

Half Year 2019 Earnings Update

August 8, 2019



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Company strategy at work



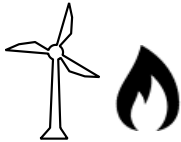
**US\$ 272m
shareholder returns**

+US\$ 6.3bn

Backlog¹ addition



**2 Fast4Ward[®]
awards**



**Innovating for
the future**



**Disciplined execution
throughout the cycle**

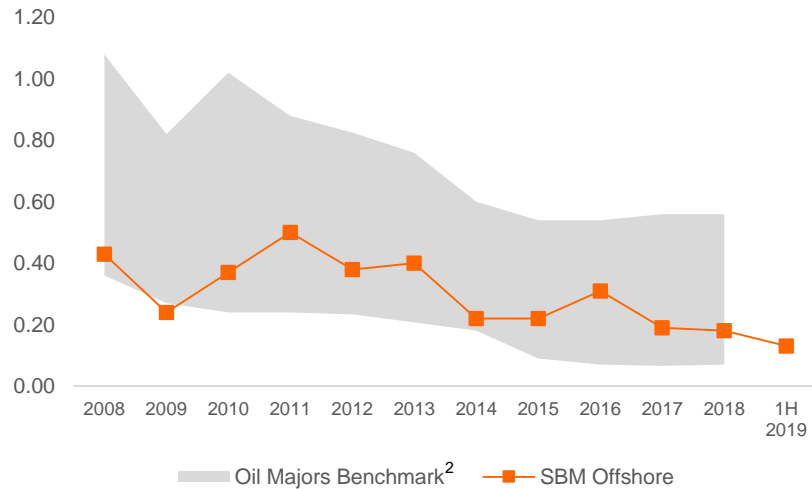


**Positive market
outlook**

(1) Reflects a pro-forma view of the Company's Directional backlog; for further details on the key-assumptions please see slide 29

Safety

Total Recordable Injury Frequency Rate¹



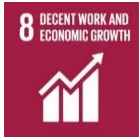
(1) Per 200k man-hours
 (2) Includes Shell, BP, Total, Chevron, Woodside, ExxonMobil, ENI, Equinor

6th Annual LIFE DAY

12 JUNE 2019

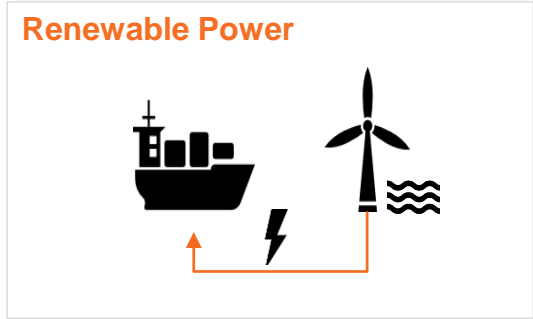
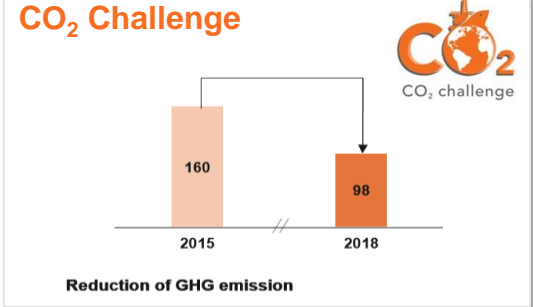


