

# BOURBON HORIZON 2012

*February 6, 2008*



**BOURBON**

Building together a sea of trust

# BOURBON enlarges its horizon to 2012

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1. Why enlarge BOURBON's Horizon to 2012

2. BOURBON's Horizon 2012 businesses

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4. BOURBON 2012 targets

5. Conclusion

- With the sale of port towage, BOURBON is now focused on offshore marine services and solid bulk transport
  
- The prospects for the offshore oil and gas market are different from those included in the Horizon 2010 plan in late 2005 :
  - Longer favorable cycle
  - Bottlenecks in implementing CAPEX
  - Sharp increase in oil prices...and in the prices of equipment and services
  
- Successful developments in deepwater offshore exploration and production help to grow new markets



# BOURBON enlarges its horizon to 2012

The sale of port towage changes the business portfolio presented in February 2006 (Horizon 2010)

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1. Why enlarge BOURBON's Horizon to 2012

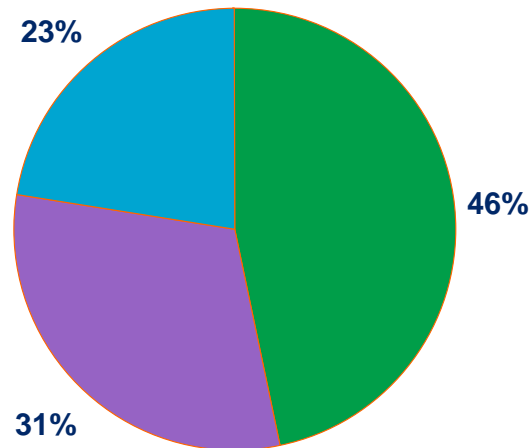
2. BOURBON's Horizon 2012 businesses

3. Key factors of success

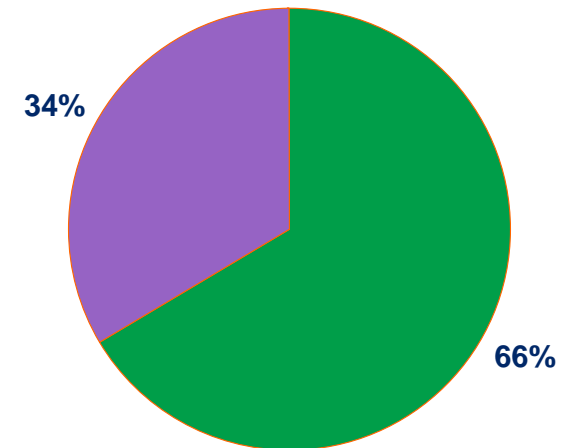
4. BOURBON 2012 targets

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**BOURBON 2005**



**BOURBON 2007**



 Towage

 Offshore

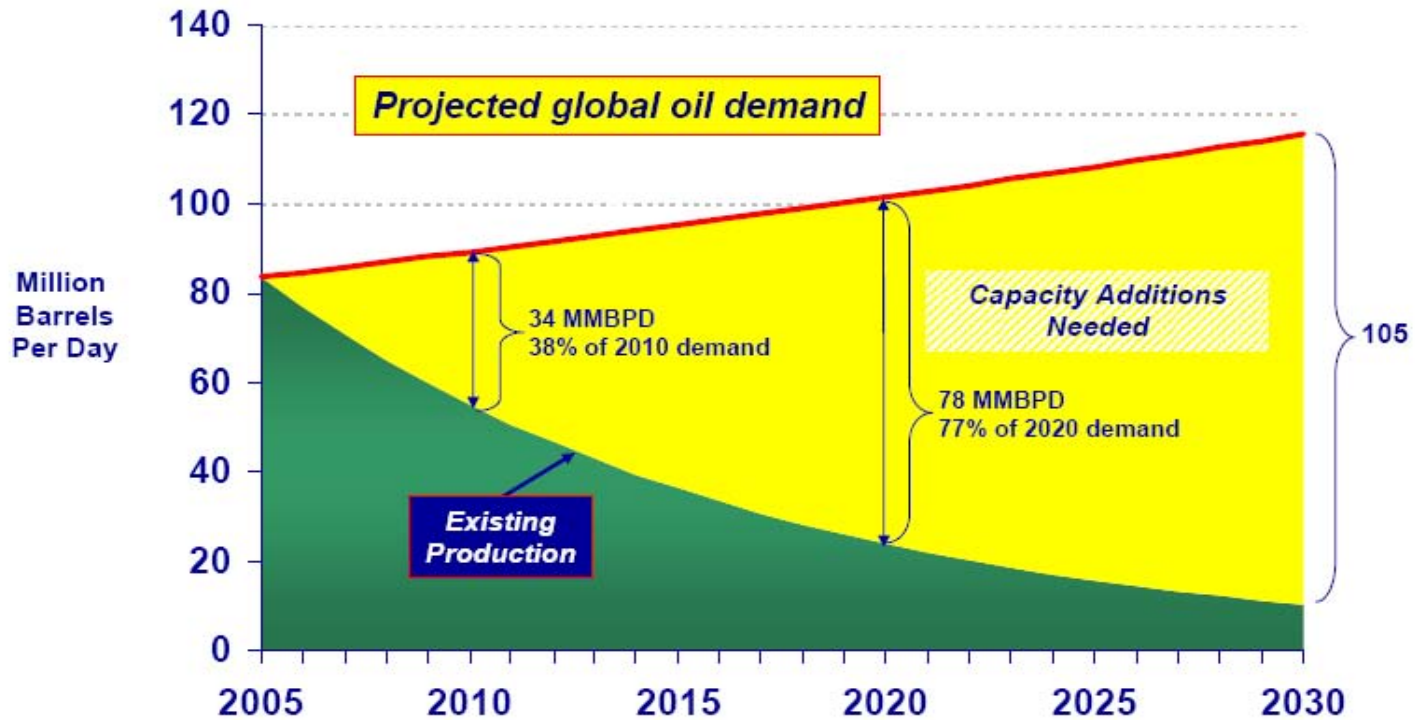
 Bulk



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## Keeping up with oil demand is essential

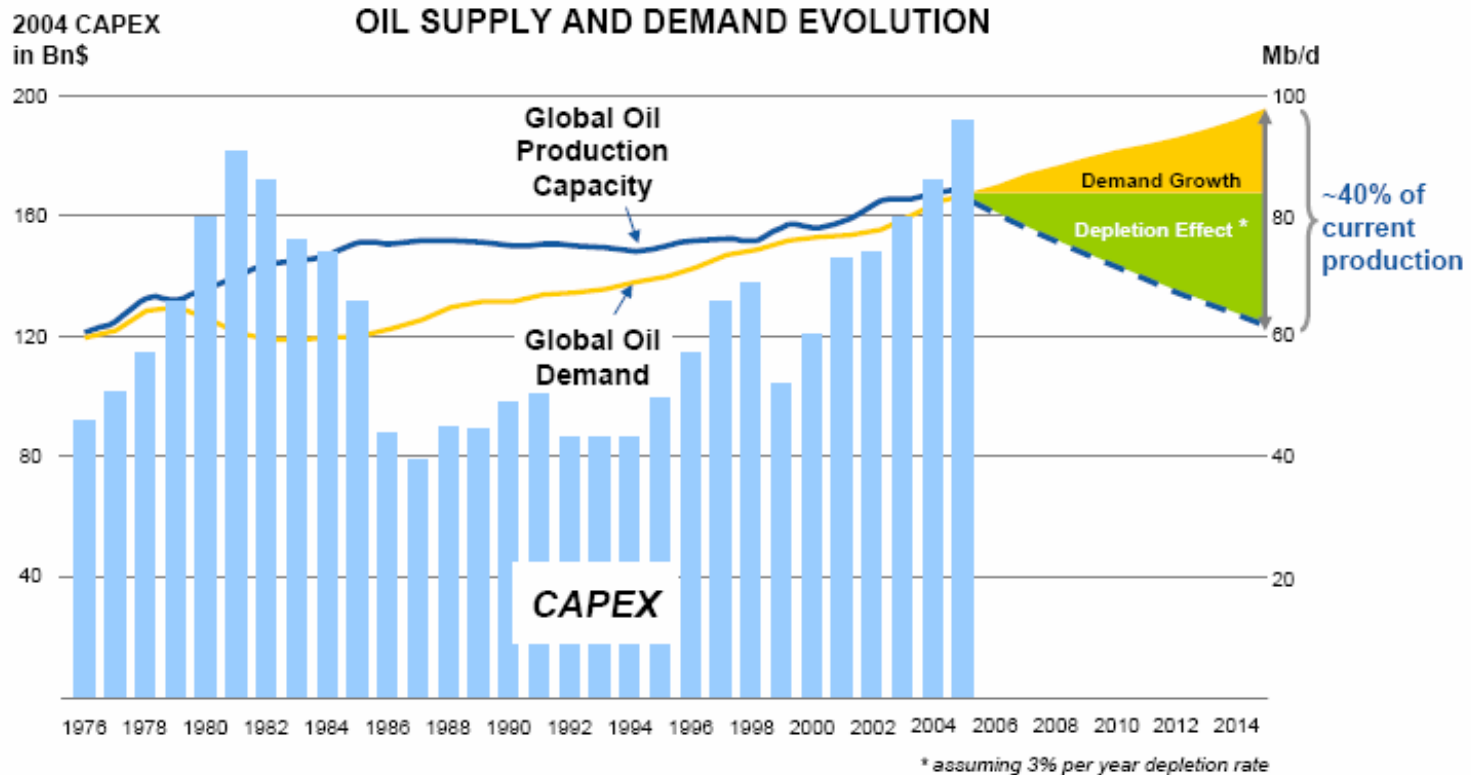


Source: Based on IEA World Energy Outlook 2006

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## Solid fundamentals and outlook for the oil & gas industry



**Technip**

Sources: IEA, CERA

Investor Presentation - Deliver Profitable Growth 4

Source: Technip presentation

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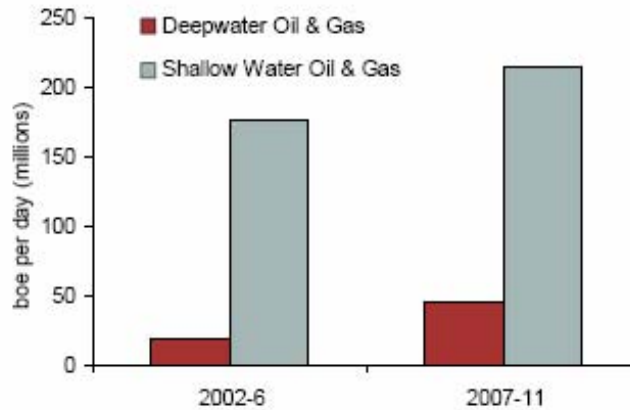
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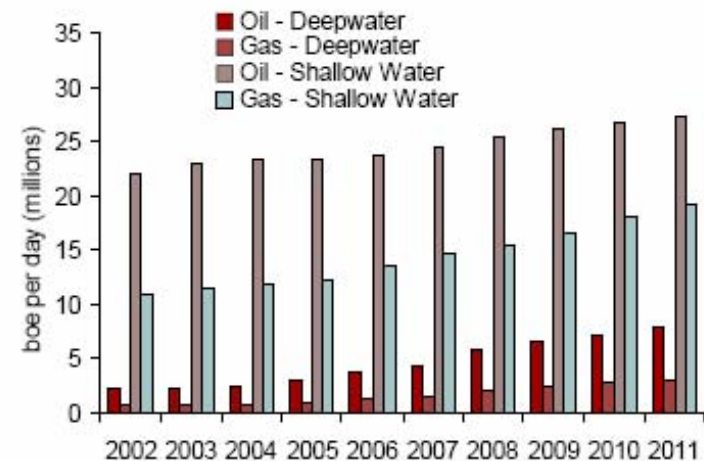
Douglas - Westwood

## Deepwater oil & gas production to show strong growth



- Offshore production 2007-11:
  - Shallow water 18% growth
  - Deepwater 78% growth

- Total deepwater production to grow from 6 mm boe/d in 2007 to 11 mm boe/d in 2011



Stavanger October 2007

Source: Présentation Douglas-Westwood

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## Delivery times delayed

- No delivery for jack-up until 2011
- No high-capacity winches for AHTS before end 2010
- Propeller manufacturers are not taking any more orders for 2009
- Development of new fields slowed down because of delivery times for subsea well heads

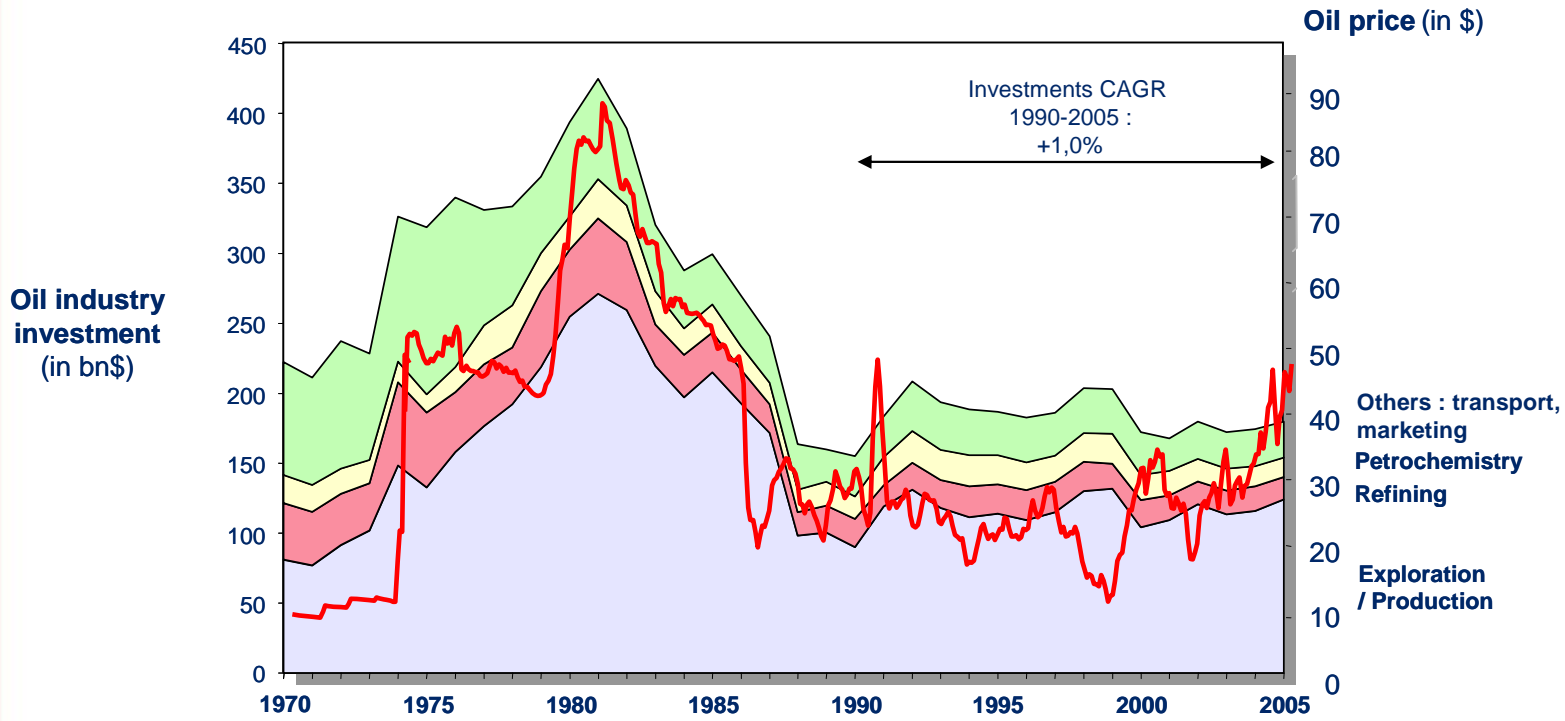


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## Excluding inflation, no progression of CAPEX between 1990 and 2005



Source: Estin & Co analysis



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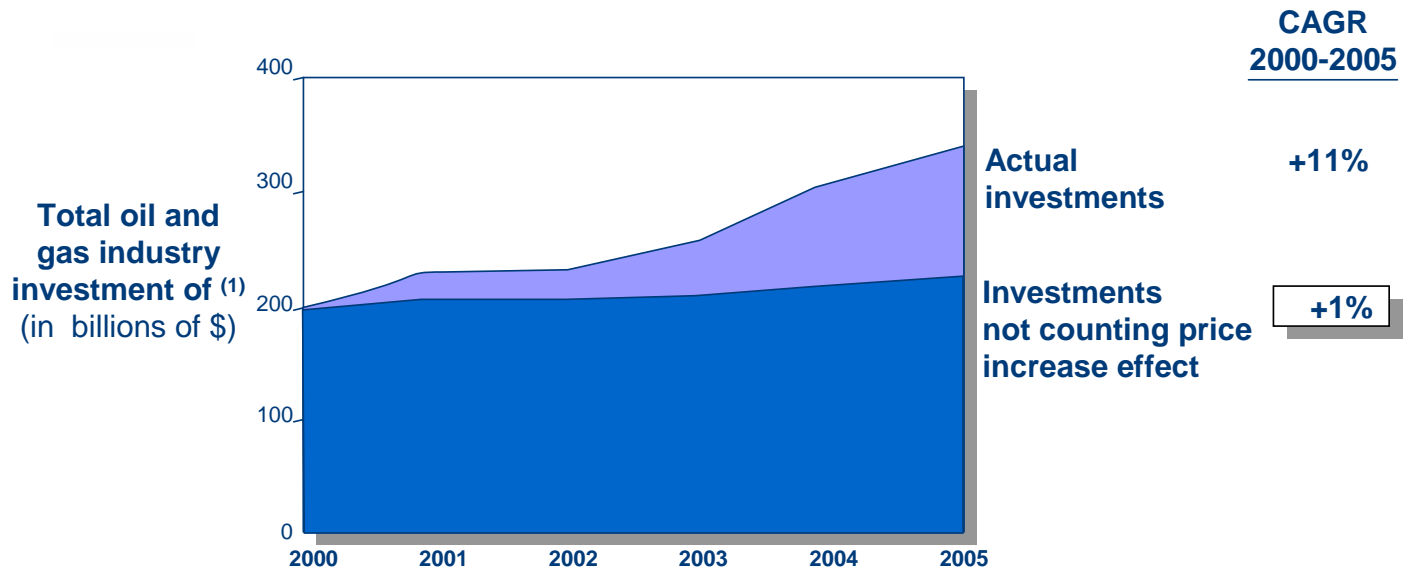
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## Price increases conceal the stagnation of investment effort



