# Field Trip Singapore

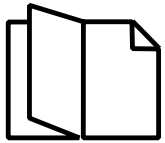
April 2019

# Strategy

Bruno Chabas

April 2019, Singapore

# Positioned for growth

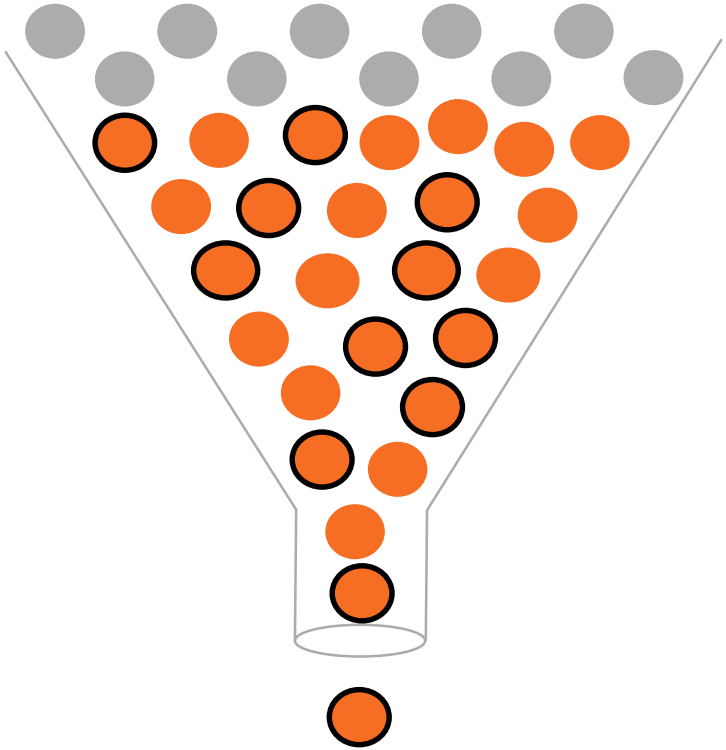


**Turned the page in 2018**

**Increasing dividend;**
**launch of share repurchase**

**Investing for growth**

# Prospective awards funnel 2019-2021



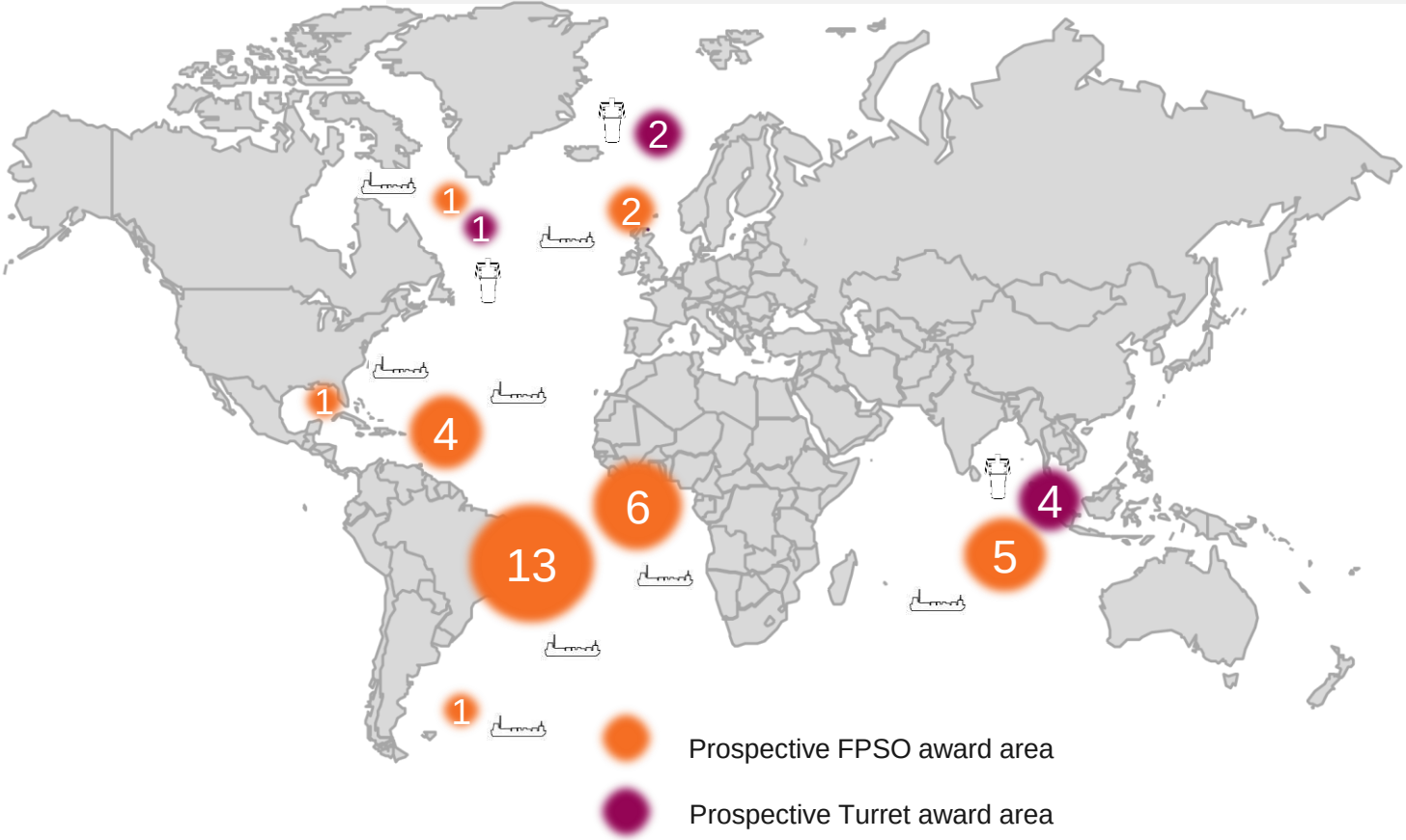
**~ 40 prospects**

**> 30 potential awards**

**~ 12 projects within target market**

**Disciplined in bidding and execution:**
**2+ FPSO project wins per year**

# Prospective award areas 2019-2021



# Ability to finance growth

- Experienced team complicated large scale project finance
- Established tier-1 banking and ECA network
- Experience from portfolio with different types of project financing
- Financing secured for growth
- Efficient financing model including non-recourse finance
- World class clients allowing for optimal leverage

# Our Strategy

OPTIMIZE

TRANSFORM

INNOVATE

**Best in class**

**Making Fast4Ward™ the industry reference**

**New products in gas and renewables market**

ENERGY. COMMITTED.

# Optimize | Best in class, current ongoing projects

## FPSO *Liza Destiny* - Guyana

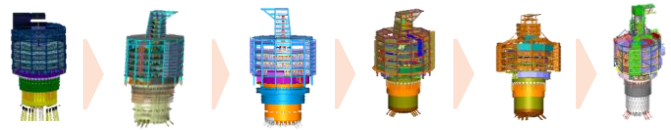
**Fast-tracking client projects**

< 30 months

| FEED award | Project sanctioning | Arrival Guyana |
|---|---|---|
| *Dec. 2016* | *June 2017* | *3Q 2019* |

## Turret Johan Castberg – Barents Sea

**Work as one with client to optimize project costs**



30% less costs due to technical standards and simplification of scope

# Transform | FPSO evolution to date

**1997 – FPSO G1**

- Conversion
- 30 - 80,000 bopd
- < 1000t topsides weight
- No compression
- No water injection

**2006 – FPSO G2**

- Conversion
- Typically 100,000 bopd
- Up to 10,000t topsides weight
- Conventional gas processing
- Water injection

**2014 – FPSO G3**

- Conversion
- 120 - 150,000 bopd
- Up to 23,000t topsides weight
- Advanced gas compression and injection
- Water injection

**2019**

FAST 4WARD™
BETTER PERFORMANCE, DELIVERED FASTER

- **New build standard hull**
- **Up to 250,000 bopd**
- **Up to 50,000t topsides weight**
- **Topsides modules catalogue**

# Transform | Principles based approach: Fast4Ward™

**Client first**

**Fast-tracking client projects**

**Standardization**

**3 standardized hulls under construction**

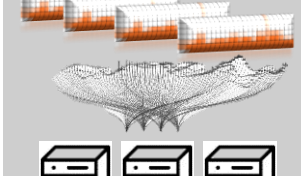
**Flawless execution**

**Delivering on time, within budget**

**Integrated supply chain**

**c. 40 frame agreements in place end 2018**

**Digital solutions**



**570,000 barrels per day production capacity digitized to date**

FAST 4WARD™

BETTER PERFORMANCE, DELIVERED FASTER

# Transform | Industry demands different model (the ‘why?’)

Clients’ demand has changed

- **More predictability**
- **Faster delivery**
- **Better performance**

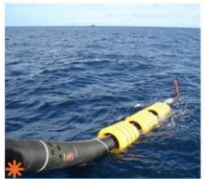
Requires industrialized approach

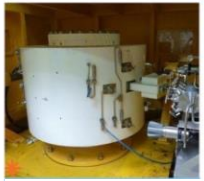
FAST4WARD™

BETTER PERFORMANCE, DELIVERED FASTER

# Innovate | Over half a century of innovation

| 1959 | 1960 | 1972 | 1973 | 1977 | 1981 | 1985 | 1985 | 1986 |
|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  |  |  |  |  |
| CALM BUOY | DRILLING JACK-UP | DP DRILLSHIP | SBS MOORING SYSTEM | SALS MOORING SYSTEM | LEASED FPSO | JACKET SOFT YOKE | EXTERNAL TURRET | DISCONNECTABLE TURRET |

| 1993 | 1996 | 1999 | 2002 | 2003 | 2005 | 2006 | 2006 | 2007 |
|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  |  |  |  |  |
| INERNAL TURRET | TURNKEY NORTH SEA FPSO | DEEPWATER CALM BUOY | DELIVERY OF THE FIRT GENERIC FPSO | DELIVERY OF THE LARGEST SEASTAR™ TLP | NEW BUILD LNG FPSO | DEEPEST SEMI-SUBMERSIBLE IN THE GoM | OFFSHORE OFFLOADING LINE TRELLINE™ INSATLLED | GAP™ MID WATER FLUID TRANSFER SYSTEM |

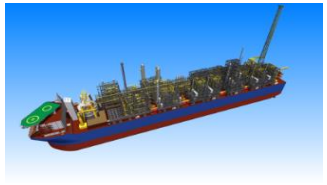
| 2007 | 2009 | 2011 | 2012 | 2013 | 2013 | 2015 | 2016 | 2019 |
|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  |  |  |  |  |
| LARGEST INTERNAL TURRET WITH 75 RISERS | FISRT TURRET-MOORED FPSO USING STEEL RISERS | COOL™ LNG TRANSFER SYSTEM | HV-AC ELECTRIC SWIVEL RATED AT 65KV AND 150 MW | VHP FLUID SWIVEL RATED AT OVER 800 BAR | 1ST GENERATION 3 FPSO (PARATY) | ARCA™ MOORING SYSTEM | GoM DISCONNECTABLE TURRET FPSO | FAST4WARD™ |

