

FY2013 Presentation
6 February 2014





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US\$1.2 bn
financing

99%
Fleet
Uptime

0.4
TRIFR

Rights
Issue
US\$274
mln

Deep
Panuke
on hire

OSX-2
delivered

Directional
introduced

FPSO³

3 FPSOs

1st oil
Cidade
de
Paraty

IFRS
Revenue
Up 32%

YME
settlement

9,936
Employees
as of year
end

US\$23 bn
Directional¹
Backlog

Directional¹
Revenue
Up 13%

Agenda

Macro view

2013 Review

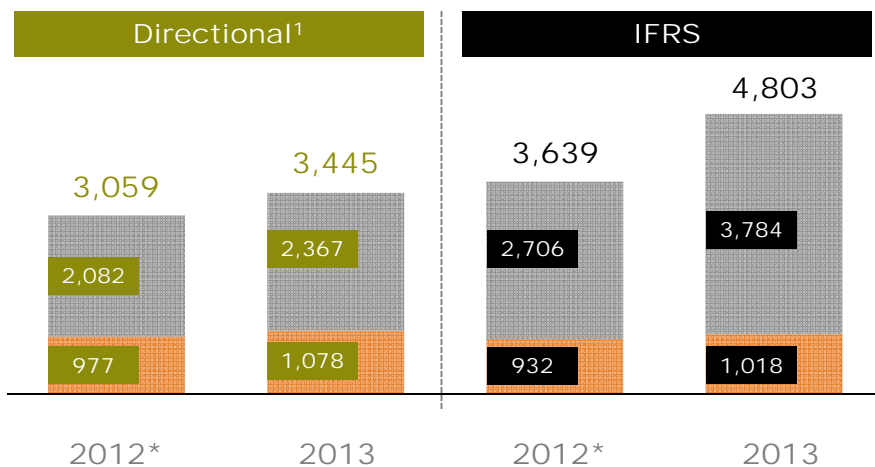
2013 Financials

Outlook

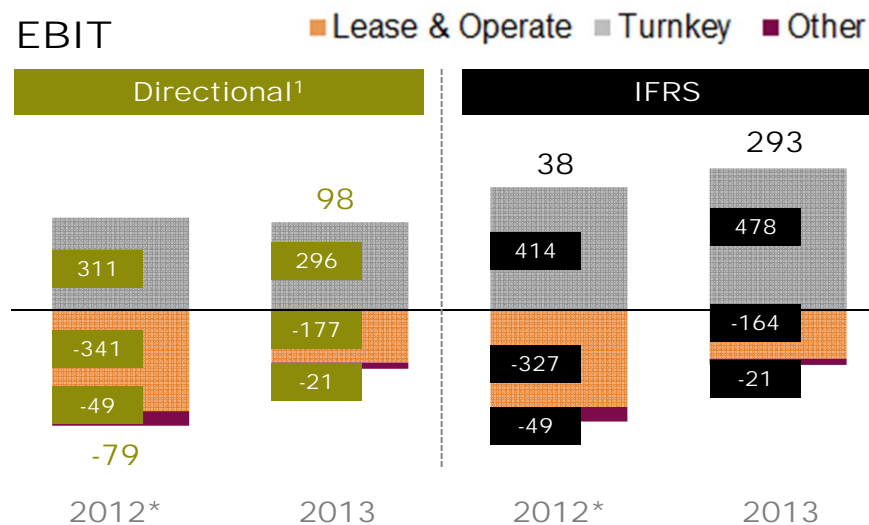




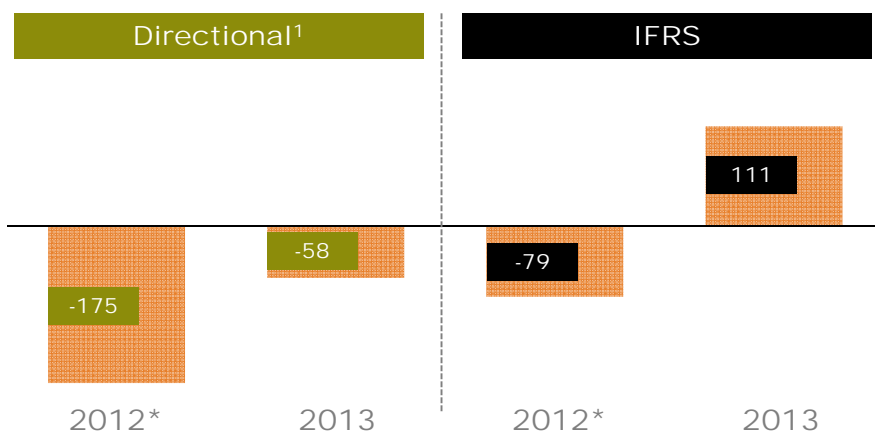
Turnover



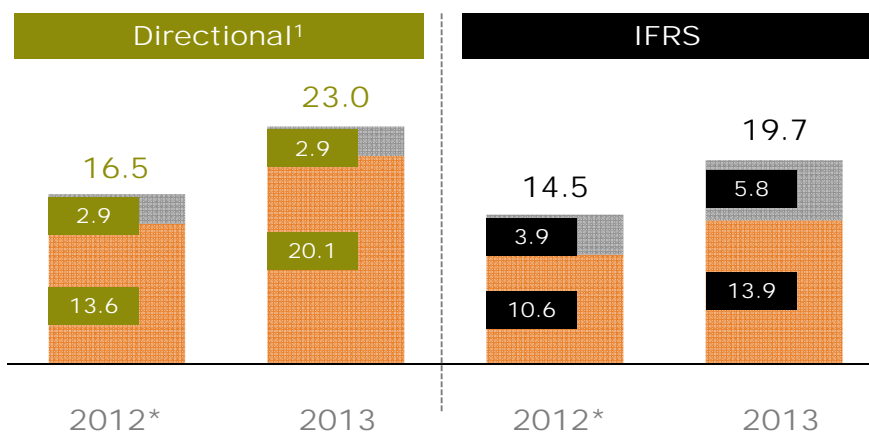
EBIT



Net Income attributable to shareholders



Order Portfolio (in billions of US\$)