- Investment greatly increased because of rising prices

- Raw material needs
- Oil field and support services equipment
- energy

- With cost inflation taken into account, the investment in 2005 is superior to the level of investment in 2000 by only 5%



## Experienced people are leaving – Newcomers must learn

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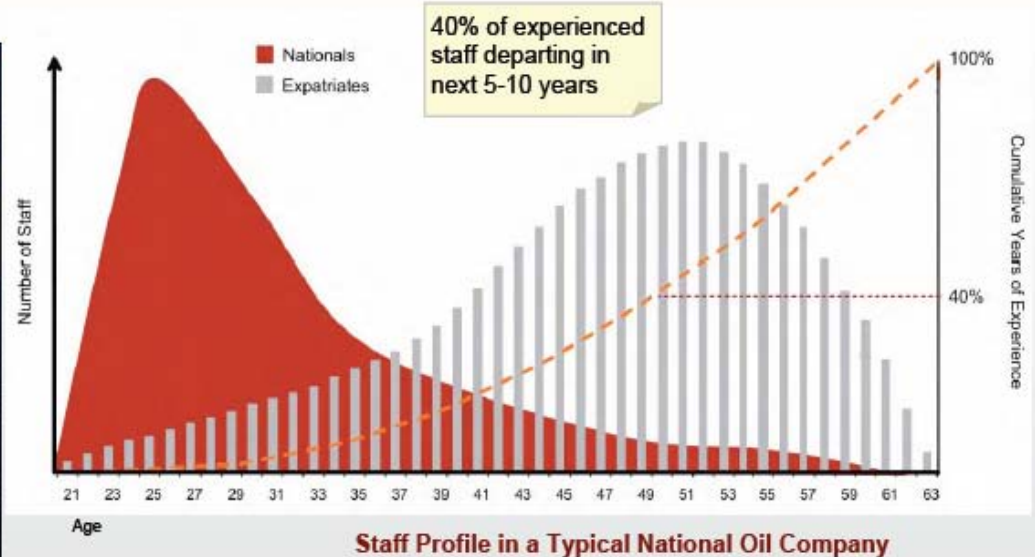
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Douglas –  
Westwood

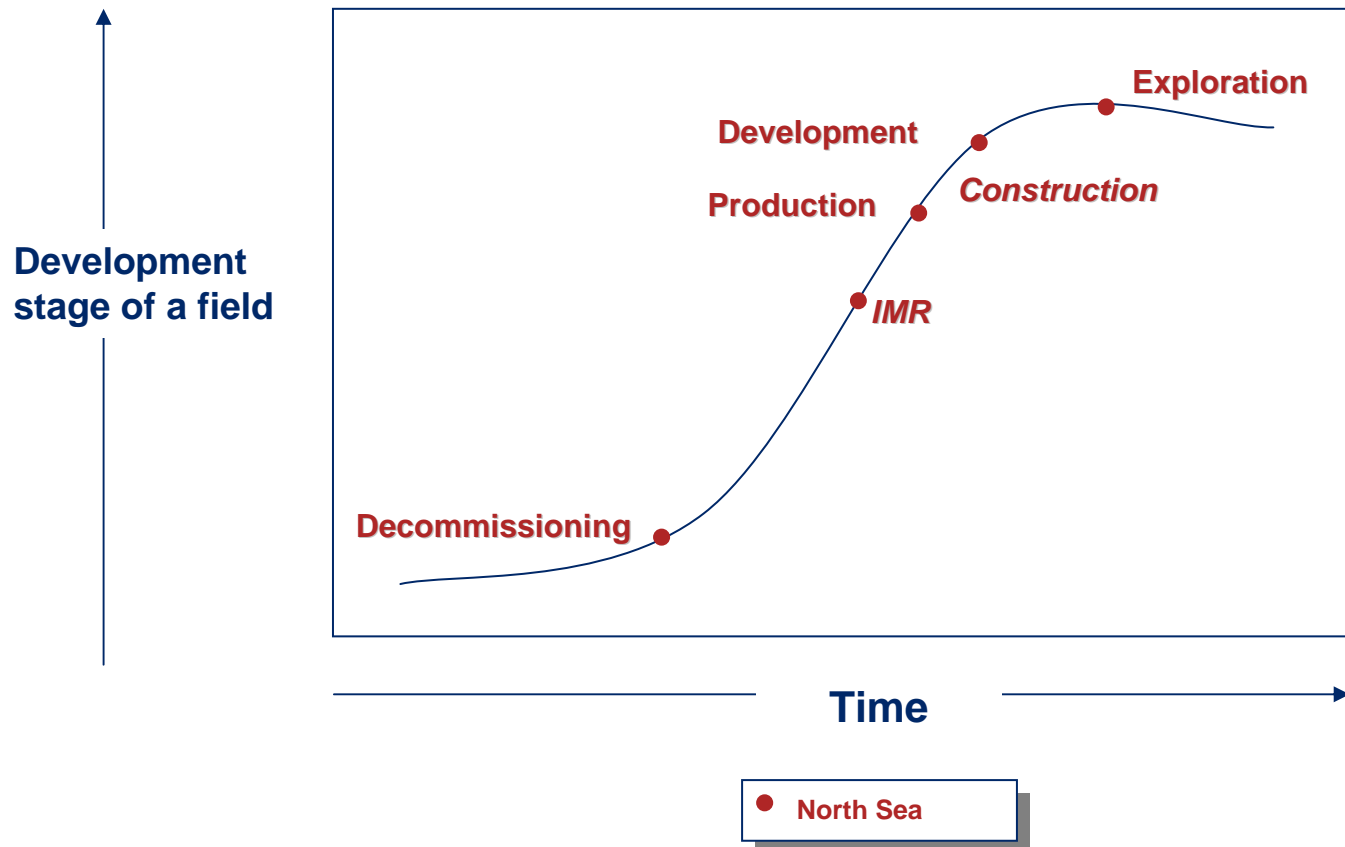
PROBLEM: low availability of skilled labour worldwide



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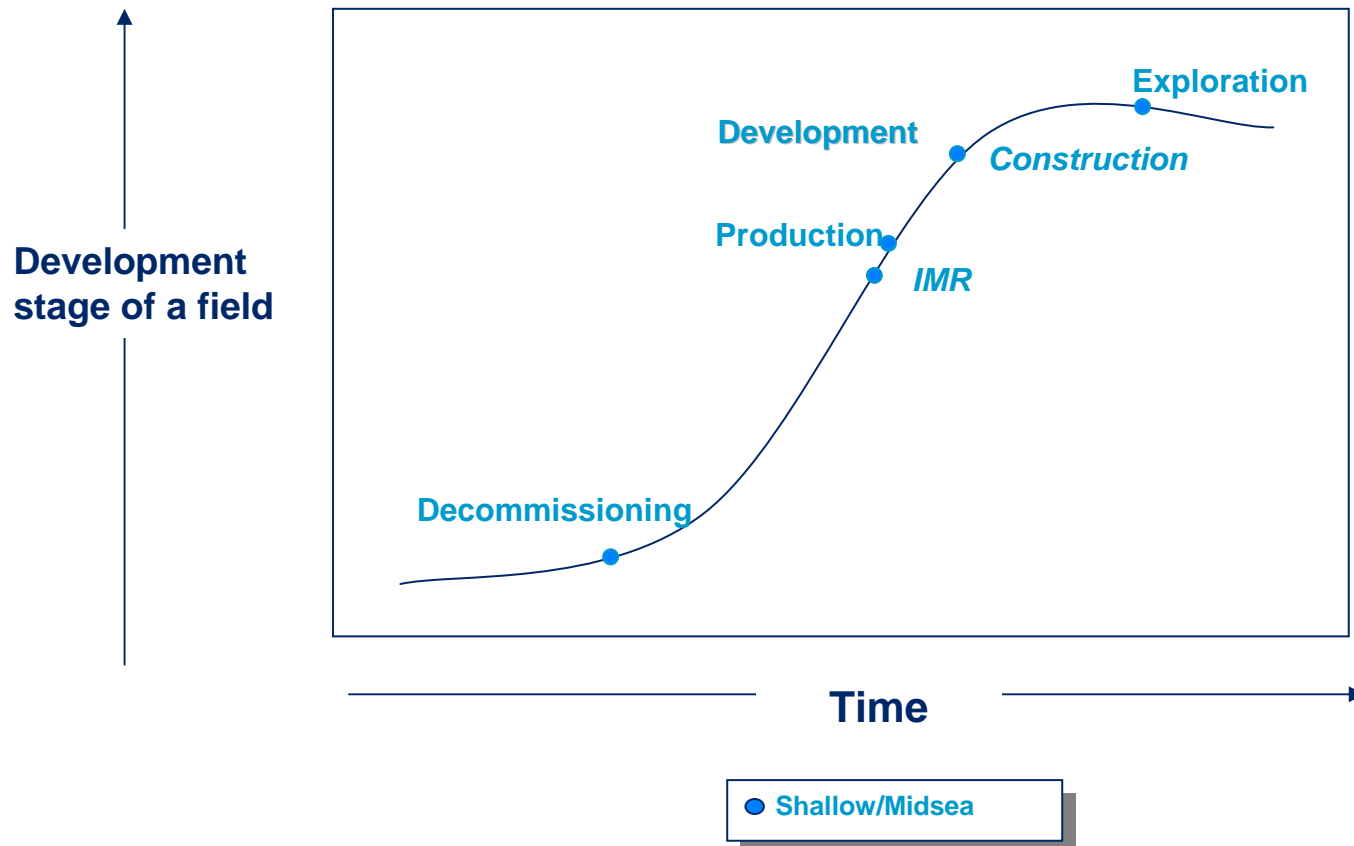
**Future growth is mainly in production and maintenance services and in deepwater offshore in general**



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**Future growth is mainly in production and maintenance services and in deepwater offshore in general**

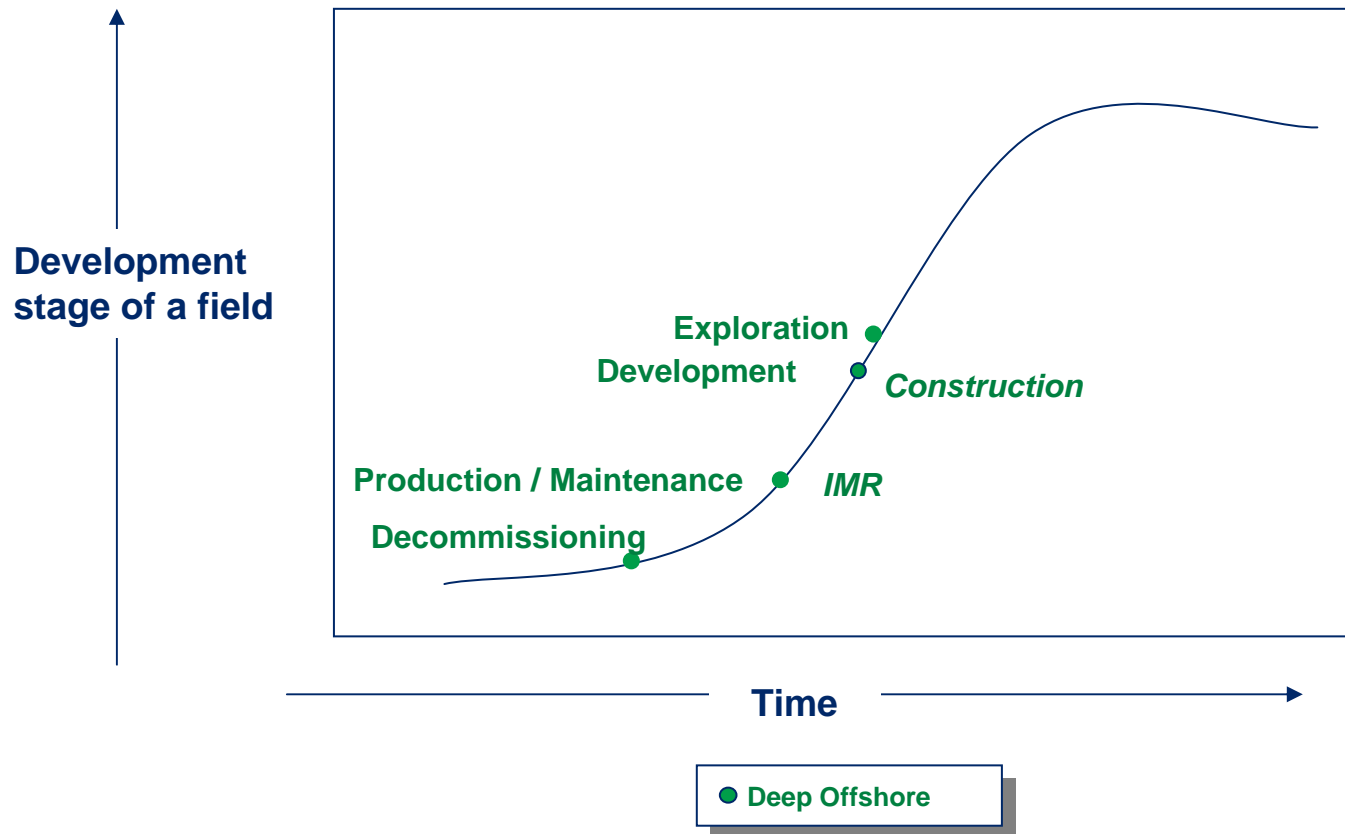


Source: Estin & Co analysis

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## Future growth is mainly in production and maintenance services and in deepwater offshore in general

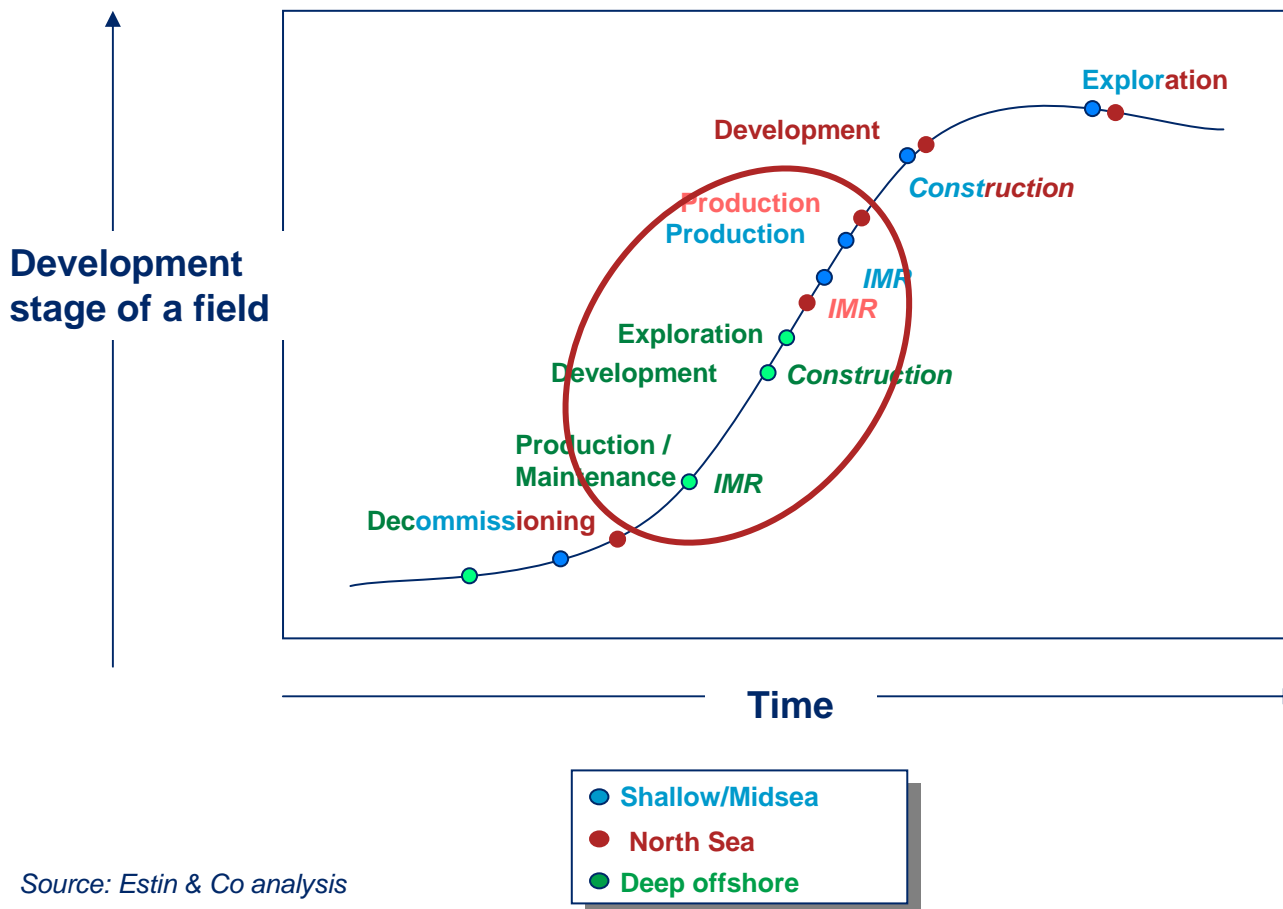


# Offshore market growth factors

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Source: Estin & Co analysis

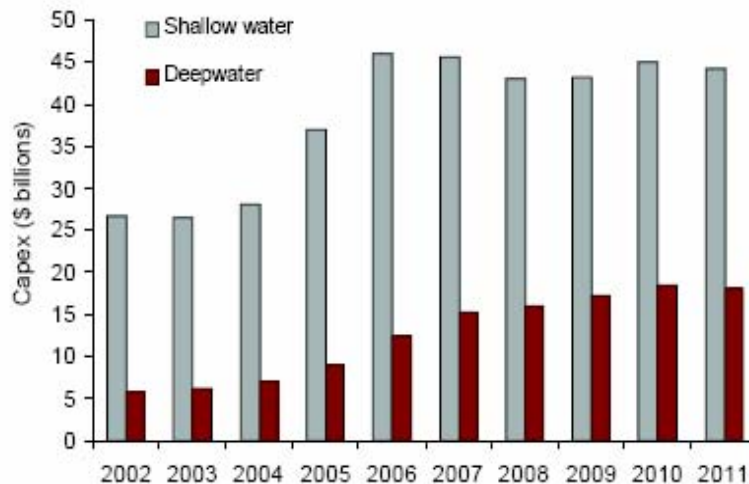
# Offshore market growth factors

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Douglas – Westwood

## Deepwater drilling spend



Source: Douglas-Westwood Limited

- Shallow water spend bigger but flat
- Deepwater to see steady growth (numbers include all costs)