■ World record ✱ Industry first

# Innovate |
# Energy transition requires new innovation

## Gas

Newbuild FLNG



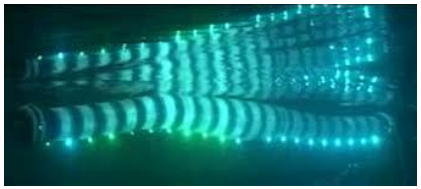
Gas FPSO

Gas Turret

## Renewables

Floating Wind

Wave Energy



**> 60% of 2019 R&D investment in Digital + Energy Transition**

# Sustainability

Erik Lagendijk

April 2019, Singapore

# Sustainability – meeting growing expectations and being a *future-resilient* business

**For clients**

Growing number of clients using sustainability in bids assessments

**For investors**

Focusing on high ESG-rated companies which are judged more competitive

**For bankers**

Linking sustainability rating to RCF

**For employees**

Attracting and maintaining talents

**For legislation**

Increasing CSR requirements

→ **Remaining competitive**

→ **Anticipating megatrends**

→ **Creating a positive impact**

→ **Maintaining our license to operate**

→ **Aligned with our Values**

# Our Sustainability journey


Dow Jones Sustainability Indexes

SUSTAINABLE DEVELOPMENT GOALS

SUSTAINALYTICS


CDP

Global Reporting Initiative™

| 2007 | 2009 | 2012 | 2013 | 2014 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|
| • 1st Corporate Social Responsibility Report (**GRI C+**) | • 1st inclusion in **Dow Jones Sustainability Index (DJSI)** | • 1st disclosure to Carbon Disclosure Project (**CDP**) | • Creation of Sustainability Department<br>• SBM Sustainability Framework | • 1st Materiality Matrix & disclosure to **GRI G4**<br>• 1st **Integrated Annual Report (**in accordance with **IIRC**) | • DJSI industry leader<br>• Adoption of **Sustainable Development Goals** (SDG) | • Winner of **Sijthoff Prijs**<br>• Adoption of **GRI Standards** | • Integration of Sustainability into Strategy Department.<br>• Connecting Sustainability with our business.<br>• Setting targets that drive focus | • Set **short term targets** based on 3 SDGS<br>• Linked an RCF loan to **Sustainalytics** score |

# Sustainability performance

Dow Jones Sustainability Indexes

**DJSI Europe: 85th percentile**

CDP

**2018 score: B**

SUSTAINALYTICS

**Latest score (2017): 79/100**

MSCI

**Rating: A**

Global Reporting Initiative™

**Committed to transparent reporting in accordance with the GRI standards**

# 2018 key achievements

Ensuring the health and safety of our **human capital** consisting of motivated, diverse and expert colleagues: SDG 3

- Headcount 4,740
- 142,065 training hours in 2018 SDG 4

Caring for our colleagues to minimize incidents:

- Total Recordable Injury Frequency Rate: 0.18 (per 200,000 exposure hours)
- 5.26% decrease in TRIFR SDG 8

Utilizing our **social capital** in all facets of business and collaborations:

- Member of Building Responsibly

License to operate and grow responsibly in all levels of the Company:

- 99.40% of vendors that have gone through the revised qualification process signed the Supply Chain charter of co-development projects SDG 8

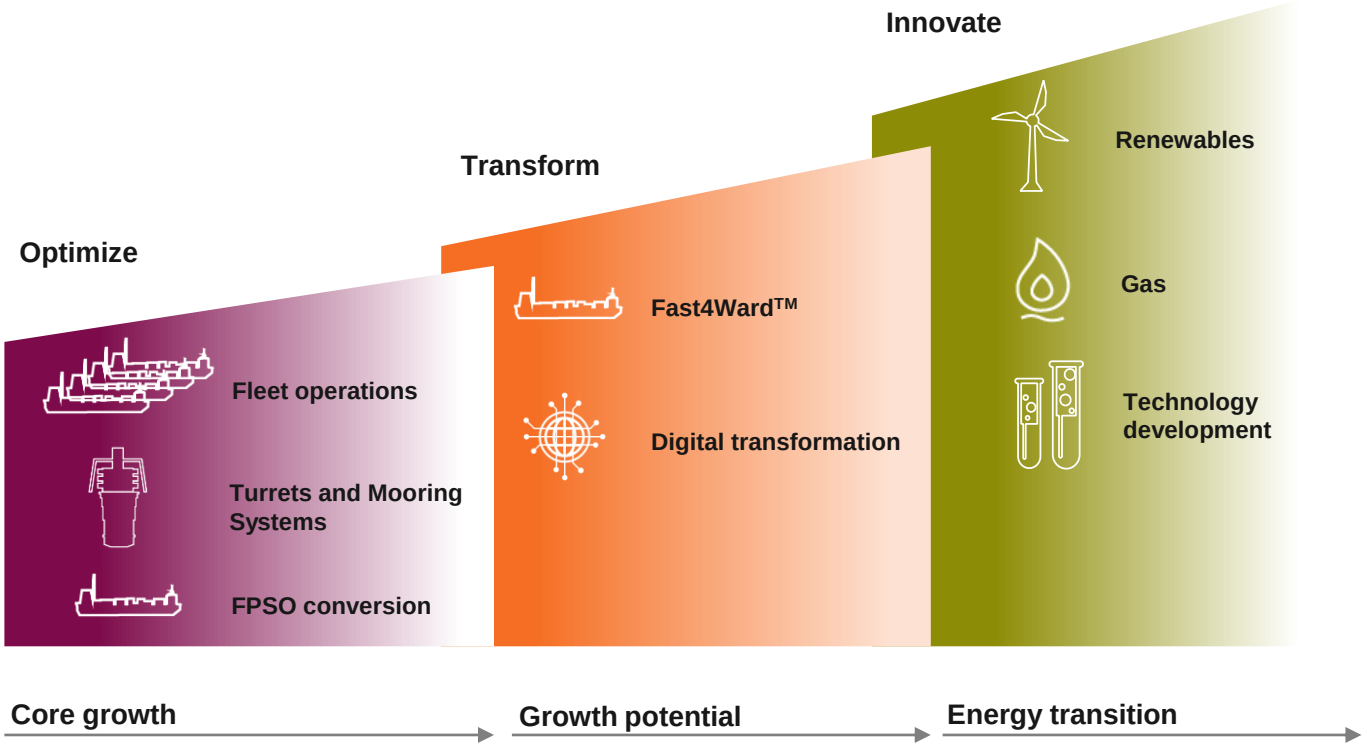
**Natural capital** needed for operations:

- 58,033,795 GJ of energy to run our operations

More efficient and cleaner energy usage enables long-term value for the Company:

- 97.79 tonnes of Greenhouse gas per 1,000 tonnes of hydrocarbons produced (35% lower than the industry benchmark). SDG 9
- Oil spills: 0 $m^3$ (>1 barrel (159L)) SDG 14
- 10% decrease in gas flared per production SDG 7

# Within our strategy



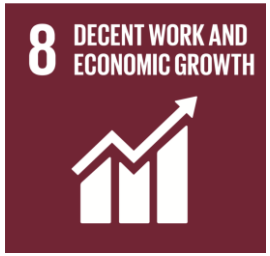
# Strategic framework

- **Using the sustainable development goals as a framework for the overall sustainability strategy**
- **2018: selected 7 of the 17 SDGs most material to the company and set out a timeline for implementation**
- **2019: set specific short term targets for 3 SDGs**

# Sustainable Development Goals: new 2019 targets


20% reduction in gas flared under SBM Offshore account

25% of energy in SBM Offshore offices from green providers




Total recordable injury frequency rate < 0.29

100% of ‘qualified’ vendors[1] sign Supply Chain Charter


Volume of oil spills: 0 $m^3$

40% reduction in offshore plastic waste

Recycling program in SBM Offshore offices

# Embedding sustainability in governance and connecting with the business

SUSTAINABLE DEVELOPMENT GOALS

Our seven SDGs, each with one or more sub-targets.

Every sub-target has an owner directly responsible for the associated KPI

**CEO**

**Chief Strategy Officer**

**Sustainability Manager**

**Human Rights Specialist**

**Sustainability Analyst**

**Sustainability Ambassadors:**
Representatives of sustainability in each location from diverse disciplines including HR, Construction, Supply Chain, HSSE, Business Development, Operations

# Sustainability performance integrated in remuneration of all employees

- **Sustainability is included in the Group balanced Scorecard. This year, the metric for sustainability is the completion of the short-term targets set on SDGs #7, 8 and 14**

- **Therefore, the completion of these targets will have a direct impact on the STI calculation of the entire company**

# Innovative US$1bn Revolving Credit Facility linked to sustainability performance

- **First time in the oil and gas services industry**
- **Signed on February 13th, 2019**
- **To finance Engineering, Procurement and Construction (EPC) activities, working capital, bridge any long-term financing needs, and/or general corporate purposes**

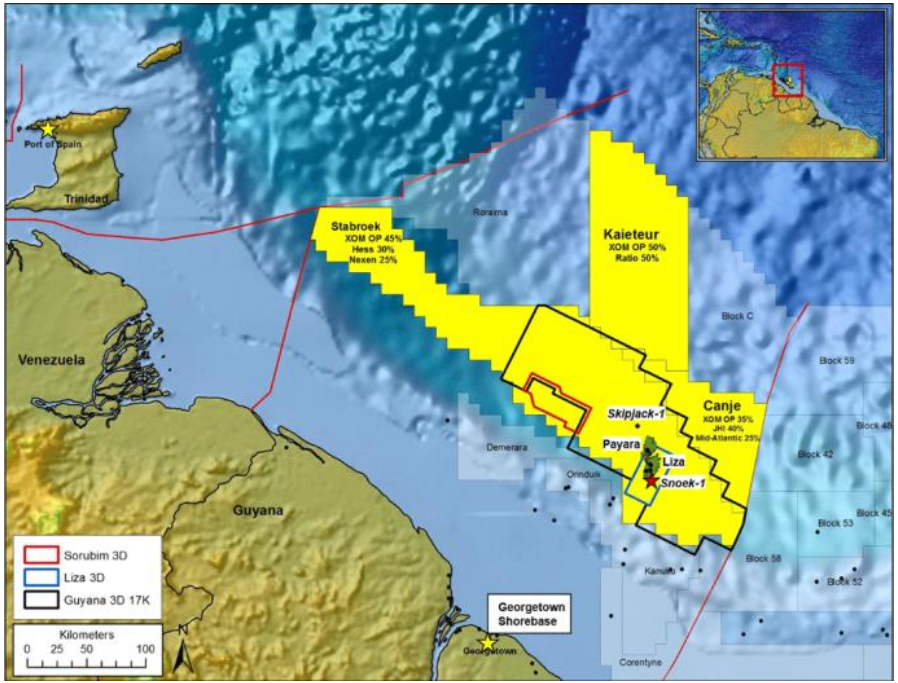
**The sustainability performance adjustment allows for the RCF's margin to increase or decrease depending on the Company's environmental, social and governance performance as measured by Sustainalytics.**

