

## SBM Offshore Third Quarter 2022 Trading Update

November 10, 2022

### Highlights

- Sustained financial performance in a complex macroeconomic environment
- 2022 Directional<sup>1</sup> EBITDA guidance increased to around US\$1 billion
- 2022 Directional revenue guidance increased to above US\$3.2 billion
- Memorandum of Understanding signed for exclusivity of seventh MPF hull with ExxonMobil Guyana

Bruno Chabas, CEO of SBM Offshore, commented:

We have delivered solid results this quarter driven by the reliable and sustainable financial performance of our fleet and the resilience of our turnkey division which, despite a number of continuing challenges, is expected to deliver robust margins at portfolio level this year. This performance is only possible thanks to the hard work and dedication of our teams.

Based on our outlook for the remainder of the year we have revised our EBITDA and Revenue guidance upwards.

The challenges of the macroeconomic context and Covid-19 pandemic related restrictions have not abated: incremental impacts continue to be experienced within the project portfolio. We are progressing the financing of the FPSOs *Almirante Tamandaré* and *Alexandre de Gusmão* projects in preparation for a year of large investment in the construction portfolio in 2023.

The underlying fleet uptime stood at 99.6% for the third quarter, excluding the impact of the shutdown of the FPSO *Cidade de Anchieta*. The restart of the unit at full production is planned by year end. Following the restart, repairs on a substantial remaining scope will continue at least until the end of next year.

We also advanced a number of important elements of our strategy as an energy transition company:

- First through the Memorandum of Understanding (MoU) signed with ExxonMobil Guyana granting exclusivity for our seventh Fast4Ward<sup>®</sup> Multi-Purpose Floater (MPF) Hull for use on a future cost and CO<sub>2</sub>e-intensity competitive FPSO project;
- Second, the construction of the Provence Grand Large floating foundations has reached a major milestone with the successful installation of the transition pieces linking floater to turbine mast;
- Finally, we are pleased to see our efforts once again recognized by third-party experts in their assessment of the Company's sustainability performance: SBM Offshore was cited by S&P Global for very high disclosure rates and as industry best on Climate Strategy.

## Financial Overview

in US\$ million	YTD Directional		
	3Q 2022	3Q 2021	% Change
<b>Revenue</b>	<b>2,522</b>	<b>1,654</b>	<b>52%</b>
Lease and Operate	1,290	1,134	14%
Turnkey	1,233	519	138%
<b>Underlying Revenue</b>	<b>2,522</b>	<b>1,729</b>	<b>46%</b>
Lease and Operate	1,290	1,209	7%
Turnkey	1,233	519	138%

  

in US\$ million	3Q 2022	3Q 2021
Non-recurring items impacting Revenue		
Deep Panuke termination fee	-	(75)

  

in US\$ billion	Sep-30-22	Dec-31-21	% Change
Net Debt	5.6	5.4	4%

Underlying Directional revenue increased to US\$2,522 million compared with US\$1,729 million for the same period in 2021. The US\$793 million or 46% growth is driven by Turnkey revenue which increased to US\$1,233 million compared with US\$519 million in the year-ago period.

This resulted from the same factors described in Half Year results: the ramp-up of Turnkey activities with five FPSOs under construction and the completion of FPSO *Liza Unity* in the first half of 2022. Furthermore, the earlier announced partial divestment on FPSOs *Almirante Tamandaré* and *Alexandre de Gusmão* at the beginning of 2022 allowed the Company to recognize revenue for all the EPCI related work performed to date on these projects to the extent of the partners' ownership in lessor related companies.

Year-to-date, Underlying Directional Lease and Operate revenue stands at US\$1,290 million, an increase of around US\$80 million compared with the same period in the prior year. This mainly reflects FPSO *Liza Unity* successfully joining the fleet, partially offset by the end of the Deep Panuke MOPU and FPSO *Capixaba* lease contracts and the FPSO *Kikeh* Lease and Operate contract extension which lowered the average straight-lined day rate.

The increase in net debt reflects the investments in growth.

## Project Review

Construction activities continued to experience impacts from the combined effects of the Covid-19 pandemic and the indirect impacts from the war between Russia and Ukraine. The impacts vary from project to project reflecting global logistic issues as well as ongoing quarantine measures on personnel and material especially in China. Project teams are working closely with client teams and contractors in seeking to mitigate the impacts on projects' execution. An update on individual project schedules is provided below considering latest known circumstances.

**FPSO *Sepetiba*** – Despite COVID-19 which is still impacting the pace of progress, the integration and commissioning activities are progressing and the project targets first oil in 2023.

**FPSO *Prosperity*** – In August, a section of the yard's quayside alongside the vessel gave way as a result of which a contractor was fatally injured. The Company regrets this tragic incident and is continuing to work together with the yard to ensure safety of personnel. Integration and commissioning activities have restarted at an alternative location. The damage assessment from the incident has been completed and the effect on the schedule is limited. First oil is still likely to occur before year-end 2023.

**FPSO *Almirante Tamandaré*** – The topsides fabrication and the Fast4Ward® hull construction are progressing in line with plan. First oil is expected in 2024.

