

# SBM OFFSHORE N.V.

ANALYST PRESENTATION

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HALF-YEAR 2011 RESULTS

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## **Half-Year 2011 Review**

## **Half-Year 2011 Financials**

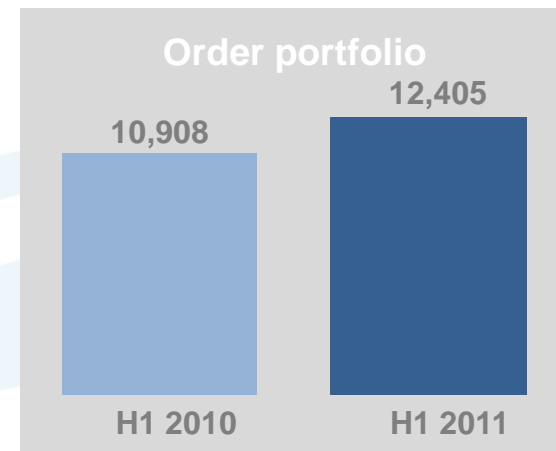
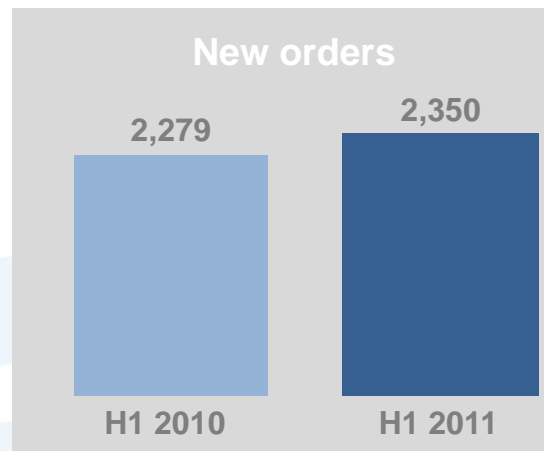
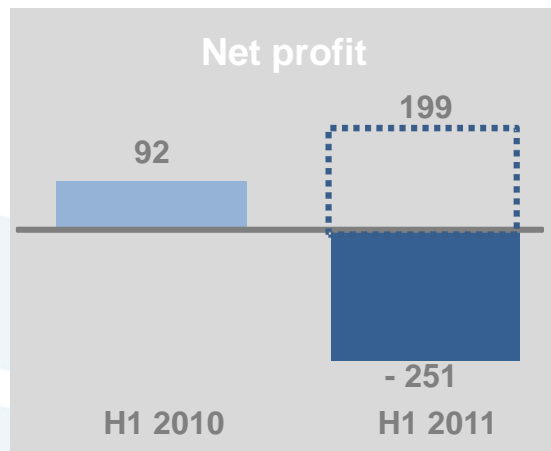
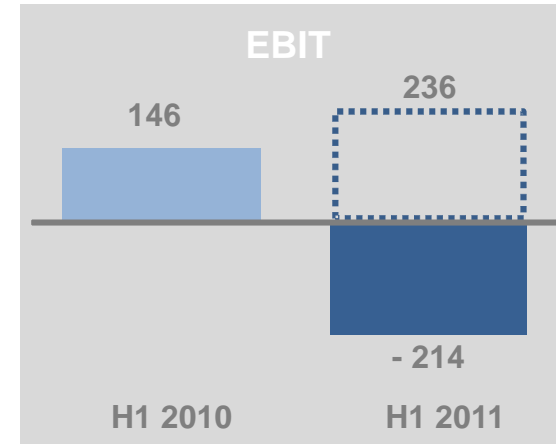
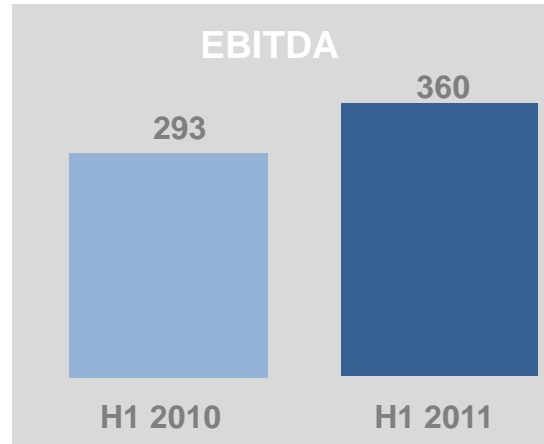
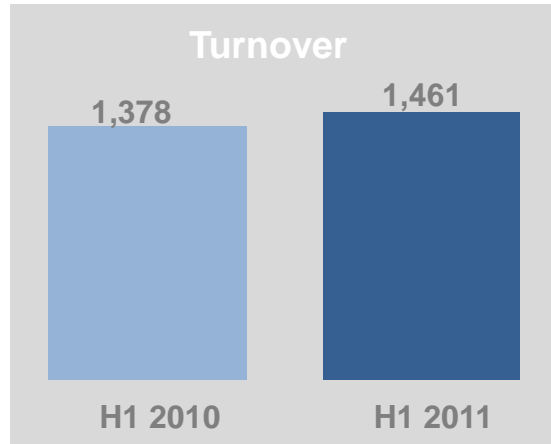
## **Outlook**

