



2014  
**FULL YEAR EARNINGS**

FEBRUARY 4, 2015

## SBM OFFSHORE FULL-YEAR RESULTS 2014

### Resilience in a difficult macro environment

February 4, 2015

SBM Offshore ended 2014 with a good underlying financial performance, ahead of expectations for the second straight year. The Company reached an important milestone in announcing an out-of-court settlement agreement with the Dutch Public Prosecutor's Office (Openbaar Ministerie) over the inquiry into alleged improper payments, whilst the US Department of Justice declined to prosecute and has closed its inquiry into the matter. This marks a big step forward in putting the Company's legacy issues to rest. Furthermore the year was marked by continued project execution with the delivery of two FPSOs, securing financing for a number of projects and continued strengthening of the balance sheet. Directional<sup>1</sup> revenue increased 5% to US\$3,545 million, while Directional<sup>1</sup> backlog remains near record highs at US\$21.8 billion. This was reinforced by strong operational performance with consistently high uptime across the fleet of over 99%.

Bruno Chabas, CEO of SBM Offshore, commented:

"The effects of the recent drop in oil prices are being felt across the offshore services industry in the form of lower order intake. This reduction is putting pressure on suppliers' capacity. While SBM Offshore is no exception, the current macro environment should not overshadow our sound 2014 financial results. In the last twelve months, we achieved significant progress on a number of operational and corporate objectives.

Furthermore, the Company is uniquely positioned to weather this period of uncertainty thanks to its strong Lease and Operate backlog that provides long-term cash flow, is unaffected by movements in oil prices or production levels. As a result, the Company expects a steady increase in cash flow over the coming years as we continue to deliver the projects under construction.

My appreciation goes to all of our employees for staying focused, responsive and adaptable during a challenging year. I remain optimistic about the medium to long-term prospects for our industry in general and SBM Offshore in particular."

### Financial Highlights

- Directional<sup>1</sup> revenue ahead of expectations at US\$3,545 million
- Underlying Directional<sup>1</sup> EBIT of US\$437 million and underlying EPS of \$1.67 per share
- Directional<sup>1</sup> Backlog stood at US\$21.8 billion
- Cash and undrawn committed credit facilities at the end of the period stood at US\$1,987 million
- Proportional net debt at the end of December stood at US\$3,298 million
- Project financing secured for US\$1.9 billion and a new Revolving Credit Facility for US\$1.0 billion
- US\$240 million out-of-court settlement reached related to the compliance investigation

in US\$ million	Directional <sup>1</sup>			IFRS		
	FY 2014	FY 2013*	% Change	FY 2014	FY 2013*	% Change
Revenue	3,545	3,373	5%	5,482	4,584	20%
Turnkey	2,487	2,367	5%	4,471	3,648	23%
Lease and Operate	1,059	1,006	5%	1,011	935	8%
EBIT	201	63	NM	726	188	NM
Underlying EBIT	437	500	-13%	954	624	53%
Profit (Loss) attributable to Shareholders	84	(58)	NM	575	114	NM
Underlying Profit (Loss) attributable to Shareholders	349	375	-7%	840	548	53%
in US\$ billion	31-Dec-14	31-Dec-13*	% Change	31-Dec-14	31-Dec-13*	% Change
Backlog	21.8	22.2	-2%	-	-	NM
Net Debt	3.3	2.4	36%	4.8	3.4	40%

\*Restated for comparison purposes

<sup>1</sup> Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.

## 2014 Company Overview

### Introduction

Projects under construction progressed to plan in 2014, delivering FPSOs *Cidade de Ilhabela* and *N'Goma FPSO* to their respective clients following systems acceptance. Sound financial results, steady Directional<sup>1</sup> revenue growth, continued reliable operational performance and a near record backlog point to sustained progress of the turnaround commenced in 2012. The transformation continues as the Company focuses its attention to delivering three FPSO projects by mid-2016 and completing the business improvement initiatives.

Notwithstanding the ongoing investigations by authorities in Brazil, a major milestone was reached when the Company announced a US\$240 million out-of-court settlement with the Dutch Public Prosecutor's Office.

The FPSO *Turritella* Operations and Maintenance contract was signed in May and Encana agreed to a settling of claims arising from the Deep Panuke project offshore Nova Scotia. Through the corporate and project financing activities completed during the course of the year, the financial position of the Company is markedly strengthened.

Consistent with the Company's strategy to focus on its core business and to further strengthen its financial position, the sale and leaseback of the Monaco real estate portfolio was completed and the all cash sale of the Diving Support and Construction Vessel (DSCV) *SBM Installer* was announced and closed. SBM Offshore was also successful in securing three financings and signing the renewal of its Revolving Credit Facility in 2014. A US\$400 million bridge loan for the financing of the Deep Panuke platform was secured in May. In August project financing was secured for FPSO *Cidade de Maricá* totalling US\$1.45 billion from a consortium of international banks at a weighted average cost of debt of 5.3%. In early November, the Company refinanced the US\$400 million bridge loan for the Deep Panuke Production Field Centre when it announced the completion of US\$450 million of non-recourse senior secured debt by way of a USPP. The 3.5% fixed coupon bond is rated BBB- / BBB (low) by Fitch and DBRS respectively and carries a 7 year maturity. The additional liquidity and greater financial flexibility have further improved the Company's risk profile for securing funding for future projects.

Lastly, a review of strategic alternatives regarding balance sheet optimization announced at the Capital Markets Day in September was completed in November. The Management Board, with the endorsement of the Supervisory Board, intends to pursue the development of a master limited partnership (MLP). The anticipated offering is subject to market conditions.

### HSSE

SBM Offshore deeply regretted to have to report two fatalities of yard contractor staff on construction projects in Singapore. Root cause analysis has been carried out and appropriate measures have been put into effect at the contractor facilities.

The Company achieved a much improved safety performance in 2014 thanks to the focused drive, commitment and involvement of its employees. Total Recordable Injury Frequency Rate (TRIFR) improved 45% to 0.22 compared to 0.40 in 2013, while the Lost Time Injury Frequency Rate (LTIFR) improved by 66% to 0.05 in 2015 from 0.15 from 2013.

Furthermore, the environmental performance of the Group has also improved compared to last year, with 13% less Green House Gas emissions per hydrocarbon production offshore compared to 2013, 9% less energy consumption and 17% less oil discharged from produced water offshore compared to 2013.

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## Compliance

On November 12, 2014, SBM Offshore reached a US\$240 million out-of-court settlement with the Dutch Public Prosecutor's Office over the inquiry into alleged improper payments. Furthermore, the United States Department of Justice informed the Company that it would not prosecute and has closed its inquiry into the matter. The settlement agreement with the Openbaar Ministerie and the United States Department of Justice's decision relate to payments to sales agents in Equatorial Guinea, Angola and Brazil in the period from 2007 through 2011. The main reason for the authorities to agree to an out-of-court settlement is related to the comprehensive remedial actions taken by the new Management Board since taking office in 2012.

The investigation of the Dutch Public Prosecutors Office established, through means inaccessible to SBM Offshore, that payments were made from the Company's Brazilian sales agent's offshore entities to Brazilian government officials. As a result, SBM Offshore is a party in a number of investigations in Brazil, notably by the Federal Prosecutor, the Federal Accounts Tribunal and the Comptroller General's Office, who recently confirmed in writing to the Company that they have opened an investigation. The Company continues to cooperate with all requests for information and is in active dialogue with the Brazilian Comptroller General's Office in order to come to an agreement to close the matter in Brazil.

Management confirms that it is not aware of any authorities outside of Brazil investigating SBM Offshore.

## Investing in Our Future

Costs associated with research and development focused investments and the Odyssey24 programme came to US\$63 million in 2014, representing a year-on-year increase of US\$37 million. The programmes' focus on step changes in design, execution, project and supply chain management, allowing the Company to deliver its projects faster while reducing project costs by at least 5% per project. The programmes continue into 2015 and once completed is expected to benefit from a quick payback on new contract awards.

