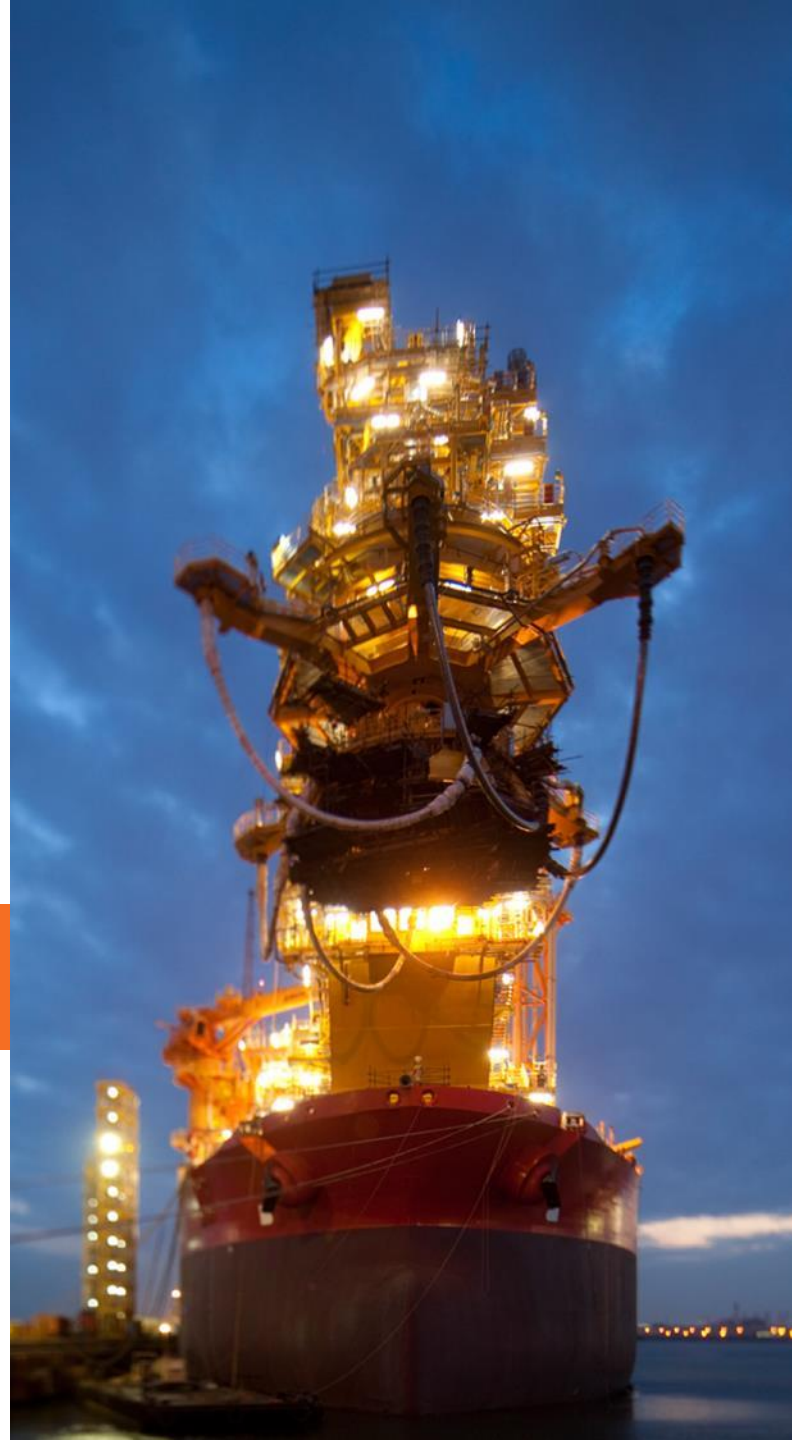


Directional reporting

Analyst workshops June 2017

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Presentation available at www.sbmoffshore.com, building on 2013 Project Direction, which can be found at:
http://www.sbmoffshore.com/wp-content/uploads/2013/06/Project_direction_presentation_20062013.pdf





