

# SBM OFFSHORE N.V.

## ANALYSTS PRESENTATION

Tony Mace (CEO) and Mark Miles (CFO)



« Photo courtesy of Petrobras »

HALF-YEAR 2010 RESULTS



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Half-Year 2010 Operational Review

Half-Year 2010 Financial Review

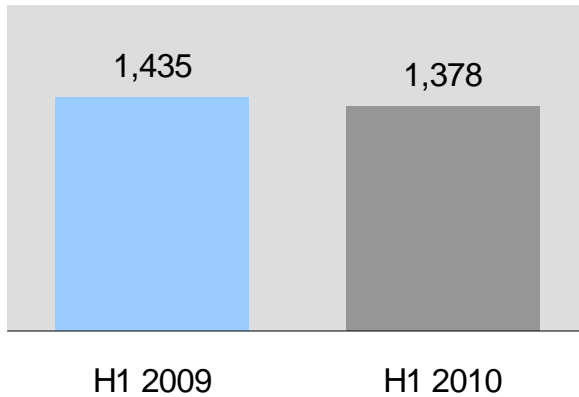
Outlook

**Half-Year 2010 Operational Review**

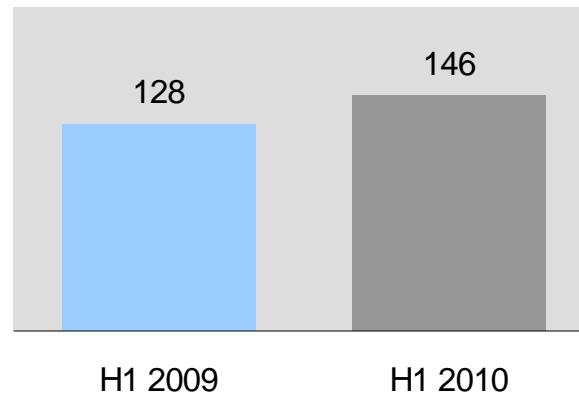
Half-Year 2010 Financial Review

Outlook

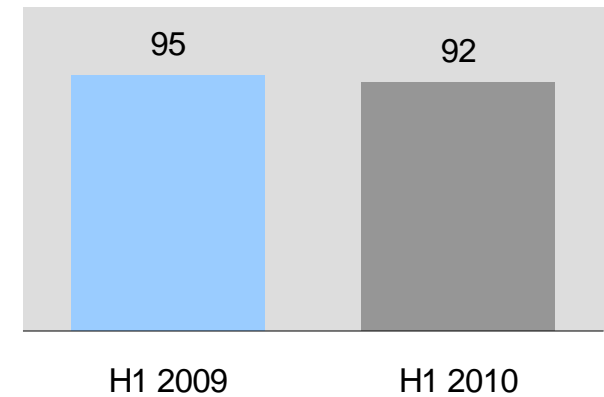
**Turnover**



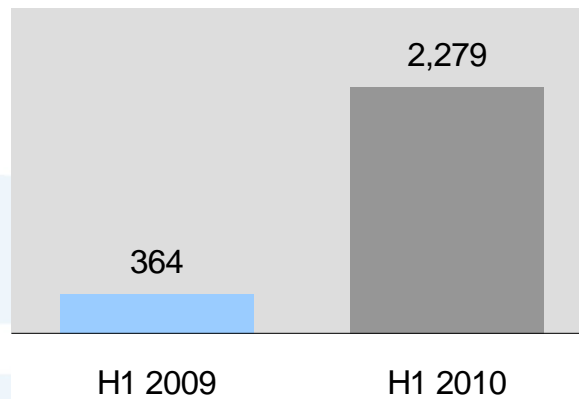
**EBIT**



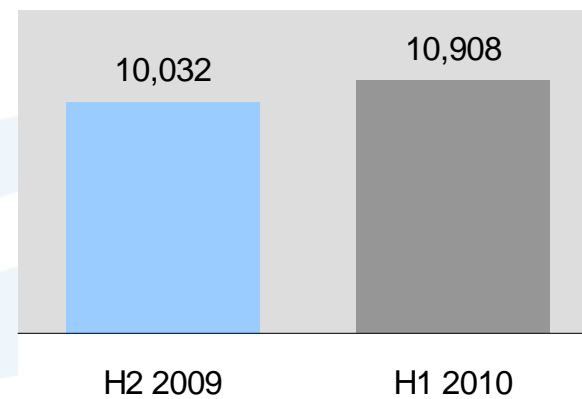
**Net Profit**



**New Orders**



**Order Backlog**



**Sound performance and record order backlog**

# Major Projects Delivered First Half 2010

Korea

BP Skarv turret fully delivered



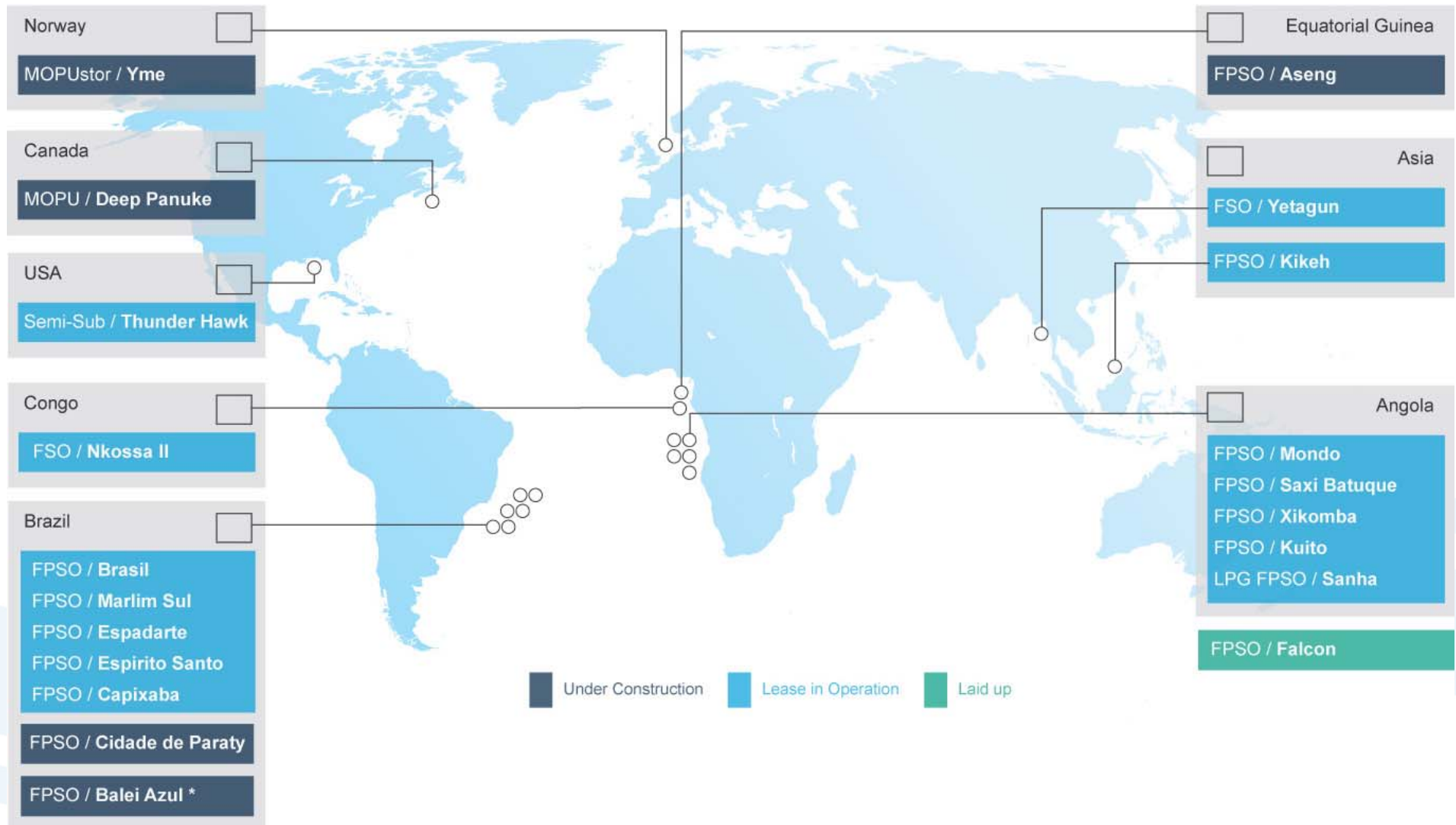
Brazil

FPSO Capixaba in production offshore Brazil



- A Letter of Intent for a lease FPSO for the Tupi Nordeste development, offshore Brazil (FPSO Cidade de Paraty)
- A contract with Dubai based Lamprell Energy for the design supply of two windmill installation jack-up vessels including equipment
- Several FEED studies for production facilities and turrets
- An extension of one year for the operating contract of the FPSO Serpentina from ExxonMobil in Equatorial Guinea
- An extension of one year for the lease and operations of the FPSO Kuito in Angola
- An extension of one year for the lease and operations of the FPSO Xikomba with ExxonMobil
- An extension of five years for the lease and operations of the LPG FSO NKOSSA II with Total in Congo
- An extension of one year for the operating contract of FSO Unity for Total in Nigeria
- Variation orders on several contracts