# Half-Year 2011 Review



# Key Figures Half Year 2011

(In millions of US\$)



H1 2010
  H1 2011
  Underlying H1 2011

- Contracts awarded and supply phase started for OSX2 FPSO and for Shell's Prelude FLNG and BP's Quad204 Turrets
- FPSO Cidade de Paraty for the Lula Nordeste field in Brazil
  - Twenty-year lease and operate contract signed
  - US\$ 1 billion Financing Facility secured
- Letter of Intent for Guara Norte FPSO twenty-years lease and operate contract with Petrobras : biggest ever contract for SBM Offshore
- Letter of Intent with ENI for new twelve-year lease and operate contract for FPSO Xikomba
- FPSO Espadarte disconnected and in Singapore for conversion
- FPSO Okha handed over to Woodside
- Investment in new Diving Support and Construction Vessel (DSCV)
- Impairment Charge of US\$ 450 million booked in First Half 2011



## Yme - MOPUstor - Talisman – Norway

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- Dispute on sums due upon sail away from Abu Dhabi
- Dispute on costs related to changed installation method
- Dispute on reimbursable basis in Norway
  - New reimbursable agreement under which Talisman directs the work to complete the project
  - Substantial increase of total amount of work (both inshore and offshore)
  - Recent revision of client's contractual position
- The Company therefore recognized an additional cost exposure
- Proceedings for additional compensation continue