# Liza Destiny project

Jan Engelberts

April 2019, Singapore

# Overview Liza Destiny project



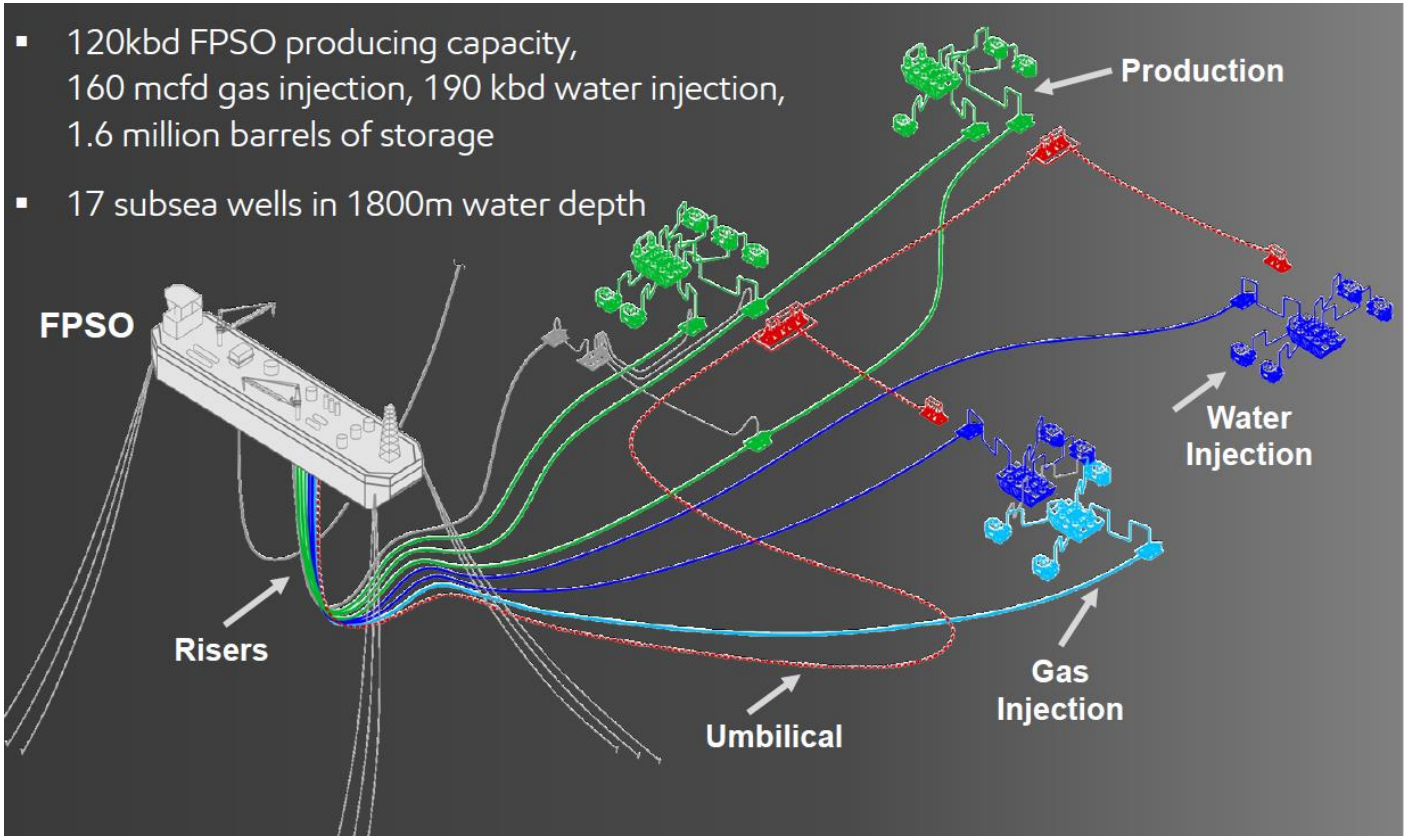

ExxonMobil — Operator – 45%

HESS — 30%

CNOOC — 25%

1) based on period 2016- 2018

# Project overview



# Project overview

- Project FID June 2017
- Significant progress by key contractors to date
- Development drilling commenced in Q2 2018

# Project overview

- Sail away from Singapore to arrive offshore Guyana in 3Q 2019
- On track to start-up by 1Q 2020


Normand Installer

FDS 2 Installation Vessel


FPSO Liza Destiny

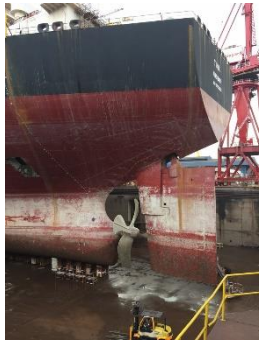
# Project overview | key facts

- **320 meters** is the length of the FPSO
- 1525 meters water depth offshore Guyana
- 14,000 tons of topsides
- 20 year design life
- 16 million man-hours spent so far
- >3000 people working on the project at peak

# Project overview

**Vessel Tina arrival Singapore November 2017**

**Vessel 1st drydock April 2018**



**Main deck preparation December 2017**


**Module lifts Q4 2018**

# SBM Offshore execution centers

**Schiedam**
- Project management home office
- Vessel and topsides engineering and procurement

**Houston**
- SBM Operations Management – Operations readiness

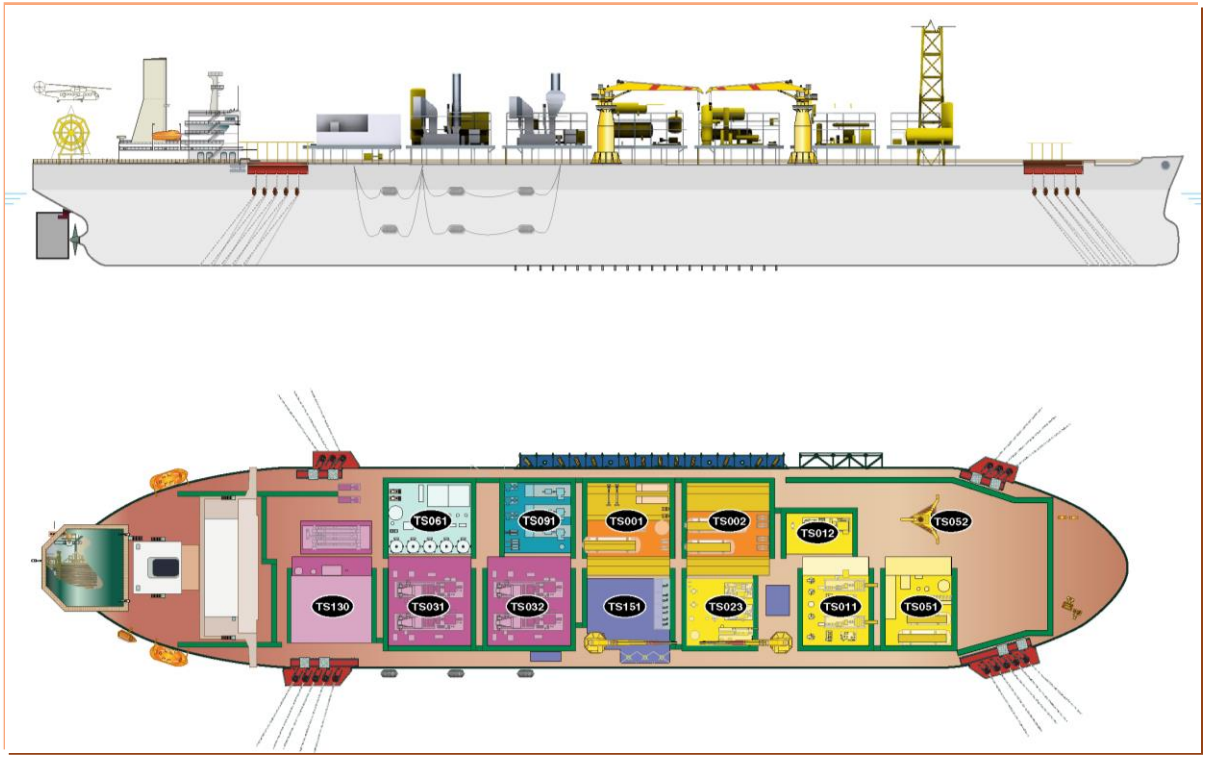
**Kuala Lumpur**
- Detailed design engineering
- Local procurement support

**Guyana**
- Offshore commissioning, start-up and first oil.
- Production operations readiness

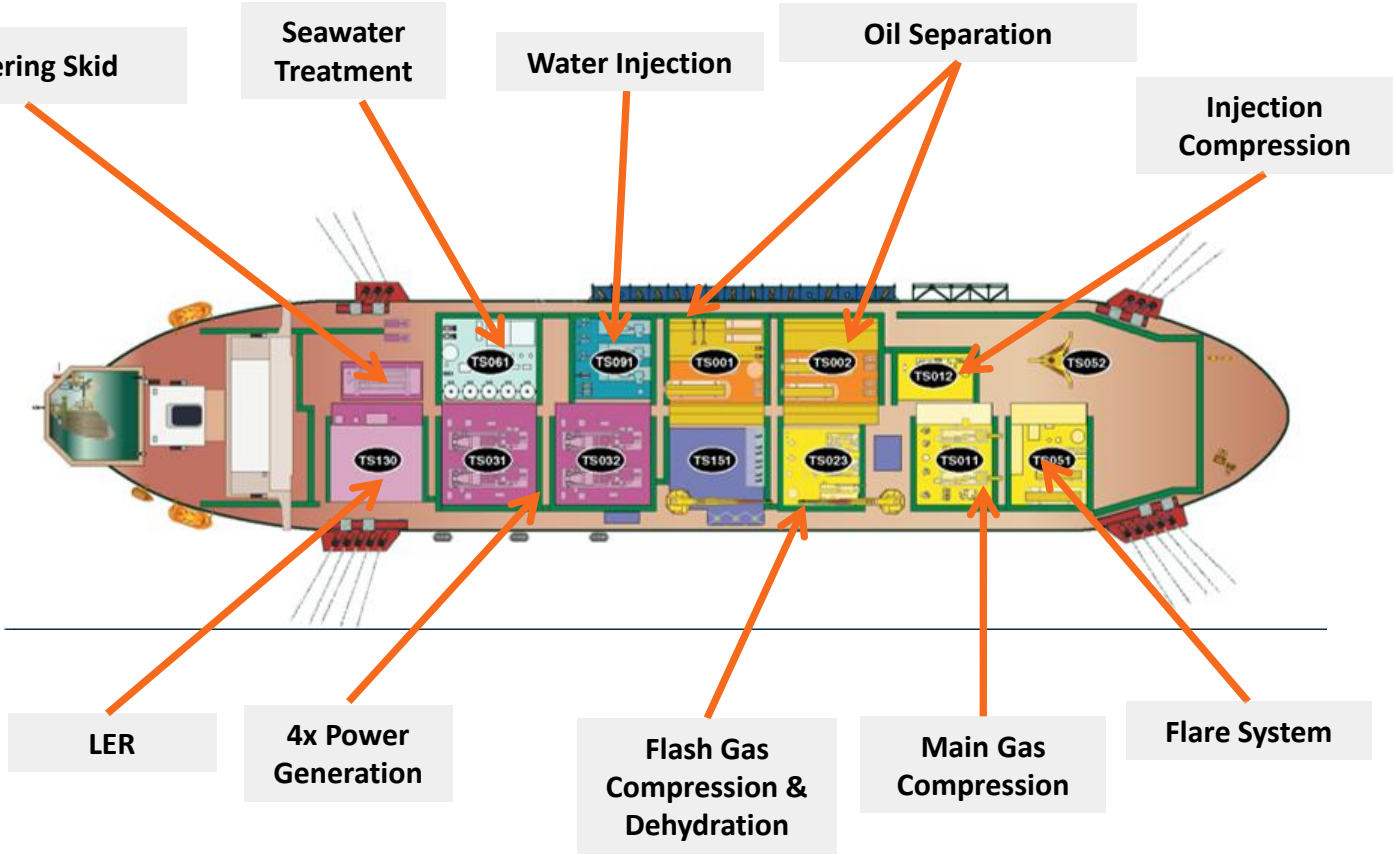
**Monaco**
- Moorings and riser balcony engineering and procurement
- Installation PMT

**Singapore**
- Tanker vessel refurbishment and conversion
- Topsides fabrication
- FPSO integration and onshore commissioning

