

## SBM Offshore First Quarter Trading Update

May 9, 2018

### Highlights

- Year-to-date 2018 Directional<sup>1</sup> revenue of US\$385 million in line with Management expectations
- Fast4Ward™ hull progressing per plan; first steel cut in March 2018
- Increased dividend for 2017 of US\$0.25 per share paid in Euros on May 4, 2018
- FPSO *Turritella* handover and transaction completed in January 2018
- Directional net debt<sup>2</sup> decreased by c. US\$550 million to US\$2.4 billion at end of 1Q 2018

Bruno Chabas, CEO of SBM Offshore, commented:

"SBM Offshore has delivered another solid quarter including financials in line with expectations. Our Lease and Operate business continues to generate significant cash flow. This combined with the conclusion of the *Turritella* transaction during the quarter, led to a substantial decrease of our net debt position. In Turnkey, activity levels are increasing on the back of two major projects which are progressing according to plan. The market outlook is positive as the industry continues to recover, albeit gradually. In this context, where shorter cycle times are a key value driver, we remain confident that the Fast4Ward™ program will transform our industry, delivering cost competitiveness for deepwater projects through standardization. The combination of our unique experience, track record of delivery, retained Turnkey capacity, balance sheet and the game-changing Fast4Ward™ program, make the Company well positioned to benefit from this recovery while allowing commercial discipline to be maintained."

### Financial Highlights

in US\$ million	YTD Directional		
	1Q 2018	1Q 2017	% Change
Revenue	385	420	-8%
Lease and Operate	331	378	-12%
Turnkey	54	42	29%

  

in US\$ billion	Mar-31-18	Dec-31-17	% Change
Net Debt <sup>2</sup>	2.4	2.9	-17%

Backlog calculation will be provided in H18 Earnings Update

On January 16, 2018, the FPSO *Turritella* transaction was completed. Client proceeds were received, debt repaid, loan and swap positions unwound and partner compensation paid. The impact on the Company's Directional net debt from this transaction was a reduction of c. US\$460 million.

Directional revenues over the first quarter of the year came in at US\$385 million compared to US\$420 million in the first quarter of 2017, representing a decrease of c. 8%. This was caused by lower Lease and Operate revenues, mainly due to FPSO *Turritella* leaving the fleet early in the first quarter of 2018. Based on the major orders won during 2017, Turnkey continues to improve year-on-year and showed a revenue increase of US\$12 million to a total of US\$54 million for the period. Turnkey activity is ramping up on the Castberg turret mooring system. As the FPSO *Liza* project is 100% owned by SBM Offshore, it did not contribute to Directional revenues in the period as it remained accounted for as capex.

<sup>1</sup> Directional view, presented under IFRS 8 Segment reporting, represents a pro-forma accounting policy, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated. This note relates to any reference made to Directional in this document.

<sup>2</sup> Directional net debt as of December 2017 restated for adoption of IFRS 16. Impact of IFRS 16 adoption is a Directional net debt increase of c. US\$200 million for both December 2017 and 1Q 2018 positions.

Directional net debt decreased by c. US\$550 million in the first quarter of the year. This movement was mainly caused by the FPSO *Turritella* transaction and strong cash flows from the Lease and Operate segment more than offsetting investment in FPSO *Liza* and the construction cost of the Fast4Ward™ hull.

### Project Review

#### *FPSO Liza*

Work on FPSO *Liza* is ongoing and progressing in accordance with project schedule. The vessel is currently undergoing conversion works at the construction yard in Singapore.

#### *Turret Mooring System (TMS) Johan Castberg FPSO*

Work on the TMS for Statoil's *Johan Castberg* FPSO is progressing well, in line with schedule. The first steel cut in the Dubai Dry Docks World yard is targeted to be performed during May 2018.

#### *Fast4Ward™*

On March 23, 2018 the construction of the first new-build, multi-purpose Fast4Ward™ hull commenced with the celebration of the first steel cut at the construction yard of Shanghai Waigaoqiao Shipbuilding and Offshore Co., Ltd. in China.

### Compliance

Discussions between the Ministry of Transparency, Oversight and Control (Ministério da Transparência, Fiscalização e Controle – “MTFC”), the General Counsel for the Republic (Advocacia Geral da União – “AGU”), Petrobras and SBM Offshore relating to the leniency agreement remain ongoing. Whilst discussions are ongoing, the MTFC has formally reopened the associated administrative procedure.