Stavanger October 2007

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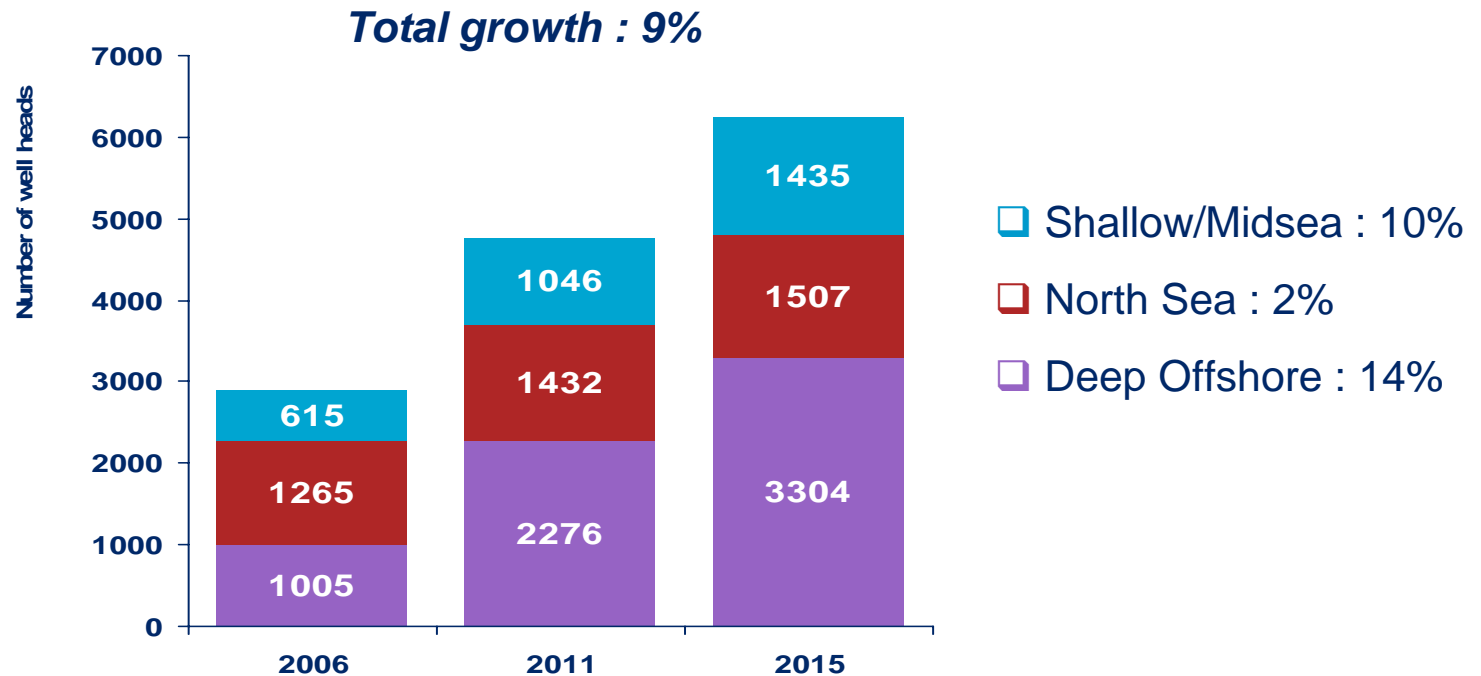
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In deepwater offshore, fields are mainly developed by using Subsea technologies (that is control of the well at seabed by subsea wellheads)





# BOURBON expands its Horizon to 2012

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- BOURBON's focus on two divisions increases its offshore investment potential
- The favorable cycle in offshore oil and gas services will be longer than expected, with a highly favorable outlook up to Horizon 2012
- In addition to deepwater offshore, the market for existing fields benefits from a dual effect:
  - profitable investments aimed at slowing down the decline of production
  - aging and obsolescence of the existing fleet
- The vessels ordered YESTERDAY and available soon have a strong cost advantage



# BOURBON's Horizon 2012 businesses



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- The bulk market is a fragmented strategic market

**MARKET SHARE VALUE**

	<b>Low</b>	<b>High</b>
<b>High</b>	<b>Fragmentation</b>	<b>Specialty</b>
<b>DIFFERENTIATION</b>		
<b>CAPACITY</b>		
<b>Low</b>	<b>Deadlock</b>	<b>Volume</b>

- The size of the company has little effect on absolute profitability
- There are several ways to differentiate, but that has little effect on the relative profitability of each competitor



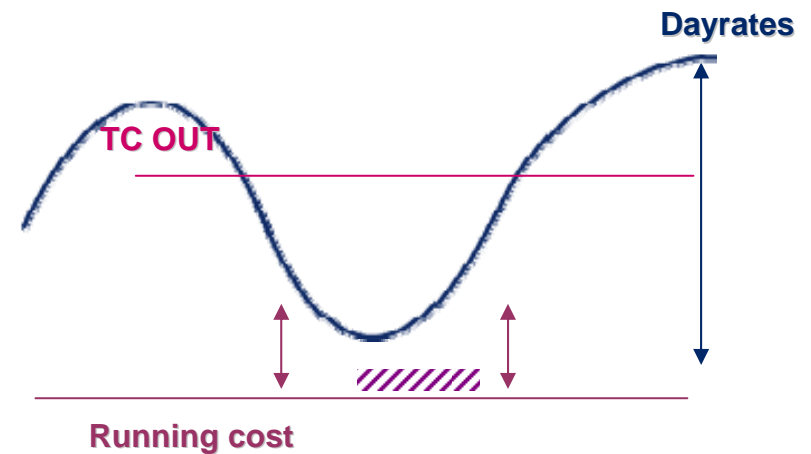
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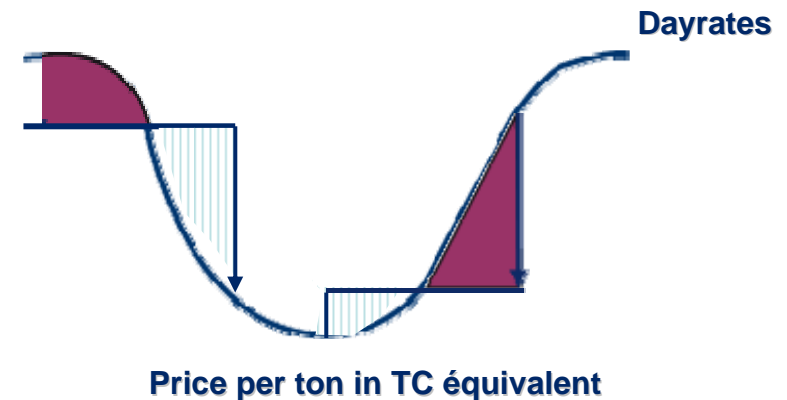
### ■ Ship owner

- Receives \$ per day
- EBITDA always positive
- Possibility of setting income over different time lines



### ■ Freight operator

- Sells to its customer \$ per ton
- Buys \$ per day
- EBITDA might be negative
- Vital importance of risk management



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## ■ Ship owner

- Owned vessels or vessels under long-term charter can be chartered out to third parties to guarantee profit

## ■ Freight operator

- Firm commitments to customers (contract of affreightment) must be covered by vessel availability (owned or long-term charter)
- Commitments for a sole shipment are covered on the market. Losses, although still possible, remain under control

**Growth in the “contract of affreightment” business for industrial customers is based on growth of the owned or long-term charter fleet**

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## ■ Strategic decisions

- How many owned vessels

⇒ determines sustainable growth

- Coverage rate of contract of affreightment

⇒ Determines risk level

## ■ Tactical decisions

- How many long-term charter vessels
- How many vessels chartered to third parties (price, duration)
- Purchases/sales of vessels

## BOURBON HORIZON 2012

6 → 22 vessels

≥ 130%

30% owned fleet

40%

Depending on opportunities



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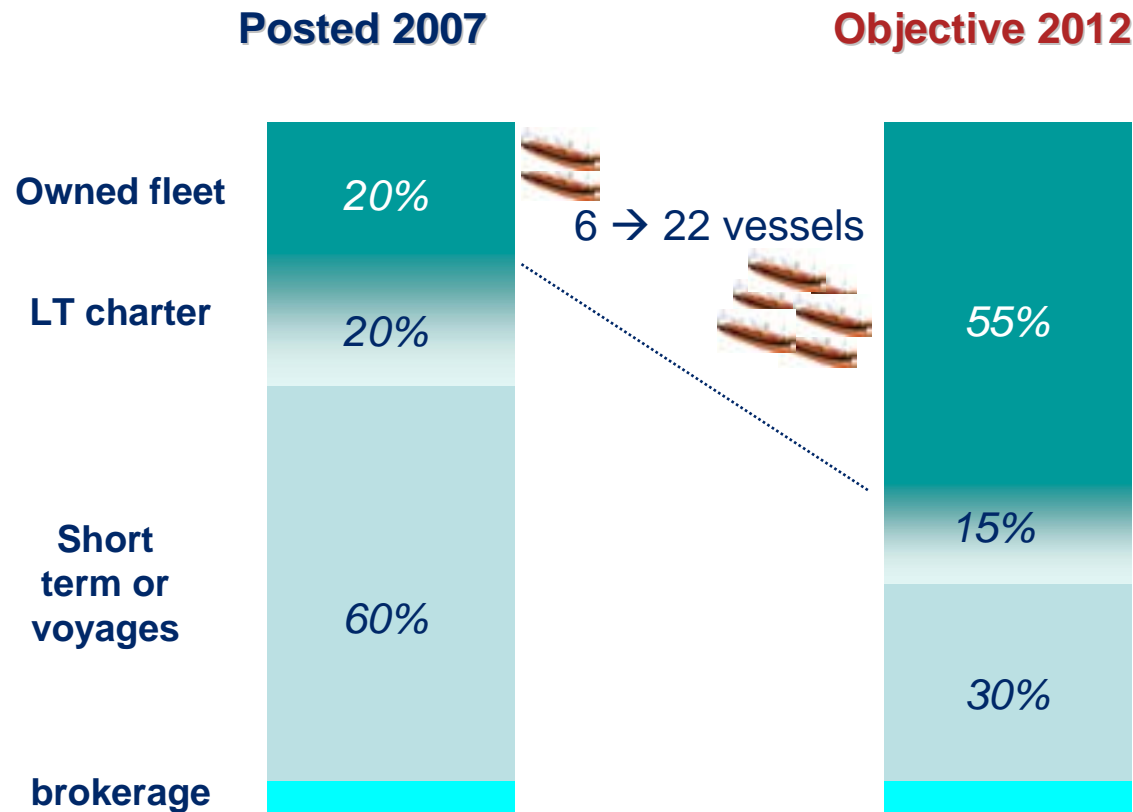
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## Breakdown of 2007-2012 revenues



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## EXAMPLE

### BOURBON'S Bulk Division position as of February, 2008 HIGHLY FAVORABLE OUTLOOK

Number of days	Owned fleet	Chartered vessels	TOTAL
TC given to third parties	1,172	441	1,613
Available for coverage	1,018	1,060	2,078
Charter agreement commitments for customers	-	-	1,220
Rate of coverage			170%





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## Generating EBITDA is based on :

- Freight rate levels
- The number of owned vessels and vessels under long-term charter

### EBITDA/Revenues %

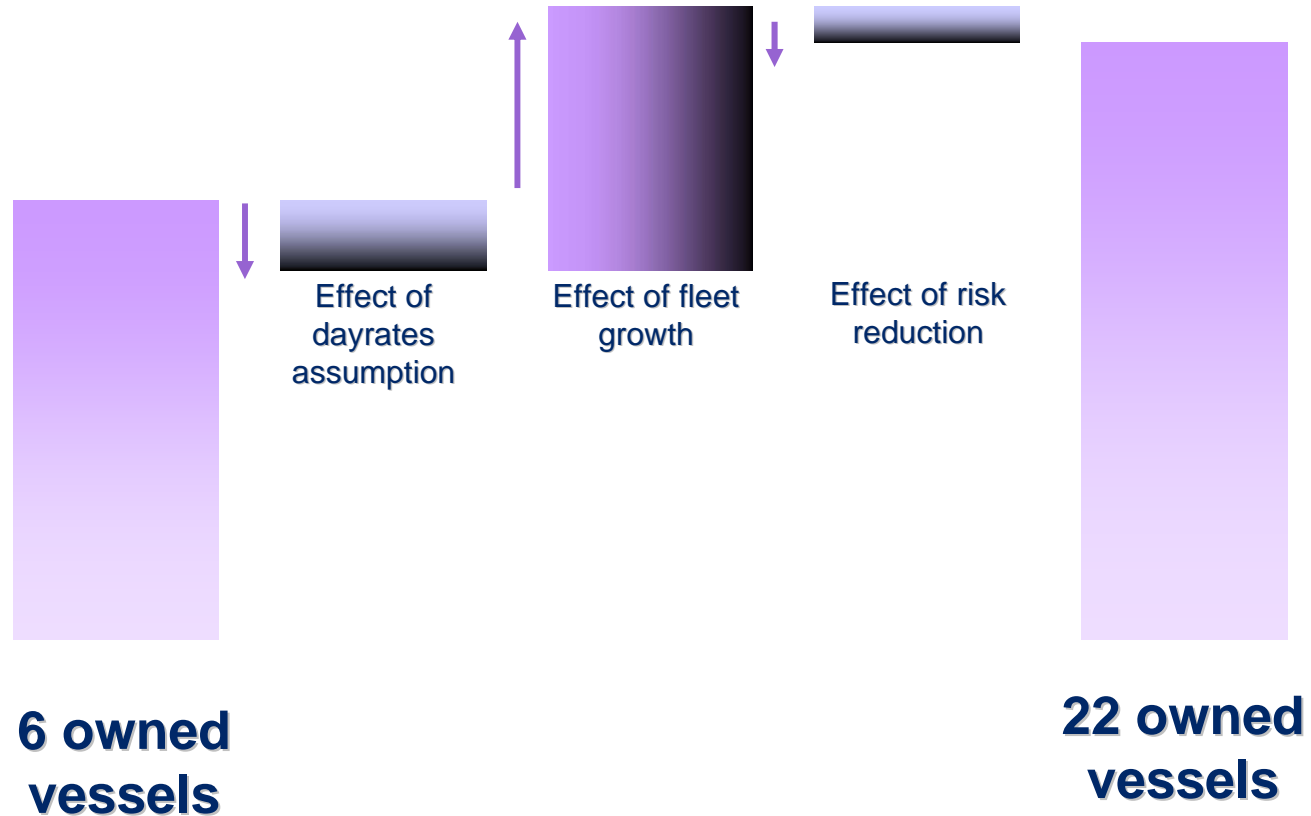
	Day rates assumption: \$/day			
	15,000	21,000	27,000	30,000
<ul style="list-style-type: none"> <li>▪ Owned fleet (cash cost 7 000\$/day)</li> </ul>	53 %	67 %	74 %	77 %
<ul style="list-style-type: none"> <li>▪ Vessels chartered LT for :               <ul style="list-style-type: none"> <li>– 18 000 \$/day</li> <li>– 22 000 \$/day</li> </ul> </li> </ul>	- 20 %	14 %	33 %	40 %
	- 47 %	- 5 %	19 %	27 %
<ul style="list-style-type: none"> <li>▪ Short term and voyages</li> </ul>	3-7 %	3-7 %	3-7 %	3-7 %





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Horizon 2012	
▪ Average revenue growth	7%
▪ EBITDA/Capital employed Target	29%



