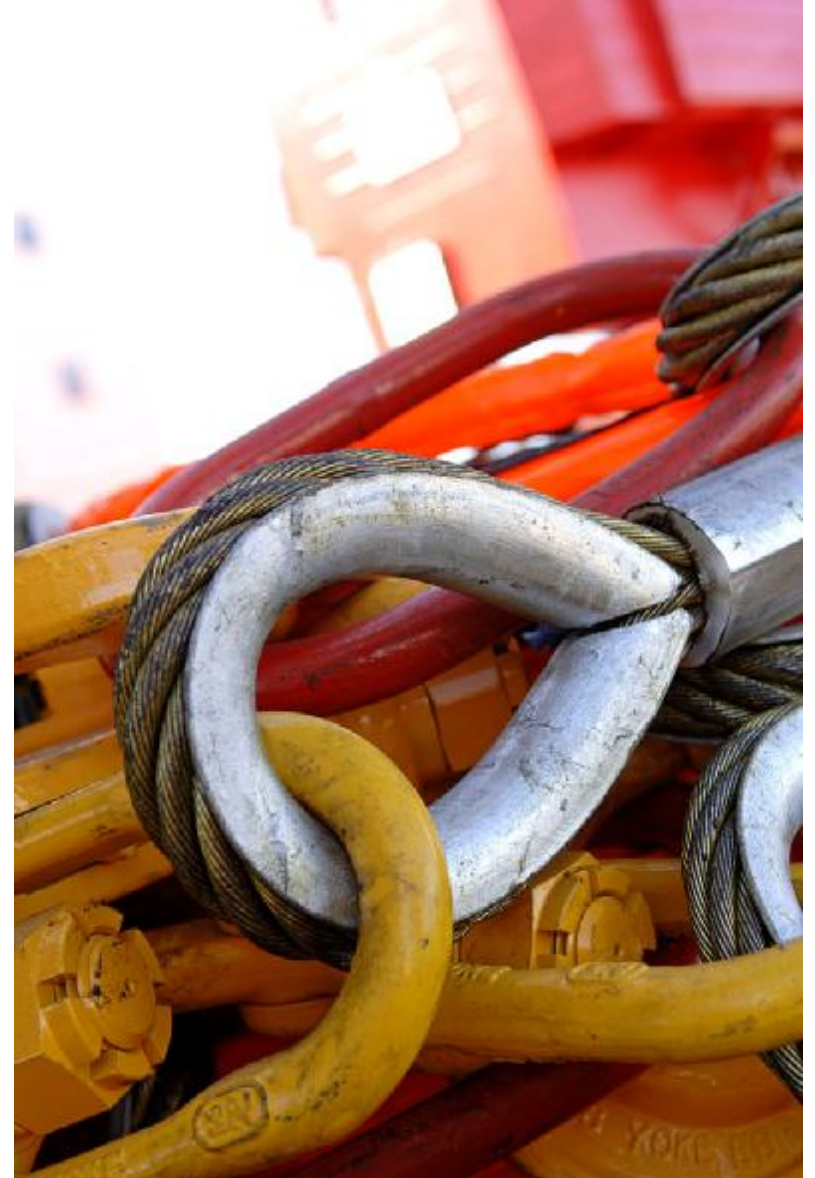
- § **The quarter in brief**
- § **Financial result for 3rd quarter 2006**
- § **Business divisions – status, strategy and outlook**
- § **Summary**





## Q3 2006 in brief

- § Best-ever quarter
- § Board proposes an extraordinary dividend of NOK 20 per share





## Q3 2006 in brief

- § Conversion projects according to plan
- § Approximately 30% ownership in Petrojarl
- § LOI for new FPSO
  - ú First step in growth target for 2006/2007 achieved
- § Bidding activity continues at peak level
- § New tanker acquired
- § More than 300 staff in Singapore
  - ú Capacity to execute multiple projects



