

SBM Offshore Half Year 2021 Earnings

August 5, 2021

Record-breaking backlog, increased shareholder returns, positioning for New Energy

Highlights

- Financial results in line with management expectations
- Record-level US\$29.5 billion proforma backlog, up by c. US\$8 billion
- Launch of EUR150 million (c. US\$180 million) share repurchase program
- Scaling-up renewables: 200 MW floating offshore wind development
- 2021 Directional¹ revenue guidance maintained at around US\$2.6 billion
- 2021 Directional EBITDA guidance maintained at around US\$900 million

The 2021 Half Year Results and Interim Financial Statements are published on the Company's website under <https://www.sbmoffshore.com/investor-relations-centre/financial-information/financial-results/half-year-results/>.

Bruno Chabas, CEO of SBM Offshore, commented:

"All our three value platforms, Ocean Infrastructure, Growing the Core and New Energies show good performance in line with our vision and commitment for providing safe, sustainable and affordable energy.

Our staff and contractor teams continue to perform very well despite the challenging conditions from the continuing pandemic. We maintained our fleet uptime of 99%. Our projects under construction continue to progress well despite the various challenges that COVID-19 continues to pose to our project teams.

In addition, SBM Offshore has successfully secured significant backlog growth. The backlog of our Ocean Infrastructure platform is approaching a record-breaking US\$30 billion. This contracted backlog allows us to deliver sustainable and resilient sector-leading value to our stakeholders including shareholder returns. Today's announcement of a EUR150 million share repurchase demonstrates our commitment to this.

Our Growing the Core platform delivered two new awards in the first half. We now have five Fast4Ward[®] FPSOs under construction. The latest awards have an emission intensity of 8 to 11.5 kg CO₂e/boe², well below current industry average. We will further improve on this through our emissionZERO[™] program.

New Energies is set to provide further growth and value. We are establishing a strategic position in the fast-developing floating offshore wind market. We intend to play a role in project co-development in order to enhance the positioning of our technology in the market. Our participation in the 200 MW Lîÿr Project in the UK marks a first step. The EPC activities for the deployment of our first project in France in 2022 remain on track.

We are delivering value to our stakeholders: helping our clients to transition towards lower carbon oil production at affordable cost, providing renewable and energy transition solutions and growing shareholder returns."

¹ Directional view, presented in the Financial Statements under Operating segments and Directional 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 reporting in this document.

² Carbon intensity (in greenhouse gas equivalent units of CO₂ emissions) calculated based on nameplate capacity.

Financial Overview

in US\$ million	Directional			IFRS		
	1H 2021	1H 2020	% Change	1H 2021	1H 2020	% Change
Revenue	1,072	1,179	-9%	1,555	1,592	-2%
Lease and Operate	752	829	-9%	631	735	-14%
Turnkey	321	351	-9%	924	857	8%
Underlying Revenue	1,147	1,179	-3%	1,630	1,592	2%
Lease and Operate	827	829	0%	706	735	-4%
Turnkey	321	351	-9%	924	857	8%
EBITDA	426	523	-19%	411	489	-16%
Lease and Operate	456	538	-15%	323	436	-26%
Turnkey	9	25	-62%	129	93	39%
Other	(40)	(40)	0%	(40)	(40)	0%
Underlying EBITDA	501	523	-4%	486	489	-1%
Lease and Operate	531	538	-1%	398	436	-9%
Turnkey	9	25	-62%	129	93	39%
Other	(40)	(40)	0%	(40)	(40)	0%
Profit attributable to Shareholders	64	38	69%	148	98	51%
Underlying Profit attributable to Shareholders	61	94	-36%	145	155	-6%
Earnings per share [US\$ per share]	0.34	0.20	72%	0.79	0.52	53%
Underlying earnings per share [US\$ per share]	0.32	0.50	-35%	0.78	0.82	-5%

in US\$ million	1H 2021	1H 2020	1H 2021	1H 2020
Non-recurring items impacting Revenue	(75)	-	(75)	-
Deep Panuke termination fee	(75)	-	(75)	-
Non-recurring items impacting EBITDA	(75)	-	(75)	-
Deep Panuke termination fee	(75)	-	(75)	-
Non-recurring items impacting Profit	78	(57)	78	-
Deep Panuke termination fee	78	-	78	-
SBM Installer impairment	-	(57)	-	(57)
Total non-recurring items impacting Profit	3	(57)	3	(57)

in US\$ billion	1H 2021	Dec-31-20	% Change	1H 2021	Dec-31-20	% Change
Pro-Forma Backlog ³	29.5	21.6	36%	-	-	-
Net Debt	4.6	4.1	12%	5.8	5.2	11%