Selected 2019 SDGs



Human Rights

BR BUILDING RESPONSIBLY





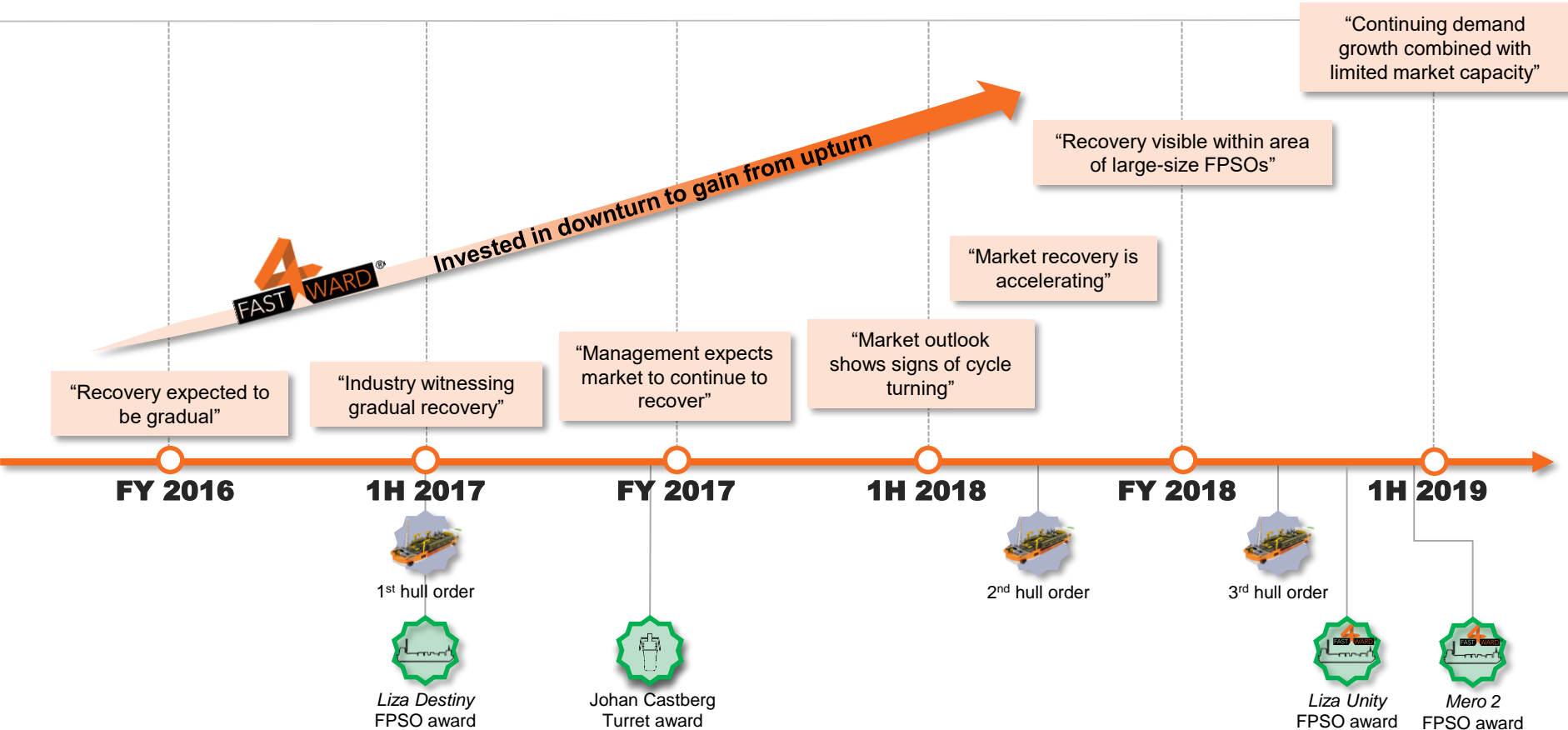
The Market

SBM Offshore's Strategy

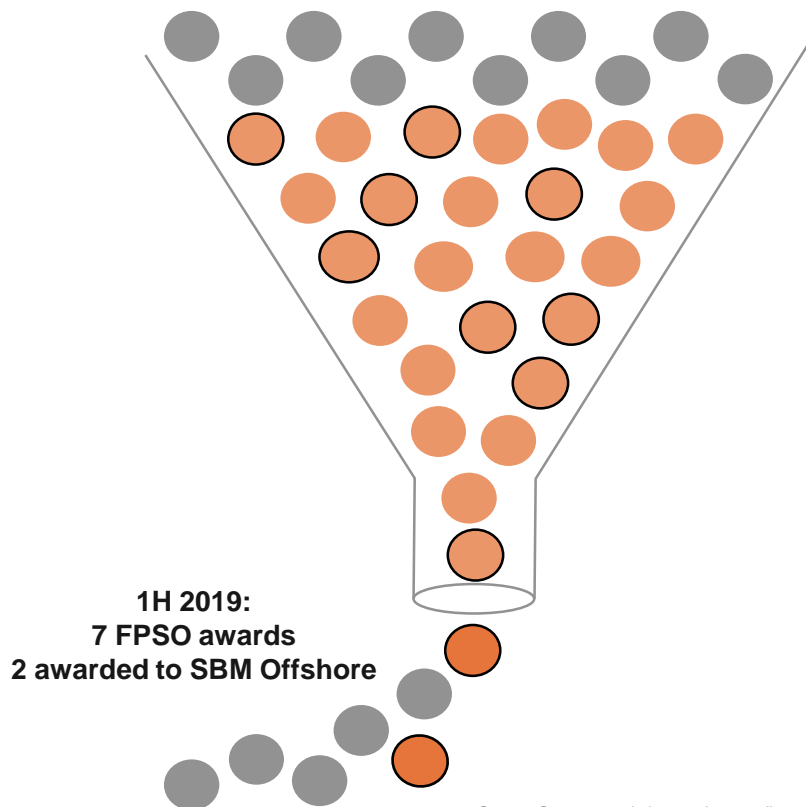
1H 2019 Financials

Outlook

SBM Offshore's market growing



FPSO Market – prospects funnel 2019-2021



~ 35 prospects

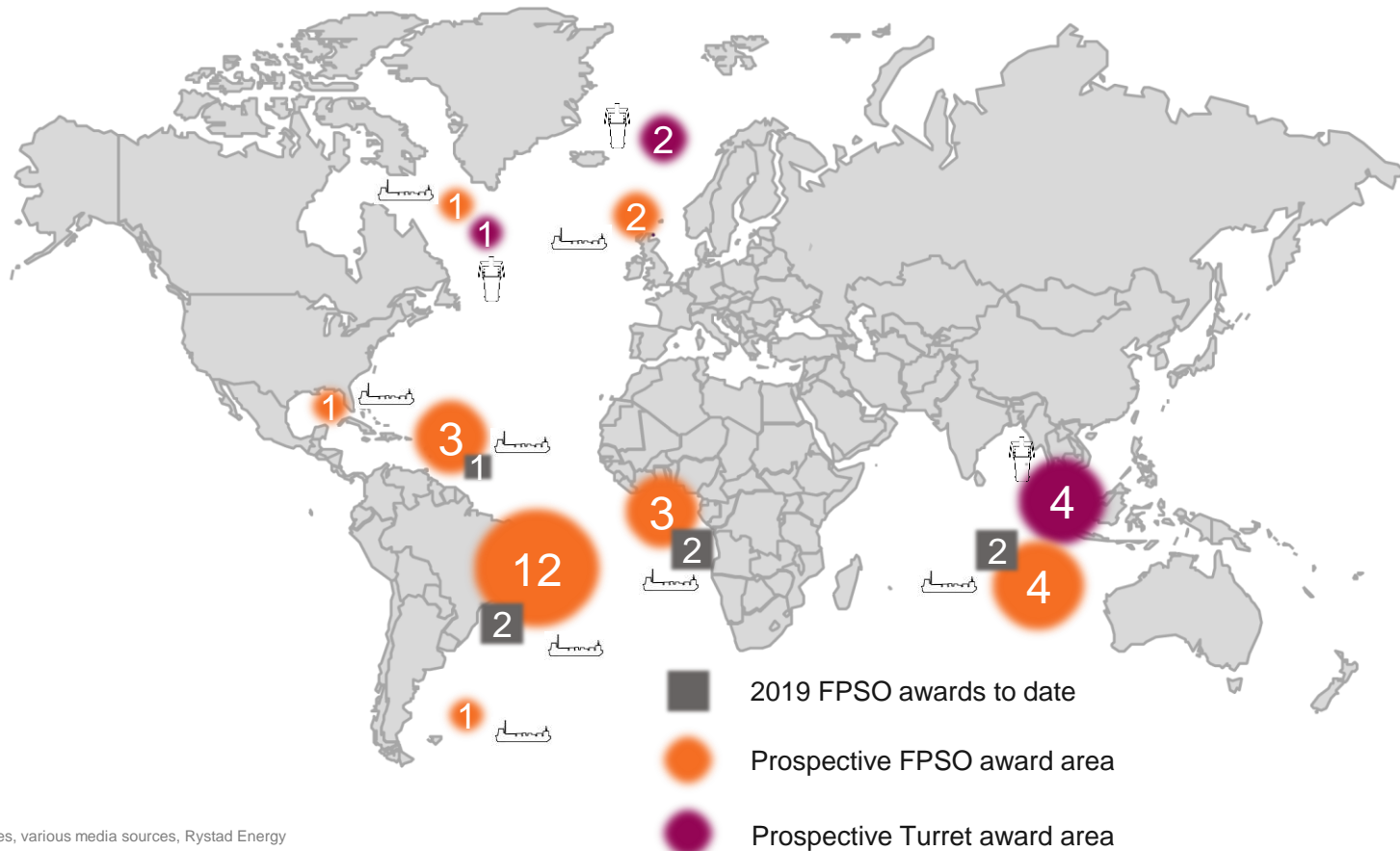
> 25 potential awards

~ 9 projects within target market

Disciplined in bidding and execution:
2+ FPSO project wins per year

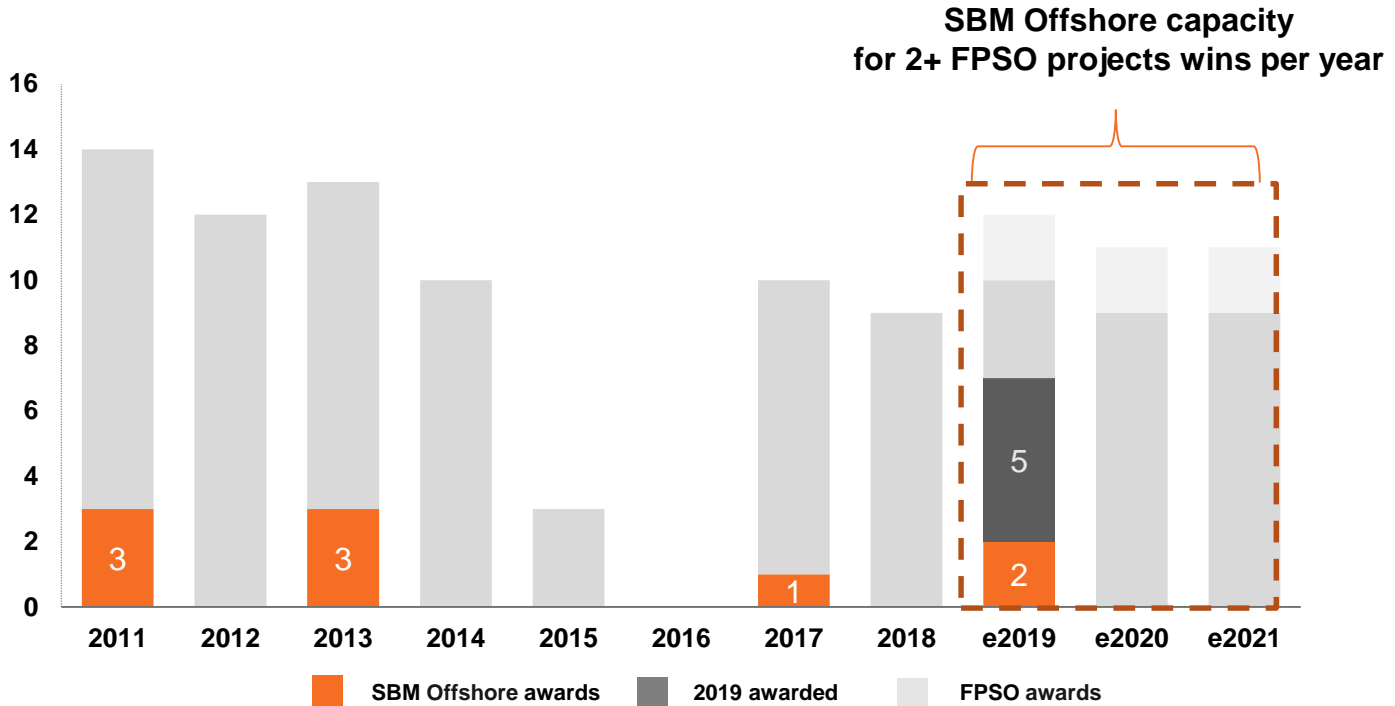
Source: Company websites, various media sources, Rystad Energy