## Deep Panuke - MOPU – Encana - Canada

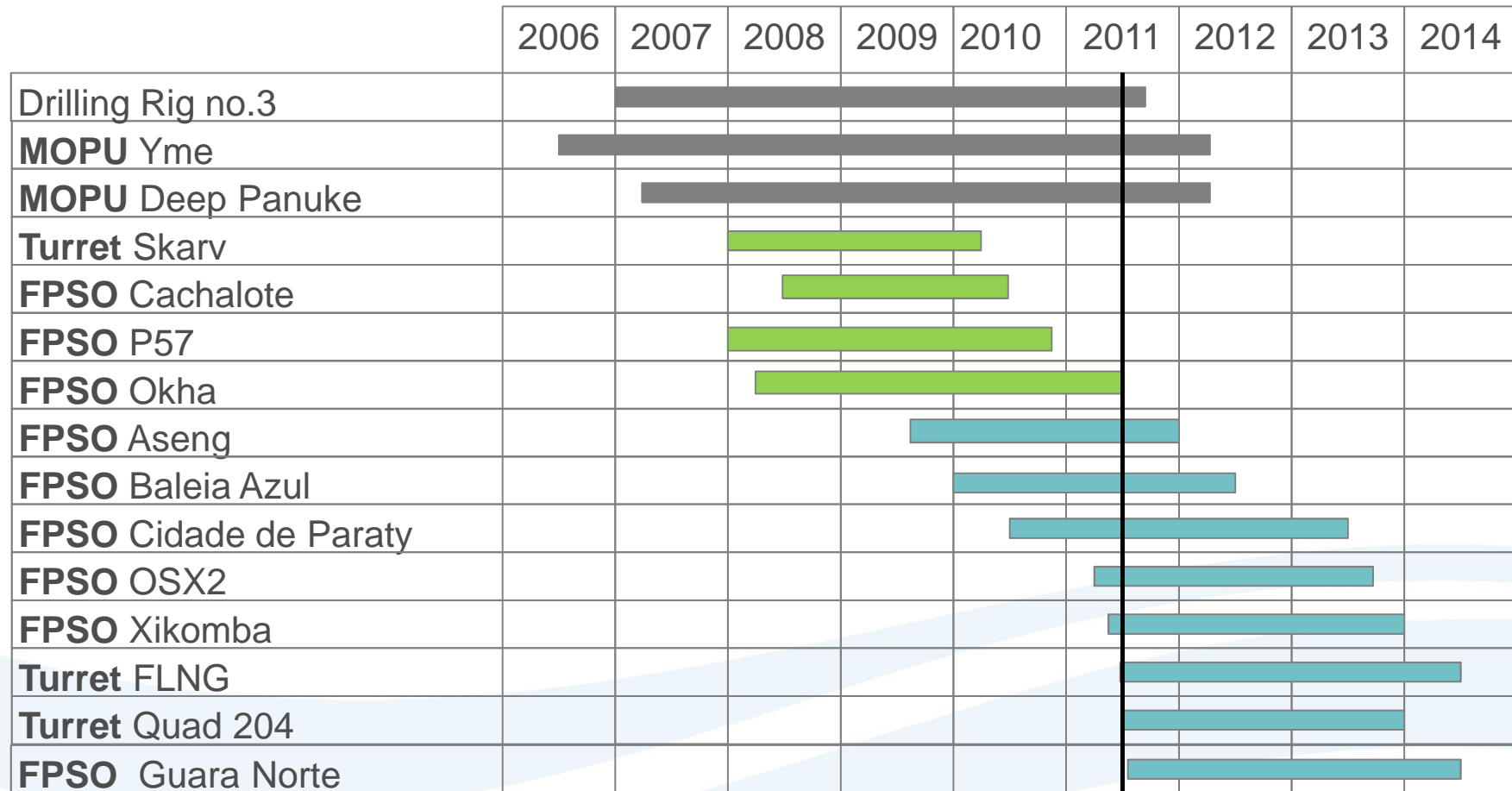
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- Dispute on change orders and disruption claim
  - Court case in Nova Scotia
- Increase of amount of work to complete in Canada
- Departure Abu Dhabi to suit transport vessel availability and installation weather window
- Proceedings for additional compensation continue





# Current Portfolio



■ Difficult Projects    ■ Completed with good performance    ■ In progress, on schedule

**EBITDA increase of 23% compared to H1 2010 shows the performance improvements implemented by the Company are effective**

# Major Lease Projects in Execution

## Singapore



- 15 years lease and operate contract
- Departure from Singapore to Equatorial Guinea is forecasted in Q3
- First oil expected before year-end 2011

## Singapore



- 20 years lease and operate contract
- Project loan for US\$ 1 Billion secured in July
- FPSO comparable to P57 with additional gas treatment

# Major Lease Projects in Execution

## Singapore



- Relocation: 18 years lease and operate contract
- Disconnected in April 2011
- First oil planned in Second Half of 2012
- 2nd relocation contract for Petrobras