# Liza Destiny FPSO overall layout

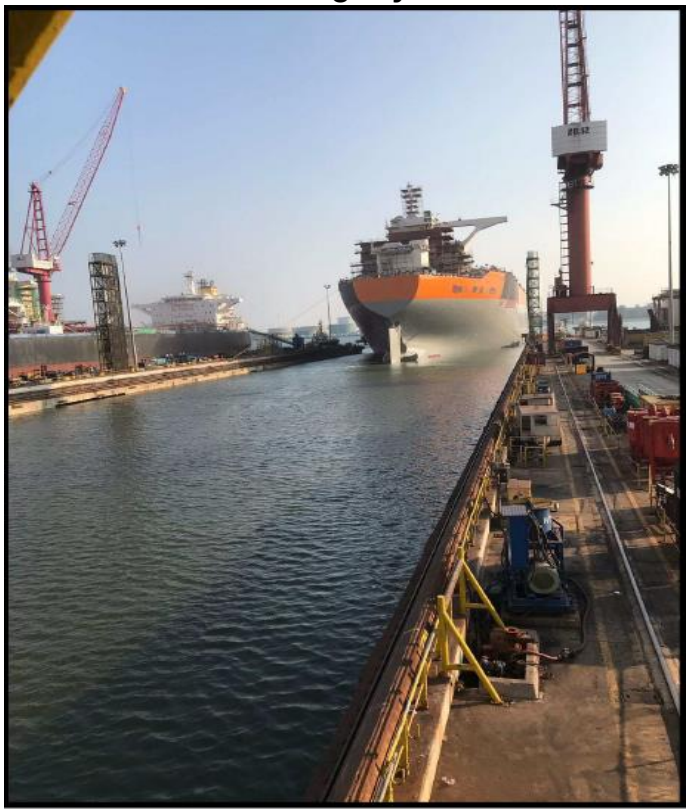


# Liza Destiny Topsides modules



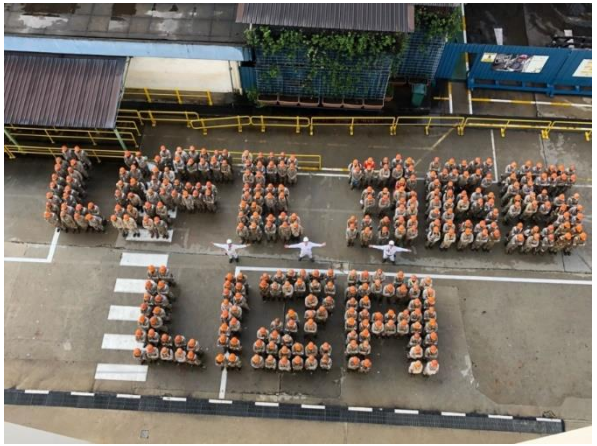
# Liza Destiny progress Singapore

**Vessel leaving drydock**



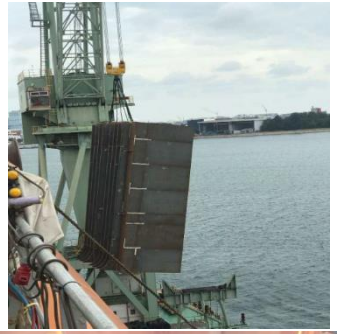
**Topsides module blasting and painting**

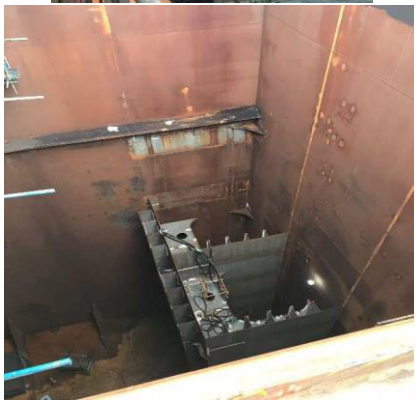
**Celebrating SBM Life Day in Singapore**



# Liza Destiny photos Singapore

### Vessel tank work





### Vessel main deck

### Accommodation extensions

### Vessel boilers

### Topsides modules

# Georgetown, Guyana

# Operations

Øivind Tangen

April 2019, Singapore

# Operations performance

**Production:**

- **5.6** billion barrels cumulated to date
- **9,286** oil offloads cumulated to date
- **319** cumulative years of operational experience

**Uptime all fleet 2018: 98.0%**

**Uptime Gen III fleet 2018 (Santos): 99.4%**

**HSSE:** Continued strong TRIFR performance of **0.32**

**Prevention of major incidents:**

Development and implementation of in house PSM Fundamentals through strong partnering with IOCs.

**Environment: – 39%** GHG emission in 3 yrs, Plastic reduction next

**Digital FPSO:** Live monitoring and deep analytics of G3 FPSOs allowing quality in data gathering and advanced analytics

**OIPOC:** opened **Dec 2018**

# Competitive operations through transformational thinking


**Data quality and structuring along with our experience will unlock the potential to shift Operations Performance improvements from Optimize to Transform**

**Agile work towards implementation of new proven technologies**

ENERGY. COMMITTED.

# Unlocking transformed performance

DIGITAL FPSO

**Data, Expertise & Digital Environment**

OIPOC

Operational Intelligence & Performance Optimization Center

**Operational Intelligence & Performance Optimization Center**

# Moving from static to dynamic strategic lifecycle management


*“Transforming data and experience into Value”*

# Operational Intelligence & Performance Optimization
## Tools & Support Services value proposition

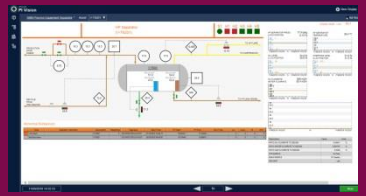
### OIPOC Support Services

- Operational Intelligence & Performance Optimization Center staffed with industry experts
- Asset Lifecycle Optimization based on live data
- Production Optimization leveraging on Artificial Intelligence
- Strategic maintenance planning based on predictive maintenance approach and live data
- Predictive Inspection performance optimization
- Operation and Maintenance Consulting Advice at large

### Data Connection, Collection and Visualization

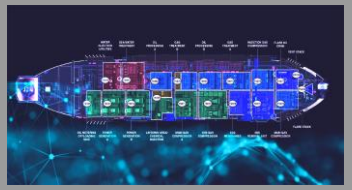
- Data Connection and Collection and ownership of Operations Data Bank and Operations Data Integration at large (Integrated Operations)

### Remote Monitoring and Advanced Data Analytics



- Remote Monitoring and Advanced Analytics based on SBM developed Monitoring **Applications**
- **Abnormal behavior** detection Maintenance and Continue Improvements to the Templates and Advanced Analytics

### Dynamic Asset Optimization



- Fleet dynamic optimization solution and continuous improvements leveraging of Data Science and **Artificial Intelligence**
- SBM developed Intelligent Agents over SBM fleet trained of field specific data

SBM OFFSHORE ENERGY. COMMITTED.

# OIPOC principles

## NO

Not an Onshore Remote Control Room
with engineers looking at screens

**What Happened?**
**Why did it Happen?**

Focus on the past

## YES

An intelligence center specialized
in predictive analytics

**What will Happen?**
**Which action is needed?**

Learn from the past
Focus on the future

# SBM Offshore fleet. Transformed.

SBM Operated Fleet
[West Africa]

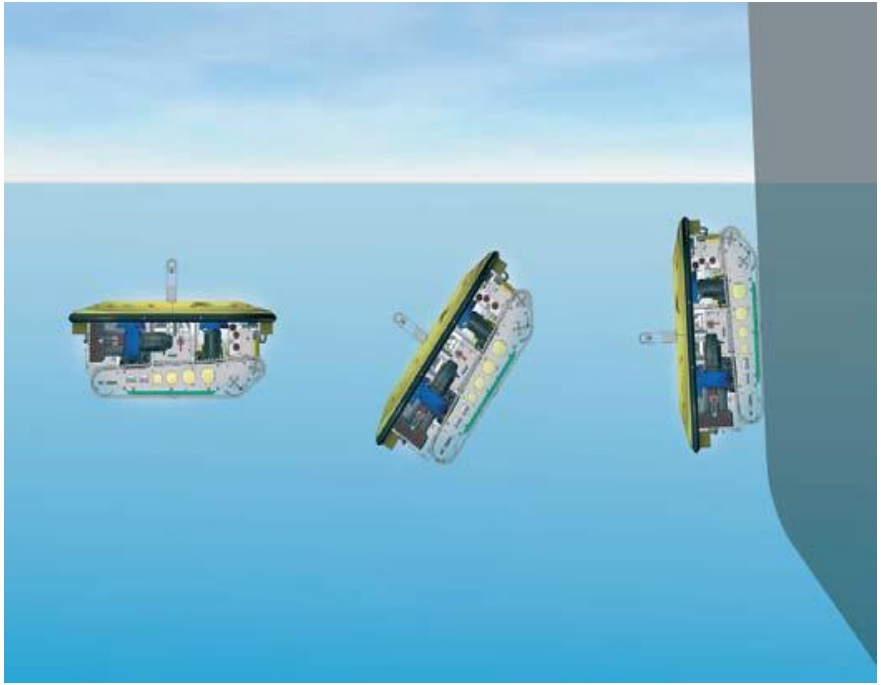
Future Assets

SBM Operated Fleet 2019
[Brazil]

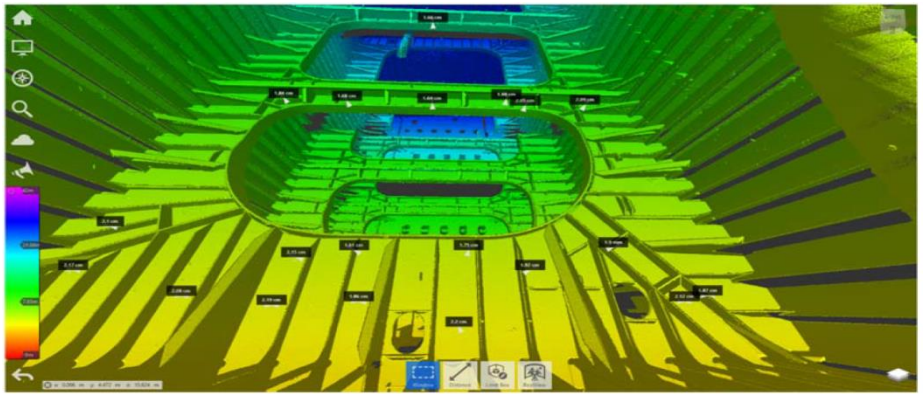
**O**perational **I**ntelligence &
**P**erformance **O**ptimization
**C**enter
[Monaco]

Kikeh
[Malaysia]