Prospective award areas 2019-2021



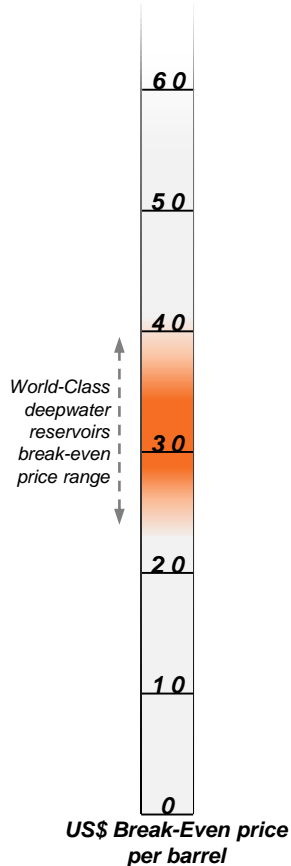
Source: Company websites, various media sources, Rystad Energy

Total FPSO market awards



Sources: Company websites, various media sources, Rystad Energy

What the industry says about Deepwater



“Our portfolio of deepwater opportunities is key to long-term growth plans.”



“We will continue prioritizing our activities in deep waters”



“We have a leading global deepwater business and have an exciting funnel of competitive, high-margin projects to develop.”



RYSTAD ENERGY

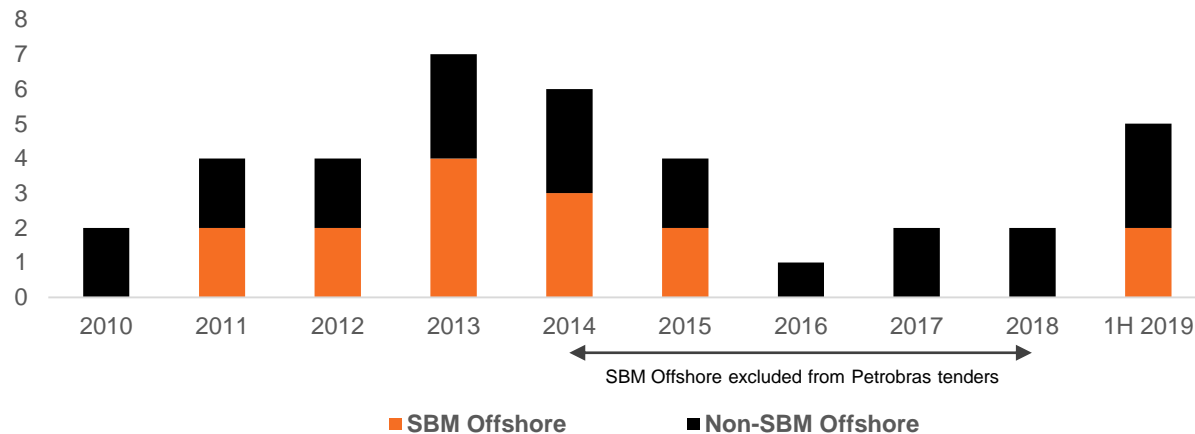
“Deepwater leads the way in oil, gas discoveries in 2019”



“For all big majors, deepwater is a growth element. Deepwater is where all the big discoveries are made”

Premium for experienced contractors

Major FPSOs under construction by active contractors



Significant capacity booked

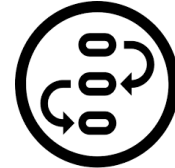
Source: Company presentations, various media sources

Disciplined: flexible capacity and growth



Workforce capacity

- SBM Offshore global resource pool
- Joint venture with Indian based Navvata



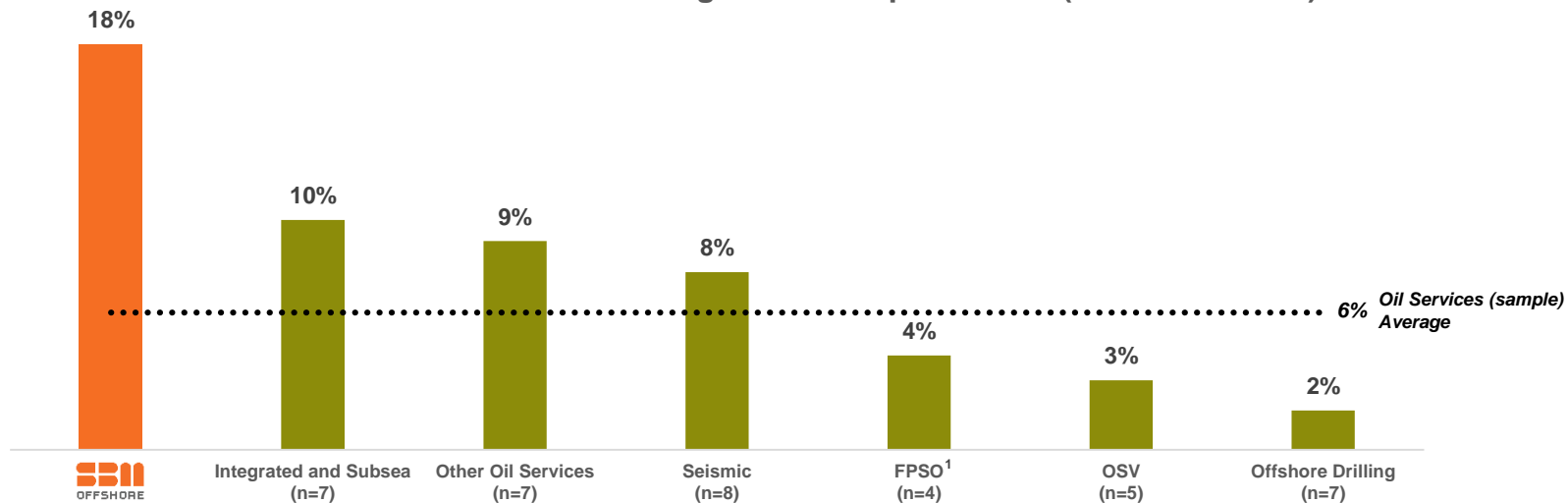
Standardization

- Enabling growth with greater reliability
- Increasing productivity and flexibility



Cash returns to shareholders

Total cash to shareholders / average market capitalization (2016 to 1H 2019)



(1) Excluding SBM Offshore

Note: represents cash dividend and share repurchase programs.

