



## OSX – 2010 Results

Rio de Janeiro, March 14, 2011 – **OSX Brasil S.A. (“OSX”; “Company”; BOVESPA: OSXB3)** today announces its results for 2010. The financial and operational information below is presented on a consolidated basis, according to the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board – IASB.

*“In 2010, OSX took great steps in its path towards becoming a South American leader in the supply of equipment and services to the offshore oil and natural gas (“O&G”) industry. Our advances in 2010 included the conclusion of our IPO, raising R\$ 2.4 billion, the execution of important agreements with Hyundai and OGX, our significant progress in the customization of our first FPSO, OSX-1, and our decision to establish our Shipbuilding Unit (UCN Acu) in the Industrial Complex of the Açú Super Port, in the municipality of São João da Barra, Rio de Janeiro State, where our shipyard will enjoy significant competitive advantages. The preliminary environmental license for UCN Acu has already been obtained and the construction license is expected to be issued in April, allowing construction works to initiate this May.” - Luiz Eduardo Carneiro, Chief Executive Officer of OSX.*

### Highlights of 2010 and subsequent events:

- Preliminary environmental license for UCN Açú issued in February 2011
- IPO, raising R\$ 2.4 billion
- Technology partnership with Hyundai Heavy Industries, a world leader in the shipbuilding segment
- Strategic cooperation agreement with OGX (potential orders of US\$ 30 billion)
- Firm initial order for four vessels to be chartered by OGX (2 FPSOs and 2 WHPs)
- Acquisition of the FPSO OSX-1 and customization under way in Singapore
- International financing agreement with a syndicate of banks led by DVB Bank, in the amount of US\$ 420 million, to finance the FPSO OSX-1
- “Deal of the Year” award given to the financing of the OSX1, by the international magazine *Marine Money*
- Receipt of initial proposals for construction of the FPSO OSX-2
- Letter of intent for construction of the WHP’s 1 and 2 signed in February 2011
- Acquisition of the sister VLCCs (very large crude oil carriers) to be converted into the FPSO OSX-3 and FPSO OSX-4

## The business units of OSX

### Shipbuilding



#### Specifications of the Shipbuilding Unit

Processing capacity	180,000 tonnes of steel per year
Integration capacity	220,000 tonnes per year
Dry dock dimensions	480 m (length) x 130 m (width)
Quay	3,525 m (2,400 m in the first phase)

#### Rio de Janeiro – Açú Super Port

Our Shipbuilding Unit (*Unidade de Construção Naval*, or “UCN Açú”) will be located in the Industrial Complex of the Açú Super Port, in the municipality of São João da Barra, Rio de Janeiro, due to the significant competitive advantages of that location, among which we highlight:

- Location in the state of Rio de Janeiro, the main center of Brazil’s shipbuilding and O&G industries, with a centralized geographic position, only 150 km from the Campos Basin and its great oil and gas potential, already responsible for 85% of the country’s crude oil output;
- A quay measuring 2,400 m (about 70% larger than would have been possible in the Biguaçu project), with capacity to expand up to 3,525 m, enabling the shipyard to work with up to 11 FPSOs and 8 WHPs simultaneously when expansion is completed;
- Unique conditions for logistics integration, operational efficiency and local industrial synergies, allowing significant reduction in costs, with the possibility of using 18-m steel slabs (reduction of up to 56% in welding to create panels) and with electricity generated on-site at the São João da Barra Industrial Complex (saving of up to 30% on energy costs);
- Favorable natural characteristics: soil conditions allowing faster construction of UCN Açú (lighter foundation) and 25% more sunny days a year, which will increase productivity by up to 5%.
- Greater spectrum of services that can be provided by UCN Açú, including repairs.

As part of the environmental licensing process, public hearings were held in São João da Barra and Campos dos Goytacazes on January 11 and 12, 2011, respectively, with the presence of approximately 800 people.

The preliminary environmental license (LP no. IN015923) was issued on February 28, 2011 by the State Environmental Control Commission (“CECA”), part of the Rio de Janeiro State Environmental Secretariat.

