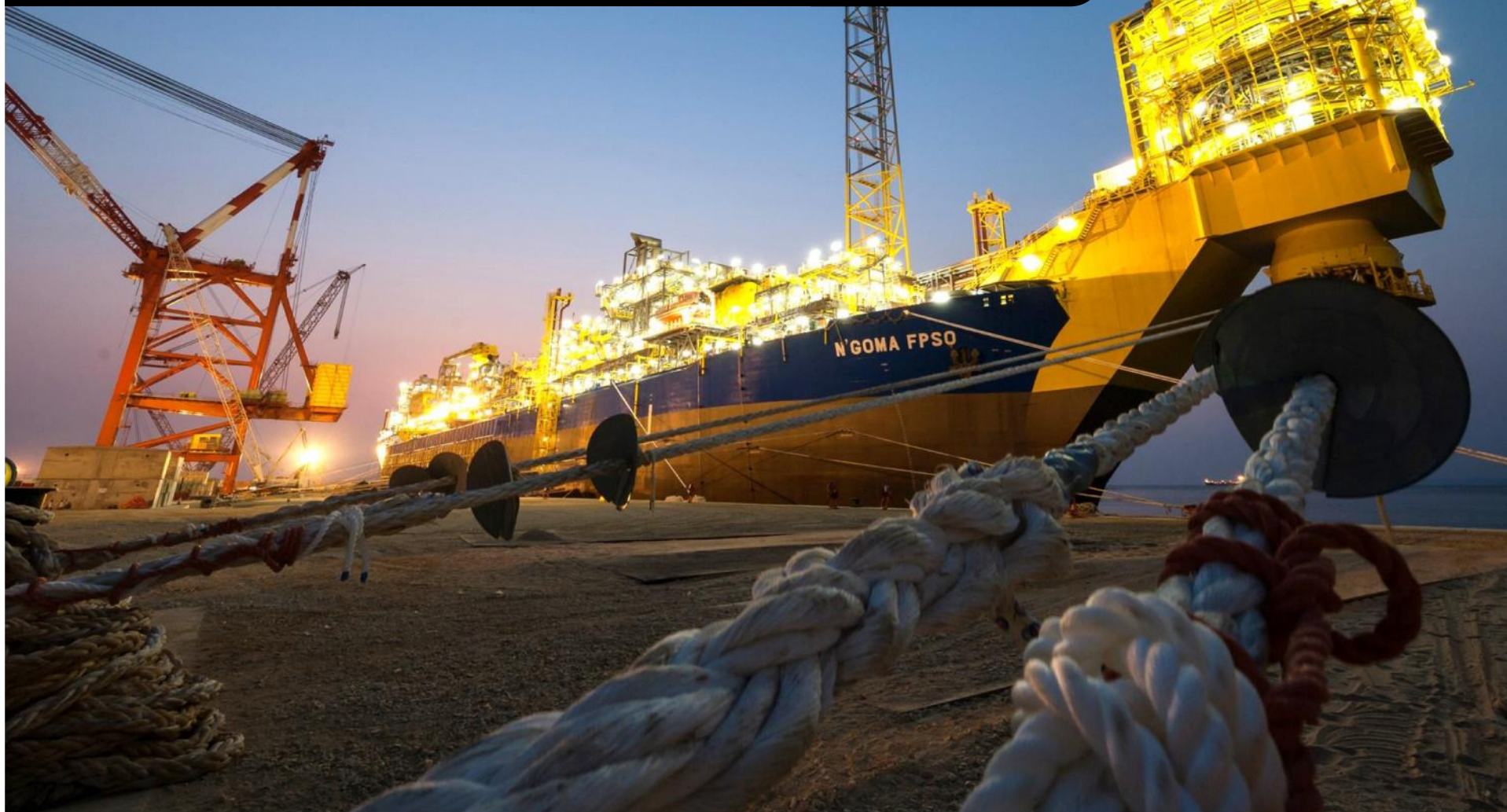


1H 2014 Presentation  
6 August 2014

**SBM**  
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Some of the statements contained in this presentation that are not historical facts are statements of future expectations and other forward-looking statements based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those in such statements. Such forward-looking statements are subject to various risks and uncertainties, which may cause actual results and performance of the Company's business to differ materially and adversely from the forward-looking statements.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this presentation as anticipated, believed, or expected. SBM Offshore NV does not intend, and does not assume any obligation, to update any industry information or forward-looking statements set forth in this presentation to reflect subsequent events or circumstances.



99%  
Fleet  
Uptime

IFRS  
Revenue  
Up 29%

0.06  
LTIFR

Directional<sup>(1)</sup>  
Revenue  
US\$1,729 mn

N'Goma  
lifting  
completed

US\$1.85 bn  
project  
financing

Floating  
Solutions

Kikeh  
brownfield  
extension  
delivered

IFRS 10  
& 11

Brazil

US\$21.5 bn  
Directional<sup>(1)</sup>  
Backlog

US\$240 mn  
settlement  
provision



# No.1 FPSO Player Worldwide

## The Company

5 Execution Centres  
 10 Operational Shore Bases  
 5 Representative Offices  
 10,983 Employees

## Lease Fleet

10 FPSOs; 4 FPSOs under construction  
 2 FSOs  
 1 Semi Sub  
 1 MOPU



- Execution / Corporate Centres
- Representative Offices
- Site Office
- ▲ Shore Base
- Lease Unit
- ★ Future Lease Unit
- Operated Unit
- ◆ Laid-up
- ⊠ Construction Yard
- ⊠ Under Construction

## Financials in US\$ billion

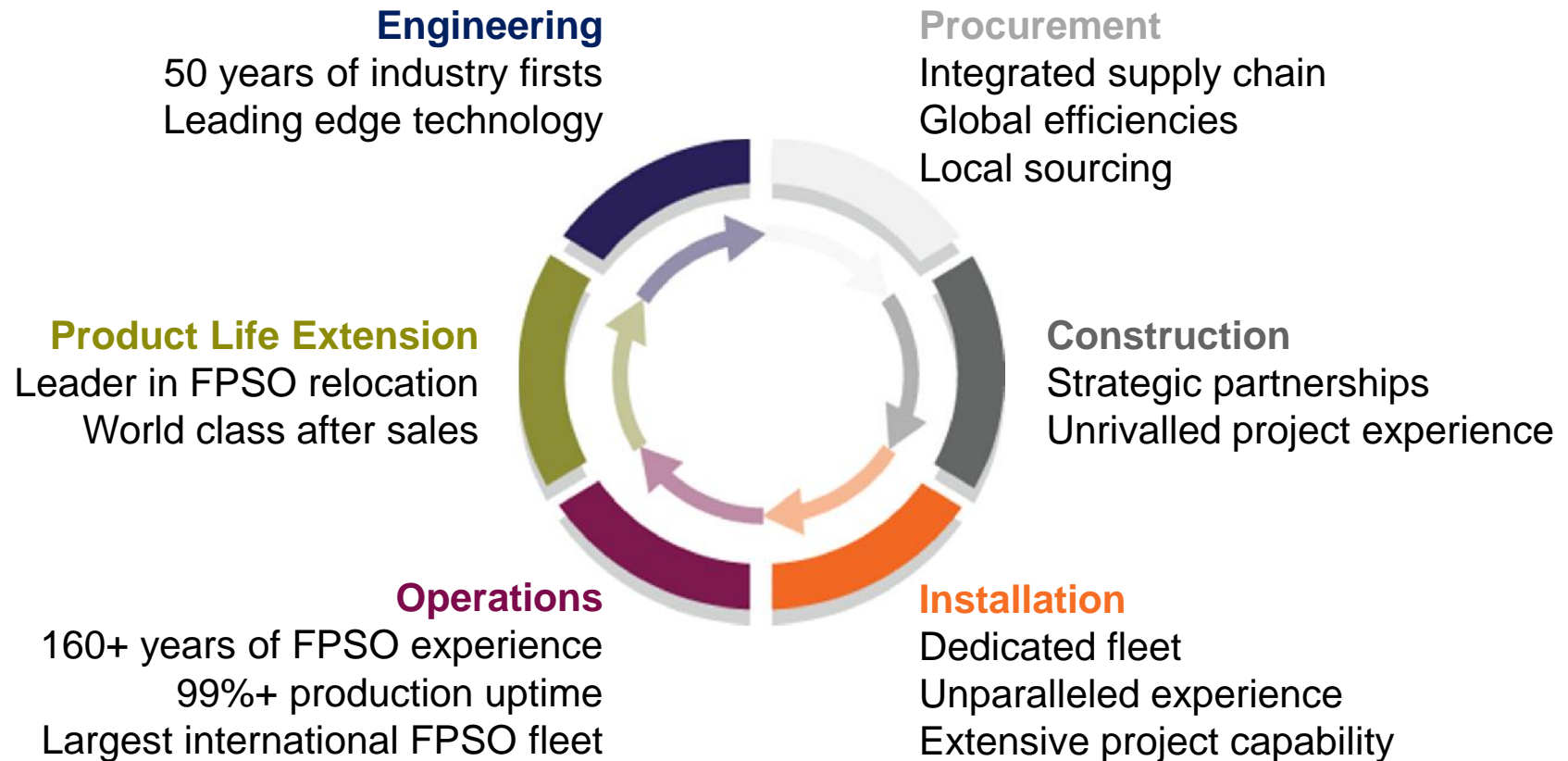
2014 Directional <sup>(1)</sup> Guidance	3.3
Directional <sup>(1)</sup> Backlog (30/6/2014)	21.5
Market Cap (as of 5/8/2014)	2.8

## Performance 1H2014

251 years of operational experience  
 99% Uptime  
 1.16 MM bbls throughput capacity/day  
 6,948 Tanker Offloads