Underlying Directional revenue for the first half of 2021 came in at US\$1,147 million, broadly in line with 2020. Underlying Directional revenue from Lease and Operate was similar to last year's figure with US\$827 million recognized in the first half of 2021 against US\$829 million in the year-ago period, reflecting the stability of the fleet. Directional Turnkey revenue reduced by 9% year on year to a total of US\$321 million for the period. Despite the major growth phase in Turnkey, the balance of activities continues to be more weighted to projects to be transferred to the Lease and Operate portfolio with therefore lower contribution to Turnkey revenue. Three out of four FPSOs under construction were 100% owned by SBM Offshore during the period. As such, the decrease is mostly attributable to the comparative impact of the Johan Castberg turret project delivery which contributed to the first half year 2020 revenue.

Underlying Directional EBITDA for the first half 2021 totaled US\$501 million, representing a 4% reduction compared with the prior period. Underlying Directional Lease and Operate EBITDA came in at US\$531 million in the first half year of 2021, in line with the prior year period, despite the incremental costs from the additional measures linked to the safe management of the impacts from the COVID-19 pandemic.

³ The pro-forma backlog at June 30, 2021 reflects assumptions which are in line with year-end 2020 pro-forma backlog assumptions, for more details, refer to the 2021 Half Year Earnings report.

Underlying Directional Turnkey EBITDA decreased by US\$16 million to a total of US\$9 million, mainly reflecting the same drivers as the decrease in the Turnkey revenue. The Other non-allocated cost was in line with the previous year and stood at US\$(40) million and continues to include the Company's investment in digital initiatives.

The increased level of activity in the construction of new FPSOs did not significantly contribute to EBITDA in 2021 under Directional reporting because the FPSO *Liza Unity* project and the FPSO *Prosperity* project are 100% owned by the Company and classified as operating lease as per Directional accounting policies. As such, these projects do not contribute to the Company's net result before first oil. FPSO *Almirante Tamandaré* is also 100% owned by SBM Offshore; the planned partial divestment is subject to finalization of the shareholder agreement and various approvals by the Company and its prospective partners.

Underlying Directional Revenue and EBITDA includes US\$75 million related to final cash received during the period under the final settlement signed with the client following the redelivery of the Deep Panuke MOPU in July 2020. These expected cash receipts in 2021 were excluded from the Underlying 2020 Revenue and EBITDA as reported in the 2020 Annual Report. Considering the associated depreciation of the vessel, this non-recurring item only negligibly impacted the Underlying profit attributable to shareholders.

Funding and Directional Net Debt

As a direct result of investment in growth, Directional net debt increased by US\$510 million to US\$4.6 billion compared with year-end. This includes capital expenditures associated with the FPSO projects *Liza Unity*, *Sepetiba*, *Prosperity* and *Almirante Tamandaré* and the expenditures on the Fast4Ward® multipurpose floater (MPF) hulls. While the Lease and Operate segment continues to generate strong operating cash flow, the Company drew under the project loan facility of *Liza Unity* (FPSO) and the Revolving Credit Facility (RCF) to fund continued investment in growth during the first half year 2021. The first drawdown on the US\$1.05 billion project loan facility of *Prosperity* (FPSO) closed on June 25, 2021, occurred in July 2021 and allowed full RCF repayment.

The majority of the Company's debt at half year consisted of non-recourse project financing (US\$3.1 billion) in special purpose companies. The remainder (US\$1.7 billion) comprised mainly of borrowings to support the construction of *Liza Unity* (FPSO) and FPSO *Sepetiba*, the loan related to diving support and construction vessel SBM Installer and the Company's RCF which was drawn for c. US\$290 million as at June 30, 2021. The net cash balance stood at US\$310 million and lease liabilities totaled c. US\$61 million.

Directional Pro-Forma Backlog

Change in ownership percentages and lease contract durations have the potential to significantly impact the Company's future cash flows, net debt balance as well as the profit and loss statement. The Company therefore provides a pro-forma backlog on the basis of the most likely ownership scenarios and lease contract durations for the various projects.

The pro-forma Directional backlog increased by US\$ 7.9 billion to a total of US\$29.5 billion compared with the position at December 31, 2020. The increase was mainly the result of the awarded contract for the FPSO *Almirante Tamandaré* and the signed Letter of Intent for FPSO *Alexandre de Gusmão*.