## Divestment Update

In August the Company announced the completion of the sale and leaseback of its Monaco real estate portfolio. The last of three buildings was sold for approximately US\$62 million net of expenses, resulting in a book profit of approximately US\$58 million. This was in addition to the December 2013 announced sale and leaseback transactions for two of the three buildings with sales proceeds exceeding US\$100 million and resulting in a book profit of approximately US\$30 million. Total proceeds, net of expenses, resulting from the transactions are in excess of US\$162 million with a total book profit of approximately US\$88 million.

In early December, SBM Offshore announced the US\$150 million all cash sale of the DSCV *SBM Installer* to OS Installer AS. The Company confirmed in mid-December that OS Installer AS, a newly established Joint Venture between Ocean Yield (75%) and SBM Offshore (25%), secured bank financing and that the transaction had closed. Net of the retained equity interest in the Joint Venture, the Company received US\$140 million in proceeds.

FPSO *Brasil* and VLCC *Alba* remain held for sale.

## Year-End Update

In the December 17, 2014 year-end update press release, SBM Offshore announced the reduction of the useful life of the Deep Panuke Production Field Centre to eight years, in line with the fixed contract period. This adjustment resulted in a non-cash impairment charge of approximately US\$59 million. The eight-year firm contract revenue is not affected by the announcement.

In addition, the Company announced a one-off impairment charge (non-cash) of US\$49 million related to a financial asset following a dispute with a US-based client, as well as the decision to make an additional provision for warranties at year end of US\$40 million.



### Supervisory Board

Following the completion of Chairman H.C. Rothermund's third term on the Supervisory Board, he will resign at the Company's Annual General Meeting of Shareholders on April 15, 2015. SBM Offshore's Supervisory Board has decided to appoint F.J.G.M. Cremers, currently Vice Chairman, as Chairman as of that date. T.M.E. Ehret will simultaneously be appointed as Vice Chairman replacing Mr. Cremers.

### Outlook and Guidance 2015

The Company is providing 2015 Directional<sup>1</sup> revenue guidance of at least US\$2.2 billion, of which US\$1.0 billion is expected in the Turnkey segment and US\$1.2 billion in the Lease and Operate segment. Proportional net debt guidance is being introduced for FY2015. The Company expects to end the year with proportional net debt below US\$3.5 billion. Guidance is based on Management's conservative award assumptions in light of the current macro environment.

### Dividend

The Management Board reiterates that the Company will not pay a dividend over 2014, in view of the losses incurred in recent years and the desire to continue strengthening the balance sheet. The Management Board intends to present, at the Annual General Meeting (AGM) in April 2015, a change of dividend policy from the existing policy of paying out 50% of IFRS net income. Under the new dividend policy, the proposed payout ratio would be between 25% and 35% of Directional<sup>1</sup> net income subject to the availability of sufficient free cash flow in the year of payment.

<sup>1</sup> Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.

## FINANCIAL REVIEW

### IFRS 10, 11 & 12

New consolidation standards for joint ventures (JVs) have been introduced as of January 1, 2014 ending proportional consolidation of JVs for SBM Offshore. As disclosed in its 2013 Annual Report, the Company is now required to account for its fully controlled JVs on a fully consolidated basis (mostly impacting all Brazilian FPSOs) and apply equity accounting to the Company's jointly controlled JVs (mostly impacting all Angolan FPSOs). All 2013 income statement, statement of financial position, cash flow statement comparatives figures and key indicators presented in the financial report were restated for the introduction of these new standards.

On balance, this implementation has a limited impact on the Company's IFRS revenue as the additionally reported partner share in the fully consolidated ventures is offset by the exclusion of revenue in the equity accounted ventures and almost nil to net income attributable to shareholders. However, the Company's reported total asset value at year-end 2013 has increased significantly (approximately US\$1.6 billion) as the now fully consolidated Brazilian assets are younger and represent a larger portion of the balance sheet. A similar effect is visible at the gross debt level, increasing from US\$2.9 billion to US\$3.6 billion.

As this change of consolidation rules under IFRS further complicates the understanding of the Company's performance, effective January 1, 2014, Directional<sup>1</sup> reporting principles were amended and stand as follows:

- Directional<sup>1</sup> reporting represents an additional non-GAAP disclosure to IFRS reporting
- Directional<sup>1</sup> reporting assumes all lease contracts are classified as operating leases
- Directional<sup>1</sup> reporting assumes all JVs related to lease contracts are consolidated on a proportional basis
- All other accounting principles remain unchanged compared to applicable IFRS standards

All 2013 Directional<sup>1</sup> income statement comparative figures presented in the financial report were restated for introduction of these new consolidation rules.

As Directional<sup>1</sup> reporting better reflects of the performance of the Company's segments and drives key decisions taken by the Management Board, the segmental information has been provided under Directional<sup>1</sup> reporting principles as part of the financial statements, and reviewed by the Company's auditors.

### Highlights

Directional<sup>1</sup> consolidated net income for 2014 came in at US\$84 million versus a net loss of US\$58 million in 2013. This result includes divestment profits and other non-recurring items which generated a net loss of US\$265 million in 2014 compared to US\$433 million in 2013. Excluding divestment profits, and other non-recurring items, 2014 underlying consolidated Directional<sup>1</sup> net income attributable to shareholders stood at US\$349 million, a slight decrease from US\$375 million in the year-ago period.

Reported consolidated 2014 IFRS net income was US\$652 million versus US\$175 million in 2013. IFRS net income attributable to shareholders amounts to US\$575 million compared to US\$114 million in 2013.

Directional<sup>1</sup> earnings per share (EPS) in 2014 amounted to US\$0.40 compared to a loss of US\$0.28 per share in 2013. Adjusted for divestment profits and other non-recurring items, underlying Directional<sup>1</sup> EPS decreased 9% year-on-year to US\$1.67 from US\$1.84 in 2013.

IFRS net debt at the year-end totalled US\$4,775 million versus US\$3,400 million in 2013. All bank covenants were met and available cash and undrawn committed credit facilities stood at US\$1,987 million.

<sup>1</sup> Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.

Order intake for year totalled US\$3,124 million, a 77% / 23% split between the Lease and Operate and Turnkey segments respectively. This compares to US\$9,990 million achieved in 2013.

Directional<sup>1</sup> revenue increased by 5% to US\$3,545 million compared to US\$3,373 million in the year-ago period. IFRS revenue increased 20% to US\$5,482 million versus US\$4,584 million in 2013. This was mainly attributable higher Turnkey segment revenues.

Directional<sup>1</sup> backlog at the end of 2014 remained high at US\$21.8 billion compared to US\$22.2 billion at the end of 2013. This reflects the reduced level of order intake in 2014 and a Lease and Operate portfolio consisting of US\$20.6 billion at year-end.

Directional<sup>1</sup> EBITDA amounted to US\$486 million, representing a 7% decrease compared to US\$520 million in 2013. This figure includes non-recurring items totalling US\$157 million.

IFRS EBITDA amounted to US\$925 million, representing a 56% increase compared to US\$592 million in 2013. This figure includes non-recurring items totalling US\$163 million.

Directional<sup>1</sup> EBIT increased to US\$201 million after divestment profits and non-recurring items of US\$236 million. This compares to US\$63 million in 2013 which included US\$437 million of non-recurring items including charges related to the Yme and Deep Panuke projects.

IFRS EBIT increased to US\$726 million after impairment charges, divestment profits and non-recurring items of US\$227 million. This compares to 2013 EBIT of US\$188 million, which included US\$436 million of non-recurring items including charges related to the Yme and Deep Panuke projects.