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## ■ In the Bulk business

- Risks can be controlled, but not the market cycles
- Total size has no strategic value
- Growth is based on an increase in the owned fleet

## ■ In BOURBON, the Bulk Division

- Has ordered vessels at competitive prices
- Has good prospects for generating EBITDA
- Contributes to an increase in the ROCE



## Life cycle of offshore fields



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- Seismic
- Exploration and test drilling

- Drilling production and water/gas injection wells
- Subsea construction installation and surface

- Oil and gas output and treatment of products
- Storage and transfer of products
- IMR
  - Inspection
  - Maintenance
  - Repair
- Maintenance of surface facilities
- Maintaining production
  - Stimulation
  - Work over (Well Intervention)
  - Drilling of additional wells

- Mainly in the North Sea





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## Type of vessels needed depends on offshore equipment

- **Drilling rigs**
  - Shallow water
  - Deep offshore
- **Surface units**
- **Subsea facilities**





## Shallow water drilling rigs

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Source: Marlin Offshore

Self Erecting tender "The Charley Graves"



Source: Offshore Frontiers, Transocean Inc. Publication

Jackup D.R Stewart



Source: Transocean

Semi-submersible drilling unit "Sedco 704"





## Deepwater drilling rigs

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Source: BOURBON - Semi-submersible drilling unit "Jim Cunningham"



Source: Songa Offshore ASA - submersible drilling unit DP "Songa-Dee"



Source: Japan Agency for Marine-Earth Science and Technology - Drillship DP "Chikyu"



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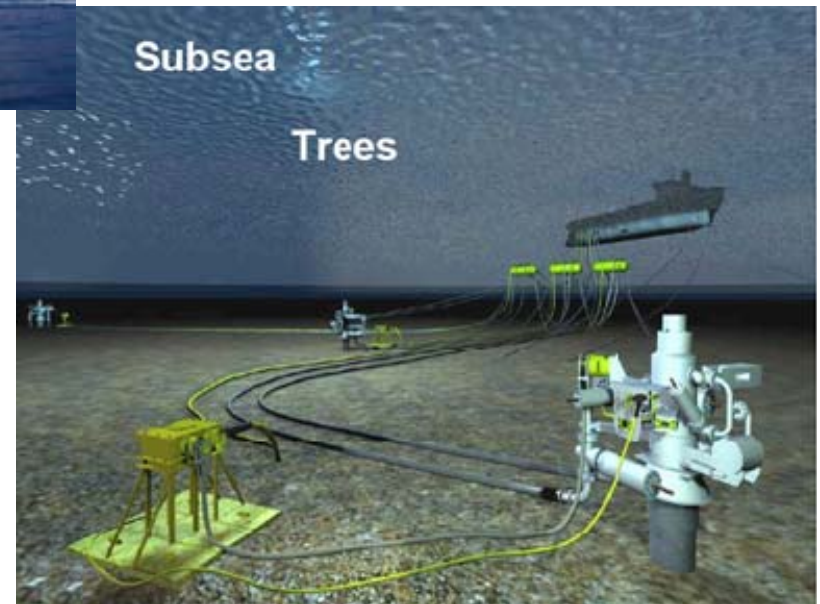
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*FPSO Dalia*

## Floating units

## Subsea facilities



*Subsea installations*





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- **2003-2007**      **Segmentation of offshore oil marine services**
  - Shallow water
  - Deep water
- **2006**      **BOURBON decides to offer highly competitive innovative vessels, to the shallow water fleet**
  - Modern offshore / traditional offshore
- **2008**      **Consideration of the oil field life cycle and the technical level of the resources employed**



## 2001 Segmentation : shallow water and deep offshore

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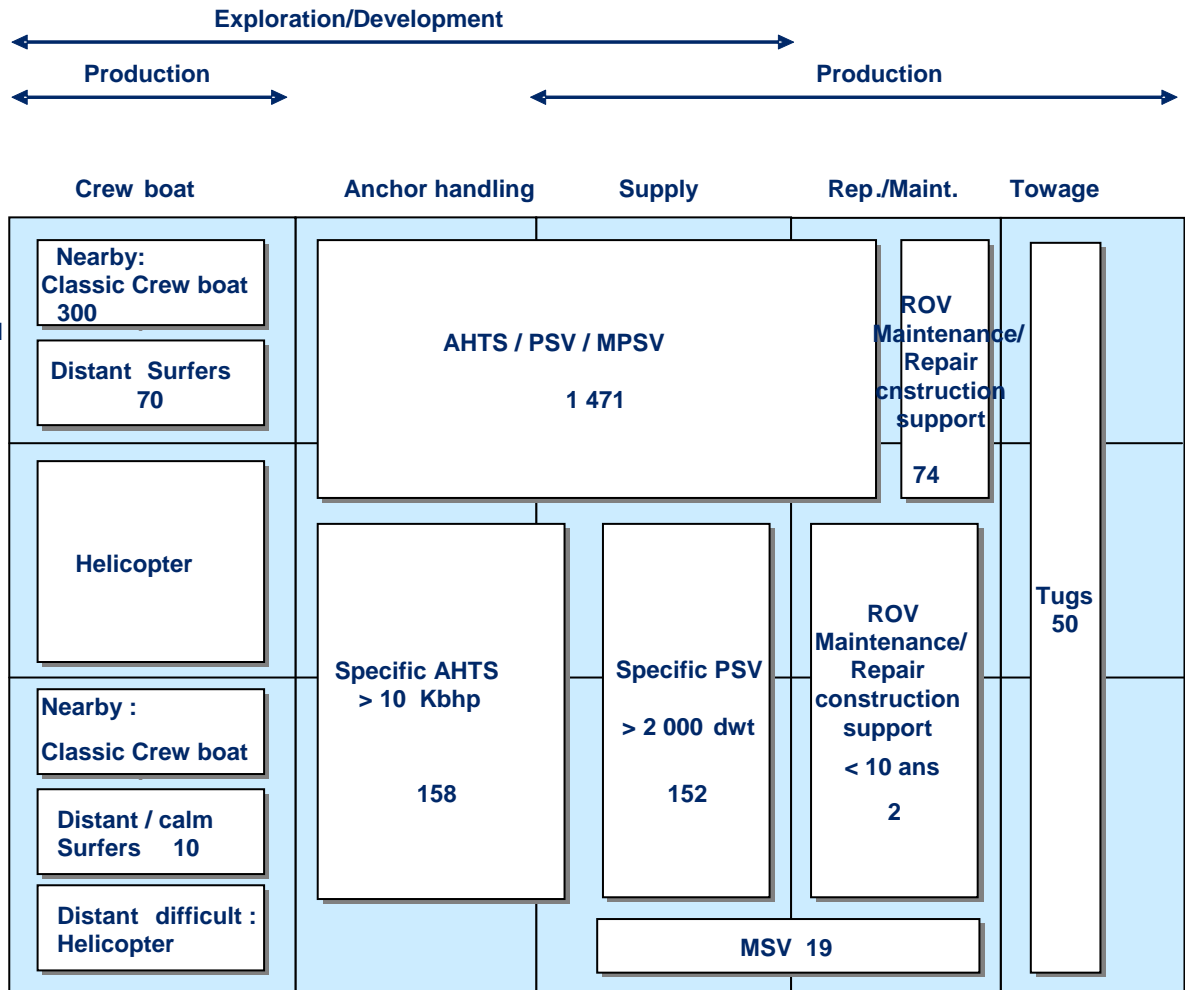
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(1) > 400 m

Source: Estin & Co analysis

## 2006 segmentation : modern and traditional Offshore

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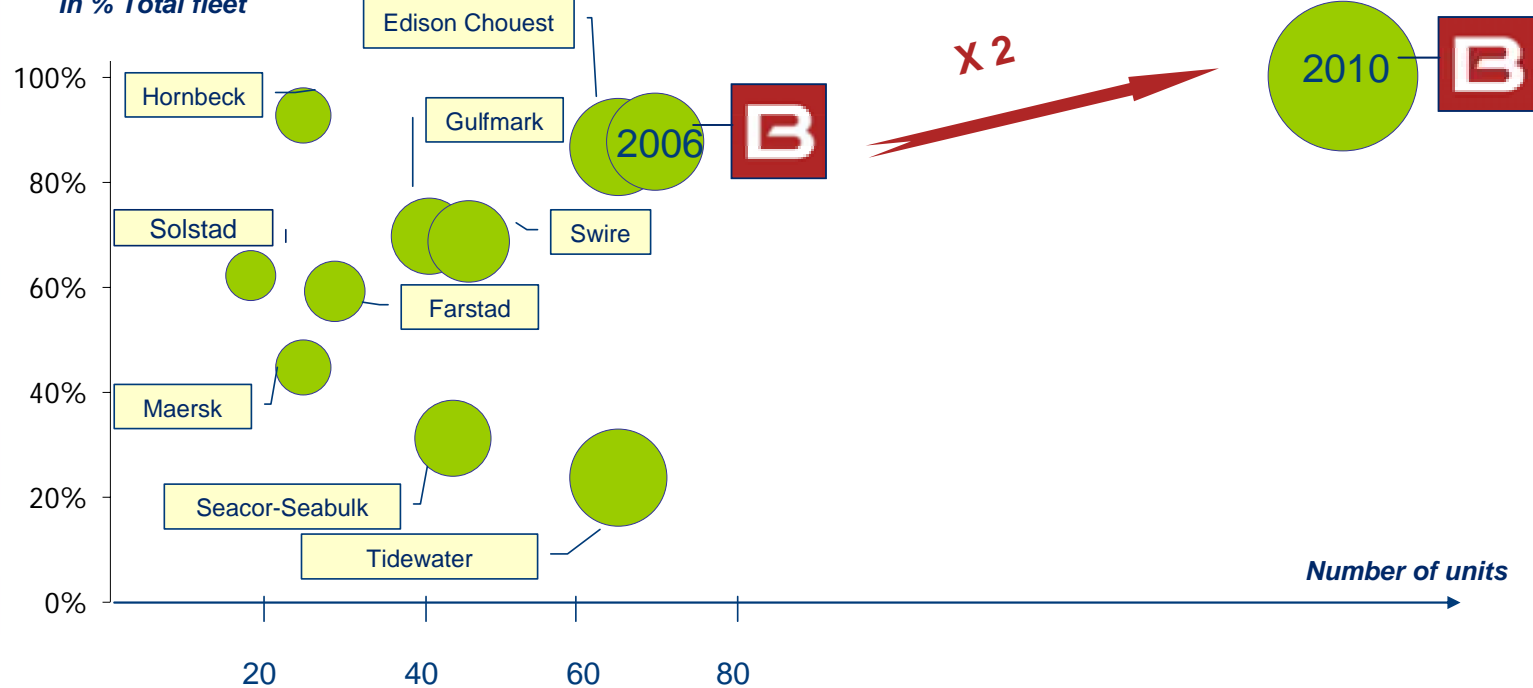
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Modern offshore vessels  
In % Total fleet



For BOURBON including Rigdon Marine

Source: ODS-PETRODATA – 28/11/05

Source: BOURBON presentation



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## ■ 2008 segmentation : a new dimension

**Activity  
technical  
level**

**Stage in life  
cycle**

### ■ Technical level of vessels:

- Vessels with a low technical level:  
*1-15 M\$*
- Technical vessels:  
*15-40 M\$*
- Highly technical vessels  
*50-300 M\$*

### ■ Exploration / Development:

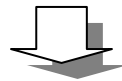
- CAPEX
- Volatile / discretionary

### ■ Production / Maintenance :

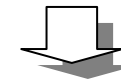
- OPEX
- Foreseeable / COMPULSORY

### ■ Technical level of integrated services:

- ROV services
- Engineering services



**Importance of barriers to entry**



**Growth rate**

Future growth is driven more by production and maintenance services and in deepwater offshore in general

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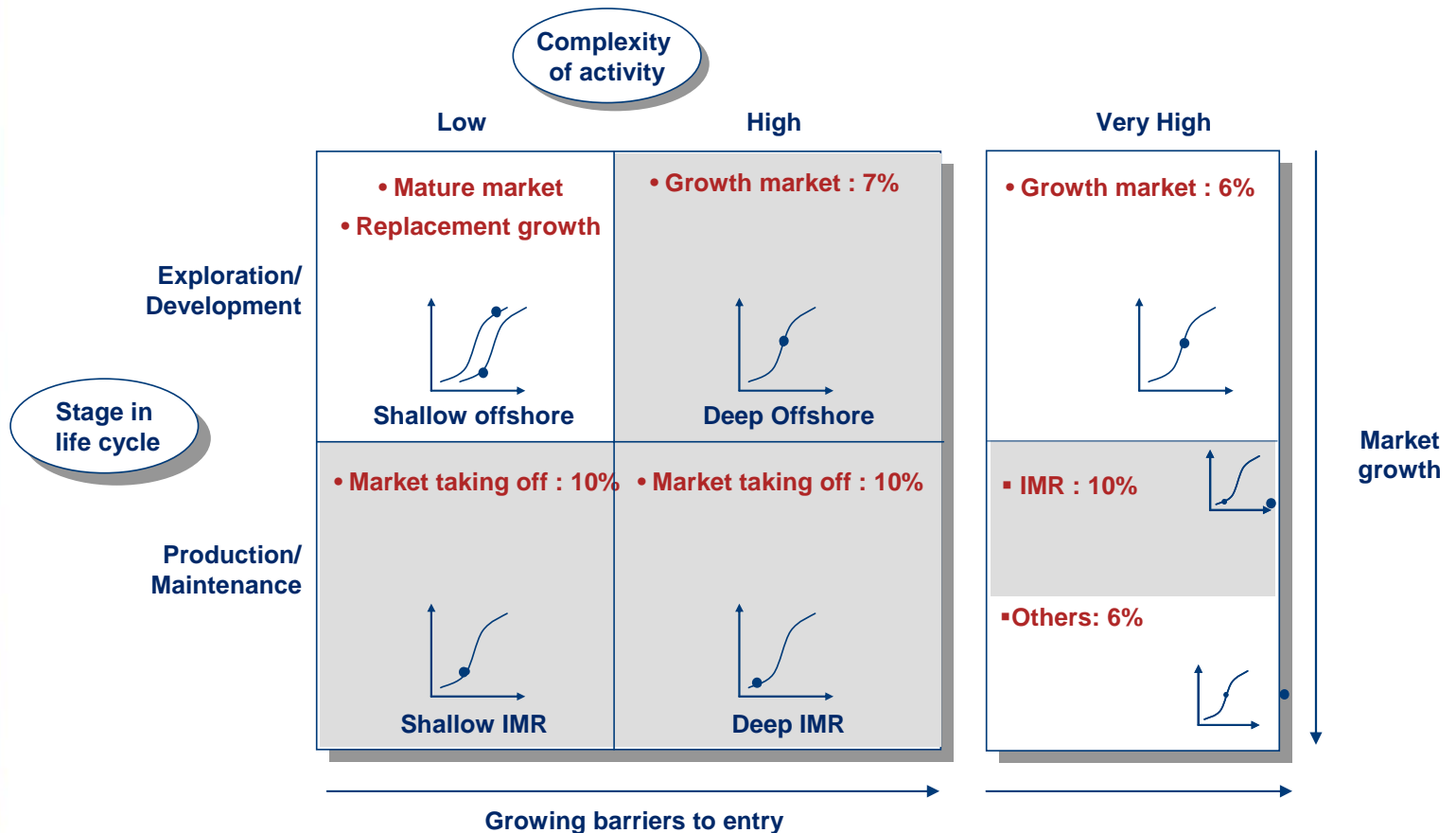
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## Evolution of oil and gas Capex and Opex have different volatilities

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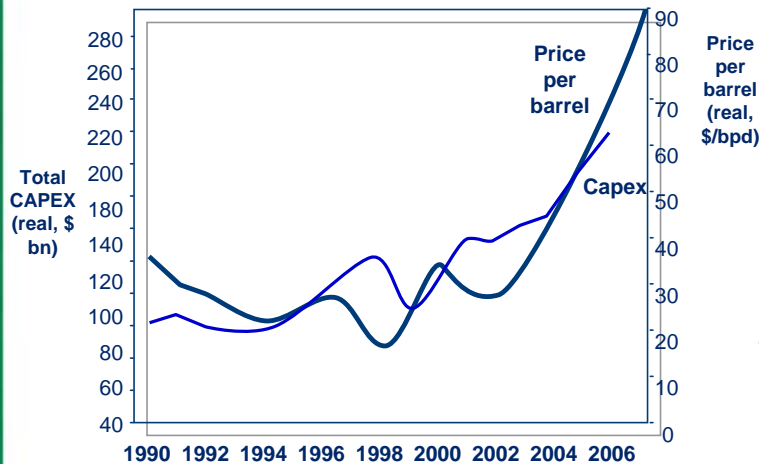
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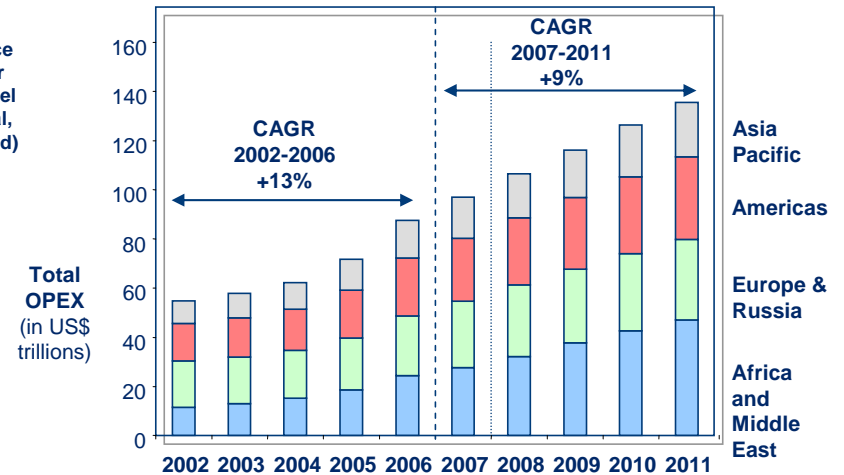
- Exploration / development
- Discretionary