Safe Scandinavia@Britsats



**Prosaf**

**Strong basis for sustainable growth in earnings**



# Profit and loss account

(Unaudited figures in USD million)	Q3 06	Q2 06	Q3 05	YTD 06	YTD 05	2005
Operating revenues	112.0	75.3	73.8	262.4	219.9	295.3
Operating expenses	(45.2)	(39.8)	(29.1)	(116.7)	(103.1)	(144.4)
<b>Operating profit before depreciation</b>	<b>66.8</b>	<b>35.5</b>	<b>44.7</b>	<b>145.7</b>	<b>116.8</b>	<b>150.9</b>
Depreciation	(16.1)	(12.5)	(11.6)	(40.4)	(35.6)	(47.3)
<b>Operating profit</b>	<b>50.7</b>	<b>23.0</b>	<b>33.1</b>	<b>105.3</b>	<b>81.2</b>	<b>103.6</b>
Interest income	2.2	1.3	1.6	4.9	3.1	4.3
Interest expenses	(10.5)	(5.4)	(4.6)	(21.0)	(12.7)	(17.6)
Other financial items	(3.8)	13.8	0.5	14.2	(0.4)	(2.6)
<b>Net financial items</b>	<b>(12.1)</b>	<b>9.7</b>	<b>(2.5)</b>	<b>(1.9)</b>	<b>(10.0)</b>	<b>(15.9)</b>
<b>Profit before taxes</b>	<b>38.6</b>	<b>32.7</b>	<b>30.6</b>	<b>103.4</b>	<b>71.2</b>	<b>87.7</b>
Taxes	(3.7)	(2.6)	(2.4)	(7.7)	(8.0)	(122.8)
<b>Net profit from continuing operations</b>	<b>34.9</b>	<b>30.1</b>	<b>28.2</b>	<b>95.7</b>	<b>63.2</b>	<b>(35.1)</b>
<b>Net profit from discontinued operations</b>	<b>0.0</b>	<b>0.0</b>	<b>80.5</b>	<b>0.0</b>	<b>81.5</b>	<b>81.5</b>
<b>Net profit</b>	<b>34.9</b>	<b>30.1</b>	<b>108.7</b>	<b>95.7</b>	<b>144.7</b>	<b>46.4</b>
<b>EPS (USD)</b>	<b>0.78</b>	<b>0.84</b>	<b>3.19</b>	<b>2.50</b>	<b>4.25</b>	<b>1.36</b>
<b>EPS diluted (USD)</b>	<b>0.78</b>	<b>0.84</b>	<b>3.19</b>	<b>2.50</b>	<b>4.25</b>	<b>1.36</b>



# Offshore Support Services

(Unaudited figures in USD million)	Q3 06	Q2 06	Q3 05	YTD 06	YTD 05	2005
Operating revenues	90.8	53.0	49.1	195.3	137.2	186.7
Operating expenses	(36.0)	(30.0)	(16.9)	(85.7)	(58.3)	(86.5)
<b>Operating profit before depreciation</b>	<b>54.8</b>	<b>23.0</b>	<b>32.2</b>	<b>109.6</b>	<b>78.9</b>	<b>100.2</b>
Depreciation	(12.0)	(8.3)	(7.9)	(28.7)	(22.9)	(30.6)
<b>Operating profit</b>	<b>42.8</b>	<b>14.7</b>	<b>24.3</b>	<b>80.9</b>	<b>56.0</b>	<b>69.6</b>
Total assets	1 483.1	1 471.8	435.4	1 483.1	435.4	458.3



# Floating Production

(Unaudited figures in USD million)	Q3 06	Q2 06	Q3 05	YTD 06	YTD 05	2005
Operating revenues	21.2	22.2	24.1	66.8	82.6	108.3
Operating expenses	(7.5)	(9.0)	(10.9)	(27.1)	(42.2)	(54.0)
<b>Operating profit before depreciation</b>	<b>13.7</b>	<b>13.2</b>	<b>13.2</b>	<b>39.7</b>	<b>40.4</b>	<b>54.3</b>
Depreciation	(4.1)	(4.1)	(3.7)	(11.5)	(12.4)	(16.4)
<b>Operating profit</b>	<b>9.6</b>	<b>9.1</b>	<b>9.5</b>	<b>28.2</b>	<b>28.0</b>	<b>37.9</b>
Total assets	676.9	649.8	377.6	676.9	377.6	418.2





# Balance sheet

(Unaudited figures in USD million)