Source: Company financial statements, S&P Capital IQ, Bloomberg



The Market
SBM Offshore's Strategy
2019 Financials
Outlook

Our Strategy



Best in class



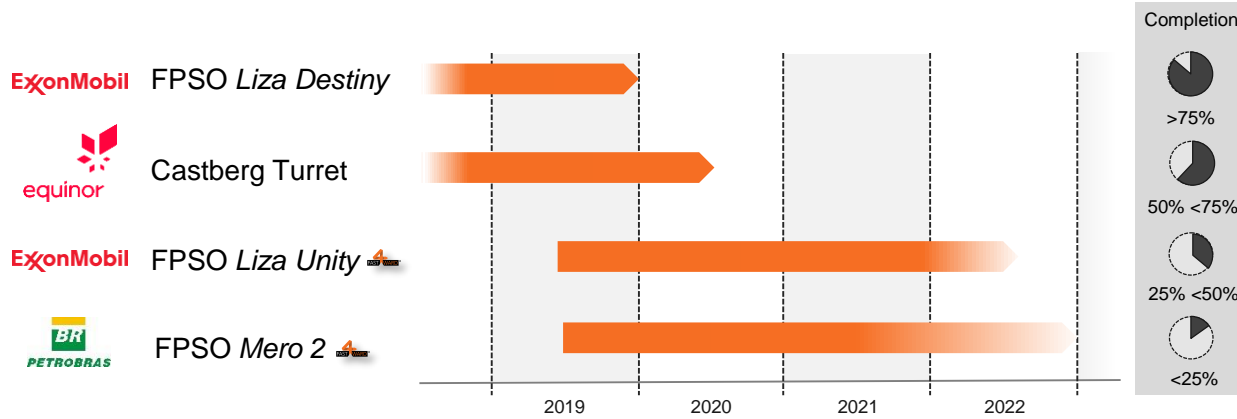
Change our ways
of working



The energy transition



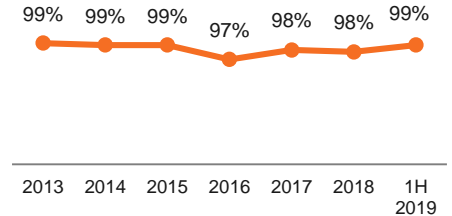
Projects update



- 3 new-build Fast4Ward® hulls under construction

Operational performance

Fleet uptime

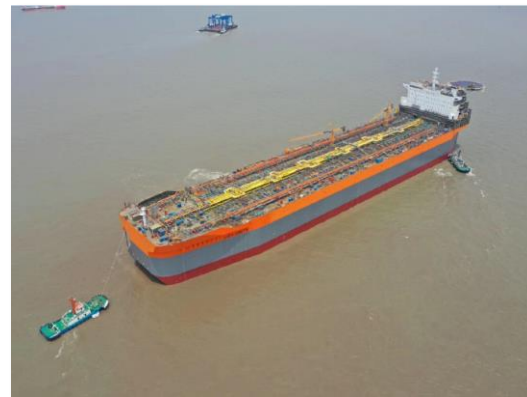
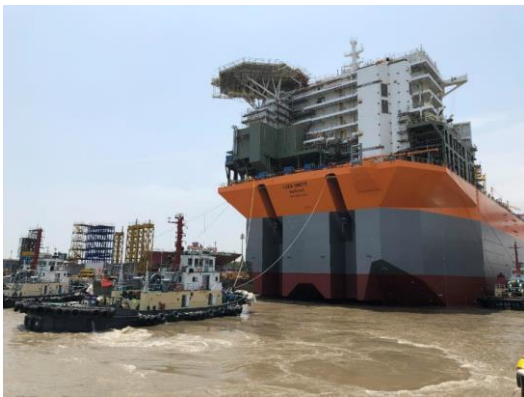


FPSO Liza Destiny sailing to Guyana



Transform | Fast4Ward[®], the reality

- 1st Fast4Ward[®] hull getting ready
- 2 out of 3 hulls allocated to sanctioned projects



Transform | FPSO evolution to date



1997 – FPSO G1



2006 – FPSO G2



2014 – FPSO G3



License
to
Operate



OIPOC



The Engineer 4.0 & Connected Operator



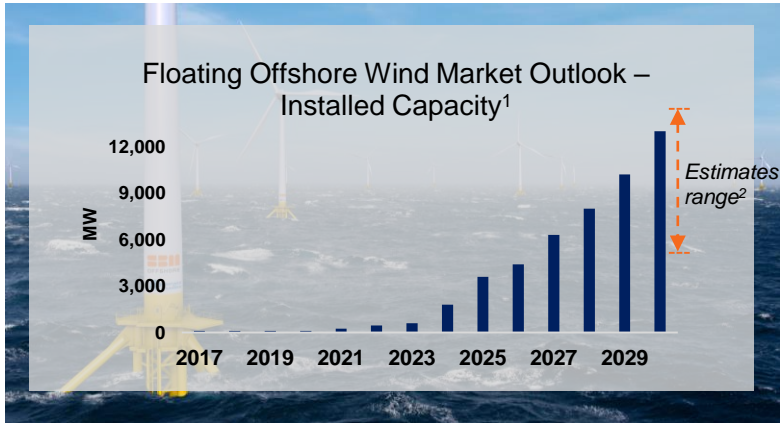
Digital Twin



The Unmanned FPSO



Floating Offshore Wind



- Estimated installed floating wind capacity by 2030: 5 – 15 GW

Wave Energy Converter

- First investment in 2009
- Investment decision taken 1st offshore prototype, launch in 2021
- US\$20 million gross investment committed coming 3 years



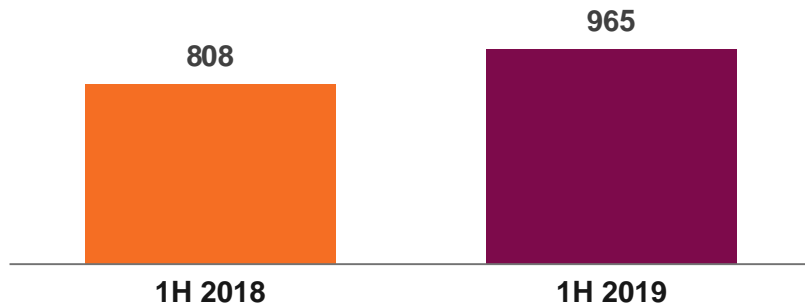
(1) Source: Equinor
 (2) Source: Recharge news, Roland Berger



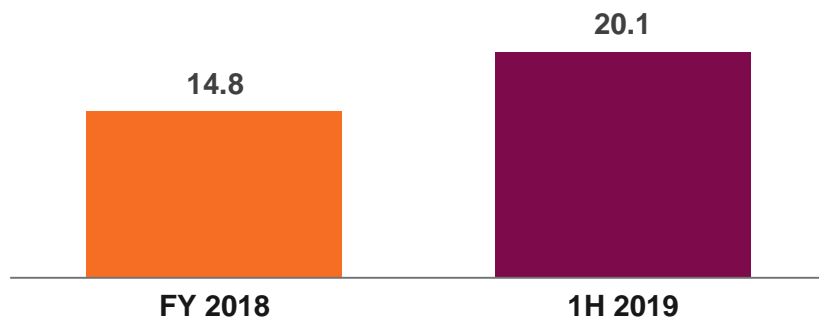
The Market
SBM Offshore's Strategy
1H 2019 Financials
Outlook

Directional overview¹

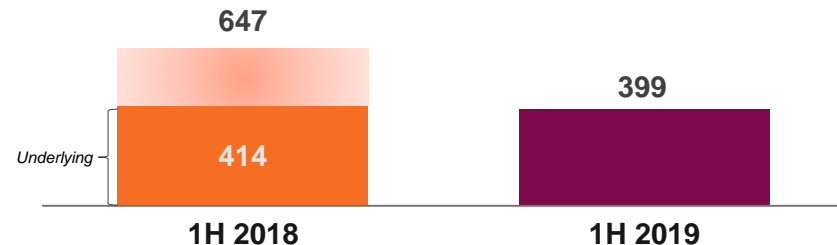
Revenue (US\$ millions)



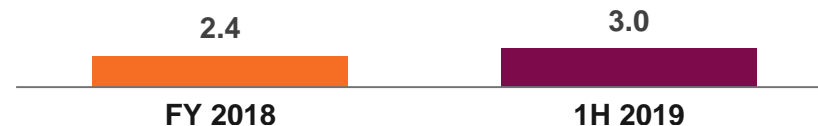
Pro-forma backlog (US\$ billions)



EBITDA (US\$ millions)

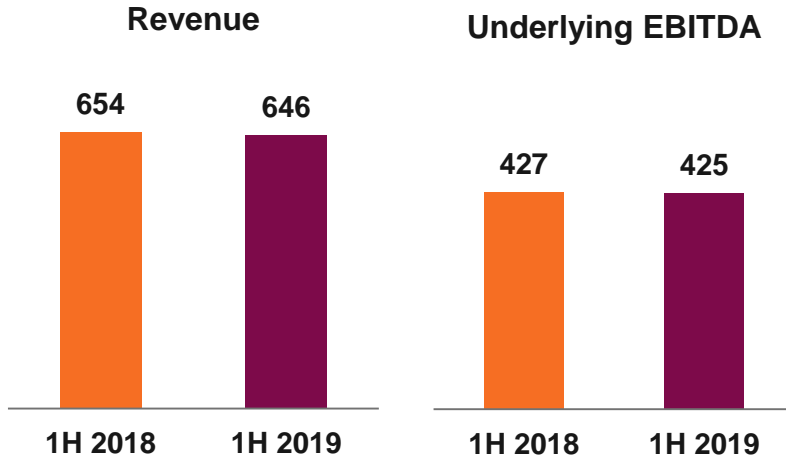


Net debt (US\$ billions)

