

2017

ANNUAL REPORT



EXPERIENCE MATTERS

1 AT A GLANCE

1.3 VISION AND VALUES

OUR VISION

To be a trusted partner, delivering reliable floating production solutions that create value for the Company's clients, by sustainably and passionately leveraging SBM Offshore's technology and operating experience.

OUR VALUES

SBM Offshore's core values reflect its long history of industry leadership. They are the essence of who each 'SBMer' is and how the Company works. The values create pride with each employee embracing them to sustain SBM Offshore's vision. They form an integrated component of organizational and individual goal setting as well as performance evaluation.

Integrity

'SBMers' act professionally and in an ethical, honest and reliable manner. Transparency, doing the right thing and consistency are essential in the way the Company behaves towards all of its stakeholders.

Care

'SBMers' respect and care for each other and for the community. Employees value teamwork and diversity. The Company listens to all its stakeholders. Safety is paramount to everything the Company does.

Entrepreneurship

'SBMers' have an entrepreneurial mindset in everything they do. They deliver innovative and fit-for-purpose solutions with passion. In doing so the Company aims to exceed its clients' expectations and proactively achieve sustainable growth by balancing risks and rewards.

Ownership

'SBMers' are all accountable to deliver on their commitments and pursue the Company's objectives with energy and determination. Quality is of the essence. 'SBMers' say what they do and do what they say.

1.4 ACTIVITIES AND MARKETS

The past year saw signs of a slight recovery in the industry and further breakeven reductions have put offshore projects into the 'economically viable' category. With nine FPSO contract awards, of which four were large-scale and therefore in SBM Offshore's focus markets, there is reason for cautious optimism, as demand for the Company's core products picks up.

The oil price remained volatile in 2017, fluctuating within a range of US\$ 44-66 for a barrel of Brent crude. This volatility, in combination with new sources of energy supply being integrated into the energy mix, will translate into a more limited pool of opportunities in the Company's core markets over the coming years. Management remains cautious on contracts for next year, particularly as the FPSO contract award activity in 2017 is indicative of both possible upside or downside scenarios in the short-term. The same dynamics apply to the other Product Lines that the company markets for deep water fields.

The Company is well-positioned for an upturn and the industry's need for lower breakeven costs coincides with SBM Offshore's well-timed FPSO standardization Fast4Ward™ project. Fast4Ward™ will fast-track projects by up to one year compared with the three-year industry average, significantly reducing costs, whilst providing clients earlier access to first oil and improving field development Net Present Value. Fast4Ward™ comprises a Multi-Purpose Floater concept, a Topsides Modules catalogue and range of Turret & Mooring Solutions.

In parallel, early signs of green shoots for offshore gas projects are evident, with some shelved projects being revived in a more competitive form – i.e. smaller and less complex. On the renewable energy front, the trend continues with gradual growth in this sector. In both markets, SBM Offshore is seizing opportunities and is active in pilot Engineering Procurement and Construction (EPC) stages, having adjusted its capabilities and portfolio to reflect the industry's move to gas as the transitional energy and then to renewables in the long-term.