The year was marked by the following financial highlights:

- Order intake of US\$3.1 billion maintaining the Directional<sup>1</sup> backlog to a high level of US\$21.8 billion.
- On November 12, 2014 an out-of-court settlement was reached with the Dutch Public Prosecutor's Office (Openbaar Ministerie) over the investigation into potentially improper sales payments. Furthermore, the US Department of Justice informed the Company it would not be prosecuted and closed its inquiry into the matter. This out-of-court settlement consists of a payment by the Company to the Openbaar Ministerie of US\$240 million. Payments will be made in three instalments, the first of which US\$100 million was paid at the time of the announcement. Two further instalments of US\$70 million each will be due on December 1, 2015 and 2016 respectively.
- A Production Handling Agreement (PHA) was signed with Noble Energy to produce the Big Bend and Dantzler fields to the Thunder Hawk DeepDraft™ Semi in the US Gulf of Mexico. Production fees associated with produced volumes are estimated to lead up to projected revenue of US\$400 million to be delivered over the ten year primary contract period. Based on new projected production reserves combined with projections from existing fields, total deliverable volumes will allow the asset's current book value to be sustained and reverse the full US\$109 million of previous years' impairments.
- The Company has chosen to reduce the useful life of the Deep Panuke Production Field Centre from ten to eight years in line with the fixed contract period. This adjustment resulted in a non-cash impairment charge of approximately US\$59 million.
- As a result of a contractual dispute, the Company recorded a one-off non-cash impairment charge of US\$49 million related to a financial asset following a dispute with a US-based client.
- Following the remediation of some technical issues under warranty, the decision was taken to incur an additional US\$40 million provision for warranties at year-end.

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- With the contract for FPSO *Marlim Sul* set to expire at the end of June 2015, upon completion of vessel decommissioning, the Company has reassessed the carrying value of the FPSO. This undertaking has resulted in an impairment charge of US\$15 million.
- Late November 2014 marked the announcement of FPSO *Cidade de Ilhabela* being formally on hire after achieving first oil. Following the announcement an upfront payment of US\$145 million was received on December 31, 2014 in accordance with the contract. The unit will operate under a twenty year charter and operate contract with Petrobras S.A., and the FPSO is owned and operated by a joint venture formed by SBM Offshore (62.25%), QCOG, and Mitsubishi Corporation.
- *N'Goma FPSO* began oil production and went on hire in late November. Formal Production Readiness Notice was received from the client Eni in mid-January 2015 going into effect retroactively to late November. The unit is owned by Sonasing, a joint venture consisting of SBM Offshore (50%), Sonangol and Angola Offshore Services Limitada (AOSL). The vessel will be operated by OPS, a joint venture company formed by SBM Offshore (50%) and Sonangol (50%), for twelve years.
- The divestment of the non-core Monaco real estate portfolio was completed in August. The last of three buildings was sold for approximately US\$62 million net of expenses, resulting in a book profit of approximately US\$58 million. This was in addition to the December 2013 announced sale and leaseback transactions for two of the three buildings with sales proceeds exceeding US\$100 million and resulting in a book profit of approximately US\$30 million. Total proceeds, net of expenses, resulting from the transactions are in excess of US\$162 million with a total book profit of approximately US\$88 million.
- In early December, SBM Offshore announced the US\$150 million all cash sale of the DSCV *SBM Installer* to OS Installer AS. The Company agreed to charter the vessel under a long-term bareboat charter for a fixed period of twelve years while maintaining the option to acquire the vessel during the charter period, with the first option exercisable after five years. The Company further confirmed in mid-December that OS Installer AS, a new established Joint Venture between Ocean Yield (75%) and SBM Offshore (25%), secured bank financing and that the transaction had closed. Net of the retained equity interest in the Joint Venture, the Company received US\$140 million in proceeds.
- Capital expenditure and investments in finance leases amounted to US\$2,396 million in 2014, which exceeded 2013 levels of US\$1,792 million. The increase is primarily attributable to a full fiscal year of investments in the current projects under construction.
- Revolving Credit Facility (RCF) renewal was signed mid-December with maturity on January 30, 2020 securing liquidity of up to US\$1.0 billion. The RCF's maturity can be extended with two additional one year extension options. The facility was secured with a select group of thirteen core relationship banks and replaced the existing facility of US\$750 million that was due to expire in mid-2015.
- New project financing agreements totaling US\$ 1.9 billion were put in place. This includes project financing for FPSO *Cidade de Maricá* totalling US\$1.45 billion from a consortium of international banks, and the US\$450 million of non-recourse senior secured debt by way of a US Private Placement for the Deep Panuke Production Field Centre.
- Cash and undrawn committed credit facilities amounted to US\$2.0 billion at the end of December 2014 compared to US\$1.4 billion in 2013.

Fiscal year 2014 segmental information regarding the two core business segments of the Company is provided in the detailed financial analysis section of the press release. Revenue by geography is also included in the notes to the Financial Statements.

### Order Intake

Total order intake in 2014 amounted to US\$3.1 billion. This includes new orders signed for US\$1.3 billion and variation orders signed for approximately US\$1.8 billion. The main new orders signed during the period include:



### FPSO *Turritella*

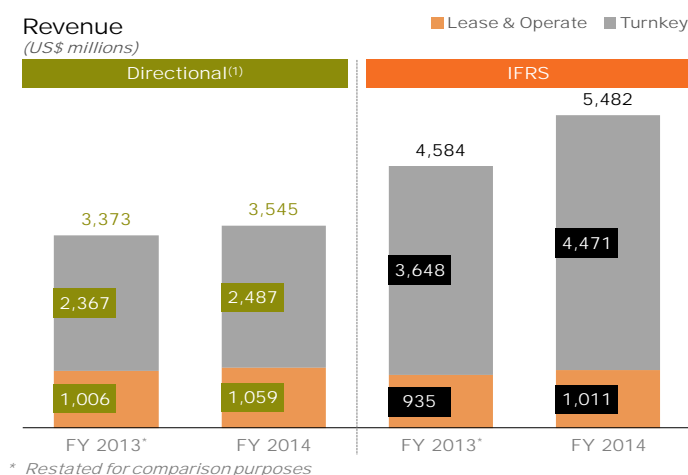
The FPSO *Turritella* Operations & Maintenance contract was signed between SBM Offshore and Shell Offshore Inc. The contract includes an initial period of ten years with future extension options up to a total of twenty years.

### *Thunder Hawk*

A Production Handling Agreement (PHA) was signed with Noble Energy to produce the Big Bend and Dantzler fields to the *Thunder Hawk DeepDraft™* Semi located in 6,060 feet of water in the Gulf of Mexico (GoM). Production fees associated with produced volumes are estimated to lead up to projected revenue of US\$400 million to be delivered over the ten year primary contract period. First oil from Big Bend and Dantzler are expected in late 2015 and first quarter 2016 respectively. At these levels both fields will utilize a maximum of 85% of total daily asset capacity.

## Revenue

Directional<sup>1</sup> Revenue increased by 5% year-on-year for both Turnkey and Lease & Operate segments:



Third party Directional<sup>1</sup> Turnkey revenue rose 5% year-over-year to US\$2,487 million, representing 70% of total 2014 revenue. This compares to US\$2,367 million, or 70% of total revenue, in 2013. The increase is mostly attributable to a full year of progress on a number of projects under construction, such as FPSOs *Cidade de Maricá* and *Cidade de Saquarema*, *Cidade de Ilhabela*, *N'Goma FPSO* and progress achieved on the three major turrets. This is partially offset by the completion of FPSOs *OSX-2* and *Cidade de Paraty* in 2013.

Construction of the FPSO *Turritella*, previously known as *Stones*, continued in 2014 with conversion activity and turret construction progressing at the Keppel yard in Singapore. The project is currently 100% owned and fully controlled by SBM Offshore, and as a result does not generate gross margin under Directional<sup>1</sup> reporting. Start-up of the facility is expected in the first half of 2016.

Construction is ongoing for the two finance leased FPSOs *Cidade de Maricá* and *Cidade de Saquarema*. Refurbishment and conversion work continued to progress during the year at the Chinese shipyards. Fabrication of several modules is concurrently taking place at the Brasa yard in Brazil and in Singapore. Start-up of the facilities is expected at the end of 2015 and early 2016 respectively. The joint venture (JV) is fully controlled, as per IFRS 10, by the Company which owns 56% of the shares and is fully consolidated under IFRS. As a result, recognised Directional<sup>1</sup> revenue is equal to the partners' 44% share of the EPCI selling price of the FPSO from SBM Offshore to the JV. On

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the other hand, IFRS revenue recognition is instead based 100% on the fair value of the lease and on a percentage of completion basis.

