Press Release

SBM OFFSHORE 2019 HALF-YEAR EARNINGS

August 8, 2019

Highlights

- US$6.3 billion order intake year-to-date, driving a 36% backlog increase
- Contracted cash flow from Lease and Operate fleet provides visibility up to 2045
- Four major projects under execution in Turnkey, including three FPSOs, of which two based on Fast4Ward®
- 2019 Directional[1] revenue guidance increased to “above US$2 billion” due to Turnkey growth
- 2019 Directional EBITDA guidance increased to “above US$750 million”
- Year-to-date Directional revenue US$965 million; Directional EBITDA US$399 million, in line with expectation
- Returned US$272 million to shareholders via completed share repurchase program and dividend

The 2019 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:

“SBM Offshore’s financial results are trending ahead of expectation for the year as it enters a period of significant growth. Developments of deep water reservoirs continue to rank favorably in client project portfolios. This is because these developments benefit from large scale production facilities. The Company’s Fast4Ward® program brings scale combined with a reliable execution schedule and shorter cycle time to first oil. The program also enables the Company to increase productivity and resource flexibility. Demand growth and limited FPSO contractor capacity mean that SBM Offshore will remain selective in its contract choices.

With the six billion increase in order backlog, SBM Offshore is going through a disciplined growth phase. The Company maintains flexibility to adapt to market dynamics. SBM Offshore is currently working on four major projects. Following successful integration of its topsides, FPSO *Liza Destiny* left Singapore quay side and set course for Guyana on July 18, 2019. The Johan Castberg turret mooring system continues to make good progress in Dubai. FPSO *Liza Unity’s* hull recently came out of dry dock, representing SBM Offshore’s first Fast4Ward® multipurpose floater. SBM Offshore recently won the Mero 2 award in Brazil, also on the basis of Fast4Ward®. This award demonstrates the Company’s ability to win new work for Petrobras in Brazil again.

SBM Offshore continues to expand on its flexible outsourcing model, including the cooperation with Nauvata in India. Fast4Ward® brings additional resource flexibility and efficiency from repetition and standardization. This effect is visible not only in execution, but also in tendering and in onboarding new staff in the new ways of working. SBM Offshore’s teams remain focused on executing our portfolio of major projects and on delivering the Company’s strategy.”

[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 reporting in this document.

Overview

in US$ million	Directional 1H 2019	Directional 1H 2018	Directional % Change	IFRS 1H 2019	IFRS 1H 2018	IFRS % Change
Revenue	965	808	*19%*	1,491	1,023	*46%*
Lease and Operate	646	654	*-1%*	648	643	*1%*
Turnkey	319	154	*107%*	843	380	*122%*
EBITDA	399	647	*-38%*	447	433	*3%*
Lease and Operate	425	427	*0%*	400	385	*4%*
Turnkey	5	250	*-98%*	77	77	*0%*
Other	(30)	(30)	*0%*	(30)	(30)	*0%*
Underlying EBITDA	399	414	*-4%*	447	417	*7%*
Lease and Operate	425	427	*0%*	400	385	*4%*
Turnkey	5	17	*-71%*	77	62	*24%*
Other	(30)	(30)	*0%*	(30)	(30)	*0%*
Profit attributable to Shareholders	61	314	*-81%*	127	147	*-14%*
Underlying Profit attributable to Shareholders	61	81	*-25%*	127	131	*-3%*
Earnings per share [US$ per share]	0.30	1.54	*-81%*	0.63	0.72	*-13%*
Underlying earnings per share [US$ per share]	0.30	0.40	*-25%*	0.63	0.64	*-2%*

in US$ million	Directional 1H 2019	Directional 1H 2018	IFRS 1H 2019	IFRS 1H 2018
Non-recurring items impacting EBITDA	-	233	-	16
Turritella gain on disposal	-	217	-	-
Yme insurance claim	-	16	-	16

in US$ billion	Directional Jun-30-19	Directional Dec-31-18	Directional % Change	IFRS Jun-30-19	IFRS Dec-31-18	IFRS % Change
Pro-Forma Backlog[2]	20.1	14.8	*36%*	-	-	-
Net Debt[3]	3.0	2.4	*25%*	4.4	3.8	*16%*

Directional revenue as of June 30, 2019 totaled US$965 million, representing an increase of US$157 million or 19% compared with the same period last year. This increase was driven by a higher activity level in Turnkey on various projects. The Company did not report adjustments for the period and, as such, reported EBITDA is the same as Underlying EBITDA. Directional EBITDA for the period was US$399 million, US$15 million below the Underlying EBITDA for the same period last year. This 4% decrease was primarily caused by the one-off nature of a number of positive close-out items for Turnkey projects during the first half of 2018.