- Production / maintenance



- Higher volatility
- Volumes sold and service providers more volatile



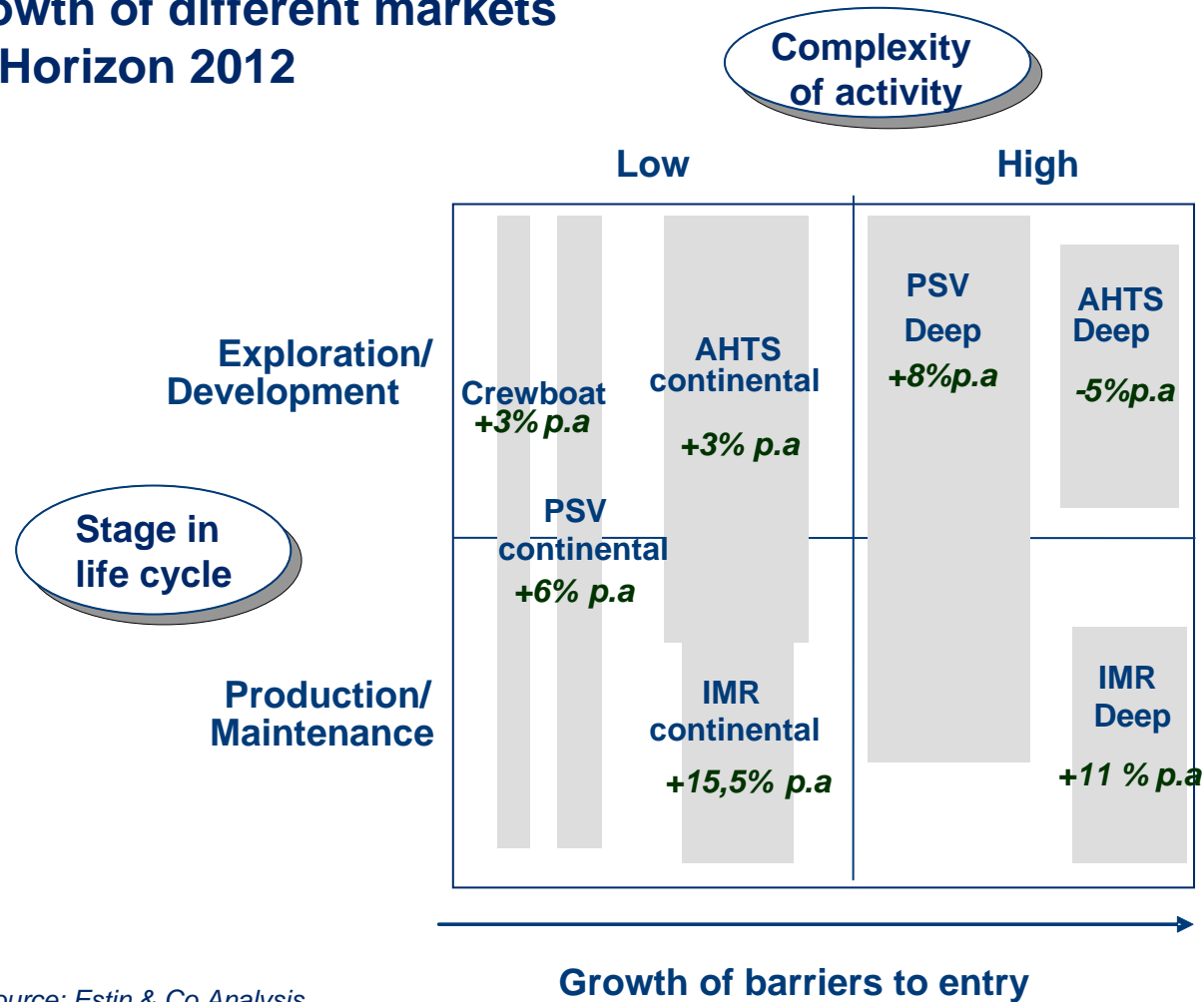
- Strong outlook
- Recurring Volumes sold

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The offshore services market is segmented according to with the technical level of the activity and the life cycle

## Growth of different markets by Horizon 2012



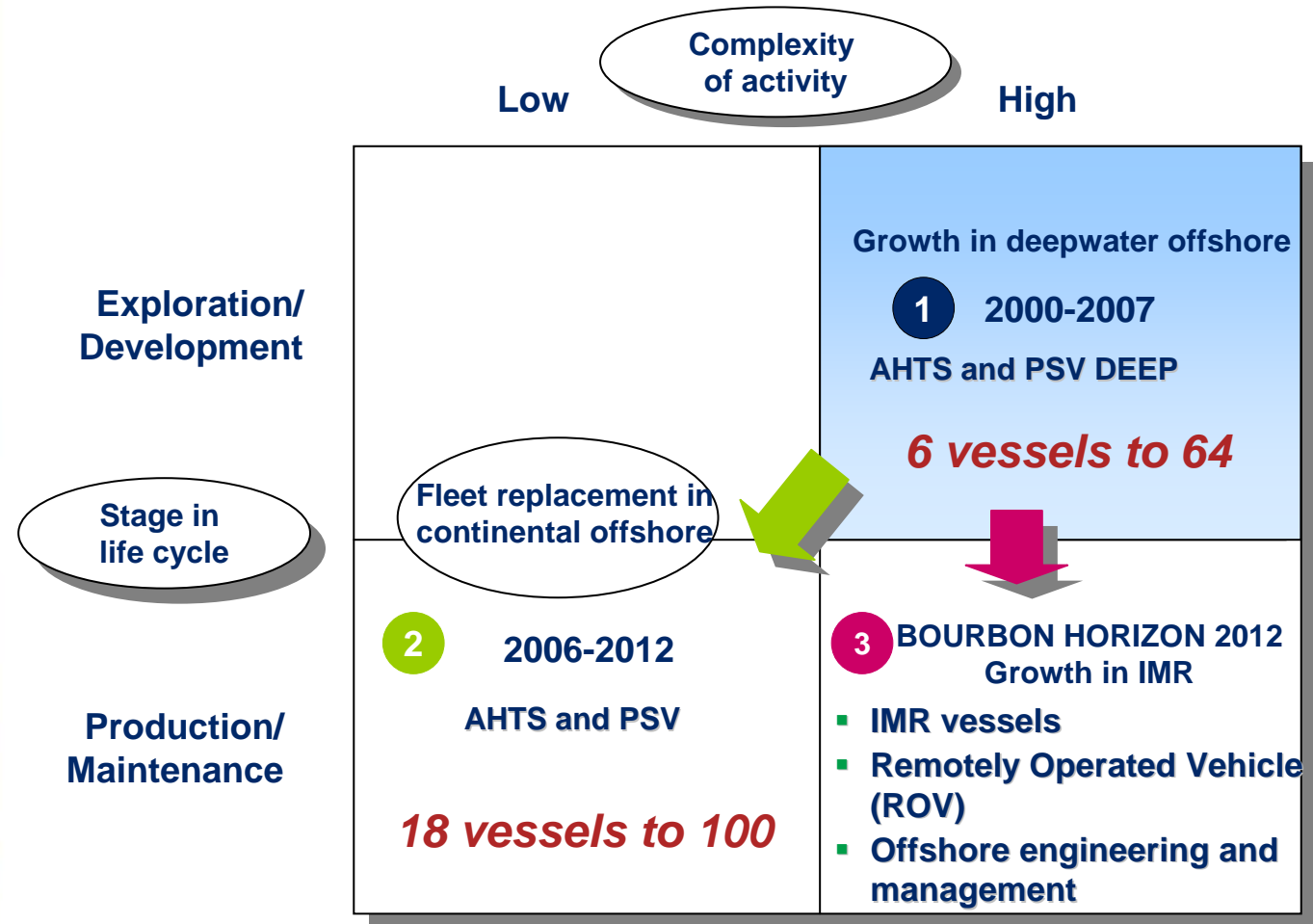
Source: Estin & Co Analysis

## BOURBON HORIZON 2012

### Two complementary strategies to the 2003-2007 plan

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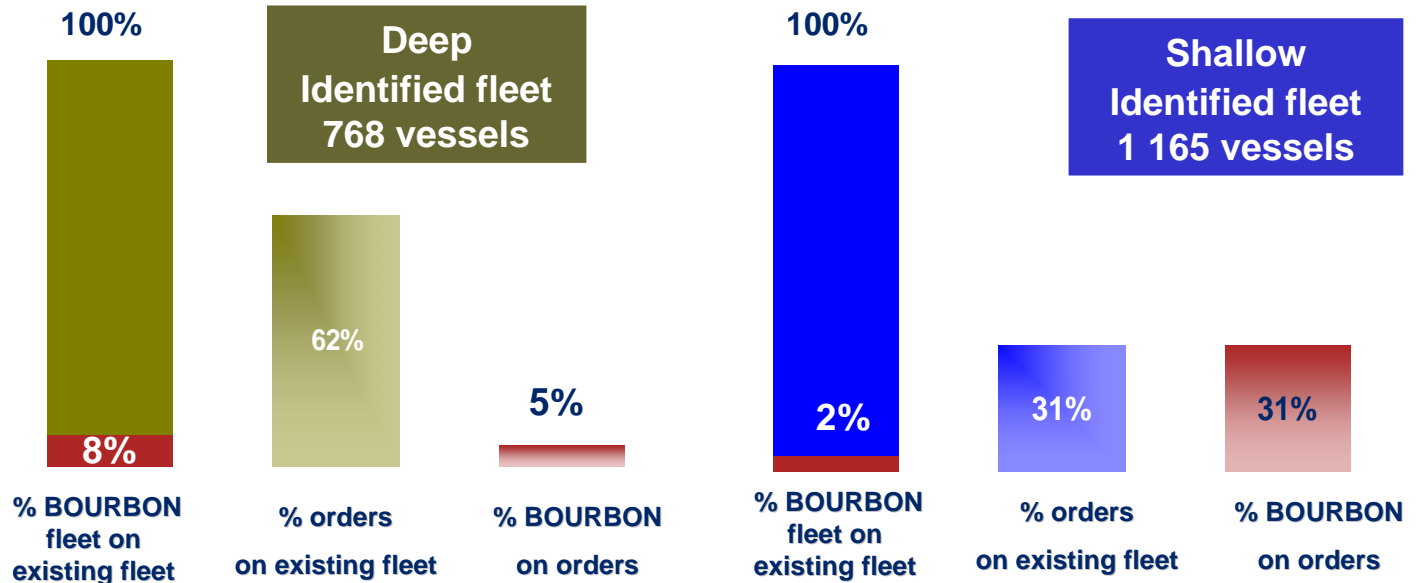




## BOURBON investment strategy

### A unique positioning

- Moderate investment in deep offshore, where competitors are making large investments and BOURBON already has a good market share
- Large investment in continental offshore by replacement of old and obsolete existing vessels where BOURBON has little presence



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## BOURBON investment strategy

### New Subsea Services activity

- 10 IMR vessels ordered for a total of € 450 mn, that is 19 new vessels in addition to the 11 vessels already in operation
- Acquisition of DNT Offshore and extension of the fleet of subsea Remotely Operated Vehicles (ROV)
- Strong development of engineering and management services to offshore operations



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## BOURBON's new « Subsea Services » activity offer will include:

- Support vessels for subsea operations
  - 11 existing MPSV, 9 vessels under construction
  - 10 MPSV on order – IMR new generation vessels
- Remotely Operated Vehicles and their implementation
  - Acquisition of DNT Offshore
  - Extension of the ROV fleet from 7 to 21
- Engineering and Management services of offshore operations
  - Strong development of Bourbon Offshore Gaia



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## MPSV-IMR vessels as of 02/06/2008



## IMR vessels: segmentation according to crane capacities

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Source: BOURBON - "Bourbon Oceanteam 101"

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## IMR vessels: segmentation according to crane capacity at sea bed

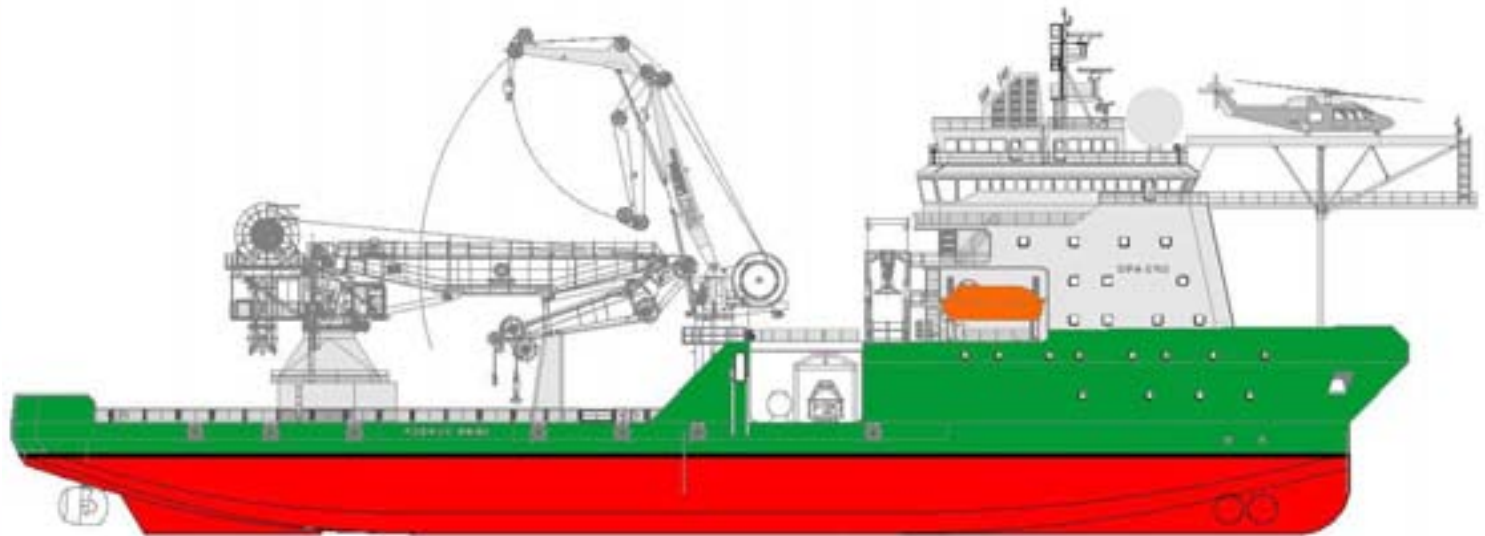
CRANE \ DEPTH	0-1,500m	1,500-2,500m	2,500-3,000m
10T at sea bed	Bourbon Helene type		Bourbon Jade type
65T at sea bed	Bourbon Jade type		10 vessels by end 2011
100T at sea bed	10 vessels by end 2011		Bourbon Oceanteam 104 type



## 10 New IMR vessels – GPA 696

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## Acquisition of a company specialized in ROV



- 7 ROV
- 44 people
- 2007 revenues: 5 Million Euros



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## ROV - segmentation according to work capability at sea bed

	Observation ROV	Light Intervention Light Work ROV	IMR Intervention WORK class ROV
Power	30 HP approx.	60 HP approx.	up to 250 HP
Depth	1000m	3000m	4000m
Weight	50-100 Kg	300-750 Kg	2 to 3T
Manipulators	Camera	2 manipulators with capability of 75Kg	2 manipulators with capability of 150 Kg
			



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## ROV – BOURBON's Remotely Operated Vehicle offer at Horizon 2012

- Order of 14 ROV
- Recruitment of 120 people



	2007	2012
<b>ROV</b>	<b>7</b>	<b>21</b>
• Observation	3	3
• Light IMR intervention	2	2
• IMR Intervention	2	16
<b>Employees</b>	<b>44</b>	<b>160</b>
• Operators	35	140
• Office personnel	9	20

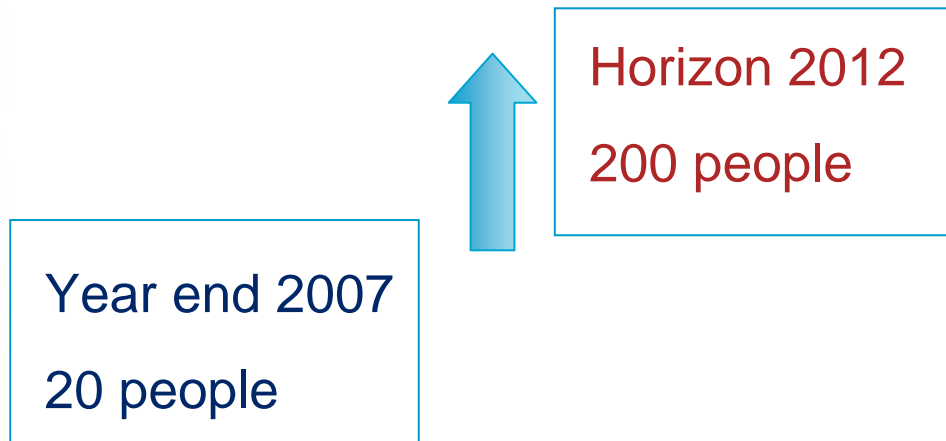


## Engineering & Management Services of offshore operations: Bourbon Offshore Gaia

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- Adapting vessels to subsea operations (cranes, ROV interfaces, acoustic positioning)
- Crane procedures and subsea installation (jumpers, subsea wells, control pod, cable)
- Management of offshore operations