FPSO *Cidade de Ilhabela* has been formally on hire, after achieving first oil and completing a 72 hour continuous production test leading to Production Acceptance Notice (PAN), since late November 2014. The vessel operates under a twenty year charter and operate contract with Petrobras S.A. on the Sapinhoá field development in the Brazilian pre-salt. The JV is fully controlled, as per IFRS 10, by the Company which owns 62.25% of the shares and is fully consolidated under IFRS. As a result, recognised Directional<sup>1</sup> revenue is equal to the partners' 37.75% share of the EPCI selling price of the FPSO from SBM Offshore to the JV. On the other hand, IFRS revenue recognition is instead based 100% on the fair value of the lease.

*N'Goma FPSO* began production and went on hire in late November 2014. Full systems acceptance by the client was achieved in January 2015 with the issuance of the Production Readiness Notice, which is retroactive to November 28, 2014. The twelve-year lease contract with Eni is also accounted for as a finance lease under IFRS. The joint venture owning the FPSO is jointly controlled as per IFRS 10 by the Company, which owns 50% of the shares, and is consolidated through the equity method under IFRS. Directional<sup>1</sup> revenue during construction is equal to the partners' 50% share of the EPCI selling price of the FPSO to the JV. On the other hand, IFRS revenue reflects 100% of the EPCI selling price of the FPSO from the Company to the JV.

Total Directional<sup>1</sup> Lease and Operate revenue increased by 5% to US\$1,059 million. This accounted for 30% of total revenue contribution in 2014, a similar split to 2013. The increase in segment revenue is attributable to the start-up of FPSOs *Cidade de Ilhabela* and *N'Goma FPSO* in November 2014 and a full year of operations for FPSO *Cidade de Paraty*. This was partially offset by the decommissioning from the fleet of FPSOs *Kuito* and *Brasil* in 2014.

Total IFRS revenue rose significantly in the year, up 20% to US\$5,482 million due to much higher revenue recognized in the Turnkey segment. This was mostly due to the strong contribution of the finance lease contracts under construction such as FPSOs *Turritella*, *Cidade de Maricá*, *Cidade de Saquarema*, *Cidade de Ilhabela* and the sale of *N'Goma FPSO*.

## Project Review

### *N'Goma FPSO (Angola)*

The construction, refurbishment, and module work at Keppel Singapore was completed in early May 2014. A successful lifting campaign at the Paenal yard in Port Amboim, Angola, was completed in July and the vessel set sail to the offshore site where mooring, hook-up operations and acceptance testing was completed. Formal Production Readiness Notice was received in early January 2015 going into effect retroactively to late November. The vessel is producing and on-hire generating dayrate.

### *FPSO Cidade de Ilhabela (Brazil)*

Following completion of refurbishment and conversion at the Chinese yard at the end of 2013, construction continued for the finance leased vessel during the first half of 2014 in Brazil where the process modules were successfully installed at the Brasa yard. The FPSO includes topside facilities able to process 150,000 bpd of production fluids for export, including the substantial volumes of associated gas from the pre-salt field. The vessel has officially been on-hire since November 2014.

### *FPSO Cidade de Maricá and Cidade de Saquarema (Brazil)*

Construction is ongoing for the two finance leased vessels. Refurbishment and conversion work progressed during the first half of 2014 at a Chinese yard. The charter contract for both vessels includes an initial period of 20 years with extension options. The two double-hull sister vessels will be moored in approximately 2,300 meters of water depth and possess a storage capacity of 1.6 million barrels each. The topside facilities of each FPSO weigh approximately

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22,000 tons, will be able to produce 150,000 bpd of well fluids and have associated gas treatment capacity of 6,000,000 Sm<sup>3</sup>/d. The water injection capacity of the FPSOs will be 200,000 bpd each.

#### *FPSO Turritella (US Gulf of Mexico)*

Construction on the FPSO previously known as Stones continued for the finance leased vessel in the first half of the year, with refurbishment and conversion work continuing at Keppel Singapore. The charter contract includes an initial period of 10 years with extension options up to a total of 20 additional years. In May 2014, the Operations & Maintenance contract was signed with Shell Offshore Inc. When installed at almost 3 kilometers of water depth, the FPSO *Turritella* will be the deepest offshore production facility of any type in the world. The vessel is a typical Generation 2 design, with a disconnectable internal turret and processing facility capacity of 60,000 barrels of oil per day (bpd) and 15 mmscfd of gas treatment and export.

#### *FPSO Marlim Sul (Brazil)*

Successful end of production of the vessel was completed in December. After over ten years of operations for Petrobras in Brazil. Decommissioning activities have commenced and are expected to be completed during the second quarter of 2015. The vessel has since been sold for scrapping.

#### *FPSO Kikeh (Malaysia)*

SBM Offshore and its joint venture partner MISC Bhd achieved a key milestone with the start-up of the Siakap NorthPetai (SNP) field through a tie-back to the Kikeh FPSO.









The SNP field, a unitized development operated by Murphy Sabah Oil Co.,Ltd (Murphy), is located offshore Malaysia in water depth of approximately 1,300 metres. Murphy announced first oil production from the SNP field on February 27, 2014.

The event is an important milestone for a project that commenced in January 2012 at SBM Offshore's Kuala Lumpur office and involved the fabrication and offshore lifting of four new modules and approximately 340,000 man-hours of offshore construction and commissioning work done on a live FPSO.

#### *Turret Mooring Systems*

The three large, complex turrets for Prelude FLNG, Quad 204 and Ichthys are progressing, in close consultation with the respective clients, on schedule according to their respective stages of project completion. Fabrication work on Prelude FLNG is nearing completion in Dubai, while the integration of the Quad 204 Turret with the vessel continues in South Korea, with expected delivery in early 2015. Engineering and procurement for the Ichthys turret has been completed while fabrication continues to progress at the yard in Singapore, with expected delivery in the second half of 2015.

### Main Projects Overview

Project	Contract	SBM Share	Capacity, Size	POC	Expected Delivery	Notes
<i>N'Goma</i> , FPSO	12 year finance lease	50%	100,000 bpd		Delivered	On hire and producing following systems acceptance in November 2014.
<i>Ilhabela</i> , FPSO	20 year finance lease	62.25%	150,000 bpd		Delivered	On hire and producing following systems acceptance in November 2014.
Quad 204, Turret	Turnkey sale	100%	320,000 bpd, 28 risers		2015	SBM Offshore deliveries completed. Integration with the vessel in Korea is ongoing. Project completion expected in 1Q15.
Prelude, Turret	Turnkey sale	100%	95m height, 11,000 tons		2015	Fabrication in Dubai nearing completion. Integration with the vessel to commence 1Q15 in Korea.
Ichthys, Turret	Turnkey sale	100%	60m height, 7,000 tons		2015	Fabrication progressing in Singapore. Final deliveries expected 2H15.
<i>Maricá</i> , FPSO	20 year finance lease	56%	150,000 bpd		2015	Vessel in the shipyard in China, refurbishment and conversion progressing. Sail away for Brasil expected in 1H15.
<i>Saquarema</i> , FPSO	20 year finance lease	56%	150,000 bpd		2016	Vessel in the shipyard in China, refurbishment and conversion progressing. Sail away for Brasil expected in 2H15.
<i>Turritella</i> , FPSO	10 year finance lease	100%	60,000 bpd, disconnectable		2016	Refurbishment and conversion progressing at Keppel shipyard in Singapore. Sail away for the US GOM expected in 2H15.