Under Directional, the significant activity in Turnkey related to FPSO *Liza Destiny,* as well as FPSO *Liza Unity,* is not reflected in Revenues or EBITDA for the period as these are treated as operating leases and hence are booked in capital expenditure on the balance sheet. These projects will generate revenues, margin and cash flow in Lease and Operate starting at first oil. The sale to the client, which is anticipated after a period of up to two years of operations on both vessels, will be booked in Turnkey. See the section on backlog for more information.

Funding and Directional Net Debt

Net debt increased by US$0.6 billion to US$3 billion at June 30, 2019. While the Lease and Operate segment generated strong operating cash flow in line with expectation, the increase of the net debt mainly reflected significant capital expenditures over the period (c. US$320 million, including investment in the 3 Fast4Ward® hulls), the payment to Repsol of their share of Yme insurance proceeds (c. US$180 million of a total of US$390 million), shareholder returns (c. US$270 million), as well as the expected unwinding of a large portion of working capital in the Turnkey segment (significant milestone payments invoiced and received as of December 31, 2018).

[2] The Company provides a pro-forma backlog which includes various assumptions, see the section on backlog for more information.
[3] Net debt has been presented to include the impact of IFRS16 under Directional and IFRS for both periods.

At mid-year, the Company had undrawn credit facilities of US$1.3 billion comprising of US$0.6 billion available under the US$1 billion Revolving Credit Facility (RCF) and the Liza Destiny project financing for US$0.7 billion, currently available for drawdown. With respect to the foreseen Liza Unity project financing, commitments have been received from financial institutions in excess of the targeted financing amount. These latter two, when drawn, will reinstate capacity under the RCF.

With respect to Mero 2, SBM Offshore is in discussion with prospective partners for a divestment of a minority stake in the companies owning the FPSO. At present, the Company targets to divest 35% of the FPSO owning and operating entities. Following the signature of the Letter of Intent, SBM Offshore has started discussions with prospective lenders and Export Credit Agencies to put in place the target financial structure for the project, which is expected to be completed in 2020.

Cancellation of shares

Upon completion of the 2019 share repurchase program, in line with its reported objectives, SBM Offshore is planning to cancel 7 million shares currently held in Treasury. This represents c. 67% of the total shares repurchased. The cancellation is expected to take place before year end.

Directional Backlog

As ownership and change of ownership scenarios have the potential to significantly impact future cash flow, net debt balance as well as the profit and loss statement, the Company provides a pro-forma backlog on the basis of the most likely ownership scenarios for the various projects. The pro-forma Directional backlog increased by c. US$5.3 billion to a total of US$20.1 billion during the first six months of the year. This increase was mainly the result of the order wins for FPSO *Liza Unity* for ExxonMobil in Guyana and FPSO *Mero 2* for Petrobras in Brazil. Turnover for the period consumed US$1 billion of backlog.

The pro-forma backlog reflects the following key assumptions:

- The Lease and Operate backlog includes the FPSOs *Liza Destiny* and *Liza Unity* operating and maintenance scope, for which the FPSO *Liza Unity* is pending a final work order.
- For both FPSO *Liza Destiny* and FPSO *Liza Unity*, two years of operations are added to the Lease and Operate backlog. The Liza Destiny contract covers 10 years of lease and operate but based on discussion with the client, it is expected that the client will purchase the unit after a period of up to two years of operations. The Liza Unity contract covers a maximum period of two years of lease and operate within which the unit will be purchased by the client. The subsequent sales are added to the Turnkey backlog for both FPSOs.
- The pro-forma backlog of FPSO *Mero 2* takes into account the initially targeted SBM Offshore ownership share (65%) in the 22.5 year lease and operate contracts. As a consequence, this targeted share was added to the Lease and Operate backlog and the partial divestment to partners (35%), which remains subject to finalization of the shareholder agreement and various approvals, was added to the Turnkey backlog.

(in billion US$)	Turnkey	Lease & Operate	Total
2H 2019	0.3	0.7	1.0
2020	0.4	1.5	2.0
2021	1.1	1.4	2.5
Beyond 2021	1.3	13.4	14.7
Total Backlog	**3.1**	**17.0**	**20.1**

Project Review

Project	Client/country	Contract	SBM Share	Capacity, Size	POC	Expected Delivery	Notes
***Liza Destiny*, FPSO**	ExxonMobil Guyana	10 year lease & operate	100%	120,000 bpd		2020	Sailing to Guyana for hook-up and installation
Castberg, Turret	Equinor Norway	Turnkey sale	100%	c. 190,000 bpd		2020	On schedule
***Liza Unity* , FPSO**	ExxonMobil Guyana	2 year Build, Operate, Transfer	100%	220,000 bpd		2022	Multipurpose hull launched from dry dock
***Mero 2* , FPSO**	Petrobras Brazil	22.5 year lease & operate	100%	180,000 bpd		2022	First steel cut in July 2019

Legend, Percentage of Completion (POC)

< 25% 25%< 50% 50%< 75% > 75% 100%

Notes: in cases of a consortium, client refers to the operator. Mero 2 ownership reflects current contractual situation. Regarding FPSO Liza Destiny it is expected that the client will purchase the unit after a period of up to two years of operations.