*FPSO Alexandre de Gusmão* – The topsides fabrication is progressing in line with plan and the Fast4Ward® hull was successfully launched out of drydock as scheduled. First oil is expected in 2025.

*FPSO ONE GUYANA* – The topsides construction started in the yards in China and Singapore and is progressing as planned. First oil is expected in 2025.

*Fast4Ward® MPF hulls* – The Company recently placed an order for a seventh Fast4Ward® MPF hull. The construction of this hull is expected to start in the first quarter of 2023. An MoU was signed with ExxonMobil Guyana granting exclusivity over the hull.

## Fleet Operational Update

### *FPSO Cidade de Anchieta*

The unit remains in shutdown since January 2022 and tank inspection and repair work is progressing. The Company's priority is the safe restart of the vessel at full production which is expected by the year-end. The focus of activities to date has been on the repair of the 4 tanks required for the safe restart of the vessel. The Company is in the process of finalizing the scope of repairs required for the other tanks together with the estimated associated costs and schedule. Following the restart, repair works will continue at least until the end of next year. An update on this will be provided with the year-end results, however it is anticipated that the finalized estimate for the total future cost of repairs will necessitate a one-off impairment charge in the range of US\$75 to US\$100 million impacting the net profit for the year.

### *Fleet Uptime*

Year-to-date fleet uptime was 91% reflecting the current shutdown of *FPSO Cidade de Anchieta* and excluding this unit, the fleet underlying performance was around 98%.

*Contract extension* - The Company has signed a 3-year contract extension related to the operation of *FPSO Serpentina* up to November 2025.

## Environment, Social and Governance

### *Safety*

The Company's Total Recordable Injury Frequency Rate year to date was 0.12, compared with the full year 2022 target of below 0.15<sup>2</sup>.

The learnings from the collapse of the pier alongside the *FPSO Prosperity* in August which resulted in the fatal accident reported in the Project Review have been applied to ensure the safety of our worksites across the portfolio.

### *Emissions*

In the third quarter of the year, the Company was on track to meet the target set on Gas flared with a maximum fleet average target of 1.7 mmscf/d<sup>3</sup>.

## Guidance

The Company's 2022 Directional revenue guidance is revised from around US\$3.2 billion to above US\$3.2 billion, with guidance for the Lease and Operate segment revised from around US\$1.7 billion to above US\$1.7 billion and guidance for the Turnkey segment maintained at above US\$1.5 billion.

2022 Directional EBITDA guidance is also revised from above US\$950 million to around US\$1 billion.

This guidance considers the currently foreseen impacts from both the pandemic and the war between Russia and Ukraine on projects and fleet operations. The Company highlights that the direct and indirect effects of these events could continue to have a material impact on the Company's business and results and the realization of the guidance for 2022.

## Conference Call

SBM Offshore has scheduled a conference call, which will be followed by a Q&A session, to discuss the Third Quarter 2022 Trading Update.

The event is scheduled for Thursday, November 10, 2022 at 10.00 AM (CET) and will be hosted by Bruno Chabas (CEO), Øivind Tangen (COO) and Douglas Wood (CFO).

Interested parties are invited to register prior to the call using the link: [Third Quarter 2022 Trading Update Conference Call](#)

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.

## Corporate Profile

SBM Offshore designs, builds, installs and operates offshore floating facilities for the offshore energy industry. As a leading technology provider, we put our marine expertise at the service of a responsible energy transition by reducing emissions from fossil fuel production, while developing cleaner solutions for renewable energy sources.

More than 5,000 SBMers worldwide are committed to sharing their experience to deliver safe, sustainable and affordable energy from the oceans for generations to come.

For further information, please visit our website at [www.sbmoffshore.com](http://www.sbmoffshore.com).

<b>Financial Calendar</b>	<b>Date</b>	<b>Year</b>
Full Year 2022 Earnings	February 23	2023
Annual General Meeting	April 13	2023
First Quarter 2023 Trading Update	May 11	2023
Half Year 2023 Earnings	August 10	2023
Third Quarter 2023 Trading Update	November 9	2023

For further information, please contact:

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## Market Abuse Regulation

This press release may contain inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

## Disclaimer

Some of the statements contained in this release that are not historical facts are statements of future expectations and other forward-looking statements based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those in such statements. These statements may be identified by words such as 'expect', 'should', 'could', 'shall' and similar expressions. Such forward-looking statements are subject to various risks and uncertainties. The principal risks which could affect the future operations of SBM Offshore N.V. are described in the 'Risk Management' section of the 2021 Annual Report.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results and performance of the Company's business may vary materially and adversely from the forward-looking statements described in this release. SBM Offshore does not intend and does not assume any obligation to update any industry information or forward-looking statements set forth in this release to reflect new information, subsequent events or otherwise.

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<sup>1</sup> Directional reporting, presented in the Financial Statements under Operating Segments and Directional Reporting, represents a pro-forma accounting policy, which treats all lease contracts as operating leases and consolidates all co-owned investees related to lease contracts on a proportional basis based on percentage of ownership. This explanatory note relates to all Directional reporting in this document.

<sup>2</sup> Measured per 200,000 manhours.

<sup>3</sup> Average per operational unit including FPSO *Liza Unity* from July 2022 onwards.