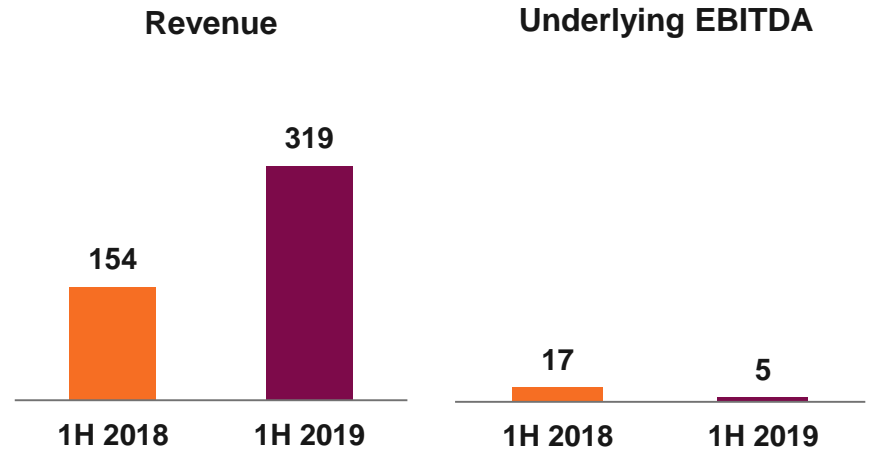


(1) Directional view, presented under IFRS8 Segment reporting, represents a pro-forma accounting policy, which assumes all lease contracts are classified as operating leases and all vessel investees are proportionally consolidated. This explanatory note relates to all Directional reporting in this document.