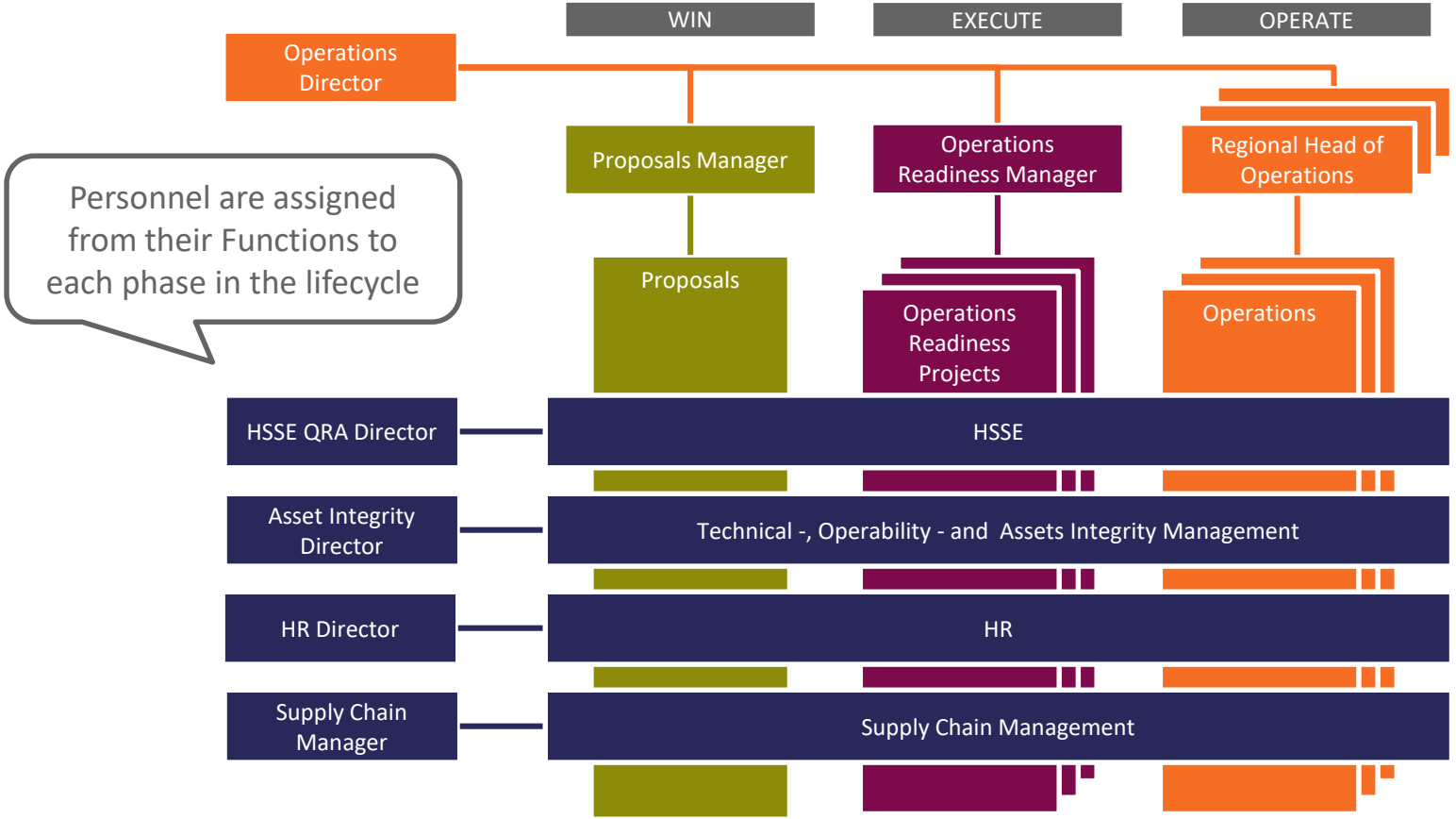
# Technology reducing exposure: Diverless UWILD

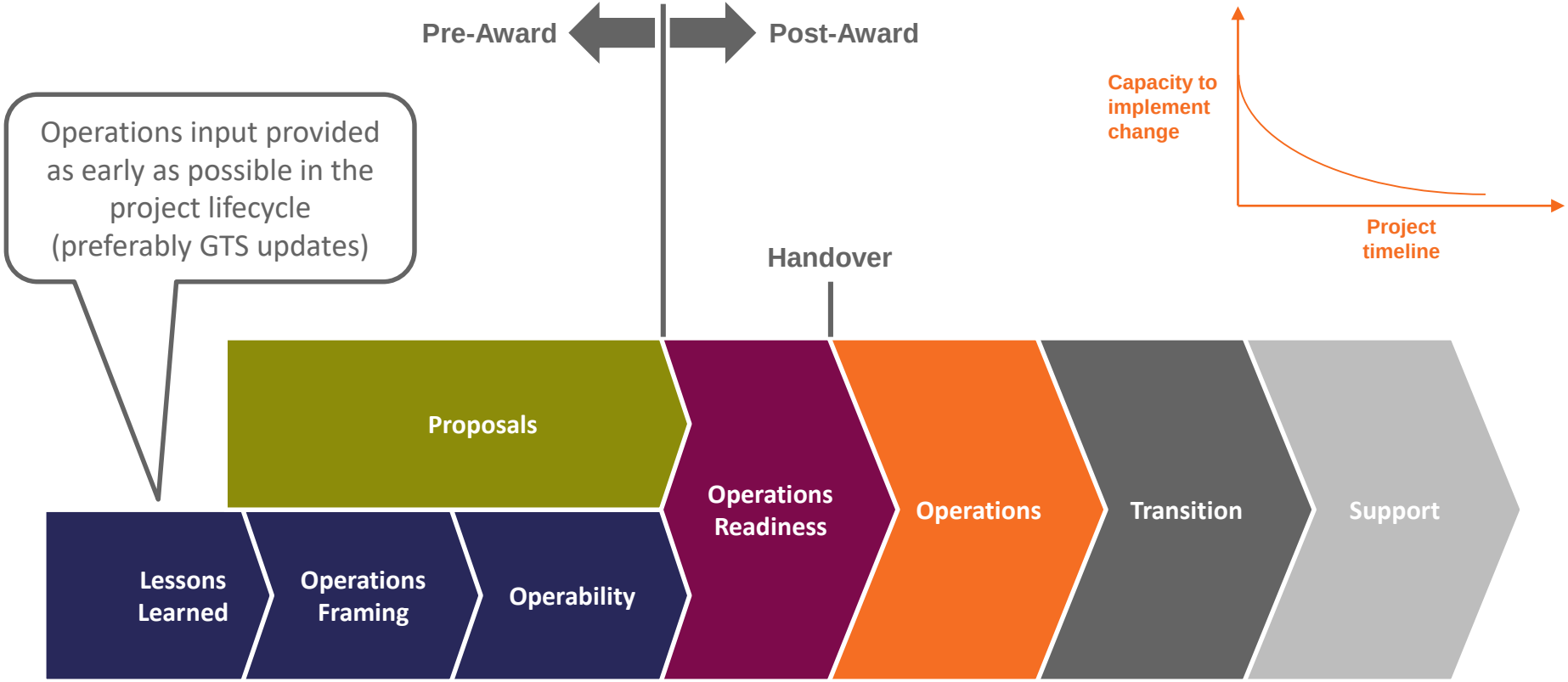
# Tank entry replaced by laser scan and “No Man”



# Organized to transfer operating lessons into new projects



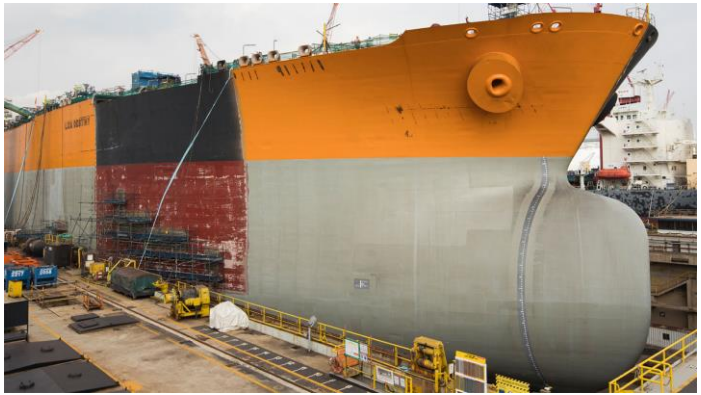
# Internal project delivery workflow



# Learning from our lessons

## FPSO *Liza Destiny* – Operations readiness

- Operations fully integrated in project team from start of engineering
- Approaching sail away with complete alignment on readiness of asset
- Ramp-up in country kept in phase with project progress



# Fast4Ward™

Séverine Baudic

April 2019, Singapore

# Our experience matters

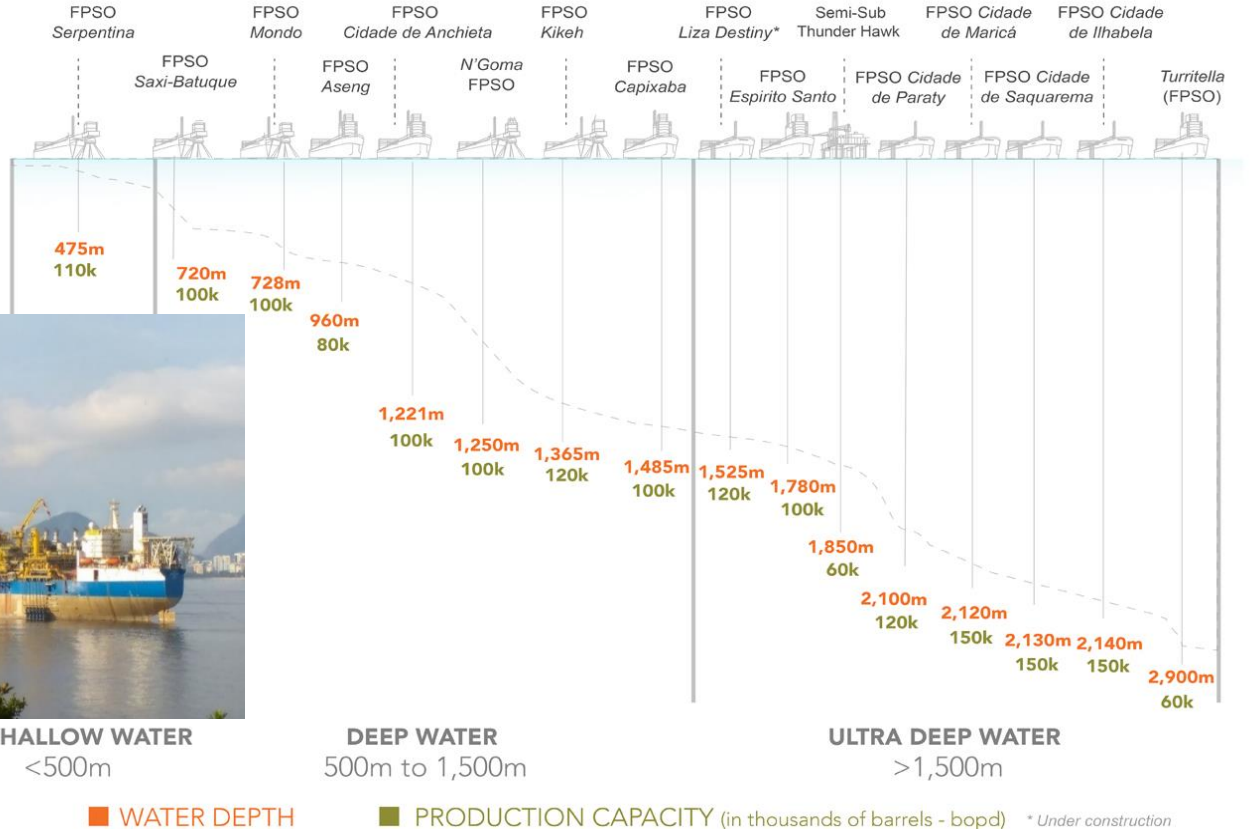

Unrivaled experience and expertise in the design, construction and operation of FPSO's throughout the world

The unquestioned expert to capitalize on standardization for FPSOs and offer a solution that maximizes time and cost-saving opportunities

FAST 4WARD™

BETTER PERFORMANCE, DELIVERED FASTER

# History of Delivering FPSOs



# Fast4Ward™ Principles

### Client first

Fast-tracking client projects

### Standardization

3 standardized hulls under construction

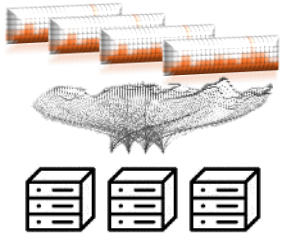
### Flawless execution

Delivering on time, within budget

### Integrated supply chain

Vendors and Yards Relationship

### Digital solutions



570,000 barrels per day production capacity digitized to date

Our ambition is to transform the business by reducing cycle time to energy delivery, de-risking projects, and improving quality & safety. This is what we refer to as