#### Estimated Timetable

Public Hearings	OK
Preliminary License	OK
Construction License	April 2011
Groundbreaking	May 2011

#### Technology Partnership with Hyundai

The detailed plans for UCN Açú are being developed by EPC Engenharia (“EPC”), under the supervision of a group of six Korean specialists from Hyundai, working with the design team in Brazil, along with the support of the head office in South Korea.



In December over 60% of the detailed documentation was complete, permitting the creation of packages for contracting construction works aiming at optimizing time and costs of the project.

In line with the state-of-the art standards of our partner Hyundai, we are in the advanced stage of issuing the specifications for procurement of production equipment, as well as the documentation necessary for quotation of the construction services for the start of construction.

In parallel with the shipyard project, Hyundai has already started preparing the operational procedures, a step that precedes training, when we will count on about 40 Korean specialists from Hyundai to train our workforce in Brazil, and 50 Brazilians will receive training in South Korea.

### Shipbuilding Technology Institute (ITN)



We are perfecting the concept of the Shipbuilding Technology Institute (*Instituto Tecnológico Naval – ITN*), which has the main goal of education and training of skilled workers for our Shipbuilding Unit and the offshore support industry in general in Brazil.

The educational program, to be developed in partnership with a range of teaching institutions, will focus on the subjects necessary to meet the immediate operational requirements of the Unit. The classes will start in the second half of 2011 and by the end of 2013 a total of 7,800 technical specialists in production, inspection and supervision will have been trained.

### Leasing

#### Order book

##### FPSO OSX-1

- Contracted by OGX, for 20 years, at an average day rate of US\$ 263 thousand/day.
- Customization under way in Singapore at the Keppel Shipyard.
- Forecast to start operating in the second half of 2011.



##### FPSO OSX-2

- We expect to sign in the short run an agreement for construction of this unit, which will have throughput capacity of 100,000 bpd.

##### WHP-1 and WHP-2

- A letter of intent for construction of these two fixed production platforms was signed with Techint in February 2011. The construction contract for these platforms should be signed in mid-2011.

##### FPSO OSX-3 and OSX-4

- VLCCs acquired from Vela International Marine Limited for US\$ 27 million each to be converted into the FPSOs OSX-3 and OSX-4.



### Services



- At present the crew on board the FPSO OSX-1 is composed of over 40 members, of whom 20 were in Singapore for the commissioning process.
- We continued our work to establish operational processes with the technical support of INDG – Instituto de Desenvolvimento Gerencial.
- We started development of a technology solution for Maintenance Management (“Máximo”) of the assets belonging to OSX.

## Financial Performance

### General and Administrative Expenses

As part of the process of growth of the Company, the general and administrative expenses mainly reflect the Company's new hirings and related expenses.

### Net financial revenue (expense)

On December 31<sup>st</sup>, 2010, the net financial revenue for 2010 was R\$ 62.3 million, broken down as follows (in R\$ million):

- Financial investments	167.8
- Exchange rate variation	(1.1)
- Derivative financial instruments	(99.9)
- Financial expenses	<u>(4.5)</u>
- Total	62.3

Financial investments earned an average yield of 102.9% of the CDI (inter-bank certificate of deposit rate).

### Capex

The main investments in property, plant and equipment by the Company in 2010 were in the E&P units to be chartered to OGX.

FPSO OSX 1 received US\$ 127.4 million in investment for customization, and the current position of this asset in the Company's balance sheet amounts to US\$ 492.3 million (base date December 31, 2010).

The Company invested a further US\$ 5.4 million to purchase two VLCC hulls, which will be converted into the FPSOs OSX 3 and OSX 4. The remaining 90% (US\$ 48.6 million), totaling US\$ 54 million, was invested in 1Q11. Both hulls are currently in Batan, Indonesia.

### Cash and cash equivalents

The consolidated cash position of the Company and its subsidiaries on December 31, 2010 was R\$ 2.2 billion (R\$ 8.2 million on December 31, 2009).