Investment case

Directional reporting

Pro-forma 2016 Directional FS

Way forward



Cash flow
generation

Outlook

Track record of
delivery

**Experience
Matters**

Strategic
Position

Transparency in
reporting

Client
interaction



Investment case

Directional reporting

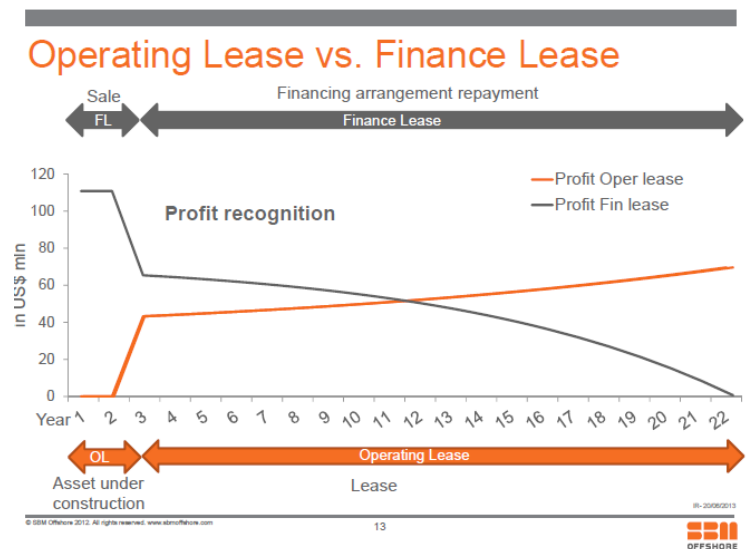
Pro-forma 2016 Directional FS

Way forward



- SBM Offshore’s business model has **two product lines**:
 - **Turnkey** (“TK”) constructs large projects (e.g. FPSOs) and produces a combination of turnkey sales and delivery to SBM Offshore’s Lease and Operate division
 - **Lease and Operate** (“L&O”) take delivery of the unit and operate it under lease contracts for clients whereby in most cases the vessel is owned in joint-ventures (JVs) with partners
 - Hence, through construction (EPC, engineering, procurement and construction) of new units, **Turnkey generates growth in L&O fleet** with associated long term cash flow returns

- Finance lease accounting under IFRS creates **complexity** and mis-alignment with **economic reality**:
 - **Revenue** recognition is separated from **cash flow**
 - Revenue, profit and equity are recognized **well before any rents are paid**
 - Finance lease contracts are reported in TK segment during construction



- As of 2013, SBM Offshore discloses the Directional Income Statement
 - Which assumes all Finance Leases are treated as Operating Leases
 - More in-line with Cash Flow from Operations, creating transparency and better understanding of underlying performance
 - TK is reported as construction business, selling projects to third party clients or partners
 - L&O is reported as pure long term cash business, with income from SBM Offshore's share of L&O contracts

- Since 2013, the Company discloses the Directional Backlog and Directional Income Statement as part of the Financial Review, which is subject to external audit

- Since 2014, SBM Offshore provides Directional results guidance and its dividend policy makes reference to Directional net income

- As next step in providing transparency of SBM Offshore's underlying performance and cash flow generating capacity, more Directional disclosure is provided

- The Directional Balance Sheet and Cash Flow Statement facilitate Directional modeling, which increases visibility on SBM Offshore's cash flow generating capacity



Investment case

Directional reporting

Pro-forma

2016 Directional FS

Way forward



Principles of Directional reporting

- Directional reporting assumes **all leases are operating leases**, bringing results more in-line with realized cash flows
 - All JVs with L&O contracts are accounted for at SBM Offshore share, using the proportional consolidation method
 - Yards and installation vessels, which are equity accounted, remain equity accounted

- Bridging financials between IFRS and Directional done in 2 steps:
IFRS reporting → Proportional reporting → Directional reporting

- SBM Offshore reports IFRS results; Directional reporting forms additional disclosure

- Directional P&L forms part of the Financial Review and is subject to external audit

- Precedents exist where non-IFRS disclosures take the lead in industry analysis – e.g. in Real Estate

	Lease and Operate	Turnkey	Reported segments	Other	Total Directional reporting
Third party revenue	1,310	702	2,013	-	2,013
Gross margin	423	142	565	-	565
Other operating income/expense	(3)	(39)	(42)	(24)	(66)
Selling and marketing expenses	(3)	(35)	(37)	(0)	(37)
General and administrative expenses	(19)	(61)	(81)	(61)	(142)
Research and development expenses	(0)	(29)	(29)	(0)	(29)
Operating profit/(loss) (EBIT)	398	(22)	376	(86)	290
Net financing costs					(196)
Share of profit of equity-accounted investees					(61)
Income tax expense					(9)
Profit/(Loss)					24
Operating profit/(loss) (EBIT)	398	(22)	376	(86)	290
Depreciation, amortisation and impairment	425	9	433	2	435
EBITDA	823	(14)	809	(84)	725
Other segment information :					
Impairment charge/(reversal)	(8)	(0)	(8)	-	(8)