# Delivering the Full Product Lifecycle



# Agenda

1H 2014 *Review*

Macro View

1H 2014 Financials

Outlook

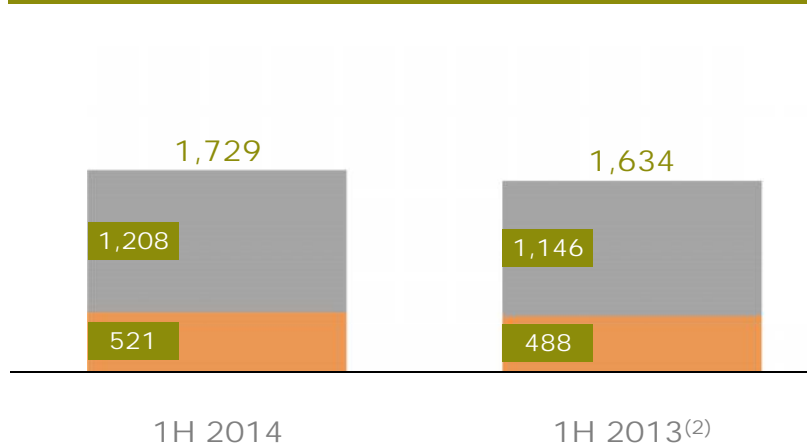




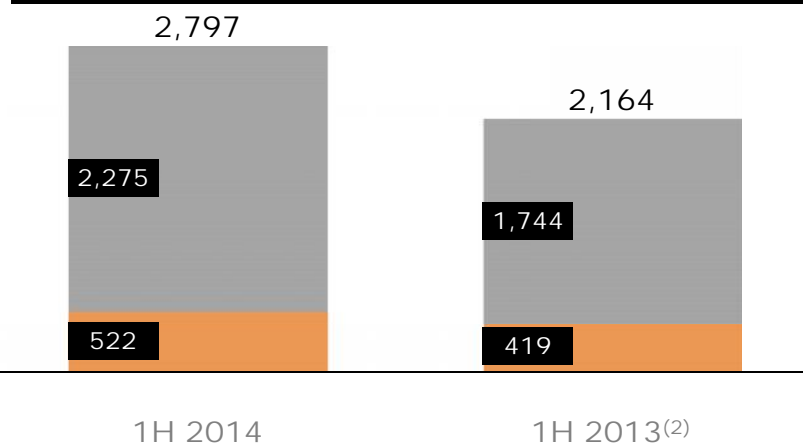
Lease & Operate Turnkey Other

## Revenue

Directional<sup>(1)</sup>

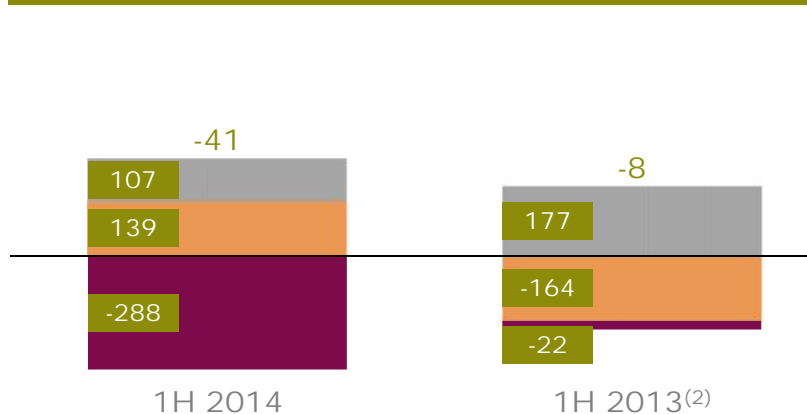


IFRS

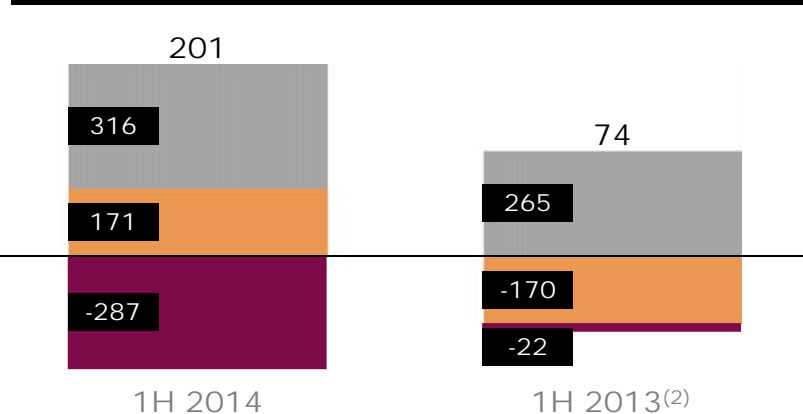


## EBIT

Directional<sup>(1)</sup>



IFRS



(1) Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.  
 (2) Restated for comparison purposes.



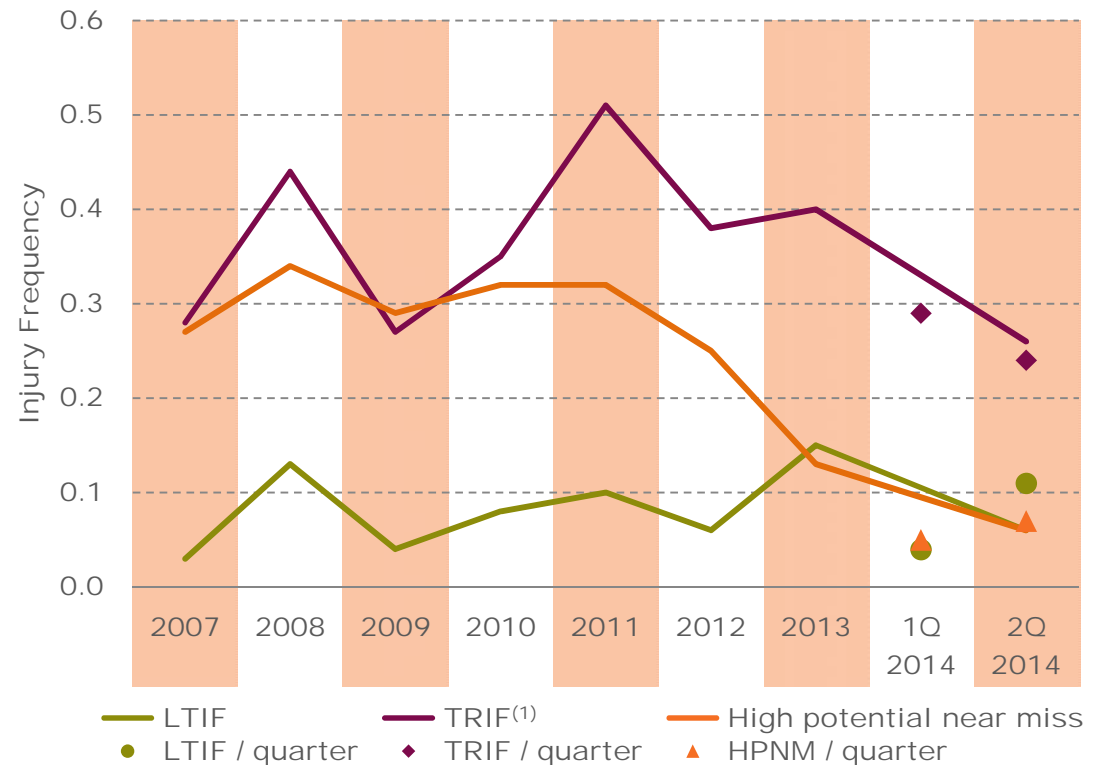
- Findings of internal investigation published April 2, 2014
- Progress achieved in dialogue with relevant authorities
- Provision of US\$240 million taken in 1H14 financial statements
- More information on progress of the investigation will be reported in due course





- Two fatalities regrettably occurred in 1H14
- Recordable injury and lost time injury frequency improved by 35% and 40% compared to 2013
- Potentially severe incident frequency reduced by 80% since 2011
- Offshore GHG emissions reduced by 20% compared to last year:
  - Better than industry average (OGP) for 1H14
- Offshore energy consumption and oil discharged from produced water improved compared to last year:
  - Better than industry average (OGP) for 1H14
- No spills reportable under OGP (over 1 bbl) for 1H14

## HSSE Results



# Agenda

1H 2014 Review

Macro View

1H 2014 Financials

Outlook

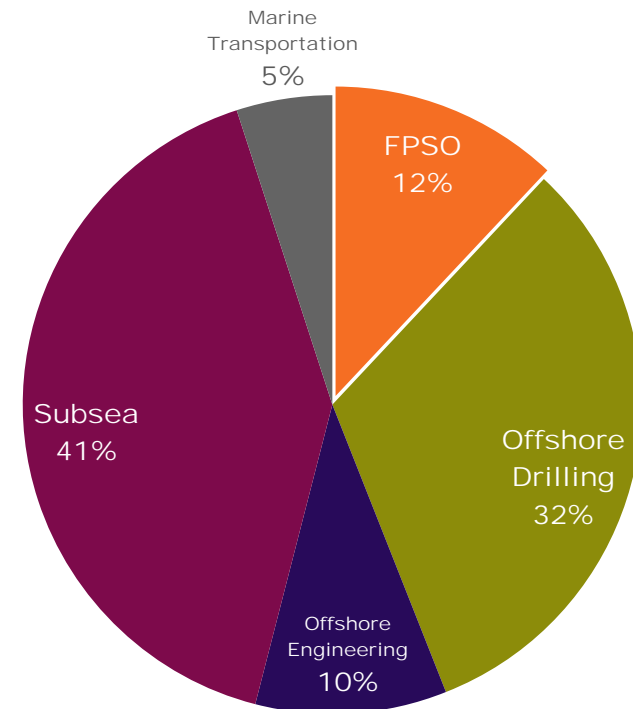




## The Next Phase of the Cycle

- Three key supply growth buckets
  - ✓ U.S. Shale Oil → Plateau by 2020
  - ✓ Iraq → Outlook uncertain
  - ✓ Deepwater → Secular growth story
- Deepwater is the most important growth area
  - High volume of new field discoveries
  - Strong portfolio of not-yet-approved projects
  - Drilling dayrates off their peak
  - Robust project economics support production investment

## Deepwater Project Costs



Project emphasis on profitability, cost-control and diligent portfolio development



2000-2012

Rapid growth in the Deepwater frontier



Technology & local capabilities stretched to the limit; poorly developed supply chain