Legend, Percentage of Completion (POC)



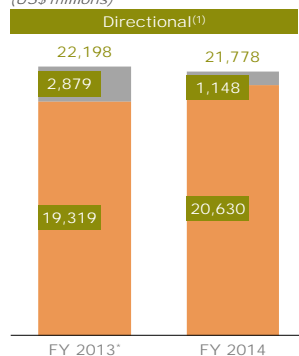
## Backlog

Directional<sup>1</sup> backlog at the end of 2014 remained high at US\$21.8 billion compared US\$22.2 billion at the end of 2013. This reflects the low level of order intake for the Turnkey segment and the resilience of the Lease and Operate portfolio. Approximately 39.5% of total future bareboat revenues will be generated from the lease contracts which have yet to commence operations. Those include FPSOs *Cidade de Maricá*, *Cidade de Saquarema* and *Turritella*.

Directional<sup>1</sup> Turnkey backlog decreased to US\$1.1 billion compared to US\$2.9 billion in 2013 as no major Turnkey orders were signed in 2014. The high level of tendering activity experienced by the Company was impacted by multiple delays in client final investment decisions as the market conditions deteriorated.

Backlog as of December 31, 2014 is expected to be executed as per the below table:

Backlog (US\$ millions)



\* Restated for comparison purposes

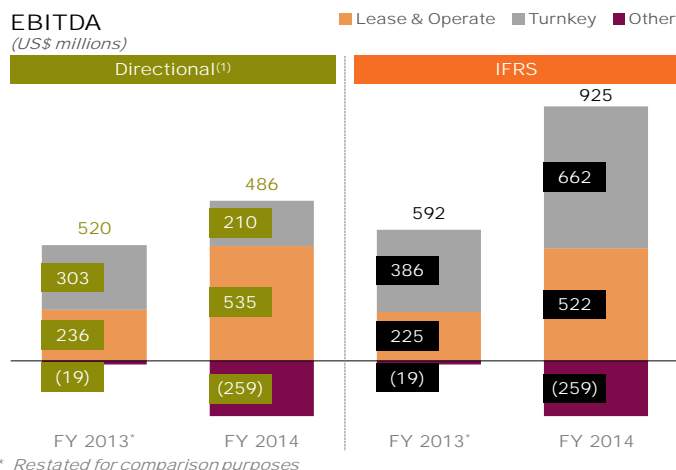
(in billion US\$)	Turnkey	Lease & Operate	Total
2015	0.9	1.2	2.1
2016	0.3	1.5	1.8
2017	-	1.7	1.7
Beyond 2017	-	16.2	16.2
<b>Total Backlog</b>	<b>1.1</b>	<b>20.6</b>	<b>21.8</b>

## Profitability

The Company's primary business segments are Lease and Operate and Turnkey plus "Other" non-allocated corporate income and expense items. EBITDA and EBIT are analysed by segment but it should be recognised that business activities are closely related, and that certain costs are not specifically related to either one segment or another. For example, when sales costs are incurred, including significant sums for preparing the bid, it is often uncertain whether the project will be leased or contracted on a turnkey lump sum basis.

In recent years, new lease contracts are showing longer duration and are systematically classified under IFRS as finance leases for accounting purposes whereby the fair value of the leased asset is recorded as a Turnkey "sale" during construction. This has the effect of accelerating during construction, in the Turnkey segment, part of the lease profits which would in the case of an operating lease be recognized through the Lease & Operate segment during the lease. To address this lease accounting issue and the newly introduced IFRS 10 and 11 standards, the Company has assessed its performance by treating all lease contracts as operating leases and consolidated all JVs related to lease contracts on a proportional basis. This provides consistency in segment presentation and allows for improved sector wide comparison.

<sup>1</sup> Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.



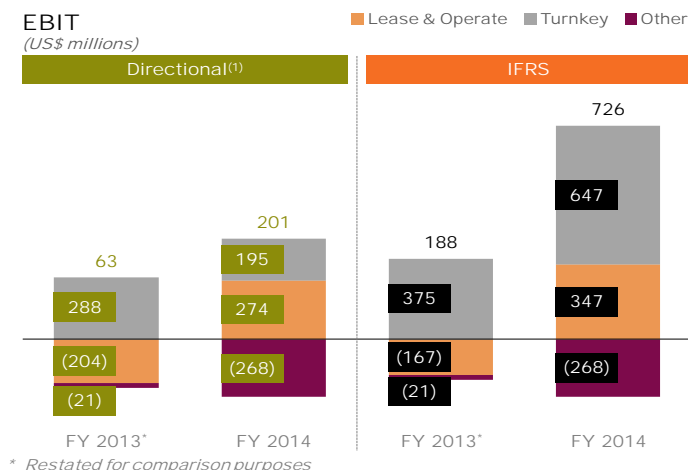
Reported 2014 Directional<sup>1</sup> EBITDA was US\$486 million compared to US\$520 million in 2013. Total Directional<sup>1</sup> EBITDA consisted of US\$535 million from the Lease and Operate segment compared to US\$236 million in 2013, and US\$210 million from the Turnkey segment compared to US\$303 million in 2013. A reduction of US\$259 million, compared to US\$19 million in 2013, related to non-allocated corporate, other costs and book profits resulting from divestment activities as well as the US\$240 million charge related to the agreed upon out-of-court settlement agreement with the Openbaar Ministerie. Adjusted for divestment profits and other non-recurring items, 2014 underlying Directional<sup>1</sup> EBITDA decreased by 16% to US\$643 million compared to US\$768 million in 2013.

IFRS EBITDA in 2014 came in at US\$925 million versus US\$592 million in 2013. Total IFRS EBITDA consisted of US\$522 million from the Lease and Operate segment compared to US\$225 million in 2013, and US\$662 million from the Turnkey segment compared to US\$386 million in 2013. A reduction of US\$259 million, compared to US\$19 million in 2013, related to non-allocated corporate, other costs and book profits resulting from divestment activities as well as the US\$240 million charge related to the agreed upon out-of-court settlement agreement with the Openbaar Ministerie. Adjusted for divestment profits and other non-recurring items, 2014 underlying IFRS EBITDA increased by 29% to US\$1,089 million compared to US\$842 million in 2013.

As a percentage of revenue, Directional<sup>1</sup> EBITDA was 14% compared to 15% in 2013. Directional<sup>1</sup> EBITDA margin for the Lease and Operate segment stood at 51% versus 23% in 2013, while Turnkey segment EBITDA margin stood at 8% compared to 13% in 2013, excluding inter-company projects. The relative segment contribution to Directional<sup>1</sup> EBITDA was 72% Lease and Operate and 28% Turnkey. In 2013, the corresponding split was 44% Lease and Operate and 56% Turnkey.

As a percentage of revenue, IFRS EBITDA was 17% compared to 13% in 2013. IFRS EBITDA margin for the Lease and Operate segment stood at 52% versus 24% in 2013, while Turnkey segment EBITDA margin stood at 15% compared to 11% in 2013, excluding inter-company projects. The relative segment contributions to IFRS EBITDA were 44% Lease and Operate and 56% Turnkey. In 2013, the corresponding split was 37% Lease and Operate and 63% Turnkey.

<sup>1</sup> Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.



Directional<sup>1</sup> EBIT in 2014 amounted to US\$201 million compared to US\$63 million in 2013. The below highlights the contribution from each segment:

- Turnkey segment EBIT margin of 8% compared to an exceptionally strong level of 12% in 2013 which was driven by positive settlements on completed projects in 2013 and a higher level of overheads incurred in 2014.
- Lease & Operate EBIT margin of 26% compared to negative 20% in 2013 or 26% excluding impairment charges and other non-recurring items recorded in 2013.

Adjusted for impairments, divestment profits and other non-recurring items, underlying Directional<sup>1</sup> 2014 EBIT decreased by 13% to US\$437 million versus US\$500 million in 2013. This was due to the strong 2013 Turnkey performance and increased overheads in 2014.

IFRS EBIT in 2014 amounted to US\$726 million compared to US\$188 million in 2013. Adjusted for impairments, divestment profits and other non-recurring items underlying 2014 EBIT increased by 53% to US\$954 million compared to US\$624 million in 2013.