## Singapore



- Relocation: 12 years lease and operate contract
- Singapore refurbishment and conversion
- Angolan content: Paenal Yard involved

# Major Supply Projects in Execution

## Singapore



- Turnkey supply contract
- OSX new client in Brazil
- Engineering and procurement started
- Singapore refurbishment and conversion

## Australia



- Turnkey contract
- Disconnectable Turret
- FPSO delivered to client

# Major Supply Projects in Execution

TBA



- Turnkey supply contract
- Up to 15 years agreement
- First FLNG project
- 12 months FEED completed

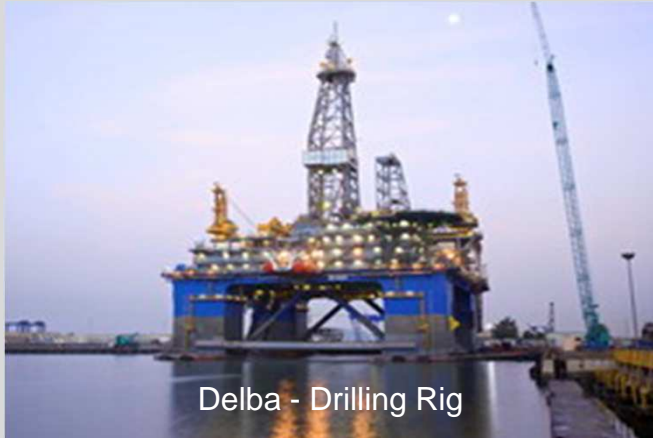
TBA



- Turnkey supply contract
- FEED completed
- Similar to Skarv turret

# Major Projects in Execution

## Abu Dhabi



Delba - Drilling Rig

## Canada



Encana - Deep Panuke

## Norway



Talisman - Yme



# Underlying Performance

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- Turnover increased by 6% for the first half of 2011
- EBITDA increased by 23% for the first half of 2011
- Net profit of US\$ 199 million, more than doubled compared to last year
- Order intake increased by 3% for the first half 2011 to US\$ 2,350 million (excluding LOIs for FPSOs Xikomba and Guara Norte)
- Order portfolio increased by 14% at 30 June 2011 to US\$ 12.4 billion, a new record



Half-Year 2011 Review

**Half-Year 2011 Financials**



# Financial Overview First Half 2011

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

	30/06/11	30/06/10	Change	Comment
<b>Turnover</b>	1,461	1,378	6%	62% Turnkey Systems, 31% Lease & Operate, 7% Turnkey Services
<b>Gross Margin (%)</b>	(128) (-8.8%)	220 (16.0%)	N/M	Impairment charge of US\$ 450m for Yme and Deep Panuke projects <b>Before Impairment:</b> 51% Turnkey Systems, 42% Lease & Operate, 7% Turnkey Services
<b>EBITDA (% Margin)</b>	360 (24.6%)	293 (21.3%)	23%	Mainly driven by good performance of Turnkey Systems
<b>EBIT (% Margin)</b>	(214) (-14.6%)	146 (10.6%)	N/M	Impairment of US\$ 450m
<b>Net Profit (% Margin)</b>	(251) (-17.2%)	92 (6.7%)	N/M	Impairment of US\$ 450m; No tax impact; Reduced financial costs
<b>New Orders</b>	2,350	2,279	3%	FPSO OSX-2, Turret Shell FLNG, Turret BP Quad 204
<b>Order Portfolio</b>	12,405	10,908	14%	Record level; 28% Turnkey Systems, 70% Lease & Operate, 2% Turnkey Services



# Financial Overview First Half 2011

Turnkey Systems (in millions of US\$)