**Good mix of lease and turnkey orders**



\* Currently in operation on Espadarte field

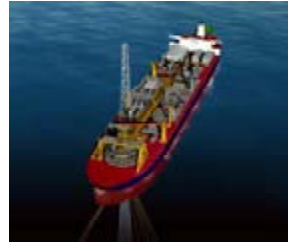
**19 Units**



## Singapore



Woodside - FPSO Okha



Noble Energy - Aseng



Baleia Azul

## Abu Dhabi



Talisman - Yme



Encana - Deep Panuke



QGP - Drilling Rig



Odebrecht and Delba Drilling Rigs

## Brazil

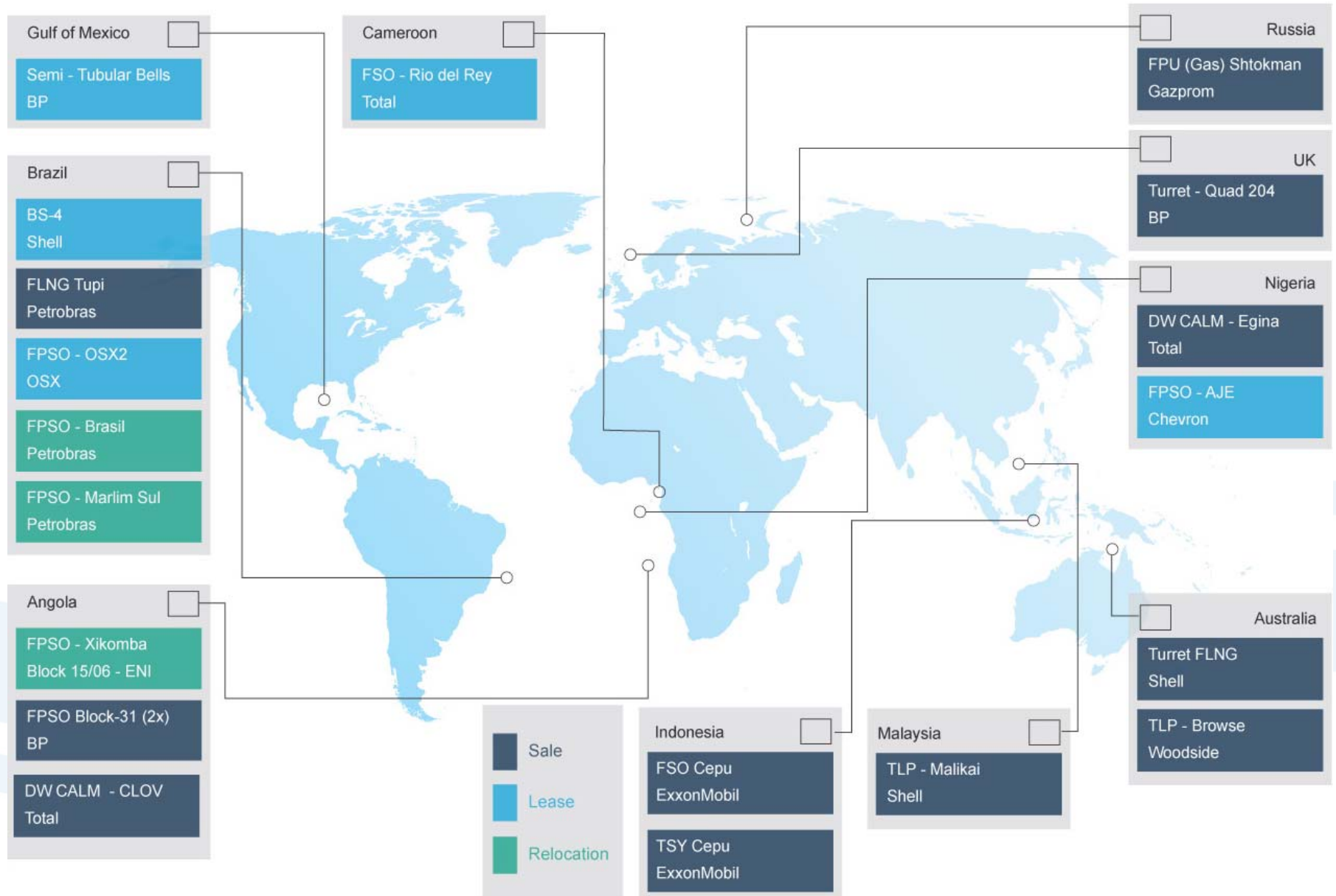


Petrobras - P-57

## Tbc



Petrobras - FPSO Cidade de Paraty (Tupi NE)



Half-Year 2010 Operational Review

**Half-Year 2010 Financial Review**

Outlook

# Financial Overview First Half 2010

P&L Total Group (in millions of US\$)

	30/06/10	30/06/09	Change	Comment
<b>Turnover</b>	1,378	1,435	(4%)	63% Turnkey Systems, 28% Lease & Operate, 9% Turnkey Services
<b>Gross Margin (%)</b>	220 (16.0%)	203 (14.1%)	9%	41% Turnkey Systems, 44% Lease & Operate, 15% Turnkey Services
<b>EBITDA (% Margin)</b>	293 (21.3%)	291 (20.3%)	1%	Depreciation rose by 18%; Impairment charges US\$ 39 mln in 2009
<b>EBIT (% Margin)</b>	146 (10.6%)	128 (8.9%)	14%	59% from Lease & Operate; Corporate costs restated
<b>Net Profit (% Margin)</b>	92 (6.7%)	95 (6.7%)	(3%)	Net financial costs increase 69%; Non-cash hedging loss
<b>New Orders</b>	2,279	364	X 6.3	Principally FPSO Cidade de Paraty (Tupi N.E.)
<b>Order Portfolio</b>	10,908	8,171	33%	Record level; 25% Turnkey Systems, 72% Lease & Operate, 3% Turnkey Services



# Financial Overview First Half 2010

Turnkey Systems (in millions of US\$)