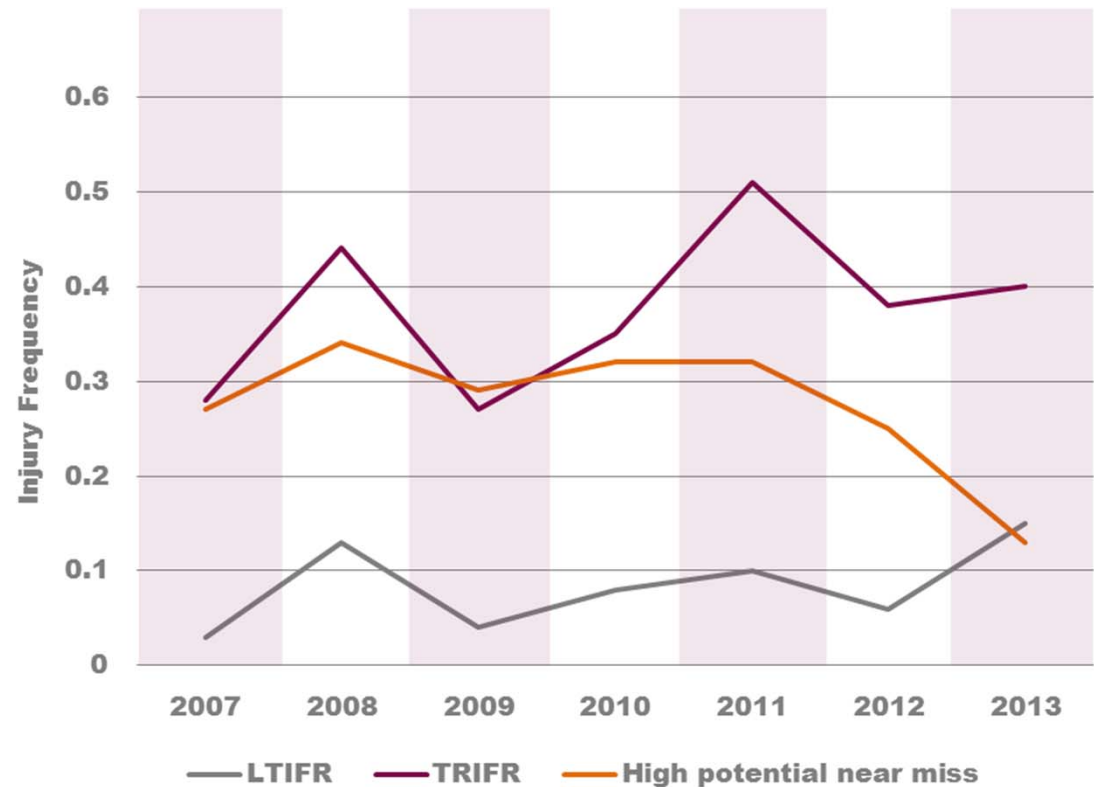


*Restated for comparison purposes
IR- 06/02/2014

¹ Directional view is a non-IFRS disclosure, which corrects the non-cash effects on revenue and earnings introduced by IFRS finance lease accounting



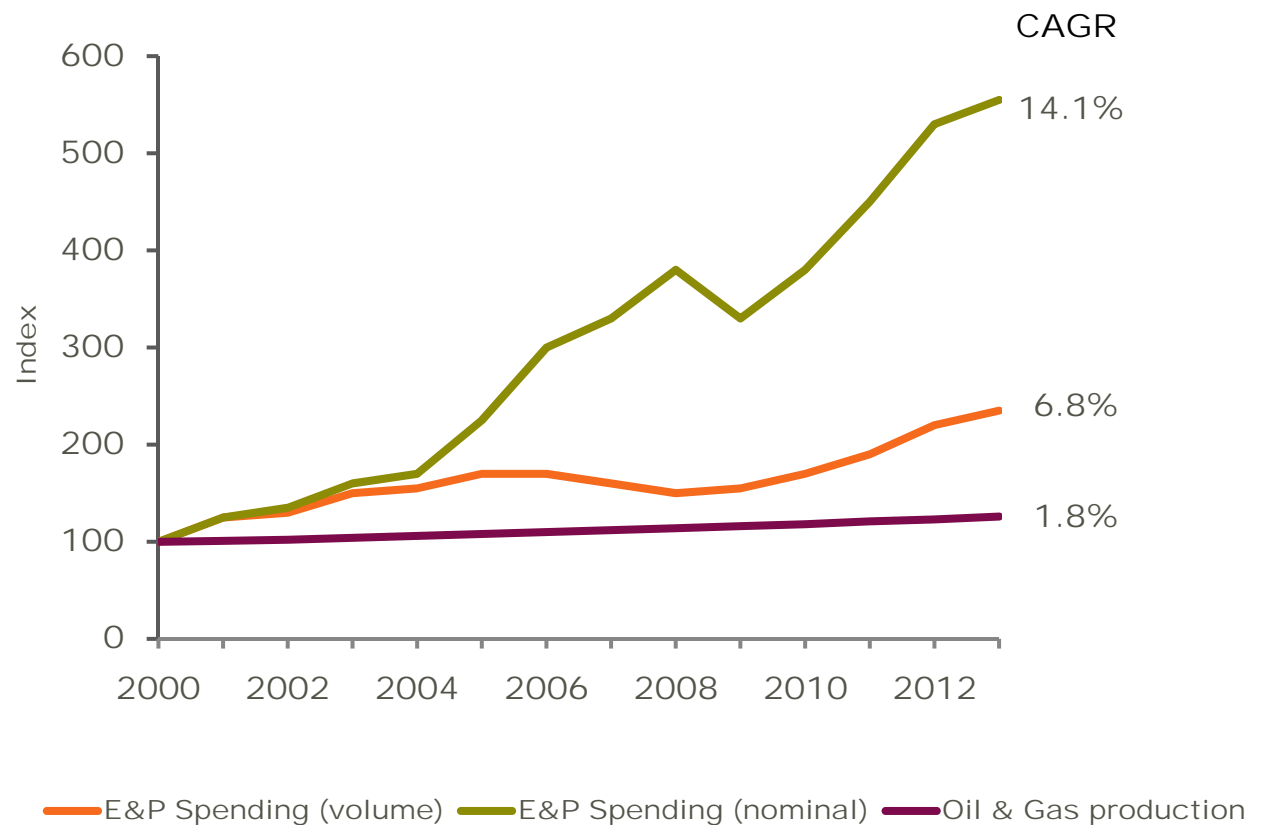
- Total Recordable Incidents Frequency in line with 2012
- Frequency of potentially severe incidents halved compared to 2012
- However, Lost Time Incidents frequency deteriorated due to a number of challenges in safe working practices on one specific project
- Best practices adopted for Environmental performance reporting





- Cash Flows constrained
- Development costs rising
- NOCs of growing importance

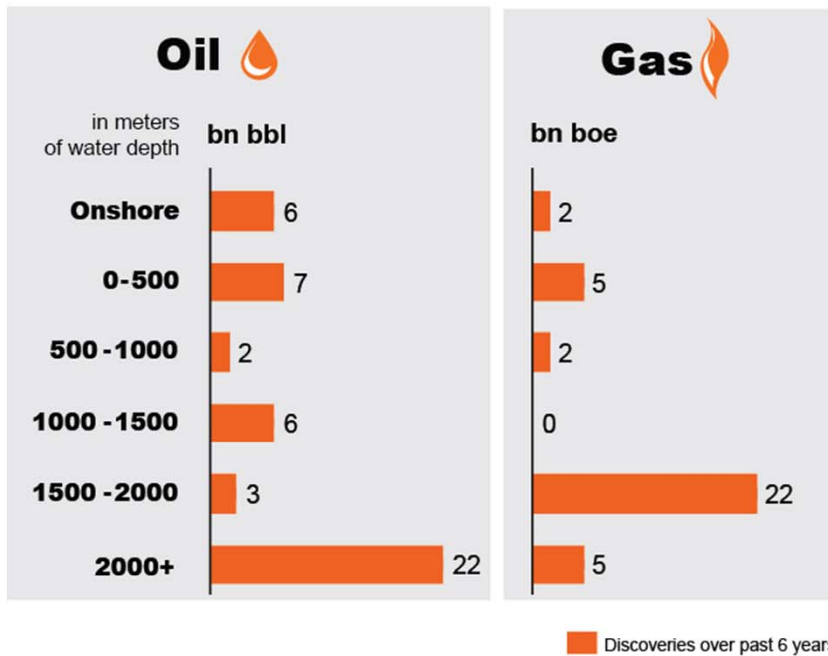
Production vs. E&P Spending





Last six years 50% of elephant discoveries have been in deep/ultra deepwater...