Tight offshore marine contracting market



Playing catch-up

Overly optimistic on time, effort and budget

Lack of project maturation & development

2013 & Beyond

Experience from past (complex) projects



Improved upfront project scoping / more front-end engineering; avoid re-scoping



Better supply-chain capacity & management



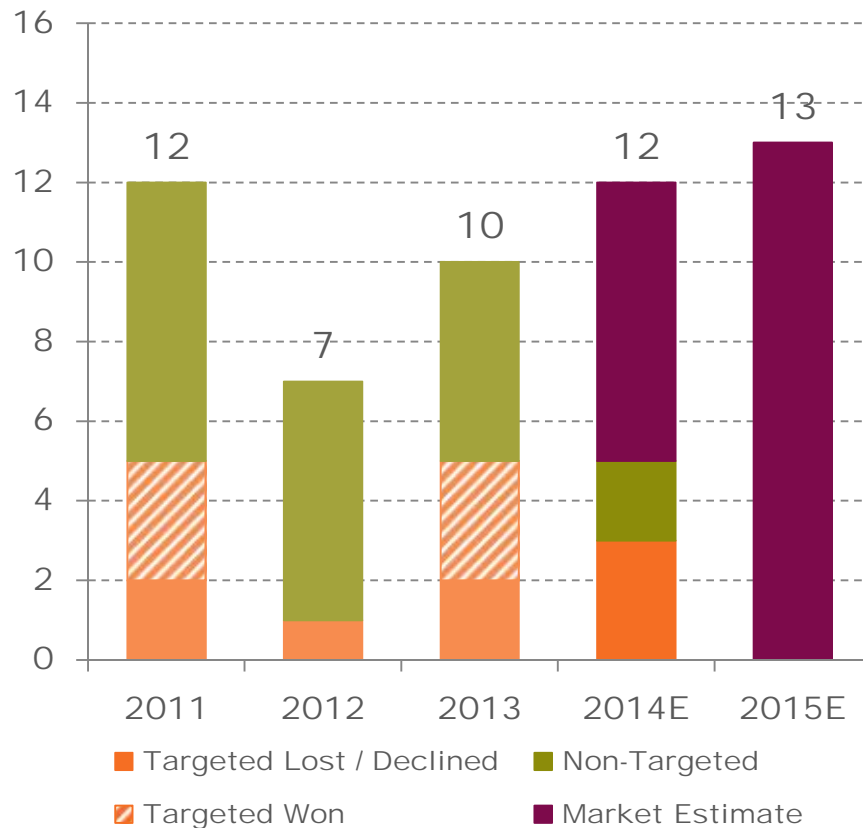
Downward trend in cost and timing overruns

Improved profitability for client & contractor

Slow Down to Speed Up!



## Historical and Estimated Awards



## 2014-2015 Commentary

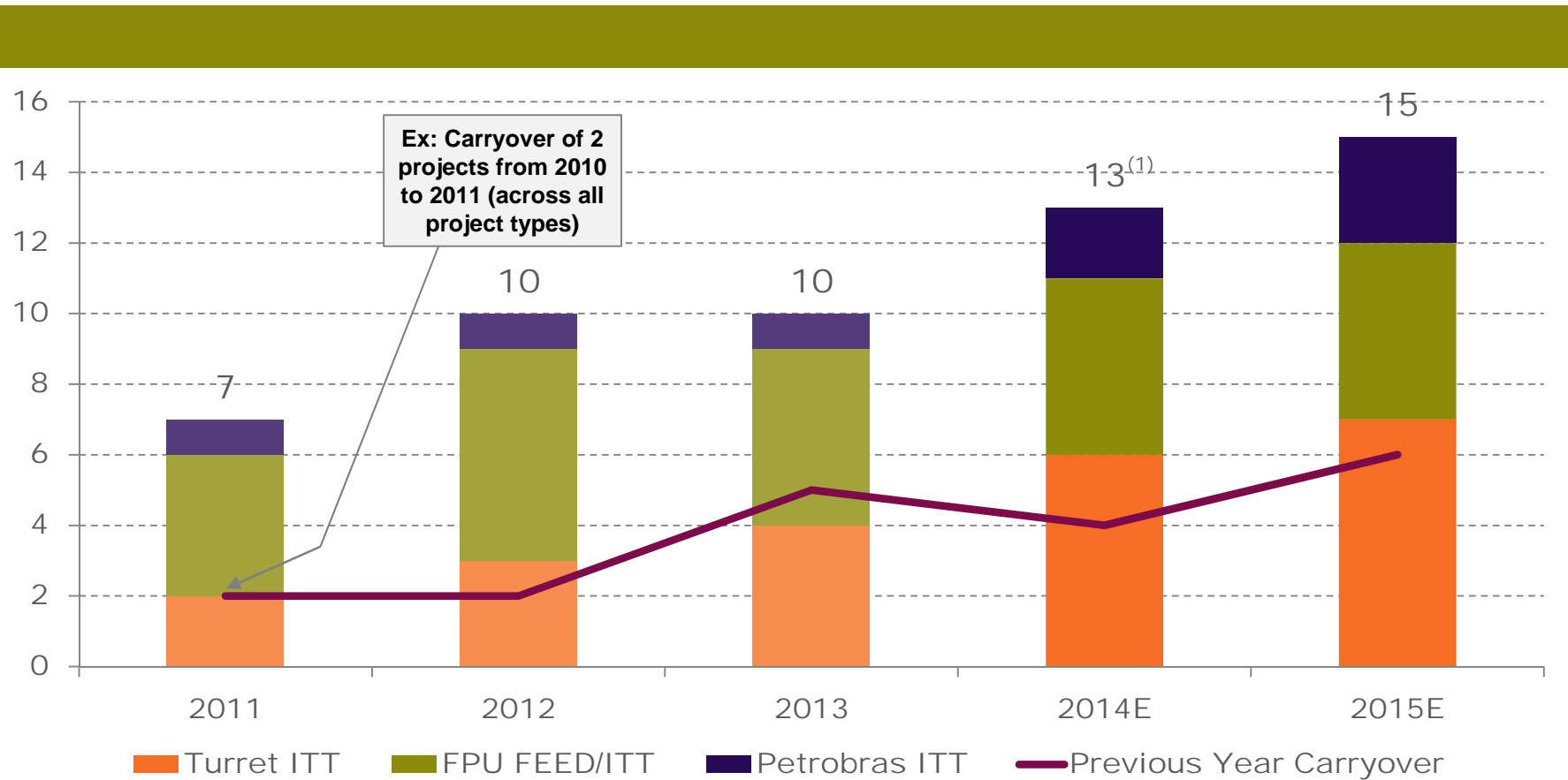
### Market Estimates

- 10-14 awards per year

### SBM's View

- 12 awards in 2014 and 13 awards in 2015
  - 5 awarded through 1H 2014
- 20 awards remaining through the end of 2015,
  - 14 have begun the tender phase
    - SBM currently tendering 3 projects
  - 6 projects in pre-tender phase
    - 5 are targeted by SBM
      - Includes 4 Petrobras projects
- SBM maintains its view on award delays

From 2011-2013, SBM won 6 of the 11 targeted FPSO awards



Apart from Petrobras tenders, generally all FEED/ITT work is (partially) compensated