Lease and Operate



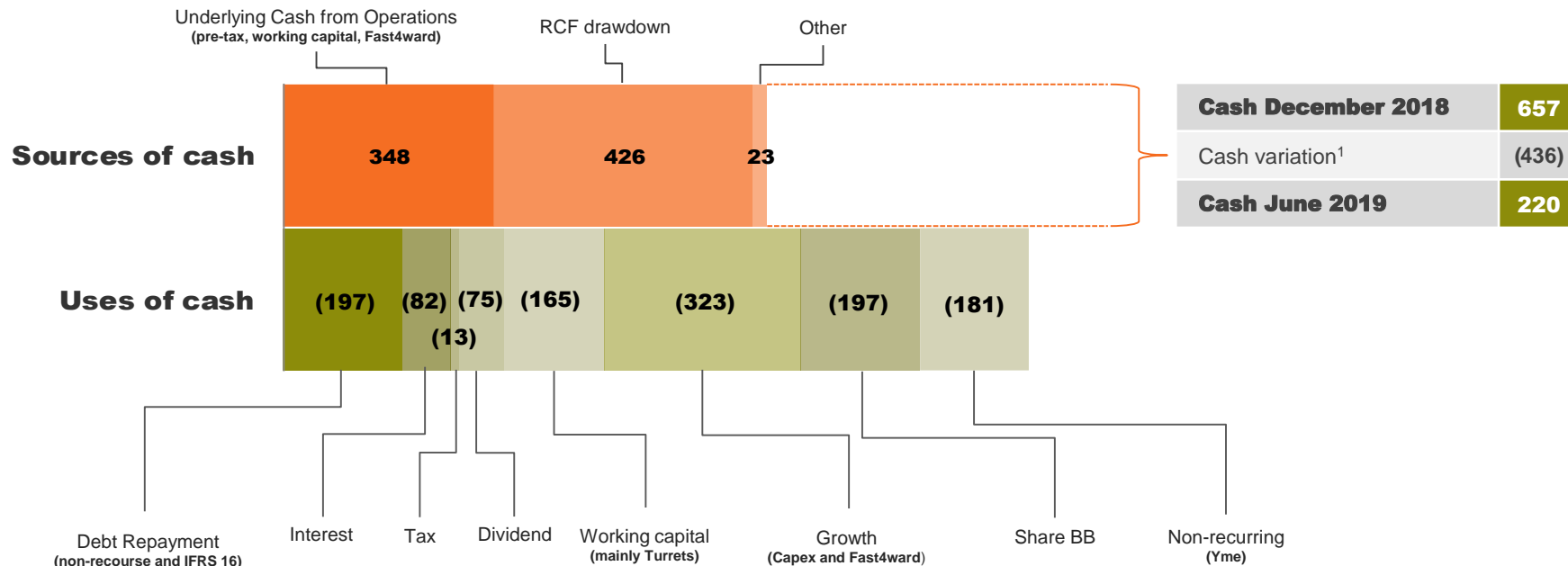
Turnkey



“Other” EBITDA 1H 2019 US\$(30) million vs 1H 2018 US\$(30) million

1H 2019 Sources and uses of cash

Directional, US\$ millions



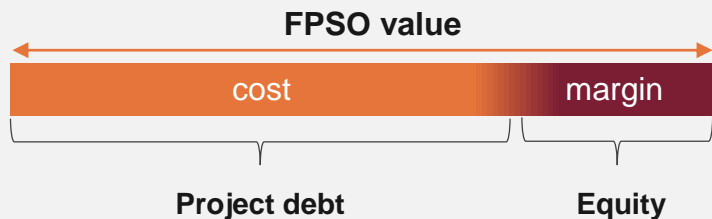
In line with expectation

(1) Includes foreign currency impact of US\$-2 million on actual cash balance

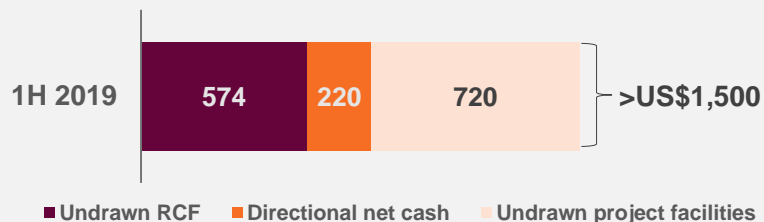
Funding growth

Directional, US\$ millions

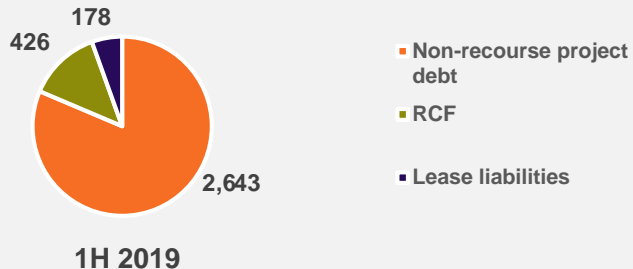
Efficient financing model



Undrawn facilities + cash



Directional borrowings and lease liabilities

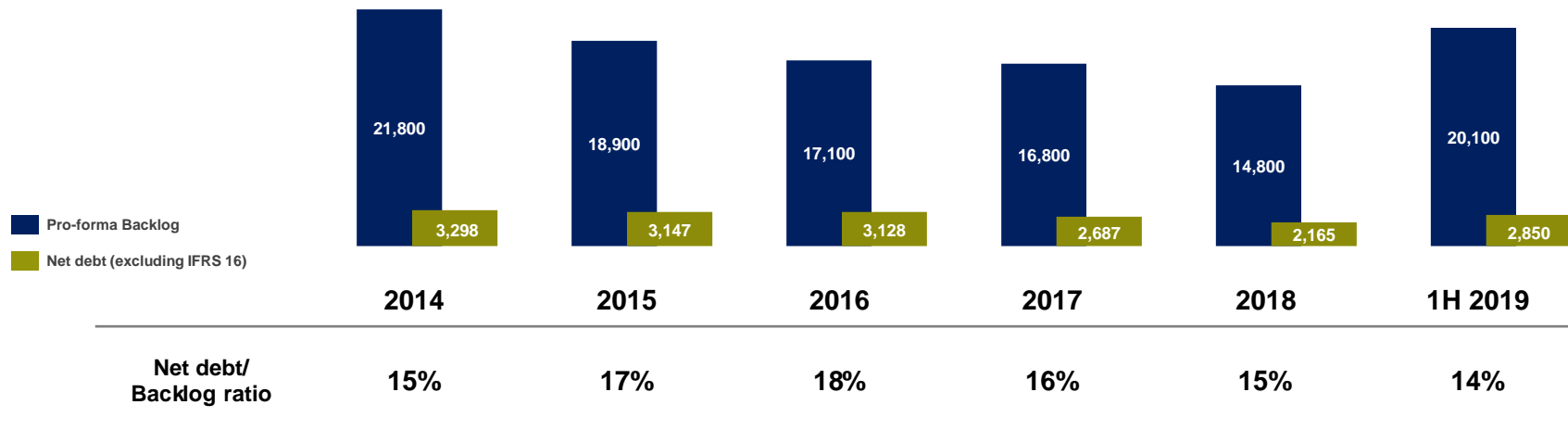


- ✓ *Liza Unity*: bank commitments received
- ✓ *Mero 2*: financing in progress

Financing secured for growth

Debt correlated to backlog

Directional, US\$ millions



- Debt directly related to individual project cash flows in backlog
- Increased debt = increased backlog and value
- Historically stable net-debt-to-backlog ratio: c. 15 – 20% range
- Expect similar level of stability going forward

Pro-forma Backlog and borrowings repayment

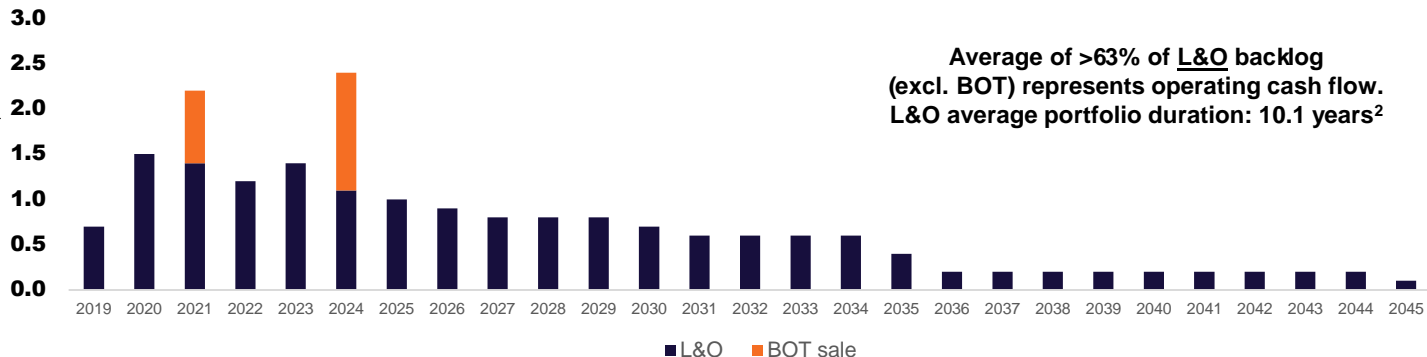
Directional, US\$ billions⁴

US\$20.1bn

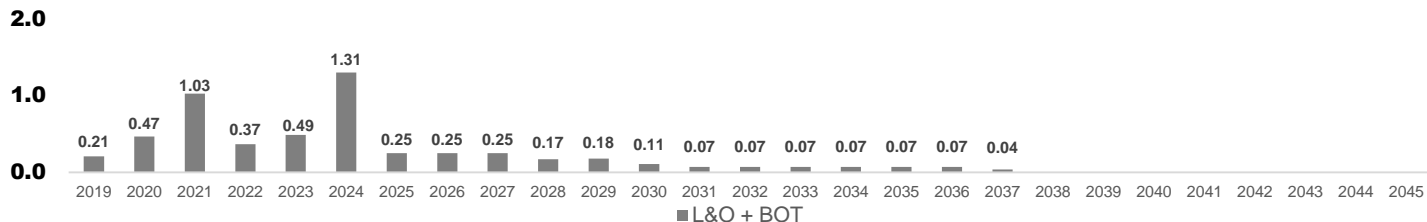
Turnkey backlog	
2019	0.3
2020	0.4
2021	1.1
Beyond 2021	1.3
Total	3.1



Pro-forma Directional L&O and BOT backlog¹



Pro-forma Directional L&O and BOT borrowings repayment profile³



(1) Backlog is the undiscounted revenue over the confirmed portion of the contract. The pro-forma backlog includes following assumptions:
 * Includes FPSO *Liza Unity* operating and maintenance scope, which is pending a final work order and a transfer of the FPSO to the client within a period of up to 2 years as contractually agreed.
 * Assumes that FPSO *Liza Destiny* will be purchased by the client within a period of two years of operation, which is not yet contractually committed as previously announced.
 * The sale of both BOT projects (*Liza Destiny* and *Liza Unity*) is reflected in the Turnkey backlog whereby the first two years of operation are included in the Lease and Operate backlog.
 * Assumes SBM ownership of 65% in FPSO *Mero 2*

(2) Assumes the exercise of all lease extensions, assumes transfer of FPSO *Liza Destiny* and *Liza Unity* to the client after 2 years of operation

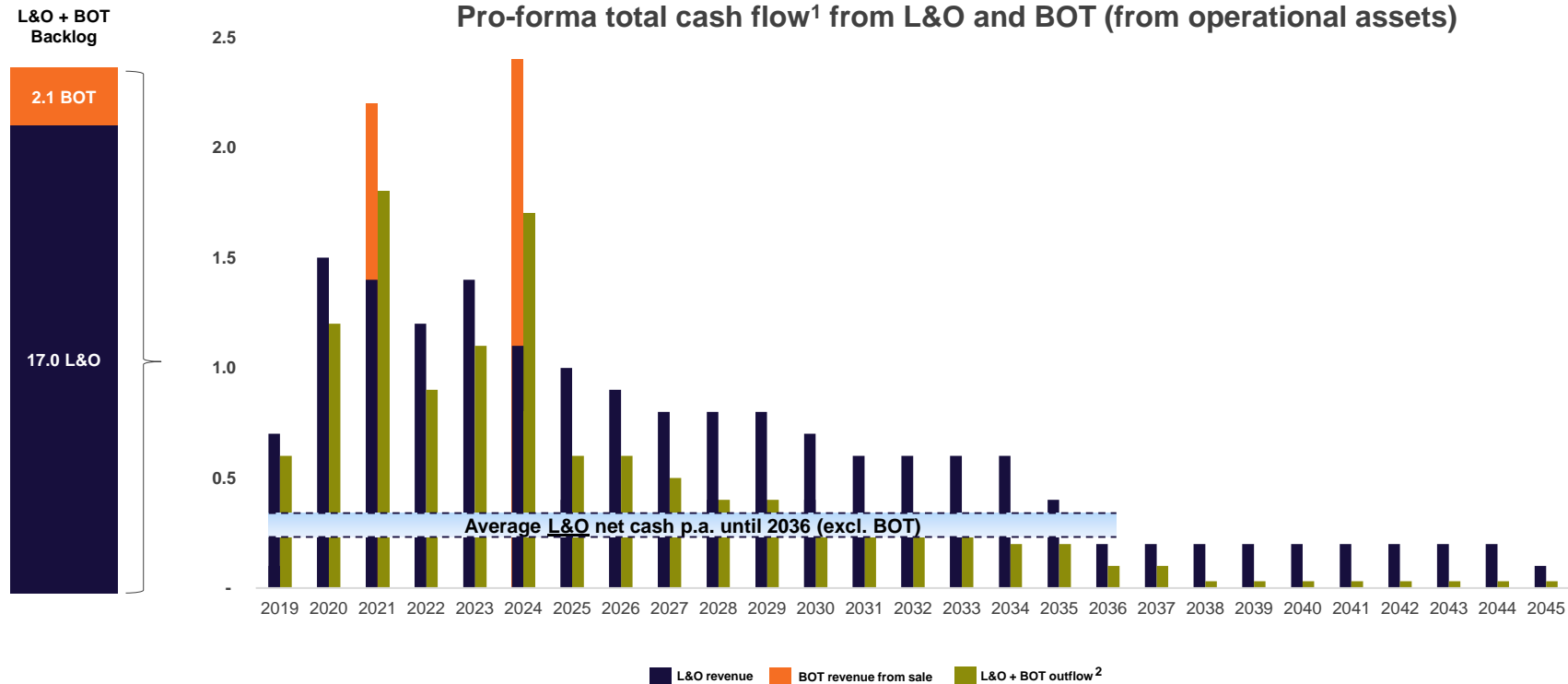
(3) The difference between current borrowings and the borrowings repayment profile are attributable to capitalized transaction costs and FPSO *Liza Destiny*, FPSO *Liza Unity* and FPSO *Mero 2* assumptions