Directional<sup>1</sup> overheads came in at US\$307 million in 2014 compared to US\$218 million in 2013. This largely resulted from the development of the Company's business improvement initiatives and one-off items such as legal fees related to the compliance investigation. As previously announced, the Odyssey24 project aims to optimize and standardize the Company's ways of working, improve project management and project controls for projects which have grown in size from around US\$500 million a few years ago to close to US\$2 billion today. The aim is to reduce project costs by at least 5% for each project through improved project, supply chain and materials management.

Non-allocated "Other income and expenses" showed a net cost of US\$186 million in 2014 compared to US\$27 million in 2013. This includes US\$61 million of book profit relating to divesting activities, the US\$240 million charge related to an agreed upon out-of-court settlement agreement with the Openbaar Ministerie and US\$8 million of provisions for restructuring costs. Further restructuring costs totalling US\$17 million will be incurred in 2015.

Directional<sup>1</sup> net financing costs increased to US\$127 million compared to US\$80 million in 2013. This was mainly due to interest paid on project loans for the Deep Panuke platform and FPSO *Cidade de Paraty* on a full year basis as well as the impairment charge of a financial asset related to a contractual dispute with a US-based client. The 2014 average cost of debt was 4.2% compared to 5.3% in 2013 due to the impact of bridge loans for Deep Panuke and FPSOs *Cidade de Maricá* and *Cidade de Saquarema*.

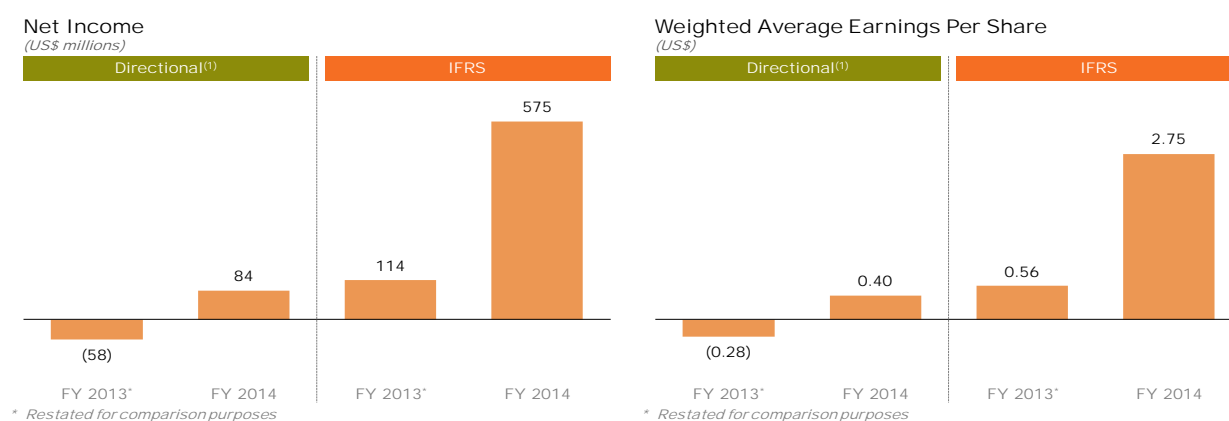
<sup>1</sup> Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.

More generally, once production units are brought into service the financing costs are expensed to P&L statement, whereas during construction interest is capitalised. It should be emphasised that the net profit contribution of newly operating leased units is limited by the relatively high interest burden during the first years of operation, although dedication of lease revenues to debt servicing leads to fast redemption of the loan balances and hence reduced interest charges going forward.

Interest income on the Company's cash balances was once again very low in 2014. This was due to the low level of short-term US interest rates. The main interest income the Company derives is from interest bearing loans to joint ventures.

The Directional<sup>1</sup> share of profit of equity accounted investees, namely Paenal and the Brasa yard, increased slightly to US\$13 million in 2014 from US\$11 million in 2013. Under IFRS, the Company's share of net results in any non-controlled joint ventures amounted to US\$117 million in 2014 compared to US\$153 million in 2013. This was mainly due to the completion of construction of *N'Goma FPSO*.

The 2014 effective tax rate was 5%, including deemed profit taxes and withholding taxes, which compares to an underlying effective tax rate of 7% in 2013, reflecting the impact of deferred tax assets recognized in the period.



IFRS non-controlling interests included in 2014 net income amounts to US\$76 million, which is slightly higher than the 2013 minority share of US\$61 million due to reported results from fully consolidated joint ventures where the Company has a minority partner (principally Brazilian FPSOs and *Aseng*).

As a result, IFRS net income attributable to shareholders amounted to US\$575 million compared to US\$114 million in 2013.

As previously stated, the Company will not pay a dividend over 2014. The current high level of investments related to lease and operate projects awarded in 2013 will generate strong and sustainable free cash flows from first oil in the first half of 2016.

### Statement of Financial Position

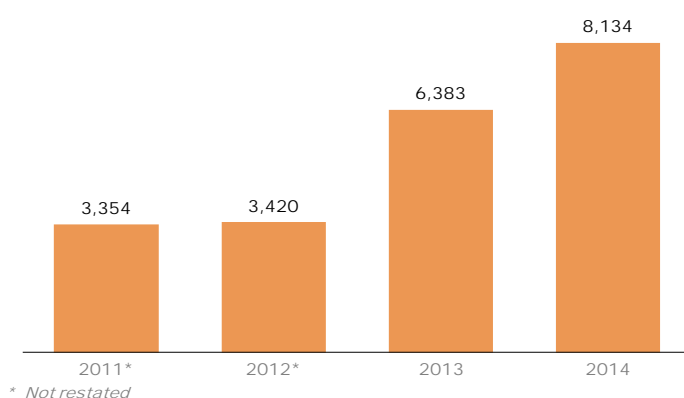
Total assets grew to US\$11.1 billion as of December 31, 2014 compared to US\$8.7 billion at year-end 2013. The increase is largely attributable to the increased investments in FPSOs *Cidade de Maricá*, *Cidade de Saquarema* and *Turritella*.

<sup>1</sup> Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated.

Shareholder's equity increased from US\$2,039 million to US\$2,419 million due in large part to the 2014 net income of US\$575 million and despite the negative US\$206 million loss resulting from the mark to market revaluation of hedging reserve related to financial instruments.

Capital Employed (Equity + Provisions + Deferred tax liability + Net Debt) at year-end 2014 amounted to US\$8,134 million, an increase of 27% compared to US\$6,383 million in 2013. This was due in large part to the increase of net debt in related to investments in finance leases.

Capital Employed  
(US\$ millions)



As of December 31, 2014 the Company had cash and undrawn committed credit facilities totalling US\$1,987 million. The facilities available to the Company for capital investment in 2015 include the Revolving Credit Facility, FPSO *Cidade de Maricá* – SBM Offshore's 56.0% share, bridge loans for FPSO *Cidade de Saquarema* and project loans related to FPSO *Aseng*.

Net debt at year-end amounted to US\$4,775 million versus US\$3,400 million in the year-ago period. Net gearing at the end of the year stood at 152%, which was slightly higher than in 2013 due to the increase in net debt driven by ongoing investments in finance lease projects under construction and a US\$100 million payment related to the announced out-of-court settlement agreement with the Openbaar Ministerie. The relevant banking covenants (Solvency, Net Debt/Adjusted EBITDA, Interest Cover) were all met. As in previous years, the Company has no off-balance sheet financing.

Furthermore, SBM Offshore completed the divestment of non-core assets. The Company completed the sale and leaseback of its Monaco real estate portfolio. The last of three buildings was sold in August for approximately US\$62 million net of expenses, resulting in a book profit of approximately US\$58 million. The sale and leaseback of the Diving Support and Construction Vessel *SBM Installer* was completed in December. The announced US\$150 million all cash sale resulted in net proceeds of US\$140 million net of the retain equity interest in the joint venture. These two transactions led to total net proceeds of US\$202 million. As a result, the remaining assets held for sale as of December 31, 2014 are the VLCC *Alba* and FPSO *Brasil*.