# Agenda

1H 2014 Review

Macro View

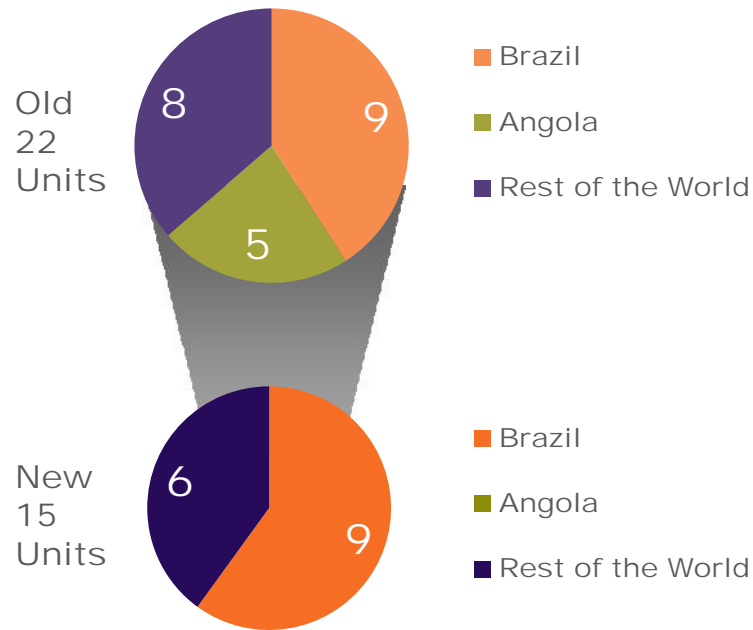
1H 2014 Financials

Outlook

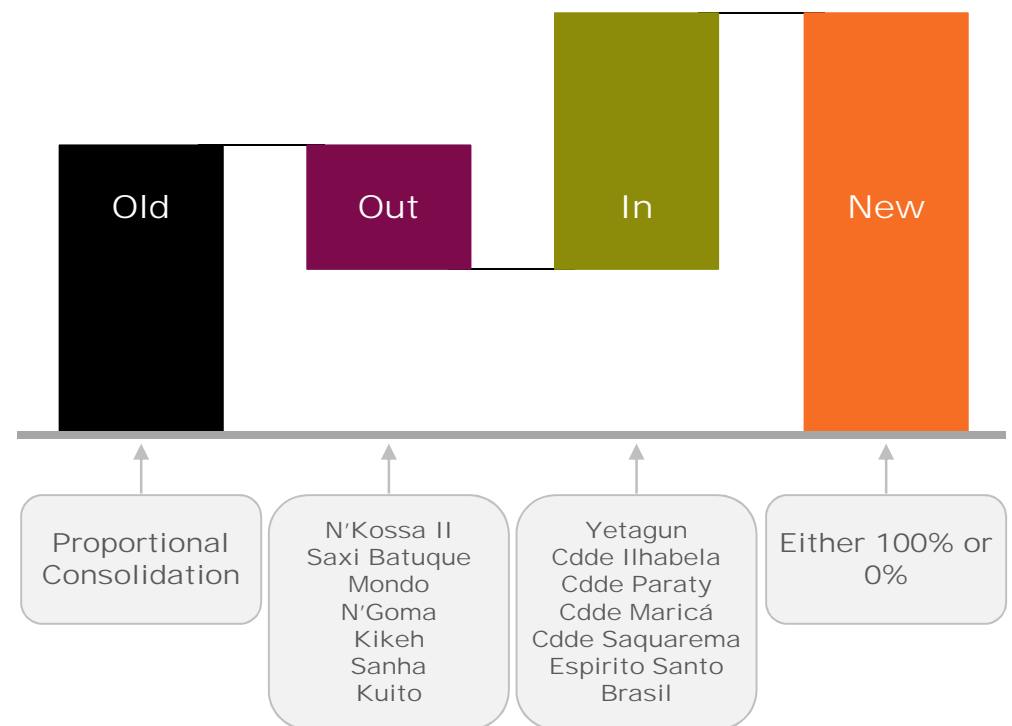




## Production Units



## Financial Consolidation

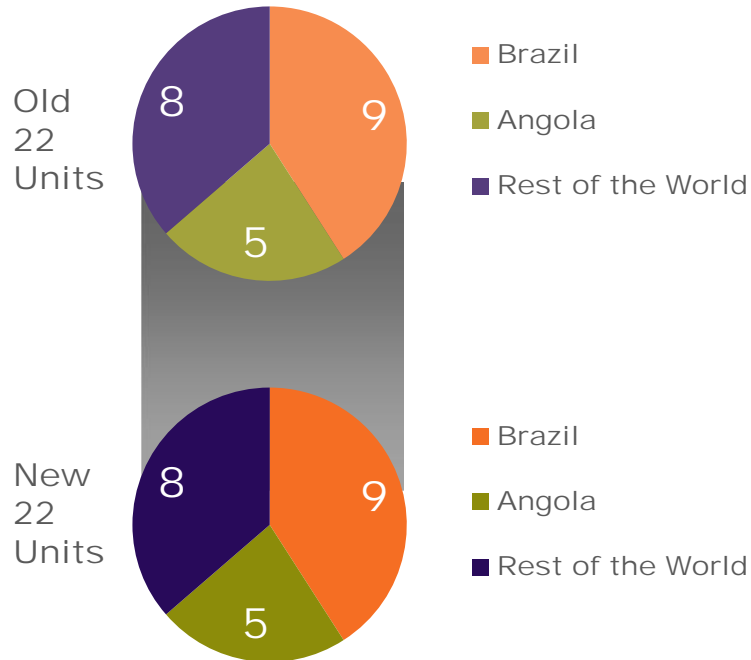


(FY2013)	Old	Out	In	New
Revenue	\$ 4.8	\$ (0.4)	\$ 0.2	\$ 4.6
Assets	7.1	(0.3)	1.9	8.7
Loans	2.9	(0.2)	0.9	3.6

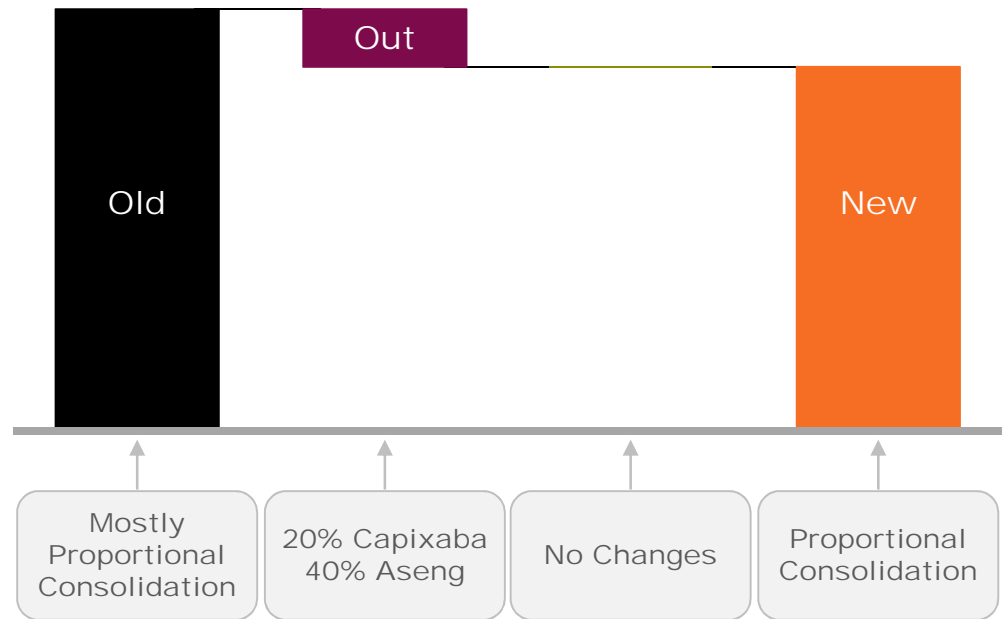




## Production Units



## Financial Consolidation

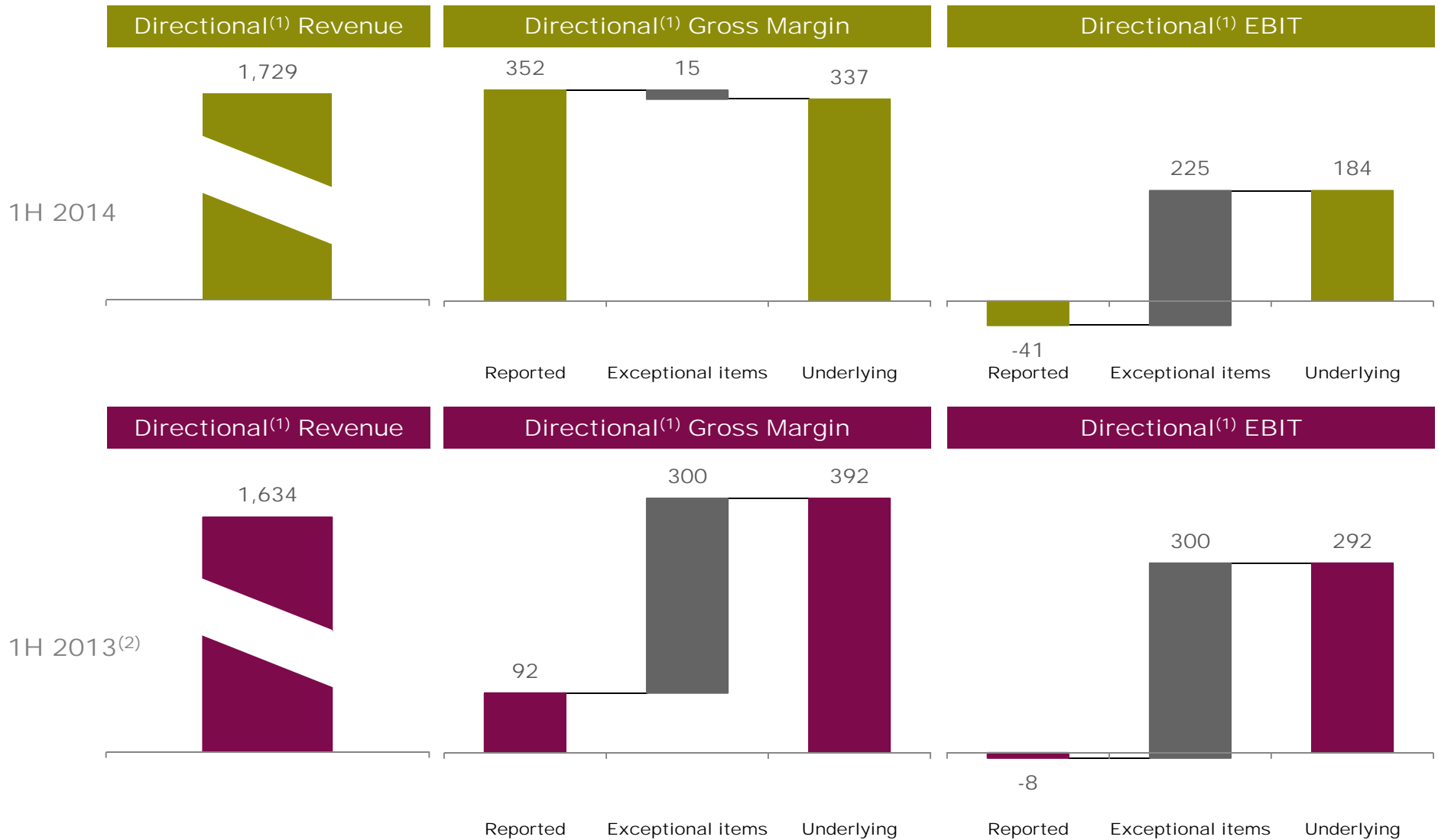


(FY2013)	Old	Out	In	New
Revenue	\$ 3.45	\$ (0.08)	\$ -	\$ 3.37



# Underlying Directional<sup>(1)</sup> Performance

(US\$ millions)



(1) Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.

(2) Restated for comparison purposes.