2016 Bridge IFRS to Directional

Step 1 : Proportional consolidation

Balance Sheet reported in:		
FY16	1H17	FY17
N/A	Presentation	Financial review

- In the first step, Vessel JVs are each consolidated at SBM Offshore's share of ownership

Impact on equity accounted JVs:

- The equity accounted JVs are listed under 5.3.31 INTEREST IN JOINT VENTURES AND ASSOCIATES of the 2016 Annual report
- For L&O Directional view assumes all lease contracts are classified as operating leases and all vessel JVs are proportionally consolidated. As a result, the relevant amounts summarized into the "Investment in associates" are reclassified in assets and liabilities at SBM Offshore's share, which increases the balances on those accounts
- The Yards and other non material JV/associates are still equity accounted under Directional, explaining the remaining Investments in associates position

Impact on JVs that are fully consolidated:

- For JVs consolidated at 100% in IFRS, the partner share is taken out which decreases assets, liabilities against the non-controlling interests in equity
- These JVs are listed under 5.3.32 INFORMATION ON NON-CONTROLLING INTERESTS of the 2016 Annual report

Unaudited, pro-forma

	BS IFRS Dec 2016	Step 1 : Proportional Consolidation	BS Proportionnal Dec 2016
Property Plant and Equipment	1,474	(170)	1,303
Intangible assets	46	0	46
Investments in associates	484	(436)	48
Finance Lease receivables	7,560	(2,510)	5,050
Other financial assets	274	(69)	205
Construction contracts	15	0	15
Receivables and other assets	692	(29)	663
Derivatives	38	(3)	36
Cash and cash equivalents	904	(81)	823
Total Assets	11,488	(3,299)	8,189
Equity attributable to parent company	2,516	31	2,547
Non Controlling interests	996	(996)	0
Equity	3,513	(965)	2,548
Loans and borrowings	6,120	(2,190)	3,930
Provisions	604	(7)	598
Trade and other payables	746	30	777
Deferred income curr + non curr	268	(109)	159
Derivatives Liabilities	236	(57)	179
Total Equity and Liabilities	11,488	(3,299)	8,189

Note: as of December 2016, 100% of SBM Offshore's debt consists of non-recourse project finance; the corporate credit facility (RCF) is undrawn

2016 Bridge IFRS to Directional

Step 2 : Finance to Operating lease

Balance Sheet reported in:		
FY16	1H17	FY17
N/A	Presentation	Financial review

Unaudited, pro-forma

- In the second step, the Finance leases (FL) are accounted for as Operating leases (OL)

- A “property plant and equipment” value is recognized as an asset at the cost of construction for SBM Offshore, minus depreciation
- The financial asset recognized during construction is cancelled
- The main equity impact is the margin recognized under the FL method during construction which is only recognized during lease in OL
- For the vessels with non-linear bareboat day rates, a deferred income provision is recognized to show linear revenues, in accordance with OL accounting principles

	BS Proportionnal Dec 2016	Step 2: Finance lease requelified as Operating Lease	BS Directional Dec 2016
Property Plant and Equipment	1,303	4,097	5,400
Intangible assets	46	-	46
Investments in associates	48	-	48
Finance Lease receivables	5,050	(5,050)	0
Other financial assets	205	75	280
Construction contracts	15	-	15
Receivables and other assets	663	-	663
Derivatives	36	-	36
Cash and cash equivalents	823	-	823
Total Assets	8,189	(878)	7,311
		-	-
Equity attributable to parent company	2,547	(1,359)	1,188
Non Controlling interests	0	-	0
Equity	2,548	(1,359)	1,188
Loans and borrowings	3,930	-	3,930
Provisions	598	103	701
Trade and other payables	777	(59)	717
Deferred income curr + non curr	159	438	597
Derivatives Liabilities	179	-	179
Total Equity and Liabilities	8,189	(878)	7,311

Note: as of December 2016, 100% of SBM Offshore’s debt consists of non-recourse project finance; the corporate credit facility (RCF) is undrawn

2016 Cash flow statement bridge

step 1 : proportional consolidation

Unaudited, pro-forma

- Similar to the step 1 with the balance sheet, in the first step, Vessel JVs are each consolidated at SBM Offshore's share of ownership
- This step is not cash neutral when the JVs have cash balances. Instead of being reported at 0% (equity) or 100% (non controlling interests), they are now reported at the SBM Offshore share of ownership
- The cash movements are also impacted by those two mechanisms