Fast4Ward®

SBM Offshore currently has three standard, multipurpose hulls under construction. The first hull left dry dock in the yard of SWS (Shanghai Waigaoqiao Shipbuilding and Offshore Co., Ltd.) on June 8, 2019. The hull is allocated to the FPSO *Liza Unity*. Good progress is being made on the second hull in the yard of CMIH (China Merchants Industry Holdings). This hull is allocated to the FPSO *Mero 2*. Construction on the third hull recently started in SWS. SBM Offshore is confident that this hull will be allocated to an identified opportunity.

FPSO *Liza Destiny*

The major project FPSO *Liza Destiny* continues to progress in line with schedule. After successful topsides integration and pre-commissioning activities, the vessel left Singapore on July 18, 2019 and is on its way to its mooring location in Guyana, where it is scheduled to arrive in the third quarter of 2019. In Guyana, work is continuing with respect to operations readiness, setting up the shore base and delivering on local content commitments.

Johan Castberg Turret Mooring System

Fabrication of the complex turret mooring system for the FPSO *Johan Castberg* continues to progress well, in line with client schedule, to meet delivery early in 2020.

FPSO *Liza Unity*

The major project FPSO *Liza Unity* is progressing according to schedule. The standard multipurpose hull was recently launched from the dry dock in China. The engineering is progressing as planned, benefiting from the Fast4Ward® module catalogue.

FPSO *Mero 2*

The Letter of Intent for the major project FPSO *Mero 2* was signed on June 10, 2019. Its standard multipurpose hull is currently under construction, passing the first steel cut milestone in July and progressing in line with project schedule.

Operational Update

The Lease and Operate fleet uptime as at June 30, 2019 stood at 99.1%.

HSSE

SBM Offshore's safety performance continued to be strong during the first half year in 2019. The Total Recordable Injury Frequency Rate (TRIFR) of 0.13 represents in line performance as compared with 2018 and 2017.

SBM Offshore has selected three Sustainable Development Goals (SDG) for which it has developed measurable and challenging targets for 2019 and started to monitor progress. Going forward, the Company intends to establish targets linked to a further four SDGs, which will be integrated with the first phase of the program.

The Company entered into its first interest rate swap transaction in the first half of 2019, which incorporates a link to the Company's sustainability performance in the pricing mechanism. This builds on the same principle applied in the Company's Sustainable Revolving Credit Facility.

Brazil update

After the approval by the Brazilian Fifth Chamber for Coordination and Review and Anti-corruption of the Leniency Agreement with the Brazilian Federal Prosecutor's Office (MPF) the next and final step remains the formal withdrawal by the MPF of the lawsuit that it initiated in December 2017. Upon this withdrawal, the Leniency Agreement with the MPF, signed on September 1, 2018 will become fully effective, after which the Company will pay the agreed fine of BRL200 million to Petrobras. In this closing procedure, a federal judge declined the request by the MPF to approve the agreement, considering that despite the conclusion that the agreement suffices, the redress for damages agreed by the parties appear to deviate by BRL194 million (c. US$50 million) from a number in an earlier calculation. The MPF and the Company both filed motions to address this concern. This matter has no impact on the Leniency Agreement signed by the Company on July 26, 2018 with other Brazilian Authorities and Petrobras that allowed the Company to resume normal business activities with Petrobras.

Outlook and Guidance

Management continues to have a positive outlook for the Company. As a result of growth in Turnkey, the Company's 2019 Directional revenue guidance is increased to "above US$2.0 billion" from "around US$2.0 billion", of which US$1.3 billion is expected from Lease and Operate segment and more than US$700 million from the Turnkey segment.

2019 Directional EBITDA guidance is increased to "above US$750 million" from "around US$750 million".

Analyst Presentation & Conference Call

SBM Offshore has scheduled a conference call and webcast of its presentation to the financial community followed by a Q&A session at 10.00am (Amsterdam, The Netherlands) on Thursday, August 8, 2019.

The webcast 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 20 531 5851 in the Netherlands, +44 203 365 3210 in the UK or +1 (866) 349 6093 in the US. Interested parties may also listen to the presentation via webcast through the link below, also posted on the Investor Relations section of the Company's website.

The live webcast and replay, which should be available shortly after the call, will be available at:
https://channel.royalcast.com/webcast/sbmoffshoreinvestors/20190808_1/

Financial Calendar	Date	Year
Trading Update 3Q 2019 – Press Release	November 14	2019
2019 Full Year Earnings	February 13	2020
Annual General Meeting of Shareholders	April 8	2020
Trading Update 1Q 2020 – Press Release	May 14	2020
Half-Year 2020 Earnings – Press Release	August 6	2020
Trading Update 3Q 2020 – Press Release	November 12	2020

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, August 8, 2019

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