The Current Ratio defined as "Current Assets / Current Liabilities" decreased to 1.70 due in large part to the growth in the current portion of short-term loans and borrowings.



## Statement of Financial Position

<i>(in million US\$)</i>	2010*	2011*	2012*	2013**	2014
Capital employed	3,812	3,354	3,420	6,383	8,134
Total equity	2,123	1,349	1,530	2,887	3,149
Net debt	1,644	1,959	1,816	3,400	4,775
Net gearing (%)	77.4	145.2	118.7	117.8	151.6
Net debt : unadjusted EBITDA ratio	2.3	2.4	2.7	5.7	5.2
Current ratio	1.5	0.9	1.2	1.8	1.7
Solvency ratio	39.6	30.0	27.1	30.2	31.1

\* Not restated.

\*\* Restated for comparison purposes.

## Capital Structure

Despite the US\$240 million agreed upon out-of-court settlement agreement with the Openbaar Ministerie, the Company's financial position has improved. Underlying growth in IFRS operating results, the proceeds from the disposal of non-core assets and the continued abstention of dividend payments have strengthened the equity. The Company's medium-term objective to strengthen the balance sheet in order to obtain an investment grade credit rating remains intact, allowing for eventual access to the corporate bond market.

## Investments and Capital Expenditures

Total investments made in 2014 reached a record level at US\$2,396 million compared to US\$1,792 million in 2013. Highlights for fiscal year 2014 investments are:

- Capital expenditure of US\$65 million compared to US\$186 million in 2013.
- Investments in finance leases totalling US\$2,331 million compared to US\$1,606 million in 2013.

Total capital expenditures for 2014, which consists of additions to property, plant & equipment plus capitalised development expenditures, were related to new investments in the lease fleet (operating leases only) and other ongoing investments for which the major elements were:

- Acquisition of a VLCC tanker in view of future FPSO business opportunities.
- Completion of the refurbishment of a newly leased office "Le Neptune" in Monaco.

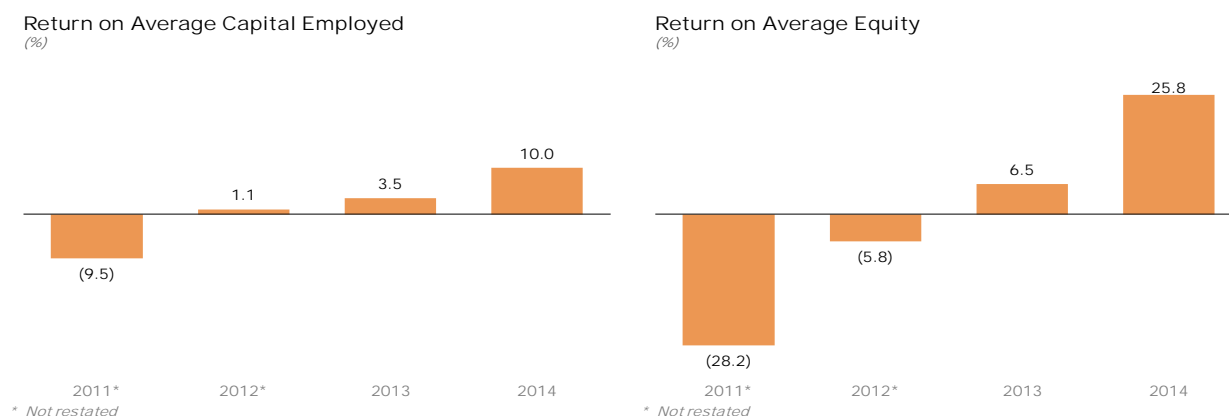
Due to the classification of the contracts as finance leases, investments in the units were recorded through construction contracts with the investments in finance leases ultimately recorded as financial assets. The net investment in these finance lease contracts amounted to US\$2,331 million in 2014, which compares to US\$1,606 million in 2013, and they are reported as operating activities in the consolidated cash-flow statement.

The decrease in property, plant and equipment in 2014 to US\$1,923 million, compared to US\$2,058 million at the end of 2013, resulted from the low level of capital expenditure less normal depreciation, impairment and amortization.

The Company's investments consist of external costs (payments to shipyards, subcontractors, and suppliers), internal costs (man-hour rates and expenses related to design, engineering, construction supervision, etc.), third party financial costs (including interest) and overhead allocations as permitted under IFRS. The total of the above costs is capitalised in the Company's consolidated Statement of Financial Position as the value of the respective facility. Under IFRS, no profits are taken on completion / delivery of such a system for a lease and operate contracts which are classified as operating leases. The exception lies in the profit realized by the Company with external partners on the construction contracts for which the joint venture is equity accounted.

## Return on Average Capital Employed and Equity

Both Return on Average Capital Employed (ROACE) and Return on Average Shareholders' Equity (ROAE) increased to 10.0% and 25.8% respectively in 2014. This was as a result of the strong level of increased activity as reported under IFRS and associated performance improvement in 2014 as well as the increase in equity and capital employed due to ongoing investments.



## Cash Flow / Liquidities

Cash and undrawn committed credit facilities increased significantly to US\$1,987 million, US\$468 million of which can be considered as being dedicated to specific project debt servicing or otherwise restricted in its utilization.

The Enterprise Value to EBITDA ratio at year-end 2014 was 2.8 lower than the previous year, due mainly to a decrease in the Company's market capitalisation.

(in million US\$)	2010*	2011*	2012*	2013**	2014
EBITDA	712	813	681	592	925
Cash	103	165	715	208	452
Cash flow from operations	982	1,158	1,134	(1,044)	(1,356)
EV : EBITDA ratio at 31/12	7.6	6.8	6.3	10.6	7.8
EBITDA : interest cover ratio	8.2	16.3	10.5	12.7	14.1

\* Not restated.

\*\* Restated for comparison purposes.

IFRS EBITDA rose year-on-year to US\$925 million from US\$592 million due in large part to increased activity levels.

Provided below is a bridge from net income before taxes to Cash Flow from Operations:

<i>(in million US\$)</i>	2013*	2014
<b>Net income before taxes</b>	<b>229</b>	<b>678</b>
<b>Adjustments for non-cash items</b>		
Depreciation of property, plant and equipment	217	223
Net impairment / (impairment reversal)	193	0
Amortisation of intangible assets	2	3
<b>Adjustments for investing and financing items</b>		
Share in net income of associates and joint ventures	(153)	(117)
Finance income	(42)	(31)
Finance costs excluding impairment	144	167
(Gain) / loss on disposal of property, plant and equipment	(20)	(59)
Gain on disposal of subsidiary	-	-
Gain on distribution	-	-
<b>Adjustments for equity items</b>		
Share-based payments	17	28
Reclassification of exchange differences relating to the disposal of foreign subsidiaries	-	-
<b>Sub-total</b>	<b>588</b>	<b>893</b>
<b>Changes in operating assets and liabilities</b>		
Decrease / (increase) in inventories	4	6
Increase in operating receivables (excluding WIP)	88	(229)
Increase in WIP (excluding reclass to Financial Assets)	(1,778)	(2,782)
Increase in operating liabilities	(60)	619
<b>Total changes in operating assets and liabilities</b>	<b>(1,746)</b>	<b>(2,386)</b>
Reimbursement finance lease assets	146	172
Income taxes paid	(31)	(34)
<b>Net cash generated from operating activities</b>	<b>(1,044)</b>	<b>(1,356)</b>

\* Restated for comparison purposes



## Analyst Presentation & Conference Call

SBM Offshore has scheduled a webcast of its presentation to the financial community and a conference call followed by a Q&A session at 19.30 Central European Time on Wednesday, February 4, 2015.

The presentation will be hosted by Bruno Chabas (CEO), Peter van Rossum (CFO), Sietze Hepkema (CGCO) and Erik Legendijk (Group Governance Director). Interested parties are invited to listen to the call by dialling +31 20 716 8295 in the Netherlands, +44 203 427 1904 in the UK or +1 646 254 3363 in the US. Conference ID: 3027383. Interested parties may also listen to the presentation via webcast through a link posted on the Investor Relations section of the Company's website.