Project sanction delays increasing along with water depth/complexity



Avg. number of years from discovery to sanction for deepwater



Source: Goldman Sachs; ExxonMobil; Douglas Westwood FPS report 2013-2017

Recent deepwater elephant discoveries likely to experience increased lead time for project sanctioning



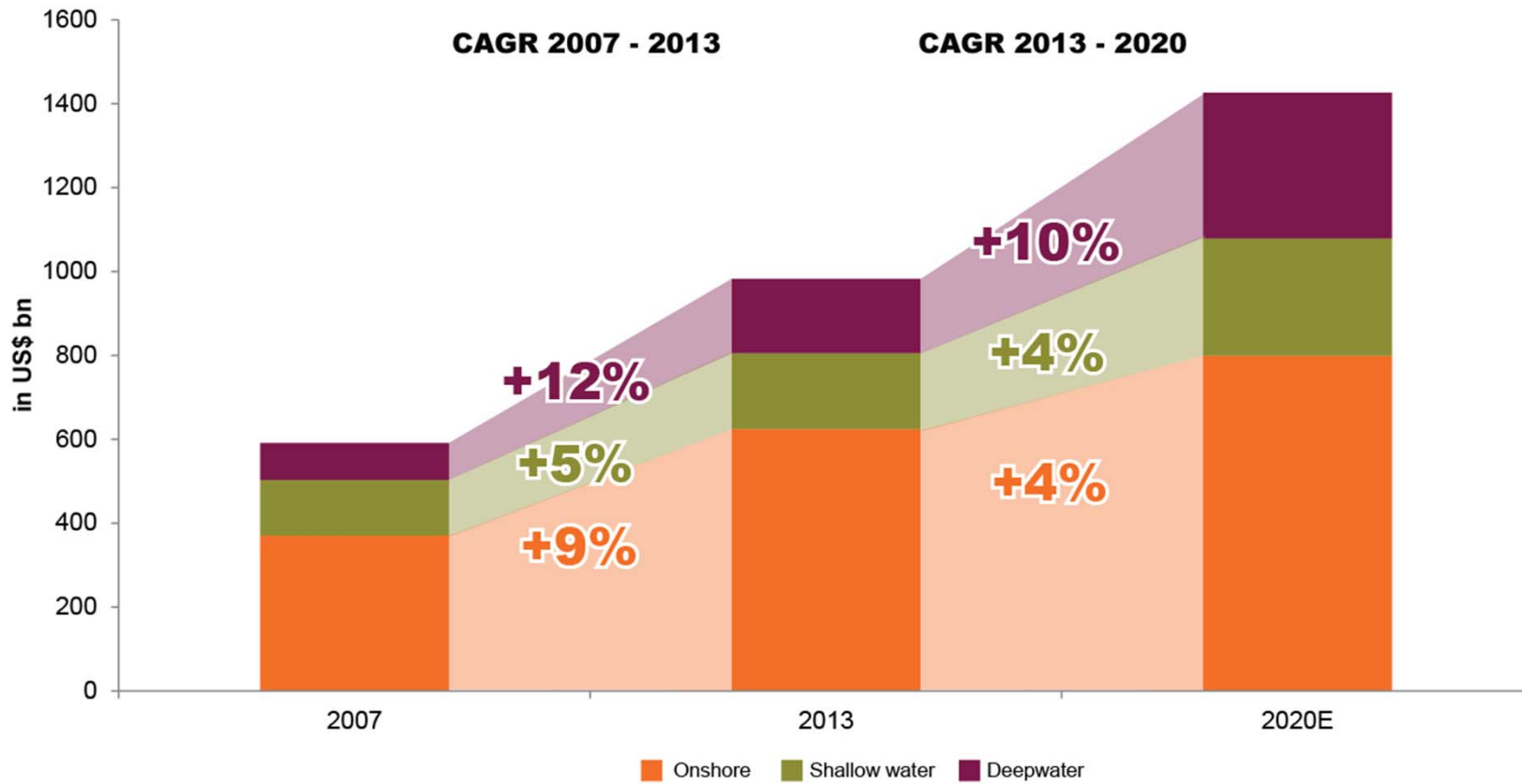
We provide great TECHNICAL solutions



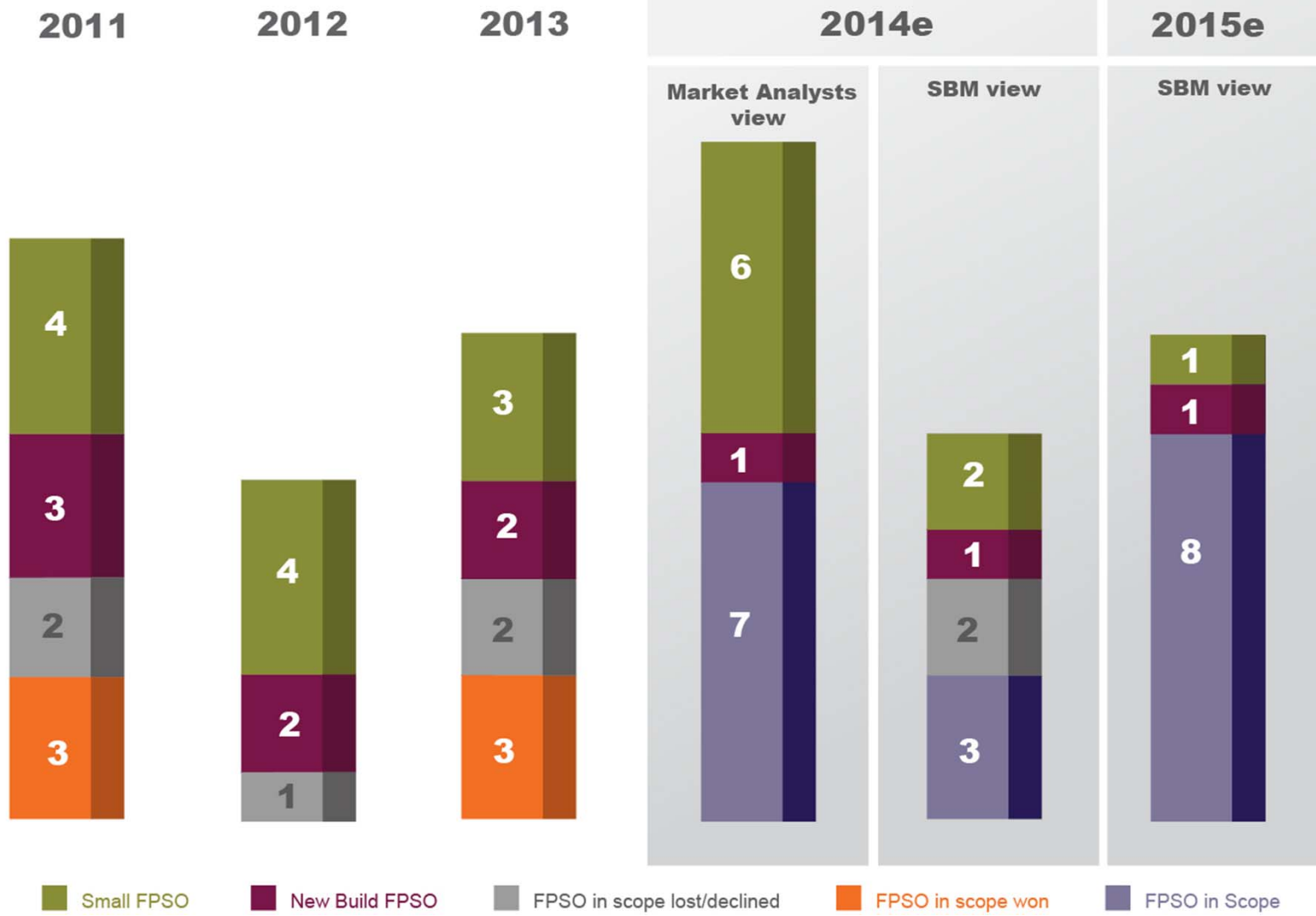
We provide LOCAL solutions



We provide FINANCIAL solutions

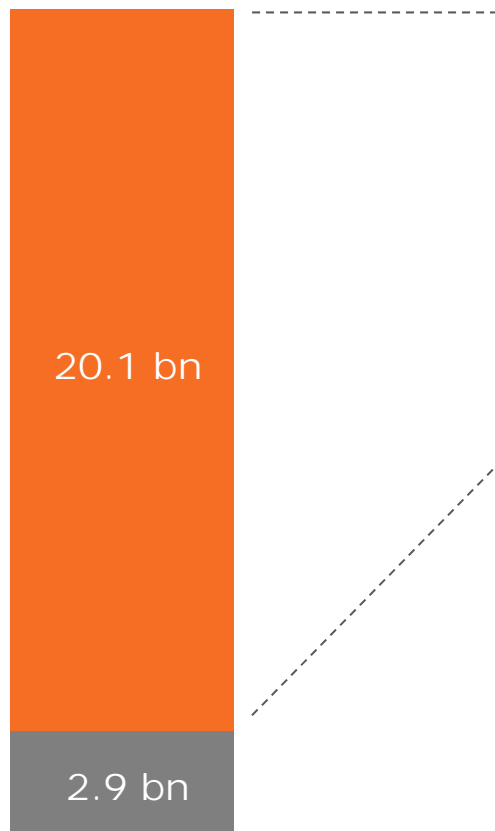


Deepwater trends remain intact



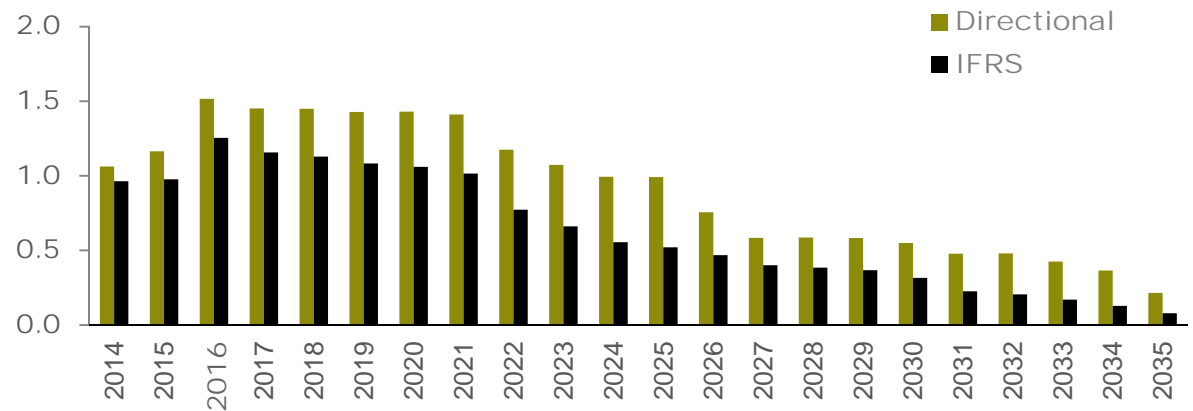


US\$ 23.0 bn
(as of December 31, 2013)

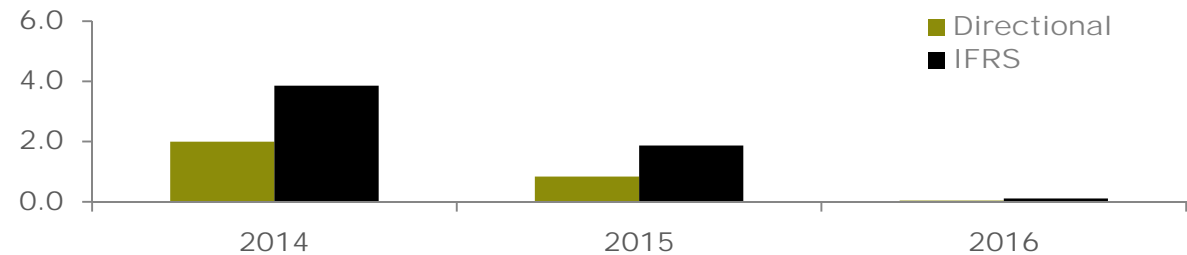


- Lease & Operate
- Turnkey

Lease & Operate Backlog: Directional¹ vs IFRS



Turnkey Backlog: Directional¹ vs. IFRS



L&O Average Portfolio Duration: 14.5 years

Agenda

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- Production Acceptance Notice received
- Platform formally on hire

In production H2 2013