	30.09.06	30.06.06	31.03.06	31.12.05	30.09.05
Goodwill	352.9	348.7	128.3	128.3	128.3
Rigs	772.0	780.3	355.4	360.9	363.8
Ships	448.8	413.2	354.6	203.8	198.3
Other fixed assets	248.6	9.0	8.3	8.2	9.5
<b>Total fixed assets</b>	<b>1 822.3</b>	<b>1 551.2</b>	<b>846.6</b>	<b>701.2</b>	<b>699.9</b>
Cash and deposits	283.3	210.9	218.8	303.6	283.6
Other current assets	73.2	84.7	57.8	55.9	44.0
<b>Total current assets</b>	<b>356.5</b>	<b>295.6</b>	<b>276.6</b>	<b>359.5</b>	<b>327.6</b>
<b>Assets discontinued operations</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total assets</b>	<b>2 178.8</b>	<b>1 846.8</b>	<b>1 123.2</b>	<b>1 060.7</b>	<b>1 027.5</b>
Share capital	63.9	60.6	44.8	44.8	44.7
Other equity	1 132.2	923.5	420.5	390.2	520.7
<b>Total equity</b>	<b>1 196.1</b>	<b>984.1</b>	<b>465.3</b>	<b>435.0</b>	<b>565.4</b>
Interest-free long-term liabilities	127.1	132.2	120.9	117.6	4.2
Interest-bearing long-term debt	655.2	495.6	347.3	363.0	365.6
<b>Total long-term liabilities</b>	<b>782.3</b>	<b>627.8</b>	<b>468.2</b>	<b>480.6</b>	<b>369.8</b>
Dividends payable	0.0	0.0	0.0	30.2	0.0
Other interest-free current liabilities	170.5	184.9	152.9	87.0	64.7
Current portion of long-term debt	29.9	50.0	36.8	27.9	27.6
<b>Total current liabilities</b>	<b>200.4</b>	<b>234.9</b>	<b>189.7</b>	<b>145.1</b>	<b>92.3</b>
<b>Liabilities discontinued operations</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total equity and liabilities</b>	<b>2 178.8</b>	<b>1 846.8</b>	<b>1 123.2</b>	<b>1 060.7</b>	<b>1 027.5</b>



## Cash flow

(Unaudited figures in USD million)	Q3 06	Q2 06	Q3 05	YTD 06	YTD 05	2005
Net cash flow from operating activities	46.1	56.4	63.2	213.7	113.5	146.7
Net cash flow from investing activities	(227.2)	(717.1)	(22.8)	(1 101.5)	(31.6)	(45.6)
Net cash flow from financing activities	253.5	652.8	(9.8)	867.5	(36.5)	(35.7)
<b>Net cash flow from continuing operations</b>	<b>72.4</b>	<b>(7.9)</b>	<b>30.6</b>	<b>(20.3)</b>	<b>45.4</b>	<b>65.4</b>
<b>Net cash flow from discontinued operations</b>	<b>0.0</b>	<b>0.0</b>	<b>113.6</b>	<b>0.0</b>	<b>116.6</b>	<b>116.6</b>
Cash and deposits at beginning of period	210.9	218.8	139.4	303.6	121.6	121.6
<b>Cash and deposits at end of period</b>	<b>283.3</b>	<b>210.9</b>	<b>283.6</b>	<b>283.3</b>	<b>283.6</b>	<b>303.6</b>



## Key figures

	Q3 06	Q2 06	Q3 05	YTD 06	YTD 05	2005
Operating margin	45.3 %	30.5 %	44.9 %	40.1 %	36.9 %	35.1 %
Equity ratio	54.9 %	53.3 %	55.0 %	54.9 %	55.0 %	41.4 %
Return on equity	16.8 %	16.6 %	85.0 %	15.6 %	38.0 %	10.5 %
Return on capital employed	15.5 %	8.2 %	16.0 %	10.7 %	12.7 %	13.1 %
Net interest bearing debt (USD million)	401.8	334.7	109.6	401.8	109.6	87.3