(in billion US\$)	Turnkey	Lease & Operate	Total
2H 2021	0.5	0.8	1.3
2022	1.2	1.6	2.7
2023	0.7	1.6	2.3
Beyond 2023	2.6	20.5	23.2
Total Backlog	5.0	24.5	29.5

The pro-forma Directional backlog at June 30, 2021 reflects the following key assumptions:

- The FPSO *Liza Destiny* contract covers 10 years of lease and operate.
- The FPSO *Liza Unity* and *Prosperity* contracts cover a maximum period of two years of lease and operate within which period the units will be purchased by the client. The impact of the sale is reflected in the Turnkey backlog, assumed at the end of the contractual lease and operate period.
- FPSO *Almirante Tamandaré* and FPSO *Alexandre de Gusmão* are added to the backlog based on the initially targeted SBM Offshore ownership share (55%) in the lease and operate contracts. The partial divestment to partners (45%), which remains subject to finalization of the shareholder agreement and various other approvals, was included in the Turnkey backlog.

For further details of the overall assumptions applicable to the backlog, refer to the 2021 Half Year Earnings report.

Project Review

Project	Client/country	Contract	SBM Share ⁴	Capacity, Size	Percentage of Completion	Expected First Oil
<i>Liza Unity</i>	ExxonMobil Guyana	2 year Build, Operate, Transfer	100%	220,000 bpd	>75%	2022
<i>Sepetiba</i>	Petrobras Brazil	22.5 year Lease & Operate	64.5%	180,000 bpd	>50% <75%	2023
<i>Prosperity</i>	ExxonMobil Guyana	2 year Build, Operate, Transfer	100%	220,000 bpd	>25% <50%	2024
<i>Almirante Tamandaré</i>	Petrobras Brazil	26.25 year Lease & Operate	100%	225,000 bpd	<25%	2024
<i>Alexandre de Gusmão</i>	Petrobras Brazil	22.5 year Lease & Operate	100%	180,000 bpd	<25%	2025

SBM Offshore's construction activities continue to face challenges related to the COVID-19 pandemic with difficulties posed by remote working, travel restrictions and effects on yards capacity. Project teams are working closely with client teams and contractors to mitigate impacts on project execution and an update on individual projects schedule is provided below considering latest known circumstances.

Liza Destiny (FPSO)

The flash gas compression system on *Liza Destiny (FPSO)* is now operating. Approximately 96% of the gas produced is being consumed and reinjected, and production levels are at 120-125,000 bpd. The team continues to perform maintenance and optimization activities to minimize flaring until the arrival of the redesigned third stage flash gas compression system, still expected to be installed around the end of the year.

Liza Unity (FPSO)

The topsides integration phase is completed and the onshore commissioning campaign is making significant progress. The crew is currently mobilizing for the vessel departure from Singapore planned in the third quarter of this year. The project continues to target first oil in 2022 in line with client schedule.

FPSO Sepetiba

The Fast4Ward[®] MPF hull was successfully delivered and arrived safely in the integration yard allowing the commencement of the topsides modules lifting campaign. The project's planned preliminary acceptance is at the end of 2022 with planned first oil in 2023.

⁴ SBM share reflects current contractual situation

Prosperity (FPSO)

The Fast4Ward® MPF hull has arrived safely in Singapore where the topsides fabrication phase is ongoing. The project is progressing in line with schedule with a planned completion in 2024.

FPSO Almirante Tamandaré

The FPSO construction is progressing as per plan with the expected first oil in the second half of 2024.

Fast4Ward® MPF hulls

Under the Company's Fast4Ward® program, the total number of MPF hulls ordered to date stands at six, five of which have been allocated to FPSOs *Liza Unity*, *Sepetiba*, *Prosperity*, *Almirante Tamandaré* and *Alexandre de Gusmão*. The Company currently has one remaining MPF hull supporting its tendering activity.

Operational Update

Despite the ongoing challenging circumstances due to the COVID-19 pandemic, the Company demonstrated operational resilience. The fleet uptime in the first half of the year was 99.1%, in line with the fleet's lifetime historical average.

HSSE

The Company's Total Recordable Injury Frequency Rate stands at 0.10 as of June 30, 2021, compared with the full year 2021 target of below 0.18.

New Energies

Floating Offshore Wind

SBM Offshore has taken a position as co-developer in floating offshore wind projects with the establishment of the joint venture Floventis Energy, a newly established joint venture between SBM Offshore and Cierco Ltd. Floventis Energy seeks to secure seabed rights and relevant permits, to develop and implement state-of-the-art technologies for floating offshore wind activities.

