

# Press Release

## SBM OFFSHORE PROVIDES YEAR END UPDATE

December 17, 2013

Ahead of the scheduled FY2013 earnings announcement<sup>1</sup>, SBM Offshore announces<sup>2</sup>:

### Highlights

- Production Acceptance Notice of Deep Panuke following debottlenecking
- Company-wide review of decommissioning provisions and vessel values leading to non-cash charges of US\$160 million
- Sale and lease back transactions for two of three Monaco offices agreed with proceeds exceeding US\$100 million
- Anticipation of FY2013 IFRS revenue of approximately US\$4.6 billion, compared to guidance of US\$4.3 billion

Bruno Chabas, CEO of SBM Offshore commented: "From a difficult start, 2013 has been a year of achievements. As we close, we are updating the market on further steps that mark SBM Offshore's progress and our determination to manage our business rigorously and efficiently.

We are pleased to announce that the Deep Panuke facility has received Production Acceptance Notice and is formally on hire. This has been a tough project, but its delivery reflects the advances we have made. Today, SBM Offshore focuses on what the client wants and delivers it. This is a significant factor in the progress being made across our project portfolio, as reflected by today's increased 2013 IFRS revenue guidance.

We have recently concluded a Company-wide review of decommissioning provisions and vessel values. As a matter of prudent accounting, this will result in certain non-cash charges. Even so, the Company will return a positive IFRS net income for 2013 and remains firmly within its covenants."

### Decommissioning Review

With the upcoming expiration of contracts for FPSO *Kuito* and FPSO *Brasil*, the Company has undertaken the reassessment of decommissioning costs for both vessels. The expected costs associated with removing the vessels from service have proven higher than earlier estimates. As a consequence, a Company-wide review was conducted in Q4 to reassess decommissioning expenses of all other vessels, resulting in a charge to income of approximately US\$40 million.

### Residual Value of Laid-Up Vessels

Within SBM Offshore's fleet, the FPSO *Falcon* and VLCC *Alba* have been laid up since 2009, and 2011, respectively. Due to more stringent requirements regarding the use of single hull vessels with limited storage capacity, the estimated recoverable amount under current market conditions is considerably lower than the carrying value. This will result in non-cash charges of approximately US\$55 million in the second half of 2013.

### Thunderhawk

Thunderhawk, a semisubmersible production facility in the US Gulf of Mexico, is the only facility in SBM Offshore's Lease fleet portfolio which bears exposure to reservoir risk. It started operations in 2009. On production trends from current reserves, and projections from planned new fields, total deliverable volumes will be insufficient to sustain the asset's current book value. As a result, the carrying value of the facility has been written down by approximately US\$65 million.

<sup>1</sup> all numbers unaudited

<sup>2</sup> updates reflect recent events and insights acquired since the publication of 1H13 results

## Deep Panuke

The Company is pleased to announce that the team has completed the debottlenecking process, brought the platform to full production capacity safely and has received Production Acceptance Notice (PAN) from the client. The platform is currently on hire and generating full day rate as per contractual commitments. A charge of approximately US\$5 million in connection with the final commissioning will be taken in the second half of 2013.

## Divestment Update

The sale and lease back of real estate in Monaco continues to progress well. The Company is pleased to report sale and lease back transactions for two of three buildings. The remaining building is now expected to be sold in 2014. Sales proceeds thus far exceed US\$100 million, resulting in a book profit of approximately US\$30 million.

## FY2013 IFRS Revenue Guidance

As the Company nears its fiscal year end, management anticipates FY2013 IFRS revenue of approximately US\$4.6 billion. This represents an increase to prior IFRS revenue guidance of US\$300 million, driven by the Turnkey segment. Today's announced write-downs and charges are predominantly non-cash items. Despite all the provisions and impairments taken throughout the year, the Company continues to anticipate positive IFRS net income in FY2013 and to remain securely within its covenants.

## Conference Call

SBM Offshore's management will host a conference call followed by a Q&A session at 7:30AM Central European Time on Wednesday, December 18, 2013 to further discuss today's announcement. Interested parties are invited to listen to the call by dialing +31 20 794 8484 in the Netherlands, +44 207 190 1590 in the UK or +1 480 629 9856 in the US, using access code: 4657361.

<b>Financial Calendar</b>	<b>Date</b>	<b>Year</b>
Full-Year 2013 Results - Press Release (07.30 CET)	February 6	2014
Publication of AGM Agenda	March 11	2014
Annual General Meeting of Shareholders	April 17	2014
Trading Update Q1 2014 - Press Release	May 9	2014
Half-Year 2014 Results - Press Release	August 7	2014
Trading Update Q3 2014 - Press Release	November 13	2014

<sup>1</sup> all numbers unaudited

<sup>2</sup> updates reflect recent events and insights acquired since the publication of 1H13 results

## Corporate Profile

SBM Offshore N.V. is a listed holding company that is headquartered in Schiedam. It holds direct and indirect interests in other companies that collectively with SBM Offshore N.V. form the SBM Offshore Group ("the Company").

SBM Offshore provides floating production solutions to the offshore energy industry, over the full product life-cycle. The Company is market leading in leased floating production systems with multiple units currently in operation, and has unrivalled operational experience in this field. The Company's main activities are the design, supply, installation, operation and the life extension of Floating Production, Storage and Offloading (FPSO) vessels. These are either owned and operated by SBM Offshore and leased to its clients or supplied on a turnkey sale basis.

Group companies employ over 9,600 people worldwide, who are spread over five execution centres, eleven operational shore bases, several construction yards and the offshore fleet of vessels. Please visit our website at [www.sbmoffshore.com](http://www.sbmoffshore.com).

The companies in which SBM Offshore N.V. directly and indirectly owns investments are separate entities. In this communication "SBM Offshore" is sometimes used for convenience where references are made to SBM Offshore N.V. and its subsidiaries in general, or where no useful purpose is served by identifying the particular company or companies.

The Management Board  
Schiedam, December 17, 2013

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