## Shareholders at 25 October 2006

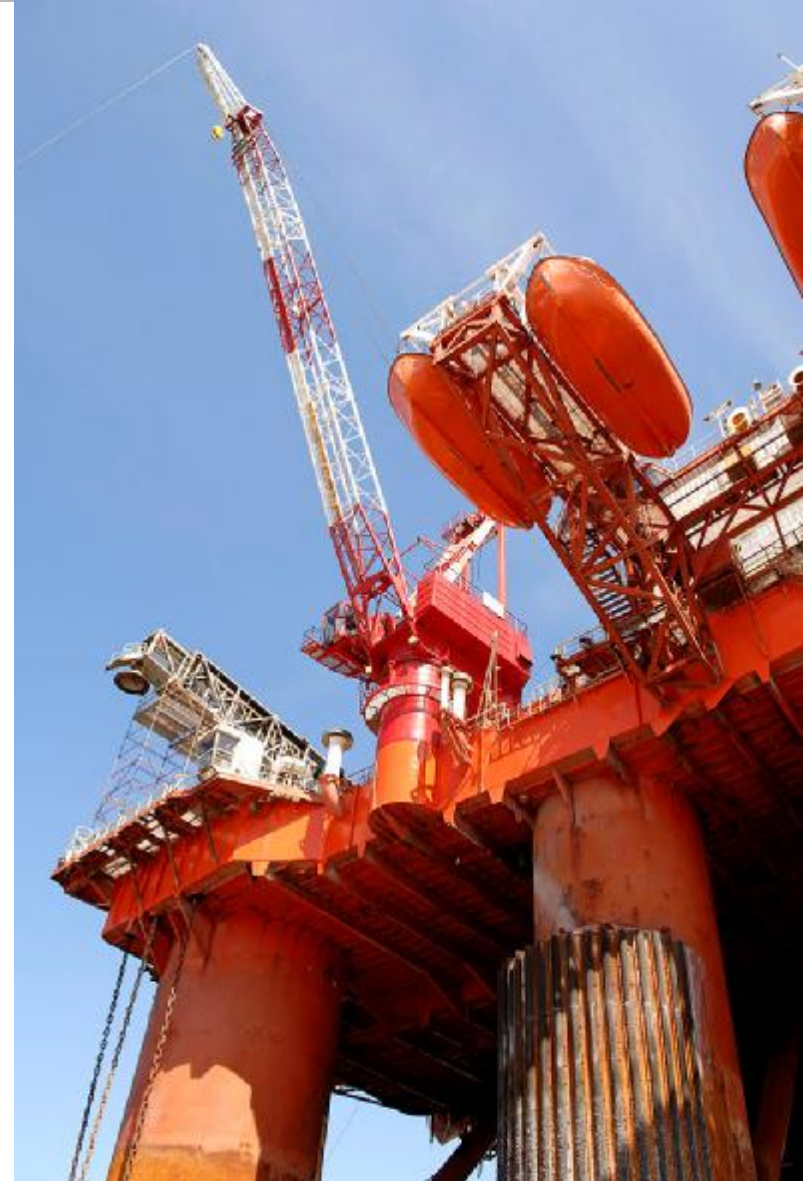
<b>SHAREHOLDERS</b>	<b>No of shares</b>	<b>Ownership</b>
Bergesen Worldwide Ltd	6 730 410	14.6 %
Morgan Stanley & Co (nom.)	4 430 505	9.6 %
Folketrygdfondet	2 969 077	6.5 %
State Street Bank & Trust (nom.)	2 447 983	5.3 %
Brown Brothers Harriman	2 441 101	5.3 %
Morgan Stanley & Co (nom.)	1 650 604	3.6 %
Odin	1 525 255	3.3 %
JP Morgan Chase Bank (nom.)	1 028 258	2.2 %
JP Morgan Chase Bank	868 362	1.9 %
GMO	792 337	1.7 %
<b>Total 10 largest shareholders</b>	<b>24 883 892</b>	<b>54.1 %</b>
Total no. of shares:	45 987 358	Foreign holding: 73.6 %



## Financial capacity

- § Extraordinary dividend of NOK 20 per share for the fiscal year 2005
- § High and sustainable growth in earnings and free cash flow
- § Balance sheet which supports future increase in leverage
- § Investments towards long-term contracts are ideal for debt financing