A replay of the conference call will be available shortly after the end of the conference call. The replay can be accessed by dialling +31 20 708 5013 and using access code 3027383 until February 11, 2015. The webcast replay will also be available on the Company's website.

<b>Financial Calendar</b>	<b>Date</b>	<b>Year</b>
Publication of AGM Agenda	March 3	2015
Annual General Meeting of Shareholders	April 15	2015
Trading Update Q1 2015 - Press Release	May 7	2015
Half-Year 2015 Results - Press Release	August 5	2015
Trading Update Q3 2015 - Press Release	November 12	2015

## 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 10,200 people worldwide. Full time company employees totalling 6,400 are spread over five regional centres, eleven operational shore bases and the offshore fleet of vessels. A further 3,800 are working for the joint ventures with several construction yards. 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, The Netherlands, February 4, 2015



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Disclaimer

Some of the statements contained in this release that are not historical facts are statements of future expectations and other forward-looking statements based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those in such statements. Such forward-looking statements are subject to various risks and uncertainties, which may cause actual results and performance of the Company's business to differ materially and adversely from the forward-looking statements. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "may", "will", "should", "would be", "expects" or "anticipates" or similar expressions, or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy, plans, or intentions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release as anticipated, believed, or expected. SBM Offshore NV does not intend, and does not assume any obligation, to update any industry information or forward-looking statements set forth in this release to reflect subsequent events or circumstances.

## Unaudited Consolidated Financial Statements

### Consolidated income statement

Figures are expressed in millions of US\$

	2014	2013 (*)
Revenue	5,482	4,584
Cost of sales	(4,265)	(4,206)
<b>Gross margin</b>	<b>1,217</b>	<b>379</b>
Other operating income/(expense)	(186)	27
Selling and marketing expenses	(44)	(34)
General and administrative expenses	(220)	(160)
Research and development expenses	(40)	(23)
<b>Operating profit/(loss) (EBIT)</b>	<b>726</b>	<b>188</b>
Financial income	31	42
Financial expenses	(196)	(153)
<b>Net financing costs</b>	<b>(166)</b>	<b>(112)</b>
Share of profit of equity-accounted investees	117	153
<b>Profit/(Loss) before tax</b>	<b>678</b>	<b>229</b>
Income tax expense	(26)	(54)
<b>Profit/(Loss)</b>	<b>652</b>	<b>175</b>
Attributable to shareholders of the parent company	575	114
Attributable to non-controlling interests	76	61
<b>Profit/(Loss)</b>	<b>652</b>	<b>175</b>

\* restated

### Earnings/(loss) per share

	2014	2013 (*)
Weighted average number of shares outstanding	209,242,427	203,857,784
Basic earnings/(loss) per share	US\$ 2.75	US\$ 0.56
Fully diluted earnings/(loss) per share	US\$ 2.75	US\$ 0.56

\* restated

## Consolidated statement of comprehensive income

Figures are expressed in millions of US\$

	2014	2013 (*)
<b>Profit/(Loss) for the period</b>	<b>652</b>	<b>175</b>
Cash flow hedges, net of tax	(241)	252
Currency translation differences	(12)	(6)
<b>Items that are or may be reclassified to profit or loss</b>	<b>(254)</b>	<b>246</b>
Remeasurements of defined benefit liabilities, net of tax	(5)	10
<b>Items that will never be reclassified to profit or loss</b>	<b>(5)</b>	<b>10</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>(260)</b>	<b>256</b>
<b>Total comprehensive income for the period</b>	<b>392</b>	<b>431</b>
<i>* restated</i>		
Attributable to shareholders of the parent company	351	316
Attributable to non-controlling interests	41	115
<b>Total comprehensive income for the period</b>	<b>392</b>	<b>431</b>

## Consolidated statement of financial position

Figures are expressed in millions of US\$

	31 December 2014	31 December 2013 (*)	1 January 2013 (*)
<b>ASSETS</b>			
Property, plant and equipment	1,923	2,058	2,445
Intangible assets	34	30	29
Investment in associates and joint-ventures	386	242	138
Other financial assets	3,579	2,447	1,047
Deferred tax assets	63	25	41
Derivative financial instruments	1	55	11
<b>Total non-current assets</b>	<b>5,985</b>	<b>4,857</b>	<b>3,711</b>
Inventories	10	16	20
Trade and other receivables	1,180	1,152	899
Income tax receivables	4	10	0
Construction work-in-progress	3,424	2,221	1,905
Derivative financial instruments	25	109	26
Cash and cash equivalents	475	208	692
Assets held for sale	13	177	77
<b>Total current assets</b>	<b>5,133</b>	<b>3,892</b>	<b>3,619</b>
<b>TOTAL ASSETS</b>	<b>11,118</b>	<b>8,749</b>	<b>7,330</b>
<b>EQUITY AND LIABILITIES</b>			
Issued share capital	64	72	62
Share premium reserve	1,160	1,145	867
Retained earnings	1,482	894	773
Other reserves	(287)	(72)	(270)
<b>Equity attributable to shareholders of the parent company</b>	<b>2,419</b>	<b>2,039</b>	<b>1,432</b>
Non-controlling interests	730	848	314
<b>Total Equity</b>	<b>3,149</b>	<b>2,887</b>	<b>1,746</b>
Loans and borrowings	4,332	3,205	2,583
Provisions	130	134	94
Deferred income	251	265	205
Deferred tax liabilities	11	11	1
Derivative financial instruments	156	134	229
Other non-current liabilities	70	-	-
<b>Total non-current liabilities</b>	<b>4,950</b>	<b>3,749</b>	<b>3,111</b>
Loans and borrowings	895	403	641
Provisions	139	66	267
Trade and other payables	1,721	1,496	1,407
Income tax payable	60	53	47
Bank overdraft	23	-	-
Derivative financial instruments	181	96	109
<b>Total current liabilities</b>	<b>3,020</b>	<b>2,114</b>	<b>2,472</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,118</b>	<b>8,749</b>	<b>7,330</b>

\* restated



## Consolidated cash flow statement

Figures are expressed in millions of US\$

	2014	2013 (*)
<b>Cash flow from operating activities</b>		
Receipts from customers	2,272	2,767
Payments for finance leases construction (**)	(2,277)	(1,570)
Payments to suppliers and employees	(1,216)	(1,740)
Final settlement Dutch Public Prosecutor's Office (2014) / Talisman (2013)	(100)	(470)
Income tax received / (paid)	(34)	(31)
<b>Net cash from operating activities</b>	<b>(1,356)</b>	<b>(1,044)</b>
<b>Cash flow from investing activities</b>		
Investment in property, plant and equipment	(59)	(169)
Investment in intangible assets	(6)	-
Additions to funding loans	(140)	(577)
Redemption of funding loans	241	320
Interest received	6	24
Dividends received from equity-accounted investees	13	41
Net proceeds from disposal of property, plant and equipment	296	20
Other investing activities	8	-
<b>Net cash used in investing activities</b>	<b>360</b>	<b>(339)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares	-	273
Equity funding from partners	91	464
Additions to borrowings and loans	2,178	1,186
Repayments of borrowings and loans	(878)	(831)
Dividends paid to non-controlling interests	(2)	(43)
Interest paid	(147)	(143)
<b>Net cash from financing activities</b>	<b>1,242</b>	<b>908</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>246</b>	<b>(475)</b>
Net cash as at 1 January	208	692
Net increase/(decrease) in net cash	246	(475)
Currency differences	(2)	(8)
<b>Net cash end of period</b>	<b>452</b>	<b>208</b>

\* restated

\*\* change in presentation

## Reconciliation of net cash as at 31 December

	2014	2013 (*)
Cash and cash equivalents	475	208
Bank overdrafts	(23)	-
<b>Net cash</b>	<b>452</b>	<b>208</b>

\* restated