	30/06/10	30/06/09	Change	Comment
<b>Turnover</b>	862	905	(5%)	Mainly P-57, Okha, Aseng, Skarv
<b>Gross Margin (%)</b>	90 (10.4%)	73 (8.0%)	24%	Good results from recent projects; Charges on drilling rigs & crane; Turkmenistan sale US\$ 32 mln in 2009
<b>EBITDA (% Margin)</b>	57 (6.7%)	36 (4.0%)	61%	As above
<b>EBIT (% Margin)</b>	49 (5.7%)	30 (3.3%)	65%	As above
<b>New Orders</b>	1,667	121	X 13.8	Mainly FPSO Cidade de Paraty – EPCI sale to JV
<b>Order Portfolio</b>	2,777	2,003	39%	Well over 1 year equivalent turnover; US\$ 1.1 bln for completion in 2010



# Financial Overview First Half 2010

Turnkey Services (in millions of US\$)

	30/06/10	30/06/09	Change	Comment
Turnover	134	153	(12%)	Includes intersegment revenues; Mooring components supply & overhaul; Offshore installation
Gross Margin (%)	33 (24.9%)	48 (31.4%)	(31%)	Installation vessel drydock
EBITDA (% Margin)	32 (23.8%)	44 (28.5%)	(27%)	As above
EBIT (% Margin)	28 (20.8%)	40 (26.3%)	(30%)	As above
New Orders	201	163	23%	Iraq buoys, various installations, overhauls
Order Portfolio	280	217	29%	Good level

# Financial Overview First Half 2010

Lease and Operate (in millions of US\$)

	30/06/10	30/06/09	Change	Comment
<b>Turnover</b>	392	408	(4%)	Turkmenistan, Falcon leases ended in H2 2009; Thunder Hawk commenced July 2009
<b>Gross Margin (%)</b>	97 (24.8%)	82 (20.1%)	19%	Bonus levels lower; Impairment MOPUstor in 2009; Tankers loss US\$ 6 mln
<b>EBITDA (% Margin)</b>	221 (56.4%)	225 (55.2%)	(2%)	Depreciation up 18% Thunder Hawk
<b>EBIT (% Margin)</b>	86 (22.0%)	72 (17.6%)	20%	As above
<b>New Orders</b>	411	80	X 5.1	Baleia Azul FPSO operating lease adjustment, various extensions and variation orders
<b>Order Portfolio</b>	7,852	5,950	32%	Close to 10 years of backlog

# Financial Overview First Half 2010

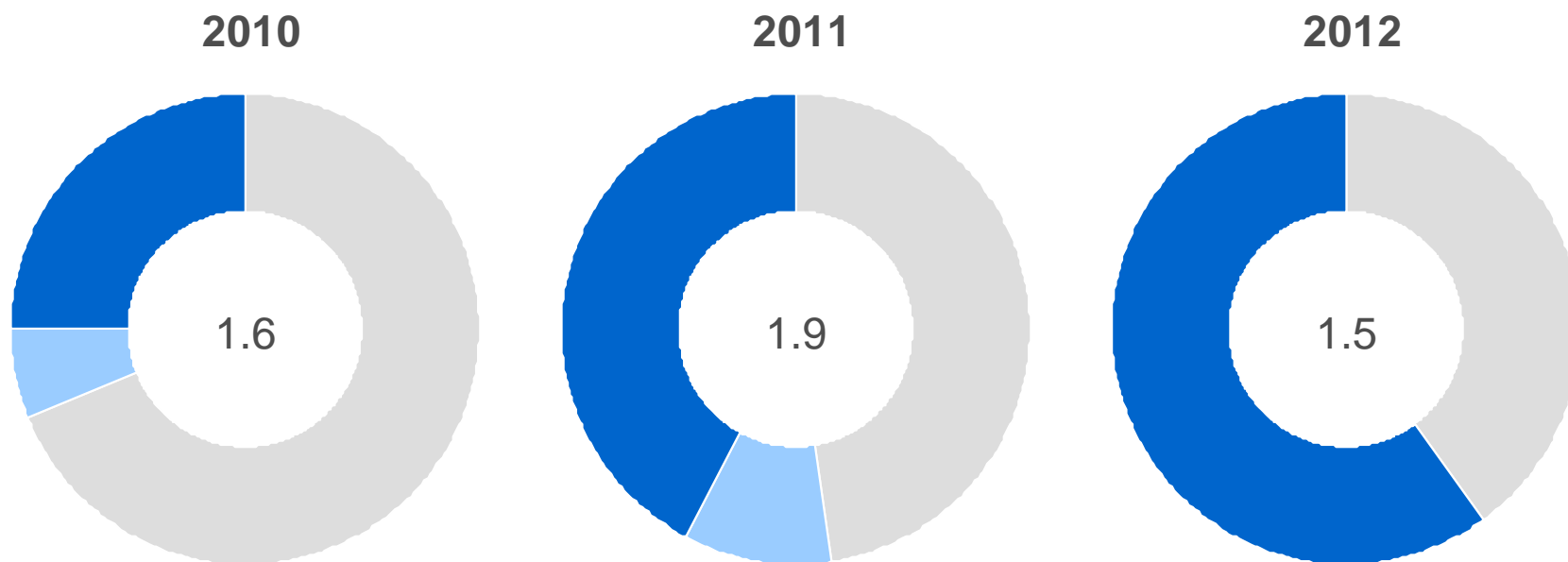
Ratios Total Group (in millions of US\$)