The financial investments consist basically of investments in an exclusive investment fund, administered by Bradesco Asset Management, with a portfolio consisting of federal government bonds and private debt instruments (bonds and certificates of deposit - "CD's") issued by first-line financial institutions, all with post-fixed rates and average yields equal to 102.9% of the CDI.

With the purpose of protecting a portion of the cash position for purchasing imported material included in our Business Plan, in 2Q10 we entered into US\$ 600 million in hedge transactions. In the course of 2010, this position was adjusted in order to adapt to the changing foreign exchange exposure, pursuant to the policy approved by the Company's Board of Directors. Our current position is of US\$ 504.0 million for protection over the next 12 months.

In this regard, as protection against exchange rate variations with the Singapore dollar because of the customization of the FPSO OSX 1 in that country, in 3Q10 the Company entered into a hedge transaction valued at SGD 43.5 million on December 31, 2010 (equal to US\$ 33.9 million).

### Debt

The Company's consolidated indebtedness on December 31, 2010 was R\$ 818.1 million.

- OSX-1: We obtained a US\$ 420.0 million long-term loan for the FPSO OSX 1 from a bank syndicate led by DVB Bank (term of 8.5 years, 8-year payment term, at Libor + 4.25% p.a.). The first funding disbursement, of US\$ 320.0 million, occurred on November 30, 2010 and the second, of US\$ 100.0 million, will take place on August 31, 2011.

Note: We received the "Deal of the Year - 2010", award in the "Project Finance" class from the Marina Money magazine, for the FPSO OSX 1 funding transaction.

- OSX-1: The US\$ 175.0 million bridge loan obtained from HSBC was paid off on November 31, 2010.
- Hedge: In order to protect ourselves against interest rate fluctuation risks (3-month Libor) in connection with the repayment schedule of the OSX 1 long-term loan during the loan's 8-year period, the Company entered into a hedge transaction with HSBC and fixed the loan's entire cash flow at an average rate of 1.9% p.a.
- Leasing Group BV: The US\$ 175.0 million bridge loan with Bradesco (to mature on November 8, 2011) was assigned from OSX 1 to OSX Leasing Group BV on October 4, 2010.
- Shipbuilding Unit: OSX Construção Naval S.A. has applied to BNDES and the Merchant Marine Fund (*Fundo de Marinha Mercante* - "FMM") for a loan to build the UCN Açú facilities, and is waiting for the FMM board of directors' meeting to be held by the end of the first half of 2011.

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## Glossary

- **IPO (Initial Public Offering)**  
The event that marks the first sale of a company's shares to the stock market.
- **FPSO (Floating Production Storage and Offloading)**  
A vessel for production, storage and transfer of crude oil and natural gas.
- **WHP (Wellhead Platform)**  
A platform fixed to the seabed, suitable for water depths of under 200 meters, to permit installation on deck of the "Christmas trees" that control well flows.
- **Christmas Tree**  
The set of valves that control the pressure and flow from a well.
- **VLCC (Very Large Crude Carrier)**  
An oil tanker that can carry up to two million barrels of oil and that can be converted into a FPSO.
- **Shipbuilding Unit (*Unidade de Construção Naval - UCN*)**  
The shipyard where we will construct, integrate and repair the vessels for transport and exploration and production of oil and gas.
- **Shipbuilding Technology Institute (*Instituto Tecnológico Naval -ITN* )**  
This institute's main objectives are education and training of specialized labor for our UCN.
- **Vela (Vela International Marine Limited)**  
One of the world's largest companies engaged in the transport of crude oil, a subsidiary of Saudi Aramco, one of the global leaders in exploration and production of oil and gas.