	Directional <sup>(1)</sup>		Variance
	1H 2014	1H 2013*	
<b>Revenue</b>	<b>1,208</b>	<b>1,146</b>	<b>62</b>
Gross Margin	199	245	(46)
EBIT	<b>107</b>	<b>177</b>	<b>(70)</b>
Depreciation, amortisation and impairment	7	7	–
EBITDA	<b>114</b>	<b>184</b>	<b>(70)</b>

\* Restated for comparison purposes

## Directional<sup>(1)</sup> Comments

Projects In	<i>Cidade de Maricá and Cidade de Saquarema</i>		
Projects Out	<i>OSX-2, Skarv, FRAM and Cidade de Paraty</i>		
EBIT	1H13: Strong on back of successful completion of <i>OSX-2, FRAM</i> and <i>Cidade de Paraty</i> 1H14: EBIT margin more in line with 2H13; additional overheads and investment programmes		
Underlying EBIT Margin	1H13: 15.5%	2H13: 9.6%	1H14: 8.9%



	Directional <sup>(1)</sup>		Variance
	1H 2014	1H 2013*	
<b>Revenue</b>	<b>521</b>	<b>488</b>	<b>33</b>
Gross Margin	152	(153)	<b>305</b>
EBIT	<b>139</b>	<b>(164)</b>	<b>303</b>
Depreciation, amortisation and impairment	129	140	<b>(11)</b>
EBITDA	<b>268</b>	<b>(24)</b>	<b>292</b>

\* Restated for comparison purposes

## Directional<sup>(1)</sup> Comments

Vessels In	<i>Cidade de Paraty, Deep Panuke and Kikeh (Siakap North-Petai)</i>		
Vessels Out	<i>P-57, Sanha, Frade and Kuito</i>		
EBIT	1H13: \$300 million charges on Yme and Deep Panuke 1H14: Reflects higher maintenance costs		
Underlying EBIT Margin	1H13: 27.9%	2H13: 23.8%	1H14: 23.8%



	Directional <sup>(1)</sup>		Variance
	1H 2014	1H 2013*	
<b>Revenue</b>	<b>1,729</b>	<b>1,634</b>	<b>95</b>
Gross Margin	352	92	260
Overheads	(153)	(100)	(53)
Other operating income	(240)	–	(240)
<b>EBIT</b>	<b>(41)</b>	<b>(8)</b>	<b>(33)</b>
Depreciation, amortisation and impairment	139	147	(8)
<b>EBITDA</b>	<b>98</b>	<b>139</b>	<b>(41)</b>
Net financing costs	(47)	(42)	(5)
Income from associated companies	(16)	(6)	(10)
Income tax expense	6	12	(6)
<b>Net Income attributable to shareholders</b>	<b>(98)</b>	<b>(44)</b>	<b>(54)</b>

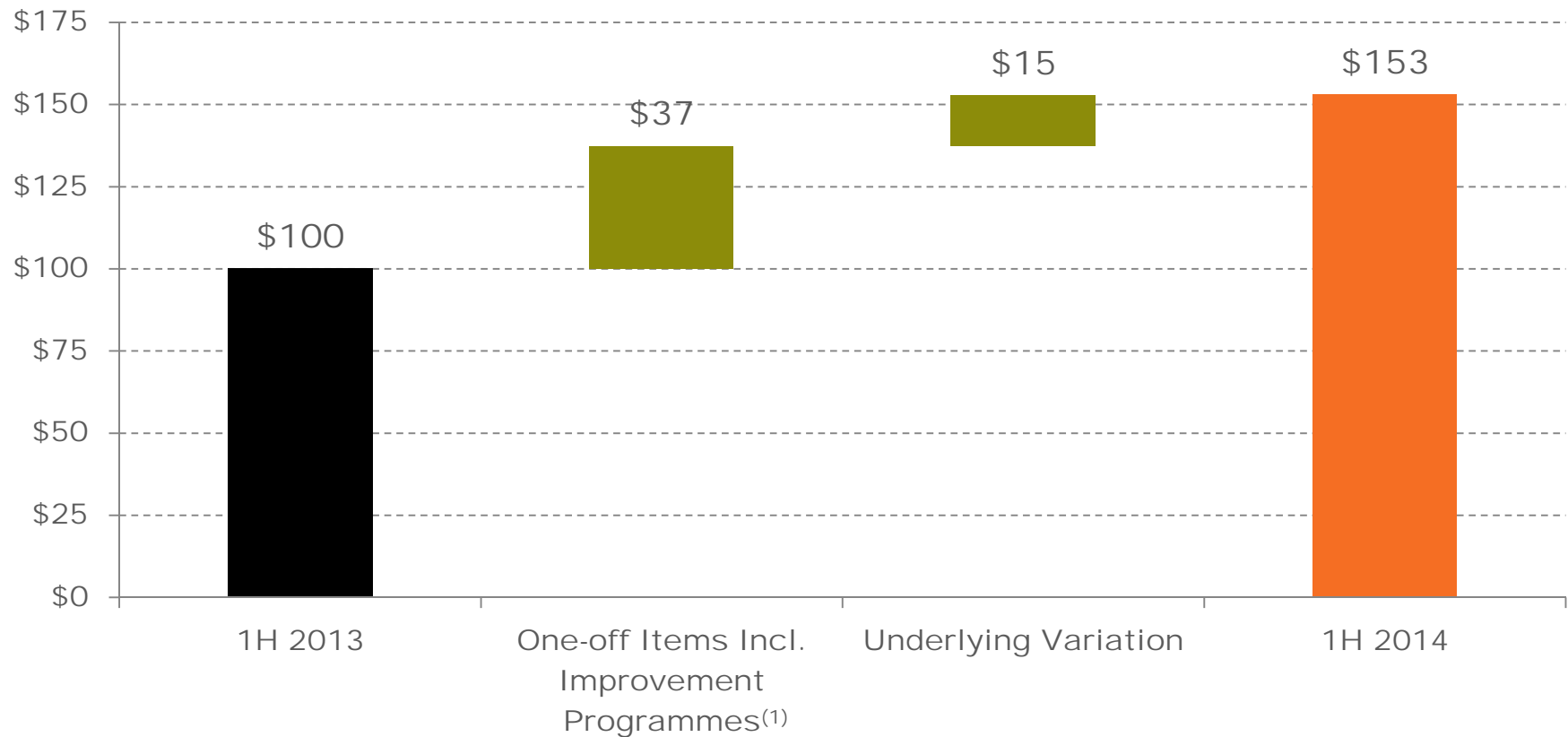
\* Restated for comparison purposes

**Directional<sup>(1)</sup> Comments**

Overheads	See next page
Net financing cost	<i>Cidade de Paraty</i> and Deep Panuke; amortisation of existing loans; lower avg. cost of debt



## Expense Bridge



Increase mostly driven by non-recurring events



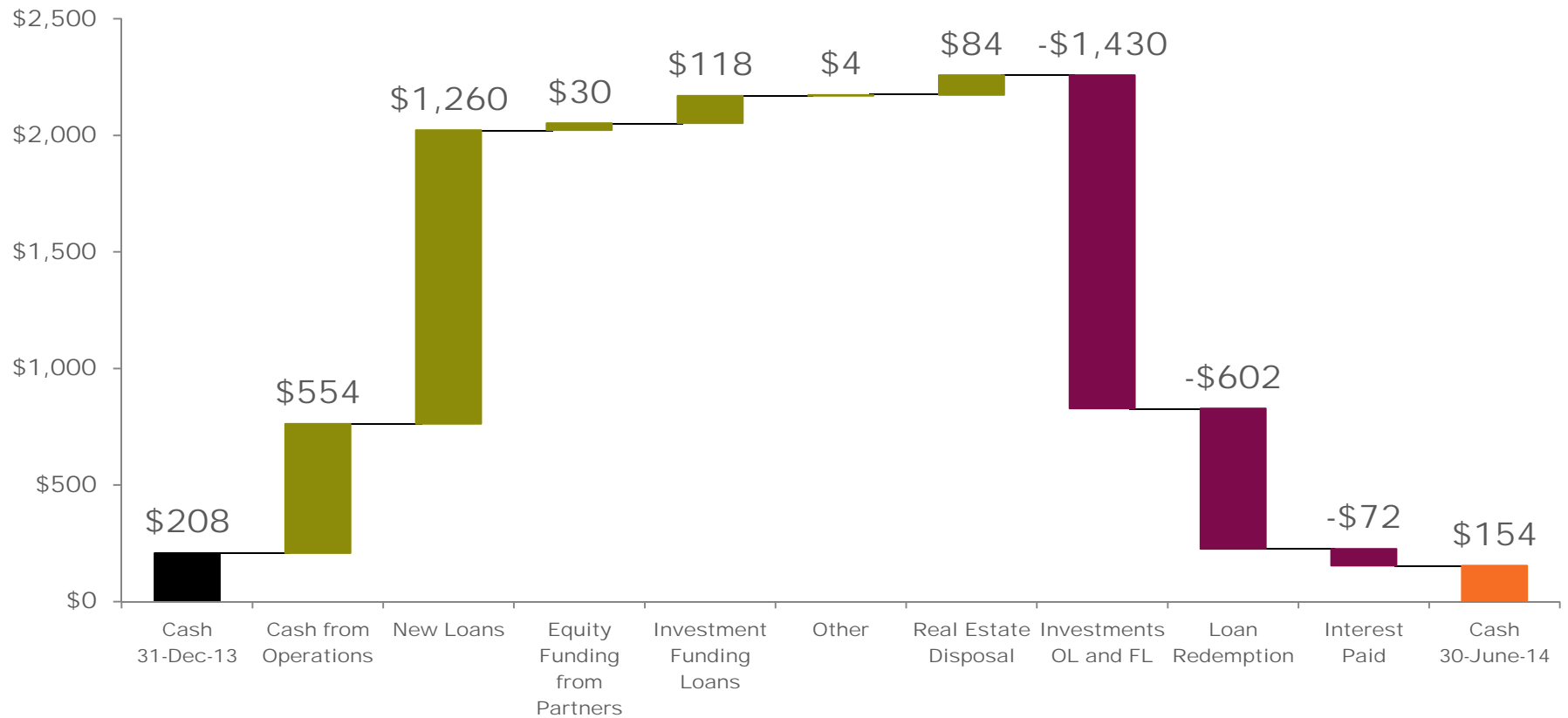
	30-Jun-14	31-Dec-13 <sup>(1)</sup>	Variance	Comment
Property, plant and equipment	2,013	2,055	(41)	Modest capex compared to depreciation
Investments in associates and other financial assets	2,483	2,635	(152)	Redemption of <i>Aseng</i> and <i>Cidade de Paraty</i>
Construction contracts	3,903	2,221	1,682	Four FPSOs under construction
Trade receivables and other assets	1,380	1,573	(192)	Dec. '13 real estate disposal proceeds; mark-to-market financial instruments
Cash and cash equivalents	154	208	(54)	Separate slide
<b>Total Assets</b>	<b>9,933</b>	<b>8,692</b>	<b>1,241</b>	
Total equity <sup>(2)</sup>	2,917	2,887	30	Group and NCI results; mark-to-market; equity converted in shareholder loan (NCI)
Loans and borrowings	4,456	3,608	848	Drawdown on bridge loans
Provisions	433	143	290	Settlement provision, pension, warranty fund and others
Trade payables and other liabilities	2,127	2,054	73	Increase of accruals related to FPSOs under construction
<b>Total Equity and Liabilities</b>	<b>9,933</b>	<b>8,692</b>	<b>1,241</b>	

(1) Restated for comparison purposes.