The damage claim filed by the Federal Prosecutor's Office (Ministério Público Federal – “MPF”) based on the Brazilian Improbability Act with the Federal Court in Rio de Janeiro against a Brazilian subsidiary of the Company, an intermediate holding company in Switzerland and a number of individuals, including former employees of the SBM Offshore Group remains under review by the court. The claim relates to the alleged improper sales practices prior to 2012 that are also the subject of the discussion with other Brazilian authorities and Petrobras.

Under the current circumstances, the Company does not foresee an all-encompassing final resolution in Brazil in the short term and it cannot guarantee that a satisfactory resolution will be reached with the authorities, nor predict the timing thereof.

### Post-Period Events

#### *Dividend*

On April 11, 2018, the Annual General Meeting of Shareholders (AGM) voted in favor of the proposed US\$0.25 per ordinary share dividend distribution, representing an increase of c. 9% compared to last year. The dividend was paid on May 4, 2018 to all shareholders of record as at April 16, 2018. Dividends were paid in Euros using an exchange rate of 1.2380, which equates to €0.2019 per ordinary share.



### Guidance

The offshore oil and gas services market is recovering gradually as evidenced by the increased number of offshore projects progressing towards and taking final investment decisions. The oil and gas industry has managed to improve offshore project economics and lower break-even prices to levels that are competitive in today's market reality. The Company continues to believe that oil will remain one of the main energy sources for the short to medium term, with gas remaining a source for longer, while the energy industry is going through transition towards more sustainable energy sources in the long term.

2018 Directional revenue guidance is maintained at around US\$1.9 billion, with around US\$1.3 billion from Lease and Operate and around US\$600 million from Turnkey. 2018 Directional EBITDA guidance is also maintained at around US\$750 million. This excludes the gain on the sale of FPSO *Turritella* and an expected positive impact from implementation of IFRS 16.

The guidance assumes a partial sell-down of the Company's ownership share of FPSO *Liza*, which remains subject to negotiation and Management decision.

### Conference Call

SBM Offshore has scheduled a conference call followed by a Q&A session on Wednesday, May 9, 2018 at 18:30 (CEST).

The call will be hosted by Bruno Chabas (CEO), Philippe Barril (COO), Erik Lagendijk (CGCO) and Douglas Wood (CFO). Interested parties are invited to listen to the call by dialing +31 (0) 20 531 5851 in the Netherlands, +44 (0) 20 3365 3210 in the UK or +1 866 349 6093 in the US.

A replay will be available shortly after the end of the conference call. Interested parties can listen to the replay by dialing +31 (0) 20 530 0220 and using access code 848443# until June 9, 2018.

## Corporate Profile

SBM Offshore N.V. is a listed holding company that is headquartered in Amsterdam. It holds direct and indirect interests in other companies that collectively with SBM Offshore N.V. form the SBM Offshore Group ("the Company").

SBM Offshore provides floating production solutions to the offshore energy industry, over the full product lifecycle. The Company is market leading in leased floating production systems delivered to date, with multiple units currently in operation and has unrivalled operational experience in this field. The Company's main activities are the design, supply, installation, operation and the life extension of floating production solutions for the offshore energy industry.

As of December 31, 2017, Group companies employ approximately 4,800 people worldwide. Full time company employees totaling c. 4,300 are spread over offices in key markets, operational shore bases and the offshore fleet of vessels. A further 500 are working for the joint ventures with two construction yards. For further information, please visit our website at [www.sbmoffshore.com](http://www.sbmoffshore.com).

The companies in which SBM Offshore N.V. directly and indirectly owns investments are separate entities. In this communication "SBM Offshore" is sometimes used for convenience where references are made to SBM Offshore N.V. and its subsidiaries in general, or where no useful purpose is served by identifying the particular company or companies.

The Management Board  
Amsterdam, the Netherlands, May 9, 2018

Financial Calendar	Date	Year
Half-Year 2018 Earnings – Press Release	August 9	2018
Trading Update 3Q 2018 – Press Release	November 15	2018
Full-Year 2018 Earnings – Press Release	February 14	2019
Annual General Meeting of Shareholders	April 10	2019
Trading Update 1Q 2019 – Press Release	May 16	2019
Half-Year 2019 Earnings – Press Release	August 8	2019
Trading Update 3Q 2019 – Press Release	November 14	2019



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