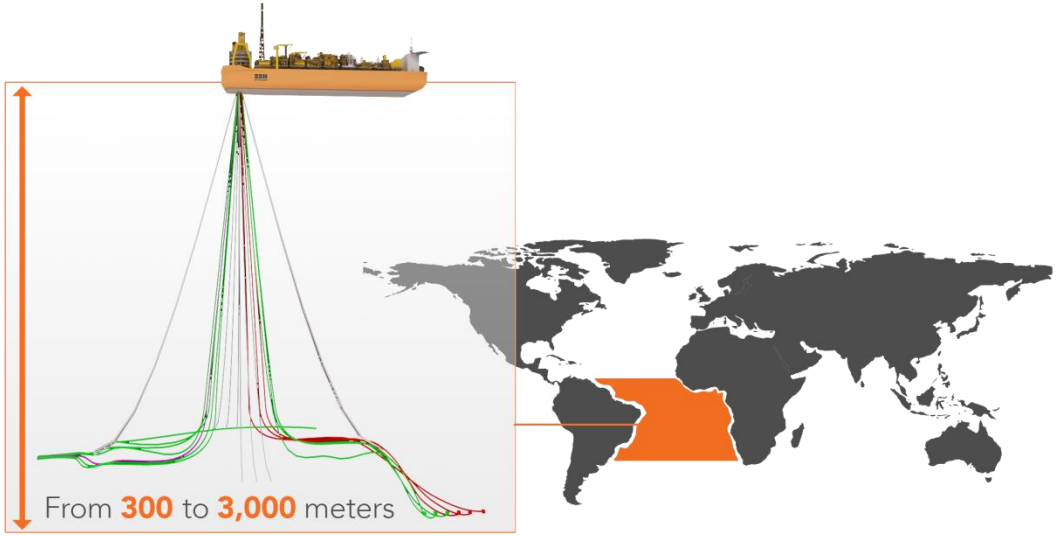
**Fast4Ward™**

FAST 4WARD™

BETTER PERFORMANCE, DELIVERED FASTER

# Overall concept

## A DESIGN THAT FITS A WIDE MARKET, WITH THE **FLEXIBILITY** TO BE TAILORED TO THE SPECIFIC NEEDS OF A PROJECT.




A generic design optimized for deployment in a wide area

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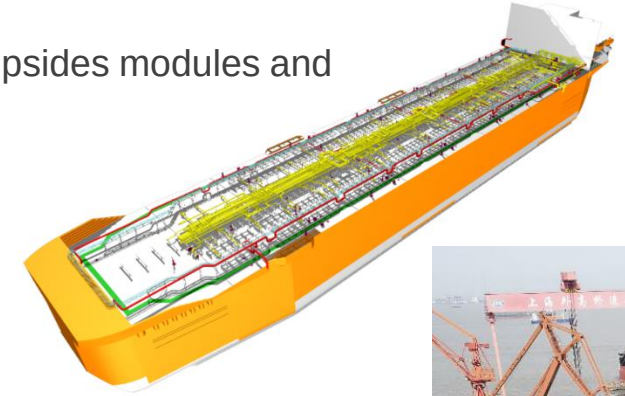
# Hull: one fits all

- A generic hull ready to receive and integrate topsides modules and mooring system
- A new build vessel, 30 years design life
- 2 Million barrels storage or more
- Integration afloat – only one quay needed
- No conversion phase
- Additional deck space to accommodate the most complex topsides
- Lessons learnt and lifecycle experience built in the design



**A SMOOTHER, FASTER, PREDICTABLE, SAFER AND CHEAPER PROJECT EXECUTION**

# Topsides & Mooring – The Catalogue Solution

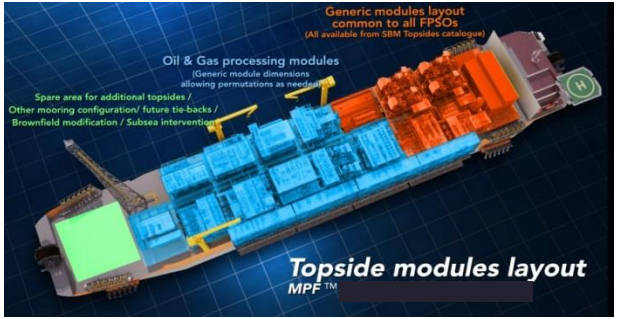

# Topsides: a modular approach

- Two module categories available from the catalogue to cover all needs for topsides:

1. **GENERIC MODULES**
   highly standardized, they fit to all projects

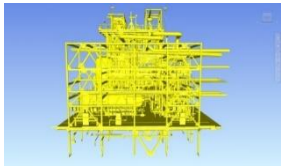
2. **BESPOKE MODULES**
   conceptually standardized, then tailored to suit the specific crude oil characteristics and processing requirements


**In some projects, up to 75% of modules can be taken from the catalogue, providing design maturity at early stage**

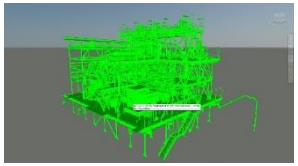


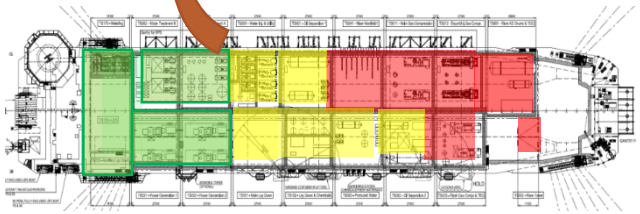

**MAXIMUM INTERCHANGEABILITY, WITHOUT DISRUPTING OVERALL FUNCTIONALITY**

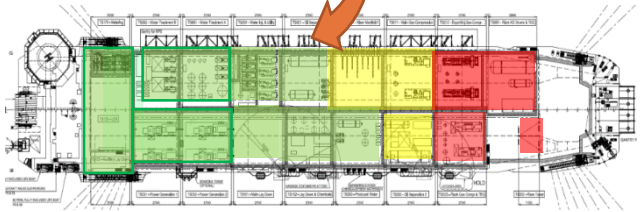
# Catalogue evolution and governance



FAST 4WARD
Advance to Generation 4





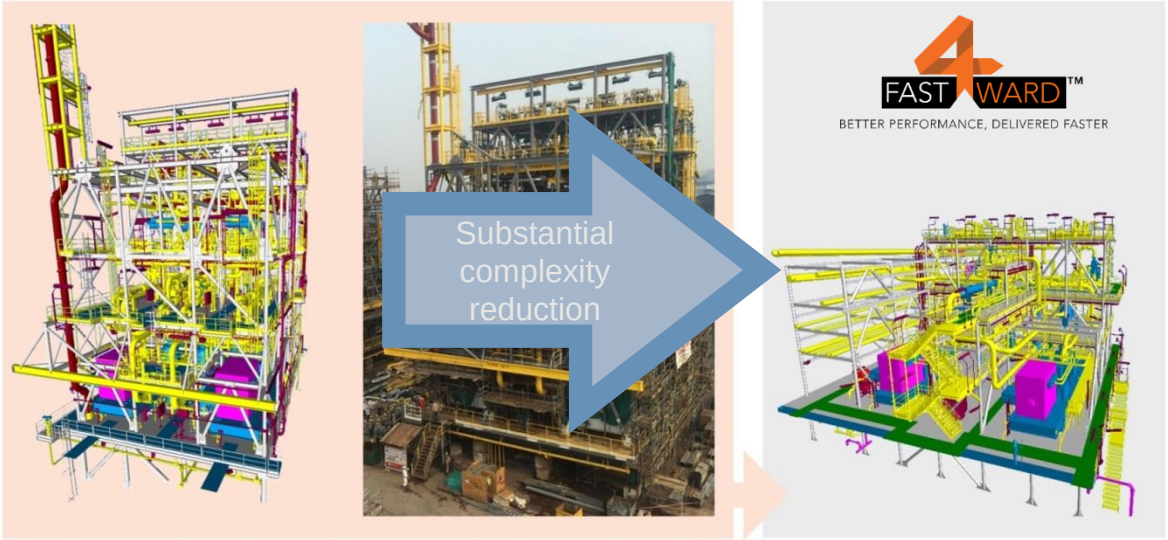


time

**Governance in place to control catalogue evolution, lifecycle learnings and optimum implementation within project teams**

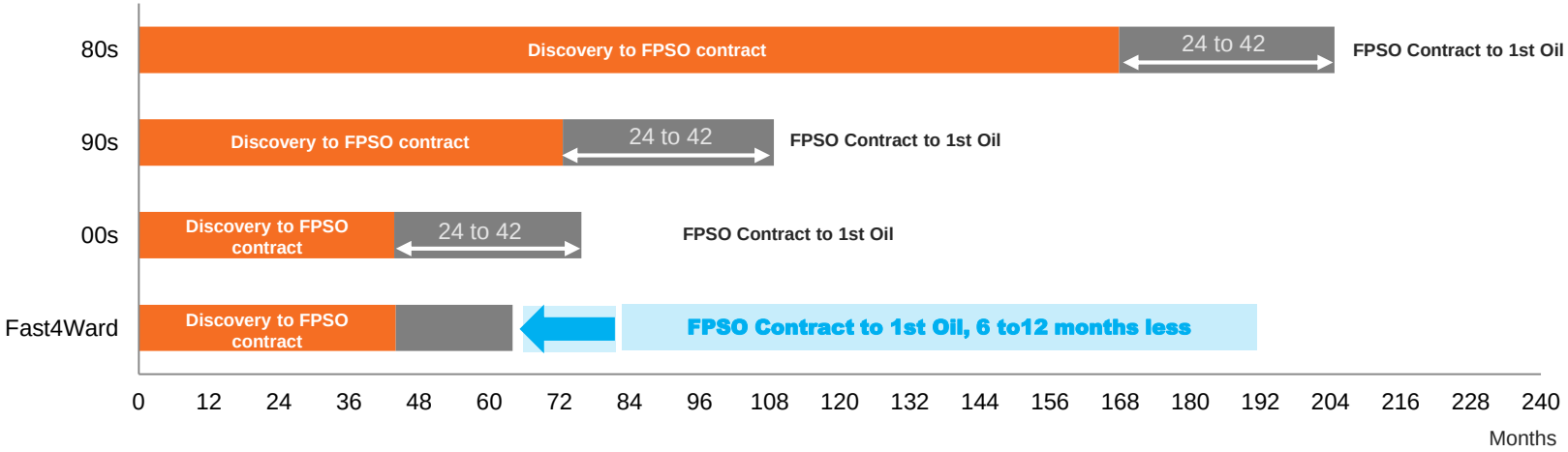
# Topsides: more space, less complexity

- Extra deck space helps lower modules and spread equipment across the deck for less verticality and better access for maintenance



# Schedule reduction

## FPSO PROJECTS BY DECADE OF DISCOVERY




Fast4Ward is the next step in FPSO projects and saves **6 to12 months** on a typical FPSO schedule

**LOWER EPC CAPEX** **HIGHER NPV** **FASTER ROUTE TO FIRST OIL**

Source: Infield, 2015

# Finance

Douglas Wood

April 2019, Singapore

# Financial Framework
## Key components

Stable cash flow delivery

Cash visibility from backlog to 2036

~25% average cash return on net assets[1]