(2) Total equity includes amount attributable to non-controlling interests.



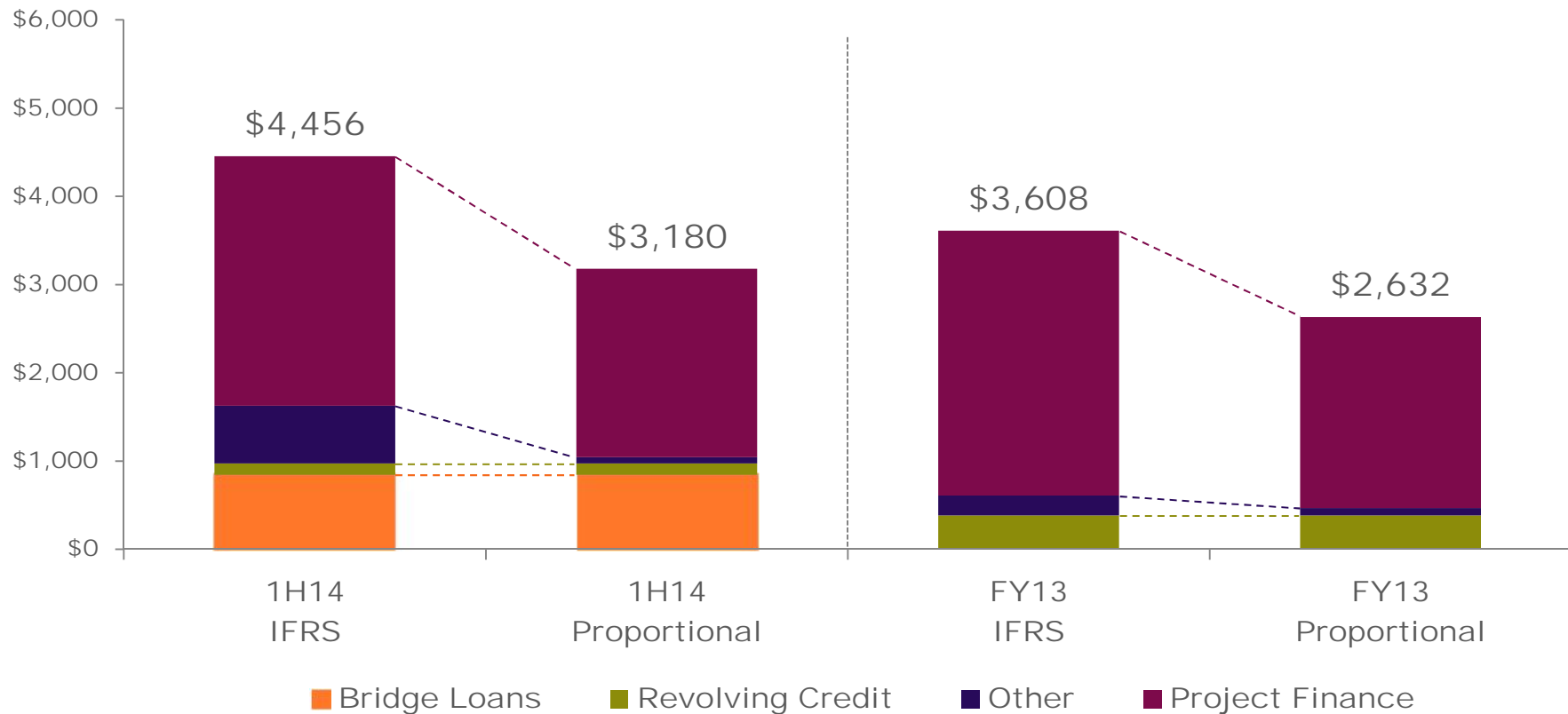
## Cash Flow Bridge







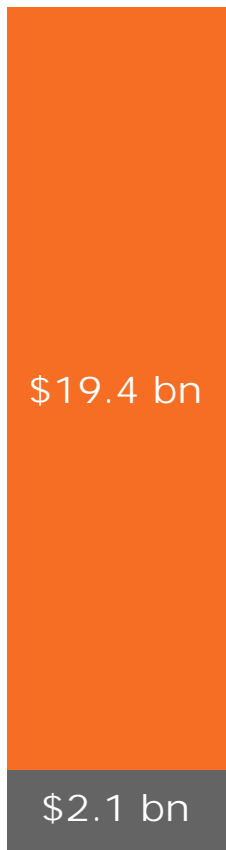
## 1H14 vs. FY13 Debt Summary Comparison





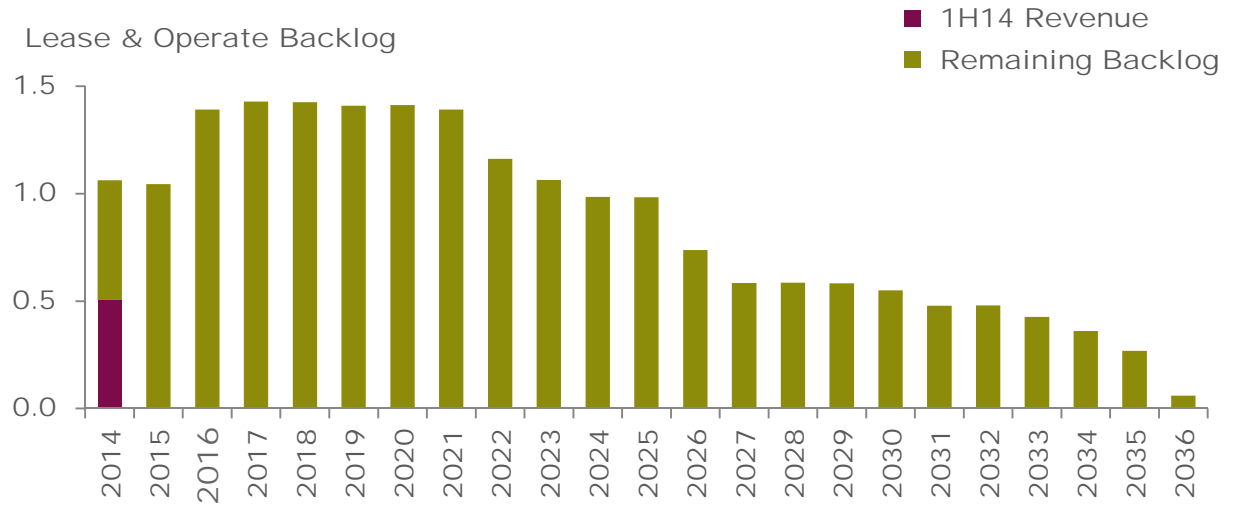
# Directional<sup>(1)</sup> Backlog (US\$ billions)

US\$ 21.5 bn  
(as of June 30, 2014)

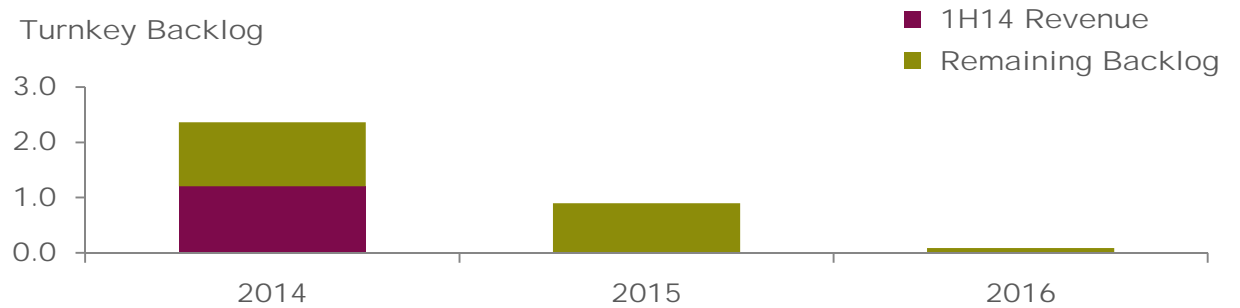


■ Lease & Operate  
■ Turnkey

Lease & Operate Backlog



Turnkey Backlog



L&O Average Portfolio Duration: 14.7 years<sup>(2)</sup>

(1) Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.  
(2) Assumes the exercise of all lease extensions.



- Undrawn Credit Facilities + Cash = US\$1,093 mn

- Deep Panuke: US\$400 mn bridge to USPP
- Cidade de Maricá project finance: US\$1.45 bn

- Average cost of debt: 1H14 4.2% vs. FY13 5.3%



	30-Jun-14	31-Dec-13 <sup>(1)</sup>	Change	Comment
Debt	<b>4,456</b>	<b>3,608</b>	<b>24%</b>	Bridge loan for <i>Cidade de Maricá</i> , <i>Cidade de Saquarema</i> and Deep Panuke
Cash	<b>154</b>	<b>208</b>	<b>-26%</b>	Separate slide
Net Debt	<b>4,302</b>	<b>3,400</b>	<b>27%</b>	Increased debt load for projects under construction
Total Equity	<b>2,917</b>	<b>2,887</b>	<b>1%</b>	1H14 results and NCI shareholder loan
Net Debt : Equity	<b>147%</b>	<b>118%</b>	<b>2,900bps</b>	Increased debt load and equity impacted by \$240 mn settlement provision
Solvency Ratio	<b>27.5%</b>	<b>30.2%</b>	<b>270bps</b>	Increased balance sheet and stable equity because of settlement provision