(4) Rounding applied to nearest hundred million in the Turnkey, L&O and BOT backlog; rounding applied to nearest ten million in the debt redemption profile

Pro-forma cash flow visibility

Directional, US\$ billions

Pro-forma total cash flow¹ from L&O and BOT (from operational assets)



(1) Rounding applied to nearest hundred million

(2) Outflow includes Opex, debt redemptions, interest and non-cash reversal of deferred income; does not include Capex



The Market
SBM Offshore's Strategy
1H 2019 Financials
Outlook

- Continued 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 from Lease and Operate
 - Above US\$700 million from Turnkey
- 2019 Directional EBITDA guidance is increased to "above US\$750 million" from "around US\$750 million"

Appendix



Lease and Operate P&L

Directional, US\$ millions

	1H 2018	1H 2019	Variance
Revenue	654	646	(8)
Gross Margin	218	201	(17)
EBIT	208	191	(17)
Depreciation, amortization and impairment	(219)	(234)	(15)
EBITDA	427	425	(2)
Underlying EBITDA	427	425	(2)

Comments

Vessels In	-
Vessels Out	<i>Turritella, Yetagun, N'Kossa II</i>
D, A & I	Thunder Hawk impairment in 2019 of US\$(16) million
Underlying EBITDA	Overall stable as a result of vessels leaving the fleet offset by improved performance
EBITDA Margin	1H 2019: 65.8% 1H 2018: 65.3%

Turnkey P&L

Directional, US\$ millions

	1H 2018	1H 2019	Variance
Revenue	154	319	165
Gross Margin	51	40	(11)
EBIT	238	(7)	(245)
Depreciation, amortization and impairment	(12)	(12)	-
EBITDA	250	5	(245)
Underlying EBITDA	17	5	(12)

Comments

Ongoing Projects	Castberg turret mooring system, Lihua, multiple FEEDs, other various business
Underlying EBITDA	Ramp-up of Turnkey activity offset by higher presales activity and 1H 2018 positive project close outs

REMINDER: ALL MAJOR FPSO PROJECTS CURRENTLY UNDER CONSTRUCTION ARE CURRENTLY 100% OWNED BY SBM OFFSHORE AND THEREFORE DO NOT CONTRIBUTE TO TURNKEY P&L UNDER DIRECTIONAL REPORTING

Group P&L

Directional, US\$ millions

	1H 2018	1H 2019	Variance
Revenue	808	965	157
Gross Margin	268	241	(27)
Overheads	(87)	(96)	(9)
Other operating income / (expense)	232	5	(227)
Net impairment gain / (loss)	-	1	1
EBIT	414	151	(263)
Depreciation, amortization and impairment	(233)	(248)	(15)
EBITDA	647	399	(248)
Underlying EBITDA	414	399	(15)
Net financing costs	(74)	(76)	(1)
Share of profit of equity-accounted investees	(4)	2	6
Income tax expense	(22)	(17)	5
Net Income attributable to shareholders	314	61	(253)
Underlying net income attributable to shareholders	81	61	(20)

Comments

Other operating income / (expense)

2018: gain on sale of Turritella and YME insurance claim

P&L: underlying items 1H 2018/1H 2019

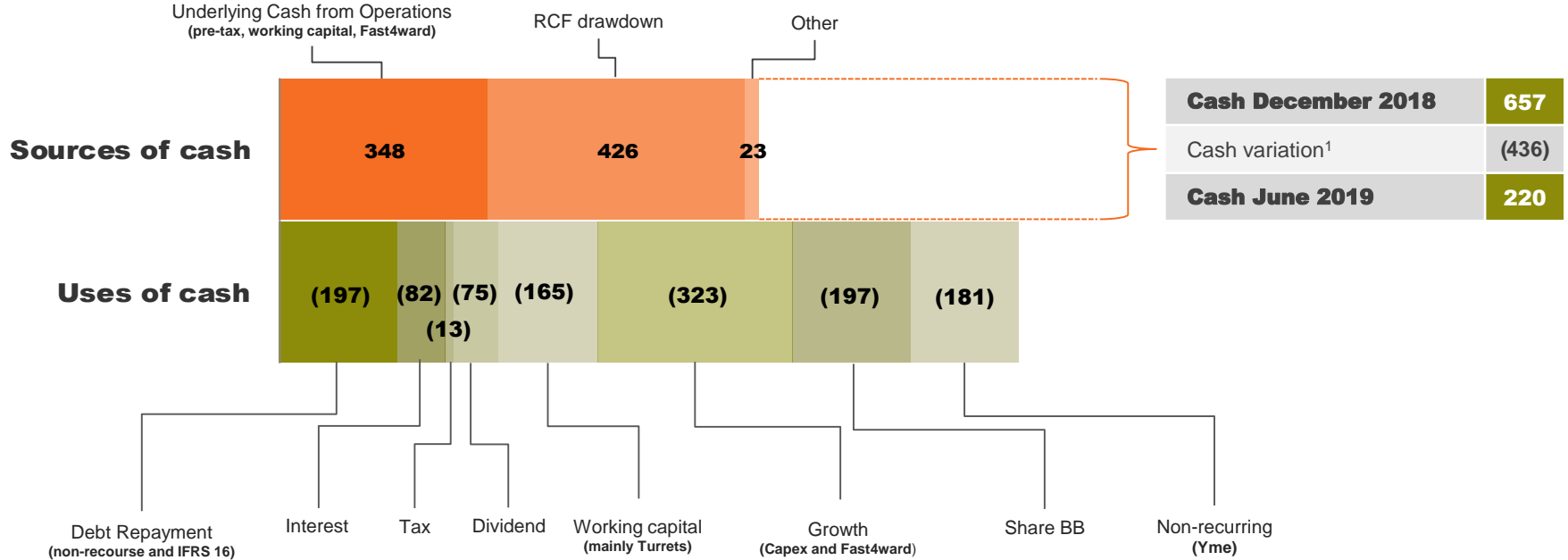
Directional, US\$ millions

	Directional underlying items			Segment
	1H 2018	1H 2019	Impact P&L	
Total underlying items	233	-		
Turritella gain on disposal	217	-	EBITDA	Turnkey
YME insurance claim	16	-	EBITDA	Turnkey
Subtotal EBITDA impact	233	-		
Subtotal other impact	-	-		

1H 2019 Sources and uses of cash

Directional, US\$ millions

L&O	425
Turnkey	5
Other	(30)
Underlying EBITDA	399
Deferred income	(51)



In line with expectation

(1) Includes foreign currency impact of US\$-2 million on actual cash balance

Cash flow statement

Directional, US\$ millions
1H 2019

EBITDA	399
Addition/(release) provision and non-cash items	15
Changes in operating assets and liabilities	(293) ¹
Yme proceeds shared with Repsol	(181)
Income taxes paid	(13)
Net cash flows from (used in) operating activities	(73)
Capital expenditures	(263)
Other investing activities	26
Net cash flows from (used in) investing activities	(237)
Addition and repayments of borrowings and lease liabilities	229
Dividends paid to shareholders	(75)
Interests paid	(82)
Payments to acquire or redeem entity's shares	(198)
Net cash flows from (used in) financing activities	(125)
Foreign currency variations	(2)
Net increase/(decrease) in net cash and cash equivalents	(434)
Net cash and cash equivalents as at 31 December 2018	657
Net cash and cash equivalents as at 30 June 2019	220