**Unique opportunity for systematic and sustainable growth**





## Offshore Support Services – status

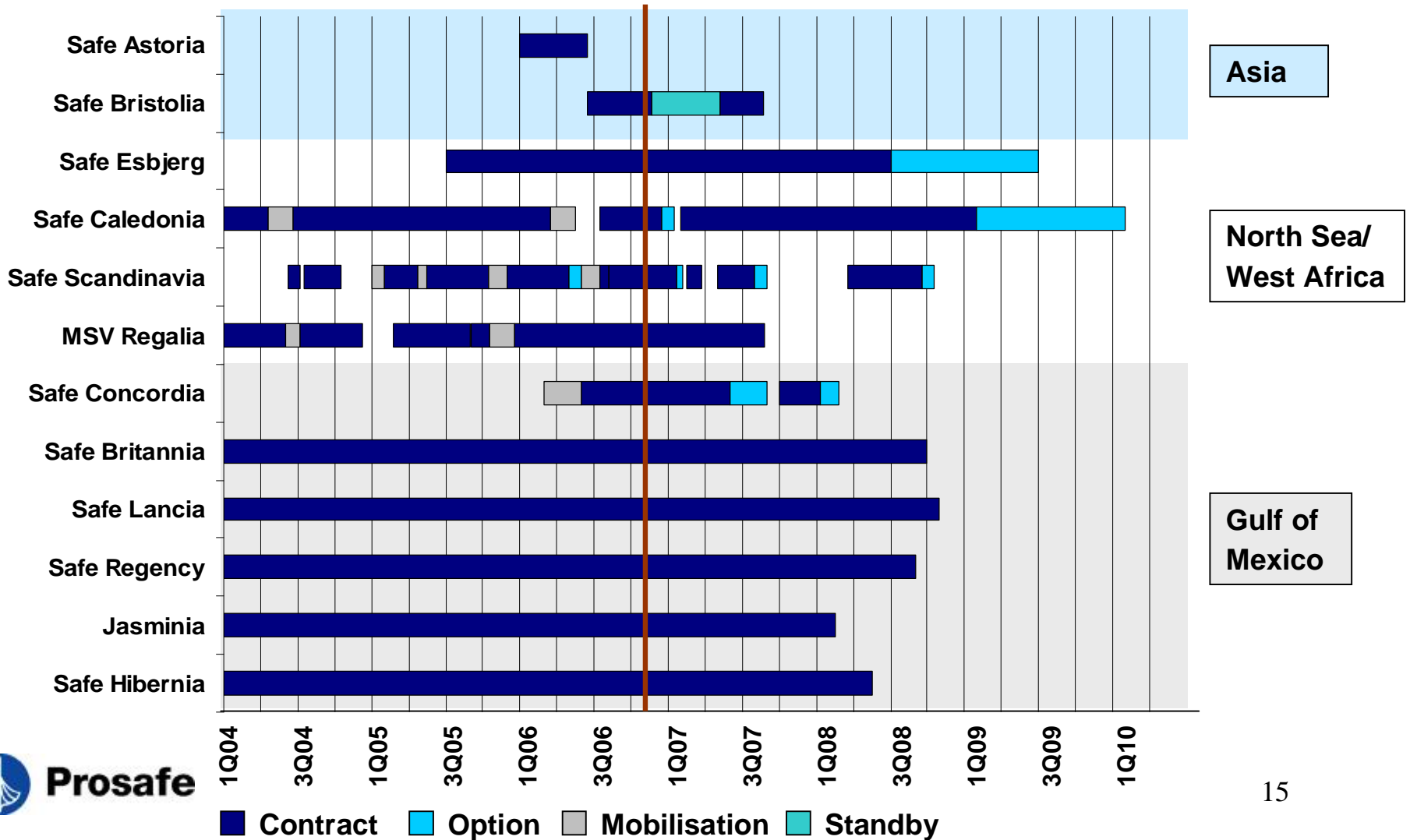
- § Regalia extended by another 3 months at increased dayrates
- § Special Periodic Survey commenced for Safe Astoria
- § 91% rig utilisation
  - ú Reduced uptime for Safe Scandinavia due to rig moves
- § Interesting opportunities for contracts in 2007 and 2008



Safe Concordia



# Offshore Support Services – contract status





## Offshore Support Services – strategy and outlook

### Strategic focus:

- § Maintain position as the world's largest owner and operator of high-end accommodation and service rigs