The Company remains firmly within its covenants

# Agenda

1H 2014 Review

Macro View

1H 2014 Financials

Outlook





## Scheduled for Delivery

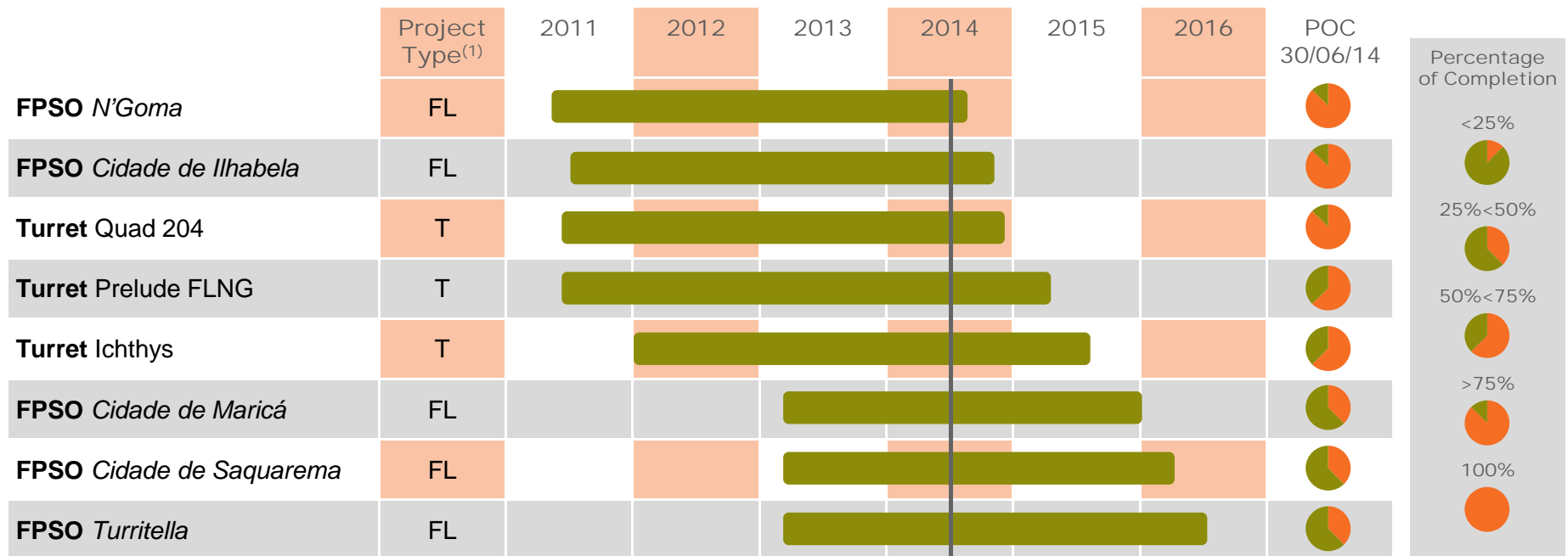


FPSO N'Goma (12 year L&O contract)



Cidade de Ilhabela (20 year L&O contract)

- Vessel arrived at offshore site in Angola
  - Lifting campaign completed at Paenal
  - Delivery expected in 3Q14
- 
- Topside integration continues at Brasa yard
  - Delivery expected in 2H14





## Current: Focus on top-end segment

- FPSOs
- Turret Moorings
- Turnkey Sale or Lease & Operate



## Future: Leverage core competencies

- Floating LNG (FLNG)
- Semisubmersible & TLP production units





- Directional<sup>(1)</sup> Revenue guidance confidently reiterated:  
US\$3.3 billion
  - ✓ Turnkey: US\$2.3 billion
  - ✓ Lease & Operate: US\$1.0 billion
- As the market develops, the Company will adapt accordingly
  - ✓ Demand-driven management of fixed cost structure
  - ✓ Further develop core competencies to position SBM for the market upturn

# Appendix



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- IFRS 10 & 11 consolidation standards for joint ventures (JVs) introduced January 1, 2014
- Ends proportional accounting of JVs
  - ✓ Full consolidation of fully controlled JVs (mostly Brazilian FPSOs)
  - ✓ Equity accounting of jointly controlled JVs (mostly Angolan FPSOs)
- IFRS Balance Sheet impacts:
  - ✓ Inclusion of JVs partner's share in relatively young Brazilian fleet
  - ✓ Disappearance of most of the African assets and loans
  - ✓ Total asset value increased by approximately US\$1.6 billion
  - ✓ Net debt increased from US\$2.7 billion to US\$3.4 billion
- Limited impact on IFRS Revenue and almost nil to net income attributable to shareholders
- 2013 Pro-forma financial statements provided with 1H 2014 earnings release



- New IFRS 10 & 11 eliminates the revenue SBM generates in the project phase from its JV partners in investees fully consolidated (Brazil)
- Consequently, Directional<sup>(1)</sup> reporting from 2014 onwards will not only classify all leases as operating leases but:
  - ✓ Will be based on proportional consolidation of all Lease & Operate contracts
- The impact on Directional<sup>(1)</sup> Revenue and results will be very limited:
  - ✓ FPSOs *Aseng* (60% SBM Share) and *Capixaba* (80% SBM share) previously fully consolidated will now be proportionally consolidated
  - ✓ 2013 Directional<sup>(1)</sup> negative impact of US\$72 million on revenue and US\$35 million on EBIT



Joint Ventures	Lease Contract Type	SBM Share %	New Directional <sup>(1)</sup>	Old Directional <sup>(1)</sup>	New IFRS	Old IFRS
FPSO <i>N'Goma</i>	FL	50%	Proportional	Proportional	Equity	Proportional
FPSO <i>Saxi Batuque</i>	FL	50%	Proportional	Proportional	Equity	Proportional
FPSO <i>Mondo</i>	FL	50%	Proportional	Proportional	Equity	Proportional
FPSO <i>Cdde de Ilhabela</i>	FL	62.25%	Proportional	Proportional	Full consolidation	Proportional
FPSO <i>Cdde de Maricá</i>	FL	56%	Proportional	Proportional	Full consolidation	Proportional
FPSO <i>Aseng</i>	FL	60%	Proportional	Full consolidation	Full consolidation	Full consolidation
FPSO <i>Cdde de Paraty</i>	FL	50.5%	Proportional	Proportional	Full consolidation	Proportional
FPSO <i>Cdde de Saquarema</i>	FL	56%	Proportional	Proportional	Full consolidation	Proportional
FPSO <i>Kikeh</i> <sup>(2)</sup>	FL	49%	Proportional	Proportional	Equity	Proportional
FPSO <i>Capixaba</i>	OL	80%	Proportional	Full consolidation	Full consolidation	Full consolidation
FPSO <i>Espirito Santo</i>	OL	51%	Proportional	Proportional	Full consolidation	Proportional
FPSO <i>Brasil</i>	OL	51%	Proportional	Proportional	Full consolidation	Proportional
<i>Yetagun</i>	OL	75%	Proportional	Proportional	Full consolidation	Proportional
<i>N'kossa II</i>	OL	50%	Proportional	Proportional	Equity	Proportional

Note: Deep Panuke, Thunder Hawk and FPSOs Turritella, Cidade de Anchieta, and Marlim Sul are fully owned by SBM therefore fully consolidated



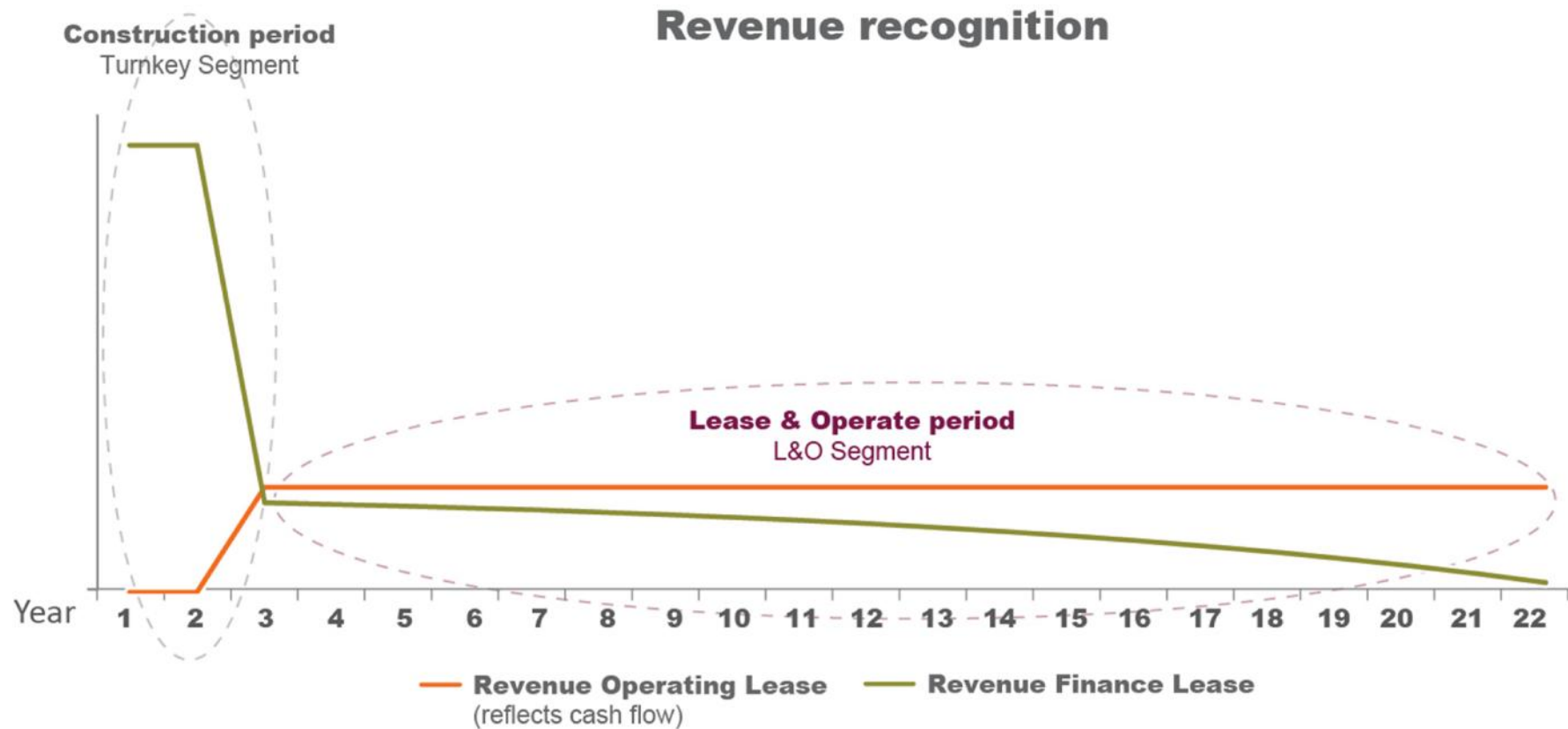
	Net Book Value as of 30 June 2014		
	Full Amount	IFRS	Proportional (Business Ownership)
<b>PROJECT FINANCE FACILITIES DRAWN</b>			
FPSO <i>Capixaba</i> relocation	\$ 119	\$ 119	\$ 95
FPSO <i>Kikeh</i>	33	–	16
FPSO <i>Espirito Santo</i>	136	136	69
FPSO <i>Aseng</i>	172	172	103
FPSO <i>Cidade de Paraty</i>	923	923	466
Normand Installer	66	–	33
FPSO <i>Cidade de Anchieta</i>	460	460	460
FPSO <i>Cidade de Ilhabela</i>	1,017	1,017	633
FPSO <i>N’Goma</i>	523	–	262
<b>BRIDGE LOANS</b>			
Bilateral credit facilities ( <i>Maricá</i> and <i>Saquarema</i> )	445	445	445
Bilateral credit facilities (Deep Panuke)	400	400	400
<b>REVOLVING CREDIT FACILITY</b>			
Revolving credit facility	128	128	128
<b>OTHER</b>			
Other long-term debt	655	655	70
Net book value of loans and borrowings	\$ 5,077	\$ 4,456	\$ 3,180