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Source : BOURBON - "Vissolela", umbilical deployment - 1400 meters water depth in Equatorial Guinea - Client Exxon

# Key factors of success



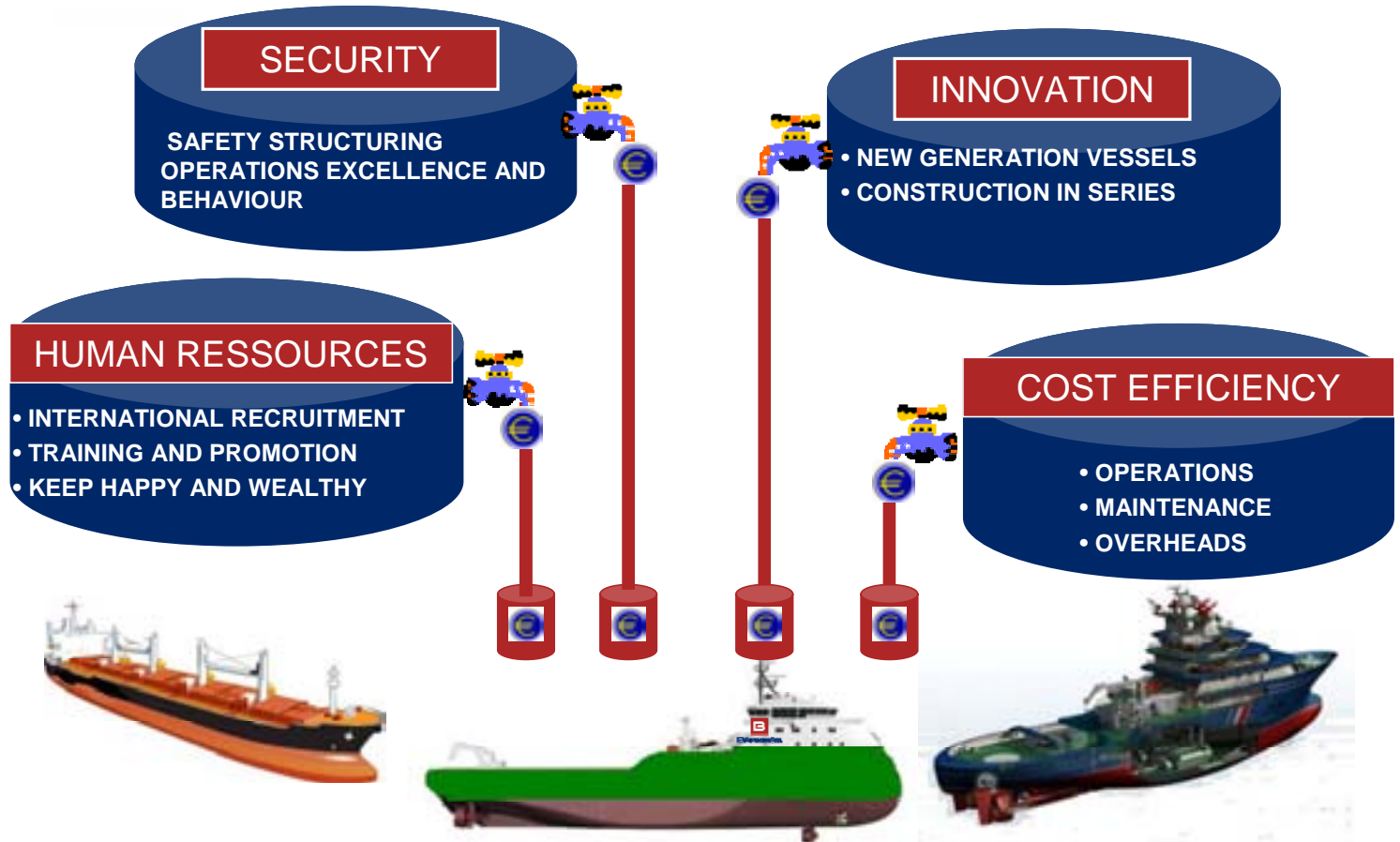
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## Leading theme of our operations

- **System of management and successfully applied procedures**
- **Management of skills and on-going training**
- **Individual behavior -  safe campaign**
- **Permanent improvement of equipment and vessels**





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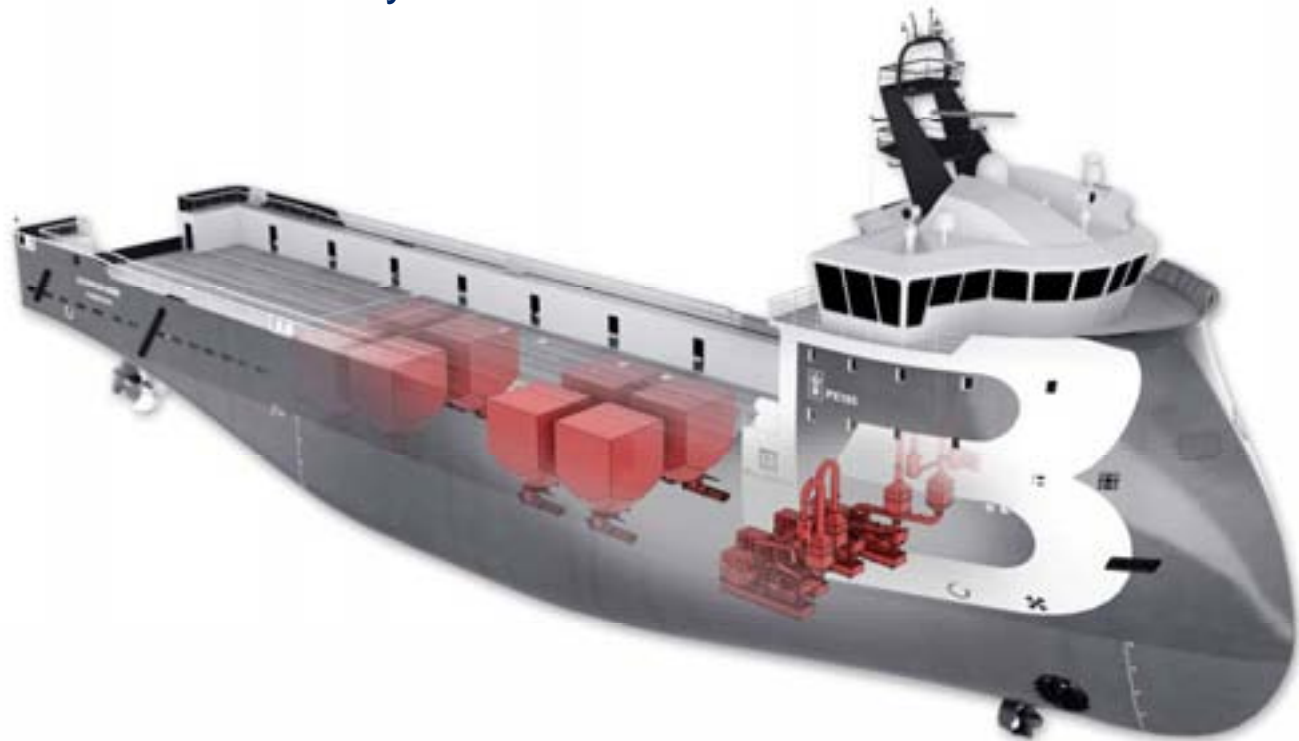
1. Why enlarge BOURBON's Horizon to 2012
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## M.A.C.S : Multi Application Cargo Solution

Multi product tanks (bulk, liquid mud, brine, fuel oil)

⇒ increased capacities

⇒ flexibility for the clients



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## 76 new generation vessels for continental offshore



Bourbon Liberty 101 - 1<sup>st</sup> GPA 654  
Delivered on February 4, 2008



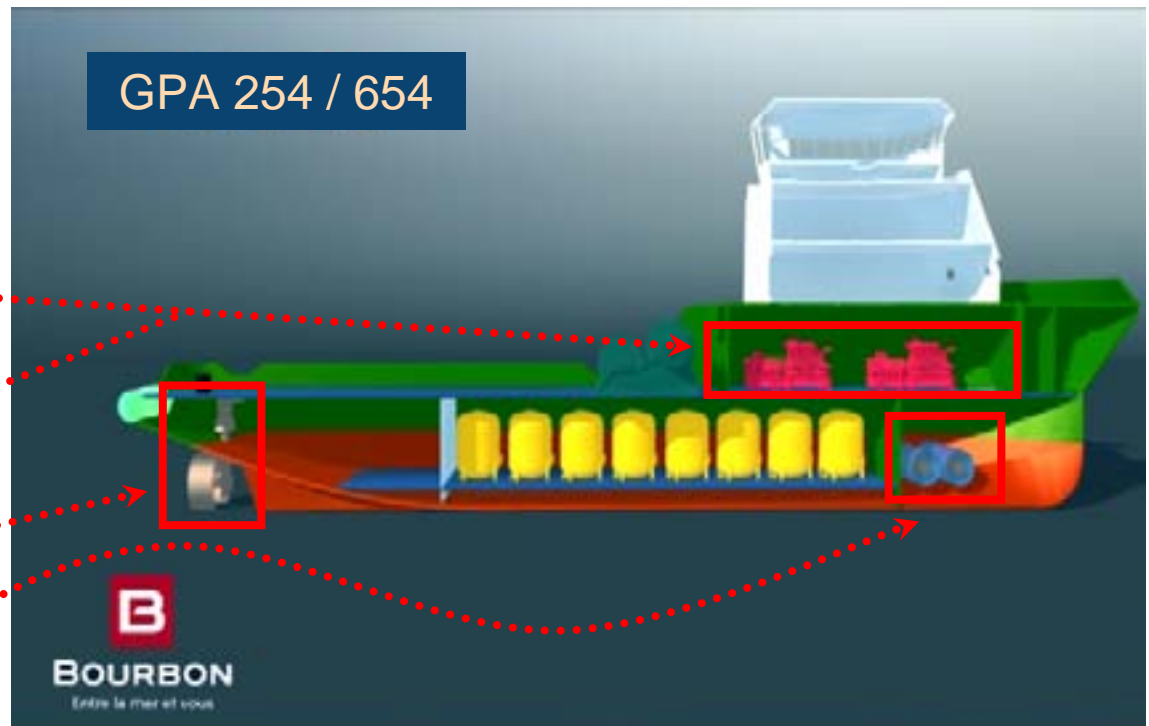


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## Bourbon Liberty series: a unique propulsion system

- Diesel electric propulsion
- DP II
- Engines on main deck
- 3 main engines
- Triple stern Z-drives
- 2 Bow thrusters

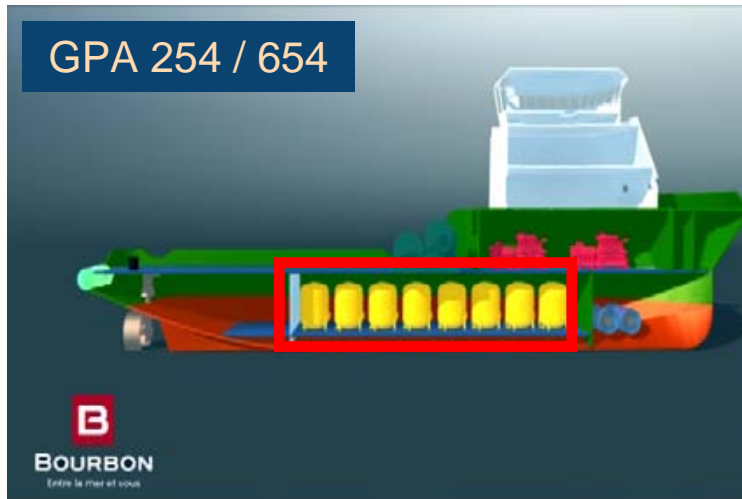


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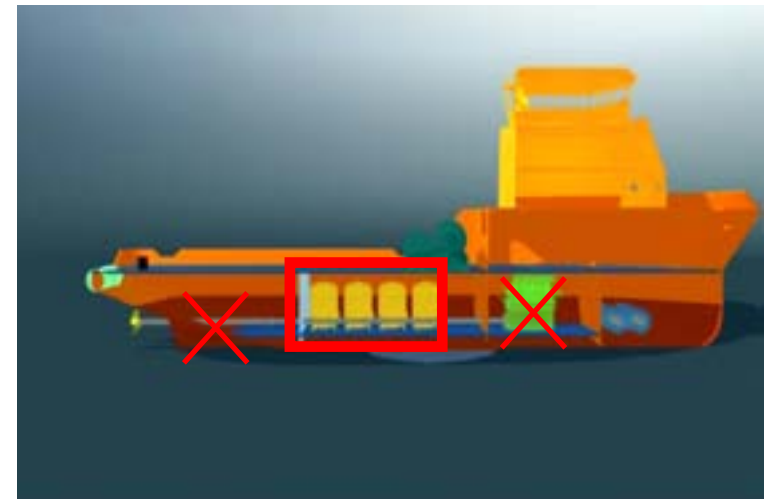
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## Bourbon Liberty ship : 30% greater capacity

Bourbon Liberty Ship



Traditional Vessel



4000 barrels of liquid mud



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## 10 Ship Managers : employer of seamen

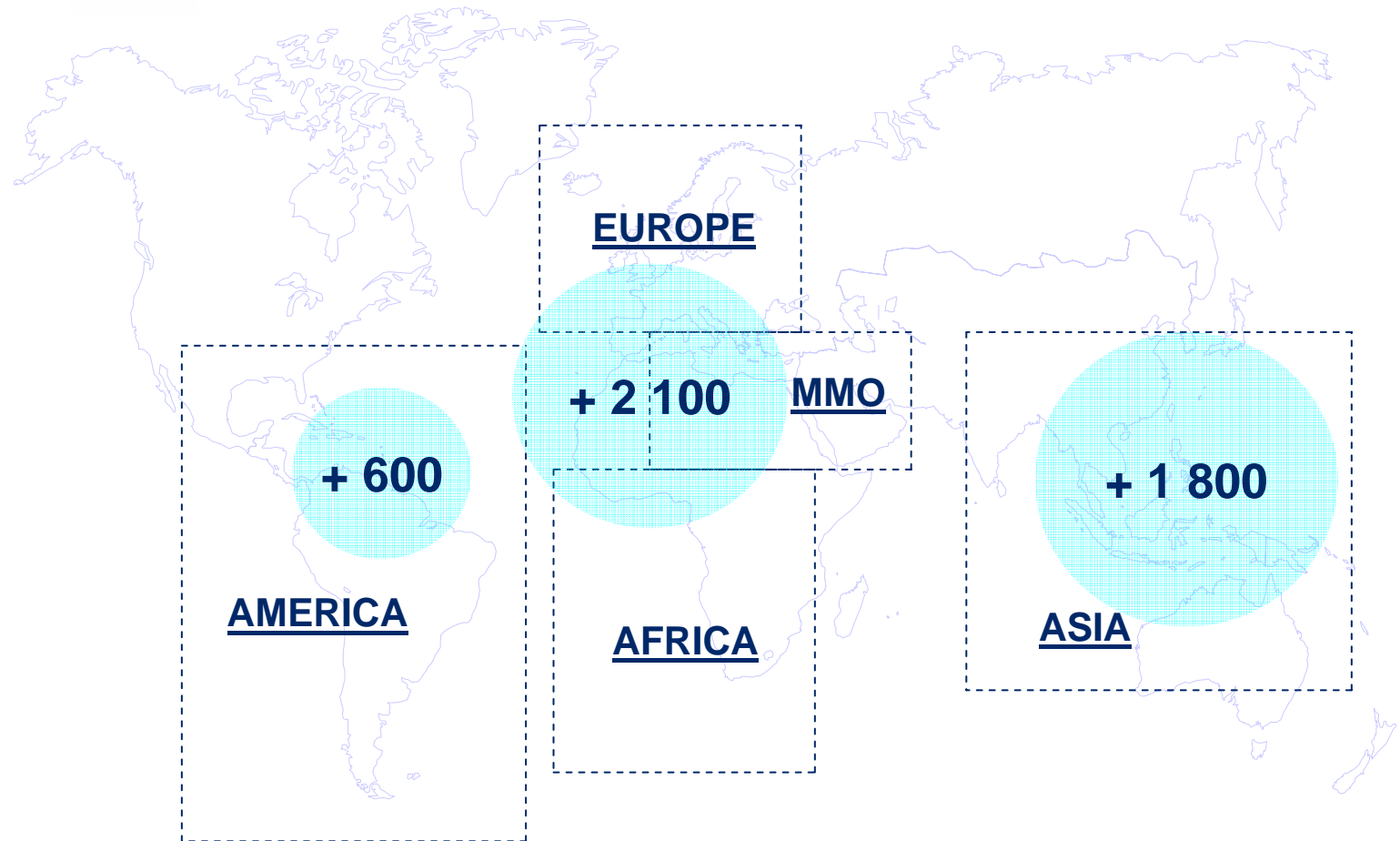


# Key factor of success: Human Resources

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## Growth of offshore seamen workforce by operating area (from 2008 to 2012)



\* MMO : Mediterranean / Middle East

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## Three areas for hiring

- Offshore industry
  - Maritime and offshore experience
- Oceangoing vessels and fishing industry
  - Maritime experience
  - No offshore experience
- Merchant marine academy
  - 10 years training to become Captain or Chief engineer on AHTS or MPSV (from entry to Captain's certificate)



