

2017

ANNUAL REPORT



EXPERIENCE MATTERS

2 STRATEGY AND PERFORMANCE

The above underlying figures are excluding several non-recurring items described in section 4.1 Financial review and impacting the 2017 Directional EBITDA and profit attributable to Shareholders by respectively US\$ 210 million and US\$ 283 million.

BACKLOG

The Directional backlog, which is presented on a pro-forma basis in section 4.1.3, remains solid at US\$ 16.8 billion compared to US\$ 17.1 billion at year-end 2016. This is driven mainly by the awards for the FPSO *Liza* and for the Castberg turret mooring system, which are partially offset by revenues recognized during 2017 and the sale of the *Turritella* (FPSO) in January 2018.

STATEMENT OF FINANCIAL POSITION

Despite the market downturn, the Company's financial position remains strong. Directional Shareholder's equity decreased slightly from US\$ 1,159 million to US\$ 1,097 million, mainly because of non-recurring items impacting the 2017 Directional profit attributable to Shareholders.

Directional net debt significantly decreased to US\$ 2,687 million at year-end 2017, compared to US\$ 3,107 million in 2016, reflecting the strong operating cash-flow generated by the Lease and Operate segment and the impact of the cash proceeds of the settlement with a group of insurers on the Company's Yme insurance case.

All of the Company's debt consists of project financing held in special purpose vehicles. Over 2017, the Company has not drawn under its revolving credit facility and as such does not hold corporate debt.

CASH FLOW/LIQUIDITIES

Directional Cash and undrawn committed credit facilities amounted to US\$ 1,878 million, US\$ 254 million of which can be considered as being pledged to project debt servicing or otherwise restricted in its utilization.

For a total overview of the Company's financials please see the Financial Statements in section 4 of the Annual Report.

2.3 ECONOMIC PERFORMANCE

2.3.1 OPERATIONAL ACTIVITIES

SBM Offshore's consistent approach to integrating operational feedback into all phases of its projects is

the foundation for optimization of its activities across the lifecycle. This also greatly contributes to the Company's capacity to continuously improve its designs and project execution processes.

SBM Offshore believes that simplification is the solution for future turnkey projects in today's low price climate. Hence, why the Company is advancing on its standardization strategy for its next generation FPSO, as well as a catalogue of standalone topsides and Turret Mooring Systems for clients. Regarding the latter, the Company is focusing on fit-for-purpose mooring systems with a basic level of functionalities, which offer practical and cost-effective solutions while optimizing the NPV equation.

2.3.2 FLEET

SBM Offshore's assets are key value drivers for the Company, delivering the required production performance to meet client targets and generating a predictable revenue for SBM Offshore through its long-term lease and operate contracts. The expertise and experience of almost 2,400 offshore crew and onshore staff, supporting the fleet, ensures value creation through safe and efficient operations of the Company's offshore fleet.

KEY FIGURES IN 2017

- 5.3 billion barrels production cumulated to date
- 7,635 offloads cumulated to date
- 304 cumulative years of operational experience

In 2017 the fleet achieved its best performance to date in terms of recordable injury rate and sustained a record average production level in the range of 1 MBbls per day in the second half of the year, as FPSO *Cidade de Maricá* and FPSO *Cidade de Saquarema* reached full capacity production levels, having started up in 2016.