- SBM Offshore seeking to provide analysts and investors with clarity on business performance above and beyond statutory IFRS disclosure
- SBM Offshore's business model combines turnkey sales, construction and lease and operate projects, making it a challenge to model
- IFRS finance lease accounting adds complexity by separating revenue recognition from cash flows
- IFRS accelerates recognition of revenues, profit and equity well before any rents are paid by client
- Increasing number of contracts classified as finance leases, with IASB intention to make all leases finance leases
- In this context, SBM Offshore is extending its reporting to a non-GAAP operating lease presentation more in line with operating cash flows...
- ...leading to increased transparency and understanding of SBM Offshore's performance...
- ...through disclosure of Directional<sup>(1)</sup> Backlog and a Directional<sup>(1)</sup> Income Statement as part of the Financial Review



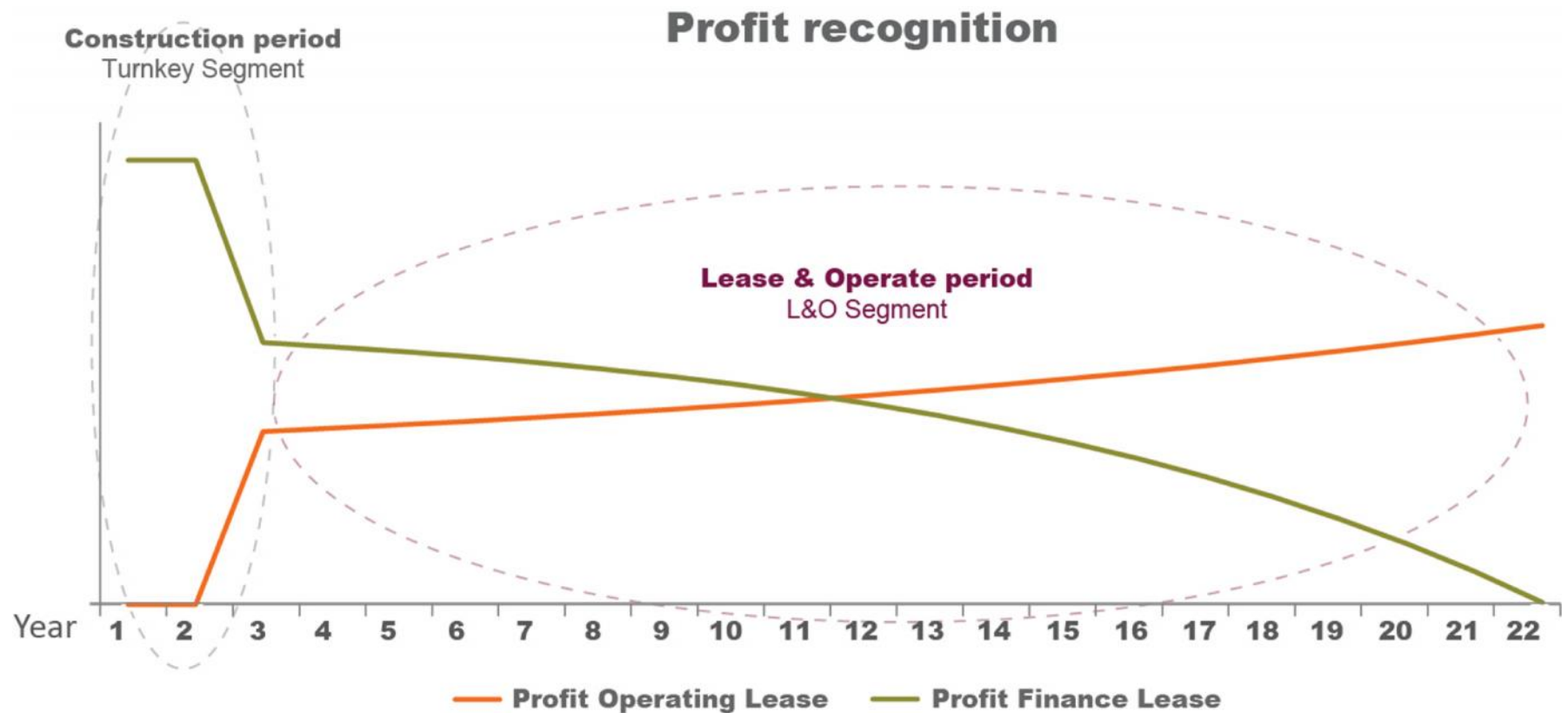
# Operating Lease vs Finance Lease







# Operating Lease vs Finance Lease



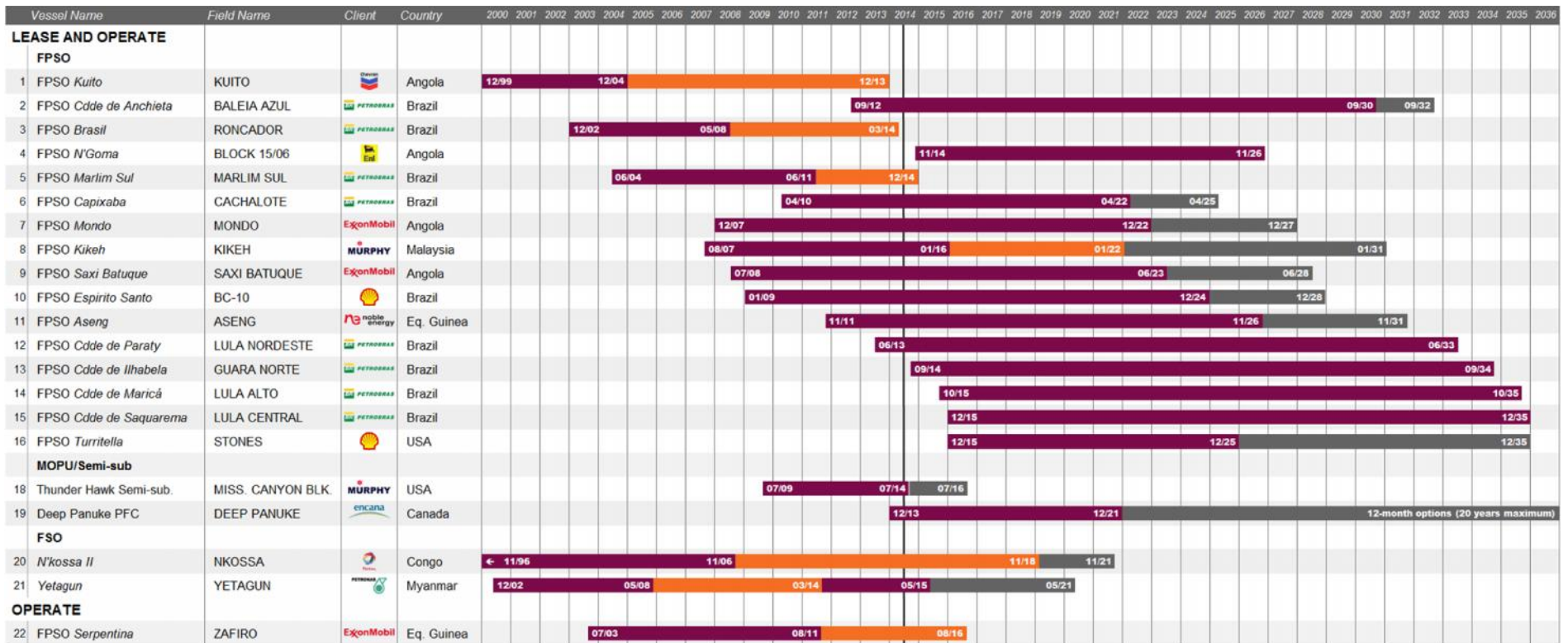


- Turnkey segment becomes a pure construction business. Revenue and Gross Margin consist of:
  - ✓ Direct sales contracts (FPSO OSX 2, Turrets for Prelude, Quad 204 and Ichthys)
  - ✓ Sales to JV partners (FPSO *Cidade de Ilhabela*, FPSO *N’Goma*, FPSO *Cidade de Maricá* and *Saquarema*)
- Lease and Operate segment becomes a pure long-term cash business. Revenue and Gross Margin consist of SBM’s share of Lease and Operate contracts (Bareboat + OPEX)
- 2013 transition period to promote Directional<sup>(1)</sup> Reporting as the main indicator for company performance and variance analysis
- 2014 guidance based on Directional<sup>(1)</sup> results



# SBM Lease Fleet Portfolio

L&O Portfolio Average Duration: 14.7 years<sup>(1)</sup>



■ Initial Lease Period    ■ Confirmed Extension    ■ Contractual Extension Option



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