- Only remaining legacy issue
- Results of internal investigation handed over to relevant authorities:
 - ✓ Openbaar Ministerie - Dutch public prosecutor
 - ✓ U.S. Department of Justice
- Remain in active dialogue; the timing is not in our control
- As investigation still in progress it is not possible to provide further information or an estimate of the outcome, financial or otherwise.



Cdde Paraty (20 year L&O contract)



OSX-2 (Turnkey sale)

Team Energy

Seamless handover of *Paraty* between project and operations. Process 30% faster than before

Success

OSX-2 & *Paraty* delivered on time, on budget

Ambition

More than 65% Brazilian local content for FPSO *Paraty*; built in 34 months



Prestigious Awards

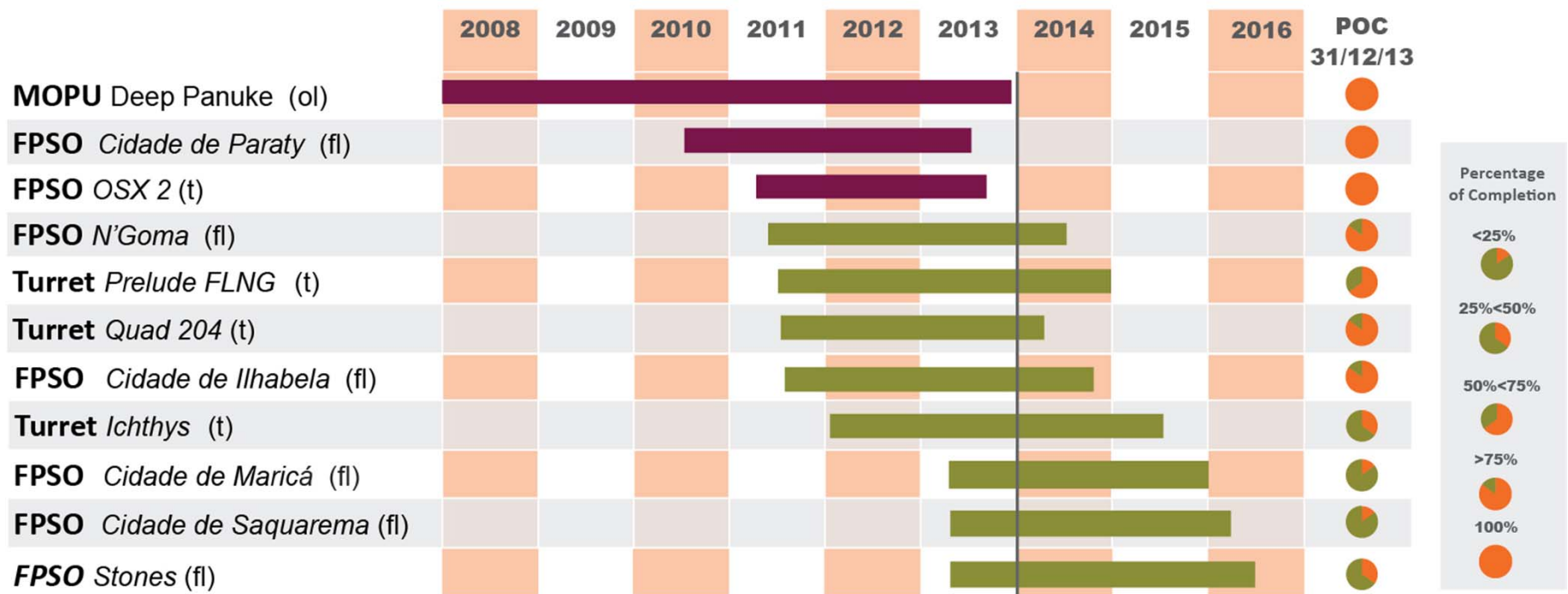


Cdde Maricá & Cdde Saquarema



FPSO Stones

- Two Generation 3 (3G) FPSOs awarded in one bid
 - Accelerated award process
 - Delivery end 2015 and early 2016
-
- World's deepest disconnectable FPSO; 2,900 meters in GoM
 - Cutting edge technology



