

SBM Offshore First Quarter Trading Update

May 16, 2019

Highlights

- Year-to-date Directional¹ revenue of US\$456 million in line with expectation
- Award of second FPSO for Liza project in Guyana confirmed
- Third Fast4Ward™ hull ordered with a second yard
- Share Repurchase Program on track with 93% completed
- Directional net debt of US\$2.7 billion at the end of March 2019

Bruno Chabas, CEO of SBM Offshore, commented:

“SBM Offshore’s performance over the first quarter of 2019 has been on target and our guidance for the full year remains unchanged. Our operations continue to demonstrate strong performance and our projects under construction are progressing as expected and to the satisfaction of our clients. FPSO *Liza Destiny* entered the final phase of construction and commissioning at the yard in Singapore.

As regards new orders, with the award of the second FPSO for the Liza project in Guyana, *Liza Unity*, SBM Offshore’s Fast4Ward™ philosophy has moved from plan to reality, with the first standard hull now allocated. Construction of this hull is progressing according to plan, with the major steel structure now in dry-dock. The project will see several standard topsides being adopted from our catalogue.

Driven by ongoing client capital discipline, the offshore industry upturn remains concentrated on very large, high quality field developments, which benefit most from our Fast4Ward™ concept. As clients mature their conceptual designs, our visibility of future opportunities continues to improve. In anticipation of this upturn, SBM Offshore ordered the third Fast4Ward™ hull from a second yard.

The fact that Fast4Ward™ is now very much a reality, combined with our efficient financing model and organization, means that our growth engine, Turnkey, is well positioned to increase cash flow and value.”

Financial Highlights

in US\$ million	YTD Directional		
	1Q 2019	1Q 2018	% Change
Revenue	456	385	18%
Lease and Operate	311	331	-6%
Turnkey	145	54	169%

in US\$ billion	Mar-31-19	Dec-31-18	% Change
	Net Debt	2.7	2.4

Backlog calculation will be provided in 1H19 Earnings Update

Directional revenues over the first quarter of this year came in at US\$456 million, compared with US\$385 million in the first quarter of 2018. This 18% or US\$71 million increase in revenue was caused by Turnkey which benefited from a continued increase in activity with in particular progress made on the Johan Castberg turret project. First quarter revenues in Lease and Operate decreased by 6% or US\$20 million in the first quarter of 2019 compared with the same period last year. This decrease was caused by vessels that left the fleet during 2018 (FPSO *Turritella*, FSO *Yetagun* and FSO *N’Kossa II*).

¹ Directional view, presented under IFRS8 Segment reporting, represents a pro-forma accounting policy, which assumes all lease contracts are classified as operating leases and all vessel investees are proportionally consolidated. This explanatory note relates to all Directional in this document.



Net debt increased by c. US\$300 million from year-end 2018 to US\$2.7 billion as at the end of 1Q19. While Lease and Operate continues to generate strong operating cash flow, the use of cash balances for the continuing investment in growth (FPSO *Liza Destiny* and Fast4Ward™), the share buyback and payment to Repsol for its share of the Yme insurance claim proceeds led to an increase in net debt.

As of 1Q19, the Company has started to draw under its recently updated Revolving Credit Facility for an amount of c. US\$60 million. The available US\$720 million facility related to the *Liza Destiny* project remained undrawn. The Company expects to draw the facility in full before the FPSO reaches first oil. Furthermore the process to implement specific project financing for the *Liza Unity* project is already underway. As the respective vessels enter the operating phase, these new facilities will become non-recourse to the SBM Offshore corporate balance sheet and cash flow (as is the case for the current portfolio of project debt tied to the existing fleet).

Project Review

FPSO Liza Destiny

The project is on schedule and the FPSO is in the final construction, integration and commissioning stage.

Turret Mooring System (TMS) Johan Castberg FPSO

Work on the TMS for Equinor's *Johan Castberg* FPSO is progressing well, in line with the client's schedule.

Fast4Ward™ hulls

As previously announced, SBM Offshore signed a contract for the construction of a third Fast4Ward™ hull. This third hull will be constructed by China Merchants Industry Holdings (CMIH). CMIH Ltd is a subsidiary of the China Merchant Group with two modern facilities in China. The Jiangsu Shanghai yard tasked with the execution of the SBM Offshore third Fast4Ward™ hull is a world-class yard specialized in new build offshore vessels and structures with experience in a number of large projects since 2013.

Following the award for the *Liza Unity* FPSO, announced on May 10, 2019, the Company's first Fast4Ward™ hull was allocated to this project.

Operational Update

Fleet uptime during the first quarter of 2019 was 98.8%. This uptime is after taking account of the effects of the final stages of the long term maintenance and upgrade activities on FPSO *Capixaba*.

HSSE

The Company continued to build on its track record of strong safety performance, with a total recordable injury frequency rate (TRIFR) of 0.07 over the first quarter of 2019. SBM Offshore continues to generate awareness and focus on safety through various programs and initiatives.

Post-Period Events

Dividend

On April 10, 2019, the Annual General Meeting of Shareholders (AGM) voted in favor of the proposed of US\$75 million dividend, which represents a dividend distribution of US\$0.3721 per ordinary share. The dividend was paid on May 3, 2019 to all shareholders of record as at April 15, 2019. Dividends were paid in Euros using an exchange rate of 1.1270, which equates to EUR 0.3302 per ordinary share. This dividend represents a c. 50% increase per share compared to last year and a pay-out of c. 25% of full year 2018 Directional net result.



Progress Share Repurchase Program

The ongoing EUR175 million Share Repurchase Program, which was announced and commenced on February 14, 2019, is making good progress and has reached 93% completion as of May 15, 2019 after market close. As per this date, under this program, the Company has repurchased 9.7 million shares. Transaction details can be found on the Company's website.

Guidance

2019 Directional revenue guidance is maintained at around US\$2 billion of revenues, with around US\$1.3 billion coming from Lease and Operate and around US\$0.7 billion from the Turnkey segment. 2019 Directional EBITDA guidance is maintained at around US\$750 million.

Conference Call

SBM Offshore has scheduled a conference call followed by a Q&A session on Thursday, May 16, 2019 at 10:00 (CET).

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 549014# until June 16, 2019.



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, 2018, Group companies employ approximately 4,350 people worldwide, including circa 650 contractors, which are spread over offices in key markets, operational shore bases and the offshore fleet of vessels. Group Companies employ a further 400 people, working for the joint ventures with two construction yards. For further information, please visit our website at 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 16, 2019

Financial Calendar	Date	Year
Half-Year 2019 Earnings – Press Release	August 8	2019
Trading Update 3Q 2019 – Press Release	November 14	2019
Full-Year 2019 Earnings – Press Release	February 13	2020
Annual General Meeting of Shareholders	April 8	2020
Trading Update 1Q 2020 – Press Release	May 14	2020



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