	30/06/11	30/06/10	Change	Comment
<b>Turnover</b>	896	862	4%	Noble Aseng FPSO, Petrobras Cidade de Paraty FPSO
<b>Gross Margin (%)</b>	165 (18.4%)	90 (10.4%)	83%	Good results from recent projects
<b>EBITDA (% Margin)</b>	122 (13.6%)	57 (6.7%)	X 2.1	As above
<b>EBIT (% Margin)</b>	114 (12.7%)	49 (5.7%)	X 2.3	As above
<b>New Orders</b>	2,068	1,667	24%	FPSO OSX-2, Turret Shell FLNG, Turret BP Quad 204
<b>Order Portfolio</b>	3,487	2,777	26%	Well over 1½ year's equivalent turnover; US\$ 1 bln for completion in 2011



# Financial Overview First Half 2011

Turnkey Services (in millions of US\$)

	30/06/11	30/06/10	Change	Comment
<b>Turnover</b>	114	134	(15%)	Slow start to the year
<b>Gross Margin (%)</b>	24 (21.0%)	33 (24.9%)	(27%)	Low occupancy of installation vessels during H1 2011
<b>EBITDA (% Margin)</b>	22 (19.3%)	32 (23.8%)	(31%)	As above
<b>EBIT (% Margin)</b>	17 (14.9%)	28 (20.8%)	(39%)	As above
<b>New Orders</b>	171	201	(15%)	Various installations
<b>Order Portfolio</b>	259	280	(7%)	Normal level



# Financial Overview First Half 2011

Lease and Operate (in millions of US\$)

	30/06/11	30/06/10	Change	Comment
<b>Turnover</b>	456	392	16%	FPSO P-57 first oil in December 2010; Brazilian bonuses (particularly Capixaba, not earned in H1 2010)
<b>Gross Margin (%)</b>	(317) (N/M)	97 (24.8%)	N/M	Impairment US\$ 450m on Yme and Deep Panuke projects
<b>EBITDA (% Margin)</b>	235 (51.5%)	221 (56.4%)	6%	Driven by revenue increase
<b>EBIT (% Margin)</b>	(325) (N/M)	86 (22.0%)	N/M	Impairment US\$ 450m
<b>New Orders</b>	110	411	(73%)	Several extensions (Unity, N'Kossa FPSOs)
<b>Order Portfolio</b>	8,659	7,852	10%	Around 10 years of backlog



# Financial Overview First Half 2011

Ratios Total Group (in millions of US\$)

	30/06/11	31/12/10	Change	Comment
<b>Capital Expenditure</b>	431	519 (12m) 283 (6m)	52%	Yme, Deep Panuke and Baleia Azul projects
<b>Debt</b>	2,294	1,815	26%	Increased Revolving Credit Facility (RCF) to finance Capex
<b>Net Liquidities</b>	99	103	(4%)	Stable
<b>Net Debt</b>	2,195	1,711	28%	
<b>Total Equity</b>	1,874	2,123	(12%)	H1 loss Dividend payment
<b>Net Debt : Equity</b>	117%	81%	44%	Net debt increase (RCF), Equity decrease (as above)
<b>Net Debt : EBITDA</b>	2.91	2.49	17%	Covenants comfortably met
<b>EPS (US\$) - Basic</b>	(1.57)	1.44	<i>N/M</i>	