(ol) operating lease (fl) finance lease (t) turnkey ■ Completed/On Hire

■ In Progress/On Schedule

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2013

	IFRS	Directional ¹	Difference	IFRS Comments
Revenue	4,803	3,445	1,358	~US\$1.4bn reported as revenue, but not invoiced
EBIT	293	98	195	Inflated by factor of three
Net Profit to shareholders	111	(58)	169	Loss turned into profit
Backlog (in billions of US\$)	19.8	23.0	3.2	US\$3.2bn taken through revenue, but yet to be invoiced

An unusual challenge, signing off on 'true and fair'!



	Directional ¹		IFRS	
	FY2013	FY2012*	FY2013	FY2012*
Revenue	2,367	2,082	3,784	2,706
Gross Margin	443	307	624	410
Other operating income	28	130	28	130
EBIT	296	311	478	414
Depreciation, amortisation and impairment	(15)	(23)	(15)	(23)
EBITDA	311	334	493	437

*Restated for comparison purposes

Directional¹

Revenue up US\$285 mln	+ Ilhabela, Maricá and Saquarema, Turrets - Gusto, OSX-2 and Paraty
Gross margin up US\$136 mln	+ OSX-2, Paraty, Skarv, Fram - Gusto
EBIT down US\$15 mln	US\$100mln less divestment profit Underlying EBIT margin 12.7% (8.8% in 2012)



	Directional ¹		IFRS	
	FY2013	FY2012*	FY2013	FY2012*
Revenue	1,078	977	1018	932
Gross Margin	(154)	(313)	(141)	(299)
EBIT	(177)	(341)	(164)	(327)
One-off effects	(464)	(627)	(465)	(499)
Depreciation, amortisation and impairment	(463)	(678)	(390)	(619)
EBITDA	285	337	226	292

*Restated for comparison purposes

Directional¹

Revenue up US\$101 mln	+ <i>Anchieta, Paraty, Deep Panuke</i> - <i>Sanha</i>
Gross margin up US\$159 mln	Higher one-off charges in 2012
Underlying EBIT margin	26.6% vs 29.2% in 2012, reflecting start-up costs for new vessels



	Directional ¹		IFRS	
	FY2013	FY2012*	FY2013	FY2012*
Revenue	3,445	3,059	4,803	3,639
Gross Margin	289	(6)	484	111
EBIT	98	(79)	293	38
Depreciation, amortisation and impairment	(479)	(702)	(406)	(643)
EBITDA	577	623	700	681
Net financing costs	(100)	(79)	(100)	(78)
Income from associated companies	1	4	1	4
Income tax expense	(54)	(22)	(80)	(38)
Net Income attributable to shareholders	(58)	(175)	111	(79)

*Restated for comparison purposes

Directional¹

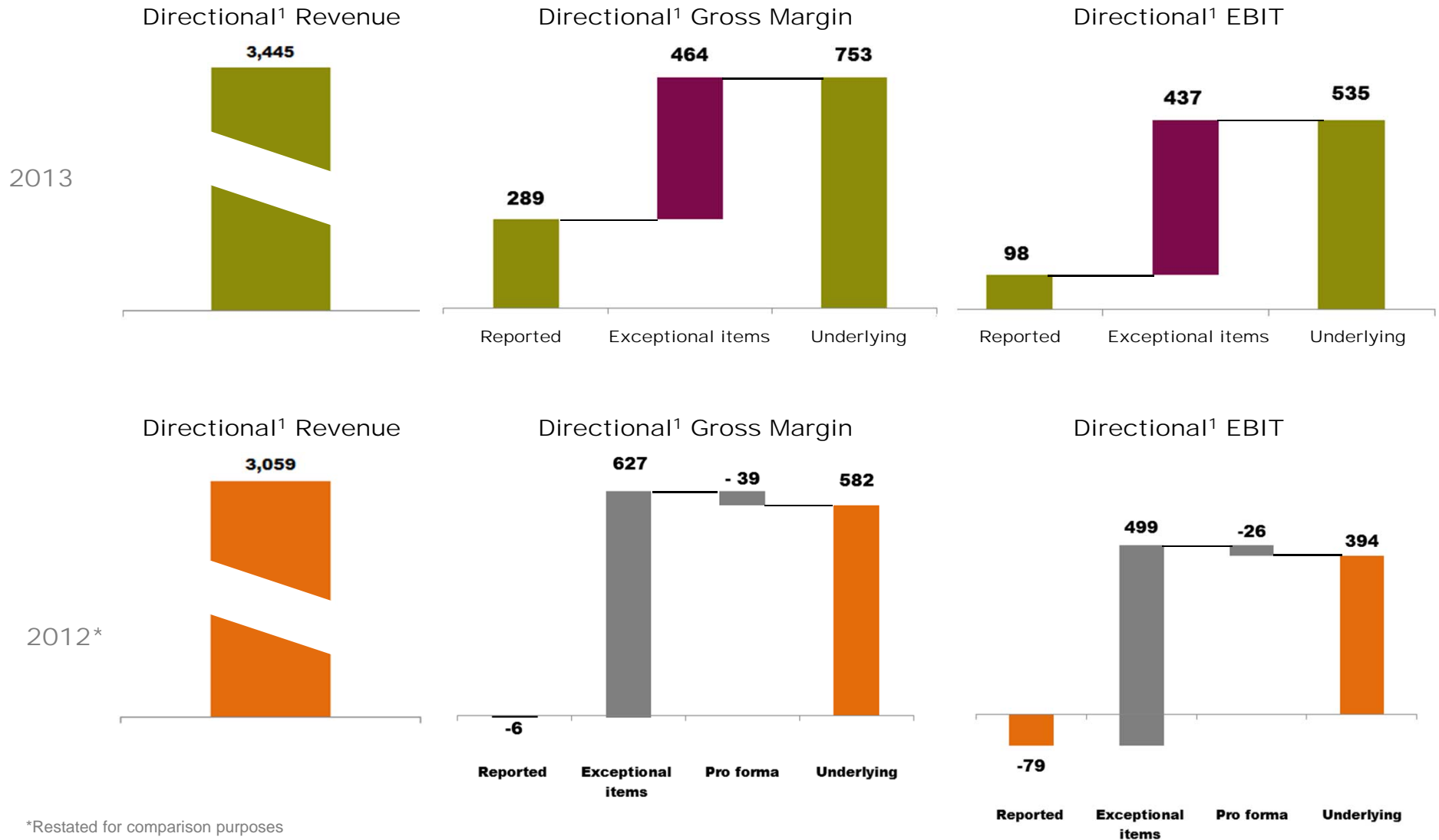
Net financing cost increase: *Anchieta* (USPP) and *Paraty*. Average cost of debt stable at 5.3%