# Key factor of success: Human Resources

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## Human Resources management





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## « BOURBON Training centers »



- DP (IMCA) Training center in operation in Manila, Marseilles, Norway, USA
- The first training sessions on AHTS simulator started on November 26 in Marseilles
- Commissioning of the AHTS simulator in Singapore in 2008
- Commissioning of ROV Simulator in Ravenna, mid 2008



# Key factor of success: Human Resources

- Cooperation between BOURBON – Det Norsk Veritas (DNV) for skills assessment

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Experience ≠ Compétency



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- **Strong worldwide demand for navigational technical personnel :**
  - Seafaring officers
  - Engineers, technical offshore personnel
  - ROV pilots
- **BOURBON has 10 ships managers all looking to attract new talent**
- **Focus is on operating standards management of skills and training**



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## Marine Services : main elements in vessel profitability

- Purchase price of ships
- Operating costs of ships
  - Modern vessels with strong profitability
  - Size of regional market share

**BOURBON's strategy is to control costs over the duration**



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## ■ Built in series in competitive shipyards

- 76 GPA 654-254
  - 12 PSV P/PX 105
  - 10 IMR GPA 696 vessels
  - 18 PSV GPA 670
  - 10 AHTS CW 120T
- 15 à 30% on CapEx



## ■ Standardization of the fleet

- Industrialization of maintenance, procurement and training

## ■ Local partnership

- ⇒ Increase in local content and reduction of staff costs



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- **Safety, Innovation, Human Resources and Cost efficiency are the pillars of BOURBON's performance**
- **The majority of vessels for Horizon 2012 has already been ordered and will be built in competitive shipyards**
- **The development of Subsea activity benefits from the experience gained by DNT Offshore (ROV) and Bourbon Offshore Gaia (Engineering and operating management)**



# BOURBON 2012 Targets



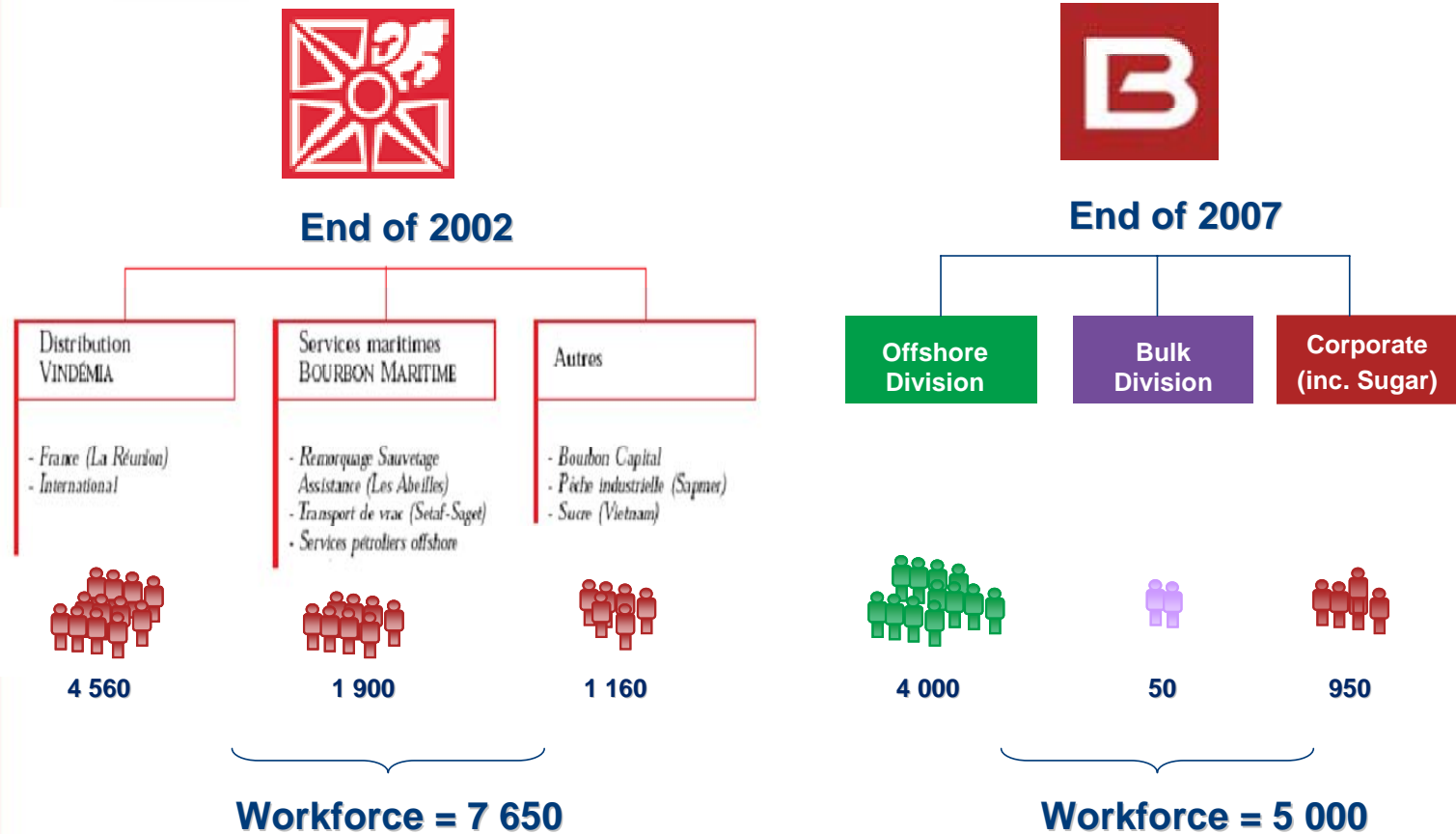
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## From conglomerate to Marine Services





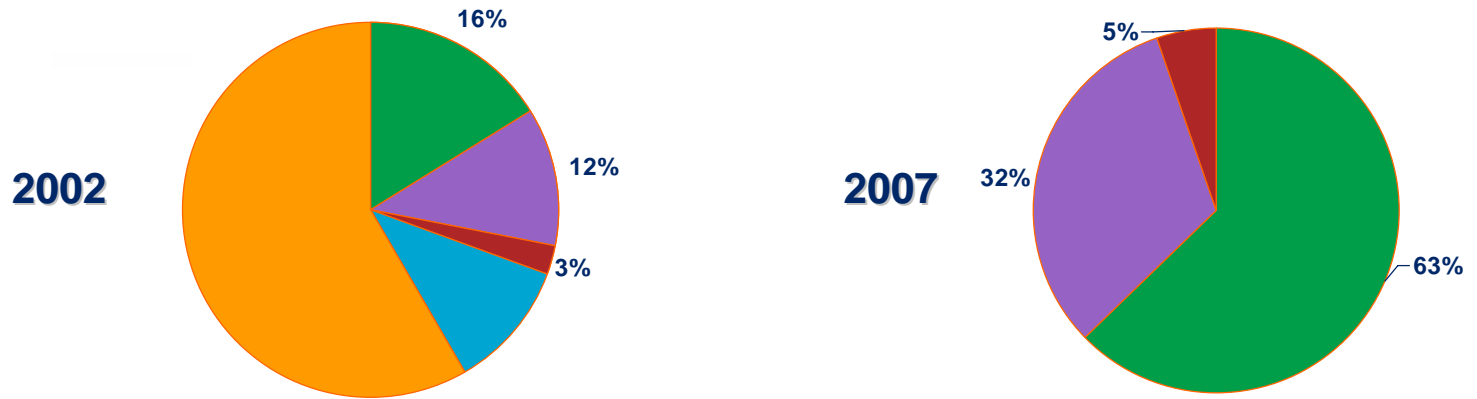


# From 2003 to 2007 – Gradually Refocusing

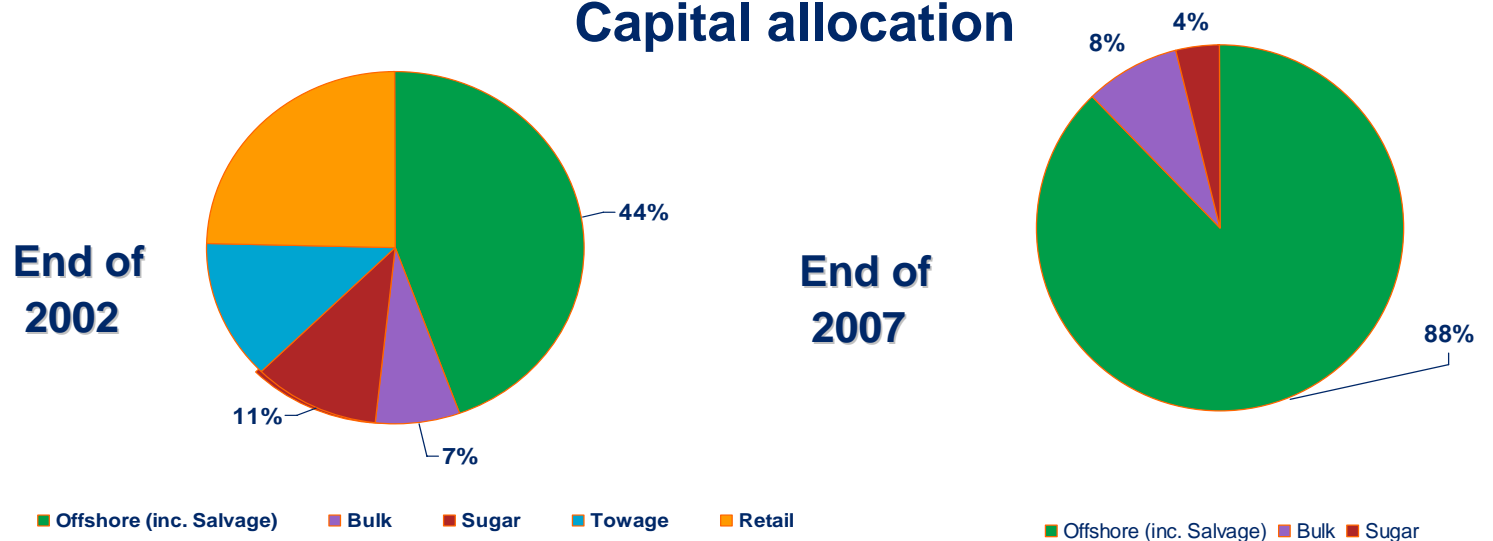
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## Revenue Breakdown

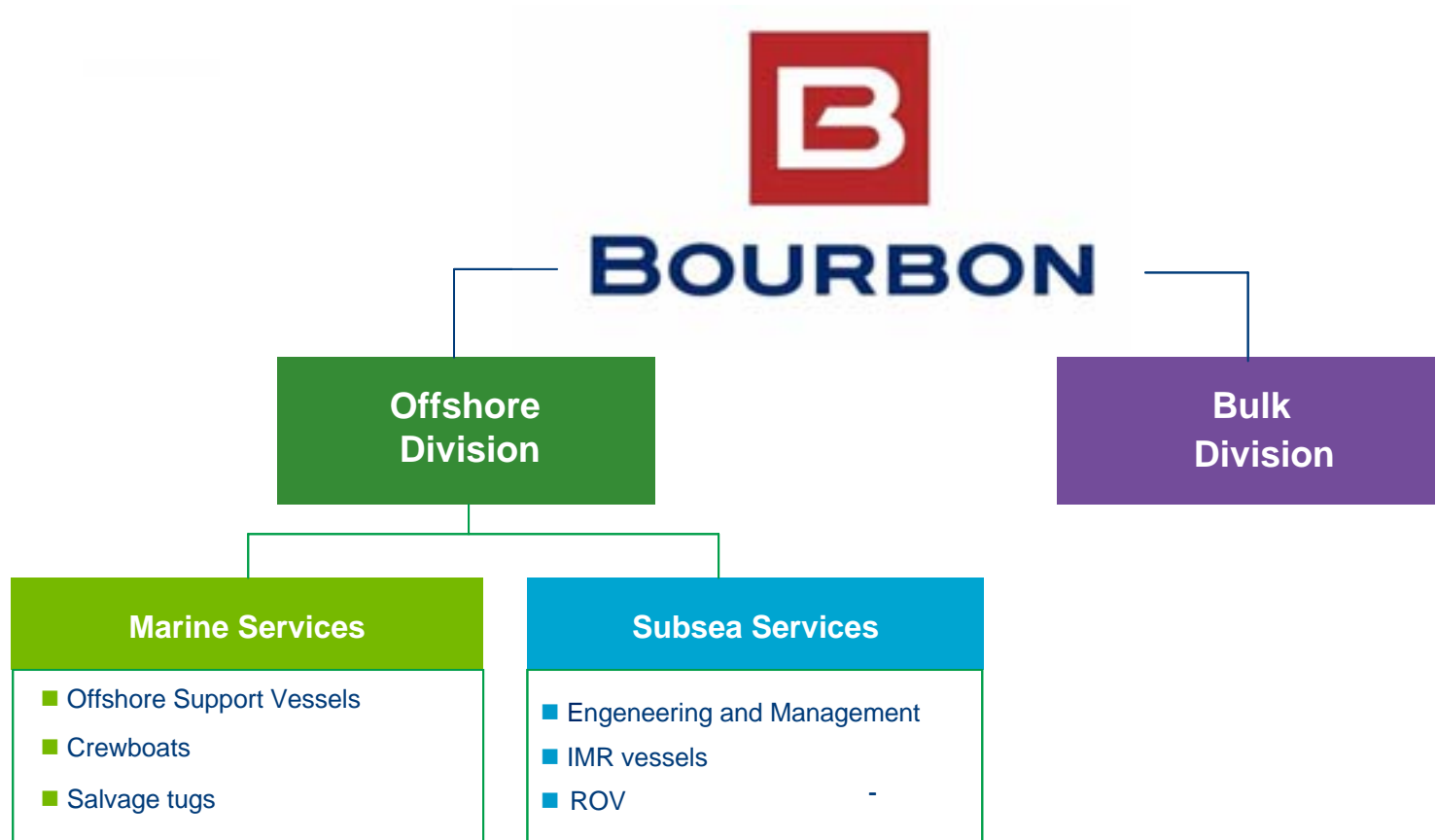


## Capital allocation



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	<b>Horizon 2012</b>	<b>Reminder Horizon 2010</b>
<b>Revenue growth</b>		
<ul style="list-style-type: none"> <li>▪ Offshore Division               <ul style="list-style-type: none"> <li>– Marine Services</li> <li>– Subsea Services</li> </ul> </li> </ul>	<b>21 %</b>  <b>17 %</b>  <b>38 %</b>	<b>20 %</b>
<b>Investments</b> <i>(in Millions of euros)*</i>		
<ul style="list-style-type: none"> <li>▪ Offshore Division               <ul style="list-style-type: none"> <li>– Marine services</li> <li>– Subsea Services</li> </ul> </li> </ul>	<b>1 700</b>  <b>1 100</b>  <b>600</b>	<b>1 230</b>

*\*excluding instalments on orders in progress as of 12/31/07*



# Business growth – Offshore Division

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Position as of 02/06/2008	Vessels in operation	Average age	Vessels on order	TOTAL
<b>MARINE SERVICES</b>	<b>219</b>	<b>6.8</b>	<b>169</b>	<b>388</b>
Deepwater supply vessels	49	4.5	21	70
Continental supply vessels	21	9.8	79	100
Crewboats	144	6.8	69	213
Salvage tugs	5	17.9	0	5
<b>SUBSEA SERVICES</b>				
IMR vessels	11	2.6	19	30
ROV	7	3.1	4	11
<b>TOTAL</b>				
<b>VESSELS</b>	<b>230</b>	<b>6.6</b>	<b>188</b>	<b>418</b>
<b>ROV</b>	<b>7</b>	<b>3.1</b>	<b>4</b>	<b>11</b>



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	Vessels as of 12/31/2007	Vessels on order	
<b>Fleet</b>			
▪ Supramax	6	11	
▪ Panamax		4	
▪ Cement vessel		1	
<b>Total</b>	<b>6</b>	<b>16</b>	

	Horizon 2012	Reminder Horizon 2010
▪ <b>Revenue growth</b>	7 %	5 %
▪ <b>Investments</b> <i>(in millions of euros) *</i>	300	120

*\*excluding instalments on orders in progress as of 12/31/07*

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	2008-2012	Reminder 2007-2010
<b>■ <u>Average annual revenue growth</u></b>		
<b>■ Offshore</b>	<b>17 %</b>	<b>12 %</b>
<ul style="list-style-type: none"> <li>– Marine services</li> <li>– Subsea services</li> </ul>	21% 17 % 38 %	20 %
<b>■ Bulk</b>	<b>7 %</b>	<b>5 %</b>
<b>■ <u>Investments (€mn)</u></b>	<b>2,000</b>	<b>1,450</b>
<b>■ Offshore</b>	<b>1,700</b>	<b>1,230</b>
<ul style="list-style-type: none"> <li>– Marine services</li> <li>– Subsea services</li> </ul>	1,100 600	
<b>■ Bulk</b>	<b>300</b>	<b>120</b>
<b>■ <u>Financial ratios end of plan</u></b>	<b><u>Year end 2012</u></b>	<b><u>Year end 2010</u></b>
<ul style="list-style-type: none"> <li>– <u>EBITDA/Revenues</u></li> </ul>	<b>40 %</b>	<b>40 %</b>
<ul style="list-style-type: none"> <li>■ Offshore</li> </ul>	41 %	-
<ul style="list-style-type: none"> <li>■ Bulk</li> </ul>	36 %	-
<ul style="list-style-type: none"> <li>– <u>EBITDA/ Average capital employed</u></li> </ul>	<b>18 %</b>	<b>16 %</b>
<ul style="list-style-type: none"> <li>■ Offshore</li> </ul>	17 %	
<ul style="list-style-type: none"> <li>■ Bulk</li> </ul>	29 %	
<b>Assumption dollar rate</b>	<b>1,40</b>	<b>1,20</b>