Floventis Energy is working on its first project, the LIÿr project, which covers the lease of two 100 MW floating wind test and demonstration sites in the Celtic Sea, for which the Crown Estate confirmed an intention to move forward with the lease process. The formal award will be subject to a Habitats Regulations Assessment, following which, the project will progress with environmental assessments and surveys in line with the regulatory consent processes.

The Company's ambition as project co-developer is to enhance the positioning of its technology in the market. As such it is also targeting rights in various other regions of the world. The current opportunities for the floating offshore wind market amount to at least 6 GW for the next decade; this is expected to grow significantly over the next few years. The ambition is to co-develop or participate as a technology or turnkey provider in 2 GW of this existing global pipeline. Total associated development expenditure over the next 7 to 8 years is estimated to be c. US\$150 to 200 million. The investments will be generally phased so that significant de-risking of returns has occurred before the final investment decision, committing most of the expenditure, is taken.

Through the further development and optimization of its technology, focusing on obtaining cost benefits from enhanced design and scale-up, the Company is on the pathway towards a competitive levelized cost of electricity.

Provence Grand Large

SBM Offshore is providing and installing 3 floaters and mooring systems for this 25 MW project. Assembly of first sub-components has started as planned for the floating substructures to be ready for load-out and installation at the end of 2022. This project is on track to be the first floating offshore wind project worldwide installed with tensioned leg platform technology.

Capital Allocation and Shareholder Returns

After having reviewed the current liquidity position including the incremental net cash proceeds from the FPSO *Cidade de Ilhabela* bond issuance in the first quarter 2021 and taking into account the progress with project financing and the capital requirements for growing the company business, the Company has determined that it currently has the capacity to repurchase shares. Consequently, on August 5, 2021 the Company will commence a EUR150 million (c. US\$180 million) share repurchase program with the objective to be completed in the year. More details can be found in the Company's press release announcing the share repurchase on August 5, 2021.

Outlook and Guidance

The Company's 2021 Directional revenue guidance remains around US\$2.6 billion, of which around US\$1.6 billion is expected from the Lease and Operate segment and around US\$1 billion from the Turnkey segment. 2021 Directional EBITDA guidance remains around US\$900 million for the Company.

This guidance includes Directional revenues and EBITDA of US\$75 million related to the cash receipts in 2021 from the Deep Panuke contract, which were both excluded from the 2020 outlook and underlying results. It also considers the currently foreseen COVID-19 impacts on projects and fleet operations. The Company highlights that the direct and indirect impact of the pandemic could continue to have a material impact on the Company's business and results and the realization of the guidance for 2021.

Conference Call

SBM Offshore has scheduled a conference call together with a webcast, which will be followed by a Q&A session, to discuss the 2021 Half Year Earnings release.

The event is scheduled for Thursday, August 5, 2021 at 10.00 AM (CEST) and will be hosted by Bruno Chabas (CEO), Philippe Barril (COO), Erik Lagendijk (CGCO) and Douglas Wood (CFO).

Interested parties are invited to register prior to the call using the link:
<https://www.kpneventcall.nl/EventRegistration/d582aee4-64a3-49b6-8981-85b04a49de6c>

Please note that the conference call can only be accessed with a personal identification code, which is sent to you by email after completion of the registration.

The live webcast will be available at: https://channel.royalcast.com/landingpage/sbmoftshoreinvestors/20210805_1/

A replay of the webcast, which is available shortly after the call, can be accessed using the same link.

Corporate Profile

The Company's main activities are the design, supply, installation, operation and the life extension of floating production solutions for the offshore energy industry over the full lifecycle. The Company is market leading in leased floating production systems, with multiple units currently in operation.

As of December 31, 2020, the Company employed approximately 4,570 people worldwide spread over offices in our key markets, operational shore bases and the offshore fleet of vessels.

SBM Offshore N.V. is a listed holding company headquartered in Amsterdam, the Netherlands. It holds direct and indirect interests in other companies.

Where references are made to SBM Offshore N.V. and /or its subsidiaries in general, or where no useful purpose is served by identifying the particular company or companies "SBM Offshore" or "the Company" are sometimes used for convenience.

For further information, please visit our website at www.sbmoffshore.com.

The Management Board
Amsterdam, the Netherlands, August 5, 2021

Financial Calendar	Date	Year
Trading Update 3Q 2021 – Press Release	November 11	2021
Full Year 2021 Earnings – Press Release	February 10	2022
Annual General Meeting	April 6	2022
Trading Update 1Q 2022 – Press Release	May 12	2022
Half Year 2022 Earnings – Press Release	August 4	2022

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