Underlying effective tax rate stable at 14%



Underlying Directional¹ Performance

(in millions of US\$)



*Restated for comparison purposes



- Partial sale and lease back of Monaco office
- COOL™ hose technology sold
- *SBM Installer* , FPSO *Falcon* and VLCC *Alba* held for sale



- Undrawn Credit Facilities + cash = US\$1,434 mln
- Rights Issue: US\$273 mln
- N’Goma project finance + CdM/CdS bridge loans
- Average cost of debt: 5.3%



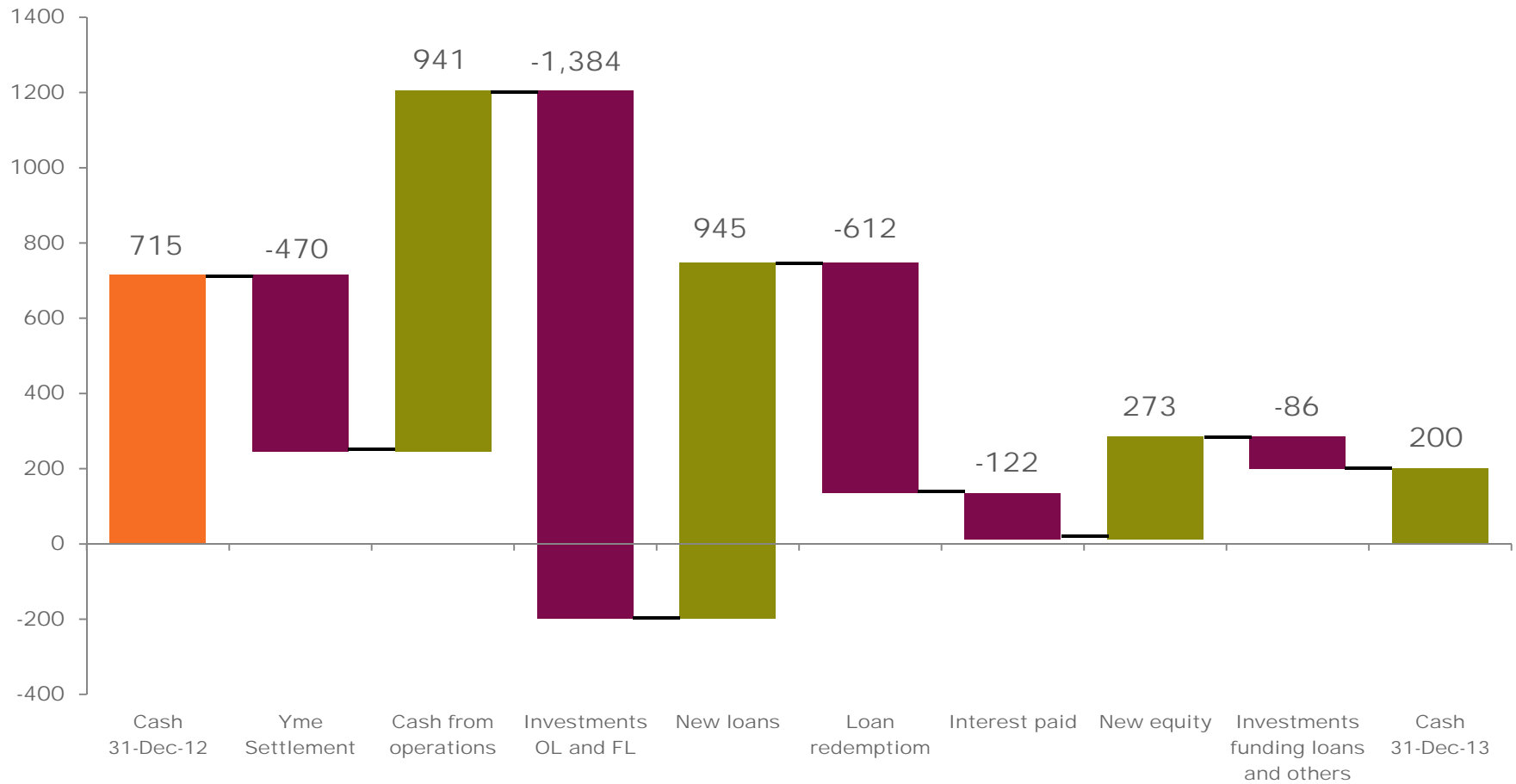
	31-Dec-13	31-Dec-12*	Variance	Comment
Property, Plant and Equipment	2,023	2,414	(391)	Impairments + Assets transferred to "held for sale"
Finance lease receivables and other financial assets	1,522	948	574	Delivery of <i>Paraty</i>
Construction contracts	1,733	1,160	574	Capex <i>Ilhabella</i> , <i>CdM & CdS</i> , <i>Stones</i> , <i>N'Goma</i> minus delivery <i>Paraty</i>
Trade receivables and other assets	1,639	1,081	558	Prepayments, Monaco office sale, Assets held for sale, Derivatives
Cash and cash equivalents	200	715	(516)	Separate slide
Total Assets	7,118	6,318	851	
Total Equity	2,135	1,530	605	IFRS profit, Rights Issue, Derivatives
Loans and borrowings	2,890	2,531	359	Project related loans +/- redemptions
Provisions	151	309	(157)	Yme settlement
Trade payables and other liabilities	1,941	1,948	(8)	Stable
Total Equity and Liabilities	7,118	6,318	851	

*Restated for comparison purposes



Development of Group Cash Position

(in millions of US\$)





	31-Dec-13	31-Dec-12*	Change	Comment
Debt	2,890	2,531	14%	Higher project activities
Net Liquidities	200	715	-72%	Tight cash management
Net Debt	2,691	1,816	48%	
Total Equity	2,135	1,530	40%	Rights Issue, IFRS profit, Derivatives OCI
Net Debt : Equity	126%	119%	700bps	
Solvency Ratio	30%	27%	300bps	

*Restated for comparison purposes



- IFRS 10 & 11 Joint Venture Accounting standards to be introduced in 2014
- Ends proportional accounting of JVs
 - ✓ full consolidation of controlled JVs (mostly Brazilian FPSOs)
 - ✓ equity accounting of jointly controlled JVs, (mostly African 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
 - ✓ On balance the Balance sheet is expected to grow significantly
- IFRS Revenue and Margin impacts:
 - ✓ Net-Net no material impact expected as additions/subtractions offset
- Detailed 2013 impacts to be provided with Q1 2014 trading update & H1 2014 results



- As announced in December 2012, no dividend paid over 2013
 - ✓ 2013 Directional¹ loss
 - ✓ Further strengthening of balance sheet required
 - ✓ Targeting investment grade credit rating in the medium term
- Negative FCF in 2014/2015 due to investments in 3G projects, which begin to fully contribute to income in 2016
- Management Board intends to propose new dividend policy:
 - ✓ Based on FCF positive in the payment year
 - ✓ Derived from Directional¹ net income
 - ✓ Payout ratio target of 25% - 35%
 - ✓ To be discussed at a future AGM

Agenda

Macro view
2013 Review
2013 Financials
Outlook





FPSO

FPSO

FPSO

The Company has focused its product line on core FPSO products and associated services:

- FPSO full life cycle
- Mooring technology:
 - ✓ Turret
 - ✓ Mooring Systems
 - ✓ Offshore installation
- New products:
 - ✓ FLNG
 - ✓ Semis
 - ✓ Heavy to Light
 - ✓ Gas to Liquids (GTL)



- Lease fleet maintenance programme
- Transformation Programme - Odyssey 24
- Investments in Technology



Simpler FPSOs

- Process intensification
- Equipment standardisation
- Optimised manning
- Reduced cost & schedule
- Hull optimisation & life extension