	30/06/10	31/12/09	Change	Comment
Capital Expenditure	283	656 (12m) 355 (6m)	(20%)	Yme, Deep Panuke, Cachalote
Long-Term Debt	1,939	1,611	20%	New Revolving Credit Facility US\$ 750 mln
Net Liquidities	177	147	20%	Normal level
Net Debt	1,763	1,464	20%	Well within bank covenants - capacity for growth
Total Equity	1,729	1,817	(5%)	Hedge revaluations
Net Debt : Equity	102%	81%	26%	Turnkey payments timing; hedge revaluation
ROACE	8.5%	9.7%	(12%)	
Return on Equity	10.4%	15.0%	(31%)	
EPS (US\$) - Basic	0.47	0.62	(24%)	Hedge mark to market loss; Share issue November 2009



# Order Portfolio BACKLOG

(in billions of US\$)



	Turnkey Systems	Turnkey Services	Lease & Operate	Total
2010	1.1	0.1	0.4	1.6
2011	0.9	0.2	0.8	1.9
2012	0.6	-	0.9	1.5
Beyond 2012	0.2	-	5.7	5.9
<b>Total</b>	<b>2.8</b>	<b>0.3</b>	<b>7.8</b>	<b>10.9</b>

Factors to consider:

- Operating Lease vs. Finance Lease
  - Operating lease – revenues and profit recognised over lease period
  - Finance lease “sale” advances turnover and part of lease return into construction period – leaves interest component only for lease period
  
- Control of Joint Ventures
  - SBM Offshore control - 100% consolidation with minority interest
  - Shared/joint control – proportionate consolidation
  - Minority – sale of SBM Offshore scope to JV; share of Net Result of JV
  
- SBM Offshore contract with Joint Venture
  - For joint investment (“active” partner) – no revenue during construction
  - For open book subcontract – turnkey revenue (on partner share)
  - For EPCI – turnkey revenue and profit
  
- Upcoming changes in lease accounting and consolidation rules

Half-Year 2010 Operational Review

Half-Year 2010 Financial Review

**Outlook**

- Turnover in the same range as 2009
- EBIT in Turnkey Systems solidly within the 5% - 10% range
- EBIT in Turnkey Services within the 15% - 20% range
- EBIT in Lease and Operate below 2009 level
- Excluding the mark to market loss of US\$ 21 million recognised at 30 June 2010, net interest charge will exceed the 2009 level by up to 10%
- Capital expenditure to amount to US\$ 0.6 billion; excluding any new operating lease contracts, including variation orders on ongoing projects
- Net gearing at year-end 2010 is expected to return below 100%, with all financial ratios well within banking covenants

# Questions and Answers