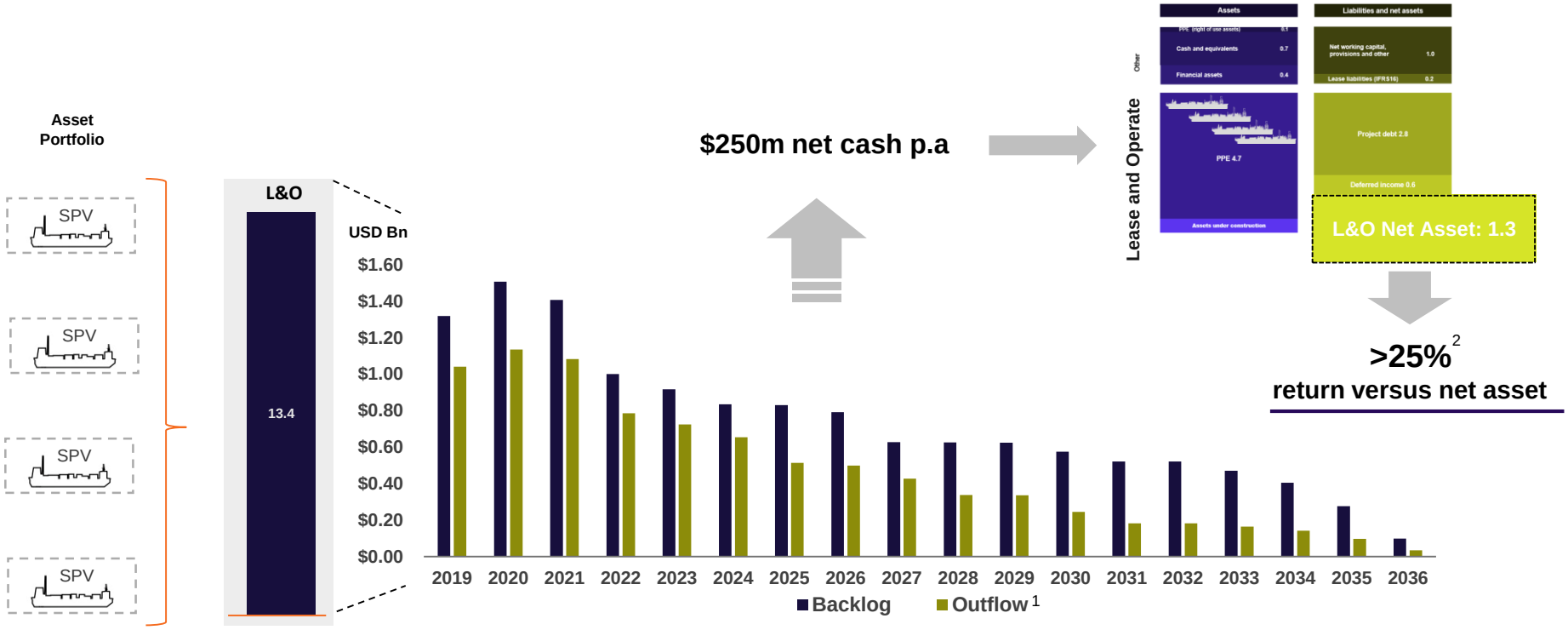
Turnkey leveraged to growth

Financing secured for growth

Shareholder return focus

1) based on period 2016- 2018

# Lease & Operate
## Cash flow visibility and returns




1) Outflow includes Opex, debt redemptions, interest and deferred income
2) Net of assets under construction as at end 2018

# Turnkey
## Drives growth upside

**Turnkey**
**Growth facilitator**

**Current In hand**

Castberg

Liza 1

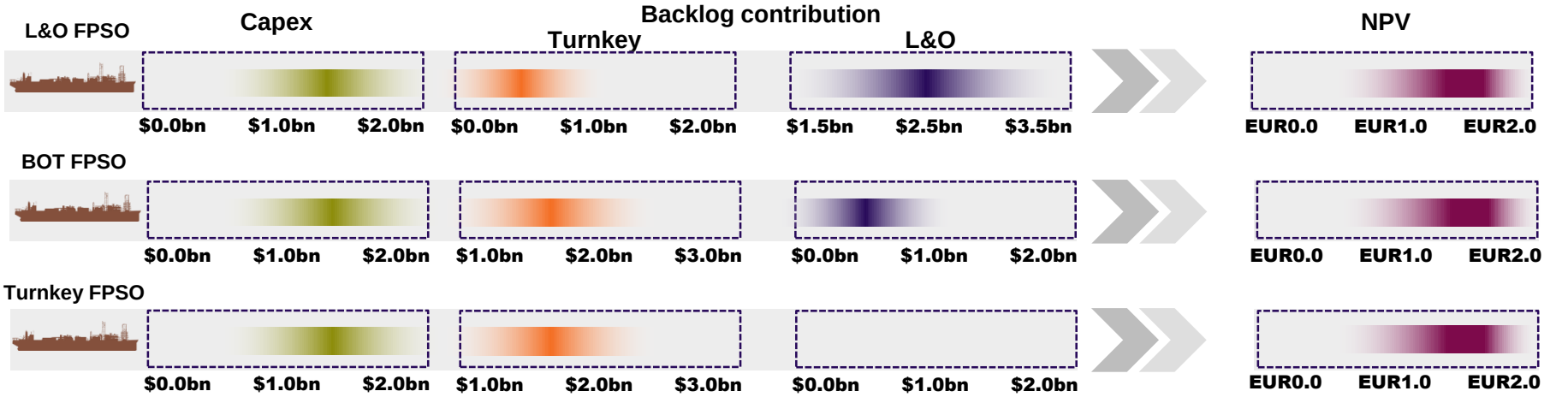
**2-3 years Turnkey cash breakeven secured**

**Lease and Operate**
**Free cash flow generator**

**Existing Asset Portfolio – CF after debt av. $250m p.a**

SPV SPV SPV SPV

### Contribution new Turnkey projects

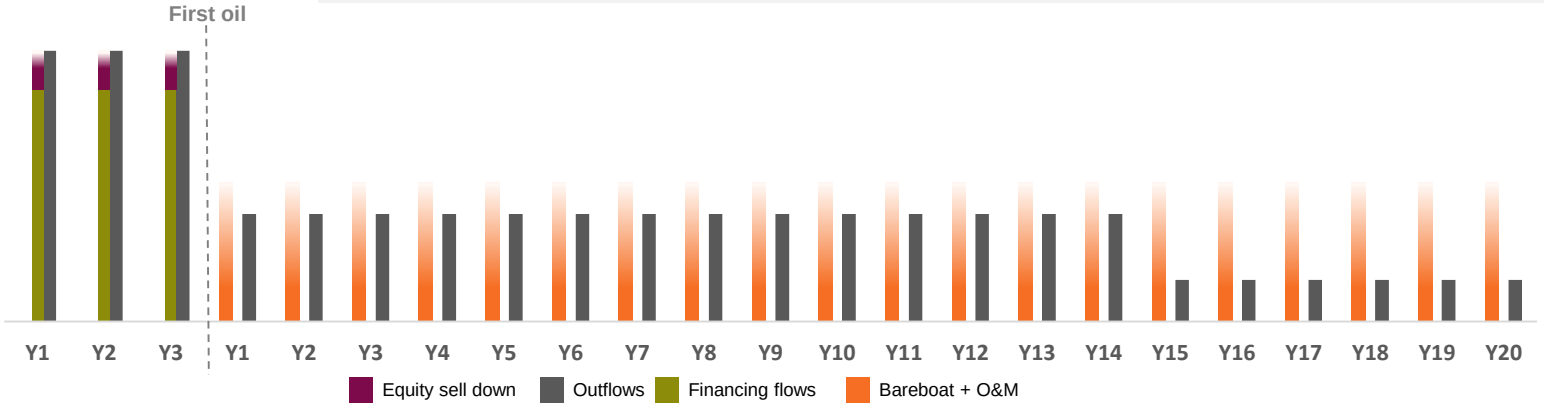


# Commercial models
## Indicative cash flow profiles

### L&O FPSO

**USD 1.5b Project**

**75% Project Financing over Sales Price**

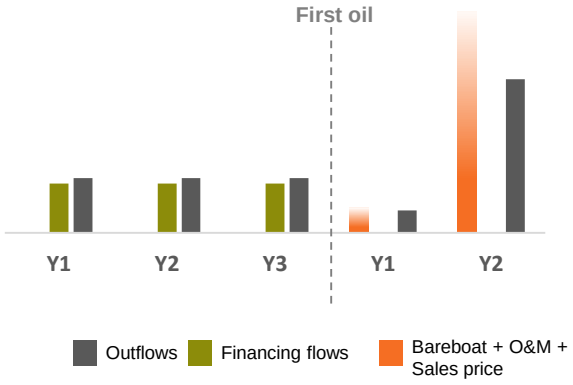



**Profiles are not to scale ; pre completion cash flows have been averaged; post-completion L&O profile linearized to reflect a generic example**