Large Turret Moorings

- High capacity small diameter internal turret
- Larger external turret
- Swivel advances
- Diverless connectors

FLNG

- Twin Hull development
- LNG topsides advances
- Simpler gas processing

Semi, TLP and Risers

- Enabling wider use of SCR & Composite Risers
- Dry Tree Semi development
- MoorSpar development



- Guidance based on Directional¹ Reporting
- Conservative 2014 award assumptions
- Revenue at least at 2013 level: US\$3.4 billion
- Turnkey and Lease & Operate revenues in line with 2013

Appendix



SBM
OFFSHORE

SBM
OFFSHORE

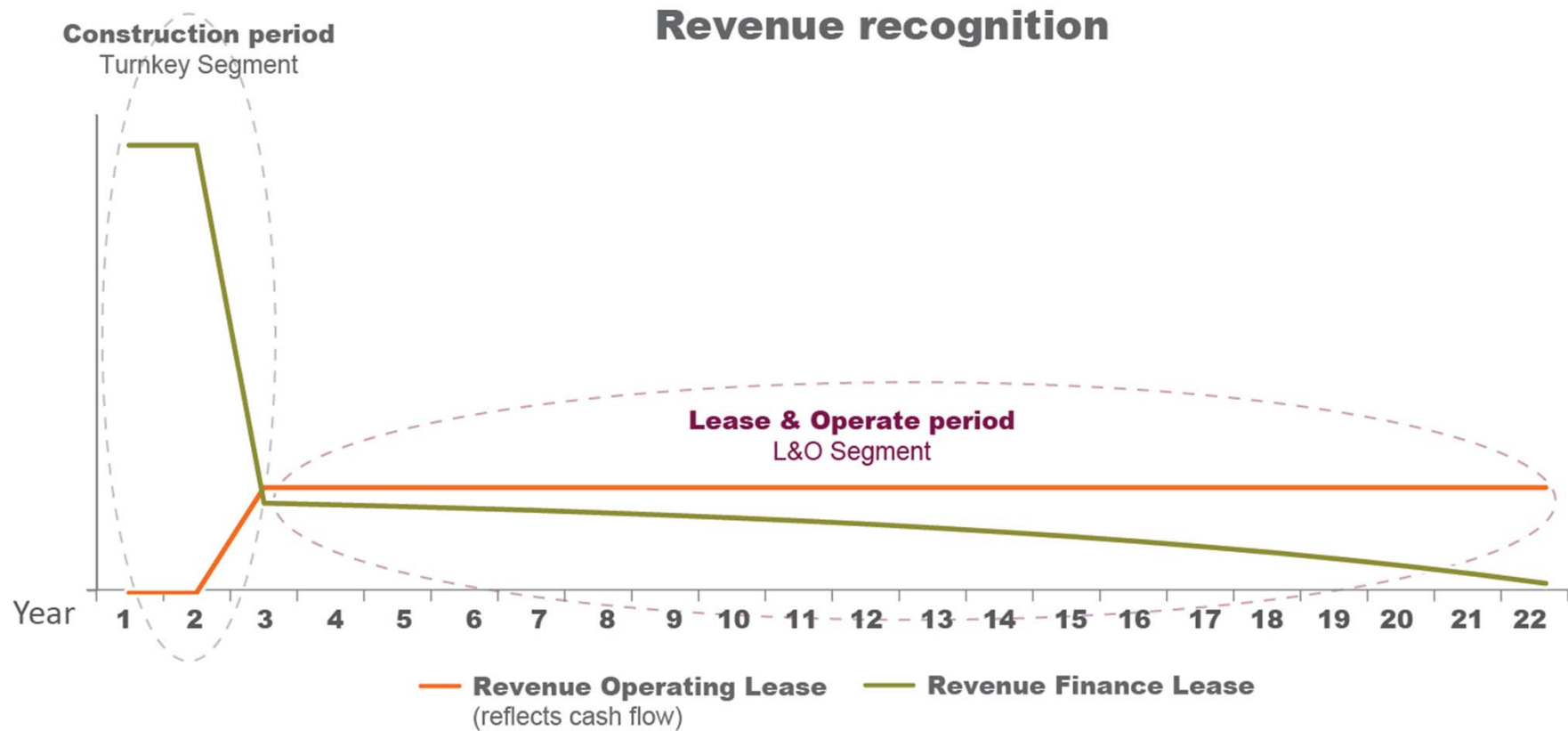
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- SBM Offshore seeking to provide analysts and investors with clarity on business performance above and beyond statutory IFRS disclosure
- SBM Offshore's business model combines turnkey sales, construction and lease and operate projects, making it 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 in line with operating cash flows...
- ...leading to increased transparency and understanding of SBM Offshore's performance...
- ...through disclosure of Directional¹ Backlog and a Directional¹ Income Statement as part of the Financial Review

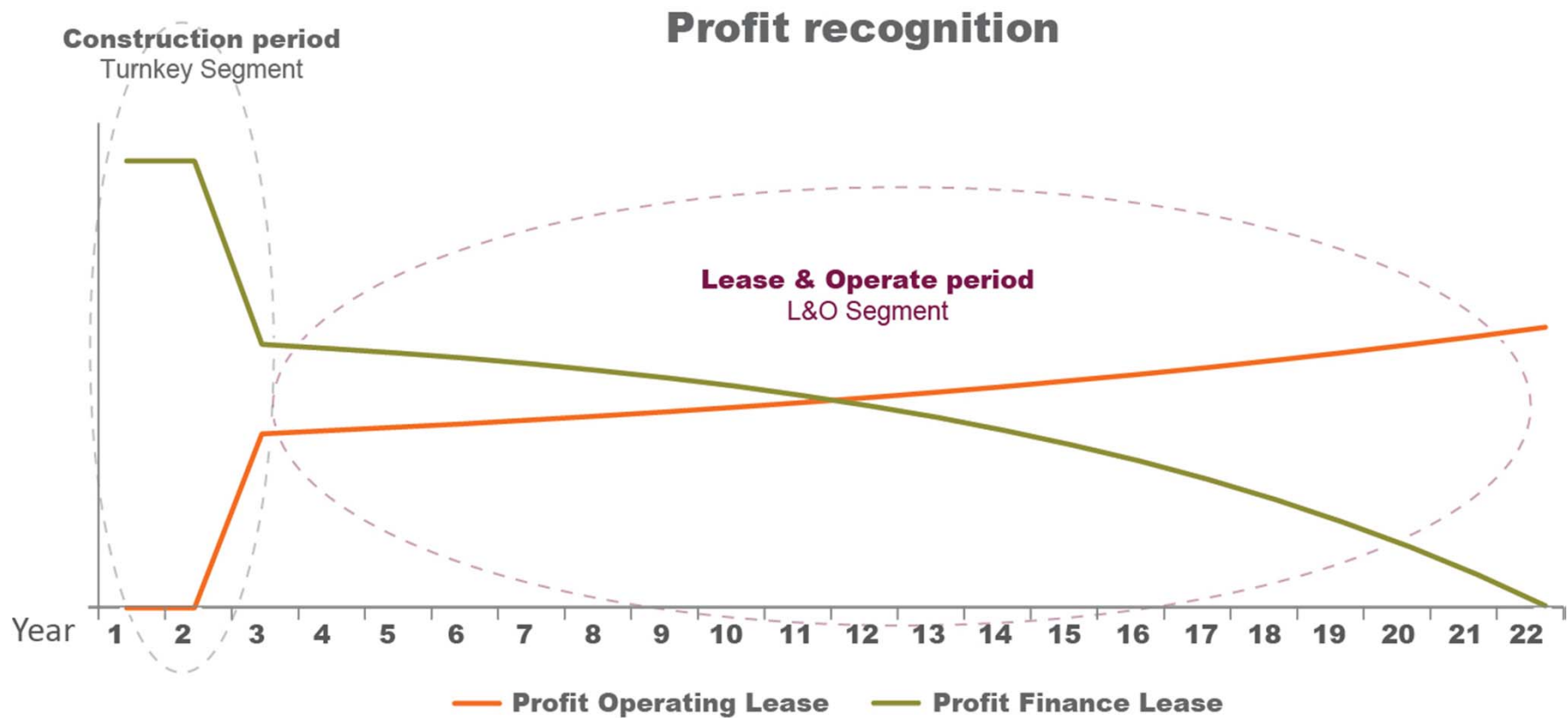


Operating Lease vs Finance Lease





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 *Cdde de Ilhabela*, FPSO *N'Goma*, FPSO *Cdde 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 Directional¹ Reporting as the main indicator for company performance and variance analysis
- 2014 guidance to be based on Directional¹ results