### Short term outlook

- § Strong demand for available units

### Medium term outlook:

- § Redeployment at higher dayrates



MSV Regalia@Girassol





## Floating Production – status

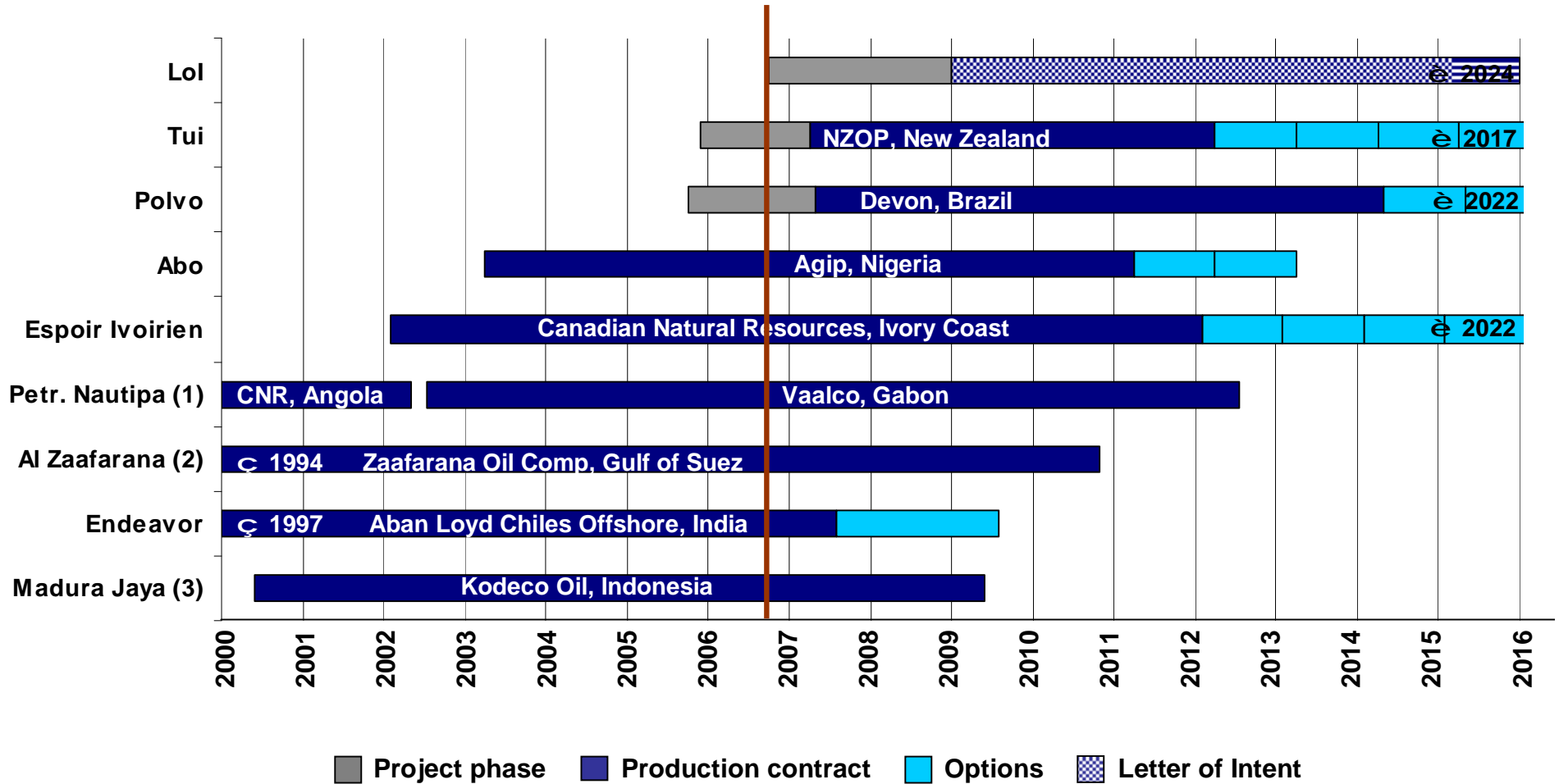
- § Conversion projects are progressing as planned
  - ú Significant increase in earnings as from Q2 2007
- § LOI for new FPSO project won in 3rd quarter
- § Bidding activity continues at peak level
- § Capacity to start yet another project in 2006
- § Acquisition of MT *Kudam*
- § More than 300 staff available to execute multiple projects



Proprietary technology creates competitive advantage



# Floating Production - contract status



(1) 50% ownership: 5- year term, cancellable from September 2011; (2) Management contract; (3) 50% ownership