### BOT FPSO

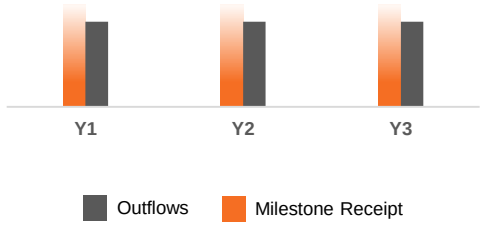
**USD 1.5b Project**

**75% Project Financing over Sales Price**




### Turnkey FPSO

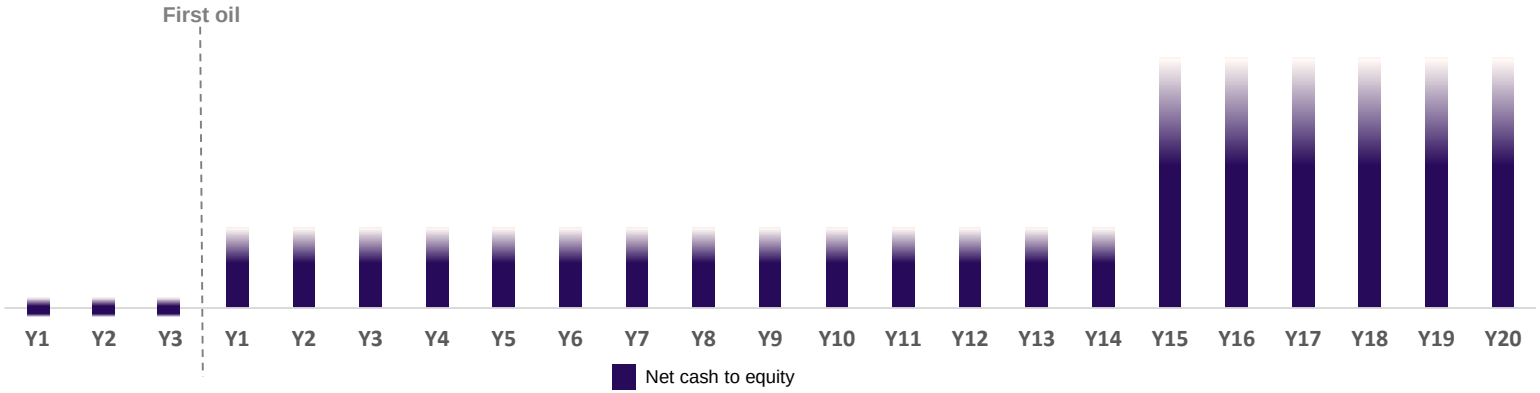
**USD 1.5b Project**



# Commercial models
## Indicative net cash profiles

**Option to manage level of upfront cash investment in all models**

**L&O FPSO**

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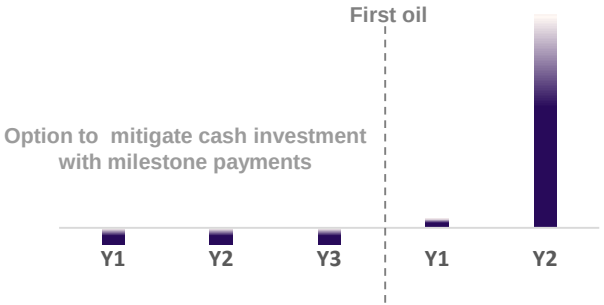
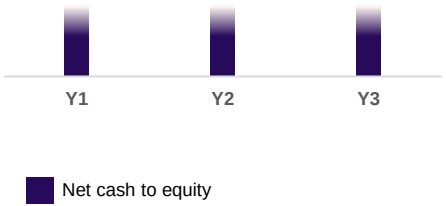
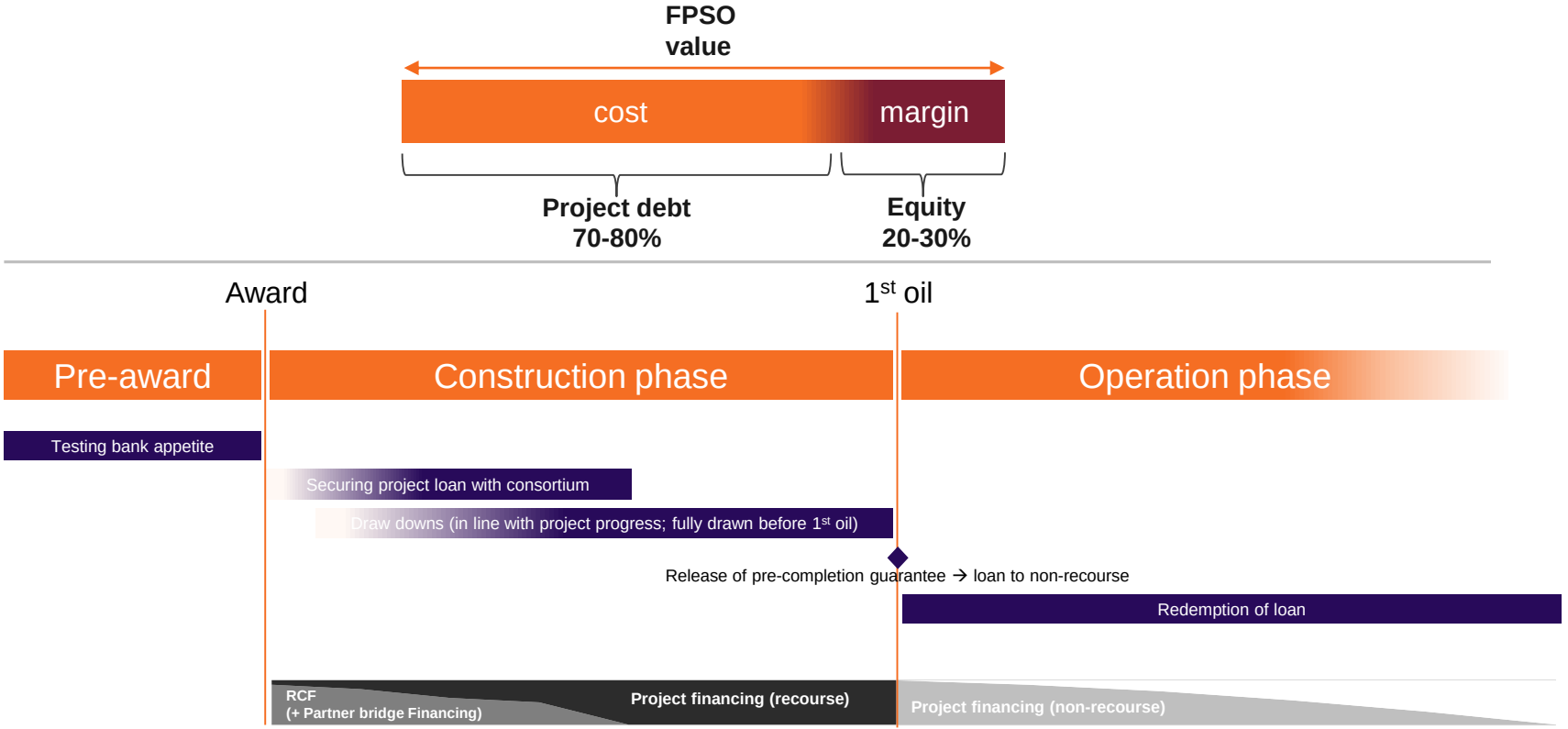
**BOT FPSO**




**Turnkey FPSO**

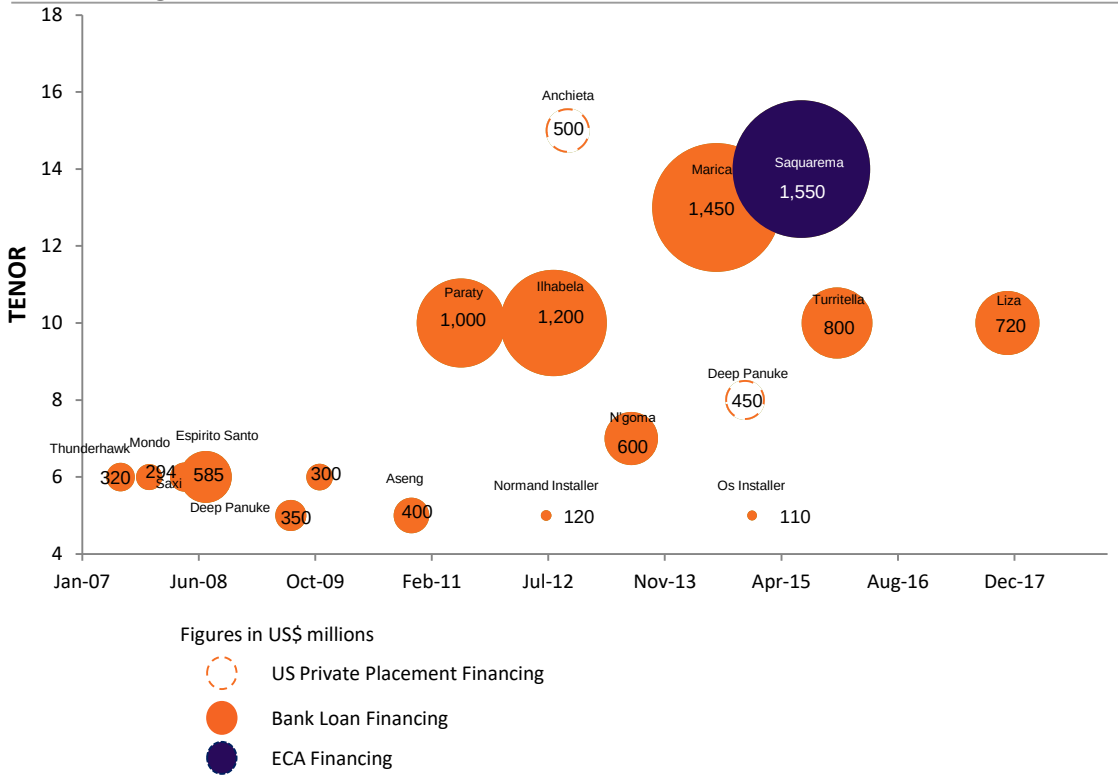


# Efficient financing
## Model and process



# SBM Offshore
## Financing track record

### Financing Track record

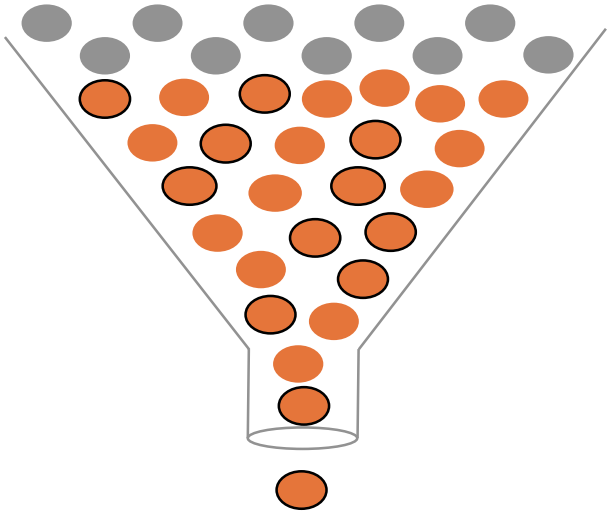



**More than 11 billion debt raised in the past ten years**

**Collaboration with over 25 financial institutions**

# SBM Offshore
## Project pipeline

### Upcoming financing opportunities 2019 -2021



**~ 40 prospects**

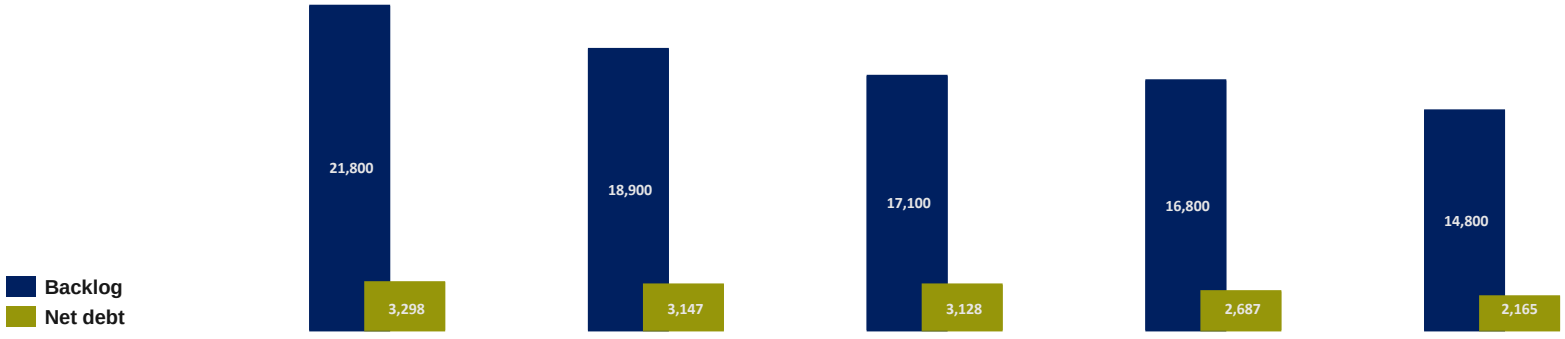
**~ 12 projects within target market**

**SBM FPSO capacity > 2 projects P.A**

**Average Capex $1.5B to $1.8B**

# Financing drives growth

## Debt correlated to backlog



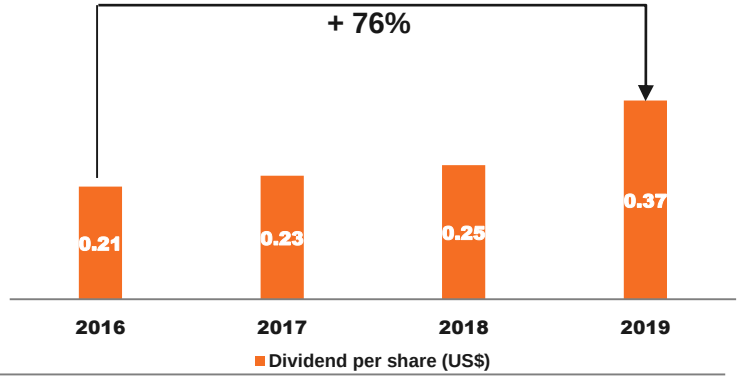

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Net debt/ Backlog ratio | 15% | 17% | 18% | 16% | 15% |

- **Debt directly related to individual project cash flows in backlog**
- **Increase in debt = increase in backlog and value**
- **Healthy and historically stable net-debt to backlog ratio within 15 – 20% range**
- **Expect similar level of stability going forward**

# Capital allocation

## Shareholder return focus as well as growth

### Dividend track-record




| | | | | |
|---|---|---|---|---|
| **Dividends** *US$ millions* | 45 | 47 | 51 | 75 |
| **Share Repurchases** *US$ millions* | 166 | | | c. 200 |

### Historical relative total shareholder return 2016-2018