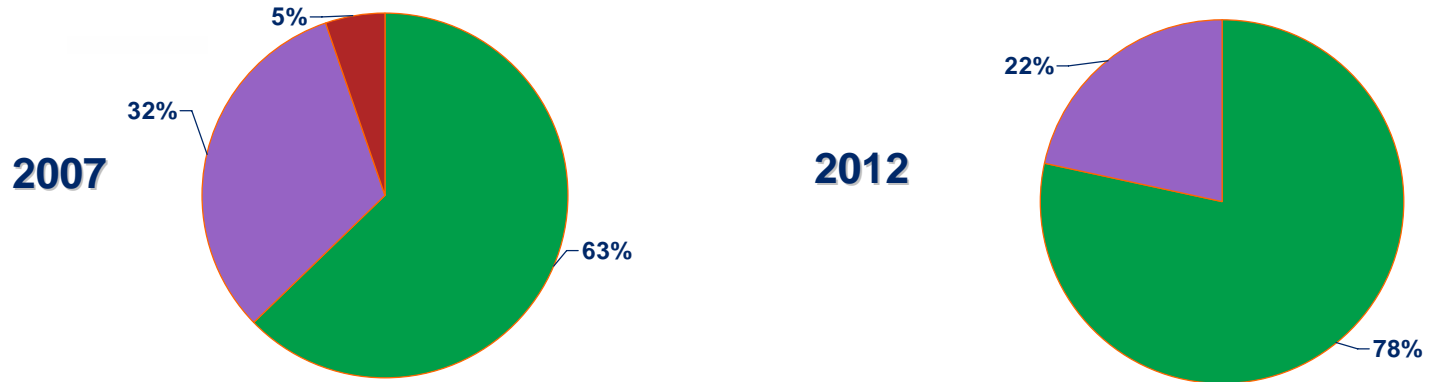




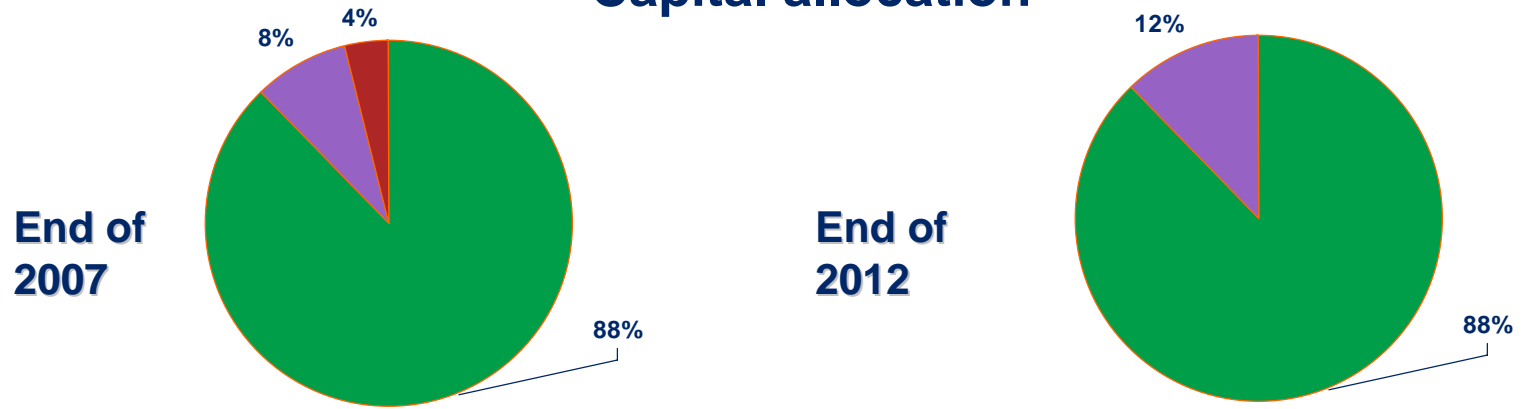
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## Revenue Breakdown



## Capital allocation



■ Offshore (inc salvage) ■ Bulk ■ Sugar

■ offshore ■ Bulk



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## Use of funds

## Source of funds

<p>■ <b>Capital expenditures*</b>                      <b>2,000</b></p> <p>    – <b>Offshore</b>    <b>1,700</b></p> <p>        – of which <i>Marine Services</i>                      1,100</p> <p>        – of which <i>Subsea Services</i>                      600</p> <p>    – <b>Bulk</b>    <b>300</b></p> <p>■ <b>Dividends</b>    <b>300</b></p> <p><b>TOTAL</b>    <b>2,300</b></p>	<p>■ <b>Assets disposal</b>                                      <b>200</b></p> <p>■ <b>Cash flows from operations</b>                      <b>1,900</b></p> <p>■ <b>Increase in net debt</b>                                      <b>200</b></p> <p><b>TOTAL</b>    <b>2,300</b></p>
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\*excluding instalments on orders in progress as of 12/31/07



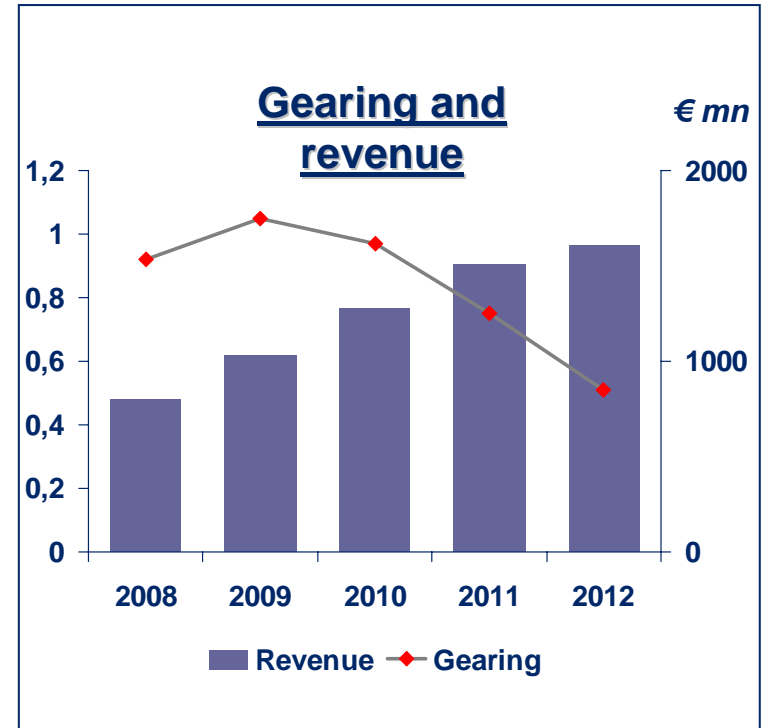
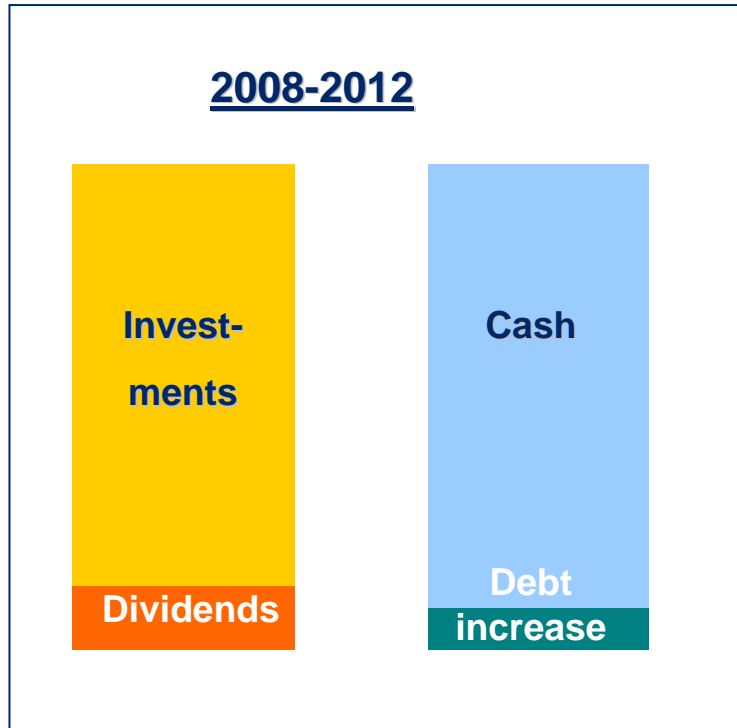
# BOURBON – 2012 targets



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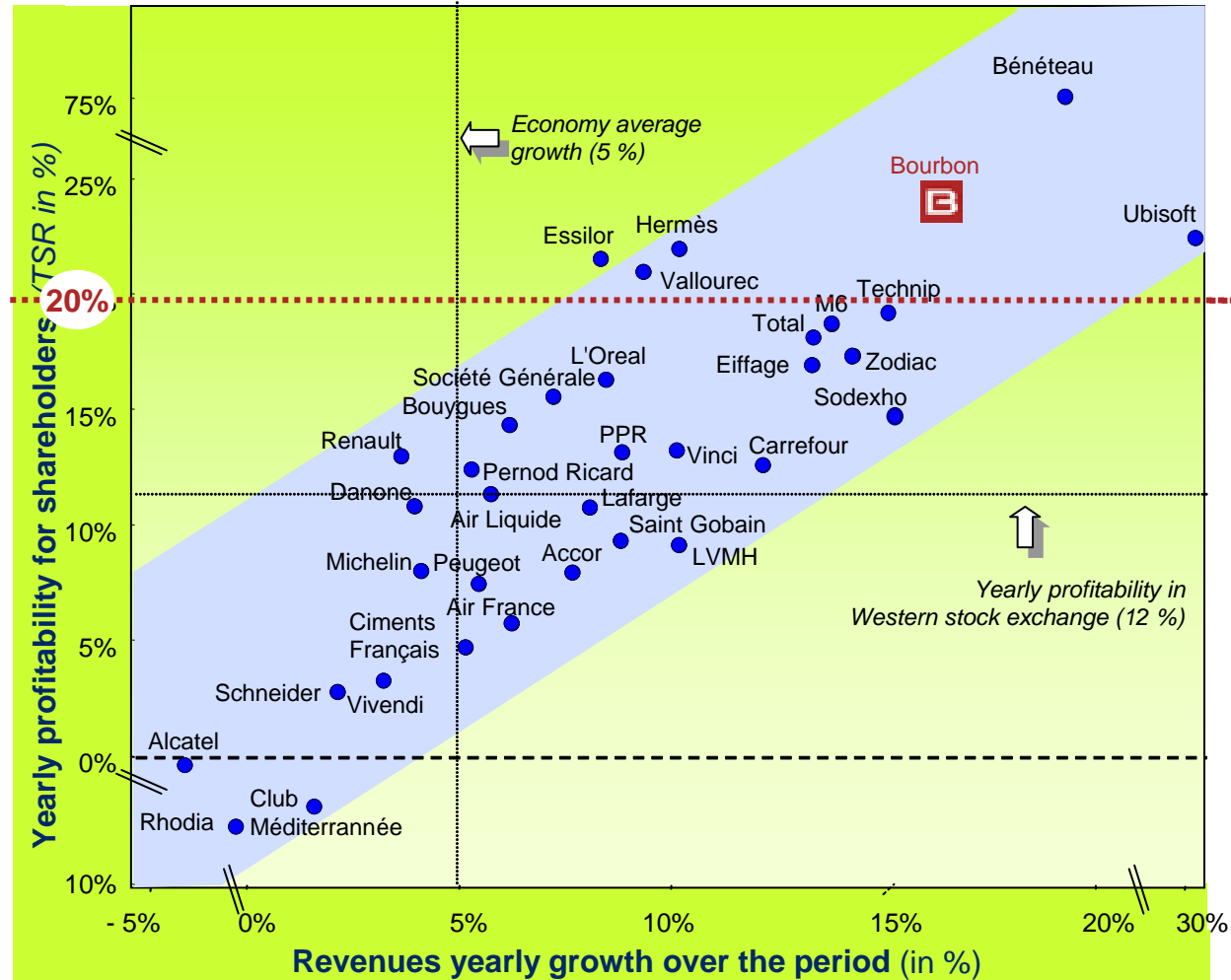
**BOURBON is self financing its strong growth in revenues and capital expenditures over the ( year period**



## BOURBON targets\* a total return to its shareholders of at least 20%

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Source: Estin & Co

\* Excluding major world disruptions

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## Breakdown of revenue

- **Offshore :**
  - Marine services and Subsea services
  - By geographical areas
- **Bulk**
  - Owned vessels and Long Term charter
  - Short term charter and brokerage



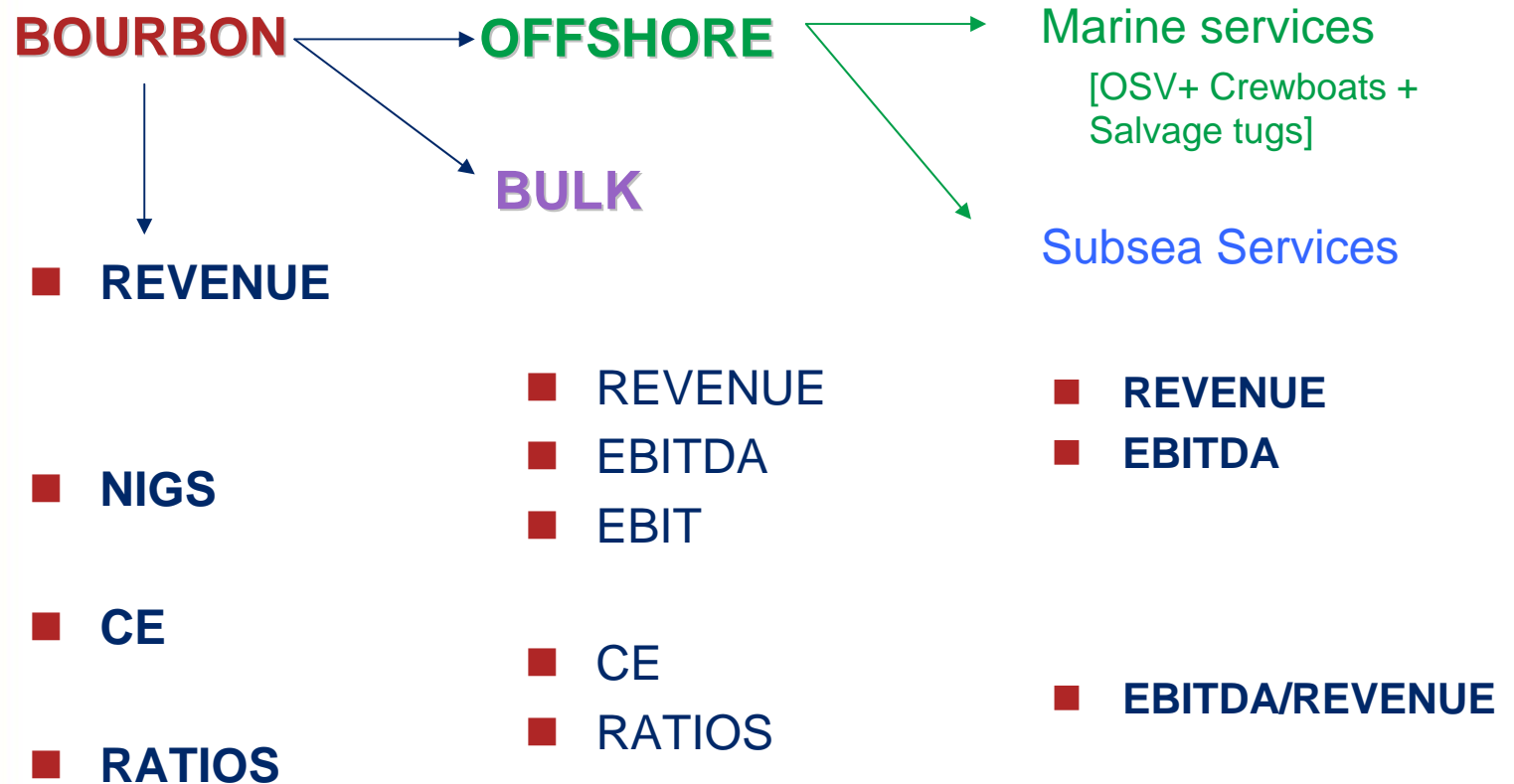
■ France  
■ International

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## Breakdown of income statement



# Conclusion



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## ■ We are convinced to have a winning strategy

- Focusing on services to production
- LT contracts for exploration/development
- Integrated offer for subsea services

## ■ Potential for creating value remains high up to 2012

- A modern fleet bought at competitive prices with an average age of 5 years
- Segments with good visibility generating recurring cash flow



## The women and men at BOURBON are our best asset for meeting our goals

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# Warning

***This document may contain non-historical information which constitutes provisional estimated financial data concerning the financial position, results and strategy of BOURBON. These projections are based on assumptions that may prove to be incorrect and depend on risk factors that include, without being limited to: foreign exchange fluctuations, fluctuations in oil and natural gas prices, changes in the investment policies of the oil companies in the exploration and production sector, the growth in competing fleets which make the market saturated, the impossibility of predicting the specific client demands, political instability in certain operating zones, environmental considerations and general economic conditions.***

***BOURBON assumes no responsibility for updating provisional data on the basis of new information in light of future events or for any other reasons.***