## Floating Production - technological strength

- § Company transformed to an engineering driven company with proprietary technology
  - ú Quality delivery
  - ú Branding and credibility
  - ú Track record
  - ú Cost advantage
- § High uptime on FPSOs confirms quality of designs and operational competence

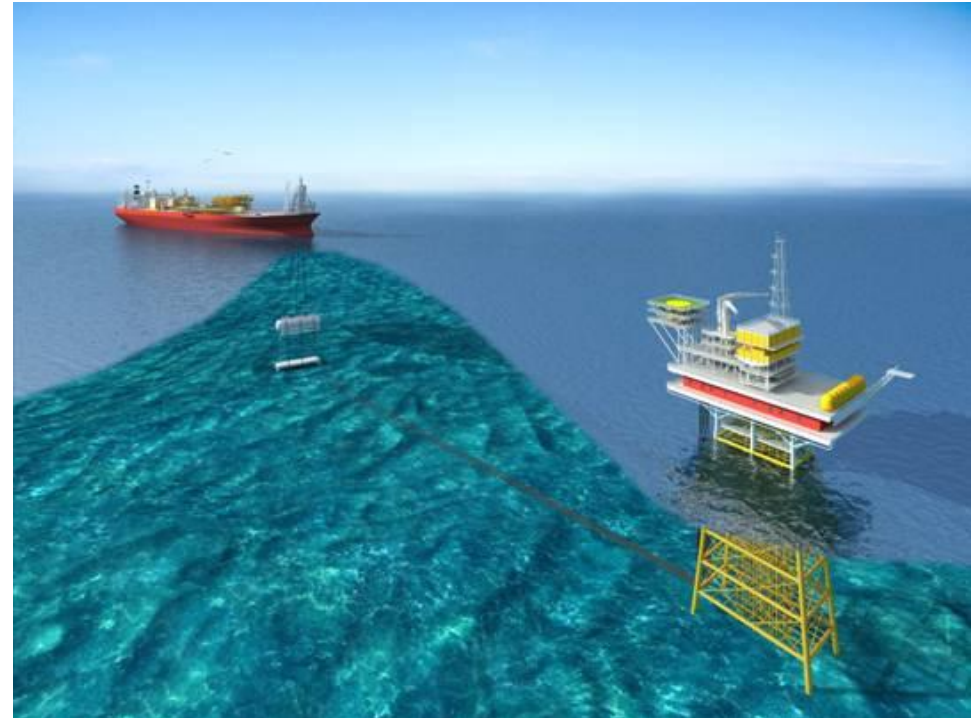


Construction of the process plant for the FPSO Polvo



## Status - Polvo

- § VLCC with storage capacity of 1.6 mill barrels
- § Prosafe turret installed in hull
- § Vessel at Keppel Shipyard, Singapore
- § Project progressing as planned
- § Estimated time of start-up: Q2 2007



Polvo field layout



## Status - Umuroa

- § Suezmax with storage capacity of 0.8 mill barrels
- § Prosafe turret and swivel with deepwater capacity
- § Vessel at Keppel Shipyard, Singapore
- § Final dry docking in December
- § Project progressing as planned
- § Estimated time of start-up: Q2 2007

**On time and within budget**



**Prosafe**





## All-time high bidding activity

- § Prosafe actively pursues several new FPSO projects with expected awards within three to six months
- § Engineering capacity to take on multiple new projects
- § Access to hulls and shipyards for the relevant projects