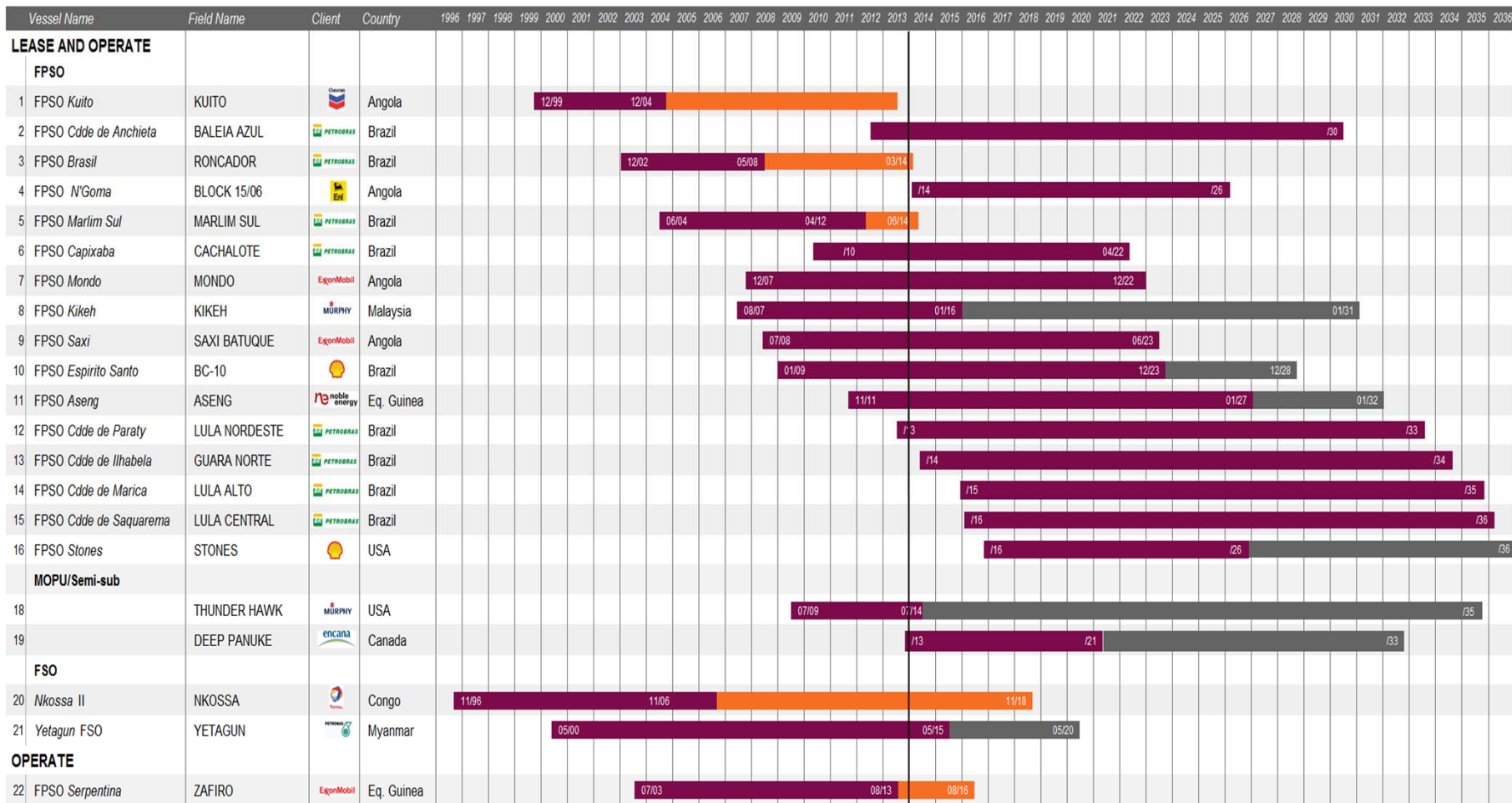
- New IFRS 10 & 11 eliminates the revenue SBM generates in the project phase from its JV partners in investees fully consolidated (Brazil)
- This grossly understates the operating cash flow during construction, and invalidates the 'close to cash' principles of Directional¹ reporting
- Consequently, Directional¹ reporting from 2014 onwards will:
 - ✓ not only classify all leases as operating leases
 - ✓ but also treat all JVs on a proportional accounting basis
- The impact on Directional¹ Revenue and results will be very limited:
 - ✓ only two significant production facilities (Aseng and Capixaba) have been fully consolidated under Directional¹ reporting in the past, and will now be proportionally (60% and 80%) reported.
 - ✓ The Directional¹ revenue impacts will be quantified with the Q1 2014 trading update



Asset	Lease Contract Type	SBM share %	Old Directional	Old IFRS	New Directional	New IFRS
FPSO N'Goma	FL	50%	Proportional	Proportional	Proportional	Equity
FPSO Stones	FL	100%	Full consolidation	Full consolidation	Full consolidation	Full consolidation
FPSO Saxi	FL	50%	Proportional	Proportional	Proportional	Equity
FPSO Mondo	FL	50%	Proportional	Proportional	Proportional	Equity
FPSO Cdde de Ilhabela	FL	62%	Proportional	Proportional	Proportional	Full consolidation
FPSO Cdde de Maricá	FL	56%	Proportional	Proportional	Proportional	Full consolidation
FPSO Aseng	FL	60%	Full consolidation	Full consolidation	Proportional	Full consolidation
FPSO Cdde de Paraty	FL	51%	Proportional	Proportional	Proportional	Full consolidation
FPSO Cdde de Saquarema	FL	56%	Proportional	Proportional	Proportional	Full consolidation
FPSO Kikeh	OL	49%	Proportional	Proportional	Proportional	Equity
FPSO Cdde de Anchieta	OL	100%	Full consolidation	Full consolidation	Full consolidation	Full consolidation
FPSO Capixaba	OL	80%	Full consolidation	Full consolidation	Proportional	Full consolidation
FPSO Espirito Santo	OL	50%	Proportional	Proportional	Proportional	Full consolidation
FPSO Brasil	OL	51%	Proportional	Proportional	Proportional	Full consolidation
FPSO Marlim Sul	OL	100%	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Deep Panuke	OL	100%	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Thunderhawk	OL	100%	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Yetagun	OL	75%	Proportional	Proportional	Proportional	Full consolidation
Nkossa II	OL	50%	Proportional	Proportional	Proportional	Equity



L&O Portfolio Average Duration: 14.5 years



■ Initial Lease Period ■ Confirmed extension ■ Contractual extension option