(1) Includes c. US\$60 million cash investment MPF, still accounted for as inventory, pending final allocation to sanctioned project

Balance Sheet

Directional, US\$ millions

	Dec-31-18	Jun-30-19	Variance	Comment
Property, plant & equipment and Intangibles	4,799	5,044	245	FPSO <i>Liza Destiny, Liza Unity and Mero 2</i>
Investment in associates and other financial assets	366	341	(25)	Funding loan to JVs decrease
Construction contracts	43	61	18	Turnkey activity increase, mainly from Turrets
Trade and other assets	668	631	(37)	Reduced inventory as a result of allocation of MPFs to sanctioned projects
Cash and cash equivalents	657	224	(433)	See Cash Flow statement
Assets held for sale	2	2	0	
Total assets	6,535	6,303	(232)	
Total equity	1,317	1,025	(292)	Group results offset by dividends paid, SBB program and hedging reserves
Borrowings and lease liabilities	3,010	3,248	238	RCF drawdown, repayment of project loan and lease liability
Provisions	601	412	(189)	Repayment of Repsol share in Yme settlement
Trade payables, deferred income and derivatives liabilities	1,607	1,618	10	Declining bareboat profile offset by variance in MtM of hedging derivatives
Total equity and liabilities	6,535	6,303	(232)	

Loans and borrowings

Directional, US\$ millions
Net book value as of June 30, 2019

	Full Amount	IFRS	Directional
PROJECT FINANCE FACILITIES DRAWN			
FPSO <i>Cidade de Paraty</i>	474	474	239
MOPU Deep Panuke	170	170	170
FPSO <i>Cidade de Anchieta</i>	324	324	324
FPSO <i>Cidade de Ilhabela</i>	736	736	458
FPSO <i>N'Goma FPSO</i>	212	0	106
Normand Installer	35	0	0
OS Installer	77	0	0
FPSO <i>Cidade de Maricá</i>	1,168	1,168	654
FPSO <i>Cidade de Saquarema</i>	1,236	1,236	692
REVOLVING CREDIT FACILITY			
Revolving credit facility	426	426	426
OTHER			
Other long-term debt	178	178	178
Net book value of loans and borrowings	5,036	4,712	3,248

Lease qualification and consolidation methods

IFRS 10 & 11

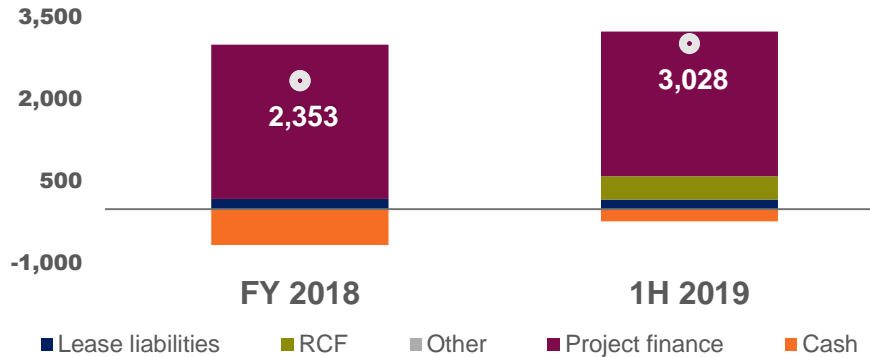
Joint Ventures	Lease Contract Type	SBM Share %	Directional	IFRS
FPSO <i>N'Goma</i>	FL	50%	Proportional	Equity
FPSO <i>Saxi Batuque</i>	FL	50%	Proportional	Equity
FPSO <i>Mondo</i>	FL	50%	Proportional	Equity
FPSO <i>Cidade de Ilhabela</i>	FL	62.25%	Proportional	Full consolidation
FPSO <i>Cidade de Maricá</i>	FL	56%	Proportional	Full consolidation
FPSO <i>Aseng</i>	FL	60%	Proportional	Full consolidation
FPSO <i>Cidade de Paraty</i>	FL	50.5%	Proportional	Full consolidation
FPSO <i>Cidade de Saquarema</i>	FL	56%	Proportional	Full consolidation
FPSO <i>Kikeh</i>	FL	49%	Proportional	Equity
FPSO <i>Capixaba</i>	OL	80%	Proportional	Full consolidation
FPSO <i>Espirito Santo</i>	OL	51%	Proportional	Full consolidation
<i>Yetagun</i> ¹	FL	75%	Proportional	Full consolidation
<i>N'kossa II</i> ¹	OL	50%	Proportional	Equity
Deep Panuke	OL	100%	100%	Full consolidation
Thunder Hawk	OL	100%	100%	Full consolidation
FPSO <i>Cidade de Anchieta</i>	OL	100%	100%	Full consolidation
FPSO <i>Liza Destiny</i>	FL	100%	100%	Full consolidation
FPSO <i>Liza Unity</i>	FL	100%	100%	Full consolidation
FPSO <i>Mero 2</i>	FL	100%	100%	Full consolidation
Brasa Yard	-	50%	Equity	Equity
PAENAL Yard	-	30%	Equity	Equity
<i>Normand Installer</i>	-	49.9%	Equity	Equity
<i>OS Installer</i>	-	25%	Equity	Equity

(1) Yetagun and N'Kossa II left the fleet in 2018

Group net debt and borrowings

Directional, US\$ millions

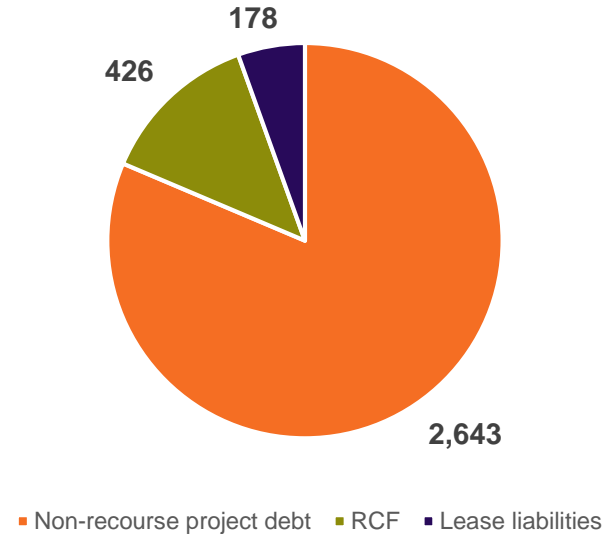
Net debt



Average cost of debt



1H 2019 Directional borrowings and lease liabilities



RCF Covenants

Key financial covenant	Target	1H19	Definition
Solvency ratio	> 25%	✓ 36.6%	● Tangible net worth ¹ divided by total tangible assets ²
Interest cover ratio	> 4.0	✓ 5.6	● Underlying EBITDA ³ divided by net interest payable ⁴
Lease backlog cover ratio	N/A	✓ US\$ 1.7bn	● Represents maximum theoretical lending capacity, calculated as net present value of lease backlog ⁵ divided by 1.5 ⁶

(1) Total IFRS Equity, including non-controlling interests. Excluding, amongst others, the hedging reserves related to valuation of currency and interest derivatives undertaken for hedging purposes.

(2) Consolidated IFRS Total Assets excluding consolidated intangible assets and mark to market valuation of currency and interest derivatives undertaken for hedging purposes.

(3) Underlying Directional earnings before interest, tax and depreciation of assets and impairments adjusted for any exceptional or extraordinary items. EBITDA related to any Unit that is in the first year of a charter may be annualized for the purpose of determining the Underlying EBITDA.

(4) Directional Net interest: all interest and other financing charges (excluding intra-group charges and capitalized interest during a construction period) less interest and other financing charges received.

(5) The net present value of the projected free cash flow (contractual cash flow minus expenses and debt service) of each borrowing base asset.

(6) Assures minimum headroom as agreed with RCF-banks

✓ All covenants are satisfied

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