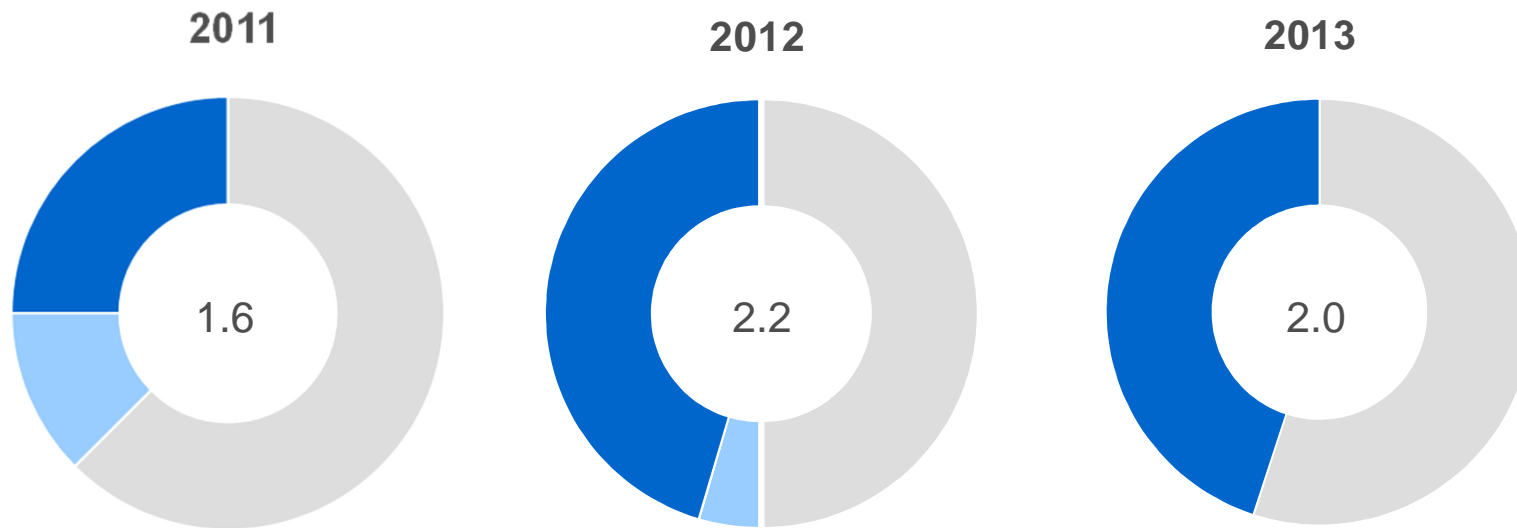
- Net gearing increased, but within acceptable level
- Solvency ratio well above bank covenant level
- Principal parameter is Net Debt: EBITDA ratio
  - Older project loans - use unadjusted EBITDA
  - Revolving Credit Facility - uses adjusted EBITDA (finance leases, exceptionals)
  - Newer project loans:
    - Financial covenants only during pre-completion phase
    - Aligned with Revolving Credit Facility
  - Aim to maintain 20% headroom
- Good turnkey systems order intake in recent months

**With continuing balanced order intake, capital structure is still appropriate**



# Order Portfolio

(in billions of US\$)