	CFS IFRS FY 2016	Proportional Consolidation	CFS IFRS Proportional FY 2016
EBITDA	772	(117)	655
Changes in provisions	128	3	131
Share based payments	16	-	16
Other non cash transaction adjustments	11	(1)	10
Income taxes	(15)	(8)	(23)
Redemption of Finance Lease assets	237	(27)	210
Cash flows from operating activities	1,149	(150)	999
Changes in working capital	(662)	90	(571)
Capital Expenditures	(15)	0	(15)
Funding loans net	3	(15)	(12)
Interest received	15	2	17
Dividends received from Equity investees	45	(44)	1
Proceeds from Asset sales	41	(0)	41
Other	1	-	1
Cash flows from investing activities	90	(58)	32
Equity funding from partners	(35)	35	-
Additions to borrowings and loans	1,118	(500)	618
Repayments of borrowings and loans	(780)	454	(326)
Interests paid	(252)	73	(180)
Dividends paid to Shareholders and NCI	(64)	20	(44)
Share repurchase program	(166)	-	(166)
Other	0	(0)	(0)
Cash flows from financing activities	(179)	81	(98)
Foreign currency variations	(9)	0	(9)
Net increase (decrease) in cash	389	(37)	353

2016 Cash flow statement bridge

step 2 : Finance to Operating lease

Cash Flow Statement reported in:		
FY16	1H17	FY17
N/A	Presentation	Financial review

- In the second step, the Finance leases (FL) are accounted as Operating leases (OL)
- This is only a matter of reclassification and is thus cash neutral
- The EBITDA is impacted by, A. higher L&O revenues, B. lower construction revenues and C. lower costs of sales
 - A. The higher L&O revenues counterpart is mainly the redemption of finance lease assets
 - B. The lower construction revenues in the EBITDA counterpart is the decreased working capital needs
 - C. The costs of sales is reclassified as capital expenditures

	Unaudited, pro-forma		
	CFS IFRS Proportional FY 2016	Finance lease requalified as Operating Lease	CFS Directional FY 2016
EBITDA	655	70	725
Changes in provisions	131	-	131
Share based payments	16	-	16
Other non cash transaction adjustments	10	(11)	(1)
Income taxes	(23)	(0)	(23)
→ Redemption of Finance Lease assets	210	(210)	0
Cash flows from operating activities	999	(151)	848
Changes in working capital	(571)	174	(397)
→ Capital Expenditures	(15)	(23)	(38)
Funding loans net	(12)	-	(12)
Interest received	17	-	17
Dividends received from Equity investees	1	-	1
Proceeds from Asset sales	41	-	41
Other	1	-	1
Cash flows from investing activities	32	(23)	9
Equity funding from partners	-	-	-
Additions to borrowings and loans	618	-	618
Repayments of borrowings and loans	(326)	-	(326)
Interests paid	(180)	-	(180)
Dividends paid to Shareholders and NCI	(44)	-	(44)
Share repurchase program	(166)	-	(166)
Other	(0)	-	(0)
Cash flows from financing activities	(98)	-	(98)
Foreign currency variations	(9)	0	(9)
Net increase (decrease) in cash	353	0	353