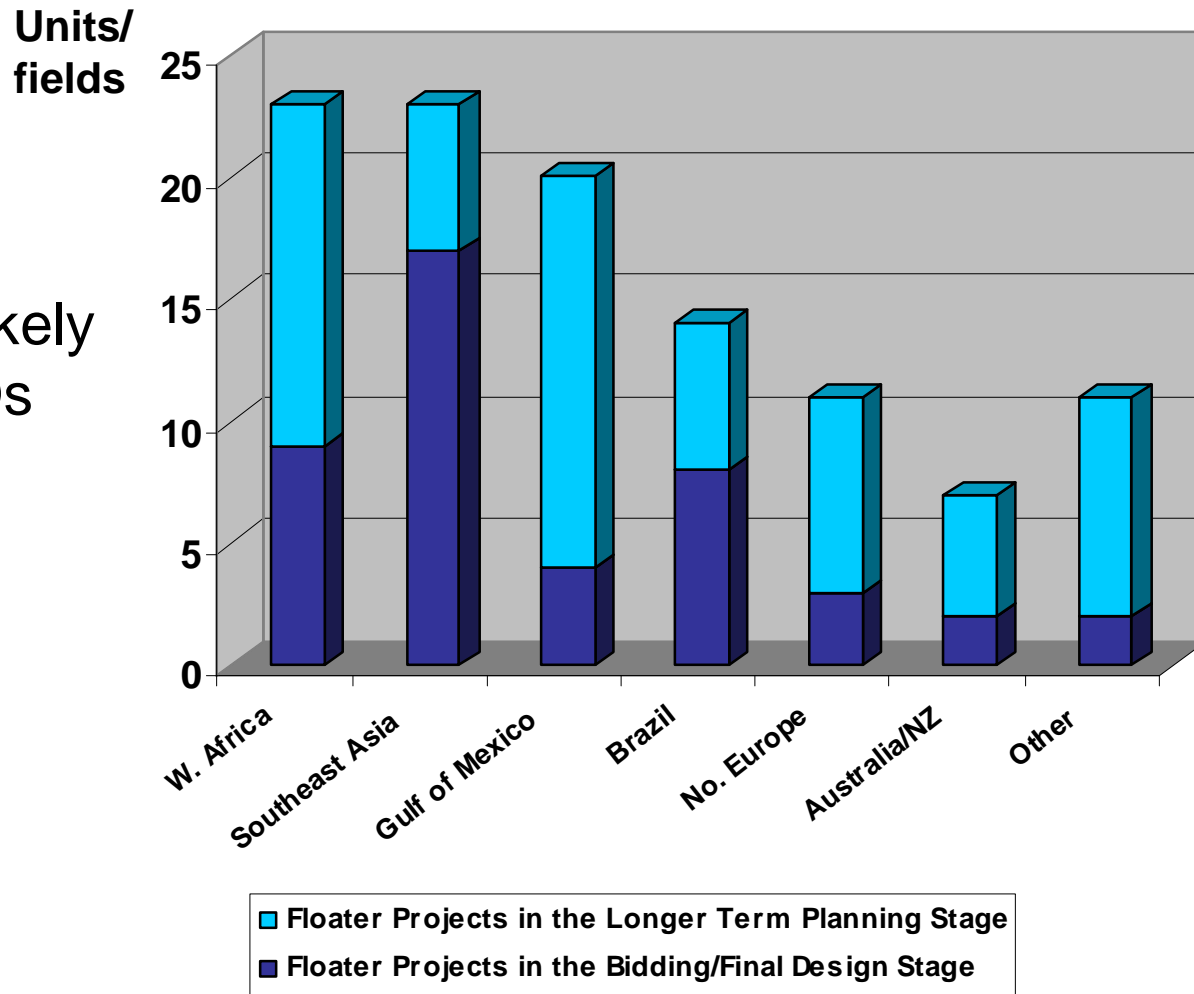


**M/T Kudam, a suitable conversion candidate for several identified projects**



# 109 floaters in the planning stages

60-70 are likely to be FPSOs



**Sustainable market growth**



## FPSO market, current tenders

### § West Africa

- ú Olowi
- ú Azurite
- ú Nigeria – both large and small projects in the pipeline

### § Brazil

- ú Peregrino /Hydro
- ú Petrobras oil FPSO
- ú Petrobras gas FPSO

### § Australasia

- ú Australia – 2 medium sized projects
- ú Vietnam – 2 bids likely in next 6 months
- ú Indonesia – a number of small units
- ú Other – Thailand, Philippines





## Floating Production – strategy and outlook

- § Positioned as a leading supplier and operator of high quality FPSOs
- § Strong competitive edge based on in-house technology and project experience
- § Capacity to commence new FPSO conversions in 2006
  - ú Available hull
  - ú Available engineering capacity
  - ú Available funding
- § Bidding activity continues at peak level



FPSO Espoir Ivoirien



**Prosafe**

**Dedicated to win 2–3 new FPSO projects  
next 6–12 months**



## Summary and outlook



- § Best-ever quarter
- § Extraordinary dividend of NOK 20
- § Rig dayrates improving
- § FPSO projects on time and within budget
- § Engineering capacity and proprietary technology ensure continued success
- § Successful FPSO bidding provides sustainable growth in earnings

**Strong position in a growing market**