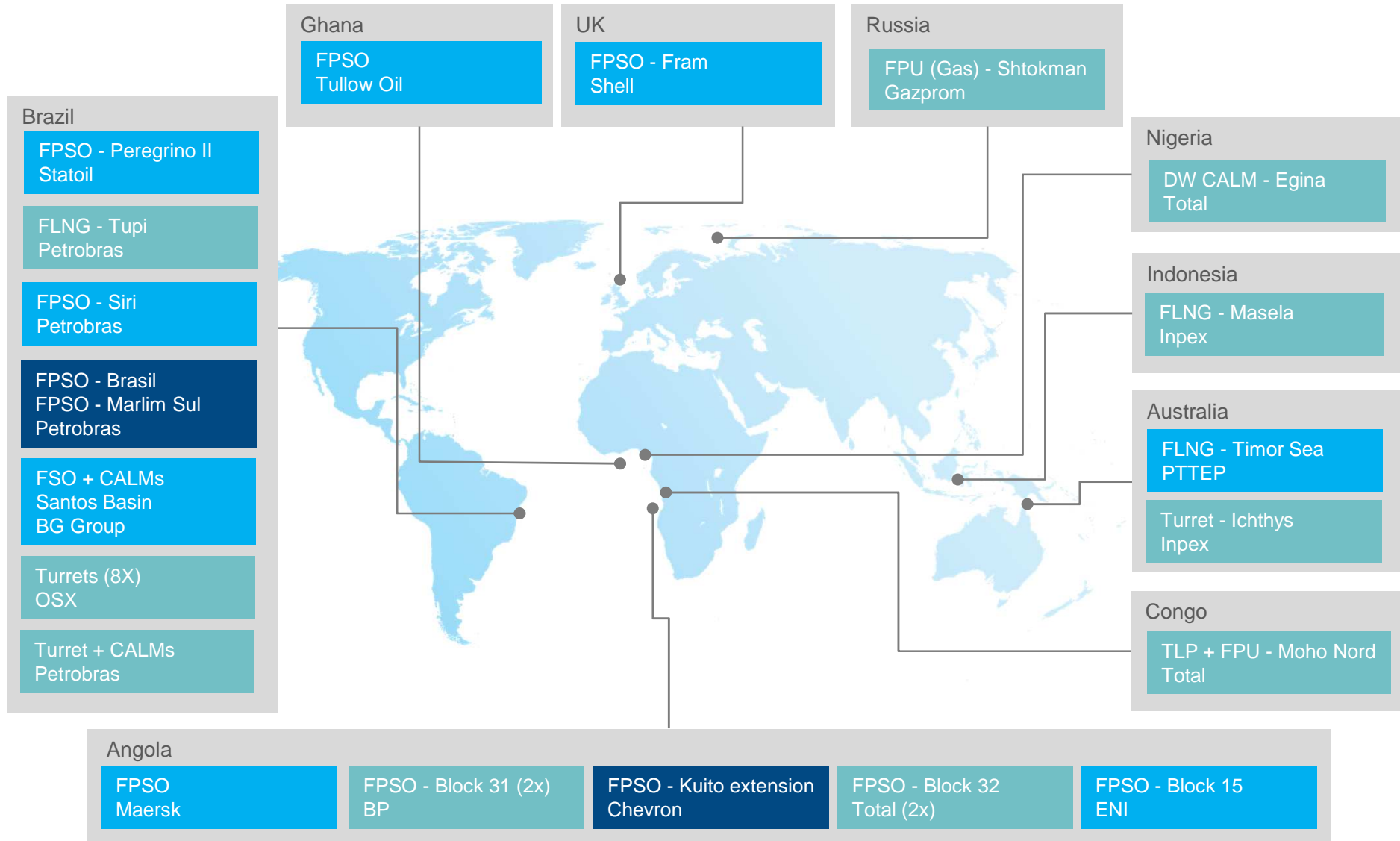
	Turnkey Systems	Turnkey Services	Lease & Operate	Total
2011	1.0	0.2	0.4	1.6
2012	1.1	0.1	1.0	2.2
2013	1.1	-	0.9	2.0
Beyond 2013	0.3	-	6.3	6.6
<b>Total</b>	<b>3.5</b>	<b>0.3</b>	<b>8.6</b>	<b>12.4</b>



Half-Year 2011 Review  
Half-Year 2011 Financials  
**Outlook**



# Short Term Prospects



■ Sale     
 ■ Lease     
 ■ Relocation / Extension

- Turnover around 5% above 2010; fully secured from current backlog
- EBIT margin in Turnkey Systems solidly in 10% - 15% range; including impact from finance leases
- EBIT margin in Turnkey Services within 15% - 20% range
- Underlying EBIT in Lease & Operate above underlying 2010 level
- Net financing costs expected 30% - 35% below 2010; exceptional hedging loss in 2010; later start-up dates for Yme, Deep Panuke
- Capital expenditure to amount to US\$ 0.9 billion; including impact of additional costs on Yme, Deep Panuke
- Net gearing at year-end 2011 expected between 110% - 120%, with all ratios well within banking covenants
- Net result around breakeven, before minorities of approx. US\$ 30 mln
- No decision taken concerning dividend over 2011

# SBM OFFSHORE N.V.