Investment case

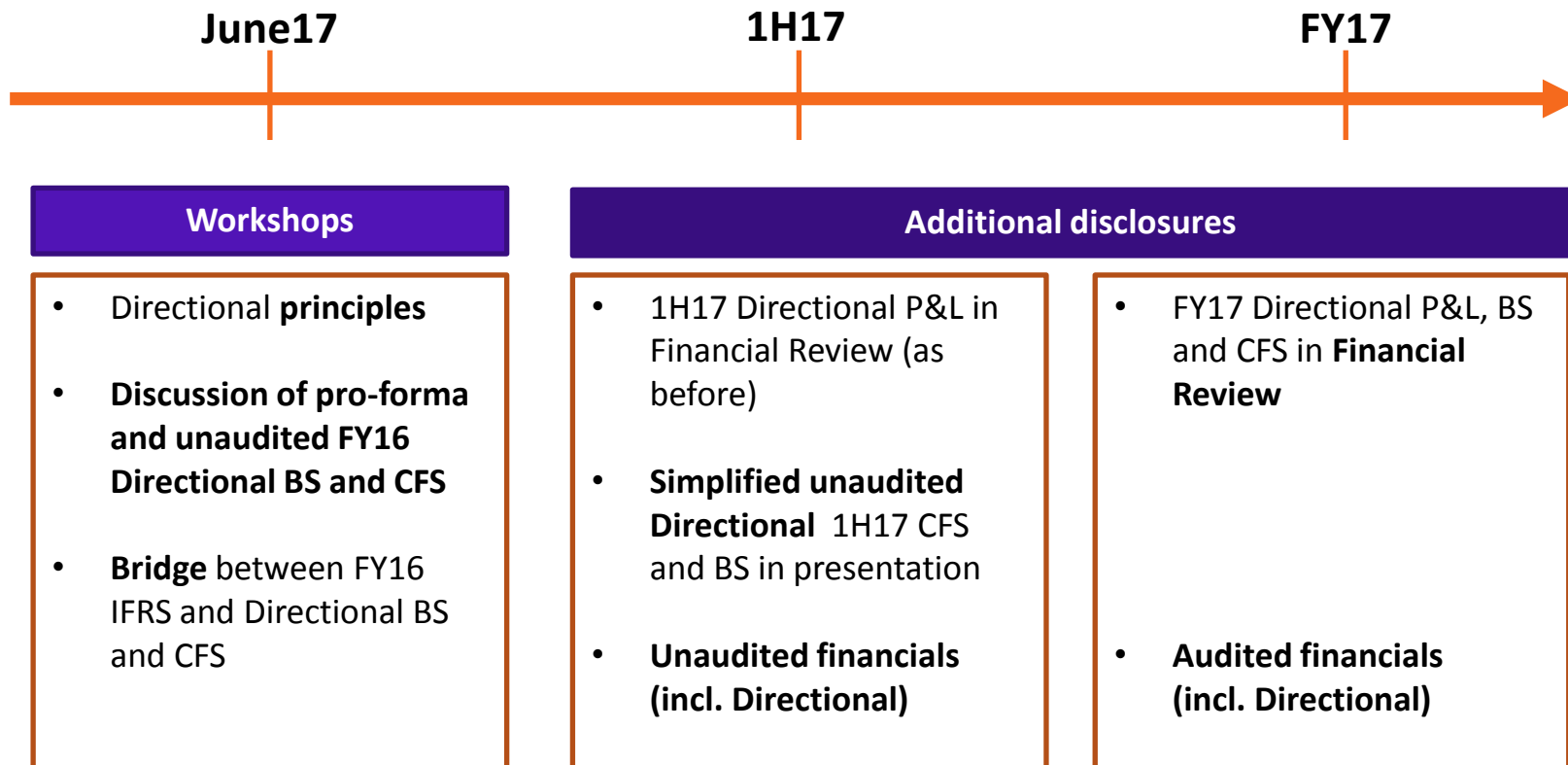
Directional reporting

Pro-forma 2016 Directional FS

Way forward



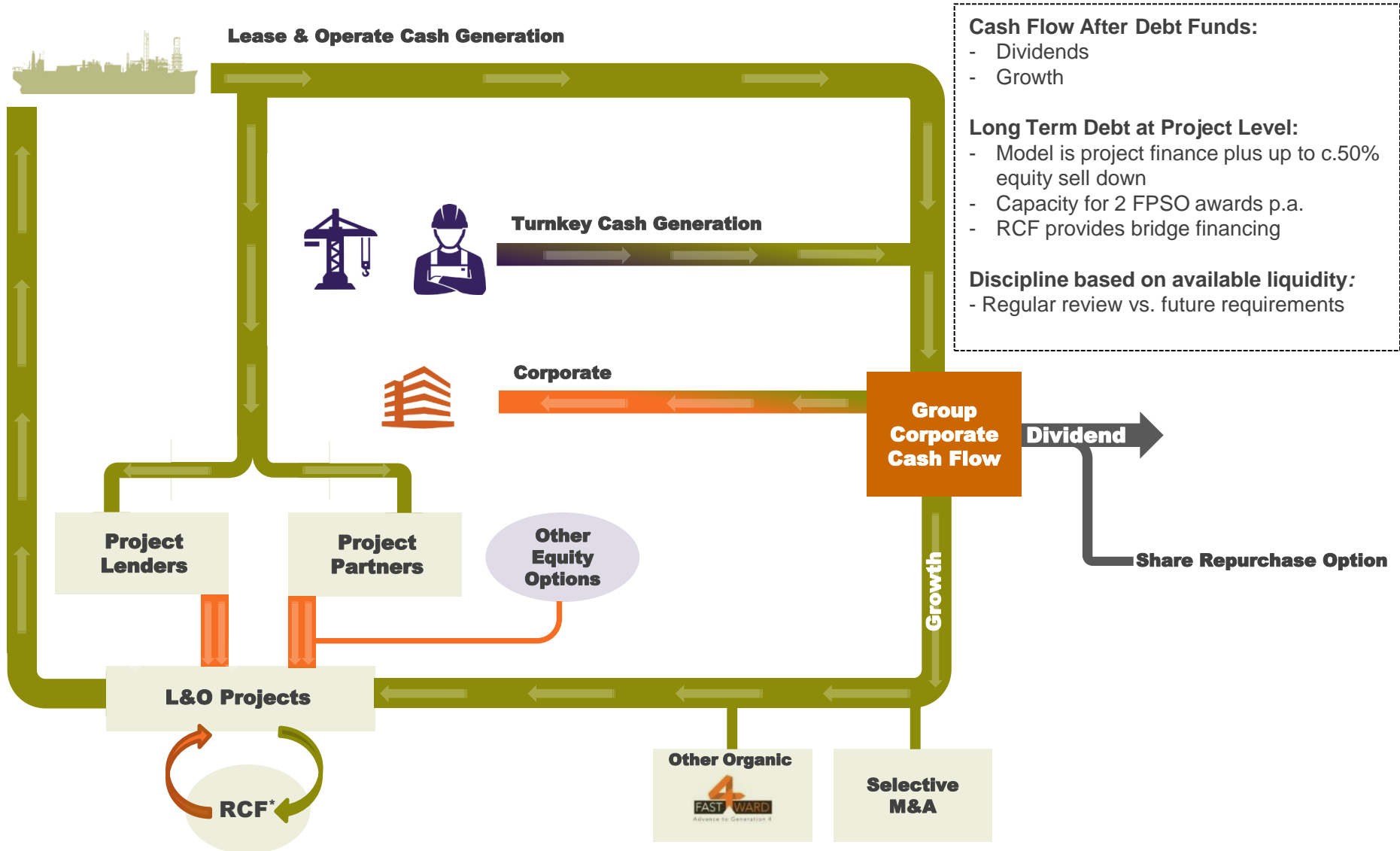
- Previously, SBM Offshore reported Net Debt under Proportional guidelines
- In Proportional Net Debt, all equity accounted entities are taken into account proportionally, i.e. taking cash and debt into account at SBM Offshore ownership
- To ensure consistency in Financial Statements, also Net Debt will be reported under Directional guidelines
- Under Directional, all L&O related vessels accounted as equity under IFRS are proportionally consolidated but:
 - JVs owning installation vessels, yards and non-material entities will remain equity accounted
 - Which generates a minor difference between proportional and Directional net debt
- **FY16 Directional Net Debt = Proportional Net Debt = US\$ 3.1 billion (rounded)**
- As of December 2016, 100% of SBM Offshore's debt consists of non-recourse project finance; the corporate credit facility (RCF) is undrawn





Appendix





* RCF may also be used for M&A and general corporate purposes