**OSX Brasil S.A.**
**Information according to IFRS – in million reais - Consolidated**

<b>Income Statement</b>	<b>2010</b>	<b>2009</b>
Revenue from sales of goods and/or services	8,834	-
Cost of selling goods and/or services	(8,267)	-
Gross margin	567	-
Operating revenues (expenses)		
General and administrative	(69,325)	(10,607)
Expenses for granted stock options	(87,858)	-
Implementation expenses	(15,539)	-
Provision for uncovered liabilities	-	(25,961)
Other operating expenses	-	(9)
	(172,722)	(36,577)
Equity pick up	-	-
	-	-
<b>Earnings before financial result and taxes</b>	<b>(172,155)</b>	<b>(36,577)</b>
Financial result		
Financial revenues	167,775	-
Financial expenses	(4,517)	(80)
Derivative instruments	(99,860)	-
Exchange rate variation, net	(1,123)	-
	62,275	(80)
<b>Earnings before income taxes</b>	<b>(109,880)</b>	<b>(36,657)</b>
Income tax and social contribution -current	(1,048)	-
Income tax and social contribution - deferred	33,752	3,298
<b>Loss for the Period</b>	<b>(77,176)</b>	<b>(33,359)</b>
Attributed to the non-controlling shareholders:	(90)	(1)
Attributed to the controlling shareholders:	(77,086)	(33,358)

**OSX Brasil S.A.**
**Information according to IFRS – in million reais - Consolidated**
**Balance Sheet**

<b>Assets</b>	<b>12/31/2010</b>	<b>12/31/2009</b>
Total Assets	3,407,516	668,907
Current assets	2,404,378	8,430
Cash, cash equivalents and escrow deposit	2,270,934	8,162
Clients	18,817	-
Various advances	1,404	268
Tax credits to recover	33,995	-
Prepaid expenses	3,928	-
Long-term assets for sale	73,423	-
Derivative instruments	1,877	-
Long-term assets	1,003,138	660,477
Deferred income tax and social contribution	41,176	3,298
Property, plant and equipment	961,962	657,179
<b>Liabilities + Shareholders' Equity</b>	<b>12/31/2010</b>	<b>12/31/2009</b>
Total Liabilities	3,407,516	668,907
Current liabilities	455,099	640,531
Payroll obligations	16,995	403
Suppliers	20,231	363
Tax obligations	6,195	167
Loans and financings	312,073	627,981
Related parties	4,258	2,574
Advances from clients	18,295	-
Derivative instruments	77,052	-
Obligations to third parties	-	9,043
Long-term liabilities	518,401	-
Loans and financings	506,062	-
Deferred income tax and social contribution	12,339	-
Shareholders' Equity		
Capital stock	2,513,400	63,001
(-) Cost of issuing shares	(81,057)	-
Stock options granted	87,858	-
Accrued adjustments from conversion	(11,790)	(19)
Adjustments to equity valuation	(8,007)	-
Accrued losses	(111,694)	(34,608)
Attributed to the holding of controlling shareholders	2,388,710	28,374
Attributed to the holding of non-controlling shareholders	45,306	2
Total Shareholders' Equity	2,434,016	28,376

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## Conference Call Information:

Tuesday, March 15, Noon (Brasília time); 11:00 AM (NY); 3:00 PM (London)

Telephone USA: +1-888-700-0802

Telephone Brazil: +55-11-4688-6341

Telephone Other Countries: +1-786-924-6977

Password for connection in Portuguese: OSX

Password for connection in English: OSX

Webcast in Portuguese: [www.ccall.com.br/osx/4t10.htm](http://www.ccall.com.br/osx/4t10.htm)

Webcast in English: [www.ccall.com.br/osx/4q10.htm](http://www.ccall.com.br/osx/4q10.htm)

The teleconference will be conducted in English with simultaneous translation to Portuguese,

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## ABOUT OSX

OSX provides equipment and services for the offshore oil and gas industry and is engaged in three different segments: shipbuilding, E&P unit chartering and O&M services. OSX was created to meet oil and gas industry's demand for integrated service solutions. In March 2010, the company raised R\$ 2.5 billion in its IPO, the seventh largest primary IPO in the history of the BM&FBOVESPA. OSX is part of the EBX Group, an industrial conglomerate founded and headed by Brazilian entrepreneur Eike Batista, who has a proven track record of successfully developing new ventures in the fields of natural resources and infrastructure. For more information, please visit: [www.osx.com.br/ir](http://www.osx.com.br/ir).

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