Joint Ventures	Lease Contract Type	SBM Share %	Directional ⁽¹⁾	IFRS
FPSO N'Goma FPSO	FL	50%	Proportional	Equity
FPSO Saxi Batuque	FL	50%	Proportional	Equity
FPSO Mondo	FL	50%	Proportional	Equity
FPSO Cdde de Ilhabela	FL	62.25%	Proportional	Full consolidation
FPSO Cdde de Maricá	FL	56%	Proportional	Full consolidation
FPSO Aseng	FL	60%	Proportional	Full consolidation
FPSO Cdde de Paraty	FL	50.5%	Proportional	Full consolidation
FPSO Cdde de Saquarema	FL	56%	Proportional	Full consolidation
FPSO Turritella	FL	55%	Proportional	Full consolidation
FPSO Kikeh ⁽²⁾	FL	49%	Proportional	Equity
FPSO Capixaba	OL	80%	Proportional	Full consolidation
FPSO Espirito Santo	OL	51%	Proportional	Full consolidation
Yetagun ⁽³⁾	FL	75%	Proportional	Full consolidation
N'kossa II	OL	50%	Proportional	Equity
Deep Panuke	OL	100%	100%	Full consolidation
Thunder Hawk	OL	100%	100%	Full consolidation
FPSO Cidade de Anchieta	OL	100%	100%	Full consolidation

(1) Kikeh lease classification changed from OL to FL effective 1Q14.

(2) Yetagun lease classification changed from OL to FL effective 2Q15.